

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Enservco Corp

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report: March 31, 2017
(Date of earliest event reported)



Enservco Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-36335
(Commission File Number)

84-0811316
(IRS Employer Identification No.)

**501 South Cherry Street, Suite 1000
Denver, Colorado 80246**
(Address of principal executive offices) (Zip Code)

(303) 333-3678
(Registrant's telephone number, including area code)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

On March 31, 2017, Enservco Corporation, a Delaware corporation (the "**Company**") entered into the Tenth Amendment (the "**Amendment**") effective as of March 31, 2017, with respect to the Company's Amended and Restated Revolving Credit and Security Agreement (the "**2014 Credit Agreement**"), dated as of September 12, 2014, by and among the Company and PNC Bank, National Association ("**PNC**"), an unaffiliated bank. The Amendment, among other things, modified the definition of Adjusted EBITDA, amended certain financial covenants of the Company, amended the term of the 2014 Credit Agreement to April 30, 2018, and required the Company to obtain at least \$1.0 million subordinated indebtedness. In connection with the Amendment, the Company paid PNC an amendment fee in the amount of \$75,000. In addition, the Company's largest stockholder, Cross River Partners, L.P., established a letter of credit with an unaffiliated bank in the amount of \$1.5 million in favor of PNC. The Company expects that such letter of credit will be replaced by a subordinated debt agreement with Cross River Partners, L.P.

The preceding is a summary of the material provisions of the Amendment and is qualified in its entirety by reference to the complete text of the form of Amendment included as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein.

Item 2.02 Results of Operations and Financial Condition.

On March 31, 2017, the Company issued a press release announcing its financial and operating results for the quarter and full year ended December 31, 2016. A copy of the press release is furnished herewith as Exhibit 99.1.

The information in this Current Report on Form 8-K furnished pursuant to Item 2.02, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or otherwise subject to liability under that section, and they shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "**Securities Act**"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

The following exhibit is furnished with this Current Report on Form 8-K:

Exhibit No.	Description
10.1	Tenth Amendment to the Amended and Restated Revolving Credit and Security Agreement.
99.1	Press Release dated March 31, 2017.

SIGNATURE

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

ENSERVCO CORPORATION

Date: April 5, 2017

By: /s/ Rick D. Kasch
Rick D. Kasch
Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Tenth Amendment to the Amended and Restated Revolving Credit and Security Agreement.
99.1	Press Release dated March 31, 2017.

**TENTH AMENDMENT TO
AMENDED AND RESTATED REVOLVING CREDIT AND SECURITY AGREEMENT**

This TENTH AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT AND SECURITY AGREEMENT (this "Amendment"), effective as of March 31, 2017, is entered into by and among ENSERVCO CORPORATION, a Delaware corporation ("Enservco"), DILLCO FLUID SERVICE, INC., a Kansas corporation ("Dillco"), HEAT WAVES HOT OIL SERVICE LLC, a Colorado limited liability company ("Heat Waves"), and HEAT WAVES WATER MANAGEMENT LLC, a Colorado limited liability company ("Heat Waves Water," and together with Enservco, Dillco and Heat Waves, and each Person joined to the Credit Agreement (as defined below) as a borrower from time to time, each, a "Borrower" and collectively, "Borrowers"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), as the sole Lender on the date hereof, and PNC, as Agent for the Lenders (in such capacity, "Agent"), with reference to the following facts:

RECITALS

A. The parties to this Amendment have entered into an Amended and Restated Revolving Credit and Security Agreement dated as of September 12, 2014, as amended by the Consent and First Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of February 27, 2015, the Second Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of March 29, 2015, the Third Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of July 16, 2015, the Fourth Amendment to Amended and Restated Revolving Credit and Security Agreement and First Amendment to Amended and Restated Pledge and Security Agreement dated as of October 19, 2015, the Fifth Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of December 31, 2015, the Sixth Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of March 29, 2016, the Seventh Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of August 10, 2016, the Joinder and Eighth Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of October 4, 2016, and the Ninth Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of December 31, 2016 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders provide certain credit facilities to Borrowers;

B. Any and all initially capitalized terms used in this Amendment without definition shall have the respective meanings assigned thereto in the Credit Agreement;

C. Borrowers have requested Agent and the Lenders amend certain provisions of the Credit Agreement as more fully set forth herein; and

D. Agent and the Lenders are willing to make such amendments to the Credit Agreement, in accordance with, and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT**

1.01 New Definitions. The following definitions are hereby added to Section 1.2 of the Credit Agreement in the appropriate alphabetical order:

"Tenth Amendment" shall mean the Tenth Amendment to Amended and Restated Revolving Credit and Security Agreement dated as of the Tenth Amendment Effective Date.

