**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, 2019

OR

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

For the transition period from _____ to _____

Commission file number: 001-16337

**OIL STATES INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 76-0476605 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| Three Allen Center, 333 Clay Street<br>Suite 4620<br>Houston, Texas | 77002 |
| (Address of principal executive offices) | (Zip Code) |

(713) 652-0582
(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 |
|---|---|---|
| Common stock, par value $0.01 per share | OIS | New York Stock Exchange |

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. (Check one):

| | | | |
|---|---|---|---|
| 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 Exchange Act).

Yes ☐ No ☒

As of July 25, 2019, the number of shares of common stock outstanding was 60,507,750.

**OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES**

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## PART I – FINANCIAL INFORMATION

**ITEM 1.** ***Financial Statements***

### OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

### UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Products | $ 124,965 | $ 136,182 | $ 241,293 | $ 265,008 |
| Services | 139,720 | 149,663 | 274,003 | 274,413 |
| | 264,685 | 285,845 | 515,296 | 539,421 |
| Costs and expenses: | | | | |
| Product costs | 95,289 | 95,324 | 184,557 | 188,300 |
| Service costs | 112,823 | 118,079 | 223,433 | 214,993 |
| Cost of revenues (exclusive of depreciation and amortization expense presented below) | 208,112 | 213,403 | 407,990 | 403,293 |
| Selling, general and administrative expense | 31,484 | 35,919 | 61,592 | 70,114 |
| Depreciation and amortization expense | 31,883 | 30,922 | 63,434 | 60,112 |
| Other operating income, net | (399) | (3,099) | (485) | (1,884) |
| | 271,080 | 277,145 | 532,531 | 531,635 |
| Operating income (loss) | (6,395) | 8,700 | (17,235) | 7,786 |
| Interest expense, net | (4,617) | (4,790) | (9,369) | (9,244) |
| Other income | 1,009 | 571 | 1,676 | 1,218 |
| Income (loss) before income taxes | (10,003) | 4,481 | (24,928) | (240) |
| Income tax (provision) benefit | 263 | (1,739) | 540 | (510) |
| Net income (loss) | $ (9,740) | $ 2,742 | $ (24,388) | $ (750) |
| Net income (loss) per share: | | | | |
| Basic | $ (0.16) | $ 0.05 | $ (0.41) | $ (0.01) |
| Diluted | (0.16) | 0.05 | (0.41) | (0.01) |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 59,406 | 59,005 | 59,332 | 58,396 |
| Diluted | 59,406 | 59,005 | 59,332 | 58,396 |

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

## OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In Thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) | $ (9,740) | $ 2,742 | $ (24,388) | $ (750) |
| Other comprehensive income (loss): | | | | |
| Currency translation adjustments | (2,329) | (13,733) | 137 | (8,699) |
| Comprehensive loss | $ (12,069) | $ (10,991) | $ (24,251) | $ (9,449) |

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

OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
(In Thousands, Except Share Amounts)

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 12,406 | $ 19,316 |
| Accounts receivable, net | 263,453 | 283,607 |
| Inventories, net | 210,006 | 209,393 |
| Prepaid expenses and other current assets | 25,514 | 21,715 |
| Total current assets | 511,379 | 534,031 |
| Property, plant, and equipment, net | 520,324 | 540,427 |
| Operating lease assets, net | 48,235 | — |
| Goodwill, net | 646,984 | 647,018 |
| Other intangible assets, net | 242,886 | 255,301 |
| Other noncurrent assets | 27,893 | 27,044 |
| Total assets | $ 1,997,701 | $ 2,003,821 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 25,583 | $ 25,561 |
| Accounts payable | 83,909 | 77,511 |
| Accrued liabilities | 53,478 | 60,730 |
| Current operating lease liabilities | 8,997 | — |
| Income taxes payable | 4,243 | 3,072 |
| Deferred revenue | 15,360 | 14,160 |
| Total current liabilities | 191,570 | 181,034 |
| Long-term debt | 272,784 | 306,177 |
| Long-term operating lease liabilities | 39,268 | — |
| Deferred income taxes | 50,224 | 53,831 |
| Other noncurrent liabilities | 24,127 | 23,011 |
| Total liabilities | 577,973 | 564,053 |
| Stockholders' equity: | | |
| Common stock, $.01 par value, 200,000,000 shares authorized, 72,521,801 shares and 71,753,937 shares issued, respectively | 726 | 718 |
| Additional paid-in capital | 1,106,340 | 1,097,758 |
| Retained earnings | 1,005,130 | 1,029,518 |
| Accumulated other comprehensive loss | (71,260) | (71,397) |
| Treasury stock, at cost, 12,039,547 and 11,784,242 shares, respectively | (621,208) | (616,829) |
| Total stockholders' equity | 1,419,728 | 1,439,768 |
| Total liabilities and stockholders' equity | $ 1,997,701 | $ 2,003,821 |

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

**OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
(In Thousands)

| **Three Months Ended June 30, 2019** | **Common Stock** | **Additional Paid-In Capital** | **Retained Earnings** | **Accumulated Other Comprehensive Loss** | **Treasury Stock** | **Total Stockholders' Equity** |
|---|---|---|---|---|---|---|
| **Balance, March 31, 2019** | $ 725 | $ 1,102,176 | $ 1,014,870 | $ (68,931) | $ (621,196) | $ 1,427,644 |
| Net loss | — | — | (9,740) | — | — | (9,740) |
| Currency translation adjustments (excluding intercompany advances) | — | — | — | (2,946) | — | (2,946) |
| Currency translation adjustments on intercompany advances | — | — | — | 617 | — | 617 |
| Stock-based compensation expense: | | | | | | |
| Restricted stock | 1 | 4,164 | — | — | — | 4,165 |
| Stock options | — | — | — | — | — | — |
| Stock repurchases | — | — | — | — | — | — |
| Surrender of stock to settle taxes on restricted stock awards | — | — | — | — | (12) | (12) |
| **Balance, June 30, 2019** | $ 726 | $ 1,106,340 | $ 1,005,130 | $ (71,260) | $ (621,208) | $ 1,419,728 |

| **Six Months Ended June 30, 2019** | **Common Stock** | **Additional Paid-In Capital** | **Retained Earnings** | **Accumulated Other Comprehensive Loss** | **Treasury Stock** | **Total Stockholders' Equity** |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2018** | $ 718 | $ 1,097,758 | $ 1,029,518 | $ (71,397) | $ (616,829) | $ 1,439,768 |
| Net loss | — | — | (24,388) | — | — | (24,388) |
| Currency translation adjustments (excluding intercompany advances) | — | — | — | (393) | — | (393) |
| Currency translation adjustments on intercompany advances | — | — | — | 530 | — | 530 |
| Stock-based compensation expense: | | | | | | |
| Restricted stock | 8 | 8,529 | — | — | — | 8,537 |
| Stock options | — | 53 | — | — | — | 53 |
| Stock repurchases | — | — | — | — | (757) | (757) |
| Surrender of stock to settle taxes on restricted stock awards | — | — | — | — | (3,622) | (3,622) |
| **Balance, June 30, 2019** | $ 726 | $ 1,106,340 | $ 1,005,130 | $ (71,260) | $ (621,208) | $ 1,419,728 |

## OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In Thousands)

| Three Months Ended June 30, 2018 | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Balance, March 31, 2018** | $ 717 | $ 1,080,216 | $ 1,045,131 | $ (53,459) | $ (616,590) | $ 1,456,015 |
| Net income | — | — | 2,742 | — | — | 2,742 |
| Currency translation adjustments (excluding intercompany advances) | — | — | — | (11,242) | — | (11,242) |
| Currency translation adjustments on intercompany advances | — | — | — | (2,491) | — | (2,491) |
| Stock-based compensation expense: | | | | | | |
| Restricted stock | 1 | 5,617 | — | — | — | 5,618 |
| Stock options | — | 94 | — | — | — | 94 |
| Issuance of common stock in connection with GEODynamics acquisition | — | — | — | — | — | — |
| Issuance of 1.50% convertible senior notes, net of income taxes of $7,744 | — | — | — | — | — | — |
| Surrender of stock to settle taxes on restricted stock awards | — | — | — | — | (83) | (83) |
| **Balance, June 30, 2018** | $ 718 | $ 1,085,927 | $ 1,047,873 | $ (67,192) | $ (616,673) | $ 1,450,653 |

| Six Months Ended June 30, 2018 | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2017** | $ 627 | $ 754,607 | $ 1,048,623 | $ (58,493) | $ (612,651) | $ 1,132,713 |
| Net loss | — | — | (750) | — | — | (750) |
| Currency translation adjustments (excluding intercompany advances) | — | — | — | (6,138) | — | (6,138) |
| Currency translation adjustments on intercompany advances | — | — | — | (2,561) | — | (2,561) |
| Stock-based compensation expense: | | | | | | |
| Restricted stock | 4 | 10,557 | — | — | — | 10,561 |
| Stock options | — | 300 | — | — | — | 300 |
| Issuance of common stock in connection with GEODynamics acquisition | 87 | 294,823 | — | — | — | 294,910 |
| Issuance of 1.50% convertible senior notes, net of income taxes of $7,744 | — | 25,640 | — | — | — | 25,640 |
| Surrender of stock to settle taxes on restricted stock awards | — | — | — | — | (4,022) | (4,022) |
| **Balance, June 30, 2018** | $ 718 | $ 1,085,927 | $ 1,047,873 | $ (67,192) | $ (616,673) | $ 1,450,653 |

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

## OIL STATES INTERNATIONAL, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

| | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (24,388) | $ (750) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 63,434 | 60,112 |
| Stock-based compensation expense | 8,590 | 10,861 |
| Amortization of debt discount and deferred financing costs | 3,894 | 3,613 |
| Deferred income tax provision (benefit) | (3,495) | 481 |
| Gain on disposals of assets | (1,245) | (927) |
| Other, net | 141 | 2,520 |
| Changes in operating assets and liabilities, net of effect from acquired businesses: | | |
| Accounts receivable | 19,884 | (19,134) |
| Inventories | (534) | (1,768) |
| Accounts payable and accrued liabilities | 1,200 | (2,251) |
| Income taxes payable | 943 | (31) |
| Other operating assets and liabilities, net | (2,421) | (5,792) |
| Net cash flows provided by operating activities | 66,003 | 46,934 |
| | | |
| Cash flows from investing activities: | | |
| Capital expenditures | (31,577) | (38,261) |
| Acquisitions of businesses, net of cash acquired | — | (379,676) |
| Proceeds from disposition of property, plant and equipment | 2,151 | 1,197 |
| Other, net | (1,459) | (985) |
| Net cash flows used in investing activities | (30,885) | (417,725) |
| | | |
| Cash flows from financing activities: | | |
| Issuance of 1.50% convertible senior notes | — | 200,000 |
| Revolving credit facility borrowings | 119,252 | 704,469 |
| Revolving credit facility repayments | (156,208) | (546,564) |
| Other debt and finance lease repayments, net | (301) | (266) |
| Payment of financing costs | (8) | (7,366) |
| Purchase of treasury stock | (757) | — |
| Shares added to treasury stock as a result of net share settlements due to vesting of restricted stock | (3,622) | (4,022) |
| Net cash flows provided by (used in) financing activities | (41,644) | 346,251 |
| | | |
| Effect of exchange rate changes on cash and cash equivalents | (384) | 183 |
| Net change in cash and cash equivalents | (6,910) | (24,357) |
| Cash and cash equivalents, beginning of period | 19,316 | 53,459 |
| Cash and cash equivalents, end of period | $ 12,406 | $ 29,102 |
| | | |
| Cash paid for: | | |
| Interest | $ 5,285 | $ 4,033 |
| Income taxes, net of refunds | 2,002 | 2,978 |

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

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Organization and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Oil States International, Inc. and its subsidiaries (referred to in this report as "we" or the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission") pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to these rules and regulations. The unaudited financial statements included in this report reflect all the adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair statement of the results of operations for the interim periods covered and for the financial condition of the Company at the date of the interim balance sheet. Results for the interim periods are not necessarily indicative of results for the full year. Certain prior-year amounts in the Company's unaudited condensed consolidated financial statements have been reclassified to conform to the current year presentation.

The preparation of condensed consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include goodwill and long-lived asset impairment analyses, revenue and income recognized over time, valuation allowances recorded on deferred tax assets, the fair value of assets and liabilities acquired and identification of associated goodwill and intangible assets, reserves on inventory, allowances for doubtful accounts, warranty obligations and potential future adjustments related to contractual indemnification and other agreements. If the underlying estimates and assumptions, upon which the financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying condensed consolidated financial statements.

The financial statements included in this report should be read in conjunction with the Company's audited financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K").

## 2. Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the "FASB"), which are adopted by the Company as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

In February 2016, the FASB issued guidance on leases which, as amended, introduced the recognition of lease assets and lease liabilities by lessees for all leases that are not short-term in nature. The Company adopted this guidance on January 1, 2019, using the optional transition method of recognizing any cumulative effect of adopting this guidance as an adjustment to the opening balance of retained earnings. The cumulative impact of the adoption of the new standard was not material to the Company's consolidated financial statements. Prior periods were not retrospectively adjusted. In addition, the Company elected a package of practical expedients permitted under transition guidance for the new standard which, among other things, allowed for the carryforward of historical lease classification. The Company has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. Most of the Company's leases do not provide an implicit interest rate. Therefore, the Company's incremental borrowing rate, based on available information at the lease commencement date, is used to determine the present value of lease payments.

In connection with the adoption of the new standard, the Company recorded $47.7 million of operating lease assets and liabilities as of January 1, 2019. The standard did not materially impact our consolidated statement of operations and had no impact on cash flows.

## 3. Business Acquisitions, Goodwill and Other Intangible Assets

*GEODynamics Acquisition*

On January 12, 2018, the Company acquired GEODynamics, Inc. ("GEODynamics"), which provides oil and gas perforation systems and downhole tools in support of completion, intervention, wireline and well abandonment operations (the "GEODynamics Acquisition"). Total recorded purchase price consideration was $615.3 million, consisting of (i) $295.4 million in cash (net of cash acquired), which was funded through borrowings under the Company's Revolving Credit Facility (as defined in Note 6, "Long-term Debt"), (ii) approximately 8.66 million shares of the Company's common stock (having a market value of approximately $295 million based on the closing share price of $34.05 as of the closing date of the acquisition) and (iii) an unsecured $25 million promissory note that bears interest at 2.5% per annum. Under the terms of the purchase agreement, the Company is entitled to indemnification in respect of certain matters occurring prior to the acquisition and payments due under the promissory note are subject to set-off, in part or in full, regarding such indemnified matters. See Note 14, "Commitments and Contingencies."

GEODynamics' results of operations have been included in the Company's financial statements subsequent to the closing of the acquisition on January 12, 2018. The acquired GEODynamics operations are reported as the Downhole Technologies segment. See Note 13, "Segments and Related Information" for further information with respect to the Downhole Technologies segment operations.

*Falcon Acquisition*

On February 28, 2018, the Company acquired Falcon Flowback Services, LLC ("Falcon"), a full service provider of flowback and well testing services for the separation and recovery of fluids, solid debris and proppant used during hydraulic fracturing operations. Falcon provides additional scale and diversity to our Completion Services well testing operations in key shale plays in the United States. The purchase price was $84.2 million (net of cash acquired). The Falcon acquisition was funded by borrowings under the Company's Revolving Credit Facility. Under the terms of the purchase agreement, the Company may be entitled to indemnification in respect of certain matters occurring prior to acquisition. Falcon's results of operations have been included in the Company's financial statements and has been reported within the Completion Services business subsequent to the closing of the acquisition on February 28, 2018.

*Transaction-Related Costs*

During the first quarter of 2018, the Company expensed transaction-related costs of $2.6 million, which are included in selling, general and administrative expense and in other operating income for the six months ended June 30, 2018.

