

REFINITIV

DELTA REPORT

10-Q

PTEN - PATTERSON UTI ENERGY INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1407

CHANGES	239
DELETIONS	408
ADDITIONS	760

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, 2024** **June 30, 2024**
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 1-39270

Patterson-UTI Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

75-2504748

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

10713 W. Sam Houston Pkwy N, Suite 800
Houston, Texas

77064

(Address of principal executive offices)

(Zip Code)

(281) 765-7100

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	PTEN	The Nasdaq Global Select Market

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>			Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

401,701,388 **393,049,805** shares of common stock, \$0.01 par value, as of **May 1, 2024** **July 24, 2024**.

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES

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Signature

PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements

The following unaudited condensed consolidated financial statements include all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented.

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
 (unaudited, in thousands, except share data)

	March		
	31,		
	2024	December 31, 2023	
ASSETS			
Current assets:			
Current assets:	June		
Current assets:	30,		
Current assets:	2024	December 31, 2023	

Current assets:

Current assets:

Current assets:

Cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash		
Accounts receivable, net of allowance for credit losses of \$12,866 and \$3,490 at March 31, 2024 and December 31, 2023, respectively		
Accounts receivable, net of allowance for credit losses of \$14,279 and \$3,490 at June 30, 2024 and December 31, 2023, respectively		
Inventory		
Other current assets		
Total current assets		
Property and equipment, net		
Operating lease right of use asset		
Finance lease right of use asset		
Goodwill		
Intangible assets, net		
Deposits on equipment purchases		
Other assets		
Deferred tax assets, net		
Total assets		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current liabilities:		
Current liabilities:		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued liabilities		
Operating lease liability		
Finance lease liability		
Current maturities of long-term debt		
Total current liabilities		
Long-term operating lease liability		
Long-term finance lease liability		
Long-term debt, net of debt discount and issuance costs of \$8,597 and \$8,919 at March 31, 2024 and December 31, 2023, respectively		
Long-term debt, net of debt discount and issuance costs of \$8,275 and \$8,919 at June 30, 2024 and December 31, 2023, respectively		
Deferred tax liabilities, net		
Other liabilities		
Total liabilities		
Commitments and contingencies (see Note 10)	Commitments and contingencies (see Note 10)	Commitments and contingencies (see Note 10)
Stockholders' equity:		
Preferred stock, par value \$0.01; authorized 1,000,000 shares, no shares issued		
Preferred stock, par value \$0.01; authorized 1,000,000 shares, no shares issued		
Preferred stock, par value \$0.01; authorized 1,000,000 shares, no shares issued		
Common stock, par value \$0.01; authorized 800,000,000 shares with 518,138,597 and 516,775,313 issued and 403,807,871 and 411,195,302 outstanding at March 31, 2024 and December 31, 2023, respectively		
Common stock, par value \$0.01; authorized 800,000,000 shares with 520,504,043 and 516,775,313 issued and 393,955,237 and 411,195,302 outstanding at June 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive income (loss)		

Treasury stock, at cost, 114,330,726 and 105,580,011 shares at March 31, 2024 and December 31, 2023, respectively
Treasury stock, at cost, 126,548,806 and 105,580,011 shares at June 30, 2024 and December 31, 2023, respectively
Total stockholders' equity attributable to controlling interests
Noncontrolling interest
Total equity
Total liabilities and stockholders' equity

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

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (unaudited, in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	March 31,		June 30,	
	2024	2024	2024	2023
Operating revenues:				
Operating revenues:				
Operating revenues:				
Drilling Services				
Drilling Services				
Drilling Services				
Completion Services				
Completion Services				
Completion Services				
Drilling Products				
Drilling Products				
Drilling Products				
Other				
Other				
Other				
Total operating revenues				
Total operating revenues				
Total operating revenues				
Operating costs and expenses:				
Operating costs and expenses:				
Operating costs and expenses:				
Drilling Services				
Drilling Services				
Drilling Services				
Completion Services				
Completion Services				
Completion Services				
Drilling Products				
Drilling Products				

Drilling Products
Other
Other
Other
Depreciation, depletion, amortization and impairment
Depreciation, depletion, amortization and impairment
Depreciation, depletion, amortization and impairment
Selling, general and administrative
Selling, general and administrative
Selling, general and administrative
Credit loss expense
Credit loss expense
Credit loss expense
Merger and integration expense
Merger and integration expense
Merger and integration expense
Other operating income, net
Other operating income, net
Other operating income, net
Total operating costs and expenses
Total operating costs and expenses
Total operating costs and expenses
Operating income
Operating income
Operating income
Other income (expense):
Other income (expense):
Other income (expense):
Interest income
Interest income
Interest income
Interest expense, net of amount capitalized
Interest expense, net of amount capitalized
Interest expense, net of amount capitalized
Other
Other
Other
Total other expense
Total other expense
Other income
Total other expense
Income before income taxes
Income before income taxes
Income before income taxes
Income tax expense
Income tax expense
Income tax expense
Net income
Net income
Net income
Net income attributable to noncontrolling interest

Net income attributable to noncontrolling interest
Net income attributable to noncontrolling interest
Net income attributable to common stockholders
Net income attributable to common stockholders
Net income attributable to common stockholders

Net income attributable to common stockholder per common share:

Net income attributable to common stockholder per common share:

Net income attributable to common stockholder per common share:

Basic

Basic

Basic

Diluted

Diluted

Diluted

Weighted average number of common shares outstanding:

Weighted average number of common shares outstanding:

Weighted average number of common shares outstanding:

Basic

Basic

Basic

Diluted

Diluted

Diluted

Cash dividends per common share

Cash dividends per common share

Cash dividends per common share

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

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (unaudited, in thousands)

	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2024	2024	2024	2024	2023	2024
Net income			Three Months Ended June 30,		Six Months Ended June 30,	
Net income	2024	2024	2024	2024	2023	2024
Net income						
Other comprehensive income (loss):						
Other comprehensive income (loss):						
Other comprehensive income (loss):						
Foreign currency translation adjustment, net of taxes of \$0 for all periods						
Foreign currency translation adjustment, net of taxes of \$0 for all periods						
Foreign currency translation adjustment, net of taxes of \$0 for all periods						
Comprehensive income						

Comprehensive income
Comprehensive income
Less: comprehensive income attributable to noncontrolling interest
Less: comprehensive income attributable to noncontrolling interest
Less: comprehensive income attributable to noncontrolling interest
Comprehensive income attributable to common stockholders
Comprehensive income attributable to common stockholders
Comprehensive income attributable to common stockholders

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

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES											
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY											
(unaudited, in thousands)											
Common Stock	Common Stock	Additional	Accumulated Other	Retained Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interest	Total	Common Stock	Additional	Accumulated Other	Retained Comprehensive Income (Loss)
Number of Shares		Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interest	Total	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock
Balance, December 31, 2023											
Balance, December 31, 2023											
Balance, December 31, 2023											
Net income											
Foreign currency translation adjustment											
Vesting of restricted stock units											
Stock-based compensation											
Payment of cash dividends (\$0.08 per share)											
Dividend equivalents											
Purchase of treasury stock											
Balance, March 31, 2024											
Net income											
Foreign currency translation adjustment											
Issuance of restricted stock											
Vesting of restricted stock units											
Stock-based compensation											
Payment of cash dividends (\$0.08 per share)											
Dividend equivalents											
Purchase of treasury stock											
Balance, June 30, 2024											
Common Stock	Common Stock	Additional	Accumulated Other	Retained Comprehensive Income	Treasury Stock	Noncontrolling Interest	Total	Common Stock	Additional	Accumulated Other	Retained Comprehensive Income
Number of Shares		Paid-in Capital	Deficit	Income	Treasury Stock	Interest	Total	Paid-in Capital	Earnings	Income	Treasury Stock
Balance, December 31, 2022											
Balance, December 31, 2022											
Balance, December 31, 2022											

Net income	
Vesting of restricted stock units	
Vesting of restricted stock units	
Vesting of restricted stock units	
Stock-based compensation	
Payment of cash dividends (\$0.08 per share)	
Dividend equivalents	
Purchase of treasury stock	
Balance, March 31, 2023	
Net income	
Issuance of restricted stock	
Issuance of restricted stock	
Issuance of restricted stock	
Vesting of restricted stock units	
Stock-based compensation	
Stock-based compensation	
Stock-based compensation	
Payment of cash dividends (\$0.08 per share)	
Dividend equivalents	
Purchase of treasury stock	
Balance, June 30, 2023	

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

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Three Months Ended		Six Months Ended	
	March 31,	2024	June 30,	2024
Cash flows from operating activities:				
Net income				
Net income				
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion, amortization and impairment				
Depreciation, depletion, amortization and impairment				
Depreciation, depletion, amortization and impairment				
Deferred income tax expense				
Stock-based compensation				
Net (gain) loss on asset disposals				
Net gain on asset disposals				
Credit loss expense				
Credit loss expense				
Credit loss expense				
Other				
Changes in operating assets and liabilities:				
Accounts receivable				
Accounts receivable				
Accounts receivable				



Net (decrease) increase in payables for purchases of property and equipment
Net (decrease) increase in payables for purchases of property and equipment
Net increase in deposits on equipment purchases
Purchases of property and equipment through exchange of lease right of use asset
Purchases of property and equipment through exchange of lease right of use asset
Purchases of property and equipment through exchange of lease right of use asset
Derecognition of right of use asset

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

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Basis of presentation — The unaudited interim condensed consolidated financial statements include the accounts of Patterson-UTI Energy, Inc. and its wholly-owned subsidiaries and consolidating interest of a joint venture (collectively referred to herein as "we," "us," "our," "ours" and like terms). All intercompany accounts and transactions have been eliminated. Patterson-UTI Energy, Inc. conducts its business operations through its wholly-owned subsidiaries and has no employees or independent operations. Certain immaterial prior year amounts have been reclassified to conform to current year presentation.

The U.S. dollar is the reporting currency and functional currency for most of our operations except certain of our foreign subsidiaries, which use their local currencies as their functional currency. Assets and liabilities of these foreign subsidiaries are translated into U.S. dollars using the exchange rates in effect as of the balance sheet date. The effects of these translation adjustments are reflected in accumulated other comprehensive income, which is a separate component of stockholders' equity.

The unaudited interim condensed consolidated financial statements have been prepared by us pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to such rules and regulations, although we believe the disclosures included either on the face of the financial statements or herein are sufficient to make the information presented not misleading. In the opinion of management, all recurring adjustments considered necessary for a fair statement of the information in conformity with GAAP have been included. The unaudited condensed consolidated balance sheet as of December 31, 2023, as presented herein, was derived from our audited consolidated balance sheet but does not include all disclosures required by GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (our "Annual Report"). The results of operations for the three **and six** months ended **March 31, 2024** **June 30, 2024** are not necessarily indicative of the results to be expected for the full year.

There have been no material changes to our critical accounting policies from those disclosed in our Annual Report.

Restricted cash — Restricted cash includes amounts restricted as cash collateral for the issuance of standby letters of credit.

The following table provides a reconciliation of cash and restricted cash reported within the unaudited condensed consolidated balance sheets that sum to the total of such amounts shown in the unaudited condensed statements of cash flows for the **three six** months ended **March 31, 2024** **June 30, 2024** and 2023:

	Three Months Ended		Six Months Ended	
	March 31,	2024	June 30,	2024
Cash and cash equivalents				
Restricted cash				
Total cash, cash equivalents and restricted cash				

Recently Issued Accounting Standards — In March 2020, the FASB issued an accounting standards update to provide temporary optional expedients that simplify the accounting for contract modifications to existing debt agreements expected to arise from the market transition from LIBOR to alternative reference rates. The amendments in the update are effective as of March 12, 2020 through December 31, 2022 and may be applied to contract modifications from the beginning of an interim period that includes or is subsequent to March 12, 2020. In December 2022, the FASB issued an update, which deferred the sunset date to December 31, 2024. We do not expect this new guidance will have a material impact on our consolidated financial statements.

In November 2023, the FASB issued an accounting standards update to improve reportable segment disclosure requirements and enhance disclosures about significant segment expenses. The amendments in the update are effective for public business entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. We are currently evaluating the effect of this pronouncement on our disclosures.

In December 2023, the FASB issued an accounting standards update to improve income tax disclosure requirements. The amendments in the update are effective for public business entities for fiscal years beginning after December 15, 2024 and should be applied prospectively. We are currently evaluating the effect of this pronouncement on our disclosures.

2. Business Combinations

Ulterra Drilling Technologies, L.P.

On August 14, 2023, we completed our acquisition (the "Ulterra acquisition") of Ulterra Drilling Technologies, L.P. ("Ulterra"). Total consideration for the acquisition included the issuance of 34.9 million shares of our common stock and payment of approximately **\$376 million** **\$373 million** of cash (after purchase price adjustments), which based on the closing price of our common stock of \$14.94 on August 14, 2023, valued the transaction at closing at approximately **\$897 million** **\$895 million**.

The total fair value of the consideration transferred was determined as follows (in thousands, except stock price):

Shares of our common stock issued to Ulterra	34,900
Our common stock price on August 14, 2023	\$ 14.94
Common stock equity consideration	\$ 521,406
Plus net cash consideration ⁽¹⁾	375,740 373,447
Total consideration transferred	\$ 897,146 894,853

⁽¹⁾ Net cash consideration included \$370 million cash consideration as adjusted for customary purchase price adjustments set forth in the Ulterra merger agreement relating to cash, net working capital, indebtedness and transaction expenses of Ulterra as of the closing. **The adjustment is subject to a post-closing target net working capital adjustment in accordance with the Ulterra merger agreement.**

The acquisition has been accounted for as a business combination using the acquisition method. Under the acquisition method of accounting, the fair value of the consideration transferred is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values as of the acquisition date.

The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based on preliminary estimated fair values as of the date of the business combination. We applied significant judgment in estimating the fair value of assets acquired and liabilities assumed, which involved the use of significant estimates and assumptions with respect to future rig counts, cash flow projections, estimated economic useful lives, operating and capital cost estimates, customer attrition rates, contributory asset charges, royalty rates and discount rate (10.5%). The carrying amounts of cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities approximate their fair values due to their nature or the short-term maturity of instruments. The remaining assets acquired and liabilities assumed are based on inputs that are not observable in the market and thus represent Level 3 inputs. The fair value of inventory and rental equipment was determined using a replacement cost approach. Intangible assets primarily consist of customer relationships and developed technology, the fair values of which were determined using an income approach. Property and equipment was valued using a combination of indirect cost and a market approach. The fair value was estimated by using a multi-period excess earnings method for customer relationships and a relief from royalty method for trade name and developed technology. Certain data necessary to complete the purchase price allocation is not yet available, including final tax returns that provide the underlying tax basis of Ulterra's assets and liabilities. The measurement period adjustments since the closing of the Ulterra acquisition have not had a material impact on our consolidated financial statements. We will complete the purchase price allocation during the 12-month period following the acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:	
Cash and cash equivalents	\$ 18,426
Accounts receivable	68,467
Inventory ⁽¹⁾	36,313
Rental equipment ⁽²⁾	109,055
Property and equipment	27,583
Intangible assets	313,000
Operating lease right of use asset	7,513
Finance lease right of use asset	5,228
Other assets	15,989
Total assets acquired	601,574
Liabilities assumed:	
Accounts payable	23,258
Accrued liabilities	33,323
Operating lease liability	7,513
Finance lease liability	5,228
Deferred tax liabilities	83,993
Total liabilities assumed	153,315
Less: noncontrolling interest	(8,729)
Net assets acquired	439,530
Goodwill	457,616 455,323
Total consideration transferred	\$ 897,146 894,853

(1) We recorded an adjustment of \$5.5 million to write-up acquired drill bits classified as inventory to estimated fair value. This adjustment will be recorded as direct operating expense as acquired drill bits are sold.

(2) We recorded an adjustment of \$74.4 million to write-up **acquired** **acquired** drill bits classified as long-lived assets to estimated fair value. This adjustment will be depreciated as acquired drill bits are rented over a weighted-average estimated useful life of 7.5 runs.

The goodwill recognized in the acquisition represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired and liabilities assumed. Goodwill represents the potential for new growth opportunities internationally with the acquisition of Ulterra as well as the recognition of deferred taxes for the difference between the fair value of the assets acquired and liabilities assumed and the respective carry-over tax basis. Goodwill is not deductible for tax purposes. All of the goodwill was assigned to our Drilling Products segment. See Note 7.

NexTier Oilfield Solutions Inc.

On September 1, 2023, we completed our merger (the "NexTier merger") with NexTier Oilfield Solutions Inc. ("NexTier"). Under the terms of the merger agreement, NexTier became our wholly-owned subsidiary. Each share of NexTier common stock issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive 0.752 shares of our common stock. Additionally, certain equity awards that were granted and outstanding under NexTier long-term incentive plans were assumed by us, and such equity awards were converted into equity awards in respect of our common stock in accordance with the merger agreement.

NexTier is a predominately U.S. land-focused oilfield service provider, with a diverse set of well completion and production services across a variety of active basins.

The total fair value of the consideration transferred was determined as follows (in thousands, except exchange ratio and stock price):

Number of shares of NexTier common stock outstanding as of September 1, 2023	228,846
Multiplied by the exchange ratio	0.752
Number of shares of Patterson-UTI Energy, Inc. common stock issued in connection with the merger	172,092
Patterson-UTI Energy, Inc. common stock price on September 1, 2023	\$ 14.91
Common stock equity consideration	2,565,895
Acceleration of RSU awards	1,997
Fair value of replacement equity awards ⁽¹⁾	70,416
NexTier long-term debt repaid by Patterson-UTI Energy, Inc.	161,000
Consideration transferred	\$ 2,799,308

⁽¹⁾ In connection with the merger, each of the share-based awards held by legacy NexTier employees were replaced with our share-based awards on the merger date. The fair value of the replacement awards has been allocated between each employee's pre-combination and post-combination services. Amounts allocated to pre-combination services have been included as consideration transferred as part of the merger. See Note 12 for replacement awards details.

The transaction has been accounted for as a business combination using the acquisition method with Patterson-UTI Energy, Inc. determined to be the acquirer. Under the acquisition method of accounting, the fair value of the consideration transferred is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values as of the acquisition date.

The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based on preliminary estimated fair values as of the date of the business combination. We applied significant judgment in estimating the fair value of assets acquired and liabilities assumed, which involved the use of significant estimates and assumptions with respect to future rig counts, cash flow projections, estimated economic useful lives, operating and capital cost estimates, customer attrition rates, contributory asset charges, royalty rates and discount rate (14.0%). The carrying amounts of cash and cash equivalents, accounts receivable, inventory, other assets, accounts payable, accrued liabilities, and other liabilities approximate their fair values due to their nature or the short-term maturity of instruments. The remaining assets acquired and liabilities assumed are based on inputs that are not observable in the market and thus represent Level 3 inputs. The fair value of property and equipment was determined using a combination of replacement cost and indirect cost. Intangible assets were valued using an income approach. The fair value was estimated by using multi-period excess earnings method for customer relationships and a relief from royalty method for trade name and developed technology. Certain data necessary to complete the purchase price allocation is not yet available, including final tax returns that provide the underlying tax basis of NexTier's assets and liabilities. The measurement period adjustments since the closing of the NexTier merger closed have not had a material impact on our consolidated financial statements. We will complete the purchase price allocation during the 12-month period following the acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the merger:

Assets acquired:	
Cash and cash equivalents	\$ 95,815
Accounts receivable	420,200
Inventory	71,930
Property and equipment ⁽¹⁾	1,045,610
Intangible assets	768,000
Operating lease right of use asset	19,091
Finance lease right of use asset	50,733
Other assets	84,677
Total assets acquired	2,556,056
Liabilities assumed:	
Accounts payable	358,873
Accrued liabilities	129,535
Operating lease liability	19,091
Finance lease liability	50,733
Deferred tax liabilities	86,293
Long-term debt	22,533
Other liabilities	11,815
Total liabilities assumed	678,873
Net assets acquired	1,877,183
Goodwill	922,125
Total consideration transferred	\$ 2,799,308

(1) We recorded an adjustment of \$263 million to write-up acquired property and equipment to estimated fair value. This adjustment will be depreciated on a straight-line basis over a weighted average period of six years.

The goodwill recognized in the merger represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired and liabilities assumed. Goodwill largely consisted of the expected synergies and economies of scale from the combined operations of Patterson-UTI and NexTier as well as the recognition of deferred taxes for the difference between the fair value of the assets acquired and liabilities assumed and the respective carry-over tax basis. The goodwill is not deductible for tax purposes. All of the goodwill was assigned to our completion services segment. See Note 7.

3. Revenues

ASC Topic 606 Revenue from Contracts with Customers

Drilling Services and Completion Services — revenue is recognized based on our customers' ability to benefit from our services in an amount that reflects the consideration we expect to receive in exchange for those services. This typically happens when the service is performed. The services we provide represent a series of distinct services, generally provided daily, that are substantially the same, with the same pattern of transfer to the customer. Because our customers benefit equally throughout the service period, generally measured in days, and our efforts in providing services are incurred relatively evenly over the period of performance, revenue is recognized as we provide services to the customer.

ASC Topic 842 Revenue from Equipment Rentals

Drilling Products Revenue — revenues are primarily generated from the rental of drilling equipment, comprised of drill bits and downhole tools. These arrangements provide the customer with the right to control the use of identified asset. Generally, the lease terms in such arrangements are for periods of two to three days and do not provide customers with options to purchase the underlying asset.

Other — we are a non-operating working interest owner of oil and natural gas assets primarily located in Texas and New Mexico. The ownership terms are outlined in joint operating agreements for each well between the operator of the well and the various interest owners, including us, who are considered non-operators of the well. We receive revenue each period for our working interest in the well during the period.

Accounts Receivable and Contract Liabilities

Accounts receivable is our right to consideration once it becomes unconditional. Payment terms typically range from 30 to 60 days.

We do not have any significant contract asset balances. Contract liabilities include prepayments received from customers prior to the requested services being completed. Also included in contract liabilities are payments received from customers for reactivation or initial mobilization of newly constructed or upgraded rigs that were moved on location to the initial well site. These payments are allocated to the overall performance obligation and amortized over the initial term of the contract. Total contract liability balances were \$23.8 million \$14.4 million and \$103 million as of **March 31, 2024** June 30, 2024 and December 31, 2023, respectively. We recognized \$84.7 million \$95.1 million of revenue in the **three** six months ended **March 31, 2024** June 30, 2024 that was included in the contract liability balance at the beginning of the period. Revenue related to our contract liabilities balance is expected to be recognized through 2026, 2025. The \$22.0 million \$14.1 million current portion of our contract liability balance is included in "Accrued liabilities" and \$1.8 million \$0.3 million noncurrent portion of our contract liability balance is included in "Other liabilities" in our unaudited condensed consolidated balance sheets.

Contract Costs

Costs incurred for newly constructed rigs or rig upgrades based on a contract with a customer are considered capital improvements and are capitalized to drilling equipment and depreciated over the estimated useful life of the asset.

Remaining Performance Obligations

We maintain a backlog of commitments for contract drilling services under term contracts, which we define as contracts with a duration of six months or more. Our contract drilling backlog in the United States as of **March 31, 2024** June 30, 2024 was approximately \$527 million \$433 million. Approximately 14% 6% of our total contract drilling backlog in the United States at **March 31, 2024** June 30, 2024 is reasonably expected to remain at **March 31, 2025** June 30, 2025. We generally calculate our backlog by multiplying the dayrate under our term drilling contracts by the number of days remaining under the contract. The calculation does not include any revenues related to fees for other services such as for mobilization, other than initial mobilization, demobilization and customer reimbursables, nor does it include potential reductions in rates for unscheduled standby or during periods in which the rig is moving or incurring maintenance and repair time in excess of what is permitted under the drilling contract. For contracts that contain variable dayrate pricing, our backlog calculation uses the dayrate in effect for periods where the dayrate is fixed, and, for periods that remain subject to variable pricing, uses commodity pricing or other related indices in effect at **March 31, 2024** June 30, 2024. In addition, our term drilling contracts are generally subject to termination by the customer on short notice and provide for an early termination payment to us in the event that the contract is terminated by the customer. For contracts on which we have received notice for the rig to be placed on standby, our backlog calculation uses the standby rate for the period over which we expect to receive the standby rate. For contracts on which we have received an early termination notice, our backlog calculation includes the early termination rate, instead of the dayrate, for the period over which we expect to receive the lower rate. Please see "Our current backlog of contract drilling revenue may decline and may not ultimately be realized, as fixed-term contracts may in certain instances be terminated without an early termination payment" included in Item 1A of our Annual Report.

4. Inventory

Inventory consisted of the following at **March 31, 2024** June 30, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Inventory		
Raw materials		

Raw materials and supplies	
Work-in-process	
Finished goods	
Inventory	

5. Other Current Assets

Other current assets consisted of the following at **March 31, 2024** **June 30, 2024** and **December 31, 2023** (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Federal and state income taxes receivable		
Workers' compensation receivable		
Prepaid expenses		
Other		
Other		
Other		
Other current assets		

6. Property and Equipment

Property and equipment consisted of the following at **March 31, 2024** **June 30, 2024** and **December 31, 2023** (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Equipment		
Oil and natural gas properties		
Buildings		
Rental equipment		
Land		
Total property and equipment		
Less accumulated depreciation, depletion, amortization and impairment		
Property and equipment, net		

Depreciation and depletion expense on property and equipment of approximately **\$244 million** **\$216 million** and **\$125 million** **\$123 million** was recorded in the three months ended **March 31, 2024** **June 30, 2024** and **December 31, 2023**, respectively. Depreciation and depletion expense on property and equipment of approximately **\$460 million** and **\$249 million** was recorded in the six months ended **June 30, 2024** and **December 31, 2023**, respectively.

We review our long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amounts of certain assets may not be recovered over their estimated remaining useful lives ("triggering events"). In connection with this review, assets are grouped at the lowest level at which identifiable cash flows are largely independent of other asset groupings. We estimate future cash flows over the life of the respective assets or asset groupings in our assessment of impairment. These estimates of cash flows are based on historical cyclical trends in the industry as well as our expectations regarding the continuation of these trends in the future. Provisions for asset impairment are charged against income when estimated future cash flows, on an undiscounted basis, are less than the asset's net book value. Any provision for impairment is measured at fair value.

