

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015

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: 001-36246

Civeo Corporation

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction of
incorporation or organization)

98-1253716
(I.R.S. Employer
Identification No.)

Three Allen Center, 333 Clay Street, Suite 4980,
Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

(713) 510-2400

(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 NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The Registrant had 107,465,397 common shares outstanding as of October 26, 2015.

CIVEO CORPORATION

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PART I -- FINANCIAL INFORMATION

ITEM 1. Financial Statements

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2015	2014	2015	2014
Revenues:				
Service and other	\$ 101,258	\$ 233,314	\$ 398,241	\$ 696,154
Product	5,286	9,951	22,437	27,043
	<u>106,544</u>	<u>243,265</u>	<u>420,678</u>	<u>723,197</u>
Costs and expenses:				
Service and other costs	63,732	126,998	240,581	389,486
Product costs	6,019	10,103	21,505	24,430
Selling, general and administrative expenses	16,691	13,216	51,796	51,069
Spin-off and formation costs	--	1,028	--	3,497
Depreciation and amortization expense	36,172	45,758	121,159	127,770
Impairment expense	110,715	--	122,926	11,610
Other operating expense (income)	(3,945)	165	(5,188)	252
	<u>229,384</u>	<u>197,268</u>	<u>552,779</u>	<u>608,114</u>
Operating income (loss)	(122,840)	45,997	(132,101)	115,083
Interest expense to affiliates	--	--	--	(6,980)
Interest expense to third-parties, net of capitalized interest	(6,022)	(5,335)	(17,879)	(8,445)
Loss on extinguishment of debt	(1,474)	--	(1,474)	(3,455)
Interest income	160	1,048	1,969	2,841
Other income	261	64	1,825	1,011
Income (loss) before income taxes	(129,915)	41,774	(147,660)	100,055
Income tax benefit (provision)	22,745	(9,011)	27,451	(16,411)
Net income (loss)	(107,170)	32,763	(120,209)	83,644
Less: Net income attributable to noncontrolling interest	515	360	953	1,053
Net income (loss) attributable to Civeo Corporation	<u>\$ (107,685)</u>	<u>\$ 32,403</u>	<u>\$ (121,162)</u>	<u>\$ 82,591</u>
Per Share Data (see Note 6)				
Basic net income (loss) per share attributable to Civeo Corporation common shareholders	\$ (1.01)	\$ 0.30	\$ (1.14)	\$ 0.77
Diluted net income (loss) per share attributable to Civeo Corporation common shareholders	\$ (1.01)	\$ 0.30	\$ (1.14)	\$ 0.77
Weighted average number of common shares outstanding:				
Basic	106,661	106,311	106,583	106,300
Diluted	106,661	106,495	106,583	106,474
Dividends per common share	\$ --	\$ 0.13	\$ --	\$ 0.13

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2015	2014	2015	2014
Net income (loss)	\$ (107,170)	\$ 32,763	\$ (120,209)	\$ 83,644
Other comprehensive loss:				
Foreign currency translation adjustment, net of taxes of zero, zero, \$1.9 million and zero, respectively	(79,262)	(112,956)	(171,985)	(58,816)
Total other comprehensive loss	(79,262)	(112,956)	(171,985)	(58,816)
Comprehensive income (loss)	(186,432)	(80,193)	(292,194)	24,828
Comprehensive income attributable to noncontrolling interest	(117)	(259)	(429)	(950)
Comprehensive income (loss) attributable to Civeo Corporation	<u>\$ (186,549)</u>	<u>\$ (80,452)</u>	<u>\$ (292,623)</u>	<u>\$ 23,878</u>

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	SEPTEMBER 30, 2015	DECEMBER 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,635	\$ 263,314
Accounts receivable, net	63,681	160,253
Inventories	5,607	13,228
Prepaid expenses	20,404	20,670
Other current assets	7,200	6,491
Assets held for sale	8,923	--
Total current assets	<u>118,450</u>	<u>463,956</u>
Property, plant and equipment, net	950,642	1,248,430
Goodwill, net	--	45,260
Other intangible assets, net	35,756	50,882
Other noncurrent assets	12,953	20,633
Total assets	<u>\$ 1,117,801</u>	<u>\$ 1,829,161</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 30,553	\$ 36,277
Accrued liabilities	17,042	22,512
Income taxes	4	61
Current portion of long-term debt	18,205	19,375
Deferred revenue	9,872	18,539
Other current liabilities	8,243	21,677
Total current liabilities	<u>83,919</u>	<u>118,441</u>
Long-term debt, less current maturities	397,879	755,625
Deferred income taxes	32,572	55,500
Other noncurrent liabilities	33,830	39,486
Total liabilities	<u>548,200</u>	<u>969,052</u>
Commitments and contingencies (Note 9)		
Shareholders' Equity:		
Common shares (no par value; 550,000,000 shares authorized, 107,465,397 shares issued and outstanding at September 30, 2015)	--	--
Common stock (\$0.01 par value; 550,000,000 shares authorized, 106,721,483 shares issued and outstanding at December 31, 2014)	--	1,067
Additional paid-in capital	1,304,928	1,300,042
Accumulated deficit	(365,779)	(244,617)
Accumulated other comprehensive loss	(369,952)	(198,491)
Total Civeo Corporation shareholders' equity	<u>569,197</u>	<u>858,001</u>
Noncontrolling interest	404	2,108
Total shareholders' equity	<u>569,601</u>	<u>860,109</u>
Total liabilities and shareholders' equity	<u>\$ 1,117,801</u>	<u>\$ 1,829,161</u>

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

**UNAUDITED CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY / NET INVESTMENT
(In Thousands)**

Attributable to Civeo

	Common Shares					Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders' Equity / Net Investment
	Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Oil States Net Investment			
Balance, December 31, 2013	\$ --	\$ --	\$ --	\$ --	\$ 1,651,013	\$ (59,979)	\$ 1,711	\$ 1,592,745
Net income			40,910		41,681		1,053	83,644
Currency translation adjustment						(58,713)	(103)	(58,816)
Dividends paid			(13,893)				(477)	(14,370)
Net transfers from Oil States International, Inc.					369,219			369,219
Distribution to Oil States International, Inc.					(750,000)			(750,000)
Reclassification of Oil States International, Inc. Net Investment to Additional Paid-in Capital		1,311,913			(1,311,913)			--
Issuance of common stock at the Spin-Off	1,066	(1,066)						--
Stock-based compensation	1	1,976						1,977
Balance, September 30, 2014	\$ 1,067	\$ 1,312,823	\$ 27,017	\$ --	\$ --	\$ (118,692)	\$ 2,184	\$ 1,224,399
Balance, December 31, 2014	\$ 1,067	\$ 1,300,042	\$ (244,617)	\$ --	\$ --	\$ (198,491)	\$ 2,108	\$ 860,109
Net income (loss)			(121,162)				953	(120,209)
Currency translation adjustment						(171,461)	(524)	(171,985)
Dividends paid							(2,133)	(2,133)
Redomicile Transaction	(1,075)	929		146				--
Stock-based compensation	8	3,957		(146)				3,819
Balance, September 30, 2015	\$ --	\$ 1,304,928	\$ (365,779)	\$ --	\$ --	\$ (369,952)	\$ 404	\$ 569,601

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	NINE MONTHS ENDED	
	SEPTEMBER 30,	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income (loss)	\$ (120,209)	\$ 83,644
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	121,159	127,770
Impairment charges	122,926	11,610
Inventory write-down	1,015	--
Loss on extinguishment of debt	1,474	3,455
Deferred income tax benefit	(34,200)	(1,989)
Non-cash compensation charge	3,467	5,892
Gains on disposals of assets	(800)	(776)
Provision for loss on receivables	1,081	(1,196)
Other, net	1,032	2,687
Changes in operating assets and liabilities:		
Accounts receivable	79,763	(32,119)
Inventories	5,556	13,897
Accounts payable and accrued liabilities	(5,094)	10,957
Taxes payable	1,652	(17,340)
Other current assets and liabilities, net	(3,889)	1,773
Net cash flows provided by operating activities	<u>174,933</u>	<u>208,265</u>
Cash flows from investing activities:		
Capital expenditures, including capitalized interest	(43,701)	(208,297)
Proceeds from disposition of property, plant and equipment	2,255	1,607
Net cash flows used in investing activities	<u>(41,446)</u>	<u>(206,690)</u>
Cash flows from financing activities:		
Proceeds from issuance of common shares	500	--
Term loan borrowings	325,000	775,000
Term loan repayments	(725,000)	--
Revolver borrowings	244,480	--
Revolver repayments	(187,772)	--
Debt issuance costs	(4,555)	(9,460)
Dividends paid	--	(13,893)
Distributions to Oil States	--	(750,000)
Contributions from Oil States	--	28,257
Net cash flows provided by (used in) financing activities	<u>(347,347)</u>	<u>29,904</u>
Effect of exchange rate changes on cash	<u>(36,819)</u>	<u>(13,793)</u>
Net change in cash and cash equivalents	(250,679)	17,686
Cash and cash equivalents, beginning of period	263,314	224,128
Cash and cash equivalents, end of period	<u>\$ 12,635</u>	<u>\$ 241,814</u>

The accompanying notes are an integral part of these financial statements.

CIVEO CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of the Business

We are one of North America's and Australia's largest integrated providers of accommodations services for people working in remote locations. Our scalable modular facilities provide long-term and temporary workforce accommodations where traditional infrastructure is insufficient, inaccessible or not cost effective. Once facilities are deployed in the field, we also provide catering and food services, housekeeping, laundry, facility management, water and wastewater treatment, power generation, communications and redeployment logistics. Our accommodations support workforces in the Canadian oil sands and in a variety of oil and natural gas drilling, mining and related natural resource applications as well as disaster relief efforts, primarily in Canada, Australia and the United States. We operate in three principal reportable business segments – Canadian, Australian and U.S.

