
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

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

For the quarterly period ended March 31, 2021

or

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

For the transition period from _____ to _____

Commission File Number 001-38066

SELECT ENERGY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

81-4561945
(IRS Employer
Identification Number)

1233 W. Loop South, Suite 1400
Houston, TX
(Address of principal executive offices)

77027
(Zip Code)

(713) 235-9500

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.01 per share	WTTR	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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company. Yes No

As of May 3, 2021, the registrant had 87,856,767 shares of Class A common stock and 16,221,101 shares of Class B common stock outstanding.

SELECT ENERGY SERVICES, INC.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I—FINANCIAL INFORMATION</u>	
Item 1. Financial Statements (Unaudited)	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3. Quantitative and Qualitative Disclosures about Market Risk	49
Item 4. Controls and Procedures	50
<u>PART II—OTHER INFORMATION</u>	
Item 1. Legal Proceedings	51
Item 1A. Risk Factors	51
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	52
Item 3. Defaults upon Senior Securities	52
Item 4. Mine Safety Disclosures	52
Item 5. Other Information	52
Item 6. Exhibits	52

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Quarterly Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact, included in this Quarterly Report regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “preliminary,” “forecast,” and similar expressions or variations are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors” included in our most recent Annual Report on Form 10-K, under the heading “Part II—Item 1A. Risk Factors” in this Quarterly Report and those set forth from time to time in our other filings with the SEC. These forward-looking statements are based on management’s current belief, based on currently available information, as to the outcome and timing of future events.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- following his inauguration on January 20, 2021, President Biden issued several executive orders and made other announcements which may negatively impact the future production of oil and natural gas in the United States (“U.S.”) and may adversely affect our future operations;
- the severity and duration of world health events, including the novel coronavirus (“COVID-19”) pandemic, which caused a sharp decline in economic activity in the U.S. and around the world, resulting in lower demand for oil and gas, oversupply and therefore lower oil and gas prices, to which our exploration and production (“E&P”) customers have responded by cutting capital spending, leading to fewer oil and gas well completions and thus reduced demand for our services, all of which has had, and will likely continue to have, a negative impact on our financial results;
- actions taken by the members of the Organization of the Petroleum Exporting Countries (“OPEC”) and Russia (together with OPEC and other allied producing countries, “OPEC+”) with respect to oil production levels and announcements of potential changes in such levels, including the ability of the OPEC+ countries to agree on and comply with announced supply limitations;
- the potential deterioration of our customers’ financial condition, including defaults resulting from actual or potential insolvencies;
- the level of capital spending and access to capital markets by oil and gas companies, including significant reductions and potential additional reductions in capital expenditures by oil and gas producers in response to commodity prices and reduced demand;
- operational challenges relating to the COVID-19 pandemic and efforts to mitigate the spread of the virus, including logistical challenges, measures taken to protect the health and well-being of our employees, remote work arrangements, performance of contracts and supply chain disruptions;
- the degree to which consolidation among our customers may affect spending on U.S. drilling and completions in the near-term;
- trends and volatility in oil and gas prices, and our ability to manage through such volatility;
- our customers’ ability to complete and produce new wells;

Table of Contents

- the impact of current and future laws, rulings and governmental regulations, including those related to hydraulic fracturing, accessing water, disposing of wastewater, transferring produced water, interstate freshwater transfer, chemicals, carbon pricing, pipeline construction, taxation or emissions, leasing, permitting or drilling on federal lands and various other environmental matters;
- regional impacts to our business, including our key infrastructure assets within the Bakken and the Northern Delaware portion of the Permian Basin;
- capacity constraints on regional oil, natural gas and water gathering, processing and pipeline systems that result in a slowdown or delay in drilling and completion activity, and thus a slowdown in the demand for our services in our core markets;
- regulatory and related policy actions intended by federal, state and/or local governments to reduce fossil fuel use and associated carbon emissions, or to drive the substitution of renewable forms of energy for oil and gas, may over time reduce demand for oil and gas and therefore the demand for our services;
- new or expanded regulations that materially limit our customers' access to federal and state lands for oil and gas development, thereby reducing demand for our services in the affected areas;
- growing demand for electric vehicles that result in reduced demand for gasoline and therefore the demand for our services;
- our ability to hire and retain key management and employees, including skilled labor;
- our access to capital to fund expansions, acquisitions and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms;
- our health, safety and environmental performance;
- the impact of competition on our operations;
- the degree to which our E&P customers may elect to operate their water-management services in-house rather than source these services from companies like us;
- our level of indebtedness and our ability to comply with covenants contained in our Credit Agreement (as defined herein) or future debt instruments;
- delays or restrictions in obtaining permits by us or our customers;
- constraints in supply or availability of equipment used in our business;
- the impact of advances or changes in well-completion technologies or practices that result in reduced demand for our services, either on a volumetric or time basis;
- changes in global political or economic conditions, generally, and in the markets we serve;
- acts of terrorism, war or political or civil unrest in the U.S. or elsewhere;
- the ability to source certain raw materials globally from economically advantaged sources;
- accidents, weather, seasonality or other events affecting our business; and

[Table of Contents](#)

- the other risks identified in our most recent Annual Report on Form 10-K and under the headings “Part I—Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II—Item 1A. Risk Factors” in this Quarterly Report.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Our future results will depend upon various other risks and uncertainties, including those described under the heading “Part I—Item 1A. Risk Factors” in our most recent Annual Report on Form 10-K and under the heading “Part II—Item 1A. Risk Factors” in this Quarterly Report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us are qualified in their entirety by this cautionary note.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**SELECT ENERGY SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)**

	March 31, 2021	December 31, 2020
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 160,021	\$ 169,039
Accounts receivable trade, net of allowance for credit losses of \$8,617 and \$9,157, respectively	140,016	129,392
Accounts receivable, related parties	332	69
Inventories	34,410	33,384
Prepaid expenses and other current assets	20,774	19,621
Total current assets	<u>355,553</u>	<u>351,505</u>
Property and equipment	870,091	878,902
Accumulated depreciation	(537,199)	(528,537)
Total property and equipment, net	<u>332,892</u>	<u>350,365</u>
Right-of-use assets, net	49,881	52,331
Other intangible assets, net	113,463	116,079
Other long-term assets, net	6,869	5,079
Total assets	<u>\$ 858,658</u>	<u>\$ 875,359</u>
Liabilities and Equity		
Current liabilities		
Accounts payable	\$ 24,847	\$ 12,995
Accrued accounts payable	23,177	21,359
Accounts payable and accrued expenses, related parties	946	519
Accrued salaries and benefits	14,996	16,279
Accrued insurance	9,458	9,788
Sales tax payable	2,488	1,415
Accrued expenses and other current liabilities	13,325	12,077
Current operating lease liabilities	13,968	14,019
Current portion of finance lease obligations	287	307
Total current liabilities	<u>103,492</u>	<u>88,758</u>
Long-term operating lease liabilities	57,834	60,984
Other long-term liabilities	19,383	19,735
Total liabilities	<u>180,709</u>	<u>169,477</u>
Commitments and contingencies (Note 8)		
Class A common stock, \$0.01 par value; 350,000,000 shares authorized and 87,856,767 shares issued and outstanding as of March 31, 2021; 350,000,000 shares authorized and 86,812,647 shares issued and outstanding as of December 31, 2020	879	868
Class A-2 common stock, \$0.01 par value; 40,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020	—	—
Class B common stock, \$0.01 par value; 150,000,000 shares authorized and 16,221,101 shares issued and outstanding as of March 31, 2021 and December 31, 2020	162	162
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding as of March 31, 2021 and December 31, 2020	—	—
Additional paid-in capital	910,688	909,278
Accumulated deficit	(340,354)	(317,247)
Total stockholders' equity	<u>571,375</u>	<u>593,061</u>
Noncontrolling interests	106,574	112,821
Total equity	<u>677,949</u>	<u>705,882</u>
Total liabilities and equity	<u>\$ 858,658</u>	<u>\$ 875,359</u>

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

SELECT ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share and per share data)

	Three months ended March 31,	
	2021	2020
Revenue		
Water Services	\$ 64,223	\$ 149,511
Water Infrastructure	37,803	57,762
Oilfield Chemicals	41,716	71,012
Total revenue	<u>143,742</u>	<u>278,285</u>
Costs of revenue		
Water Services	62,324	129,114
Water Infrastructure	26,399	47,813
Oilfield Chemicals	37,766	59,876
Other	—	4
Depreciation and amortization	21,650	26,182
Total costs of revenue	<u>148,139</u>	<u>262,989</u>
Gross (loss) profit	<u>(4,397)</u>	<u>15,296</u>
Operating expenses		
Selling, general and administrative	19,894	25,289
Depreciation and amortization	649	685
Impairment of goodwill and trademark	—	276,016
Impairment and abandonment of property and equipment	—	3,184
Lease abandonment costs	104	953
Total operating expenses	<u>20,647</u>	<u>306,127</u>
Loss from operations	<u>(25,044)</u>	<u>(290,831)</u>
Other (expense) income		
Losses on sales of property and equipment and divestitures, net	(579)	(435)
Interest expense, net	(435)	(331)
Foreign currency gain (loss), net	3	(46)
Other (expense) income, net	(1,629)	259
Loss before income tax benefit	<u>(27,684)</u>	<u>(291,384)</u>
Income tax benefit	263	164
Net loss	<u>(27,421)</u>	<u>(291,220)</u>
Less: net loss attributable to noncontrolling interests	4,314	45,358
Net loss attributable to Select Energy Services, Inc.	<u>\$ (23,107)</u>	<u>\$ (245,862)</u>
Net loss per share attributable to common stockholders (Note 14):		
Class A—Basic	<u>\$ (0.27)</u>	<u>\$ (2.86)</u>
Class B—Basic	<u>\$ —</u>	<u>\$ —</u>
Net loss per share attributable to common stockholders (Note 14):		
Class A—Diluted	<u>\$ (0.27)</u>	<u>\$ (2.86)</u>
Class B—Diluted	<u>\$ —</u>	<u>\$ —</u>

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

SELECT ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands)

	Three months ended March 31,	
	2021	2020
Net loss	\$ (27,421)	\$ (291,220)
Comprehensive loss	(27,421)	(291,220)
Less: comprehensive loss attributable to noncontrolling interests	4,314	45,358
Comprehensive loss attributable to Select Energy Services, Inc.	<u>\$ (23,107)</u>	<u>\$ (245,862)</u>

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

SELECT ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2021 and 2020
(unaudited)
(in thousands, except share data)

	Class A Stockholders		Class B Stockholders		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total
	Shares	Class A Common Stock	Shares	Class B Common Stock					
Balance as of December 31, 2020	86,812,647	\$ 868	16,221,101	\$ 162	\$ 909,278	\$ (317,247)	\$ 593,061	\$ 112,821	\$ 705,882
ESPP shares issued	2,145	—	—	—	14	—	14	—	14
Equity-based compensation	—	—	—	—	1,202	—	1,202	220	1,422
Issuance of restricted shares	1,487,448	15	—	—	1,529	—	1,544	(1,544)	—
Repurchase of common stock	(144,078)	(1)	—	—	(888)	—	(889)	15	(874)
Restricted shares forfeited	(301,395)	(3)	—	—	(315)	—	(318)	318	(1,074)
Noncontrolling interest in subsidiary	—	—	—	—	(140)	—	(140)	(934)	—
NCI income tax adjustment	—	—	—	—	8	—	8	(8)	—
Net loss	—	—	—	—	—	(23,107)	(23,107)	(4,314)	(27,421)
Balance as of March 31, 2021	<u>87,856,767</u>	<u>\$ 879</u>	<u>16,221,101</u>	<u>\$ 162</u>	<u>\$ 910,688</u>	<u>\$ (340,354)</u>	<u>\$ 571,375</u>	<u>\$ 106,574</u>	<u>\$ 677,949</u>

	Class A Stockholders		Class B Stockholders		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interests	Total
	Shares	Class A Common Stock	Shares	Class B Common Stock					
Balance as of December 31, 2019	87,893,525	\$ 879	16,221,101	\$ 162	\$ 914,699	\$ 21,437	\$ 937,177	\$ 175,635	\$ 1,112,812
ESPP shares issued	4,443	—	—	—	30	—	30	(3)	27
Equity-based compensation	—	—	—	—	483	—	483	91	574
Issuance of restricted shares	1,271,706	13	—	—	2,158	—	2,171	(2,171)	—
Exercise of restricted stock units	625	—	—	—	1	—	1	(1)	—
Repurchase of common stock	(979,391)	(10)	—	—	(7,259)	—	(7,259)	603	(6,656)
Restricted shares forfeited	(199,069)	(2)	—	—	(338)	—	(340)	340	—
NCI income tax adjustment	—	—	—	—	8	—	8	(8)	—
Net loss	—	—	—	—	—	(245,862)	(245,862)	(45,358)	(291,220)
Balance as of March 31, 2020	<u>87,991,839</u>	<u>\$ 880</u>	<u>16,221,101</u>	<u>\$ 162</u>	<u>\$ 909,812</u>	<u>\$ (224,425)</u>	<u>\$ 686,429</u>	<u>\$ 129,128</u>	<u>\$ 815,557</u>

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

SELECT ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended March 31,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (27,421)	\$ (291,220)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	22,299	26,867
Net loss on disposal of property and equipment and divestitures	579	435
Bad debt expense	300	2,385
Amortization of debt issuance costs	172	172
Inventory write-downs	54	48
Equity-based compensation	1,422	574
Impairment of goodwill and trademark	—	276,016
Impairment and abandonment of property and equipment	—	3,184
Unrealized loss on short-term investment	1,831	—
Other operating items, net	(129)	(47)
Changes in operating assets and liabilities		
Accounts receivable	(11,187)	34,992
Prepaid expenses and other assets	(2,696)	6,633
Accounts payable and accrued liabilities	10,903	(13,328)
Net cash (used in) provided by operating activities	<u>(3,873)</u>	<u>46,711</u>
Cash flows from investing activities		
Proceeds received from divestitures	—	85
Purchase of property and equipment	(4,534)	(11,338)
Purchase of equity method investment	(2,000)	—
Proceeds received from sales of property and equipment	2,316	5,768
Net cash used in investing activities	<u>(4,218)</u>	<u>(5,485)</u>
Cash flows from financing activities		
Payments of finance lease obligations	(75)	(65)
Proceeds from share issuance	14	27
Contributions from noncontrolling interests	—	383
Repurchase of common stock	(874)	(6,636)
Net cash used in financing activities	<u>(935)</u>	<u>(6,291)</u>
Effect of exchange rate changes on cash	8	(61)
Net (decrease) increase in cash and cash equivalents	(9,018)	34,874
Cash and cash equivalents, beginning of period	169,039	79,268
Cash and cash equivalents, end of period	<u>\$ 160,021</u>	<u>\$ 114,142</u>
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 367	\$ 386
Cash refunds received for income taxes, net	\$ (650)	\$ (156)
Supplemental disclosure of noncash investing activities:		
Capital expenditures included in accounts payable and accrued liabilities	<u>\$ 6,490</u>	<u>\$ 6,184</u>

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

SELECT ENERGY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Description of the business: Select Energy Services, Inc. (“we,” “Select Inc.” or “the Company”) was incorporated as a Delaware corporation on November 21, 2016. The Company is a holding company whose sole material asset consists of common units (“SES Holdings LLC Units”) in SES Holdings, LLC (“SES Holdings”).

We are a leading provider of comprehensive water-management and chemical solutions to the oil and gas industry in the U.S. We also develop, manufacture and deliver a full suite of chemical solutions for use in oil and gas well completion and production operations. As a leader in the water solutions industry, we place the utmost importance on safe, environmentally responsible management of oilfield water throughout the lifecycle of a well. Additionally, we believe that responsibly managing water resources through our operations to help conserve and protect the environment in the communities in which we operate is paramount to our continued success.

Rockwater Merger: On November 1, 2017, the Company completed a merger with Rockwater Energy Solutions, Inc. (the “Rockwater Merger”).

Class A and Class B Common Stock: At March 31, 2021, the Company had both Class A and Class B common shares issued and outstanding. Holders of shares of our Class A common stock and Class B common stock are entitled to one vote per share and vote together as a single class on all matters presented to our stockholders for their vote or approval.

Exchange rights: Under the Eighth Amended and Restated Limited Liability Company Agreement of SES Holdings (the “SES Holdings LLC Agreement”), SES Legacy Holdings LLC (“Legacy Owner Holdco”) and its permitted transferees have the right (an “Exchange Right”) to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units for, at SES Holdings’ election, (i) shares of Class A Common Stock at an exchange ratio of one share of Class A Common Stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value (as defined within the SES Holdings LLC Agreement) of such Class A Common Stock. Alternatively, upon the exercise of any Exchange Right, Select Inc. has the right (the “Call Right”) to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A Common Stock the exchanging unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A Common Stock. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or Call Right, the corresponding number of shares of Class B Common Stock will be cancelled.

Basis of presentation: The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). These unaudited interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all disclosures required for financial statements prepared in conformity with GAAP.

This Quarterly Report relates to the three months ended March 31, 2021 (the “Current Quarter”) and the three months ended March 31, 2020 (the “Prior Quarter”). The Company’s Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”) filed with the SEC on February 24, 2021, includes certain definitions and a summary of significant accounting policies and should be read in conjunction with this Quarterly Report. All material adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair statement of the results for the interim periods have been reflected. The results for the Current Quarter may not be indicative of the results to be expected for the full year, in part due to the COVID-19 pandemic and continued progress in the distribution and uptake of remedies such as vaccines.

[Table of Contents](#)

The unaudited interim consolidated financial statements include the accounts of the Company and all of its majority-owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

For investments in subsidiaries that are not wholly owned, but where the Company exercises control, the equity held by the minority owners and their portion of net income or loss are reflected as noncontrolling interests. Investments in entities in which the Company exercises significant influence over operating and financial policies are accounted for using the equity method, and investments in entities for which the Company does not have significant control or influence are accounted for using the cost method or other appropriate basis as applicable. As of March 31, 2021, the Company had one equity method investee and one cost-method investee. The Company also had one investment in notes receivable accounted for using the amortized cost basis and one investment in publicly-traded securities accounted for using the fair value option. The Company's investments are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. When circumstances indicate that the fair value of its investment is less than its carrying value and the reduction in value is other than temporary, the reduction in value is recognized in earnings. Our investments in unconsolidated entities are summarized below:

Type of Investment	Year attained	Accounting method	Balance Sheet Location	(in thousands)	
				March 31, 2021	December 31, 2020
20% minority interest	2011	Cost-method	Other long-term assets, net	\$ 300	\$ 300
Notes receivable	2020	Amortized cost basis	Other long-term assets, net	3,096	3,037
33% minority interest	2021	Equity-method	Other long-term assets, net	2,000	—
Publicly traded securities	2020	Fair value option	Prepaid expenses and other current assets	1,546	3,377

Segment reporting: The Company has three reportable segments. Reportable segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. The Company's current reportable segments are Water Services, Water Infrastructure, and Oilfield Chemicals.

The Water Services segment consists of the Company's services businesses, including water transfer, flowback and well testing, fluids hauling, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals business as well as the Company's industrial solutions business.

The Water Infrastructure segment consists of the Company's infrastructure assets, including operations associated with our water sourcing and pipeline infrastructure, our water recycling solutions and infrastructure, and our produced water gathering systems and saltwater disposal wells, primarily serving E&P companies.

The Oilfield Chemicals segment provides technical solutions and expertise related to chemical applications in the oil and gas industry. We also have significant capabilities in supplying logistics for chemical applications. We develop, manufacture and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing, production, pipelines and well completions. With our broad chemicals product line, combined with our expertise in oilfield chemicals application, we serve pressure pumpers and major integrated and independent U.S. and international oil and gas producers. We further utilize our chemicals experience and lab testing capabilities to customize water treatment solutions tailored to the customer's water quality and other fluid system design objectives.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies: The Company's significant accounting policies are disclosed in Note 2 of the consolidated financial statements for the year ended December 31, 2020, included in the 2020 Form 10-K.

[Table of Contents](#)

Use of estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates, including those related to the recoverability of long-lived assets and intangibles, useful lives used in depreciation and amortization, uncollectible accounts receivable, inventory reserve, income taxes, self-insurance liabilities, share-based compensation, contingent liabilities and the incremental borrowing rate for leases. The Company bases its estimates on historical and other pertinent information that are believed to be reasonable under the circumstances. The accounting estimates used in the preparation of the consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

Allowance for credit losses: The Company's allowance for credit losses relates to trade accounts receivable. The Company treats trade accounts receivable as one portfolio and records an initial allowance calculated as a percentage of revenue recognized based on a combination of historical information and future expectations. Additionally, the Company adjusts this allowance based on specific information in connection with aged receivables. Historically, most bad debt has been incurred where a customer's financial condition significantly deteriorates, which in some cases leads to bankruptcy. The duration and severity of the COVID-19 pandemic and continued market volatility is highly uncertain and, as such, the impact on expected losses is subject to significant judgment and may cause variability in the Company's allowance for credit losses in future periods.

The change in the allowance for credit losses is as follows:

	<u>Three months ended</u> <u>March 31, 2021</u> <u>(in thousands)</u>
Balance at December 31, 2020	\$ 9,157
Increase to allowance based on a percent of revenue	290
Charge-offs	(830)
Balance at March 31, 2021	<u>\$ 8,617</u>

The Company also has a \$3.1 million note receivable resulting from an investment in the fourth quarter of 2020, with no allowance for credit losses as of March 31, 2021. See Note 11 – Related Party Transactions for additional information.

Asset retirement obligations: The Company's asset retirement obligations ("ARO") relate to disposal facilities with obligations for plugging wells, removing surface equipment, and returning land to its pre-drilling condition. The following table describes the changes to the Company's ARO liability for the Current Quarter:

	<u>Three months</u> <u>ended</u> <u>March 31, 2021</u> <u>(in thousands)</u>
Balance at December 31, 2020	\$ 999
Accretion expense, included in depreciation and amortization expense	13
Payments	(121)
Balance at March 31, 2021	<u>\$ 891</u>

We review the adequacy of our ARO liabilities whenever indicators suggest that the estimated cash flows underlying the liabilities have changed. The Company's ARO liabilities are included in accrued expenses and other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets.

[Table of Contents](#)

Lessor Income: During the Current Quarter, the Company had two owned facility leases and multiple facility subleases that are accounted for as follows:

Category	Classification	Three months ended March 31,	
		2021	2020
Lessor income	Costs of revenue	\$ 66	\$ 116
Sublease income	Lease abandonment costs and Costs of revenue	243	401

The Company also generates short-term equipment rental revenue. See Note 3—Revenue for a discussion of revenue recognition for the accommodations and rentals business.

Defined Contribution Plan: During 2020, due to worsening economic conditions, the Company suspended the match of its defined contribution 401(k) Plan and the suspension has continued into the Current Quarter. The Company incurred no match expense in either the Current Quarter or the Prior Quarter.

Payroll Tax Deferral: In 2020, the Company took advantage of the employer payroll tax deferral provision in the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and has deferred the payment of \$6.0 million of payroll taxes as of December 31, 2020. The amounts deferred in 2020 must be repaid half by December 31, 2021, and half by December 31, 2022. The deferral is split evenly between accrued salaries and benefits and other long-term liabilities on the accompanying consolidated balance sheets as of March 31, 2021.

NOTE 3—REVENUE

The Company follows ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for most revenue recognition, which provides a five-step model for determining revenue recognition for arrangements that are within the scope of the standard: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model only to contracts when it is probable that we will collect the consideration the Company is entitled to in exchange for the goods or services the Company transfers to the customer. The accommodations and rentals revenue continues to be guided by ASC 842 – *Leases*, which is discussed further below.

The following factors are applicable to all three of the Company's segments for the first three months of 2021 and 2020, respectively:

- The vast majority of customer agreements are short-term, lasting less than one year.
- Contracts are seldom combined together as virtually all of our customer agreements constitute separate performance obligations. Each job is typically distinct, thereby not interdependent or interrelated with other customer agreements.
- Most contracts allow either party to terminate at any time without substantive penalties. If the customer terminates the contract, the Company is unconditionally entitled to the payments for the services rendered and products delivered to date.
- Contract terminations before the end of the agreement are rare.
- Sales returns are rare and no sales return assets have been recognized on the balance sheet.
- There are minimal volume discounts.
- There are no service-type warranties.
- There is no long-term customer financing.

In the Water Services and Water Infrastructure segments, performance obligations arise in connection with services provided to customers in accordance with contractual terms, in an amount the Company expects to collect. Services are generally sold based upon customer orders or contracts with customers that include fixed or determinable prices. Revenues are generated by services rendered and measured based on output generated, which is usually simultaneously received and consumed by customers at their job sites. As a multi-job site organization, contract terms, including pricing for the Company's services, are negotiated on a job site level on a per-job basis. Most jobs are completed in a short period of time, usually between one day and one month. Revenue is recognized as performance obligations are completed on a daily, hourly or per unit basis with unconditional rights to consideration for services rendered reflected as accounts receivable trade, net of allowance for credit losses. In cases where a prepayment is received before the Company satisfies its performance obligations, a contract liability is recorded in accrued expenses and other current liabilities. Final billings generally occur once all of the proper approvals are obtained. No revenue is associated with mobilization or demobilization of personnel and equipment. Rather, mobilization and demobilization are factored into pricing for services. Billings and costs related to mobilization and demobilization is not material for customer agreements that start in one period and end in another. As of March 31, 2021, the Company had six contracts in place for these segments lasting over one year. The Company has recorded an \$8.2 million contract liability associated with one of the six long-term contracts as of March 31, 2021, recognized in other long-term liabilities in the accompanying balance sheets. The Company expects this contract liability to be converted to revenue under the terms of the contract as it is earned.

[Table of Contents](#)

In the Oilfield Chemicals segment, the typical performance obligation is to provide a specific quantity of chemicals to customers in accordance with the customer agreement in an amount the Company expects to collect. Products and services are generally sold based upon customer orders or contracts with customers that include fixed or determinable prices. Revenue is recognized as the customer takes title to chemical products in accordance with the agreement. Products may be provided to customers in packaging or delivered to the customers' containers through a hose. In some cases, the customer takes title to the chemicals upon consumption from storage containers on their property, where the chemicals are considered inventory until customer usage. In cases where the Company delivers products and recognizes revenue before collecting payment, the Company usually has an unconditional right to payment reflected in accounts receivable trade, net of allowance for credit losses. Customer returns are rare and immaterial and there were no material in-process customer agreements for this segment as of March 31, 2021, lasting greater than one year.

The Company accounts for accommodations and rentals agreements as an operating lease. The Company recognizes revenue from renting equipment on a straight-line basis. Accommodations and rental contract periods are generally daily, weekly or monthly. The average lease term is less than three months and as of March 31, 2021, there were no material rental agreements in effect lasting more than one year. During the Current Quarter and Prior Quarter, approximately \$6.2 million and \$15.2 million of accommodations and rentals revenue was accounted for under ASC 842 lease guidance, with the remainder accounted for under ASC 606 revenue guidance.

