



SHORT MAMMOTH ENERGY SERVICES, INC. (TUSK)

STRANGE & EXORBITANT PROFITS IN PUERTO RICO



March 15, 2018

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ABOUT MAMMOTH ENERGY SERVICES (TUSK)

- Diversified oilfield and electrical infrastructure services company: pressure pumping, sand & proppant, contract drilling, well services, and electrical transmission & distribution (T&D)
- Formed by Wexford Capital and Gulfport Energy (GPOR). IPO'd in October 2016 at \$15/sh
- Wexford Capital owns ~57% of shares outstanding; GPOR owns ~25%
- GPOR is TUSK's largest OFS client; two GPOR contracts expiring in 2H18
- Acquired two “mom-and-pop” electrical contractors in 2017 for ~\$9MM combined, starting the Company's “Infrastructure Services” segment, aka “Cobra Energy”
- Currently executing a \$945MM contract to repair the damaged electrical grid in Puerto Rico in the wake of Hurricane Maria; initial contract awarded in October 2017 by the bankrupt, state-owned Puerto Rico Electric Power Authority (PREPA) and funded via the U.S. Federal Emergency Management Agency (FEMA)

CAPITAL STRUCTURE & SEGMENT BREAKDOWN

TUSK Capital Structure

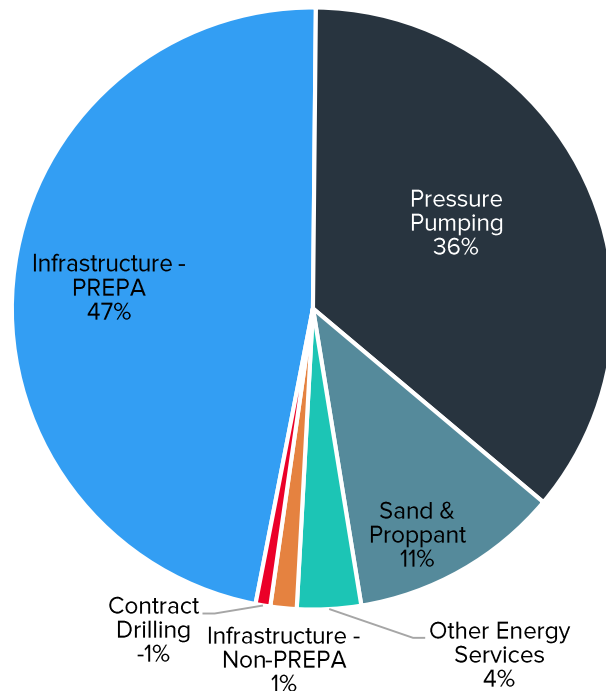
Share Price (3/12/2018)	\$	33.00
Shares Outstanding (MM)		45
Market Cap (\$MM)	\$	1,471
Debt	\$	100
Cash	\$	(6)
Net Debt	\$	94
Enterprise Value	\$	1,566

	Shares Owned (MM)	Ownership (%)
Related Party Ownership		
Wexford Capital LP	25.6	57%
Gulfport Energy	11.2	25%
Total Related Party Ownership	36.8	82%

Trading Stats

Float (\$MM)	\$	258
% of Equity Floated		18%
Avg. Daily Value Traded (3M, \$MM)	\$	4
Shares Shorted (MM)		0.6
% of Float		8%

2017 Adj. EBITDA by Segment



ASSET OVERVIEW

TUSK Segment	Infrastructure Services	Pressure Pumping	Sand & Proppant	Contract Drilling	Other Energy Services
% of 2017 EBITDA	48%	37%	11%	-1%	4%
Asset Description	Transmission & Distribution (T&D) construction, maintenance and repair	Hydraulic fracturing equipment and services	3 sand mines and processing facilities	Horizontal & vertical drilling, rig moving & directional drilling services	Cementing, water, & coiled tubing services; Remote personnel accommodations
Key Assets	58 crews; bucket trucks and other support equipment	6 hydraulic fracturing fleets, ~292,000 HP	4.4 MMtpa processing capacity, 63 MMtons of proved reserves	13 drilling rigs (9 horizontal, 4 vertical)	5 cementers, 5 bulk trucks; lodging in W. Canada
Key Areas of Operation	Puerto Rico, Midwest, Gulf Coast	Utica / Marcellus, SCOOP/STACK, Permian	Wisconsin, SCOOP/STACK, Utica / Marcellus, Permian, Montney	Permian	Utica / Marcellus, W. Canada
Key Customers	PREPA, IOU's	GPOR, NFX, MRO, EQT	TUSK Pressure Pumping, GPOR	FANG, Surge Energy	Unknown
Key Public Competitors	PWR, MYRG, MTZ, EME	FRAC, LBRT, PUMP, PTEN, FTSI, HAL, SLB, BHGE	SLCA, HCLP, FMSA	HP, PES, NBR, PTEN	CJ, BHGE, KEG, CVEO
Segment Drivers	T&D grid construction & repair; storm work	E&P activity; HP supply	E&P activity; sand / well	E&P activity	E&P activity
Growth Opportunities	~\$450MM US backlog, additional Puerto Rico work?	Build new fleets	Increasing production capacity	Reactivation of stacked rigs	None
Positive Business Trends	IOU's outsourcing T&D work	High DUC count, increasing E&P activity	Increasing proppant concentrations, longer laterals	Increasing E&P activity	Increasing E&P activity
Negative Business Trends	Highly competitive industry	Competitors adding HP	Regional sand mines in W. Texas, last mile logistics market tightening, shift to finer mesh sand	Demand moving to higher spec rigs	Highly competitive industries
Other Notes	\$945MM PREPA contract expires in 2018	GPOR contract expires September 2018; 3 new fleets built in 2017	Expanding capacity to 4.4 MMtpa; GPOR contract expires September 2018	Rig fleet lower spec "Tier 2"	None

1

TUSK IS GOUGING U.S. TAXPAYERS ON ITS PUERTO RICO CONTRACT

TUSK (“Cobra Energy”) is earning a ~40% operating profit margin on its Puerto Rico rebuild contract. Also working in Puerto Rico, Fluor Corp. (FLR) is earning less than a 10% margin, and most large utilities sent to the island under mutual aid agreements are working at cost, i.e. no profit. With just ~\$30MM in electrical T&D assets, TUSK stands to make a +12x pre-tax return on investment on this contract alone. With PREPA in bankruptcy protection, FEMA (funded with U.S. taxpayer dollars) is paying TUSK hundreds of millions of dollars in exorbitant profits. ***We also highlight a curious relationship with an electrical supply company that is owned in part by the CEO’s son.***

2

AT BEST, TUSK WILL NEVER SEE A CONTRACT LIKE THIS AGAIN...

....At worst, the contract will come under heavy scrutiny and could be cancelled or amended, much like TUSK’s peer in Puerto Rico, Whitefish Energy. The electrical T&D industry is highly competitive and fragmented; industry leaders, such as Quanta Services (PWR) and EMCOR Group (EME), typically earn a 5 – 10% operating profit margin. **The amount of revenue and profit that TUSK is earning in Puerto Rico will never be repeated. This sets TUSK up to disappoint lofty revenue and margin expectations in 2H18 and 2019.**

3

FAIR VALUE = ~\$20, ~40% DOWNSIDE

Other than TUSK’s PREPA contract, it owns a collection of second-tier OFS assets including pressure pumping fleets, northern white sand mines, and low quality drilling rigs. Having been formed by Gulfport Energy (GPOR) and Wexford, GPOR is TUSK’s largest E&P customer and is slowing activity in 2018. **We value TUSK via SOTP and DCF, and value the company around \$20 per share, ~40% downside from the current price of \$33.**



TUSK IN PUERTO RICO | “COBRA ENERGY”

TIMELINE OF TUSK'S FORAY INTO ELECTRICAL T&D


- Oct 19, 2016: TUSK comes public at \$15/share with no disclosed electrical T&D businesses or ambitions
- Jan 9, 2017: TUSK forms “Cobra Acquisitions LLC”
- Jan 24, 2017: TUSK forms “Cobra T&D LLC” aka “Cobra Energy LLC”
- Jan 2017: TUSK hires Keith Ellison as President of Cobra
 - Ellison is from CEO Straehla’s hometown of Lawton, OK
 - Prior experience at PowerSecure and OneSource
- April 21, 2017: TUSK acquires “Higher Power Electrical LLC” for ~\$4MM
 - Electrical contractor based in Plainview, Texas
- July 1, 2017: TUSK acquires “5 Star Electric, LLC” for ~\$5MM including debt
 - Electrical contractor based in Clay, Kentucky
- August 2017: Hurricanes Harvey and Irma hit Texas and Florida
- Sep 20, 2017: Hurricane Maria makes landfall on Puerto Rico
- Oct 19, 2017: Cobra enters into initial storm repair contract with PREPA
- Feb 28, 2018: Relationship with related party, T&E Flow Services, disclosed for the first time in 10-K filing



Keith Ellison • 3rd

President, Cobra T&D

Mammoth Energy Services • Auburn University

Lawton, Oklahoma Area • 500+ 

Experience



President, Cobra T&D

Mammoth Energy Services

Jan 2017 – Present • 1 yr 3 mos

Oklahoma City, Oklahoma Area

WHY DID TUSK FIRST GET INTO THE ELECTRICAL T&D BUSINESS?

PROBABLY TO GIVE BUSINESS TO RELATED PARTY, T&E FLOW SERVICES

Services and Products Our Affiliates Provide to Us

T&E Flow Services LLC, or T&E, provides products and services to our infrastructure businesses. Our Chief Executive Officer's son has a 25% ownership interest in T&E. For the year ended December 31, 2017, we incurred total costs from T&E of \$2.6 million, of which \$2.0 million were capitalized. As of December 31, 2017, we owed T&E approximately \$0.9 million.



Wes Straehla
Co-Owner

About Wes Straehla

Oklahoma State University, Bachelors of Science in Business
Originally from Lawton, OK – Eisenhower High School

Experience:

- Managing Partner, Edmonds (2012-current)
- Managing Partner, Straehla Management (2012-current)
- Director of Franchise Operations, Orange Leaf Yogurt (2009-2012)
- Marketing Associate, Great White Energy Services (2007-2009)



A 5 Star Electric employee told us that it first started buying equipment from T&E Flow Services after it was acquired by TUSK.

T&E FLOW SERVICES ALSO GETTING IN ON THE ACTION IN PUERTO RICO

MASTER SUBCONTRACT AGREEMENT

THIS MASTER SUBCONTRACT AGREEMENT (this “*Subcontract*”) is made and entered into effective as of the 2nd day of November, 2017, by and between COBRA ACQUISITIONS LLC, a Delaware limited liability company having an address of 14201 Caliber Drive, Suite 300, Oklahoma City, Oklahoma 73134 (“*Contractor*”), and T&E Flow Services, a Service Company having an address of 11860 S. Sooner Rd, Edmond, Oklahoma 73034 (“*Subcontractor*”).

EXHIBIT “B”

Subcontractor’s Rate Sheet

All rates are composite labor and equipment day rates. The Subcontractor shall receive the following based upon providing qualified, skilled labor capable of performing material coordination services. Contractor shall provide all fuel, lodging and meals. Contractor shall be responsible for mobilization and demobilization of men and equipment, including costs thereof, unless the Subcontractor terminates work early or defaults and said default causes Subcontract to be terminated.

<u>Composite Labor & Equipment Rate</u>	<u>Rate: Day Rate</u>	<u>Description</u>
<u>Material Coordination</u>	<u>\$1,000.00</u>	<u>The Composite rate is all inclusive of Overhead labor classifications, this rate is comprised of all labor, cost, and equipment, including all customary tooling, if any, required to perform the work.</u>

T&E Flow Services

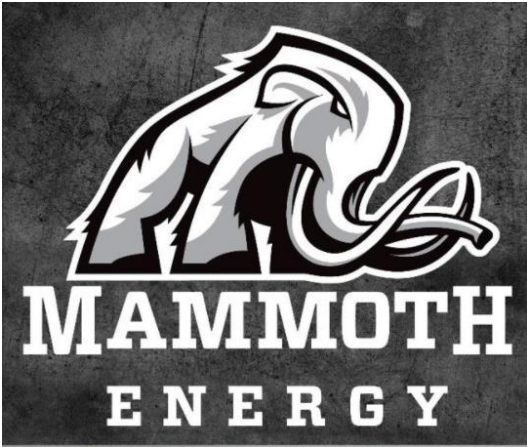
Is providing the following: Six (6) men to coordinate materials/handle logistics related thereto, in Puerto Rico

TUSK'S NON - PUERTO RICO ELECTRICAL T&D BUSINESSES

TUSK's electrical T&D businesses (Higher Power & 5 Star) currently do ~\$20 - \$30MM in run-rate revenues per year, combined. We estimate that TUSK did just ~\$5MM - \$10MM in one-off storm repair work in 3Q17 following Hurricanes Harvey and Irma, yet it was a major selling point in their PREPA bid...

