

“Adjusted EBITDA” is defined as net income before interest, taxes, impairment charges, stock based compensation, gain (loss) on extinguishment of debt, depreciation, and amortization. Management does not include impairment charges or gain (loss) on extinguishment of debt in its calculations of Adjusted EBITDA, as it believes that they are not representative of our core operations. Further, management believes that most investors exclude impairment charges net, gain (loss) on extinguishment of debt, and stock based compensation recorded under FIN123R from customary EBITDA calculations as those items are often viewed as either non-recurring and not reflective of ongoing financial performance or have no cash impact on operations.

Adjusted EBITDA is a non-GAAP measure that is used as a supplemental financial measure by our management and directors and by external users of our financial statements, such as investors, to assess:

- The financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- The ability of our assets to generate cash sufficient to pay interest on our indebtedness; and
- Our operating performance and return on invested capital as compared to those of other companies in the well services industry, without regard to financing methods and capital structure.

Adjusted EBITDA has limitations as an analytical tool and should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Limitations to using Adjusted EBITDA as an analytical tool include:

- Adjusted EBITDA does not reflect our current or future requirements for capital expenditures or capital commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect income taxes;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Reconciliation of Adjusted EBITDA to Net Income  
(Unaudited)  
(in thousands)

	<u>June 30</u>		<u>June 30</u>		<u>Year End</u>	
	<u>Three Months</u>	<u>Three Months</u>	<u>Six Months</u>	<u>Six Months</u>	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>
Net income (loss)	\$ (2,241)	\$ (9,038)	\$ (10,413)	\$ (13,573)	\$ (29,331)	\$ (29,748)
Depreciation and amortization	9,914	9,775	19,838	19,466	39,472	33,724
Interest expense	6,895	6,406	13,743	13,060	26,919	25,798
Income tax expense (benefit)	(1,813)	(4,481)	(5,813)	(7,260)	(25,144)	62,574
Stock based compensation	622	622	1,245	1,247	2,492	1,450
(Gain) on extinguishment of debt	(19)	(448)	(19)	(1,422)	(1,422)	-
Goodwill impairment	-	-	-	-	-	4,363
Adjusted EBITDA	<u>\$ 13,358</u>	<u>\$ 2,836</u>	<u>\$ 18,581</u>	<u>\$ 11,518</u>	<u>\$ 12,986</u>	<u>\$ 98,161</u>