7. Goodwill and Intangible Assets

Goodwill — During the three months ended **March 31, 2024**, we had no additions or impairments to goodwill. Goodwill by reportable segment as of **March 31, 2024** is **June 30, 2024** and changes for the six months then ended are as follows (in thousands):

	Completion Services	Drilling Products	Total
Balance at beginning and end of period	\$ 922,125	\$ 457,616	\$ 1,379,741
Balance at January 1, 2024	\$ 922,125	\$ 457,616	\$ 1,379,741

Measurement period adjustment	—	(2,293)	(2,293)
Balance at June 30, 2024	\$ 922,125	\$ 455,323	\$ 1,377,448

Goodwill is evaluated at least annually on July 31, or more frequently when events and circumstances occur indicating recorded goodwill may be impaired. Goodwill is tested at the reporting unit level, which is at or one level below our operating segments. We determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value after considering qualitative, market and other factors, and if that is the case, any necessary goodwill impairment is determined using a quantitative impairment test. If the resulting fair value of goodwill is less than the carrying value of goodwill, an impairment loss would be recognized for the amount of the shortfall.

We determined our drilling products operating segment consists of a single reporting unit and, accordingly, goodwill acquired from the Ulterra acquisition was allocated to that reporting unit. We determined our completion services operating segment consists of two reporting units; completion services, which is primarily comprised of our hydraulic fracturing operations and other integrated service offerings, and cementing services.

Goodwill Impairment Assessment

During the fourth quarter of 2023, we lowered our share price experienced a sustained decline which resulted in expectations with respect to near-term future activity levels in a decrease to certain of our market capitalization operating segments. This decline in share price was deemed a triggering event that warranted a quantitative assessment for goodwill impairment for our three reporting units with goodwill impairment.

We estimated the fair value of the drilling products and the completion services reporting units using the income approach. Under this approach, we used a discounted cash flow model, which utilizes present values of cash flows to estimate fair value. Forecasted cash flows reflected known market conditions as in the second quarter of December 31, 2023, and management's anticipated business outlook for each reporting unit. Future cash flows were projected based on estimates of revenue, gross profit, selling, general and administrative expense, changes in working capital, and capital expenditures. The terminal period used within the discounted cash flow model for each reporting unit consisted of a 1% growth estimate. Future cash flows were then discounted using a market-participant, risk-adjusted weighted average cost of capital of 10% 11% for the drilling products reporting unit and 12% for the completion services reporting unit.

The forecast for the drilling products reporting unit assumes continued growth domestically as well as in international markets. Geopolitical instability in regions in which we expect to maintain and grow market share, a global decrease in the demand of drilling products, or other unforeseen macroeconomic considerations could negatively impact the key assumptions used in our goodwill assessment for our drilling products reporting unit.

The forecast for the completion services reporting unit assumes lower activity in 2024 compared to 2023 exit levels and increases in activity of 7% to 9% beginning in 2025 through 2027, which was based on rig count forecasts in the second quarter and estimated market share. A sustained decrease in oil prices and rig count could negatively affect the key assumptions used in our goodwill assessment for completion services.

We estimated the fair value of the cementing services reporting unit using a market approach. The market approach was based on trading multiples of companies comparable to the cementing services reporting unit.

Based on the results of the goodwill impairment tests, the fair values of the drilling products, completion services, and cementing services reporting units exceeded their carrying values by approximately 4% 10%, 11% 9%, and 80% 77%, respectively. Accordingly, no impairment was recorded for any of the reporting units.

During the first quarter of 2024, we determined there were no events that would indicate the carrying value of goodwill may not be recoverable or that a potential impairment exists.

Geopolitical instability, a global decrease in the demand of drilling products, or other unforeseen macroeconomic considerations could negatively impact the key assumptions used in our goodwill assessment for our drilling products reporting unit. A sustained decrease in oil prices and rig count could negatively affect the key assumptions used in our goodwill assessment for completion services. A decrease in fair value resulting from unfavorable changes to these assumptions, or others, could result in goodwill impairment in future periods that could be material to our results of operations and financial statements as a whole.

Intangible Assets — The following table presents the gross carrying amount and accumulated amortization of our intangible assets as of March 31, 2024 June 30, 2024 and December 31, 2023 (in thousands):

	March 31, 2024		December 31, 2023		March 31, 2024		December 31, 2023		March 31, 2024		December 31, 2023	
	June 30, 2024		December 31, 2023		June 30, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	Gross Carrying Amount	Gross Carrying Amount	Net Accumulated Amortization	Gross Carrying Amount								
Customer relationships												
Developed technology												
Trade name												
Other												
Intangible assets, net												

Amortization expense on intangible assets of approximately \$30.5 million \$30.9 million and \$0.8 million \$0.4 million was recorded for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. Amortization expense on intangible assets of approximately \$61.3 million and \$0.7 million was recorded for the six months ended June 30, 2024 and 2023, respectively.

8. Accrued Liabilities

Accrued liabilities consisted of the following at **March 31, 2024** **June 30, 2024** and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Salaries, wages, payroll taxes and benefits		
Workers' compensation liability		
Property, sales, use and other taxes		
Insurance, other than workers' compensation		
Accrued interest payable		
Deferred revenue		
Federal and state income taxes payable		
Accrued merger and integration expense		
Other		
Accrued liabilities		

9. Long-Term Debt

Long-term debt consisted of the following at **March 31, 2024** **June 30, 2024** and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
3.95% Senior Notes Due 2028		
5.15% Senior Notes Due 2029		
7.15% Senior Notes Due 2033		
Equipment Loans Due 2025		
	1,242,061	
		1,240,022
Less deferred financing costs and discounts		
Less current portion		
Total		

Credit Agreement — On April 5, 2024, we entered into a Commitment Increase Agreement (the "Commitment Increase Agreement"), which increased the commitments under our Amended and Restated Credit Agreement, dated as of March 27, 2018 (as modified by the Commitment Increase Agreement and amended to date, the "Credit Agreement"), by and among us, as borrower, Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer, swing line lender and lender and each of the other letter of credit issuers and lenders party thereto.

The Commitment Increase Agreement increased the commitments under our Credit Agreement to \$615 million. The maturity date for \$567 million of such commitments is March 27, 2026; and the maturity date for \$48.3 million of such commitments is March 27, 2025.

On August 29, 2023, we entered into Amendment No. 4 to Amended and Restated Credit Agreement (the "Credit Agreement Amendment"), which, among other things, extended the maturity date for \$85.0 million of revolving credit commitments of certain lenders under the Credit Agreement from March 27, 2025 to March 27, 2026.

The Credit Agreement is a committed senior unsecured revolving credit facility that permits aggregate borrowings of up to \$615 million (**\$550 million at March 31, 2024**), including a letter of credit facility that, at any time outstanding, is limited to \$100 million and a swing line facility that, at any time outstanding, is limited to the lesser of \$50.0 million and the amount of the swing line provider's unused commitment.

Loans under the Credit Agreement bear interest by reference, at our election, to the SOFR rate (subject to a 0.10% per annum adjustment) or base rate, in each case subject to a 0% floor. The applicable margin on SOFR rate loans varies from 1.00% to 2.00% and the applicable margin on base rate loans varies from 0.00% to 1.00%, in each case determined based on our credit rating. As of **March 31, 2024** **June 30, 2024**, the applicable margin on SOFR rate loans was 1.75% and the applicable margin on base rate loans was 0.75%. A letter of credit fee is payable by us equal to the applicable margin for SOFR rate loans times the daily amount available to be drawn under outstanding letters of credit. The commitment fee rate payable to the lenders varies from 0.10% to 0.30% based on our credit rating.

None of our subsidiaries are currently required to be a guarantor under the Credit Agreement. However, if any subsidiary guarantees or incurs debt, which does not qualify for certain limited exceptions and is otherwise, in the aggregate with all other similar debt, in excess of Priority Debt (as defined in the Credit Agreement), such subsidiary is required to become a guarantor under the Credit Agreement.

The Credit Agreement contains representations, warranties, affirmative and negative covenants and events of default and associated remedies that we believe are customary for agreements of this nature, including certain restrictions on our ability and the ability of each of our subsidiaries to grant liens and on the ability of each of our non-guarantor subsidiaries to incur debt. If our credit rating is below investment grade at both Moody's and S&P, we will become subject to a restricted payment covenant, which would generally require us to have a Pro Forma Debt Service Coverage Ratio (as defined in the Credit Agreement) greater than or equal to 1.50 to 1.00 immediately before and immediately after making any restricted payment. Restricted payments include, among other things, dividend payments, repurchases of our common stock, distributions to holders of our common stock or any other payment or other distribution to third parties on account of our or our subsidiaries' equity interests. Our credit rating is currently investment grade at both credit rating agencies. The Credit Agreement also requires that our total debt to capitalization ratio, expressed as a percentage, not exceed 50% as of the last day of each fiscal quarter. The Credit Agreement generally defines the total debt to capitalization ratio as the ratio of (a) total borrowed money indebtedness to (b) the sum of such indebtedness plus consolidated net worth, with consolidated net worth determined as of the end of the most recently ended fiscal quarter. We were in compliance with these covenants at **March 31, 2024** **June 30, 2024**.

As of **March 31, 2024** **June 30, 2024**, we had no borrowings outstanding under our revolving credit facility. We had **\$2.5 million** **\$2.3 million** in letters of credit outstanding under the Credit Agreement at **March 31, 2024** **June 30, 2024** and, as a result, had available borrowing capacity of approximately **\$548 million** **\$613 million** at that date.

2015 Reimbursement Agreement — On March 16, 2015, we entered into a Reimbursement Agreement (the "Reimbursement Agreement") with The Bank of Nova Scotia ("Scotiabank"), pursuant to which we may from time to time request that Scotiabank issue an unspecified amount of letters of credit. As of **March 31, 2024** **June 30, 2024**, we had **\$82.8 million** **\$43.8 million** in letters of credit outstanding under the Reimbursement Agreement.

Under the terms of the Reimbursement Agreement, we will reimburse Scotiabank on demand for any amounts that Scotiabank has disbursed under any of our letters of credit issued thereunder. Fees, charges and other reasonable expenses for the issuance of letters of credit are payable by us at the time of issuance at such rates and amounts as are in accordance with Scotiabank's prevailing practice. We are obligated to pay to Scotiabank interest on all amounts not paid by us on the date of demand or when otherwise due at the LIBOR rate plus 2.25% per annum, calculated daily and payable monthly, in arrears, on the basis of a calendar year for the actual number of days elapsed, with interest on overdue interest at the same rate as on the reimbursement amounts. A letter of credit fee is payable by us equal to 1.50% times the amount of outstanding letters of credit.

We have also agreed that if obligations under the Credit Agreement are secured by liens on any of our or our subsidiaries' property, then our reimbursement obligations and (to the extent similar obligations would be secured under the Credit Agreement) other obligations under the Reimbursement Agreement and any letters of credit will be equally and ratably secured by all property subject to such liens securing the Credit Agreement.

Pursuant to a Continuing Guaranty dated as of March 16, 2015, our payment obligations under the Reimbursement Agreement are jointly and severally guaranteed as to payment and not as to collection by our subsidiaries that from time to time guarantee payment under the Credit Agreement. None of our subsidiaries are currently required to guarantee payment under the Credit Agreement.

2028 Senior Notes, 2029 Senior Notes and 2033 Senior Notes — On January 19, 2018, we completed an offering of \$525 million in aggregate principal amount of our 3.95% Senior Notes due 2028 (the "2028 Notes"). On November 15, 2019, we completed an offering of \$350 million in aggregate principal amount of our 5.15% Senior Notes due 2029 (the "2029 Notes"). On September 13, 2023, we completed an offering of \$400 million in aggregate principal amount of our 7.15% Senior Notes due 2033 (the "2033 Notes"). The net proceeds before offering expenses from the offering of the 2033 Notes were approximately \$396 million, which we used to repay amounts outstanding under our revolving credit facility.

We pay interest on the 2028 Notes on February 1 and August 1 of each year. The 2028 Notes will mature on February 1, 2028. The 2028 Notes bear interest at a rate of 3.95% per annum.

We pay interest on the 2029 Notes on May 15 and November 15 of each year. The 2029 Notes will mature on November 15, 2029. The 2029 Notes bear interest at a rate of 5.15% per annum.

We pay interest on the 2033 Notes on April 1 and October 1 of each year. The 2033 Notes will mature on October 1, 2033. The 2033 Notes bear interest at a rate of 7.15% per annum.

The 2028 Notes, 2029 Notes and 2033 Notes (together, the "Senior Notes") are our senior unsecured obligations, which rank equally with all of our other existing and future senior unsecured debt and will rank senior in right of payment to all of our other future subordinated debt. The Senior Notes will be effectively subordinated to any of our future secured debt to the extent of the value of the assets securing such debt. In addition, the Senior Notes will be structurally subordinated to the liabilities (including trade payables) of our subsidiaries that do not guarantee the Senior Notes. None of our subsidiaries are currently required to be a guarantor under the Senior Notes. If our subsidiaries guarantee the Senior Notes in the future, such guarantees (the "Guarantees") will rank equally in right of payment with all of the guarantors' future unsecured senior debt and senior in right of payment to all of the guarantors' future subordinated debt. The Guarantees will be effectively subordinated to any of the guarantors' future secured debt to the extent of the value of the assets securing such debt.

At our option, we may redeem the Senior Notes in whole or in part, at any time or from time to time at a redemption price equal to 100% of the principal amount of such Senior Notes to be redeemed, plus accrued and unpaid interest, if any, on those Senior Notes to the redemption date, plus a "make-whole" premium. Additionally, commencing on November 1, 2027, in the case of the 2028 Notes, on August 15, 2029, in the case of the 2029 Notes, and on July 1, 2033, in the case of the 2033 Notes, at our option, we may redeem the respective Senior Notes in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest, if any, on those Senior Notes to the applicable redemption date.

The indentures pursuant to which the Senior Notes were issued include covenants that, among other things, limit our and our subsidiaries' ability to incur certain liens, engage in sale and lease-back transactions or consolidate, merge, or transfer all or substantially all of their assets. These covenants are subject to important qualifications and limitations

set forth in the indentures.

Upon the occurrence of a change of control triggering event, as defined in the indentures, each holder of the Senior Notes may require us to purchase all or a portion of such holder's Senior Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

The indentures also provide for events of default which, if any of them occurs, would permit or require the principal of, premium, if any, and accrued interest, if any, on the Senior Notes to become or to be declared due and payable.

Equipment Loans — As part of the NexTier merger, we assumed the obligations of NexTier Completions Solutions Inc. ("NCS") under a Master Loan and Security Agreement (as amended, the "Master Agreement") with Caterpillar Financial Services Corporation. The Master Agreement allows NCS to enter into secured equipment financing term loans from time to time (the "Equipment Loans"). The Equipment Loans may be drawn in multiple tranches, with each loan evidenced by a separate promissory note. The Master Agreement and the Equipment Loans contain customary affirmative and negative covenants, including limitations on further encumbrance of the collateral other than the applicable loans under the Master Agreement. We were in compliance with these covenants at **March 31, 2024** **June 30, 2024**. The Equipment Loans bear interest at a rate of 5.25% per annum, and we pay interest on the 1st of each month. The Equipment Loans will mature on June 1, 2025.

Presented below is a schedule of the principal repayment requirements of long-term debt by fiscal year as of **March 31, 2024** **June 30, 2024** (in thousands):

Year ending December 31,	
2024	
2024	
2024	
2025	
2026	
2027	
2028	
2029	
Thereafter	
Total	

10. Commitments and Contingencies

As of **March 31, 2024** **June 30, 2024**, we maintained letters of credit in the aggregate amount of **\$87.2 million** **\$48.0 million** primarily for the benefit of various insurance companies as collateral for retrospective premiums and retained losses that could become payable under the terms of the underlying insurance contracts and compliance with contractual obligations. These letters of credit expire annually at various times during the year and are typically renewed. As of **March 31, 2024** **June 30, 2024**, no amounts had been drawn under the letters of credit. As of June 30, 2024, we had **\$35 million** in surety bond exposure issued as financial assurance on an insurance agreement.

As of **March 31, 2024** **June 30, 2024**, we had commitments to purchase major equipment totaling approximately **\$158 million** **\$154 million**.

Our completion services segment has entered into agreements to purchase minimum quantities of proppants from certain vendors. As of **March 31, 2024** **June 30, 2024**, the remaining minimum obligation under these agreements was approximately **\$31.8 million** **\$25.8 million**, of which approximately **\$25.9 million** **\$16.9 million**, **\$4.0 million** **\$6.5 million**, and **\$2.0 million** **\$2.4 million** relate to the remainder of 2024, 2025 and 2026, respectively.

We are party to various legal proceedings arising in the normal course of our business. We do not believe that the outcome of these proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, cash flows or results of operations.

11. Stockholders' Equity

Cash Dividend — On **May 1, 2024** **July 24, 2024**, our Board of Directors approved a cash dividend on our common stock in the amount of \$0.08 per share to be paid on **June 17, 2024** **September 16, 2024** to holders of record as of **June 3, 2024** **September 3, 2024**. The amount and timing of all future dividend payments, if any, are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial condition, terms of our debt agreements and other factors. Our Board of Directors may, without advance notice, reduce or suspend our dividend to improve our financial flexibility and position our company for long-term success. There can be no assurance that we will pay a dividend in the future.

Share Repurchases and Acquisitions — In September 2013, our Board of Directors approved a stock buyback program. In February 2024, our Board of Directors approved an increase of the authorization under the stock buyback program to allow for an aggregate of \$1.0 billion of future share repurchases. All purchases executed to date have been through open market transactions. Purchases under the buyback program are made at management's discretion, at prevailing prices, subject to market conditions and other factors. Purchases may be made at any time without prior notice. There is no expiration date associated with the buyback program. As of **March 31, 2024** **June 30, 2024**, we had remaining authorization to purchase approximately **\$945 million** **\$819 million** of our outstanding common stock under the stock buyback program. Shares of stock purchased under the buyback program are held as treasury shares.

Treasury stock acquisitions during the **three** **six** months ended **March 31, 2024** **June 30, 2024** were as follows (dollars in thousands):

	Shares	Shares	Cost	Shares	Cost
Treasury shares at January 1, 2024					
Purchases pursuant to stock buyback program					

Acquisitions pursuant to long-term incentive plans

Treasury shares at March 31, 2024

Treasury shares at June 30, 2024

12. Stock-based Compensation

We use share-based payments to compensate employees and non-employee directors. We recognize the cost of share-based payments under the fair-value-based method. Share-based awards include equity instruments in the form of stock options or restricted stock units that have included service conditions and, in certain cases, performance conditions. Our share-based awards also include share-settled performance unit awards. Share-settled performance unit awards are accounted for as equity awards. We issue shares of common stock when vested stock options are exercised and after restricted stock units and share-settled performance unit awards vest.

The Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan (the "2021 Plan") was originally approved by our stockholders on June 3, 2021. Subject to stockholder approval, our Board of Directors approved an amendment to the 2021 Plan to increase the number of shares available for issuance under the 2021 Plan by 5.445 million shares (the "First Amendment"). On June 8, 2023, our stockholders approved the First Amendment. On September 1, 2023, in connection with the NexTier merger, our Board of Directors approved a second amendment to the 2021 Plan (the "Second Amendment," and together with the First Amendment, the "2021 Plan Amendments") to assume approximately 10.0 million shares previously reserved for issuance under the NexTier Oilfield Solutions

Inc. Equity and Incentive Award Plan (the "NexTier Plan"). Following Subject to stockholder approval, our Board of Directors approved an amendment to the 2021 Plan Amendments, to, among other things, increase the number of shares available for issuance under the 2021 Plan by 20 million shares and eliminate the remaining share reserve of approximately 10 million shares available under the 2021 Plan that was assumed from the NexTier Plan (the "Third Amendment" and the 2021 Plan, as amended through the Third Amendment, the "Plan"). On June 6, 2024, our stockholders approved the Third Amendment.

Following the Third Amendment, the aggregate number of shares of Common Stock authorized for grant under the 2021 Plan is approximately 29.0 million 38.9 million.

On September 1, 2023, the Board of Directors also approved amendments to the NexTier Plan and the NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan (the "Former C&J Energy Plan" and, together with the NexTier Plan, the "Assumed Plans") to assume awards that were previously granted under the Assumed Plans (consisting of stock options, time- and performance-based restricted stock units and cash-settled performance unit awards), which, in connection with the NexTier merger, were converted into equity awards in respect of shares of Patterson-UTI Energy, Inc. common stock.

Stock Options — We estimate the grant date fair values of stock options using the Black-Scholes-Merton valuation model. Volatility assumptions are based on the historic volatility of our common stock over the most recent period equal to the expected term of the options as of the date such options are granted. The expected term assumptions are based on our experience with respect to employee stock option activity. Dividend yield assumptions are based on the expected dividends at the time the options are granted. The risk-free interest rate assumptions are determined by reference to United States Treasury yields. No options were granted during the three six months ended March 31, 2024, June 30, 2024 or 2023.

Stock option activity from January 1, 2024 to March 31, 2024 June 30, 2024 follows:

	Underlying Shares	Underlying Shares	Weighted Average Exercise Price Per Share	Underlying Shares	Weighted Average Exercise Price Per Share
Outstanding at January 1, 2024					
Exercised					
Exercised					
Exercised					
Expired					
Outstanding at March 31, 2024					
Exercisable at March 31, 2024					
Outstanding at June 30, 2024					
Exercisable at June 30, 2024					

Restricted Stock Units (Equity Based) — For all restricted stock unit awards made to date, shares of common stock are not issued until the units vest. Restricted stock units are subject to forfeiture for failure to fulfill service conditions and, in certain cases, performance conditions. Forfeitable dividend equivalents are accrued on certain restricted stock units that will be paid upon vesting. We use the straight-line method to recognize periodic compensation cost over the vesting period.

Restricted stock unit activity from January 1, 2024 to March 31, 2024 June 30, 2024 follows:

	Time Based	Time Based	Performance Based	Weighted Average Grant Date Fair Value Per Share	Time Based	Performance Based	Weighted Average Grant Date Fair Value Per Share
Non-vested restricted stock units outstanding at January 1, 2024							
Granted							
Vested							
Vested							
Forfeited							
Non-vested restricted stock units outstanding at March 31, 2024							
Non-vested restricted stock units outstanding at June 30, 2024							

As of **March 31, 2024** **June 30, 2024**, we had unrecognized compensation cost related to our unvested restricted stock units totaling **\$43.3 million** **\$65.4 million**. The weighted-average remaining vesting period for these unvested restricted stock units was **1.60** **2.16** years as of **March 31, 2024** **June 30, 2024**.

Restricted Stock Units (Liability Based) — We converted NexTier's cash-settled performance based units into our cash-settled restricted stock units in connection with the NexTier merger. These awards are accounted for as liability classified awards and remeasured at fair value at each reporting period. Compensation expense is recorded over the vesting period and is initially based on the fair value at the award conversion date. Compensation expense is subsequently remeasured at each reporting date during the vesting period based on the change in our stock price. Dividend cash equivalents are not paid on cash-settled units. As of **March 31, 2024** **June 30, 2024**, **\$7.4 million** **\$4.3 million** is included in "Accrued Liabilities" in our unaudited condensed consolidated balance sheets for these awards.

Performance Unit Awards — We have granted share-settled performance unit awards to certain employees (the "Performance Units") on an annual basis since 2010. The Performance Units provide for the recipients to receive shares of common stock upon the

achievement of certain performance goals during a specified period established by the Compensation Committee. The performance

period for the Performance Units is generally the three-year period commencing on April 1 of the year of grant, except as described below for the Performance Units granted in May 2024.

The performance goals for the Performance Units are tied to our total shareholder return for the performance period as compared to total shareholder return for a peer group determined by the Compensation Committee. For the performance units granted in April 2021 and April 2022, the peer group includes three market indices and one market index, respectively. The performance goals are considered to be market conditions under the relevant accounting standards and the market conditions were factored into the determination of the fair value of the respective Performance Units. For the Performance Units granted in April 2022 and May 2023, the recipients will receive the target number of shares if our total shareholder return during the performance period, when compared to the peer group, is at the 55th percentile. If our total shareholder return during the performance period, when compared to the peer group, is at the 75th percentile or higher, then the recipients will receive two times the target number of shares. If our total shareholder return during the performance period, when compared to the peer group, is at the 25th percentile, then the recipients will only receive one-half of the target number of shares. If our total shareholder return during the performance period, when compared to the peer group, is between the 25th and 55th percentile, or the 55th and 75th percentile, then the shares to be received by the recipients will be determined using linear interpolation for levels of achievement between these points.

The Performance Units granted in May 2024 are subject to three separate performance periods—a one-year performance period (the "First Performance Period"), a two-year performance period (the "Second Performance Period") and a three-year performance period (the "Third Performance Period"), each commencing on April 1 of the year of grant. One-third of the total target number of shares subject to the May 2024 Performance Units may become earned in respect of each performance period based on our total shareholder return during such performance period (the target number of shares eligible to vest in the applicable performance period, the "Performance Period Target Amount"). The recipients will earn the Performance Period Target Amount if our total shareholder return during the applicable performance period, when compared to the peer group, is at the 55th percentile. If our total shareholder return during the applicable performance period, when compared to the peer group, is at the 75th percentile or higher, then the recipients will earn two times the Performance Period Target Amount. If our total shareholder return during the applicable performance period, when compared to the peer group, is at the 25th percentile, then the recipients will only earn one-half of the Performance Period Target Amount. If our total shareholder return during the applicable performance period, when compared to the peer group, is between the 25th and 55th percentile, or the 55th and 75th percentile, then the shares to be earned by the recipients will be determined using linear interpolation for levels of achievement between these points. Notwithstanding the foregoing, a number of shares no greater than the Performance Period Target Amount may be earned for each of the First Performance Period and the Second Performance Period, unless our total shareholder return during the Third Performance Period is greater than our total shareholder return for, as applicable, the First Performance Period and/or the Second Performance Period, in which case, the number of shares earned in respect of the First Performance and/or the Second Performance Period, as applicable, will be determined as if our total shareholder return during the Third Performance Period was our total shareholder return during the First Performance Period and/or the Second Performance Period, as applicable. If our total shareholder return during the Third Performance Period is zero or negative, no more than the aggregate target number of shares subject to the May 2024 Performance Units may be earned, regardless of results during the First Performance Period and the Second Performance Period. A full three-year vesting period applies to the Performance Units and no shares will vest and be delivered in respect of the May 2024 Performance Units until after the completion of the Third Performance Period.