On May 5, 2014, the Oil States International, Inc. (Oil States) board of directors approved the separation of its Accommodations Segment (Accommodations) into a standalone, publicly traded Delaware corporation, Civeo Corporation, now named Civeo USA Corp. (Civeo US). In accordance with the Separation and Distribution Agreement, the two companies were separated by Oil States distributing to its stockholders all 106,538,044 shares of common stock of Civeo US it held after the market closed on May 30, 2014 (the Spin-Off). Each Oil States stockholder received two shares of Civeo US common stock for every one share of Oil States stock held at the close of business on the record date of May 21, 2014. In conjunction with the Spin-Off, Oil States received a private letter ruling from the Internal Revenue Service to the effect that, based on certain facts, assumptions, representations and undertakings set forth in the ruling, for U.S. federal income tax purposes, the distribution of Civeo US common stock was not taxable to Oil States or U.S. holders of Oil States common stock. Following the Spin-Off, Oil States retained no ownership interest in Civeo US, and each company now has separate public ownership, boards of directors and management. A registration statement on Form 10, as amended through the time of its effectiveness, describing the Spin-Off was filed by Civeo US with the U.S. Securities and Exchange Commission (SEC) and was declared effective on May 8, 2014. On June 2, 2014, Civeo US stock began trading the "regular-way" on the New York Stock Exchange (NYSE) under the "CVEO" stock symbol. Pursuant to the Separation and Distribution Agreement with Oil States, on May 28, 2014, we made a special cash distribution to Oil States of \$750 million.

On July 17, 2015, we completed our change in place of incorporation, pursuant to which Civeo Corporation, a British Columbia, Canada limited company formerly named Civeo Canadian Holdings ULC (Civeo Canada), became the publicly traded parent company of the Civeo group of companies (the Redomicile Transaction). The Redomicile Transaction was effected pursuant to a previously announced Agreement and Plan of Merger, dated as of April 6, 2015, between Civeo US, Civeo US Merger Co, a Delaware corporation and wholly owned subsidiary of Civeo Canada (US Merger Co), and Civeo Canada. At the effective time of the merger, (i) US Merger Co was merged with Civeo US, with Civeo US surviving the merger as a wholly owned subsidiary of Civeo Canada, and (ii) each issued share of Civeo US common stock, other than those shares of Civeo US common stock held by Civeo US in treasury, was effectively transferred to Civeo Canada and converted into one common share, no par value, of Civeo Canada. An aggregate of approximately 107.5 million Civeo Canada common shares were issued at the effective time as merger consideration. The Civeo Canada common shares are listed on the NYSE under the symbol "CVEO", the same symbol under which the Civeo US common stock traded prior to the effective time.

The Redomicile Transaction qualified as a "self-directed redomiciling" of the Company as permitted under the U.S. Internal Revenue Code. U.S. federal income tax laws permit a company to change its domicile to a foreign jurisdiction without corporate-level U.S. federal income taxes provided that such company has "substantial business activity" in the relevant jurisdiction. "Substantial business activity" is defined as foreign operations consisting of over 25% of the company's total (i) revenues, (ii) assets, (iii) employees and (iv) employee compensation. With approximately 50% or more of our operations in Canada based on these metrics, we qualified for a self-directed redomiciling.

In connection with the Spin-Off, on May 28, 2014, we entered into a \$650.0 million, 5-year revolving credit facility and a 5-year U.S. term loan facility totaling \$775.0 million (collectively, the Credit Facility) for an aggregate borrowing capacity of \$1.4 billion. On July 17, 2015, the First Amendment to the Credit Facility (the Amended Credit Facility) became effective. The Amended Credit Facility, among other things, (i) allows us to borrow under new Canadian tranches of the Credit Facility, (ii) substantially reduced both the existing U.S. term loan and the U.S. revolver and (iii) increased the maximum leverage ratio allowed under the Credit Facility. For further information, please see Note 7 – Debt to the Unaudited Consolidated Financial Statements.

CIVEO CORPORATION

**NOTES TO UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
(Continued)**

Basis of Presentation

Unless otherwise stated or the context otherwise indicates, all references in these consolidated financial statements to “Civeo,” “the Company,” “us,” “our” or “we” for the time period prior to the Spin-Off mean the Accommodations business of Oil States. For time periods after the Spin-Off but prior to July 17, 2015, these terms refer to Civeo US and its consolidated subsidiaries. For time periods after July 17, 2015, these terms refer to Civeo Canada and its consolidated subsidiaries.

Prior to the Spin-Off, our financial position, results of operations and cash flows consisted of the Oil States’ Accommodations business and an allocable portion of its corporate costs, which represented a combined reporting entity. The combined financial statements for periods prior to the Spin-Off have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Oil States. The combined financial statements reflect our historical financial position, results of operations and cash flows as we were historically managed, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The combined financial statements include certain assets and liabilities that have historically been held at the Oil States corporate level, but are specifically identifiable or otherwise attributable to us.

All financial information presented after the Spin-Off represents the consolidated results of operations, financial position and cash flows of Civeo. Accordingly:

- Our consolidated statements of operations and comprehensive income (loss) for the three months ended September 30, 2014 consist entirely of the consolidated results of Civeo. Our consolidated statements of operations, comprehensive income (loss), cash flows and changes in stockholders’ equity / net investment for the nine months ended September 30, 2014 consist of (i) the combined results of the Oil States’ Accommodations business for the five months ended May 30, 2014 and (ii) the consolidated results of Civeo for the four months ended September 30, 2014.
- Our consolidated statements of operations, comprehensive income (loss), cash flows and changes in shareholders’ equity / net investment for the three and nine months ended September 30, 2015 consist entirely of the consolidated results of Civeo.
- Our consolidated balance sheets at September 30, 2015 and December 31, 2014 consist of the consolidated balances of Civeo.

The assets and liabilities in our consolidated financial statements have been reflected on a historical basis, as immediately prior to the Spin-Off all of the assets and liabilities presented were wholly owned by Oil States and were transferred within the Oil States consolidated group. All intercompany transactions and accounts have been eliminated. All affiliate transactions between Civeo and Oil States have been included in these consolidated financial statements.

The consolidated financial statements for periods prior to the Spin-Off included expense allocations for: (1) certain corporate functions historically provided by Oil States, including, but not limited to finance, legal, risk management, tax, treasury, information technology, human resources, and certain other shared services; (2) certain employee benefits and incentives; and (3) equity-based compensation. These expenses were allocated to us on the basis of direct usage when identifiable, with the remainder allocated based on estimated time spent by Oil States personnel, a pro-rata basis of headcount or other relevant measures of Oil States and its subsidiaries. We consider the basis on which the expenses were allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, which functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

CIVEO CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Oil States used a centralized approach to the cash management and financing of its U.S. operations. Prior to February 2014, cash from our U.S. operations was transferred to Oil States daily and Oil States funded our U.S. operating and investing activities as needed. Accordingly, the cash and cash equivalents held by Oil States at the corporate level were not allocated to us for any of the periods presented prior to February 2014. We reflected the transfer of cash to and from Oil States as a component of "Net Investment of Oil States International, Inc." on our consolidated balance sheet. We have not included interest expense for intercompany cash advances from Oil States, since historically Oil States has not allocated interest expense related to intercompany advances to any of its businesses. Beginning in February 2014, we established Civeo cash accounts and funded a portion of our U.S. operating and investing activities.

The accompanying unaudited consolidated financial statements of Civeo have been prepared pursuant to the rules and regulations of the SEC pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with GAAP has been condensed or omitted pursuant to these rules and regulations. The unaudited financial statements included in this report reflect all the adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation of the results of operations for the interim periods covered and for the financial condition of the Company at the date of the interim balance sheet. Results for the interim periods are not necessarily indicative of results for the full year.

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. If the underlying estimates and assumptions, upon which the financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

The financial statements included in this report should be read in conjunction with our audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

2. RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the FASB), which are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

In April 2015, the FASB issued Accounting Standards Update (ASU) 2015-03 "Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03). ASU 2015-03 simplifies the presentation of debt issuance costs by requiring that such costs be presented as a deduction from the corresponding debt liability. The guidance is effective for financial statements issued for reporting periods beginning after December 15, 2015 and interim periods within the reporting periods and requires retrospective presentation. Early adoption is permitted. We plan to adopt the standard in the first quarter of 2016. As of September 30, 2015, we had debt issuance costs totaling \$9.9 million, which are included in Prepaid expenses and other current assets (\$2.6 million) and Other non-current assets (\$7.3 million) on the accompanying unaudited consolidated balance sheets. A portion of these costs relate to revolving lines of credit, and will accordingly continue to be included in Prepaid expenses and other current assets or Other non-current assets.

In February 2015, the FASB issued ASU 2015-02 "Amendments to the Consolidation Analysis" (ASU 2015-02). ASU 2015-02 alters the models used to determine consolidation conclusions for certain entities, including limited partnerships, and may require additional disclosures. ASU 2015-02 is effective for financial statements issued for reporting periods beginning after December 15, 2015 and interim periods within the reporting periods with either retrospective or modified retrospective presentation allowed. We plan to adopt the standard in the first quarter of 2016 and are currently evaluating the impact of the new standard on our financial statements.