TUSK Electrical T&D Revenues Ex. Puerto Rico						
	2016	1Q17	2Q17	3Q17	4Q17	2017
\$MM						
Higher Power Electrical LLC	\$ 10	\$ 2	\$ 2	\$ 7	\$ 3	\$ 15
5 Star Electric LLC	\$ 14	\$ 3	\$ 3	\$ 6	\$ 3	\$ 16
Total TUSK T&D Ex. Puerto Rico	\$ 24	\$ 5	\$ 5	\$ 13	\$ 6	\$ 30

Hurricanes Harvey & Irma Bump



Puerto Rico Restoration Efforts
Turnkey package - October 2017



Cobra Resources

- Utility Construction resources staged during restoration efforts for Harvey and Irma
- Resource available
 - Transmission
 - Distribution
 - Substation
 - Engineering

Restoration efforts during Harvey and Irma

Mammoth Energy Services (Nasdaq:TUSK)

October 2017

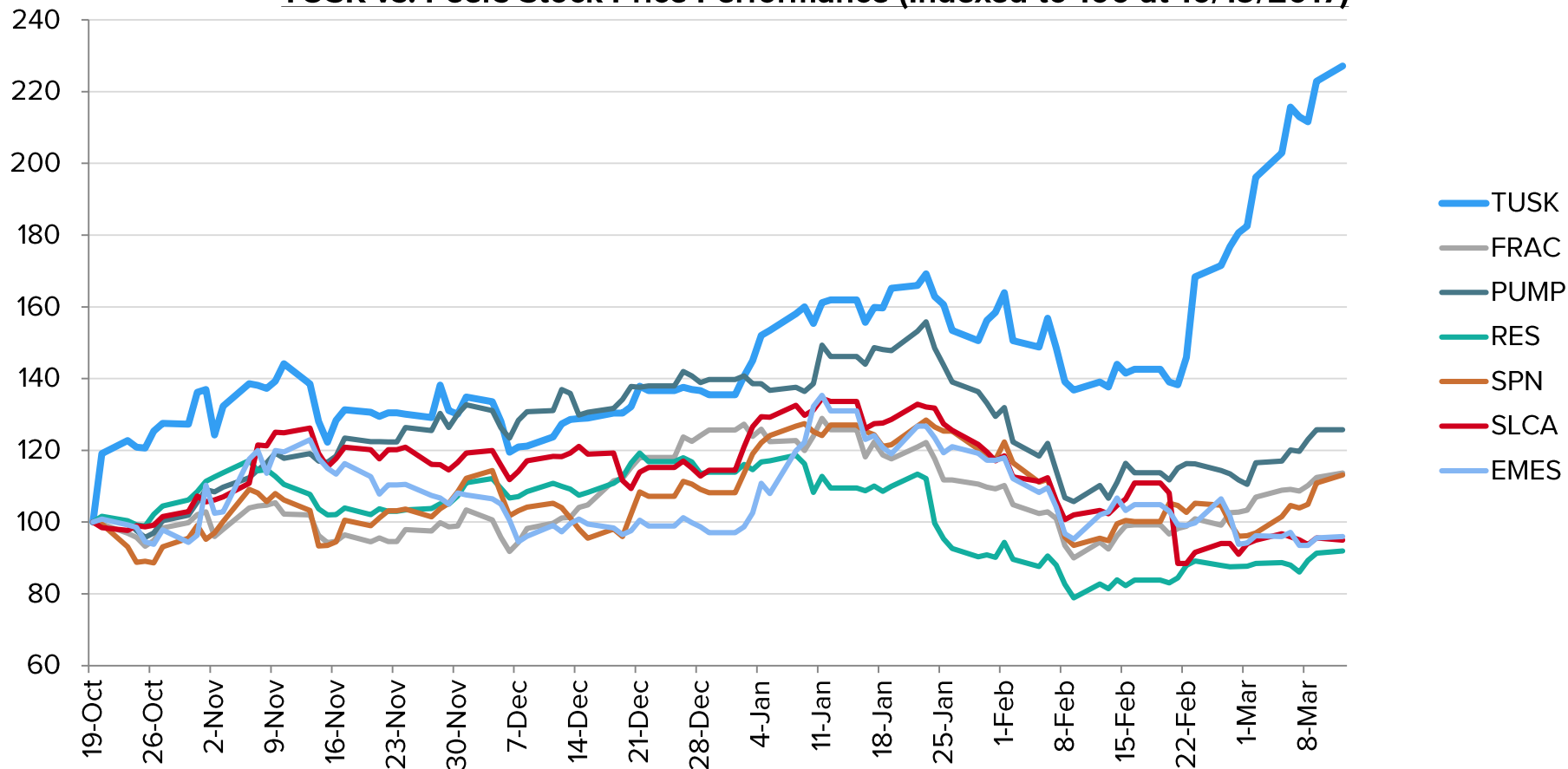
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TIMELINE OF EVENTS IN PUERTO RICO

- Sept 6: Hurricane Irma strikes Puerto Rico, damaging grid
- Sept 12: PREPA and other Puerto Rico officials finish drafting request for mutual aid for Irma repairs
- Sept 15: FEMA, PREPA, and DOE discuss mutual aid but fail to make the request
- Sept 20: Hurricane Maria strikes, devastating Puerto Rico's electrical grid
- Sept 26: PREPA signs initial grid repair deal with **Whitefish Energy**
- Sept 28: President Trump assigns oversight of grid restoration to the U.S. Army Corps of Engineers and FEMA
- Oct 16: The Army Corps of Engineers signs a \$240MM contract for grid repairs with **Fluor Corp. (FLR)**
- Oct 17: Whitefish Energy signs a \$300MM contract with PREPA
- Oct 18: The Army Corps of Engineers signs initial contract for grid repairs with **PowerSecure**
- Oct 19: **Cobra Energy (TUSK)** signs a \$200MM contract with PREPA
- Oct 26: Following media scrutiny, FEMA says it has "significant concerns" with the Whitefish contract
- Oct 26: The Army Corps of Engineers increases **PowerSecure** contract to a total of \$40MM
- Oct 29: The Whitefish Energy contract is cancelled
- Oct 31: PREPA formally requests mutual aid from U.S. mainland power utilities
- Dec 1: Senator McCaskill sends [letter](#) to TUSK CEO Arty Straehla requesting information on Cobra; no response publicized
- Jan 28: Cobra contract amended and increased to \$445MM, day rates reduced ~8%
- Feb 27: USACE announces contracted T&D companies are starting the demobilization process
- Feb 28: Cobra contract amended and increased to \$945MM

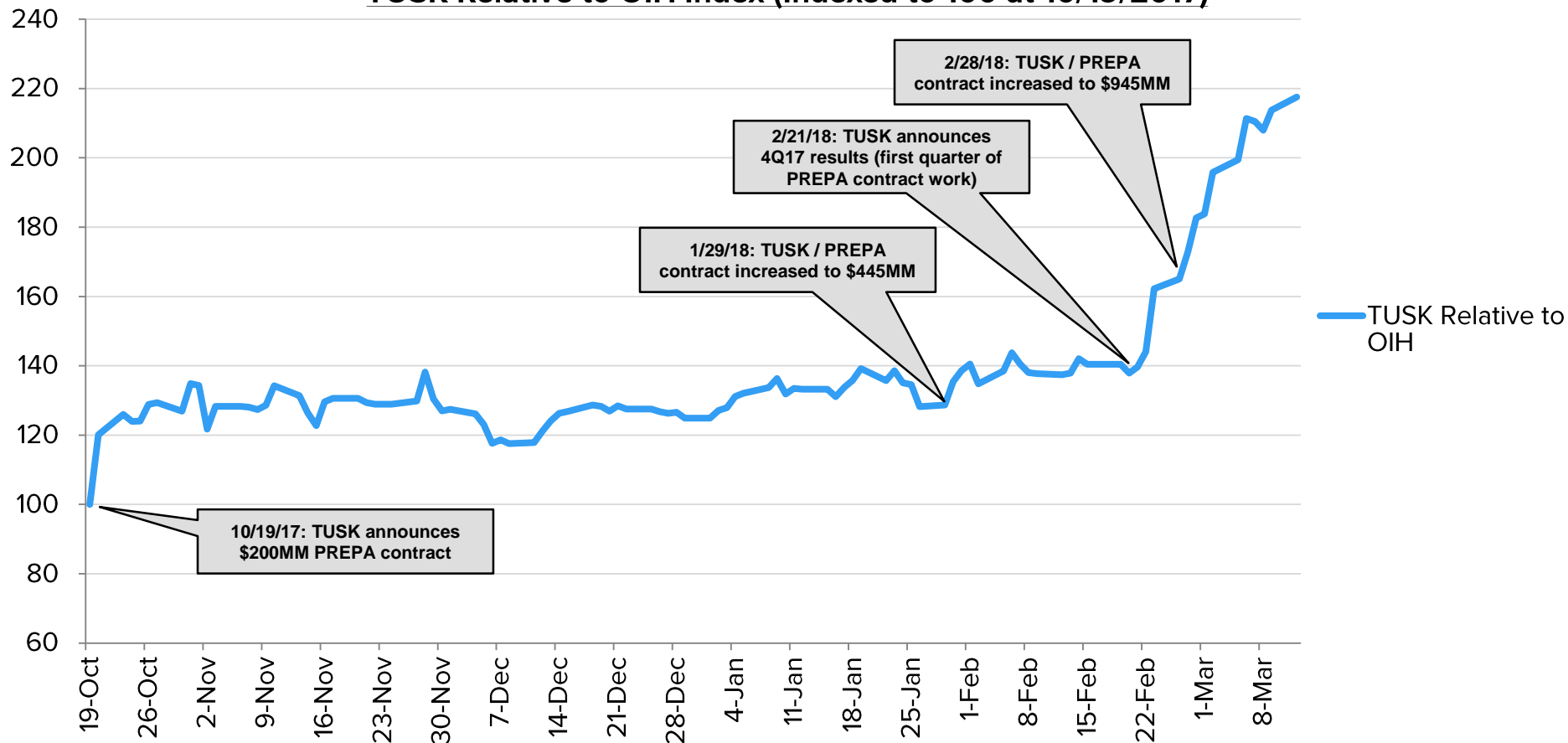
TUSK STOCK HAS DOUBLED SINCE ANNOUNCING PREPA CONTRACT

TUSK vs. Peers Stock Price Performance (Indexed to 100 at 10/19/2017)



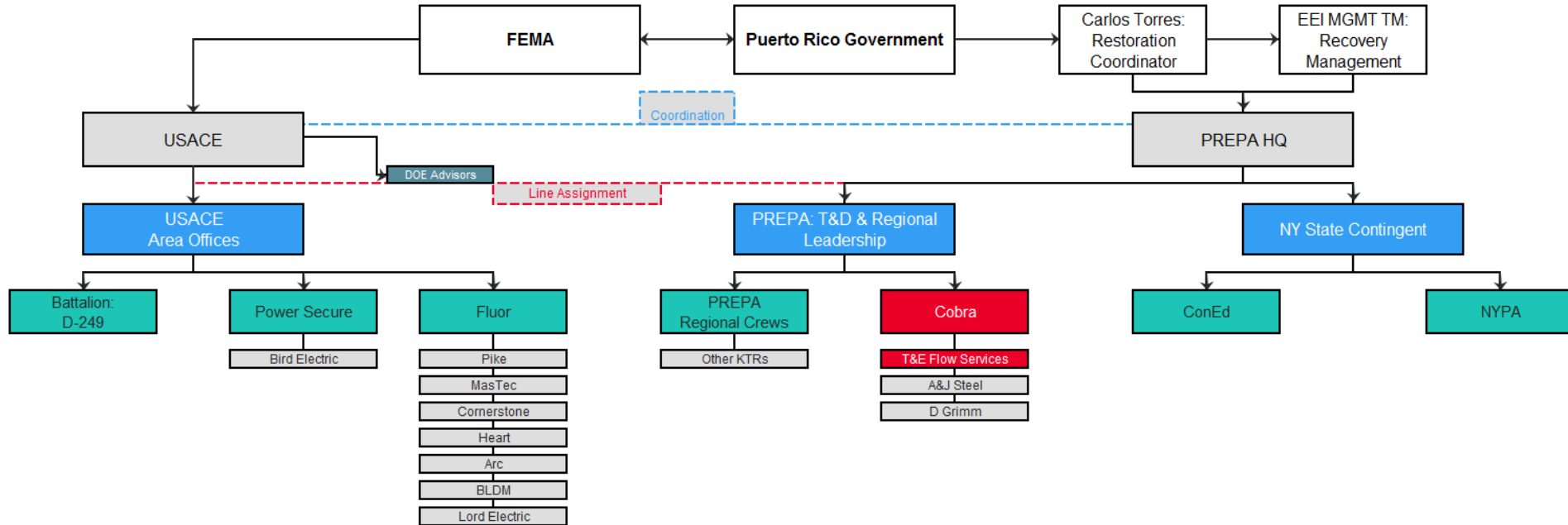
MASSIVE RELATIVE OUTPERFORMANCE

TUSK Relative to OIH Index (Indexed to 100 at 10/19/2017)



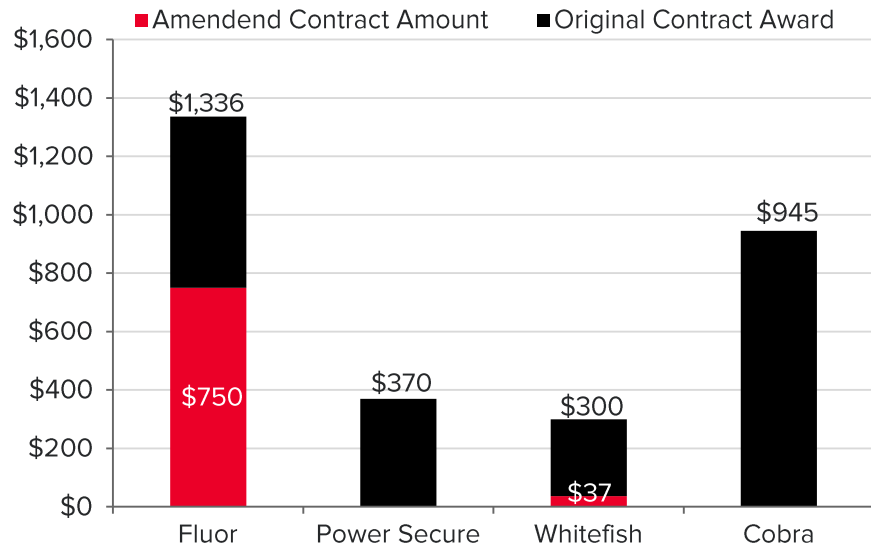
PUERTO RICO GRID RESTORATION ORG CHART

ORGANIZATIONS AND COMPANIES INVOLVED



WHO IS WORKING IN PUERTO RICO? WHO IS GETTING PAID?