The payout under the Performance Units may not exceed the target number of shares if our absolute total shareholder return is negative or zero.

The total target number of shares granted with respect to the Performance Units for the awards granted in 2020-2023 2020-2024 is set forth below:

	2023		2022		2021		2020				
	Performance Unit Awards										
	2024		2023		2022		2021		2020		
	Performance Unit Awards										
Target number of shares	Target number of shares	631,700	414,000	843,000	500,500 shares	Target number of shares	875,100	631,700	414,000	843,000	500,500

In May 2023, 1,001,000 shares were issued to settle the 2020 Performance Units. The Performance Units granted in 2021 have reached the end of their performance period, and we expect In May 2024, 718,581 shares will be issued in May 2024 to settle the 2021 Performance Units. The Performance Units granted in 2022, 2023 and 2023 2024 have not reached the end of their respective performance periods.

Because the Performance Units are share-settled awards, they are accounted for as equity awards and measured at fair value on the date of grant using a Monte Carlo simulation model. The fair value of the Performance Units is set forth below (in thousands):

	2023		2022		2021		2020			
	Performance Unit Awards									
	2024		2023		2022		2021		2020	
	Performance Unit Awards									
Aggregate fair value at date of grant										

These fair value amounts are charged to expense on a straight-line basis over the performance period. Compensation expense associated with the Performance Units is shown below (in thousands):

	2023		2022		2021		2020	
	Performance Unit Awards							
Three months ended March 31, 2024	\$ 663	\$ 862	\$ 584					NA
Three months ended March 31, 2023	NA	895	602	\$ 602	\$ 602	\$ 602	\$ 602	69

	2024		2023		2022		2021		2020	
	Performance Unit Awards									
Three months ended June 30, 2024	\$ 606	\$ 663	\$ 862					N/A		NA
Three months ended June 30, 2023	N/A	469	895	\$ 602	\$ 602	\$ 602	\$ 602	N/A		NA
Six months ended June 30, 2024	\$ 606	\$ 1,327	\$ 1,724	\$ 584	\$ 584	\$ 584	\$ 584	N/A		NA
Six months ended June 30, 2023	N/A	469	1,791	1,204	1,204	1,204	1,204	\$ 69		69

As of March 31, 2024 June 30, 2024, we had unrecognized compensation cost related to our unvested Performance Units totaling \$9.0 million \$17.7 million. The weighted-average remaining vesting period for these unvested Performance Units was 0.91 1.54 years as of March 31, 2024 June 30, 2024.

13. Income Taxes

Our effective income tax rate fluctuates from the U.S. statutory tax rate based on, among other factors, changes in pretax income in jurisdictions with varying statutory tax rates, the impact of U.S. state and local taxes, the realizability of deferred tax assets and other differences related to the recognition of income and expense between GAAP and tax accounting.

Our effective income tax rate for the three months ended March 31, 2024 June 30, 2024 was 27.9% 60.5%, compared with 16.8% 14.0% for the three months ended March 31, 2023 June 30, 2023. The difference in higher effective income tax rates for the three months ended June 30, 2024 was primarily attributable to the impact of valuation allowances on deferred tax assets between periods. In addition, periods, as well as the difference in impact of permanent differences against earnings between periods.

Our effective income tax rates rate for the six months ended June 30, 2024 was 37.4%, compared with 15.6% for the six months ended June 30, 2023. The higher effective income tax rate for the six months ended June 30, 2024 was primarily attributable to the impact of valuation allowances on deferred tax assets between periods, as well as the impact of permanent differences against earnings between periods.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized, and when necessary, valuation allowances are provided. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during

the periods in which those temporary differences become deductible. We assess the realizability of our deferred tax assets quarterly and consider carryback availability, the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

We continue to monitor income tax developments in the United States and other countries where we have legal entities. We will incorporate into our future financial statements the impacts, if any, of future regulations and additional authoritative guidance when finalized.

14. Earnings Per Share

We provide a dual presentation of our net income (loss) per common share in our unaudited condensed consolidated statements of operations: basic net income (loss) per common share ("Basic EPS") and diluted net income (loss) per common share ("Diluted EPS").

Basic EPS excludes dilution and is determined by dividing the earnings attributable to common stockholders by the weighted average number of common shares outstanding during the period.

Diluted EPS is based on the weighted average number of common shares outstanding plus the dilutive effect of potential common shares, including stock options and non-vested performance units and non-vested restricted stock units. The dilutive effect of stock options, non-vested performance units and non-vested restricted stock units is determined using the treasury stock method.

The following table presents information necessary to calculate net income per share for the three and six months ended **March 31, 2024**, **June 30, 2024** and 2023 as well as potentially dilutive securities excluded from the weighted average number of diluted common shares outstanding because their inclusion would have been anti-dilutive (in thousands, except per share amounts):

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	2024	2024	2024	2023	2023
BASIC EPS:					
BASIC EPS:					
BASIC EPS:					
Net income attributable to common stockholders					
Net income attributable to common stockholders					
Net income attributable to common stockholders					
Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	399,558	207,839
Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	403,870	209,952
Basic net income per common share					
Basic net income per common share					
Basic net income per common share					
DILUTED EPS:					
DILUTED EPS:					
DILUTED EPS:					
Net income attributable to common stockholders					
Net income attributable to common stockholders					
Net income attributable to common stockholders					

Weighted average number of common shares outstanding, excluding non-vested restricted stock units	Weighted average number of common shares outstanding, excluding non-vested restricted stock units	399,558	208,984	403,870	403,870	211,188
Weighted average number of common shares outstanding, excluding non-vested restricted stock units						
Weighted average number of common shares outstanding, excluding non-vested restricted stock units						
Diluted net income per common share						
Diluted net income per common share						
Diluted net income per common share						
Potentially dilutive securities excluded as anti-dilutive	Potentially dilutive securities excluded as anti-dilutive	8,584	6,084	8,584	8,584	2,572
Potentially dilutive securities excluded as anti-dilutive						
Potentially dilutive securities excluded as anti-dilutive						

15. Business Segments

Effective as of the third quarter of 2023, we revised our reportable segments to align with certain changes in how our Chief Operating Decision Maker ("CODM") manages and allocates resources to our business as a result of the Ulterra acquisition and NexTier merger. Accordingly, we now have the following reportable business segments: (i) drilling services, (ii) completion services, and (iii) drilling products.

Drilling Services — represents our contract drilling, directional drilling, oilfield technology and electrical controls and automation businesses.

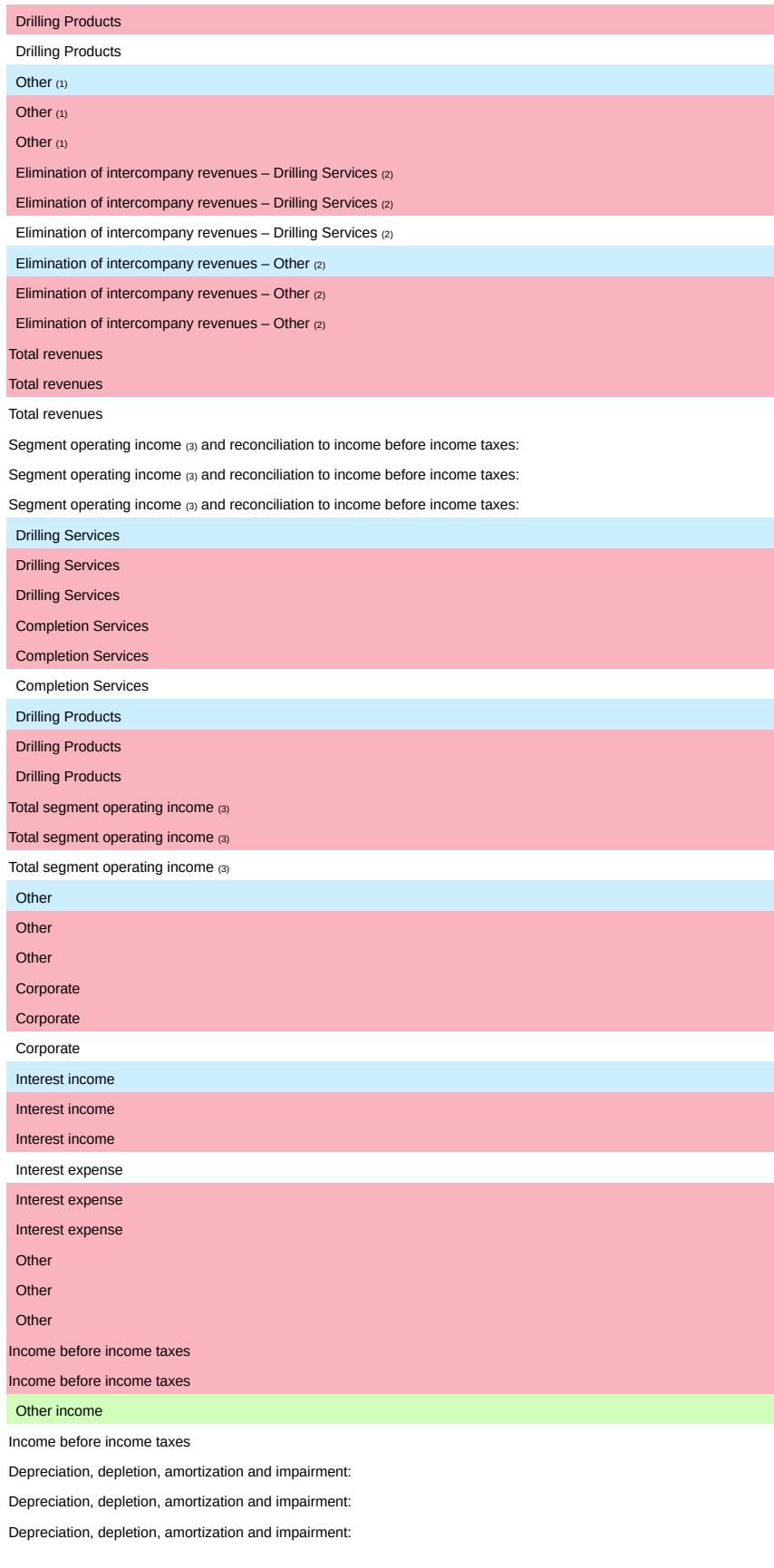
Completion Services — represents the combination of our well completion business, which includes hydraulic fracturing, wireline and pumping, completion support, cementing and our legacy pressure pumping business.

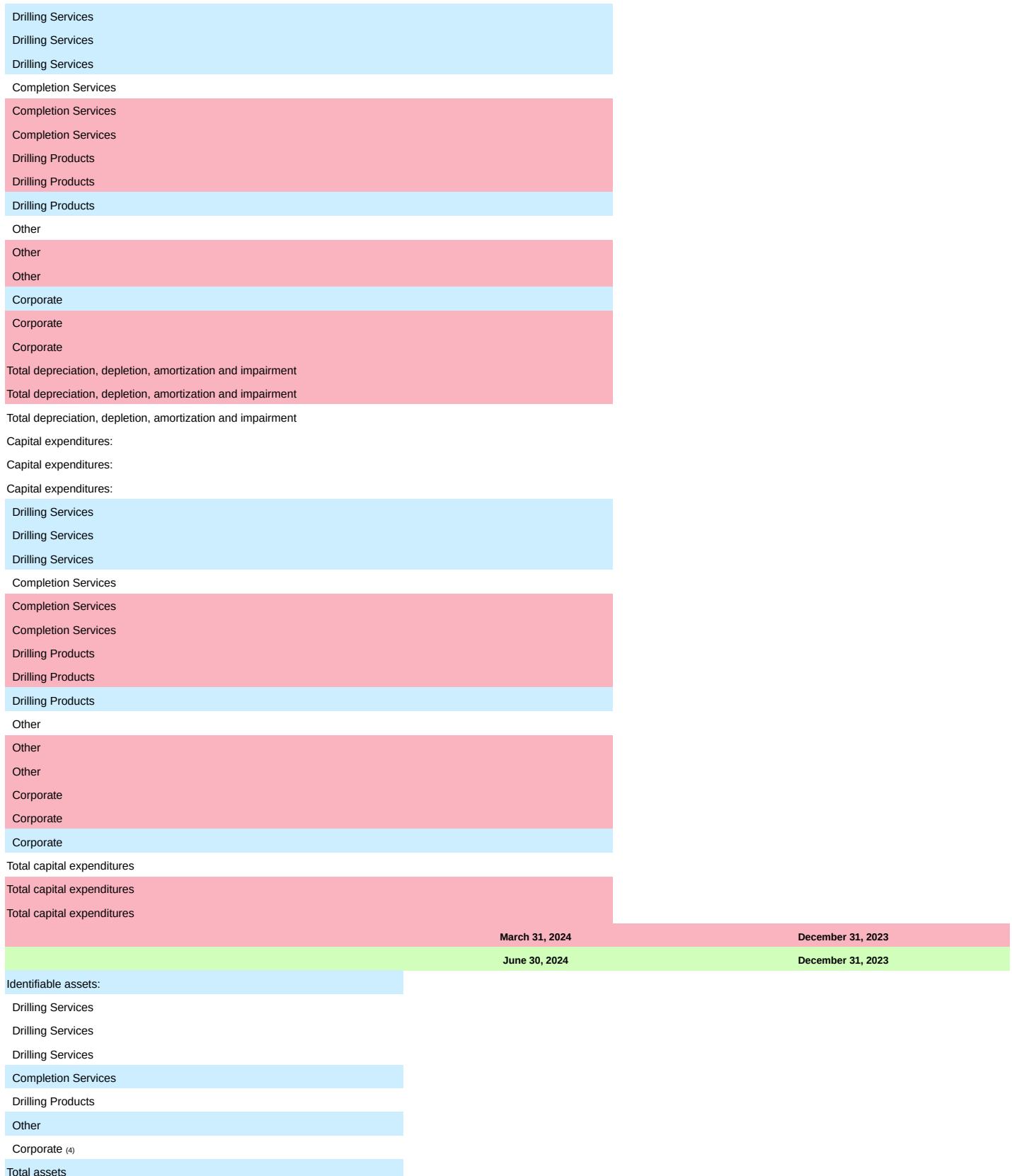
Drilling Products — represents our manufacturing and distribution of drill bits business, which was acquired with our acquisition of Ulterra on August 14, 2023.

As a result of the revised reportable segment structure, we have restated the corresponding items of segment information for all periods presented.

The following tables summarize selected financial information relating to our business segments (in thousands):

	Three Months Ended			Six Months Ended		
	March 31,		March 31,	June 30,		June 30,
	2024	2023		2024	2023	
Revenues:						
Revenues:						
Revenues:						
Drilling Services						
Drilling Services						
Drilling Services						
Completion Services						
Completion Services						
Completion Services						
Drilling Products						





(1) Other includes our oilfield rentals business and oil and natural gas working interests.

(2) Intercompany revenues consist of revenues from drilling services provided to our other operations, and revenues from other operations for services provided to drilling services, completion services and within other operations. These revenues are generally based on estimated external selling prices and are eliminated during consolidation.

(3) Segment operating income is our measure of segment profitability. It is defined as revenue less operating expenses, selling, general and administrative expenses, depreciation, amortization and impairment expenses and other operating income.

(4) Corporate assets primarily include cash on hand and certain property and equipment.

16. Fair Values of Financial Instruments

The carrying values of cash, cash equivalents and restricted cash, trade receivables and accounts payable approximate fair value due to the short-term maturity of these items. These fair value estimates are considered Level 1 fair value estimates in the fair value hierarchy of fair value accounting.

The estimated fair value of our outstanding debt balances as of **March 31, 2024** **June 30, 2024** and **December 31, 2023** is set forth below (in thousands):

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023			
	Carrying Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	Total debt	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	Total debt
3.95% Senior Notes Due 2028						5.79 %	3.95% Senior Notes Due 2028	5.81 %	5.79 %	
5.15% Senior Notes Due 2029						6.10 %	5.15% Senior Notes Due 2029	5.82 %	6.10 %	
7.15% Senior Notes Due 2033						6.28 %	7.15% Senior Notes Due 2033	6.30 %	6.28 %	
Equipment Loans Due 2025						5.36 %	Equipment Loans Due 2025	5.82 %	5.36 %	
Total debt										

The fair values of the 2028 Notes, the 2029 Notes and the 2033 Notes at **March 31, 2024** **June 30, 2024** and **December 31, 2023** are based on quoted market prices, which are considered Level 1 fair value estimates in the fair value hierarchy of fair value accounting. The fair value of the Equipment Loans is based on a 5.25% stated rate of interest, which is considered a Level 2 fair value estimate in the fair value hierarchy of fair value accounting.

The implied market rates of interest used to determine the fair value of our outstanding debt balances as of **March 31, 2024** **June 30, 2024** and **December 31, 2023** are set forth below:

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023			
	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029
	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029
3.95% Senior Notes Due 2028	3.95% Senior Notes Due 2028	5.15% Senior Notes Due 2029	7.15% Senior Notes Due 2033	Equipment Loans Due 2025	5.55 %	5.79 %	6.28 %	5.36 %	5.81 %	5.79 %
5.15% Senior Notes Due 2029					5.60 %	6.10 %	6.28 %		5.82 %	6.10 %
7.15% Senior Notes Due 2033					6.09 %	6.28 %	6.30 %		6.30 %	6.28 %
Equipment Loans Due 2025					5.67 %	5.36 %	5.82 %		5.82 %	5.36 %

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Report") and other public filings, press releases and presentations by us contain "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, as amended. As used in this Report, "we," "us," "our," "ours" and like terms refer collectively to Patterson-UTI Energy, Inc. and its consolidated subsidiaries. Patterson-UTI Energy, Inc. conducts its operations through its wholly-owned subsidiaries and has no employees or independent business operations. These "forward-looking statements" involve risk and uncertainty. These forward-looking statements include, without limitation, statements relating to: liquidity; revenue, cost and margin expectations and backlog; financing of operations; oil and natural gas prices; rig counts and frac spreads; source and sufficiency of funds required for building new equipment, upgrading existing equipment and acquisitions (if opportunities arise); demand and pricing for our services; competition; equipment availability; government regulation; legal proceedings; debt service obligations; impact of inflation and economic downturns; and other matters. Our forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and often use words such as "anticipate," "believe," "budgeted," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "potential," "project," "pursue," "should," "strategy," "target," or "will," or the negative thereof and other words and expressions of similar meaning. The forward-looking statements are based on certain assumptions and analyses we make in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from actual future results expressed or implied by the forward-looking statements. These risks and uncertainties relate to:

- the successful integration and expected benefits of the merger (the "NexTier merger") with NexTier Oilfield Solutions Inc. ("NexTier") and the acquisition (the "Ulterra acquisition") of Ulterra Drilling Technologies, L.P. ("Ulterra") on our financial condition, results of operations, strategy and plans and our ability to realize those benefits;

- synergies, costs and financial and operating impacts of acquisitions, including the NexTier merger and the Ulterra acquisition;
- the successful integration of NexTier and Ulterra operations and the future financial and operating results of the combined company;
- the combined company's plans, objectives, expectations and intentions with respect to future operations and services;
- adverse oil and natural gas industry conditions;
- global economic conditions, including inflationary pressures and risks of economic downturns or recessions in the United States and elsewhere;
- volatility in customer spending and in oil and natural gas prices that could adversely affect demand for our services and their associated effect on rates;
- excess supply of drilling and completions equipment, including as a result of reactivation, improvement or construction;
- competition and demand for our services;
- the impact of the ongoing Ukraine/Russia and Middle East conflicts and instability in other international regions;
- strength and financial resources of competitors;
- utilization, margins and planned capital expenditures;
- ability to obtain insurance coverage on commercially reasonable terms and liabilities from operational risks for which we do not have and receive full indemnification or insurance;
- operating hazards attendant to the oil and natural gas business;
- failure by customers to pay or satisfy their contractual obligations (particularly with respect to fixed-term contracts);
- the ability to realize backlog;
- specialization of methods, equipment and services and new technologies, including the ability to develop and obtain satisfactory returns from new technology; technology and the risk of obsolescence of existing technologies;
- the ability to attract and retain management and field personnel;
- loss of key customers;

- shortages, delays in delivery, and interruptions in supply, of equipment and materials;
- cybersecurity events;
- difficulty in building and deploying new equipment;
- governmental regulation, including climate legislation, regulation and other related risks;
- environmental, social and governance practices, including the perception thereof;
- environmental risks and ability to satisfy future environmental costs;
- technology-related disputes;
- legal proceedings and actions by governmental or other regulatory agencies;
- the ability to effectively identify and enter new markets;
- public health crises, pandemics and epidemics;
- weather;
- operating costs;
- expansion and development trends of the oil and natural gas industry;
- financial flexibility, including availability of capital and the ability to repay indebtedness when due;
- adverse credit and equity market conditions;
- our return of capital to stockholders, including timing and amounts (including any plans or commitments in respect thereof) of any dividends and share repurchases;
- stock price volatility;
- compliance with covenants under our debt agreements; and
- other financial, operational and legal risks and uncertainties detailed from time to time in our filings with the SEC.

We caution that the foregoing list of factors is not exhaustive. Additional information concerning these and other risk factors is contained elsewhere in this Report and in our Annual Report on Form 10-K for the year ended December 31, 2023 (our "Annual Report") and may be contained in our future filings with the SEC. You are cautioned not to place undue reliance on any of our forward-looking statements. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to update publicly or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise. In the event that we update any forward-looking statement, no inference should be made that we will make additional updates with respect to that statement, related matters or any other forward-looking

statements. All subsequent written and oral forward-looking statements concerning us or other matters and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above.

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

Management Overview — We are a Houston, Texas-based leading provider of drilling and completion services to oil and natural gas exploration and production companies in the United States and other select countries, including contract drilling services, integrated well completion services and directional drilling services in the United States, and specialized drill bit solutions in the United States, Middle East and many other regions around the world. We operate under three reportable business segments: (i) drilling services, (ii) completion services, and (iii) drilling products.

Drilling Services

Our contract drilling business operates in the continental United States and internationally in Colombia and, from time to time, we pursue contract drilling opportunities in other select markets. We also provide a comprehensive suite of directional drilling services in most major producing onshore oil and natural gas basins in the United States, and we provide services that improve the statistical accuracy of wellbore placement for directional and horizontal wells. We also service and re-certify equipment for drilling contractors, and we provide electrical controls and automation to the energy, marine and mining industries, in North America and other select markets.

We have addressed our customers' needs for drilling horizontal wells in shale and other unconventional resource plays by improving the capabilities of our drilling fleet. The U.S. land rig industry has in recent years referred to certain high specification rigs as "super-spec" rigs, which we consider to be at least a 1,500 horsepower, AC-powered rig that has at least a 750,000-pound hookload, a 7,500-psi circulating system, and is pad-capable. Due to evolving customer preferences, we refer to certain premium rigs as "Tier-1, super spec" rigs, which we consider as being a super-spec rig that also has a third mud pump and raised drawworks that allows for more clearance underneath the rig floor. As of **March 31, 2024** **June 30, 2024**, our rig fleet included 173 super-spec rigs, of which 131 were Tier-1, super-spec rigs.

Completion Services

Our well completion services business consists of services for hydraulic fracturing, wireline and pumping, completion support, and cementing. It also includes our power solutions natural gas fueling business and our proppant last mile logistics and storage business. Our completion services business operates in several of the most active basins in the continental United States including the Permian, the Marcellus Shale/Utica, the Eagle Ford, Mid-Continental, Haynesville, and the Bakken/Rockies.

Drilling Products

We serve the energy and mining markets by manufacturing and distributing drill bits through North America and internationally in over 30 countries. Our drilling equipment is used in oil and natural gas exploration and production and in mining operations. We have manufacturing and repair facilities located in Fort Worth, Texas, Leduc, Alberta and Saudi Arabia and repair facilities located in Argentina, Colombia and Oman.

Recent Developments in Market Conditions and Outlook — Commodity price volatility in the second quarter of 2023 resulted in a decline in industry activity; commodity prices subsequently increased during the third quarter before declining in the fourth quarter of 2023. Oil prices increased during the first quarter of 2024 while and moderately fluctuated during the second quarter of 2024. While natural gas prices declined significantly, significantly during the first quarter of 2024, natural gas prices increased slightly during the second quarter of 2024. The current demand for equipment and services remains dependent on macro conditions, including commodity prices, geopolitical environment, inflationary pressures, economic conditions in the United States and elsewhere, as well as customer consolidation and focus by exploration and production companies and service companies on capital returns. Oil prices reached a low of **\$70.62** **\$74.27** per barrel and averaged **\$81.81** per barrel in the second quarter of 2024, as compared to **\$77.50** per barrel in the first quarter of 2024, as compared to **\$78.53** per barrel in the fourth quarter of 2023. **2024**. Natural gas prices (based on the Henry Hub Spot Market Price) averaged **\$2.31** **\$2.07** per MMBtu in the **first** **second** quarter of 2024 as compared to an average of **\$2.74** **\$2.31** per MMBtu in the **fourth** **first** quarter of **2023** **2024**.

Our average active rig count in the United States for the **first** **second** quarter of 2024 was **121** **114** rigs. This was an increase a decrease from our average active rig count for the **fourth** **first** quarter of **2023** **2024** of **118**, **121**. We expect our rig count in the United States will average approximately **114** **108** rigs during the **second** **third** quarter of 2024. Term contracts help support our operating rig count. Based on contracts in place in the United States as of **May 1, 2024**, **July 24, 2024**, we expect an average of **70** **63** rigs operating under term contracts during the **second** **third** quarter of 2024 and an average of **41** **39** rigs operating under term contracts during the four quarters ending **March 31, 2025** **June 30, 2025**.