The following table sets forth certain financial information with respect to the Company's disaggregation of revenues by geographic location:

Geographic Region	Three months ended March 31,	
	2021	2020
	(in thousands)	
Permian Basin	\$ 71,204	\$ 137,998
Eagle Ford	20,785	35,664
Haynesville/E. Texas	17,265	19,015
Marcellus/Utica	11,667	19,839
Rockies	10,022	18,869
MidCon	8,476	24,873
Bakken	6,903	22,560
Eliminations and other regions	(2,580)	(533)
Total	\$ 143,742	\$ 278,285

In the Water Services segment, the top three revenue-producing regions are the Permian Basin, Eagle Ford and Marcellus/Utica, which collectively comprised 77% and 74% of segment revenue for the Current Quarter and Prior Quarter, respectively. In the Water Infrastructure segment, the top two revenue-producing regions are the Permian Basin and Bakken, which collectively comprised 86% and 87% of segment revenue for the Current Quarter and Prior Quarter, respectively. In the Oilfield Chemicals segment, the top three revenue-producing regions are the Permian Basin, Haynesville/E. Texas and MidCon, which collectively comprised 88% and 81% of segment revenue for the Current Quarter and Prior Quarter, respectively.

NOTE 4—INVENTORIES

Inventories, which are comprised of chemicals and materials available for resale and parts and consumables used in operations, are valued at the lower of cost and net realizable value, with cost determined under the weighted-average method. The significant components of inventory are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	(in thousands)	
Raw materials	\$ 18,869	\$ 16,701
Finished goods	15,541	16,683
Total	<u>\$ 34,410</u>	<u>\$ 33,384</u>

During the Current Quarter and Prior Quarter, the Company recorded charges to the reserve for excess and obsolete inventory for immaterial amounts of \$0.1 million or less, respectively, which were recognized within costs of revenue on the accompanying consolidated statements of operations. The Company's inventory reserve was \$4.1 million as of March 31, 2021 and December 31, 2020. The reserve for excess and obsolete inventories is determined based on the Company's historical usage of inventory on hand, as well as future expectations and the amount necessary to reduce the cost of the inventory to its estimated net realizable value.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation (and amortization of finance lease assets) is calculated on a straight-line basis over the estimated useful life of each asset. Property and equipment consists of the following as of March 31, 2021 and December 31, 2020:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	(in thousands)	
Machinery and equipment	\$ 591,362	\$ 596,441
Buildings and leasehold improvements	92,669	93,236
Pipelines	72,624	72,458
Disposal wells	47,571	48,097
Vehicles and equipment	29,839	30,975
Land	12,803	13,497
Computer equipment and software	6,790	7,127
Office furniture and equipment	888	892
Machinery and equipment - finance lease	537	537
Vehicles and equipment - finance lease	463	475
Computer equipment and software - finance lease	356	356
Construction in progress	14,189	14,811
	<u>870,091</u>	<u>878,902</u>
Less accumulated depreciation ⁽¹⁾	(537,199)	(528,537)
Total property and equipment, net	<u><u>\$ 332,892</u></u>	<u><u>\$ 350,365</u></u>

(1) Includes \$1.1 million of accumulated depreciation related to finance leases as of March 31, 2021 and December 31, 2020.

Total depreciation and amortization expense related to property and equipment and finance leases presented in the table above, as well as amortization of intangible assets presented in Note 6 is as follows:

Category	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
	(in thousands)	
Depreciation expense from property and equipment	\$ 19,587	\$ 23,985
Amortization expense from finance leases	82	77
Amortization expense from intangible assets	2,617	2,993
Accretion expense from asset retirement obligations	13	(188)
Total depreciation and amortization	<u><u>\$ 22,299</u></u>	<u><u>\$ 26,867</u></u>

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the Prior Quarter, the Company determined that certain equipment was obsolete, and recorded a \$3.2 million impairment of property and equipment.

NOTE 6—GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is evaluated for impairment on at least an annual basis, or more frequently if indicators of impairment exist. The annual impairment tests are based on Level 3 inputs (see Note 10 – Fair Value Measurement). During the first quarter of 2020, the Company had triggering events related to the significant adverse change to the demand for the Company’s services in connection with a significant decline in the price of oil and the related global economic impacts resulting from the OPEC+ disputes as well as the COVID-19 pandemic. This included uncertainty regarding oil prices and the length of the recovery following the significant market disruption in the oil and gas industry. Given the volatile market environment at March 31, 2020, the Company utilized third-party valuation advisors to assist with these evaluations. These evaluations included significant judgment, including management’s short-term and long-term forecast of operating performance, discount rates based on our weighted-average cost of capital, revenue growth rates, profitability margins, capital expenditures, the timing of future cash flows based on an eventual recovery of the oil and gas industry, and in the case of long-lived assets, the remaining useful life and service potential of the asset. The Company performed quantitative tests for reporting units in both the Water Services and Water Infrastructure segments using the income and market approaches, resulting in a full impairment to goodwill in both segments totaling \$266.9 million.

The components of other intangible assets, net as of March 31, 2021 and December 31, 2020 are as follows:

	As of March 31, 2021			As of December 31, 2020			
	Gross Value	Accumulated Amortization (in thousands)	Net Value	Gross Value	Impairment	Accumulated Amortization (in thousands)	Net Value
Definite-lived							
Customer relationships	\$ 116,554	\$ (31,568)	\$ 84,986	\$ 116,554	\$ —	\$ (29,302)	\$ 87,252
Patents	9,741	(3,410)	6,331	9,741	—	(3,166)	6,575
Other	7,234	(6,479)	755	7,234	—	(6,373)	861
Total definite-lived	133,529	(41,457)	92,072	133,529	—	(38,841)	94,688
Indefinite-lived							
Water rights	7,031	—	7,031	7,031	—	—	7,031
Trademarks	14,360	—	14,360	23,442	(9,082)	—	14,360
Total indefinite-lived	21,391	—	21,391	30,473	(9,082)	—	21,391
Total other intangible assets, net	\$ 154,920	\$ (41,457)	\$ 113,463	\$ 164,002	\$ (9,082)	\$ (38,841)	\$ 116,079

Due to the triggering events discussed above, the Company also tested indefinite-lived intangible assets for impairment during the first quarter of 2020. These evaluations included significant judgment, including discount rates based on our weighted-average cost of capital and the royalty rate. This resulted in \$9.1 million of impairment to trademarks using the relief from royalty method, which was recorded in the Oilfield Chemicals segment. Further, the Company tested all other long-lived assets for impairment, including definite-lived intangible assets, using an undiscounted test for recoverability at the asset group level which resulted in no additional impairments.

[Table of Contents](#)

The weighted-average amortization period for customer relationships, patents, and other definite-lived assets was 9.4 years, 6.5 years, and 2.5 years, respectively, as of March 31, 2021. See Note 5 for the amortization expense during the Current Quarter and Prior Quarter, respectively. The indefinite-lived water rights and trademarks are generally subject to renewal every five to ten years at immaterial renewal costs. Annual amortization of intangible assets for the next five years and beyond is as follows:

	<u>Amount</u>	
	<u>(in thousands)</u>	
Remainder of 2021	\$	7,850
Year ending December 31, 2022		10,252
Year ending December 31, 2023		10,180
Year ending December 31, 2024		10,111
Year ending December 31, 2025		9,948
Thereafter		43,731
Total	\$	<u>92,072</u>

NOTE 7—DEBT*Credit facility and revolving line of credit*

On November 1, 2017, SES Holdings and Select Energy Services, LLC (“Select LLC”) entered into a \$300.0 million senior secured revolving credit facility (the “Credit Agreement”), by and among SES Holdings, as parent, Select LLC, as borrower and certain of SES Holdings’ subsidiaries, as guarantors, each of the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent, issuing lender and swingline lender (the “Administrative Agent”). The Credit Agreement also has a sublimit of \$40.0 million for letters of credit and a sublimit of \$30.0 million for swingline loans. The maturity date of the Credit Agreement is the earlier of (a) November 1, 2022, and (b) the earlier termination in whole of the Commitments pursuant to Section 2.1(b) of Article VII of the Credit Agreement.

The Credit Agreement permits extensions of credit up to the lesser of \$300.0 million and a borrowing base that is determined by calculating the amount equal to the sum of (i) 85% of the Eligible Billed Receivables (as defined in the Credit Agreement), plus (ii) 75% of Eligible Unbilled Receivables (as defined in the Credit Agreement), provided that this amount will not equal more than 35% of the borrowing base, plus (iii) the lesser of (A) the product of 70% multiplied by the value of Eligible Inventory (as defined in the Credit Agreement) at such time and (B) the product of 85% multiplied by the Net Recovery Percentage (as defined in the Credit Agreement) identified in the most recent Acceptable Appraisal of Inventory (as defined in the Credit Agreement), multiplied by the value of Eligible Inventory at such time, provided that this amount will not equal more than 30% of the borrowing base, minus (iv) the aggregate amount of Reserves (as defined in the Credit Agreement), if any, established by the Administrative Agent from time to time, including, if any, the amount of the Dilution Reserve (as defined in the Credit Agreement). The borrowing base is calculated on a monthly basis pursuant to a borrowing base certificate delivered by Select LLC to the Administrative Agent.

Borrowings under the Credit Agreement bear interest, at Select LLC’s election, at either the (a) one-, two-, three- or six-month LIBOR (“Eurocurrency Rate”) or (b) the greatest of (i) the federal funds rate plus 0.5%, (ii) the one-month Eurocurrency Rate plus 1% and (iii) the Administrative Agent’s prime rate (the “Base Rate”), in each case plus an applicable margin. Interest is payable monthly in arrears. The applicable margin for Eurocurrency Rate loans ranges from 1.50% to 2.00% and the applicable margin for Base Rate loans ranges from 0.50% to 1.00%, in each case, depending on Select LLC’s average excess availability under the Credit Agreement. During the continuance of a bankruptcy event of default, automatically and during the continuance of any other default, upon the Administrative Agent’s or the required lenders’ election, all outstanding amounts under the Credit Agreement will bear interest at 2.00% plus the otherwise applicable interest rate.

<u>Level</u>	<u>Average Excess Availability</u>	<u>Base Rate Margin</u>	<u>Eurocurrency Rate Margin</u>
I	< 33% of the commitments	1.00%	2.00%
II	< 66.67% of the commitments and ≥ 33.33% of the commitments	0.75%	1.75%
III	≥ 66.67% of the commitments	0.50%	1.50%

<u>Level</u>	<u>Average Revolver Usage</u>	<u>Unused Line Fee Percentage</u>
I	≥ 50% of the commitments	0.250%
II	< 50% of the commitments	0.375%

The obligations under the Credit Agreement are guaranteed by SES Holdings and certain subsidiaries of SES Holdings and Select LLC and secured by a security interest in substantially all of the personal property assets of SES Holdings, Select LLC and their domestic subsidiaries.

The Credit Agreement contains certain customary representations and warranties, affirmative and negative covenants and events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Credit Agreement to be immediately due and payable.

[Table of Contents](#)

In addition, the Credit Agreement restricts SES Holdings' and Select LLC's ability to make distributions on, or redeem or repurchase, its equity interests, except for certain distributions, including distributions of cash so long as, both at the time of the distribution and after giving effect to the distribution, no default exists under the Credit Agreement and either (a) excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 25% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$37.5 million or (b) if SES Holdings' fixed charge coverage ratio is at least 1.0 to 1.0 on a pro forma basis, and excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 20% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$30.0 million. Additionally, the Credit Agreement generally permits Select LLC to make distributions to allow Select Inc. to make payments required under the existing Tax Receivable Agreements. See "Note 11—Related-Party Transactions" for further discussion of the Tax Receivable Agreements.

The Credit Agreement also requires SES Holdings to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 at any time availability under the Credit Agreement is less than the greater of (i) 10% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million and continuing through and including the first day after such time that availability under the Credit Agreement has equaled or exceeded the greater of (i) 10% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million for 60 consecutive calendar days.

Certain lenders party to the Credit Agreement and their respective affiliates have from time to time performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for the Company and its affiliates in the ordinary course of business for which they have received and would receive customary compensation. In addition, in the ordinary course of their various business activities, such parties and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investments and securities activities may involve the Company's securities and/or instruments.

The Company had no borrowings outstanding under the Credit Agreement as of March 31, 2021 and December 31, 2020. As of March 31, 2021 and December 31, 2020, the borrowing base under the Credit Agreement was \$117.8 million and \$96.4 million, respectively. The borrowing capacity under the Credit Agreement was reduced by outstanding letters of credit of \$15.6 million as of March 31, 2021 and December 31, 2020, respectively. The Company's letters of credit have a variable interest rate between 1.50% and 2.00% based on the Company's average excess availability as outlined above. The unused portion of the available borrowings under the Credit Agreement was \$102.2 million as of March 31, 2021.

Debt issuance costs are amortized to interest expense over the life of the debt to which they pertain. Total unamortized debt issuance costs as of March 31, 2021 and December 31, 2020, were \$1.1 million and \$1.3 million, respectively. As these debt issuance costs relate to a revolving line of credit, they are presented as a deferred charge within other assets on the consolidated balance sheets. Amortization expense related to debt issuance costs was \$0.2 million for both the Current Quarter and Prior Quarter.

The Company was in compliance with all debt covenants as of March 31, 2021.

NOTE 8—COMMITMENTS AND CONTINGENCIES

Litigation

The Company is subject to a number of lawsuits and claims arising out of the normal conduct of its business. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. Based on a consideration of all relevant facts and circumstances, including applicable insurance coverage, it is not expected that the ultimate outcome of any currently pending lawsuits or claims against the Company will have a material adverse effect on its consolidated financial position, results of operations or cash flows; however, there can be no assurance as to the ultimate outcome of these matters.

As previously disclosed, certain subsidiaries acquired in the Rockwater Merger are under investigation by the U.S. Attorney's Office for the Middle District of Pennsylvania and the U.S. Environmental Protection Agency ("EPA"). It is alleged that certain employees at some of the facilities altered emissions controls systems on less than 5% of the vehicles in the fleet in violation of the Clean Air Act. The Company is continuing to cooperate with the relevant authorities to resolve the matter, and while at this time no administrative, civil or criminal charges have been brought against the Company, the Company accrued \$4.3 million related to the settlement of this investigation and made payments of \$1.7 million related to this accrual during 2020. The Company does not believe that the ultimate resolution of this matter will be material to the Company's financial statements. See Note 16 – Subsequent Events for additional information.

In February 2021, the Company, and certain subsidiaries, received Notices of Proposed Debarment ("Notices") from the EPA's Suspension and Debarment Official ("SDO"). The Notices propose a debarment from participation in future federal contracts, non-procurement covered transactions such as grants, and other assistance activities, and would render the Company ineligible to receive any federal contracts or approved subcontracts in excess of \$35,000 or to act as an agent or representative on behalf of another in such transaction, or receive certain federal benefits. Please see Item 1A – Risk Factors in this Form 10-Q.

Self-Insured Reserves

We are self-insured up to certain retention limits with respect to workers' compensation, general liability and vehicle liability matters and health insurance. We maintain accruals for self-insurance retentions that we estimate using third-party data and claims history.

NOTE 9—EQUITY-BASED COMPENSATION

The SES Holdings 2011 Equity Incentive Plan, (“2011 Plan”) was approved by the board of managers of SES Holdings in April 2011. In conjunction with the private placement of 16,100,000 shares of the Company’s Class A Common Stock on December 20, 2016 (the “Select 144A Offering”), the Company adopted the Select Energy Services, Inc. 2016 Equity Incentive Plan (as amended, the “2016 Plan”) for employees, consultants and directors of the Company and its affiliates. Options that were outstanding under the 2011 Plan immediately prior to the Select 144A Offering were cancelled in exchange for new options granted under the 2016 Plan. On May 8, 2020, the Company’s stockholders approved an amendment to the 2016 Plan to increase the number of shares of the Company’s Class A common stock that may be issued under the 2016 Plan by 4,000,000 shares and to make certain other administrative changes. The 2016 Plan includes share recycling provisions that allow shares subject to an award that expires or is cancelled, forfeited or otherwise terminated without actual delivery of the underlying shares of Class A common stock to be considered not delivered and thus available to be granted as new awards under the 2016 Plan.

Currently, the maximum number of shares reserved for issuance under the 2016 Plan is approximately 13.3 million shares, with approximately 3.4 million shares available to be issued as of March 31, 2021. For all share-based compensation award types, the Company accounts for forfeitures as they occur.

Stock option awards

Stock options were granted with an exercise price equal to or greater than the fair market value of a share of Class A Common Stock as of the date of grant. The Company utilized the Monte Carlo option pricing model to determine fair value of the options granted during 2018, which incorporates assumptions to value equity-based awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The expected life of the options was based on the vesting period and term of the options awarded, which is ten years.

A summary of the Company’s stock option activity and related information as of and for the Current Quarter is as follows:

	For the three months ended March 31, 2021			
	Stock Options	Weighted-average Exercise Price	Weighted-average Grant Date Value Term (Years)	Aggregate Intrinsic Value (in thousands) ^(a)
Beginning balance, outstanding	3,519,159	\$ 16.11	3.3	\$ —
Expired	(1,246,718)	14.28		
Ending balance, outstanding	2,272,441	\$ 17.11	4.8	\$ —
Ending balance, exercisable	2,272,441	\$ 17.11	4.8	\$ —
Nonvested at March 31, 2021	—	\$ —		

(a) Aggregate intrinsic value for stock options is based on the difference between the exercise price of the stock options and the quoted closing Class A Common Stock price of \$4.98 and \$4.10 as of March 31, 2021 and December 31, 2020, respectively.

The Company recognized a nominal amount and \$0.2 million of compensation expense related to stock options during the Current Quarter and Prior Quarter, respectively. As of March 31, 2021, all equity-based compensation expense related to stock options had been recognized.

Restricted Stock Awards

The value of the restricted stock awards granted was established by the market price of the Class A Common Stock on the date of grant and is recorded as compensation expense ratably over the vesting term, which is generally one to three years from the applicable date of grant. The Company recognized compensation expense of \$1.0 million and

[Table of Contents](#)

\$1.9 million related to the restricted stock awards for the Current Quarter and Prior Quarter, respectively. As of March 31, 2021, there was \$13.6 million of unrecognized compensation expense with a weighted-average remaining life of 2.4 years related to unvested restricted stock awards.

A summary of the Company's restricted stock awards activity and related information for the Current Quarter is as follows:

	For the three months ended March 31, 2021	
	Restricted Stock Awards	Weighted-average Grant Date Fair Value
Nonvested at December 31, 2020	2,003,072	\$ 6.97
Granted	1,487,448	6.31
Vested	(484,816)	8.71
Forfeited	(301,395)	6.38
Nonvested at March 31, 2021	2,704,309	\$ 6.36

Performance Share Units (PSUs)

During 2018 and 2019, the Company approved grants of performance share units ("PSUs") that are subject to both performance-based and service-based vesting provisions. The number of shares of Class A Common Stock issued to a recipient upon vesting of the PSU will be calculated based on performance against certain metrics that relate to the Company's return on asset performance over the January 1, 2018 through December 31, 2020, and January 1, 2019 through December 31, 2021 performance periods, respectively.

The target number of shares of Class A Common Stock subject to each PSU granted in 2018 and 2019 is one; however, based on the achievement of performance criteria, the number of shares of Class A Common Stock that may be received in settlement of each PSU can range from zero to 1.75 times the target number. The PSUs become earned at the end of the performance period after the attainment of the performance level has been certified by the compensation committee, which will be no later than June 30, 2021 for the 2018 PSU grants, and June 30, 2022 for the 2019 PSU grants, assuming the minimum performance metrics are achieved. The target PSUs that become earned PSUs during the performance period will be determined in accordance with the following table:

Return on Assets at Performance Period End Date	Percentage of Target PSUs Earned
Less than 9.6%	0%
9.6%	50%
12%	100%
14.4%	175%

All PSUs granted in 2018 did not achieve the performance-based vesting conditions and were forfeited. Also, during 2020, the Company revised the estimates for the PSUs granted in 2019, which are not expected to achieve the performance-based vesting conditions.

During 2020 and 2021, the Company approved grants of PSUs that are subject to both performance-based and service-based vesting provisions related to (i) return on asset performance ("ROA") in comparison to thirteen peer companies and (ii) Adjusted Free Cash Flow ("FCF") performance percentage. The number of shares of Class A Common Stock issued to a recipient upon vesting of the PSUs will be calculated based on ROA and FCF performance over the applicable period from either January 1, 2020 through December 31, 2022 or January 1, 2021 through December 31, 2023.

The target number of shares of Class A Common Stock subject to each PSU granted in 2020 and 2021 is one; however, based on the achievement of performance criteria, the number of shares of Class A Common Stock that may be received in settlement of each PSU can range from zero to 1.75 times the target number. The PSUs become earned at the end of the performance period after the attainment of the performance level has been certified by the compensation

[Table of Contents](#)

committee, which will be no later than June 30, 2023 for the 2020 PSU grants and June 30, 2024 for the 2021 PSU grants, assuming the applicable minimum performance metrics are achieved.

The target PSUs granted in 2020 that become earned connected with the ROA in comparison to other companies will be determined based on the Company's Average Return on Assets (as defined in the applicable PSU agreement) relative to the Average Return on Assets of the peer companies (as defined in the applicable PSU agreement) in accordance with the following table, but only if the Company's Average Return on Assets is equal to or greater than 5% during the performance period. The target PSUs granted in 2021 removed the 5% minimum ROA for the Company and added that the Company must have a positive Total Shareholder Return (as defined in the applicable PSU agreement) over the performance period. As a result of this market condition being added, the 2021 PSUs will be valued each reporting period utilizing a Black-Scholes model.

Ranking Among Peer Group	Percentage of Target Amount Earned
Outside of Top 10	0%
Top 10	50%
Top 7	100%
Top 3	175%

The target PSUs that become earned in connection with the adjusted FCF performance percentage will be determined (as defined in the applicable PSU agreement) in accordance with the following table:

Adjusted FCF Performance Percentage	Percentage of Target Amount Earned
Less than 70%	0%
70%	50%
100%	100%
130%	175%

The fair value on the date the PSUs were granted during 2021, 2020, and 2019 was \$4.2 million, \$4.4 million, \$7.0 million, respectively. Compensation expense related to the PSUs is determined by multiplying the number of shares of Class A Common Stock underlying such awards that, based on the Company's estimate, are probable to vest by the measurement-date (i.e., the last day of each reporting period date) fair value and recognized using the accelerated attribution method. The Company recognized compensation expense of \$0.4 million and a credit to compensation expense of \$1.4 million related to the PSUs for the Current Quarter and Prior Quarter, respectively.

As of March 31, 2021, the unrecognized compensation cost related to our unvested PSUs is estimated to be \$4.7 million and is expected to be recognized over a weighted-average period of 2.3 years. However, this compensation cost will be adjusted as appropriate throughout the applicable performance periods.

The following table summarizes the information about the performance share units outstanding as of March 31, 2021:

	Performance Share Units
Nonvested as of December 31, 2020	1,763,909
Target shares granted	613,842
Target shares forfeited	(242,087)
Target shares outstanding as of March 31, 2021	<u>2,135,664</u>

Employee Stock Purchase Plan (ESPP)

The Company has an Employee Stock Purchase Plan ("ESPP") under which employees that have been continuously employed for at least one year may purchase shares of Class A Common Stock at a discount. The plan provides for four offering periods for purchases: December 1 through February 28, March 1 through May 31, June 1

[Table of Contents](#)

through August 31 and September 1 through November 30. At the end of each offering period, enrolled employees purchase shares of Class A Common Stock at a price equal to 95% of the market value of the stock on the last day of such offering period. The purchases are made at the end of an offering period with funds accumulated through payroll deductions over the course of the offering period. Subject to limitations set forth in the plan and under IRS regulations, eligible employees may elect to contribute a maximum of \$15,000 to the plan in a single calendar year. The plan is deemed to be noncompensatory.

The following table summarizes ESPP activity (in thousands, except shares):

	For the three months ended March 31, 2021	
Cash received for shares issued	\$	14
Shares issued		2,145

Share Repurchases

During the Current Quarter, the Company repurchased 144,078 shares of Class A Common Stock in connection with employee minimum tax withholding requirements for units vested under the 2016 Plan. All repurchased shares were retired. During the Current Quarter, the repurchases were accounted for as a decrease to paid-in-capital of \$0.9 million and a decrease to Class A Common Stock of approximately \$1,400. In the Prior Quarter, the Company repurchased 849,711 shares in the open market and repurchased 129,680 shares in connection with employee minimum tax withholding requirements.

NOTE 10—FAIR VALUE MEASUREMENT

The Company utilizes fair value measurements to measure assets and liabilities in a business combination or assess impairment and abandonment of property and equipment, intangible assets and goodwill. Fair value is defined as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in an orderly transaction between market participants at the measurement date. Further, ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and includes certain disclosure requirements. Fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk.

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1—Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2—Quoted prices for similar assets or liabilities in non-active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs that are unobservable and significant to the fair value measurement (including the Company’s own assumptions in determining fair value).

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers into, or out of, the three levels of the fair value hierarchy for the three months ended March 31, 2021 or the year ended December 31, 2020.

The following table presents information about the Company’s assets measured at fair value on a recurring and non-recurring basis as of March 31, 2021:

	Frequency	Measurement Date	Fair Value Measurements Using			Carrying Value ⁽¹⁾	Impairment
			Level 1	Level 2	Level 3		
(in thousands)							
<i>Quarter Ended March 31, 2021</i>							
Investments	Recurring	March 31	1,546	—	—	1,546	—

(1) Amount represents carrying value at the date of assessment.

Other fair value considerations

The carrying values of the Company’s current financial instruments, which include cash and cash equivalents, accounts receivable trade and accounts payable, approximate their fair value as of March 31, 2021 and December 31, 2020, due to the short-term maturity of these instruments. The Company did not have any bank debt as of March 31, 2021 or December 31, 2020. The estimated fair values of the Company’s financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

Nonmonetary transaction: During the third quarter of 2020, the Company had a nonmonetary exchange with a customer whereby the customer settled a \$1.6 million accounts receivable balance using its restricted common stock, warrants and other privately traded securities. The Company uses the fair value option to account for this investment with the fair value derived from quoted active market pricing of the unrestricted, publicly-traded equity. The Company

[Table of Contents](#)

chose the fair value option because it represents the period-end value of the securities, which the Company has the ability to sell. The Company recorded a \$1.8 million unrealized loss on the nonmonetary exchange during the Current Quarter based on the value of the equity at March 31, 2021, recognized within other (expense) income, net on the accompanying consolidated statements of operations. The \$1.5 million of common stock and related securities was included in prepaid expenses and other current assets on the accompanying consolidated balance sheets as of March 31, 2021.

NOTE 11—RELATED-PARTY TRANSACTIONS

The Company considers its related parties to be those stockholders who are beneficial owners of more than 5.0% of its common stock, executive officers, members of its board of directors or immediate family members of any of the foregoing persons, an investment in a company that is significantly influenced by a related party, and cost-method and equity-method investees. The Company has entered into a number of transactions with related parties. In accordance with the Company's related persons transactions policy, the audit committee of the Company's board of directors regularly reviews these transactions. However, the Company's results of operations may have been different if these transactions were conducted with non-related parties.

During the Current Quarter, sales to related parties were \$0.3 million and purchases from related-party vendors were \$1.1 million. These purchases consisted of \$0.9 million relating to the rental of certain equipment or other services used in operations and \$0.2 million relating to management, consulting and other services.

