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## ProPetro Holding Corp (PUMP): There's No Fracking in Cabo

*"Girl the last time you saw me I wasn't this cool,  
And I'm hangin' out in Mexico down by the pool  
In Cabo, Cabo San Lucas  
If I send you a ticket would you fly in?  
I'd sure like to see you we could hook up again  
In Cabo, Cabo San Lucas"  
– Toby Keith*

ProPetro chose not to provide a response to our [original report](#): Bloomberg stated that “a PUMP representative said the company doesn’t have a comment at this time,” while Reuters [stated](#) that “ProPetro was not immediately available to comment.” We find two possible explanations for this non-response. First, the Company chose to not respond as a response would further implicate management and the Board in the numerous issues we originally outlined. Second, management may have just been hungover from their apparent [weekend trip](#) to Kansas for the Texas Tech football game:

**MAF**  
MIDLAND, TX  
FRIDAY 25-OCT-2019  
10:57PM CDT

**FOE**  
TOPEKA, KS  
**SATURDAY 26-OCT-2019**  
12:21AM CDT

1h 24m total travel time

[Get Notifications](#)

**FLIGHT TIMES**

Takeoff	Landing
10:57PM CDT	12:21AM CDT (+1)
Scheduled 10:40PM CDT	Scheduled 11:59PM CDT

**AIRCRAFT INFORMATION**

Tail Number	<a href="#">N256TT</a> · <a href="#">Registration</a>
Owner	<b>DOUBLE T AVIATION NEVADA HOLDINGS LLC</b>
Aircraft Type	Learjet 45 (twin-jet) ( <a href="#">LJ45</a> )

[Photos](#)

**Final**

Texas Tech	34	<b>Sat, 10/26</b>
Kansas	37	6:46

We couldn’t blame ProPetro executives entirely if they preferred to take the following week off; it was a tough loss as a fumble on a blocked field goal return allowed the Jayhawks to win on a 32-yard field goal as time expired.

As ProPetro management evidently found the game important – more so than, say, filing its overdue financial statements or scheduling Q3 earnings – we thought investors might care to know the game’s outcome as well.

This trip isn't an anomaly; from January 1, 2018 to the present, flight logs show 248 total flights, including round trip flights and layovers. Most of these flights are to and from Texas destinations, which is fair, given that the Company is based in Texas and operates in the Permian Basin. **However, we sorted and counted 59 trips (round trips, not flights) made in the same time period that we cannot easily explain as business-related.** See our appendix for the full table. These trips include:

- 1) Numerous warm weather / vacation destinations such as Cabo San Lucas, Mexico; Las Vegas, NV; Monterey, CA; Scottsdale, AZ and Orlando, FL.
- 2) Long weekends in Hayden, Colorado in both January 2018 and 2019, presumably for ski trips.
- 3) Locations such as Springdale, AR; Charleston, SC; Wichita, KS; Topeka, KS and St. Paul, MN, where, coincidentally, a Texas Tech University team was playing football or basketball that day.

See, for example, photos from the Redmans' June 2018 trip coinciding with flights to Colorado and Washington:



See again from an October 2018 trip to Disney World, coinciding with flight logs to Orlando and featuring Jordan Frosch, son-in-law of Dale Redman and ProPetro Sales Manager:



More recently, see the April 2019 trip to the NCAA [Championship](#), again in the private jet and featuring Frosch:



We're all for spending time with family, but we find this sheer level of non-corporate travel to be illustrative of a CEO who would rather be jet-setting than running the Company. It is also telling that the \$717,481 in 2018 compensation that the Company paid Sam Sledge, IR Director and son of COO David Sledge, was not enough to entice the formulation of a response to our report, even over a weekend when Texas Tech wasn't playing ball.

We challenge management to show some commitment to the business by answering the following questions:

1. Given Alan Douglas is a signatory on multiple undisclosed entities that name ProPetro executives and employees, how does the Board justify Douglas's role as both (a) an "independent director" per NYSE listing standards and (b) a member of the Audit Committee responsible for the recent "internal review"?

2. How much has CEO Dale Redman paid to Alan Douglas in each of the past 3 years, given their numerous undisclosed professional and personal entanglements?
3. By what conditions did the Company declare “substantial completion of fact finding for [its] internal review” given the myriad of conflicts of interest and related-party entities that remain undisclosed?
4. How much did ex-Chief Accounting Officer Ian Denholm receive from property sales to ProPetro? Given Denholm’s separation agreement stated, “that he will assist the Company with respect to its investigation of the Clarabby Transactions,” by what conditions did ProPetro also declare “substantial completion of fact finding for previously disclosed internal review”?
5. How many of ProPetro’s vendors were owned, in part or in full, by ProPetro executives, board members, or employees as of year-end 2018?
6. How many ProPetro employees are immediate family members of other ProPetro executives, board members, or employees?
7. What is the extent of ProPetro’s contractual relationship with Diamondback Energy?