We maintain a backlog of commitments for contract drilling services under term contracts, which we define as contracts with a duration of six months or more. Our contract drilling backlog in the United States as of **March 31, 2024** **June 30, 2024** was approximately **\$527 million** **\$433 million**. Approximately **14%** **6%** of our total contract drilling backlog in the United States at **March 31, 2024** **June 30, 2024** is reasonably expected to remain at **March 31, 2025** **June 30, 2025**. See Note 3 of Notes to unaudited condensed consolidated financial statements for additional information on backlog.

We in our Completion Services segment, we expect our completion services business to be impacted by current natural gas prices and customer see fewer schedule gaps during in the third quarter compared to the second quarter of 2024. We 2024, although we do still expect an improvement elevated schedule gaps compared to normal operations. Activity in West Texas is expected to be steady, with segment gains coming from higher activity in natural gas basins compared to the second quarter.

In our Drilling Products segment, we expect a modest increase in international activities in the third quarter of 2024, as our dedicated and long-term customers resume completion activity well as a seasonal recovery in Canada after new pads are drilled. the spring breakup. Revenue in the United States is expected to decline slightly due to a lower industry rig count.

We expect second quarter activity for believe we can deliver capital efficient growth over the near-term beyond our Drilling Products segment to be consistent with expected recovery in the first quarter of 2024, rig count, including through wellsite integration and power distribution.

For the **second** third quarter of 2024, we expect total capital expenditures of approximately \$180 million. \$219 million.

Recent Developments in Business Combinations — On September 1, 2023, we completed our merger (the “NexTier merger”) with NexTier Oilfield Solutions Inc. (“NexTier”). Each share of common stock of NexTier issued and outstanding immediately prior to the effective time (including outstanding restricted shares) was converted into the right to receive 0.752 shares of our common stock, which based on the closing price of our common stock of \$14.91 on September 1, 2023, valued the transaction at approximately \$2.8 billion, including the assumption of debt. NexTier is a predominately U.S. land-focused oilfield service provider, with a diverse set of well completion and production services across a variety of active basins.

On August 14, 2023, we completed our acquisition (the "Ulterra acquisition") of Ulterra Drilling Technologies, L.P. ("Ulterra"). Total consideration for the acquisition included the issuance of 34.9 million shares of our common stock and payment of approximately \$376 million \$373 million of cash (before (after) purchase price adjustments), which based on the closing price of our common stock of \$14.94 on August 14, 2023, valued the transaction at closing at approximately \$897 million \$895 million. Ulterra is a global provider of specialized drill bit solutions.

Recent Developments in Debt Financing — On April 5, 2024, we entered into a Commitment Increase Agreement (the "Commitment Increase Agreement"), which increased the commitments under our Amended and Restated Credit Agreement, dated as of March 27, 2018 (as modified by the Commitment Increase Agreement and as amended to date, the "Credit Agreement"), by and among us, as borrower, Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer, swing line lender and lender and each of the other letter of credit issuers and lenders party thereto.

The Commitment Increase Agreement increased the commitments under our Credit Agreement to \$615 million. The maturity date for \$567 million of such commitments is March 27, 2026; and the maturity date for \$48.3 million of such commitments is March 27, 2025.

As of **March 31, 2024** **June 30, 2024**, we had no borrowings outstanding under our revolving credit facility. We had **\$2.5 million** **\$2.3 million** in letters of credit outstanding under the Credit Agreement at **March 31, 2024** **June 30, 2024** and, as a result, had available borrowing capacity of approximately **\$548 million** **\$613 million** at that date.

Impact on our Business from Oil and Natural Gas Prices and Other Factors — Our revenues, profitability and cash flows are highly dependent upon prevailing prices for oil and natural gas, expectations about future prices, and upon our customers' ability to access, and willingness to deploy, capital to fund their operating and capital expenditures. During periods of improved oil and natural gas prices, the capital spending budgets of oil and natural gas operators tend to expand, which generally results in increased demand for our services. Conversely, in periods when oil and natural gas prices are relatively low or when our customers have a reduced ability to access, or willingness to deploy, capital, the demand for our services generally weakens, and we experience downward pressure on pricing for our services. Even during periods of historically moderate or high prices for oil and natural gas, companies exploring for oil and natural gas may cancel or curtail programs or reduce their levels of capital expenditures for exploration and production for a variety of reasons, which could reduce demand for our services. We may also be impacted by delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies.

The North American oil and natural gas services industry is cyclical and at times experiences downturns in demand. During these periods, there has been substantially more oil and natural gas service equipment available than necessary to meet demand. As a result, oil and natural gas service contractors have had difficulty sustaining profit margins and, at times, have incurred losses during the downturn periods. We cannot predict either the future level of demand for our oil and natural gas services or future conditions in the oil and natural gas service businesses.

In addition to the dependence on oil and natural gas prices and demand for our services, we are highly impacted by operational risks, competition, labor issues, weather, the availability, from time to time, of products used in our businesses, supplier delays and various other factors that could materially adversely affect our business, financial condition, cash flows and results of operations. Please see Item 1A of this Report and our Annual Report.

For the three months ended **March 31, 2024**, **December 31, 2023**, **June 30, 2024** and **March 31, 2023** **March 31, 2024** and the six months ended **June 30, 2024** and **2023** our operating revenues consisted of the following (dollars in thousands):

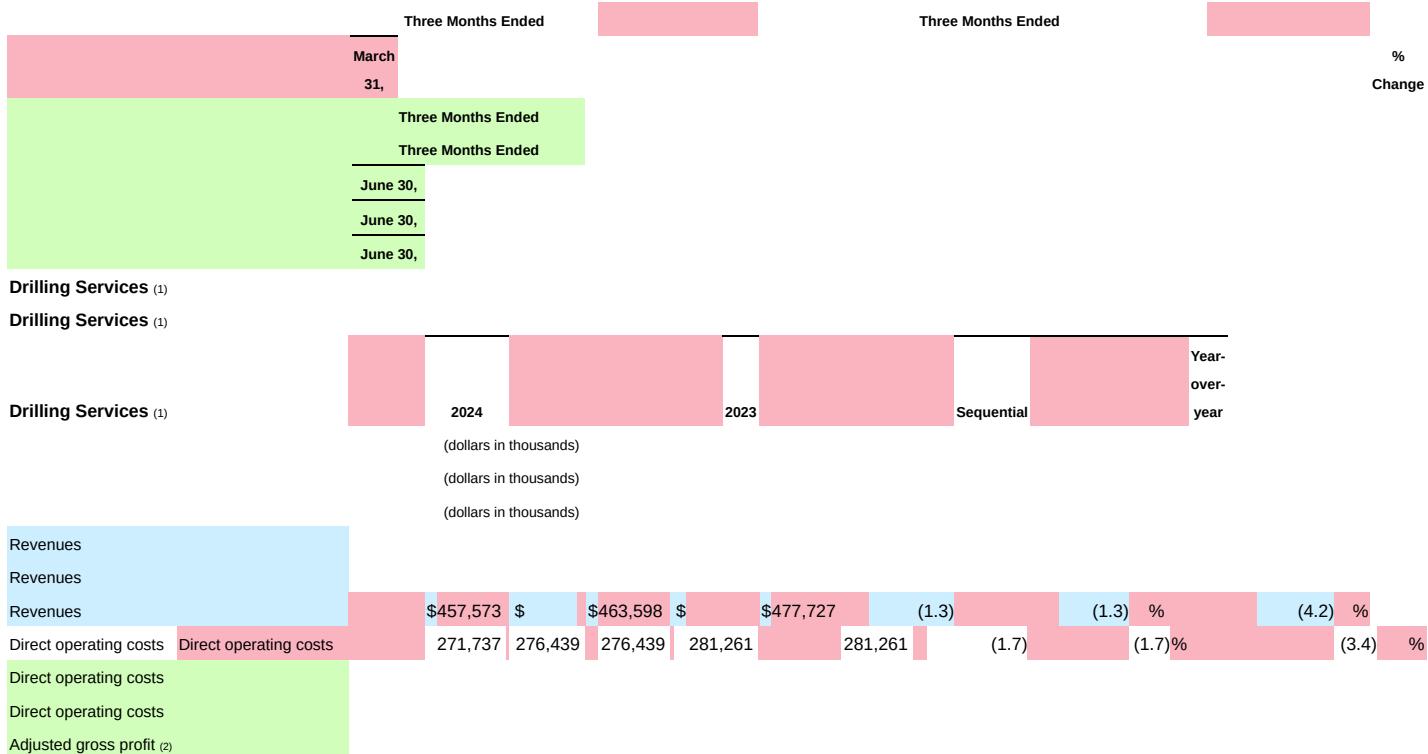
		Three Months Ended					Three Months Ended				
		Three Months Ended									
		Three Months Ended									
	March 31,										
	March 31,										
	March 31,										
	2024										
	2024										
		June 30,					June 30,				
		2024					2024				
			March 31,				June 30,				
			2024				2023				
Drilling	Drilling										
Services	Services	\$440,289	32.7	32.7 %	\$457,573	30.3	30.3 %	\$ 897,862	31.4	31.4 %	\$967,386

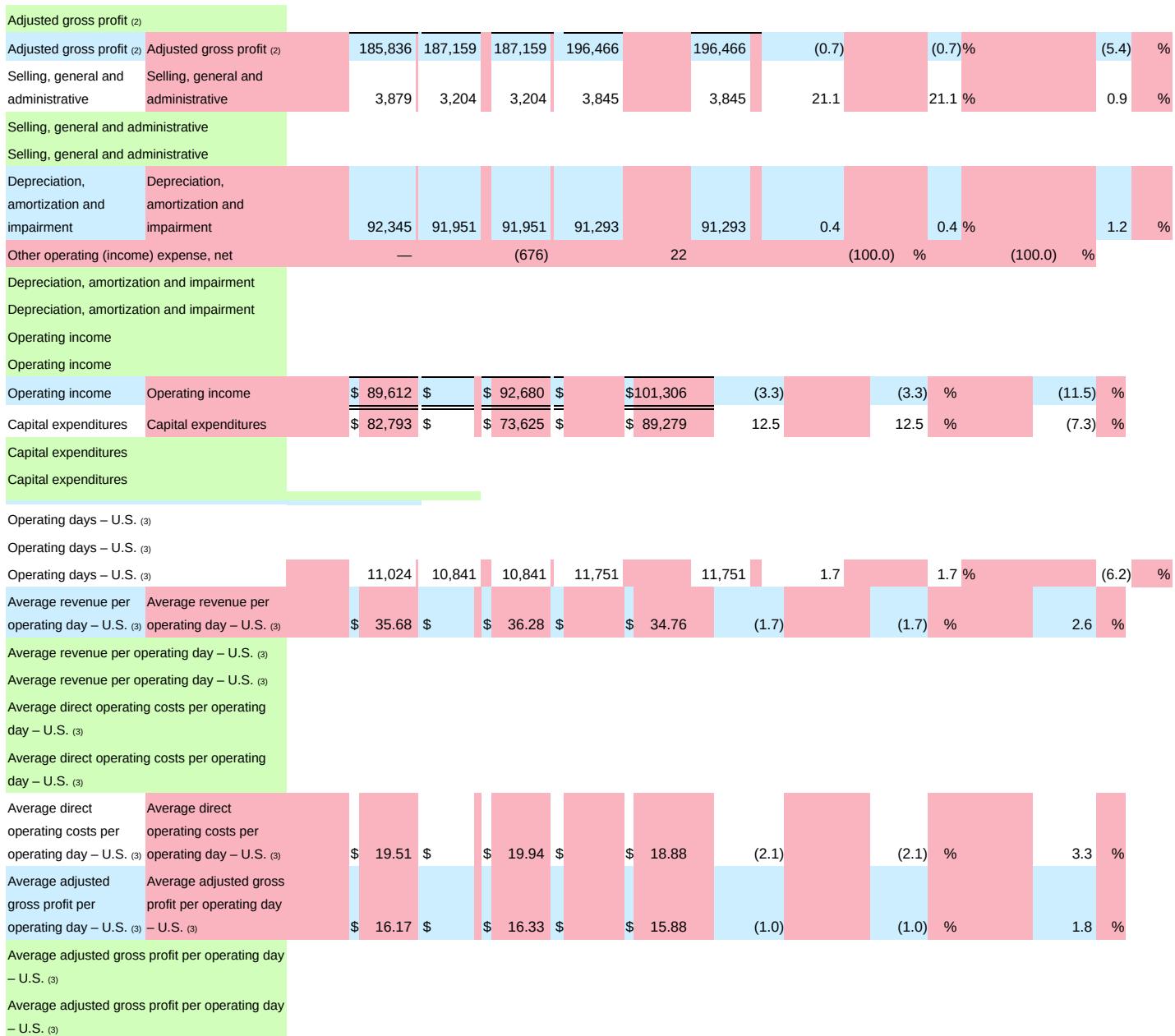
Drilling Services												
Drilling Services												
Completion Services												
Completion Services												
Completion Services	Completion Services	805,373	59.7	59.7 %	944,997	62.6	62.6 %	1,750,370	61.2	61.2 %	543,509	
Drilling Products	Drilling Products	86,054	6.4	6.4 %	89,973	6.0	6.0 %	176,027	6.2	6.2 %	—	
Drilling Products												
Drilling Products												
Other	Other	16,478	1.2	1.2 %	17,817	1.1	1.1 %	34,295	1.2	1.2 %	39,792	
	\$	\$1,348,194	100.0	100.0 %	\$1,510,360	100.0	100.0 %	\$2,858,554	100.0	100.0 %	\$1,5	
	\$											
	\$											

Results of Operations

Effective as of the third quarter of 2023, we revised our reportable segments to align with certain changes in how our Chief Operating Decision Maker ("CODM") manages and allocates resources to our business as a result of the Ulterra acquisition and NexTier merger. We now have the following reportable business segments: (i) drilling services, (ii) completion services and (iii) drilling products. Accordingly, we recast our results of operations for the **three** **six** months ended **March 31, 2023** **June 30, 2023** to align with our revised reportable segments.

The following tables summarize results of operations by business segment for the three months ended **March 31, 2024**, **December 31, 2023**, **June 30, 2024** and **March 31, 2023** **March 31, 2024**:





(1) Drilling services segment represents our contract drilling, directional drilling, oilfield technology and electrical controls and automation businesses.

(2) Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

(3) Operational data relates to our contract drilling business. A rig is considered to be operating if it is earning revenue pursuant to a contract on a given day.

Generally, the revenues in our drilling services segment are most impacted by two primary factors: day rates and our average number of rigs operating.

Sequential quarter comparison

Revenues Total revenues and direct operating costs both on decreased primarily due to a total decrease in operating days in our contract drilling business within the United States. Average revenue and average direct operating costs per operating day basis, were relatively flat between sequential quarters.

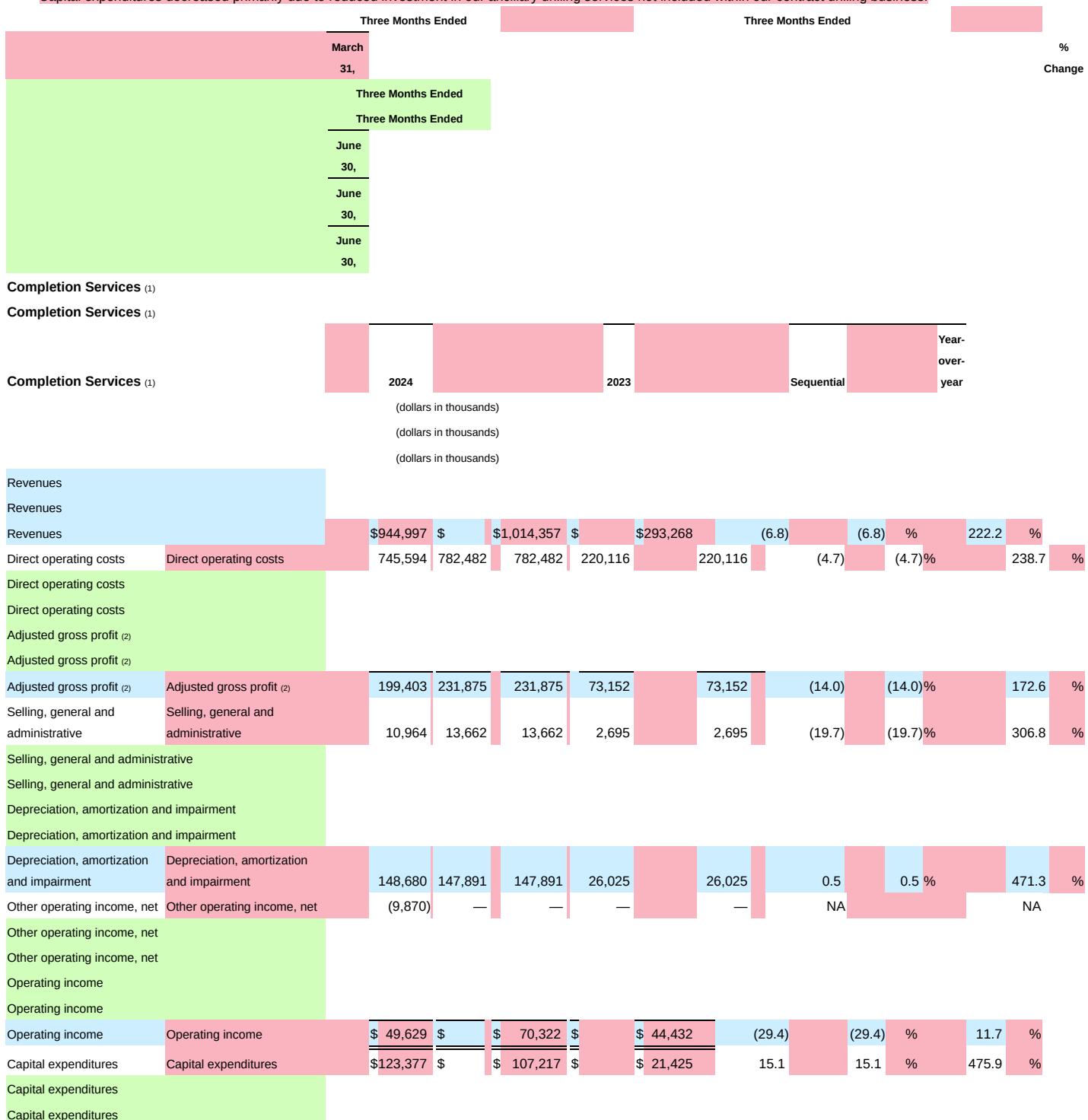
Capital expenditures increased decreased primarily due to the timing of order placement and spending on committed deliveries that more heavily impacted the first quarter of 2024.

Year-over-year quarter comparison

Revenues and direct operating costs decreased due to a decrease in operating days for our U.S. contract drilling operations.

Average revenue per operating day increased due to improved pricing.

Capital expenditures decreased primarily due to reduced investment in our ancillary drilling services not included within our contract drilling business.



(1) Completion services represents the combination of well completion business from the NexTier merger and our legacy pressure pumping business.

(2) Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

Sequential quarter comparison

Completion services revenues decreased \$69.4 million, or 6.8%. The decrease was primarily due to lower activity.

Direct and direct operating costs decreased primarily due to lower utilization, activity.

Selling, general and administrative expense Capital expenditures decreased due to realignment of certain support functions embedded within the completion services segment to corporate shared services as well as our continued focus on realizing cost synergies.

Other operating income, net in the first quarter of 2024 was due a gain on legal settlement.

Capital expenditures increased primarily due to spending related to maintenance capital and the timing of order placement and spending on committed deliveries that more heavily impacted the first quarter of 2024.

Year-over-year quarter comparison

Drilling Products	Three Months Ended			% Change
			June 30, 2024	
	2024	2024	2024	
(dollars in thousands)				
Revenues	\$ 86,054	\$ 89,973		(4.4)%
Direct operating costs	46,147	48,630		(5.1)%
Adjusted gross profit (1)	39,907	41,343		(3.5)%
Selling, general and administrative	8,092	7,661		5.6 %
Depreciation, amortization and impairment	23,176	27,182		(14.7)%
Operating income	\$ 8,639	\$ 6,500		32.9 %
Capital expenditures	\$ 13,958	\$ 15,586		(10.4)%

(1) Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

Revenues and direct operating costs were relatively flat between sequential quarters.

Direct operating costs and depreciation, amortization and impairment were approximately \$1.5 million and \$3.2 million higher than they would have otherwise been for the three months ended June 30, 2024, respectively, as a result of the step up to fair value of our drill bits in accordance with purchase accounting. For the three months ended March 31, 2024, direct operating costs and depreciation, amortization and impairment were approximately \$2.2 million and \$5.8 million higher, respectively, as a result of the step up to fair value of our drill bits.

Other	Three Months Ended			% Change
			June 30, 2024	
	2024	2024	2024	
(dollars in thousands)				
Revenues	\$ 16,478	\$ 17,817		(7.5)%
Direct operating costs	10,280	11,178		(8.0)%
Adjusted gross profit (1)	6,198	6,639		(6.6)%
Selling, general and administrative	253	240		5.4 %
Depreciation, depletion, amortization and impairment	5,512	5,411		1.9 %
Operating income	\$ 433	\$ 988		(56.2)%
Capital expenditures	\$ 9,213	\$ 3,797		142.6 %

(1) Adjusted gross profit is defined as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit to adjusted gross profit by segment.

Revenue and direct operating costs decreased due to a lower volume of services provided by our oilfield rentals business.

Capital expenditures increased primarily related to incremental spending in our oilfield rentals business.

Corporate	Three Months Ended		
			% Change
	June 30, 2024	March 31, 2024	
(dollars in thousands)			
Selling, general and administrative	\$ 41,523	\$ 42,240	(1.7)%
Merger and integration expense	\$ 10,645	\$ 12,233	(13.0)%
Depreciation	\$ 1,650	\$ 1,338	23.3 %
Other operating income, net	\$ (2,864)	\$ (1,312)	118.3 %
Credit loss expense	\$ (273)	\$ 5,231	NA
Interest income	\$ 1,867	\$ 2,189	(14.7)%
Interest expense, net of amount capitalized	\$ (17,913)	\$ (18,335)	(2.3)%
Other income	\$ 224	\$ 850	(73.6)%
Capital expenditures	\$ 183	\$ 1,388	(86.8)%

Corporate activities were relatively flat between sequential quarters.

Results of Operations

The following tables summarize results of operations by business segment for the six months ended June 30, 2024 and June 30, 2023:

Drilling Services ⁽¹⁾	Six Months Ended		
			% Change
	June 30, 2024	June 30, 2023	
(dollars in thousands)			
Revenues	\$ 897,862	\$ 967,386	(7.2 %)
Direct operating costs	\$ 533,234	\$ 562,834	(5.3 %)
Adjusted gross margin ⁽²⁾	\$ 364,628	\$ 404,552	(9.9 %)
Selling, general and administrative	\$ 7,952	\$ 8,240	(3.5 %)
Depreciation, amortization and impairment	\$ 190,952	\$ 181,693	5.1 %
Other operating expenses, net	\$ —	\$ 34	(100.0 %)
Operating income	\$ 165,724	\$ 214,585	(22.8 %)
Capital expenditures	\$ 141,219	\$ 171,913	(17.9 %)
Operating days - U.S. ⁽³⁾	\$ 21,412	\$ 23,420	(8.6 %)
Average revenue per operating day - U.S. ⁽³⁾	\$ 36.04	\$ 35.35	2.0 %
Average direct operating costs per operating day - U.S. ⁽³⁾	\$ 19.86	\$ 18.96	4.8 %
Average adjusted gross margin per operating day - U.S. ⁽³⁾	\$ 16.18	\$ 16.39	(1.3 %)

⁽¹⁾ Drilling services segment represents our contract drilling, directional drilling, oilfield technology and electrical controls and automation businesses.

⁽²⁾ Adjusted gross margin is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross margin to adjusted gross margin by segment.

⁽³⁾ Operational data relates to our contract drilling business. A rig is considered to be operating if it is earning revenue pursuant to a contract on a given day.

Total revenues and direct operating costs decreased primarily due to a decrease in operating days in our contract drilling business within the United States. Average revenue and direct operating costs per operating day were relatively flat between sequential quarters.

Capital expenditures decreased primarily due to reduced investment in our ancillary drilling services not included within our contract drilling business.

Completion Services ⁽¹⁾	Six Months Ended		
			% Change
	June 30, 2024	June 30, 2023	
(dollars in thousands)			
Revenues	\$ 1,750,370	\$ 543,509	222.0 %
Direct operating costs	\$ 1,398,834	\$ 416,589	235.8 %

Adjusted gross margin ⁽²⁾	351,536	126,920	177.0 %
Selling, general and administrative	21,601	5,183	316.8 %
Depreciation, amortization and impairment	287,373	52,001	452.6 %
Other operating income, net	(17,792)	—	NA
Operating income	\$ 60,354	\$ 69,736	(13.5)%
Capital expenditures	\$ 172,105	\$ 51,065	237.0 %

⁽¹⁾ Completion services represents the combination of well completion business from the NexTier merger and our legacy pressure pumping business.

⁽²⁾ Adjusted gross margin is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross margin to adjusted gross margin by segment.

The changes for the ^{three} ^{six} months ended **March 31, 2024** ^{June 30, 2024} as compared to **March 31, 2023** ^{June 30, 2023} can be primarily attributed to the NexTier merger, which closed on September 1, 2023. The NexTier merger had a material impact on our reported results of operations. The results for the ^{three} ^{six} months ended **March 31, 2024** ^{June 30, 2024} represent the combination of the well completion business from the NexTier merger and our legacy pressure pumping business. Due to the full integration of our legacy pressure pumping business into the NexTier legal entity in the first quarter of 2024, we are unable to provide a meaningful year-over-year comparison excluding the impact of the NexTier merger.



Capital expenditures	Capital expenditures	\$15,586	\$	\$16,632	\$	\$—	(6.3)	(6.3)	%	Capital NA expenditures	\$29,544	\$
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(1) Adjusted gross profit margin is defined as revenues less direct operating costs (excluding depreciation, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit margin to adjusted gross profit margin by segment.

Sequential quarter comparison

Revenues and direct operating costs were relatively flat between sequential quarters.

Direct operating costs and depreciation, amortization and impairment were approximately \$2.2 million and \$5.8 million higher than they would have otherwise been for the three months ended March 31, 2024, respectively, as a result of the step up to fair value of our drill bits in accordance with purchase accounting. For the three months ended December 31, 2023, direct operating costs and depreciation, amortization and impairment were approximately \$5.2 million and \$9.8 million higher, respectively, as a result of the step up to fair value of our drill bits.