"Tenth Amendment Availability Block" means a reserve in the amount of \$1,000,000 against borrowing availability under the Revolving Advances facility, which shall be imposed as of Tenth Amendment Effective Date and shall remain in effect throughout the remainder of the Term.

"Tenth Amendment Effective Date" shall mean March 31, 2017.

"Tenth Amendment Letter of Credit" shall mean an irrevocable standby letter of credit in the face amount of \$1,500,000 issued by Signature Bank for the benefit of PNC, in form and substance satisfactory to Agent in its Permitted Discretion.

1.02 Amendment to Definition of Adjusted EBITDA Section 1.2 of the Credit Agreement is hereby further amended by amending and restating the definition of "Adjusted EBITDA" to read in full as follows (additions to text are indicated in ***bold and italics and are underscored***):

"Adjusted EBITDA" shall mean, for any period, EBITDA for such period plus: (A) depletion, (B) amortization of deferred financing costs, (C) impairment, (D) non-cash expenses relating to share based payments recognized under ASC Topic 718 and ASC Subtopic 505-50, (E) pre-tax unrealized gains and losses on foreign currency, (F) pre-tax unrealized gain and losses on any Interest Rate Hedge or other Hedge Liabilities or commodity price risk management activities, (G) losses on derivatives for such period, (H) losses on sale of damaged, obsolete or worn-out equipment for such period, (I) losses on sale of investments for such period; minus (X) gains on derivatives for such period, (ii) gains on sale of damaged, obsolete or worn-out equipment for such period, and (iii) gains on sale of investments for such period, and (I) for any period of four or fewer consecutive fiscal quarters that includes the fiscal quarter of Borrowers ending March 31, 2017, the face amount of the Tenth Amendment Letter of Credit.

1.03 Amendments to Formula Amount Provision; Imposition of Tenth Amendment Availability Block.

A. Section 2.1(a)(y) of the Credit Agreement is hereby amended by replacing the period at the end of clause (v) with the word "minus" and by adding a new clause (vi) immediately following clause (v), to read in full as follows:

"(vi) the Tenth Amendment Availability Block."

B. Section 2.1(a)(y) of the Credit Agreement is hereby further amended by amending and restating the last paragraph thereof to read in full as follows (additions to text are indicated in **bold and italics and are underscored**):

"The amount derived from (x) Section 2.1(a)(y)(i) , plus Section 2.1(a)(y)(ii), plus Section 2.1(a)(y)(iii), minus (y) Sections 2.1(a)(y)(iv), (v) **and (vi)** at any time and from time to time shall be referred to as the "Formula Amount." The Revolving Advances shall be evidenced by one or more secured promissory notes (collectively, the "Revolving Credit Note") substantially in the form attached hereto as Exhibit 2.1(a)."

1.04 Amendments to Financial Covenants. Section 6.5(a) of the Credit Agreement is hereby amended and restated in its entirety as follows (additions to text are indicated in **bold and italics and are underscored**):

"6.5 Financial Covenants.

"(a) Fixed Charge Coverage Ratio. Commencing on March 31, 2017 and **continuing as of the last day of each fiscal quarter ending thereafter**, Borrowers will cause to be maintained as of the last day of each such fiscal quarter (the 'compliance test date' as used in this Section 6.5), a Fixed Charge Coverage Ratio of not less than 1.25 to 1.00 in respect of each compliance test date. For the purpose of this covenant, the Fixed Charge Coverage Ratio shall be determined on the basis of Adjusted EBITDA for, **as applicable, (i) the trailing four-quarter period ending on the applicable compliance test date or (ii) the shorter cumulative period commencing on October 1, 2016 and ending on the applicable compliance test date**. For the avoidance of doubt, **the** Fixed Charge Coverage Ratio shall not be measured for the fiscal quarter ended December 31, 2016.

(b) Leverage Ratio. Commencing on March 31, 2017 and **continuing as of the last day of each fiscal quarter ending thereafter**, Borrowers will maintain as of the end of each such fiscal quarter a ratio of Funded Debt to Adjusted EBITDA (the 'Leverage Ratio') of not greater than the applicable amount set forth below opposite such fiscal quarter:

Fiscal Quarter Ending:	Maximum Leverage Ratio
March 31, 2017	5.50:1.00
June 30, 2017	4.50:1.00
September 30, 2017	4.50:1.00
December 31, 2017	7.00:1.00
March 31, 2018	5.50:1.00

For the purpose of this covenant, the Leverage Ratio shall be determined on the basis of Adjusted EBITDA for **as applicable, (i) the trailing four-quarter period ending on the applicable compliance test date or (ii) the shorter cumulative period commencing on October 1, 2016 and ending on the applicable compliance test date**.