*Supplemental Unaudited Pro Forma Financial Information*

The following supplemental unaudited pro forma results of operations data for the six months ended June 30, 2018 gives pro forma effect to the consummation of the GEODynamics and Falcon acquisitions as if they had occurred on January 1, 2018. The supplemental unaudited pro forma financial information was prepared based on historical financial information, adjusted to give pro forma effect to fair value adjustments on depreciation and amortization expense, interest expense, and related tax effects, among others. The pro forma results for the six months ended June 30, 2018 also reflect adjustments to exclude the after-tax impact of transaction costs totaling $2.0 million. The supplemental unaudited pro forma financial information may not reflect what the results of the combined operations would have been had the acquisitions occurred on January 1, 2018. As such, it is presented for informational purposes only (in thousands, except per share amount).

| | Six Months Ended June 30, 2018 | |
|---|---|---|
| Revenue | $ | 566,045 |
| Net income | $ | 1,750 |
| Diluted net income per share | $ | 0.03 |
| Diluted weighted average common shares outstanding | | 58,922 |

*Goodwill*

Changes in the carrying amount of goodwill for the six-month period ended June 30, 2019 were as follows (in thousands):

| | Well Site Services | | | | | |
|---|---|---|---|---|---|---|
| | Completion Services | Drilling Services | Subtotal | Downhole Technologies | Offshore/ Manufactured Products | Total |
| Balance as of December 31, 2018 | | | | | | |
| Goodwill | $ 221,582 | $ 22,767 | $ 244,349 | $ 357,502 | $ 162,462 | $ 764,313 |
| Accumulated impairment losses | (94,528) | (22,767) | (117,295) | — | — | (117,295) |
| | 127,054 | — | 127,054 | 357,502 | 162,462 | 647,018 |
| Foreign currency translation | — | — | — | — | (34) | (34) |
| Balance as of June 30, 2019 | $ 127,054 | $ — | $ 127,054 | $ 357,502 | $ 162,428 | $ 646,984 |

*Other Intangible Assets*

The following table presents the gross carrying amount, accumulated amortization and net carrying amount for major intangible asset classes as of June 30, 2019 and December 31, 2018 (in thousands):

| | June 30, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships | $ 168,266 | $ 38,729 | $ 129,537 | $ 167,811 | $ 33,247 | $ 134,564 |
| Patents/Technology/Know-how | 85,423 | 27,268 | 58,155 | 84,903 | 23,418 | 61,485 |
| Noncompete agreements | 17,100 | 8,418 | 8,682 | 18,705 | 7,544 | 11,161 |
| Tradenames and other | 53,708 | 7,196 | 46,512 | 53,708 | 5,617 | 48,091 |
| | $ 324,497 | $ 81,611 | $ 242,886 | $ 325,127 | $ 69,826 | $ 255,301 |

For the three months ended June 30, 2019 and 2018, amortization expense was $6.8 million and $6.4 million, respectively. Amortization expense was $13.5 million and $12.0 million for the six months ended June 30, 2019 and 2018, respectively.

The Company's industry is highly cyclical, and this cyclicality impacts the determination of whether a decline in value of the Company's long-lived assets, including definite-lived intangibles, and/or goodwill has occurred. The Company is required to periodically review the long-lived assets and goodwill of its reporting units for potential impairment in value if circumstances, some of which are beyond the Company's control, indicate that the carrying amounts will not be recoverable. The Company performed a qualitative assessment at June 30, 2019 and concluded that no further impairment evaluation was required. As a result, no impairments were recorded in the second quarter of 2019. Should, among other events and circumstances, global economic and industry conditions deteriorate, the outlook for future operating results and cash flow for any of the Company's reporting units decline, income tax rates increase or regulations change, costs of equity or debt capital increase, valuations for comparable public companies or comparable acquisition valuations decrease, or the Company's market capitalization experiences a material, sustained decline below its book value, the Company may need to recognize impairment losses in future periods.

**4. Details of Selected Balance Sheet Accounts**

Additional information regarding selected balance sheet accounts at June 30, 2019 and December 31, 2018 is presented below (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Accounts receivable, net:** | | |
| Trade | $ 208,175 | $ 227,052 |
| Unbilled revenue | 37,518 | 35,674 |
| Contract assets | 20,113 | 21,201 |
| Other | 3,950 | 6,381 |
| Total accounts receivable | 269,756 | 290,308 |
| Allowance for doubtful accounts | (6,303) | (6,701) |
| | $ 263,453 | $ 283,607 |

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Deferred revenue (contract liabilities)** | $ 15,360 | $ 14,160 |

For the six months ended June 30, 2019, the $1.1 million net decrease in contract assets was primarily attributable to $13.1 million transferred to accounts receivable, which was partially offset by $12.1 million in revenue recognized during the period. Deferred revenue increased by $1.2 million in 2019, primarily reflecting $5.9 million in new customer billings which were not recognized as revenue during the period, partially offset by the recognition of $5.0 million of revenue that was deferred at the beginning of the period.

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Inventories, net:** | | |
| Finished goods and purchased products | $ 105,285 | $ 96,195 |
| Work in process | 21,838 | 20,552 |
| Raw materials | 103,139 | 111,197 |
| Total inventories | 230,262 | 227,944 |
| Allowance for excess or obsolete inventory | (20,256) | (18,551) |
| | $ 210,006 | $ 209,393 |

| | Estimated Useful Life (years) | June 30, 2019 | December 31, 2018 |
|---|---|---|---|
| **Property, plant and equipment, net:** | | | |
| Land | | $ 37,758 | $ 37,545 |
| Buildings and leasehold improvements | 2 – 40 | 259,981 | 259,834 |
| Machinery and equipment | 1 – 28 | 493,121 | 483,629 |
| Completion Services equipment | 2 – 10 | 505,427 | 492,183 |
| Office furniture and equipment | 3 – 10 | 45,013 | 43,654 |
| Vehicles | 2 – 10 | 114,729 | 122,982 |
| Construction in progress | | 23,337 | 29,451 |
| Total property, plant and equipment | | 1,479,366 | 1,469,278 |
| Accumulated depreciation | | (959,042) | (928,851) |
| | | $ 520,324 | $ 540,427 |

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Other noncurrent assets:** | | |
| Deferred compensation plan | $ 21,593 | $ 20,468 |
| Deferred income taxes | 633 | 761 |
| Other | 5,667 | 5,815 |
| | $ 27,893 | $ 27,044 |

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Accrued liabilities:** | | |
| Accrued compensation | $ 20,722 | $ 29,867 |
| Insurance liabilities | 12,080 | 9,177 |
| Accrued taxes, other than income taxes | 7,990 | 4,530 |
| Accrued commissions | 1,470 | 1,484 |
| Accrued claims | 258 | 2,983 |
| Other | 10,958 | 12,689 |
| | $ 53,478 | $ 60,730 |

## 5. Net Income (Loss) Per Share

The table below provides a reconciliation of the numerators and denominators of basic and diluted net income (loss) per share for the three and six months ended June 30, 2019 and 2018 (in thousands, except per share amounts):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Numerators:** | | | | |
| Net income (loss) | $ (9,740) | $ 2,742 | $ (24,388) | $ (750) |
| Less: Income attributable to unvested restricted stock awards | — | (44) | — | — |
| **Numerator for basic net income (loss) per share** | (9,740) | 2,698 | (24,388) | (750) |
| Effect of dilutive securities: | | | | |
| Unvested restricted stock awards | — | — | — | — |
| **Numerator for diluted net income (loss) per share** | $ (9,740) | $ 2,698 | $ (24,388) | $ (750) |
| **Denominators:** | | | | |
| Weighted average number of common shares outstanding | 60,458 | 59,964 | 60,353 | 59,389 |
| Less: Weighted average number of unvested restricted stock awards outstanding | (1,052) | (959) | (1,021) | (993) |
| **Denominator for basic net income (loss) per share** | 59,406 | 59,005 | 59,332 | 58,396 |
| Effect of dilutive securities: | | | | |
| Unvested restricted stock awards | — | — | — | — |
| Assumed exercise of stock options | — | — | — | — |
| 1.50% convertible senior notes | — | — | — | — |
| | — | — | — | — |
| **Denominator for diluted net income (loss) per share** | 59,406 | 59,005 | 59,332 | 58,396 |
| **Net income (loss) per share:** | | | | |
| Basic | $ (0.16) | $ 0.05 | $ (0.41) | $ (0.01) |
| Diluted | (0.16) | 0.05 | (0.41) | (0.01) |

The calculation of diluted net loss per share for the three and six months ended June 30, 2019 excluded 664 thousand shares and 676 thousand shares, respectively, issuable pursuant to outstanding stock options, due to their antidilutive effect. The calculation of diluted net income (loss) per share for the three and six months ended June 30, 2018 excluded 695 thousand shares and 697 thousand shares, respectively, issuable pursuant to outstanding stock options, due to their antidilutive effect. Additionally, shares issuable upon conversion of the 1.50% convertible senior notes were not convertible and therefore excluded for the three and six months ended June 30, 2019 and 2018, due to their antidilutive effect.

## 6. Long-term Debt

As of June 30, 2019 and December 31, 2018, long-term debt consisted of the following (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Revolving credit facility[1] | $ 97,465 | $ 134,096 |
| 1.50% convertible senior notes[2] | 170,663 | 167,102 |
| Promissory note | 25,000 | 25,000 |
| Other debt and finance lease obligations | 5,239 | 5,540 |
| Total debt | 298,367 | 331,738 |
| Less: Current portion | (25,583) | (25,561) |
| Total long-term debt | $ 272,784 | $ 306,177 |

(1) Presented net of $1.7 million and $2.0 million of unamortized debt issuance costs as of June 30, 2019 and December 31, 2018, respectively.
(2) The principal amount of the 1.50% convertible senior notes is $200.0 million. See "1.50% Convertible Senior Notes" below.

*Revolving Credit Facility*

The Company's senior secured revolving credit facility, as amended (the "Revolving Credit Facility") is governed by a credit agreement with Wells Fargo Bank, N.A., as administrative agent for the lenders party thereto and collateral agent for the secured parties thereunder, and the lenders and other financial institutions from time to time party thereto, dated as of January 30, 2018, as amended and restated (the "Credit Agreement"), and matures on January 30, 2022. The Credit Agreement governs our Revolving Credit Facility. The Revolving Credit Facility provides for $350 million in lender commitments with an option to increase the maximum borrowings to $500 million subject to additional lender commitments prior to its maturity on January 30, 2022. Under the Revolving Credit Facility, $50 million is available for the issuance of letters of credit.

As of June 30, 2019, the Company had $99.2 million of borrowings outstanding under the Credit Agreement and $16.1 million of outstanding letters of credit, leaving $96.0 million available to be drawn. The total amount available to be drawn under our Revolving Credit Facility was less than the lender commitments as of June 30, 2019, due to limits imposed by maintenance covenants in the Credit Agreement.

Amounts outstanding under the Revolving Credit Facility bear interest at LIBOR plus a margin of 1.75% to 3.00%, or at a base rate plus a margin of 0.75% to 2.00%, in each case based on a ratio of the Company's total net funded debt to consolidated EBITDA (as defined in the Credit Agreement). The Company must also pay a quarterly commitment fee of 0.25% to 0.50%, based on the Company's ratio of total net funded debt to consolidated EBITDA, on the unused commitments under the Credit Agreement.

The Credit Agreement contains customary financial covenants and restrictions. Specifically, the Company must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA to consolidated interest expense, of at least 3.00 to 1.0, a maximum senior secured leverage ratio, defined as the ratio of senior secured debt to consolidated EBITDA, of no greater than 2.25 to 1.0 and a total net leverage ratio, defined as the ratio of total net funded debt to consolidated EBITDA, of no greater than 3.75 to 1.0. The financial covenants give pro forma effect acquired businesses and the annualization of EBITDA for acquired businesses.

Each of the factors considered in the calculation of these ratios are defined in the Credit Agreement. Consolidated EBITDA and consolidated interest, as defined, exclude goodwill impairments, losses on extinguishment of debt, debt discount amortization, stock-based compensation expense and other non-cash charges.

Borrowings under the Credit Agreement are secured by a pledge of substantially all of the Company's assets and the assets of its domestic subsidiaries. The Company's obligations under the Credit Agreement are guaranteed by its significant domestic subsidiaries. The Credit Agreement also contains negative covenants that limit the Company's ability to borrow additional funds, encumber assets, pay dividends, sell assets and enter into other significant transactions.

Under the Credit Agreement, the occurrence of specified change of control events involving the Company would constitute an event of default that would permit the banks to, among other things, accelerate the maturity of the facility and cause it to become immediately due and payable in full.

As of June 30, 2019, the Company was in compliance with its debt covenants.

*1.50% Convertible Senior Notes*

On January 30, 2018, the Company issued $200 million aggregate principal amount of its 1.50% convertible senior notes due 2023 (the "Notes") pursuant to an indenture, dated as of January 30, 2018 (the "Indenture"), between the Company and Wells Fargo Bank, National Association, as trustee. Net proceeds from the Notes, after deducting issuance costs, were approximately $194 million, which was used by the Company to repay a portion of the outstanding borrowings under the Revolving Credit Facility during the first quarter of 2018.

The initial carrying amount of the Notes recorded in the consolidated balance sheet was less than the $200 million in principal amount of the Notes, in accordance with applicable accounting principles, reflective of the estimated fair value of a similar debt instrument that does not have a conversion feature. The Company recorded the value of the conversion feature as a debt discount, which is amortized as interest expense over the term of the Notes, with a similar amount allocated to additional paid-in capital. As a result of this amortization, the interest expense the Company recognizes related to the Notes for accounting purposes is based on an effective interest rate of approximately 6.0%, which is greater than the cash interest payments the Company is obligated to pay on the Notes. Interest expense associated with the Notes for the three and six months ended June 30, 2019 was $2.5 million and

$5.1 million, respectively, while the related contractual interest expense totaled $0.8 million and $1.5 million, respectively. Interest expense associated with the Notes for the three and six months ended June 30, 2018 was $2.4 million and $4.1 million, respectively, while the related contractual interest expense totaled $0.8 million and $1.3 million, respectively.

The following table presents the carrying amount of the Notes in the consolidated balance sheets (in thousands):

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Principal amount of the liability component | $ 200,000 | $ 200,000 |
| Less: Unamortized discount | 25,669 | 28,825 |
| Less: Unamortized issuance costs | 3,668 | 4,073 |
| Net carrying amount of the liability | $ 170,663 | $ 167,102 |

The Notes bear interest at a rate of 1.50% per year until maturity. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. In addition, additional interest and special interest may accrue on the Notes under certain circumstances as described in the Indenture. The Notes will mature on February 15, 2023, unless earlier repurchased, redeemed or converted. The initial conversion rate is 22.2748 shares of the Company's common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $44.89 per share of common stock). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the Indenture. The Company's intent is to repay the principal amount of the Notes in cash and the conversion feature in shares of the Company's common stock.

Noteholders may convert their Notes, at their option only in the following circumstances: (1) if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "measurement period") in which the trading price per $1,000 principal amount of the Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on the Company's common stock, as described in the Indenture; or (4) if the Company calls the Notes for redemption, or at any time from, and including, November 15, 2022 until the close of business on the second scheduled trading day immediately before the maturity date. The Company will settle conversions by paying or delivering, as applicable, cash, shares of common stock or a combination of cash and shares of common stock, at the Company's election, based on the applicable conversion rate(s). If the Company elects to deliver cash or a combination of cash and shares of common stock, then the consideration due upon conversion will be based on a defined observation period.

The Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after February 15, 2021, at a cash redemption price equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of common stock exceeds 130% of the conversion price on each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice.

If specified change in control events involving the Company as defined in the Indenture occur, then noteholders may require the Company to repurchase their Notes at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest. Additionally, the Notes contain certain events of default as set forth in the Indenture. As of June 30, 2019, none of the conditions allowing holders of the Notes to convert, or requiring us to repurchase the Notes, had been met.

*Promissory Note*

In connection with the GEODynamics Acquisition, the Company issued a $25.0 million promissory note that bears interest at 2.50% per annum and was scheduled to mature on July 12, 2019. Payments due under the promissory note are subject to set off, in part or in full, against certain indemnifications claims related to matters occurring prior to the Company's acquisition of GEODynamics. As more fully described in Note 14, "Commitments and Contingencies," the Company has provided notice to and asserted an indemnification claim against the seller of GEODynamics. As a result, the maturity date of the note is extended until the resolution of the indemnity claim. The Company expects that the amount ultimately paid in respect of such note may be reduced as a result of this indemnification claim.

## 7. Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, investments, receivables, payables and debt instruments. The Company believes that the carrying values of these instruments, other than the Notes, on the accompanying consolidated balance sheets approximate their fair values. The estimated fair value of the Notes as of June 30, 2019 and December 31, 2018 was approximately $178 million and $166 million, respectively, based on quoted market prices (a Level 1 fair value measurement), which compares to the $200 million in principal amount of the Notes.

## 8. Leases

The Company leases a portion of its facilities, office space, equipment and vehicles. Leases with an initial term of 12 months or less are not recorded in the consolidated balance sheet as of June 30, 2019. Substantially all of the Company's future lease obligations are related to operating leases. Consistent with the Company's historical practice, finance (capital) lease obligations, which totaled $0.7 million as of June 30, 2019, are classified within long-term debt while related assets are included within property, plant and equipment.

Most of the Company's operating leases include one or more options to renew, with renewal terms that can extend the lease term from one to 20 years. The exercise of lease renewal options is at the Company's sole discretion. The depreciable life of lease-related assets and leasehold improvements are limited by the expected lease term. Certain operating lease agreements include rental payments adjusted periodically for inflation. The Company's operating lease agreements do not contain any material residual value guarantees or material restrictive covenants. While the Company rents or subleases certain real estate to third parties, such amounts are not material. Cash outflows related to operating leases are presented within cash flows from operations.