CIVEO CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

In May 2014, the FASB issued ASU 2014-09 establishing Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (ASC 606). ASC 606 establishes a comprehensive new revenue recognition model designed to depict the transfer of goods or services to a customer in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for those goods or services and requires significantly enhanced revenue disclosures. The standard is effective for annual reporting periods beginning after December 15, 2017. Accordingly, we plan to adopt this standard in the first quarter of 2018. ASC 606 allows either full retrospective or modified retrospective transition, and early adoption is not permitted. We continue to evaluate both the impact of this new standard on our financial statements and the transition method we will utilize for adoption.

3. FAIR VALUE MEASUREMENTS

Our financial instruments consist of cash and cash equivalents, receivables, payables and debt instruments. We believe that the carrying values of these instruments, other than our long-term debt to affiliates, on the accompanying consolidated balance sheets approximate their fair values.

As of September 30, 2015 and December 31, 2014, we believe the carrying value of our floating-rate debt outstanding under our term loans approximates its fair value because the term includes short-term interest rates and excludes penalties for prepayment. We estimated the fair value of our floating-rate term loan using significant other observable inputs, representative of a Level 2 fair value measurement, including terms and credit spreads for this loan.

As a result of the sustained reduction of our share price throughout 2015, our market capitalization implies an enterprise value which is significantly less than the sum of the estimated fair values of our reporting units. As a result of our market capitalization at September 30, 2015, coupled with (1) the continued depression of worldwide oil prices, including the substantial declines experienced in the third quarter of 2015, and (2) continued weakness in the Canadian dollar and Australian dollar in the third quarter 2015, we determined that an indicator of a goodwill impairment was present. Our estimate of implied fair value (IFV) requires us to use significant unobservable inputs, representative of Level 3 fair value measurements, including numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact each of the reporting units' operations in the future, and are therefore uncertain. Accordingly, as a result of current macroeconomic conditions, we performed a goodwill impairment test as of September 30, 2015, and we reduced the value of our goodwill in our Canadian reporting unit to zero. This resulted in an impairment charge in the third quarter 2015 which totaled \$43.2 million.

During 2015, certain long-lived assets were written down to their fair value. As a result, we recorded impairment expense of \$65.0 million and \$77.2 million for the three and nine months ended September 30, 2015, respectively. In addition, certain indefinite-lived intangible assets were written down to their fair value, resulting in an impairment charge of \$2.5 million for the three and nine months ended September 30, 2015. Our estimate of their fair value requires us to use significant unobservable inputs, representative of Level 3 fair value measurements, including numerous assumptions with respect to future circumstances, such as future oil, coal and natural gas prices, anticipated spending by our customers, the cost of capital, and industry and/or local market conditions that might directly impact each of the asset groups' operations in the future, and are therefore uncertain. For further information, please see Note 4 – Details of Selected Balance Sheet Accounts to the Unaudited Consolidated Financial Statements.

CIVEO CORPORATION

NOTES TO UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS

(Continued)

4. DETAILS OF SELECTED BALANCE SHEET ACCOUNTS

Additional information regarding selected balance sheet accounts at September 30, 2015 and December 31, 2014 is presented below (in thousands):

	September 30, 2015	December 31, 2014
Accounts receivable, net:		
Trade	\$ 44,923	\$ 124,198
Unbilled revenue	18,752	38,487
Other	1,052	1,611
Total accounts receivable	64,727	164,296
Allowance for doubtful accounts	(1,046)	(4,043)
Total accounts receivable, net	\$ 63,681	\$ 160,253

	September 30, 2015	December 31, 2014
Inventories:		
Finished goods and purchased products	\$ 2,054	\$ 2,814
Work in process	209	4,790
Raw materials	3,344	5,624
Total inventories	\$ 5,607	\$ 13,228

	Estimated Useful Life (in years)	September 30, 2015	December 31, 2014
Property, plant and equipment, net:			
Land		\$ 48,174	\$ 55,365
Accommodations assets	3 - 15	1,485,487	1,687,033
Buildings and leasehold improvements	3 - 20	29,357	40,256
Machinery and equipment	4 - 15	9,552	12,117
Office furniture and equipment	3 - 7	28,844	32,181
Vehicles	3 - 5	16,396	19,128
Construction in progress		77,662	70,603
Total property, plant and equipment		1,695,472	1,916,683
Accumulated depreciation		(744,830)	(668,253)
Total property, plant and equipment, net		\$ 950,642	\$ 1,248,430

During the third quarter of 2015, as a result of the sustained reduction of our share price throughout 2015, we reviewed the long-lived assets in our U.S. and Australia reportable segments to determine if an indicator of impairment had occurred that would indicate that the carrying values of the asset groups in these segments might not be recoverable. We determined that certain asset groups within the segments had experienced an indicator of impairment, and thus compared the carrying value of the respective asset group to estimates of undiscounted future cash flows. Based on the assessment, the carrying values of three of our assets groups were determined to not be recoverable, and we proceeded to compare the fair value of the asset groups to their carrying value. As a result, we recorded an impairment loss of \$20.5 million related to our U.S. segment. Of the \$20.5 million impairment, \$18.0 million reduced the value of our fixed assets and \$2.5 million reduced the value of our amortizable intangible assets. In addition, we recorded an impairment loss of \$24.0 million related to our Australian segment that reduced the value of our fixed assets.

Furthermore, as a result of the goodwill impairment in our Canadian segment, we determined all asset groups within this segment had experienced a trigger that indicated that the carrying values might not be recoverable. Accordingly, we compared the carrying value of each asset group to estimates of undiscounted cash flows. Based on the assessment, carrying values of certain assets groups were determined to be unrecoverable, and we proceeded to compare the fair value of those assets groups to their respective carrying values. As a result, we recorded an impairment loss of \$11.1 million related to our Canadian segment.

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Additionally, during the third quarter of 2015, we identified assets in our Canadian segment that should have been impaired in the fourth quarter of 2014. We determined that the error was not material to our financial statements for the year ended December 31, 2014 and therefore corrected the error in the third quarter of 2015. This resulted in an additional impairment expense of \$11.9 million during the three and nine months ended September 30, 2015.

During the second quarter of 2015, we recorded an impairment expense of \$9.5 million, resulting from the impairment of fixed assets in a village located in Western Australia, due to the continued downturn in gold mining activity and lack of contract renewals. We assessed the carrying value of the asset group to determine if it continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying value was determined to not be recoverable.

	September 30, 2015	December 31, 2014
Accrued liabilities:		
Accrued compensation	\$ 13,235	\$ 15,273
Accrued taxes, other than income taxes	1,075	1,567
Accrued interest	11	60
Other	2,721	5,612
Total accrued liabilities	\$ 17,042	\$ 22,512

5. ASSETS HELD FOR SALE

During the first quarter of 2015, we made the decision to dispose of our manufacturing facility in Johnstown, Colorado. Accordingly, the facility met the criteria of held for sale, and its carrying value was adjusted downward to \$8.7 million, which represents its estimated fair value less the cost to sell. We recorded a pre-tax impairment expense of \$2.7 million and an additional \$1.1 million to write-down our inventory as a result. Additionally, we have discontinued depreciation of the facility. Depreciation expense related to the facility totaled approximately zero and \$0.2 million during the three months ended September 30, 2015 and 2014, respectively, and approximately \$0.2 million and \$0.6 million during the nine months ended September 30, 2015 and 2014, respectively. The facility was part of our U.S. reportable business segment.

The following table summarizes the carrying amount as of September 30, 2015 of the major classes of assets we classify as held for sale (in thousands):

	September 30, 2015
Assets held for sale:	
Property, plant and equipment, net	\$ 8,146
Intangible assets, net	777
Total assets held for sale	\$ 8,923

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6. EARNINGS PER SHARE

On May 30, 2014, 106,538,044 shares of our common stock were distributed to Oil States stockholders in connection with the Spin-Off. For comparative purposes, and to provide a more meaningful calculation of weighted-average shares outstanding, we have assumed these shares to be outstanding as of the beginning of each period prior to the Spin-Off presented in the calculation of weighted-average shares. In addition, we have assumed the dilutive securities outstanding at May 30, 2014 were also outstanding for each of the periods prior to the Spin-Off presented. Our calculation of diluted earnings per share excludes all shares issuable pursuant to outstanding stock options for the three and nine months ended September 30, 2015, due to their antidilutive effect.