(c) **Intentionally Deleted.**"

1.05 Amendment to Term Provision. Section 13.1 of the Credit Agreement is hereby amended by amending and restating the first sentence thereof to read in full as follows (changes to text are indicated in ***bold and italics and are underscored***):

“This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Borrower, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until ***April 30, 2018*** (the ‘Term’) unless sooner terminated as herein provided.”

1.06 Additional Subordinated Indebtedness. No later than May 15, 2017, Enservco shall receive at least \$1,000,000 of additional unsecured Indebtedness that is subordinated to the Obligations in a manner satisfactory to Agent in its Permitted Discretion. Enservco shall use all of the proceeds of such Indebtedness to pay down the principal balance of the Revolving Advances. Upon such pay down, Agent shall impose a permanent block against availability under the Revolving Advances facility in an amount equal to the amount of such pay down.

1.07 Application of Proceeds of Tenth Amendment Letter of Credit. If Agent makes a drawing under the Tenth Amendment Letter of Credit, Agent shall apply all of the proceeds of the Tenth Amendment Letter of Credit to pay down the principal balance of the Revolving Advances. Upon such pay down, Agent shall impose a permanent block against availability under the Revolving Advances facility in an amount equal to the amount of such pay down.

ARTICLE II CONDITIONS PRECEDENT

2.01 Closing Conditions. This Amendment shall become effective as of the day and year first set forth above (the “ Tenth Amendment Effective Date”) upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to Agent):

- (a) Amendment. Agent shall have received from Borrowers this Amendment, duly executed by Borrowers and by PNC, as Agent and as the sole Lender as of the Tenth Amendment Effective Date;
- (b) Fee Letter. Agent shall have received from Borrowers the fee letter agreement by and between Borrowers and Agent, dated the Tenth Amendment Effective Date (the “Fee Letter”), duly executed by Borrowers and by PNC as Agent and as the sole Lender as of the Tenth Amendment Effective Date;
- (c) Tenth Amendment Letter of Credit. Agent shall have received the Tenth Amendment Letter of Credit;
- (d) Fees and Expenses. (a) Agent shall have received from Borrowers the fee described in the Fee Letter that is due and payable on the Tenth Amendment Effective Date and (b) Agent's counsel shall have received from Borrowers payment of all outstanding fees and expenses previously incurred and all fees and expenses incurred in connection with this Amendment, to the extent invoiced to Borrowers on or before the Tenth Amendment Effective Date;

- (e) Default. No Default or Event of Default shall have occurred and be continuing; and
- (f) Representations and Warranties. The representations and warranties set forth in the Credit Agreement must be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof).

ARTICLE III MISCELLANEOUS

3.01 Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or in any Other Document and any related agreements to which any Borrower is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with the Credit Agreement, the Other Documents or any related agreement is true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof, other than representations and warranties relating to a specific earlier date, and in such case such representations and warranties are true and correct in all material respects as of such earlier date.

3.02 Authority. Each Borrower has full power, authority and legal right to enter into this Amendment and to perform all its respective Obligations hereunder and under the Other Documents (as amended or modified hereby). This Amendment has been duly executed and delivered by such Person, and this Amendment constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Amendment (a) are within such Person's corporate, limited liability company or limited partnership powers (as applicable), have been duly authorized by all necessary company or partnership (as applicable) action, are not in contravention of law or the terms of such Person's operating agreement, bylaws, partnership agreement, certificate of formation, articles of incorporation or other applicable documents relating to such Person's formation or to the conduct of such Person's business or of any material agreement or undertaking to which such Person is a party or by which such Person is bound, (b) will not, in any material respect, conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body or any other Person, except those Consents which have been duly obtained, made or compiled prior to the date hereof and which are in full force and effect or except those which the failure to have obtained would not have, or could not reasonably be expected to have, a Material Adverse Effect and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of any Borrower or Guarantor under the provisions of any material agreement, charter document, operating agreement or other instrument to which any Borrower or Guarantor is a party or by which it or its property is a party or by which it may be bound.

3.03 No Default. After giving effect to this Amendment, no event has occurred and is continuing that constitutes a Default or an Event of Default.

3.04 References to the Credit Agreement. The Credit Agreement, each of the Other Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof, or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference therein to the Credit Agreement shall mean a reference to the Credit Agreement as amended by this Amendment.

