UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

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

For the transition period from _____ to _____

Commission File Number 001-36909

ECO-STIM ENERGY SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**20-8203420**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
2930 W. Sam Houston Pkwy N., Suite 275, Houston, TX	**77043**
(Address of principal executive offices)	(Zip Code)

281-531-7200
(Registrant's telephone number, including area code)

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Registration S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] 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 definition of "accelerated filer," "large accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
	Emerging growth company [ ]

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

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

The registrant had 75,376,877 shares of common stock and 10,600 shares of Series A Convertible Preferred Stock outstanding at November 9, 2018. Excluded from the number of shares of common stock outstanding are 21,850 shares of common stock held as treasury stock.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that we expect, project, believe or anticipate will or may occur in the future are forward-looking statements. When used in this Form 10-Q, the words "could," "would," "should," "believe," "anticipate," "plan," "intend," "estimate," "expect," "project" and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Our forward-looking statements are based on our current expectations and assumptions and currently available information. Forward-looking statements may include statements that relate to, among other things:

- our intentions to provide pump down and miscellaneous pumping services in the U.S. market;
- our efforts to pursue asset sales and the use of proceeds from any such sales;
- our evaluation of strategic alternatives, including potential strategic alternatives for our Argentina business;
- our future financial and operating performance and results, including estimated revenue, margins, earnings or losses, or growth rates;
- our business strategy and budgets;
- our prospects and the plans and objectives of our management;
- future pricing and other conditions in the markets we serve;
- our efforts and ability to obtain future contracts and customers;
- our technology;
- our financial strategy;
- the amount, nature and timing of capital expenditures;
- competition and government regulations;
- future operating costs and other expenses;
- our cash flow and anticipated liquidity;
- our property and equipment acquisitions and sales; and
- our plans, forecasts, objectives, expectations and intentions.

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 the anticipated future results or financial condition expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include but are not limited to:

- the cyclical nature of the oil and natural gas industry;
- the potential for our customers to backward-integrate by starting their own well service operations or otherwise reduce the use of our services;
- the potential for excess capacity in the oil and natural gas service industry;

- dependence on the spending and drilling activity by the onshore oil and natural gas industry;
- competition within the oil and natural gas service industry;
- our ability to maintain pricing and obtain contracts;
- deterioration of the credit markets;
- our ability to raise additional capital to fund future working capital requirements and repayment of debt and liabilities;
- increased vulnerability to adverse economic conditions due to our incurrence of indebtedness;
- our limited operating history;
- our ability to obtain raw materials and specialized equipment;
- technological developments or enhancements;
- asset impairment and other charges;
- our ability to identify, make and integrate acquisitions;
- the control of Fir Tree Partners (together with its affiliated funds, "Fir Tree") over matters subject to stockholder approvals;
- loss of key executives;
- the ability to employ and retain skilled and qualified workers;
- work stoppages and other labor matters;
- hazards inherent to the oil and natural gas industry;
- inadequacy of insurance coverage for certain losses or liabilities;
- delays in obtaining required permits;
- ability to import equipment or spare parts into Argentina on a timely basis;
- legislation and regulations affecting the oil and natural gas industry or aspects of our business, including future legislative and regulatory developments;
- legislation and regulatory initiatives relating to well stimulation;
- foreign currency exchange rate fluctuations;
- effects of climate change;
- volatility of economic conditions in Argentina;
- market acceptance of turbine pressure pumping technology;
- the profitability for our customers of shale oil and gas if commodity prices decrease;

- risks of doing business in Argentina and the United States;

- risks associated with the start-up of new business operations in new markets, such as the inability to hire sufficient qualified employees, obtain necessary machinery and equipment needed to conduct our operations and meet the needs of our customers, and our ability to obtain operating permits in time; and

- costs and liabilities associated with labor, employment, environmental, health and safety laws, including any changes in the interpretation or enforcement thereof.

For additional information regarding known material factors that could affect our operating results and performance, please read (1) "Risk Factors" in Part II—Item 1A of this Form 10-Q and "Part I—Item 1A—Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and (2) "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I—Item 2 of this Form 10-Q, as well as in Part II—Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Should one or more of these known material risks occur, or should the underlying assumptions prove incorrect, our actual results, performance, achievements or other events could differ materially from those expressed or implied in any forward-looking statement. There also may be risks of which we are currently unaware.

We believe that it is important to communicate our expectations of future performance to our investors. However, events may occur in the future that we are unable to accurately predict, or over which we have no control. When considering our forward-looking statements, you should keep in mind the cautionary statements in this Form 10-Q, which provide examples of risks, uncertainties and events that may cause our actual results to differ materially from those contained in any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and any other cautionary statements that may accompany such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to revise or update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Form 10-Q.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only of our expectations based on known factors as of the date of the particular statement.

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ECO-STIM ENERGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 3,909,775	$ 8,826,076
Accounts receivable	4,765,965	10,167,044
Inventory	2,456,229	3,699,245
Prepaids	2,563,698	4,363,064
Other assets	741,048	787,846
Total current assets	14,436,715	27,843,275
Property, plant and equipment, net	48,370,089	75,825,539
Total assets	$ 62,806,804	$ 103,668,814
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 20,077,456	$ 17,110,691
Accrued expenses	6,819,864	4,820,774
Short-term notes payable	12,320,337	7,047,020
Current portion of capital lease payable	3,518,323	836,855
Total current liabilities	42,735,980	29,815,340
Non-current liabilities:		
Long-term notes payable	591,782	1,172,712
Total non-current liabilities	591,782	1,172,712
Commitment and contingencies		
Stockholders' equity		
Preferred stock, $0.001 par value, 50,000,000 shares authorized, 30,000 designated as Series A Convertible Preferred Stock, 10,000 of Series A Preferred issued and outstanding at September 30, 2018 and none issued or outstanding at December 31, 2017	10	—
Common stock, $0.001 par value, 200,000,000 shares authorized, 75,169,868 issued and 75,148,018 outstanding at September 30, 2018 and 74,599,749 issued and 74,577,899 outstanding at December 31, 2017	75,149	74,578
Additional paid-in capital	155,504,491	144,071,119
Treasury stock, at cost; 21,850 common shares at September 30, 2018 and at December 31, 2017	(57,469)	(57,469)
Accumulated deficit	(136,043,139)	(71,407,466)
Total stockholders' equity	19,479,042	72,680,762
Total liabilities and stockholders' equity	$ 62,806,804	$ 103,668,814

See accompanying notes to the unaudited condensed consolidated financial statements.

ECO-STIM ENERGY SOLUTIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues	$ 14,932,506	$ 13,120,229	$ 50,922,478	$ 24,210,545
Operating cost and expenses:				
Cost of services	17,181,673	14,874,958	59,194,660	29,935,216
Selling, general, and administrative expenses	4,081,031	2,785,138	10,774,498	6,796,512
Depreciation and amortization expense	6,073,723	1,936,324	16,768,305	4,700,835
Impairment of fixed assets	19,665,000	—	23,350,445	—
Total operating costs and expenses	47,001,427	19,596,420	110,087,908	41,432,563
Operating loss	(32,068,921)	(6,476,191)	(59,165,430)	(17,222,018)
Other income (expense):				
Interest expense	(556,302)	(60,566)	(1,505,014)	(1,767,181)
Interest forgiven	—	—	—	634,477
Foreign currency loss	(183,252)	(64,190)	(1,233,158)	(64,173)
Other income (expense)	(2,390,221)	(39,116)	(2,748,446)	(31,286)
Total other expense	(3,129,775)	(163,872)	(5,486,618)	(1,228,163)
Net loss before income taxes	(35,198,696)	(6,640,063)	(64,652,048)	(18,450,181)
Benefit (provision) for income taxes	—	—	16,375	633,259
Net loss	$ (35,198,696)	$ (6,640,063)	$ (64,635,673)	$ (17,816,922)
Basic and diluted loss per share	$ (0.47)	$ (0.10)	$ (0.86)	$ (0.30)
Weighted average number of common shares outstanding – basic and diluted	74,880,072	66,579,514	74,778,657	58,692,699

See accompanying notes to the unaudited condensed consolidated financial statements.

ECO-STIM ENERGY SOLUTIONS, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Treasury	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Total
Balance at December 31, 2017	—	$ —	74,577,899	$ 74,578	$144,071,119	$ (57,469)	$ (71,407,466)	$ 72,680,762
Common stock-based compensation, net of costs	—	—	570,119	571	2,330,589	—	—	2,331,160
Preferred stock issuance, net of costs	10,000	10	—	—	9,702,783	—	—	9,702,793
Preferred Dividends	—	—	—	—	(600,000)	—	—	(600,000)
Net loss	—	—	—	—	—	—	(64,635,673)	(64,635,673)
Balance at September 30, 2018	10,000	$ 10	75,148,018	$ 75,149	$155,504,491	$ (57,469)	$(136,043,139)	$ 19,479,042

See accompanying notes to the unaudited condensed consolidated financial statements.

ECO-STIM ENERGY SOLUTIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2018	**2017**
Operating Activities		
Net loss	$ (64,635,673)	$ (17,816,922)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	16,768,305	4,700,835
Impairment of fixed assets	23,350,445	—
Amortization of debt discount and loan origination cost	52,625	442,255
Stock based compensation	2,331,158	1,130,113
Gain on sale of fixed assets	(291,978)	—
Changes in operating assets and liabilities:		
Accounts receivable	5,401,079	(5,646,734)
Inventory	1,243,018	(2,588,791)
Prepaids and other assets	2,050,143	(2,238,350)
Accounts payable and accrued expenses	(1,462,587)	8,593,714
Net cash used in operating activities	(15,193,465)	(13,423,880)
Investing Activities		
Purchases of equipment	(6,138,763)	(24,696,048)
Proceeds from sale of equipment	2,927,538	—
Net cash used in investing activities	(3,211,225)	(24,696,048)
Financing Activities		
Proceeds from sale of common stock, net	—	41,789,604
Proceeds from notes payable	11,537,417	18,875,292
Proceeds from sale of preferred stock, net	9,702,793	—
Payments on notes payable	(7,083,524)	(2,000,000)
Payments on capital lease	(668,297)	(581,461)
Net cash provided by financing activities	13,488,389	58,083,435
Net increase (decrease) in cash and cash equivalents	(4,916,301)	19,963,507
Cash and cash equivalents, beginning of period	8,826,076	1,731,364
Cash and cash equivalents, end of period	$ 3,909,775	$ 21,694,871
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	$ 1,014,043	$ 279,850
Cash paid during the period for income taxes	$ 319,543	$ 215,544
Non-cash transactions		
Property, plant and equipment additions in accounts payable	$ 5,828,455	$ 9,351,016
Conversion of debt to equity	$ —	$ 41,354,301
Notes payable settled through recapitalization	$ —	$ 22,000,000
Interest forgiven from convertible debt	$ —	$ 634,477
Equipment purchased with notes payable	$ 44,503	$ 2,573,612
Preferred dividend accrued	$ 600,000	—

See accompanying notes to the unaudited condensed consolidated financial statements.

1 – Organization and Nature of Business

Eco-Stim Energy Solutions, Inc. (together with its subsidiaries, the "Company," "Eco-Stim," "we" or "us") is a technology-driven independent oilfield services company that has historically offered well stimulation, coiled tubing and field management services to the upstream oil and gas industry. In September 2018, we completed work under our pressure pumping contract with our primary U.S. customer. Given the current weakness of the U.S. well stimulation market, in September 2018 we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. We are actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations. We currently intend to use the proceeds from any such sales to reduce our outstanding liabilities and improve our liquidity, however, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales. We are also actively pursuing strategic alternatives, including alternatives for our operations in Argentina.

2 – Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements are unaudited and have been prepared from our books and records in accordance with Rule 10-1 of Regulation S-X for interim financial information. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. In the opinion of our management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of results of operations for a full year. These condensed consolidated financial statements should be read in conjunction with our Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017.

In the second quarter 2017, we began start-up of operations in the U.S. We now manage our business through operating segments aligned with our two geographical operating regions; Argentina and the U.S. We also report certain corporate and other non-operating activities under the heading "Corporate and Other", which primarily reflects corporate personnel and activities, incentive compensation programs and other non-operational allocable costs. For financial information about our segments, see Note 9 - Segment Reporting.

Principles of Consolidation

We consolidate all wholly-owned subsidiaries, controlled joint ventures and variable interest entities where the Company has determined it is the primary beneficiary. All material intercompany accounts and transactions have been eliminated in consolidation. Our wholly-owned subsidiaries include: Viking Rock Holding, AS (100%), Viking Rock, AS (100% owned), Cherokee Rock, Inc. (100% owned), EcoStim, Inc. (100% owned), and Eco-Stim Energy Solutions Argentina, SA (100% owned).

Going Concern

Under *Accounting Standards Update 2014-15, Presentation of Financial Statements-Going Concern,* the Company is required to evaluate whether there is a substantial doubt about its ability to continue as a going concern each reporting period, including interim periods. In evaluating the Company's ability to continue as a going concern, management has considered conditions and events that could raise substantial doubt about the Company's ability to continue as a going concern for 12 months following the date the Company's financial statements are issued (November 14, 2018), including the Company's current financial condition and liquidity sources, including current cash balances, forecasted cash flows, the Company's obligations due before November 14, 2019, including the Company's obligations described in Note 6 (Commitments and Contingencies), and the other conditions and events described below.

The Company has incurred substantial net losses and losses from operations since inception. As of September 30, 2018, the Company had cash and cash equivalents of approximately $3.9 million and a working capital deficit of approximately $28.3 million. The Company does not have access to a working capital facility and may not have access to other sources of external capital on reasonable terms or at all. In September 2018, the Company elected to suspend its U.S. well stimulation operations and significantly reduce its U.S. workforce in alignment with potential near-term opportunities. As a result, as of November 14, 2018, the Company was only conducting pump down operations in the U.S. and the Company does not currently expect to generate any material revenue from its U.S. operations in the fourth quarter of 2018. In addition, the Company does not expect that its U.S. operations will generate any material revenue in future periods unless the Company is able to obtain access to additional third party capital to fund its future operations on reasonable terms or is otherwise able to consummate a strategic transaction. In Argentina, the Company has been operating under a transition agreement with its primary customer since May 2018. Following the third quarter of 2018, the Company has not provided any services to its primary customer in Argentina under the transition agreement or otherwise, and the Company did not generate any revenue from its Argentina operations in October 2018. The Company is currently pursuing new work with multiple operators in Argentina, including its primary customer, however, there can be no assurance that the Company obtains additional work in Argentina on favorable terms or at all. If the Company does not obtain new work either from its current customer or new customers, it does not expect to generate any material revenue from its Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods. As of September 30, 2018, the outstanding aggregate principal amount of the Company's outstanding Negotiable Demand Promissory Note was approximately $8.5 million. If the Company's obligations under the Negotiable Demand Promissory Note are accelerated pursuant to its terms, there can be no assurance that the Company will have sufficient funds to repay such obligations or the Company's other obligations.

Management's plans to alleviate substantial doubt include: (i) pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to the Company's U.S. operations; (ii) using the proceeds from asset sales to reduce the Company's outstanding liabilities and improve its liquidity; (iii) pursuing strategic alternatives, including alternatives for the Company's operations in Argentina which could include selling, reducing the scale of, or shutting down the Company's operations in Argentina; (iv) significantly reducing the Company's U.S. workforce in alignment with potential near-term opportunities, which actions have been substantially implemented; (v) pursuing new work for the Company's operations in Argentina; and (vi) taking other steps to reduce costs and liabilities. However, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales or other actions. Based on the uncertainty of achieving these items and the significance of the factors described above, there is substantial doubt as to the Company's ability to continue as a going concern for a period of 12 months following November 14, 2018.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are used in, but are not limited to, determining the following: allowance for doubtful accounts, recoverability of long-lived assets and intangibles, useful lives used in depreciation and amortization, tax valuation allowance and stock-based compensation. The accounting estimates used in the preparation of the condensed consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains deposits in several financial institutions in both Argentina and the U.S. Funds held in the U.S. may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Revenue

The Company adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, effective January 1, 2018, using the modified retrospective method. As there was no material impact on the Company's current revenue recognition processes, no retrospective adjustments were necessary. Further, there were no significant changes to the Company's internal control over revenue recognition due to the Company's adoption of ASU 2014-09.

Revenue is earned at a point in time when services are rendered, which is generally on a per stage basis for our well stimulation business or fixed daily rate for the Company's coiled tubing operations. All revenue is recognized when a contract with a customer exists, the performance obligations under the contract have been satisfied, the amount to which the Company has the right to invoice has been determined and collectability of amounts subject to invoice is probable. The Company does not incur contract acquisition and origination costs. Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from revenues in the unaudited condensed consolidated statements of operations and net cash provided by operating activities in the unaudited condensed consolidated statements of cash flows.

The Company has elected the practical expedient to recognize revenue based upon the transactional value it has the right to invoice upon completion of each performance obligation per the contract terms, as the Company believes its right to consideration corresponds directly with the value transferred to the customer, and this expedient does not lend itself to the application of significant judgment. As a result of electing these practical expedients, there was no material impact on the Company's current revenue recognition processes and no retrospective adjustments were necessary.

The Company's obligations for refunds as well as the warranties and related obligations stated in its contracts with its customers are standard to the industry and are related to the correction of any defectiveness in the execution of its performance obligations.

The Company expenses sales costs and any commissions when incurred as the amortization period would have been one year or less.

Well Stimulation Revenue

The Company has historically provided well stimulation services based on contractual arrangements, such as term contracts and pricing agreements, or on a spot market basis. Revenue is recognized upon completion of stimulation stages and includes the components of the services and the chemicals and proppants consumed while performing the well stimulation services. For our U.S. business, our performance obligations are defined as stages. In the case of our Argentina business, our performance obligations have been defined as stages plus specific defined services noted within the contract. For both businesses, customers are invoiced upon the completion of each job, which consist of multiple stimulation stages.

Under term pricing agreement arrangements, customers commit to targeted utilization levels at agreed-upon pricing, but without termination penalties or obligations to pay for services not used by the customer. In addition, the agreed-upon pricing is typically subject to periodic review.

Spot market basis arrangements are based on agreed-upon spot market rates.

Coiled Tubing Revenue

For our coiled tubing services, performance obligations are satisfied within a day, in line with day rates established by the contract. Jobs for these services are typically short term in nature, lasting anywhere from a few hours to a few days. Revenue is recognized upon completion of each job based upon a completed field ticket. The Company charges the customer for mobilization, services performed, personnel on the job, equipment used on the job, and miscellaneous consumables at agreed-upon spot market rates.

Disaggregation of Revenue

Revenue activities during the three and nine months ended September 30, 2018 and 2017, respectively were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues by service type:				
Well stimulation	$ 14,389,076	$ 12,940,800	$ 49,541,336	$ 22,489,017
Coiled tubing	543,430	179,429	1,381,142	1,721,528
Total	$ 14,932,506	$ 13,120,229	$ 50,922,478	$ 24,210,545

Contract Balances

In line with industry practice, the Company bills its customers for its services in arrears, typically when the stage or well is completed or at month-end. The majority of the Company's jobs are completed in less than 14 days. Furthermore, it is currently not standard practice for the Company to execute contracts with prepayment features. As such, the Company's contract liabilities with its customers are immaterial to its unaudited condensed consolidated balance sheets.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued expenses, capital lease obligations and notes payable. The recorded values of cash and cash equivalents, accounts receivable, other assets, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The carrying value of capital lease obligations and notes payable approximate their fair value, and the interest rates approximate market rates.

