

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
MIDLAND-ODESSA DIVISION**

_____, Individually and On Behalf of
All Others Similarly Situated,

Plaintiff,

v.

PROPETRO HOLDING CORP., DALE
REDMAN, JEFFREY SMITH, and IAN
DENHOLM,

Defendants.

Case No.: DRAFT

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Law Offices of Howard G. Smith

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by ProPetro Holding Corp. (“ProPetro” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by ProPetro; and (c) review of other publicly available information concerning ProPetro.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired ProPetro securities between March 27, 2018 and August 8, 2019, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. ProPetro is an oilfield services company that provides hydraulic fracturing and complementary services to leading upstream oil and gas companies engaged in the exploration and production of North American unconventional oil and natural gas resources.

3. On August 8, 2019, after the market closed, the Company issued a press release delaying its second quarter earnings conference call and quarterly report, citing an ongoing review by its audit committee. In a Form 8-K filed with the SEC on the same day, the Company stated that the review concerned, among other things, expense reimbursements and certain transactions involving related parties or potential conflicts of interest. The Form 8-K also stated that approximately \$370,000 had been improperly reimbursed to members of senior management. Moreover, the Company expected to report a material weakness in its internal control over disclosure.

4. On this news, the Company’s share price fell \$4.59 per share, or over 26%, to close at \$12.75 per share on August 9, 2019, on unusually high trading volume.

5. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company's executive officers were improperly reimbursed for certain expenses; (2) that the Company had engaged in certain undisclosed transactions with related parties; (3) that the Company lacked adequate disclosure controls and procedures; (4) that the Company lacked effective internal control over financial reporting; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

6. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this district.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities

exchange.

PARTIES

11. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased ProPetro securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant ProPetro is incorporated under the laws of Delaware with its principal executive offices located in Midland Texas. ProPetro's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "PUMP."

13. Defendant Dale Redman ("Redman") was, at all relevant times, the Chief Executive Officer ("CEO") and a Director of the Company.

14. Defendant Jeffrey Smith ("Smith") was, at all relevant times, the Chief Financial Officer ("CFO") of the Company.

15. Defendant Ian Denholm ("Denholm") was, at all relevant times, the Chief Accounting Officer ("CAO") of the Company.

16. Defendants Redman, Smith, and Denholm (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

17. ProPetro is an oilfield services company that provides hydraulic fracturing and complementary services to leading upstream oil and gas companies engaged in the exploration and production of North American unconventional oil and natural gas resources.

Materially False and Misleading Statements Issued During the Class Period

18. The Class Period begins on March 27, 2018. On that day, the Company filed its annual report on Form 10-K for the period ended December 31, 2017 (the “2017 10-K”). Therein, the Company reported \$981.86 million revenue and \$12.61 million net income.

19. Under “Controls and Procedures,” the 2017 10-K stated, in relevant part:

[O]ur principal executive officer, principal financial officer and principal accounting officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2017.

Management’s Report on Internal Control over Financial Reporting

We are required to comply with the SEC’s rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which requires our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will not be required to make our first assessment of our internal control over financial reporting until the year of our second annual report required to be filed with the SEC.

Our independent registered public accounting firm is not yet required to formally attest to the effectiveness of our internal controls over financial reporting, and will not be required to do so for as long as we are an “emerging growth company” pursuant to the provisions of the JOBS Act.

20. Regarding related party transactions, the 2017 10-K incorporated by reference the information from the 2018 proxy statement, which stated:

We lease our corporate offices from South Midkiff Partners LLC, an entity owned jointly by Dale Redman, David Sledge, Spencer Armour and Jeff Smith, pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of \$72,000 per year. We also lease five properties adjacent to the corporate

office from South Midkiff Partners LLC with annual base rents of \$30,000, \$30,000, \$90,000, \$90,000 and \$180,000.

We paid Dale Redman, our Chief Executive Officer, \$265,278 for the year ended December 31, 2017, for reimbursement of costs incurred through use of his aircraft.