Depreciation, amortization and impairment decreased primarily due to the step up to fair value of our drill bits, which has a diminishing impact with the passage of time.

Year-over-year quarter comparison

The results of our drilling products segment reflect the operations of our Ulterra acquisition, which closed on August 14, 2023. As such, there were no comparable results for the ~~three~~ six months ended ~~March 31, 2023~~ June 30, 2023.

Other	Three Months Ended					
	March 31,		December 31,		March 31,	
	2024	2023	2023	2023	Sequential	Year-over-year
(dollars in thousands)						
Revenues	\$ 17,817	\$ 18,253	\$ 20,807		(2.4)%	(14.4)%
Direct operating costs	11,178	10,712	11,282		4.4 %	(0.9)%
Adjusted gross profit ⁽¹⁾	6,639	7,541	9,525		(12.0)%	(30.3)%
Selling, general and administrative	240	232	235		3.4 %	2.1 %
Depreciation, depletion, amortization and impairment	5,411	6,291	7,323		(14.0)%	(26.1)%
Operating income	\$ 988	\$ 1,018	\$ 1,967		(2.9)%	(49.8)%
Capital expenditures	\$ 3,797	\$ 6,258	\$ 5,223		(39.3)%	(27.3)%

Direct operating costs and depreciation, amortization and impairment were approximately \$3.8 million and \$9.1 million higher than they would have otherwise been for the six months ended June 30, 2024, respectively, as a result of the step up to fair value of our drill bits in accordance with purchase accounting.

Other	Six Months Ended					
	June 30,		June 30,		% Change	
	2024	2023	2023	2023	2023	2023
(dollars in thousands)						
Revenues	\$ 34,295	\$ 39,792				(13.8) %
Direct operating costs	21,458	21,321				0.6 %
Adjusted gross margin ⁽¹⁾	12,837	18,471				(30.5) %
Selling, general and administrative	493	468				5.3 %
Depreciation, depletion, amortization and impairment	10,923	16,627				(34.3) %
Operating income	\$ 1,421	\$ 1,376				3.3 %
Capital expenditures	\$ 13,010	\$ 12,415				4.8 %

(1) Adjusted gross profit margin is defined as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense). See Non-GAAP Financial Measures below for a reconciliation of GAAP gross profit margin to adjusted gross profit margin by segment.

Sequential quarter comparison

Depreciation, depletion, amortization and impairment decreased primarily due to a \$0.8 million impairment recorded in our oil and natural gas properties business in the fourth quarter of 2023.

Year-over-year quarter comparison

Revenue decreased due to a lower volume of services provided by our oilfield rentals business.

Depreciation, depletion, amortization and impairment decreased primarily due to a **\$2.0 million** **\$5.8 million** impairment **recorded** in our oil and natural gas business **recorded** in during the **first quarter of 2023**. There was no impairment in the first quarter of **2024**, six months ended June 30, 2023.

Corporate	Three Months Ended					
	March 31,		December 31,		March 31,	
	2024	2023	2023	2023	Sequential	Year-over-year
(dollars in thousands)						
Selling, general and administrative	\$ 42,240	\$ 36,445	\$ 23,791		15.9 %	77.5 %
Merger and integration expense	\$ 12,233	\$ 19,949	\$ —		(38.7)%	NA
Depreciation	\$ 1,338	\$ 1,262	\$ 3,539		6.0 %	(62.2)%
Other operating income, net	\$ (1,312)	\$ (6,444)	\$ (5,588)		(79.6)%	(76.5)%
Credit loss expense	\$ 5,231	\$ 842	\$ —		521.3 %	NA
Interest income	\$ 2,189	\$ 1,539	\$ 1,240		42.2 %	76.5 %
Interest expense, net of amount capitalized	\$ (18,335)	\$ (18,681)	\$ (8,826)		(1.9)%	107.7 %
Other income (expense)	\$ 850	\$ (1,293)	\$ 1,486		NA	(42.8)%
Capital expenditures	\$ 1,388	\$ 1,541	\$ 1,674		(9.9)%	(17.1)%

Sequential quarter comparison

Corporate	Six Months Ended					
	June 30,		June 30,			
	2024	2023	2023	2023	% Change	
(dollars in thousands)						
Selling, general and administrative	\$ 83,763	\$ 49,932			67.8 %	
Merger and integration expense	\$ 22,878	\$ 7,940			188.1 %	
Depreciation	\$ 2,988	\$ 4,673			(36.1 %)	
Credit loss expense	\$ 4,958	\$ —			NA	
Other operating income, net	\$ (4,176)	\$ (7,393)			(43.5) %	
Interest income	\$ 4,056	\$ 2,452			65.4 %	
Interest expense	\$ (36,248)	\$ (18,564)			95.3 %	
Other income	\$ 1,074	\$ 3,809			(71.8) %	
Capital expenditures	\$ 1,571	\$ 14,602			(89.2 %)	

Selling, general and administrative expense increased primarily due to **incremental headcount as a result** the reorganization of the realignment of certain **acquired** **Ulterra** and **NexTier** support functions embedded within the completion services segment **personnel** to a corporate shared services model.

Merger and integration expense had a diminishing impact due to the passage of time since closing the **NexTier** merger and the **Ulterra** acquisition in third quarter of 2023.

Other operating income, net decreased primarily due to a **\$5.2 million** favorable legal settlement in the fourth quarter of 2023.

Year-over-year quarter comparison

Selling, general and administrative expense increased primarily due to **incremental headcount for corporate functions as a result of** following the **NexTier** merger and the **Ulterra** acquisition.

Merger and integration expense increased due to the **NexTier** merger and the **Ulterra** acquisition. The increase was primarily attributable to compensation associated with severance and retention payments.

Other operating income, net decreased primarily due to a **\$6.5 million** reversal of cumulative compensation costs associated with certain performance-based restricted stock units in the first quarter of 2023.

Credit loss expense increased due to a deterioration in the financial condition of a customer.

Interest expense increased primarily due to the offering of 2033 Notes in the third quarter of 2023. See Note 9 of Notes to unaudited condensed consolidated financial statements for additional information on our long-term debt.

The decrease in capital expenditures was primarily due to the purchase of an aircraft in the second quarter of 2023.

Income Taxes

Our effective income tax rate fluctuates from the U.S. statutory tax rate based on, among other factors, changes in pretax income in jurisdictions with varying statutory tax rates, the impact of U.S. state and local taxes, the realizability of deferred tax assets and other differences related to the recognition of income and expense between GAAP and tax accounting.

Our effective income tax rate for the three months ended **March 31, 2024** June 30, 2024 was **27.9%** **60.5%**, compared with **33.6%** **27.9%** for the three months ended **December 31, 2023** March 31, 2024. The **difference in higher** effective income tax rates for the six months ended June 30, 2024 was primarily attributable to the impact of valuation allowances on deferred tax assets between periods, as well as the impact of permanent differences against earnings between periods.

Our effective income tax rate for the **three** **six** months ended **March 31, 2024** June 30, 2024 was **27.9%** **37.4%**, compared with **16.8%** **15.6%** for the **three** **six** months ended **March 31, 2023** June 30, 2023. The **difference in higher** effective income tax rates for the six months ended June 30, 2024 was primarily attributable to the impact of valuation allowances on deferred tax assets between periods. In addition, the difference in effective income tax rates was attributable to periods, as well as the impact of permanent differences against earnings between periods.

We continue to monitor income tax developments in the United States and other countries where we have legal entities. We will incorporate into our future financial statements the impacts, if any, of future regulations and additional authoritative guidance when finalized.

Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents, availability under our revolving credit facility and cash provided by operating activities. As of **March 31, 2024** June 30, 2024, we had approximately **\$438** **\$428** million in working capital, including **\$170** **\$75** million of cash and cash equivalents, and approximately **\$548** **\$613** million available under our revolving credit facility.

As part of the NexTier merger, we assumed the obligations of NexTier Completions Solutions Inc. ("NCS") under a Master Loan and Security Agreement (as amended, the "Master Agreement") with Caterpillar Financial Services Corporation. The Master Agreement allows NCS to enter into secured equipment financing term loans from time to time (the "Equipment Loans"). The

Equipment Loans may be drawn in multiple tranches, with each loan evidenced by a separate promissory note. The Master Agreement and the Equipment Loans contain customary affirmative and negative covenants, including limitations on further encumbrance of the collateral other than the applicable loans under the Master Agreement. We were in compliance with these covenants at **March 31, 2024** June 30, 2024. The Equipment Loans bear interest at a rate of 5.25% per annum, and we pay interest on the 1st of each month. The Equipment Loans will mature on June 1, 2025.

On April 5, 2024, we entered into the Commitment Increase Agreement, which increased the commitments under our Credit Agreement to \$615 million. The maturity date for \$567 million of such commitments is March 27, 2026; and the maturity date for \$48.3 million of such commitments is March 27, 2025.

On August 29, 2023, we entered into Amendment No. 4 to Amended and Restated Credit Agreement (the "Credit Agreement Amendment"), which, among other things, extended the maturity date for \$85 million of revolving credit commitments of certain lenders under the Credit Agreement from March 27, 2025 to March 27, 2026.

The Credit Agreement is a committed senior unsecured revolving credit facility that permits aggregate borrowings of up to \$615 million (**\$550 million at March 31, 2024**), including a letter of credit facility that, at any time outstanding, is limited to \$100 million and a swing line facility that, at any time outstanding, is limited to the lesser of **\$50** **\$50.0 million** and the amount of the swing line provider's unused commitment.

Loans under the Credit Agreement bear interest by reference, at our election, to the SOFR rate (subject to a 0.10% per annum adjustment) or base rate, in each case subject to a 0% floor. The applicable margin on SOFR rate loans varies from 1.00% to 2.00% and the applicable margin on base rate loans varies from 0.00% to 1.00%, in each case determined based on our credit rating. As of **March 31, 2024** June 30, 2024, the applicable margin on SOFR rate loans was 1.75% and the applicable margin on base rate loans was 0.75%. A letter of credit fee is payable by us equal to the applicable margin for SOFR rate loans times the daily amount available to be drawn under outstanding letters of credit. The commitment fee rate payable to the lenders varies from 0.10% to 0.30% based on our credit rating.

None of our subsidiaries are currently required to be a guarantor under the Credit Agreement. However, if any subsidiary guarantees or incurs debt, which does not qualify for certain limited exceptions and is otherwise, in the aggregate with all other similar debt, in excess of Priority Debt (as defined in the Credit Agreement), such subsidiary is required to become a guarantor under the Credit Agreement.

The Credit Agreement contains representations, warranties, affirmative and negative covenants and events of default and associated remedies that we believe are customary for agreements of this nature, including certain restrictions on our ability and the ability of each of our subsidiaries to grant liens and on the ability of each of our non-guarantor subsidiaries to incur debt. If our credit rating is below investment grade at both Moody's and S&P, we will become subject to a restricted payment covenant, which would generally require us to have a Pro Forma Debt Service Coverage Ratio (as defined in the Credit Agreement) greater than or equal to 1.50 to 1.00 immediately before and immediately after making any restricted payment. Restricted payments include, among other things, dividend payments, repurchases of our common stock, distributions to holders of our common stock or any other payment or other distribution to third parties on account of our or our subsidiaries' equity interests. Our credit rating is currently investment grade at both credit rating agencies. The Credit Agreement also requires that our total debt to capitalization ratio, expressed as a percentage, not exceed 50% as of the last day of each fiscal quarter. The Credit Agreement generally defines the total debt to capitalization ratio as the ratio of (a) total borrowed money indebtedness to (b) the sum of such indebtedness plus consolidated net worth, with consolidated net worth determined as of the end of the most recently ended fiscal quarter. We were in compliance with these covenants at **March 31, 2024** June 30, 2024.

On March 16, 2015, we entered into a Reimbursement Agreement (the "Reimbursement Agreement") with The Bank of Nova Scotia ("Scotiabank"), pursuant to which we may from time to time request that Scotiabank issue an unspecified amount of letters of credit. As of **March 31, 2024** **June 30, 2024**, we had **\$82.8 million** **\$43.8 million** in letters of credit outstanding under the Reimbursement Agreement.

Under the terms of the Reimbursement Agreement, we will reimburse Scotiabank on demand for any amounts that Scotiabank has disbursed under any of our letters of credit issued thereunder. Fees, charges and other reasonable expenses for the issuance of letters of credit are payable by us at the time of issuance at such rates and amounts as are in accordance with Scotiabank's prevailing practice. We are obligated to pay to Scotiabank interest on all amounts not paid by us on the date of demand or when otherwise due at the LIBOR rate plus 2.25% per annum, calculated daily and payable monthly, in arrears, on the basis of a calendar year for the actual number of days elapsed, with interest on overdue interest at the same rate as on the reimbursement amounts. A letter of credit fee is payable by us equal to 1.50% times the amount of outstanding letters of credit.

We have also agreed that if obligations under the Credit Agreement are secured by liens on any of our or our subsidiaries' property, then our reimbursement obligations and (to the extent similar obligations would be secured under the Credit Agreement) other obligations under the Reimbursement Agreement and any letters of credit will be equally and ratably secured by all property subject to such liens securing the Credit Agreement.

Pursuant to a Continuing Guaranty dated as of March 16, 2015, our payment obligations under the Reimbursement Agreement are jointly and severally guaranteed as to payment and not as to collection by our subsidiaries that from time to time guarantee payment under the Credit Agreement. None of our subsidiaries are currently required to guarantee payment under the Credit Agreement.

We had **\$87.2 million** **\$48.0 million** of outstanding letters of credit at **March 31, 2024** **June 30, 2024**, which was comprised of **\$82.8 million** **\$43.8 million** outstanding under the Reimbursement Agreement, **\$2.5 million** **\$2.3 million** outstanding under the Credit Agreement, and **\$2.5 million** **\$1.9 million** outstanding with financial institutions providing for short-term borrowing capacity, overdraft protection and bonding requirements. We maintain these letters of credit primarily for the benefit of various insurance companies as collateral for retrospective premiums and retained losses which could become payable under terms of the underlying insurance contracts and compliance with contractual obligations. These letters of credit expire annually at various times during the year and are typically renewed. As of **March 31, 2024** **June 30, 2024**, no amounts had been drawn under the letters of credit. As of June 30, 2024, we had \$35 million in surety bond exposure issued as financial assurance on an insurance agreement.

Our outstanding long-term debt at **March 31, 2024** **June 30, 2024** was \$1.2 billion and consisted of \$483 million of our 2028 Notes, \$345 million of our 2029 Notes, \$400 million of our 2033 Notes and **\$14.7 million** **\$12.6 million** of our Equipment Loans. We were in compliance with all covenants under the associated agreements and indentures at **March 31, 2024** **June 30, 2024**.

For a full description of the Credit Agreement, the Reimbursement Agreement, the 2028 Notes, the 2029 Notes, the 2033 Notes and the Equipment Loans, see Note 9 of Notes to unaudited condensed consolidated financial statements.

Cash Requirements

We believe our current liquidity, together with cash expected to be generated from operations, should provide us with sufficient ability to fund our current plans to maintain and make improvements to our existing equipment, service our debt, pay cash dividends and repurchase our common stock and senior notes for at least the next 12 months.

If we pursue other opportunities that require capital, we believe we would be able to satisfy these needs through a combination of working capital, cash flows from operating activities, borrowing capacity under our revolving credit facility or additional debt or equity financing. However, there can be no assurance that such capital will be available on reasonable terms, if at all.

A portion of our capital expenditures can be adjusted and managed by us to match market demand and activity levels. For the **second** **third** quarter, we expect total capital expenditures of approximately **\$180 million** **\$219 million**.

We anticipate **\$59.3** **\$41.1** million of expenditures for the remainder of 2024 related to various contractual obligations such as certain commitments to purchase proppants and lease liabilities.

The majority of these expenditures are expected to be used for normal, recurring items necessary to support our business.

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, our sources of cash flow included:

- **\$366.563** million from operating activities, and
- **\$2.4.9.3** million in proceeds from the disposal of property and equipment.

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, our uses of cash flow included:

- **\$227.357** million to make capital expenditures for the betterment and refurbishment of drilling services and completion services equipment and, to a much lesser extent, equipment for our other businesses, to acquire and procure equipment to support our drilling services, completion services, drilling products, and other operations,
- **\$97.8.230** million for repurchases of our common stock,
- **\$32.6.64.4** million to pay dividends on our common stock, and
- **\$27.2.31.9** million for finance lease payments.

We paid cash dividends during the **three** **six** months ended **March 31, 2024** **June 30, 2024** as follows:

	Per Share	Per Share	Total	Per Share	Total
(in thousands)					
Paid on March 15, 2024					
Paid on June 17, 2024	\$ \$ \$ \$				

On **May 1, 2024** **July 24, 2024**, our Board of Directors approved a cash dividend on our common stock in the amount of \$0.08 per share to be paid on **June 17, 2024** **September 16, 2024** to holders of record as of **June 3, 2024** **September 3, 2024**. The amount and timing of all future dividend payments, if any, are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial condition, terms of our debt agreements and other factors. Our Board of Directors may, without advance notice, reduce or suspend our dividend to improve our financial flexibility and position our company for long-term success. There can be no assurance that we will pay a dividend in the future.

We may, at any time and from time to time, seek to retire or purchase our outstanding debt for cash through open-market purchases, privately negotiated transactions, redemptions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

In September 2013, our Board of Directors approved a stock buyback program. In February 2024, our Board of Directors approved an increase of the authorization under the stock buyback program to allow for an aggregate of \$1.0 billion of future share repurchases. All purchases executed to date have been through open market transactions. Purchases under the buyback program are made at management's discretion, at prevailing prices, subject to market conditions and other factors. Purchases may be made at any time without prior notice. There is no expiration date associated with the buyback program. As of **March 31, 2024** **June 30, 2024**, we had remaining authorization to purchase approximately **\$945 million** **\$819 million** of our outstanding common stock under the stock buyback program. Shares of stock purchased under the buyback program are held as treasury shares.

Treasury stock acquisitions during the **three** **six** months ended **March 31, 2024** **June 30, 2024** were as follows (dollars in thousands):

	Shares	Shares	Cost	Shares	Cost
Treasury shares at beginning of period					
Purchases pursuant to stock buyback program					
Acquisitions pursuant to long-term incentive plans ⁽¹⁾					
Treasury shares at end of period					

⁽¹⁾ We withheld **395,813** **1,146,823** shares during the **first quarter of 2024** **six months ended June 30, 2024** with respect to employees' tax withholding obligations upon the vesting of restricted stock units. These shares were acquired at fair market value. These acquisitions were made pursuant to the terms of the Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan, as amended, the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan and the NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan and not pursuant to the stock buyback program.

Commitments — As of **March 31, 2024** **June 30, 2024**, we had commitments to purchase major equipment totaling approximately **\$158 million** **\$154 million**. Our completion services segment has entered into agreements to purchase minimum quantities of proppants from certain

vendors. As of **March 31, 2024** **June 30, 2024**, the remaining minimum obligation under these agreements was approximately **\$31.8 million** **\$25.8 million**, of which approximately **\$25.9 million** **\$16.9 million**, **\$4.0 million** **\$6.5 million**, and **\$2.0 million** **\$2.4 million** relate to the remainder of 2024, 2025 and 2026, respectively.

See Note 10 of Notes to unaudited condensed consolidated financial statements for additional information on our current commitments and contingencies as of **March 31, 2024** **June 30, 2024**.

Operating lease liabilities totaled **\$54.1** **\$51.7** million and finance lease liabilities totaled **\$33.3** **\$30.2** million as of **March 31, 2024** **June 30, 2024**.

Trading and Investing — We have not engaged in trading activities that include high-risk securities, such as derivatives and non-exchange traded contracts. We invest cash primarily in highly liquid, short-term investments such as overnight deposits and money market accounts.

Non-GAAP Financial Measures

Adjusted EBITDA

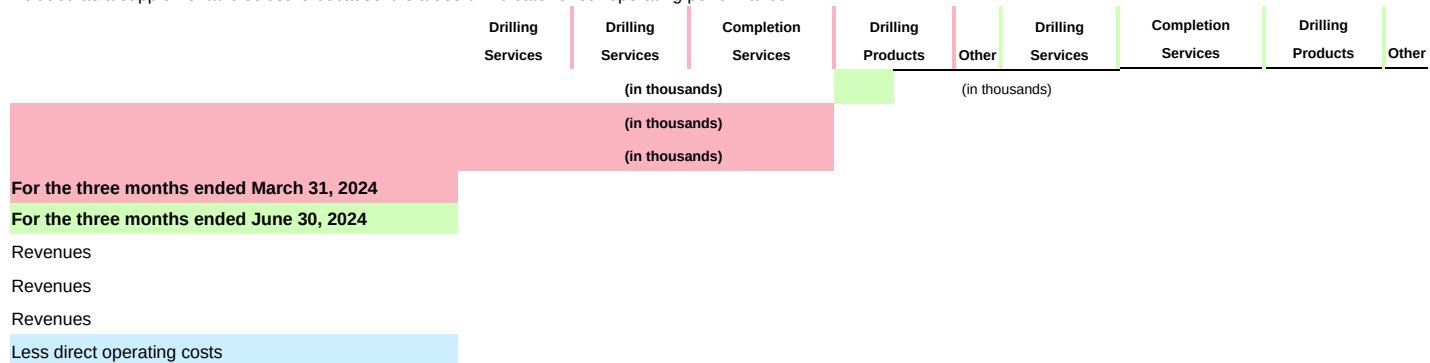
Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is not defined by accounting principles generally accepted in the United States of America ("GAAP"). We define Adjusted EBITDA as net income plus income tax expense, net interest expense, depreciation, depletion, amortization and impairment expense and merger and integration expense. We present Adjusted EBITDA as a supplemental disclosure because we believe it provides to both management and investors additional information with respect to the performance of our fundamental business activities and a comparison of the results of our operations from period to period and against our peers

without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be construed as an alternative to the GAAP measure of net income. Our computations of Adjusted EBITDA may not be the same as similarly titled measures of other companies. Set forth below is a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measure of net income.



Adjusted Gross Profit

We define "Adjusted gross profit" as revenues less direct operating costs (excluding depreciation, depletion, amortization and impairment expense). Adjusted gross profit is included as a supplemental disclosure because it is a useful indicator of our operating performance.



Less depreciation, depletion, amortization and impairment	
GAAP gross profit	
Depreciation, depletion, amortization and impairment	
Adjusted gross profit	
For the three months ended December 31, 2023	
For the three months ended December 31, 2023	
For the three months ended December 31, 2023	
Revenues	
Revenues	
Revenues	
Less direct operating costs	
Less depreciation, depletion, amortization and impairment	
GAAP gross profit	
Depreciation, depletion, amortization and impairment	
Adjusted gross profit	
For the three months ended March 31, 2023	
For the three months ended March 31, 2023	
For the three months ended March 31, 2023	
For the three months ended March 31, 2024	
For the three months ended March 31, 2024	
For the three months ended March 31, 2024	
Revenues	
Revenues	
Revenues	
Less direct operating costs	
Less depreciation, depletion, amortization and impairment	
GAAP gross profit	
Depreciation, depletion, amortization and impairment	
Adjusted gross profit	
For the six months ended June 30, 2024	
For the six months ended June 30, 2024	
For the six months ended June 30, 2024	
Revenues	
Revenues	
Revenues	
Less direct operating costs	
Less depreciation, depletion, amortization and impairment	
GAAP gross margin	
Depreciation, depletion, amortization and impairment	
Adjusted gross margin	
For the six months ended June 30, 2023	
For the six months ended June 30, 2023	
For the six months ended June 30, 2023	
Revenues	
Revenues	
Revenues	
Less direct operating costs	
Less depreciation, depletion, amortization and impairment	

GAAP gross profit
Depreciation, depletion, amortization and impairment
Adjusted gross profit

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 such estimates. There have been no material changes to our critical accounting estimates previously disclosed in Item 7 of our Annual Report, Report, except as follows:

Goodwill — We assess goodwill at least annually on July 31, or more frequently when events and circumstances occur indicating recorded goodwill may be impaired. Goodwill is tested at the reporting unit level, which is at or one level below our operating segments. We determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying

value after considering qualitative, market and other factors, and if that is the case, any necessary goodwill impairment is determined using a quantitative impairment test. If the resulting fair value of goodwill is less than the carrying value of goodwill, an impairment loss would be recognized for the amount of the shortfall.

We determined our drilling products operating segment consists of a single reporting unit and, accordingly, goodwill acquired from the Ulterra acquisition was allocated to that reporting unit. We determined our completion services operating segment consists of two reporting units; completion services, which is primarily comprised of our hydraulic fracturing operations and other integrated service offerings, and cementing services.

During the second quarter of 2024, we lowered our expectations with respect to near-term future activity levels in certain of our operating segments. This decline was deemed a triggering event that warranted a quantitative assessment for goodwill impairment.

We estimated the fair value of the drilling products and the completion services reporting units using the income approach. Under this approach, we used a discounted cash flow model, which utilizes present values of cash flows to estimate fair value. Forecasted cash flows considered known market conditions in the second quarter of 2024, and management's anticipated business outlook for each reporting unit. Future cash flows were projected based on estimates of revenue, gross profit, selling, general and administrative expense, changes in working capital, and capital expenditures. The terminal period used within the discounted cash flow model for each reporting unit consisted of a 1% growth estimate. Future cash flows were then discounted using a market-participant, risk-adjusted weighted average cost of capital of 11% for the drilling products reporting unit and 12% for the completion services reporting unit.

The forecast for the drilling products reporting unit assumes continued growth domestically as well as in international markets. Geopolitical instability in regions in which we expect to maintain and grow market share, a global decrease in the demand of drilling products, or other unforeseen macroeconomic considerations could negatively impact the key assumptions used in our goodwill assessment for our drilling products reporting unit.

The forecast for the completion services reporting unit assumes lower activity in 2024 compared to 2023 exit levels and increases in activity of 7% to 9% beginning in 2025 through 2027, which was based on rig count forecasts in the second quarter and estimated market share. A sustained decrease in oil prices and rig count could negatively affect the key assumptions used in our goodwill assessment for completion services.