Functional and Reporting Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Functional Currency for the Company's Norwegian and Argentine subsidiaries is the U.S. Dollar. The condensed consolidated financial statements are presented in U.S. Dollars, which is the Company's reporting currency.

Net Loss per Common Share

For the nine months ended September 30, 2018 and 2017, the weighted average shares outstanding excluded shares of common stock issuable upon the exercise of certain stock options and shares of common stock issuable upon the conversion of outstanding shares of Series A Preferred totaling 11,927,142 and 725,657, respectively, from the calculation of diluted earnings per share because these shares would be anti-dilutive. As of June 20, 2017, the Company's convertible debt was converted into common stock at $1.40 per share and therefore the Company no longer has any convertible debt outstanding. Anti-dilutive warrants of 100,000 for each of the nine months ended September 30, 2018 and 2017 were also excluded from the weighted average share outstanding calculation.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2018 presentation, with no material effect on the presentation of December 31, 2017 or September 30, 2017, and no impact on revenue or net loss.

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances both billed and unbilled (unbilled accounts receivable represents amounts recognized as revenue for which invoices have not yet been sent to clients). Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. The Company evaluated all accounts receivable and determined that no reserve for doubtful accounts was necessary at September 30, 2018 or December 31, 2017.

Prepaids and Other Assets

Prepaid expenses and other assets are primarily comprised of prepaid insurance, Argentinian value added tax and deposits made on equipment purchases.

Inventory

Inventories are stated at the lower of cost or net realizable value using the average cost method and appropriate consideration is given to deterioration, obsolescence and other factors in evaluating net realizable value.

Property, Plant and Equipment

Property, Plant and Equipment ("PPE") is stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying consolidated statements of operations for the respective period.

The estimated useful lives of our major classes of PPE are as follows:

Major Classes of PPE	Estimated Useful Lives
Machinery and equipment	13 months-7 years
Vehicles	5 years
Leasehold improvements	5 years (or the life of the lease)
Furniture and office equipment	3-5 years

In September 2018, we sold certain of our non-core U.S. equipment for $2.9 million, recognizing a gain of $0.3 million. The proceeds were used to fund the general operations of the business.

Leases

The Company leases certain equipment under lease agreements. The Company evaluates each lease to determine its appropriate classification as an operating or capital lease for financial reporting purposes. Any lease that does not meet the criteria for a capital lease is accounted for as an operating lease. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the related assets. Assets under capital leases are amortized using the straight-line method over the shorter of the asset life or lease term. Amortization of assets under capital leases are included in depreciation expense.

Stock-Based Compensation

The Company accounts for its stock options, warrants, and restricted stock grants under the fair value recognition provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The Company currently uses the straight-line amortization method for recognizing stock option and restricted stock compensation costs. The measurement and recognition of compensation expense for all share-based payment awards made to our employees, directors or outside service providers are based on the estimated fair value of the awards on the grant dates. The grant date fair value is estimated using either an option-pricing model which is consistent with the terms of the award or a market observed price, if such a price exists. Such cost is recognized over the period during which an employee, director or outside service provider is required to provide service in exchange for the award, i.e., "the requisite service period" (which is usually the vesting period). The Company also estimates the number of instruments that will ultimately be earned, rather than accounting for forfeitures as they occur.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. ASC Topic 360 requires the Company to review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or group of assets may not be recoverable. The impairment review includes a comparison of future cash flows expected to be generated by the asset or group of assets with their associated carrying value. If the carrying value of the asset or group of assets exceeds expected cash flows (undiscounted and without interest charges), an impairment loss is recognized to the extent that the carrying value exceeds the fair value. If estimated future cash flows are not achieved with respect to long-lived assets, additional write-downs may be required.

During the second quarter of 2018, the Company concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with our decision to move from providing services operating two well stimulation fleets in the U.S. to providing a single well stimulation fleet in the U.S. providing pumping services to a single customer. As a result, crew and staff reductions were taken. Further, the Company reviewed the long-lived assets for impairment and recorded a $3.7 million impairment expense. The full amount is related to our U.S. segment. The impairment was measured using the market approach utilizing an appraisal to determine fair value of the impaired assets.

During the third quarter of 2018, the Company concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with our decision to pursue the sale of a substantial majority of our U.S. equipment and suspension of its U.S. well stimulation operations. The Company reviewed the long-lived assets for impairment and recorded a $19.7 million impairment expense. The full amount is related to our U.S. segment. The impairment was measured using the market approach utilizing current bid values being obtained for the assets.

Major Customers and Concentration of Credit Risk

The majority of the Company's business from inception through the first quarter of 2017 was conducted with major and independent oil and natural gas companies in Argentina. For the nine months ending September 30, 2018, 79% or $40.2 million and 21% or $10.7 million of our revenue is from the U.S. and Argentina, respectively. The Company evaluates the financial strength of its customers and provides allowances for probable credit losses when deemed necessary. The Company has historically derived a large amount of revenue from a small number of national and independent oil and natural gas companies. At September 30, 2018, the Company had a concentration of receivables with two customers.

For the nine months ended September 30, 2018 and 2017, two major customers accounted for approximately 95% and 99% of our services revenue, respectively. For the year ended December 31, 2017, two major customers represented 74% of our services revenue. Our accounts receivable at September 30, 2018 and 2017 were concentrated with two major customers representing 98% and 100%, respectively. The Company does not expect to generate any material revenue from these customers following the third quarter of 2018.

Income Taxes

Deferred income taxes are determined using the asset and liability method in accordance with ASC Topic 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in years in which such temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income taxes is recognized in the consolidated statement of operations of the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company is subject to U.S. federal and foreign income taxes along with state corporate income taxes in Texas and Oklahoma. The Company can and does pay taxes as some taxes are based on revenues or other basis other than net income. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. At September 30, 2018, there are no recorded liabilities associated with our U.S. federal or foreign income taxes. Additionally, at September 30, 2018, a full valuation allowance has been established reducing any deferred tax asset as it was determined that it is more likely than not that the deferred tax asset will not be realized.

Further, the Fir Tree Transaction (see Item 2: "–Liquidity and Capital Resources" for more information on the Fir Tree Transaction), resulted in a change in control and will likely limit the Company's ability to utilize net operating loss tax benefits due to limitations pursuant to Section 382 of the U.S. Tax Code. As of September 30, 2018 and December 31, 2017, there was no tax asset benefit recorded as a provision was made to fully reserve the benefit.

Recently Issued and Adopted Accounting Guidance

In May 2017, the FASB issued ASU No. 2017-09, Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting, which clarifies when modification accounting should be applied for changes to terms or conditions of a share-based payment award. This ASU is applied prospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, with early adoption permitted. We adopted ASU 2017-09 in the first quarter of 2018, with such adoption having no material impact on the accompanying condensed consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which replaced most existing revenue recognition guidance in U.S. GAAP when it became effective. This new standard requires us to recognize the amount of revenue to which we expect to be entitled for the transfer of promised goods or services to customers. We adopted the new standard using the modified retrospective application in the first quarter of 2018, with such adoption having no impact on the accompanying condensed consolidated financial statements and no cumulative effect adjustment was recognized.

Accounting Guidance Issued But Not Adopted as of September 30, 2018

On February 25, 2016, the FASB issued ASU 2016-02 Leases (Topic 842), which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. ASU 2016-02 will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect this standard will have on its future condensed consolidated financial statements and related disclosures.

3 – Accounts Receivable

Accounts receivable by category were as follows:

	September 30, 2018	December 31, 2017
Billed	$ 3,229,362	$ 4,439,637
Unbilled	1,536,603	5,727,407
Total accounts receivable	$ 4,765,965	$ 10,167,044

As of September 30, 2018, all of the unbilled accounts receivable related to Argentina. Subsequent to September 30, 2018, a majority of the unbilled accounts receivable from Argentina had been invoiced.

Receivables Agreement. On February 8, 2018, we entered into a Recourse Receivables Purchase & Security Agreement (the "Receivables Agreement") with Porter Capital Corporation ("Porter Capital"). Under the terms of the Receivables Agreement, we have been able, from time to time, to sell accounts receivable ("Accounts") to Porter Capital in exchange for funds in an amount equal to 80% (or less as percentage is subject to credit limits established by Porter Capital) of the face amount of the applicable Account at the time of sale of the Account, with the remaining 20% of the face amount of the applicable Account to be held back as a required reserve amount to be paid to us following Porter Capital's receipt of payment on the Account by the account debtor, less applicable fees and interest charges. The total face amount of outstanding Accounts purchased by Porter Capital under the Receivables Agreement could not exceed $12.5 million.

Under the terms of the Receivables Agreement, we have been obligated to pay interest on the face amount of the outstanding and unpaid Accounts purchased by Porter Capital, less the amount of the reserve account, at an interest rate equal to the Prime Rate (as defined in the Receivables Agreement) plus 8.25%. We have also been obligated under the Receivables Agreement to pay certain fees, including a fee (the "Minimum Term Fee") payable upon termination of the agreement in an amount equal to: (i) the monthly interest rate multiplied by $5 million, multiplied by the number of months in the agreement term, less the amount of actual interest paid during the term of the agreement; or (ii) following the occurrence of an Event of Default (as defined below) that has not been cured within the time periods contemplated under the agreement, $1.8 million, less the amount of actual interest paid during the term of the agreement. The Minimum Term Fee was also subject to reduction under certain circumstances if Porter Capital did not purchase certain eligible Accounts that are presented for purchase by us.

All of our obligations under the Receivables Agreement have been secured by liens on certain of our assets, including the accounts receivable, chattel paper, inventory relating to our U.S. operations and certain equipment used for our U.S. operations (excluding equipment subject to vendor financing) (collectively, the "Collateral"). The Receivables Agreement further provided for customary events of default ("Events of Default"), including but not limited to the failure to make payments when due; insolvency events; the failure to comply with covenant obligations arising under the agreement or other agreements with Porter Capital or its affiliates; and breaches of representations and warranties. Upon the occurrence of an Event of Default, Porter Capital could terminate the Receivables Agreement and declare all of our outstanding obligations under the Receivables Agreement to be due and payable. The Receivables Agreement had an initial term of one year and would renew for successive one-year terms unless we provided notice of cancellation in accordance with the terms of the Receivables Agreement. We were also able to terminate the Receivables Agreement prior to the expiration of the term upon written notice and payment of our obligations thereunder. Following the end of the third quarter of 2018, we terminated the Receivables Agreement. See Note 10 -- Subsequent Events.

For sales of our receivable under this Receivables Agreement, the Company applies the guidance in ASC 860, "*Transfers and Servicing – Sales of Financial Assets*", which requires the derecognition of the carrying value of those accounts receivable in the Condensed Consolidated Balance Sheets. For the quarter ended September 30, 2018, $15.3 million of accounts receivable transferred pursuant to the Receivables Agreement qualified as sales of receivables and the carrying amounts were derecognized. There was no loss associated with the sales of these receivables. At September 30, 2018, we are owed $0.5 million representing the held back required reserve amount to be paid to us following Porter Capital's receipt of payment on the Account by the account debtor. This balance is included in accounts receivable on the Condensed Consolidated Balance Sheets.

4 – Prepaids

Prepaids by category were as follows:

	September 30, 2018	December 31, 2017
Prepaid insurance	$ 747,496	$ 142,531
VAT and other taxes	1,282,419	2,935,351
Vehicle registration	133,428	606,218
Prepaid other	240,355	678,964
Total prepaids	$ 2,563,698	$ 4,363,064

A majority of the decrease in Prepaids is attributable to VAT and other taxes being reduced attributable to reductions in purchases over time in turn attributable to the unbundling of third party services provided to our customer in Argentina. The decrease was also attributable to a write-off of an equipment purchase deposit that the Company never utilized. The decrease was offset by insurance premium payments being recorded at the first of the year for annual coverage that have been subsequently amortized during the year.

5 – Stock-Based Compensation

The Company has two stock incentive plans, the 2013 Stock Incentive Plan (the "2013 Plan") and the 2015 Stock Incentive Plan (the "2015 Plan"), (or collectively, the "Plans"), for the granting of stock-based incentive awards, including incentive stock options, non-qualified stock options, restricted stock and phantom stock awards to employees, consultants and members of the Company's Board. The 2013 Plan was adopted in 2012 and amended in 2013 and authorizes 1,000,000 shares of common stock to be issued under the 2013 Plan. The 2015 Plan, f/k/a "the 2014 Stock Incentive Plan," was adopted in 2014 and was amended in 2015 and 2016 to authorize a total of 700,000 additional shares, resulting in a maximum of 1,200,000 shares of common stock being authorized for issue under the modified 2015 Plan. Both the 2013 Plan and the 2015 Plan have been approved by the stockholders of the Company. On June 15, 2017, at our annual meeting of stockholders (the "2017 Annual Meeting"), our stockholders approved an increase to the aggregate maximum number of shares of common stock available under the 2015 Plan by 5,000,000 shares (from 1,200,000 shares to 6,200,000 shares). On June 20, 2018, at our annual meeting of stockholders (the "2018 Annual Meeting"), our stockholders approved an increase to the aggregate maximum number of shares of common stock available under the 2015 Plan by 3,000,000 shares (from 6,200,000 shares to 9,200,000 shares). As of September 30, 2018, 256,991 shares of common stock were available for grant under the 2013 Plan and 2,041,698 shares of common stock were available for grant under the 2015 Plan.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. The expected life of awards granted represents the period of time that they are expected to be outstanding. The Company determined the initial expected life based on a simplified method in accordance with the FASB ASC Topic 718, giving consideration to the contractual terms, vesting schedules, and pre-vesting and post-vesting forfeitures.

During the nine months ended September 30, 2018 and 2017, the Company recorded $2,331,160 and $1,130,113, respectively, of stock-based compensation, of which $1,910,666 and $831,208 was included in selling, general and administrative expense for the nine months ended September 30, 2018 and 2017, respectively, and $420,494 and $298,905 was included in cost of sales for the nine months ended September 30, 2018 and 2017, respectively, in the accompanying condensed consolidated statement of operations. Total unamortized stock-based compensation expense at September 30, 2018 was $2,078,951 compared to $3,247,370 at December 31, 2017 and will be fully expensed through 2020.

6 – Commitments and Contingencies

Capital Lease Obligations

The Company leases certain equipment from a third party with certain prepayments being made securing the final six months of payments on the lease. Lease payments are $81,439 per month, with the final three months of prepaid payments being shown as other non-current assets in the consolidated balance sheets with a balance of $244,317. The minimum present value of the lease payments is $0.7 million with terms of sixty months and implied interest of 14%.

The Company also leases certain other equipment through an equipment lease purchase agreement with a third party. Lease payments range between $261,240 per month to $1,077,615 per month based on the agreement. The minimum present value of the lease payment is $3.3 million with an initial term of six months and implied interest rate of 8%. We continue to accrue interest for the unpaid balance at 8% per annum.

The next five years of lease payments are:

	Principal	Interest	Total Capital Lease Payments
2018	$ 3,535,865	$ 51,102	$ 3,586,968
2019	—	—	
Total future payments	3,535,865	51,102	3,586,968
Less debt discount due to warrants			(17,543)
Less amount representing interest			(51,102)
Less current portion of capital lease obligations			(3,518,323)
Capital lease obligations, excluding current installments			$ —

Operating Leases

The Company's operating leases correspond to equipment facilities and office space in Argentina and the U.S. The operating leases also correspond to operational equipment utilized by the Company's U.S. operations. The combined future minimum lease payments as of September 30, 2018 are as follows:

	Operating Leases
2018	$ 105,240
2019	69,000
Thereafter	—
Total	$ 174,240

Commitments

Historically, in the course of operations, we entered into certain long-term raw material supply agreements for the supply of proppant to be used in hydraulic well stimulation in our U.S. operations. As part of these agreements, we are subject to minimum tonnage purchase requirements and may pay penalties in the event of any shortfall. Additionally, we have entered into certain long-term transportation agreements for the transportation of raw material from the vendors' point of delivery to the well site to support our U.S. operations. Per the agreements with these vendors, we are subject to certain minimum commitments under the long-term transportation agreements.

In September 2018, we completed work under our pressure pumping contract with our primary U.S. customer. Given the current weakness of the U.S. well stimulation market, in September 2018 we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. With this decision, we believe it is probable that we will not fulfill our commitments within the requirements under U.S. GAAP Contingencies (Topic 450) regarding certain of the above noted supply and transportation agreements. As such, we have recorded accruals related to what we believe to be reasonable estimates related to the future settlements of these contingencies of $2.0 million recorded in Accrued expenses in our Consolidated Financial Statements. We intend to seek to negotiate with the counterparties to these agreements and therefore, the amount of ultimate settlement may be higher or lower than what we have recorded, with the maximum aggregate potential liability estimated by us to be approximately $5.5 million, including estimated litigation expenses. Payment terms would also be established upon settlement with these counterparties.

Legal Proceedings

From time to time, we may be a party or otherwise subject to legal or regulatory proceedings or other claims incidental to or arising in the ordinary course of our business. While the ultimate outcome of these matters cannot be predicted at this time, we do not expect that the resolution of these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

On May 1, 2018, a collective action lawsuit was filed against Eco-Stim Energy Solutions, Inc. and certain of its subsidiaries by a former employee in the United States District Court for the Southern District of Texas (Houston Division) alleging that we failed to pay a class of workers in compliance with the Fair Labor Standards Act and seeking recovery of such wages, attorney's fees, costs, interest and other related damages. In September 2018, this case was stayed pending resolution through arbitration proceedings among the parties. We dispute the allegations and intend to vigorously contest the matter. We are currently not able to predict the outcome of this matter or whether it will have a material impact on our financial position, results of operations or cash flows.

In addition, four of our vendors have filed lawsuits against us in four separate Texas state court actions seeking to collect an aggregate of approximately $2.4 million of damages for amounts alleged to be owed by us for various goods, equipment or services alleged to have been provided by such vendors, as well as pre-judgment and post-judgment interest and attorney's fees. In addition, certain of our vendors have filed, or have threatened to file, liens against certain assets of our former customers with respect to amounts alleged to be owed by us for various goods, equipment or services alleged to have been provided by such vendors in an aggregate amount of approximately $3.8 million. We intend to vigorously contest these matters or seek mutually agreeable settlements of the claimed amounts, and we may incur material expenses in connection with the resolution of these lawsuits and claims.

7 – Debt

The carrying values of our debt obligations, net of unamortized debt issuance costs of $347,005 and $0 as of September 30, 2018 and December 31, 2017, respectively, are as follows:

	September 30, 2018		December 31, 2017	
	Short Term	Long Term	Short Term	Long Term
Demand Promissory Note	$ 8,189,013	$ —	$ —	$ —
Vendor equipment financing	3,995,190	591,782	7,047,020	1,172,712
Insurance financing	136,134	—	—	—
Total	$ 12,320,337	$ 591,782	$ 7,047,020	$ 1,172,712

Negotiable Demand Promissory Note

On June 8, 2018, the Company executed a Negotiable Demand Promissory Note (the "Demand Note") in the principal amount of up to $15.0 million in favor of Eco-Lender, LLC (the "Lender"), a Delaware limited liability company and an affiliate of one or more funds that are managed by Fir Tree Capital Management LP (together with its affiliated funds, "Fir Tree") and/or its affiliates, which affiliated funds collectively hold a majority of the outstanding shares of capital stock of the Company. Pursuant to the Demand Note, on June 8, 2018, the Lender advanced approximately $5.5 million of gross proceeds and $5.1 million of net proceeds after transaction expenses to the Company (the "Initial Advance") and on August 16, 2018 the Lender advanced an additional $3.0 million of gross proceeds and $2.97 million of net proceeds to the Company. The Company does not have any right to re-borrow any amounts that have been advanced and repaid under the Demand Note. In addition, the Lender is not obligated to make any additional advances under the Demand Note. As of September 30, 2018, the aggregate principal amount outstanding under the Demand Note was approximately $8.5 million.