During the Prior Quarter, sales to related parties were \$2.4 million and purchases from related-party vendors were \$4.2 million. These purchases consisted of \$3.7 million relating to the rental of certain equipment or other services used in operations, \$0.2 million relating to purchases of property and equipment, \$0.2 million relating to management, consulting and other services and \$0.1 million relating to inventory and consumables.

Tax Receivable Agreements

In connection with the Select 144A Offering, the Company entered into the Tax Receivable Agreements with the TRA Holders.

The first of the Tax Receivable Agreements, which the Company entered into with Legacy Owner Holdco and Crestview Partners II GP, L.P. ("Crestview GP"), generally provides for the payment by the Company to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that the Company actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or is deemed to realize in certain circumstances in periods after the Select 144A Offering as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of the Company's acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's SES Holdings LLC Units in connection with the Select 144A Offering or pursuant to the exercise of the Exchange Right or the Company's Call Right and (ii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under such Tax Receivable Agreement.

The second of the Tax Receivable Agreements, which the Company entered into with an affiliate of certain Legacy Owners and Crestview GP, generally provides for the payment by the Company to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that the Company actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or is deemed to realize in certain circumstances in periods after the Select 144A Offering as a result of, as applicable to each such TRA Holder, (i) any net operating losses available to the Company as a result of certain reorganization transactions entered into in connection with the Select 144A Offering and (ii) imputed interest deemed to be paid by the Company as a result of any payments the Company makes under such Tax Receivable Agreement.

[Table of Contents](#)

The Company has not recognized a liability associated with the Tax Receivable Agreements as of March 31, 2021 or December 31, 2020.

NOTE 12—INCOME TAXES

The Company's income tax information is presented in the table below. The effective tax rate is different than the 21% standard Federal rate due to net income allocated to noncontrolling interests, state income taxes and valuation allowances.

	Three months ended March 31,	
	2021	2020
	(in thousands)	
Current income tax benefit	\$ (197)	\$ (72)
Deferred income tax benefit	(66)	(92)
Total income tax benefit	\$ (263)	\$ (164)
Effective Tax Rate	1.0%	0.1%

On March 27, 2020, the CARES Act was enacted. The CARES Act includes, among other things, certain income tax provisions for businesses. The Company recognized an income tax benefit of \$0.4 million during the Prior Quarter, as a result of the net operating loss carryback and interest expense limitation provisions of the CARES Act.

NOTE 13—NONCONTROLLING INTERESTS

The Company's noncontrolling interests fall into two categories as follows:

- Noncontrolling interests attributable to joint ventures formed for water-related services.
- Noncontrolling interests attributable to holders of Class B Common Stock.

	<u>As of</u> <u>March 31, 2021</u>	<u>As of</u> <u>December 31, 2020</u>
	<u>(in thousands)</u>	
Noncontrolling interests attributable to joint ventures formed for water-related services	\$ 1,080	\$ 2,002
Noncontrolling interests attributable to holders of Class B Common Stock	105,494	110,819
Total noncontrolling interests	\$ 106,574	\$ 112,821

During the Current Quarter, the Company dissolved one of its water-related services joint ventures and increased its ownership interest in another joint venture, which combined eliminated \$0.9 million of noncontrolling interest. During the Prior Quarter, there were no changes to Select's ownership interest in joint ventures formed for water-related services. Additionally, for all periods presented, there were changes in Select's ownership interest in SES Holdings LLC. The effects of the changes in Select's ownership interest in SES Holdings LLC are as follows:

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>	
Net loss attributable to Select Energy Services, Inc.	\$ (23,107)	\$ (245,862)
Transfers from (to) noncontrolling interests:		
Increase in additional paid-in capital as a result of restricted stock issuance, net of forfeitures	1,226	1,831
Increase in additional paid-in capital as a result of issuance of common stock due to vesting of restricted stock units	—	1
Decrease in additional paid-in capital as a result of the repurchase of SES Holdings LLC Units	(15)	(603)
Increase in additional paid-in capital as a result of the Employee Stock Purchase Plan shares issued	—	3
Change to equity from net loss attributable to Select Energy Services, Inc. and transfers from noncontrolling interests	\$ (21,896)	\$ (244,630)

NOTE 14—LOSS PER SHARE

Loss per share are based on the amount of loss allocated to the stockholders and the weighted-average number of shares outstanding during the period for each class of common stock. Outstanding options to purchase 2,272,441 and 3,777,228 shares of Class A Common Stock are not included in the calculation of diluted weighted-average shares outstanding for the Current Quarter and Prior Quarter, respectively, as the effect is antidilutive.

The following tables present the Company's calculation of basic and diluted loss per share for the Current and Prior Quarter (dollars in thousands, except share and per share amounts):

	Three months ended March 31, 2021			Three months ended March 31, 2020		
	Select Energy Services, Inc.	Class A	Class B	Select Energy Services, Inc.	Class A	Class B
Numerator:						
Net loss	\$ (27,421)			\$ (291,220)		
Net loss attributable to noncontrolling interests	4,314			45,358		
Net loss attributable to Select Energy Services, Inc. — basic	\$ (23,107)	\$ (23,107)	\$ —	\$ (245,862)	\$ (245,862)	\$ —
Net loss attributable to Select Energy Services, Inc. — diluted	\$ (23,107)	\$ (23,107)	\$ —	\$ (245,862)	\$ (245,862)	\$ —
Denominator:						
Weighted-average shares of common stock outstanding — basic		84,989,945	16,221,101		86,104,925	16,221,101
Weighted-average shares of common stock outstanding — diluted		84,989,945	16,221,101		86,104,925	16,221,101
Loss per share:						
Basic	\$ (0.27)	\$ —	\$ —	\$ (2.86)	\$ —	\$ —
Diluted	\$ (0.27)	\$ —	\$ —	\$ (2.86)	\$ —	\$ —

NOTE 15—SEGMENT INFORMATION

Select Inc. is a leading provider of comprehensive water-management and chemical solutions to the oil and gas industry in the U.S. The Company’s services are offered through three reportable segments. Reportable segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the CODM in deciding how to allocate resources and assess performance. The Company’s CODM assesses performance and allocates resources on the basis of the three reportable segments. Corporate and other expenses that do not individually meet the criteria for segment reporting are reported separately as Corporate or Other.

The Company’s CODM assesses performance and allocates resources on the basis of the following three reportable segments:

Water Services — The Water Services segment consists of the Company’s services businesses, including water transfer, flowback and well testing, fluids hauling, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals business as well as the Company’s industrial solutions business.

Water Infrastructure — The Water Infrastructure segment consists of the Company’s infrastructure assets, including operations associated with our water sourcing and pipeline infrastructure, our water recycling solutions and infrastructure, and our produced water gathering systems and saltwater disposal wells, primarily serving E&P companies.

Oilfield Chemicals — The Oilfield Chemicals segment provides technical solutions and expertise related to chemical applications in the oil and gas industry. We also have significant capabilities in supplying logistics for chemical applications. We develop, manufacture and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing, production, pipelines and well completions. Given the breadth of chemicals and application expertise we provide, our customers range from pressure pumpers to major integrated and independent U.S. and international oil and gas producers. This segment also utilizes its chemical experience and lab testing capabilities to customize tailored water treatment solutions designed to optimize the fracturing fluid system in conjunction with the quality of water used in well completions.

Financial information by segment for the Current and Prior Quarter is as follows:

	For the three months ended March 31, 2021			
	Revenue	(Loss) Income before taxes	Depreciation and Amortization	Capital Expenditures
	(in thousands)			
Water Services	\$ 66,717	\$ (13,310)	\$ 13,054	\$ 269
Water Infrastructure	37,805	1,657	6,255	4,460
Oilfield Chemicals	41,812	(1,477)	2,340	561
Other	—	(13)	—	1
Eliminations	(2,592)	—	—	—
Loss from operations		(13,143)		
Corporate	—	(11,901)	650	—
Interest expense, net	—	(435)	—	—
Other expense, net	—	(2,205)	—	—
	<u>\$ 143,742</u>	<u>\$ (27,684)</u>	<u>\$ 22,299</u>	<u>\$ 5,291</u>

[Table of Contents](#)

	For the three months ended March 31, 2020			
	Revenue	(Loss) Income before taxes	Depreciation and Amortization	Capital Expenditures
	(in thousands)			
Water Services	\$ 150,152	\$ (195,900)	\$ 17,156	\$ 1,267
Water Infrastructure	57,884	(82,077)	7,028	2,568
Oilfield Chemicals	71,028	(2,896)	1,998	2,890
Other	—	25	—	325
Eliminations	(779)	—	—	—
Loss from operations		(280,848)		
Corporate	—	(9,983)	685	—
Interest expense, net	—	(331)	—	—
Other expense, net	—	(222)	—	—
	<u>\$ 278,285</u>	<u>\$ (291,384)</u>	<u>\$ 26,867</u>	<u>\$ 7,050</u>

Total assets by segment as of March 31, 2021 and December 31, 2020, is as follows:

	As of	As of
	March 31, 2021	December 31, 2020
	(in thousands)	
Water Services	\$ 494,495	\$ 515,856
Water Infrastructure	206,825	204,995
Oilfield Chemicals	151,078	147,612
Other	6,260	6,896
	<u>\$ 858,658</u>	<u>\$ 875,359</u>

NOTE 16—SUBSEQUENT EVENTS

On April 20, 2021, an entity acquired in the Rockwater Merger formally pled guilty to violations of the Clean Air Act that occurred prior to the Rockwater Merger and entered a plea agreement before the U.S. District Court for the Middle District of Pennsylvania. Entry into this plea agreement has resolved the government's prosecution related to Rockwater's altering emissions controls systems on less than 5% of the vehicles in the fleet. The Company made final payments in April totaling \$2.6 million, which was the amount accrued as of both March 31, 2021 and December 31, 2020, and did not incur additional monetary penalties or fines. The total amount paid in settlement of this matter was \$4.3 million.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report, as well as the historical consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on February 24, 2021 (our “2020 Form 10-K”). This discussion and analysis contains forward-looking statements based upon our current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors as described under “Cautionary Note Regarding Forward-Looking Statements” and other cautionary statements described under the heading “Risk Factors” included in our 2020 Form 10-K and this Quarterly Report on Form 10-Q. We assume no obligation to update any of these forward-looking statements.

This discussion relates to the three months ended March 31, 2021 (the “Current Quarter”) and the three months ended March 31, 2020 (the “Prior Quarter”).

Overview

We are a leading provider of comprehensive water-management and chemical solutions to the oil and gas industry in the United States (“U.S.”). We also develop, manufacture and deliver a full suite of chemical products for use in oil and gas well completion and production operations. As a leader in the water solutions industry, we place the utmost importance on safe, environmentally responsible management of oilfield water throughout the lifecycle of a well. Additionally, we believe that responsibly managing water resources through our operations to help conserve and protect the environment in the communities in which we operate is paramount to our continued success.

In many regions of the country, there has been growing concern about the volumes of water required for new oil and gas well completions. Working with our customers and local communities, we strive to be an industry leader in the development of cost-effective alternatives to fresh water. Specifically, we offer services that enable our exploration and production (“E&P”) customers to treat and reuse produced water, thereby reducing the demand for fresh water while also reducing the volumes of saltwater that must be disposed by injection. In many areas, we have also acquired sources of non-potable water, such as brackish water or municipal or industrial effluent. Through our expertise in chemical technologies and our FluidMatch™ design solutions, we provide water profiling and fluid assessment services for our customers to support the optimization of their fluid systems, enabling the economic use of these alternative sources. We also work with our E&P customers to reduce the environmental footprint of their operations through the use of temporary hose and permanent pipeline systems, which are supported by extensive monitoring and automation technology solutions that provide safer and more efficient water resource management. These solutions significantly reduce the demand for trucking operations, thereby reducing diesel exhaust emissions, increasing safety and decreasing traffic congestion in nearby communities.

Environmental Consciousness

We are one of the few large public oilfield services companies whose primary focus is on the management of water and water logistics in the oil and gas industry. Accordingly, the importance of responsibly managing water resources through both our operations and recycling efforts to help conserve water and protect the environment is paramount to our continued success. We view our unique position as an opportunity to transform water management by leveraging our oilfield chemicals business to develop produced water management solutions that increase our customers’ ability to reuse this produced water and add value to their operations. As for management of water logistics, our Company was founded with a focus on water transfer through temporary and permanent pipeline, which substantially reduces the industry’s use of traditional trucking services for water transfer operations, thereby significantly reducing emissions generated by semi-trucks moving water and reducing the level of truck traffic on the roads in the areas in which we operate. We estimate that we eliminate over 3,800 truckloads that would have been necessary to deliver water during a single well completion job using our temporary and permanent pipeline. We estimate that in 2020 alone, Select

[Table of Contents](#)

reduced CO2 emissions by more than 48,000 metric tons by displacing 1.6 million truckloads from the roads. We also work diligently to implement “green” initiatives when possible that reduce our environmental footprint. For example, we continue to reduce emissions through efficiency gains from our investments in automation technology and are deploying specialized flowback and production technology dedicated to capturing and reducing methane emissions on-site. Additionally, we already deploy solar power on the majority of our automation fleet, and we continue to look for ways to build solutions to replace diesel with natural gas, electric or solar powered solutions.

Separate from our water solutions business, our oilfield chemicals business utilizes environmentally-conscious chemistry when possible, such as using non-detectable solvents, replacing nonylphenol ethoxylates with alcohol ethoxylates, and replacing crude oil-derived raw materials with cleaner, natural gas derived materials. The chemistries we have developed allow for extended use of produced water and the reuse of produced water without the need for extensive reconditioning measures. We have made significant changes in our operations to improve our water management and chemical solutions to support environmental protection, and while we are proud of what we have accomplished, we are constantly striving to improve in these areas. We regularly interact with local, state, and federal governments in order to promote compliance with applicable laws and regulations, and we aim to develop partnerships with officials to enhance the responsible use of natural resources as oil and gas development matures.

Recent Developments

We believe the ongoing effects of the COVID-19 pandemic on our operations have had a material negative impact on our financial results, and while vaccine deployment is rapidly underway, such negative impact may continue well beyond the containment of the pandemic until economies, associated oil demand and resulting oilfield activity improves. While we have seen activity improve considerably since the low points experienced in 2020, there remains uncertainty, and we believe global oil demand is expected to remain challenged at least until the COVID-19 pandemic can be contained globally, and any material increases to oil supply in the near-term could challenge oil prices and subsequently the activity levels of our customers and the resulting demand for our services. We cannot provide assurance that our assumptions used to estimate our future financial results will be correct given the unpredictable nature of the current market environment after the rapid decline in the demand for oil and demand for our services. As a consequence, our ability to accurately forecast our activity and profitability is uncertain.

The magnitude and ultimate duration of the COVID-19 pandemic is also uncertain. Therefore, we cannot estimate the impact on our business, financial condition or near- or longer-term financial or operational results with certainty. During 2020, we took actions to protect our balance sheet and maintain our liquidity, including significantly decreasing our operating expenses by reducing headcount, reducing salaries and director compensation, closing yard locations, idling facilities, reducing third-party expenses and streamlining operations, as well as reducing capital expenditures. We also deferred employer payroll tax payments in accordance with the provisions of the CARES Act, and may take advantage of future legislation passed by the U.S. Congress in response to the COVID-19 pandemic. In this environment, the Company has planned for a range of scenarios and has taken a number of actions. To protect our workforce during the COVID-19 pandemic, we have taken steps to support our people who are affected by the virus, manage work-from-home scheduling as appropriate, limit on-site visitors, and monitor and consistently communicate with those who are required to be at a work location, while also providing these employees with additional personal protective equipment.

Based on our current cash and cash equivalents balance, operating cash flow, available borrowings under our Credit Agreement and the ongoing actions discussed above, we believe that we will be able to maintain sufficient liquidity to satisfy our obligations and remain in compliance with our existing debt covenants through the next twelve months, prior to giving effect to any future financing that may occur.

As a result of reduced production and economic recovery in much of the world, oil and gas prices improved in the Current Quarter. During the Current Quarter, the average spot price of West Texas Intermediate (“WTI”) crude oil was \$58.09 versus an average price of \$45.34 for the Prior Quarter. The average Henry Hub natural gas spot price during the Current Quarter, was \$3.56 versus an average of \$1.91 for the Prior Quarter.

Many of our customers have also pledged to prioritize managing their capital spending to within cash flow from operations and increase debt repayment and/or returns of capital to investors. Additionally, consolidation among our customers and decreases in our customers' capital budgeting can disrupt our market in the near term and the resulting demand for our services. Recent market conditions have resulted in a number of consolidation, restructuring and bankruptcy activities in the industry. While the broader capital markets have recovered considerably, recent market conditions combined with current investor sentiment may make it challenging for additional distressed oil and gas companies, specifically, to resolve their debt covenant and liquidity challenges in the near-term, potentially resulting in a number of restructuring activities, including bankruptcies, in the industry. While we see no immediate need for additional capital given our liquidity position, this difficulty in accessing capital markets may negatively impact some of our highly leveraged customers and competitors.

Outside of the macroeconomic challenges, from an operational standpoint, many of the recent trends still apply to ongoing unconventional oil and gas development. For example, while we believe leading-edge lateral lengths and proppant use are plateauing, the average operator continues to catch up to this leading edge. The continued trend towards multi-well pad development, executed within a limited time frame, has increased the overall complexity of well completions, while increasing frac efficiency and the use of lower-cost in-basin sand has decreased total costs for our customers. However, we note the continued efficiency gains in the well completions process can limit the days we spend on the wellsite and therefore, negatively impact the total revenue opportunity for certain of our services utilizing day-rate pricing models.

This multi-well pad development, combined with recent upstream acreage consolidation and the emerging trends around the reuse applications of produced water, particularly in the Permian Basin, however, provides significant opportunity for companies like us that can deliver increasingly complex solutions for our E&P customers across the full completion and production lifecycle of wells.

The trend of increased use of produced water will require additional chemical treatment solutions, and we have a dedicated team of specialists focused every day on developing and deploying innovative water treatment and reuse services for our customers. With our water treatment capabilities, our Well Chemical Services ("WCS") team and our knowledge base within our Oilfield Chemicals segment, we are well positioned to advance these solutions. This trend also supports more complex "on the fly" solutions that treat, proportion, and blend various streams of water and chemicals at the wellsite. This complexity favors service companies able to provide advanced technology solutions that are able to economically compete with alternative historical solutions. Ultimately, Select intends to play an important role in the advancement of water and chemical solutions that are designed to meet the sustainability goals of all stakeholders.

Our water logistics, treatment, and chemical application expertise, in combination with advanced technology solutions, are applicable to other industries beyond oil and gas. We have a significant customer in the paper industry, and are working to further commercialize our services in the pulp and paper industry, as well as in other industrial businesses.

Permian Basin Recycling Facility Projects

We were recently awarded two new produced water recycling facility contracts serving key customers in the Permian Basin. These state-of-the-art facilities will allow us to leverage our expertise in frac chemistry and fluid optimization to provide customers with a consistent water quality standard for use in completion activities. These investments will bring our total centralized produced water recycling capacity in the Permian Basin to approximately 250,000 barrels of water per day, which is supplemented by our mobile recycling technologies and capabilities that are currently supporting nearly 150,000 barrels per day of active produced water recycling projects.

The first facility is a new fixed infrastructure produced water recycling facility project serving the core of the Midland Basin in both Martin and Midland Counties, Texas. We have invested approximately \$6 million in this facility, which was fully operational at the end of Current Quarter. This project is supported by a long-term contract with a leading, large independent operator in the Midland Basin for the purchase and delivery of recycled produced water. This facility supports the recycling of up to 50,000 barrels of water per day while providing 2 million barrels of recycled

[Table of Contents](#)

water storage capacity. Additional incremental capacity beyond the contracted volumes creates an opportunity for growth with the contracted customer, as well as the opportunity to further commercialize the facility to support the needs of other operators in the area. Since the facility began operations, we have successfully commercialized this incremental capacity, having already received volumes from a second customer and having contracted future volumes with a third customer.

We also developed a centralized produced water recycling facility for a major integrated operator in Loving County, Texas in the Delaware Basin. This facility is designed to recycle up to 30,000 barrels of produced water per day and is supported by 1 million barrels of adjacent recycled water storage capacity. This facility was fully operational at the end of the Current Quarter. This project supplements our sizable existing footprint of water storage, distribution and recycling infrastructure in the Delaware Basin.

February 2021 Severe Weather

Severe winter weather in February 2021 negatively impacted our Current Quarter results, equating to approximately one lost week of operations across most of our locations, with extended raw material shortages that impacted our Oilfield Chemicals segment into March. We estimate that this negatively impacted Current Quarter revenue by an amount ranging from \$9 million to \$12 million.

Our Segments

Our services are offered through three reportable segments: (i) Water Services; (ii) Water Infrastructure; and (iii) Oilfield Chemicals.

- *Water Services.* The Water Services segment consists of the Company's services businesses, including water transfer, flowback and well testing, fluids hauling, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals business as well as the Company's industrial solutions business.
- *Water Infrastructure.* The Water Infrastructure segment consists of the Company's infrastructure assets, including operations associated with our water sourcing and pipeline infrastructure, our water recycling solutions and infrastructure, and our produced water gathering systems and saltwater disposal wells, primarily serving E&P companies.
- *Oilfield Chemicals.* The Oilfield Chemicals segment provides technical solutions and expertise related to chemical applications in the oil and gas industry. We also have significant capabilities in supplying logistics for chemical applications. We develop, manufacture and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing, production, pipelines and well completions. Given the breadth of chemicals and application expertise we provide, our customers range from pressure pumpers to major integrated and independent U.S. and international oil and gas producers. This segment also utilizes its chemical experience and lab testing capabilities to customize tailored water treatment solutions designed to optimize the fracturing fluid system in conjunction with the quality of water used in well completions.

How We Generate Revenue

We currently generate the majority of our revenue through our water-management services associated with hydraulic fracturing, provided through our Water Services and Water Infrastructure segments. The majority of this revenue is realized through customer agreements with fixed pricing terms and is recognized when delivery of services is provided, generally at our customers' sites. While we have some long-term pricing arrangements, particularly in our Water Infrastructure segment, most of our water and water-related services are priced based on prevailing market conditions, giving due consideration to the specific requirements of the customer.

[Table of Contents](#)

We also generate revenue by providing completion, specialty chemicals and production chemicals through our Oilfield Chemicals segment. We invoice the majority of our Oilfield Chemicals customers for services provided based on the quantity of chemicals used or pursuant to short-term contracts as the customers' needs arise.

Costs of Conducting Our Business

The principal expenses involved in conducting our business are labor costs, vehicle and equipment costs (including depreciation, repair, rental and maintenance and leasing costs), raw materials and water sourcing costs and fuel costs. Our fixed costs are relatively low. Most of the costs of serving our customers are variable, i.e., they are incurred only when we provide water and water-related services, or chemicals and chemical-related services to our customers.

Labor costs associated with our employees and contract labor comprise the largest portion of our costs of doing business. We incurred labor and labor-related costs of \$57.9 million and \$101.6 million for the Current Quarter and Prior Quarter, respectively. The majority of our recurring labor costs are variable and are incurred only while we are providing our operational services. We also incur costs to employ personnel to sell and supervise our services and perform maintenance on our assets, which is not directly tied to our level of business activity. Additionally, we incur selling, general and administrative costs for compensation of our administrative personnel at our field sites and in our operational and corporate headquarters. In light of the challenging activity and pricing trends, management took direct action during 2020 to reduce operating and equipment costs, as well as selling, general and administrative costs, to proactively manage these expenses as a percentage of revenue.

We incur significant vehicle and equipment costs in connection with the services we provide, including depreciation, repairs and maintenance, rental and leasing costs. We incurred vehicle and equipment costs of \$34.7 million and \$53.7 million for the Current Quarter and Prior Quarter, respectively. Due to market conditions and the decreased demand for our services, we took significant direct action during 2020 to reduce ongoing rental and leasing costs.

We incur variable transportation costs associated with our service lines, predominately fuel and freight. We incurred fuel and freight costs of \$10.9 million and \$18.1 million for the Current Quarter and Prior Quarter, respectively. Fuel prices impact our transportation costs, which affect the pricing and demand for our services and therefore our results of operations.

We incur raw material costs in manufacturing our chemical products, as well as for water that we source for our customers. We incurred raw material costs of \$45.0 million and \$70.1 million for the Current Quarter and Prior Quarter, respectively. Rising naphtha prices during the Current Quarter had a negative impact on our Oilfield Chemicals margins, prior to passing these increased costs on to our customers.

How We Evaluate Our Operations

We use a variety of operational and financial metrics to assess our performance. Among other measures, management considers each of the following:

- Revenue;
- Gross Profit;
- Gross Margins;
- EBITDA; and
- Adjusted EBITDA.

Revenue

We analyze our revenue and assess our performance by comparing actual monthly revenue to our internal projections and across periods. We also assess incremental changes in revenue compared to incremental changes in direct operating costs, and selling, general and administrative expenses across our reportable segments to identify potential areas for improvement, as well as to determine whether segment performance is meeting management's expectations.

Gross Profit

To measure our financial performance, we analyze our gross profit, which we define as revenues less direct operating expenses (including depreciation and amortization expenses). We believe gross profit provides insight into profitability and true operating performance of our assets. We also compare gross profit to prior periods and across segments to identify trends as well as underperforming segments.

Gross Margins

Gross margins provide an important gauge of how effective we are at converting revenue into profits. This metric works in tandem with gross profit to ensure that we do not increase gross profit at the expense of lower margins, nor pursue higher gross margins at the expense of declining gross profits. We track gross margins by segment and service line and compare them across prior periods and across segments and service lines to identify trends as well as underperforming segments.

EBITDA and Adjusted EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income/(loss), plus interest expense, income taxes, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus/(minus) loss/(income) from discontinued operations, plus any impairment charges or asset write-offs pursuant to accounting principles generally accepted in the U.S. ("GAAP"), plus non-cash losses on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and non-recurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities-related exit and disposal-related expenditures and plus/(minus) foreign currency losses/(gains). The adjustments to EBITDA are generally consistent with such adjustments described in our Credit Facility. See "—Note Regarding Non-GAAP Financial Measures—EBITDA and Adjusted EBITDA" for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.

Factors Affecting the Comparability of Our Results of Operations to Our Historical Results of Operations

Our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below and those described in "—Industry Overview" above.

Results of Operations

The following tables set forth our results of operations for the periods presented, including revenue by segment.