3.05 Credit Agreement Remains in Effect. The Credit Agreement and the Other Documents remain in full force and effect, and Borrowers ratify and confirm their agreements and covenants contained therein. Borrowers hereby confirm that, after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent or the Lenders under any of the Other Documents, nor constitute a waiver of any provision of any of the Other Documents.

3.06 Submission of Amendment. The submission of this Amendment to the parties or their agents or attorneys for review or signature does not constitute a commitment by Agent or the Lenders to modify any of their respective rights and remedies under the Other Documents, and this Amendment shall have no binding force or effect until all of the conditions to the effectiveness of this Amendment have been satisfied as set forth herein.

3.07 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

3.08 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

3.09 Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

3.10 Expenses of Agent. Borrowers agree to pay on demand all costs and expenses reasonably incurred by Agent in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the costs and fees of Agent's legal counsel.

3.11 General Release. From and after the Tenth Amendment Effective Date, each Borrower hereby agrees that, without any further act, Agent and PNC as the sole Lender as of the Tenth Amendment Effective Date, are fully and forever released and discharged from any and all claims for damages or losses to any Borrower or to any property of any Borrower (whether any such damages or losses are known or unknown, foreseen or unforeseen, or patent or latent), including, without limitation, any tort claim, demand, action or cause of action of any nature, whatsoever, arising under or relating to the Credit Agreement or the Other Documents or any of the transactions related thereto, prior to the date hereof, and each Borrower hereby waives application of California Civil Code Section 1542. Each Borrower certifies that it has read the following provisions of California Civil Code Section 1542:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Each Borrower understands and acknowledges that the significance and consequence of this waiver of California Civil Code Section 1542 is that even if such Borrower should eventually suffer additional damages arising out of the facts referred to above, it will not be able to make any claim for those damages. Furthermore, each Borrower acknowledges that it intends these consequences even as to claims for damages that may exist as of the date of this release but which such Borrower does not know exist, and which, if known, would materially affect such Borrower's decision to execute this Agreement, regardless of whether such Borrower's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

3.12 NO ORAL AGREEMENTS. THIS AMENDMENT, TOGETHER WITH THE FEE LETTER, AS WRITTEN, REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment by their respective duly authorized officers as of the date first above written.

BORROWERS:

ENSERVCO CORPORATION,
a Delaware corporation

By: /s/ Rick D. Kasch
Rick D. Kasch
President

DILLCO FLUID SERVICE, INC.,
a Kansas corporation

By: /s/ Rick D. Kasch
Rick D. Kasch
President

HEAT WAVES HOT OIL SERVICE LLC,
a Colorado limited liability company

By: /s/ Rick D. Kasch
Rick D. Kasch
Manager

HEAT WAVES WATER MANAGEMENT LLC,
a Colorado limited liability company

By: /s/ Rick D. Kasch
Rick D. Kasch
Manager

AGENT AND SOLE LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Mark Tito

Mark Tito
Vice President



ENSERVCO Reports Fourth Quarter and Full Year 2016 Financial Results

- Challenging industry conditions and warm weather impacted fourth quarter and fiscal 2016 results
- Uptick in customer activity beginning late in fourth quarter positions Company for improved revenue and EBITDA
- Revenue from Eagle Ford expansion initiative doubles in 2016 to \$4.6M from \$2.3M
- Core well enhancement services segment generated a gross profit in 2016 despite industry downturn
- New water transfer service business shows promise with several new customer additions

DENVER, CO – March 31, 2017 – ENSERVCO Corporation (NYSE MKT: ENSV), a diversified national provider of well-site services to the domestic onshore conventional and unconventional oil and gas industries, today reported financial results for its fourth quarter and full year ended December 31, 2016.

“Our full-year results reflect reduced drilling and completion activity by our customers during the first part of 2016 and the impact of warm weather during both the first and fourth quarters. However, although 2016 was a difficult year financially, we’re pleased to report that our core well enhancement services segment, which represents 73% of overall revenue, generated \$2.2 million in gross profit for the year,” said Rick Kasch, CEO. “We closed the year with an uptick in customer activity, driven in part by higher oil prices and increased completion activity. That momentum has carried into the first quarter. Through the first two months of 2017 revenue was up approximately 49% and EBITDA was up approximately 68% year over year on an unaudited basis.

“Our Eagle Ford expansion initiative continues to be a positive for us, with total revenue in the basin doubling in 2016 and early indications that growth will continue into 2017,” Kasch added. “We are also experiencing growing demand for the water transfer service that we launched in 2016. After winning our first three water transfer customers in the third quarter, we generated revenue of \$150,000 in the fourth quarter. We have since added five additional customers and thus far in the first quarter of 2017 have generated revenue of approximately \$675,000 from water transfer projects. We anticipate continued growth in this segment throughout 2017.”