The calculation of earnings per share attributable to the Company is presented below for the periods indicated (in thousands, except per share amounts):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2015	2014	2015	2014
Basic Earnings per Share				
Net income (loss) attributable to Civeo	\$ (107,685)	\$ 32,403	\$ (121,162)	\$ 82,591
Less: undistributed net income (loss) to participating securities	--	(173)	--	(385)
Net income (loss) attributable to Civeo	<u>\$ (107,685)</u>	<u>\$ 32,230</u>	<u>\$ (121,162)</u>	<u>\$ 82,206</u>
Weighted average common shares outstanding - basic	106,661	106,311	106,583	106,300
Basic earnings (loss) per share	\$ (1.01)	\$ 0.30	\$ (1.14)	\$ 0.77
Diluted Earnings per Share				
Net income (loss) attributable to Civeo's common shareholders	\$ (107,685)	\$ 32,230	\$ (121,162)	\$ 82,206
Weighted average common shares outstanding - basic	106,661	106,311	106,583	106,300
Effect of dilutive securities	--	184	--	174
Weighted average common shares outstanding - diluted	<u>106,661</u>	<u>106,495</u>	<u>106,583</u>	<u>106,474</u>
Diluted earnings (loss) per share	\$ (1.01)	\$ 0.30	\$ (1.14)	\$ 0.77

7. DEBT

As of September 30, 2015 and December 31, 2014, long-term debt consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
U.S. term loan, which matures on May 28, 2019; 1.25% of aggregate principal repayable per quarter beginning December 31, 2015; weighted average interest rate of 2.6% for the nine month period ended September 30, 2015	\$ 50,000	\$ 775,000
Canadian term loan, which matures on May 28, 2019; 1.25% of aggregate principal repayable per quarter beginning December 31, 2015; weighted average interest rate of 3.6% for the nine month period ended September 30, 2015	314,104	--
U.S. revolving credit facility, which matures on May 28, 2019, with available commitments up to \$50.0 million; no borrowings outstanding as of September 30, 2015	--	--
Canadian revolving credit facility, which matures on May 28, 2019, with available commitments up to \$125.0 million; weighted average interest rate of 3.8% for the nine month period ended September 30, 2015	46,289	--
Canadian revolving credit facility, which matures on May 28, 2019, with available commitments up to \$100.0 million; weighted average interest rate of 4.5% for the nine month period ended September 30, 2015	2,987	--
Australian revolving credit facility, which matures on May 28, 2019, with available commitments up to \$100.0 million; weighted average interest rate of 4.9% for the nine month period ended September 30, 2015	2,704	--
Total debt	416,084	775,000
Less: Current portion of long-term debt	18,205	19,375
Long-term debt, less current maturities	<u>\$ 397,879</u>	<u>\$ 755,625</u>

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Interest expense on the consolidated statements of operations is net of capitalized interest of \$0.5 million and \$0.8 million for the three month periods ended September 30, 2015 and 2014, respectively. Interest expense on the consolidated statements of operations is net of capitalized interest of \$1.2 million and \$2.1 million for the nine months ended September 30, 2015 and 2014, respectively.

Amended Credit Facility

On July 17, 2015, our Credit Facility was amended to, among other things:

- Permit us to redomicile to Canada, make associated corporate restructurings and make certain changes to the collateral and guarantees, covenants, events of default and related definitions to reflect the Redomicile Transaction and the new credit facilities referred to below;
- Allow for the incurrence of new credit facilities under the Credit Facility, including (i) a new revolving credit facility in a maximum principal amount of US\$125 million available to be borrowed by Civeo Canada after the effectiveness of the Amended Credit Facility (July 17, 2015) and (ii) a new term loan facility in the amount of US\$325 million to be borrowed by Civeo Canada on the date of the effectiveness of the Amended Credit Facility;
- Provide for the partial prepayment of the existing U.S. term loan under the Credit Facility in the aggregate principal amount of US\$725 million and the reduction of the aggregate U.S. revolving credit facility to a maximum principal amount of US\$50 million;
- Increase the interest rate margin by 0.25% within existing levels of total leverage and add two additional levels to the total leverage-based grid such that the interest rates for the loans range from LIBOR +2.0% to LIBOR +4.0% and increase the undrawn commitment fee to range from 0.45% to 0.90% based on total leverage;
- Make certain changes to the maximum leverage ratio financial covenant, as follows:

<u>Period Ended</u>	<u>Maximum Leverage Ratio</u>
September 30, 2015	3.50 : 1.00
December 31, 2015	4.00 : 1.00
March 31, 2016	4.25 : 1.00
June 30, 2016	4.50 : 1.00
September 30, 2016	4.50 : 1.00
December 31, 2016	4.50 : 1.00
March 31, 2017	4.25 : 1.00
June 30, 2017	4.25 : 1.00
September 30, 2017	4.00 : 1.00
December 31, 2017	4.00 : 1.00
March 31, 2018	3.75 : 1.00
June 30, 2018	3.75 : 1.00
September 30, 2018 & thereafter	3.50 : 1.00

- Make certain changes to the application of prepayments and amortization schedules to reflect the new term loan facility and the prepayment of the U.S. term loans; and
- Make other technical changes and amendments to the Credit Facility.

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As a result of the amendment, we recognized a loss during the third quarter 2015 of approximately \$1.5 million related to unamortized debt issuance costs, which is included in Loss on extinguishment of debt on the accompanying unaudited consolidated statements of income.

U.S. dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to LIBOR plus a margin of 2.00% to 4.00%, or a base rate plus 1.00% to 3.00%, in each case based on a ratio of our total leverage to EBITDA (as defined in the Amended Credit Facility). Canadian dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to CDOR plus a margin of 2.00% to 4.00%, or a base rate plus a margin of 1.00% to 3.00%, in each case based on a ratio of our consolidated total leverage to EBITDA (as defined in the Amended Credit Facility). Australian dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to BBSY plus a margin of 2.00% to 4.00%, based on a ratio of our consolidated total leverage to EBITDA (as defined in the Amended Credit Facility).

The Amended Credit Facility contains customary affirmative and negative covenants that, among other things, limit or restrict (i) subsidiary indebtedness, liens and fundamental changes, (ii) asset sales, (iii) margin stock, (iv) specified acquisitions, (v) restrictive agreements, (vi) transactions with affiliates and (vii) investments and other restricted payments, including dividends and other distributions. Specifically, we must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA (as defined in the Amended Credit Facility) to consolidated interest expense, of at least 3.0 to 1.0 and our maximum leverage ratio, defined as the ratio of total debt to consolidated EBITDA, of no greater than 3.5 to 1.0 (as of September 30, 2015). As noted above, the permitted level of the maximum leverage ratio changes over time. Each of the factors considered in the calculations of these ratios are defined in the Amended Credit Facility. EBITDA and consolidated interest, as defined, exclude goodwill and asset impairments, debt discount amortization and other non-cash charges. We were in compliance with these covenants as of September 30, 2015.

We paid certain customary fees with respect to the Amended Credit Facility. We have 15 lenders in our Amended Credit Facility with commitments ranging from \$1.6 million to \$143.2 million.

8. INCOME TAXES

We operate primarily in three jurisdictions, the U.S., Canada and Australia, where statutory tax rates range from 25% to 35%. Our effective tax rate will vary period to period based on changes in earnings mix between these different jurisdictions. We compute our quarterly taxes under the effective tax rate method based on applying an anticipated annual effective rate to our year-to-date income, except for significant unusual or extraordinary transactions. As the U.S. is now a loss jurisdiction for tax accounting purposes, the U.S. has been removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Income taxes for significant unusual or extraordinary transactions are computed and recorded in the period that the specific transaction occurs.

Our income tax benefit for the nine months ended September 30, 2015 totaled \$27.5 million, or 18.6% of pretax loss, compared to income tax expense of \$16.4 million, or 16.4% of pretax income, for the nine months ended September 30, 2014. Our income tax benefit included the following non-U.S. items for the nine months ended September 30, 2015 which resulted in a net reduction to our effective tax rate: (1) an income tax expense of approximately \$10 million related to unrecognized tax benefits; (2) an income tax expense of approximately \$12 million resulting from the impairment of goodwill not deductible for tax purposes; and (3) an income tax expense of approximately \$2.7 million related to an increase in statutory tax rates in Alberta, Canada included in our 2015 tax benefit.

Finally, during the third quarter of 2015, management determined that, based on evidence available as of September 30, 2015, it was not more likely than not that the U.S. net operating loss would be realized. This evidence is largely comprised of the reversal of the U.S. jurisdiction from a net deferred tax liability as of December 31, 2014 to a net deferred tax asset as of September 30, 2015. Deferred tax assets generated in 2015 were realized to the extent of the net deferred tax liabilities as of December 31, 2014, resulting in a tax benefit of approximately \$20 million. A valuation allowance has been recorded discretely in the third quarter on the remaining deferred tax assets generated in 2015, with the result of no further tax benefit from the U.S. pretax losses.

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Our income tax benefit for the three months ended September 30, 2015 totaled \$22.7 million, or 17.5% of pretax loss, compared to an expense of \$9.0 million, or 21.6% of pretax income, for the three months ended September 30, 2014. The net reduction in our September 30, 2015 three month rate was largely driven by the reasons identified above for the nine month period.

It is reasonably possible in the next twelve months that the resolution of examinations by taxing authorities may result in a change in liabilities for uncertain tax positions accrued ranging from an approximately decrease of \$8 million to an increase of \$2 million as of September 30, 2015.

9. COMMITMENTS AND CONTINGENCIES

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including warranty and product liability claims as a result of our products or operations. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

In conjunction with, and effective as of, the Spin-Off, we entered into an Indemnification and Release Agreement with Oil States. This agreement governs the treatment between Oil States and us of all aspects relating to indemnification, insurance, litigation responsibility and management, and litigation document sharing and cooperation arising in connection with the Spin-Off. Generally, the agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Oil States' business with Oil States. The agreement also establishes procedures for handling claims subject to indemnification and related matters. Pursuant to the Indemnification and Release Agreement, we and Oil States will generally release the other party from all claims arising prior to the Spin-Off other than claims arising under the transaction agreements, including the indemnification provisions described above. We evaluated the impact of the indemnifications given and the Civeo indemnifications received as of the Spin-Off date and concluded those fair values were immaterial.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Our accumulated other comprehensive loss increased \$171.4 million from \$198.5 million at December 31, 2014 to \$369.9 million at September 30, 2015, as a result of foreign currency exchange rate differences. Changes in the other comprehensive loss during the first nine months of 2015 were primarily driven by the Canadian and Australian dollars decreasing in value compared to the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets totaled approximately C\$0.2 billion and A\$0.5 billion, respectively, at September 30, 2015.