We rent certain flowback equipment from PD Properties, an entity jointly owned by Dale Redman, our Chief Executive Officer. For the year ended December 31, 2017, we paid \$192,000 under this lease.

We lease a property adjacent to our corporate headquarters from Industrial Loop Partners, LLC, an entity wholly owned by an affiliate of Bandera Ventures. For the year ended December 31, 2017, we paid \$335,194 under the lease. The lease has a remaining term of approximately six years. Mr. Blackwell, one of our directors, through his approximately 33% interest in Bandera Ventures, may be deemed an indirect beneficiary of this lease.

Jordan Frosch is a corporate sales manager for the company and the son-in-law of Dale Redman. Mr. Frosch received total compensation of approximately \$438,212 for his services for the year ended December 31, 2017.

* * *

Policies and Procedures for Related Party Transactions

Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons' immediate family members or affiliates, among others, in which the amount involved exceeds \$120,000, must first be presented to our audit committee for review, consideration and approval. All of our directors and executive officers are required to report to the audit committee chair any such related person transaction. In approving or rejecting the proposed agreement, our audit committee shall consider the facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in arm's-length dealings with an unrelated third party, the extent of the related party's interest in the transaction and the conflicts of interest and corporate opportunity provisions of our certificate of incorporation. If we should discover related person transactions that have not been approved, the audit committee will be notified and will determine the appropriate action, including ratification, revision or termination of such transaction.

21. On March 1, 2019, the Company filed its annual report on Form 10-K for the period ended December 31, 2018 (the "2018 10-K"). Therein, the Company reported \$1.7 billion revenue and \$173.9 million net income. As to disclosure controls and procedures, the report

stated that the CEO, CFO, and CAO had concluded that the Company's "disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2018." Moreover, the report stated that "management's assessment is that ProPetro Holding Corp. maintained effective internal control over financial reporting as of December 31, 2018."

22. Regarding related party transactions, the 2018 10-K incorporated by reference the information from the 2019 proxy statement, which stated:

We lease our corporate offices from PD Properties, an entity owned by Dale Redman, pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of \$72,000 per year. We also lease five properties adjacent to the corporate office from South Midkiff Partners LLC, an entity owned jointly by Dale Redman, David Sledge, Spencer Armour and Jeff Smith, with annual base rents of \$30,000, \$30,000, \$90,000, \$90,000 and \$180,000.

We paid Dale Redman, our Chief Executive Officer, \$393,034 for the year ended December 31, 2018, for reimbursement of costs incurred through use of his aircraft.

We rent certain flowback equipment from PD Properties, an entity owned by Dale Redman, our Chief Executive Officer. For the year ended December 31, 2017, we paid \$192,000 under this lease.

We lease a property adjacent to our corporate headquarters from Industrial Loop Partners, LLC, an entity wholly owned by an affiliate of Bandera Ventures. For the year ended December 31, 2018, we paid \$345,250 under the lease. The lease has a remaining term of approximately six years. Mr. Blackwell, one of our directors, through his approximately 33% interest in Bandera Ventures, may be deemed an indirect beneficiary of this lease.

Jordan Frosch is our Sales Manager and the son-in-law of Dale Redman. Mr. Frosch received total compensation of approximately \$530,511 for his services for the year ended December 31, 2018.

Sam Sledge is our Investor Relations Director and the son of David Sledge. Sam Sledge received total compensation of approximately \$717,481 for his services for the year ended December 31, 2018.

Morgan Stovall is our Corporate Controller and the daughter of Jeffrey Smith. Ms. Stovall received total compensation of approximately \$338,873 for her services for the year ended December 31, 2018.