Full Year Results

Total revenue for 2016 declined 37% to \$24.6 million from \$38.8 million in the prior year due to the year over year decline in drilling and completion activities related to lower commodity prices, the impact of warm weather and the planned reduction in lower margin water hauling activity as the Company focused on business lines with higher growth and profit potential.

Well enhancement services revenue was \$17.9 million, down from \$32.8 million in 2015. This revenue segment included \$6.7 million in frac water heating, down 64% year over year due to the industry downturn and the impact warm weather that pushed commencement of the 2017 heating season into mid-December; \$8.6 million in hot oiling, down 26% due to the postponement of maintenance and the impact of warm weather; and \$2.2 million in acidizing, up 41% due primarily to the Company's move into the Eagle Ford basin and the addition of several new customers in that area.

Eagle Ford hot oiling and acidizing revenue doubled in 2016 to \$4.6 million from \$2.3 million year over year. The Company also enjoyed an uptick in hot oiling and acidizing activity in North Dakota beginning in the fourth quarter. Despite the decline in overall well enhancement services revenue, the Company achieved a \$2.2 million gross profit in this segment for 2016.

Water transfer services, a new business line that ENSERVCO initiated in the first quarter of 2016, generated \$184,000 in revenue for the full year, with the majority of that coming in the fourth quarter through the addition of three new customers. The Company began bundling water transfer with other service offerings in the latter portion of 2016 and expects this segment to emerge as a major contributor to overall revenue and margins in 2017. The water transfer business experienced a \$1.4 million gross loss in 2016 due to startup and fixed carrying costs, but management expects to generate a gross profit in this segment in 2017.

Water hauling revenue was \$3.8 million for the year, down from \$5.9 million a year ago due to the Company's decision to de-emphasize this lower margin service line in order to focus on core and more promising new business lines. Water hauling also showed a gross profit for the year.

Construction services, also new for ENSERVCO in 2016, generated \$2.7 million in revenue for the year on a single large contract but resulted in a \$279,000 gross loss due primarily to equipment rental cost overruns. The Company accepted this contract primarily in order to keep key employees on staff during the industry slowdown and off-season quarters.

Total operating expenses decreased 10% year over year to \$35.6 million from \$39.4 million as direct costs of performing services were lower due to reduced activity associated with warmer temperatures and the industry downturn. The decline in operating costs was less than the decline in revenue due in large part to competitive pressures during the downturn and the fixed costs of maintaining operating locations, equipment and key operating staff. General and administrative expenses declined by 11% to \$3.8 million from \$4.3 million due primarily to headcount reductions. Costs associated with patent litigation and defense declined 72% to \$152,000 from \$537,000. Depreciation and amortization expense increased 19% to \$6.9 million from \$5.8 million due to the 2016 addition of water transfer assets.

The Company reported a net loss of \$8.6 million, or \$0.22 per diluted share, for 2016, versus a net loss of \$1.3 million, or \$0.03 per diluted share, last year.

Adjusted EBITDA in 2016 was a negative \$3.3 million versus positive adjusted EBITDA of \$6.3 million in the prior year.

The Company closed the year with working capital of \$3.0 million and a current ratio of 1.8:1.

Fourth Quarter Results

Total fourth quarter revenue decreased 23% to \$6.7 million from \$8.6 million in the same quarter last year due to reduced drilling and completion activities related to lower commodity prices, the impact of warm weather continuing into the first half of the quarter and the continued reduction in lower margin water hauling activity.

Well enhancement services revenue was \$5.0 million in the quarter, down from \$7.3 million year over year. Included in the \$5.0 million total was hot oiling of \$2.2 million, down from \$2.9 million; frac water heating of \$2.1 million, down from \$4.1 million; and acidizing of \$583,000, up from \$170,000 due to continued successful market penetration in the Eagle Ford basin. Total fourth quarter revenue in the Eagle Ford increased 45% year over year to \$1.4 million from \$1.0 million. Despite the decline in overall well enhancement services revenue, the Company achieved a \$166,000 gross profit in the segment for 2016.

Water transfer and construction services revenue, both new service lines for the Company in 2016, totaled \$153,000 and \$599,000, respectively. Water hauling revenue was \$916,000, down from \$1.2 million, reflecting the Company's de-emphasis of this lower-margin service line.