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11. STOCK BASED COMPENSATION

Prior to the Spin-Off, certain employees of Civeo participated in Oil States' Equity Participation Plan (the Oil States Plan). The expense associated with these employees is reflected in the accompanying consolidated statements of operations. Effective May 30, 2014, our employees and non-employee directors began participating in the 2014 Equity Participation Plan of Civeo Corporation (the Civeo Plan). The Civeo Plan authorizes the Board of Directors to grant options, awards of restricted shares, performance awards, dividend equivalents, awards of deferred shares, and share payments to our employees and non-employee directors. No more than 4.0 million Civeo common shares may be awarded under the Civeo Plan.

In connection with the Spin-Off, stock based compensation awards granted under the Oil States Plan and held by Civeo grantees as of May 30, 2014 were replaced with substitute Civeo awards. Stock options were replaced with options to purchase Civeo common stock. Unvested restricted stock awards were replaced with substitute Civeo restricted stock awards. Unvested deferred stock awards were replaced with substitute Civeo deferred stock awards. Additionally, phantom shares granted under the Canadian Long-Term Incentive Plan were converted to units that entitle the recipient to a lump sum cash payment equal to the fair market value of a share of Civeo's common stock on the respective vesting date. These replacements were intended to preserve the intrinsic value of the awards as of May 30, 2014. The substitution of these awards did not cause us to recognize incremental compensation expense as an equitable adjustment was required to be made as a result of the Spin-Off.

Upon effectiveness of the Redomicile Transaction, Civeo Canada assumed the Civeo US employee equity plans and related award agreements, including all options and awards issued or granted under such plans, as well as certain Civeo US benefit plans and agreements.

In connection with the assumption of these plans, each plan was amended or deemed amended to provide that, as of the effectiveness of the Redomicile Transaction, the plans would include provisions, as applicable, reflecting the Redomicile Transaction and its effects, including changes made to reflect the fact that Civeo Canada common shares will be issued to satisfy awards issued or granted under such plan. Additionally, the 2014 Equity Participation Plan of Civeo Corporation was further amended to comply with applicable Canadian law, including with respect to grants to Canadian employees.

Outstanding Awards

Stock Options. Compensation expense associated with stock options recognized in the three month periods ended September 30, 2015 and 2014 totaled \$0.1 million and \$0.2 million, respectively. Compensation expense associated with stock options recognized in the nine month periods ended September 30, 2015 and 2014 totaled \$0.2 million and \$0.5 million, respectively. At September 30, 2015, unrecognized compensation cost related to stock options was \$0.3 million, which is expected to be recognized over a weighted average period of 1.8 years.

Restricted Stock / Deferred Stock Awards. On February 11, 2015, we granted 1,006,528 restricted stock and deferred stock awards under the Civeo Plan, which vest in four equal annual installments beginning on February 11, 2016.

Compensation expense associated with restricted stock awards and deferred stock awards recognized in the three month periods ended September 30, 2015 and 2014 totaled \$1.1 million and \$1.1 million, respectively. Compensation expense associated with restricted stock awards and deferred stock awards recognized in the nine month periods ended September 30, 2015 and 2014 totaled \$3.2 million and \$2.9 million, respectively. The total fair value of restricted stock awards and deferred stock awards that vested during the three months ended September 30, 2015 and 2014 was de minimis. The total fair value of restricted stock awards and deferred stock awards that vested during the nine months ended September 30, 2015 and 2014 was \$0.9 million and \$2.5 million.

At September 30, 2015, unrecognized compensation cost related to restricted stock awards and deferred stock awards was \$8.1 million, which is expected to be recognized over a weighted average period of 2.6 years.

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Phantom Share Awards. On February 11, 2015, we granted 517,145 awards under the Civeo Plan, which vest in four equal annual installments beginning on February 11, 2016. We also granted 1,169,193 awards under the Canadian Long-Term Incentive Plan, which vest in three equal annual installments beginning on February 11, 2016. During the second quarter 2015, we granted an additional 192,876 awards under the Canadian Long-Term Incentive Plan.

Because of the decline in our stock price from June 30, 2014 to September 30, 2014, and June 30, 2015 to September 30, 2015, and because we remeasure these awards at each reporting date, we recognized income associated with phantom shares during the three month periods ended September 30, 2015 and 2014 totaling \$0.0 million and \$0.3 million, respectively. During the nine month periods ended September 30, 2015 and 2014, we recognized compensation expense associated with phantom shares totaling \$0.8 million and \$5.1 million, respectively. At September 30, 2015, unrecognized compensation cost related to phantom shares was \$2.3 million, as remeasured at September 30, 2015, which is expected to be recognized over a weighted average period of 2.7 years.

12. SEGMENT AND RELATED INFORMATION

In accordance with current accounting standards regarding disclosures about segments of an enterprise and related information, we have identified the following reportable segments: Canadian, Australian and U.S., which represent our strategic focus on workforce accommodations.

Financial information by business segment for each of the three and nine months ended September 30, 2015 and 2014 is summarized in the following table (in thousands):

	<u>Total Revenues</u>	<u>Less: Intersegment Revenues</u>	<u>Revenues from unaffiliated customers</u>	<u>Depreciation and amortization</u>	<u>Operating income (loss)</u>	<u>Capital expenditures</u>	<u>Total assets</u>
Three months ended September 30, 2015							
Canada	\$ 71,500	\$ --	\$ 71,500	\$ 20,573	\$ (70,909)	\$ 13,390	\$ 616,675
Australia	29,177	--	29,177	12,166	(25,995)	3,135	416,033
United States	5,867	--	5,867	3,296	(24,916)	918	84,111
Corporate, stand-alone adjustments and eliminations	--	--	--	137	(1,020)	2,156	982
Total	<u>\$ 106,544</u>	<u>\$ --</u>	<u>\$ 106,544</u>	<u>\$ 36,172</u>	<u>\$ (122,840)</u>	<u>\$ 19,599</u>	<u>\$ 1,117,801</u>
Three months ended September 30, 2014							
Canada	\$ 174,111	\$ --	\$ 174,111	\$ 24,210	\$ 43,277	\$ 55,563	\$ 1,056,435
Australia	54,000	--	54,000	16,451	10,520	7,052	900,423
United States	24,896	(9,742)	15,154	5,107	(1,236)	3,979	195,725
Corporate, stand-alone adjustments and eliminations	(9,742)	9,742	--	(10)	(6,564)	36	35,536
Total	<u>\$ 243,265</u>	<u>\$ --</u>	<u>\$ 243,265</u>	<u>\$ 45,758</u>	<u>\$ 45,997</u>	<u>\$ 66,630</u>	<u>\$ 2,188,119</u>
Nine months ended September 30, 2015							
Canada	\$ 278,472	\$ --	\$ 278,472	\$ 70,548	\$ (62,609)	\$ 28,956	\$ 616,675
Australia	109,304	--	109,304	39,878	(24,150)	8,270	416,033
United States	35,298	(2,396)	32,902	10,370	(33,611)	2,164	84,111
Corporate, stand-alone adjustments and eliminations	(2,396)	2,396	--	363	(11,731)	4,311	982
Total	<u>\$ 420,678</u>	<u>\$ --</u>	<u>\$ 420,678</u>	<u>\$ 121,159</u>	<u>\$ (132,101)</u>	<u>\$ 43,701</u>	<u>\$ 1,117,801</u>
Nine months ended September 30, 2014							
Canada	\$ 511,219	\$ (305)	\$ 510,914	\$ 65,551	\$ 110,743	\$ 187,397	\$ 1,056,435
Australia	163,847	--	163,847	47,537	26,158	14,632	900,423
United States	97,581	(49,145)	48,436	14,756	(6,664)	9,661	195,725
Corporate, stand-alone adjustments and eliminations	(49,450)	49,450	--	(74)	(15,154)	(3,393)	35,536
Total	<u>\$ 723,197</u>	<u>\$ --</u>	<u>\$ 723,197</u>	<u>\$ 127,770</u>	<u>\$ 115,083</u>	<u>\$ 208,297</u>	<u>\$ 2,188,119</u>

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13. PARENT COMPANY INVESTMENT

The combined financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Oil States.

All intercompany transactions between the combined operations have been eliminated. All affiliate transactions between Civeo and Oil States have been included in these combined financial statements. The total net effect of the settlement of these affiliate transactions is reflected in the combined balance sheets as "Oil States International, Inc. Net Investment."

Parent Company Services Provided and Corporate Allocations

Prior to the Spin-Off, Oil States provided services to and funded certain expenditures of Civeo. The most significant of these services and expenditures were: (1) funding expenditures to settle domestic accounts payable; (2) funding and processing of domestic payroll; (3) share-based compensation; and (4) certain transaction-related expenditures. The consolidated financial statements of Civeo reflect these expenditures. During the three months ended September 30, 2014, no expenditures for services received from Oil States or funding for expenditures provided by Oil States were included in the consolidated financial statements. During the nine months ended September 30, 2014, \$41.7 million of expenditures for services received from Oil States or funding for expenditures provided by Oil States were included in the consolidated financial statements.

Prior to the Spin-Off, the consolidated statements of operations also include general corporate expense allocations, which include costs incurred by Oil States for certain corporate functions such as executive management, finance, information technology, tax, internal audit, risk management, legal, human resources and treasury. During the three months ended September 30, 2014, we were not allocated any amounts in respect of these corporate expenses which would have been included within selling, general and administrative expenses in the consolidated statements of operations. During the nine months ended September 30, 2014, we were allocated \$2.8 million in respect of these corporate expenses which are included within selling, general and administrative expenses in the consolidated statements of operations.