Current Quarter Compared to the Prior Quarter

	Three months ended March 31,		Change	
	2021	2020	Dollars	Percentage
	(in thousands)			
Revenue				
Water Services	\$ 64,223	\$ 149,511	\$ (85,288)	(57.0)%
Water Infrastructure	37,803	57,762	(19,959)	(34.6)%
Oilfield Chemicals	41,716	71,012	(29,296)	(41.3)%
Total revenue	143,742	278,285	(134,543)	(48.3)%
Costs of revenue				
Water Services	62,324	129,114	(66,790)	(51.7)%
Water Infrastructure	26,399	47,813	(21,414)	(44.8)%
Oilfield Chemicals	37,766	59,876	(22,110)	(36.9)%
Other	—	4	(4)	NM
Depreciation and amortization	21,650	26,182	(4,532)	(17.3)%
Total costs of revenue	148,139	262,989	(114,850)	(43.7)%
Gross (loss) profit	(4,397)	15,296	(19,693)	(128.7)%
Operating expenses				
Selling, general and administrative	19,894	25,289	(5,395)	(21.3)%
Depreciation and amortization	649	685	(36)	(5.3)%
Impairment of goodwill and trademark	—	276,016	(276,016)	NM
Impairment and abandonment of property and equipment	—	3,184	(3,184)	NM
Lease abandonment costs	104	953	(849)	NM
Total operating expenses	20,647	306,127	(285,480)	(93.3)%
Loss from operations	(25,044)	(290,831)	265,787	NM
Other (expense) income				
Losses on sales of property and equipment and divestitures, net	(579)	(435)	(144)	33.1 %
Interest expense, net	(435)	(331)	(104)	31.4 %
Foreign currency gain (loss), net	3	(46)	49	NM
Other (expense) income, net	(1,629)	259	(1,888)	NM
Loss before income tax benefit	(27,684)	(291,384)	263,700	NM
Income tax benefit	263	164	99	NM
Net loss	\$ (27,421)	\$ (291,220)	\$ 263,799	NM

Revenue

Our revenue decreased \$134.5 million, or 48.3%, to \$143.7 million for the Current Quarter compared to \$278.3 million for the Prior Quarter. The decrease was driven by an \$85.3 million decline in Water Services revenue, a \$20.0 million decline in Water Infrastructure revenue and a \$29.3 million decline in Oilfield Chemicals revenue. These declines were primarily due to lower demand for our services resulting from a reduction in drilling and completions activity impacted by the COVID-19 pandemic, severe winter weather in the Current Quarter and reduced pricing for some of our services. For the Current Quarter, our Water Services, Water Infrastructure and Oilfield Chemicals constituted 44.7%, 26.3% and 29.0% of our total revenue, respectively, compared to 53.7%, 20.8% and 25.5%, respectively, for the Prior Quarter. The revenue changes by reportable segment are as follows:

[Table of Contents](#)

Water Services. Revenue decreased \$85.3 million, or 57.0%, to \$64.2 million for the Current Quarter compared to \$149.5 million for the Prior Quarter. The decrease was primarily attributable to lower demand for our services resulting from a reduction in drilling and completions activity impacted by the COVID-19 pandemic, severe winter weather in the Current Quarter and reduced pricing for some of our services.

Water Infrastructure. Revenue decreased by \$20.0 million, or 34.6%, to \$37.8 million for the Current Quarter compared to \$57.8 million for the Prior Quarter. The decrease was primarily attributable to lower demand for our services resulting from a reduction in completions activity impacted by the COVID-19 pandemic and severe winter weather in the Current Quarter.

Oilfield Chemicals. Revenue decreased \$29.3 million, or 41.3%, to \$41.7 million for the Current Quarter compared to \$71.0 million for the Prior Quarter. The decrease was primarily attributable to lower demand for our services resulting from a reduction in completions activity impacted by the COVID-19 pandemic, severe winter weather in the Current Quarter and reduced pricing for some of our services.

Costs of Revenue

Costs of revenue decreased \$114.9 million, or 43.7%, to \$148.1 million for the Current Quarter compared to \$263.0 million for the Prior Quarter. The decrease was primarily due to a \$66.8 million decline in Water Services costs, a \$21.4 million decline in Water Infrastructure costs, and a \$22.1 million decline in Oilfield Chemicals costs due to lower revenue discussed above. Also, depreciation and amortization expense decreased by \$4.5 million, primarily due to a lower fixed asset base.

Water Services. Cost of revenue decreased \$66.8 million, or 51.7%, to \$62.3 million for the Current Quarter compared to \$129.1 million for the Prior Quarter. Cost of revenue as a percent of revenue increased from 86.4% to 97.0% due to significant reductions in revenue-generating activity and pricing reductions we could not fully offset with cost reductions.

Water Infrastructure. Cost of revenue decreased \$21.4 million, or 44.8%, to \$26.4 million for the Current Quarter compared to \$47.8 million for the Prior Quarter. Cost of revenue as a percent of revenue decreased from 82.8% to 69.8% primarily due to a higher relative contribution from high-margin pipeline revenue as well as a discrete cost in the Prior Quarter related to a customer bankruptcy that did not recur.

Oilfield Chemicals. Costs of revenue decreased \$22.1 million, or 36.9%, to \$37.8 million for the Current Quarter compared to \$59.9 million for the Prior Quarter. Cost of revenue as a percent of revenue increased from 84.3% to 90.5% primarily due to significant reductions in revenue-generating activity we could not fully offset with cost reductions, as well as increased raw material pricing that could not be immediately passed on to our customers.

Depreciation and Amortization. Depreciation and amortization expense decreased \$4.5 million, or 17.3%, to \$21.7 million for the Current Quarter compared to \$26.2 million for the Prior Quarter, primarily due to a lower fixed asset base.

Gross (Loss) Profit

Gross (loss) profit decreased by \$19.7 million, or 128.7%, to a gross loss of \$4.4 million for the Current Quarter compared to a gross profit of \$15.3 million for the Prior Quarter primarily due to lower revenue in all three segments resulting from decreased activity levels combined with decreased pricing that could not be fully offset with reductions in cost. Gross profit decreased by \$18.5 million and \$7.2 million in our Water Services and Oilfield Chemicals segments, respectively. This was partially offset by a \$4.5 million decrease in depreciation and amortization expense and Water Infrastructure gross profit increase of \$1.5 million. Gross margin as a percent of revenue was (3.1%) and 5.5% in the Current Quarter and Prior Quarter, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$5.4 million, or 21.3%, to \$19.9 million for the Current Quarter compared to \$25.3 million for the Prior Quarter. The decrease was primarily due to \$3.3 million lower wages and associated payroll taxes, a \$2.1 million decrease in bad debt expense, reductions of \$0.9 million in incentive compensation costs, \$0.3 million in travel, meals and entertainment costs, \$0.3 million in professional fees, and \$0.8 million of other expense reductions from cost-cutting measures in response to lower demand partially offset by a \$1.5 million increase in non-recurring severance charges and a \$0.8 million increase in equity-based compensation costs.

Impairment

Goodwill and trademark impairment costs were zero and \$276.0 million for the Current Quarter and Prior Quarter, respectively. During the Prior Quarter, all of our goodwill was impaired due to the significant decline in oil prices and the uncertainty associated with the future recovery. We also recorded a \$9.1 million partial impairment of our Rockwater trademark.

Lease Abandonment Costs

Lease abandonment costs were \$0.1 million and \$1.0 million in the Current Quarter and Prior Quarter, respectively. During the Current Quarter, lease abandonment costs primarily related to expenses associated with facilities previously abandoned. The Prior Quarter costs were primarily due to leases abandoned during the Prior Quarter associated with realignment and combining activity on fewer leased properties.

Net Interest Expense

Net interest expense increased by \$0.1 million, or 31.4%, to \$0.4 million for the Current Quarter compared to \$0.3 million in the Prior Quarter primarily due to lower interest income earned on cash balances as a result of lower interest rates.

Other Expense/(Income)

Other expense/(income) increased by \$1.9 million to \$1.6 million in the Current Quarter versus \$0.3 million of other income in the Prior Quarter primarily due to the mark-to-market of equities using the fair value option.

Net Loss

Net loss decreased by \$263.8 million, to a net loss of \$27.4 million for the Current Quarter compared to a net loss of \$291.2 million for the Prior Quarter, primarily driven by the \$276.0 million in goodwill and trademark impairment costs in the Prior Quarter partially offset by the impact of the severe winter weather experienced in the Current Quarter.

Comparison of Non-GAAP Financial Measures

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income (loss), plus interest expense, income taxes, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus/(minus) loss/(income) from discontinued operations, plus any impairment charges or asset write-offs pursuant to GAAP, plus non-cash losses on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and non-recurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities-related exit and disposal-related expenditures and plus/(minus) foreign currency losses/(gains). The adjustments to EBITDA are generally consistent with such adjustments described in our Credit Facility. See “—Note Regarding Non-GAAP Financial Measures—EBITDA and Adjusted EBITDA” for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.

Our board of directors, management and many investors use EBITDA and Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and items outside the control of our management team. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

Note Regarding Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance and results of operations. Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as an analytical tool due to the exclusion of some but not all items that affect the most directly comparable GAAP financial measures. One should not consider EBITDA or Adjusted EBITDA in isolation or as substitutes for an analysis of our results as reported under GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. For further discussion, please see “Item 6. Selected Financial Data” in our 2020 Form 10-K.

The following table sets forth our reconciliation of EBITDA and Adjusted EBITDA to our net (loss) income, which is the most directly comparable GAAP measure for the periods presented:

	Three months ended March 31,	
	2021	2020
	(in thousands)	
Net loss	\$ (27,421)	\$ (291,220)
Interest expense, net	435	331
Income tax benefit	(263)	(164)
Depreciation and amortization	22,299	26,867
EBITDA	(4,950)	(264,186)
Non-recurring severance expenses ⁽¹⁾	3,225	3,502
Non-cash compensation expenses	1,422	574
Non-cash loss on sale of assets or subsidiaries ⁽²⁾	697	1,627
Non-recurring transaction costs ⁽³⁾	412	12
Lease abandonment costs ⁽⁴⁾	104	953
Impairment of goodwill and trademark ⁽⁴⁾	—	276,016
Impairment and abandonment of property and equipment ⁽⁴⁾	—	3,184
Yard closure costs related to consolidating operations ⁽⁴⁾	—	1,950
Foreign currency (gain) loss, net	(3)	46
Adjusted EBITDA	\$ 907	\$ 23,678

- (1) For the Current Quarter, these costs related to severance costs associated with our former CEO. For the Prior Quarter, these costs related to severance due to the significant adverse change to the demand for the Company’s services in connection with a significant decline in the price of oil.
- (2) For the Current Quarter, the losses were primarily due to sales of real estate and underutilized or obsolete property and equipment. For the Prior Quarter, the losses were primarily due to sales of underutilized or obsolete property and equipment.
- (3) For the Current Quarter, these costs were primarily legal related due diligence costs as well as costs related to certain subsidiaries acquired in the Rockwater Merger.
- (4) For the Prior Quarter, these costs were due to the significant adverse change to the demand for the Company’s services in connection with a significant decline in the price of oil.

EBITDA was (\$5.0) million for the Current Quarter compared to (\$264.2) million for the Prior Quarter. The \$259.2 million increase in EBITDA was primarily driven by the \$276.0 million in goodwill and trademark impairment

[Table of Contents](#)

costs in the Prior Quarter, a decrease of \$24.2 million in gross profit offset by a \$5.4 million decrease in selling, general and administrative costs. Adjusted EBITDA was \$0.9 million for the Current Quarter compared to \$23.7 million for the Prior Quarter. The \$22.8 million decrease is primarily attributable to the items discussed above.

Liquidity and Capital Resources

Overview

The impacts of the COVID-19 pandemic on oil prices and the resulting sharp decline in U.S. onshore drilling and completion activity, and the uncertainty about the timing of a recovery, have had a negative impact on our financial results. We have taken and continue to take actions to manage costs and cash, including but not limited to significantly reducing headcount, cutting salaries, closing operational yards, reducing capital expenditures, streamlining operational and back-office functions and selling excess equipment. During 2020, we also deferred \$6.0 million of payroll tax payments in accordance with the CARES Act, which are required to be fully paid by December 31, 2022.

Our primary sources of liquidity are cash on hand, borrowing capacity under our current Credit Agreement and cash flows from operations. Our primary uses of capital have been to fund current operations, maintain our asset base, implement technological advancements, make capital expenditures to support organic growth, fund acquisitions, and when appropriate, repurchase shares of Class A common stock in the open market. Depending on market conditions and other factors, we may also issue debt and equity securities, in the future, if needed.

As of March 31, 2021, we had no outstanding bank debt and a positive net cash position. We prioritize sustained positive free cash flow and a strong balance sheet, and evaluate potential acquisitions and investments in the context of those priorities, in addition to the economics of the opportunity. We believe this approach provides us with additional flexibility to evaluate larger investments as well as improved resilience in a sustained downturn versus many of our peers.

We intend to finance most of our capital expenditures, contractual obligations and working capital needs with cash on hand, cash generated from operations and borrowings under our Credit Agreement. For a discussion of the Credit Agreement, see “—Credit Agreement” below. Although we cannot provide any assurance, we believe that our current cash balance, operating cash flow and available borrowings under our Credit Agreement will be sufficient to fund our operations for at least the next twelve months.

As of March 31, 2021, cash and cash equivalents totaled \$160.0 million and we had approximately \$102.2 million of available borrowing capacity under our Credit Agreement. As of March 31, 2021, the borrowing base under the Credit Agreement was \$117.8 million, we had no outstanding borrowings and outstanding letters of credit totaling \$15.6 million. As of May 3, 2021, we had no outstanding borrowings, the borrowing base under the Credit Agreement was \$119.3 million, the outstanding letters of credit totaled \$15.6 million, and the available borrowing capacity under the Credit Agreement was \$103.7 million.

Cash Flows

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

	Three months ended March 31,		Change	
	2021	2020	Dollars	Percentage
	(in thousands)			
Net cash (used in) provided by operating activities	\$ (3,873)	\$ 46,711	\$ (50,584)	(108.3)%
Net cash used in investing activities	(4,218)	(5,485)	1,267	23.1 %
Net cash used in financing activities	(935)	(6,291)	5,356	85.1 %
Subtotal	(9,026)	34,935		
Effect of exchange rate changes on cash and cash equivalents	8	(61)	69	NM
Net (decrease) increase in cash and cash equivalents	<u>\$ (9,018)</u>	<u>\$ 34,874</u>		

[Table of Contents](#)

Analysis of Cash Flow Changes between the Three Months Ended March 31, 2021 and 2020

Operating Activities. Net cash used in operating activities was \$3.9 million for the Current Quarter, compared to \$46.7 million provided by operating activities in the Prior Quarter. The \$50.6 million decrease is primarily due to \$31.3 million lower cash from working capital activity. Also impacting the decrease was \$19.3 million less cash from the combination of net loss plus non-cash expenses, as we generated higher Prior Quarter revenue and gross profits as the majority of Prior Quarter operations occurred before the sharp decline in demand for the Company's services due to the COVID-19 pandemic.

Investing Activities. Net cash used in investing activities was \$4.2 million for the Current Quarter, compared to \$5.5 million for the Prior Quarter. The \$1.3 million decrease in net cash used in investing activities was primarily due to a \$6.8 million reduction in purchases of property and equipment partially offset by a \$3.5 million decrease in proceeds received from sales of property and equipment and a \$2.0 million equity method investment.

Financing Activities. Net cash used in financing activities was \$0.1 million for the Current Quarter compared to \$6.3 million for the Prior Quarter. The decrease in cash used in financing activities was primarily due to a \$5.8 million decrease in repurchases of shares of Class A Common Stock during the Current Quarter compared to the Prior Quarter.

Credit Agreement

On November 1, 2017, in connection with the closing of the Rockwater Merger, SES Holdings and Select LLC entered into a \$300.0 million senior secured revolving credit facility (the "Credit Agreement"), by and among SES Holdings, as parent, Select LLC, as borrower, certain of SES Holdings' subsidiaries, as guarantors, each of the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent, issuing lender and swingline lender (the "Administrative Agent"). The Credit Agreement has a sublimit of \$40.0 million for letters of credit and a sublimit of \$30.0 million for swingline loans. The maturity date of the Credit Agreement is the earlier of (a) November 1, 2022, and (b) the termination in whole of the Commitments pursuant to Section 2.1(b) of Article VII of the Credit Agreement.

The Credit Agreement permits extensions of credit up to the lesser of \$300.0 million and a borrowing base that is determined by calculating the amount equal to the sum of (i) 85.0% of the Eligible Billed Receivables (as defined in the Credit Agreement), plus (ii) 75.0% of Eligible Unbilled Receivables (as defined in the Credit Agreement), provided that this amount will not equal more than 35.0% of the borrowing base, plus (iii) the lesser of (A) the product of 70.0% multiplied by the value of Eligible Inventory (as defined in the Credit Agreement) at such time and (B) the product of 85.0% multiplied by the Net Recovery Percentage (as defined in the Credit Agreement) identified in the most recent Acceptable Appraisal of Inventory (as defined in the Credit Agreement), multiplied by the value of Eligible Inventory at such time, provided that this amount will not equal more than 30.0% of the borrowing base, minus (iv) the aggregate amount of Reserves (as defined in the Credit Agreement), if any, established by the Administrative Agent from time to time, including, if any, the amount of the Dilution Reserve (as defined in the Credit Agreement). The borrowing base is calculated on a monthly basis pursuant to a borrowing base certificate delivered by Select LLC to the Administrative Agent.

Borrowings under the Credit Agreement bear interest, at Select LLC's election, at either the (a) one-, two-, three- or six-month LIBOR ("Eurocurrency Rate") or (b) the greatest of (i) the federal funds rate plus 0.5%, (ii) the one-month Eurocurrency Rate plus 1.0% and (iii) the Administrative Agent's prime rate (the "Base Rate"), in each case plus an applicable margin, and interest shall be payable monthly in arrears. The applicable margin for Eurocurrency Rate loans ranges from 1.50% to 2.00% and the applicable margin for Base Rate loans ranges from 0.50% to 1.00%, in each case, depending on Select LLC's average excess availability under the Credit Agreement. During the continuance of a bankruptcy event of default, automatically and during the continuance of any other default, upon the Administrative Agent's or the required lenders' election, all outstanding amounts under the Credit Agreement will bear interest at 2.00% plus the otherwise applicable interest rate.

[Table of Contents](#)

The obligations under the Credit Agreement are guaranteed by SES Holdings and certain subsidiaries of SES Holdings and Select LLC and secured by a security interest in substantially all of the personal property assets of SES Holdings, Select LLC and their domestic subsidiaries.

The Credit Agreement contains certain customary representations and warranties, affirmative and negative covenants and events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Credit Agreement to be immediately due and payable.

In addition, the Credit Agreement restricts SES Holdings' and Select LLC's ability to make distributions on, or redeem or repurchase, its equity interests, except for certain distributions, including distributions of cash so long as, both at the time of the distribution and after giving effect to the distribution, no default exists under the Credit Agreement and either (a) excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 25.0% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$37.5 million or (b) if SES Holdings' fixed charge coverage ratio is at least 1.0 to 1.0 on a pro forma basis, and excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 20.0% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$30.0 million. Additionally, the Credit Agreement generally permits Select LLC to make distributions to allow Select Inc. to make payments required under the existing Tax Receivable Agreements.

The Credit Agreement also requires SES Holdings to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 at any time availability under the Credit Agreement is less than the greater of (i) 10.0% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million and continuing through and including the first day after such time that availability under the Credit Agreement has equaled or exceeded the greater of (i) 10.0% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million for 60 consecutive calendar days.

We were in compliance with all debt covenants as of March 31, 2021.

Contractual Obligations

Our contractual obligations include, among other things, our Credit Agreement and operating leases. Refer to Note 6—Leases in our 2020 Form 10-K for operating lease obligations as of December 31, 2020 and Note 7—Debt in Part I, Item 1 of this Quarterly Report for an update to our Credit Agreement as of March 31, 2021.

Critical Accounting Policies and Estimates

There were no changes to our critical accounting policies from those disclosed in our 2020 Form 10-K.

Recent Accounting Pronouncements

None.

Off-Balance-Sheet Arrangements

As of March 31, 2021, we had no material off-balance-sheet arrangements. As such, we are not exposed to any material financing, liquidity, market or credit risk that could arise if we had engaged in such financing arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The demand, pricing and terms for oilfield services provided by us are largely dependent upon the level of drilling and completion activity in the U.S. oil and gas industry. The level of drilling and completion activity is influenced by numerous factors over which we have no control, including, but not limited to: global health events, including the COVID-19 pandemic; the supply of and demand for oil and gas; current price levels as well as expectations about future prices of oil and gas; the magnitude and timing of capital spending by our customers; the cost of exploring for, developing, producing and delivering oil and gas; the extent to which our E&P customers choose to drill and complete new wells to offset decline from their existing wells; the extent to which our E&P customers choose to invest to grow production; discoveries of new oil and gas reserves; available storage capacity and pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances in alternative forms of energy (e.g. wind and solar electricity, electric vehicles) that encourage substitution for or displacement of oil and gas consumption in end-use markets; the price and availability of alternative fuels; the ability of oil and gas producers to raise equity capital and debt financing; merger and acquisition activity and consolidation in our industry, and other factors.

Any combination of these factors that results in sustained low oil and gas prices and, therefore, lower capital spending and / or reduced drilling and completion activity by our customers, would likely have a material adverse effect on our business, financial condition, results of operations and cash flows.

Interest Rate Risk

As of March 31, 2021, we had no outstanding borrowings under our Credit Agreement. As of May 3, 2021, we had no outstanding borrowings and approximately \$103.7 million of available borrowing capacity under our Credit Agreement. Interest is calculated under the terms of our Credit Agreement based on our selection, from time to time, of one of the index rates available to us plus an applicable margin that varies based on certain factors. We do not currently have or intend to enter into any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Foreign Currency Exchange Risk

We have been exposed to fluctuations between the U.S. dollar and the Canadian dollar with regard to the activities of our former Canadian subsidiary, which had designated the Canadian dollar as its functional currency. With the divestitures of our Canadian operations, we anticipate minimal future exposure to foreign currency exchange risk.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations or cash flows. We are, however, named defendants in certain lawsuits, investigations and claims arising in the ordinary course of conducting our business, including certain environmental claims and employee-related matters, and we expect that we will be named defendants in similar lawsuits, investigations and claims in the future. While the outcome of these lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. We have not assumed any liabilities arising out of these existing lawsuits, investigations and claims.

As previously disclosed, certain subsidiaries acquired in the Rockwater Merger were under investigation by the U.S. Attorney's Office for the Middle District of Pennsylvania and the U.S. Environmental Protection Agency since December 2016 regarding the alleged alteration of emissions controls systems on less than 5% of the vehicles in the fleet in violation of the Clean Air Act. On April 20, 2021, an entity acquired in the Rockwater Merger formally pled guilty to violations of the Clean Air Act that occurred prior to the Rockwater Merger and entered a plea agreement before the U.S. District Court for the Middle District of Pennsylvania. Entry into this plea agreement has resolved the government's prosecution related to Rockwater's altering emissions controls systems on less than 5% of the vehicles in the fleet. The Company made final payments in April totaling \$2.6 million, which was the amount accrued as of both March 31, 2021 and December 31, 2020, and did not incur additional monetary penalties or fines. The total amount paid in settlement of this matter was \$4.3 million. See Note 16 – Subsequent Events for additional information.

Item 1A. Risk Factors

Other than the risk factors set forth below, there have been no material changes from the risk factors disclosed in "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K. We may experience additional risks and uncertainties not currently known to us. Furthermore, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect us. Any such risks, in addition to those described below and in our 2020 Form 10-K, may materially and adversely affect our business, financial condition, cash flows and results of operations.

U.S. Government regulators issued a notice to the Company that could, if not withdrawn or significantly modified, impair its ability to acquire additional federal contracts or limit its ability to receive federal-related benefits or assistance activities in connection with its operations.

In February 2021, the Company, and certain subsidiaries, received Notices of Proposed Debarment ("Notices") from the U.S. Environmental Protection Agency's ("EPA") Suspension and Debarment Official ("SDO"). The Notices propose a debarment from participation in future federal contracts, non-procurement covered transactions such as grants, and other assistance activities, and would render the Company ineligible to receive any federal contracts or approved subcontracts in excess of \$35,000 or to act as an agent or representative on behalf of another in such transaction, or receive certain federal benefits. The Notices stem from a non-prosecution agreement dated September 21, 2020 entered into by the Company as successor in interest to Rockwater Energy Solutions, Inc., and a plea agreement filed on September 24, 2020 in the U.S. District Court for the Middle District of Pennsylvania wherein Rockwater Northeast, LLC agreed to plead guilty to counts 1 through 31 of the Criminal Information statement each charging Rockwater Northeast, LLC with a violation of the Clean Air Act. The underlying investigation resulting in this non-prosecution agreement and plea is disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. The Company has commenced discussions with the EPA Suspension and Debarment Division to seek a resolution to remove the proposed debarment in a cooperative fashion as soon as practicable, and made responsive filings to the SDO to oppose the findings in the Notices. If the Company is unsuccessful in its efforts to oppose the proposed debarment or

[Table of Contents](#)

reach a resolution to avoid debarment, the imposition of a debarment period, or the federal assistance or contracting disability as set forth in the Notices could impair the Company's ability to acquire additional federal contracts or commercial contracts with firms that have entered into certain covered transactions with federal agencies, or limit its ability to receive federal-related benefits or assistance activities including, any one or more of which developments could have a material adverse effect on the Company's business, results of operations or financial position.

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

Issuer Purchases of Equity Securities

During the Current Quarter, we repurchased the shares of Class A Common Stock as shown in the table below. The shares were repurchased to satisfy tax withholding obligations related to restricted stock previously awarded to certain of our current and former employees.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Weighted-Average Price Paid Per Share</u>
January 1, 2021 to January 31, 2021	73,622	\$ 5.74
February 1, 2021 to February 28, 2021	—	\$ —
March 1, 2021 to March 31, 2021	70,456	\$ 6.40
Total	144,078	\$ 6.06

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

The following exhibits are filed, furnished or incorporated by reference, as applicable, as part of this report.

[Table of Contents](#)

Exhibit Number	Description
3.1	Fourth Amended and Restated Certificate of Incorporation of Select Energy Services, Inc. dated as of May 10, 2019 (incorporated by reference herein to Exhibit 3.1 to Select Energy Services, Inc.'s Current Report on Form 8-K, filed May 15, 2019).
3.2	Second Amended and Restated Bylaws of Select Energy Services, Inc. dated as of May 10, 2019 (incorporated by reference herein to Exhibit 3.2 to Select Energy Services, Inc.'s Current Report on Form 8-K, filed May 15, 2019).
†10.1	Letter Agreement between John D. Schmitz and Select Energy Services, LLC, dated March 1, 2021 (incorporated by reference herein to Exhibit 10.1 to Select Energy Services, Inc.'s Current Report on Form 8-K, filed March 1, 2021).
†10.2	Amended and Restated Employment Agreement between Michael Skarke and Select Energy Services, LLC, dated March 1, 2021 (incorporated by reference herein to Exhibit 10.2 to Select Energy Services, Inc.'s Current Report on Form 8-K, filed March 1, 2021).
†10.3	Letter Agreement between Michael Skarke and Select Energy Services, Inc., dated March 1, 2021 (incorporated by reference herein to Exhibit 10.3 to Select Energy Services, Inc.'s Current Report on Form 8-K, filed March 1, 2021).
†*10.4	Employment Agreement between Brian Szymanski and Select Energy Services, LLC, dated March 1, 2021.
*10.5	Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement – Return on Assets – under the Select Energy Services, Inc. 2016 Equity Incentive Plan.
*10.6	Form of Restricted Stock Grant Notice and Restricted Stock Agreement between John D. Schmitz and Select Energy Services, Inc. under the Select Energy Services, Inc. 2016 Equity Incentive Plan.
*10.7	Form of Special Restricted Stock Grant Notice and Restricted Stock Agreement between John D. Schmitz and Select Energy Services, Inc. under the Select Energy Services, Inc. 2016 Equity Incentive Plan.
*10.8	Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement – Adjusted Free Cash Flow – between John D. Schmitz and Select Energy Services, Inc. under the Select Energy Services, Inc. 2016 Equity Incentive Plan.
*10.9	Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement – Return on Assets – between John D. Schmitz and Select Energy Services, Inc. under the Select Energy Services, Inc. 2016 Equity Incentive Plan.
*†10.10	Release Agreement by and between Select Energy Services, LLC and Holli C. Ladhani, dated January 3, 2021.
*31.1	Certification of Chief Executive Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
*31.2	Certification of Chief Financial Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
**32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[Table of Contents](#)

**32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

*101 Interactive Data Files

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith

**Furnished herewith

†Management contract or compensatory plan or arrangement.