Total operating expenses increased 7% to \$10.0 million from \$9.4 million in the same period last year. The increase was attributable primarily to \$1.2 million in startup and operating costs for the new water transfer and construction business segments. Additional factors included higher equipment repair costs and higher labor costs associated with the late start to the heating season. General and administrative expenses declined 23% to \$885,000 from \$1.1 million last year while costs of patent litigation and defense remained relatively flat at \$43,000 compared to \$44,000. Depreciation and amortization expense increased 23% year over year to \$1.9 million from \$1.5 million due to the Company's acquisition of water transfer assets in early 2016.

The Company reported a net loss of \$2.7 million, or \$0.07 per diluted share, versus a net loss of \$890,000, or \$0.02 per diluted share, in the same quarter last year.

Adjusted EBITDA in the fourth quarter was a negative \$1.2 million versus a positive \$1.0 million in the same quarter last year – a reflection of the decline in higher margin services revenue combined with selective price concessions and startup costs related to new business initiatives.

Conference Call Information

Management will hold a conference call today to discuss these results. The call will begin at 11:00 a.m. Mountain Time (1:00 p.m. Eastern) and will be accessible by dialing 877-407-8031 (201-689-8031 for international callers). No passcode is necessary. A telephonic replay will be available through April 7, 2017, by calling 877-481-4010 (919-882-2331 for international callers) and entering the Conference ID #10297. To listen to the webcast, participants should go to the ENSERVCO website at www.enservco.com and link to the "Investors" page at least 15 minutes early to register and download any necessary audio software. A replay of the webcast will be available for 90 days. The webcast also is available at the following link: <http://www.investorcalendar.com/IC/CEPage.asp?ID=175780>

About ENSERVCO

Through its various operating subsidiaries, ENSERVCO provides a wide range of oilfield services, including hot oiling, acidizing, frac water heating, water transfer, bacteria and scaling treatment, water hauling and oilfield support equipment rental. The Company has a broad geographic footprint covering seven major domestic oil and gas basins and serves customers in Colorado, Kansas, Montana, New Mexico, North Dakota, Oklahoma, Pennsylvania, Ohio, Texas, Wyoming and West Virginia. Additional information is available at www.enservco.com

***Note on non-GAAP Financial Measures**

This press release and the accompanying tables include a discussion of EBITDA and Adjusted EBITDA, which are non-GAAP financial measures provided as a complement to the results provided in accordance with generally accepted accounting principles ("GAAP"). The term "EBITDA" refers to a financial measure that we define as earnings (net income or loss) plus or minus net interest plus taxes, depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation and, when appropriate, other items that management does not utilize in assessing ENSERVCO's operating performance (as further described in the attached financial schedules). None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income as an indicator of operating performance or any other GAAP measure. We have reconciled Adjusted EBITDA to GAAP net income in the Consolidated Statements of Operations table at the end of this release. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures will provide consistency in our financial reporting.

Cautionary Note Regarding Forward-Looking Statements

This news release contains information that is "forward-looking" in that it describes events and conditions ENSERVCO reasonably expects to occur in the future. Expectations for the future performance of ENSERVCO are dependent upon a number of factors, and there can be no assurance that ENSERVCO will achieve the results as contemplated herein. Certain statements contained in this release using the terms "may," "expects to," and other terms denoting future possibilities, are forward-looking statements. The accuracy of these statements cannot be guaranteed as they are subject to a variety of risks, which are beyond ENSERVCO's ability to predict, or control and which may cause actual results to differ materially from the projections or estimates contained herein. Among these risks are those set forth in ENSERVCO's annual report on Form 10-K for the year ended December 31, 2016, and subsequently filed documents with the SEC. Forward looking statements in this news release that are subject to risk include expectations for, and sustainability of, a bottom to the downturn and an industry recovery; expectations for revenue and EBITDA growth in 2017; expectations for revenue growth of the Company's water transfer business; the Company's ability to weather the downturn, sustain momentum and to grow as the industry recovers; the ability to repay our substantial outstanding bank debt; and prospects for continued revenue growth in the Eagle Ford Basin. It is important that each person reviewing this release understand the significant risks attendant to the operations of ENSERVCO. ENSERVCO disclaims any obligation to update any forward-looking statement made herein.