Oil States Net Investment

Net transfers to Oil States are included within Oil States net investment on the consolidated balance sheets. The components of the change in Oil States net investment for the nine months ended September 30, 2014 are as follows (in thousands):

	2014
Cash transfers and general financing activities	\$ (13,255)
Services received or funding for expenditures	41,725
Corporate allocations, including income tax provision (1)	3,950
Net increase in Oil States net investment	<u>\$ 32,420</u>

(1) Corporate allocations includes the general corporate expense allocations of \$2.8 million for the nine months ended September 30, 2014, the impact of the income tax provision, the allocation of corporate insurance premiums, and the attribution of certain assets and liabilities that have historically been held at the Oil States corporate level, but which are specifically identifiable or otherwise allocable to us. The attributed assets and liabilities are included in Civeo's combined balance sheets.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. The forward-looking statements can be identified by the use of forward-looking terminology including “may,” “expect,” “anticipate,” “estimate,” “continue,” “believe,” or other similar words. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of important factors. For a discussion of known material factors that could affect our results, please refer to “Risk Factors,” “Forward-Looking Statements,” 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, 2014, the definitive proxy statement/prospectus with respect to the migration filed with the Securities and Exchange Commission (“SEC”) on April 8, 2015, Item 1A of Part II of this quarterly report on Form 10-Q and our subsequent SEC filings. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Our management believes these forward-looking statements are reasonable. However, you should not place undue reliance on these forward-looking statements, which are based only on our current expectations and are not guarantees of future performance. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise.

In addition, in certain places in this quarterly report, we refer to reports published by third parties that purport to describe trends or developments in the energy industry. We do so for the convenience of our shareholders and in an effort to provide information available in the market that will assist our investors in a better understanding of the market environment in which we operate. However, we specifically disclaim any responsibility for the accuracy and completeness of such information and undertake no obligation to update such information.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with our consolidated financial statements and the notes to those statements included elsewhere in this quarterly report on Form 10-Q.

Spin-off

On May 5, 2014, the Oil States International, Inc. (Oil States) board of directors approved the separation of its Accommodations Segment (Accommodations) into a standalone, publicly traded Delaware corporation, Civeo Corporation, now named Civeo USA Corp. (Civeo US). In accordance with the Separation and Distribution Agreement, the two companies were separated by Oil States distributing to its stockholders all 106,538,044 shares of common stock of Civeo US it held after the market closed on May 30, 2014 (the Spin-Off). Each Oil States stockholder received two shares of Civeo US common stock for every one share of Oil States stock held at the close of business on the record date of May 21, 2014. In conjunction with the Spin-Off, Oil States received a private letter ruling from the Internal Revenue Service to the effect that, based on certain facts, assumptions, representations and undertakings set forth in the ruling, for U.S. federal income tax purposes, the distribution of Civeo US common stock was not taxable to Oil States or U.S. holders of Oil States common stock. Following the Spin-Off, Oil States retained no ownership interest in Civeo, and each company now has separate public ownership, boards of directors and management. A registration statement on Form 10, as amended through the time of its effectiveness, describing the Spin-Off was filed by Civeo US with the U.S. Securities and Exchange Commission (SEC) and was declared effective on May 8, 2014. On June 2, 2014, Civeo US common stock began trading the “regular-way” on the New York Stock Exchange under the “CVEO” stock symbol. Pursuant to the Separation and Distribution Agreement with Oil States, on May 28, 2014, we made a special cash distribution to Oil States of \$750 million.

In connection with the Spin-Off, on May 28, 2014, we entered into a \$650.0 million, 5-year revolving credit facility and a 5-year U.S. term loan facility totaling \$775.0 million, which was subsequently amended in connection with the Redomicile Transaction.

Redomiciling to Canada

On July 17, 2015, we completed our change in place of incorporation, pursuant to which Civeo Corporation, a British Columbia, Canada limited company formerly named Civeo Canadian Holdings ULC (Civeo Canada), became the publicly traded parent company of the Civeo group of companies (the Redomicile Transaction). The Redomicile Transaction was effected pursuant to a previously announced Agreement and Plan of Merger, dated as of April 6, 2015, between Civeo US, Civeo US Merger Co, a Delaware corporation and wholly owned subsidiary of Civeo Canada (US Merger Co), and Civeo Canada. At the effective time of the merger, (i) US Merger Co was merged with Civeo US, with Civeo US surviving the merger as a wholly owned subsidiary of Civeo Canada, and (ii) each issued share of Civeo US common stock, other than those shares of Civeo US common stock held by Civeo US in treasury, was effectively transferred to Civeo Canada and converted into one common share, no par value, of Civeo Canada. An aggregate of approximately 107.5 million Civeo Canada common shares were issued at the effective time as merger consideration. The Civeo Canada common shares are listed on the NYSE under the symbol "CVEO", the same symbol under which the Civeo US common stock traded prior to the effective time.

The Redomicile Transaction qualified as a "self-directed redomiciling" of the Company as permitted under the U.S. Internal Revenue Code. U.S. federal income tax laws permit a company to change its domicile to a foreign jurisdiction without corporate-level U.S. federal income taxes provided that such company has "substantial business activity" in the relevant jurisdiction. "Substantial business activity" is defined as foreign operations consisting of over 25% of the company's total (i) revenues, (ii) assets, (iii) employees and (iv) employee compensation. With approximately 50% or more of our operations in Canada based on these metrics, we qualified for a self-directed redomiciling.

Also on July 17, 2015, the First Amendment to the Credit Facility, among Civeo US, certain subsidiaries of Civeo US as borrowers, the lenders named therein, Royal Bank of Canada, as Administrative Agent and the other agents party thereto (the Amended Credit Facility), became effective. The Amended Credit Facility (i) allows us to borrow under new Canadian tranches of the Credit Facility, (ii) substantially reduced both the existing U.S. term loan and the U.S. revolver and (iii) increased the maximum leverage ratio allowed. For further information, please see Liquidity and Capital Resources – Credit Facility and Long Term Debt below.

We incurred costs related to the Redomicile Transaction totaling \$1.5 million and \$5.1 million for the three and nine months ended September 30, 2015. In addition, we incurred costs related to the Amended Credit Facility totaling \$5.1 million. \$4.5 million has been capitalized as debt issuance costs and the remaining \$0.6 million is included in interest expense. We also incurred costs related to the Redomicile Transaction totaling \$2.6 million during the three months ended December 31, 2014.

Basis of Presentation

Unless otherwise stated or the context otherwise indicates, all references in these consolidated financial statements to "Civeo," "the Company," "us," "our" or "we" for the time period prior to the Spin-Off mean the Accommodations business of Oil States. For time periods after the Spin-Off but prior to July 17, 2015, these terms refer to Civeo US and its consolidated subsidiaries. For time periods after July 17, 2015, these terms refer to Civeo Canada and its consolidated subsidiaries.

Prior to the Spin-Off, our financial position, results of operations and cash flows consisted of the Oil States' Accommodations business and an allocable portion of its corporate costs, which represented a combined reporting entity. The combined financial statements for periods prior to the Spin-Off have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Oil States. The combined financial statements reflect our historical financial position, results of operations and cash flows as we were historically managed, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The combined financial statements include certain assets and liabilities that have historically been held at the Oil States corporate level, but are specifically identifiable or otherwise attributable to us.

All financial information presented after the Spin-Off represents the consolidated results of operations, financial position and cash flows of Civeo. Accordingly:

- Our consolidated statements of operations and comprehensive income (loss) for the three months ended September 30, 2014 consist entirely of the consolidated results of Civeo. Our consolidated statements of operations, comprehensive income (loss), cash flows and changes in stockholders' equity / net investment for the nine months ended September 30, 2014 consist of (i) the combined results of the Oil States' Accommodations business for the five months ended May 30, 2014 and (ii) the consolidated results of Civeo for the four months ended September 30, 2014.
- Our consolidated statements of operations, comprehensive income (loss), cash flows and changes in shareholders' equity / net investment for the three and nine months ended September 30, 2015 consist entirely of the consolidated results of Civeo.
- Our consolidated balance sheets at September 30, 2015 and December 31, 2014 consist of the consolidated balances of Civeo.

The assets and liabilities in our consolidated financial statements have been reflected on a historical basis, as immediately prior to the Spin-Off all of the assets and liabilities presented were wholly owned by Oil States and were transferred within the Oil States consolidated group. All intercompany transactions and accounts have been eliminated. All affiliate transactions between Civeo and Oil States have been included in these consolidated financial statements.

The consolidated financial statements for periods prior to the Spin-Off included expense allocations for: (1) certain corporate functions historically provided by Oil States, including, but not limited to finance, legal, risk management, tax, treasury, information technology, human resources, and certain other shared services; (2) certain employee benefits and incentives; and (3) equity-based compensation. These expenses were allocated to us on the basis of direct usage when identifiable, with the remainder allocated based on estimated time spent by Oil States personnel, a pro-rata basis of headcount or other relevant measures of Oil States and its subsidiaries. We consider the basis on which the expenses were allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, which functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Macroeconomic Environment

We provide workforce accommodations to the natural resource industry in Canada, Australia and the United States. Demand for our services can be attributed to two phases of our customers' projects: (1) the development or construction phase and (2) the operations or production phase. Initial demand for our services is driven by our customers' capital spending programs related to the construction and development of oil sands and coal mines and associated infrastructure as well as the exploration for oil and natural gas. Long-term demand for our services is driven by continued development and expansion of natural resource production and operation of oil sands facilities. Industry capital spending programs are generally based on the outlook for commodity prices, economic growth and estimates of resource production. As a result, demand for our products and services is largely sensitive to expected commodity prices, principally related to crude oil, metallurgical (met) coal and natural gas.