Based on the results of the goodwill impairment tests, the fair values of the drilling products, completion services, and cementing services reporting units exceeded their carrying values by approximately 10%, 9%, and 77%, respectively. Accordingly, no impairment was recorded for any of the reporting units.

Assuming all changes are isolated, a decrease of 100 bps in our long-term revenue growth rate for our drilling products and completion services reporting unit would reduce our estimated fair values by approximately 5%, while a 100 bps increase to our discount rate would reduce our estimated fair values by approximately 8%, respectively.

A decrease in fair value resulting from unfavorable changes to these assumptions, or others, could result in goodwill impairment in future periods that could be material to our results of operations and financial statements as a whole.

Recently Issued Accounting Standards

See Note 1 of Notes to unaudited condensed consolidated financial statements for a discussion of the impact of recently issued accounting standards.

Volatility of Oil and Natural Gas Prices and its Impact on Operations and Financial Condition

Our revenues, profitability and cash flows are highly dependent upon prevailing prices for oil and natural gas and expectations about future prices. The current demand for equipment and services remains dependent on macro conditions, including commodity prices, geopolitical environment, inflationary pressures, economic conditions in the United States and elsewhere, as well as customer consolidation and focus by exploration and production companies and service companies on capital returns. Commodity price volatility in the second quarter of 2023 resulted in a decline in industry activity; commodity prices subsequently increased during the third quarter before declining in the fourth quarter of 2023. Oil prices increased during the first quarter of 2024 while and moderately fluctuated during the second quarter of 2024. While natural gas prices declined significantly, significantly during the first quarter of 2024, natural gas prices increased slightly during the second quarter of 2024. Oil prices averaged \$81.81 per barrel the second quarter of 2024, as compared to \$77.50 per barrel in the first quarter of 2024, as compared to \$78.53 per barrel in the fourth quarter of 2023. Natural gas prices (based on the Henry Hub Spot Market Price) averaged \$2.31 per MMBtu in the first quarter of 2024 as compared to an average of \$2.74 per MMBtu in the fourth quarter of 2023.

In light of these and other factors, we expect oil and natural gas prices to continue to be volatile and to affect our financial condition, operations and ability to access sources of capital. Higher oil and natural gas prices do not necessarily result in increased activity because demand for our services is generally driven by our customers' expectations of future oil and natural gas prices, as well as our customers' ability to access, and willingness to deploy, capital to fund their operating and capital expenditures. A decline in demand for oil and natural gas, prolonged low oil or natural gas prices, expectations of decreases in oil and natural gas prices or a reduction in the ability of our customers to access capital would likely result in reduced capital expenditures by our customers and decreased demand for our services, which could have a material adverse effect on our operating results, financial condition and cash flows. Even during periods of historically moderate or high prices for oil and natural gas, companies exploring for oil and natural gas may cancel or curtail programs or reduce their levels of capital expenditures for exploration and production for a variety of reasons, which could reduce demand for our services.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We may be exposed to certain market risks arising from the use of financial instruments in the ordinary course of business. For quantitative and qualitative disclosures about market risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report. There have been no material changes in our exposure to market risk.

As of **March 31, 2024** **June 30, 2024**, we would have had exposure to interest rate market risk associated with any outstanding borrowings and letters of credit that we had under the Credit Agreement and amounts owed under the Reimbursement Agreement.

Loans under the Credit Agreement bear interest by reference, at our election, to the SOFR rate (subject to a 0.10% per annum adjustment) or base rate, in each case subject to a 0% floor. The applicable margin on SOFR rate loans varies from 1.00% to 2.00% and the applicable margin on base rate loans varies from 0.00% to 1.00%, in each case determined based on our credit rating. As of **March 31, 2024** **June 30, 2024**, the applicable margin on SOFR rate loans was 1.75% and the applicable margin on base rate loans was 0.75%. A letter of credit fee is payable by us equal to the applicable margin for SOFR rate loans times the daily amount available to be drawn under outstanding letters of credit. The commitment fee rate payable to the lenders varies from 0.10% to 0.30% based on our credit rating. As of **March 31, 2024** **June 30, 2024**, we had **\$2.5 million** **\$2.3 million** in letters of credit outstanding under the Credit Agreement and, as a result, had available borrowing capacity of approximately **\$548 million** **\$613 million** at that date.

Under the terms of the Reimbursement Agreement, we will reimburse Scotiabank on demand for any amounts that Scotiabank has disbursed under any of our letters of credit issued thereunder. We are obligated to pay Scotiabank interest on all amounts not paid by us on the date of demand or when otherwise due at the LIBOR rate plus 2.25% per annum.

Some of our revenues in foreign countries are denominated in U.S. dollars, and therefore, changes in foreign currency exchange rates impact our earnings to the extent that costs associated with those U.S. dollar revenues are denominated in the local currency. Similarly, some of our revenues are denominated in foreign currencies, but have associated U.S. dollar costs, which also give rise to foreign currency exchange rate exposure.

The carrying values of cash and cash equivalents, trade receivables and accounts payable approximate fair value due to the short-term maturity of these items.

ITEM 4. Controls and Procedures

Disclosure Controls and Procedures — We maintain disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), designed to ensure that the information required to be disclosed in the reports that we file with the SEC 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 Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of **March 31, 2024** **June 30, 2024**.

Changes in Internal Control Over Financial Reporting —There were no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

We are party to various legal proceedings arising in the normal course of our business. We do not believe that the outcome of these proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, cash flows and results of operations.

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

The table below sets forth the information with respect to purchases of our common stock made by us during the quarter ended **March 31, 2024** **June 30, 2024**.

Total	Approximate Dollar
-------	--------------------

Period Covered	Number of Shares Purchased ⁽¹⁾	Average Price per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Value of Shares			Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands) ⁽²⁾
				Purchased as Period Covered	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share		
Announced Plans or Programs	January April 2024	2,838,969	2,499,102	\$10.59	11.65	2,450,804	2,327,968	\$179,784 917,433
	February May 2024	2,203,997	5,439,894	\$11.11	11.08	2,199,317	5,090,167	\$988,576 861,056
	March June 2024	3,707,749	4,279,084	\$11.88	10.31	3,704,781	4,048,935	\$944,550 819,288
	Total	8,750,715	12,218,080			8,354,902	11,467,070	

⁽¹⁾ We withheld 395,813 751,010 shares during the first second quarter of 2024 with respect to employees' tax withholding obligations upon the vesting of restricted stock units. These shares were acquired at fair market value. These acquisitions were made pursuant to the terms of the Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan, as amended, the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan and the NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan, and not pursuant to the stock buyback program.

⁽²⁾ In September 2013, our Board of Directors approved a stock buyback program. In February 2024, our Board of Directors approved an increase of the authorization under the stock buyback program to allow for an aggregate of \$1.0 billion \$1.0 billion of future share repurchases. All purchases executed to date have been through open market transactions. Purchases under the buyback program are made at management's discretion, at prevailing prices, subject to market conditions and other factors. Purchases may be made at any time without prior notice. There is no expiration date associated with the buyback program.

ITEM 5. Other Information

(c) During the three months ended March 31, 2024 June 30, 2024, certain no director or officer of our officers and directors listed below the Company adopted or terminated any trading arrangements for the sale of shares of our common stock in amounts and prices determined in accordance with a formula set forth in each such plan: stock.

Name and Title	Action	Date	Plans		
			Rule 10b5-1	Non-Rule 10b5-1	Number of Shares to be Sold
Robert Drummond, Jr., Director	Adoption	March 19, 2024	X		1,250,000

ITEM 6. Exhibits

The following exhibits are filed herewith or incorporated by reference, as indicated:

3.1	Restated Certificate of Incorporation of Patterson-UTI Energy, Inc., dated as of June 6, 2024 (filed September 1, 2023 June 6, 2024 as Exhibit 3.3.4.1 to our Current Report Registration Statement on Form 8-K S-8 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Patterson-UTI Energy, Inc., effective June 14, 2023 (filed June 15, 2023 as Exhibit 3.1 to our Current Report on Form 8-K and incorporated herein by reference).
10.1	Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan, as amended (filed June 6, 2024 as Exhibit 99.1 to our Registration Statement on Form S-8, and incorporated herein by reference).⁺
10.1.1* 10.2*	Commitment Increase Form of Executive Officer Share-Settled Performance Share Award Agreement dated April 5, 2024, by and among.⁺
10.3*	Patterson-UTI Energy, Inc., Citibank, N.A., HSBC Bank USA, National Association, Wells Fargo Bank, N.A., as administrative agent, letter of credit issuer and swing line lender and the other letter of credit issuers party thereto, Qualified Retiree Program.⁺
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, has been formatted in Inline XBRL.

* filed herewith.

** furnished herewith.

⁺ management contact or compensatory plan.

SIGNATURE

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

By: /s/ C. Andrew Smith

C. Andrew Smith

Executive Vice President and

Chief Financial Officer

(Principal Financial and Accounting
Officer and Duly Authorized Officer)Date: May 6, 2024 July 29, 2024

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Execution Version **Exhibit 10.2**

COMMITMENT INCREASE PATERSON-UTI ENERGY, INC.
2021 LONG-TERM INCENTIVE PLAN

**SHARE-SETTLED
PERFORMANCE SHARE AWARD AGREEMENT**

[]

This **COMMITMENT INCREASE AGREEMENT** ("1. Agreement **PERFORMANCE SHARE AWARD**") dated as of April 5, 2024 ("Effective Date"), is by and among Patterson-UTI Energy, Inc., a Delaware corporation ("the **Borrower Company**"), Citibank, N.A. (the **New Lender**), HSBC Bank USA, National Association (the **Increasing Lender**), pursuant to the L/C Issuers (as defined below) party hereto, and Wells Fargo Bank, N.A., Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan, as administrative agent (in such capacity, the **Administrative Agent**) for the Lenders (as defined below), as an L/C Issuer, and as the swing line lender under the Credit Agreement referred to below (in such capacity, the **Swing Line Lender**).

RECITALS

A. Reference is hereby made to that certain Amended and Restated Credit Agreement, dated as of March 27, 2018, among the Borrower, the Administrative Agent, the issuers of letters of credit party thereto amended from time to time (the **L/C Issuers Plan**), the Swing Line Lender and the financial institutions party thereto from time hereby awards to time as lenders [] (the **Lenders Grantee**), as amended by that certain Amendment No. 1 to Amended and Restated Credit Agreement dated effective as of March 26, 2019, that certain Amendment No. 2 to Amended and Restated Credit Agreement dated as the Date of March 27, 2020, that certain Amendment No. 3 to Amended and Restated Credit Agreement dated as of November 9, 2022, and that certain Amendment No. 4 to Amended and Restated Credit Agreement dated as of August 29, 2023 (as so amended and as may be further amended, modified or supplemented from time to time, the **Award** set forth above (the **Credit Date of Award**), a Performance Share Award (the **Award**) on the terms and conditions as set forth in this agreement (this **Agreement**).

B.1.1 **General Performance Criteria.** The Award provides the Grantee an opportunity to receive a target amount of [] Shares (the **Target Amount**) based upon the Company's Total Stockholder Return (as defined below) for

three separate Performance Periods (as defined below) as compared with the Total Stockholder Return of each of the peer index companies and market indices set forth on Exhibit A (collectively, the "Peer Index Companies") for the applicable Performance Period. For each Performance Period, "Total Stockholder Return" or "TSR" for the Company and each of the Peer Index Companies is calculated pursuant to the formula " $((x - z) + y)/z$ ", where "x" is the average closing price of the entity's common stock for the last 20 trading days of the applicable Performance Period, "y" represents the value of all dividends paid by the entity in respect of the entity's common stock during such Performance Period, assuming such dividends are reinvested in additional shares of the entity's common stock as of the ex-dividend date, and "z" is the average closing price of the entity's common stock for the 20 trading days preceding the first day of such Performance Period. The TSR calculation shall be adjusted to take into account any stock splits, stock dividends, reorganizations, or similar events that may affect the common stock prices of the Company or any of the Peer Index Companies. The Shares subject to the Award shall be eligible to vest based on the Company's TSR during each of the Performance Periods as follows: (i) one-third (1/3) of the Target Amount shall be eligible to vest based on the Company's TSR during the one-year period (the "First Performance Period") ending [], (ii) one-third (1/3) of the Target Amount shall be eligible to vest based on the Company's TSR during the two-year period (the "Second Performance Period") ending [], and (iii) one-third (1/3) of the Target Amount shall be eligible to vest based on the Company's TSR during the three-year period (the "Third Performance Period") ending [] (each of the First Performance Period, the Second Performance Period, and the Third Performance Period, a "Performance Period").

1.2 Issuance of Shares Upon Achievement of Performance Criteria. If (a) the Company's TSR for a Performance Period equals or exceeds the 25th percentile of the TSRs of the Peer Index Companies for such Performance Period, (b) a Change of Control has not occurred on or before the final day of such Performance Period, and (c) the Grantee remains in the active employ of the Company through the final day of the Third Performance Period, then, following the end of the Third Performance Period, the Company shall issue to the Grantee the number of Shares determined as follows:

- (i) if the Company's TSR for such Performance Period is equal to the 55th percentile rank of the Company's TSR for such Performance Period as compared to the TSRs of the Peer Index Companies, the quotient obtained by dividing (A) the Target Amount, by (B) three (such quotient, for each Performance Period, the "Performance Period Target Amount");
- (ii) if the Company's TSR for such Performance Period is equal to or greater than the 25th percentile rank of the Company's TSR for such Performance Period as compared to the TSRs of the Peer Index Companies but less than the 55th percentile, one half times the Performance Period Target Amount plus the product of one half times the Performance Period Target Amount multiplied by the quotient obtained by dividing (A) the difference of the percentile rank achieved for such Performance Period (expressed as a percentage) minus 25%, by (B) 30% (i.e., $(0.5 \times \text{Performance Period Target Amount}) + [(0.5 \times \text{Performance Period Target Amount}) \times ((\text{percentile rank} \%) - 0.25)/0.30]$); or

E.g., assume that the Target Amount of the Award is 30,000 Shares and, accordingly, the Performance Period Target Amount is 10,000 Shares, and the TSR of the Company for the First Performance Period as compared to the TSRs of the Peer Index Companies ranks in the 40th percentile. The total amount of Shares that may become issuable to the Grantee under the Award in respect of the First Performance Period would be 7,500 Shares, which is determined as follows: $(0.5 \times 10,000) + [(0.5 \times 10,000) \times ((40\% - 25\%)/30\%)] = 5,000 + [5,000 \times (15\%/30\%)] = 5,000 + [5,000 \times 50\%] = 5,000 + 2,500 = 7,500$.

- (iii) if the Company's TSR achieved for such Performance Period is greater than the 55th percentile rank of the Company's TSR for such Performance Period as compared to the TSRs of the Peer Index Companies but less than the 75th percentile, the Performance Period Target Amount plus the product of the Performance Period Target Amount multiplied by the quotient obtained by dividing (A) the percentile rank achieved for such Performance Period (expressed as a percentage) minus 55%, by (B) 20% (i.e., (Performance Period Target Amount) + [(Performance Period Target Amount) x ((percentile rank (%) - 0.55)/0.20)]); or

E.g., assume the same facts as the example above in clause (iii) except that the TSR of the Company for the First Performance Period as compared to the TSRs of the Peer Index Companies ranks in the 60th percentile. The total amount of Shares that may become issuable to the Grantee under the Award in respect of the First Performance Period would be 12,500 Shares, which is determined as follows: $(10,000) + [(10,000) \times ((60\% - 55\%)/20\%)] = 10,000 + [10,000 \times (5\%/20\%)] = 10,000 + [10,000 \times 25\%] = 10,000 + 2,500 = 12,500$.

- (iv) if the Company's TSR for such Performance Period is equal to or greater than the 75th percentile rank of the Company's TSR for such Performance Period as compared to the TSRs of the Peer Index Companies, two times the Performance Period Target Amount.

(v) Notwithstanding the above:

- (1) regardless of the Company's TSR percentile rank for the First Performance Period and the Second Performance Period, respectively, as compared to the TSRs of the Peer Index Companies, no more than the Performance Period Target Amount of Shares will be earned for each such Performance Period, subject to the "catch-up" feature described in Section 1.2(v)(2) below as limited by Section 1.2(v)(3) below;
- (2) if the Company's TSR percentile rank for the Third Performance Period is greater than the Company's TSR percentile rank for First Performance Period and/or the Second Performance Period, then for purposes of determining the number of Shares that the Company shall issue to the Grantee in respect of, as applicable, the First Performance Period and/or the Second Performance Period, the Company's TSR percentile rank for, as applicable, the First Performance Period and/or the Second Performance Period shall be deemed to be equal to the Company's TSR percentile rank for the Third Performance Period (and, for the avoidance of

doubt, the cap set forth in Section 1.2(v)(1) shall not apply); and

(3) if the Company's TSR for the Third Performance Period is negative or zero and a Change of Control has not occurred on or before the final day of the Third Performance Period, the total number of Shares issuable to the Grantee under this Agreement shall not exceed the Target Amount.

1.3 Forfeiture. Notwithstanding any other provision of this Agreement to the contrary, the portion of the Award corresponding to the applicable Performance Period granted pursuant to this Agreement shall lapse and be forfeited on the final day of the Third Performance Period if (a) the Company's TSR for such

applicable Performance Period is less than the 25th percentile of the TSRs of the Peer Index Companies for the Performance Period, (b) with respect to the portions of the Award corresponding to the First Performance Period and the Second Performance Period, respectively, the performance condition necessary to trigger the "catch-up" feature described in Section 1.2(v)(2) above has not been achieved, and (c) a Change of Control has not occurred on or before the final day of the Third Performance Period.

1.4 Committee Determination.

(i) Pursuant to Articles 4 and 9 of the Plan, the Committee shall have the discretion to calculate the TSR for each Performance Period for the Company and each Peer Index Company in accordance with Section 1.1 above.

(ii) The Committee's determinations with respect to each Performance Period for purposes of this Agreement shall be binding upon all persons. The Committee may not increase the Shares issuable under this Agreement.

(iii) The Committee may, in its sole discretion, make such adjustments as it deems necessary and appropriate, if any, in the composition of the group of Peer Index Companies to address the merger or consolidation of any company in the Peer Index Companies as of the date hereof with another company, an acquisition or disposition of a significant portion of such company's businesses or assets as it exists on the date hereof, or any other extraordinary event occurring in relation to such company during the term of this Agreement. In the absence of a Committee decision to the contrary, (A) any Peer Index Company that files for bankruptcy pursuant to the U.S. Bankruptcy Code or is delisted by the national stock exchange on which it was listed for failure to comply with such exchange's listing standards, in each case, will remain a Peer Index Company with a TSR of -100%, (B) any Peer Index Company that is acquired during the First Performance Period will be removed from the group of Peer Index Companies for purposes of calculating the Company's TSR for any Performance Period, and (C) any Peer Index Company that is acquired following the conclusion of the First Performance Period will remain a Peer Index Company for purposes of calculating the Company's TSR for each of the Second Performance Period and the Third Performance Period, in each case, with a TSR measured as of the date of such acquisition.

(iv) Prior to an issuance of Shares made pursuant to Section 1.2 and as provided in Section 2 or Section 3.4, following the end of the Third Performance Period the Committee shall determine if the performance criteria for each Performance Period has been satisfied and, to the extent such performance criteria has been satisfied, shall certify in writing that such performance criteria has been satisfied.

2. TIME OF ISSUANCE OF SHARES. For purposes of this Agreement, unless otherwise provided under the Plan or Section 3.4 of this Agreement, the Company shall cause the Shares to be issued to the Grantee pursuant to Section 1.2 on or before the date that is 2-½ months following the final day of the Third Performance Period. Any Shares issued pursuant to this Agreement will be issued to the Grantee or, if issuable pursuant to Section 3.3, the Grantee's legal representative or the Grantee's estate, and thereafter the Grantee or, if applicable, the Grantee's estate and heirs, executors, administrators and the Grantee's legal representatives shall have no further rights with respect to the Award or this Agreement.

3. TERMINATION OF EMPLOYMENT/CHANGE OF CONTROL. The following provisions will apply in the event the Grantee's employment with the Company terminates, or a Change of Control of the Company (as defined below) occurs, before the final day of the Third Performance Period.

3.1 Definitions. For purposes of this Agreement:

- (i) **“Cause”** shall have the meaning set forth in the Employment Agreement.
- (ii) **“Employment Agreement”** shall mean the Recipient's employment, severance, change in control or other similar agreement with the Company or its Subsidiary.
- (iii) **“Good Reason”** shall have the meaning set forth in the Employment Agreement.
- (iv) **“Retirement”** means the voluntary termination of the Grantee's employment relationship with the Company (A) on or after the date on which the Grantee attains age 55, (B) on or after the date on which the Grantee has completed at least five years of continuous service with the Company and its Subsidiaries as of immediately prior to the Grantee's termination date, and (C) on or after the date on which the sum of the Grantee's age and number of full years of service total 65; provided, however, that notice of such termination must be delivered in a manner consistent with the terms of Section VI of the Patterson-UTI Energy, Inc. Qualified Retiree Program.

3.2 **Termination Generally.** Except as specified in Sections 3.3 and 3.4 below, all of the Grantee's rights in this Agreement, including all rights to the Award granted to the Grantee, will lapse and be completely forfeited on the date the Grantee's employment terminates if the Grantee's employment with the Company terminates on or before the final day of the Third Performance Period for Shares issuable pursuant to Section 1.2, if any, for any reason other than as provided in Sections 3.3 and 3.4 below.

3.3 **Death, Disability or Retirement.** Notwithstanding any other provision of this Agreement to the contrary, if the Grantee's employment with the Company terminates due to the Grantee's death, Disability, or Retirement after the completion of at least one month of a Performance Period and on or before

the final day of the Third Performance Period, then the Company will cause to be issued to the Grantee as soon as administratively practicable following (but in no event later than 2-½ months following) the final day of the Third Performance Period an amount of Shares equal to the amount the Grantee would have received under this Agreement if the Grantee's employment with the Company had not been terminated due to the Grantee's death, Disability or Retirement before the final day of the Third Performance Period; provided that the first sentence of this Section 3.3 shall apply in the event of the Grantee's termination of employment with the Company due to Retirement only if the Grantee's termination date occurs at least six months following the Date of Award. For the avoidance of doubt, Section 1.2(v) hereof shall apply for purposes of determining the number of Shares to be issued to the Grantee under this Section 3.3.

3.4 **Change of Control.** Notwithstanding any provision in the Employment Agreement, in the event of the termination of the Grantee's employment with the Company and all Subsidiaries by the Company without Cause or by the Grantee for Good Reason, in each case, on or following the occurrence of a Change of Control but prior to the end of the Third Performance Period, the Company (or its successor) will cause to be issued to the Grantee as soon as administratively practicable following (but in no event later than 2-½ months following) such termination a number of Shares in an amount equal to the greater of (x) the Target Amount and (y) the amount the Grantee would have received under this Agreement based on the Company's TSR for any completed Performance Period and any for any incomplete Performance Period if such Performance Period concluded on the date of the occurrence of such Change of Control (including, for the avoidance of doubt, any amount that would become payable as a result of the "catch-up" feature described in Section 1.2(v)(2) hereof as if the date of the occurrence of such Change of Control were the last day of the Third Performance Period). Notwithstanding the foregoing, this Section 3.4 shall not apply if the Grantee is the Covered Person or forms part of the Covered Person for purposes of such Change of Control.

4. **DIVIDEND EQUIVALENTS.** No Dividend Equivalents shall be paid with respect to any Shares during any Performance Period.
5. **TAX WITHHOLDING.** To the extent that the grant, vesting or issuance of Shares under the Agreement results in income to the Grantee for federal, state or local income, employment, excise or other tax purposes with respect to which the Company or any of its Subsidiaries has a withholding obligation, the Grantee shall deliver to the Company or such Subsidiary at the time of such receipt or lapse, as the case may be, such amount of money as the Company or such Subsidiary may require to meet its obligation under

applicable tax laws or regulations. If the Grantee fails to do so, the Company or its Subsidiary is authorized to withhold from wages or other amounts otherwise payable to such Grantee the minimum statutory withholding taxes as may be required by law or to take such other action as may be necessary to satisfy such withholding obligations. Subject to restrictions that the Committee, in its sole discretion, may impose, the Grantee may satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value) that have been owned for a period of at least six months (or such other period to avoid accounting charges against the Company's earnings), or by directing the Company to retain Shares (up to the Grantee's minimum required tax withholding rate or such other rate that will

not trigger a negative accounting impact) otherwise deliverable under this Agreement. The Company shall not be obligated to issue any Shares granted hereunder until all applicable federal, state and local income, employment, excise or other tax withholding requirements have been satisfied.

6. SECTION 409A. This Award is subject to the payment timing and other restrictions set forth in Section 12.14 of the Plan.

7. TRANSFER RESTRICTIONS. The Award granted hereby may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, to the extent then subject to the forfeiture pursuant to this Agreement. Any such attempted sale, assignment, pledge, exchange, hypothecation, transfer, encumbrance or disposition in violation of this Agreement shall be void and the Company shall not be bound thereby. Notwithstanding the foregoing, the Grantee may assign or transfer the Award granted hereby pursuant to a qualified domestic relations order (as defined in Section 414(p) of the Code, or Section 206(d)(3) of the Employee Retirement Income Security Act of 1974, as amended), or with the consent of the Committee (i) for charitable donations; (ii) to the Grantee's spouse, children or grandchildren (including any adopted and stepchildren and grandchildren), or (iii) a trust for the benefit of the Grantee or the persons referred to in clause (ii) (each transferee thereof, a "Permitted Assignee"); provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of Section 2.14 of the Credit Agreement, the Borrower has the right to (i) request an increase in the Aggregate Commitments Plan and (ii) invite, so as to achieve the requested increase in the Aggregate Commitments, one or more additional banks or other financial institutions to become a Lender under the Credit Agreement, subject to the approval of the Administrative Agent, the Swing Line Lender this Award Agreement; and the L/C Issuers.

C. Pursuant to such Section 2.14(a) of the Credit Agreement, the Borrower has given notice to the Administrative Agent of its request provided further that the Aggregate Commitments be increased from \$550,000,000 to \$615,000,000 and the Administrative Agent has notified the Lenders of the same.