The following tables summarize the financial statement information regarding of the Company's operating leases for the three and six months ended June 30, 2019 (in thousands):

| | Three Months Ended June 30, 2019 | Six Months Ended June 30, 2019 |
|---|---|---|
| Operating lease expense components: | | |
| Leases with initial term of greater than 12 months | $ 2,897 | $ 5,858 |
| Leases with initial term of 12 months or less | 1,413 | 2,766 |
| | $ 4,310 | $ 8,624 |
| Operating lease assets obtained in exchange for operating lease liabilities: | | |
| Upon adoption of standard (January 1, 2019) | | $ 47,721 |
| Subsequent to adoption | | 5,332 |
| Non-cash operating lease amounts | | $ 53,053 |

The following table provides the maturities of operating lease liabilities as of June 30, 2019 (in thousands):

| | Operating Leases |
|---|---|
| 2019 (less six months ended June 30) | $ 5,654 |
| 2020 | 10,125 |
| 2021 | 8,282 |
| 2022 | 6,176 |
| 2023 | 5,192 |
| After 2023 | 22,861 |
| Total lease payments | 58,290 |
| Less: Imputed interest | (10,025) |
| Present value of operating lease liabilities | 48,265 |
| Less: Current portion | (8,997) |
| Total long-term operating lease liabilities | $ 39,268 |
| Weighted-average remaining lease term (years) | 7.7 |
| Weighted-average discount rate | 5.0% |

## 9. Stockholders' Equity

The following table provides details with respect to the changes to the number of shares of common stock, $0.01 par value, outstanding during the first six months of 2019:

| | |
|---|---|
| Shares of common stock outstanding – December 31, 2018 | 59,969,695 |
| Restricted stock awards, net of forfeitures | 767,864 |
| Shares withheld for taxes on vesting of restricted stock awards and transferred to treasury | (204,505) |
| Purchase of treasury stock | (50,800) |
| Shares of common stock outstanding – June 30, 2019 | 60,482,254 |

As of June 30, 2019 and December 31, 2018, the Company had 25,000,000 shares of preferred stock, $0.01 par value, authorized, with no shares issued or outstanding.

On July 29, 2015, the Company's Board of Directors approved a share repurchase program providing for the repurchase of up to $150.0 million of the Company's common stock, which, following extensions, was scheduled to expire on July 29, 2019. On July 24, 2019, our Board of Directors extended the share repurchase program for one year to July 29, 2020. During the first six months of 2019, the Company repurchased approximately 51 thousand shares of common stock under the program. The amount remaining under the Company's share repurchase authorization as of June 30, 2019 was $119.8 million. Subject to applicable securities laws, such purchases will be at such times and in such amounts as the Company deems appropriate.

## 10. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, reported as a component of stockholders' equity, decreased slightly during the first half of 2019 from $71.4 million at December 31, 2018 to $71.3 million at June 30, 2019, due to changes in currency exchange rates. Accumulated other comprehensive loss is primarily related to fluctuations in the currency exchange rates compared to the U.S. dollar which are used to translate certain of the international operations of our reportable segments. For the six months ended June 30, 2018, currency translation adjustments recognized as a component of other comprehensive loss were primarily attributable to the United Kingdom and Brazil, due to the exchange rates for the British pound and the Brazilian real weakening by 2% and 14%, respectively, compared to the U.S. dollar, and contributing to other comprehensive loss of $8.7 million.

## 11. Long-Term Incentive Compensation

The following table presents a summary of activity for stock options, service-based restricted stock awards and performance-based stock unit awards for the six months ended June 30, 2019.

| | Stock Options | Service-based Restricted Stock | Performance-based Stock Units |
|---|---|---|---|
| Outstanding – December 31, 2018 | 681,894 | 929,554 | 227,124 |
| Granted | — | 674,923 | 76,793 |
| Vested/Exercised | — | (534,661) | (105,988) |
| Forfeited | (45,624) | (13,047) | — |
| Outstanding – June 30, 2019 | 636,270 | 1,056,769 | 197,929 |
| Weighted average grant date fair value (2019 awards) | $ — | $ 17.65 | $ 17.58 |

The restricted stock program consists of a combination of service-based restricted stock and performance-based stock units. Service-based restricted stock awards generally vest on a straight-line basis over their term, which is generally three years. Performance-based restricted stock awards generally vest at the end of a three-year period, with the number of shares ultimately issued under the program dependent upon achievement of predefined specific performance measures.

In the event the predefined targets are exceeded for any performance-based award, additional shares up to a maximum of 200% of the target award may be granted. Conversely, if actual performance falls below the predefined target, the number of shares vested is reduced. If the actual performance falls below the threshold performance level, no restricted shares will vest. The performance measure for awards issued in 2017 is relative total stockholder return compared to a peer group of companies. The performance measures for performance-based stock units granted during 2018 and 2019 are based on the Company's EBITDA growth rate over a three-year period.

During the first quarters of 2019 and 2018, the Company issued conditional long-term cash incentive awards ("Cash Awards") of approximately $1.3 million each, with the ultimate dollar amount to be awarded ranging from zero to a maximum of $2.7 million each. The performance measure for these Cash Awards is relative total stockholder return compared to a peer group of companies measured over a three-year period. The obligation related to the Cash Awards is classified as a liability and recognized over the vesting period.

Stock-based compensation pre-tax expense recognized in the three and six months ended June 30, 2019 totaled $4.2 million and $8.6 million, respectively. Stock-based compensation pre-tax expense recognized in the three and six months ended June 30, 2018 totaled $6.0 million and $11.2 million, respectively. As of June 30, 2019, there was $22.4 million of pre-tax compensation costs related to service-based and performance-based stock awards, which will be recognized in future periods as vesting conditions are satisfied.

## 12. Income Taxes

The income tax benefit for the three and six month periods ended June 30, 2019 was calculated using a discrete approach. This methodology was used because minor changes in the Company's results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the three months ended June 30, 2019, the Company's income tax benefit was $0.3 million, or 2.6% of pre-tax losses. For the six months ended June 30, 2019, the Company's income tax benefit was $0.5 million, or 2.2% of pre-tax losses. This compares to an income tax provision of $1.7 million, or 38.8% of pre-tax income, and an income tax provision of $0.5 million, or 212.5% of pre-tax losses, for the three and six months ended June 30, 2018, respectively. The relatively low effective tax rate benefit for the three and six months ended June 30, 2019 was primarily attributable to certain non-deductible expenses.

## 13. Segments and Related Information

The Company operates through three reportable segments: Well Site Services, Downhole Technologies and Offshore/Manufactured Products. The Company's reportable segments represent strategic business units that generally offer different products and services. They are managed separately because each business often requires different technologies and marketing strategies. Recent acquisitions, except for the acquisition of GEODynamics in 2018, have been direct extensions to our business segments.

Financial information by business segment for the three and six months ended June 30, 2019 and 2018 is summarized in the following tables (in thousands).

| | Revenues | Depreciation and amortization | Operating income (loss) | Capital expenditures | Total assets |
|---|---|---|---|---|---|
| **Three months ended June 30, 2019** | | | | | |
| Well Site Services – | | | | | |
| Completion Services | $ 103,320 | $ 17,248 | $ (507) | $ 7,201 | $ 507,028 |
| Drilling Services | 12,646 | 3,224 | (2,601) | 965 | 59,322 |
| Total Well Site Services | 115,966 | 20,472 | (3,108) | 8,166 | 566,350 |
| Downhole Technologies | 46,740 | 5,256 | (1,462) | 3,460 | 707,878 |
| Offshore/Manufactured Products | 101,979 | 5,973 | 9,809 | 1,720 | 677,644 |
| Corporate | — | 182 | (11,634) | 309 | 45,829 |
| Total | $ 264,685 | $ 31,883 | $ (6,395) | $ 13,655 | $ 1,997,701 |

| | Revenues | Depreciation and amortization | Operating income (loss) | Capital expenditures | Total assets |
|---|---|---|---|---|---|
| **Three months ended June 30, 2018** | | | | | |
| Well Site Services – | | | | | |
| Completion Services | $ 108,368 | $ 16,816 | $ 1,204 | $ 14,590 | $ 526,551 |
| Drilling Services | 16,756 | 3,551 | (2,957) | 1,801 | 69,256 |
| Total Well Site Services | 125,124 | 20,367 | (1,753) | 16,391 | 595,807 |
| Downhole Technologies | 59,274 | 4,532 | 11,600 | 3,168 | 677,367 |
| Offshore/Manufactured Products | 101,447 | 5,786 | 12,664 | 4,108 | 710,125 |
| Corporate | — | 237 | (13,811) | 356 | 41,827 |
| Total | $ 285,845 | $ 30,922 | $ 8,700 | $ 24,023 | $ 2,025,126 |

| | Revenues | Depreciation and amortization | Operating income (loss) | Capital expenditures | Total assets |
|---|---|---|---|---|---|
| **Six months ended June 30, 2019** | | | | | |
| Well Site Services – | | | | | |
| Completion Services | $ 203,962 | $ 34,534 | $ (4,001) | $ 18,883 | $ 507,028 |
| Drilling Services | 20,396 | 6,565 | (7,160) | 1,914 | 59,322 |
| Total Well Site Services | 224,358 | 41,099 | (11,161) | 20,797 | 566,350 |
| Downhole Technologies | 101,030 | 10,322 | 2,592 | 7,076 | 707,878 |
| Offshore/Manufactured Products | 189,908 | 11,560 | 15,068 | 3,266 | 677,644 |
| Corporate | — | 453 | (23,734) | 438 | 45,829 |
| Total | $ 515,296 | $ 63,434 | $ (17,235) | $ 31,577 | $ 1,997,701 |

| | Revenues | Depreciation and amortization | Operating income (loss) | Capital expenditures | Total assets |
|---|---|---|---|---|---|
| **Six months ended June 30, 2018** | | | | | |
| Well Site Services – | | | | | |
| Completion Services | $ 191,208 | $ 32,198 | $ (3,267) | $ 22,515 | $ 526,551 |
| Drilling Services | 34,315 | 7,419 | (5,268) | 3,026 | 69,256 |
| Total Well Site Services | 225,523 | 39,617 | (8,535) | 25,541 | 595,807 |
| Downhole Technologies | 105,055 | 8,416 | 19,654 | 5,066 | 677,367 |
| Offshore/Manufactured Products | 208,843 | 11,600 | 25,116 | 7,131 | 710,125 |
| Corporate | — | 479 | (28,449) | 523 | 41,827 |
| Total | $ 539,421 | $ 60,112 | $ 7,786 | $ 38,261 | $ 2,025,126 |

One customer individually accounted for 10% of the Company's consolidated product and service revenue for the six months ended June 30, 2018 and individually represented 11% of the Company's consolidated total accounts receivable as of December 31, 2018.

The following table provides supplemental disaggregated revenue from contracts with customers by business segment for the three and six months ended June 30, 2019 and 2018 (in thousands):

| | Well Site Services | | Downhole Technologies | | Offshore/Manufactured Products | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Three months ended June 30** | | | | | | | | |
| Major revenue categories - | | | | | | | | |
| Project-driven products | $ — | $ — | $ — | $ — | $ 38,517 | $ 35,225 | $ 38,517 | $ 35,225 |
| Short-cycle: | | | | | | | | |
| Completion products and services | 103,320 | 108,368 | 46,740 | 59,274 | 29,265 | 29,783 | 179,325 | 197,425 |
| Drilling services | 12,646 | 16,756 | — | — | — | — | 12,646 | 16,756 |
| Other products | — | — | — | — | 5,746 | 7,565 | 5,746 | 7,565 |
| Total short-cycle | 115,966 | 125,124 | 46,740 | 59,274 | 35,011 | 37,348 | 197,717 | 221,746 |
| Other products and services | — | — | — | — | 28,451 | 28,874 | 28,451 | 28,874 |
| | $ 115,966 | $ 125,124 | $ 46,740 | $ 59,274 | $ 101,979 | $ 101,447 | $ 264,685 | $ 285,845 |
| Percentage of total revenue by type - | | | | | | | | |
| Products | —% | —% | 98% | 98% | 78% | 77% | 47% | 48% |
| Services | 100% | 100% | 2% | 2% | 22% | 23% | 53% | 52% |

| | Well Site Services | | Downhole Technologies | | Offshore/Manufactured Products | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Six months ended June 30** | | | | | | | | |
| Major revenue categories - | | | | | | | | |
| Project-driven products | $ — | $ — | $ — | $ — | $ 65,762 | $ 76,024 | $ 65,762 | $ 76,024 |
| Short-cycle: | | | | | | | | |
| Completion products and services | 203,962 | 191,208 | 101,030 | 105,055 | 53,540 | 62,755 | 358,532 | 359,018 |
| Drilling services | 20,396 | 34,315 | — | — | — | — | 20,396 | 34,315 |
| Other products | — | — | — | — | 13,484 | 15,011 | 13,484 | 15,011 |
| Total short-cycle | 224,358 | 225,523 | 101,030 | 105,055 | 67,024 | 77,766 | 392,412 | 408,344 |
| Other products and services | — | — | — | — | 57,122 | 55,053 | 57,122 | 55,053 |
| | $ 224,358 | $ 225,523 | $ 101,030 | $ 105,055 | $ 189,908 | $ 208,843 | $ 515,296 | $ 539,421 |
| Percentage of total revenue by type - | | | | | | | | |
| Products | —% | —% | 97% | 98% | 75% | 78% | 47% | 49% |
| Services | 100% | 100% | 3% | 2% | 25% | 22% | 53% | 51% |

Revenues from products and services transferred to customers over time accounted for approximately 67% and 68% of consolidated revenues for the six months ended June 30, 2019 and 2018, respectively. The balance of revenues for the respective periods relates to products and services transferred to customers at a point in time. As of June 30, 2019, the Company had $142 million of remaining backlog related to contracts with an original expected duration of greater than one year. Approximately 26% of this remaining backlog is expected to be recognized as revenue over the remaining six months of 2019, with an additional 64% in 2020 and the balance thereafter.

## 14. Commitments and Contingencies

Following the Company's acquisition of GEODynamics in January 2018, the Company determined that certain steel products historically imported by GEODynamics from China for use in its manufacturing process may potentially be subject to anti-dumping and countervailing duties based on recent clarifications/decisions rendered by the U.S. Department of Commerce and the U.S. Court of International Trade. Following these findings, the Company commenced an internal review of this matter and ceased further purchases of these potentially affected Chinese products. As part of the Company's internal review, the Company engaged trade counsel and decided to voluntarily disclose this matter to U.S. Customs and Border Protection in September 2018. In connection with the GEODynamics Acquisition, the seller agreed to indemnify and hold the Company harmless against certain claims related to matters such as this, and the Company has provided notice to and asserted an indemnification claim against the seller. Additionally, the Company is able to set-off payments due under the $25.0 million promissory note (see Note 6, "Long-term Debt") issued to the seller of GEODynamics in respect of indemnification claims. Such note was scheduled to mature on July 12, 2019, but, because the Company has provided notice to and asserted an indemnification claim, the maturity date of the note is extended until the resolution of such claim. The Company expects that the amount ultimately paid in respect of such note may be reduced as a result of this indemnification claim.

Additionally, in the ordinary course of conducting its business, the Company becomes involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state and local levels.

The Company is a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning its commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of the Company's products or operations. Some of these claims relate to matters occurring prior to the acquisition of businesses (including GEODynamics and Falcon), and some relate to businesses the Company has sold. In certain cases, the Company is entitled to indemnification from the sellers of businesses and, in other cases, the Company has indemnified the buyers of businesses. Although the Company can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on the Company, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by indemnity or insurance, will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

## 15. Related Party Transactions

GEODynamics historically leased certain land and facilities from an equity holder and employee of GEODynamics. In connection with the acquisition of GEODynamics, the Company assumed these leases. The Company exercised its option to purchase the most significant facilities and associated land for approximately $5.4 million in September 2018. Rent expense related to leases with this employee for the three and six months ended June 30, 2019 totaled $44 thousand and $69 thousand, respectively. Rent expense related to leases with this employee for the three months ended June 30, 2018 and the period from January 12, 2018 through June 30, 2018 totaled $142 thousand and $220 thousand, respectively.

Additionally, in 2019 GEODynamics purchased products from and sold products to a company in which this employee is an investor. Purchases from this company were $0.4 million and $0.8 million for the three and six months ended June 30, 2019, respectively. Sales to this company by GEODynamics were $0.6 million for both the three and six months ended June 30, 2019.