23. On May 7, 2019, the Company announced its first quarter 2019 financial results, reporting \$546.2 million revenue and \$69.8 million net income. Moreover, regarding fleet

expansion in, the press release stated, in relevant part:

Operational Highlights and Fleet Expansion

As previously announced, ProPetro expanded its fracturing capacity by 510,000 HHP, representing 8 fleets and related pump down equipment, through its transaction with Pioneer. This transaction increased the Company's total capacity to 1,415,000 HHP. Effective utilization of the Company's fracturing assets during the first quarter of 2019 was 27.0 fleets. ProPetro expects effective utilization in the second quarter of 2019 to be approximately 26.0 fleets.

The Company also plans to build and deploy two electrically powered *DuraStim* (for further information, see "The *DuraStim* Difference" section later in this release) fleets by the end of 2019. Each of these fleets consists of 36,000 HHP and related power equipment. Both of these fleets will be deployed to existing customers under dedicated agreements.

During the quarter the Company also expanded its cementing operation by deploying one additional unit, bringing total current cementing capacity to 21 units. Also, as previously announced, ProPetro plans to organically expand its cementing operation by 3 additional units this year as well as organically expand its coil tubing capacity by 1 additional unit.

* * *

The *DuraStim* Difference

Designed by AFGlobal Corporation's ("AFGlobal") Pressure Pumping Technologies group, the *DuraStim* frac pump, at 6,000 HHP, offers the equivalent of three times the effective horsepower of a conventional frac unit, while operating at approximately 10% of the cyclic rate.

24. On June 28, 2019, the Company announced revised agreements with AFGlobal, stating in a press release, in relevant part:

- ProPetro Revises Previous Agreements with AFGlobal and Agrees to Purchase One Additional *DuraStim*® Fleet in 2019 in addition to Two Previously Announced, has Option to Purchase Up to Three Additional Fleets through End of 2020
- Announces that XTO Energy Inc. and Diamondback Energy are Expected to Deploy First Electrically Powered *DuraStim*® Hydraulic Fracturing Fleets in Permian Basin
- Announces Purchase of First Two TM2500 Gas Turbines to Power *DuraStim*® Fleets from Baker Hughes, a GE company

- Technology Expected to Significantly Reduce Costs and Create New Safety and Environmental Advantages for ProPetro Customers

25. The above statements identified in ¶¶18-24 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company's executive officers were improperly reimbursed for certain expenses; (2) that the Company had engaged in certain undisclosed transactions with related parties; (3) that the Company lacked adequate disclosure controls and procedures; (4) that the Company lacked effective internal control over financial reporting; and (5) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

26. On August 8, 2019, after the market closed, the Company issued a press release delaying its second quarter earnings conference call and quarterly report, citing an ongoing review by its Audit Committee. In a Form 8-K filed with the SEC on the same day, the Company stated that the review concerned, among other things, expense reimbursements and certain transactions involving related parties or potential conflicts of interest. The Form 8-K also stated that approximately \$370,000 had been improperly reimbursed to members of senior management since the Company's initial public offering in 2017. Moreover, the Company expected to report a material weakness in its internal control over disclosure.

27. Regarding the scope of the Audit Committee's review, the Form 8-K stated, in relevant part:

The Audit Committee (the "Committee") of the Company's board of directors (the "Board"), with assistance of independent outside counsel and accounting advisors, is in the process of conducting an internal review which initially focused on the Company's disclosure of agreements previously entered into by the Company with AFGlobal Corporation ("AFGlobal") for the purchase of Durastim® hydraulic fracturing fleets and effective communications related thereto. The review was later expanded to, among other items, review expense reimbursements and certain transactions involving related parties or potential conflicts of interest. Substantial work related to the review has been completed to

date, and the Committee expects to complete its review within the next 30 days. The Company is also in the process of implementing improvements to address certain findings identified to date in the review.

28. Regarding the Committee's findings, the Company stated, in relevant part:

As previously announced by the Company on June 28, 2019, the Company entered into revised agreements with AFGlobal pursuant to which it agreed to purchase one additional Durastim® hydraulic fracturing fleet, in addition to its agreements to purchase two Durastim® hydraulic fracturing fleets that were entered into during the quarter ended March 31, 2019. The Company also secured an option to purchase up to three additional fleets exercisable through the end of 2020. These revised agreements amended and/or replaced previous contracts to purchase a total of six DuraStim® fleets, including four DuraStim® fleets that the Company committed to purchase in April 2019.