Interest on the unpaid principal balance of the Note accrues at an annual rate of 10%, subject to a default interest rate of 14.00% or 24.00%, depending on the payment date following the occurrence of a default. All payments of principal, interest and other amounts under the Demand Note are payable immediately upon written demand by the Lender to the Company; provided, however, the Lender cannot make any demand for payment under the Demand Note until the earlier of (A) 45 days after the date of the Demand Note, (B) the occurrence of a material adverse change as defined in the Note and determined by the Lender in its sole and absolute discretion, (C) the occurrence of any default or event of default under any material agreement of the Company or any of its subsidiaries, and (D) the date upon which the Company or any of its subsidiaries ceases operating for any reason.

The Company may prepay, in whole or in part, at any time, the principal, interest and other amounts owing under the Demand Note subject to a prepayment premium of 4.00% of the aggregate amount of such prepayment (inclusive of interest and other amounts due and owing under the Demand Note), provided that the minimum amount of any such prepayment is equal to the lesser of $1 million and the then outstanding balance of the Demand Note.

All of the Company's obligations under the Demand Note are guaranteed by EcoStim, Inc., a Texas corporation and a wholly owned subsidiary of the Company ("EcoStim"), and secured by a security interest (subject to permitted liens) in substantially all of the personal property of the Company and EcoStim, including 100% of the outstanding equity of the Company's U.S. subsidiaries (including EcoStim) and 65% of the outstanding equity of the Company's non-U.S. subsidiaries; provided, however, that the Lender had a subordinate lien on those assets of the Company and EcoStim that were subject to the lien of Porter Capital pursuant to the Receivables Agreement. See Note 10 – Subsequent Events.

Vendor Equipment Financing

During various dates beginning in late September through November 2017, the Company purchased equipment through a financing arrangement with an international equipment manufacturer at an interest rate of 8% for 12 months. At September 30, 2018, the Company had a loan balance of $2,850,523 and accrued interest of $18,743 with monthly payments of $570,113. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $4,600,000.

Beginning August 23, 2017 through September 28, 2017, the Company purchased trucks through a financing arrangement with an auto finance group at an interest rate of 4.99% annual interest for 36 months. At September 30, 2018, the Company had a loan balance of $676,408 and accrued interest of $0, with monthly payments of $29,168. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $806,594.

Beginning September 21, 2017 through September 29, 2017, the Company purchased tractors through a financing arrangement with an auto finance group at an interest rate of 8.59% for 24 months. At September 30, 2018, the Company had a loan balance of $563,427 and accrued interest of $0 with monthly payments of $45,625. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $943,567.

On December 20, 2017, the Company purchased tractors through a financing arrangement with an auto finance group at an interest rate of 8.9% for 36 months. At September 30, 2018, the Company had a loan balance of $286,050 and accrued interest of $0 with monthly payments of $11,729. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $389,532.

On February 21, 2018, the Company purchased a truck through a financing arrangement with an auto finance group at an interest rate of 7.49% for 48 months. At September 30, 2018, the Company had a loan balance of $39,764 and accrued interest of $0 with monthly payments of $1,079. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $34,200.

During various dates beginning April 12 through April 23, 2018, the Company purchased equipment through a financing arrangement with an equipment manufacturer at an implied interest rate of 8% for 8 months. At September 30, 2018, the Company had a loan balance of $170,800 and accrued interest of $0 with monthly payments of $57,328. Carrying value at September 30, 2018 for the equipment purchased through this financing arrangement was $35,000.

The total future minimum payments due on our vendor equipment financings as of September 30, 2018 are noted as follows:

2018	$	3,258,082
2019		896,736
2020		416,743
2021		12,209
2022 and thereafter		3,202
Total payments	$	4,586,972

Insurance Financing

On January 1, 2018, the Company financed its operations insurance premiums with an insurance financing company for a total of $2,522,158 at an interest rate of 3.95% for ten months. As of September 30, 2018, the Company had a balance of $136,134 and accrued interest of $701.

8 – Equity

The Company has 50,000,000 shares of preferred stock authorized at $0.001 par value, 30,000 of which have been designated as Series A Convertible Preferred Stock ("Series A Preferred"). At September 30, 2018 and December 31, 2017, the Company had 10,000 shares of Series A Preferred and no shares of preferred stock issued or outstanding, respectively. The Company has 200,000,000 shares of Common Stock authorized at $0.001 par value per share, of which 75,148,018 shares were issued and 75,126,168 shares were outstanding as of September 30, 2018 and of which 74,599,749 shares were issued and 74,577,899 shares were outstanding as of December 31, 2017.

On March 29, 2018, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Fir Tree, its majority stockholder, pursuant to which Fir Tree agreed to purchase 10,000 shares of the Company's newly-designated Series A Preferred, at a price of $1,000 per share. An initial closing was conducted on April 2, 2018 providing $10.0 million of gross proceeds and $9.7 million of net proceeds after expenses to the Company.

Each share of Series A Preferred ranks senior to the Company's common stock with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Company and has a stated value of $1,000 per share (the "Stated Value"). In the event the Company is liquidated, wound up or dissolved, or if the Company effects any Deemed Liquidation Event (as defined below), the holders of Series A Preferred are entitled to receive in respect thereof the greater of (i) the Stated Value plus any accrued and unpaid dividends thereon, (ii) the amount the holder thereof would receive if such shares of Series A Preferred were converted into common stock immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event or (iii) a liquidating distribution equal to 1.5 times the Stated Value. A "Deemed Liquidation Event" includes certain merger or consolidation transactions, a sale of all or substantially all of the Company's assets, a change of control transaction or similar event.

Holders of Series A Preferred are entitled to vote with holders of the Company's common stock and are entitled to one vote per share of common stock into which a share of Series A Preferred is then-convertible on any matter on which holders of the capital stock of the Company are entitled to vote. Each share of Series A Preferred was initially and as of September 30, 2018 convertible, at the option of the holder at any time, into a number of shares of common stock determined by dividing the Stated Value plus any dividends accrued but unpaid thereon by the conversion price of $1.15 (subject to adjustment for stock splits, combinations, certain distributions or similar events). In addition, for so long as shares of Series A Preferred are outstanding, the affirmative vote or consent of holders of a majority of the outstanding shares of Series A Preferred, voting together as a separate class, is necessary before taking certain actions, including but not limited to (i) amending the articles of incorporation, the bylaws or the Certificate of Designation for the Series A Preferred in a manner that would materially and adversely or disproportionately affect the powers, preferences or rights of the Series A Preferred, (ii) liquidating, dissolving or winding up the Company or entering into a Deemed Liquidation Event, (iii) creating or issuing any class of capital stock unless it ranks junior to the Series A Preferred with respect to the distribution of assets on the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event, payment of dividends and rights of redemption, (iv) reclassifying, altering or amending any existing security that is pari passu or junior to the Series A Preferred with respect to the distribution of assets on the liquidation, dissolution or winding up of the Company or any Deemed Liquidation Event, payment of dividends and rights of redemption if such reclassification, alteration or amendment would render such other security senior or pari passu with the Series A Preferred in respect of any such right, preference or privilege, (v) subject to certain exceptions, purchasing or redeeming any shares of capital stock or paying any dividend or making any distribution thereon and (vi) issuing any shares of Series A Preferred to anyone other than the original holders of the Series A Preferred. Holders of Series A Preferred are entitled to cumulative dividends payable semi-annually in arrears at a rate of (i) 10% per year, if paid in cash, or (ii) 12% per year, if, at the election of the Company, paid through the issuance of additional shares of Series A Preferred. In addition to the dividend rights described above, holders of Series A Preferred are entitled to receive dividends or distributions declared or paid on common stock on an as-converted basis. Following the end of the third quarter of 2018, the Company paid the initial preferred dividend on all outstanding shares of Series A Preferred through the issuance of additional shares of Series A Preferred. See Note 10 -- Subsequent Events.

The Company may redeem shares of Series A Preferred at any time in cash at a price per share equal to the greater of (i) the Stated Value plus any accrued and unpaid dividends thereon and (ii) the product of 1.5 times the Stated Value.

9 – Segment Reporting

We report the results of each of our two reportable segments, beginning with the second quarter of 2017, in accordance with ASC 280, *Segment Reporting*. Our Chief Executive Officer evaluates the results of operations on a consolidated as well as a segment level and is the person responsible for the final assessment of performance and making key operating decisions. Discrete financial information is available for each of the segments, and the operating results of each of the operating segments are used for performance evaluation and resource allocations.

Our two operating segments are managed through operating segments that are aligned with our geographic operating locations of Argentina and the U.S. We also report certain corporate and other non-operating activities under the heading “Corporate and Other”, which primarily reflects corporate personnel and activities, incentive compensation programs and other costs.

We account for intersegment sales at prices that we generally establish by reference to similar transactions with unaffiliated customers. Reporting segments are measured based on gross margin, which is defined as revenues reduced by total cost of services. Cost of services excludes depreciation and amortization expense.

Summarized financial information is shown in the following tables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues[1]:				
Argentina	$ 2,428,907	$ 5,750,853	$ 10,720,007	$ 13,748,447
United States	12,503,599	7,369,376	40,202,471	10,462,098
Total revenues	$ 14,932,506	$ 13,120,229	$ 50,922,478	$ 24,210,545
Cost of services[1,2]:				
Argentina	$ 2,423,860	$ 7,054,471	$ 10,890,367	$ 17,225,253
United States	14,757,813	7,820,487	48,304,293	12,709,963
Total cost of services	$ 17,181,673	$ 14,874,958	$ 59,194,660	$ 29,935,216
Gross margin[1,2]:				
Argentina	$ 5,047	$ (1,303,618)	$ (170,360)	$ (3,476,806)
United States	(2,254,214)	(451,111)	(8,101,822)	(2,247,865)
Total gross margin	$ (2,249,167)	$ (1,754,729)	$ (8,272,182)	$ (5,724,671)
Corporate and Other:	$ 7,210,806	$ 2,949,010	$ 16,261,116	$ 8,024,675
Capital expenditures:				
Argentina	$ —	$ 230,826	$ 2,846	$ 1,584,444
United States	620,570	16,561,322	6,134,877	22,917,672
Corporate and Other	—	61,365	1,040	193,932
Total capital expenditures	$ 620,570	$ 16,853,513	$ 6,138,763	$ 24,696,048
Depreciation and amortization:				
Argentina	$ 1,553,562	$ 1,338,187	$ 4,333,808	$ 3,947,056
United States	4,488,313	555,348	12,144,340	631,017
Corporate and Other	31,848	42,789	290,157	122,762
Total depreciation and amortization	$ 6,073,723	$ 1,936,324	$ 16,768,305	$ 4,700,835
Impairment:				
Argentina	$ —	$ —	$ —	$ —
United States	19,665,000	—	23,350,445	—
Corporate and Other	—	—	—	—
Total impairment	$ 19,665,000	$ —	$ 23,350,445	$ —

1) U.S. activity began in February 2017 with start-up expenses being incurred. The Company began recognizing U.S. revenue in late May 2017. Intersegment transactions included in revenues were not significant for any of the periods presented.

(2) Gross margin is defined as revenues less costs of services. Cost of services excludes selling, general and administrative expenses, and depreciation and amortization expense.

10 – Subsequent Events

On October 1, 2018, we paid the initial dividend on our outstanding shares of Series A Preferred through the issuance of an aggregate of 600 additional shares of Series A Preferred to the holders of outstanding shares of Series A Preferred. Holders of Series A Preferred are entitled to cumulative dividends payable semi-annually in arrears at a rate of (i) 10% per year if we elect to pay the dividend in cash, or (ii) 12% per year if we elect to pay the dividend through the issuance of additional shares of Series A Preferred.

On October 19, 2018, the Company terminated its Recourse Receivables Purchase & Security Agreement ("Receivables Agreement") with Porter Capital Corporation ("Porter"). The Receivables Agreement had an initial term of one-year, with the Company permitted to terminate the Receivables Agreement prior to expiration of the initial term upon written notice to Porter and payment of the Company's outstanding obligations under the Receivables Agreement, including amounts owed as a minimum term fee calculated in accordance with the terms of the Receivables Agreement. On October 19, 2018, the Company delivered a notice to Porter of our intent to terminate the Receivables Agreement following initial term upon written notice to Porter and payment of our outstanding obligations under the Receivables Agreement, including a minimum term fee of approximately $0.2 million. As a result, the Company will no longer be able to obtain funds under the Receivables Agreement and the collateral has been released from liens that had secured the Company's obligations under the Receivables Agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Form 10-Q, together with the audited consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2017. Unless the context otherwise requires, "we," "us," the "Company" or like terms refer to Eco-Stim Energy Solutions, Inc. and its subsidiaries.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in any forward-looking statement because of various factors, including those described in the section titled "Cautionary Statements Regarding Forward-Looking Statements" in this Form 10-Q.

Background and Recent Developments

U.S. Operations. We are a technology-driven independent oilfield services company that has historically offered well stimulation, coiled tubing and field management services to the upstream oil and gas industry. In September 2018, we completed work under our pressure pumping contract with our primary U.S. customer. Given the current weakness of the U.S. well stimulation market, in September 2018 we elected to suspend our U.S. stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. We are currently conducting one pump down operation for a customer in the Permian basin.

We are actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations and do not currently expect to conduct any well stimulation operations in the U.S. following the third quarter of 2018. As a result, we do not expect to generate any material revenue from our U.S. operations in the fourth quarter of 2018. In addition, we do not currently expect that our U.S. operations will generate any material revenue in future periods unless we are able to obtain access to additional third party capital to fund our future operations on reasonable terms or are otherwise able to consummate a strategic transaction. We currently intend to use the proceeds from any such asset sales to reduce our outstanding liabilities and improve our liquidity, however, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales. If we are unable to obtain a sufficient amount of proceeds from asset sales or funds from other sources, we may not be able to satisfy our working capital requirements, indebtedness and other obligations. We have also retained an investment bank to assist us in evaluating our strategic alternatives.

Argentina Operations. In Argentina, we have been operating under a transition agreement with our primary customer since May 2018 and continued to provide services under that agreement during the third quarter of 2018. Subsequent to the third quarter of 2018, we have not provided any services to our primary customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. We are currently pursuing new work with multiple operators in Argentina, including our primary customer, however, there can be no assurance that we obtain additional work in Argentina on favorable terms or at all. If we do not obtain any new work either from our current customer or new customers, we do not expect to generate any material revenue from our Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods. In addition, we are considering whether to sell, reduce the scale of, or shut down our operations in Argentina, which could result in the incurrence of material losses and expenses. We have retained an investment bank to assist us in evaluating our strategic alternatives for our Argentina business.

September 2018 Sale of Certain Non-Core Equipment. In September 2018, we sold certain of our non-core U.S. equipment for $2.9 million for a gain of approximately $0.3 million.

Termination of Receivables Agreement. In October 2018, we delivered a notice to Porter Capital Corporation ("Porter Capital") of our election to terminate the Recourse Receivables Purchase & Security Agreement we had entered into with Porter Capital in February 2018 (the "Receivables Agreement"). All of our obligations under the Receivables Agreement have been secured by liens on certain of our assets, including our accounts receivable, chattel paper, inventory and substantially all of our equipment for our U.S. operations (excluding equipment subject to vendor financing) (collectively, the "Collateral"). In connection with the termination of the Receivables Agreement, we paid a minimum term fee to Porter Capital of approximately $0.2 million. As a result, we are no longer able to obtain funds under the Receivables Agreement and the Collateral has been released from the liens that had secured our obligations under the Receivables Agreement.

Overview of Our Business Services

Historically, our customers have utilized our pressure pumping services to enhance the production of oil and natural gas from formations with low permeability, which restricts the natural flow of hydrocarbons. The technique of well stimulation consists of pumping a fluid into a cased well at sufficient pressure to create new channels in the rock, which can increase the extraction rates and the ultimate recovery of the hydrocarbons. Our equipment has historically been contracted by E&P companies to provide this pressure-pumping service, which is referred to as well stimulation. Demand for these services can change quickly and is highly dependent on the number of oil and natural gas wells drilled and completed. Given the cyclical nature of these drilling and completion activities, coupled with the high labor intensity of these services, operating margins can fluctuate widely depending on supply and demand at a given point in the cycle.

Historically, our customers have utilized our coiled tubing services to perform various functions associated with well-servicing operations and to facilitate completion of horizontal wells. Coiled tubing services involve the insertion of steel tubing into a well to convey materials and/or equipment to perform various applications as part of a new completion or the servicing of existing wells, including wellbore maintenance, nitrogen services, thru-tubing services, and formation stimulation using acid and other chemicals. Coiled tubing has become a preferred method of well completion, workover and maintenance projects due to speed, ability to handle heavy-duty jobs across a wide spectrum of pressure environments, safety and ability to perform services without having to shut-in a well. Our coiled tubing capabilities cover a wide range of applications for horizontal completion, work-over and well-maintenance projects. As a result, coiled tubing services are less tied to active rig count and more tied to price of oil and natural gas as well as customers' expenditure budgets, which is usually also tied to the price of oil and natural gas.

Business Segments

Since the second quarter of 2017, we have managed our business through operating segments that are aligned with our two geographic regions, the United States and Argentina. We also report certain corporate and other non-operating activities under the heading "Corporate and Other", which primarily reflects corporate personnel and activities, incentive compensation programs and other non-operational allocable costs. For financial information about our segments, see Note 9 (Segment Reporting) to the condensed consolidated financial statements included in this Form 10-Q.

Our segment operating results are frequently influenced by the number of active customers we have in the area and the level of our customers' well activity which dictates the amount of activity we have in any given period. This directly effects our revenue, but also the level of expenses we incur.

United States Segment. Beginning operations in May 2017, our U.S. segment has historically served the needs of our independent E&P customers' U.S. based operations by offering pressure pumping and field management operations services primarily operating in the Sooner Trend Anadarko Basin Canadian and Kingfisher Counties (STACK) play. Our U.S. based operations started with one U.S. based fleet. We added an additional fleet in October 2017 to accommodate an additional customer, however, upon negotiating an early release of our first U.S. fleet from our contract with our first U.S. customer due to low pricing and lower planned activity, our first spread did not provide services to customers until late April 2018. We subsequently ceased to provide services to this customer and in late May 2018, we agreed to provide our primary U.S. customer with additional dedicated horsepower and equipment, including certain of our natural gas-powered pumping units, to create what we referred to as a "super fleet" in support of a collaborative plan to improve the efficiency of our U.S. operations. As a result, in May 2018, we transitioned from operating two well stimulation fleets in the U.S. to operating a single well stimulation fleet in the U.S. providing pumping services to a single customer. In September 2018, we completed work under our pressure pumping contract with our primary U.S. customer. Given the current weakness of the U.S. well stimulation market, in September 2018 we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. We are currently conducting one pump down operation for a customer in the Permian basin. We are actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations.

Argentina Segment. Through our Argentina segment, we have historically served the needs of our Argentine customers by providing pressure pumping and coiled tubing services. We began our service offerings in late 2014 in Argentina with our base of operation located in Neuquén City, Argentina. The majority of our revenues since inception and through the end of the third quarter of 2017 came from the Neuquén Basin and a majority of that revenue has come from our pressure pumping operations.