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ENSERVCO CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2016	2015	2016	2015
Revenues				
Well enhancement services	\$ 4,992,622	\$ 7,333,853	\$ 17,864,121	\$ 32,828,068
Water transfer services	152,622	-	184,310	-
Water hauling services	915,637	1,211,840	3,837,844	5,874,792
Constuction services	598,950	-	2,712,762	-
Other	-	81,267	9,416	75,000
Total revenues	\$ 6,659,831	\$ 8,626,960	\$ 24,608,453	\$ 38,777,860
Expenses				
Well enhancement services	4,826,354	5,050,710	15,654,162	22,101,958
Water transfer services	495,132	-	1,628,688	-
Water hauling services	879,568	1,334,759	3,797,644	5,932,372
Constuction services	658,046	-	2,992,104	-
Functional support	292,803	239,028	748,948	774,269
General and administrative expenses	884,859	1,144,982	3,779,794	4,260,539
Patent litigation and defense costs	42,750	43,524	151,533	536,582
Depreciation and amortization	1,896,177	1,540,242	6,864,670	5,792,366
Total expenses	9,975,689	9,353,245	35,617,543	39,398,086
Loss from operations	(3,315,858)	(726,285)	(11,009,090)	(620,226)
Other income (expense)				
Interest expense	(339,455)	(252,679)	(1,765,957)	(1,113,544)
Gain (loss) on disposals of equipment	8,771	(7,089)	242,244	(8,160)
Other income	31,978	7,762	44,187	62,655
Total other expense	(298,706)	(252,006)	(1,479,526)	(1,059,049)
Loss before tax benefit	(3,614,564)	(978,291)	(12,488,616)	(1,679,275)
Income tax benefit	877,396	88,091	3,937,404	418,253
Net loss	\$ (2,737,168)	\$ (890,200)	\$ (8,551,212)	\$ (1,261,022)
Loss per common share - basic	\$ (0.07)	\$ (0.02)	\$ (0.22)	\$ (0.03)
Loss per common share – diluted	\$ (0.07)	\$ (0.02)	\$ (0.22)	\$ (0.03)
Basic weighted average number of common shares outstanding	41,505,160	38,116,928	38,978,396	37,835,637
Add: dilutive shares assuming exercise of options and warrants	-	-	-	-
Diluted weighted average number of common shares outstanding	41,505,160	38,116,928	38,978,396	37,835,637

ENSERVCO CORPORATION
Calculation of Adjusted EBITDA *

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2016	2015	2016	2015
Adjusted EBITDA*				
Income (Loss)	\$ (2,737,168)	\$ (890,200)	\$ (8,551,212)	\$ (1,261,022)
Add Back (Deduct)				
Interest Expense	339,455	252,679	1,765,957	1,113,544
Provision for income taxes (benefit) expense	(877,396)	(88,091)	(3,937,404)	(418,253)
Depreciation and amortization	1,896,177	1,540,242	6,864,670	5,792,366
EBITDA*	(1,378,932)	814,630	(3,857,989)	5,226,635
Add Back (Deduct)				
Stock-based compensation	168,464	175,287	661,924	617,530
Patent Litigation and defense costs	42,750	43,524	151,533	536,582
(Gain) on sale and disposal of equipment	(8,771)	7,089	(242,244)	8,160
Interest and other income	(31,978)	(7,762)	(44,187)	(62,655)
Adjusted EBITDA*	\$ (1,208,467)	\$ 1,032,768	\$ (3,330,963)	\$ 6,326,252

**Use of Non-GAAP Financial Measures:* Non-GAAP results are presented only as a supplement to the financial statements and for use within management's discussion and analysis based on U.S. generally accepted accounting principles (GAAP). The non-GAAP financial information is provided to enhance the reader's understanding of the Company's financial performance, but no non-GAAP measure should be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures are provided herein.

EBITDA is defined as net income (earnings), before interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA excludes stock-based compensation from EBITDA and, when appropriate, other items that management does not utilize in assessing the Company's ongoing operating performance as set forth in the next paragraph. None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income as an indicator of operating performance or any other GAAP measure.

All of the items included in the reconciliation from net income to EBITDA and from EBITDA to Adjusted EBITDA are either (i) non-cash items (e.g., depreciation, amortization of purchased intangibles, stock-based compensation, warrants issued, etc.) or (ii) items that management does not consider to be useful in assessing the Company's ongoing operating performance (e.g., income taxes, gain on sale of investments, loss on disposal of assets, patent litigation and defense costs, etc.). In the case of the non-cash items, management believes that investors can better assess the company's operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect the Company's ability to generate free cash flow or invest in its business.

We use, and we believe investors benefit from the presentation of, EBITDA and Adjusted EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Additionally, our leverage and fixed charge ratio covenants associated with our 2014 Credit Agreement require the use of Adjusted EBITDA in specific calculations.

Because not all companies use identical calculations, the Company's presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. However, these measures can still be useful in evaluating the Company's performance against its peer companies because management believes the measures provide users with valuable insight into key components of GAAP financial disclosures.