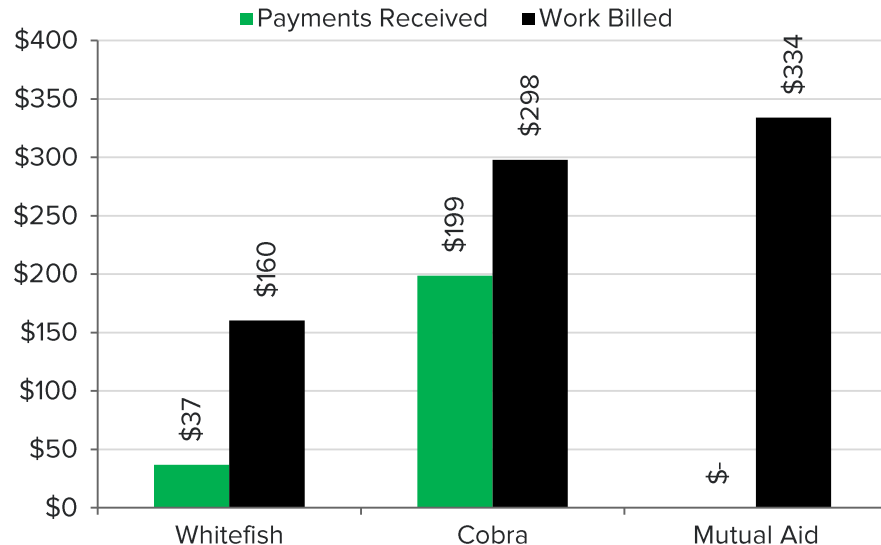
Puerto Rico Contract Awards & Amendments



THESE CONTRACTS HAVE RISK

- Whitefish contract was cancelled late Oct-2017. Future payments uncertain due to **“political sensitivity.”**
- Fluor contract reduced 42% from \$1.4B to \$774MM. There is pending litigation in the US Court of Federal Claims.
- Cobra, Whitefish, and Fluor contracts were awarded using controversial no-bid processes, and “Time and Materials” contracting method.

PREPA – Payment Status to Contractors



AS OF 2/23, 21% OF COBRA CONTRACT EXHAUSTED

- Cobra accounts receivable balance likely improves from 12/31/17.
- Mutual aid balance unpaid, but total cost of \$334MM is notable given IOUs expense is reimbursed by PREPA at cost.
- Mutual aid workforce of ~1,500 T&D employees arrived in January 2018.

SCANDALS IN PUERTO RICO'S REBUILD

TUSK HAS SOMEHOW MANAGED TO STAY OUT OF THE PUBLIC FRAY



U.S. House panel probes corruption allegations at Puerto Rico utility



HURRICANE MARIA

McCaskill pressing FEMA on Puerto Rico contract



Puerto Rico Review Finds \$133 Million Contract Was Improperly Given

The New York Times

The Lineman Got \$63 an Hour. The Utility Was Billed \$319 an Hour.

THE WALL STREET JOURNAL

FEMA Raises Concerns Over Puerto Rico Power Grid Contract

Agency says it has 'significant concerns' about \$300 million deal with little-known Montana company

The New York Times

Puerto Rico Cancels Whitefish Energy Contract to Rebuild Power Lines

THE WALL STREET JOURNAL

Puerto Rico Utility Spurned Advice on Whitefish Deal

Documents released by House committee show final contract omitted protections

THE WALL STREET JOURNAL

House Panel Probes Alleged Puerto Rico Utility Corruption

Committee overseeing Puerto Rico's disaster response probes bribery claims, warehouse seizure

TUSK CONTRACT PAID WITH U.S. TAXPAYER DOLLARS (FEMA)...

...AND U.S. OFFICIALS HAVE EXPRESSED CONCERN OVER THE PROCESS AND OVERSIGHT

- ***“As part of its on-going oversight of Puerto Rico’s recovery, the House Committee on Natural Resources is reviewing multiple allegations of corruption and gross mismanagement in the power restoration process made against the Puerto Rico Electric Power Authority (PREPA).”*** - Committee on Natural Resources letter to PREPA, 3/12/2018
- ***“Billions of taxpayer dollars are pledged to help Puerto Rico, but a lack of faith in Puerto Rico’s institutions remains a major barrier to recovery.”*** - Committee on Natural Resources letter to PREPA, 3/12/2018
- ***A “contract awarded by PREPA to Cobra Acquisitions, LLC (Cobra), raise new questions about whether FEMA has appropriate oversight mechanisms in place to ensure that recipients of Public Assistance grant funds are spending taxpayer dollars responsibly.”*** – Committee on Homeland Security and Governmental Affairs to FEMA, 11/2/2017
- ***“Historically, FEMA has faced significant challenges with its contract management. Recent reports indicate that FEMA may be repeating past mistakes as it awards new contracts in the wake of Hurricanes Harvey, Irma, and Maria.”*** – Committee on Homeland Security and Governmental Affairs to FEMA, 11/28/2017
- ***“Based on initial review and information from PREPA, FEMA has significant concerns with how PREPA procured this [Whitefish Energy] contract and has not confirmed whether the contract prices are reasonable.”*** – FEMA Statement, 10/27/2017

WHITEFISH WAS KILLED...

...BUT COBRA IS REALLY NO DIFFERENT



FEMA

UPDATED: FEMA Statement on Puerto Rico Electric Power Authority's Contract with Whitefish

Release date: October 27, 2017

The decision to award a contract to Whitefish Energy was made exclusively by PREPA. FEMA was not involved in the selection. Questions regarding the awarding of the contract should be directed to PREPA.

Any language in any contract between PREPA and Whitefish that states FEMA approved that contract is inaccurate.

FEMA has not provided any reimbursement to Puerto Rico to date for the PREPA contract with Whitefish Energy. Regardless, FEMA will verify that the applicant (in this case PREPA) has, in fact, followed applicable regulations to ensure that federal money is properly spent.

Based on initial review and information from PREPA, FEMA has significant concerns with how PREPA procured this contract and has not confirmed whether the contract prices are reasonable. FEMA is presently engaged with PREPA and its legal counsel to obtain information about the contract and contracting process, including how the contract was procured and how PREPA determined the contract prices were reasonable.

It is important for all applicants for FEMA Public Assistance to understand and abide by federal requirements for grantee procurement. Applicants who fail to abide by these requirements risk not being reimbursed by FEMA for their disaster costs.


FEMA continues to focus on the expedited restoration of essential services in support of the Governor's recovery goals.

COBRA & WHITEFISH: NEARLY IDENTICAL INITIAL CONTRACTS

Whitefish 1st Amended Contract, 10/17/17

ARTICLE 69: Compliance with Commonwealth of Puerto Rico Contracting Requirements


The Contractor shall comply will applicable Commonwealth Law, Regulations or Executive Orders that regulate the contracting process and requirements of the Commonwealth of Puerto Rico. Particularly: Act No. 237-2004 as amended that establishes uniform contracting requirements for professional and consultant services for the agencies and governmental entities of the Commonwealth of Puerto Rico and the Puerto Rico Department of Treasury Circular Letter Number 1300- 16-16. Available at:<http://www.hacienda.pr.gov/publicaciones/carta-circular-num-1300-16-16>. Subject to the availability of the respective Government of Puerto Rico Department Offices, the Contractor shall provide the following certifications and sworn statement as applicable in a term of fifteen (15) days after the execution of this Contract:

- 
- 1) An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that **Whitefish Energy** has filed his Income Tax Return for the last five (5) years.
 - 2) Certification issued by the Treasury Department of Puerto Rico which indicates that it does not owe taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.
 - 3) Sales and Use Tax Filing Certificate, issued by the Treasury Department of
 - 4) Puerto Rico, Area of Internal Revenues.
 - 5) Certification issued by the Treasury Department of Puerto Rico which indicates that it does not owe Puerto Rico Sales and Use Taxes to the Commonwealth of
 - 6) Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.
 - 7) Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that **Whitefish Energy** does not owe any tax to such governmental agency.
 - 8) Certification issued by Municipal Revenues Collection Center (MRCC) demonstrating that **Whitefish Energy** has filed the Personal Property Tax Return to such governmental agency. Additionally, if **Whitefish Energy** does not own personal property in the Commonwealth of Puerto Rico, **Whitefish Energy** shall provide a sworn statement which states that:
 - a) Its income is derived and paid for professional services (explain the nature of such services);

Cobra Initial Contract, 10/19/17

ARTICLE 69: Compliance with Commonwealth of Puerto Rico Contracting Requirements

The Contractor shall comply will applicable Commonwealth Law, Regulations or Executive Orders that regulate the contracting process and requirements of the Commonwealth of Puerto Rico. Particularly: Act No. 237-2004 as amended that establishes uniform contracting requirements for professional and consultant services for the agencies and governmental entities of the Commonwealth of Puerto Rico and the Puerto Rico Department of Treasury Circular Letter Number 1300- 16-16. Available at:<http://www.hacienda.pr.gov/publicaciones/carta-circular-num-1300-16-16>. Subject to the availability of the respective Government of Puerto Rico Department Offices, the Contractor shall provide the following certifications and sworn statement as applicable in a term of fifteen (15) days after the execution of this Contract:

- 
- 1) An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that **Cobra Acquisitions LLC** has filed his Income Tax Return for the last five (5) years.
 - 2) Certification issued by the Treasury Department of Puerto Rico which indicates that it does not owe taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.
 - 3) Sales and Use Tax Filing Certificate, issued by the Treasury Department of
 - 4) Puerto Rico, Area of Internal Revenues.
 - 5) Certification issued by the Treasury Department of Puerto Rico which indicates that it does not owe Puerto Rico Sales and Use Taxes to the Commonwealth of
 - 6) Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.
 - 7) Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that **Cobra Acquisitions LLC** does not owe any tax to such governmental agency.
 - 8) Certification issued by Municipal Revenues Collection Center (MRCC) demonstrating that **Cobra Acquisitions LLC** has filed the Personal Property Tax Return to such governmental agency. Additionally, if **Cobra Acquisitions LLC** does not own personal property in the Commonwealth of Puerto Rico, **Cobra Acquisitions LLC** shall provide a sworn statement which states that:
 - a) Its income is derived and paid for professional services (explain the nature of such services);

COBRA & WHITEFISH: CONTRACTING METHOD

Whitefish 1st Amended Contract, 10/17/17

ARTICLE 3: Consideration

In accordance with the terms and conditions contained herein, PREPA agrees to pay and the Contractor accepts that PREPA will make payment for the work performed on a Time and Materials basis at the rates set forth in Schedule 1, as supplemented from time to time by additional subcontractors. As compensation for services rendered under this Contract, PREPA and the Contractor agree that the total amount to be paid under this Contract shall not exceed \$300,000,000 (the Contract Amount). All payments shall be made after the approval of the Contract Release.

ARTICLE 51. Time and Materials

PREPA will pay Contractor upon the submission of invoices approved by PREPA as follows:

51.1 Labor: Payments for labor shall be computed by multiplying the appropriate hourly rates prescribed in the attached schedule of rates by the number of direct labor hours performed. The attached schedule of rates assumes a 16 hour a day, 7 days a week work schedule. The hourly rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis.

51.2 Materials: PREPA will reimburse Contractor for allowable cost of materials, including direct materials, subcontracts for supplies and incidental services for which there is not a labor category specified in the Contract, other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.), and applicable indirect costs.

Cobra Initial Contract, 10/19/17

ARTICLE 3: Consideration

In accordance with the terms and conditions contained herein, PREPA agrees to pay and the Contractor accepts that PREPA will make payment for the work performed on a Time and Materials basis at the rates, and subject to the terms, set forth in Exhibit B and Exhibit C, as supplemented from time to time by additional subcontractors. As compensation for services rendered under this Contract, PREPA and the Contractor agree that the total amount to be paid under this Contract shall not exceed \$200,000,000 (the Contract Amount). All payments shall be made after the approval of the Contract Release.

ARTICLE 51. Time and Materials

PREPA will pay Contractor upon the submission of invoices approved by PREPA as follows:

51.1 Labor: Payments for labor shall be computed by multiplying the minimum daily rate prescribed in the attached schedule of rates set forth on Exhibit B by the number of days. The daily rates shall include wages, indirect costs, general and administrative expense, and profit.

51.2 Materials: PREPA will reimburse Contractor for allowable cost of materials, including direct materials, subcontracts for supplies and incidental services for which there is not a labor category specified in the Contract, other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.), and applicable indirect costs in accordance with the terms set forth on Exhibit C.