D. Pursuant to such Section 2.14(b) of the Credit Agreement, the Lenders (other than the Increasing Lender) have declined (or have been deemed to have declined) to provide an increase to the Aggregate Commitments.

E. The Increasing Lender has agreed to increase its Commitment and the New Lender has agreed to provide a Commitment, in each case, subject to Grantee shall remain bound by the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises Plan. Further, the Shares granted hereby that are no longer subject to forfeiture may not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws, and the mutual covenants, representations Grantee agrees (i) that the Company may refuse to cause the transfer of the Shares to be registered on the applicable stock transfer records if such proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of any applicable securities law, and warranties contained herein, and for other good and valuable consideration, (ii) that the receipt and sufficiency Company may give related instructions to the transfer agent, if any, to stop registration of which are hereby acknowledged, the parties hereto agree as follows: transfer of the Shares.

8. CAPITAL ADJUSTMENTS AND REORGANIZATIONS. The existence of the Award shall not affect in any way the right or power of the Company to make or authorize any adjustment, recapitalization, reorganization, joint venture, subsidiary or

division sale, or other change in its capital structure or its business, engage in any merger or consolidation, issue any debt or equity securities, dissolve or liquidate, or sell, lease, exchange or otherwise dispose of all or any part of its assets or business, or engage in any other corporate act or proceeding.

Section 1. 9. Defined Terms; Interpretation and Provisions. **PERFORMANCE**

SHARE AWARD DOES NOT AWARD ANY RIGHTS OF A STOCKHOLDER. The Grantee shall not have the voting rights or any of the other rights, powers or privileges of a holder of the stock of the Company with respect to the Award that are awarded hereby. Only after the Shares are issued in exchange for the Grantee's rights under this Agreement will the Grantee have all of the rights of a shareholder with respect to such Shares issued in exchange for such rights.

10. EMPLOYMENT RELATIONSHIP. As used for purposes of this Agreement, the Grantee shall be considered to be in the employment of the Company as long as the Grantee has an employment relationship with the Company and any of its Subsidiaries. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship, and the cause of such termination, under the Plan, and the Committee's determination shall be final and binding on all persons.

11. NOT AN EMPLOYMENT AGREEMENT. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to guarantee the right to remain employed by the Company or any affiliate for any specified term.

12. LIMIT OF LIABILITY. Under no circumstances will the Company or an affiliate be liable for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to the Plan.

13. COMPANY LIABLE FOR ISSUANCE OF SHARES. Except as specified in Section 3.4, the Company is liable for the issuance of any Shares that become issuable under this Agreement.

14. SECURITIES ACT LEGEND. The Grantee consents to the placing on the certificate for the Shares of an appropriate legend restricting resale or other transfer of the Shares except in accordance with all applicable securities laws and rules thereunder, as well as any legend under Section 12.5 of the Plan as determined by the Committee.

15. NO FRACTIONAL SHARES. All provisions of this Agreement concern whole Shares. Notwithstanding anything contained in this Agreement each of the terms defined in the opening paragraph and the Recitals above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement, as amended hereby, and used herein without definition shall have the meaning assigned to such term in the Credit Agreement, as amended hereby, unless expressly provided to the contrary. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified. The words "hereof", "herein", and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" means "including, without limitation". Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in contrary, if the interpretation application of any

provision of this Agreement. Agreement would yield a fractional share, such fractional share shall be rounded down to the next whole Share.

16. AMENDMENT AND WAIVER. Except as otherwise provided in Section 2. Increase in Revolving Credit Commitments.

(a) Pursuant to Section 2.1411.1 of the Credit Plan, this Agreement effective as of may be amended, modified or superseded only by written instrument executed by the Commitment Increase Date (as defined below), (i) the Aggregate Commitments shall be increased from \$550,000,000 to \$615,000,000 (the "Aggregate Commitments Increase"), (ii) the Commitment of the New Lender shall be \$50,000,000, (iii) the Maturity Date with respect to the New Lender's Commitment shall be March 27, 2026, (iv) the Administrative Agent, the Swing Line Lender Company and the L/C Issuers hereby consent to and approve the Commitment of the New Lender, and (v) the Commitment of the Increasing Lender shall be increased to \$50,000,000. This Agreement is the joinder agreement required under Section 2.14(c) of the Credit Agreement. The New Lender hereby agrees and acknowledges that its Commitment shall, automatically and without any further action, upon satisfaction of the conditions precedent set forth in Section 2(b), be effective on the Commitment Increase Date in the amount set forth next to its name under the caption "Commitment" on Schedule 2.01 attached hereto. The Increasing Lender hereby agrees and acknowledges that its Commitment shall, automatically and without any further action, upon satisfaction of the conditions precedent set forth in Section 2(b) and effective on the Commitment Increase Date, be increased to the amount set forth next to its name under the caption "Commitment" on Schedule 2.01 attached hereto. Grantee. Only a written instrument

(b) On the Commitment Increase Date, after giving effect to this Section 2(a), Schedule 2.01 of the Credit Agreement (Commitments and Applicable Percentages) shall be replaced in its entirety with Schedule 2.01 attached hereto.

(c) The Commitment of the New Lender pursuant to Section 2(a) and the increase in the Commitment of the Increasing Lender shall become effective and enforceable against the parties hereto and the other parties to the Credit Agreement upon the occurrence of the following conditions precedent (the date such conditions are satisfied, "Commitment Increase Date"):

(1) the receipt by the Administrative Agent of a certificate of the Borrower dated as of the Commitment Increase Date signed by a Responsible Officer of Borrower (i) certifying and attaching the resolutions adopted by the Borrower approving or consenting to this Agreement and the increase in the Revolving Credit Facility pursuant to

Section 2(a) above, and (ii) certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V of the Credit Agreement and the other Loan Documents are true and correct on and as of the Commitment Increase Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of Section 2.14 of the Credit Agreement, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement, and (B) no Default exists;

(2) the receipt by the Administrative Agent of an opinion of counsel to the Borrower as to the corporate authorization of the Borrower of the increase in the Revolving Credit Facility, which such opinion as to corporate authorization will be substantively in the form delivered on the Closing Date and otherwise in form and substance reasonably acceptable to the Administrative Agent;

(3) if requested by the New Lender, a Note in a maximum principal amount equal to the New Lender's Commitment; and

(4) evidence that the Borrower shall have prepaid any Loans outstanding on the Commitment Increase Date (and have prepaid any additional amounts required pursuant to Section 3.05 of the Credit Agreement) to the extent necessary to keep the outstanding Loans ratable with any revised Applicable Percentages arising from any non-ratable increase in the Commitments under Section 2.14 of the Credit Agreement.

Section 3. **Joinder of New Lender.** By its execution and delivery of this Agreement and subject to the terms hereof and the Credit Agreement, effective as of the Commitment Increase Date, the New Lender hereby assumes all of the rights and obligations of a "Lender" under the Credit Agreement and the other Loan Documents as detailed below. The New Lender hereby represents and warrants to the Borrower, the Administrative Agent, the Swing Line Lender and the L/C Issuers as follows: (a) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to become or to continue to be a Lender under the Credit Agreement, (b) from and after the Commitment Increase Date, it shall be bound by the provisions of the Credit Agreement and the other Loan Documents as a Lender thereunder and, to the extent of its Commitment, shall have the obligations of a Lender thereunder, and (c) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, the Swing Line Lender, any L/C Issuer, or any other Lender; and agrees that (i) it will, independently and without reliance on the Administrative Agent, the Swing Line Lender, any L/C Issuer or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

Section 4. **Borrower Representations and Warranties.** The Borrower acknowledges, represents, warrants and agrees that: (a) after giving effect to this Agreement, the representations and warranties contained in the Credit Agreement, as amended hereby, and the representations and warranties contained in the other Loan Documents are true and correct in all material respects on and as of the Effective Date and on the date hereof as if made on as and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects as of such earlier date; (b) the execution, delivery and performance of this Agreement are within the

corporate power and authority of the Borrower and have been duly authorized by appropriate corporate action and proceedings; (c) this Agreement constitutes the legal, valid, and binding obligation of the Borrower enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity, and no portion of the Obligations are subject to avoidance, subordination, recharacterization, recovery, attack, offset, counterclaim, or defense of any kind; (d) there are no governmental or other third party consents, licenses and approvals required to be made or obtained by it in connection with its execution, delivery, performance, validity and enforceability of this Agreement; (e) no Defaults or Events of Default shall have occurred and be continuing; and (f) since the date of the financial statements most recently delivered pursuant to Section 6.01(a) of the Credit Agreement, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5. **Conditions to Effectiveness.** This Agreement shall become effective on the Effective Date and enforceable against the parties hereto upon the occurrence of the following conditions precedent:

(a) the receipt by the Administrative Agent of multiple original counterparts of this Agreement executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions effective. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized officers executive officer of the Borrower, Company. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner affect the Administrative Agent, right to enforce the L/C Issuers, the Swing Line Lender, the New Lender same. No waiver by any party of any term or condition, or of any breach of any term or condition, contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other term or condition, or a waiver of any breach of any other term or condition.

17. GOVERNING LAW AND SEVERABILITY. This Agreement and the Increasing Lender; all determinations made and

(b) evidence satisfactory actions taken hereunder, to the Administrative Agent extent not otherwise governed by the Code or the laws of the payment in full United States, shall be governed by the Borrower of all the fees and expenses required to be paid as of or on the Effective Date by Section 10.04 laws of the Credit State of Delaware, without reference to principles of conflict of laws, and construed accordingly. The invalidity of any provision of this Agreement or shall not affect any other provision of a Loan Document to the extent invoiced prior to the Effective Date.

Section 6. **Acknowledgments and Agreements.**

(a) The Borrower acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms and the Borrower waives any defense, offset, counterclaim or recoupment with respect thereto. The Administrative Agent, each L/C Issuer, the Swing Line Lender, the New Lender and the Increasing Lender hereby expressly reserve all of their rights, remedies, and claims under the Loan Documents. Nothing in this Agreement, which shall constitute a waiver or relinquishment of (i) any Default or Event of Default under any of the Loan Documents, (ii) any of the agreements, terms or conditions contained in any of the Loan Documents, (iii) any rights or remedies of the Administrative Agent, each L/C Issuer, or any Lender with respect to the Loan Documents, or (iv) the rights of the

Administrative Agent, each L/C Issuer, the Swing Line Lender or any Lender to collect the full amounts owing to them under the Loan Documents.

(b) Each of the Borrower, the Administrative Agent, each L/C Issuer, Swing Line Lender, the New Lender and the Increasing Lender does hereby adopt, ratify, and confirm the Credit Agreement, as amended hereby, and acknowledges and agrees that the Credit Agreement, as amended hereby, is and remains remain in full force and effect, effect.

18. SUCCESSORS AND ASSIGNS. Subject to the limitations which this Agreement imposes upon the transferability of the Award granted hereby, this Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and to the Grantee and the Borrower acknowledges Grantee's Permitted Assignees, executors, administrators, agents, legal and agrees that its liabilities and obligations under the Credit Agreement, as amended hereby, are not impaired in any respect by this Agreement.

(c) From and after the Effective Date, all references to the Credit Agreement and the Loan Documents shall mean the Credit Agreement and such Loan Documents as amended by this Agreement.

(d) This Agreement is a Loan Document for the purposes of the provisions of the other Loan Documents. personal representatives.

Section 7. 19. Counterparts.COUNTERPARTS. This Agreement may be signedexecuted in any number of two or more counterparts, each of which shall be an original and for all purposes but all of which taken together shall constitute but one and the same instrument.

20. RECOUPMENT. The Award and any Shares issued or other payments made in respect thereof, shall be subject to any recoupment policy that the Company may adopt from time to time, to the extent any such policy is applicable to the Grantee and to such compensation including, but not limited to, the Patterson-UTI Energy, Inc. Clawback Policy, designed to comply with the requirements of Rule 10D-1 promulgated under the Exchange Act, as well as any recoupment provisions required under applicable law. For purposes of the foregoing, the Grantee expressly and explicitly authorizes (x) the Company to issue instructions, on the Grantee's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold the Grantee's Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company and (y) the Company's recovery of any covered compensation through any method of recovery that the Company deems appropriate, including without limitation by reducing any amount that is or may become payable to the Grantee. The Grantee further agrees to comply with any request or demand for repayment by any affiliate of the Company in order to comply with such policies or applicable law. To the extent that the terms of this Agreement and any Company recoupment policy conflict, the terms of the recoupment policy shall prevail.

21. GRANT SUBJECT TO TERMS OF PLAN AND THIS AGREEMENT. The Grantee acknowledges and agrees that the grant of the Award hereunder is made pursuant to and governed by the terms of the Plan and this Agreement, ratifies and consents to any action taken by the Company, the Board of Directors or the Committee concerning the Plan and agrees that the grant of the Award pursuant to this Agreement is subject in all respects to the more detailed provisions of the Plan.

Capitalized terms that are not defined herein shall have the meanings ascribed to such terms in the Plan.

[SIGNATURE PAGE TO FOLLOW]

In accepting the Performance Share Award set forth in this Agreement the Grantee accepts and agree to be bound by all the terms and conditions of the Plan and this Agreement.

PATTERSON-UTI ENERGY, INC.

By:

Name:

Title:

[]

(“GRANTEE”)

EXHIBIT A

Peer Index

The Peer Index Companies shall be as follows, as such group of companies may be adjusted pursuant to Section 1.4.

[]

Exhibit 10.3

Patterson-UTI Energy, Inc. Qualified Retiree Program

I. Objective:

The Patterson-UTI Energy, Inc. Qualified Retiree Program (this “*Program*”) has been established by the Compensation Committee (the “*Committee*”) of the Board of Directors of Patterson-UTI Energy Inc. (the “*Company*”) to facilitate a single instrument, smooth process for retiring employees of the Company and its direct and indirect subsidiaries (collectively, the “*Company*”

Group") who meet the eligibility requirements set forth herein (each such eligible individual, a "Participant").

II. Purpose:

The purpose of the Program is to permit retiring Participants to continue to vest in and be eligible to receive the benefits under certain of the Company's plans and programs, thereby providing a transition framework for such Participants' Retirement that ensures the Participants will remain incentivized to transfer knowledge and contacts and assist in long-term organizational success following their Retirement, creating a smooth, minimally disruptive transition from which the Company Group will benefit.

III. Definitions:

- **Active Status:** An employee available and attending all work as scheduled by his or her manager. Temporary periods of paid time off will qualify as "Active Status". Employees on approved long-term leave of absence will not be considered to be on "Active Status" unless and until such employee returns from the approved leave to actively perform services as an employee for the Company Group. Whether an employee is on "Active Status" will be determined by the Committee, or its authorized delegate, in its sole discretion.
- **Cause:** A Participant's (i) indictment for, conviction of, or plea of no contest to any crime involving dishonesty, theft or moral turpitude or any felony, (ii) conduct in connection with his or her employment duties or responsibilities that is fraudulent, unlawful or grossly negligent, (iii) willful misconduct, (iv) contravention of specific lawful directions related to a material duty or responsibility which is directed to be taken by the Participant's supervisor, (v) act of dishonesty resulting or intending to result in personal gain or enrichment at the expense of any member of the Company Group and its affiliates, or (vii) failure to comply with a material policy of any member of the Company Group.
- **Disability:** The Participant either (i) qualifies for long-term disability benefits under a long-term disability program sponsored by the Company Group in which employees participate generally or (ii) if the Company Group does not sponsor such a long-term disability program, is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- **Good Standing:** An employee on "Active Status" with acceptable performance, holding a compliant attendance record and free from disciplinary processes or Performance Improvement Plan(s). Whether an employee is in "Good Standing" at any given time will be determined by the Committee, or its authorized delegate, in its sole discretion.
- **Long-Term Incentive Awards:** Equity or equity-based awards granted under the Patterson-UTI Energy, Inc. 2021 Long-Term Incentive Plan, as amended, or any similar long-term incentive plan sponsored by any member of the Company Group (including, without limitation, the Patterson-UTI Energy, Inc. 2014 Long-Term Incentive Plan, the NexTier Oilfield Solutions Inc. Equity and Incentive Award Plan and the NexTier Oilfield Solutions Inc. (Former C&J Energy) Management Incentive Plan).

- **Notice Date:** The date the Participant submits an application announcing his or her intention to retire.
- **Notice Period:** Time period commencing on the date the Participant submits to the Company Group an application announcing his or her intent to retire and concluding on the date the Participant's employment actually terminates.
- **Retiree:** A former employee of a member of the Company Group who has retired from employment with the Company Group.
- **Retirement:** Voluntary resignation from employment with the applicable member of the Company Group following satisfaction of all requirements under the Program.
- **Retirement Date:** Date the Participant's employment actually terminates as a result of Retirement.
- **Rule of 65:** When an employee's age and Service Tenure with the Company Group equals 65 "points", where 1 point is earned for each whole calendar year of age and each whole completed year of service.
- **Service Tenure:** Also known as service history, "Service Tenure" seeks to quantify and recognize time worked for the Company Group. For the avoidance of doubt, for any Participant who joined the Company Group in connection with the Company's acquisition of such Participant's predecessor employer (or all the assets of a predecessor employer), such prior service shall be included for purposes of calculating such Participant's Service Tenure, unless otherwise expressly excluded by the Committee.

IV. Administration; Delegation.

The Committee shall administer this Program in accordance with its terms and shall have all powers necessary to carry out the provisions of this Program. The Committee shall have the discretionary authority to interpret and construe the terms of this Program and determine all questions arising in the administration, interpretation, and application of this Program, such determinations to be presumptively conclusive and binding on all persons to the maximum extent allowed by law, and uniformly and consistently applied to all persons in similar circumstances; to adopt such rules and procedures as it deems necessary, desirable or appropriate for the administration of this Program; to appoint such agents, counsel, accountants, consultants and other persons as may be required to administer this Program; to determine all claims for benefits and take such further action as the Committee shall deem advisable in the administration of this Program.

The Committee shall have the discretionary authority to delegate its duties and may engage such experts and other persons as it deems appropriate in connection with administering the Program. The Committee hereby delegates authority for day-to-day administration of the Program to the Company's Senior Vice President of Human Resources or, if no one is serving in such position at any applicable time, the Company Group's highest ranking human resources professional at such time (such individual, the "**HR Leader**"), who may further delegate such day-to-day administrative duties. The Committee and any delegate thereof shall be entitled to rely in good faith upon any opinions or reports furnished to it by any such experts or other persons.

This Agreement Program is intended to operate in tandem with each Participant's Long-Term Incentive Award(s) and employment agreements (if any). However, if this Program results in an increased benefit to a Participant, the Program terms will supersede any conflicting terms under the applicable Long-Term Incentive Award(s) and/or employment agreements, and all other terms of such agreements will continue to apply. Application by a Participant for this Program evidences their agreement with this provision, as well as the other terms of the Program.

V. Eligibility.

Employees of the Company Group who (i) are Grade 40 and lower or who are otherwise designated for participation by the Committee or its authorized delegate, (ii) are in Active Status and in Good Standing, and have achieved the Rule of 65, are eligible to apply for the Program. The points required under the Rule of 65 may be achieved in any combination of age and Service Tenure, subject to the following minimums:

- Minimum age of 55 years, and
- Minimum Service Tenure of 5 total completed years of service, with at least 5 years of continuous service completed with the Company Group immediately prior to termination of employment.

PTO or vacation time may not be used to bridge the Retirement Date to a service anniversary date.

Example:

- An employee in Active Status and in Good Standing has provided a notice for Retirement effective June 30, 2024 (with the employee born on April 25, 1966 and with date of hire of August 6, 2016):

Age on Retirement Date – 58 years

Service Tenure on Retirement Date – 7 years

Total Points Achieved – 65 points; Eligible for the Program

Notwithstanding the foregoing, no person who is providing services to the Company Group through a temporary service or on a leased basis or who is hired by the Company Group as an independent contractor, consultant, or otherwise as a person who is not an employee for purposes of withholding United States federal income or employment taxes, as evidenced by payroll records or a written agreement with the individual, regardless of any contrary governmental agency determination or judicial holding relating to such status or tax withholding, shall be eligible to apply for the Program.

Additionally, if approved for the Program as described below, Participants must execute a separation, release and waiver agreement in a form to be provided by the Company, in order to be eligible to receive the Program Benefits (as defined below). Such agreement must be executed by facsimile signature the employee within the time periods proscribed in such agreement.

VI. Notice Period

To provide the Company Group sufficient time to plan for vacancies created from a Retirement, employees who otherwise meet the eligibility requirements for the Program must provide a minimum of 6 months' notice of intent to Retire by completing a Program Application on the form provided by the Company and delivering it to the HR Leader or other electronic imaging means, his or her delegate. Applications may be presented up to 1 year prior to, but not later than 6 months prior to, the intended Retirement Date.

Once the Program Application has been submitted, the HR Leader or his or her delegate will notify the employee of his or her application status within 30 days of its receipt of the application. Such notification will indicate whether the application is:

- **Accepted as presented** – Employee meets Program eligibility requirements, Notice Period provided in the application is sufficient and proposed Retirement Date is agreed upon.
- **Accepted with conditions as noted by the Company** – Employee meets Program eligibility requirements (thereby becoming a Participant), but the Company requires an extension of or reduction to the Notice Period.

- o If the Company is shortening the Notice Period (and thereby accelerating the Retirement Date), the Participant will continue to receive his or her base salary in effect as of immediately prior to the Notice Date for the 6-month period following the Notice Date.
- o If the Company is lengthening the Notice Period (and deferring the Retirement Date), any extension of the Notice Period will be capped at 3 months, with a maximum 9-month Notice Period.

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- **Denied as presented** – Employee does not meet Program eligibility requirements. Employees whose applications are denied as presented will be provided with an explanation of the basis for the denial and given an opportunity to appeal the decision and provide supporting documentation of their application. Any appeal must be made within 30 days of the HR Leader's or its authorized delegate's denial of an employee's application.
 - o The Committee or its authorized delegate will review the appeal and notify employee of the final outcome within 30 days of the Company's receipt of the appeal. The Committee's or its authorized delegate's decision on appeal will be final and binding on all parties and any such signatures decision is at the Committee's or its authorized delegate's sole and absolute discretion.

VII. Early Termination by the Company Without Cause

In the event of the early termination of employment by the Company without Cause of a Participant (i.e., any employee who has previously submitted a Program Application that has been accepted and approved by the Company), the Company will pay such Participant the Program Benefits, as applicable, subject to the Participant's execution and nonrevocation of a separation, release and waiver agreement in accordance with Section V.

VIII. Program Benefits

Any payments under the Program will be subject to the Company Group's applicable clawback policies. In addition, the Committee or its authorized delegate maintains the sole discretion to amend, suspend and/or terminate the Program benefits at any time based on the Participant's actions and non-adherence to any applicable post-employment covenants.

With respect to any Participant whose application is accepted as described above and who completes the separation, release and waiver agreement in accordance with Section V, the following Program benefits (collectively, the "**Program Benefits**") shall be effective provided:

Time-Based Long-Term Incentive Awards

Any outstanding Long-Term Incentive Awards that are subject solely to time-based vesting conditions held by such Participant will remain outstanding and eligible to vest in accordance with the terms of the applicable award agreement; provided, however, that continued service with the Company Group shall no longer be required following the Retirement Date. For the avoidance of doubt, this Program does not apply to or affect any award that includes any performance-based vesting component. If the Participant dies following the Retirement Date, all then outstanding time-based vesting Long-Term Incentive Awards shall accelerate and automatically vest and be settled as originals, soon as practicable, and in all events, within 30 days following the Company's receipt of notice of such death.

For the avoidance of doubt, and without limiting anything contained in Section IX below, any applicable restrictive covenants (including, without limitation, covenants relating to non-solicitation, non-competition and/or non-disparagement) in a Participant's employment agreement or Long-Term Incentive Award agreements will remain in effect and otherwise

uninterrupted by the Participant's Retirement. Should a Participant be in violation of any such covenants, all outstanding Long-Term Incentive Awards may be forfeited and cancelled immediately.

Short-Term Incentive/Annual Bonus

Such Participant shall remain eligible to receive a pro-rata portion of any annual bonus earned for the year in which he or she retires based on actual performance for such year, with such proration based on the number of whole months the Participant worked in such year prior to his or her Retirement Date. All other plan rules of the specific annual bonus program shall remain applicable, including the requirement that all required performance metrics must be satisfied for any bonus to be earned and that the Participant will receive payment at the same time as payment, if any, is made to other eligible employees under such annual bonus program; provided that, in all events, such payment shall be made in the calendar year following the year to which such annual bonus relates.

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IX. Restrictive Covenants.

As a condition to receiving any of the Program Benefits, the Participant agrees to be subject to the restrictive covenants set forth in Annex I.

X. Program Amendment or Termination.

The Committee may terminate, suspend, withdraw, amend or modify the Program, in whole or in part, at any time and from time to time, for any reason; provided that no such action may materially and adversely affect a Participant's rights under the Program with respect to a Retirement that occurred prior to the date of the Committee's action. This includes, but is not limited to, the Committee's sole discretion to, at any time, change the eligibility requirements and modify or exclude the type and size of benefits provided under the Program. The Company hereby delegates authority to amend or modify the Program to, as applicable, the Company's Chief Executive Officer, Chief Financial Officer and the HR Leader; provided, however, that the Committee shall retain the sole amendment authority to (i) terminate, suspend or withdraw the Program, (ii) make changes that would result in a material increase or decrease in the benefits provided hereunder, and (iii) amend the Program terms as applicable to any executive officer of the Company.

XI. No Employment Contract.

Nothing contained in the Program shall be construed to be an employment contract between a Participant and any member of the Company Group. Each Participant is employed at will, and the Company and any Participant may terminate such Participant's employment at any time, for any reason or no reason whatsoever, and with or without advance notice.

XII. Tax Withholding.

Any payments that a Participant receives under this Program shall be subject to all required tax withholding. The Participant will bear the cost of any taxes not withheld on benefits provided under the Program, regardless of whether withholding is required.

XIII. Section 409A.

This Program is intended to comply with the requirements of Section 8. 409A of the Internal Revenue Code of 1986, as amended ("Successors Section 409A") and Assigns. This Agreement shall be binding upon construed and inure interpreted in accordance with such intent. To the extent any payment or benefit provided under the Program is subject to

the Section 409A, such benefit of the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement.