Since going public, ProPetro has reported third quarter earnings on November 6, 2018 and on November 1, 2017. As the calendar has now turned to November and the Company has yet to schedule or hold a third quarter conference call, let alone file second quarter financial statements, investors might not otherwise have the chance to receive answers to these questions for quite some time. We remain short ProPetro.

**Appendix: Unexplainable Private Jet Trips**

Trip	Day	Depart	Day	Return	Destination
1	Fri	1/5/18	Tue	1/9/18	Hayden, CO
2	Sat	2/3/18	Mon	2/5/18	Las Vegas, NV
3	Thu	3/1/18	Sat	3/3/18	Scottsdale, AZ
4	Thu	3/8/18	Mon	3/12/18	Destin, FL
5	Sun	3/18/18	Tue	3/20/18	Teterboro, NJ
6	Thu	4/12/18	Sun	4/15/18	Monterey, CA
7	Thu	4/19/18	Sat	4/21/18	Key West, FL
8	Tue	5/1/18	Wed	5/2/18	Rochester, MN
9	Sat	5/5/18	Mon	5/7/18	Destin, FL
10	Tue	5/8/18	Wed	5/9/18	Clarksburg, WV
11	Thu	5/10/18	Sun	5/13/18	Las Vegas, NV
12	Tue	5/15/18	Wed	5/16/18	Little Rock, AR
13	Wed	5/16/18	Thu	5/17/18	Teterboro, NJ
14	Wed	5/23/18	Wed	5/23/18	Oklahoma City, OK
15	Wed	5/30/18	Mon	6/4/18	Yakima, WA
16	Tue	6/12/18	Wed	6/13/18	Denver, CO
17	Mon	6/18/18	Tue	6/19/18	Teterboro, NJ
18	Thu	8/30/18	Mon	9/3/18	Yakima, WA
19	Tue	9/4/18	Wed	9/5/18	Teterboro, NJ
20	Fri	9/7/18	Sun	9/9/18	Springdale, AR
21	Sun	9/23/18	Sun	9/23/18	San Francisco, CA
22	Sat	10/13/18	Sun	10/14/18	Cabo San Lucas, Mexico
23	Thu	10/18/18	Tue	10/23/18	Orlando, FL
24	Tue	12/4/18	Thu	12/6/18	Naples, FL
25	Fri	12/7/18	Sun	12/9/18	Las Vegas, NV
26	Tue	12/18/18	Fri	12/21/18	Teterboro, NJ
27	Fri	12/21/18	Fri	12/21/18	Tunica, MS
28	Thu	12/27/18	Wed	1/2/19	Cabo San Lucas, Mexico
29	Sun	1/6/19	Thu	1/10/19	Hayden, CO
30	Fri	1/25/19	Mon	1/28/19	Charleston, SC
31	Sat	2/2/19	Sat	2/2/19	Las Vegas, NV
32	Mon	2/4/19	Mon	2/4/19	Las Vegas, NV
33	Mon	2/11/19	Tue	2/12/19	Eagle, CO
34	Fri	2/15/19	Sat	3/2/19	Wichita, KS
35	Sun	3/3/19	Mon	3/4/19	Orlando, FL
36	Thu	3/7/19	Sat	3/9/19	Scottsdale, AZ
37	Thu	3/28/19	Sat	3/30/19	Scottsdale, AZ
38	Sat	4/6/19	Sun	4/7/19	St Paul, MN
39	Wed	4/17/19	Sat	4/20/19	Stuart, FL
40	Wed	4/24/19	Wed	4/24/19	Denver, CO
41	Thu	4/25/19	Thu	4/25/19	Orlando, FL
42	Sun	4/28/19	Sun	4/28/19	Orlando, FL
43	Tue	5/14/19	Wed	5/15/19	Bedford, MA
44	Wed	5/15/19	Wed	5/15/19	Fayetteville, AR
45	Thu	5/16/19	Thu	5/16/19	Tupelo, MS
46	Mon	5/20/19	Tue	5/21/19	Los Angeles, CA
47	Tue	5/21/19	Wed	5/22/19	San Francisco, CA
48	Sun	5/26/19	Wed	5/29/19	Monterey, CA
49	Mon	6/3/19	Wed	6/5/19	Morgantown, WV
50	Sun	6/9/19	Sun	6/9/19	Denver, CO
51	Thu	6/13/19	Sun	6/16/19	Cabo San Lucas, Mexico
52	Mon	6/17/19	Wed	6/19/19	Teterboro, NJ
53	Thu	6/20/19	Sat	6/22/19	Denver, CO
54	Thu	8/15/19	Thu	8/15/19	San Diego, CA
55	Fri	8/30/19	Mon	9/2/19	Las Vegas, NV
56	Mon	9/9/19	Mon	9/9/19	Fond Du Lac, WI
57	Tue	9/17/19	Wed	9/18/19	Tulsa, OK
58	Thu	9/26/19	Thu	9/26/19	Hutchinson, KS
59	Fri	10/25/19	Sat	10/26/19	Topeka, KS