SIGNATURE

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

SELECT ENERGY SERVICES, INC.

Date: May 5, 2021

By: /s/ John D. Schmitz
John D. Schmitz
Chairman, President and Chief Executive Officer

Date: May 5, 2021

By: /s/ Nick Swyka
Nick Swyka
Senior Vice President and Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (“**Agreement**”) is made and entered into by and between Select Energy Services, LLC, a Delaware limited liability company (the “**Company**”), and Brian Szymanski (“**Employee**”) effective as of March 1, 2021 (the “**Effective Date**”).

WHEREAS, Employee is currently employed by the Company; and

WHEREAS, the Company desires to continue to employ Employee, and Employee desires to continue to be employed by the Company, pursuant to the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Employment.** During the Employment Period (as defined in Section 4), the Company shall employ Employee, and Employee shall serve, as Chief Accounting Officer of the Company and in such other position or positions as may be agreed to by Employee and the Company from time to time.

2. **Duties and Responsibilities of Employee.**

(a) During the Employment Period, Employee shall devote Employee’s best efforts and full business time and attention to the businesses of Select Energy Services, Inc., a Delaware corporation and the parent of the Company (“**Parent**”) and its direct and indirect subsidiaries as may exist from time to time, including the Company (collectively, Parent and its direct and indirect subsidiaries are referred to as the “**Company Group**”) as may be requested by Parent or the Company from time to time. Employee’s duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be reasonably assigned to Employee by the Company from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, either make or manage personal investments that are unrelated to the Business or any Business Opportunity of the Company (as defined in Sections 10(f)(i) and 10(f)(ii)) or own publicly traded securities, in each case, in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; or (iii) with the prior written consent of the board of directors of Parent (the “**Board**”), engage in other personal and passive investment activities, in each case, so long as such ownership, interests or activities do not interfere with Employee’s ability to fulfill Employee’s duties and responsibilities under this Agreement and are not inconsistent with Employee’s obligations to any member of the Company Group or competitive with the business of any member of the Company Group.

(b) Employee hereby represents and warrants that Employee is not the subject of, or a party to, any employment agreement, non-competition, non-solicitation, restrictive covenant or non-disclosure agreement, or any other agreement, obligation, restriction or understanding that would prohibit Employee from executing this Agreement or fully performing

each of Employee's duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities that may now or in the future be assigned to Employee hereunder. Employee expressly acknowledges and agrees that Employee is strictly prohibited from using or disclosing any confidential information belonging to any prior employer in the course of performing services for any member of the Company Group, and Employee promises that Employee shall not do so. Employee shall not introduce documents or other materials containing confidential information of any prior employer to the premises or property (including computers and computer systems) of any member of the Company Group.

(c) Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company owes under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

3. **Compensation.**

(a) **Base Salary.** During the Employment Period, the Company shall pay to Employee an annualized base salary of \$270,000 (the "**Base Salary**") in consideration for Employee's services under this Agreement, payable in substantially equal installments in conformity with the Company's customary payroll practices for similarly situated employees as may exist from time to time, but no less frequently than monthly.

(b) **STI Plan.** Employee shall be eligible to continue participating in the Company's short-term incentive bonus program (the "**STI Plan**"), subject to the terms of the STI Plan in effect from time to time. Each bonus, if any, paid pursuant to the STI Plan shall be paid as soon as administratively feasible after the Board (or a committee thereof) certifies whether the applicable performance targets for the applicable calendar year have been achieved. Notwithstanding anything in this Section 3(b) to the contrary, no bonus will be paid under the STI Plan for a particular calendar year unless Employee remains continuously employed by the Company from the Effective Date through the date the Board (or a committee thereof) certifies whether the applicable performance targets for the applicable calendar year have been achieved.

4. **Term of Employment.** The initial term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on the third anniversary of the Effective Date (the "**Initial Term**"). On the third anniversary of the Effective Date and on each subsequent anniversary thereafter, the term of Employee's employment under this Agreement shall automatically renew and extend for a period of twelve (12) months (each such twelve (12)-month period being a "**Renewal Term**") unless written notice of non-renewal is delivered by either party to the other not less than sixty (60) days prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 7. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period.**"

5. **Business Expenses.** Subject to Section 23, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties under this Agreement so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made by the Company upon or as soon as practicable following receipt of such documentation (but in any event not later than the close of Employee's taxable year following the taxable year in which the expense is incurred by Employee). In no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with the Company.

6. **Benefits.** During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other similarly situated Company employees are eligible to participate, subject to the terms and conditions of the applicable plans and programs in effect from time to time. The Company shall not, however, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are similarly applicable to similarly situated Company employees generally.

7. **Termination of Employment.**

(a) Company's Right to Terminate Employee's Employment for Cause. The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) Employee's material breach of this Agreement or any other written agreement between Employee and one or more members of the Company Group, including Employee's material breach of any representation, warranty or covenant made under any such agreement;

(ii) Employee's breach of any law applicable to the workplace or employment relationship, or Employee's breach of any policy or code of conduct established by Parent or the Company and applicable to Employee;

(iii) Employee's gross negligence, willful misconduct, breach of fiduciary duty, fraud, theft or embezzlement;

(iv) the commission by Employee of, or conviction or indictment of Employee for, or plea of *nolo contendere* by Employee to, any felony (or state law equivalent) or any crime involving moral turpitude; or

(v) Employee's willful failure or refusal, other than due to Disability, to perform Employee's obligations pursuant to this Agreement or to follow any lawful directive from the Company, as reasonably determined by the Company; *provided, however*, that if Employee's actions or omissions as set forth in this Section 7(a)(v) are of such a nature that they are curable by Employee, such actions or omissions must remain uncured thirty (30) days after the Company first provided Employee written notice of the obligation to cure such actions or omissions.

(b) Company's Right to Terminate for Convenience. The Company shall have the right to terminate Employee's employment for convenience at any time and for any reason, or no reason at all, upon written notice to Employee.

(c) Employee's Right to Terminate for Good Reason. Employee shall have the right to terminate Employee's employment with the Company at any time for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) a material diminution in Employee's Base Salary, other than as part of one or more decreases that shall not exceed, in the aggregate, more than 10% of Employee's Base Salary as in effect at the time of such reduction and that are applied to all of the Company's similarly situated employees;

(ii) a material diminution in Employee's title that results in Employee no longer serving as Chief Accounting Officer of Parent, or a material diminution in Employee's authority, duties and responsibilities with the Company Group as a whole; *provided, however*, that if Employee is serving as an officer or member of the board of directors (or similar governing body) of any member of the Company Group (other than the Company or Parent) or any other entity in which a member of the Company Group holds an equity interest, in no event shall the removal of Employee as an officer or board member from such entity, regardless of the reason for such removal, constitute Good Reason or be considered when determining if Good Reason exists;

(iii) the relocation of the geographic location of Employee's principal place of employment by more than fifty (50) miles from the location of Employee's principal place of employment as of the Effective Date¹; or

(iv) a material reduction in Employee's target bonus under the STI Plan, other than as part of one or more decreases that are similarly applied to the Chief Executive Officer of the Company.

Notwithstanding the foregoing provisions of this Section 7(c) or any other provision of this Agreement to the contrary, any assertion by Employee of a termination for Good Reason shall not be effective unless all of the following conditions are satisfied: (A) the condition described in Section 7(c)(i), (ii) or (iii) giving rise to Employee's termination of employment must have arisen without Employee's consent; (B) Employee must provide written notice to the Board of the existence of such condition(s) within thirty (30) days after the initial occurrence of such condition(s); (C) the condition(s) specified in such notice must remain uncorrected for thirty (30) days following the Board's receipt of such written notice; and (D) the date of Employee's termination of employment must occur within sixty (60) days after the initial occurrence of the condition(s) specified in such notice.

(d) Death or Disability. Upon the death or Disability of Employee, Employee's employment with Company shall automatically (and without any further action by any person or

¹ Company and Employee agree that the "principal place of employment" for purposes of this Agreement shall mean either of the Company's offices in Gainesville, Texas or Oklahoma City, Oklahoma as of the Effective Date.

entity) terminate with no further obligation under this Agreement of either party hereunder. For purposes of this Agreement, a “**Disability**” shall mean Employee’s inability to perform the essential functions of Employee’s position (after accounting for reasonable accommodation, if applicable and required by applicable law), due to physical or mental impairment that continues, or can reasonably be expected to continue, for a period in excess of one hundred-twenty (120) consecutive days or one hundred-eighty (180) days, whether or not consecutive (or for any longer period as may be required by applicable law), in any twelve (12)-month period.

(e) Employee’s Right to Terminate for Convenience. In addition to Employee’s right to terminate Employee’s employment for Good Reason, Employee shall have the right to terminate Employee’s employment with the Company for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days’ advance written notice to the Company; *provided, however*, that if Employee has provided notice to the Company of Employee’s termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee’s termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 7(b)).

(f) Effect of Termination.

(i) If Employee’s employment hereunder is terminated prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable, by the Company without Cause pursuant to Section 7(b), by Employee for Good Reason pursuant to Section 7(c) or pursuant to Section 7(d), as a result of Employee’s death, then so long as (and only if): (1) Employee (or his executor or estate) executes on or before the Release Expiration Date (as defined below), and does not revoke within any time provided by the Company to do so, a release of all claims in a form reasonably acceptable to the Company (the “**Release**”), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities’ respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee’s employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments Employee may have under this Section 7; and (2) Employee abides by the terms of each of Sections 9, 10 and 11, then:

(A) the Company shall make severance payments to Employee in a total amount equal to (a) twelve (12) months’ worth of Employee’s Base Salary for the year in which the termination occurs, *plus* (b) an amount equal to the target bonus under the STI Plan for the year in which such termination occurs (such total severance payments being referred to as the “**Severance Payment**”); *provided, however*, that if the Termination Date (as defined below) is on or within: fifteen (15) months following the date of a Change in Control (as defined below) and subject to the terms and conditions set forth in Sections 7(f)(i)(1) and (2) above, then the Company shall, in lieu of the Severance Payment, make severance payments in a total amount equal to (x) eighteen (18) months’ worth of Employee’s

Base Salary for the year in which the Termination Date occurs, *plus* (y) an amount equal to one and one-half (1.5) times the target bonus under the STI Plan for the year in which the Termination Date occurs (such total severance payments being referred to as the “**CIC Severance Payment**”). The Severance Payment or the CIC Severance Payment (as applicable, the “**Cash Severance Payment**”) will be divided into substantially equal installments and paid over a number of months equal to the number of months’ worth of Employee’s Base Salary included in the Cash Severance Payment. On the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the date on which Employee’s employment terminates (the “**Termination Date**”), the Company shall pay to Employee, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date had the installments been paid commencing on the Company’s first regularly scheduled pay date coincident with or next following the Termination Date, and each of the remaining installments shall be paid on the Company’s regularly scheduled pay dates during the remainder of such twelve (12)-month period (or, if the Termination Date is on or within fifteen (15) months following the date of a Change in Control, such eighteen (18)-month period); *provided, however*, that to the extent, if any, that the aggregate amount of the installments of the Cash Severance Payment that would otherwise be paid pursuant to the preceding provisions of this Section 7(f)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the “**Applicable March 15**”) exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Employee in a lump sum on the Applicable March 15 (or the first Business Day preceding the Applicable March 15 if the Applicable March 15 is not a Business Day) and the installments of the Cash Severance Payment payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess). “**Business Day**” shall mean any day except a Saturday, Sunday or other day on which commercial banks in New York, New York or Houston, Texas are authorized or required by law to be closed. For the avoidance of doubt, in no event shall Employee be eligible to receive both the Severance Payment and the CIC Severance Payment.

(B) The Company shall pay Employee a pro-rated portion of the bonus under the STI Plan that Employee would have been paid for the calendar year in which the Termination Date occurs, if any (the “**Pro-Rata Bonus Payment**”), which Pro-Rata Bonus Payment shall be paid (if the applicable criteria for earning a bonus under the STI Plan for such calendar year, other than the requirement with respect to continued employment through the applicable payment date, are satisfied) to Employee at the same time bonuses under the STI Plan for such calendar year are paid to similarly situated employees of the Company, but in no event no later than March 15 of the calendar year following the calendar year in which the Termination Date occurs.

(C) During the portion, if any, of the fifteen (15)-month period following the Termination Date (the “**Reimbursement Period**”) that Employee elects to continue coverage for Employee and Employee’s spouse and eligible dependents, if any, under the Company’s group health plans pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), the Company shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that similarly situated employees of the Company pay for the same or similar coverage under such group health plans (the “**COBRA Benefit**”). Each payment of the COBRA Benefit shall be paid to Employee on the Company’s first regularly scheduled pay date in the calendar month immediately following the calendar month in which Employee submits to the Company documentation of the applicable premium payment having been paid by Employee, which documentation shall be submitted by Employee to the Company within thirty (30) days following the date on which the applicable premium payment is due to be paid. Employee shall be eligible to receive such reimbursement payments until the earliest of: (x) the last day of the Reimbursement Period; (y) the date Employee is no longer eligible to receive COBRA continuation coverage; and (z) the date on which Employee becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Employee); *provided, however*, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Employee’s sole responsibility, and the Company shall not assume any obligation for payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Employee shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Employee without such adverse impact on the Company or such other member of the Company Group.

(ii) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Cash Severance Payment, Pro-Rata Bonus Payment or COBRA Benefit. As used herein, the “**Release Expiration Date**” is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(iii) For the avoidance of doubt, the Cash Severance Payment, Pro-Rata Bonus Payment and COBRA Benefit (and any portions thereof) shall not be payable (A) if Employee’s employment hereunder terminates upon the expiration of the then-existing

Initial Term or Renewal Term, as applicable, as a result of a non-renewal of the term of Employee's employment under this Agreement by the Company or Employee pursuant to Section 4; or (B) in the event that the Employment Period ends due to a termination by the Company for Cause pursuant to Section 7(a), due to Disability pursuant to Section 7(d) or by Employee for convenience pursuant to Section 7(e). Further, notwithstanding the preceding provisions of this Section 7(f), Employee will not be eligible for the CIC Severance Payment, Pro-Rata Bonus Payment or COBRA Benefit (or any portions thereof) if: (x) Employee's employment by the Company ends upon or following a Change in Control, and (y) Employee has declined a Comparable Offer from the purchaser (or its affiliate) of the equity in, or all or substantially all of the assets of, Parent or the Company in such Change in Control transaction (such purchaser or its applicable affiliate, the "**Buyer**"). As used herein, a "**Comparable Offer**" shall be an offer of employment that includes each of: (1) a geographic location of the principal place of employment that is within fifty (50) miles of the location of Employee's principal place of employment as of the time immediately prior to the Change in Control, (2) a base salary not less than the base salary in effect immediately prior to the Change in Control and (3) Employee serving with a title of Chief Accounting Officer of Parent or Buyer following such Change in Control.

(g) Change in Control. For purposes of this Agreement, "**Change in Control**" shall have the meaning of such term in Parent's 2016 Equity Incentive Plan, as in effect on the Effective Date (the "**EIP**"), without regard to Section 2(g)(i)(C) of the EIP.

(h) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that Employee is eligible to receive the Cash Severance Payment, Pro-Rata Bonus Payment and COBRA Benefit pursuant to Section 7(f) but, after such determination, the Company subsequently acquires evidence that: (i) Employee has failed to abide by the terms of Sections 9, 10 or 11; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 7(a), then the Company shall have the right to cease the payment of any future installments of the Cash Severance Payment, Pro-Rata Bonus Payment or COBRA Benefit and Employee shall promptly return to the Company all installments of the Cash Severance Payment, Pro-Rata Bonus Payment and COBRA Benefit received by Employee prior to the date that the Company determines that the conditions of this Section 7(g) have been satisfied.

8. **Disclosures**. Promptly (and in any event, within three (3) Business Days) upon becoming aware of (a) any actual or potential Conflict of Interest or (b) any lawsuit, claim or arbitration filed against or involving Employee or any trust or vehicle owned or controlled by Employee that (with respect to such lawsuit, claim or arbitration) could reasonably be expected to affect Employee's ability to perform his duties hereunder or, if determined adversely, could be reasonably expected to have an adverse effect on any member of the Company Group, in each case, Employee shall disclose such actual or potential Conflict of Interest or such lawsuit, claim or arbitration to the Board. A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for and to any member of the Company Group.

9. **Confidentiality.** In the course of Employee's employment with the Company and the performance of Employee's duties on behalf of the Company Group hereunder, Employee has been provided and will continue to be provided with, and have access to, Confidential Information (as defined below). In consideration of Employee's receipt and access to such Confidential Information, and as a condition of Employee's continued employment, Employee shall comply with this Section 9.

(a) Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity (other than a legal or financial advisor of Employee who maintains such Confidential Information in strict confidence) and shall not use any Confidential Information except for the benefit of the Company Group. Employee shall follow all written Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known as a result of Employee's employment with the Company or later to become known to Employee during the period that Employee is employed by or affiliated with the Company or any other member of the Company Group.

(b) Notwithstanding any provision of Section 9(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

- (i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;
- (ii) disclosures to customers and suppliers when, in the reasonable and good faith belief of Employee, such disclosure is in connection with Employee's performance of Employee's duties under this Agreement and is in the best interests of the Company Group;
- (iii) disclosures and uses that are approved in writing by the Board; or
- (iv) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing, or otherwise has a professional responsibility, to abide by the terms of a confidentiality agreement or keep such Confidential Information confidential, as applicable.

(c) Upon the expiration of the Employment Period, and at any other time upon written request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee's possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any

such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(d) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed and has previously been employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "**Confidential Information.**" Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression are and shall be the sole and exclusive property of the Company or the applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; or (iii) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided, however*, that such source is not known by Employee to be bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including the Securities and Exchange Commission) regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding,

if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

10. Non-Competition; Non-Solicitation.

(a) The Company has provided and shall, during the Employment Period, continue to provide Employee access to Confidential Information for use only during the Employment Period, and Employee acknowledges and agrees that the Company Group will be entrusting Employee, in Employee's unique and special capacity, with developing the goodwill of the Company Group, and in consideration of the Company providing Employee with access to Confidential Information, and as an express incentive for the Company to enter into this Agreement and to continue to employ Employee hereunder, Employee has voluntarily agreed to the covenants set forth in this Section 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group's Confidential Information, goodwill and legitimate business interests.

(b) During the Prohibited Period, Employee shall not, without the prior written approval of the Board, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:

(i) engage in or participate within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with any member of the Company Group in the Market Area; or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities are the same as or similar to the duties or responsibilities that Employee had on behalf of any member of the Company Group;

(ii) appropriate any Business Opportunity of, or relating to, any member of the Company Group located in the Market Area;

(iii) solicit, canvass, approach, encourage, entice or induce any customer or supplier of any member of the Company Group to cease or lessen such customer's or supplier's business with any member of the Company Group; or

(iv) solicit, canvass, approach, encourage, entice or induce any employee or contractor of any member of the Company Group to terminate his, her or its employment or engagement with any member of the Company Group.

(c) Notwithstanding the foregoing, following the Termination Date, the above-referenced limitations in Sections 10(b)(i), (ii) and (iii) shall not apply in those portions of the

Market Area located within the State of Oklahoma. Instead, Employee agrees that, following the Termination Date, the restrictions on Employee's activities within those portions of the Market Area located within the State of Oklahoma (in addition to those restrictions set forth in Section 9 and Section 10(b)(iv) above) shall be as follows: during that portion of the Prohibited Period that follows the Termination Date, Employee will not directly solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company or any other member of the Company Group.

(d) Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in Section 9 and in this Section 10, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to seek to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

(e) The covenants in this Section 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

(f) The following terms shall have the following meanings:

(i) "**Business**" shall mean the business and operations that are the same or similar to those performed by the Company and any other member of the Company Group for which Employee provides services or about which Employee obtains Confidential Information during the Employment Period, which business and operations include such businesses and operations as may be described in Parent's periodic and current reports filed with the Securities and Exchange Commission from time to time, and other services ancillary thereto, specifically as applied to any equipment, hardware, software, knowledge, processes, customers, strategies, known future plans, and vendors which are contained, classified, known or performed in connection with such services.

(ii) "**Business Opportunity**" shall mean any commercial, investment or other business opportunity relating to the Business.

(iii) "**Market Area**" shall mean: (A) the counties and parishes set forth on Exhibit A hereto; and (B) any other geographic area or market where or with respect to which (x) Employee provides or has provided services on behalf of the Company or any

other member of the Company Group during the Employment Period or (y) the Company or any other member of the Company Group has specific plans to conduct any business and Employee provides material services with respect to such plans.

(iv) “**Prohibited Period**” shall mean the period during which Employee is employed by any member of the Company Group and continuing for a period of twelve (12) months following the date that Employee is no longer employed by any member of the Company Group.

11. **Ownership of Intellectual Property.** Employee agrees that the Company shall own, and Employee shall (and hereby does) assign, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, mask works, designs, know-how, ideas and information authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group that either (a) relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group’s businesses or actual or anticipated research or development, or (b) were developed on any amount of the Company’s or any other member of the Company Group’s time or with the use of any member of the Company Group’s equipment, supplies, facilities or trade secret information (all of the foregoing collectively referred to herein as “**Company Intellectual Property**”), and Employee shall promptly disclose all Company Intellectual Property to the Company. All of Employee’s works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any other member of the Company Group and in the scope of Employee’s employment or engagement shall be deemed to be “works made for hire” within the meaning of the Copyright Act. Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed reasonably necessary by the Company to assist each member of the Company Group, at the Company’s expense, in obtaining and enforcing its rights throughout the world in the Company Intellectual Property. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, moral rights, trade secrets, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property.

12. **Arbitration.**

(a) Subject to Section 12(b), any dispute, controversy or claim between Employee and any member of the Company Group arising out of or relating to this Agreement or Employee’s employment or engagement with any member of the Company Group will be finally settled by arbitration in Houston, Texas in accordance with the then-existing American Arbitration Association (“**AAA**”) Employment Arbitration Rules.

The arbitration award shall be final and binding on both parties. Any arbitration conducted under this Section 12 shall be heard by a single arbitrator (the “**Arbitrator**”) selected in accordance with the then-applicable rules of the AAA. All disputes shall be arbitrated on an individual basis, and each party hereto hereby foregoes and

waives any right to arbitrate any dispute as a class action or collective action or on a consolidated basis or in a representative capacity on behalf of other persons or entities who are claimed to be similarly situated, or to participate as a class member in such a proceeding. The Arbitrator shall expeditiously hear and decide all matters concerning the dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to (i) gather such materials, information, testimony and evidence as the Arbitrator deems relevant to the dispute before him or her (and each party will provide such materials, information, testimony and evidence requested by the Arbitrator), and (ii) grant injunctive relief and enforce specific performance. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction.

(b) Notwithstanding Section 12(a), either party may make a timely application for, and seek to obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Sections 9 through 11; *provided, however*, that the remainder of any such dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 12.

(c) By entering into this Agreement and entering into the arbitration provisions of this Section 12, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.

(d) Nothing in this Section 12 shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award, or (ii) joining the other party to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement. Further, nothing in this Section 12 precludes Employee from filing a charge or complaint with a federal, state or other governmental administrative agency.

13. **Defense of Claims.** During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group in the defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee's actual or prior areas of responsibility.

14. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.

15. **Title and Headings; Construction.** Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references to laws, regulations, contracts, agreements and instruments refer to such laws, regulations, contracts, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to "dollars" or "\$" in this

Agreement refer to United States dollars. The word “or” is not exclusive. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to “including” shall be construed as meaning “including without limitation.” Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

16. **Applicable Law; Submission to Jurisdiction**. This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereby consent to the arbitration provisions of Section 12 and recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in Harris County, Texas.

17. **Entire Agreement and Amendment**. This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersedes all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof. In entering into this Agreement, Employee expressly acknowledges and agrees that Employee has received all sums and compensation that Employee has been owed, is owed, or ever could be owed for services provided to any member of the Company Group through the date Employee signs this Agreement, with the exception of any unpaid Base Salary for the pay period that includes the date on which Employee signs this Agreement. This Agreement may be amended only by a written instrument executed by both parties hereto.

18. **Waiver of Breach**. Any waiver of this Agreement must be executed by the party to be bound by such waiver. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

19. **Assignment**. This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee’s consent, including to any member of the Company Group and to any successor to or acquirer of (whether by merger, purchase or otherwise) all or substantially all of the equity, assets or businesses of the Company.

20. **Notices**. Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) when sent by facsimile transmission (with confirmation of transmission) on a Business Day to the number set forth below, if applicable;

provided, however, that if a notice is sent by facsimile transmission after normal business hours of the recipient or on a non-Business Day, then it shall be deemed to have been received on the next Business Day after it is sent, (c) on the first Business Day after such notice is sent by express overnight courier service, or (d) on the second Business Day following deposit with an internationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:

If to the Company, addressed to:

Select Energy Services, LLC
1820 N I-35
Gainesville, Texas 76240
Attn: Chief Executive Officer

If to Employee, addressed to Employee's last known address on file with the Company.

21. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

22. **Deemed Resignations.** Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (b) from the Board; and (c) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.

23. **Section 409A.**

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986 (the "**Code**"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "**Section 409A**") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Employee's taxable year following the taxable year in which such expense was incurred by Employee, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee's death or (ii) the date that is six (6) months after the Termination Date (such date, the "**Section 409A Payment Date**"), then such payment or benefit shall not be provided to Employee (or Employee's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

24. **Certain Excise Taxes.** Notwithstanding anything to the contrary in this Agreement, if Employee is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company or any of its affiliates shall be one dollar (\$1.00) less than three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company or any of its affiliates used in determining if a "parachute payment" exists, exceeds one dollar (\$1.00) less than three times Employee's base amount, then Employee shall immediately repay such excess

to the Company upon notification that an overpayment has been made. Nothing in this Section 24 shall require the Company to be responsible for, or have any liability or obligation with respect to, Employee's excise tax liabilities under Section 4999 of the Code.

25. **Clawback.** To the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Board (or a committee thereof), amounts paid or payable under this Agreement shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company, which clawback policies or procedures may provide for forfeiture and/or recoupment of amounts paid or payable under this Agreement. Notwithstanding any provision of this Agreement to the contrary, the Company reserves the right, without the consent of Employee, to adopt any such clawback policies and procedures, including such policies and procedures applicable to this Agreement with retroactive effect.

26. **Effect of Termination.** The provisions of Sections 7, 9-14 and 22 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and the Company.

27. **Third-Party Beneficiaries.** Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee's obligations under Sections 8, 9, 10, 11, 12 and 22 and shall be entitled to enforce such obligations as if a party hereto.

28. **Severability.** If an arbitrator or court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed and effective as of the Effective Date.