Section 9. **Severability.** In case one or more provisions of this Agreement or the other Loan Documents shall be invalid, illegal or unenforceable provided in a manner that complies with Section 409A, including any IRS guidance promulgated with respect under any applicable Legal Requirement, the validity, legality, and enforceability to Section 409A. A termination of the remaining provisions contained herein or therein employment shall not be affected deemed to have occurred for purposes of any provision of this Program unless such termination is also a "separation from service" within the meaning of Section 409A.

To the extent required to comply with Section 409A (as determined by the Company), if any Participant is a "specified employee," as determined by the Company, as of the applicable date of termination, then all amounts due under the Program that constitute a "deferral of compensation" within the meaning of Section 409A, that are provided as a result of a "separation from service" within the meaning of Section 409A, and that would otherwise be paid or impaired thereby, provided during the first six months following the Participant's date of termination, shall be accumulated through and paid or provided on the first business day that is more than six months after the Participant's date of termination (or, if the Participant dies during such six month period, within 90 days after the Participant's death) to the extent necessary to avoid adverse tax consequences under Section 409A. Each payment under the Program, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. § 1.409A-2(b).

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The Company makes no representation or warranty and shall have no liability to any Participant or any other person if any provisions of the Program are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, Section 409A.

XIV. Severability.

If any provision of the Program is held illegal or invalid for any reason, the illegality or invalidity of such provision shall not affect the remaining parts of the Program, and the Program shall be construed and enforced as if the illegal or invalid provisions had been excluded.

Section 10. XV. Successors.

Any successor to the Company of all or substantially all of the Company's business or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or other transaction) will assume the obligations under this Program and agree expressly to perform the obligations under this Program in the same manner and to the same extent as the Company Group would be required to perform such obligations in the absence of a succession. For all purposes under this Program, the term "Company" will include any successor to the Company's business or assets which become bound by the terms of this Program by operation of law, or otherwise.

XVI. Governing Law; Dispute Resolution

The interpretation, performance and enforcement of the Program shall be governed by, and construed and enforced in accordance with the laws of the State of New York; provided that, Texas, without giving effect to the Administrative Agent, principles of conflict of laws thereof.

Following exhaustion of the administrative review of claims procedure described below, each L/C Issuer, the Swing Line Lender and each Lender shall retain all rights Participant, by participating in this Program, agrees to have any dispute or controversy arising under or in connection with this Program settled by final and binding arbitration administered by the American Arbitration Association (the "AAA") under the then current Employment Arbitration Rules of the AAA, subject to the following: (a) such arbitration shall take place in or near the city in which the Company Group has a regional office closest to the location where the Participant performed work immediately preceding the demand for arbitration; (b) the provisions of the Program shall be construed, administered and enforced their terms and applicable federal law. law; (c) such arbitration shall be arbitrated by one (1) neutral arbitrator who, unless otherwise agreed by the parties, will be (i) an attorney experienced in employment law and the oil and gas industry and licensed to practice law in the state in which the arbitration is convened or (ii) a retired judge from any jurisdiction, in each case, selected in accordance with the process described below (the "Arbitrator"); (d) either party may seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal; (e) the Arbitrator's standard of review shall be exclusively one of abuse of discretion and the Arbitrator shall be limited to the factual determination of the Committee or its authorized delegate; (f) the award shall be issued within six (6) months of the filing of the notice of intention to arbitrate and the Arbitrator shall agree to comply with this schedule before accepting appointment; (g) except as may be required by law, neither a party nor the Arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties; (h) each party shall bear its own costs and expenses and the Company shall bear the arbitrator's and administrative fees of arbitration; and (i) judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof.

Section 11. ENTIRE AGREEMENT. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature pages follow.]

In the event the parties do not mutually choose an arbitrator, the Arbitrator will be selected as follows: The AAA will give each party a list of nine (9) arbitrators drawn from its panel of arbitrators. Each party will have ten (10) calendar days to strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual will be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the AAA will convene a telephone conference and the parties will strike names alternately from the list of common names until only one remains. The party who strikes first will be determined by a coin toss. If no common name remains on the lists of all parties, the AAA will provide an additional list of nine (9) arbitrators from which the parties will

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IN WITNESS WHEREOF, strike alternately by telephone conference convened by AAA, with the parties hereto have caused this Agreement party striking first to be executed determined by their respective officers thereunto duly authorized effective a coin toss, until only one name remains. That person will be designated as the Arbitrator. If for any reason, the individual selected cannot serve, the AAA will issue another list of nine (9) arbitrators and repeat the Effective Date.

PATTERSON-UTI ENERGY, INC.,

as Borrower alternate striking selection process. If for any reason the AAA will not administer the arbitration, either party may apply to a court of competent jurisdiction with authority over the location where the arbitration will be conducted to appoint a neutral Arbitrator.

By: /s/ C. Andrew Smith

Name: C. Andrew Smith
Title: Executive Vice President and Chief Financial Officer

Signature page to Commitment Increase and Joinder Agreement
(Patterson-UTI Energy, Inc.)

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WELLS FARGO BANK, N.A.,

as the Administrative Agent, and L/C Issuer, and the Swing Line Lender **ANNEX I**

Restrictive Covenants

By: I. /s/ Kevin Pang Confidential Information. Each Participant acknowledges that in connection with the Participant's employment with the Company Group, the Company Group has and will continue to provide the Participant with, give the Participant access to, and/or allow the Participant the opportunity to develop, certain confidential information of the Company Group. **"Confidential Information"** means an item of information or compilation of information, in any form (tangible or intangible), related to the Company Group's business that the Participant first acquires or gains access to during employment with the Company Group, that the Company Group has not authorized public disclosure of, and that is not readily available through proper means to the public or persons outside the Company Group who are under no obligation to keep the information confidential. The Company Group's Confidential Information includes, but is not limited to, its non-public: past, current and future business plans, corporate opportunities, organization restructuring and other business initiatives, operations, acquisition, merger or sale strategies, contract provisions, personnel data, production, product and service development, product and service designs, how products and services are administered and managed, product and service names and marks, marketing strategies, cost and pricing information, margins, operation or production procedures or results, partners, partnership or other business arrangements or agreements with third parties, customers, customer lists, customer sales volumes, profits and other financial information, customer and vendor contracts, books, records and documents, technical information, trade secrets, formulas, codes, applications, algorithms, programs, devices, techniques, information relating to the Company Group or its customers' planned or existing operating systems, computer systems and systems architecture (including computer hardware, computer software, source code, object code), documentation of methods of processing, and operational methods, services and processes. An item of Confidential Information need not be marked "confidential" or otherwise labeled to qualify as Confidential Information; instead, the definition provided above will control at all times. Due to its special value and utility as a compilation, a confidential compilation of information by the Company Group will remain protected as Confidential Information even if individual pieces of information in it are

public. Private disclosure of Confidential Information to parties the Company Group is doing business with for business purposes shall not cause the information to lose its protected status under this Program. The Company Group has and will continue to also provide to the Participant access to, and/or the opportunity to develop, business relationships with the Company Group's customers, clients, vendors and partners with whom the Company Group has developed goodwill and to which the Participant would not otherwise have access (collectively, "**Company Group Relationships**"). The Participant acknowledges and agrees that even if the Participant creates or adds to any Confidential Information or Company Group Relationships, the Participant is being compensated to do so under the Participant's employment with the Company Group and any such information is and will remain the property of the Company Group.

Name: Kevin Panga. [Value of Confidential Information and Access to Company Group Relationships](#). The Participant acknowledges that the Company Group's business is highly competitive and that the Confidential Information and opportunity to develop Company Group Relationships are valuable, special, and unique assets of the Company Group which the Company Group uses in its business to obtain a competitive advantage over the Company Group's competitors which do not know or use this information. The Participant further acknowledges that protection of the Confidential Information and Company Group Relationships against unauthorized disclosure and use is of critical importance to the Company Group in maintaining its competitive position.

Title: Vice President

Signature page to Commitment Increaseb. [Nondisclosure or Use of Confidential Information and Joinder Agreement](#)

[\(Patterson-UTI Energy, Inc.\) Company Group Relationships](#). The Participant hereby covenants and agrees that the Participant will hold in the strictest confidence and will not, directly or indirectly or in any manner, at any time during or after the Participant's employment by the Company Group, make any unauthorized disclosure of any Confidential Information or make any use

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THE BANK OF NOVA SCOTIA, HOUSTON BRANCH, thereof or of the Company Group Relationships, except for the sole benefit of, and on behalf of, the Company Group or in connection with the Participant's duties on behalf of the Company Group.

c. [Third Party Information](#). The Participant acknowledges that, as a L/C Issuer

result of the Participant's employment by the Company Group, the Participant will have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, clients, vendors, suppliers, partners, joint venturers, and the like, of the Company Group. The Participant agrees to preserve and protect the confidentiality of such third-party confidential information and trade secrets to the same extent, and on the same basis, as the Confidential Information.

By: d. [/s/ Joe Lattanzi Return of Documents and Electronic Data](#). All written or electronic or other data or materials, records and other documents made by, or

coming into the possession of, the Participant during the period of the Participant's employment by the Company Group which contain or disclose the Confidential Information and/or Company Group Relationships, or that relate to the performance of the Participant's job duties or the business of the Company Group, shall be and remain the property of the Company Group. Upon request, and in any event without request upon termination of the Participant's employment by the Company Group, for any reason, the Participant promptly shall deliver the same, and all copies, derivatives and extracts thereof, to the Company Group.

Name: Joe Lattanzie. Protected Disclosures. Notwithstanding any provision to the contrary in this Annex I, nothing herein prohibits the Participant from reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Additionally, the parties acknowledge and agree that the Participant does not need the prior authorization of the Company Group to make any such reports or disclosures and the Participant is not required to notify the Company Group that the Participant has made such reports or disclosures. As provided by the Defend Trade Secrets Act, 28 U.S.C. §1833(b), the Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in (a) confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (b) a complaint or other document filed in a lawsuit or other proceeding, provided such filing is made under seal. In the event the Participant files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court or arbitration proceeding, provided the Participant files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court or arbitrator order.

Title: Managing DirectorII. Non-Competition and Non-Solicitation.

Signature pagea. Consideration. The restrictive covenants contained in this paragraph II are supported by consideration to Commitment Increase the Participants from the Company Group as specified in the Program, including the Program Benefits. Each Participant expressly acknowledges and Joinder Agreement

(Patterson-UTI Energy, Inc.) agrees that the restrictions set forth herein are reasonably related to the protection of the Company Group's business interests, including the preservation of the Company's goodwill. Each Participant agrees that the restrictive covenants contained in this paragraph II are in exchange for the consideration specified in the Program, are a material incentive for the Company to provide such Program Benefits, help enforce the Participant's agreements regarding the Confidential Information and Company Relationships as set forth in paragraph I of this Annex I above, and to protect the Company Group's legitimate business interests (including the protection of its trade secrets and the goodwill with which the Participant will be associated, and that the Participant will help build, during the Participant's employment).

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U.S. BANK NATIONAL ASSOCIATIONb. Non-Competition.¹ Each Participant hereby covenants and agrees that during the period commencing on the Participant's Retirement Date and ending on the first date on which the Participant has received all potential, or is otherwise no longer eligible for any further, Program Benefits (the

"Restricted Period"), the Participant will not, directly or indirectly, for the Participant or for others:

- i. undertake competitive activities (as an investor, employee, officer, director, shareholder, consultant, independent contractor, partner, joint venturer, manager, sales representative, agent, broker, purchasing or marketing agent, or otherwise) on behalf of or for the benefit of any person or entity that (A) provides (or is planning to provide) the same goods or services provided by the Company Group or (B) provides goods or services that are so similar that they would displace or diminish the business opportunities of the Company Group with its customers and prospective customers or (C) otherwise competes with the Company's business (a "**Competitive Business**"); by way of illustration and not limitation, competitive activities, goods or services include directional drilling, measurement while drilling, downhole drilling motors, contract drilling, well stimulation (hydraulic fracturing), cementing, wireline operations, pumpdown operations, natural gas fueling, power solutions, wellbore placement optimization, oilfield equipment rentals, electrical controls and automation, PDC drill bit design, manufacturing and sale, or any other activities similar in function or purpose to those the Participant was engaged in with the Company in the Look Back Period; or
- ii. render advice or services to, or otherwise assist, with or without compensation, any other person or entity who is engaged or is preparing to engage, directly or indirectly, in any activity, work, business, or investment relating to a Competitive Business; provided, however, the Participant may own an entirely passive investment interest of less than 1% in a publicly-traded company that is a Competitive Business so long as the Participant is not an active participant in the business.

During the Restricted Period, a Participant's continuing obligations under this paragraph II above shall not prevent the Participant from performing services as an employee of a Competitive Business if the services: (A) do not involve the Participant's use, disclosure or reliance upon Confidential Information or Company Group Relationships, and (B) are unrelated to any line of business for which the Participant had direct or indirect responsibilities or about which the Participant had Confidential Information when employed by the Company Group, and (C) do not involve the Participant working in a capacity in which the Company Group's Confidential Information or Company Group Relationships could provide a benefit or potential benefit to the Participant or any other person or entity. All three conditions ((A), (B), and (C)) must be met for the service activity to qualify for exclusion.

During the Restricted Period, a Participant's continuing obligations under this paragraph II of Annex I shall be limited to those locations where, during the Look Back Period, the Participant, or any of the Participant's subordinates, has (i) sold, performed or provided any goods or services of the Company Group or (ii) actively pursued sales of the Company Group's goods or services, as well as a L/C Issuer 75-mile radius around any such areas described in (i) and/or (ii). For clarity, such locations include any offices out of which the Participant or one of the Participant's subordinates worked during the Look Back Period and the locations of the places the goods and services were performed and/or proposed to be performed. The "**Look Back Period**" refers to the shorter of the last two (2) years of the Participant's employment with the Company Group (inclusive of any predecessor entity) or the total period of the Participant's employment with the Company Group (inclusive of any predecessor entity) if the Participant's period of employment is less than two (2) years.

By: 1/s/ Luke Fernie If, despite the choice of law provision in the Program, another jurisdiction's law is deemed to apply as a result of a Participant's jurisdiction of residence or situs of employment with the Company Group, and such local law prohibits application of this paragraph II(b) of Annex I as written (including after application of paragraph VI hereof), then the provisions of this paragraph II(b) ("Non-Competition") shall be revised to only prohibit the Participant from undertaking the activities in II(b)(i) and II(b)(ii) during the Recipient's employment with the Company Group and the provisions of this paragraph II(b) shall not apply during the post-employment period of the Restricted Period.

Name: Luke Fernie

Title: Vice President

Signature page to Commitment Increase and Joinder Agreement
(Patterson-UTI Energy, Inc.)

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HSBC BANK USA, NATIONAL ASSOCIATION. Non-Interference with Business Relations.²

- i. Covered Customers. During the Restricted Period, the Participant will not, for the benefit of a Competitive Business, directly or through others, solicit or assist in soliciting competing business from any Covered Customer or accept any competing business from any Covered Customer. A "Covered Customer" means a customer of the Company that the Participant (or persons the Participant supervises) had material interaction with on behalf of the Company or that the Participant was provided Confidential Information about, in the Look Back Period. Material interaction is presumed present if the Participant participated in communications with the customer or received commissions (or other beneficial credit) for business done with the customer. Where enforceable by law, a customer will include any active prospect (person or entity) such as Increasing Lender a prospect who is engaged in negotiations or communication with the Company Group about doing business during the Look Back Period. To "solicit" means to interact with another person or entity for the purpose (or foreseeable result) of causing a particular responsive action (such as terminating a relationship or purchasing competitive goods or services), irrespective of which party first initiates contact or how the contact occurred. This restriction is understood to be reasonably limited by geography to those locations and/or places of business where the Covered Customers are located and available for solicitation.
- ii. Protection of Company Group Relationships. During the Restricted Period, the Participant will not, for the benefit of a Competitive Business, interfere with the relationship between the Company Group and one of its Company Group Relationships that the Participant has had the opportunity to be involved in or receive Confidential Information about. The foregoing shall be understood to prohibit the Participant from engaging in contact or communications with any person or entity, any customer, client, supplier, partner, vendor, or financing source of the Company Group that is an ongoing Company Group Relationship for the purpose of causing (in whole or in part) that person or entity to stop or reduce business conducted with the Company Group or to change material terms of the Company Group Relationship to the detriment of the Company Group. The foregoing shall be understood to be limited in scope to those persons or entities with whom

the Participant had some involvement during the Look Back Period on behalf of the Company, or about whom the Participant was provided Confidential Information, and limited in geography to those locations and/or places of business where the Company Relationships at issue are located.

d. ***Employee Non-Solicitation.*** In order to protect the Company Group's Confidential Information and trade secrets, during the Restricted Period, the Participant will not, for the benefit of a Competitive Business, directly or through others, solicit or induce any Covered Employee to terminate his or her employment with the Company Group, or hire or assist a Competitive Business in hiring a Covered Employee who is at the time an employee of the Company Group or was within the preceding 90 days an employee of the Company Group and resigned from employment. A "***Covered Employee***" means an employee or individual in the employ of the Company Group that the Participant works with, is provided Confidential Information about, or gains knowledge of through the Participant's employment with the Company

² If, despite the choice of law provision in the Program, another jurisdiction's law is deemed to apply as a result of the Participant's jurisdiction of residence or situs of employment with the Company Group, and such local law prohibits application of this paragraph II(c) of Annex I as written (including after application of paragraph VI hereof) then, to the fullest extent permitted by such local law, the provisions of this paragraph II(c) ("Non-Interference with Business Relations") shall be revised to only prohibit the Participant from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company Group for the Restricted Period after the termination of the Participant's employment with the Company Group. Unless otherwise unenforceable under applicable law, an established customer will be understood to be a Covered Customer.

By: /s/ Alberto Caudillo

Name: Alberto Caudillo
Title: Senior Relationship Manager

Signature page to Commitment Increase and Joinder Agreement
(Patterson-UTI Energy, Inc.)

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CITIBANK, N.A.,

as New Lender

Group. The foregoing obligation does not prohibit general advertising to the public like "help wanted" ads.

By: **III. /s/ Derrick Lenz Remedies, Enforcement and Other Matters.**

Name: Derrick Lenza. ***Injunctive Relief and Special Remedies.*** The Participant acknowledges that a remedy at law for any breach or threatened breach under any or all of the provision of paragraph II of this Annex I will be inadequate and that the Company Group will be entitled to specific performance, injunctive relief, and any other remedies available to it for such breach or threatened breach including entry of an *ex parte* temporary restraining order in state or federal court, preliminary and permanent injunctive relief against activities in violation of any or all of the provisions of paragraph II(b) of this Annex I or other appropriate judicial remedy, writ or order, in any court of competent jurisdiction, restraining any violation or further violation of any or all of the provisions of paragraph II(b) of this Annex I by

the Participant or others acting on the Participant's behalf. The Participant acknowledges and agrees that such remedies will be in addition to all other remedies available to the Company Group at law or in equity, including, without limitation, upon written demand by the Company Group, forfeiture of any Long-Term Incentive Awards subject to continued vesting solely by reason of the Program and that remain in the Participant's possession and, with respect to any shares earned pursuant to continued vesting under the Program after a Participant's Retirement that the Participant has disposed of, repayment to the Company Group of the fair market value of such shares.

Title: Vice President **IV. Participant Acknowledgement.** Each Participant acknowledges that such Participant has carefully read and considered the provisions of this Annex I. Each Participant acknowledges and agrees that this Annex I is necessary for the protection of the Company Group's trade secrets. Each Participant acknowledges and agrees that he or she has received and will receive sufficient consideration to justify such restrictions, a part of such consideration being the Program Benefits and the Confidential Information and Company Group Relationships that the Participant receives from the Company Group. Each Participant further acknowledges and agrees that the restrictions on time, geographic territory and scope of restricted activities are reasonable in all respects, and such Participant will not challenge same.

V. Obligations of the Participant. Notwithstanding anything to the contrary contained herein, all of the covenants, restrictions and obligations of a Participant with respect to paragraph II of this Annex I shall continue or extend for such additional number of days equal to the actual days when the Participant is in violation or breach of any of such covenants, restrictions and obligations contained herein.

VI. Reconstruction of Annex I. Should a court of competent jurisdiction or an arbitrator having jurisdiction declare any of the provisions of this Annex I unenforceable due to any unreasonable restriction of time, geographical area, scope of activity, or otherwise, in lieu of declaring such provision unenforceable, the court or arbitrator, to the extent permissible by law, shall, at the Company Group's request, revise or reconstruct such provisions in a manner sufficient to cause them to be enforceable.

VII. Scope of Application. The provisions of this Annex I are in addition to and do not modify or supersede any other agreements a Participant has with any member of the Company Group, or any other obligations of a Participant to the Company Group, relating to intellectual property, non-disclosure, non-competition, non-interference or non-solicitation.

Signature page **VIII. Amendments for Certain Participants.** Each Participant acknowledges that due to Commitment Increase the applicable law of the state in which such Participant is residing or working at the time of receipt of any Program Benefits, the terms or conditions of Paragraph II of this Annex I may be modified. These amendments are included in the Paragraph II Addendum attached hereto, which forms a part of the Program, and Joinder Agreement (Patterson-UTI Energy, Inc.) the provisions thereof replace and supersede the corresponding provisions of Paragraph II of this Annex I. The Company may modify the Paragraph

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SCHEDULE 2.01

**COMMITMENTS
AND APPLICABLE PERCENTAGES**

Lender	Commitment	Applicable Percentage	Maturity Date
Wells Fargo Bank, National Association	\$98,333,333.34	15.989159892%	March 27, 2026
The Bank of Nova Scotia, Houston Branch	\$98,333,333.33	15.989159891%	March 27, 2026
U.S. Bank National Association	\$50,000,000.00	8.130081301%	March 27, 2026
U.S. Bank National Association	\$48,333,333.33	7.859078590%	March 27, 2025
Royal Bank of Canada	\$75,000,000.00	12.195121951%	March 27, 2026
Citibank, N.A.	\$50,000,000.00	8.130081301%	March 27, 2026
Goldman Sachs Bank USA	\$50,000,000.00	8.130081301%	March 27, 2026
HSBC Bank USA, National Association	\$50,000,000.00	8.130081301%	March 27, 2026
BOKF, NA dba Bank of Texas	\$35,000,000.00	5.691056911%	March 27, 2026
Comerica Bank	\$35,000,000.00	5.691056911%	March 27, 2026
Zions Bancorporation, N.A. dba Amegy Bank	\$25,000,000.00	4.065040650%	March 27, 2026
Total	\$615,000,000.00	100.000000000%	---

II Addendum at any time to the extent the Company deems such modification necessary to comply with applicable law.

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Paragraph II Addendum

Colorado	<p>Non-Competition. If a Participant primarily resides or works in Colorado and it is found that Colorado law applies to the Program or any dispute arising from this Program, then paragraph II.b. shall not apply unless the Participant's annual compensation meets or exceeds the threshold amount for highly compensated workers, \$123,750 for 2024 (or the earnings threshold in effect as adjusted annually by the Colorado Division of Labor Standards and Statistics in the Department of Labor and Employment).</p> <p>Non-Solicit. If a Participant primarily resides or works in Colorado and it is found that Colorado law applies to the Program or any dispute arising from the Program, then paragraphs II.c. and II.d. shall not apply unless the Participant's annual compensation meets or exceeds the threshold amount of \$74,250 for 2024 (or the earnings threshold in effect as adjusted annually by the Colorado Division of Labor Standards and Statistics in the Department of Labor and Employment).</p> <p>This Program contains a covenant not to compete that could restrict Participant's options for subsequent employment. Each Participant must review paragraph II.b. carefully. Each Participant acknowledges that they have been provided with a separate written notice and a copy of the Program at least 14 days before the earlier of the effective date of the Program or the effective date of any additional compensation that provides consideration for the covenant not to compete. Participant acknowledges that they were provided the separate written notice in the language in which they communicate with a member of the Company Group about their performance.</p>
Louisiana	<p>Non-Competition and Non-Solicitation of Employees. If Employee primarily resides or works in Louisiana and it is found that Louisiana law applies to the Program or any dispute arising from the Program, then the restrictions set forth in paragraphs II.b-II.d of Annex I shall be limited to only the following parishes: Allen, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Cameron, DeSoto, Jackson, Jefferson Davis, Lafayette, Lincoln, Natchitoches, Rapides, Red River, Sabine, St. Landry, St. Mary, Vermilion, Webster.</p>
Oklahoma	<p>Non-Competition and Non-Solicitation of Customers. If a Participant primarily resides or works in Oklahoma and it is found that Oklahoma law applies to the Program or any dispute arising from the Program, then the restrictions set forth in paragraphs II.b and II.c of Annex I shall not apply unless the Participant engages in the same or similar business as that conducted by the Company Group by soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company Group.</p>

Schedule 2.01

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EXHIBIT 31.1

CERTIFICATIONS

I, William Andrew Hendricks, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Patterson-UTI Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(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.

/s/ William Andrew Hendricks, Jr.

William Andrew Hendricks, Jr.

President and Chief Executive Officer

Date: **May 6, 2024** July 29, 2024

EXHIBIT 31.2

CERTIFICATIONS

I, C. Andrew Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Patterson-UTI Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(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.

/s/ C. Andrew Smith

C. Andrew Smith

Executive Vice President and

Chief Financial Officer

Date: **May 6, 2024** July 29, 2024

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

NOT FILED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934

In connection with the quarterly report of Patterson-UTI Energy, Inc. (the "Company") on Form 10-Q for the period ended **March 31, 2024** June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William Andrew Hendricks, Jr., Chief Executive Officer, and C. Andrew Smith, Chief Financial Officer, of the Company, each certify, 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; and

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission upon request. The foregoing is being furnished solely pursuant to said Section 906 and Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and is not being filed as part of the Report or as a separate disclosure document.

/s/ William Andrew Hendricks, Jr.

William Andrew Hendricks, Jr.

Chief Executive Officer

May 6, **July 29**, 2024

/s/ C. Andrew Smith

C. Andrew Smith

Chief Financial Officer

May 6, **July 29**, 2024

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