In the second quarter of 2017, we entered into a two-year contract based on a proposal submitted in November 2016 with the largest operator in Argentina to provide services for their tight gas completions program. During the course of providing services under that contract, we have incurred losses due to lower than expected utilization of our assets, higher than expected third-party costs incurred in order to provide the bundled services contemplated under the contract, and other factors. We engaged in negotiations with our primary customer in Argentina to improve the terms of the agreement, and in June 2018, we finalized the terms of a transition agreement with improved commercial terms. We have been operating under the transition agreement with our primary customer in Argentina since May 2018 and we continued to provide services under that agreement during the third quarter of 2018. Subsequent to the third quarter of 2018, we have not provided any services to our primary customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. We are currently pursuing new work with multiple operators in Argentina, including our primary customer, however, there can be no assurance that we obtain additional work in Argentina on favorable terms or at all. If we do not obtain any new work either from our current customer or new customers, we do not expect to generate any material revenue from our Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods.

We are considering whether to sell, reduce the scale of, or shut down our operations in Argentina, and we have retained an investment bank to assist us in evaluating our strategic alternatives for our Argentina business. A sale, reduction in scale or shut down of our operations in Argentina could result in the incurrence of material losses and expenses.

Impairment. In accordance with ASC Topic 360, the Company reviews its long-lived assets for impairment when changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. The impairment review includes a comparison of future cash flows expected to be generated by the asset or group of assets with their associated carrying value. If the carrying value of the asset or group of assets exceeds expected cash flows (undiscounted and without interest charges), an impairment loss is recognized to the extent that the carrying value exceeds the fair value. If estimated future cash flows are not achieved with respect to long-lived assets, additional write-downs may be required.

During the second quarter of 2018, the Company concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with our decision to move from providing services operating two well stimulation fleets in the U.S. to providing a single well stimulation fleet in the U.S. providing pumping services to a single customer. As a result, the Company reviewed the long-lived assets for impairment and recorded a $3.7 million impairment expense. The full amount is related to our U.S. segment. The impairment was measured using the market approach utilizing an appraisal to determine fair value of the impaired assets.

During the third quarter of 2018, the Company concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with our decision to pursue the sale of a substantial majority of our U.S. equipment and suspension of its U.S. well stimulation operations. The Company reviewed the long-lived assets for impairment and recorded a $19.7 million impairment expense. The full amount is related to our U.S. segment. The impairment was measured using the market approach utilizing current bid values being obtained for the assets.

Results of Operations

For the Three Months Ended September 30, 2018 and 2017

U.S. revenue for the three months ended September 30, 2018 increased $5.1 million to $12.5 million, compared to $7.4 million for the three months ended September 30, 2017. This increase was attributable to higher well stimulation stages completed in the third quarter of 2018 compared with the third quarter of 2017. In addition, the stage rate was higher in the third quarter of 2018 compared with the third quarter of 2017.

Argentina revenue for the three months ended September 30, 2018 decreased $3.4 million to $2.4 million, compared to $5.8 million for the three months ended September 30, 2017. This decrease was attributable to fewer well stimulation stages completed and fewer coiled tubing jobs completed in the third quarter of 2018 compared with the third quarter of 2017. In addition, revenues were lower in the third quarter of 2018 due to lower revenue from non-core third-party services that were sourced directly by our customer from those service providers beginning in February 2018 and thus no longer billable to our customer by us. These non-core services resulted in the majority of our Argentina losses during 2017.

U.S. cost of services was $14.8 million for the third quarter of 2018, compared to $7.8 million for the third quarter of 2017, an increase of $7.0 million. This increase was primarily due to our third quarter of 2018 costs being higher as a result of the higher number of well stimulation stages being completed compared with the third quarter of 2017. Our negative gross margin for the quarter ended September 30, 2018 was attributable to overall higher costs during the third quarter of 2018 related to repairs and maintenance, fuel, transportation and salaries.

Argentina cost of services was $2.4 million for the third quarter of 2018, compared to $7.1 million for the third quarter of 2017, a decrease of $4.7 million. This decrease was attributable to lower activity levels in both well stimulation and coiled tubing, as well as reductions in costs incurred attributable to non-core third party services that our customer sourced directly from those providers beginning in February 2018.

Depreciation expense increased $4.2 million to $6.1 million for the third quarter of 2018, compared to $1.9 million for the third quarter of 2017. The increase was due to the Company's addition of assets during the third quarter of 2017 and continuing through the third quarter of 2018.

Selling, general, and administrative expenses increased $1.3 million to $4.1 million for the third quarter of 2018, compared to $2.8 million for the third quarter of 2017. The increase is attributable to increases in non-cash stock compensation, salaries, director compensation, severance related costs, and certain legal and other professional expenses. These increases were offset by a gain recognized in the sale of fixed assets during the third quarter of 2018.

Net total other expense increased $2.9 million from net total other expense of $0.2 million for the third quarter of 2017 to net total other expense of $3.1 million for the third quarter of 2018. This increase in expense was primarily a result of a contingency loss recorded reflecting estimated future settlement amounts with respect to our contractual commitments under certain long-term supply and transportation agreements, foreign currency exchange losses from our Argentina business, and increases in interest expense associated with both our outstanding demand note payable and vendor debt related to equipment purchases made during 2017 and 2018.

For the Nine Months Ended September 30, 2018 and 2017

U.S. revenue for the nine months ended September 30, 2018 increased $29.7 million to $40.2 million, compared to $10.5 million for the nine months ended September 30, 2017. The first nine months of 2018 was a full period of operations compared with the same period of 2017, which included a partial period of activity. We began operations under our first contract in the U.S. in the latter half of the second quarter 2017. Also, during 2018, we completed a higher number of well stimulation stages at a higher per stage rate.

Argentina revenue for the nine months ended September 30, 2018 decreased $3.0 million to $10.7 million, compared to $13.7 million for the nine months ended September 30, 2017. Revenues decreased due to lower revenue from non-core third-party services that were sourced directly by our customer from those service providers beginning in February 2018 and thus no longer billable to our customer by us. These non-core services resulted in the majority of our Argentina losses during 2017. This decrease was offset slightly by having completed a higher number of well stimulation stages during the period ended September 30, 2018 compared with the period ended September 30, 2017.

U.S. cost of services was $48.3 million for the nine months ended September 30, 2018, compared to $12.7 million for the nine months ended September 30, 2017, an increase of $35.6 million. This increase was due to our first nine months of 2018 being a full operational period whereas for the same period of 2017, we had only a partial period for our operational activity as we did not begin our U.S. operations until the latter half of the second quarter of 2017. Our negative gross margin for the period ended September 30, 2018 was attributable to one of our fleets being inactive during a portion of the period, includes $0.4 million of non-recurring costs associated with employees terminated following the combination of our two U.S. fleets, and overall higher costs in repairs and maintenance, fuel, transportation and salaries.

Argentina cost of services was $10.9 million for the nine months ended September 30, 2018, compared to $17.2 million for the nine months ended September 30, 2017, a decrease of $6.3 million. This decrease was attributable to non-core third party services which our customer sourced directly from those providers beginning in February 2018, offset by increases in costs associated with increases in well stimulation stages completed period over period.

Depreciation expense increased $12.1 million to $16.8 million for the nine months ended September 30, 2018, compared to $4.7 million for the nine months ended September 30, 2017. The increase was due to the Company's operational start-up in the U.S. in May 2017, and the Company's continued addition of assets continuing through the third quarter of 2018.

Selling, general, and administrative expenses increased $4.0 million to $10.8 million for the nine months ended September 30, 2018, compared to $6.8 million for the nine months ended September 30, 2017. This increase was a result of the startup of the U.S. operations in May 2017. There were also increases in non-cash stock compensation, salaries, director compensation, severance related costs and certain legal and other professional expenses.

Net total other expense increased $4.3 million to $5.5 million for the nine months ended September 30, 2018 compared to a net total other expense of $1.2 million for the nine months ended September 30, 2017. The increase in expense was primarily a result of the Company recognizing a contingency loss reflecting estimated future settlement amounts with respect to our contractual commitments under certain long term supply and transportation agreements, an increase in our foreign currency exchange loss from our Argentina business as well as increases in interest expense associated with both demand note payable and vendor debt related to equipment purchases made during 2017 and 2018.

Liquidity and Capital Resources

Our primary sources of liquidity to date have been proceeds from various equity and debt offerings and asset sales.

Going Concern. Under *Accounting Standards Update 2014-15, Presentation of Financial Statements-Going Concern,* we are required to evaluate whether there is a substantial doubt about our ability to continue as a going concern each reporting period, including interim periods. In evaluating our ability to continue as a going concern, management has considered conditions and events that could raise substantial doubt about our ability to continue as a going concern for 12 months following the date our financial statements are issued (November 14, 2018), including our current financial condition and liquidity sources, including current cash balances, forecasted cash flows, our obligations due before November 14, 2019, including our obligations described in Note 6 (Commitments and Contingencies) to the condensed consolidated financial statements included in Part I – Item 1 of this Form 10-Q, and the other conditions and events described below.

We have incurred substantial net losses and losses from operations since inception. As of September 30, 2018, we had cash and cash equivalents of approximately $3.9 million and a working capital deficit of approximately $28.3 million. We do not have access to a working capital facility and may not have access to other sources of external capital on reasonable terms or at all. In September 2018, we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities. As a result, as of November 14, 2018, we were only conducting pump down operations in the U.S. and we do not currently expect to generate any material revenue from our U.S. operations in the fourth quarter of 2018. In addition, we do not expect that our U.S. operations will generate any material revenue in future periods unless we are able to obtain access to additional third party capital to fund our future operations on reasonable terms or are otherwise able to consummate a strategic transaction. In Argentina, we have been operating under a transition agreement with our primary customer since May 2018. Following the third quarter of 2018, we have not provided any services to our primary customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. We are currently pursuing new work with multiple operators in Argentina, including our primary customer, however, there can be no assurance that we obtain additional work in Argentina on favorable terms or at all. If we do not obtain new work either from our current customer or new customers, we do not expect to generate any material revenue from our Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods. As of September 30, 2018, the outstanding aggregate principal amount of our outstanding Negotiable Demand Promissory Note was approximately $8.5 million. If our obligations under the Negotiable Demand Promissory Note are accelerated pursuant to its terms, there can be no assurance that we will have sufficient funds to repay such obligations or our other obligations.

Management's plans to alleviate substantial doubt include: (i) pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations; (ii) using the proceeds from asset sales to reduce our outstanding liabilities and improve our liquidity; (iii) pursuing strategic alternatives, including alternatives for our operations in Argentina which could include selling, reducing the scale of, or shutting down our operations in Argentina; (iv) significantly reducing our U.S. workforce in alignment with potential near-term opportunities, which actions have been substantially implemented; (v) pursuing new work for our operations in Argentina; and (vi) taking other steps to reduce costs and liabilities. However, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales or other actions. Based on the uncertainty of achieving these items and the significance of the factors described above, there is substantial doubt as to our ability to continue as a going concern for a period of 12 months following November 14, 2018.

The Fir Tree Transaction. On March 6, 2017, we closed a financing transaction with Fir Tree, (the "Fir Tree Transaction") that was part of a comprehensive recapitalization designed to create a path to a potential conversion to equity of substantially all of our debt, subject to stockholder approval and satisfaction of certain other conditions. In connection with the Fir Tree Transaction, we entered into an Amended and Restated Convertible Note Facility Agreement with Fir Tree (the "A&R Note"), which replaced the convertible note previously issued by us to certain funds affiliated with Albright Capital Management (collectively "ACM"), which Fir Tree purchased from ACM. In addition, we issued to Fir Tree a new convertible note with a principal amount of $19.4 million, (the "New Convertible Note"), representing an additional $17 million aggregate principal amount of convertible notes issued by us to Fir Tree on March 6, 2017 and approximately $2.4 million principal amount of convertible notes in payment of accrued and unpaid interest on the existing ACM Note acquired by Fir Tree from ACM. The unpaid principal amount of the New Convertible Note accrued interest at a rate of 20% per annum and was scheduled to mature on May 28, 2018. Approximately $2.1 million of the proceeds of the additional $17 million aggregate principal amount of New Convertible Note issued to Fir Tree was used to repay existing debt under a Loan Agreement that was entered into on November 30, 2016 between us and two of our largest stockholders, with the balance of the proceeds used for equipment purchases, other approved capital expenditures incurred in accordance with an approved operating budget, and other working capital purposes. After giving effect to the Fir Tree Transaction, we had approximately $41.4 million of outstanding convertible notes which were

all held by Fir Tree.

As part of the Fir Tree Transaction, Fir Tree agreed to convert the A&R Note and the New Convertible Note into common stock at a conversion price of $1.40 per share, subject to receipt of stockholder approval and satisfaction of certain other conditions. On June 15, 2017, stockholder approval was received, and all the outstanding convertible notes were converted into approximately 29.5 million shares of common stock.

Equity Offerings. On July 6, 2017, we closed on a private placement of shares of our common stock providing gross proceeds of $15 million, and net of cost proceeds of $14.9 million. As part of the offering, we issued 10,000,000 shares of our common stock for $1.50 per share to certain existing shareholders. The proceeds from the offering were used to finance capital expenditures to support contracts in both Oklahoma and Argentina, for working capital and for other general corporate purposes.

On August 8, 2017, we closed on a private placement of shares of our common stock providing gross proceeds of $28 million, and net of cost proceeds of $26.8 million. As part of the offering, we issued an aggregate of 19,580,420 shares of our common stock for $1.43 per share to two existing stockholders and several new institutional investors. The proceeds from this offering were used to finance capital expenditures to support customer contracts in Oklahoma, for working capital and for other general corporate purposes.

On March 29, 2018, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with Fir Tree, pursuant to which Fir Tree agreed to purchase 10,000 shares of our newly-designated Series A Convertible Preferred Stock, par value $0.001 per share (the "Series A Preferred"), at a price of $1,000 per share. The transaction closed on April 2, 2018 providing for our sale and issuance of 10,000 shares of Series A Preferred, providing $10.0 million of gross proceeds and $9.7 million of net proceeds after expenses to us. Holders of Series A Preferred are entitled to cumulative dividends payable semi-annually in arrears at a rate of (i) 10% per year if we elect to pay the dividend in cash, or (ii) 12% per year if we elect to pay the dividend through the issuance of additional shares of Series A Preferred. On October 1, 2018, we paid the initial dividend on the outstanding shares of Series A Preferred through the issuance of an aggregate of 600 additional shares of Series A Preferred to the holders of outstanding shares of Series A Preferred.

All of the equity offerings with the exception of the April 2, 2018 private placement noted above are as discussed in our Annual Report on Form 10-K for the year ended December 31, 2017, Part II – Item 8 – Financial Statements and Supplemental Data – Notes to consolidated financial statements – Note 11 – "Equity Offerings." See Note 8 (Equity) to the condensed consolidated financial statements included in this Form 10-Q for information regarding the April 2, 2018 private placement noted above.

Negotiable Demand Promissory Note. On June 8, 2018, we executed a negotiable demand promissory note (the "Demand Note") in the principal amount of up to $15.0 million in favor of Eco-Lender, LLC (the "Lender"), a Delaware limited liability company and an affiliate of Fir Tree. Pursuant to the Demand Note, on June 8, 2018, the Lender advanced approximately $5.5 million of gross proceeds and $5.1 million of net proceeds after expenses and on August 16, 2018 the Lender advanced an additional $3.0 million of gross proceeds and $2.97 million of net proceeds to us under the Demand Note. We do not have any right to re-borrow any amounts that have been advanced and repaid under the Demand Note. In addition, the Lender is not obligated to make any additional advances under the Note.

Interest on the unpaid principal balance of the Demand Note accrues at an annual rate of 10%, subject to a default interest rate of 14.00% or 24.00% depending on the payment date following the occurrence of a default. All payments of principal, interest and other amounts under the Demand Note are payable immediately upon written demand by the Lender to us; provided, however, the Lender cannot make any demand for payment under the Demand Note until the earlier of (A) 45 days after the date of the Demand Note, (B) the occurrence of a material adverse change as defined in the Demand Note and determined by the Lender in its sole and absolute discretion, (C) the occurrence of any default or event of default under any material agreement of ours or any of our subsidiaries, and (D) the date upon which we or any of our subsidiaries ceases operating for any reason.

We may prepay, in whole or in part, at any time, the principal, interest and other amounts owing under the Demand Note subject to a prepayment premium of 4.00% of the aggregate amount of such prepayment (inclusive of interest and other amounts due and owing under the Demand Note), provided that the minimum amount of any such prepayment is equal to the lesser of $1 million and the then outstanding balance of the Demand Note.

All of our obligations under the Note are guaranteed by our wholly owned subsidiary, EcoStim, Inc. ("EcoStim"), and secured by a security interest (subject to permitted liens) in substantially all of our personal property, including 100% of the outstanding equity of the our U.S. subsidiaries (including EcoStim) and 65% of the outstanding equity of our non-U.S. subsidiaries; provided, however, that the Lender had a subordinate lien on those of our assets that were subject to the lien of Porter Capital pursuant to the Receivables Agreement prior to the termination of such agreement as discussed elsewhere in this Form 10-Q.

Working Capital. As of September 30, 2018, our cash and cash equivalents were approximately $3.9 million, as compared to $1.9 million as of June 30, 2018 and $8.8 million as of December 31, 2017. Our working capital, which we define as the difference between our current assets and our current liabilities, is an indication of our liquidity and our potential requirements for short-term financing. Changes in our working capital are driven generally by changes in our accounts receivable, changes in our accounts payable, credit extended to and the timing of collections from our customers, and the level and timing of our capital expenditures. As of September 30, 2018, we had a working capital deficit of approximately $28.3 million, as compared to a working capital deficit of $20.8 million as of June 30, 2018 and a working capital deficit of $2.0 million as of December 31, 2017. This increase in working capital deficit occurred primarily as a result of decreases in cash used to pay debt, increases in liabilities and a reduction in accounts receivable as we completed work in the third quarter of 2018 with our two largest customers.

Historically, we have managed our working capital requirements primarily with our existing cash balances, funds provided under the Receivables Agreement described below and external financings. We are actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations. We currently intend to use the proceeds from any such sales to reduce our outstanding liabilities and improve our liquidity, however, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales. If we are unable to obtain a sufficient amount of proceeds from asset sales or funds from other sources, we may not be able to satisfy our working capital requirements, indebtedness and other obligations.

Receivables Agreement. On February 8, 2018, we entered into a Recourse Receivables Purchase & Security Agreement (the "Receivables Agreement") with Porter Capital Corporation ("Porter Capital"). Under the terms of the Receivables Agreement, we have been able, from time to time to sell accounts receivable ("Accounts") to Porter Capital in exchange for funds in an amount equal to 80% (or less as percentage is subject to credit limits established by Porter Capital) of the face amount of the applicable Account at the time of sale of the Account, with the remaining 20% of the face amount of the applicable Account to be held back as a required reserve amount to be paid to us following Porter Capital's receipt of payment on the Account by the account debtor, less applicable fees and interest charges. The total face amount of outstanding Accounts purchased by Porter Capital under the Receivables Agreement could not exceed $12.5 million.

Under the terms of the Receivables Agreement, we have been obligated to pay interest on the face amount of the outstanding and unpaid Accounts purchased by Porter Capital, less the amount of the reserve account, at an interest rate equal to the Prime Rate (as defined in the Receivables Agreement) plus 8.25%. We have also been obligated under the Receivables Agreement to pay certain fees, including a fee (the "Minimum Term Fee") payable upon termination of the agreement in an amount equal to: (i) the monthly interest rate multiplied by $5 million, multiplied by the number of months in the agreement term, less the amount of actual interest paid during the term of the agreement; or (ii) following the occurrence of an Event of Default (as defined below) that has not been cured within the time periods contemplated under the agreement, $1.8 million, less the amount of actual interest paid during the term of the agreement. The Minimum Term Fee was also subject to reduction under certain circumstances if Porter Capital did not purchase certain eligible Accounts that were presented for purchase by us.