ENSERVCO CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	December 31 2016 (Unaudited)	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 620,764	\$ 804,737
Accounts receivable, net	4,814,276	7,037,419
Prepaid expenses and other current assets	970,802	1,213,049
Inventories	407,379	308,297
Income tax receivable	223,847	222,447
Total current assets	7,037,068	9,585,949
Property and Equipment, net	34,617,961	36,494,661
Other Assets	714,967	874,117
TOTAL ASSETS	\$ 42,369,996	\$ 46,954,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,682,599	\$ 3,039,859
Current portion of long-term debt	318,499	314,263
Total current liabilities	4,001,098	3,354,122
Long-Term Liabilities		
Senior revolving credit facility	23,180,514	20,706,241
Long-term debt, less current portion	304,373	590,505
Deferred income taxes, net	468,565	4,417,043
Total long-term liabilities	23,953,452	25,713,789
Total Liabilities	27,954,550	29,067,911
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$.005 par value, 10,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock, \$.005 par value, 100,000,000 shares authorized, 51,171,260 and 38,230,729 shares issued, respectively; 103,600 shares of treasury stock; and 51,067,660 and 38,127,129 shares outstanding, respectively	255,337	190,634
Additional paid-in capital	18,867,702	13,852,563
Accumulated (deficit) earnings	(4,707,593)	3,843,619
Total stockholders' equity	14,415,446	17,886,816
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 42,369,996	\$ 46,954,727

ENSERVCO CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the Quarter Ended December 31,		For the Fiscal Year Ended December 31,	
	2016	2015	2016	2015
OPERATING ACTIVITIES				
Net loss	\$ (2,737,168)	\$ (890,200)	\$ (8,551,212)	\$ (1,261,022)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	1,896,177	1,540,242	6,864,670	5,792,366
(Gain) loss on disposal of equipment	(8,771)	7,089	(242,244)	8,160
Deferred income taxes	(875,396)	(71,650)	(3,937,404)	(440,583)
Stock-based compensation	168,466	175,289	661,924	617,530
Stock issued for services	-	10,380	1,714	10,380
Amortization of debt issuance costs	38,908	35,356	152,724	125,404
Provision for bad debt expense	11,090	114,384	156,975	135,434
Changes in operating assets and liabilities				
Accounts receivable	(1,454,690)	(3,939,194)	2,066,168	7,507,005
Inventories	(44,797)	16,281	(99,082)	81,784
Prepaid expense and other current assets	(54,249)	74,058	261,349	352,618
Income taxes receivable	-	1,745,285	(1,400)	1,553,588
Other assets	170,747	78,553	26,250	93,402
Accounts payable and accrued liabilities	888,477	374,155	642,740	(2,432,304)
Net cash provided by (used in) operating activities	(2,001,206)	(729,972)	(1,996,828)	12,143,762
INVESTING ACTIVITIES				
Purchases of property and equipment	(360,686)	(958,627)	(5,165,015)	(4,533,352)
Proceeds from insurance claims	-	-	280,660	-
Proceeds from disposal of equipment	97,563	22,169	138,629	27,169
Net cash used in investing activities	(263,123)	(936,458)	(4,745,726)	(4,506,183)
FINANCING ACTIVITIES				
Gross proceeds from stock issuance	5,175,000	-	5,175,000	-
Stock issuance costs and registration fees	(758,796)	-	(758,796)	-
Proceeds from revolving credit facility	2,748,805	2,626,825	16,367,049	16,767,204
Payments related to revolving credit facility	(4,886,875)	(850,000)	(13,892,776)	(24,695,000)
Repayment of long-term debt	(174,316)	(35,157)	(281,896)	(237,720)
Payment of debt issuance costs for credit facility	-	-	(50,000)	(100,000)
Proceeds from exercise of warrants	-	-	-	77,100
Proceeds from exercise of stock options	-	-	-	198,285
Excess tax benefits from exercise of options and warrants	-	(18,000)	-	203,231
Net cash provided by (used in) financing activities	2,103,818	1,723,668	6,558,581	(7,786,900)
Net Increase (Decrease) in Cash and Cash Equivalents	(160,511)	57,238	(183,973)	(149,321)
Cash and Cash Equivalents, beginning of period	781,275	747,500	804,737	954,058
Cash and Cash Equivalents, end of period	\$ 620,764	\$ 804,738	\$ 620,764	\$ 804,737
Supplemental cash flow information:				
Cash paid for interest	\$ 482,167	214,748	\$ 1,677,077	\$ 814,033
Cash paid for taxes	\$ 13,074	\$ (1,751,293)	\$ 14,474	\$ (1,742,057)
Supplemental Disclosure of Non-cash Investing and Financing Activities:				
Cashless exercise of stock options and warrants	\$ -	\$ -	\$ -	\$ 2,751