## Cautionary Statement Regarding Forward-Looking Statements

*This Quarterly Report on Form 10-Q and other statements we make contain certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Actual results could differ materially from those projected in the forward-looking statements as a result of a number of important factors. For a discussion of known material factors that could affect our results, please refer to "Part I, Item 1. Business," "Part I, Item 1A. Risk Factors," "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk" included in our 2018 Form 10-K filed with the Securities and Exchange Commission (the "Commission") on February 19, 2019 as well as "Part II, Item 1A. Risk Factors" included in this Quarterly Report on Form 10-Q.*

*You can typically identify "forward-looking statements" by the use of forward-looking words such as "may," "will," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast," "proposed," "should," "seek," and other similar words. Such statements may relate to our future financial position, budgets, capital expenditures, projected costs, plans and objectives of management for future operations and possible future strategic transactions. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that assumed facts or bases almost always vary from actual results. The differences between assumed facts or bases and actual results can be material, depending upon the circumstances.*

*In any forward-looking statement where we express an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. The following are important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, our Company:*

- *the level of supply of and demand for oil and natural gas;*
- *fluctuations in the current and future prices of oil and natural gas;*
- *the cyclical nature of the oil and natural gas industry;*
- *the level of exploration, drilling and completion activity;*
- *the financial health of our customers;*
- *the impact on certain major U.S. areas in which we operate of pipeline take away capacity constraints;*
- *the availability of and access to attractive oil and natural gas field prospects by our customers, which may be affected by governmental actions or actions of other parties which may restrict drilling and completion activities;*
- *the level of offshore oil and natural gas developmental activities;*
- *general global economic conditions;*
- *the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and pricing;*
- *global weather conditions and natural disasters;*
- *changes in tax laws and regulations;*
- *the impact of tariffs and duties on imported raw materials and exported finished goods;*
- *impact of environmental matters, including future environmental or climate change regulations which may result in increased operating costs or reduced commodity demand globally;*
- *our ability to find and retain skilled personnel;*
- *negative outcome of litigation, threatened litigation or government proceedings;*
- *fluctuations in currency exchange rates;*
- *physical, digital, cyber, internal and external security breaches;*
- *the availability and cost of capital;*
- *our ability to protect our intellectual property rights;*
- *our ability to complete the integration of acquired businesses and achieve the expected accretion in earnings; and*
- *the other factors identified in "Part I, Item 1A. Risk Factors" in our 2018 Form 10-K and "Part II, Item 1A. Risk Factors" included in this Quarterly Report on Form 10-Q.*

*Should one or more of these risks or uncertainties materialize, or should the assumptions on which our forward-looking statements are based prove incorrect, actual results may differ materially from those expected, estimated or projected. In addition, the factors identified above may not necessarily be all of the important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by us, or on our behalf. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no responsibility to publicly release the result of any revision of our forward-looking statements after the date they are made.*

*In addition, in certain places in this Quarterly Report on Form 10-Q, we refer to reports published by third parties that purport to describe trends or developments in the energy industry. The Company does so for the convenience of our stockholders and in an effort to provide information available in the market that will assist the Company's investors to have a better understanding of the market environment in which the Company operates. However, the Company specifically disclaims any responsibility for the accuracy and completeness of such information and undertakes no obligation to update such information.*

**ITEM 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis should be read together with our condensed consolidated financial statements and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q and our consolidated financial statements and notes to those statements included in our 2018 Form 10-K in order to understand factors, such as business acquisitions and financing transactions, which may impact comparability.

We provide a broad range of products and services to the oil and gas industry through our Well Site Services, Downhole Technologies and Offshore/Manufactured Products business segments. Demand for our products and services is cyclical and substantially dependent upon activity levels in the oil and gas industry, particularly our customers' willingness to invest capital in the exploration for and development of crude oil and natural gas reserves. Our customers' capital spending programs are generally based on their cash flows and their outlook for near-term and long-term commodity prices, economic growth, commodity demand and estimates of resource production. As a result, demand for our products and services is sensitive to future expectations with respect to crude oil and natural gas prices.

Our consolidated results of operations include contributions from the GEODynamics and Falcon acquisitions completed in the first quarter of 2018 (discussed below). Our reported results of operations reflect the impact of current industry trends and customer spending activities with investments recently weighted toward U.S. shale play regions. However, in 2019, we are beginning to see a general improvement in the level of planned investments in deepwater markets globally.

**Recent Developments**

In addition to capital spending, we have invested in acquisitions of businesses complementary to our growth strategy. Our acquisition strategy has allowed us to leverage our existing and acquired products and services into new geographic locations and has expanded the breadth of our technology and product offerings while allowing us to leverage our cost structure. We have made strategic and complementary acquisitions in each of our business segments in recent years.

On December 12, 2017 we entered into an agreement to acquire GEODynamics, Inc. ("GEODynamics"), which provides oil and gas perforation systems and downhole tools in support of completion, intervention, wireline and well abandonment operations. On January 12, 2018, we closed the acquisition of GEODynamics for total consideration of $615 million (the "GEODynamics Acquisition"), consisting of (i) $295 million in cash (net of cash acquired), (ii) 8.66 million shares of our common stock and (iii) an unsecured $25 million promissory note.

In connection with the GEODynamics Acquisition, we completed several financing transactions to extend the maturity of our debt while providing us with the flexibility to repay outstanding borrowings under our revolving credit facility (the "Revolving Credit Facility") with anticipated future cash flows from operations.

On January 30, 2018, we sold $200.0 million aggregate principal amount of our 1.50% convertible senior notes due 2023 (the "Notes") through a private placement to qualified institutional buyers. We received net proceeds from the offering of the Notes of approximately $194 million, after deducting issuance costs. We used the net proceeds from the sale of the Notes to repay a portion of the borrowings outstanding under our Revolving Credit Facility, substantially all of which were drawn to fund the cash portion of the purchase price paid for GEODynamics.

Concurrently with the Notes offering, we amended our Revolving Credit Facility, to extend the maturity date to January 2022, permit the issuance of the Notes and provide for up to $350.0 million in borrowing capacity.

On February 28, 2018, we acquired Falcon Flowback Services, LLC ("Falcon"), a full service provider of flowback and well testing services for the separation and recovery of fluids, solid debris and proppant used during hydraulic fracturing operations. Falcon provides additional scale and diversity to our Completion Services well testing operations in key shale plays in the United States. The acquisition price was $84.2 million, net of cash acquired. The Falcon acquisition was funded with borrowings under our Revolving Credit Facility.

See Note 3, "Business Acquisitions, Goodwill and Other Intangible Assets" and Note 6, "Long-term Debt" to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion of these recent developments.

**Macroeconomic Environment**

The macroeconomic environment for the energy sector has been volatile in recent years. Significant downward crude oil price volatility began early in the fourth quarter of 2014 and continued into 2016. In response to weakening crude oil prices, the Organization of Petroleum Exporting Countries ("OPEC"), along with Russia, agreed to reduce crude oil production in late 2016 in an effort to re-balance supply and demand. Crude oil prices began to improve in the second half of 2017, which carried into 2018. During 2018, crude oil prices rose to their highest levels since the beginning of the downturn, improving our customers' cash flow and potentially driving them to invest additional capital to increase their production. Additionally, advancements in technologies and improved operating efficiencies have allowed the U.S. exploration and production industry to lower the breakeven price of oil and gas production. During 2017 and 2018, rising crude oil prices rapidly translated into increased U.S. land oriented drilling and completion activity in areas of concentration such as the Permian Basin, which led to record high domestic production. The U.S. Energy Information Administration estimates that U.S. crude oil production averaged 11.0 million barrels per day in 2018, up approximately 17% from the 2017 average, reaching its highest level and experiencing the largest volume growth on record. However, during the fourth quarter of 2018, crude oil prices declined approximately 40%, due in part to higher than expected supply growth from the United States, Russia and Saudi Arabia, as well as concerns over the possible slowing of global demand growth. In response to the precipitous decline in crude oil prices, OPEC and Russia agreed to reduce production and the Canadian government mandated a production shut-in in December of 2018. In July 2019, OPEC and Russia agreed to extend these production cuts through March 2020.

After declining materially in the fourth quarter of 2018, Brent and West Texas Intermediate ("WTI") crude oil prices closed at $51 and $45 per barrel, respectively, on December 31, 2018. Subsequent to year-end 2018, Brent and WTI crude oil prices increased to $68 and $58 per barrel, respectively, as of June 30, 2019. Additionally, during the first quarter of 2019, the pricing differential for WTI crude oil between Cushing, Oklahoma and Midland, Texas was effectively eliminated due to improvements in pipeline takeaway capacity from the Permian Basin, providing operators in the region with increased cash flows. While the commodity price environment has improved in 2019 relative to late 2018, crude oil price volatility continues to have a moderating impact on our customers' operating results and capital spending plans, particularly those operating in the U.S. shale play regions. The average U.S. rig count for the second quarter of 2019 decreased 8% compared to the fourth quarter 2018 average.

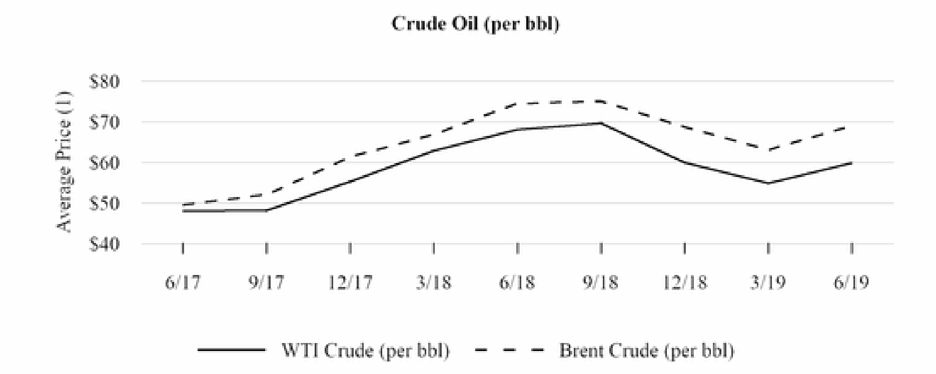
Current and expected future pricing for WTI crude will continue to influence our customers' spending in U.S. shale play developments as our customers strive for financial discipline and spending levels that are within their capital budgets and generated cash flow ranges. Expectations for the longer-term price for Brent crude oil will continue to influence our customers' spending related to global offshore drilling and development and, thus, a significant portion of the activity of our Offshore/Manufactured Products segment.

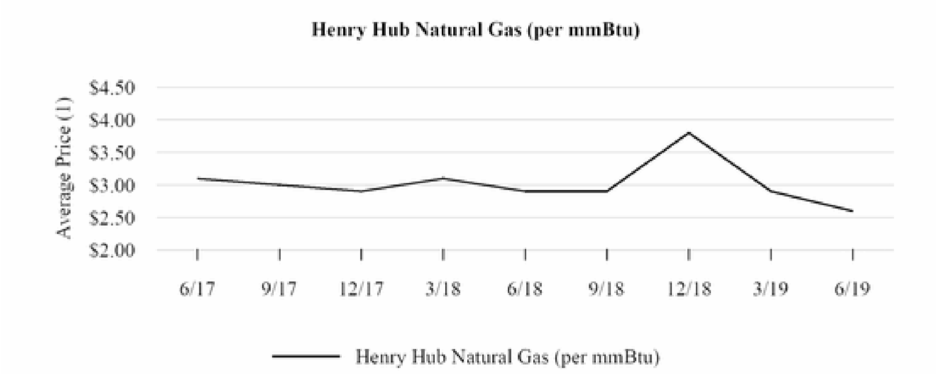
There remains a degree of risk that prices could remain highly volatile due to increases in global inventory levels, increasing domestic crude oil production, trade tensions with China and Mexico, sanctions or potential waivers on Iranian production and tensions with Iran, civil unrest in Libya and Venezuela, increasing price differentials between markets, slowing growth rates in China and other global regions, use of alternative fuels, improved vehicle fuel efficiency, a more sustained movement to electric vehicles and/or the potential for ongoing supply/demand imbalances. Conversely, if the global supply of crude oil were to decrease due to a prolonged reduction in capital investment by our customers or if government instability in a major oil-producing nation develops, and energy demand were to continue to increase, a sustained recovery in WTI and Brent crude oil prices could occur. In any event, crude oil price improvements will depend upon the balance of global supply and demand, with a corresponding continued reduction in global inventories.

Customer spending in the natural gas shale plays has been limited due to natural gas production from prolific basins in the Northeastern United States and from associated gas produced from the drilling and completion of unconventional oil wells in North America.

Recent WTI, Brent crude oil and natural gas pricing trends are as follows:

| Year | | Average Price[1] for quarter ended March 31 | June 30 | September 30 | December 31 | Average Price[1] for year ended December 31 |
|---|---|---|---|---|---|---|
| **WTI Crude (per bbl)** | | | | | | |
| 2019 | | $ 54.82 | $ 59.88 | | | |
| 2018 | (2) | $ 62.91 | $ 68.07 | $ 69.70 | $ 59.97 | $ 65.25 |
| 2017 | | $ 51.62 | $ 48.13 | $ 48.18 | $ 55.27 | $ 50.80 |
| **Brent Crude (per bbl)** | | | | | | |
| 2019 | | $ 63.10 | $ 69.01 | | | |
| 2018 | (2) | $ 66.86 | $ 74.53 | $ 75.08 | $ 68.76 | $ 71.32 |
| 2017 | | $ 53.59 | $ 49.55 | $ 52.10 | $ 61.40 | $ 54.12 |
| **Henry Hub Natural Gas (per mmBtu)** | | | | | | |
| 2019 | | $ 2.92 | $ 2.57 | | | |
| 2018 | | $ 3.08 | $ 2.85 | $ 2.93 | $ 3.77 | $ 3.15 |
| 2017 | | $ 3.02 | $ 3.08 | $ 2.95 | $ 2.90 | $ 2.99 |




(1) Source: U.S. Energy Information Administration. As of July 22, 2019, WTI crude oil, Brent crude oil and natural gas traded at approximately $55.87 per barrel, $61.96 per barrel and $2.33 per mmBtu, respectively.

(2) Reflecting the impact of pipeline takeaway capacity constraints from the Permian Basin, the average price per barrel for WTI (Midland, Texas) crude oil for the first, second, third and fourth quarters of 2018 was approximately 1%, 12%, 21% and 11%, respectively, below the average WTI crude oil quarterly benchmark prices referenced, which are based on the spot price of WTI at Cushing, Oklahoma. Brent crude oil average quarterly prices for the first, second, third and fourth quarters of 2018 were 7%, 24%, 36% and 28%, respectively above the corresponding WTI (Midland, Texas) crude oil quarterly average prices. During the first quarter of 2019, the differential between WTI crude oil pricing and WTI (Midland, Texas) crude oil pricing was effectively eliminated due to reductions in pipeline takeaway capacity constraints from the Permian Basin.

***Overview***

Our Well Site Services segment provides completion services in the United States (including the Gulf of Mexico) and the rest of the world and, to a lesser extent, land drilling services in the United States. U.S. drilling and completion activity and, in turn, our Well Site Services results, are sensitive to near-term fluctuations in commodity prices, particularly WTI crude oil prices, given the short-term, call-out nature of its operations.

Within this segment, our Completion Services business (which includes the Falcon operations we acquired in February 2018) supplies equipment and service personnel utilized in the completion and initial production of new and recompleted wells. Activity for the Completion Services business is dependent primarily upon the level and complexity of drilling, completion, and workover activity in the areas of operations mentioned above. Well intensity and complexity has increased with the continuing transition to multi-well pads, the drilling of longer lateral wells and increased downhole pressures, along with the increased number of frac stages completed in horizontal wells. Similarly, demand for our Drilling Services operations is driven by activity in our primary land drilling markets of the Permian Basin in West Texas and the U.S. Rocky Mountain area.

Our Downhole Technologies segment is comprised of the GEODynamics business we acquired in January 2018. GEODynamics was founded in 2004 as a researcher, developer and manufacturer of consumable engineered products used in completion applications. This segment provides oil and gas perforation systems, downhole tools and services in support of completion, intervention, wireline and well abandonment operations. This segment designs, manufactures and markets its consumable engineered products to oilfield service as well as exploration and production companies. Product and service offerings for this segment include innovations in perforation technology through patented and proprietary systems combined with advanced modeling and analysis tools. This expertise has led to the optimization of perforation hole size, depth, and quality of tunnels, which are key factors for maximizing the effectiveness of hydraulic fracturing. Additional offerings include proprietary toe valve and frac plug products, which are focused on zonal isolation for hydraulic fracturing of horizontal wells, and a broad range of consumable products, such as setting tools and bridge plugs, that are used in completion, intervention and decommissioning applications. Demand drivers for the Downhole Technologies segment include continued trends toward longer lateral lengths, increased frac stages and more perforation clusters to target increased unconventional well productivity.

Demand for our Well Site Services and Downhole Technologies segments' businesses is correlated to changes in the total number of wells drilled in the United States, total footage drilled, the number of drilled wells that are completed and, to a lesser degree, changes in the drilling rig count. The following table sets forth a summary of the average U.S. drilling rig count, as measured by Baker Hughes, for the periods indicated.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Average U.S. drilling rig count** | | | | |
| Land – Oil | 783 | 827 | 807 | 797 |
| Land – Natural gas and other | 180 | 191 | 185 | 189 |
| Offshore | 27 | 21 | 24 | 17 |
| Total | 989 | 1,039 | 1,016 | 1,003 |

Over recent years, our industry experienced increased customer spending in crude oil and liquids-rich exploration and development in U.S. shale plays utilizing horizontal drilling and completion techniques. As of June 30, 2019, oil-directed drilling accounted for 82% of the total U.S. rig count – with the balance largely natural gas related. The average U.S. rig count for the three months ended June 30, 2019 decreased by 50 rigs, or 5%, compared to the average for the three months ended June 30, 2018.

Many of our exploration and production customers defer well completions due to a number of factors, including normal operational delays, cost management, current crude oil and national gas prices, and problem wells. These deferred completions are referred to in the industry as drilled but uncompleted wells (or "DUCs"). Given our Well Site Services and Downhole Technologies segments' exposure to the level of completion activity, an increase in the number of DUCs will have a short-term negative impact on our results of operations relative to the rig count trends but over the longer-term should have a positive impact on the segments' results as the wells are completed.