All of our obligations under the Receivables Agreement have been secured by liens on certain of our assets, including the accounts receivable, chattel paper, inventory relating to our U.S. operations and certain equipment used for our U.S. operations (excluding equipment subject to vendor financing) (collectively the "Collateral"). The Receivables Agreement had an initial one-year term, with us being permitted to terminate the Receivables Agreement prior to the expiration of the initial term upon written notice to Porter Capital and payment of our outstanding obligations under the Receivables Agreement, including the Minimum Term Fee. On October 19, 2018, we delivered a notice to Porter Capital of our election to terminate the Receivables Agreement following the payment of our remaining obligations thereunder, including a Minimum Term Fee of approximately $0.2 million. As a result, we will no longer be able to obtain funds under the Receivables Agreement and the Collateral has been released from the liens that had secured our obligations under the Receivables Agreement.

For sales of our receivable under this Receivables Agreement, the Company applies the guidance in ASC 860, "*Transfers and Servicing – Sales of Financial Assets*", which requires the derecognition of the carrying value of those accounts receivable in the Consolidated Balance Sheets. For the nine months ended September 30, 2018, $42.0 million of accounts receivable transferred pursuant to the Receivables Agreement qualified as sales of receivables and the carrying amounts were derecognized. There was no loss associated with the sales of these receivables. At September 30, 2018, we were owed $0.5 million representing the held back required reserve amount to be paid to us following Porter Capital's receipt of payment on the Account by the account debtor. This balance is included in accounts receivable on the Condensed Consolidated Balance Sheets. In connection with the termination of the Receivables Agreement in October 2018, we were refunded approximately $0.2 million from Porter Capital after payment of the Minimum Term Fee.

Argentina Operations. As discussed under "– Business Segments – Argentina Segment," we have incurred losses under out two-year contract with our primary customer in Argentina. We have been operating under a transition agreement with our primary customer in Argentina since May 2018 and we continued to provide services under that agreement during the third quarter of 2018. Subsequent to the third quarter of 2018, we have not provided any services to our primary customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. We are currently pursuing new work with multiple operators in Argentina, including our primary customer, however, there can be no assurance that we obtain additional work in Argentina on favorable terms or at all. If we do not obtain any new work either from our current customer or new customers, we do not expect to generate any material revenue from our Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods. In addition, we are considering whether to sell, reduce the scale of, or shut down our operations in Argentina, and we have retained an investment bank to assist us in evaluating our strategic alternatives for our Argentina business. A sale, reduction in scale or shut down of our operations in Argentina could result in the incurrence of material losses and expenses. We may also incur additional losses associated with our Argentina operations, which could be substantial. As of September 30, 2018, the working capital associated with our Argentina operations was approximately $2.4 million, as compared to working capital of $2.4 million as of June 30, 2018 and $3.3 million as of December 31, 2017. As a result, our Argentina operations may require access to additional capital, which may not be available on reasonable terms or at all. If we are unable to obtain a sufficient amount of funds, we may not be able to satisfy the working capital requirements, indebtedness or other obligations of our operations in Argentina.

Capital Requirements

The energy services business is capital intensive, requiring significant investment to expand, upgrade and maintain equipment. Historically, our primary uses of capital have been the acquisition of equipment, working capital to finance our operations and general administrative expenses.

For the remainder of 2018, we expect our capital requirements to consist primarily of maintenance capital expenditures, which are capital expenditures made to extend or maintain the useful life of our assets.

During the second quarter of 2018, we decided to move from operating two well stimulation fleets in the U.S. to operating a single well stimulation fleet in the U.S. providing pumping services to a single customer. In connection with this transition, we reviewed our asset requirements for providing services to our customer and identified certain non-core assets. This review resulted in a $3.7 million impairment expense.

During the third quarter of 2018, we decided to suspend our U.S. well stimulation operations and pursue the sale of a substantial majority of our U.S. equipment. In connection with this transition and our resulting review of our long-lived assets for impairment, we recorded a $19.7 million impairment expense.

We intend to incur minimal capital expenditures during the remainder of 2018, and only those required to maintain our current assets being utilized in operations or as required for sale of an asset.

Impact of Inflation on Operations

Inflation can have a significant impact on operations. Historically, we have purchased our equipment and materials from suppliers who provide competitive prices and employ skilled workers from competitive labor markets. If inflation in the general economy increases, our costs for equipment, materials and labor could increase as well. Also, increases in activity in oilfields can cause upward wage pressures in the labor markets from which we hire employees as well as increases in the costs of certain materials and key equipment components used to provide services to our customers. Inflation in Argentina has had a significant impact on our business, driving the weakening of the Argentine Peso against the U.S. dollar by over 90% during 2018. As a result, the Company has recognized significant foreign currency translation losses for the year to date 2018.

Off-Balance Sheet Arrangements

As of September 30, 2018, we had no material off-balance sheet arrangements except for the operating leases and purchase commitments under supply and transportation agreements as disclosed under "Item 1. Consolidated Financial Statements – Note 6 – Commitments and Contingencies." The term "off-balance sheet arrangements" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have (i) any obligation arising under a guarantee contract, derivative instrument or variable interest or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

Sources and Uses of Cash

Net cash used in operating activities increased $1.8 million to $15.2 million for the nine months ended September 30, 2018 compared to $13.4 million for the nine months ended September 30, 2017. The increase was due to losses incurred in our business and increases in accounts receivable due to increased operating activity for the nine months ended September 30, 2018 compared to the same period ended September 30, 2017, offset by a decrease in accounts payable.

Net cash used in investing activities decreased $21.5 million to $3.2 million for the nine months ended September 30, 2018 compared to $24.7 million for the nine months ended September 30, 2017. This decrease was due primarily to a decrease of purchases of machinery and equipment during the first nine months of 2018 when compared to the first nine months of 2017. Greater purchases of machinery and equipment were made during the nine months ended 2017 related to start-up of our operations in the U.S. The decrease was offset by proceeds received in September 2018 from the sale of equipment of $2.9 million.

Net cash provided by financing activities decreased by $44.6 million to $13.5 million for the nine months ended September 30, 2018, compared to $58.1 million for the nine months ended September 30, 2017. The decrease was primarily attributable to greater proceeds received from issuance of additional issuance of shares in two private placements occurring during the third quarter of 2017 and notes payable issued to Fir Tree issued during March 2017. This increase was offset by proceeds received from the issuance of Series A Preferred in April 2018, payments made on notes payable and the Receivables Agreement during 2018.

We had a net decrease in cash and cash equivalents of $4.9 million for the nine months ended September 30, 2018 primarily related to operating losses associated with our first U.S. spread being idle for a significant portion of the first six months of 2018, compared to a net increase in cash and cash equivalents of $20.0 million during the nine months ended September 30, 2017 primarily resulting from proceeds provided from the Fir Tree Transaction during the first quarter of 2017. Please see "–Liquidity and Capital Resources" for more information on the Fir Tree Transaction.

We did not generate positive cash flow from operations for the nine months ended September 30, 2018. Further, our liquidity provided by our existing cash and cash equivalents will not be sufficient to fund our full capital expenditure plan, nor payments that might become due under our indebtedness. These commitments will require us to find alternative sources of liquidity from improvements in operating results, the sale of non-core assets or additional equity or debt financing, which may not be available to us on favorable terms or at all.

Certain Factors Affecting Our Future Financial Position, Results of Operations and Cash Flows

We face many challenges and risks in the industry in which we operate. For information on other developments, factors and trends that may have an impact on our future financial position, results of operations or cash flows, please read this section in conjunction with the factors described or otherwise referenced in the sections titled "Cautionary Statements Regarding Forward-Looking Statements" and "Risk Factors" in this Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), we are not required to provide the information required by this Item as we are a "smaller reporting company," as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act consisting of controls and other procedures designed to give reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our chief executive officer and our chief financial officer, to allow timely decisions regarding such required disclosure. Based on their evaluation as of the end of the quarterly period covered by this Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as defined in Rules 13a-15 and 15d-15 under the Exchange Act, were effective as of September 30, 2018.

Changes in Internal Control over Financial Reporting

There have been no changes in our system of internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of certain legal proceedings, please read Note 6 (Commitments and Contingencies – Legal Proceedings) to the condensed consolidated financial statements included in Part I – Item 1 of this Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Investors should carefully consider the risk factors included under Part I – Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II—Item 7 also on Form 10-K for the fiscal year ended December 31, 2017, together with all the other information included in this document and in our other public disclosures.

Other than with respect to the updated risk factors set forth below, there have been no material changes to the risk factors previously disclosed in Part I – Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

In September 2018, we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. As a result, we are currently only conducting pump down operations in the U.S. and we do not currently expect to generate any material revenue from our U.S. operations in the fourth quarter of 2018.

In September 2018, we completed work under our pressure pumping contract with our primary U.S. customer. Given the current weakness of the U.S. well stimulation market, in September 2018 we elected to suspend our U.S. well stimulation operations and significantly reduce our U.S. workforce in alignment with potential near-term opportunities, including pump down and miscellaneous pumping services. We are currently conducting one pump down operation for a customer in the Permian basin. We are also actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations and do not currently expect to conduct any well stimulation operations in the U.S. in the fourth quarter of 2018. In addition, we do not expect that our U.S. operations will generate any material revenue in future periods unless we are able to obtain access to additional third party capital to fund our future operations on reasonable terms or are otherwise able to consummate a strategic transaction.

We have a significant working capital deficit and limited access to capital. We are actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations, and we currently intend to use the proceeds from any such sales to reduce our outstanding liabilities and improve our liquidity. However, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales. If we are unable to obtain a sufficient amount of proceeds from asset sales or funds from other sources, we may not be able to satisfy our working capital requirements, indebtedness and other obligations.

We have incurred significant operating losses during the first nine months of 2018, and as of September 30, 2018, we had a working capital deficit of $28.3 million. Following the suspension of our U.S. well stimulation operations, we have been actively pursuing the sale of a substantial majority of the equipment, inventory and other operating assets relating to our U.S. operations. We currently intend to use the proceeds from any such sales to reduce our outstanding liabilities and improve our liquidity, however, there can be no assurance as to the ultimate consummation, timing or amount of proceeds generated from any such asset sales. In addition, we do not have access to a working capital facility and may not have access to other sources of external capital on reasonable terms or at all. If we are unable to obtain a sufficient amount of proceeds from asset sales or funds from other sources, we may not be able to satisfy our working capital requirements, indebtedness and other obligations.

Our obligations under the negotiable demand promissory note (the "Demand Note") we executed in favor of Eco-Lender, LLC (the "Lender"), a Delaware limited liability company and an affiliate of Fir Tree (the "Lender"), are guaranteed by our wholly owned subsidiary, EcoStim, Inc., and are secured by a security interest (subject to permitted liens) in substantially all of our personal property and the personal property of EcoStim, Inc., including 100% of the outstanding equity of our U.S. subsidiaries (including EcoStim, Inc.) and 65% of the outstanding equity of our non-U.S. subsidiaries. As of September 30, 2018, the aggregate principal amount outstanding under the Demand Note was approximately $8.5 million. If our obligations under the Demand Note are accelerated pursuant to its terms, we cannot assure you that we will have sufficient funds to repay such obligations or our other obligations arising under our indebtedness or otherwise.

In Argentina, we have been operating under a transition agreement with our primary customer since May 2018. Following the third quarter of 2018, we have not provided any services to our customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. In addition, we are considering whether to sell, reduce the scale of, or shut down our operations in Argentina, any of which could result in the incurrence of material losses and expenses.

In Argentina, we have been operating under a transition agreement with our primary customer since May 2018 and continued to provide services under that agreement during the third quarter of 2018. Subsequent to the third quarter of 2018, we have not provided any services to our primary customer in Argentina under the transition agreement or otherwise, and we did not generate any revenue from our Argentina operations in October 2018. We are currently pursuing new work with multiple operators in Argentina, including our primary customer, however, there can be no assurance that we obtain additional work in Argentina on favorable terms or at all. If we do not obtain any new work either from our current customer or new customers, we do not expect to generate any material revenue from our Argentina operations in the fourth quarter of 2018 and may not generate any material revenue in future periods. In addition, we are considering whether to sell, reduce the scale of, or shut down our operations in Argentina, and we have retained an investment bank to assist us in evaluating our strategic alternatives for our Argentina business. A sale, reduction in scale or shut down of our operations in Argentina could result in the incurrence of material losses and expenses. As a result, our Argentina operations may require access to additional capital, which may not be available on reasonable terms or at all. If we are unable to obtain a sufficient amount of funds, we may not be able to satisfy the working capital requirements, indebtedness or other obligations of our operations in Argentina.

We are currently not in compliance with Nasdaq's Listing Rule 5550(a)(2). Accordingly, we are at risk of Nasdaq delisting our common stock, which could have a material adverse effect on our business, financial condition, prospects, and liquidity and trading price of our common stock.

On June 21, 2018, we received a notice from The Nasdaq Stock Market ("Nasdaq") that we are not in compliance with Nasdaq's Listing Rule 5550(a)(2), since the minimum bid price of our common stock had been below $1.00 per share for 30 consecutive business days. Under applicable Nasdaq rules, we have until December 18, 2018, to achieve compliance with the minimum bid price requirement. To regain compliance, the minimum bid price of our common stock must meet or exceed $1.00 per share for a minimum of ten consecutive business days during this 180-day grace period. Our failure to regain compliance during this period could result in delisting.

At our 2018 annual meeting, our stockholders approved a proposal for the approval of a one-for-four reverse stock split of all of our outstanding shares of our common stock (the "reverse stock split"), to be effected at the discretion of our board of directors. The reverse stock split could be effected in order to attempt to regain compliance with Nasdaq's Listing Rule 5550(a)(2); however, there can be no assurance that the minimum bid price for our common stock following the reverse stock split would be maintained at sufficient levels to regain compliance with Nasdaq requirements. If we fail to regain compliance, Nasdaq can initiate suspension and delisting procedures.

If our common stock ultimately were to be delisted for any reason, it could negatively impact us by: (i) reducing the liquidity and trading price of our common stock; (ii) reducing the number of investors willing to hold or acquire our common stock; and (iii) limiting our ability to use a registration statement to offer and sell freely tradeable securities, thereby preventing us from accessing the public capital markets.

We could become subject to penny stock regulations and restrictions, which could make it difficult for our stockholders to sell their shares of stock in our company.

SEC regulations generally define "penny stocks" as equity securities that have a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exemptions. As of September 28, 2018 (the last trading day of the third quarter), the closing bid and asked prices for our common stock were $0.28 per share. Although we currently meet the net tangible assets and/or the minimum revenue exemptions from the "penny stock" definition, no assurance can be given that such exemption will be maintained. If we lose the exemption, our common stock may become subject to Rule 15g-9 under the Exchange Act, which regulations are commonly referred to as the "Penny Stock Rules." The Penny Stock Rules impose additional sales practice requirements on broker-dealers prior to selling penny stocks, which may make it burdensome to conduct transactions in our shares. If our shares become subject to the Penny Stock Rules, it may be difficult to sell shares of our stock, and because it may be difficult to find quotations for shares of our stock, it may be impossible to accurately price an investment in our shares. There can be no assurance that our common stock will continue to qualify for an exemption from the Penny Stock Rules. In any event, even if our common stock continues to remain exempt from the Penny Stock Rules, we remain subject to Section 15(b)(6) of the Exchange Act, which gives the SEC the authority to restrict any person from participating in a distribution of a penny stock if the SEC determines that such a restriction would be in the public interest.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Except as previously reported on our Current Reports on Form 8-K, we did not have any sales of unregistered equity securities during the quarter ended September 30, 2018.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on November 26, 2013).
3.2	Certificate of Designation of Preferences, Rights and Limitations (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on April 2, 2018).
3.3	Second Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 9, 2017).
3.3(a)	First Amendment to the Second Amended and Restated Bylaws of the Company adopted as of July 6, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 7, 2017).
3.3(b)	Second Amendment to the Second Amended and Restated Bylaws of the Company adopted as of August 2, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 3, 2017).
3.3(c)	Third Amendment to Second Amended and Restated Bylaws of the Company adopted as of August 25, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 25, 2017).
4.1	Amended and Restated Stockholder Rights Agreement, dated as of March 3, 2017, by and among Eco-Stim Energy Solutions, Inc. and the parties named therein (incorporated by reference to Exhibit 4.3 of the Company's Quarterly Report on Form 10-Q, filed March 9, 2017).
4.1(a)	First Amendment to Amended and Restated Stockholder Rights Agreement, dated as of July 6, 2017, by and among the Company and the parties named therein (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 7, 2017).
4.1(b)	Second Amendment to Amended and Restated Stockholder Rights Agreement, dated as of August 25, 2017, by and among the Company and the parties named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 25, 2017).
4.2	Amended & Restated Registration Rights Agreement, dated as of July 6, 2017, by and among the Company and the Purchasers named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 7, 2017).
4.2(a)	First Amendment to Amended and Restated Registration Rights Agreement entered into as of August 2, 2017, by and among the Company and the parties named therein, to be effective upon the Closing Date (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 3, 2017).
4.3	Registration Rights Agreement entered into as of August 2, 2017, by and among the Company and the Investors named therein, to be effective upon the Closing Date (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 3, 2017).
† 10.1*	Form of Performance Share Unit Grant Notice under the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan

† 10.2*	Form of Phantom Stock Award Grant Notice (Change of Control Based Vesting) under the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan
† 10.3*	Form of Phantom Stock Award Grant Notice (Argentina Sale Based Vesting) under the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan
† 10.4*	Separation and Release Agreement, dated as of September 28, 2018, by and between the Company and J. Christopher Boswell
31.1*	Rule 13(a)-14(a) Certification of the Chief Executive Officer/Chief Financial Officer.
32.1**	Section 1350 Certification of the Chief Executive Officer/Chief Financial Officer.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
** Furnished herewith.
† Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: November 14, 2018

ECO-STIM ENERGY SOLUTIONS, INC.

By: */s/ Alexander Nickolatos*
Alexander Nickolatos
Interim President and Chief Executive Officer, Chief Financial Officer and Assistant Secretary

[Final Form]

ECO-STIM ENERGY SOLUTIONS, INC.
2015 STOCK INCENTIVE PLAN

PERFORMANCE SHARE UNIT GRANT NOTICE

Pursuant to the terms and conditions of the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan, as amended from time to time (the "***Plan***"), Eco-Stim Energy Solutions, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***") the number of performance share units (the "***PSUs***") set forth below. This award of PSUs (this "***Award***") is subject to the terms and conditions set forth herein and in the Performance Share Unit Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	[●]
Date of Grant:	[●], 2018
Award Type and Description:	Performance Award granted pursuant to Paragraph IX of the Plan. This Award represents the right to receive shares of Common Stock in an amount equal to 0% or 100% of the Base PSUs (defined below) plus 0% or 100% of the Stretch PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement. Your right to receive settlement of this Award shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment or service requirements described below under "Service Requirement" and (ii) the Committee's certification of the level of achievement of the Performance Goal (defined below). The number of PSUs actually earned upon satisfaction of the foregoing requirements is referred to herein as the "***Earned PSUs***."
Number of PSUs:	[●] (the "***Base PSUs***") and [●] (the "***Stretch PSUs***").
Performance Period:	[●], 2018 (the "***Performance Period Commencement Date***") through December 31, 2018 (the "***Performance Period End Date***").
Performance Goals:	The "***Performance Goal***" is based on the Company's adjusted earnings from its U.S. operations before interest, taxes, depreciation and amortization during the Performance Period, as more fully described in Exhibit B attached hereto.
Service Requirement:	Except as expressly provided in Section 3 of the Agreement, you must remain continuously employed by, or continuously provide services to, the Company or an Affiliate, as applicable, from the Date of Grant through the date on which the Committee certifies the level of achievement of the Performance Goal (the "***Certification Date***"), which certification shall not be unreasonably delayed beyond the Performance Period End Date, to be eligible to receive payment of this Award, which payment is based on such achievement with respect to the Performance Goal.
Settlement:	Settlement of the Earned PSUs shall be made solely in shares of Common Stock, which shall be delivered to you in accordance with Section 4 of the Agreement.