In Canada, Western Canadian Select (WCS) crude is the benchmark price for our oil sands accommodations' customers. Pricing for WCS is driven by several factors. A significant factor affecting WCS pricing is the underlying price for West Texas Intermediate (WTI) crude. Another significant factor affecting WCS pricing has been the availability of transportation infrastructure. Historically, WCS has traded at a discount to WTI, creating a "WCS Differential," due to transportation costs and limited capacity to move Canadian heavy oil production to refineries, primarily in the U.S. Gulf Coast. Depending on the extent of pipeline capacity availability, the WCS Differential has varied.

In the fourth quarter 2014, global oil prices dropped to their lowest level in five years due to concerns over global oil demand, the economic growth rate in China, the overall economic health of Europe and price cutting by major oil producing countries, such as Saudi Arabia. Increasing global supply, including increased U.S. shale oil production, has also negatively impacted pricing. With falling Brent Crude and WTI oil prices, WCS has also fallen. This trend of depressed oil prices continued throughout the first nine months of 2015. WCS prices in the third quarter of 2015 averaged \$31.54 per barrel compared to \$57.75 in the fourth quarter of 2014 and \$48.09 in the second quarter of 2015. The WCS Differential narrowed from \$16.00 per barrel at the end of the fourth quarter of 2014 to \$14.05 per barrel by the end of the third quarter of 2015. As of October 26, 2015, the WTI price was \$43.98 and the WCS price was \$29.23 resulting in a WCS Differential of \$14.75.

There remains a significant risk that prices in the oil sands could continue to deteriorate or remain at current depressed levels for an extended period of time, and the discount between WCS crude prices and WTI crude prices could widen. The continuation of these depressed price levels has negatively impacted exploration, development and production activity by Canadian operators and, therefore, demand for our services in 2015 and could continue to do so into 2016, and our oil sands customers could continue to delay additional investments in their oil sands assets.

In Australia, we have 9,064 total rooms in our nine villages, of which 7,392 rooms in five villages serve the Bowen Basin. Our Australian villages in the Bowen Basin primarily serve met coal mines in that region. Met coal pricing and growth in production in the Bowen Basin region is influenced by levels of global steel production. Global steel production has decreased 3.7% during the first nine months of 2015 compared to the same period in 2014. Furthermore, Chinese steel production decreased 3.0% for the first nine months of 2015, and accordingly, Chinese demand for imported steel inputs such as met coal and iron ore has continued to decrease during 2015 compared to prior periods. Because of this, coupled with the fact that Australian met coal output has increased 12% during 2014 compared to 2013, met coal prices have decreased materially from over \$160 per metric tonne at the beginning of 2013 to approximately \$93.00 per metric ton for the third quarter of 2015. We expect the lower third quarter 2015 contract price to continue to negatively impact occupancy at our Bowen Basin villages in the fourth quarter of 2015 and into 2016. Depressed met coal prices have led to the implementation of cost control measures by our customers, some coal mine closures and delays in the start-up of new coal mining projects in Australia. A continued depressed met coal price will impact our customers' future capital spending programs. Long term demand for steel will be driven by increased steel consumption per capita in developing economies, such as China and India, whose current consumption is a fraction of developed countries.

Natural gas and WTI crude oil prices, discussed above, have an impact on the demand for our U.S. accommodations. Prices for natural gas in the U.S. averaged \$2.73 per mcf in the second and third quarter of 2015, a 29% decrease over the average price in the fourth quarter of 2014. U.S. natural gas production has continued to outpace demand recently, which has caused prices to continue to be weak relative to historical prices. These weaker prices are expected to continue. At these levels, it is uneconomic to increase development in several domestic, gas-focused basins. If natural gas production growth continues to surpass demand in the U.S. and/or the supply of natural gas were to increase, whether the supply comes from conventional or unconventional production or associated natural gas production from oil wells, prices for natural gas could be constrained for an extended period and result in fewer rigs drilling for natural gas in the near-term.

Recent WTI crude, WCS crude, met coal and natural gas pricing trends are as follows:

Quarter ended	Average Price ⁽¹⁾			
	WTI Crude (per bbl)	WCS Crude (per bbl)	Hard Coking Coal (Met Coal) (per tonne)	Henry Hub Natural Gas (per mcf)
9/30/2015	\$ 46.48	\$ 31.54	\$ 93.00	\$ 2.73
6/30/2015	57.64	48.09	109.50	2.73
3/31/2015	48.49	35.03	117.00	2.81
12/31/2014	73.21	57.75	119.00	3.83
9/30/2014	97.60	78.69	120.00	3.95
6/30/2014	103.06	83.78	120.00	4.58
3/31/2014	98.68	77.76	143.00	5.18
12/31/2013	97.50	66.34	152.00	3.85
9/30/2013	105.83	83.10	145.00	3.55
6/30/2013	94.05	77.48	172.00	4.02
3/31/2013	94.33	66.86	165.00	3.49
12/31/2012	88.01	61.34	170.00	3.40

(1) Source: WTI crude and natural gas prices from U.S. Energy Information Administration (EIA) and WCS crude prices and Seaborne hard coking coal contract price from Bloomberg.

Overview

As noted above, demand for our services is primarily tied to the outlook for crude oil and met coal prices. Other factors that can affect our business and financial results include the general global economic environment and regulatory changes in the U.S., Canada, Australia and other markets.

Our business is predominantly located in northern Alberta, Canada and Queensland, Australia, and we derive most of our business from resource companies who are developing and producing oil sands and met coal resources and, to a lesser extent, other hydrocarbon and mineral resources. More than three-fourths of our revenue is generated by our large-scale lodge and village facilities. Where traditional accommodations and infrastructure are insufficient, inaccessible or not cost effective, our lodge and village facilities provide comprehensive accommodations services similar to those found in an urban hotel. We typically contract our facilities to our customers on a fee per day basis covering lodging and meals that is based on the duration of their needs which can range from several weeks to several years.

Generally, our customers are making multi-billion dollar investments to develop their prospects, which have estimated reserve lives of ten years to in excess of thirty years. Consequently, these investments are dependent on those customers' longer-term view of commodity demand and prices. Announcements of certain new and expanded oil sands projects can create the opportunity to extend existing accommodations contracts and incremental contracts for us in Canada. There have been few new or expanded projects announced in recent months.

With the current commodity price environment and expected demand, concerns about take-away capacity out of the oil sands region and continued high costs including labor costs, the current outlook for oil sands activity has continued to deteriorate throughout 2015. Further, project delays and cancellations have continued throughout 2015. Although we are currently the primary third-party accommodations provider for the two major construction projects in the oil sands region, the Fort Hills project and the Kearl Project, outlook for additional major oil sands construction projects is limited. Oil sands operators are looking to reduce their costs and capital spending, limiting the demand for accommodations like we provide. As a result, we experienced materially lower revenues and earnings from our Canadian operations in the nine months ended September 30, 2015 and expect this trend to continue for the rest of 2015 and into 2016.

We began expansion of our room count in Kitimat, British Columbia during the second half of 2015 to support potential LNG projects on the west coast of British Columbia. We were recently awarded a contract with LNG Canada for the provision of open lodge rooms and associated services. To support this new contract, we are developing a new accommodations facility, named Sitka Lodge, which includes private washrooms, recreational facilities and other amenities. This new lodge will initially have 436 rooms with the potential to expand to serve future accommodations demand in the region.

We expanded our Australian room capacity in 2012 and 2013 to meet increasing demand, notably in the Bowen Basin in Queensland and in the Gunnedah Basin in New South Wales to support coal production, and in Western Australia to support LNG and other energy-related projects. In early 2013, a confluence of low met coal pricing, additional carbon and mining taxes on our Australian accommodations customers and several years of cost inflation caused several of our customers to curtail or cease production from higher cost mines and delay or materially reduce their growth plans. This has negatively affected our ability to expand our room count and has led to a decrease in occupancy levels. Despite the repeal of carbon and mining taxes, continued concerns about China's economy, which significantly influences the global demand for steel, and therefore, met coal, the outlook for met coal demand continues to be negative. As a result, our Australian business has continued to experience lower occupancy levels throughout 2015, and this trend should continue into 2016.

Additionally, if oil and coal prices remain at current levels, or continue to decline, the resulting impact has and may continue to negatively affect the value of our long-lived assets. Impairment expense of \$110.7 million was recorded in the third quarter of 2015, of which \$67.5 million was associated with long-lived assets and the remaining \$43.2 million was associated with goodwill.

Exchange rates between the U.S. dollar and the Canadian dollar and between the U.S. dollar and the Australian dollar influence our U.S. reported financial results. Our business has historically derived the vast majority of its revenues and operating income in Canada and Australia. These revenues and profits are translated into U.S. dollars for U.S. GAAP financial reporting purposes. The Canadian dollar was valued at an average exchange rate of U.S. \$0.76 for the third quarter 2015 compared to U.S. \$0.92 for the third quarter 2014, a decrease of approximately 17%. The Canadian dollar was valued at an exchange rate of \$0.75 on September 30, 2015 and \$0.86 on December 31, 2014. The Australian dollar was valued at an average exchange rate of U.S. \$0.73 for the third quarter 2015 compared to U.S. \$0.92 for the third quarter 2014, a decrease of approximately 22%. The Australian dollar was valued at an exchange rate of \$0.70 on September 30, 2015 and \$0.82 on December 31, 2014. This weakening of the Canadian and Australian dollars has and may continue to have a proportionately negative impact on the translation of earnings generated from our Canadian and Australian subsidiaries and, therefore, our financial results.