Our Offshore/Manufactured Products segment provides technology-driven, highly-engineered products and services for offshore oil and natural gas production systems and facilities, as well as certain products and services to the offshore and land-based drilling and completion markets. Approximately 60% of Offshore/Manufactured Products sales in 2016 were driven by our customers' capital spending for offshore production systems and subsea pipelines, repairs and, to a lesser extent, upgrades of existing offshore drilling rigs and construction of new offshore drilling rigs and vessels (referred to herein as "project-driven products"). For the first half of 2019, these activities only represent approximately 35% of the segment's revenue. This segment is particularly influenced by global deepwater drilling and production spending, which are driven largely by our customers' longer-term commodity demand forecasts and outlook for crude oil and natural gas prices. Deepwater oil and gas development projects typically involve significant capital investments and multi-year development plans. Such projects are generally undertaken by larger exploration, field development and production companies (primarily international oil companies ("IOCs") and state-run national oil companies ("NOCs")) using relatively conservative crude oil and natural gas pricing assumptions. Given the longer lead times associated with field development, we believe some of these deepwater projects, once approved for development, are therefore less susceptible to short-term fluctuations in the price of crude oil and natural gas. However, the decline in crude oil prices that began in 2014 and continued into 2016, coupled with the relatively uncertain outlook around shorter-term and possibly longer-term pricing improvements, caused exploration and production companies to reduce their capital expenditures in regards to these deepwater projects since they are expensive to drill and complete, have long lead times to first production and may be considered uneconomical relative to the risk involved. Customers have focused on improving the economics of major deepwater projects at lower commodity breakeven prices by re-bidding projects, identifying advancements in technology, and reducing overall project costs through equipment standardization. As a result, our bookings declined, leading to substantially reduced backlog in 2018, and lower levels of project-driven revenue in 2018 and the first half of 2019 relative to prior years.

Our Offshore/Manufactured Products segment revenues and operating income declined at a slower pace during 2015 and 2016 than our Well Site Services segment given the high levels of backlog that existed at the beginning of 2015. Bidding and quoting activity, along with orders from customers, for our Offshore/Manufactured Products segment continued after 2014, albeit at a substantially slower pace. Reflecting the impact of customer (both IOCs and NOCs) delays and deferrals in approving major, capital intensive projects in light of the prolonged low commodity price environment, backlog in our Offshore/Manufactured Products segment decreased from $599 million at June 30, 2014 to $179 million at December 31, 2018. However, deepwater project award potential appears to be improving despite the recent commodity price volatility. During the first six months of 2019, backlog increased $104 million, totaling $283 million at June 30, 2019 – the highest level recorded since the second quarter of 2016. The segment received three notable orders during the first six months of 2019 for production facility content destined for South America and Southeast Asia, as well as connector products destined for the Middle East. The following table sets forth reported backlog for our Offshore/Manufactured Products segment as of the dates indicated (in millions).

| | Backlog as of | | | |
|---|---|---|---|---|
| **Year** | **March 31** | **June 30** | **September 30** | **December 31** |
| 2019 | $ 234 | $ 283 | | |
| 2018 | $ 157 | $ 165 | $ 175 | $ 179 |
| 2017 | $ 204 | $ 202 | $ 198 | $ 168 |
| 2016 | $ 306 | $ 268 | $ 203 | $ 199 |

Reduced demand for our products and services, coupled with a reduction in the prices we charge our customers for our services, has adversely affected our results of operations, cash flows and financial position since the second half of 2014. If the current pricing environment for crude oil does not continue to improve, or declines again, our customers may be required to further reduce their capital expenditures, causing additional declines in the demand for, and prices of, our products and services, which would adversely affect our results of operations, cash flows and financial position.

We use a variety of domestically produced and imported raw materials and component products, including steel, in manufacturing our products. The United States recently imposed tariffs on a variety of imported products, including steel and aluminum. In response to the U.S. tariffs on steel and aluminum, the European Union and several other countries, including Canada and China, have threatened and/or imposed retaliatory tariffs. The effect of these new tariffs and the application and interpretation of existing trade agreements and customs, anti-dumping and countervailing duty regulations continue to evolve, and we continue to monitor these matters. If we encounter difficulty in procuring these raw materials and component products, or if the prices we have to pay for these products increase as a result of customs, anti-dumping and countervailing duty regulations or otherwise, and we are unable to pass corresponding cost increases on to our customers, our financial position and results of operations could be adversely affected. Furthermore, uncertainty with respect to potential costs in the drilling and completion of oil and gas wells, or regarding the expected impact of such tariffs on the demand for and the price of crude oil, could cause our customers to delay or cancel planned projects which, if this occurred, would adversely affect our financial position and results of operations. See Note 14, "Commitments and Contingencies."

Other factors that can affect our business and financial results include but are not limited to the general global economic environment, competitive pricing pressures, regulatory changes and changes in tax laws in the United States and international markets. We continue to monitor the global economy, the prices of and demand for crude oil and natural gas, and the resultant impact on the capital spending plans and operations of our customers in order to plan and manage our business.

**Selected Financial Data**

***Unaudited Consolidated Results of Operations Data***

The following summarizes our unaudited consolidated results of operations for the three and six months ended June 30, 2019 and 2018 (in thousands, except per share amounts):

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | Variance | 2019 | 2018 | Variance |
| Revenues | | | | | | |
| Products | $ 124,965 | $ 136,182 | $ (11,217) | $ 241,293 | $ 265,008 | $ (23,715) |
| Services | 139,720 | 149,663 | (9,943) | 274,003 | 274,413 | (410) |
| | 264,685 | 285,845 | (21,160) | 515,296 | 539,421 | (24,125) |
| Costs and expenses: | | | | | | |
| Product costs | 95,289 | 95,324 | (35) | 184,557 | 188,300 | (3,743) |
| Service costs | 112,823 | 118,079 | (5,256) | 223,433 | 214,993 | 8,440 |
| Cost of revenues (exclusive of depreciation and amortization expense presented below) | 208,112 | 213,403 | (5,291) | 407,990 | 403,293 | 4,697 |
| Selling, general and administrative expenses | 31,484 | 35,919 | (4,435) | 61,592 | 70,114 | (8,522) |
| Depreciation and amortization expense | 31,883 | 30,922 | 961 | 63,434 | 60,112 | 3,322 |
| Other operating income, net | (399) | (3,099) | 2,700 | (485) | (1,884) | 1,399 |
| | 271,080 | 277,145 | (6,065) | 532,531 | 531,635 | 896 |
| Operating income (loss) | (6,395) | 8,700 | (15,095) | (17,235) | 7,786 | (25,021) |
| Interest expense | (4,658) | (4,913) | 255 | (9,455) | (9,446) | (9) |
| Interest income | 41 | 123 | (82) | 86 | 202 | (116) |
| Other income | 1,009 | 571 | 438 | 1,676 | 1,218 | 458 |
| Income (loss) before income taxes | (10,003) | 4,481 | (14,484) | (24,928) | (240) | (24,688) |
| Income tax benefit (provision) | 263 | (1,739) | 2,002 | 540 | (510) | 1,050 |
| Net income (loss) | $ (9,740) | $ 2,742 | $ (12,482) | $ (24,388) | $ (750) | $ (23,638) |
| | | | | | | |
| Net income (loss) per share: | | | | | | |
| Basic | $ (0.16) | $ 0.05 | | $ (0.41) | $ (0.01) | |
| Diluted | (0.16) | 0.05 | | (0.41) | (0.01) | |
| | | | | | | |
| Weighted average number of common shares outstanding: | | | | | | |
| Basic | 59,406 | 59,005 | | 59,332 | 58,396 | |
| Diluted | 59,406 | 59,005 | | 59,332 | 58,396 | |

***Unaudited Operating Segment Financial Data***

We manage and measure our business performance in three distinct operating segments: Well Site Services, Downhole Technologies and Offshore/Manufactured Products. Supplemental unaudited financial information by business segment for the three and six months ended June 30, 2019 and 2018 is summarized below (dollars in thousands):

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **Variance** | **2019** | **2018** | **Variance** |
| Revenues | | | | | | |
| Well Site Services - | | | | | | |
| Completion Services | $ 103,320 | $ 108,368 | $ (5,048) | $ 203,962 | $ 191,208 | $ 12,754 |
| Drilling Services | 12,646 | 16,756 | (4,110) | 20,396 | 34,315 | (13,919) |
| Total Well Site Services | 115,966 | 125,124 | (9,158) | 224,358 | 225,523 | (1,165) |
| Downhole Technologies | 46,740 | 59,274 | (12,534) | 101,030 | 105,055 | (4,025) |
| Offshore/Manufactured Products | 101,979 | 101,447 | 532 | 189,908 | 208,843 | (18,935) |
| Total | $ 264,685 | $ 285,845 | $ (21,160) | $ 515,296 | $ 539,421 | $ (24,125) |
| | | | | | | |
| Operating income (loss) | | | | | | |
| Well Site Services - | | | | | | |
| Completion Services | $ (507) | $ 1,204 | $ (1,711) | $ (4,001) | $ (3,267) | $ (734) |
| Drilling Services | (2,601) | (2,957) | 356 | (7,160) | (5,268) | (1,892) |
| Total Well Site Services | (3,108) | (1,753) | (1,355) | (11,161) | (8,535) | (2,626) |
| Downhole Technologies | (1,462) | 11,600 | (13,062) | 2,592 | 19,654 | (17,062) |
| Offshore/Manufactured Products | 9,809 | 12,664 | (2,855) | 15,068 | 25,116 | (10,048) |
| Corporate | (11,634) | (13,811) | 2,177 | (23,734) | (28,449) | 4,715 |
| Total | $ (6,395) | $ 8,700 | $ (15,095) | $ (17,235) | $ 7,786 | $ (25,021) |
| | | | | | | |
| Operating income (loss) as a percentage of revenues(1) | | | | | | |
| Well Site Services - | | | | | | |
| Completion Services | — % | 1 % | | (2)% | (2)% | |
| Drilling Services | (21)% | (18)% | | (35)% | (15)% | |
| Total Well Site Services | (3)% | (1)% | | (5)% | (4)% | |
| Downhole Technologies | (3)% | 20 % | | 3 % | 19 % | |
| Offshore/Manufactured Products | 10 % | 12 % | | 8 % | 12 % | |
| Total | (2)% | 3 % | | (3)% | 1 % | |

(1) Operating margin is defined as operating income (loss) divided by revenues.

**Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018**

***Consolidated Operating Results***

We reported a net loss for the three months ended June 30, 2019 of $9.7 million, or $0.16 per diluted share, which included $1.3 million ($1.0 million after-tax, or $0.02 per diluted share) of severance and downsizing costs. These results compare to net income for the three months ended June 30, 2018 of $2.7 million, or $0.05 per diluted share.

Our consolidated results of operations include the GEODynamics (Downhole Technologies segment) and Falcon acquisitions completed in the first quarter of 2018. Our reported results of operations reflect the impact of current industry trends and customer spending activities with investments recently weighted toward U.S. shale play regions. However, in 2019, we are beginning to see a general improvement in the level of planned investments in deepwater markets globally.

**Revenues.** Consolidated total revenues in the second quarter of 2019 decreased $21.2 million, or 7%, from the second quarter of 2018. Consolidated product revenues in the second quarter of 2019 decreased $11.2 million, or 8%, from the second quarter of 2018, driven primarily by lower U.S. land-based customer activity as well as the impact of competitive pricing pressures for conventional perforating products in our Downhole Technologies segment. Consolidated service revenues in the second quarter of 2019 decreased $9.9 million, or 7%, from the second quarter of 2018 due primarily to reduced customer spending in the U.S. shale play regions. As can be derived from the following table, 75% of our consolidated revenues in the second quarter of 2019 were derived from sales of our short-cycle product and service offerings, which compares to 78% in the same period last year.

The following table provides supplemental disaggregated revenue from contracts with customers by operating segment for the three months ended June 30, 2019 and 2018 (in thousands):

| | Well Site Services | | Downhole Technologies | | Offshore/ Manufactured Products | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Three months ended June 30** | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Major revenue categories - | | | | | | | | |
| Project-driven products | $ — | $ — | $ — | $ — | $ 38,517 | $ 35,225 | $ 38,517 | $ 35,225 |
| Short-cycle: | | | | | | | | |
| Completion products and services | 103,320 | 108,368 | 46,740 | 59,274 | 29,265 | 29,783 | 179,325 | 197,425 |
| Drilling services | 12,646 | 16,756 | — | — | — | — | 12,646 | 16,756 |
| Other products | — | — | — | — | 5,746 | 7,565 | 5,746 | 7,565 |
| Total short-cycle | 115,966 | 125,124 | 46,740 | 59,274 | 35,011 | 37,348 | 197,717 | 221,746 |
| Other products and services | — | — | — | — | 28,451 | 28,874 | 28,451 | 28,874 |
| | $ 115,966 | $ 125,124 | $ 46,740 | $ 59,274 | $ 101,979 | $ 101,447 | $ 264,685 | $ 285,845 |
| | | | | | | | | |
| Percentage of total revenue by type - | | | | | | | | |
| Products | —% | —% | 98% | 98% | 78% | 77% | 47% | 48% |
| Services | 100% | 100% | 2% | 2% | 22% | 23% | 53% | 52% |

**Cost of Revenues (exclusive of Depreciation and Amortization Expense).** Our consolidated cost of revenues (exclusive of depreciation and amortization expense) decreased $5.3 million, or 2%, in the second quarter of 2019 compared to the second quarter of 2018. Consolidated product costs in the second quarter of 2019 were consistent with the level reported for the second quarter of 2018 while consolidated product revenues decreased 8% from the prior-year period. The year over-over-year decrease was influenced by our Downhole Technologies segment, which experienced an unfavorable shift in product mix, incurred higher product costs and recorded $1.4 million of inventory write-offs due to product design changes during the three months ended June 30, 2019. Consolidated service costs in the second quarter of 2019 decreased $5.3 million, or 4%, from the second quarter of 2018, with the impact of lower activity levels partially offset by incremental costs in our Downhole Technologies segment associated with an expansion of field support operations.

**Selling, General and Administrative Expense.** Selling, general and administrative expense decreased $4.4 million, or 12%, in the second quarter of 2019 from the second quarter of 2018, due primarily to lower stock-based and annual incentive plan compensation expense in the second quarter of 2019 and $1.5 million of nonrecurring patent defense costs recorded during the second quarter of 2018.

**Depreciation and Amortization Expense.** Depreciation and amortization expense increased $1.0 million, or 3%, in the second quarter of 2019 compared to the prior-year quarter driven primarily by investments in property and equipment over the past twelve months. Note 13, "Segments and Related Information," presents depreciation and amortization expense by segment.

**Other Operating (Income) Expense, Net.** Other operating income was $0.4 million in the second quarter of 2019. This compares to other operating income of $3.1 million in the second quarter of 2018, which included a $3.6 million gain recognized upon settlement of a Hurricane Harvey flood insurance claim within our Offshore/Manufactured Products segment.

**Operating Income (Loss).** Our consolidated operating loss was $6.4 million in the second quarter of 2019, which included $1.3 million of severance and downsizing charges. This compares to a consolidated operating income of $8.7 million in the second quarter of 2018, which included the $3.6 million insurance settlement gain and $1.5 million of patent defense costs discussed previously.

**Interest Expense, Net.** Net interest expense was $4.6 million in the second quarter of 2019, which is comparable to net interest expense of $4.8 million in the same period of 2018. Interest expense as a percentage of total debt outstanding was approximately 6% in both the second quarter of 2019 and 2018.

**Income Tax.** The income tax benefit for the three months ended June 30, 2019 was calculated using a discrete approach. This methodology was used because minor changes in our results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the three months ended June 30, 2019, our income tax benefit was $0.3 million, or 2.6% of pre-tax losses. This compares to an income tax provision of $1.7 million, or 38.8% of pre-tax income, for the three months ended June 30, 2018. The change in effective tax rate for the second quarter of 2019 was primarily attributable to certain non-deductible expenses.

**Other Comprehensive Income (Loss).** Reported comprehensive loss is the sum of reported net income (loss) and other comprehensive income (loss). Other comprehensive loss was $2.3 million in the second quarter of 2019 compared to other comprehensive loss of $13.7 million in the second quarter of 2018 due to fluctuations in foreign currency exchange rates compared to the U.S. dollar for certain of the international operations of our reportable segments. For the three months ended June 30, 2019 and 2018, currency translation adjustments recognized as a component of other comprehensive income (loss) were primarily attributable to the United Kingdom and Brazil. During the second quarter of 2019, the exchange rate for the British pound weakened while the Brazilian real strengthened compared to the U.S. dollar. This compares to the second quarter of 2018, when the exchange rate for both the British pound and the Brazilian real weakened compared to the U.S. dollar.