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Share Unit Grant Notice (this "***Grant Notice***"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

COMPANY

Eco-Stim Energy Solutions, Inc.

By: _____
Name:
Its:

PARTICIPANT

_____
Name:

EXHIBIT A

PERFORMANCE SHARE UNIT AGREEMENT

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

1 . **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the number of Base PSUs and Stretch PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent earned and vested, each PSU represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Common Stock that may be earned hereunder in respect of this Award is equal to 0% or 100% of the Base PSUs plus 0% or 100% of the Stretch PSUs. Unless and until the PSUs have become earned and vested in accordance with this Agreement, the Participant will have no right to receive any shares of Common Stock or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Earning and Vesting of PSUs**. Except as otherwise set forth in Section 3, the PSUs shall become Earned PSUs based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period as described in Exhibit B attached hereto. Any PSUs that do not become Earned PSUs shall be automatically forfeited. Once the number of Earned PSUs has been determined, the Participant must satisfy the Service Requirement as set forth in the Grant Notice or pursuant to Section 3 in order for such Earned PSUs to vest and become nonforfeitable. Any Earned PSUs that do not vest and become nonforfeitable shall automatically be forfeited. Unless and until the PSUs have become Earned PSUs and the Service Requirement with respect to such Earned PSUs has been satisfied in accordance with this Section 2 or Section 3, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

3. **Effect of Termination of Employment or Service; Change of Control**.

(a) Termination of Employment or Service Relationship due to Death or Disability. Upon the termination of the Participant's employment or other service relationship with the Company or an Affiliate due to the Participant's "Disability" (as defined in Section 3(d) below) or death that occurs prior to the Certification Date, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the Base PSUs and the Stretch PSUs and such PSUs shall remain outstanding and shall become Earned PSUs based on the extent to which the Performance Goal is achieved, with any Earned PSUs being eligible for settlement in accordance with Section 4.

(b) Other Termination of Employment or Service. Except as otherwise provided in Section 3(a), upon the termination of the Participant's employment or other service relationship with the Company or an Affiliate for any reason, any unearned PSUs (and all rights arising from such PSUs and from being a holder thereof) and any Earned PSUs for which the Service Requirement has not been satisfied will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(c) Change of Control.

(i) In the event a Change of Control (as defined in Section 3(d) below) occurs prior to the Performance Period End Date, so long as the Participant has remained continuously employed by, or has continuously provided services to, the Company or an Affiliate, as applicable, from the Date of Grant through the date of such Change of Control, then a number of PSUs equal to 100% of the Base PSUs plus 100% of the Stretch PSUs shall be deemed Earned PSUs and the Participant shall be deemed to have satisfied the Service Requirement with respect to such Earned PSUs as of the date of such Change of Control, which Earned PSUs shall be eligible for settlement in accordance with Section 4 except that settlement shall occur within 60 days following the date of such Change of Control.

(ii) In the event a Change of Control occurs following the Performance Period End Date but prior to the Certification Date, so long as the Participant has remained continuously employed by, or has continuously provided services to, the Company or an Affiliate, as applicable, from the Date of Grant through the date of such Change of Control, then the Participant shall be deemed to have satisfied the Service Requirement with respect to the Base PSUs and the Stretch PSUs and such PSUs shall remain outstanding and shall become Earned PSUs based on the extent to which the Performance Goal is achieved, with any Earned PSUs being eligible for settlement in accordance with Section 4.

(d) Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(i) "***Change of Control***" shall mean the occurrence of any of the following events:

(1) a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company to another entity if, in any such case, the holders of equity securities of the Company immediately prior to such transaction or event do not beneficially own immediately after such transaction or event equity securities of the resulting entity entitled to 50% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of the resulting entity in substantially the same proportions that they owned the equity securities of the Company immediately prior to such transaction or event;

(2) the dissolution or liquidation of the Company; or

(3) the acquisition by any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, of ownership or control (including, without limitation, power to vote) of more than 50% of the combined voting power of the outstanding securities of the Company.

For purposes of the preceding sentence, (a) "resulting entity" in the context of a transaction or event that is a merger, consolidation or sale of all or substantially all assets shall mean the surviving entity (or acquiring entity in the case of an asset sale) unless the surviving entity (or acquiring entity in the case of an asset sale) is a subsidiary of another entity and the holders of Common Stock of the Company receive capital stock of such other entity in such transaction or event, in which event the resulting entity shall be such other entity, and (b) subsequent to the consummation of a merger or consolidation that does not constitute a Change of Control, the term "Company" shall refer to the resulting entity and the term "Board" shall refer to the board of directors (or comparable governing body) of the resulting entity.

(ii) "***Disability***" shall mean the inability of the Participant to perform the essential duties and services of the Participant's position (after accounting for reasonable accommodation, if applicable) by reason of any physical or mental impairment or other impairment that can be reasonably expected to result in death or to last for a continuous period of not less than three (3) months. The Participant shall be considered to have a Disability if (i) the Participant is determined to be totally disabled by the Social Security Administration or (ii) the Participant is determined to be disabled under the Company's long-term disability plan in which the Participant participates so long as such plan defines "disability" in a manner that is consistent with the immediately preceding sentence.

4. **Settlement of Earned PSUs**. As soon as administratively practicable following the Certification Date, but in no event later than March 30 of the calendar year following the Performance Period End Date, the Company shall deliver to the Participant (or the Participant's permitted transferee, if applicable), a number of shares of Common Stock equal to the number of Earned PSUs for which the Service Requirement has been satisfied. All shares of Common Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares of Common Stock to the Participant or by entering such shares of Common Stock in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Common Stock shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

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

6. **FCPA**. The Participant shall perform all duties as an employee, consultant, or other service provider on behalf of the Company in strict compliance with the laws of the State of Texas and the United States of America in effect from time to time, including without limitation, the Foreign Corrupt Practices Act of 1977 and amendments thereto ("***FCPA***") and the export control and anti-boycott laws and regulations of the United States in effect from time to time while this Agreement is in effect. The Participant acknowledges having received and reviewed a copy of the Company's FCPA compliance policy and PowerPoint presentation concerning the terms and provisions of the FCPA in effect as of the date of this Agreement and the purposes of the FCPA. The Participant acknowledges that the FCPA in general makes it a crime under United States law for a U.S. firm such as the Company knowingly to make payments to a foreign governmental official, or political party or candidate, directly or indirectly, in order to receive or retain business. Accordingly, the Participant shall not make on behalf of the Company any payments, loans or gifts or promises or offers of payments, loans or gifts of any money or anything of value, directly or indirectly,

(a) to or for the use or benefit of any official or employee of any United States or foreign government or the agency or instrumentalities of any such government,

(b) to any political party or official or candidate thereof,

(c) to any other person if the Participant knows or has reason to suspect that any part of such payment, loan or gift will be directly or indirectly given or paid to any such governmental official or political party or candidate or official thereof, or

(d) to any other person or entity, the payment of which would violate either the laws or policies of United States any foreign country.

The Participant represents and warrants that on the date of this Agreement neither the Participant nor any family member living in the Participant's household is an official or employee of (i) any foreign government or an international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof, (ii) a political party in any foreign country or an official thereof, (iii) a candidate for political office in any foreign country, or (iv) a person acting in an official capacity for or on behalf of any foreign government or any international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof.

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

8. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Common Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No shares of Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, shares of Common Stock will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended, is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act of 1933, as amended. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Common Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

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

10. **Rights as a Stockholder; Stockholder Rights Agreement**. The Participant shall have no rights as a stockholder of the Company with respect to any shares of Common Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Common Stock, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares of Common Stock, except as otherwise specifically provided for in the Plan or this Agreement. The Participant acknowledges that the shares of Common Stock delivered hereunder shall be subject to the terms of the Company's Amended and Restated Stockholder Rights Agreement (as amended from time to time), among the Company and its stockholders.

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

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

13. **Notices**. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address for the Participant indicated on the signature page to this Agreement (as such address may be updated by the Participant providing written notice to such effect to the Company). Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

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

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

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

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

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

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

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

21. **Headings**. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

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

23. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of Section 409A of the Code, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto (the "***Nonqualified Deferred Compensation Rules***"), and shall be construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PSUs may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

EXHIBIT B

PERFORMANCE GOAL

The performance goal for the Base PSUs and the Stretch PSUs shall be based on "Field Level Adjusted EBITDA" (as more specifically defined below) during the Performance Period.

The term "Field Level Adjusted EBITDA" shall (i) represent the revenues less cost of services (excluding corporate SG&A) for the Company's operations based out of Fairview, Oklahoma; (ii) include both frac and pump down revenue and associated costs; and (iii) be calculated in the manner as reviewed weekly with the Company's Chairman.

Base PSUs

You will earn a number of Base PSUs (*i.e.,* the Earned PSUs) as determined in accordance with the table below. The Committee, in its sole discretion, will review, analyze and certify the Company's Field Level Adjusted EBITDA for the Performance Period and will determine the number of Earned PSUs in accordance with the terms of this Agreement, the Grant Notice and the Plan.

Field Level Adjusted EBITDA	Earned PSUs (% of Base PSUs)
Less than $[●]	0%
$[●] or greater	100%

Stretch PSUs

You will earn a number of Stretch PSUs (i.e., the Earned PSUs) as determined in accordance with the table below. The Committee, in its sole discretion, will review, analyze and certify the Company's Field Level Adjusted EBITDA for the Performance Period and will determine the number of Earned PSUs in accordance with the terms of this Agreement, the Grant Notice and the Plan.

Field Level Adjusted EBITDA	Earned PSUs (% of Stretch PSUs)
Less than $[●]	0%
$[●] or greater	100%

ECO-STIM ENERGY SOLUTIONS, INC.
2015 STOCK INCENTIVE PLAN

PHANTOM STOCK AWARD GRANT NOTICE

Pursuant to the terms and conditions of the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan, as amended from time to time (the "***Plan***"), Eco-Stim Energy Solutions, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***") the number of shares of phantom stock (the "***Phantom Shares***") set forth below. This award of Phantom Shares (this "***Award***") is subject to the terms and conditions set forth in this Phantom Stock Award Grant Notice (this "***Grant Notice***") and in the Phantom Stock Award Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	[●]
Date of Grant:	[●], 2018
Total Number of Phantom Shares:	[●]
Vesting Schedule:	Subject to the Agreement, the Plan and the other terms and conditions set forth herein, all of the Phantom Shares shall vest on the date that a Change of Control occurs so long as you remain continuously employed by the Company or its Affiliates, as applicable, from the Date of Grant through the date of such Change of Control; provided, however, that (i) such Change of Control occurs on or before the first anniversary of the Date of Grant and (ii) the amount of aggregate consideration paid to the common stockholders of the Company pursuant to such Change of Control is equal to or greater than $[●][●] per share of Common Stock. For the avoidance of doubt, (x) if a Change of Control occurs after the first anniversary of the Date of Grant or (y) if a Change of Control occurs on or before the first anniversary of the Date of Grant but the aggregate consideration paid to the common stockholders of the Company pursuant to such Change of Control is less than $[●][●] per share of Common Stock, all Phantom Shares (and all rights arising from such Phantom Shares and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company. Notwithstanding the schedule set forth above, the Phantom Shares granted hereunder shall also be eligible to become vested as set forth in Section 3(b) of the Agreement.

By your signature below, you represent, warrant and covenant to the Company that:

(a) You have received the Agreement and the Plan, read the terms of the Agreement and the Plan and have been given the opportunity to consult with counsel, ask questions of or request additional information from the Company.

(b) You agree to be bound by the terms and conditions of the Plan and the Agreement (including this Grant Notice).

(c) You agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement (including this Grant Notice) or the Plan.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

COMPANY

Eco-Stim Energy Solutions, Inc.

By: _____
Name:
Its:

PARTICIPANT

_____
Name:
Address:

SIGNATURE PAGE
TO PHANTOM STOCK AWARD GRANT NOTICE

EXHIBIT A

PHANTOM STOCK AWARD AGREEMENT

This Phantom Stock Award Agreement (together with the Grant Notice to which this Agreement is attached, this "***Agreement***") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Eco-Stim Energy Solutions, Inc., a Nevada corporation (the "***Company***"), and [●] (the "***Participant***"). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1 . **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the number of Phantom Shares set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control; provided, however, that this Agreement may impose greater restrictions or grant lesser rights than the Plan. To the extent vested, each Phantom Share represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan. Unless and until the Phantom Shares have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Common Stock or other payments in respect of the Phantom Shares. Prior to settlement of this Award, the Phantom Shares and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Definitions**

(a) ***"Cause"*** shall mean:

(i) the Participant's failure without proper legal reason to perform his or her duties and responsibilities to the Company or any Affiliate faithfully and to the best of his or her abilities;

(ii) the Participant engages in gross negligence, gross incompetence or willful misconduct in the performance of his or her duties with respect to the Company or any Affiliate

(iii) any act by the Participant involving fraud, misrepresentation, theft, embezzlement, or dishonesty on a material matter in connection with the Participant's employment with, or performance of the his or her duties for, the Company or any Affiliate;

(iv) conviction of the Participant, or a plea by the Participant of guilty or *nolo contendere* to, an offense that is a (A) felony (or a crime of similar import in a foreign jurisdiction) or (B) crime involving fraud, dishonesty or moral turpitude;

(v) material breach by the Participant, of the Participant's written employment agreement with the Company or any of its Affiliates, or corporate policy, or code of conduct established by the Company or any of its Affiliates; or

(vi) the Participant breaches Section 7 of this Agreement.

(b) "***Change of Control***" shall mean the approval by the Board of, and subsequent occurrence of, any of the following events:

(i) a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company to another entity if, in any such case, the holders of equity securities of the Company immediately prior to such transaction or event do not beneficially own immediately after such transaction or event equity securities of the resulting entity entitled to 50% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of the resulting entity in substantially the same proportions that they owned the equity securities of the Company immediately prior to such transaction or event;

(ii) the dissolution or liquidation of the Company; or

(iii) the acquisition by any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, of ownership or control (including, without limitation, power to vote) of more than 50% of the combined voting power of the outstanding securities of the Company.

For purposes of the preceding sentence, (1) "resulting entity" in the context of a transaction or event that is a merger, consolidation or sale of all or substantially all assets shall mean the surviving entity (or acquiring entity in the case of an asset sale) unless the surviving entity (or acquiring entity in the case of an asset sale) is a subsidiary of another entity and the holders of Common Stock of the Company receive capital stock of such other entity in such transaction or event, in which event the resulting entity shall be such other entity, and (2) subsequent to the consummation of a merger or consolidation that does not constitute a Change of Control, the term "Company" shall refer to the resulting entity and the term "Board" shall refer to the board of directors (or comparable governing body) of the resulting entity.

(c) ***"Disability"*** shall mean the inability of the Participant to perform the essential duties and services of the Participant's position (after accounting for reasonable accommodation, if applicable) by reason of any physical or mental impairment or other impairment that can be reasonably expected to result in death or to last for a continuous period of not less than three (3) months. The Participant shall be considered to have a Disability if (i) the Participant is determined to be totally disabled by the Social Security Administration or (ii) the Participant is determined to be disabled under the Company's long-term disability plan in which the Participant participates so long as such plan defines "disability" in a manner that is consistent with the immediately preceding sentence.

(d) ***"Good Reason"*** shall mean the occurrence of any of the following without the Participant's express written consent:

(i) A material diminution in the Participant's annualized base salary;

(ii) A change in the location where the Participant is expected or required to perform the majority of the Participant's job duties at the time the Participant executes this Agreement ("***Base Location***") to a location that is more than twenty (20) miles from the Base Location, except for travel reasonably required of the Participant on the Company's business;

(iii) A substantial and adverse diminution in the Participant's duties, authority, responsibility and position with the Company; or

(iv) Any breach by the Company of any material provision of the Participant's written employment agreement.

The Participant's resignation for Good Reason shall be effective only if all of the following conditions are satisfied: (1) the Participant provides written notice to the Company of the fact, event, condition or circumstance set forth in clause (i), (ii), (iii) or (iv) above within thirty (30) days following the initial existence of such fact, event, condition or circumstance, (2) the fact, event, condition or circumstance specified in such notice must remain uncorrected for thirty (30) days following the Company's receipt of such written notice and (3) the date of the Participant's termination of employment must occur within sixty (60) days following the Company's receipt of such notice. If the Company timely cures the fact, event, condition or circumstance giving rise to Good Reason for the Participant's resignation, the notice of resignation for Good Reason shall become null and void.

(e) "***Involuntary Termination***" shall mean any termination of the Participant's employment with the Company (i) by the Participant for Good Reason, or (ii) by the Company without Cause. For the avoidance of doubt, the term "Involuntary Termination" shall not include a termination of the Participant's employment by the Company for Cause or as a result of the Participant's death or Disability.

3. **Vesting of Phantom Shares**.

(a) Except as otherwise set forth in Section 3(b), the Phantom Shares shall vest in accordance with the vesting schedule set forth in the Grant Notice. In the event of the termination of the Participant's employment prior to the vesting of all of the Phantom Shares (but after giving effect to any accelerated vesting pursuant to this Section 3), any unvested Phantom Shares (and all rights arising from such Phantom Shares and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary and subject to the Participant's execution of a wavier and release of claims of the Company, its affiliates and related persons within the time frame provided by the Company and in the form provided by the Company:

(i) if the Participant's employment or other service relationship with the Company or its Affiliates is terminated by reason of the Participant's death or Disability, the Participant shall vest as to 100% of the Phantom Shares if, and only if, a Change of Control occurs following such termination and such Change of Control satisfies the vesting criteria provided in the Grant Notice (other than any criteria specified with respect to continued employment), with the vesting of such Phantom Shares to occur as of the date of consummation of such Change of Control; and

(ii) if the Participant's employment or other service relationship with the Company or its Affiliates is terminated by reason of the Participant's Involuntary Termination, the Participant shall vest as to 100% of the Phantom Shares if, and only if, a Change of Control occurs within 45 days of the date of the Participant's Involuntary Termination and such Change of Control satisfies the vesting criteria provided in the Grant Notice (other than any criteria specified with respect to continued employment), with the vesting of such Phantom Shares to occur as of the date of consummation of such Change of Control.

4. **Settlement of Phantom Shares**. As soon as administratively practicable following the vesting of Phantom Shares pursuant to Section 3, but in no event later than 30 days after such vesting date, the Company shall deliver to the Participant a number of shares of Common Stock equal to the number of Phantom Shares subject to this Award. All shares of Common Stock issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Common Stock shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

5. **Dividend Equivalents**. Each Phantom Share subject to this Award is hereby granted in tandem with a corresponding dividend equivalent ("***DER***"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the Phantom Share to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the share of Common Stock underlying the Phantom Share to which such DER relates. The Company shall establish, with respect to each Phantom Share, a separate DER bookkeeping account for such Phantom Share (a "***DER Account***"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such Phantom Share remains outstanding with respect to the share of Common Stock underlying the Phantom Share to which such DER relates. Upon the vesting of a Phantom Share, the DER (and the DER Account) with respect to such vested Phantom Share shall also become vested. Similarly, upon the forfeiture of a Phantom Share, the DER (and the DER Account) with respect to such forfeited Phantom Share shall also be forfeited. DERs shall not entitled the Participant to any payments relating to dividends paid after the earlier to occur of the applicable Phantom Share settlement date or the forfeiture of the Phantom Share underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests.

