

***Regulations related to conflict-free minerals could limit the supply and increase the cost of certain metals used in our manufacturing processes.***

In August 2012, the SEC issued their final rule to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding mandatory disclosure and reporting requirements by public companies of their use of “conflict minerals” (tantalum, tin, tungsten and gold) and whether these minerals originate in the Democratic Republic of Congo or adjoining countries. We have performed specified reasonable country of origin inquiry activities throughout the 2013 calendar year, and will provide our first report in May 2014. As our suppliers determine the original source of the conflict minerals they sell or use in their manufacturing processes, we may find that sourcing at competitive prices and availability in sufficient quantities of certain of these conflict minerals could be affected. If the number of suppliers who provide conflict-free minerals is limited, this could have a material adverse effect on the Company’s ability to purchase these products or to purchase these products at a favorable price or on favorable terms in the future.

***ITEM 1B. UNRESOLVED STAFF COMMENTS***

None.

***ITEM 2. PROPERTIES***

Currently, we have over 70 offices (totaling approximately 2.9 million square feet of space) in more than 50 countries. In these locations, we lease approximately 1.9 million square feet and own approximately 1.0 million square feet. We serve our worldwide clients through six Advanced Technology Centers (“ATCs”) that are located in Aberdeen, Scotland; Abu Dhabi, UAE; Calgary, Canada; Houston, Texas; Kuala Lumpur, Malaysia; and Rotterdam, The Netherlands. The ATCs provide support for our more than 50 regional specialty centers located throughout the global energy producing provinces. In addition, we have significant manufacturing facilities located in Godley, Texas, and Red Deer, Alberta, Canada, which are included in our Production Enhancement business segment. Our facilities are adequate for our current operations; however, expansion into new facilities or the replacement or modification of existing facilities may be required to accommodate future growth.

***ITEM 3. LEGAL PROCEEDINGS***

See Note 11 of the Notes to Consolidated Financial Statements.

***ITEM 4. MINE SAFETY DISCLOSURES***

Not applicable.