EMPLOYEE

Brian Szymanski

SELECT ENERGY SERVICES, LLC

By: _____
Name:
Title:

SIGNATURE PAGE TO
EMPLOYMENT AGREEMENT

EXHIBIT A
MARKET AREA

STATE	COUNTY/PARISH/BOROUGHES			
ALASKA	Anchorage Kenai Peninsula	Kodiak Island	Matanuska-Susitna	North Slope
COLORADO	Adams	Arapahoe	Weld	
LOUISIANA	Bossier Caddo	De Soto Jackson	Lincoln Red River	Sabine
NEW MEXICO	Chaves	Eddy	Lea	San Juan
NORTH DAKOTA	Billings Burke	Divide Dunn	Golden Valley McKenzie	Mountrail Williams
OHIO	Ashland Belmont Carroll	Guernsey Harrison	Jefferson Monroe	Summit Trumbull
OKLAHOMA	Alfalfa Beckham Blaine Canadian Carter Coal Custer	Dewey Ellis Garfield Garvin Grady Hughes Kingfisher	Lincoln Logan Love Major McClain Oklahoma	Pittsburg Roger Mills Stephens Washita Woods Woodward
PENNSYLVANIA	Armstrong Bradford Elk	Greene Lycoming Sullivan	Tioga Washington	Westmoreland Wyoming
TEXAS	Andrews Angelina Atascosa Borden Culberson DeWitt Dimmit Ector Frio Glasscock Gonzales	Hemphill Henderson Howard Irion Jackson Karnes La Salle Lavaca Live Oak Loving Martin	Maverick McMullen Midland Nacogdoches Panola Pecos Reagan Reeves Roberts Rusk San Augustine	Shelby Tarrant Tom Green Upton Ward Webb Wheeler Winkler Wise Zavala
UTAH	Duchesne			
WEST VIRGINIA	Brooke Doddridge Harrison	Marion Marshall Monongalia	Ohio Ritchie	Tyler Wetzel

STATE	COUNTY/PARISH/BOROUGH
WYOMING	Campbell Johnson Laramie Sweetwater Converse



**SELECT ENERGY SERVICES, INC.
2016 EQUITY INCENTIVE PLAN**

PERFORMANCE SHARE UNIT GRANT NOTICE – RETURN ON ASSETS

Pursuant to the terms and conditions of the Select Energy Services, Inc. 2016 Equity Incentive Plan, as amended from time to time (the “*Plan*”), Select Energy Services, Inc. (the “*Company*”) hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of performance share units (the “*PSUs*”) set forth below. This award of PSUs (this “*Award*”) is subject to the terms and conditions set forth herein and in the Performance Share Unit Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant: _____

Date of Grant: _____

Award Type and Description: Other Stock-Based Award granted pursuant to Section 6(h) of the Plan that has been designated as a Performance Award under Section 6(k) of the Plan. This Award represents the right to receive shares of Stock in an amount up to 175% of the Target PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement.

Your right to receive settlement of this Award in an amount ranging from 0% to 175% of the Target PSUs shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment or service requirements described below under “*Service Requirement*” and (ii) the Committee’s certification of the level of achievement of the Performance Goal (defined below). The portion of the Target PSUs actually earned upon satisfaction of the foregoing requirements is referred to herein as the “*Earned PSUs*.”

Target Number of PSUs: _____ (the “*Target PSUs*”).

Performance Period: January 1, 2021 (the “*Performance Period Commencement Date*”) through December 31, 2023 (the “*Performance Period End Date*”).

Service Requirement: Except as expressly provided in Sections 4 and 5 of the Agreement, you must remain continuously employed by, or continuously provide services to, the Company or an Affiliate, as applicable, from the Date of Grant through the Performance Period End Date to be eligible to receive payment of this Award, which is based on the level of achievement with respect to the Performance Goal (as defined below).

Performance Goal: Subject to the terms and conditions set forth in the Plan, the Agreement and herein, the number of Target PSUs, if any, that become Earned PSUs

during the Performance Period will be determined based on the Company's Average Return on Assets (as defined below) relative to the Average Return on Assets of the peer companies listed on Exhibit B hereto (the "**Peer Group**") (the "**Performance Goal**").

The number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined based on the following table:

Ranking Among Peer Group
Percentage of Target PSUs Earned*
Outside of Top 10
0%
Top 10
50%
Top 7
100%
Top 3
175%

*The percentage of Target PSUs earned for a Ranking Among Peer Group that is between the values set forth in the table, excluding between the first and second rows of the table, shall be linearly interpolated between the values in the table.

To determine the Company's Ranking Among Peer Group, Average Return on Assets will be calculated for the Company and each entity in the Peer Group as of the Performance Period End Date. The entities in the Peer Group and the Company will be arranged by their respective Average Return on Assets (highest to lowest). Notwithstanding the foregoing, in the event the Company's Total Shareholder Return is negative, no Target PSUs will become Earned PSUs, regardless of the Company's Ranking Among Peer Group.

For purposes of this Award, the following definitions shall apply:

"**Adjusted Net Income**" means the product obtained by multiplying:

(A) the difference obtained from:

(i) "Adjusted EBITDA" as publicly disclosed by the applicable company or, if not disclosed, "EBITDA" as publicly disclosed by such company, in each case adjusted in a manner consistent with adjustments included in the Company's publicly disclosed Adjusted EBITDA during each year of the Performance Period; provided, however, that the adjustments contemplated above shall exclude certain items, including (x) any net non-cash gain or loss during such period arising from the sale, exchange, retirement or other disposition of capital assets (such term to include all fixed assets and all securities) in the ordinary

course of business, and (y) any write-up or write-down of tangible assets, *less*

(ii) the sum of:

(a) interest expense, *plus*

(b) depreciation expense,

by

(B) 0.79.

“**Average Return on Assets**” means the sum of the Return on Assets of the applicable entity during each year of the Performance Period, *divided by* 3.

“**Net Assets**” means the applicable company’s average property and equipment, net, for each year during the Performance Period, *plus* average total current assets (other than cash and cash equivalents and current tax assets) for each year during the Performance Period, *less* average total current liabilities (other than current tax liabilities) for each year during the Performance Period, each as determined in accordance with generally accepted accounting principles or on a non-GAAP basis consistent with the Company’s practices (as determined by the Compensation Committee).

“**Return on Assets**” means the percentage obtained by dividing (A) Adjusted Net Income by (B) Net Assets.

“**Total Shareholder Return**” means the quotient obtained by dividing the sum of (i) the change in the Company’s Class A common stock price as quoted on the New York Stock Exchange (the “**Stock Price**”) from the first date of the Performance Period to the final date of the Performance Period (as the same may be adjusted as a result of any of any stock split, stock dividend, reverse stock split, reclassification, recapitalization, or other similar transaction or event) and (ii) the cumulative amount of any dividends paid over the course of the Performance Period, by the Stock Price on the first day of the Performance Period.

The Committee may adjust the Performance Goal as permitted by the Plan.

Settlement:

Settlement of the Earned PSUs shall be made solely in shares of Stock, which shall be delivered to you in accordance with Section 6 of the Agreement.

By your acceptance below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Share Unit Grant Notice (this “*Grant Notice*”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice.

IN ORDER TO RECEIVE THE BENEFITS OF THE AGREEMENT AND THIS GRANT NOTICE, AND FOR THIS AWARD TO BE EFFECTIVE, YOU MUST ACKNOWLEDGE YOUR ACCEPTANCE BY CLICKING THE APPROPRIATE BUTTON BELOW (THE “*ACCEPTANCE REQUIREMENTS*”). IF YOU FAIL TO SATISFY THE ACCEPTANCE REQUIREMENTS WITHIN 90 DAYS FOLLOWING THE DATE OF GRANT, THEN (1) THIS AWARD WILL BE OF NO FORCE OR EFFECT AND WILL BE AUTOMATICALLY FORFEITED TO THE COMPANY WITHOUT CONSIDERATION AND (2) NEITHER YOU NOR THE COMPANY WILL HAVE ANY FUTURE RIGHTS OR OBLIGATIONS UNDER THE AGREEMENT OR THIS GRANT NOTICE.

EXHIBIT A

PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Select Energy Services, Inc., a Delaware corporation (the “*Company*”), and _____ (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) “*Cause*” means “cause” (or a term of like import) as defined under the Participant’s employment, consulting and/or severance agreement with the Company or an Affiliate or, in the absence of such an agreement or definition, shall mean a determination by the Company in its sole discretion that the Participant has: (i) engaged in gross negligence or willful misconduct in the performance of the Participant’s duties with respect to the Company or an Affiliate, (ii) materially breached any material provision of any written agreement between the Participant and the Company or an Affiliate or corporate policy or code of conduct established by the Company or an Affiliate and applicable to the Participant; (iii) willfully engaged in conduct that is materially injurious to the Company or an Affiliate; or (iv) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with, a felony involving fraud, dishonestly or moral turpitude (or a crime of similar import in a foreign jurisdiction).

(b) “*Disability*” means “disability” (or a term of like import) as defined under the Participant’s employment, consulting and/or severance agreement with the Company or an Affiliate or, in the absence of such an agreement or definition, shall mean the Participant’s inability to perform the Participant’s duties, with reasonable accommodation, due to a mental or physical impairment that continues (or can reasonably be expected to continue) for (i) 90 consecutive days or (ii) 180 days out of any 365-day period, which, in either case, shall only be deemed to occur following the written determination by the Company of any such occurrence of Disability.

“*Good Reason*” means “good reason” (or a term of like import) as defined under the Participant’s employment, consulting and/or severance agreement with the Company or an Affiliate or, in the absence of such an agreement or definition, shall mean (i) a material diminution in the Participant’s base salary or (ii) the relocation of the geographic location of the Participant’s principal place of employment by more than 50 miles from the location of the Participant’s principal place of employment as of the Grant Date; provided that, in the case of the Participant’s assertion of Good Reason, (A) the condition described in the foregoing clauses must have arisen without the Participant’s consent; (B) the Participant must provide written notice to the Company of such condition in accordance with this Agreement within 45 days of the initial existence of the condition; (C) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (D) the date of termination of the Participant’s

employment or other service relationship with the Company or an Affiliate must occur within 90 days after such notice is received by the Company.

(c) “**Retirement**” means the termination of the Participant’s employment or other service relationship with the Company or an Affiliate due to the Participant’s voluntary resignation on or after attaining age 55 and completing 10 or more full years of service with the Company or an Affiliate.

2. **Award.** In consideration of the Participant’s past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “**Date of Grant**”), the Company hereby grants to the Participant the target number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement (including, for the avoidance of doubt, with respect of the subject matter covered in Section 5), the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one share of Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Stock that may be earned hereunder in respect of this Award may range from 0% to 175% of the Target PSUs. Unless and until the PSUs have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Stock or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

3. **Vesting of PSUs.** Except as otherwise set forth in Sections 4 and 5, the PSUs shall vest and become Earned PSUs in accordance with the Participant’s satisfaction of the vesting schedule set forth in the Grant Notice (the “**Service Requirement**”) based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any PSUs that do not become Earned PSUs shall be automatically forfeited). Unless and until the PSUs have vested and become Earned PSUs as described in the preceding sentence, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

4. **Effect of Termination of Employment or Service.**

(a) *Termination of Employment or Service without Cause or for Good Reason.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant’s employment or other service relationship with the Company or an Affiliate without Cause by the Company or an Affiliate or by the Participant for Good Reason that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(b) *Termination of Employment or Service due to Disability or Death.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment or other service relationship with the Company or an Affiliate due to the Participant's Disability or death that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(c) *Termination of Employment or Service due to Retirement.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment or other service relationship with the Company or an Affiliate due to the Participant's Retirement that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to a number of PSUs equal to (i) the Target PSUs, *multiplied by* (ii) a fraction, the numerator of which is the number of days which have elapsed between the Performance Period Commencement Date and the date of such termination of employment or other service relationship, and the denominator of which is the total number of days in the Performance Period, and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6. With respect to the remaining portion of the Target PSUs for which the Service Requirement is not deemed to have been satisfied in accordance with the preceding sentence, such Target PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(d) *Other Termination of Employment or Service.* Except as otherwise provided in Section 4(a), (b) or (c), if the Participant has not satisfied the Service Requirement, then upon the termination of the Participant's employment or other service relationship with the Company or an Affiliate for any reason, any unearned PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

5. **Change in Control.** In the event a Change in Control (so long as such Change in Control also constitutes a "change in control event" as defined in the Nonqualified Deferred Compensation Rules) occurs prior to the Performance Period End Date (the date of such occurrence, the "**Change in Control Date**"), so long as the Participant has remained continuously employed by, or has continuously provided services to, the Company or an Affiliate, as applicable, from the Date of Grant through the Change in Control Date, then:

(a) A portion of the PSUs determined by multiplying (i) the Target PSUs by (ii) a fraction, the numerator of which is the number of days which elapsed between the Performance Period Commencement Date and the Change in Control Date, and the denominator of which is the total number of days in the Performance Period, will be deemed to be Earned PSUs to the extent that the Performance Goal has been achieved as of the Change in Control Date assuming that the Performance Period ended on the Change in Control Date, and which shall be eligible for settlement in accordance with Section 6 except that settlement shall occur within 60 days following the Change in Control Date; and

(b) With respect to the remaining portion of the Target PSUs that are not subject to Section 5(a), (i) if the Company continues following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, such Target PSUs shall remain outstanding and be eligible to be earned in accordance with the terms hereof, or (ii) if the Company does not continue following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, the successor, surviving, continuing or purchasing entity or parent thereof, as applicable, to the Company shall provide for a replacement or substitute grant on substantially similar terms to this Award, subject to the terms and conditions of the applicable plans of such successor, surviving, continuing or purchasing entity or parent thereof, as applicable, as in effect following the Change in Control.

6. **Settlement of PSUs.** As soon as administratively practicable following the Committee's certification of the level of attainment of the Performance Goal (which is expected to occur within two weeks following the date the Company files its annual report on Form 10-K for the Company's fiscal year that includes the Performance Period End Date), but in no event later than June 30 of the calendar year following the Performance Period End Date, the Company shall deliver to the Participant (or the Participant's permitted transferee, if applicable), a number of shares of Stock equal to the number of Earned PSUs; provided, however, that any fractional PSU that becomes earned hereunder shall be rounded down at the time shares of Stock are issued in settlement of such PSU. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

7. **Tax Withholding.** To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants,

consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability.** During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No shares of Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, shares of Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

10. **Legends.** If a stock certificate is issued with respect to shares of Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Stock, and no

adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Execution of Receipts and Releases.** Any issuance or transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to Earned PSUs.

13. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the PSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the PSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

14. **Lock-Up Period.** If so requested by the Company or any representative of the underwriters in connection with an underwritten public offering of the Company's securities (a "***Public Offering***"), the Participant (or other holder) shall not sell or otherwise transfer or distribute any Stock or other securities of the Company (or any securities convertible or exchangeable or exercisable for Stock or engage in any hedging transactions relating to Stock) during the period beginning 14 days prior to the expected date of the "pricing" of such Public Offering and continuing for the 180-day period (or such other period as may be requested in writing by such underwriters and agreed to in writing by the Company) following the effective date of such Public Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

15. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 15 shall be cumulative and in addition to any other remedies to which such party may be entitled.

16. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Select Energy Services, Inc.
Attn: Senior Vice President, General Counsel and Secretary
1233 W. Loop South, Suite 1400
Houston, Texas 77027

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

17. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

18. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

19. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the PSUs granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the

parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

20. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

21. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

22. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

23. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

24. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

25. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

Section 409A. Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to comply with the applicable requirements of the

Nonqualified Deferred Compensation Rules and shall be construed and interpreted in accordance with such intent. If the Participant is deemed to be a “specified employee” within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his “separation from service” within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant’s separation from service and (b) the Participant’s death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

EXHIBIT B

COMPANY PEER GROUP¹

1. FTS International, Inc.
2. NexTier Oilfield Solutions Inc.
3. Liberty Oilfield Services Inc.
4. ProPetro Holding Corp.
5. RPC Inc.
6. Cactus, Inc.
7. Nine Energy Service Inc.
8. Newpark Resources Inc.
9. Oil States International, Inc.
10. Patterson UTI Energy Inc.
11. ChampionX Corporation
12. Ranger Energy Services, Inc.
13. TETRA Technologies Inc.

¹ In the event of a major corporate event, such as a merger, acquisition, take-private, spin-off, bankruptcy or similar occurrence, the Compensation Committee shall be permitted to (i) include a substitute entity for the remainder of the Performance Period or (ii) adjust the Percentage of Target PSUs Earned to reflect the Company's performance relative the remaining members of the Peer Group.

**SELECT ENERGY SERVICES, INC.
2016 EQUITY INCENTIVE PLAN**

RESTRICTED STOCK GRANT NOTICE

Pursuant to the terms and conditions of the Select Energy Services, Inc. 2016 Equity Incentive Plan, as amended from time to time (the “*Plan*”), Select Energy Services, Inc. (the “*Company*”) hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of shares of Restricted Stock (the “*Restricted Shares*”) set forth below. This award of Restricted Stock (this “*Award*”) is subject to the terms and conditions set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant: John D. Schmitz

Date of Grant: March 5, 2021

Total Number of Restricted Shares: 216,796

Vesting Schedule: Subject to the Agreement, the Plan and the other terms and conditions set forth herein, the Restricted Shares shall vest and become exercisable according to the following schedule: (i) one-third of the Restricted Shares shall vest on the first anniversary of the Date of Grant, (ii) one-third of the Restricted Shares shall vest on the second anniversary of the Date of Grant and (iii) one-third of the Restricted Shares shall vest on the third anniversary of the Date of Grant, so long as you remain continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through each such vesting date. Notwithstanding anything in the preceding sentence to the contrary, the Restricted Shares granted hereunder shall immediately become fully vested as set forth in Section 3 of the Agreement. For purposes of clarity, a termination of employment with the Company or any Affiliate will include any termination of your employment status with the Company or any Affiliate even if you continue to serve as a non-employee member of the Board.

By your acceptance below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Grant Notice (this “*Grant Notice*”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice.

You also understand and acknowledge that you should consult with your tax advisor regarding the advisability of filing with the Internal Revenue Service an election under Section 83(b) of the Internal Revenue Code with respect to the Restricted Shares. This election must be filed no later than 30 days after Date of Grant set forth in this Grant Notice. This time period cannot be extended. If you wish to file a Section 83(b) election with respect to the Restricted Shares, an election form is attached hereto as Exhibit B. By accepting this grant, you acknowledge (a) that you have been advised to consult with a tax advisor regarding the tax consequences of the award of the Restricted Shares and (b) that timely filing a Section 83(b) election (if you choose to do so) is your sole responsibility, even if you request the Company or any of its affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) to assist in making such filing or to file such election on your behalf.

This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN ORDER TO RECEIVE THE BENEFITS OF THE AGREEMENT AND THIS GRANT NOTICE, AND FOR THIS AWARD TO BE EFFECTIVE, YOU MUST ACKNOWLEDGE YOUR ACCEPTANCE BY CLICKING THE APPROPRIATE BUTTON BELOW (THE “**ACCEPTANCE REQUIREMENTS**”). IF YOU FAIL TO SATISFY THE ACCEPTANCE REQUIREMENTS WITHIN 90 DAYS FOLLOWING THE DATE OF GRANT, THEN (1) THIS AWARD WILL BE OF NO FORCE OR EFFECT AND WILL BE AUTOMATICALLY FORFEITED TO THE COMPANY WITHOUT CONSIDERATION AND (2) NEITHER YOU NOR THE COMPANY WILL HAVE ANY FUTURE RIGHTS OR OBLIGATIONS UNDER THE AGREEMENT OR THIS GRANT NOTICE.

EXHIBIT A

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Select Energy Services, Inc., a Delaware corporation (the “*Company*”), and John D. Schmitz (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award.** In consideration of the Participant’s past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “*Date of Grant*”), the Company hereby grants to the Participant the number of Restricted Shares set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

2. **Vesting of Restricted Shares.**

(a) The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of except as provided in this Agreement or the Plan, and, except as otherwise set forth in Section 3 in the event of the termination of the Participant’s employment with the Company or an Affiliate, the Participant shall immediately and without any further action by the Company, forfeit and surrender to the Company for no consideration all of the Restricted Shares with respect to which the Forfeiture Restrictions (as defined below) have not lapsed in accordance with Section 2(b) as of the date of such termination of the Participant’s employment. The prohibition against transfer and the obligation to forfeit and surrender the Restricted Shares to the Company upon termination of the Participant’s employment as provided in the preceding sentence are referred to herein as the “*Forfeiture Restrictions.*” The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of the Restricted Shares.

(b) The Restricted Shares shall be released from the Forfeiture Restrictions in accordance with the vesting schedule set forth in the Grant Notice or upon vesting pursuant to Section 3. The Restricted Shares with respect to which the Forfeiture Restrictions lapse without forfeiture are referred to herein as the “*Earned Shares.*” As soon as administratively practicable following the release of any Stock from the Forfeiture Restrictions, the Company shall, as applicable, either deliver to the Participant the certificate or certificates representing such Stock in the Company’s possession belonging to the Participant, or, if the Stock is held in book-entry form, then the Company shall remove the notations indicating that the Stock is subject to the restrictions of this Agreement. The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant’s death or disability, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

3. **Effect of Termination of Employment or Service.**

(a) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate (i) due to the Participant's "Disability" (as defined below) or death, (ii) without "Cause" (as defined below) by the Company or an Affiliate, or (iii) by the Participant for "Good Reason" (as defined below), the Restricted Shares shall immediately become Earned Shares.

(b) For purposes of this Agreement, the following terms have the meanings set forth below:

(i) "**Cause**" means the Participant has (A) engaged in gross negligence or willful misconduct in the performance of the Participant's duties, (B) materially breached any material provision of the employment agreement or any other written agreement or Company policy or code of conduct, (C) willfully engaged in conduct that is materially injurious to the Company or any of its affiliates or (D) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude.

(ii) "**Disability**" means "disability" (or a word of like import) as defined under the Participant's employment agreement or consulting agreement with the Company or, in the absence of such an agreement or definition, shall mean the Participant's inability to perform the Participant's duties, with reasonable accommodation, due to a mental or physical impairment that continues (or can reasonably be expected to continue) for (A) 90 consecutive days or (B) 180 days out of any 365-day period, which, in either case, shall only be deemed to occur following the written determination by the Committee of any such occurrence of Disability.

(iii) "**Good Reason**" means, without the Participant's consent, (A) a material diminution in Base Salary (as defined in the Participant's letter agreement with the Select Energy Services, LLC dated March 1, 2021, other than a 25% or less reduction that applies similarly to all of the Company's executive officers or (B) Participant ceases to be employed as Chief Executive Officer, subject to notice and cure provisions; provided that (1) Participant has given the Company written notice of the condition that is alleged to constitute Good Reason within 45 days following the initial existence of such event, (2) the condition remains uncorrected for 30 days following receipt of such notice by the Company and (3) Participant's termination of employment must occur within 135 days after the initial existence of the condition specified in the notice.

4. **Dividends and Other Distributions.** Dividends and other distributions that are paid or distributed with respect to a Restricted Share (whether in the form of shares of Stock or other property (including cash)) (referred to herein as "**Distributions**") shall be subject to the transfer restrictions and the risk of forfeiture applicable to the related Restricted Share and shall be held by the Company or other depository as may be designated by the Committee as a depository for safekeeping. If the Restricted Share to which such Distributions relate is forfeited to the Company, then such Distributions shall be forfeited to the Company at the same time such Restricted Share is so forfeited. If the Restricted Share to which such Distributions relate becomes vested, then such Distributions shall be paid and distributed to the Participant as soon as

administratively feasible after such Restricted Share becomes vested (but in no event later than March 15 of the calendar year following the calendar year in which such vesting occurs). Distributions paid or distributed in the form of securities with respect to Restricted Shares shall bear such legends, if any, as may be determined by the Committee to reflect the terms and conditions of this Agreement and to comply with applicable securities laws.

5. **Tax Withholding.** To the extent that the receipt, vesting or settlement of this Award or any other event occurs that results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, or otherwise causes this Award to become subject to taxation, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

6. **Non-Transferability.** The Restricted Shares may not be sold, pledged, assigned or transferred in any manner unless and until the Forfeiture Restrictions have lapsed. No Restricted Shares or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect.

7. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of Restricted Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Restricted Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Restricted Shares will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such

issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Restricted Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

8. **Legends.** If a stock certificate is issued with respect to Restricted Shares issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

9. **Rights as a Stockholder.** Except as otherwise provided herein, upon issuance of the Restricted Shares by the Company, the Participant shall have all the rights of a stockholder of the Company with respect to such Restricted Shares, subject to the restrictions herein, including the right to vote the Restricted Shares.

10. **Execution of Receipts and Releases.** Any transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such transfer, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate.

11. **Section 83(b) Election.** If the Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Shares as of the Date of Grant rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant hereby agrees to (a) use the election form provided in Exhibit B for such purpose and (b) deliver a copy of such election to the Company at the time of filing such election with the Internal Revenue Service.

12. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the Restricted Shares thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the Restricted Shares is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or

benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

13. **Lock-Up Period.** If so requested by the Company or any representative of the underwriters in connection with an underwritten public offering of the Company's securities (a "***Public Offering***"), the Participant (or other holder) shall not sell or otherwise transfer or distribute any Stock or other securities of the Company (or any securities convertible or exchangeable or exercisable for Stock or engage in any hedging transactions relating to Stock) during the period beginning 14 days prior to the expected date of the "pricing" of such Public Offering and continuing for the 180-day period (or such other period as may be requested in writing by such underwriters and agreed to in writing by the Company) following the effective date of such Public Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

14. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 14 shall be cumulative and in addition to any other remedies to which such party may be entitled.

15. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Select Energy Services, Inc.
Attn: Senior Vice President, General Counsel and Secretary
1233 W. Loop South, Suite 1400
Houston, Texas 77027

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have

been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

16. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

17. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

18. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Restricted Shares granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

19. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

20. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010,

any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

21. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

22. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Restricted Shares may be transferred by will or the laws of descent or distribution.

23. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

24. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

EXHIBIT B

SECTION 83(b) ELECTION

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, taxpayer identification number and address of the undersigned (the "**Taxpayer**"), and the taxable year for which this election is being made are:

Taxpayer's Name: _____

Taxpayer's Social Security Number: _____ - _____ - _____

Taxpayer's Address: _____

Taxable Year: _____

2. The property that is the subject of this election (the "**Property**") is _____ shares of Class A common stock of Select Energy Services, Inc.
3. The Property was transferred to the Taxpayer on _____.
4. The Property is subject to the following restrictions: The shares are subject to various transfer restrictions and are subject to forfeiture in the event certain service conditions are not satisfied.
5. The fair market value of the Property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in Section 1.83-3(h) of the Income Tax Regulations) is \$ _____ per share x _____ shares = \$ _____.
6. The amount paid by the Taxpayer for the Property is \$0.00.
7. The amount to include in gross income is \$ _____.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the Property. A copy of the election also will be furnished to the person for whom the services were performed at the time of filing this election with the Internal Revenue Service. The undersigned is the person performing the services in connection with which the Property was transferred.