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

7. **FCPA**. The Participant shall perform all duties as an employee, consultant, or other service provider on behalf of the Company in strict compliance with the laws of the State of Texas and the United States of America in effect from time to time, including without limitation, the Foreign Corrupt Practices Act of 1977 and amendments thereto ("***FCPA***") and the export control and anti-boycott laws and regulations of the United States in effect from time to time while this Agreement is in effect. The Participant acknowledges having received and reviewed a copy of the Company's FCPA compliance policy and PowerPoint presentation concerning the terms and provisions of the FCPA in effect as of the date of this Agreement and the purposes of the FCPA. The Participant acknowledges that the FCPA in general makes it a crime under United States law for a U.S. firm such as the Company knowingly to make payments to a foreign governmental official, or political party or candidate, directly or indirectly, in order to receive or retain business. Accordingly, the Participant shall not make on behalf of the Company any payments, loans or gifts or promises or offers of payments, loans or gifts of any money or anything of value, directly or indirectly,

(a) to or for the use or benefit of any official or employee of any United States or foreign government or the agency or instrumentalities of any such government,

(b) to any political party or official or candidate thereof,

(c) to any other person if the Participant knows or has reason to suspect that any part of such payment, loan or gift will be directly or indirectly given or paid to any such governmental official or political party or candidate or official thereof, or

(d) to any other person or entity, the payment of which would violate either the laws or policies of United States any foreign country.

The Participant represents and warrants that on the date of this Agreement neither the Participant nor any family member living in the Participant's household is an official or employee of (i) any foreign government or an international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof, (ii) a political party in any foreign country or an official thereof, (iii) a candidate for political office in any foreign country, or (iv) a person acting in an official capacity for or on behalf of any foreign government or any international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof.

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

9. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Common Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No shares of Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, shares of Common Stock will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended, is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act of 1933, as amended. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Common Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

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

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

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

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

14. **Notices**. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address for the Participant indicated on the signature page to this Agreement (as such address may be updated by the Participant providing written notice to such effect to the Company). Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

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

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

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

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

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

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

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

22. **Headings**. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

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

24. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the Phantom Shares granted pursuant to this Agreement are intended to be exempt from the applicable requirements of Section 409A of the Code, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto (the "***Nonqualified Deferred Compensation Rules***"), and shall be construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the Phantom Shares may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Phantom Shares upon the Participant's "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the Phantom Shares provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

ECO-STIM ENERGY SOLUTIONS, INC.
2015 STOCK INCENTIVE PLAN

PHANTOM STOCK AWARD GRANT NOTICE

Pursuant to the terms and conditions of the Eco-Stim Energy Solutions, Inc. 2015 Stock Incentive Plan, as amended from time to time (the "***Plan***"), Eco-Stim Energy Solutions, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***") the number of shares of phantom stock (the "***Phantom Shares***") set forth below. This award of Phantom Shares (this "***Award***") is subject to the terms and conditions set forth in this Phantom Stock Award Grant Notice (this "***Grant Notice***") and in the Phantom Stock Award Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant: [●]

Date of Grant: [●], 2018

Total Number of Phantom Shares: [●]

Vesting Schedule: Subject to the Agreement, the Plan and the other terms and conditions set forth herein, so long as you remain continuously employed by the Company or its Affiliates, as applicable, from the Date of Grant through the date that a Qualifying Sale occurs, the Phantom Shares are eligible to vest in accordance with the following:

- 0% of the Phantom Shares shall vest if the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is less than $[●] (as determined by the Board in its sole discretion);

- 50% of the Phantom Shares shall vest if (i) the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is equal to or greater than $[●] but less than $[●] (as determined by the Board in its sole discretion), (ii) such Qualifying Sale results in net cash proceeds available for distribution to the Company of at least $[●] (as determined by the Board in its sole discretion), and (iii) such Qualifying Sale occurs on or before the first anniversary of the Date of Grant;

- 75% of the Phantom Shares shall vest if (i) the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is equal to or greater than $[●] but less than $[●] (as determined by the Board in its sole discretion), (ii) such Qualifying Sale results in net cash proceeds available for distribution to the Company of at least $[●] (as determined by the Board in its sole discretion), and (iii) such Qualifying Sale occurs on or before the first anniversary of the Date of Grant; and

- 100% of the Phantom Shares shall vest if (i) the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is equal to or greater than $[●] (as determined by the Board in its sole discretion), (ii) such Qualifying Sale results in net cash proceeds available for distribution to the Company of at least $[●] (as determined by the Board in its sole discretion), and (iii) such Qualifying Sale occurs on or before the first anniversary of the Date of Grant.

For the avoidance of doubt, if a Qualifying Sale occurs and the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is less than $[●] (as determined by the Board in its sole discretion), all Phantom Shares (and all rights arising from such Phantom Shares and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company. For the further avoidance of doubt, if a Qualifying Sale occurs on or before the first anniversary of the Date of Grant and (i) the aggregate consideration paid to the Company and/or its controlled subsidiaries pursuant to such Qualifying Sale is equal to $[●] and (ii) such Qualifying Sale results in net cash proceeds available for distribution to the Company of at least $[●] (as determined by the Board in its sole discretion), then 75% of the Phantom Shares will vest while the remaining 25% of the Phantom Shares (and all rights arising from such Phantom Shares and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

Notwithstanding the schedule set forth above, the Phantom Shares granted hereunder shall also be eligible to become vested as set forth in Section 3(b) of the Agreement.

By your signature below, you represent, warrant and covenant to the Company that:

(a) You have received the Agreement and the Plan, read the terms of the Agreement and the Plan and have been given the opportunity to consult with counsel, ask questions of or request additional information from the Company.

(b) You agree to be bound by the terms and conditions of the Plan and the Agreement (including this Grant Notice).

(c) You agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement (including this Grant Notice) or the Plan.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

COMPANY

Eco-Stim Energy Solutions, Inc.

By: _____
Name:
Its:

PARTICIPANT

_____
Name:

SIGNATURE PAGE TO
PHANTOM STOCK AWARD GRANT NOTICE

EXHIBIT A

PHANTOM STOCK AWARD AGREEMENT

This Phantom Stock Award Agreement (together with the Grant Notice to which this Agreement is attached, this "***Agreement***") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Eco-Stim Energy Solutions, Inc., a Nevada corporation (the "***Company***"), and [●] (the "***Participant***"). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1 . **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the number of Phantom Shares set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control; provided, however, that this Agreement may impose greater restrictions or grant lesser rights than the Plan. To the extent vested, each Phantom Share represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan. Unless and until the Phantom Shares have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Common Stock or other payments in respect of the Phantom Shares. Prior to settlement of this Award, the Phantom Shares and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Definitions**

(a) ***"Business"*** means the business and related operations conducted by Eco-Stim Argentina.

(b) ***"Cause"*** shall mean:

(i) the Participant's failure without proper legal reason to perform his or her duties and responsibilities to the Company or any Affiliate faithfully and to the best of his or her abilities;

(ii) the Participant engages in gross negligence, gross incompetence or willful misconduct in the performance of his or her duties with respect to the Company or any Affiliate

(iii) any act by the Participant involving fraud, misrepresentation, theft, embezzlement, or dishonesty on a material matter in connection with the Participant's employment with, or performance of the his or her duties for, the Company or any Affiliate;

(iv) conviction of the Participant, or a plea by the Participant of guilty or *nolo contendere* to, an offense that is a (A) felony (or a crime of similar import in a foreign jurisdiction) or (B) crime involving fraud, dishonesty or moral turpitude;

(v) material breach by the Participant, of the Participant's written employment agreement with the Company or any of its Affiliates, or corporate policy, or code of conduct established by the Company or any of its Affiliates; or

(vi) the Participant breaches Section 7 of this Agreement.

(c) "***Change of Control***" shall mean the occurrence of any of the following events:

(i) a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets of the Company to another entity if, in any such case, the holders of equity securities of the Company immediately prior to such transaction or event do not beneficially own immediately after such transaction or event equity securities of the resulting entity entitled to 50% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of the resulting entity in substantially the same proportions that they owned the equity securities of the Company immediately prior to such transaction or event;

(ii) the dissolution or liquidation of the Company; or

(iii) the acquisition by any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, of ownership or control (including, without limitation, power to vote) of more than 50% of the combined voting power of the outstanding securities of the Company.

For purposes of the preceding sentence, (1) "resulting entity" in the context of a transaction or event that is a merger, consolidation or sale of all or substantially all assets shall mean the surviving entity (or acquiring entity in the case of an asset sale) unless the surviving entity (or acquiring entity in the case of an asset sale) is a subsidiary of another entity and the holders of Common Stock of the Company receive capital stock of such other entity in such transaction or event, in which event the resulting entity shall be such other entity, and (2) subsequent to the consummation of a merger or consolidation that does not constitute a Change of Control, the term "Company" shall refer to the resulting entity and the term "Board" shall refer to the board of directors (or comparable governing body) of the resulting entity.

(d) ***"Disability"*** shall mean the inability of the Participant to perform the essential duties and services of the Participant's position (after accounting for reasonable accommodation, if applicable) by reason of any physical or mental impairment or other impairment that can be reasonably expected to result in death or to last for a continuous period of not less than three (3) months. The Participant shall be considered to have a Disability if (i) the Participant is determined to be totally disabled by the Social Security Administration or (ii) the Participant is determined to be disabled under the Company's long-term disability plan in which the Participant participates so long as such plan defines "disability" in a manner that is consistent with the immediately preceding sentence.

(e) ***"Eco-Stim Argentina"*** shall mean Eco-Stim Energy Solutions Argentina S.A.

(f) ***"Good Reason"*** shall mean the occurrence of any of the following without the Participant's express written consent:

(i) A material diminution in the Participant's annualized base salary;

(ii) A change in the location where the Participant is expected or required to perform the majority of the Participant's job duties at the time the Participant executes this Agreement (" ***Base Location***") to a location that is more than twenty (20) miles from the Base Location, except for travel reasonably required of the Participant on the Company's business;

(iii) A substantial and adverse diminution in the Participant's duties, authority, responsibility and position with the Company; or

(iv) Any breach by the Company of any material provision of the Participant's written employment agreement.

The Participant's resignation for Good Reason shall be effective only if all of the following conditions are satisfied: (1) the Participant provides written notice to the Company of the fact, event, condition or circumstance set forth in clause (i), (ii), (iii) or (iv) above within thirty (30) days following the initial existence of such fact, event, condition or circumstance, (2) the fact, event, condition or circumstance specified in such notice must remain uncorrected for thirty (30) days following the Company's receipt of such written notice and (3) the date of the Participant's termination of employment must occur within sixty (60) days following the Company's receipt of such notice. If the Company timely cures the fact, event, condition or circumstance giving rise to Good Reason for the Participant's resignation, the notice of resignation for Good Reason shall become null and void.

(g) "***Involuntary Termination***" shall mean any termination of the Participant's employment with the Company (i) by the Participant for Good Reason, (ii) by the Company without Cause, or (iii) as a result of the Participant's death or Disability. For the avoidance of doubt, the term "Involuntary Termination" shall not include a termination of the Participant's employment by the Company for Cause.

(h) "***Qualifying Sale***" shall mean the occurrence of any of the following events: (i) a merger of Eco-Stim Argentina with another entity, (ii) a consolidation involving Eco-Stim Argentina (other than a consolidation that constitutes a Change of Control), or (iii) the sale of all or substantially all of the assets of the Business to another entity if, in any such case, the Company does not beneficially own immediately after such transaction or event at least a majority of the outstanding equity securities of the resulting entity. For purposes of the preceding sentence, (1) "resulting entity" in the context of a transaction or event that is a merger, consolidation or sale of all or substantially all assets shall mean the surviving entity (or acquiring entity in the case of an asset sale) unless the surviving entity (or acquiring entity in the case of an asset sale) is a subsidiary of another entity and the Company and/or its controlled subsidiaries receive capital stock of such other entity in such transaction or event, in which event the resulting entity shall be such other entity, and (2) for clarification and the avoidance of doubt, a Change of Control shall not constitute a Qualifying Sale.

3. **Vesting of Phantom Shares**.

(a) Except as otherwise set forth in Section 3(b), the Phantom Shares shall vest in accordance with the vesting schedule set forth in the Grant Notice. In the event of the termination of the Participant's employment prior to the vesting of all of the Phantom Shares (but after giving effect to any accelerated vesting pursuant to this Section 3), any unvested Phantom Shares (and all rights arising from such Phantom Shares and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary and subject to the Participant's execution of a wavier and release of claims of the Company, its affiliates and related persons within the time frame provided by the Company and in the form provided by the Company, if the Participant's employment or other service relationship with the Company or its Affiliates is terminated by reason of the Participant's Involuntary Termination, the Participant shall vest as to a number of the Phantom Shares if, and only if, a Qualifying Sale occurs within 45 days following the date of the Participant's Involuntary Termination, with (A) the number of Phantom Shares that vest to be determined based on the applicable vesting criteria in the Grant Notice with respect to such Qualifying Sale (other than any criteria specified with respect to continued employment), and (B) the vesting of any such Phantom Shares shall occur as of the date of consummation of such Qualifying Sale.

4. **Settlement of Phantom Shares**. As soon as administratively practicable following the vesting of Phantom Shares pursuant to Section 3, but in no event later than 30 days after such vesting date, the Company shall deliver to the Participant a number of shares of Common Stock equal to the number of Phantom Shares subject to this Award. All shares of Common Stock issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Common Stock shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

5. **Dividend Equivalents**. Each Phantom Share subject to this Award is hereby granted in tandem with a corresponding dividend equivalent ("***DER***"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the Phantom Share to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the share of Common Stock underlying the Phantom Share to which such DER relates. The Company shall establish, with respect to each Phantom Share, a separate DER bookkeeping account for such Phantom Share (a "***DER Account***"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such Phantom Share remains outstanding with respect to the share of Common Stock underlying the Phantom Share to which such DER relates. Upon the vesting of a Phantom Share, the DER (and the DER Account) with respect to such vested Phantom Share shall also become vested. Similarly, upon the forfeiture of a Phantom Share, the DER (and the DER Account) with respect to such forfeited Phantom Share shall also be forfeited. DERs shall not entitled the Participant to any payments relating to dividends paid after the earlier to occur of the applicable Phantom Share settlement date or the forfeiture of the Phantom Share underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests.

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

7. **FCPA**. The Participant shall perform all duties as an employee, consultant, or other service provider on behalf of the Company in strict compliance with the laws of the State of Texas and the United States of America in effect from time to time, including without limitation, the Foreign Corrupt Practices Act of 1977 and amendments thereto ("***FCPA***") and the export control and anti-boycott laws and regulations of the United States in effect from time to time while this Agreement is in effect. The Participant acknowledges having received and reviewed a copy of the Company's FCPA compliance policy and PowerPoint presentation concerning the terms and provisions of the FCPA in effect as of the date of this Agreement and the purposes of the FCPA. The Participant acknowledges that the FCPA in general makes it a crime under United States law for a U.S. firm such as the Company knowingly to make payments to a foreign governmental official, or political party or candidate, directly or indirectly, in order to receive or retain business. Accordingly, the Participant shall not make on behalf of the Company any payments, loans or gifts or promises or offers of payments, loans or gifts of any money or anything of value, directly or indirectly,

(a) to or for the use or benefit of any official or employee of any United States or foreign government or the agency or instrumentalities of any such government,

(b) to any political party or official or candidate thereof,

(c) to any other person if the Participant knows or has reason to suspect that any part of such payment, loan or gift will be directly or indirectly given or paid to any such governmental official or political party or candidate or official thereof, or

(d) to any other person or entity, the payment of which would violate either the laws or policies of United States any foreign country.

The Participant represents and warrants that on the date of this Agreement neither the Participant nor any family member living in the Participant's household is an official or employee of (i) any foreign government or an international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof, (ii) a political party in any foreign country or an official thereof, (iii) a candidate for political office in any foreign country, or (iv) a person acting in an official capacity for or on behalf of any foreign government or any international organization covered by the FCPA or similar laws, or any department, agency, or instrumentality thereof.

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

9. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Common Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No shares of Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, shares of Common Stock will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended, is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act of 1933, as amended. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Common Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

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

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

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

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

14. **Notices**. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Participant at the address for the Participant indicated on the signature page to this Agreement (as such address may be updated by the Participant providing written notice to such effect to the Company). Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

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

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

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

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

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

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

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

22. **Headings**. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

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

24. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the Phantom Shares granted pursuant to this Agreement are intended to be exempt from the applicable requirements of Section 409A of the Code, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto (the "***Nonqualified Deferred Compensation Rules***"), and shall be construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the Phantom Shares may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Phantom Shares upon the Participant's "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the Phantom Shares provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

SEPARATION AND GENERAL RELEASE AGREEMENT

THIS SEPARATION AND GENERAL RELEASE AGREEMENT (the " Agreement") is made as of this 28th day of September, 2018, by ECO-STIM ENERGY SOLUTIONS, INC., a Nevada corporation (the "Company"), and J. CHRISTOPHER BOSWELL (the "Executive").

WHEREAS, the Executive serves as the President and Chief Executive Officer of the Company pursuant to that certain Employment Agreement, effective as of April 1, 2017, by and between the Company and the Executive (the " Employment Agreement"), and as a member of the Company's Board of Directors (the "Board"); and

WHEREAS, the Company and the Executive have mutually agreed to terminate the Executive's employment relationship under the terms and conditions set forth exclusively in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, representations and warranties set forth herein, and for other good and valuable consideration, the Executive and the Company agree as follows:

1. Cessation of Employment Relationship.

(a) The Executive's employment with the Company and its affiliates will cease, and the Executive will cease to serve as the President and Chief Executive Officer of the Company, effective as of the close of business on September 28, 2018 (the "Termination Date"). Up through and including the Termination Date, the Executive shall continue to receive the compensation and benefits set forth in the Employment Agreement. The Termination Date will be the termination date of the Executive's employment for purposes of active participation in and coverage under all employee benefit plans and programs sponsored by or through the Company. Terms used but not defined herein shall have the meaning ascribed to such terms in the Employment Agreement.

(b) Effective as of the Termination Date, the Executive hereby resigns from all positions he then holds as an employee, officer or other service provider to the Company and any of its subsidiaries and affiliates, including, without limitation, resignation from the Board, and as President and Chief Executive Officer of the Company, as well as from any positions, officer and directorships on the Company's and its subsidiaries' and affiliates' foundations, benefit plans and programs. From and after the date of this Agreement, the Executive shall take any action that the Company or any of its subsidiaries or affiliates may reasonably request in order to confirm or evidence such resignation. The Executive shall not hold himself out as a representative of the Company or any of its subsidiaries or affiliates, or use any powers relative to the Company or any of its subsidiaries or affiliates; all such powers shall terminate on the Termination Date.