Both contracts use “Time and Materials” (T&M) contracting method.

“Since PREPA is a state agency, technically there is no prohibition on using time and materials contracts. If PREPA cannot justify its decision to contract on a time and materials basis...**it is possible that FEMA could find the costs incurred under the contract unreasonable.**”

(PREPA Lawyers 10/12/17; Hedgeye emphasis)

COBRA VS. WHITEFISH CONTRACT COMPARISON

Subcommittee on Oversight & Investigations - Key Issues with the Oct. 17, 2017 Contract signed by PREPA and Whitefish; Comparison with Cobra Contract & Amendments

<u>Proposed Changes to Whitefish Contract by PREPA Lawyers</u>		<u>Cobra and Whitefish - Final Version and Amendments</u>
Article 4.4 - Breach by Contractor	<ul style="list-style-type: none"> Lawyers advised terms protecting PREPA in the case of Breach of Contract by Whitefish 	<ul style="list-style-type: none"> Omitted from final contract for both Whitefish and Cobra dated 10/17/17 Not remedied in any subsequent contract amendment between PREPA and Cobra
Article 7 - Payment	<ul style="list-style-type: none"> Lawyers advised PREPA to justify time and materials contracting method used in Whitefish Contract by explaining why other methods were not available Lawyers advised PREPA to place a ceiling price into the rate schedule with Whitefish 	<ul style="list-style-type: none"> Final Whitefish and Cobra contracts used time and materials contracting. Cobra Contract had daily price caps Text in Article 7 and Article 7A identical for both initial Whitefish and Cobra contracts dated. No amendments to this Article in any Cobra Contract Amendments Whitefish and Cobra both allowed to stop work if continuing work would exceed the ceiling price
Article 14 - Termination for Cause	<ul style="list-style-type: none"> Lawyers advised PREPA to insert language stating that PREPA could terminate Whitefish contract for any breach Lawyers advised PREPA to state that "Whitefish does not have right to terminate contract" Lawyers advised PREPA to state that Whitefish is not entitled to compensation for demobilization costs due to termination 	<ul style="list-style-type: none"> Text in Article 14 identical for both Whitefish and Cobra initial contracts Text in Article 14 for both Whitefish and Cobra initial contracts states that Contractor has the right to terminate contract if "Prepa is in material breach of the Contract" Amendment #5 to Cobra Contract, dated 2/17/18, amends paragraph 1 of Article 14 allowing PREPA to immediately terminate contract for gross negligence. No Amendment to rectify absence of clause protecting PREPA from demobilization costs due to termination
Article 39 - Puerto Rico Treasury Department Withholding	<ul style="list-style-type: none"> Lawyers advised PREPA to insert language stating that "Whitefish [was] responsible for paying all Puerto Rican taxes and will be 'subject (sic) to required withholdings by Prepa'" 	<ul style="list-style-type: none"> Text in Article 39 for both Whitefish and Cobra contracts dated 10/17/17 is identical. Ambiguity surrounding the withholdings and reimbursement of the 1.5% "special contribution to Prepa Net." Amendment #4 to Cobra Contract, dated 1/28/18, removed paragraph 3 Article 39 which outlined the 1.5% payment for services to PREPA net
Article 51 - Time and Materials	<ul style="list-style-type: none"> Lawyers advised PREPA to remove "provisions for time and material billing because 'All contract costs should have pre-defined rates, even for time and materials' per FEMA contracting requirement" 	<ul style="list-style-type: none"> Whitefish and Cobra utilize time and materials contracting method. Cobra appears to adhere to FEMA contracting requirement for pre-defined rates, i.e. minimum daily rate set forth in Exhibit B of the initial Cobra Contract dated 10/19/17 Text in Article "51.2 Materials" for both Whitefish and Cobra initial contracts allows for reimbursement of "allowable costs...which there is not a labor category specified in the Contract, other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.), and applicable indirect costs" In the Cobra Contract dated 10/17/19, article "51.2 Materials" refers to Exhibit C for allowable reimbursable costs. Exhibit C states, "Any equipment or specialized tooling not indicated below and used on a one-time basis shall be considered a reimbursable item and shall be reimbursed at cost"
Article 65 - Bonding	<ul style="list-style-type: none"> Lawyers advised PREPA to require Whitefish "to hold a bond as the contract exceeded \$150,000" 	<ul style="list-style-type: none"> Both the Whitefish and Cobra initial contracts do not contain an Article 65. No changes in Amendments 1-5 of Cobra contract have rectified this deficiency
Article 70 - Entire Agreement	<ul style="list-style-type: none"> Lawyers did not include this Article in its draft of the Whitefish Contract to PREPA 	<ul style="list-style-type: none"> Both the Whitefish and Cobra contracts dated 10/17/17 contain Article 70. The text in both contracts is identical. No Amendments of Cobra contract have eliminated this Article

COMMITTEE ON HOMELAND SECURITY LETTER TO FEMA

QUESTIONING FEMA ON WHITEFISH & COBRA CONTRACTS

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

November 2, 2017

The Honorable Brock Long
Administrator
Federal Emergency Management Agency
500 C Street SW
Washington, DC 20024

Dear Mr. Long:

The Puerto Rico Electric Power Authority (PREPA) awarded a \$300 million contract to Whitefish Energy Holdings, LLC (Whitefish)—a small Montana company with little disaster response experience—to coordinate the electrical grid restoration.² Despite PREPA's recent announcement that it would be cancelling the contract, several significant concerns remain.³ I am particularly troubled by two recent revelations: first, PREPA may already have paid Whitefish using federal disaster relief funding, possibly without FEMA's knowledge,⁴ and second, PREPA has awarded another large contract that contains questionable terms and implicates hundreds of millions of federal taxpayer dollars.⁵

PREPA may be using federal disaster relief funds to pay Whitefish. Between October 10 and October 23, 2017, FEMA awarded more than \$215 million in Public Assistance grant funding directly to PREPA for power restoration efforts.⁶ A FEMA official informed Committee staff, "It is possible that FEMA funds will be used by Whitefish."⁷ The FEMA official also indicated that FEMA did not review and approve PREPA's actual expenses prior to awarding the \$215 million in Public Assistance funds.⁸ Although FEMA issued an official statement representing it

Additionally, recent reports detailing a similar \$200 million contract awarded by PREPA to Cobra Acquisitions, LLC (Cobra), raise new questions about whether FEMA has appropriate oversight mechanisms in place to ensure that recipients of Public Assistance grant funds are spending taxpayer dollars responsibly. Reportedly, PREPA and Cobra signed a \$200 million

In light of these revelations, I have significant concerns regarding the management and oversight of the federal funding used to support the Puerto Rico recovery effort. In order to

11. Please describe the specific steps FEMA has taken or plans to take to determine whether the costs associated with PREPA's contracts with Whitefish and Cobra are fair and reasonable.
12. Has FEMA obtained or reviewed any information related to the cost and profit elements of the labor rates specified in PREPA's contracts with Whitefish or Cobra?
16. When and how did FEMA first learn that PREPA was considering awarding a contract to Cobra?
17. Please describe FEMA's role in the October 19, 2017, contract between PREPA and Cobra.
18. Did FEMA review and approve the contract between PREPA and Cobra?
19. Is it FEMA's understanding that Public Assistance funding will be used by PREPA to pay for costs and expenses related to PREPA's contract with Cobra?

FEMA stated in a letter dated 12/23/17 that it found Cobra's "costs under this contract to be reasonable" (TUSK 8-K 1/31/18). As far as we know, that letter has not been made public. We have a hard time understanding how a 40% profit margin is "reasonable," particularly after the mutual aid call was made.

SENATOR MCCASKILL LETTER TO TUSK

NO RESPONSE PUBLICIZED

United States Senate
COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

December 1, 2017

Arty Straehla
Chief Executive Officer
Mammoth Energy Services, Inc.
14201 Caliber Drive Suite 300
Oklahoma City, OK 73134

Dear Mr. Straehla:

I write to request information about the role of Cobra Acquisitions, LLC (Cobra), a wholly owned subsidiary of Mammoth Energy Services, Inc., in the restoration of Puerto Rico's electrical grid in the wake of Hurricane Maria.

On October 19, 2017, PREPA awarded a \$200 million contract to Cobra to perform work that includes a "comprehensive damage assessment of the existing electrical grid," "engineering services to aid in the design of a new electric utility grid," and "construction services to rebuild the electric grid."³ Recent reports suggest that PREPA plans to use disaster aid funds from the Federal Emergency Management Agency (FEMA) to pay Cobra under this contract.⁴

Additionally, you reportedly stated that FEMA played a role during the contracting process and was "in the room every step of the way."⁵

In light of these indications that PREPA plans to use FEMA disaster relief funds to pay Cobra, I am concerned about the company's apparent attempt to circumvent federal oversight. A publically released copy of the contract shows that Cobra and PREPA agreed to the following:

In no event shall PREPA, the Commonwealth of Puerto Rico, the FEMA Administrator, [or] the Comptroller General of the United States . . . have the right to audit or review the cost and profit elements of the labor rates specified herein.⁶

1. Please describe the contracting process, including bid submission and negotiations, between PREPA and Cobra. If officials from FEMA, the U.S. Army Corps of Engineers, or any other federal agency were involved in the contracting process between PREPA and Cobra, please explain their roles.
6. Please describe Cobra's role in restoring power to areas affected by Hurricanes Harvey and Irma, and identify all entities (e.g. state or local agencies) with which Cobra entered into an agreement related to the restoration of energy infrastructure.

ADDITIONAL GOVERNMENT SCRUTINY

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

November 1, 2017

The Honorable William B. Long
Administrator

Federal Emergency Management Agency
500 C Street, S.W.
Washington, DC 20472

Puerto Rico's electric system.⁴ Additionally, according to media reports, PREPA also entered into a contract with Cobra Acquisitions, LLC to perform restoration work on Puerto Rico's electrical grid.⁵ Similar to the Whitefish contract, this contract also indicates FEMA review and approval and contains language which would appear to have the effect of preventing government oversight of the agreement, raising additional questions about the contracting review process for

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

December 15, 2017

Lieutenant General Todd T. Semonite
Commanding General and Chief of Engineers
U.S. Army Corps of Engineers
441 G St. NW
Washington, DC 20314

3. How do the contracted services of the Louis Berger Group relate to the contracted services of Weston, Fluor, PowerSecure, and Aptim? How do they relate to services provided by Whitefish and Cobra through contracts with PREPA?

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

November 27, 2017

The Honorable Brock Long
Administrator
Federal Emergency Management Agency
500 C Street SW
Washington, DC 20024

I recently learned that FEMA officials may have been more involved in the contract between PREPA and Whitefish than previously known. At a hearing before this Committee on October 31, 2017, you testified:

weeks after the fact. There is no lawyer inside FEMA that would have ever agreed to the language that was in the contract to begin with, so let me be very clear about that. And we raised a red flag and basically saying, you know, we are not sure this is a sole-source contract or a competitive rate. There were many

However, recently released documents appear to indicate that FEMA attorneys in the local office and at headquarters reviewed versions of the draft contract signed by PREPA and Whitefish. One email containing the subject line "PREPA—Whitefish" appears to indicate that a lead legal advisor in the Office of Chief Counsel of FEMA received an electronic copy of the draft Whitefish contract from the outside counsel for PREPA on October 11, 2017.⁷ In this

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

November 15, 2017

Lieutenant General Todd T. Semonite
Commanding General and Chief of Engineers
U.S. Army Corps of Engineers
441 G Street NW
Washington, DC 20314

5. How do the contracted services of Weston, Fluor, PowerSecure, and Aptim, relate to contracts awarded by PREPA to Whitefish Energy Holdings, Cobra Acquisitions, or any other firms for energy grid restoration?

COMMITTEE ON NATURAL RESOURCES LETTER TO PREPA (3/12/18)

ALLEGATIONS OF CORRUPTION AT PREPA

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

March 12, 2018

Mr. Justo González
Interim Executive Director
Puerto Rico Electric Power Authority
1110 Ave. Ponce De Leon
San Juan, PR 00907-3802

Dear Mr. González:

As of March 7, 2018, approximately 155,695 Puerto Ricans remain without power after Hurricanes Maria and Irma struck the island.¹ As part of its on-going oversight of Puerto Rico's recovery,² the House Committee on Natural Resources is reviewing multiple allegations of corruption and gross mismanagement in the power restoration process made against the Puerto Rico Electric Power Authority (PREPA). Much of the reported corruption concerns PREPA officials accepting or demanding bribes to restore power to residences and businesses.³

In addition, please preserve all records, documents, data, and communications of any kind, regardless of format, that relate to or refer to Warehouse 5 and any allegations that PREPA employees, officials, or contractors demanded or received bribes, gifts, or improper consideration of any kind in exchange for restoring power to businesses, residences, or government agencies and municipalities since August 30, 2017.