***Segment Operating Results***

*Well Site Services*

**Revenues.** Our Well Site Services segment revenues decreased $9.2 million, or 7%, in the second quarter of 2019 compared to the prior-year quarter. Completion Services revenue decreased $5.0 million, or 5%, reflecting the impact of a decline in U.S. land-based customer completion and production activity following the material decline in commodity prices in the fourth quarter of 2018. Our Drilling Services revenues decreased $4.1 million, or 25%, in the second quarter of 2019 from the second quarter of 2018 due to lower rig utilization.

**Operating Loss.** Our Well Site Services segment operating loss increased $1.4 million in the second quarter of 2019 from the prior-year quarter due to a significant reduction in demand for Drilling Services. Well Site Services segment revenues and cost of services for the second quarter of 2019 decreased 7% and 8%, respectively, from the prior-year quarter, with other costs and expenses remaining relatively flat. Our Completion Services operating loss in the second quarter of 2019 was $0.5 million, compared to operating income of $1.2 million in the prior year quarter, reflecting the impact of lower service activity. Our Drilling Services operating loss decreased $0.4 million in the second quarter of 2019 from the second quarter of 2018 due primarily to lower depreciation expense resulting from certain assets becoming fully depreciated over the past twelve months.

*Downhole Technologies*

**Revenues.** Our Downhole Technologies segment revenues decreased $12.5 million, or 21%, in the second quarter of 2019 from the prior-year quarter reflecting a decline in U.S. land-based customer completion activity, a shift in sales mix and competitive pricing pressures for certain of its conventional perforating products.

**Operating Income.** Our Downhole Technologies segment operating income declined $13.1 million, or 113%, in the second quarter of 2019 from the prior-year period due primarily to the decline in revenues coupled with higher product costs, expansion of field support operations and $1.4 million of inventory write-offs due to product design changes. Prior-year results included $1.5 million in patent defense costs incurred in the second quarter of 2018.

*Offshore/Manufactured Products*

**Revenues.** Our Offshore/Manufactured Products segment revenues increased $0.5 million, or 1%, in the second quarter of 2019 compared to the second quarter of 2018 with the impact of higher project-driven product demand partially offset by lower customer demand for short-cycle products and reduced service activity.

**Operating Income.** Our Offshore/Manufactured Products segment operating income decreased $2.9 million, or 23%, in the second quarter of 2019 compared to the second quarter of 2018 due to the 2018 quarter including a non-recurring gain of $3.6 million for a Hurricane Harvey flood insurance claim. Excluding this prior-year gain, operating income increased $0.7 million, or 8%.

**Backlog.** Bidding and quoting activity, along with orders from customers, for our Offshore/Manufactured Products segment continued to improve during the second quarter of 2019 with deepwater project awards increasing after several years of reduced award activity. Backlog in our Offshore/Manufactured Products segment increased $49 million from $234 million at March 31, 2019 to total $283 million as of June 30, 2019 – the highest level recorded since the second quarter of 2016. Orders totaled $163 million in the second quarter of 2019 resulting in a book to bill ratio of 1.6x.

*Corporate*

Expenses decreased $2.2 million, or 16%, in the second quarter of 2019 from the prior-year period due primarily to lower stock-based and annual incentive plan compensation expenses.

**Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018**

***Consolidated Operating Results***

We reported a net loss for the six months ended June 30, 2019 of $24.4 million, or $0.41 per diluted share, which included $2.3 million ($1.8 million after-tax, or $0.03 per diluted share) of severance and downsizing costs. These results compare to a net loss for the six months ended June 30, 2018 of $0.8 million, or $0.01 per diluted share, which included $2.6 million ($2.0 million after, tax, or $0.03 per diluted share) of transaction-related expense, $2.4 million ($1.9 million after-tax, or $0.03 per diluted share) of charges related to legal fees incurred for patent defense, $0.8 million ($0.6 million after-tax, or $0.01 per diluted share) of severance and downsizing expense and $0.7 million in reserves ($0.6 million after-tax, or $0.01 per diluted share) for prior years' Fair Labor Standards Act ("FLSA") claim settlements.

Our consolidated results of operations include the GEODynamics (Downhole Technologies segment) and Falcon acquisitions completed in the first quarter of 2018. Our reported results of operations reflect the impact of current industry trends and customer spending activities with investments recently weighted toward U.S. shale play regions. However, in 2019, we are beginning to see a general improvement in the level of planned investments in deepwater markets globally.

**Revenues.** Consolidated total revenues in the first six months of 2019 decreased $24.1 million, or 4%, from the first six months of 2018. Consolidated product revenues in the first six months of 2019 decreased $23.7 million, or 9%, from the first six months of 2018, due primarily to lower U.S. land-based customer activity, reduced project-driven sales within our Offshore/Manufactured Products segment and the impact of competitive pricing pressures for conventional perforating products in our Downhole Technologies segment. Consolidated service revenues in the first six months of 2019 was comparable to the first six months of 2018, with the impact of two additional months of revenue generated by the Falcon operations (acquired February 28, 2018) in the 2019 period, substantially offset by the impact of lower customer spending in the U.S. shale play regions in the Well Site Services segment. As can be derived from the following table, 76% of our consolidated revenues in the first six months of 2019 were derived from sales of our short-cycle product and service offerings, which compares to 76% in the same period in 2018.

The following table provides supplemental disaggregated revenue from contracts with customers by operating segment for the six months ended June 30, 2019 and 2018 (in thousands):

| | Well Site Services | | Downhole Technologies | | Offshore/ Manufactured Products | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Six months ended June 30** | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Major revenue categories - | | | | | | | | |
| Project-driven products | $ — | $ — | $ — | $ — | $ 65,762 | $ 76,024 | $ 65,762 | $ 76,024 |
| Short-cycle: | | | | | | | | |
| Completion products and services | 203,962 | 191,208 | 101,030 | 105,055 | 53,540 | 62,755 | 358,532 | 359,018 |
| Drilling services | 20,396 | 34,315 | — | — | — | — | 20,396 | 34,315 |
| Other products | — | — | — | — | 13,484 | 15,011 | 13,484 | 15,011 |
| Total short-cycle | 224,358 | 225,523 | 101,030 | 105,055 | 67,024 | 77,766 | 392,412 | 408,344 |
| Other products and services | — | — | — | — | 57,122 | 55,053 | 57,122 | 55,053 |
| | $ 224,358 | $ 225,523 | $ 101,030 | $ 105,055 | $ 189,908 | $ 208,843 | $ 515,296 | $ 539,421 |
| Percentage of total revenue by type - | | | | | | | | |
| Products | —% | —% | 97% | 98% | 75% | 78% | 47% | 49% |
| Services | 100% | 100% | 3% | 2% | 25% | 22% | 53% | 51% |

**Cost of Revenues (exclusive of Depreciation and Amortization Expense).** Our consolidated cost of revenues (exclusive of depreciation and amortization expense) increased $4.7 million, or 1%, in the first six months of 2019 compared to the first six months of 2018. Consolidated product costs in the first six months of 2019 decreased $3.7 million, or 2%, from the first six months of 2018 as a result of a decline in product sales, partially offset by higher costs within the Downhole Technologies segment. The Downhole Technologies segment experienced an unfavorable shift in product mix, incurred higher product costs and recorded $1.4 million of inventory write-offs due to product design changes during the six months ended June 30, 2019. Consolidated service costs in the first six months of 2019 increased $8.4 million, or 4%, from the first six months of 2018, due primarily to the inclusion of the Falcon operations for a full quarter in 2019 versus a single month in the prior-year period and incremental costs in our Downhole Technologies segment associated with an expansion of field support operations, partially offset by a reduction in variable costs in our Drilling Services business.

**Selling, General and Administrative Expense.** Selling, general and administrative expense decreased $8.5 million, or 12%, in the first six months of 2019 from the first six months of 2018. The first six months of 2018 included $2.4 million of patent defense costs, a $1.8 million provision for bad debt related to a customer bankruptcy filing and $0.9 million of transaction-related costs. Excluding these items from the first six months of 2018, selling, general and administrative expense declined $3.4 million, or 5%, due primarily to a year-over-year reduction in stock-based and annual incentive plan compensation expense.

**Depreciation and Amortization Expense.** Depreciation and amortization expense increased $3.3 million, or 6%, in the first six months of 2019 compared to the prior-year period reflecting the impact of the GEODynamics and Falcon operations acquired in the first quarter of 2018, which was partially offset by the effect of certain assets becoming fully depreciated. Note 13, "Segments and Related Information," presents depreciation and amortization expense by segment.

**Other Operating (Income) Expense, Net.** Other operating income was $0.5 million in the first six months of 2019. This compares to other operating income of $1.9 million in the first six months of 2018, which included a $3.6 million gain recognized upon settlement of a Hurricane Harvey flood insurance claim, partially offset by $1.7 million in transaction-related expenses.

**Operating Income (Loss).** Our consolidated operating loss was $17.2 million in the first six months of 2019, which included $2.3 million of severance and downsizing charges. This compares to a consolidated operating income of $7.8 million in the first six months of 2018, which included the $3.6 million insurance settlement gain discussed previously, offset by $3.1 million of costs associated with patent defense and settlement of FLSA claims and $3.4 million of transaction-related, severance and downsizing charges.

**Interest Expense, Net.** Net interest expense was $9.4 million in the first six months of 2019, which is comparable to net interest expense of $9.2 million in the same period of 2018. Interest expense as a percentage of total debt outstanding was approximately 6% in both the first six months of 2019 and 2018.

**Income Tax.** The income tax benefit for the six months ended June 30, 2019 was calculated using a discrete approach. This methodology was used because minor changes in our results of operations and non-deductible expenses can materially impact the estimated annual effective tax rate. For the six months ended June 30, 2019, our income tax benefit was $0.5 million, or 2.2% of pre-tax losses. This compares to an income tax provision of $0.5 million, or 213% of pre-tax losses, for the six months ended June 30, 2018. The change in effective tax rate for the first half of 2019 was primarily attributable to certain non-deductible expenses.

**Other Comprehensive Income (Loss).** Reported comprehensive loss is the sum of reported net income (loss) and other comprehensive income (loss). Other comprehensive income was $0.1 million in the first six months of 2019 compared to other comprehensive loss of $8.7 million in the first six months of 2018 due to fluctuations in foreign currency exchange rates compared to the U.S. dollar for certain of the international operations of our reportable segments. For the six months ended June 30, 2018, currency translation adjustments recognized as a component of other comprehensive income (loss) were primarily attributable to the United Kingdom and Brazil. During the first six months of 2018, the exchange rate for the British pound and the Brazilian real compared to the U.S. dollar weakened.

***Segment Operating Results***

*Well Site Services*

**Revenues.** Our Well Site Services segment revenues decreased $1.2 million, or 1%, in the first six months of 2019 compared to the prior-year period. Completion Services revenue increased $12.8 million, or 7%, reflecting two additional months of revenue generated by the acquired Falcon operations (acquired February 28, 2018) in the 2019 period, partially offset by the impact of a decline in U.S. land-based customer completion and production activity following the material decline in commodity prices in the fourth quarter of 2018. Our Drilling Services revenues decreased $13.9 million, or 41%, to $20.4 million in the first half of 2019 from the same period in 2018 due to customers temporarily suspending their drilling operations in response to the material decline in commodity prices in the fourth quarter of 2018.

**Operating Loss.** Our Well Site Services segment operating loss increased $2.6 million in the first six months of 2019 from the prior-year period due primarily to a reduction in demand for Drilling Services. Well Site Services segment cost of services for the first half of 2019 increased 1% from the prior-year period, with other costs and expenses remaining relatively flat. Our Completion Services operating loss in the first half of 2019 increased $0.7 million, or 22%, from the prior-year period, with the impact of higher revenues offset by an unfavorable shift in service offering mix. Results in the first half of 2018 included a $1.8 million provision for bad debt related to a customer bankruptcy filing and $0.7 million in charges associated with additional reserves established for prior-year FLSA claims. Our Drilling Services operating loss increased $1.9 million in the first half of 2019 from the same period in 2018 due to the impact of a 47% reduction in rig utilization.

*Downhole Technologies*

**Revenues.** Our Downhole Technologies segment revenues decreased $4.0 million, or 4%, in the first six months of 2019 from the prior-year period due primarily to a decline in U.S. land-based customer completion activity, a shift in sales mix and competitive pricing pressures for certain of its conventional perforating products.

**Operating Income.** Our Downhole Technologies segment operating income declined $17.1 million, or 87%, in the first six months of 2019 from the prior-year period due primarily to the decline in revenues coupled with an expansion of field support operations, higher product costs and $1.4 million of inventory write-offs due to product design changes. Prior-year results included $2.4 million in patent defense costs incurred after our acquisition of GEODynamics.

*Offshore/Manufactured Products*

**Revenues.** Our Offshore/Manufactured Products segment revenues declined $18.9 million, or 9%, in the first six months of 2019 compared to the prior-year period due to decreased sales of project-driven and short-cycle products.

**Operating Income.** Our Offshore/Manufactured Products segment operating income decreased $10.0 million, or 40%, in the first six months of 2019 compared to the same period in 2018, due to the 2018 period including a non-recurring gain of $3.6 million from an insurance settlement discussed above. Excluding this gain in the prior-year period, operating income decreased $6.5 million, or 30%, due to the significant decline in revenue.

**Backlog.** Bidding and quoting activity, along with orders from customers, for our Offshore/Manufactured Products segment improved during the first six months of 2019 with deepwater project awards increasing after several years of reduced award activity. Backlog in our Offshore/Manufactured Products segment increased $104 million from $179 million at December 31, 2018 to total $283 million as of June 30, 2019 – the highest level recorded since the second quarter of 2016. Orders totaled $297 million in the first half of 2019 resulting in a book to bill ratio of 1.6x.

*Corporate*

Expenses decreased $4.7 million, or 17%, in the first six months of 2019 from the prior-year period, which included transaction related expenses of $2.3 million. The balance of the year-over-year decrease is attributable to lower stock-based and annual incentive plan compensation expenses.

**Liquidity, Capital Resources and Other Matters**

Our primary liquidity needs are to fund operating and capital expenditures which, in the past, have included expanding and upgrading our Offshore/Manufactured Products and Downhole Technologies manufacturing facilities and equipment, replacing and increasing Completion Services assets, funding new product development, and general working capital needs. In addition, capital has been used to repay debt, fund strategic business acquisitions and fund our share repurchase program. Our primary sources of funds have been cash flow from operations, proceeds from borrowings under our credit facilities and capital markets transactions.

The crude oil and natural gas industry is highly cyclical which may result in declines in the demand for, and prices of, our products and services, the inability or failure of our customers to meet their obligations to us or a sustained decline in our market capitalization. These and other potentially adverse market conditions could require us to incur asset impairment charges, record additional deferred tax valuation allowances and/or write down the value of our goodwill and other intangible assets, and may otherwise adversely impact our results of operations, our cash flows and our financial position. See Note 3, "Business Acquisitions, Goodwill and Other Intangible Assets," for further information.

***Operating Activities***

Cash flows from operations totaling $66.0 million were generated during the first six months of 2019 compared to $46.9 million generated during the same period of 2018. During the first half of 2019, $19.1 million was provided by net working capital decreases, primarily due to a reduction in accounts receivable and an increase in accounts payable. These working capital benefits were partially offset by a reduction in accrued liabilities and an increase in prepaid expenses. During the first six months of 2018, $29.0 million was used to fund net working capital increases, driven by increases in accounts receivable and reductions in accounts payable and accrued liabilities.

### *Investing Activities*

Cash used in investing activities during the first half of 2019 totaled $30.9 million, compared to $417.7 million used in investing activities during the first half of 2018, when we invested net cash of $379.7 million for the acquisitions of GEODynamics and Falcon.

On January 12, 2018, we acquired GEODynamics for a purchase price consisting of (i) $295.4 million in cash (net of cash acquired), which we funded from borrowings under our Revolving Credit Facility, (ii) 8.66 million shares of our common stock and (iii) an unsecured $25 million promissory note.

On February 28, 2018, we acquired Falcon for cash consideration of $84.2 million (net of cash acquired), which we funded from borrowings under our Revolving Credit Facility.

Capital expenditures totaled $31.6 million and $38.3 million during the first half of 2019 and 2018, respectively.

We expect to spend a total of $60 million to $65 million in capital expenditures during 2019 to replace and upgrade our Completion Services equipment, to expand and maintain Downhole Technologies' facilities and equipment, to upgrade and maintain our Offshore/Manufactured Products facilities and equipment, and to fund various other capital spending projects. Whether planned expenditures will actually be spent in 2019 depends on industry conditions, project approvals and schedules, vendor delivery timing, free cash flow generation and careful monitoring of our levels of liquidity. We plan to fund these capital expenditures with available cash, internally generated funds and borrowings under our Revolving Credit Facility. The foregoing capital expenditure expectations do not include any funds that might be spent on future strategic acquisitions, which the Company could pursue depending on the economic environment in our industry and the availability of transactions at prices deemed attractive to the Company.

### *Financing Activities*

During the six months ended June 30, 2019, net cash of $41.6 million was used in financing activities, including $37.0 million of net repayments under our Revolving Credit Facility. This compares to $346.3 million of cash provided by financing activities during the six months ended June 30, 2018, primarily as a result of our issuance of $200.0 million in 1.50% convertible senior notes and $157.9 million in net borrowings under our Revolving Credit Facility used to fund acquisitions.