As part of its review of internal controls, the Committee identified, due to inadequate documentation associated with the Company's expense reimbursement practices, certain expenses reimbursed to members of senior management, including the chief executive officer and chief financial officer, that were incorrectly recorded as expenses of the Company and appropriately allocable to the officers individually. Each of these officers has reimbursed the Company in full for the identified amounts. ***The reimbursed amounts totaled approximately \$370,000 since the Company's initial public offering in 2017.*** Of the total amounts, approximately \$346,000 were attributable to the chief executive officer and approximately \$18,000 were attributable to the chief financial officer.

Based on the review conducted to date, the Committee and management has not identified any failure to appropriately disclose related party transactions. The Committee and management have also not identified to date any items that would require revision or restatement of the Company's historical financial statements. However, the review is continuing and there is no assurance that additional items will not be identified. The Company does not intend to provide additional updates on the results of the review until it is concluded or the Company determines that further disclosure is appropriate or necessary.

29. On this news, the Company's share price fell \$4.59 per share, or over 26%, to close at \$12.75 per share on August 9, 2019, on unusually high trading volume.

CLASS ACTION ALLEGATIONS

30. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired ProPetro securities between March 27, 2018 and August 8, 2019, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are

Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

31. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ProPetro's common shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of ProPetro common stock were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by ProPetro or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

32. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

33. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

34. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of ProPetro; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

35. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

36. The market for ProPetro's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, ProPetro's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired ProPetro's securities relying upon the integrity of the market price of the Company's securities and market information relating to ProPetro, and have been damaged thereby.

37. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of ProPetro's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about ProPetro's business, operations, and prospects as alleged herein.

38. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about ProPetro's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an

unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

39. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

40. During the Class Period, Plaintiff and the Class purchased ProPetro's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

41. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding ProPetro, their control over, and/or receipt and/or modification of ProPetro's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning ProPetro, participated in the fraudulent scheme alleged herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE
(FRAUD-ON-THE-MARKET DOCTRINE)**

42. The market for ProPetro's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, ProPetro's securities traded at artificially inflated prices during the Class Period. On April 22, 2019, the Company's share price closed at a Class Period high of \$24.66 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of ProPetro's securities and market information relating to ProPetro, and have been damaged thereby.

43. During the Class Period, the artificial inflation of ProPetro's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about ProPetro's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of ProPetro and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

44. At all relevant times, the market for ProPetro's securities was an efficient market for the following reasons, among others:

- (a) ProPetro shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) As a regulated issuer, ProPetro filed periodic public reports with the SEC and/or the NYSE;
- (c) ProPetro regularly communicated with public investors via established market

communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) ProPetro was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

45. As a result of the foregoing, the market for ProPetro's securities promptly digested current information regarding ProPetro from all publicly available sources and reflected such information in ProPetro's share price. Under these circumstances, all purchasers of ProPetro's securities during the Class Period suffered similar injury through their purchase of ProPetro's securities at artificially inflated prices and a presumption of reliance applies.

46. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

47. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be

characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of ProPetro who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

48. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

49. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase ProPetro’s securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

50. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company’s securities in an effort to maintain artificially high market prices for ProPetro’s securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

51. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about ProPetro's financial well-being and prospects, as specified herein.

52. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of ProPetro's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about ProPetro and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

53. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

54. Defendants had actual knowledge of the misrepresentations and/or omissions of

material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing ProPetro's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

55. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of ProPetro's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired ProPetro's securities during the Class Period at artificially high prices and were damaged thereby.

56. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that ProPetro was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their ProPetro securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

57. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

58. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

59. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

60. Individual Defendants acted as controlling persons of ProPetro within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

61. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

62. As set forth above, ProPetro and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2019

By: DRAFT

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