A member of the Committee has heard from constituents currently working to restore power in Puerto Rico under mutual aid agreements, that utility crews are delayed or unable to complete electrification projects because of a lack of materials from PREPA.⁷ Similarly, the U.S. Army Corp of Engineers (USACE) identified material and equipment shortages as the biggest challenges to restoring electricity on the island.⁸ There have also been media reports that utility crews are frequently idle due to a lack of materials.⁹ For example, one municipal official estimated that "fifty percent of their time was lost," because PREPA did not have the necessary materials available.¹⁰

The Committee has been reviewing the circumstances surrounding a January 6, 2018 raid by the USACE and the Federal Emergency Management Agency (FEMA) on a PREPA owned warehouse.¹¹ Located near PREPA's Palo Seco Power Station, "Warehouse 5" contained "critical material" for electrification projects that PREPA allegedly failed to distribute.¹² The USACE stated that Warehouse 5 was missing from PREPA's computer inventories¹³ and that repeated requests to PREPA for specific information on Warehouse 5 went unanswered.¹⁴ After inventorying the Warehouse's contents, USACE distributed the materials to contractors, including steel sleeves essential for rebuilding powerlines.¹⁵

The Committee seeks to better understand the scope of alleged corruption in PREPA's power restoration operations and to understand how PREPA failed to account for Warehouse 5. Therefore, to assist the Committee's oversight of Puerto Rico's recovery efforts, please provide the following documents and information to the Committee as soon as possible, but no later than 5:00 p.m. on March 26, 2018:

TUSK INFRASTRUCTURE SERVICES 2017 RESULTS

Excluding a \$16MM charge for doubtful receivables, TUSK's Infrastructure Services segment actually made a ~46% EBITDA margin in 4Q17, nearly all of it from its contract with PREPA.

TUSK Infrastructure Services Results

	1Q17	2Q17	3Q17	4Q17
Revenues - PREPA (\$MM)	\$ -	\$ -	\$ -	\$ 203
Revenues - Other Customers	\$ -	\$ 2	\$ 13	\$ 6
Total Revenues	\$ -	\$ 2	\$ 13	\$ 209
Cost of Revenues	\$ -	\$ 2	\$ 10	\$ 110
SG&A - Ex. Bad Debt Expense	\$ -	\$ 0	\$ 1	\$ 4
Bad Debt Expense	\$ -	\$ -	\$ -	\$ 16
DD&A	\$ -	\$ 0	\$ 1	\$ 2
Operating Income	\$ -	\$ (1)	\$ 1	\$ 77
Interest Expense	\$ -	\$ 0	\$ 0	\$ 0
Other	\$ -	\$ -	\$ 0	\$ (0)
Income before Income Taxes	\$ -	\$ (1)	\$ 1	\$ 77
Income Tax Expense (Benefit)	\$ -	\$ -	\$ -	\$ 29
Net Income	\$ -	\$ (1)	\$ 1	\$ 48

Margins

Gross Profit	0%	25%	48%
Adjusted EBITDA	-18%	19%	38%
Adjusted EBITDA Ex. Bad Debt Expense	-18%	19%	46%
Operating Income	-41%	11%	37%
Operating Income Ex. Bad Debt Expense	-41%	11%	45%

COBRA'S UNBELIEVABLE RETURN ON INVESTMENT

WITH JUST ~\$30MM IN INVESTED CAPITAL, TUSK TO MAKE +12X RETURN ON PREPA

In 2017, TUSK acquired 2 electrical contractors for ~\$9MM combined, and then spent ~\$21MM of CapEx on new trucks and equipment. On just \$30MM of invested capital, TUSK is going to earn ~\$370MM of pre-tax profits on this PREPA contract, an unbelievable 1,200% return on investment.

TUSK's Return on Investment in Puerto Rico

Mammoth Energy Electrical T&D Invested Capital (\$MM)	\$	30
Total PREPA Contract Value (\$MM)	\$	945
4Q17 Estimated EBITDA Margin		39%
Pre-Tax, Unlevered Profit (\$MM)	\$	369
After-Tax, Unlevered Profit (\$MM)	\$	225

Pre-Tax, Unlevered Return on Investment	1229%	12.3x
After-Tax, Unlevered Return on Investment	749%	7.5x



Government of Puerto Rico
Department of State

Transaction Date: 13-Oct-2017
Register No: 400560
Order No: 1334178

Government of Puerto Rico

Certificate of Authorization to do Business of a Foreign Corporation

Article I - Limited Liability Company Name

COBRA ACQUISITIONS LLC is a Foreign For Profit Limited Liability Company organized under the laws of Delaware duly authorized to do business in Puerto Rico as **COBRA ACQUISITIONS LLC**.

Article VI - Assets and Liabilities

The assets of said corporation are \$30,000,000.00 and its liabilities are \$3,000,000.00.

Article VII - Description of Business

The description of the business which it proposes to carry on is the following:

Contract work for construction, rebuilding, and repair of electric transmission and distribution systems

FLUOR CORP (FLR) IN PUERTO RICO

EARNING AN ~8% - 10% MARGIN IN PUERTO RICO

Fluor Corp.'s (FLR) work in Puerto Rico was similar in scope and size to Cobra's. Fluor was awarded a \$240MM contract by the U.S. Army Corps of Engineers, under FEMA, on 10/16/17. That contract was increased to \$601MM on 12/4/17. On 12/6/17, Fluor was awarded a second contract for \$495MM, with a ceiling of \$831MM.

"The increase in total assets primarily resulted from increased working capital in support of project execution activities for the Power Infrastructure Restoration Project in Puerto Rico." FLR 2017 10-K

Fluor Corp. (FLR) 4Q17 Puerto Rico Profit Margin Analysis

	1Q17	2Q17	3Q17	4Q17
Government Segment Revenues (\$MM)	\$ 765	\$ 744	\$ 766	\$ 957
Segment Profit	\$ 29	\$ 20	\$ 30	\$ 49
D&A	\$ 1	\$ 1	\$ 1	\$ 1
Government Segment EBITDA	\$ 30	\$ 20	\$ 31	\$ 50
EBITDA Margin	4%	3%	4%	5%
EBIT Margin	4%	3%	4%	5%
Incremental Revenues	\$ (21)	\$ 22	\$ 191	
Incremental EBITDA	\$ (9)	\$ 11	\$ 19	
Incremental EBIT	\$ (9)	\$ 11	\$ 19	
Incremental EBITDA Margin		44%	48%	10%
Incremental EBIT Margin		44%	48%	10%

	1Q17	2Q17	3Q17	4Q17
Government Segment Assets (\$MM)	\$ 500	\$ 461	\$ 513	\$ 732
QoQ Change in Assets		\$ (39)	\$ 52	\$ 219

Estimated 4Q17 Revenues from Puerto Rico **\$ 225**

4Q17 US & Puerto Rico Hurricane Work Impact on EPS (\$/share) **\$ 0.09**
Assumed Tax Rate **38%**

Pre-Tax Impact (\$/share) **\$ 0.15**
Average Shares O/S in 4Q17 (MM) 141

4Q17 Pre-Tax Income from US and Puerto Rico Hurricane Work (\$MM) **\$ 20**

EBIT Margin **9%**

"...our [4Q17] results include a benefit of ... the nonrecurring hurricane work in the United States and Puerto Rico, which produced \$0.09." – FLR 2/20/18 Earnings Call

TUSK'S T&D PROFIT MARGIN VS. LARGE PEERS

LARGE T&D FIRMS EARN ~5% OPERATING MARGIN; TUSK MAKING +40% IN PUERTO RICO

TUSK vs. T&D Peers: Operating Income Margins

Company	Business Segment	2013	2014	2015	2016	2017
Revenues						
Quanta Services Inc. (PWR)	Electric Power Infrastructure	\$ 4,542	\$ 5,303	\$ 4,937	\$ 4,850	\$ 5,600
Fluor Corp. (FLR)	Government	\$ 2,749	\$ 2,512	\$ 2,557	\$ 2,720	\$ 3,233
EMCOR Group, Inc. (EME)	US Electrical Construction	\$ 1,346	\$ 1,312	\$ 1,367	\$ 1,704	\$ 1,830
MYR Group Inc. (MYRG)	Transmission & Distribution	\$ 722	\$ 700	\$ 795	\$ 819	\$ 651
MasTec, Inc (MTZ)	Electric Transmission	\$ 429	\$ 472	\$ 342	\$ 384	\$ 378
PowerSecure (SO Subsidiary)	All	\$ 270	\$ 257	\$ 444	N/A	N/A
Mammoth Energy Services (TUSK)	Infrastructure Services - PREPA Only	\$ -	\$ -	\$ -	\$ -	\$ 203
Mammoth Energy Services (TUSK)	Infrastructure Services - Non PREPA	\$ -	\$ -	\$ -	\$ -	\$ 21

Operating Income

Quanta Services Inc. (PWR)	Electric Power Infrastructure	\$ 523	\$ 463	\$ 362	\$ 396	\$ 518
Fluor Corp. (FLR)	Government	\$ 161	\$ 93	\$ 83	\$ 85	\$ 128
EMCOR Group, Inc. (EME)	US Electrical Construction	\$ 98	\$ 91	\$ 82	\$ 102	\$ 150
MYR Group Inc. (MYRG)	Transmission & Distribution	\$ 81	\$ 75	\$ 63	\$ 63	\$ 22
MasTec, Inc (MTZ)	Electric Transmission	\$ 29	\$ 28	\$ (92)	\$ (66)	\$ (5)
PowerSecure (SO Subsidiary)	All	\$ 10	\$ (10)	\$ 12	N/A	N/A
Mammoth Energy Services (TUSK)	Infrastructure Services - PREPA Only	\$ -	\$ -	\$ -	\$ -	\$ 93
Mammoth Energy Services (TUSK)	Infrastructure Services - Non PREPA	\$ -	\$ -	\$ -	\$ -	\$ 1

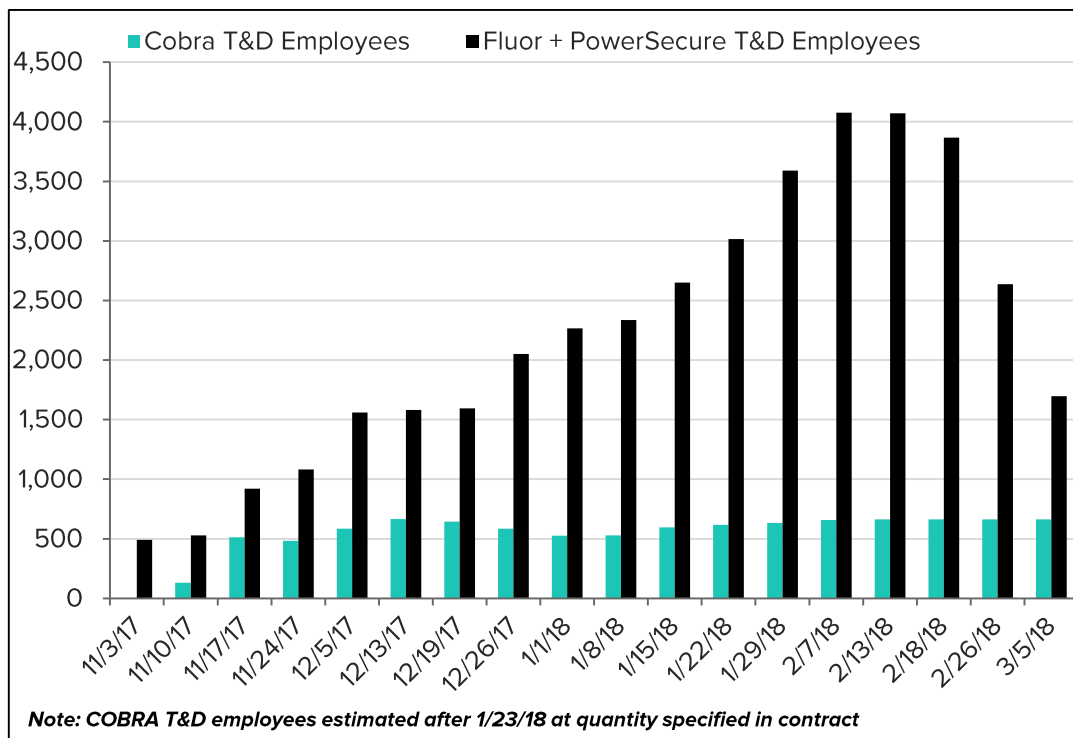
Memo: Excludes \$16MM of bad debt expense

Operating Income Margin

Quanta Services Inc. (PWR)	Electric Power Infrastructure	12%	9%	7%	8%	9%
Fluor Corp. (FLR)	Government	6%	4%	3%	3%	4%
EMCOR Group, Inc. (EME)	US Electrical Construction	7%	7%	6%	6%	8%
MYR Group Inc. (MYRG)	Transmission & Distribution	11%	11%	8%	8%	3%
MasTec, Inc (MTZ)	Electric Transmission	7%	6%	-27%	-17%	-1%
PowerSecure Int'l (SO Subsidiary)	All	4%	-4%	3%	N/A	N/A
Group Average		8%	5%	0%	2%	5%

Mammoth Energy Services (TUSK)	Infrastructure Services - PREPA Only	46%
Mammoth Energy Services (TUSK)	Infrastructure Services - Non PREPA	6%

FLUOR AND POWERSECURE VS. COBRA



Contracted Rate Comparison: Fluor + PowerSecure vs. Cobra			
	Fluor + PowerSecure	Cobra	Cobra vs. Fluor+PS
Date Contract Executed	10/16/17 10/19/17	10/19/17	
Assumed Departure Date	4/7/18	8/22/18	
Total Days	164	292	78%
Total T&D Employee Days	307,240	180,650	-41%
Average T&D Employees / Day	1,873	619	-67%
Contract Value (\$MM)	\$ 1,120	\$ 983	-12%
\$MM / Day	\$ 6.8	\$ 3.4	-51%
\$ / T&D Employee Day	\$ 3,645	\$ 5,440	49%