2. Final Pay/Other Obligations.

(a) In connection with the termination of the Executive's employment with the Company, the Company shall pay or provide to the Executive (1) any earned but unpaid Base Salary as of the Termination Date, (2) any vested or accrued benefits under any other plan, program, policy, practice, contract or agreement of the Company in accordance with their terms including but not limited to the unpaid portion of the 2017 incentive bonus award approved by the Company's compensation committee ($91,875 as of September 28, 2018) (the "2017 Remaining Bonus Amount"), and (3) expenses incurred but not yet reimbursed as of the Termination Date (collectively, the " Accrued Benefits"), which amounts (other than the 2017 Remaining Bonus Amount) shall be payable in a single lump sum within thirty (30) days (or any shorter period prescribed by law) following the Termination Date. The 2017 Remaining Bonus Amount shall be payable in equal installments in accordance with the Company's normal payroll practices over a period of four (4) months, commencing on the Company's first regularly scheduled payroll date following the expiration of the revocation period set forth in Section 2(d) below. Except as expressly set forth in this Agreement, all unvested benefits shall terminate or forfeit as of the Termination Date in accordance with the terms of the applicable plan or program. For avoidance of doubt, the Executive shall not be eligible for an annual bonus with respect to calendar year 2018, whether pursuant to Section 3(b) of the Employment Agreement or otherwise.

(b) Subject to the Executive's continued compliance with this Agreement and the Continuing Obligations (as defined in Section 3 hereof), and subject to Section 9 below, (i) the Company shall pay or provide to the Executive an amount equal to $262,500, payable in equal installments in accordance with the Company's normal payroll practices over a period of twelve (12) months, commencing on the Company's first regularly scheduled payroll date following the expiration of the revocation period set forth in Section 2(d) below (the "Cash Consideration"), (ii) subject to the Executive timely electing medical benefit continuation pursuant to the COBRA, payment (or reimbursement of) the cost of medical benefit continuation (on the same basis and at the same cost as such benefits are currently provided to executives of the Company) for the Executive and any covered dependents for up to twelve (12) months or until the Executive and/or his covered dependents are eligible for another company's group health insurance, whichever is sooner; and provided, further, that if the Company determines in good faith that its payment of such cost will result in the imposition of excise taxes or penalties on the Company and/or the insurance carrier with respect to such medical benefits, then the Company shall not pay (or reimburse) such cost and the Company shall provide an economically equivalent benefit or payment, to the extent that such benefit or payment is consistent with applicable law and will not result in the imposition of such excise taxes or penalties (the "COBRA Assistance"), and (iii) (A) any and all outstanding unvested stock options, or other equity or equity-based incentives with time-based vesting terms, held by the Executive shall vest, effective as of the Termination Date (but 200,000 "Phantom Shares" held by Executive that are subject to vesting only on a "Change of Control" shall not vest, and shall therefore be forfeited as of the Termination Date), and (B) Executive shall be entitled to exercise rights with respect to all vested stock options held by Executive as if Executive's termination of employment contemplated hereunder was an "Involuntary Termination" as such term is used in the applicable award agreement for such stock options (the "Accelerated Vesting" or, collectively with the payments and benefits set forth in clauses (i)-(iii), the "Severance Benefits"). The Executive covenants and agrees that if he becomes eligible for coverage under another company's group health insurance while receiving the COBRA Assistance, he shall provide written notice to the Company within ten (10) business days of such eligibility. In the event the Company determines that the Executive has breached this Agreement or the Continuing Obligations in any respect, then, in addition to any of the Company's other rights and remedies at law or in equity, the Company shall have the right to cease providing the Severance Benefits and promptly upon demand from the Company, the Executive shall return any Severance Benefits previously received (including, without limitation, forfeiture of any stock options or other equity or equity-based incentives held by the Executive that vested pursuant to the Accelerated Vesting), without payment of consideration therefor; the return (or forfeiture, as applicable) of such previously paid Severance Benefits shall not be deemed an election of remedies precluding the further exercise of remedies. Notwithstanding the foregoing, the Company's aggregate payment obligation with respect to the Cash Consideration shall be limited to $10,000 (and all Cash Consideration in excess of $10,000 and all other Severance Benefits shall become null and void) if the waiver contemplated in Section 2(c) below with respect to ADEA Claims (as defined below) does not become effective on the eighth day after the date of this Agreement, and such $10,000 shall be payable, subject to applicable withholding taxes, within 60 days after the date of this Agreement.

(c) *Release.* In consideration for the Severance Benefits, the Executive, for himself, his spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other individuals and entities claiming through the Executive, if any (collectively, the "Executive Releasers"), does hereby release, waive, and forever discharge the Company, Fir Tree Partners Inc., Fir Tree Inc., Fir Tree Capital Management LP, Fir Tree Capital Opportunity Master Fund, LP, Fir Tree Capital Opportunity Master Fund III, LP, FT SOF IV Holdings, LLC, FT SOF VIII Holdings, LLC, each of their respective subsidiaries and affiliates, and each of their respective investment managers, investment advisors, general and limited partners, and the respective agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, members, attorneys, successors, predecessors, and assigns of the foregoing (individually and in their official capacities) (collectively, the "Company Releasees") and fully waives any obligations of the Company Releasees to the Executive Releasers for any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Executive Releasers in consequence of, arising out of, or in any way relating to: (a) the Executive's employment with the Company; (b) the termination of the Executive's employment with the Company; (c) the Employment Agreement; (d) salary, bonuses, commissions, equity or equity-based interests or other ownership interests in the Company; or (e) any events occurring on or prior to the date of this Agreement, except as expressly set forth herein. The foregoing release and discharge, waiver and the following covenant not to sue includes, but is not limited to, all waivable claims and obligations or causes of action arising from such claims, under common law, including wrongful or retaliatory discharge, breach of contract, express or implied, (other than claims for unpaid Severance Benefits pursuant to Section 2(a) of this Agreement), including any claim for breach of any implied covenant of good faith and fair dealing, constructive discharge, discrimination, harassment, fraud, physical or personal injury, and any claims or actions arising in tort including libel, slander, defamation or infliction of emotional distress, and claims under any federal, state or local statute including without limitation the Age Discrimination in Employment Act ("ADEA"), the Older Workers Benefit Protection Act ("OWBPA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the Family and Medical Leave Act, the Occupational Safety and Health Act, Chapters 21 and 451 of the Texas Labor Code, the Texas Occupational Health and Safety Law, the Texas Juror Protection Law, the Texas Military Discrimination and Leave Law, and the Texas Hazard Communication Act, any other wage payment and collection, equal pay or other similar laws, acts and statutes of the State of Texas, and any and all other discrimination or employment laws of any federal, state, or local government and/or any claims under any express or implied contract which Executive Releasers may claim ever existed with Company Releasees. Each Company Releasee shall be an express, intended third-party beneficiary of this Agreement.

Excluded from this the general release of claims in this Section 2(c) are: (i) any claims which cannot be waived by applicable law, including but not limited to the right to participate in an investigation conducted by certain government agencies, claims for workers' compensation benefits, and claims for unemployment insurance; (ii) any right to indemnification pursuant to Section 10 of the Employment Agreement; (iii) claims to vested benefits under any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended; (iv) the right to receive the Severance Benefits; (v) the right to continuation of group insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act, or (vi) any rights or claims that are based on events occurring after the date on which the Executive signs this Agreement.

(d) *Time to Consider and Revoke Release*. This Agreement shall be effective as of the date of the Executive's execution of this Agreement, subject to the Executive's revocation rights with respect to ADEA Claims only, as set forth below. In accordance with the OWBPA and ADEA, the Executive understands and acknowledges that the Executive has been given at least twenty-one (21) days to consider and execute this Agreement, and in the event the Executive executes this Agreement before expiration of such twenty-one (21) day period, Executive agrees that he is waiving the remainder of such period. The Executive has seven (7) days after he signs this Agreement to revoke it (the "Revocation Period") with respect to claims of any kind under the ADEA and OWBPA only (together, "ADEA Claims"). In the event that the Executive fails to return to the Company within twenty-one (21) days after presentation for consideration, in the manner set forth in Section 18 below, an executed copy of this Agreement, this Agreement shall not become effective and shall be null and void and the Executive shall not be entitled to receive the Severance Benefits. In the event the Executive revokes this Agreement by delivering a written revocation of this Agreement to the Company in the manner set forth in Section 18 below within the Revocation Period, this Agreement shall remain in effect for all purposes other than with respect to ADEA Claims, except that the total value of any Cash Consideration the Executive may receive shall be limited to an aggregate amount of $10,000, and the Executive shall not receive any other Severance Benefits.

(e) *No Other Compensation or Benefits*. The Executive acknowledges and agrees that, except as expressly provided in this Agreement or as otherwise required by applicable law, the Executive will not receive any additional compensation, severance or other benefits of any kind as an employee of the Company or any of its affiliates following the Termination Date (including, without limitation, wages, salary, bonuses, commission, vacation pay, perquisites, benefits or any other payments, equity or interests under any other prior agreement (whether written or unwritten) between the Company or any of its subsidiaries or affiliates and the Executive (including, without limitation, the Employment Agreement).

(f) *Mitigation*. The Executive shall notify the Company in writing within ten (10) days after becoming employed on or prior to the first anniversary of this Agreement, which notice shall identify by name the employer. Immediately upon the occurrence of such employment or service, the remaining Cash Consideration shall be reduced, on a monthly basis, by any compensation received from such employer (taking into account any bonus or other non-hourly/salary payments to Executive within the first year of such employment). The reduction in Cash Consideration shall not terminate, diminish or otherwise affect the other provisions of this Agreement which are for the benefit of the Company Releasees, including without limitation the covenants, releases and rights contained herein.

3. Restrictive Covenants; Survival.

(a) The Executive hereby (i) reaffirms the rights and obligations set forth in Section 7 (Non-Competition, Non-Solicitation, and Confidentiality) of the Employment Agreement (collectively with the Executive's obligations pursuant to Section 3(b) hereof, the "Continuing Obligations"); however, should the Company cease to conduct business in either it's U.S. market or its Argentina market, as applicable, the Non-Competition obligation described in Section 7 shall be waived by the Company with respect to the market in which the Company has ceased to conduct business upon the Company's cessation of business in such market, and (ii) understands, acknowledges and agrees that the Continuing Obligations (as amended herein) will survive the termination of Executive's employment with the Company and remain in full force and effect (except as referenced above) in accordance with all of the terms and conditions hereof and thereof.

(b) Without limitation of Section 3(a) hereof, from and after the date of this Agreement, the Executive hereby agrees not to make negative comments about or otherwise disparage any of the Company Releasees or any of their products or services, in any medium to any person without limitation in time. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

(c) 18 U.S.C. § 1833(b) provides: "An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(a) is made—(i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely of the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement or the Continuing Obligations is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the Executive has the right to disclose in confidence trade secrets to federal, state and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. In addition, the Executive understands that nothing in this Agreement or the Continuing Obligations limits his ability to file a chart or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency or commission ("Government Agencies"). The Executive further understands that neither this Agreement nor the Continuing Obligations limits his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Neither this Agreement nor the Continuing Obligations limits his right to receive an award for information provided to any Government Agencies.

(d) Additional Acknowledgments. The Executive acknowledges that the restrictions contained in this Section 3 do not preclude the Executive from earning a livelihood, nor do they unreasonably impose limitations on his ability to earn a living. The Executive acknowledges and agrees that the potential harm to the Company of the non-enforcement of this Section 3 outweighs any potential harm to him of its enforcement by injunction or otherwise. The Executive acknowledges that he has carefully read this Agreement and has given careful consideration to the restraints imposed upon him by this Agreement and are in full accord as to their necessity for the reasonable and proper protection of the Company's Confidential Information now existing or to be developed in the future.

4. Return of Company Property. On the Termination Date, the Executive agrees to return to the Company all Company and subsidiary documents (and all copies thereof) and other Company property that the Executive has or has had in his possession at any time, including, without limitation, Company and subsidiary files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers), credit cards, entry cards, parking passes, identification badges and keys, and any materials of any kind that contain or embody any proprietary, Confidential Information, and all reproductions thereof.

5. Cooperation. The Executive agree that following the Executive's execution of this Agreement, at the Company's request, the Executive shall provide reasonable assistance and advise the Company in any investigation which may be performed by the Company or any governmental agency and any litigation in which the Company may become involved. Such assistance shall include the Executive making himself reasonably available for interviews by the Company or its counsel, deposition and/or court appearances at the Company's request.

6. Reformation; Enforcement. If, at the time of enforcement of Section 3 hereof, a court of competent jurisdiction in any state determines that any restriction in Section 3 hereof is excessive in duration or scope, or is unreasonable or unenforceable under applicable law, it is the intention of the parties hereto that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of such state; provided, that this Agreement shall remain enforceable in accordance with its terms in each and every other jurisdiction in which it is applicable. The Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 3 hereof would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security or having to prove actual damages, will be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages.

7. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas (but not including any choice of law rule thereof that would cause the laws of another jurisdiction to apply). The Company and the Executive irrevocably consent to the non-exclusive jurisdiction of the federal and state courts in Harris County, Texas for the resolution of any disputes arising under or respect to this Agreement, and each of the Company and the Executive agrees to waive and does hereby waive any defenses and/or arguments based upon improper venue and/or lack of personal jurisdiction. **The Executive and the Company hereby waive their respective rights to trial by jury in any action concerning this Agreement or the Continuing Obligations any and all matters arising directly or indirectly out of this Agreement or the Continuing Obligations. Notwithstanding anything herein to the contrary, a Company Releasee may seek to enforce this Agreement in the federal or state courts located in New York County, New York, and the Executive hereby agrees to the jurisdiction of such courts and further agrees to waive any defenses and/or arguments based upon improper venue and/or lack of personal jurisdiction with respect to such courts. The Executive represents that the Executive has consulted with counsel of the Executive's choice or have chosen voluntarily not to do so specifically with respect to this jury trial waiver.**

8. Notices. All notices and other communications hereunder shall be in writing and shall be delivered to the other party by email or fax to the email address or fax number set forth below or by Fedex or any other nationally recognized overnight courier service addressed as follows:

If to the Executive:

At the most recent address on file with the Company.

If to the Company:

Eco-Stim Energy Solutions, Inc.
2930 West Sam Houston Pkwy. South, Ste. 275
Houston, TX 77043
Attn: General Counsel

With copies (which shall not constitute notice to the Company) to:

Lowenstein Sandler LLP
1251 Avenue of the Americas
New York, New York 10020
Attention: Steven E. Siesser, Esq.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications hereunder shall be effective, and the notice shall be deemed to be delivered, on the date it is sent if by email and/or fax and the date it is actually received by the other party if sent by Fedex or any other nationally recognized overnight courier service.

9. Tax Matters.

(a) The Company may withhold from any and all amounts payable under this Agreement such federal, state, or local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(b) The intent of the parties is that all payments, compensation and benefits contemplated hereunder that are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and guidance promulgated thereunder (collectively, "Code Section 409A") will be paid or provided in compliance with, or will be exempt from, all applicable requirements of Code Section 409A or an exemption therefrom, and the provisions of this Agreement shall be construed and administered in accordance with and to implement such intent. In no event shall the Company or any of its subsidiaries or affiliates be liable for any additional tax, interest or penalty that may be imposed on the Executive by Code Section 409A or damages for failing to comply with Code Section 409A. For purposes of Code Section 409A, the Executive's right to receive any installment payment pursuant to this Agreement will be treated as a right to receive a series of separate and distinct payments. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall the timing of the Executive's execution of this Agreement, directly or indirectly, result in the Executive designating the calendar year of payment. Notwithstanding anything in this Agreement to the contrary, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then no payment that is considered non-qualified deferred compensation under Code Section 409A and payable on account of a "separation from service" shall be made or provided before the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 9(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum and all remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

10. Severability. Subject to Section 6, the provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by applicable. The failure of the Company to seek enforcement of any provision of this Agreement in any instance or for any period of time shall not be construed as a waiver of such provision or of the Company's right to seek enforcement of such provision in the future.

11. Entire Agreement. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement between the Executive and the Company with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between the Executive and the Company with respect to the subject matter hereof, whether written or unwritten (including, for the avoidance of doubt, the Employment Agreement). This Agreement will bind the heirs, personal representatives, successors and assigns of the Executive and the Company and inure to the benefit of the Executive, the Company, and the Executive's and its respective heirs, successors and assigns, provided that the Executive shall not, but the Company may, assign his or its rights or obligations hereunder without the express written consent of the other. This Agreement may be amended or modified only by a written instrument executed by the Executive and the Company.

12. Attorneys' Fees. The Executive hereby agrees that the Company Releasees shall be entitled to recover from the Executive all attorneys' fees and costs associated with their efforts to enforce this Agreement or the Continuing Obligations as a result of a breach of this Agreement or the Continuing Obligations by the Executive, and/or to recover damages for a breach of this Agreement or the Continuing Obligations by the Executive, and/or which are incurred by the Company Parties as a result of a breach of this Agreement or the Continuing Obligations by the Executive. Each party shall otherwise bear its own attorneys' fees and costs fees related to the subject matter of or arising out of this Agreement or the Employment Agreement.

13. No Admission. The Executive agrees that neither this Agreement, nor the furnishing of the consideration for this Agreement, shall be deemed or construed at any time to be an admission by the Company of improper or unlawful conduct.

14. No Claims. The Executive represents and warrants that the Executive has not filed any complaint, charge, or lawsuit that is not permitted by this Agreement against the Company Releasees with any government agency or any court. The Executive waives the Executive's right to any monetary recovery should any government agency (such as the Equal Employment Opportunity Commission) pursue any claims on the Executive's behalf.

15. Knowing and Voluntary . The Executive represents that he has read and fully understands this Agreement, that the Severance Benefits (even if limited to $10,000 or otherwise forfeited as provided herein) constitute valuable consideration for this Agreement, that the Executive has been given a reasonable period of time to consider this Agreement and consult with legal counsel, that the Executive is not executing this Agreement in reliance on any promises or representations other than those contained in this Agreement, and that the Executive is executing this Agreement voluntarily. The Executive acknowledges that the Company has informed the Executive that the Executive should consult with an attorney before executing this Agreement.

16. Counterparts and Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, and together any counterparts shall constitute one and the same instrument. Additionally, the parties agree that electronic reproductions of signatures (i.e., scanned PDF versions of original signatures, facsimile transmissions, and the like) shall be treated as original signatures for purposes of execution of this Agreement.

17. Construction. The section or paragraph headings or titles herein are for convenience of reference only and shall not be deemed a part of this Agreement. The parties hereto acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed in a reasonable manner to effect the intentions of both parties hereto and not in favor or against either party.

18. Transmission of Executed Agreement and Revocation . This Agreement shall be executed by Executive no earlier than the Termination Date. This executed Agreement or any revocation thereof may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed Agreement and/or revocation.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ECO-STIM ENERGY SOLUTIONS, INC.

/s/ Christopher J. Arntzen
Name: Christopher J. Arntzen
Title: Vice President

EXECUTIVE

/s/ J. Christopher Boswell
Name: J. Christopher Boswell

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

**(Pursuant to Rule 13a-14(a) of the
Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Alexander Nickolatos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eco-Stim Energy Solutions, 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. I am 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 my supervision to ensure that material information relating to the registrant including its consolidated subsidiaries is made known to me 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: November 14, 2018

ECO-STIM ENERGY SOLUTIONS, INC.

By: */s/ Alexander Nickolatos*
Alexander Nickolatos
Interim President and Chief Executive Officer, Chief Financial Officer and Assistant Secretary

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

(Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Eco-Stim Energy Solutions, Inc. (the "Company") on Form 10-Q for the three months ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alexander Nickolatos, Interim President and Chief Executive Officer, Chief Financial Officer and Assistant Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: November 14, 2018

ECO-STIM ENERGY SOLUTIONS, INC.

By: */s/ Alexander Nickolatos*
Alexander Nickolatos
Interim President and Chief Executive Officer, Chief Financial Officer and Assistant Secretary

A signed original of this written statement required by Section 906 has been provided to Eco-Stim Energy Solutions, Inc. and will be retained by Eco-Stim Energy Solutions, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.