Dated: _____

Taxpayer's Signature



**SELECT ENERGY SERVICES, INC.
2016 EQUITY INCENTIVE PLAN**

SPECIAL RESTRICTED STOCK GRANT NOTICE

Pursuant to the terms and conditions of the Select Energy Services, Inc. 2016 Equity Incentive Plan, as amended from time to time (the “*Plan*”), Select Energy Services, Inc. (the “*Company*”) hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of shares of Restricted Stock (the “*Restricted Shares*”) set forth below. This award of Restricted Stock (this “*Award*”) is subject to the terms and conditions set forth herein and in the Restricted Stock Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	John D. Schmitz
Date of Grant:	March 5, 2021
Total Number of Restricted Shares:	600,000
Vesting Schedule:	Subject to the Agreement, the Plan and the other terms and conditions set forth herein, the Restricted Shares shall vest and become exercisable according to the following schedule: 100% of the Restricted Shares shall vest on January 1, 2024, so long as you remain continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through such vesting date. Notwithstanding anything in the preceding sentence to the contrary, the Restricted Shares granted hereunder shall immediately become vested (either fully or on a pro-rated basis, as applicable) as set forth in <u>Section 3</u> of the Agreement. For purposes of clarity, a termination of employment with the Company or any Affiliate will include any termination of your employment status with the Company or any Affiliate even if you continue to serve as a non-employee member of the Board.

By your acceptance below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Grant Notice (this “*Grant Notice*”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice.

You also understand and acknowledge that you should consult with your tax advisor regarding the advisability of filing with the Internal Revenue Service an election under Section 83(b) of the Internal Revenue Code with respect to the Restricted Shares. This election must be

filed no later than 30 days after Date of Grant set forth in this Grant Notice. This time period cannot be extended. If you wish to file a Section 83(b) election with respect to the Restricted Shares, an election form is attached hereto as Exhibit B. By accepting this grant, you acknowledge (a) that you have been advised to consult with a tax advisor regarding the tax consequences of the award of the Restricted Shares and (b) that timely filing a Section 83(b) election (if you choose to do so) is your sole responsibility, even if you request the Company or any of its affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) to assist in making such filing or to file such election on your behalf.

This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN ORDER TO RECEIVE THE BENEFITS OF THE AGREEMENT AND THIS GRANT NOTICE, AND FOR THIS AWARD TO BE EFFECTIVE, YOU MUST ACKNOWLEDGE YOUR ACCEPTANCE BY CLICKING THE APPROPRIATE BUTTON BELOW (THE “**ACCEPTANCE REQUIREMENTS**”). IF YOU FAIL TO SATISFY THE ACCEPTANCE REQUIREMENTS WITHIN 90 DAYS FOLLOWING THE DATE OF GRANT, THEN (1) THIS AWARD WILL BE OF NO FORCE OR EFFECT AND WILL BE AUTOMATICALLY FORFEITED TO THE COMPANY WITHOUT CONSIDERATION AND (2) NEITHER YOU NOR THE COMPANY WILL HAVE ANY FUTURE RIGHTS OR OBLIGATIONS UNDER THE AGREEMENT OR THIS GRANT NOTICE.

EXHIBIT A

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Select Energy Services, Inc., a Delaware corporation (the “*Company*”), and John D. Schmitz (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award.** In consideration of the Participant’s past and/or continued employment with the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “*Date of Grant*”), the Company hereby grants to the Participant the number of Restricted Shares set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

2. **Vesting of Restricted Shares.**

(a) The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of except as provided in this Agreement or the Plan, and, except as otherwise set forth in Section 3 in the event of the termination of the Participant’s employment with the Company or an Affiliate, the Participant shall immediately and without any further action by the Company, forfeit and surrender to the Company for no consideration all of the Restricted Shares with respect to which the Forfeiture Restrictions (as defined below) have not lapsed in accordance with Section 2(b) as of the date of such termination of the Participant’s employment; provided, however, upon the termination of the Participant’s employment with the Company or an Affiliate on or before June 30, 2022 (i) without “Cause” (as defined below) by the Company or an Affiliate, or (ii) by the Participant for “Good Reason” (as defined below), to the extent the Restricted Shares do not become Earned Shares upon termination, the Restricted Shares will remain outstanding until the Company has determined that the Stock Price Condition (as defined below) was not achieved on or before June 30, 2022, at which time such Restricted Shares shall immediately and without any further action by the Company, be forfeited and surrendered to the Company for no consideration. The prohibition against transfer and the obligation to forfeit and surrender the Restricted Shares to the Company upon termination of the Participant’s employment as provided in the preceding sentence are referred to herein as the “*Forfeiture Restrictions*.” The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of the Restricted Shares.

(b) The Restricted Shares shall be released from the Forfeiture Restrictions in accordance with the vesting schedule set forth in the Grant Notice or upon vesting pursuant to Section 3. The Restricted Shares with respect to which the Forfeiture Restrictions lapse without forfeiture are referred to herein as the “*Earned Shares*.” As soon as administratively practicable following the release of any Stock from the Forfeiture Restrictions, the Company shall, as

applicable, either deliver to the Participant the certificate or certificates representing such Stock in the Company's possession belonging to the Participant, or, if the Stock is held in book-entry form, then the Company shall remove the notations indicating that the Stock is subject to the restrictions of this Agreement.

The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant's death or disability, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

3. **Effect of Termination of Employment.**

(a) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate (i) due to the Participant's Disability or death, (ii) without Cause by the Company or an Affiliate, or (iii) by the Participant for Good Reason, a number of the Restricted Shares shall immediately become Earned Shares equal to (x) 100% of the Restricted Shares, *multiplied by* (y) a fraction, the numerator of which is the number of days which have elapsed between January 1, 2021 and the date of the Participant's termination of employment with the Company or an Affiliate, and the denominator of which is 1095; provided, however, in the event the average daily trading price of the Company's Class A common stock exceeds \$12.50 for 90 consecutive trading days (the "*Stock Price Condition*") (A) during the Participant's period of employment with the Company or an Affiliate, and the Participant's employment is terminated by the Company or an Affiliate without Cause or by Executive for Good Reason, then 100% of the Restricted Shares will become Earned Shares upon such termination without pro ration, or (B) on or before June 30, 2022, regardless of whether the Participant is continuously employed with the Company or an Affiliate through June 30, 2022, provided the Participant's employment was terminated by the Company without Cause or by the Participant for Good Reason, any remaining Restricted Shares (that did not previously become Earned Shares upon the Participant's termination of employment, if applicable) will become Earned Shares without pro ration upon the later to occur of (1) the Participant's termination by the Company without Cause or by Executive for Good Reason, or (2) the date the Company certifies the Stock Price Condition is met.

(b) For purposes of this Agreement, the following terms have the meanings set forth below:

(i) "**Cause**" means the Participant has (A) engaged in gross negligence or willful misconduct in the performance of the Participant's duties, (B) materially breached any material provision of the employment agreement or any other written agreement or Company policy or code of conduct, (C) willfully engaged in conduct that is materially injurious to the Company or any of its affiliates or (D) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude.

(ii) "**Disability**" means "disability" (or a word of like import) as defined under the Participant's employment agreement or consulting agreement with the Company or, in the absence of such an agreement or definition, shall mean the Participant's inability to perform the Participant's duties, with reasonable accommodation, due to a mental or physical impairment that continues (or can reasonably be expected to continue) for (A) 90 consecutive days or (B) 180

days out of any 365-day period, which, in either case, shall only be deemed to occur following the written determination by the Committee of any such occurrence of Disability.

(iii) “**Good Reason**” means, without the Participant’s consent, (A) a material diminution in Base Salary (as defined in the Participant’s letter agreement with the Select Energy Services, LLC dated February __, 2021, other than a 25% or less reduction that applies similarly to all of the Company’s executive officers or (B) Participant ceases to be employed as Chief Executive Officer, subject to notice and cure provisions; provided that (1) Participant has given the Company written notice of the condition that is alleged to constitute Good Reason within 45 days following the initial existence of such event, (2) the condition remains uncorrected for 30 days following receipt of such notice by the Company and (3) Participant’s termination of employment must occur within 135 days after the initial existence of the condition specified in the notice.

4. **Dividends and Other Distributions**. Dividends and other distributions that are paid or distributed with respect to a Restricted Share (whether in the form of shares of Stock or other property (including cash)) (referred to herein as “**Distributions**”) shall be subject to the transfer restrictions and the risk of forfeiture applicable to the related Restricted Share and shall be held by the Company or other depository as may be designated by the Committee as a depository for safekeeping. If the Restricted Share to which such Distributions relate is forfeited to the Company, then such Distributions shall be forfeited to the Company at the same time such Restricted Share is so forfeited. If the Restricted Share to which such Distributions relate becomes vested, then such Distributions shall be paid and distributed to the Participant as soon as administratively feasible after such Restricted Share becomes vested (but in no event later than March 15 of the calendar year following the calendar year in which such vesting occurs). Distributions paid or distributed in the form of securities with respect to Restricted Shares shall bear such legends, if any, as may be determined by the Committee to reflect the terms and conditions of this Agreement and to comply with applicable securities laws.

5. **Tax Withholding**. To the extent that the receipt, vesting or settlement of this Award or any other event occurs that results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, or otherwise causes this Award to become subject to taxation, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax

advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

6. **Non-Transferability.** The Restricted Shares may not be sold, pledged, assigned or transferred in any manner unless and until the Forfeiture Restrictions have lapsed. No Restricted Shares or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect.

7. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of Restricted Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Restricted Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Restricted Shares will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Restricted Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

8. **Legends.** If a stock certificate is issued with respect to Restricted Shares issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

9. **Rights as a Stockholder.** Except as otherwise provided herein, upon issuance of the Restricted Shares by the Company, the Participant shall have all the rights of a stockholder of

the Company with respect to such Restricted Shares, subject to the restrictions herein, including the right to vote the Restricted Shares.

10. **Execution of Receipts and Releases.** Any transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such transfer, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate.

11. **Section 83(b) Election.** If the Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Shares as of the Date of Grant rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant hereby agrees to (a) use the election form provided in Exhibit B for such purpose and (b) deliver a copy of such election to the Company at the time of filing such election with the Internal Revenue Service.

12. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the Restricted Shares thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the Restricted Shares is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

13. **Lock-Up Period.** If so requested by the Company or any representative of the underwriters in connection with an underwritten public offering of the Company's securities (a "***Public Offering***"), the Participant (or other holder) shall not sell or otherwise transfer or distribute any Stock or other securities of the Company (or any securities convertible or exchangeable or exercisable for Stock or engage in any hedging transactions relating to Stock) during the period beginning 14 days prior to the expected date of the "pricing" of such Public Offering and continuing for the 180-day period (or such other period as may be requested in writing by such underwriters and agreed to in writing by the Company) following the effective date of such Public Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

14. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including, without limitation, reasonable

attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 14 shall be cumulative and in addition to any other remedies to which such party may be entitled.

15. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Select Energy Services, Inc.
Attn: Senior Vice President, General Counsel and Secretary
1233 W. Loop South, Suite 1400
Houston, Texas 77027

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

16. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

17. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

18. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Restricted Shares granted hereby; provided, however, that the terms of this Agreement shall not

modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

19. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

20. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

21. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

22. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Restricted Shares may be transferred by will or the laws of descent or distribution.

23. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

24. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format

(.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

EXHIBIT B

SECTION 83(b) ELECTION

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, taxpayer identification number and address of the undersigned (the “**Taxpayer**”), and the taxable year for which this election is being made are:

Taxpayer’s Name: _____

Taxpayer’s Social Security Number: _____ - _____ - _____

Taxpayer’s Address: _____

Taxable Year: _____

2. The property that is the subject of this election (the “**Property**”) is _____ shares of Class A common stock of Select Energy Services, Inc.
3. The Property was transferred to the Taxpayer on February __, 2021.
4. The Property is subject to the following restrictions: The shares are subject to various transfer restrictions and are subject to forfeiture in the event certain service conditions are not satisfied.
5. The fair market value of the Property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in Section 1.83-3(h) of the Income Tax Regulations) is \$ _____ per share x _____ shares = \$ _____.
6. The amount paid by the Taxpayer for the Property is \$0.00.
7. The amount to include in gross income is \$ _____.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which the taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the Property. A copy of the election also will be furnished to the person for whom the services were performed at the time of filing this election with the Internal Revenue Service. The undersigned is the person performing the services in connection with which the Property was transferred.

Dated: _____

Taxpayer’s Signature



**SELECT ENERGY SERVICES, INC.
2016 EQUITY INCENTIVE PLAN**

PERFORMANCE SHARE UNIT GRANT NOTICE – ADJUSTED FREE CASH FLOW

Pursuant to the terms and conditions of the Select Energy Services, Inc. 2016 Equity Incentive Plan, as amended from time to time (the “*Plan*”), Select Energy Services, Inc. (the “*Company*”) hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of performance share units (the “*PSUs*”) set forth below. This award of PSUs (this “*Award*”) is subject to the terms and conditions set forth herein and in the Performance Share Unit Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	John D. Schmitz
Date of Grant:	March 5, 2021
Award Type and Description:	<p>Other Stock-Based Award granted pursuant to Section 6(h) of the Plan that has been designated as a Performance Award under Section 6(k) of the Plan. This Award represents the right to receive shares of Stock in an amount up to 175% of the Target PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement.</p> <p>Your right to receive settlement of this Award in an amount ranging from 0% to 175% of the Target PSUs shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment described below under “<i>Service Requirement</i>” and (ii) the Committee’s certification of the level of achievement of the Performance Goal (defined below). The portion of the Target PSUs actually earned upon satisfaction of the foregoing requirements is referred to herein as the “<i>Earned PSUs</i>.” For purposes of clarity, a termination of employment with the Company or any Affiliate will include any termination of your employment status with the Company or any Affiliate even if you continue to serve as a non-employee member of the Board.</p>
Target Number of PSUs:	108,398 (the “ <i>Target PSUs</i> ”).
Performance Period:	January 1, 2021 (the “ <i>Performance Period Commencement Date</i> ”) through December 31, 2023 (the “ <i>Performance Period End Date</i> ”).

Service Requirement: Except as expressly provided in Sections 4 and 5 of the Agreement, you must remain continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through the Performance Period End Date to be eligible to receive payment of this Award, which is based on the level of achievement with respect to the Performance Goal (as defined below).

Performance Goal: Subject to the terms and conditions set forth in the Plan, the Agreement and herein, the number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined based on the Company's achievement of Adjusted Free Cash Flow per Share (as defined below) as compared to the Annual Target (as defined below) (the "**Performance Goal**")

The number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined based on the following table:

Adjusted FCF Performance Percentage
Percentage of Target PSUs Earned*
Less than 70%
0%
70%
50%
100%
100%
130%
175%

*The percentage of Target PSUs earned for an Adjusted FCF Performance Percentage that is between the values set forth in the table, excluding between the first and second rows of the table, shall be linearly interpolated between the values in the table.

For purposes of this Award, the following definitions shall apply:

"Adjusted FCF Performance Percentage" means the percentage obtained by dividing (i) the sum of the Adjusted Free Cash Flow per Share achieved for each calendar year of the Performance Period by (ii) the sum of the Annual Target for each calendar year of the Performance Period.

"Adjusted Free Cash Flow" means, for each calendar year during the Performance Period: (i) Cash Flow from Operations, determined in accordance with generally accepted accounting principles ("**GAAP**") or on a non-GAAP basis consistent with the Company's practices (as determined by the Committee), *minus* (ii) net capital expenditures, including the impact of asset sales in the ordinary course of business.

"Adjusted Free Cash Flow per Share" means, with respect to a calendar year, the value obtained by dividing (i) Adjusted Free Cash Flow for such calendar year by (ii) the number of shares of Stock outstanding utilized for purposes of establishing the Annual Target for such calendar year. For purposes of clause (ii) of this definition, (A) the number of shares of



Stock outstanding shall not reflect any issuances or repurchases of Stock during the applicable year of the Performance Period, unless the Annual Target for such year has been adjusted to account for any such issuances or repurchases and (B) the number of shares of Stock outstanding shall be increased to account for any non-ordinary course debt borrowed during the applicable year of the Performance Period by dividing the aggregate total of such debt by the volume weighted average price of the Company's shares of Stock for the thirty (30) days preceding the date of incurrence of such debt; provided, such Share increase contemplated by subsection (B) hereof shall be prorated to reflect the portion of the applicable year during the Performance Period that such debt was outstanding.

"Annual Target" means, for a calendar year during the Performance Period, the target Adjusted Free Cash Flow per share of Stock approved by the Committee for such year in connection with the Company's annual budget process, as adjusted for any incremental capital expenditures or acquisition costs not accounted for in the budget process but otherwise approved by the Board.

The Committee may adjust the Performance Goal as permitted by the Plan.

Settlement: Settlement of the Earned PSUs shall be made solely in shares of Stock, which shall be delivered to you in accordance with Section 6 of the Agreement.

By your acceptance below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Share Unit Grant Notice (this *"Grant Notice"*). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice.

IN ORDER TO RECEIVE THE BENEFITS OF THE AGREEMENT AND THIS GRANT NOTICE, AND FOR THIS AWARD TO BE EFFECTIVE, YOU MUST ACKNOWLEDGE YOUR ACCEPTANCE BY CLICKING THE APPROPRIATE BUTTON BELOW (THE *"ACCEPTANCE REQUIREMENTS"*). IF YOU FAIL TO SATISFY THE ACCEPTANCE REQUIREMENTS WITHIN 90 DAYS FOLLOWING THE DATE OF GRANT, THEN (1) THIS AWARD WILL BE OF NO FORCE OR EFFECT AND WILL BE AUTOMATICALLY FORFEITED TO THE COMPANY WITHOUT CONSIDERATION AND (2) NEITHER YOU NOR THE COMPANY WILL HAVE ANY FUTURE RIGHTS OR OBLIGATIONS UNDER THE AGREEMENT OR THIS GRANT NOTICE.

EXHIBIT A

PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Select Energy Services, Inc., a Delaware corporation (the “*Company*”), and _____ (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) “*Cause*” means the Participant has (A) engaged in gross negligence or willful misconduct in the performance of the Participant’s duties, (B) materially breached any material provision of the employment agreement or any other written agreement or Company policy or code of conduct, (C) willfully engaged in conduct that is materially injurious to the Company or any of its affiliates or (D) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude.

(b) “*Disability*” means “disability” (or a term of like import) as defined under the Participant’s employment, consulting and/or severance agreement with the Company or an Affiliate or, in the absence of such an agreement or definition, shall mean the Participant’s inability to perform the Participant’s duties, with reasonable accommodation, due to a mental or physical impairment that continues (or can reasonably be expected to continue) for (i) 90 consecutive days or (ii) 180 days out of any 365-day period, which, in either case, shall only be deemed to occur following the written determination by the Company of any such occurrence of Disability.

(c) “*Good Reason*” means, without the Participant’s consent, (A) a material diminution in Base Salary (as defined in the Participant’s letter agreement with the Select Energy Services, LLC dated February __, 2021, other than a 25% or less reduction that applies similarly to all of the Company’s executive officers or (B) Participant ceases to be employed as Chief Executive Officer, subject to notice and cure provisions; provided that (1) Participant has given the Company written notice of the condition that is alleged to constitute Good Reason within 45 days following the initial existence of such event, (2) the condition remains uncorrected for 30 days following receipt of such notice by the Company and (3) Participant’s termination of employment must occur within 135 days after the initial existence of the condition specified in the notice.

2. **Award.** In consideration of the Participant’s past and/or continued employment with the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “*Date of Grant*”), the Company hereby grants to the Participant the target number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement (including, for

the avoidance of doubt, with respect of the subject matter covered in Section 5), the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one share of Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Stock that may be earned hereunder in respect of this Award may range from 0% to 175% of the Target PSUs. Unless and until the PSUs have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Stock or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

3. **Vesting of PSUs.** Except as otherwise set forth in Sections 4 and 5, the PSUs shall vest and become Earned PSUs in accordance with the Participant's satisfaction of the vesting schedule set forth in the Grant Notice (the "***Service Requirement***") based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any PSUs that do not become Earned PSUs shall be automatically forfeited). Unless and until the PSUs have vested and become Earned PSUs as described in the preceding sentence, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

4. **Effect of Termination of Employment.**

(a) *Termination of Employment without Cause or for Good Reason.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate without Cause by the Company or an Affiliate or by the Participant for Good Reason that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(b) *Termination of Employment due to Disability or Death.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate due to the Participant's Disability or death that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(c) *Other Termination of Employment.* Except as otherwise provided in Section 4(a), (b) or (c), if the Participant has not satisfied the Service Requirement, then upon the termination of the Participant's employment with the Company or an Affiliate for any reason, any unearned PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

5. **Change in Control.** In the event a Change in Control (so long as such Change in Control also constitutes a “change in control event” as defined in the Nonqualified Deferred Compensation Rules) occurs prior to the Performance Period End Date (the date of such occurrence, the “***Change in Control Date***”), so long as the Participant has remained continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through the Change in Control Date, then:

(a) A portion of the PSUs determined by multiplying (i) the Target PSUs by (ii) a fraction, the numerator of which is the number of days which elapsed between the Performance Period Commencement Date and the Change in Control Date, and the denominator of which is the total number of days in the Performance Period, will be deemed to be Earned PSUs to the extent that the Performance Goal has been achieved as of the Change in Control Date assuming that the Performance Period ended on the Change in Control Date, and which shall be eligible for settlement in accordance with Section 6 except that settlement shall occur within 60 days following the Change in Control Date; and

(b) With respect to the remaining portion of the Target PSUs that are not subject to Section 5(a), (i) if the Company continues following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, such Target PSUs shall remain outstanding and be eligible to be earned in accordance with the terms hereof, or (ii) if the Company does not continue following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, the successor, surviving, continuing or purchasing entity or parent thereof, as applicable, to the Company shall provide for a replacement or substitute grant on substantially similar terms to this Award, subject to the terms and conditions of the applicable plans of such successor, surviving, continuing or purchasing entity or parent thereof, as applicable, as in effect following the Change in Control.

6. **Settlement of PSUs.** As soon as administratively practicable following the Committee’s certification of the level of attainment of the Performance Goal (which is expected to occur within two weeks following the date the Company files its annual report on Form 10-K for the Company’s fiscal year that includes the Performance Period End Date), but in no event later than June 30 of the calendar year following the Performance Period End Date, the Company shall deliver to the Participant (or the Participant’s permitted transferee, if applicable), a number of shares of Stock equal to the number of Earned PSUs; provided, however, that any fractional PSU that becomes earned hereunder shall be rounded down at the time shares of Stock are issued in settlement of such PSU. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

7. **Tax Withholding.** To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating

to this Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability.** During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No shares of Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, shares of Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Stock hereunder, the Company may require the Participant to satisfy any requirements that may be

necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

10. **Legends.** If a stock certificate is issued with respect to shares of Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Execution of Receipts and Releases.** Any issuance or transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to Earned PSUs.

13. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the PSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the PSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

14. **Lock-Up Period.** If so requested by the Company or any representative of the underwriters in connection with an underwritten public offering of the Company's securities (a "***Public Offering***"), the Participant (or other holder) shall not sell or otherwise transfer or distribute any Stock or other securities of the Company (or any securities convertible or exchangeable or exercisable for Stock or engage in any hedging transactions relating to Stock) during the period beginning 14 days prior to the expected date of the "pricing" of such Public Offering and continuing for the 180-day period (or such other period as may be requested in writing by such underwriters and agreed to in writing by the Company) following the effective date of such Public

Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

15. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 15 shall be cumulative and in addition to any other remedies to which such party may be entitled.

16. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Select Energy Services, Inc.
Attn: Senior Vice President, General Counsel and Secretary
1233 W. Loop South, Suite 1400
Houston, Texas 77027

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

17. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the

Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

18. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

19. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the PSUs granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

20. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

21. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

22. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

23. **Successors and Assigns**. The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

24. **Headings**. Headings are for convenience only and are not deemed to be part of this Agreement.

25. **Counterparts**. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

26. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to comply with the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be construed and interpreted in accordance with such intent; provided, however, "termination of employment" and similar terms used herein will mean, a "separation from service" within the meaning of Treasury Regulation §1.409A-1(h) utilizing a threshold of 50%, it being understood that the level of services Participant will perform as a non-employee member of the Board will be less than 50% of the average level of bona fide services provided in the immediately preceding 36 months. Any payment pursuant to this Agreement is intended to be a "short term deferral" within the meaning of Section 409A of the Code, and the regulations promulgated pursuant thereto. However, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules (as modified as described above), such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rule.

**SELECT ENERGY SERVICES, INC.
2016 EQUITY INCENTIVE PLAN**

PERFORMANCE SHARE UNIT GRANT NOTICE – RETURN ON ASSETS

Pursuant to the terms and conditions of the Select Energy Services, Inc. 2016 Equity Incentive Plan, as amended from time to time (the “*Plan*”), Select Energy Services, Inc. (the “*Company*”) hereby grants to the individual listed below (“*you*” or the “*Participant*”) the number of performance share units (the “*PSUs*”) set forth below. This award of PSUs (this “*Award*”) is subject to the terms and conditions set forth herein and in the Performance Share Unit Agreement attached hereto as Exhibit A (the “*Agreement*”) and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	John D. Schmitz
Date of Grant:	February __, 2021
Award Type and Description:	<p>Other Stock-Based Award granted pursuant to Section 6(h) of the Plan that has been designated as a Performance Award under Section 6(k) of the Plan. This Award represents the right to receive shares of Stock in an amount up to 175% of the Target PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement.</p> <p>Your right to receive settlement of this Award in an amount ranging from 0% to 175% of the Target PSUs shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment or service requirements described below under “<i>Service Requirement</i>” and (ii) the Committee’s certification of the level of achievement of the Performance Goal (defined below). The portion of the Target PSUs actually earned upon satisfaction of the foregoing requirements is referred to herein as the “<i>Earned PSUs</i>.” For purposes of clarity, a termination of employment with the Company or any Affiliate will include any termination of your employment status with the Company or any Affiliate even if you continue to serve as a non-employee member of the Board.</p>
Target Number of PSUs:	108,398 (the “ <i>Target PSUs</i> ”).
Performance Period:	January 1, 2021 (the “ <i>Performance Period Commencement Date</i> ”) through December 31, 2023 (the “ <i>Performance Period End Date</i> ”).

Service Requirement: Except as expressly provided in Sections 4 and 5 of the Agreement, you must remain continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through the Performance Period End Date to be eligible to receive payment of this Award, which is based on the level of achievement with respect to the Performance Goal (as defined below).

Performance Goal: Subject to the terms and conditions set forth in the Plan, the Agreement and herein, the number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined based on the Company's Average Return on Assets (as defined below) relative to the Average Return on Assets of the peer companies listed on Exhibit B hereto (the "**Peer Group**"), but only if the Company's Total Shareholder return is positive during such period (the "**Performance Goal**").

The number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined based on the following table:

Ranking Among Peer Group
Percentage of Target PSUs Earned*
Outside of Top 10
0%
Top 10
50%
Top 7
100%
Top 3
175%

*The percentage of Target PSUs earned for a Ranking Among Peer Group that is between the values set forth in the table, excluding between the first and second rows of the table, shall be linearly interpolated between the values in the table.

To determine the Company's Ranking Among Peer Group, Average Return on Assets will be calculated for the Company and each entity in the Peer Group as of the Performance Period End Date. The entities in the Peer Group and the Company will be arranged by their respective Average Return on Assets (highest to lowest). Notwithstanding the foregoing, in the event the Company's Total Shareholder Return is negative, no Target PSUs will become Earned PSUs, regardless of the Company's Ranking Among Peer Group.