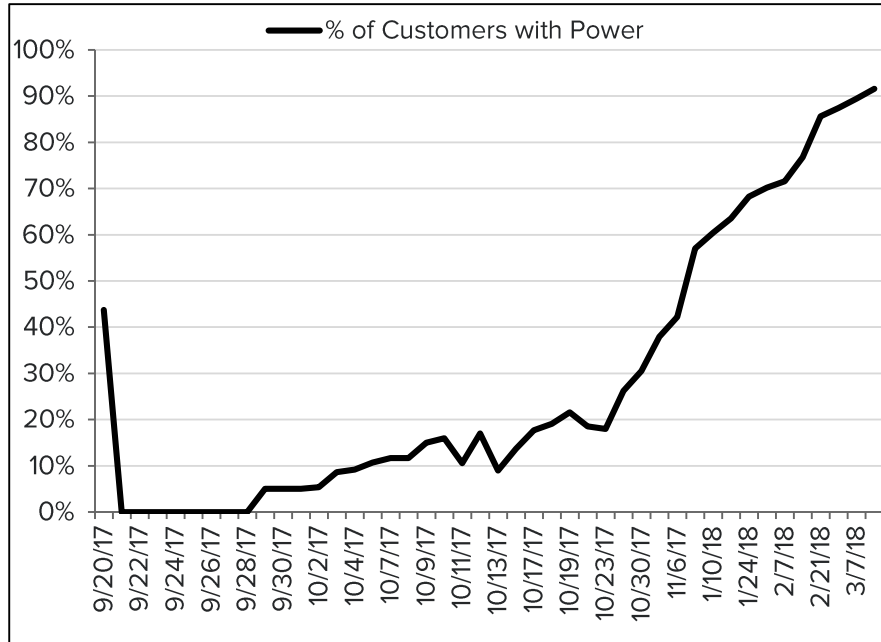
Notes:

- Employee count includes only T&D employees, no support staff, per PREPA Fiscal Budget and @USACEHQ Twitter
- Assume gradual wind down of Fluor + Power Secure employees to exit date
- Calculated Cobra exit date by using funds unspent as of 1/1/18 (\$745MM) / Minimum day rate (\$3.2MM) in contract = 233 days
- Assume Cobra T&D employees at contracted number of 662 after 1/23/18
- Demobilization incl. in Fluor/PS contract. Assume ~\$40MM demob. cost for Cobra

COBRA ENERGY, PUERTO RICO'S MOST EXPENSIVE CONTRACTOR

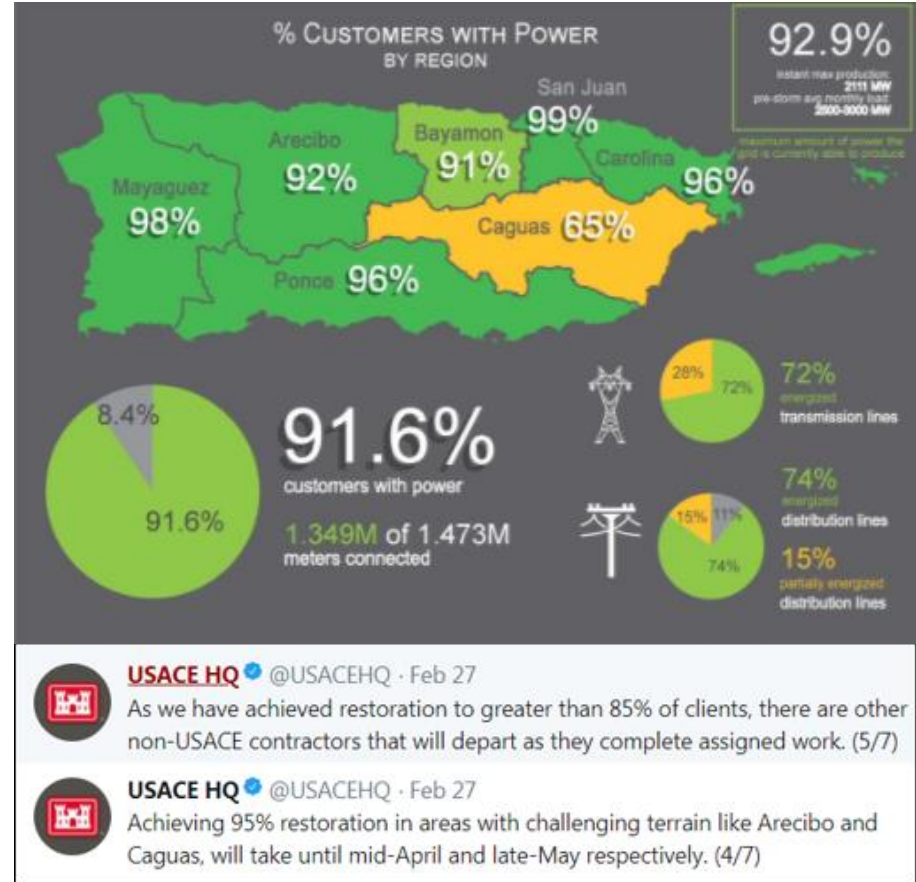
We estimate that Cobra Energy is charging around 50% more than Fluor and PowerSecure on a \$ / T&D employee / day basis.

WORK IN PUERTO RICO IS NOW WINDING DOWN



92% OF CUSTOMERS WITH POWER

Nearly all of the transmissions lines are fully-energized. More work remains on distribution, currently 89% energized. USACE contractors are heading home, Cobra & mutual aid contractors are the only workforces left. **Cobra's \$945MM contract may not mean \$945MM of work.**



ADDITIONAL WORK WILL REQUIRE A NEW CONTRACT

AND A REAL, COMPETITIVE BID PROCESS

TUSK contract only for restoration work...

ARTICLE 1: Scope of Contract

The Contractor shall provide labor, supervision, tools, equipment and materials necessary to perform the storm restoration services at various locations in PREPA's service areas, all in strict accordance with the provisions of this contract and contractor's proposal attached hereto as Exhibit A. PREPA will sign one Contract Release for each line, feeder or segment project. The terms and conditions stated in

Additional work will require a real bid process and competition on price...

Electric Infrastructure Industry

Certain barriers to entry exist in the markets in which we operate, including adequate financial resources, technical expertise, high safety ratings and a proven track record of operational success. We compete based upon our industry experience, technical expertise, financial and operational resources, geographic presence, industry reputation, our safety record and customer service. While we believe our customers consider a number of factors when selecting a service provider, they award most of their work through a bid process, although our work with PREPA has not been obtained through a formal bid process. Consequently, price is often a principal factor in determining which service provider is selected.

Management is nonetheless bullish...

Arty Straehla - Mammoth Energy Services, Inc. - CEO & Director

Well, Tommy. What typically happens in this type of situation is you go from restoration to reconstruction. And certainly, we have been a very big part of the restoration efforts. We have approximately 939 men on the island right now. We have a variety of equipment. Certainly, with our contacts, and what we're -- what we are actually doing, and the way our team has gone out and executed, we think we have an opportunity to be there for years. But it's a process that you go through. It's RFP process, and as those occur and certainly, there's no certainty. But we think that -- we think restoration is still going to last a while longer. As you've seen in many articles, it's not completed yet of getting the power on completely before you go to that reconstruction phase, but we anticipate being there a while, and as we get material information, we will pass it on to our investors. But I do want to tell you that one of the things that is mentioned in the call and everything previously was that we have over \$500 million of backlog in total, in our infrastructure business. And we have grown our footprint significantly in north -- in the continental United States. Our team is executing at a very high level on many, many fronts.

The existing contract with PREPA covers storm restoration services only. Any contract for reconstruction or updates to Puerto Rico's grid will require a new, **competitively bid**, contract.

The majority of Cobra's assets in Puerto Rico are intangible relationships with a bankrupt utility. The majority of its workforce/equipment is subcontracted or leased, and could easily move to a new entrant.

"...in Puerto Rico, we intend to lease a majority of the equipment required to fulfill the contract" (TUSK 10-Q 11/13/17)

ADDITIONAL WORK WOULD NOT BE PAID BY FEMA

FEMA FUNDING NEARLY ALL OF COBRA'S CURRENT CONTRACT

PREPA - Emergency Funds Cash Flows

	<i>Actual</i> Sep-17	<i>Actual</i> Oct-17	<i>Actual</i> Nov-17	<i>Actual</i> Dec-17	<i>Est.</i> Jan-18	<i>Est.</i> Feb-18	<i>Est.</i> Mar-18	<i>Est.</i> Apr-18	<i>Est.</i> May-18	<i>Est.</i> Jun-18	<i>Est.</i> FY18
Emergency Related Cash Outflows:											
Whitefish	\$ 4	\$ 7	\$ 16	\$ 10	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 57
Cobra	\$ -	\$ 15	\$ 14	\$ 19	\$ 97	\$ 123	\$ 184	\$ 125	\$ 140	\$ 188	\$ 904
Mutual Aid Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 320	\$ -	\$ -	\$ 350
Other	\$ 1	\$ 20	\$ -	\$ -	\$ -	\$ 6	\$ 35	\$ 93	\$ 23	\$ -	\$ 176
Total Emergency Spend	\$ 5	\$ 42	\$ 31	\$ 28	\$ 97	\$ 129	\$ 249	\$ 557	\$ 163	\$ 188	\$ 1,488
Emergency Funds Cash Balance:											
Beginning Balance	\$ -	\$ -	\$ 223	\$ 223	\$ 4	\$ 59	\$ 4	\$ 4	\$ 4	\$ 4	\$ -
FEMA	\$ -	\$ 223	\$ -	\$ -	\$ 200	\$ 68	\$ 249	\$ 482	\$ 136	\$ 169	\$ 1,527
Funds Repaid to FEMA	\$ -	\$ -	\$ -	\$ (171)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (171)
Transfers to General Fund	\$ -	\$ -	\$ -	\$ (48)	\$ (145)	\$ (123)	\$ (249)	\$ (482)	\$ (136)	\$ (169)	\$ (1,351)
Ending Balance	\$ -	\$ 223	\$ 223	\$ 4	\$ 59	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
Cumulative FEMA Coverage		481%	291%	50%	124%	97%	98%	92%	91%	91%	91%

FEMA is footing Cobra's bill, so far, for the current storm restoration contract.

Funding for additional work in Puerto Rico would be the responsibility of bankrupt PREPA.

PREPA CONTRACT CARRIES SIGNIFICANT RISKS

MOST IMPORTANT DISCLOSURE FROM TUSK'S 2017 10-K

On October 19, 2017, one of our subsidiaries, Cobra, and PREPA entered into an emergency master services agreement for repairs to PREPA's electrical grid as a result of Hurricane Maria. The one-year contract, as amended through February 27, 2018, provides for payments of up to \$945.4 million. PREPA is currently subject to bankruptcy proceedings pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA's ability to meet its payment obligations under the contract will be largely dependent upon funding from the Federal Emergency Management Agency, or FEMA, or other sources. PREPA's contracting practices in connection with restoration and repair of PREPA's electrical grid in Puerto Rico, and the terms of certain of those contracts, have been subject to critical comment and are the subject of review and hearings by U.S. federal and Puerto Rican governmental entities. Recently, a contract for restoration and repair services entered into by PREPA with an unrelated third party was terminated by PREPA. In the event that PREPA does not have or does not obtain the funds necessary to satisfy its current obligations to Cobra under the contract or terminates the contract prior to the end of the contract term, our financial condition, results of operations and cash flows could be materially and adversely affected. In addition, government contracts are subject to various uncertainties, restrictions and regulations, including oversight audits by government representatives and profit and cost controls, which could result in withholding or delayed payments to us or efforts to recover payments already made.

COBRA ENERGY KEY TAKEAWAYS

- TUSK subsidiary Cobra Energy is charging exorbitant rates as evidenced by its 45% operating margin in 4Q17, while its peers in Puerto Rico work at 0% - 10% margins
- U.S. taxpayers – via FEMA – are paying Cobra Energy hundreds of millions of dollars in excessive profits
- Cobra Energy is similar to Whitefish Energy in terms of size, experience, and the contracting process it went through with PREPA; Whitefish was rolled through the mud and had its contract cancelled, yet Cobra has somehow managed to avoid most scrutiny
- Cobra Energy's PREPA contract has significant risk of being amended, reduced, cancelled, or clawed-back given FEMA is ultimately footing the bill; Cobra's contracted counterparty, PREPA, is bankrupt
- Related party transactions with T&E Flow Services raise questions about TUSK's real intentions for getting into the electrical T&D industry; T&E Flow Services is also now benefiting from Cobra's work in Puerto Rico
- At best, TUSK's PREPA contract is worth ~\$200MM - \$250MM on an after-tax basis, compared to the ~\$800MM increase in market cap since first announcing the contract in October 2017
- TUSK will never again see a contract as large and profitable as what it is executing on in Puerto Rico. This business will likely disappoint lofty expectations starting in 2H18.