At June 30, 2019, we had cash totaling $12.4 million, the majority of which was held by our international subsidiaries.

We believe that cash on hand, cash flow from operations, and available borrowings under our Revolving Credit Facility will be sufficient to meet our liquidity needs in the coming twelve months. If our plans or assumptions change, or are inaccurate, or if we make further acquisitions, we may need to raise additional capital. Acquisitions have been, and our management believes acquisitions will continue to be, a key element of our business strategy. The timing, size or success of any acquisition effort and the associated potential capital commitments are unpredictable and uncertain. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend upon our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. In addition, such additional debt service requirements could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and any issuance of additional equity securities could result in significant dilution to stockholders.

**Revolving Credit Facility.** Our Revolving Credit Facility is governed by a credit agreement dated as of January 30, 2018, as amended, (the "Credit Agreement") by and among the Company, the Lenders party thereto, Wells Fargo Bank, N.A., as administrative agent for the lenders party thereto and collateral agent for the secured parties thereunder, and the lenders and other financial institutions from time to time party thereto. Our Revolving Credit Facility provides for up to $350 million in lender commitments with an option to increase the maximum borrowings to $500 million subject to additional lender commitments and matures on January 30, 2022. Under our Revolving Credit Facility, $50 million is available for the issuance of letters of credit. See Note 6, "Long-term Debt," for further information regarding the terms of the Credit Agreement.

As of June 30, 2019, we had $99.2 million of borrowings outstanding under the Credit Agreement and $16.1 million of outstanding letters of credit, leaving $96.0 million available to be drawn. The total amount available to be drawn was less than the lender commitments as of June 30, 2019, due to limits imposed by maintenance covenants in the Credit Agreement. As of June 30, 2019, we were in compliance with our debt covenants and expect to continue to be in compliance over the next twelve months.

**1.50% Convertible Senior Notes.** On January 30, 2018, we issued $200 million aggregate principal amount of the Notes pursuant to an indenture, dated as of January 30, 2018 (the "Indenture"), between the Company and Wells Fargo Bank, National Association, as trustee. Net proceeds from the Notes, after deducting issuance costs, were approximately $194.0 million, which we used to repay a portion of the outstanding borrowings under our Revolving Credit Facility.

The initial carrying amount of the Notes recorded in the consolidated balance sheet as of January 30, 2018 was less than the $200 million in principal amount of the Notes, in accordance with applicable accounting principles, reflective of the estimated fair value of a similar debt instrument that does not have a conversion feature. We recorded the value of the conversion feature as a debt discount, which is amortized as interest expense over the term of the Notes, with a similar amount allocated to additional paid-in capital. As a result of this amortization, the interest expense we recognize related to the Notes for accounting purposes is based on an effective interest rate of approximately 6%, which is greater than the cash interest payments we are obligated to pay on the Notes. Interest expense associated with the Notes for the three and six months ended June 30, 2019 and 2018 was $5.1 million and $4.1 million, respectively, while related cash interest expense totaled $1.5 million and $1.3 million, respectively. See Note 6, "Long-term Debt," for further information regarding the Notes. As of June 30, 2019, none of the conditions allowing holders of the Notes to convert, or requiring us to repurchase the Notes, had been met.

**Promissory Note.** In connection with the GEODynamics Acquisition, we issued a $25.0 million promissory note that bears interest at 2.5% per annum and was scheduled to mature on July 12, 2019. Payments due under the promissory note are subject to set-off, in full or in part, against certain indemnification claims related to matters occurring prior to our acquisition of GEODynamics. As more fully described in Note 14, "Commitments and Contingencies," the Company has provided notice to and asserted an indemnification claim against the seller of GEODynamics. As a result, the maturity date of the note is extended until the resolution of the indemnity claim. The Company expects that the amount ultimately paid in respect of such note may be reduced as a result of this indemnification claim.

Our total debt represented 17.3% of our combined total debt and stockholders' equity at June 30, 2019 compared to 18.7% at December 31, 2018.

**Stock Repurchase Program.** We maintain a share repurchase program which was extended to July 29, 2020 by our Board of Directors. During the first six months of 2019, we repurchased approximately 51 thousand shares of our common stock under the program at a total cost of $757 thousand. The amount remaining under our share repurchase authorization as of June 30, 2019 was $119.8 million. Subject to applicable securities laws, any purchases will be at such times and in such amounts as the Company deems appropriate.

**Critical Accounting Policies**

For a discussion of the critical accounting policies and estimates that we use in the preparation of our condensed consolidated financial statements, see "Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2018 Form 10-K. These estimates require significant judgments, assumptions and estimates. We have discussed the development, selection, and disclosure of these critical accounting policies and estimates with the audit committee of our Board of Directors. There have been no material changes to the judgments, assumptions, and estimates upon which our critical accounting estimates are based. See Note 2, "Recent Accounting Pronouncements," for a discussion of recent accounting pronouncements, including our adoption of the new lease accounting standard effective January 1, 2019.

**Off-Balance Sheet Arrangements**

As of June 30, 2019, we had no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

**ITEM 3.** ***Quantitative and Qualitative Disclosures about Market Risk***

Market risk refers to the potential losses arising from changes in interest rates, foreign currency fluctuations and exchange rates, equity prices, and commodity prices, including the correlation among these factors and their volatility.

Our principal market risks are our exposure to changes in interest rates and foreign currency exchange rates. We enter into derivative instruments only to the extent considered necessary to meet risk management objectives and do not use derivative contracts for speculative purposes.

**Interest Rate Risk**

We have a revolving credit facility that is subject to the risk of higher interest charges associated with increases in interest rates. As of June 30, 2019, we had floating-rate obligations totaling $99.2 million drawn under our Revolving Credit Facility. These floating-rate obligations expose us to the risk of increased interest expense in the event of increases in short-term interest rates. If the floating interest rates increased by 1% from June 30, 2019 levels, our consolidated interest expense would increase by a total of approximately $1.0 million annually.

**Foreign Currency Exchange Rate Risk**

Our operations are conducted in various countries around the world and we receive revenue from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than the U.S. dollar, which is our functional currency, or (ii) the functional currency of our subsidiaries, which is not necessarily the U.S. dollar. In order to mitigate the effects of foreign currency exchange rate risks in areas outside of the United States (primarily in our Offshore/Manufactured Products segment), we generally pay a portion of our expenses in local currencies and a substantial portion of our contracts provide for collections from customers in U.S. dollars. During the six months ended June 30, 2019, our reported foreign currency exchange gains were $0.3 million and are included in "Other operating expense, net" in the condensed consolidated statements of operations.

Our accumulated other comprehensive loss, reported as a component of stockholders' equity, decreased slightly from $71.4 million at December 31, 2018 to $71.3 million at June 30, 2019, due to changes in currency exchange rates. Accumulated other comprehensive loss is primarily related to fluctuations in the currency exchange rates compared to the U.S. dollar which are used to translate certain of the international operations of our reportable segments.

## ITEM 4. *Controls and Procedures*

### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) of the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Commission. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2019 at the reasonable assurance level.

### Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2019, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II -- OTHER INFORMATION

### ITEM 1. *Legal Proceedings*

The information with respect to this Item 1 is set forth under Note 14, "Commitments and Contingencies."

### ITEM 1A. *Risk Factors*

"Part I, Item 1A. Risk Factors" of our 2018 Form 10-K includes a detailed discussion of our risk factors. The risks described in this Quarterly Report on Form 10-Q and our 2018 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may materially adversely affect our business, financial conditions or future results. There have been no material changes to our risk factors as set forth in our 2018 Form 10-K.

### ITEM 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

*None.*

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

| Period | Total Number of Shares Purchased(1) | Average Price Paid per Share(1) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(2) |
|---|---|---|---|---|
| April 1 through April 30, 2019 | 383 | $ 17.72 | — | $ 119,788,435 |
| May 1 through May 31, 2019 | 233 | 17.45 | — | 119,788,435 |
| June 1 through June 30, 2019 | 72 | 16.40 | — | 119,788,435 |
| Total | 688 | $ 17.49 | — | |

(1) All of the 688 shares purchased during the three-month period ended June 30, 2019 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants. These shares were not part of a publicly announced program to purchase common stock.

(2) On July 29, 2015, the Company's Board of Directors approved a new share repurchase program providing for the repurchase of up to $150 million of the Company's common stock, which, following extensions, was scheduled to expire on July 29, 2019. On July 24, 2019, our Board of Directors extended the share repurchase program for one year to July 29, 2020.

### ITEM 3. *Defaults Upon Senior Securities*

*None.*

### ITEM 4. *Mine Safety Disclosures*

*Not applicable.*

### ITEM 5. *Other Information*

*None.*

**ITEM 6.** ***Exhibits***

| Exhibit No. | | Description |
|---|---|---|
| 3.1 | — | Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the Commission on March 30, 2001 (File No. 001-16337)). |
| 3.2 | — | Fourth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the Commission on May 8, 2019 (File No. 001-16337)). |
| 3.3 | — | Certificate of Designations of Special Preferred Voting Stock of Oil States International, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the Commission on March 30, 2001 (File No. 001-16337)). |
| 10.1* | — | Form of Non-Employee Director Restricted Stock Agreement under the Company's 2018 Equity Participation Plan. |
| 10.2* | — | Form of Performance Award Agreement under the Company's 2018 Equity Participation Plan. |
| 31.1* | — | Certification of Chief Executive Officer of Oil States International, Inc. pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended. |
| 31.2* | — | Certification of Chief Financial Officer of Oil States International, Inc. pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended. |
| 32.1** | — | Certification of Chief Executive Officer of Oil States International, Inc. pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934, as amended. |
| 32.2** | — | Certification of Chief Financial Officer of Oil States International, Inc. pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934, as amended. |
| 101.INS* | — | XBRL Instance Document |
| 101.SCH* | — | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | — | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | — | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | — | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | — | XBRL Taxonomy Extension Presentation Linkbase Document |

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* 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.

OIL STATES INTERNATIONAL, INC.

| | | | |
|---|---|---|---|
| Date: | July 29, 2019 | By | /s/ LLOYD A. HAJDIK |
| | | | Lloyd A. Hajdik |
| | | | Executive Vice President, Chief Financial Officer and Treasurer (Duly Authorized Officer and Principal Financial Officer) |

# DIRECTOR
# RESTRICTED STOCK AGREEMENT

**THIS AGREEMENT** is made as of the __________, (the "Effective Date") between Oil States International, Inc., a Delaware corporation (the "Company"), and __________ ("Director").

To carry out the purposes of the Oil States International, Inc. 2018 Equity Participation Plan (the "Plan"), by affording Director the opportunity to acquire shares of common stock of the Company ("Stock"), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Director hereby agree as follows:

1. **Award of Shares**. Upon execution of this Agreement, the Company shall issue __________ shares of Stock to Director. Director acknowledges receipt of a copy of the Plan, and agrees that this award of Stock shall be subject to all of the terms and conditions set forth herein and in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall govern.

2. **Forfeiture Restrictions**. The Stock issued to Director pursuant to this Agreement may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as hereinafter defined), and in the event of termination of Director's service on the Board of Directors of the Company (the "Board") for any reason (other than as provided below), automatically upon such termination Director shall, for no consideration, forfeit to the Company all such Stock to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation to forfeit and surrender Stock to the Company upon termination of service on the Board are herein referred to as "Forfeiture Restrictions," and the shares which are then subject to the Forfeiture Restrictions are herein sometimes referred to as "Restricted Shares." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of such Stock. The Forfeiture Restrictions shall lapse as to the Restricted Shares as of the date immediately preceding the date of the next Annual Stockholder's Meeting of the Company following their issuance. Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to the Restricted Shares as of (i) the date a Change of Control (as such term is defined in the Plan) occurs or (ii) the date of termination of Director's service on the Board due to his death or due to disability such that Director is incapable of serving on the Board for physical or mental reasons, as shall be determined by the Committee in its sole discretion, and its determination shall be final.

3. **Certificates**. A certificate evidencing the Restricted Shares shall be issued by the Company in Director's name, pursuant to which Director shall have voting rights and shall be entitled to receive dividends and other distributions (provided, however, that dividends or other distributions paid in any form other than cash shall be subject to the Forfeiture Restrictions). The certificate shall bear the following legend:

> The shares evidenced by this certificate have been issued pursuant to an agreement made as of __________, a copy of which is attached hereto and incorporated herein, between the Company and the registered holder of the shares. The shares are subject to forfeiture to the Company under certain circumstances described in such agreement. The sale, assignment, pledge or other transfer of the shares evidenced by this certificate is prohibited under the terms and conditions of such agreement, and such shares may not be sold, assigned, pledged or otherwise transferred except as provided in such agreement.

Notwithstanding the foregoing, the Company may, in its discretion, elect to complete the delivery of the Restricted Shares by means of electronic, book-entry statement, rather than issuing physical share certificates. The Company may cause the certificate, if any, to be delivered upon issuance to the Secretary of the Company as a depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of this Agreement. Upon request of the Company, Director shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate to be issued without legend (except for any legend required pursuant to applicable securities laws or any other agreement to which Director is a party) in the name of Director for the Stock issued to Director pursuant to this Agreement in exchange for the certificate evidencing the Forfeiture Restrictions or, as may be the case, the Company shall issue appropriate instructions to the transfer agent if the electronic, book-entry method is utilized.

4. **Consideration**. It is understood that the consideration for the issuance of Restricted Shares shall be Director's agreement to render future services on the Board, which services shall have a value not less than the par value of such Restricted Shares.

5. **Status of Stock**. Director agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable federal or state securities laws. Director also agrees (i) that the certificates, if any, representing the Restricted Shares may bear such legend or legends as the Committee deems appropriate in order to ensure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities laws and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

6. **Service Relationship**. For purposes of this Agreement, Director shall be considered to be in service on the Board as long as Director remains a Director of the Company, or any successor thereto. Any question as to whether and when there has been a termination of such service, and the cause of such termination, shall be determined by the Committee in its sole discretion, and its determination shall be final.

7. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee pursuant to the terms of the Plan, including, without limitation, the Committee's rights to make certain determinations and elections with respect to the Restricted Shares.

8. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Director.

9. **Non-Alienation**. Director shall not have any right to pledge, hypothecate, anticipate or assign this Agreement or the rights hereunder, except by will or the laws of descent and distribution.

10. **Not a Service Contract**. This Agreement shall not be deemed to constitute a service contract, nor shall any provision hereof affect (a) the right to terminate Director's service on the Board in accordance with the Company's by-laws and applicable law or (b) the terms and conditions of any other agreement between the Company and Director except as expressly provided herein.

11. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Director has executed this Agreement, all effective as of the Effective Date.

**Oil States International, Inc.**

By ______________________________

Cindy B. Taylor
President and Chief Executive Officer

**Director**

______________________________

Exhibit 10.2

**PERFORMANCE AWARD AGREEMENT**

**THIS AGREEMENT** is made on __________ ("Grant Date") between Oil States International, Inc., a Delaware corporation (the "Company"), and __________ ("Employee").

To carry out the purposes of the Oil States International, Inc. 2018 Equity Participation Plan (as amended from time to time, the "Plan"), by affording Employee the opportunity to acquire cash and shares of common stock of the Company ("Stock"), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Employee hereby agree as follows:

1. **Grant of Award**. The Company grants to Employee on the Grant Date a performance award ("Performance Award") comprised of two separate components: (a) a target cash award, the payout of which is based on relative total shareholder return (the "TSR Component"); and (b) a target number of deferred Stock units equal to a target number of shares of Stock, the payout of which is based on the compounded annual growth rate of the Company's EBITDA (the "EBITDA Component"), each as set forth in the Notice of Performance Award Conditions ("Notice"), attached as Exhibit A, which Notice is incorporated herein by reference as a part of this Agreement. Subject to Section 2, the maximum amount of such cash award and the maximum number of such shares of Stock that Employee may earn pursuant to this Performance Award is determined by the applicable schedule set forth in the Notice. Employee acknowledges receipt of a copy of the Plan, and agrees that this Performance Award shall be subject to all of the terms and conditions set forth herein and in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall govern.

2. **Vesting**.

(a) If Employee remains continuously employed by the Company from the Grant Date through December 31, 2021, this Performance Award shall vest in Employee on such date at the levels set forth in the Notice based upon achievement of the Company performance objectives set forth in the Notice ("Performance Objectives") during the period commencing on January 1, 2019 and ending December 31, 2021 (the "Performance Period"). As soon as administratively practicable after the end of the Performance Period (or such earlier date as set forth in Sections 2(b), (c) or (d)), the Compensation Committee of the Board ("Committee") shall affirm in writing the extent to which the Performance Objectives have been achieved and the cash and the number of units of deferred Stock that are vested in Employee as a result of such achievement.