For purposes of this Award, the following definitions shall apply:

"Adjusted Net Income" means the product obtained by multiplying:

(A) the difference obtained from:

(i) "Adjusted EBITDA" as publicly disclosed by the applicable company or, if not disclosed, "EBITDA" as publicly disclosed by such company, in each case adjusted



in a manner consistent with adjustments included in the Company's publicly disclosed Adjusted EBITDA during each year of the Performance Period; provided, however, that the adjustments contemplated above shall exclude certain items, including (x) any net non-cash gain or loss during such period arising from the sale, exchange, retirement or other disposition of capital assets (such term to include all fixed assets and all securities) in the ordinary course of business, and (y) any write-up or write-down of tangible assets, less

(ii) the sum of:

(a) interest expense, *plus*

(b) depreciation expense,

by

(B) 0.79.

"Average Return on Assets" means the sum of the Return on Assets of the applicable entity during each year of the Performance Period, *divided by 3*.

"Net Assets" means the applicable company's average property and equipment, net, for each year during the Performance Period, *plus* average total current assets (other than cash and cash equivalents and current tax assets) for each year during the Performance Period, less average total current liabilities (other than current tax liabilities) for each year during the Performance Period, each as determined in accordance with generally accepted accounting principles or on a non-GAAP basis consistent with the Company's practices (as determined by the Compensation Committee).

"Return on Assets" means the percentage obtained by dividing (A) Adjusted Net Income by (B) Net Assets.

"Total Shareholder Return" means the quotient obtained by dividing the sum of (i) the change in the Company's Class A common stock price as quoted on the New York Stock Exchange (the "**Stock Price**") from the first date of the Performance Period to the final date of the Performance Period (as the same may be adjusted as a result of any of any stock split, stock dividend, reverse stock split, reclassification, recapitalization, or other similar transaction or event) and (ii) the cumulative amount of any dividends paid over the course of the Performance Period, by the Stock Price on the first day of the Performance Period.

The Committee may adjust the Performance Goal as permitted by the Plan.

Settlement: Settlement of the Earned PSUs shall be made solely in shares of Stock, which shall be delivered to you in accordance with Section 6 of the Agreement.

By your acceptance below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Share Unit Grant Notice (this “*Grant Notice*”). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice.

IN ORDER TO RECEIVE THE BENEFITS OF THE AGREEMENT AND THIS GRANT NOTICE, AND FOR THIS AWARD TO BE EFFECTIVE, YOU MUST ACKNOWLEDGE YOUR ACCEPTANCE BY CLICKING THE APPROPRIATE BUTTON BELOW (THE “*ACCEPTANCE REQUIREMENTS*”). IF YOU FAIL TO SATISFY THE ACCEPTANCE REQUIREMENTS WITHIN 90 DAYS FOLLOWING THE DATE OF GRANT, THEN (1) THIS AWARD WILL BE OF NO FORCE OR EFFECT AND WILL BE AUTOMATICALLY FORFEITED TO THE COMPANY WITHOUT CONSIDERATION AND (2) NEITHER YOU NOR THE COMPANY WILL HAVE ANY FUTURE RIGHTS OR OBLIGATIONS UNDER THE AGREEMENT OR THIS GRANT NOTICE.

EXHIBIT A

PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “*Agreement*”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Select Energy Services, Inc., a Delaware corporation (the “*Company*”), and _____ (the “*Participant*”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) “*Cause*” means you have (i) engaged in gross negligence or willful misconduct in the performance of your duties, (ii) materially breached any material provision of any written agreement or policy or code of conduct of Select or its subsidiaries, (iii) willfully engaged in conduct that is materially injurious to Select or any of its affiliates or (iv) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with a felony involving fraud, dishonesty or moral turpitude.

(b) “*Disability*” means “disability” (or a term of like import) as defined under the Participant’s employment, consulting and/or severance agreement with the Company or an Affiliate or, in the absence of such an agreement or definition, shall mean the Participant’s inability to perform the Participant’s duties, with reasonable accommodation, due to a mental or physical impairment that continues (or can reasonably be expected to continue) for (i) 90 consecutive days or (ii) 180 days out of any 365-day period, which, in either case, shall only be deemed to occur following the written determination by the Company of any such occurrence of Disability.

(c) “*Good Reason*” means, without your consent, (i) a material diminution in Base Salary, other than a 25% or less reduction that applies similarly to all of the Company’s executive officers or (ii) you cease to be Select’s Chief Executive Officer; provided that in order for Good Reason to exist under either of the foregoing conditions (A) you have given the Company written notice of the condition that is alleged to constitute Good Reason within 45 days following the initial existence of such event, (B) the condition remains uncorrected for 30 days following receipt of such notice by the Company and (C) your termination of employment must occur within 135 days after the initial existence of the condition specified in the notice.

2. **Award.** In consideration of the Participant’s past and/or continued employment with the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “*Date of Grant*”), the Company hereby grants to the Participant the target number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement (including, for the avoidance of doubt, with respect of the subject matter covered in Section 5), the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one share of

Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Stock that may be earned hereunder in respect of this Award may range from 0% to 175% of the Target PSUs. Unless and until the PSUs have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Stock or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

3. **Vesting of PSUs.** Except as otherwise set forth in Sections 4 and 5, the PSUs shall vest and become Earned PSUs in accordance with the Participant's satisfaction of the vesting schedule set forth in the Grant Notice (the "***Service Requirement***") based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any PSUs that do not become Earned PSUs shall be automatically forfeited). Unless and until the PSUs have vested and become Earned PSUs as described in the preceding sentence, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

4. **Effect of Termination of Employment.**

(a) *Termination of Employment without Cause or for Good Reason.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate without Cause by the Company or an Affiliate or by the Participant for Good Reason that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(b) *Termination of Employment due to Disability or Death.* Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, upon the termination of the Participant's employment with the Company or an Affiliate due to the Participant's Disability or death that occurs prior to the Performance Period End Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the PSUs and such PSUs shall remain outstanding and, subject to the satisfaction of the Performance Goal, become Earned PSUs, which shall be eligible for settlement in accordance with Section 6.

(c) *Other Termination of Employment.* Except as otherwise provided in Section 4(a), (b) or (c), if the Participant has not satisfied the Service Requirement, then upon the termination of the Participant's employment with the Company or an Affiliate for any reason, any unearned PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

5. **Change in Control.** In the event a Change in Control (so long as such Change in Control also constitutes a "change in control event" as defined in the Nonqualified Deferred

Compensation Rules) occurs prior to the Performance Period End Date (the date of such occurrence, the “**Change in Control Date**”), so long as the Participant has remained continuously employed by the Company or an Affiliate, as applicable, from the Date of Grant through the Change in Control Date, then:

(a) A portion of the PSUs determined by multiplying (i) the Target PSUs by (ii) a fraction, the numerator of which is the number of days which elapsed between the Performance Period Commencement Date and the Change in Control Date, and the denominator of which is the total number of days in the Performance Period, will be deemed to be Earned PSUs to the extent that the Performance Goal has been achieved as of the Change in Control Date assuming that the Performance Period ended on the Change in Control Date, and which shall be eligible for settlement in accordance with Section 6 except that settlement shall occur within 60 days following the Change in Control Date; and

(b) With respect to the remaining portion of the Target PSUs that are not subject to Section 5(a), (i) if the Company continues following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, such Target PSUs shall remain outstanding and be eligible to be earned in accordance with the terms hereof, or (ii) if the Company does not continue following the Change in Control in substantially the same form as it existed immediately prior to the Change in Control, the successor, surviving, continuing or purchasing entity or parent thereof, as applicable, to the Company shall provide for a replacement or substitute grant on substantially similar terms to this Award, subject to the terms and conditions of the applicable plans of such successor, surviving, continuing or purchasing entity or parent thereof, as applicable, as in effect following the Change in Control.

6. **Settlement of PSUs.** As soon as administratively practicable following the Committee’s certification of the level of attainment of the Performance Goal (which is expected to occur within two weeks following the date the Company files its annual report on Form 10-K for the Company’s fiscal year that includes the Performance Period End Date), but in no event later than June 30 of the calendar year following the Performance Period End Date, the Company shall deliver to the Participant (or the Participant’s permitted transferee, if applicable), a number of shares of Stock equal to the number of Earned PSUs; provided, however, that any fractional PSU that becomes earned hereunder shall be rounded down at the time shares of Stock are issued in settlement of such PSU. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

7. **Tax Withholding.** To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Stock (including previously owned Stock, net settlement, a broker-assisted sale, or other cashless

withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Stock, the maximum number of shares of Stock that may be so withheld (or surrendered) shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability.** During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Stock underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law.** Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No shares of Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, shares of Stock will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make

any representation or warranty with respect to such compliance as may be requested by the Company.

10. **Legends.** If a stock certificate is issued with respect to shares of Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Stock is then listed. If the shares of Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Stockholder.** The Participant shall have no rights as a stockholder of the Company with respect to any shares of Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Execution of Receipts and Releases.** Any issuance or transfer of shares of Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to Earned PSUs.

13. **No Right to Continued Employment, Service or Awards.** Nothing in the adoption of the Plan, nor the award of the PSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the PSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

14. **Lock-Up Period.** If so requested by the Company or any representative of the underwriters in connection with an underwritten public offering of the Company's securities (a "***Public Offering***"), the Participant (or other holder) shall not sell or otherwise transfer or distribute any Stock or other securities of the Company (or any securities convertible or exchangeable or exercisable for Stock or engage in any hedging transactions relating to Stock) during the period beginning 14 days prior to the expected date of the "pricing" of such Public Offering and continuing for the 180-day period (or such other period as may be requested in writing by such underwriters and agreed to in writing by the Company) following the effective date of such Public Offering. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

15. **Legal and Equitable Remedies.** The Participant acknowledges that a violation or attempted breach of any of the Participant's covenants and agreements in this Agreement will cause such damage as will be irreparable, the exact amount of which would be difficult to ascertain and for which there will be no adequate remedy at law, and accordingly, the parties hereto agree that the Company and its Affiliates shall be entitled as a matter of right to an injunction issued by any court of competent jurisdiction, restraining the Participant or the affiliates, partners or agents of the Participant from such breach or attempted violation of such covenants and agreements, as well as to recover from the Participant any and all costs and expenses sustained or incurred by the Company or any Affiliate in obtaining such an injunction, including, without limitation, reasonable attorneys' fees. The parties to this Agreement agree that no bond or other security shall be required in connection with such injunction. Any exercise by either of the parties to this Agreement of its rights pursuant to this Section 15 shall be cumulative and in addition to any other remedies to which such party may be entitled.

16. **Notices.** All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Select Energy Services, Inc.
Attn: Senior Vice President, General Counsel and Secretary
1233 W. Loop South, Suite 1400
Houston, Texas 77027

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

17. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that

his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

18. **Agreement to Furnish Information.** The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

19. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the PSUs granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect.

The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

20. **Severability and Waiver.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

21. **Clawback.** Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

22. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

23. **Successors and Assigns.** The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer

set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

24. **Headings.** Headings are for convenience only and are not deemed to be part of this Agreement.

25. **Counterparts.** The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

26. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to comply with the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be construed and interpreted in accordance with such intent; provided, however, "termination of employment" and similar terms used herein will mean, a "separation from service" within the meaning of Treasury Regulation §1.409A-1(h) utilizing a threshold of 50%, it being understood that the level of services Participant will perform as a non-employee member of the Board will be less than 50% of the average level of bona fide services provided in the immediately preceding 36 months. Any payment pursuant to this Agreement is intended to be a "short term deferral" within the meaning of Section 409A of the Code, and the regulations promulgated pursuant thereto. However, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules (as modified as described above), then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

EXHIBIT B

COMPANY PEER GROUP¹

1. FTS International, Inc.
2. NexTier Oilfield Solutions Inc.
3. Liberty Oilfield Services Inc.
4. ProPetro Holding Corp.
5. RPC Inc.
6. Cactus, Inc.
7. Nine Energy Service Inc.
8. Newpark Resources Inc.
9. Oil States International, Inc.
10. Patterson UTI Energy Inc.
11. ChampionX Corporation
12. Ranger Energy Services, Inc.
13. TETRA Technologies Inc.

¹ In the event of a major corporate event, such as a merger, acquisition, take-private, spin-off, bankruptcy or similar occurrence, the Compensation Committee shall be permitted to (i) include a substitute entity for the remainder of the Performance Period or (ii) adjust the Percentage of Target PSUs Earned to reflect the Company's performance relative the remaining members of the Peer Group.

RELEASE AGREEMENT

This Release Agreement (this “**Agreement**”) constitutes the release referred to in that certain Employment Agreement dated as of June 1, 2011, by and between Holli C. Ladhani, f/k/a Holli C. Nichols (“**Executive**”) and Rockwater Energy Solutions, LLC, f/k/a Rockwater Energy Solutions, Inc. (“**Rockwater**”), which Employment Agreement was assigned by Rockwater to Select Energy Services, LLC (the “**Company**”) pursuant to that certain First Amendment to Employment Agreement effective as of February 21, 2020 (the “**First Amendment**”), and which Employment Agreement was further amended by that certain letter agreement executed by Executive and Rockwater Energy Solutions Administrative Services, LLC (“**RESAS**”) dated May 15, 2020 (such Employment Agreement, as amended by the First Amendment and such letter agreement, the “**Employment Agreement**”).

1. **Separation from Employment.** Executive and the Company acknowledge and agree that Executive’s employment with the Company ended as of January 3, 2021 (the “**Separation Date**”) and, as of the Separation Date, Executive was no longer employed by the Company or any other Company Party (as defined below). Executive further acknowledges and agrees that, as of the Separation Date, Executive is deemed to have resigned (a) as an officer of the Company and each other Company Party for which she served as an officer; (b) from the Board of Directors of Select Energy Services, Inc. (“**Select**”) and each other Company Party for which she served as a director; and (c) from the board of directors or board of managers (or similar governing body) of any other Company Party and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any Company Party holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Executive served as such Company Party’s designee or other representative.

2. **Separation Payment and Benefits.** Provided that Executive (i) executes this Agreement and returns it to the Company, care of Adam Law, Senior Vice President, General Counsel & Corporate Secretary at 1233 W. Loop South, Suite 1400, Houston, TX 77027 (or via e-mail at ALaw@selectenergy.com) so that it is received by Mr. Law on or before January 31, 2021; (ii) does not exercise her revocation right as described in Section 7 below; and (iii) abides by each of Executive’s commitments set forth herein, then:

(a) The Company will provide or cause to be provided to Executive with a total severance payment equal to \$3,225,000, less applicable taxes and withholdings (the “**Separation Payment**”), which Separation Payment will be paid in a lump sum on the date that is 60 days after Separation Date;

(b) The Company will provide or cause to be provided to Executive a pro rata bonus payment for 2021, if any, to which Executive is entitled pursuant to the terms of Section 7.1(b)(A) of the Employment Agreement, which payment, if any, will be paid at the time set forth in Section 7.1(b)(A) of the Employment Agreement;

(c) Select will cause 70,250 restricted shares granted to Executive that would have become vested had Executive remained continuously employed by the Company through

January 19, 2021 to become vested and nonforfeitable, with such vesting deemed to have occurred as of the Separation Date; and

(d) During the portion, if any, of the eighteen (18)-month period following the Separation Date (the “**Reimbursement Period**”) that Executive elects to continue coverage for Executive and her spouse and eligible dependents, if any, under the Company’s group health plans pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), the Company shall promptly reimburse or cause to be reimbursed to Executive on a monthly basis for the difference between the amount Executive pays to effect and continue such coverage and the employee contribution amount that active senior executive employees of the Company pay for the same or similar coverage under such group health plans (the “**COBRA Benefit**”). Notwithstanding the foregoing, if the provision of the benefit described in this clause cannot be provided in the manner described without penalty, tax or other adverse impact on the Company, then the Company and Executive shall negotiate in good faith to determine an alternative manner in which the Company may provide a substantially equivalent benefit to Executive without such an adverse impact on the Company.

Executive acknowledges and agrees that the payments and benefits referenced in this Section 2 represent the entirety of the separation pay and benefits that she is eligible to receive from any Company Party and that the consideration set forth in this Section 2 represents additional severance consideration beyond that to which she was entitled to receive pursuant to the Employment Agreement.

3. **General Release**

(a) For good and valuable consideration, including the Company’s provision of payments and benefits to Executive as set forth in Section 2 above, Executive hereby releases, discharges and forever acquits the Company, Rockwater, Select, RESAS, their respective affiliates and subsidiaries, the past, present and future stockholders, members, partners, directors, managers, employees, agents, attorneys, heirs, legal representatives, successors and assigns of the foregoing, as well as all employee benefit plans maintained by the Company, Rockwater, Select, RESAS, or any of their respective affiliates or subsidiaries and all fiduciaries and administrators of any such plan, in their personal and representative capacities (each a “**Company Party**” and, collectively, the “**Company Parties**”), from liability for, and hereby waives, any and all claims, rights, damages, or causes of action of any kind related to Executive’s employment with any Company Party, the termination of such employment, and any other acts or omissions related to any matter on or prior to the date of this Agreement (collectively, the “**Released Claims**”).

(b) The Released Claims include without limitation those arising under or related to (each as amended, as applicable): (i) the Age Discrimination in Employment Act of 1967; (ii) Title VII of the Civil Rights Act of 1964; (iii) the Civil Rights Act of 1991; (iv) sections 1981 through 1988 of Title 42 of the United States Code; (v) the Employee Retirement Income Security Act of 1974 (“**ERISA**”), including, but not limited to, sections 502(a)(1)(A), 502(a)(1)(B), 502(a)(2), and 502(a)(3) to the extent the release of such claims is not prohibited by applicable law; (vi) the Immigration Reform Control Act; (vii) the Americans with Disabilities Act of 1990; (viii) the National Labor Relations Act; (ix) the Occupational Safety and Health Act; (x) the Family and Medical Leave Act of 1993; (xi) the Sarbanes-Oxley Act of 2002; (xii) the

Dodd-Frank Wall Street Reform and Consumer Protection Act; (xiii) any federal, state, or local anti-discrimination or anti-retaliation law, including the Texas Labor Code (including the Texas Payday Law, the Texas Anti-Retaliation Act, and Chapter 21 of the Texas Labor Code) (xiv) any state, local, or federal wage and hour law; (xv) any other local, state or federal law, regulation or ordinance; (xvi) any public policy, contract, tort, or common law claim, including claims for breach of fiduciary duty, fraud, breach of implied or express contract, breach of implied covenant of good faith and fair dealing, wrongful discharge or termination, promissory estoppel, infliction of emotional distress, or tortious interference; (xvii) costs, fees, or other expenses including attorneys' fees incurred in these matters; (xviii) any employment contract (including the Employment Agreement), incentive compensation plan or stock option plan with any Company Party or to any ownership interest in any Company Party except as expressly provided in the Employment Agreement, any stock option agreement, any stockholders agreement or other equity compensation agreement between Executive and the Company or any other Company Party; and (xix) compensation or benefits of any kind from any Company Party (other than benefits vested as of the date of this Agreement) not expressly set forth in the Employment Agreement or any such stock option or other equity compensation agreement. THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE COMPANY PARTIES.

(c) In no event shall the Released Claims include (i) any claim which arises after the date this Agreement is signed by Executive, (ii) any claims for the payments and benefits payable to Executive under Section 7.1(b) of the Employment Agreement and provided under Section 2 of this Agreement, (iii) any claims to the equity interests in the Company Parties that Executive holds as of the date of this Agreement which remain subject to the terms and conditions, as applicable, of the Company's stockholders agreement (as may be amended from time to time) and any specific equity award agreement between Executive and a Company Party, (iv) any claim for or right to indemnification under the policies or governing instruments of the Company Parties and for coverage under any directors and officers liability insurance policies maintained by the Company Parties, or (v) any claim to vested benefits under an employee benefit plan of a Company Party that is subject to ERISA (including any rights to vested benefits under health and retirement plans). Nothing herein prevents Executive from seeking workers' compensation or unemployment insurance benefits.

(d) Further notwithstanding this release of liability, *nothing in this Agreement prevents Executive from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission, National Labor Relations Board, Occupational Safety and Health Administration, Securities and Exchange Commission, or other federal, state or local governmental agency or commission (collectively "Governmental Agencies") or participating in any investigation or proceeding conducted by any Governmental Agencies or communicating or cooperating with such an agency; however, Executive understands and agrees that, to the extent permitted by law, she is waiving any and all rights to recover any monetary or personal relief from any Company Party as a result of such Governmental Agency proceeding or subsequent legal actions.* Nothing herein waives Executive's right to receive an award for information provided to a Governmental Agency. Further, nothing herein (or in the Employment Agreement) shall prohibit or restrict Executive from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing

information to be provided to, or otherwise assisting in an investigation by, any Governmental Agency regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Executive from any such Governmental Agency; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such Governmental Agency relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law.

(e) This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Executive is simply agreeing that, in exchange for the consideration recited in the first sentence of Section 2 of this Agreement (and any portion thereof), any and all potential claims of this nature that Executive may have against the Company Parties, regardless of whether they actually exist, are expressly settled, compromised and waived.

(f) By signing this Agreement, Executive is bound by it. Anyone who succeeds to Executive's rights and responsibilities, such as heirs or the executor of Executive's estate, is also bound by this Agreement. This release also applies to any claims brought by any person or agency or class action under which Executive may have a right or benefit.

(g) Executive and the Company agree that nothing in this Agreement waives Executive's right to receive an Annual Bonus for calendar year 2020, which Annual Bonus, if any, shall be paid as set forth in Section 4.2 of the Employment Agreement.

4. **Stock Options; Performance Share Unit Grants.**

(a) With respect to those outstanding stock options granted to Executive by Select and that remain outstanding and unexercised as of the Separation Date, such stock options shall remain exercisable pursuant to the terms of the applicable stock option agreements and the Select Energy Services, Inc. 2016 Equity Incentive Plan (the "*EIP*"), specifically:

- (i) 54,145 stock options with an exercise price of \$15.60 per share that will expire pursuant to their terms on March 14, 2021;
- (ii) 36,654 stock options with an exercise price of \$12.77 per share that will expire pursuant to their terms on March 14, 2021;
- (iii) 14,782 stock options with an exercise price of \$14.03 per share that will expire pursuant to their terms on March 14, 2021;
- (iv) 35,968 stock options with an exercise price of \$13.99 per share that will expire pursuant to their terms on March 14, 2021;
- (v) 55,754 stock options with an exercise price of \$8.97 per share that will expire pursuant to their terms on December 14, 2025; and
- (vi) 142,962 stock options with an exercise price of \$8.66 per share that will expire pursuant to their terms on December 10, 2026.

(b) With respect to those performance share units granted to Executive by Select and that remain outstanding as of the Separation Date, all service requirements applicable to such performance share units are deemed to have been satisfied as of the Separation Date, and such performance share units shall remain outstanding and can be earned pursuant to the terms of the applicable award agreements and the EIP, including such terms relating to the achievement of performance goals as the end of the applicable performance period.

(c) With respect to those outstanding performance share units granted to Executive by Select and that remain outstanding as of the Separation Date, Select agrees to provide Executive with a written communication setting forth the actual performance for calendar years 2020, 2021, and 2022 (as a percentage of applicable target performance for such calendar years) of the free cash flow and return on asset performance goals that apply to such performance share units; *provided, however*, Select shall only have an obligation to provide such a written communication for any such calendar year if: (i) Executive provides a written request to Select's General Counsel for the applicable performance for such calendar year; (ii) such request includes a copy of this Agreement and references this Section 4(c) of this Agreement; and (iii) such request is made by Executive between January 1 and March 1 of the calendar year that follows the applicable calendar year to which the performance information relates. Select will endeavor to provide the requested information by the latest of: (x) 75 days after the end of the calendar year to which the performance information relates, (y) 30 days after its receipt of such written request from Executive; or (z) 30 days after its receipt of audited financial information for the applicable calendar year to which the performance information relates; *provided*, notwithstanding the foregoing, such information (if requested by Executive as described in the previous sentence) shall be provided to Executive reasonably promptly following Select's communication of actual performance for calendar years 2020, 2021 and 2022 to other employees holding performance share units for such years.

5. **Covenant Not to Sue; Executive's Representation**. Executive agrees not to bring or join any lawsuit against any of the Company Parties in any court relating to any of the Released Claims. Executive represents that Executive has not brought or joined any claim, lawsuit or arbitration against any of the Company Parties in any court or before any administrative agency or arbitral authority and has made no assignment of any rights Executive has asserted or may have against any of the Company Parties to any person or entity, in each case, with respect to any Released Claims.

6. **Acknowledgments**. By executing and delivering this Agreement, Executive acknowledges that:

- (a) Executive has carefully read this Agreement;
- (b) Executive has had at least twenty-one (21) days to consider this Agreement before the execution and delivery hereof to the Company;
- (c) Executive has been, and hereby is, advised in writing to consult with an attorney prior to executing this Agreement, and Executive represents that she has had adequate opportunity to do so; and

(d) Executive fully understands the final and binding effect of this Agreement; the only promises made to Executive to sign this Agreement are those stated in the Employment Agreement and herein; and Executive is signing this Agreement voluntarily and of Executive's own free will, and that Executive understands and agrees to each of the terms of this Agreement.

7. **Revocation Right.** Executive may revoke this Agreement within the seven-day period beginning on the date Executive signs this Agreement (such seven day period being referred to herein as the "***Release Revocation Period***"). To be effective, such revocation must be in writing signed by Executive and must be delivered to the General Counsel of the Company at the address or e-mail address set forth in Section 2 above before 11:59 p.m., Houston, Texas time, on the last day of the Release Revocation Period. This Agreement is not effective, and no consideration shall be paid to Executive, until the expiration of the Release Revocation Period without Executive's revocation. If an effective revocation is delivered in the foregoing manner and timeframe, this Agreement shall be of no force or effect and shall be null and void ab initio.

8. **Dispute Resolution; Choice of Law.** Any dispute arising out of or relating to this Agreement shall be subject to the dispute resolution provisions set forth in Section 9.1 of the Employment Agreement, and Executive and the Company ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY AND WILLINGLY WAIVING THEIR RIGHTS TO A JURY TRIAL. This Agreement shall be governed by the law of Texas, and 11.2 of the Employment Agreement is hereby incorporated by reference.

9. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

[Signature page follows]

This Release Agreement is executed on this _____ day of _____, 2021.

Holli C. Ladhani

ACKNOWLEDGED AND AGREED:

SELECT ENERGY SERVICES, LLC

By: _____
Its: _____
Date: _____

SELECT ENERGY SERVICES, INC.

By: _____
Its: _____
Date: _____

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, John Schmitz, certify that:

1. I have reviewed this quarterly report of Select Energy Services, Inc. (the “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(s) 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 controls 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
-

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

Date: May 5, 2021

/s/ John D. Schmitz

John D. Schmitz

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Nick Swyka, certify that:

1. I have reviewed this quarterly report of Select Energy Services, Inc. (the “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(s) 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 controls 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.
-

Date: May 5, 2021

/s/ Nick Swyka

Nick Swyka

Senior Vice President and Chief Financial Officer

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

In connection with the quarterly report of Select Energy Services, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John Schmitz, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2021

/s/ John D. Schmitz

John D. Schmitz

Chairman, President and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the quarterly report of Select Energy Services, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Nick Swyka, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2021

/s/ Nick Swyka

Nick Swyka
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