PUERTO RICO BACKGROUND READING

Articles, Reports & Government Documents

- [Utility Dive, “PREPA Forgoes Mutual Aid, Opting for Little-Known Contractor,” 10/10/17](#)
- [El Nuevo Dia, “Power Recovery: Contracts Ten Times More Expensive,” 10/25/2017](#)
- [E&E News, “New ‘day one’ for Puerto Rico grid repair, 7 weeks after storm,” 11/7/2017](#)
- [US House Subcommittee on Oversight & Investigations, “Key Takeaways from Initial PREPA Document Productions,” 11/13/2017](#)
- [US Senate Committee on Energy & Natural Resources, “Hearing on Hurricane Recovery Efforts in Puerto Rico and the US Virgin Islands,” 11/14/2017](#)
- [Newswire, “Whitefish Energy Calls on Arc American to Withdraw Its Demands So That PREPA Payments Can Proceed For Electrical Contractors,” 11/22/2017](#)
- [PREPA, “Puerto Rico Electric Power Authority Amended & Restated Fiscal Plan,” 1/24/2018](#)
- [WSJ, “Ousted Puerto Rico Grid Contractor Says Owed \\$100MM,” 2/2/2018](#)
- [NYT, “Contractors Are Leaving Puerto Rico, Where Many Still Lack Power,” 2/26/18](#)
- [Huffington Post, “Months Before Winning \\$300MM Puerto Rico Contract, Whitefish Energy Was on Shaky Financial Grounds,” 3/12/2018](#)

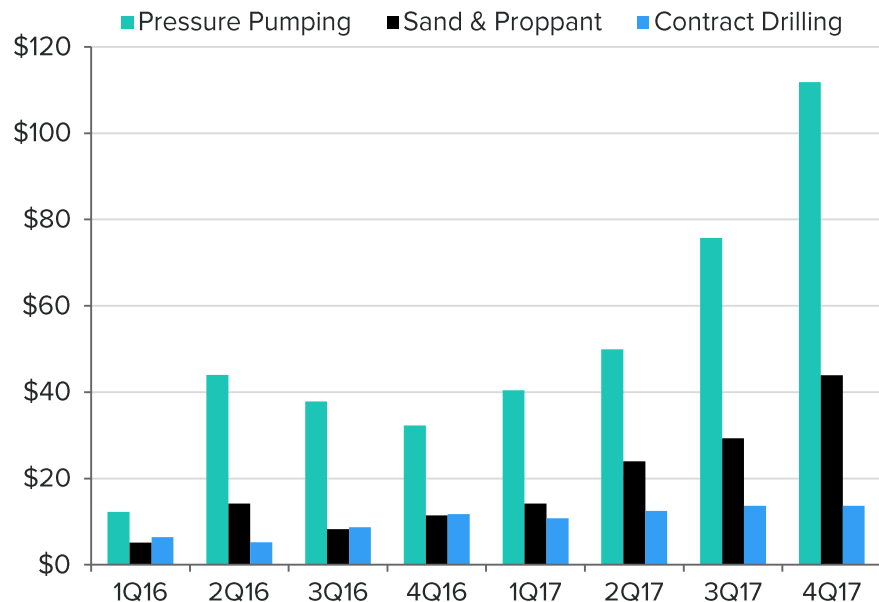
Contracts

- [Whitefish Contract with PREPA, 9/26/2017](#)
- [Cobra Contract with PREPA, 10/19/2017](#)
- [Cobra Amended Contract with PREPA, 11/1/2017](#)
- [Cobra Amended Contract with PREPA, 12/8/2017](#)
- [Cobra Amended Contract with PREPA, 12/21/2017](#)
- [Cobra Amended Contract with PREPA, 1/28/2018](#)
- [Cobra Subcontract with T&E Flow Services, 11/2/2017](#)



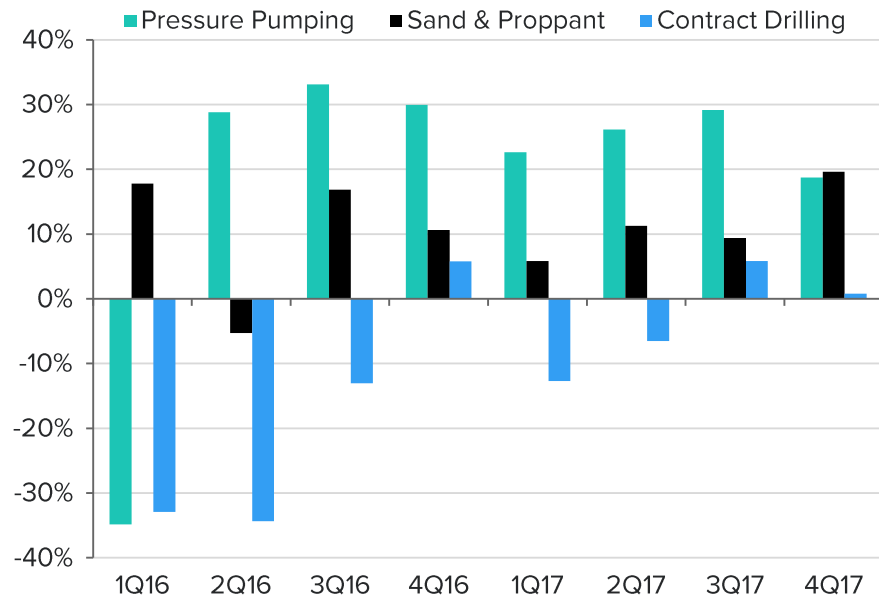
TUSK OILFIELD SERVICES

OFS SEGMENT REVENUE & ADJ. EBITDA MARGIN



REVENUES

Pressure pumping growth mostly attributable to new fleets added in 2H17; sand revenue growth attributable to 2Q17 acquisition and expansions.



EBITDA MARGINS

Pressure pumping margin volatility attributable to 2016 catch up payments associated with Gulfport contract and 2017 fleet reactivation. Sand margin growth attributable to higher average sales price.

PRESSURE PUMPING COMP SHEET

TUSK IS A SMALL PLAYER

Pressure Pumping (2017)

	TUSK	Group Avg.	PUMP	FRAC	LBRT	PTEN	FTSI	RES
<u>Operating Data</u>								
Total Horsepower ('000)	292	1,137	690	1,200	760	1,645	1,600	925
Avg. Active Horsepower ('000)	210	903	690	1,032	578	1,171	1,163	786
Fleet Utilization	72%	82%	100%	86%	76%	71%	73%	85%
<u>Per HP Metrics</u>								
Revenue	\$ 1,330	\$ 1,428	\$ 1,210	\$ 1,495	\$ 2,251	\$ 1,025	\$ 1,261	\$ 1,323
Cost	\$ 1,006	\$ 1,137	\$ 1,000	\$ 1,243	\$ 1,747	\$ 825	\$ 869	NA
Gross Margin	\$ 324	\$ 312	\$ 211	\$ 252	\$ 504	\$ 199	\$ 393	NA
EBITDA	\$ 279	\$ 282	\$ 140	\$ 161	\$ 376	\$ 187	\$ 323	\$ 505
<u>Margins & Returns</u>								
Gross Margin	24%	21%	17%	17%	22%	19%	31%	NA
EBITDA Margin	21%	18%	12%	11%	17%	18%	26%	26%
EBIT Margin	5%	9%	6%	0%	11%	2%	20%	16%
UFCF Margin	-10%	3%	-19%	-2%	-6%	4%	21%	19%
Pre-Tax Return on Assets	4%	15%	8%	1%	18%	2%	35%	28%
CapEx / Revenue	31%	15%	31%	12%	23%	14%	4%	7%

The GPOR contract expires in Sept. 2018 and could reprice lower, bringing margins closer to the peer average.

Notes:

- PUMP, LBRT data 9 months through 9/30/17, annualized
- FTSI assumes 50,000 HP per fleet
- RES data reflects "Technical Services" segment results
- TUSK CapEx reflects build out of 3 new pressure pumping fleets (~130 HP) in FY17

SAND & DRILLING COMP SHEETS

Sand & Proppant (2017)

	TUSK	Group Avg.	SLCA	HCLP	FMSA
Operating Data					
Proved Reserves (MMttons)	63	564	554	409	729
Tons Sold (MMttons)	2	12	15	9	13
Reserve Life (Yrs.)	37	44	30	45	57
Per Ton Metrics (\$ / Ton Sold)					
Revenue	\$ 69.25	\$ 74.90	\$ 82.04	\$ 67.42	\$ 75.24
Cost	\$ 54.90	\$ 52.71	\$ 57.36	\$ 49.04	\$ 51.72
Gross Margin	\$ 14.35	\$ 22.19	\$ 24.68	\$ 18.38	\$ 23.52
EBITDA	\$ 9.51	\$ 15.41	\$ 17.57	\$ 14.01	\$ 14.64
Margins & Returns					
Gross Margin	21%	30%	30%	27%	31%
EBITDA Margin	14%	21%	21%	21%	19%
EBIT Margin	6%	14%	14%	16%	11%
UFCF Margin	0%	1%	-10%	1%	12%
Pre-Tax Return on Assets	3%	8%	7%	9%	9%
CapEx / Revenue	14%	19%	31%	20%	7%

Contract Drilling (2017)

	TUSK	Group Avg.	HP	PTEN	PES
Operating Data					
Rigs Owned	13	182	350	179	16
Avg. Operating Rigs	5	104	158	138	15
Utilization	38%	72%	45%	77%	95%
Per Rig Day Metrics					
Revenue	\$ 14,816	\$ 22,997	\$ 25,041	\$ 20,648	\$ 23,301
Cost	\$ 13,739	\$ 15,116	\$ 17,120	\$ 13,244	\$ 14,982
Gross Margin	\$ 1,077	\$ 7,881	\$ 7,920	\$ 7,404	\$ 8,319
EBITDA	\$ (538)	\$ 7,548	\$ 7,038	\$ 7,286	\$ 8,319
Margins & Returns					
Gross Margin	7%	34%	32%	36%	36%
EBITDA Margin	-4%	33%	28%	35%	36%
EBIT Margin	-42%	-7%	-7%	-17%	1%
UFCF Margin	-21%	8%	1%	1%	21%
Pre-Tax Return on Assets	-24%	-2%	-2%	-4%	0%
CapEx / Revenue	18%	25%	27%	34%	15%

BELOW AVERAGE ASSETS

In 2017, the Sand & Proppant segment derived 23% of its revenue from the Pressure Pumping segment. TUSK's sand mines are located in Wisconsin and produce coarse 40/70 mesh sand; the company has no regional TX exposure. TUSK's drilling rigs are low quality, command lower day-rates, and operate at low levels of utilization.

TUSK'S GPOR EXPOSURE TO BE A HEADWIND BY LATE '18

TUSK Exposure to Gulfport Energy

	2016	2017	2018E	YoY Change 2017 - 2018E
GPOR Operations (\$MM)				
Avg. Operated Rigs	3.0	10.0	5.5	-45%
Completed Wells (ex. Non-Op)	54	81	51	-37%
Production (MMcfe/d)	720	1,089	1,275	17%
D&C CapEx	\$ 518	\$ 1,100	\$ 655	-40%
Total CapEx	\$ 549	\$ 1,279	\$ 800	-37%
GPOR % of TUSK Revenue				
Pressure Pumping	82%	55%		
Sand & Proppant	68%	37%		
Contract Drilling	9%	6%		
GPOR % of TUSK Revenue	57%	31%		
GPOR % of TUSK Revenue (ex. PREPA)	57%	43%		

GPOR 4Q17 Conference Call Quotes

- "Activity is stepping down from our 2017 program"
- "We forecast our 2018 capital program will be funded entirely within cash flow"
- "We have been actively working with our service providers for several months now and locking in prices and services to adhere to our capital budget... we have tailored and negotiated those contracts to follow our forecasted levels of activity for the year"

PRESSURE PUMPING SERVICES AGREEMENT

THIS AMENDED & RESTATED MASTER SERVICE AGREEMENT FOR PRESSURE PUMPING SERVICES (this "Agreement") is made and entered into effective October 1, 2014 (the "Effective Date") between Gulfport Energy Corporation ("Company"), and Stingray Pressure Pumping LLC ("Contractor"). Contractor and Company are individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

- Contractor and Company are parties to a Master Services Agreement dated as of December 3, 2012 (the "MSA").
- Contractor provides hydraulic fracturing, stimulation and related completion and rework services for oil and gas exploration wells and other ancillary services (as more specifically described in Exhibit A and applicable Work Orders, the "Services").
- Company desires to retain Contractor to provide the Services in the Utica shale formations located in Ohio (the "Service Area").

NOW THEREFORE, for and in consideration of the mutual promises hereinafter set forth, Contractor and Company hereby agree as follows:

1. Term of Agreement.

(a) The initial term of this Agreement will commence on the Effective Date and will continue through and including September 30, 2018, unless earlier terminated in accordance with this Agreement (the "Initial Term").

SAND SUPPLY AGREEMENT

This SAND SUPPLY AGREEMENT (this "Agreement") is effective as of October 1, 2014 (the "Effective Date"), between Muskie Proppant LLC, a Delaware limited liability company ("Supplier"), and Gulfport Energy Corporation, a Delaware corporation ("Customer"). Supplier and Customer are individually referred to as a "Party" and collectively as the "Parties".

RECITALS

- Customer's primary business is the exploration and production of oil and natural gas. Customer requires high quality sand for use as a proppant in connection with its operations.
- Supplier desires to sell such sand and is able to provide the proppant sand to Customer.
- Customer desires to purchase 40/70 proppant sand (as described below, the "Product") from Supplier under the terms and conditions set forth in this Agreement.

ARTICLE I TERM

1.1 Initial Term. Unless otherwise terminated as provided herein, this Agreement shall be effective as of the Effective Date and will remain in effect through and including September 30, 2018, unless earlier terminated in accordance with the terms of this Agreement (such period, the "Initial Term").