(b) If on or after the eighteen-month anniversary of the Grant Date and prior to the end of the Performance Period (i) a "Change of Control" (as defined in Treasury Regulation Section 1.409A-3(i)(5) that also meets the definition of "Change of Control" under the Plan) of the Company occurs, (ii) Employee incurs a "Disability" (as defined in Treasury Regulation Section 1.409A-3(i)(4) that also meets the definition of "disability" under the Company's long-term disability plan), or (iii) Employee's employment terminates due to Employee's death, this Performance Award shall vest on the earliest of such events at the greater of the "Determined Percentage" (as defined below) and the "target" levels of performance as set forth in the Notice. For this purpose, the "Determined Percentage" means the percentage of vesting that would have occurred respecting the Performance Award pursuant to the Notice as if the last day of the Performance Period was the Determination Date (as defined below) and the Performance Objectives were measured as of such date. As soon as administratively practicable after the date of the applicable vesting event described in clauses (b)(i), (b)(ii) or (b)(iii) above, the Committee shall affirm in writing the extent to which the Performance Objectives have been achieved and the cash and the number of units of deferred Stock that vest as a result of such achievement. As used in this Agreement, the term "Determination Date" means (1) with respect to the TSR Component of the Performance Award, the date of the applicable vesting event, and (2) with respect to the EBITDA Component of the Performance Award, the most recently completed fiscal quarter of the Company coincident with or next preceding the date of the applicable vesting event.

(c) If on or after the Grant Date and prior to the end of the Performance Period the Employee terminates employment with the Company on or after age fifty-eight for a reason other than death or Disability ("Retirement"), this Performance Award shall vest on the date of such termination due to Retirement (the "Retirement Date") at the "Determined Percentage" (as defined below). For this purpose, the "Determined Percentage" means the percentage of vesting that would have occurred respecting the Performance Award pursuant to the Notice as if the last day of the Performance Period was the Determination Date and the Performance Objectives were measured as of such date; provided, however, that if the Retirement Date occurs prior to the eighteen-month anniversary of the Grant Date, then the amount determined pursuant to the preceding provisions of this sentence shall be multiplied by a fraction, the numerator of which is equal to the number of Employee's actual days of employment from the Grant Date to Employee's Retirement Date, and the denominator of which is equal to the total number of days in the Performance Period (determined without regard to Employee's Retirement). As soon as administratively practicable after the Retirement Date, the Committee shall affirm in writing the extent to which the Performance Objectives have been achieved and the cash and the number of units of deferred Stock that are vested in Employee as a result of such achievement.

(d) If prior to the eighteen-month anniversary of the Grant Date (i) a Change of Control occurs, (ii) Employee incurs a "Disability", or (iii) Employee's employment terminates due to Employee's death, this Performance Award shall vest on the earliest of such events at the greater of the "Determined Percentage" (as defined below) and the percentage attributable to the "target" levels of performance as set forth in the Notice. For this purpose, the "Determined Percentage" means the percentage of vesting that would have occurred respecting the Performance Award pursuant to the Notice as if the last day of the Performance Period was the Determination Date and the Performance Objectives were measured as of such date. Notwithstanding the foregoing, if the vesting event is as a result of (ii) or (iii) above, then both the percentage attributable to the "target" levels of performance as set forth in the Notice and the Determined Percentage shall be multiplied by a fraction, the numerator of which is equal to the number of Employee's actual days of employment from the Grant Date to the date of Disability or death, as applicable, and the denominator of which is equal to the total number of days in the Performance Period (determined without regard to the occurrence of the applicable vesting date). As soon as administratively practicable after the date of the applicable vesting event, the Committee shall affirm in writing the extent to which the Performance Objectives have been achieved and the cash and the number of units of deferred Stock that vest as a result of such achievement.

(e) If Employee's employment with the Company is terminated prior to the end of the Performance Period, and neither (b), (c) nor (d) above apply, this Performance Award automatically shall be forfeited in full, without payment, on such termination.

3. **Payment**. As soon as administratively practicable after, and in no event later than 2 ½ months following the end of the calendar year in which occurs, the earliest of the applicable vesting events pursuant to Section 2(a), (b), (c), or (d), Employee shall receive from the Company, subject to satisfying the tax withholding obligations of Section 6, the vested cash and the shares of Stock represented by the vested units of deferred Stock under this Performance Award. It is understood that the consideration for the issuance of such Stock is Employee's services to the Company, which services shall have a value not less than the par value of such Stock.

4. **Community Interest of Spouse**. The community interest, if any, of any spouse of Employee in this Performance Award shall be subject to all the terms, conditions and restrictions in the Plan, this Agreement and the Notice.

5. **No Shareholder Rights**. Neither Employee, nor anyone lawfully claiming under Employee, shall have any right to vote, receive dividends or any other privileges or rights of a shareholder of the Company with respect to the units of deferred Stock subject to this Performance Award, unless and until actual shares of Stock are delivered to Employee following the vesting of such deferred Stock units.

6. **Withholding of Tax**. To the extent that payment of this Performance Award results in compensation income to Employee for federal, state or other tax purposes, Employee, in Employee's discretion, shall (a) deliver to the Company, at the time of such payment, such amount of cash or shares of Stock, (b) direct the Company to withhold or "net" cash or such amount of Stock otherwise payable pursuant to this Agreement, or (c) provide any combination of (a) or (b), as required for the Company to meet its statutory minimum withholding obligations under applicable tax laws or regulations. Notwithstanding the foregoing, in satisfaction of the proceeding obligations, Employee may elect, in Employee's discretion, to have the Company withhold or "net" cash or shares of Stock otherwise payable pursuant to this Agreement with a value in excess of such minimum tax withholding obligations, but not in excess of the allowable withholding determined by the maximum individual statutory rate in the applicable jurisdiction.

7. **Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of the Company, any parent or subsidiary entity of the Company or any successor to any of the foregoing. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee in its sole discretion, and its determination shall be final. For purposes of this Agreement, termination of Employee's employment with the Company shall be interpreted consistent with the meaning of the term "separation from service" in Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended ("Code").

8. **Committee's Powers**. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee pursuant to the terms of the Plan, including, without limitation, the Committee's rights to make certain determinations and elections with respect to the Performance Award. Specifically, but not by way of limitation, the Committee's determinations respecting the attainment of the Performance Objectives shall be made in its sole discretion, shall be subject to such adjustments consistent with

the intent of this Agreement as the Committee deems appropriate and shall not be subject to challenge by Employee or any other person.

9. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10. **Non-Alienation**. Employee shall not have any right to pledge, hypothecate, anticipate or assign this Agreement or any rights hereunder, except by will or the laws of descent and distribution.

11. **Not a Contract of Employment**. This Agreement shall not be deemed to constitute a contract of employment, nor shall any provision hereof affect (a) the right of the Company to terminate Employee anytime, with or without reason, or (b) the terms and conditions of any other written agreement between the Company and Employee, except as expressly provided therein.

12. **Code Section 409A**. Each payment under this Agreement is intended to be a short-term deferral under Treasury Regulation Section 1.409A-1(b)(4). Each payment under this Agreement, and each payment or benefit payable pursuant to the terms of the benefit plans, programs and policies of the Company, shall be considered a separate payment for purposes of Section 409A of the Code. Notwithstanding any provision in the Plan or this Agreement to the contrary, if any payment or benefit provided for under this Agreement would be subject to additional taxes and interest under Section 409A of the Code if the Employee's receipt of such payment or benefit is not delayed in accordance with the requirements of Section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be provided to the Employee (or the Employee's estate, if applicable) until the earlier of (i) the date of the Employee's death or (ii) the date that is six months after the date of the Employee's "separation from service" with the Company within the meaning of the Section 409A of the Code and the regulations promulgated thereunder.

13. **Clawback.** The Employee's receipt of this Performance Award is expressly conditioned on the Employee's agreement to the terms and provisions of this Section, and the Employee acknowledges that the Employee would not have received this Performance Award in the absence of such agreement. By accepting this Performance Award, the Employee acknowledges and agrees that:

(a) the compensation (inclusive of Stock) payable pursuant to this Performance Award and any other award granted to the Employee under the Plan (whether granted before, on or after the Grant Date) shall not be deemed fully earned or vested, even if paid or distributed to the Employee, if such compensation or any portion thereof is subject to recovery, revocation, recoupment or "clawback" by the Company or any of its affiliates pursuant to (i) the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), (ii) any rules or regulations promulgated under the Act or by any stock exchange on which the Company's Stock is listed (collectively, the "Rules"), or (iii) any compensation recoupment or clawback policies or procedures adopted by the Company or any of its affiliates, in each case with respect to clauses (i), (ii) and (iii) above as such provisions, rules, regulations, policies and procedures may be adopted and amended from time to time (including with retroactive effect); and

(b) any other compensation or benefit (inclusive of Stock) payable to or on behalf of the Employee from the Company or any of its affiliates (whether payable before, on or after the Grant Date, but excluding any compensation or benefit payable pursuant to a Performance Award granted under the Plan) shall not be deemed fully earned or vested, even if paid or distributed to the Employee, if such compensation, benefit or any portion thereof is subject to recovery, revocation, recoupment or clawback by the Company or any of its affiliates pursuant to the Act, the Rules or any compensation recoupment or clawback policies or procedures adopted by the Company or any of its affiliates, in each case as the Act, the Rules and such policies and procedures may be adopted and amended from time to time (including with retroactive effect).

In addition, the Employee hereby agrees (on behalf of the Employee and any other individual, entity or other person claiming under or through the Employee) that: (x) compensation payable pursuant to this Performance Award (inclusive of stock) and any other compensation or benefit payable to or on behalf of the Employee (whether under the Plan or otherwise) shall be subject to recovery, revocation, recoupment or clawback as provided in the preceding provisions of this Section; and (y) the Employee (or any such individual, entity or other person) shall not seek indemnification or contribution from the Company or any of its affiliates with respect to any amount so recovered, revoked, recouped or clawed back. This Section shall survive the termination of this Agreement.

14. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

15. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all effective on the Grant Date which shall be within the ninety day period following January 1, 2019.

**Oil States International, Inc.**

By ______________________________

Cindy B. Taylor
President and Chief Executive Officer

**Employee**

______________________________

**EXHIBIT A**
**NOTICE OF PERFORMANCE AWARD CONDITIONS**

Specific Agreement Definitions:

| | |
|---|---|
| Performance Period | January 1, 2019 - December 31, 2021 |
| Target Cash Award | __________ |
| Target Stock Award | __________ |

General Definitions:

| | | |
|---|---|---|
| **Performance Measure 1** | Relative Total Shareholder Return (TSR) compared against the 2019 Proxy Peer Group (Peer Group) approved by the Compensation Committee of the Board of Directors. | For Cash Award |
| TSR | Relative TSR is to be calculated based on average stock prices for the last 20 trading days of the calendar year preceding the Performance Period (i.e. last 20 trading days of 2018) compared to the last 20 trading days at the end of the Performance Period (i.e. last 20 trading days of 2021). | |
| **Performance Measure 2** | Absolute EBITDA Growth | For Stock Award |
| Absolute EBITDA Growth | Compounded annual growth rate ("CAGR") at target level of 12.5% (100%, or target payout). Entry point of payout begins at 7.5% EBITDA CAGR level (50% payout) and 17.5% EBITDA CAGR level for overachievement (200% payout). | |

| Performance Measure #1<br>TSR Performance Award as % of Grant Value | | |
|---|---|---|
| 75th Percentile | (Top) | 200% |
| 50th Percentile | (Target) | 100% |
| 25th Percentile | (Bottom) | 50% |
| <25th Percentile | (Non Qualifying) | — |

NOTES:

- Performance at the 25th percentile or above is required for payout, and performance at the 25th percentile will pay 50% of target.
- Performance at the 50th percentile will pay 100% of target.
- There will be graduated performance (on a straight line basis) for performance between the 25th and 50th percentiles, and the 50th and 75th percentiles.
- Performance at the 75th percentile and above will pay 200% of target.
- Payouts under the Performance Award Agreement will not exceed 200% of target.

**TSR Percentile Ranking Methodology**

**14 Companies in Peer Group (including OIS)**

| TSR Rank | Percentile Rank | Percentile Group | Achievement |
|---|---|---|---|
| 1 | 100% | 75th | 200% |
| 2 | 92% | 75th | 200% |
| 3 | 85% | 75th | 200% |
| 4 | 77% | 75th | 200% |
| 5 | 69% | 50th | 177% |
| 6 | 62% | 50th | 146% |
| 7 | 54% | 50th | 115% |
| 8 | 46% | 25th | 92% |
| 9 | 38% | 25th | 77% |
| 10 | 31% | 25th | 62% |
| 11 | 23% | — | 0% |
| 12 | 15% | — | 0% |
| 13 | 8% | — | 0% |
| 14 | 0% | — | 0% |

| Three Year TSR as % of Grant Value | |
|---|---|
| Top (75th) | 200% |
| Middle (50th) | 100% |
| Bottom (25th) | 50% |
| Non Qualifying (<25th) | 0% |

ADDITIONAL LIMITATION: Notwithstanding the preceding provisions in this Agreement and Notice, in no event will the achievement percentage relating to the portion of this Performance Award that is based on TSR exceed the target percentage of 100% if the Company's TSR for the Performance Period (including any applicable reduced Performance Period determined pursuant to Section 2(b), (c), or (d) of this Agreement) is less than 0%.

| Performance Measure #2<br>EBITDA CAGR Performance Award as % of Grant Value | | |
|---|---|---|
| ≥ 17.5% | Overachievement | 200% |
| 12.5% | Target | 100% |
| 7.5% | Entry | 50% |
| < 7.5% | Non Qualifying | — |

| Performance Measure #2 Calculation Details<br>Absolute EBITDA Growth | |
|---|---|
| P | Actual Performance Measure |
| E | Entry EBITDA CAGR |
| T | Target EBITDA CAGR |
| OA | Overachievement EBITDA CAGR |
| Performance Measure Achievement Levels | Shares Achieved at Vesting |
| If,<br>P < E | 0 |
| If,<br>E <= P < T | Target Shares * (0.5 + (0.5 * ((P - E) / (T - E)))) |
| If,<br>T <= P < OA | Target Shares * (1 + ((P - T) / (OA - T))) |
| If,<br>P => OA | Target Shares * 200% |

| Example #1<br>100 = Target shares<br>7.5 = Entry Performance (E)<br>12.5 = Target Performance (T)<br>9 = Actual Performance (P) | |
|---|---|
| Performance Measure Achievement Level | Shares Achieved at Vesting |
| E <= P < T<br>7.5 <= 9 < 12.5 | Target Shares * (0.5 + (0.5 * ((P - E) / (T - E))))<br>100 * (0.5 + (0.5 * ((9 - 7.5) / (12.5 - 7.5)))) |
| | 65 shares achieved |

| Example #2<br>100 = Target shares<br>12.5 = Target Performance (T)<br>14 = Actual Performance (P)<br>17.5 = Overachievement Performance (OA) | |
|---|---|
| Performance Measure Achievement Level | Shares Achieved at Vesting |
| T <= P < OA<br>12.5 <= 14 < 17.5 | Target Shares * (1 + ((P - T) / (OA - T)))<br>100 * (1 + ((14 - 12.5) / (17.5 - 12.5))) |
| | 130 shares achieved |

**EXHIBIT 31.1**

**CERTIFICATION OF**
**CHIEF EXECUTIVE OFFICER**
**OF OIL STATES INTERNATIONAL, INC.**
**PURSUANT TO RULE 13a–14(a) UNDER THE**
**SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Cindy B. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oil States International, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Cindy B. Taylor

| | |
|---|---|
| Name: | Cindy B. Taylor |
| | President and Chief Executive Officer |
| Date: | July 29, 2019 |

**EXHIBIT 31.2**

**CERTIFICATION OF**
**CHIEF FINANCIAL OFFICER**
**OF OIL STATES INTERNATIONAL, INC.**
**PURSUANT TO RULE 13a–14(a) UNDER THE**
**SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Lloyd A. Hajdik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oil States International, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Lloyd A. Hajdik

| | |
|---|---|
| Name: | Lloyd A. Hajdik |
| | Executive Vice President, Chief Financial Officer and Treasurer |
| Date: | July 29, 2019 |

**EXHIBIT 32.1**

**CERTIFICATION OF**
**CHIEF EXECUTIVE OFFICER**
**OF OIL STATES INTERNATIONAL, INC.**
**PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 filed with the Securities and Exchange Commission (the "Report"), I, Cindy B. Taylor, President and Chief Executive Officer of Oil States International, Inc. (the "Company"), hereby certify, 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, as amended; and

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

/s/ Cindy B. Taylor

| | |
|---|---|
| Name: | Cindy B. Taylor |
| | President and Chief Executive Officer |
| Date: | July 29, 2019 |

**EXHIBIT 32.2**

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF OIL STATES INTERNATIONAL, INC.
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 filed with the Securities and Exchange Commission (the "Report"), I, Lloyd A. Hajdik, Executive Vice President, Chief Financial Officer and Treasurer of Oil States International, Inc. (the "Company"), hereby certify, 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, as amended; and

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

/s/ Lloyd A. Hajdik

| | |
|---|---|
| Name: | Lloyd A. Hajdik |
| | Executive Vice President, Chief Financial Officer and Treasurer |
| Date: | July 29, 2019 |