GPOR ACTIVITY SLOWING, PRESSURE PUMPING & SAND CONTRACTS ROLLING

GPOR contributed 43% of TUSK's base business revenue (ex. PREPA) in 2017. The TUSK / GPOR pressure pumping and sand supply contracts expire in September 2018. With GPOR slowing D&C activity in 2018 to operate within cash flow, it is possible these contracts reprice at lower rates and volumes.



VALUATION, RISKS, CATALYSTS

SMALL CAP OFS COMP SHEET

Small cap pressure pumping and sand mining companies are trading ~1.2x 2018e EV / sales and ~5x 2018e EV / EBITDA.

Small Cap OFS Comp Sheet

Company	Ticker	EV	2017 Sales	EV / 17 Sales	EV / 18e Sales	EV / 17 EBITDA	EV / 18e EBITDA	18e Sales Growth	2017 EBITDA Margin	2018e EBITDA Margin	2017 Return on Assets
Emerge Energy Services LP	EMES	\$ 392	\$ 364	1.1x	0.7x	11.8x	4.0x	43.9%	9.1%	18.8%	3.7%
Keane Group Inc.	FRAC	\$ 2,019	\$ 1,542	1.3x	0.9x	11.4x	4.6x	48.0%	11.5%	19.4%	1.7%
Liberty Oilfield Services Inc.	LBRT	\$ 2,362	\$ 1,490	1.6x	1.0x	9.0x	4.5x	58.0%	17.6%	22.3%	21.3%
Patterson-UTI Energy Inc	PTEN	\$ 5,099	\$ 2,357	2.2x	1.5x	9.1x	5.9x	45.1%	23.8%	25.5%	-3.9%
ProPetro Holding Corp.	PUMP	\$ 1,465	\$ 981	1.5x	0.9x	10.0x	4.9x	57.8%	14.9%	19.4%	13.9%
RPC Inc.	RES	\$ 4,328	\$ 1,595	2.7x	2.0x	11.1x	7.0x	35.9%	24.3%	28.5%	19.3%
Superior Energy Services Inc.	SPN	\$ 2,629	\$ 1,874	1.4x	1.2x	14.6x	7.0x	16.7%	9.6%	17.3%	-8.3%
US Silica Holdings Inc.	SLCA	\$ 2,273	\$ 1,241	1.8x	1.3x	7.9x	4.9x	44.5%	23.2%	25.9%	8.3%
Average				1.7x	1.2x	10.6x	5.3x	43.7%	16.8%	22.1%	7.0%
Median				1.5x	1.1x	10.6x	4.9x	44.8%	16.2%	20.9%	6.0%

ELECTRICAL T&D COMP SHEET

Companies many times the size of TUSK's Cobra Energy generate mid-single-digit EBITDA margins and high-single-digit returns. These businesses, on average, trade at ~0.6x 2018e EV / Sales and ~8x 2018e EV / EBITDA.

Electrical T&D / Specialty Contracting Comp Sheet

Company	Ticker	EV	2017 Sales	EV / 17 Sales	EV / 18e Sales	EV / 17 EBITDA	EV / 18e EBITDA	18e Sales Growth	2017 EBITDA Margin	2018e EBITDA Margin	2017 Return on Assets
Aegion Corporation	AEGN	\$ 999	\$ 1,359	0.7x	0.7x	9.7x	8.3x	-0.6%	7.6%	8.9%	5.3%
EMCOR Group, Inc.	EME	\$ 4,518	\$ 7,687	0.6x	0.6x	9.4x	9.7x	0.7%	6.2%	6.0%	9.8%
Fluor Corp.	FLR	\$ 7,781	\$ 19,521	0.4x	0.4x	8.5x	8.4x	-2.6%	4.7%	4.9%	7.4%
MasTec, Inc.	MTZ	\$ 5,629	\$ 6,607	0.9x	0.8x	9.7x	8.3x	2.3%	8.8%	10.0%	9.7%
MYR Group Inc.	MYRG	\$ 673	\$ 1,403	0.5x	0.5x	10.4x	7.6x	4.8%	4.6%	6.0%	11.3%
Quanta Services, Inc.	PWR	\$ 5,984	\$ 9,466	0.6x	0.6x	9.1x	7.5x	7.0%	6.9%	7.9%	6.8%
Average				0.6x	0.6x	9.5x	8.3x	1.9%	6.5%	7.3%	8.4%
Median				0.6x	0.6x	9.6x	8.3x	1.5%	6.6%	7.0%	8.5%

TUSK SOTP VALUATION

FAIR VALUE = ~\$14 - \$24

Mammoth Energy Services Inc. (TUSK) - SOTP Valuation

Capital Structure

Market Price	\$ 33.00
Shares O/S (MM)	45
Market Cap (\$MM)	\$ 1,471
Net Debt	\$ 94
Enterprise Value	\$ 1,566

Book Equity

Book Value per Share	\$ 11.40
Tangible Book Value per Share	\$ 9.10

Sum of the Parts Valuation (\$MM or \$/sh)

	2018 Est. EBITDA	Low Multiple	Mid Multiple	High Multiple	Low Value (\$MM)	Mid Value (\$MM)	High Value (\$MM)	Low Value (\$/sh)	Mid Value (\$/sh)	High Value (\$/sh)
Pressure Pumping	\$ 95	4.0x	5.0x	6.0x	\$ 379	\$ 474	\$ 568	\$ 8.50	\$ 10.60	\$ 12.70
Sand Services	\$ 42	4.0x	5.0x	6.0x	\$ 169	\$ 212	\$ 254	\$ 3.80	\$ 4.70	\$ 5.70
Drilling Services	\$ 3	4.0x	5.0x	6.0x	\$ 11	\$ 14	\$ 16	\$ 0.20	\$ 0.30	\$ 0.40
Other Energy Services	\$ 5	3.0x	4.0x	5.0x	\$ 15	\$ 20	\$ 25	\$ 0.30	\$ 0.40	\$ 0.60
Infrastructure Services Ex. PREPA	\$ 9	6.0x	7.0x	8.0x	\$ 54	\$ 63	\$ 72	\$ 1.20	\$ 1.40	\$ 1.60
Total Ex. PREPA	\$ 154	4.1x	5.1x	6.1x	\$ 628	\$ 782	\$ 936	\$ 14.00	\$ 17.40	\$ 21.00
Minus Net Debt					\$ (94)	\$ (94)	\$ (94)	\$ (2.10)	\$ (2.10)	\$ (2.10)
TUSK Equity Value Ex. PREPA					\$ 534	\$ 688	\$ 842	\$ 11.90	\$ 15.30	\$ 18.90
Upside/Downside vs. Current TUSK Price								-64%	-54%	-43%
Implied Value of PREPA Contract in Current TUSK Share Price					\$ 937	\$ 784	\$ 630	\$ 21.00	\$ 17.60	\$ 14.10

PREPA Contract Valuation Analysis (\$MM or \$/sh)

	Total	Paid Thru 2/25	Not Yet Paid
PREPA Contract Value (Revenues)	\$ 945	\$ 199	\$ 747
Operating Profit Margin	40%	40%	40%
Operating Profit	\$ 378	\$ 80	\$ 299
Tax Rate on Income Earned in P.R.	39%	39%	39%
After-Tax Income	\$ 231	\$ 49	\$ 182

%Chance that TUSK Gets Paid on Remaining Contract Value

Low	Mid	High
25%	50%	100%

Probability-Weighted Value of PREPA Contract

	Low Value (\$MM)	Mid Value (\$MM)	High Value (\$MM)	Low Value (\$/sh)	Mid Value (\$/sh)	High Value (\$/sh)
Total TUSK Equity Value	\$ 94	\$ 140	\$ 231	\$ 2.10	\$ 3.10	\$ 5.20
Upside/Downside vs. Current TUSK Price				-58%	-44%	-27%

TUSK DCF VALUATION

FAIR VALUE = ~\$19

Mammoth Energy Services (TUSK) - DCF Valuation

WACC Assumption: 8.0%

Year	Free Cash Flow	Discount Factor	PV of FCF
2018	\$ 243	0.926	\$ 225
2019	\$ 83	0.857	\$ 72
2020	\$ 55	0.794	\$ 43
2021	\$ 57	0.735	\$ 42
2022	\$ 60	0.681	\$ 41
2023	\$ 60	0.630	\$ 38
2024	\$ 60	0.583	\$ 35
2025	\$ 60	0.540	\$ 32
2026	\$ 60	0.500	\$ 30
2027	\$ 60	0.463	\$ 28
2028	\$ 60	0.429	\$ 26
2029	\$ 60	0.397	\$ 24
2030	\$ 60	0.368	\$ 22
2031	\$ 60	0.340	\$ 20
2032	\$ 60	0.315	\$ 19
Cont. Value	\$ 745	0.315	\$ 235
Operating Value			\$ 930
Midyear Adjustment Factor			1.000
Operating Value (Adjusted)			930

Operating Value	\$ 930
Excess Cash & Securities	\$ -
Financial Investments	\$ -
Excess Pension Assets	\$ -
Enterprise Value	\$ 930

Debt	\$ (95)
Capitalized Operating Leases	\$ -
Retirement-Related Liability	\$ -
Preferred Stock	\$ -
Noncontrolling Interest	\$ -
Long-Term Operating Provision	\$ -
Restructuring Provision	\$ -
Stock Options	\$ -
Equity Value	\$ 835

Shares Outstanding (MM)	45
Value per Share	\$ 19.00

Market Price	33.00
Upside (Downside) to Fair Value	-43%

WACC: 8.0%

PREPA Contract:

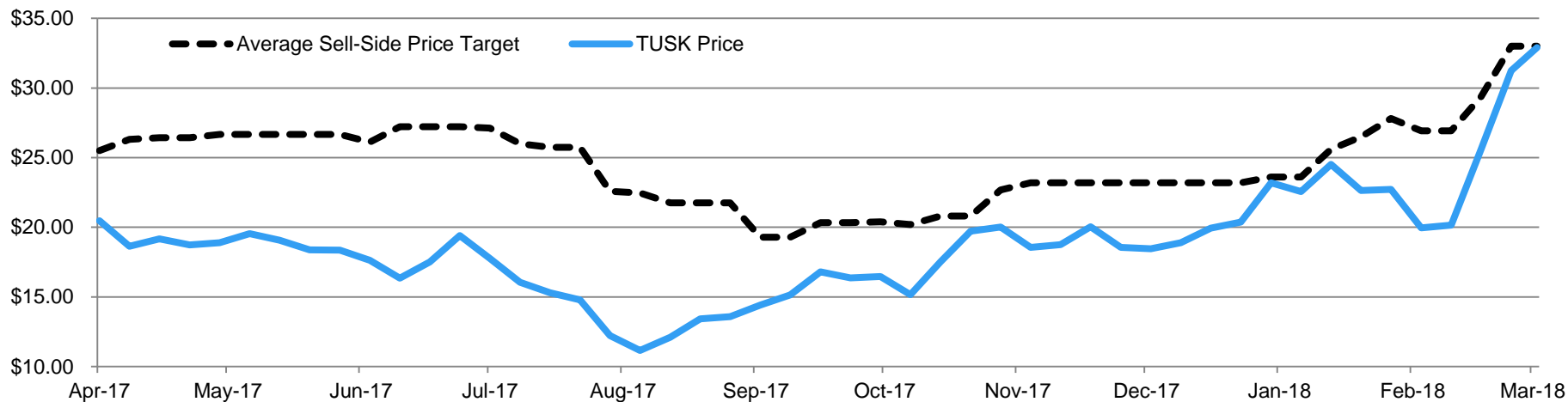
- Revenues: \$945MM, all recognized by YE18
- Aggregate EBITDA Margin: 36%

Total T&D 2019 EBITDA:

- Revenue: \$140MM
- EBITDA Margin: 10%

SENTIMENT

LOTS OF BULLS, NO SKEPTICS



2)	Stephens Inc	Tommy Moll	overweight	36	03/09/18
3)	Raymond James	Praveen Narra	outperform	29	03/07/18
4)	Capital One Securities, In..	Luke M Lemoine	overweight	38	03/05/18
5)	Piper Jaffray	John M Daniel	overweight	34	03/05/18
6)	Imperial Capital LLC	Jason A Wangler	outperform	33	03/01/18
7)	Credit Suisse	James Wicklund	outperform	33	02/28/18
8)	Johnson Rice & Co	Daniel Burke	↑ buy		02/28/18
9)	Barclays	J David Anderson	overweight	30	02/28/18
10)	Jefferies	Bradley Philip Han...	hold	28	02/27/18
11)	R.F. Lafferty & Co	Jaime Perez	buy	36	02/26/18
12)	Tudor Pickering & Co	Taylor Zurcher	↑ buy		04/03/17

RISKS & CATALYSTS

Key Risks

- Consensus 1H18 estimates for PREPA revenue and EBITDA contribution appear too low
- Additional awards / government funding to Cobra Energy in Puerto Rico
- TUSK makes equity-funded acquisition, likely in the electrical T&D space in order to gain scale, legitimize itself as a real player in the industry, and give additional business to related party T&E Flow Services
- Higher oil prices / increased US land OFS activity – though this can be **hedged out with a long pair such as the OIH ETF**

Potential Catalysts

- Potential for additional investigations and scrutiny around Cobra Energy's contract with PREPA
- Cobra / PREPA contract expires in October 2018, though Cobra's work is expected to be completed in mid-2018
- GPOR and/or Wexford sell some of their TUSK equity
 - *“...we've always talked about selling some shares along the way, and that's probably what you'll see us doing at some point.”* – GPOR CEO Michael Moore on 11/2/2017

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