We continue to monitor the global economy, the demand for crude oil, met coal and natural gas and the resultant impact on the capital spending plans of our customers in order to plan our business. We currently expect that our 2015 capital expenditures will total approximately \$60 million to \$70 million, compared to 2014 capital expenditures of \$251 million. Please see "Liquidity and Capital Resources" below for further discussion of 2015 capital expenditures.

Results of Operations

Unless otherwise indicated, discussion of results for the three- and nine-month periods ended September 30, 2015, is based on a comparison with the corresponding period of 2014.

Results of Operations – Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

	THREE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
	(\$ in thousands)		
Revenues			
Canada	\$ 71,500	\$ 174,111	\$ (102,611)
Australia	29,177	54,000	(24,823)
United States and other	5,867	15,154	(9,287)
Total revenues	106,544	243,265	(136,721)
Costs and expenses			
Cost of sales and services			
Canada	49,652	102,720	(53,068)
Australia	13,987	22,704	(8,717)
United States and other	6,112	11,677	(5,565)
Total cost of sales and services	69,751	137,101	(67,350)
Selling, general and administrative expenses	16,691	13,216	3,475
Spin-off and formation costs	--	1,028	(1,028)
Depreciation and amortization expense	36,172	45,758	(9,586)
Impairment expense	110,715	--	110,715
Other operating expense (income)	(3,945)	165	(4,110)
Total costs and expenses	229,384	197,268	32,116
Operating income (loss)	(122,840)	45,997	(168,837)
Interest expense and income, net	(7,336)	(4,287)	(3,049)
Other income	261	64	197
Income (loss) before income taxes	(129,915)	41,774	(171,689)
Income tax benefit (provision)	22,745	(9,011)	31,756
Net income (loss)	(107,170)	32,763	(139,933)
Less: Net income attributable to noncontrolling interest	515	360	155
Net income (loss) attributable to Civeo	\$ (107,685)	\$ 32,403	\$ (140,088)

We reported net loss attributable to Civeo for the quarter ended September 30, 2015 of \$107.7 million, or \$1.01 per diluted share. As further discussed in Impairment expense below, net loss for the 2015 period included \$43.2 million of after-tax charges, or \$0.40 per diluted share, resulting from the impairment of goodwill in our Canadian reporting unit. Net loss for the 2015 period also included \$46.9 million of after-tax charges, or \$0.44 per diluted share, resulting from the impairment of fixed assets. Net loss for the 2015 period also included \$1.0 million (or \$0.01 per diluted share) in after-tax loss from costs incurred in connection with the Redomicile Transaction and \$1.5 million (or \$0.01 per diluted share) in an after-tax loss from the write off of debt issuance costs. These results compare to net income attributable to Civeo for the quarter ended September 30, 2014 of \$32.4 million, or \$0.30 per diluted share.

Revenues. Consolidated revenues decreased \$136.7 million, or 56%, in the third quarter of 2015 compared to the third quarter of 2014. This decline was largely driven by decreases in Canada and Australia, due to lower occupancy, as well as weakening Canadian and Australian dollars, as further described in the segment discussion below.

Cost of Sales and Services. Our consolidated cost of sales decreased \$67.4 million, or 49%, in the third quarter of 2015 compared to the third quarter of 2014 primarily due to decreases in occupancy in both Canada and Australia, as well as the weakening Canadian and Australian dollars, as further described in the segment discussion below.

Selling, General and Administrative Expenses. Selling, general and administrative (SG&A) expense increased \$3.5 million, or 26%, in the third quarter of 2015 compared to the third quarter of 2014. Increased costs associated with the Redomicile Transaction of \$1.5 million were partially offset by lower employee costs due to cost containment measures, as well as the impact of the weakening Canadian and Australian dollars. In addition, SG&A expense for 2014 included the benefit associated with a \$2.0 million refund of surplus medical premiums from our Canadian medical benefits provider that did not recur in 2015.

Spin-Off and Formation Costs. Spin-off and formation costs of \$1.0 million relate to transition costs incurred during the third quarter of 2014 associated with becoming a stand-alone company.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased \$9.6 million, or 21%, in the third quarter of 2015 compared to the third quarter of 2014. Capital expenditures made during the last twelve months largely related to investments in our Canadian segment were more than offset by reduced depreciation expense resulting from impairments recorded in 2014 and 2015, as well as the impact of the weakening Canadian and Australian dollars.

Impairment Expense. Impairment expense of \$110.7 million in the third quarter of 2015 consisted of the following items:

- Goodwill impairment losses of \$43.2 million in our Canadian reporting unit;
- Pre-tax impairment losses totaling \$20.5 million associated with long-lived assets in our U.S. segment;
- Pre-tax impairment losses totaling \$24.0 million associated with long-lived assets in our Australian segment; and
- Pre-tax impairment losses totaling \$23.0 million associated with long-lived assets in our Canadian segment including \$11.9 million related to assets that should have been impaired in the fourth quarter of 2014. We determined that the error was not material to our financial statements for the year ended December 31, 2014 and therefore corrected the error in the third quarter of 2015.

Other Operating Expense (Income). Other operating expense (income) changed from an expense of \$0.2 million in the third quarter of 2014 to income of \$3.9 million in the third quarter of 2015. The 2015 income is primarily due to foreign currency gains on the remeasurement of U.S. dollar denominated cash in Canadian bank accounts, as a result of the strengthening of the U.S. dollar.

Operating Income (Loss). Consolidated operating income decreased \$168.8 million, or 367%, in the third quarter of 2015 compared to the third quarter of 2014 primarily due to impairments of goodwill and long-lived assets and lower occupancy levels in Canada and Australia, as well as the weakening Canadian and Australian dollars.

Interest Expense and Interest Income, net. Net interest expense, including interest expense and income to/from affiliates, increased \$3.0 million, or 71%, in the third quarter of 2015 compared to the third quarter of 2014 primarily due to the 2015 write-off of \$1.5 million of debt issuance costs associated with the credit agreement that was amended in conjunction with the Redomicile Transaction as well as decreased interest income as a result of lower cash balances during the three months ended September 30, 2015 compared to 2014.

Income Tax Benefit. Our income tax benefit for the three months ended September 30, 2015 totaled \$22.7 million, or 17.5% of pretax loss, compared to an expense of \$9.0 million, or 21.6% of pretax income, for the three months ended September 30, 2014. Our income tax benefit included the following non-U.S. items for the three months ended September 30, 2015 which resulted in a net reduction to our effective tax rate: (1) an income tax expense of approximately \$10 million related to unrecognized tax benefits; and (2) an income tax expense of approximately \$12 million resulting from the impairment of goodwill not deductible for tax purposes.

Finally, during the third quarter of 2015, management determined that, based on evidence available as of September 30, 2015, it was not more likely than not that the U.S. net operating loss would be realized. This evidence is largely comprised of the reversal of the U.S. jurisdiction from a net deferred tax liability as of December 31, 2014 to a net deferred tax asset as of September 30, 2015. Deferred tax assets generated in 2015 were realized to the extent of the net deferred tax liabilities as of December 31, 2014, resulting in a tax benefit of approximately \$20 million. A valuation allowance has been recorded discretely in the third quarter on the remaining deferred tax assets generated in 2015, with the result of no further tax benefit from the U.S. pretax losses.

Other Comprehensive Income (Loss). Other comprehensive loss decreased \$33.7 million in the third quarter of 2015 compared to the third quarter of 2014 primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar decreased 7% in the third quarter of 2015 compared to a 5% decrease in the third quarter of 2014. The Australian dollar exchange rate compared to the U.S. dollar decreased 1% in the third quarter of 2015 compared to a 7% decrease in the third quarter of 2014.

Segment Results of Operations – Canadian Segment

	THREE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)			
Lodge revenue (1)	\$ 55,708	\$ 134,600	\$ (78,892)
Mobile, open camp and product revenue	15,792	39,511	(23,719)
Total revenues	\$ 71,500	\$ 174,111	\$ (102,611)
Cost of sales and services (\$ in thousands)	\$ 49,652	\$ 102,720	\$ (53,068)
Gross margin as a % of revenues	30.6%	41.0%	(10.4%)
Average Available Lodge Rooms (2)	13,433	13,067	366
RevPAR for Lodges (3)	\$ 45	\$ 112	\$ (67)
Occupancy in Lodges (4)	57%	84%	(27%)
Canadian dollar to US dollar	\$ 0.764	\$ 0.918	\$ (0.154)

(1) Includes revenue related to rooms as well as the fees associated with catering, laundry and other services including facilities management.

(2) Average available rooms include rooms that are utilized for our personnel.

(3) RevPAR, or revenue per available room, is defined as lodge revenue divided by the product of (a) average available rooms and (b) days in the period. An available room is defined as a calendar day during which the room is available for occupancy.

(4) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out of service rooms.

Our Canadian segment reported revenues in the third quarter of 2015 that were \$102.6 million, or 59%, lower than the third quarter of 2014. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 17% in the third quarter of 2015 compared to the third quarter of 2014 resulted in an \$14.4 million year-over-year reduction in revenues. In addition, the segment experienced a 52% decline in lodge revenues primarily due to a 51% year-over-year decrease in RevPAR (excluding the impact of the weaker Canadian exchange rates) largely related to reduced occupancy. Lodge revenues in the third quarter of 2015 were positively affected by the opening of the McClelland Lake facility in the summer of 2014.

Our Canadian segment cost of sales and services decreased \$53.1 million, or 52%, in the third quarter of 2015 compared to the third quarter of 2014 due to lower occupancy, as well as the weakening of the average exchange rates.

Our Canadian segment gross margin as a percentage of revenues decreased from 41% in the third quarter of 2014 to 31% in the third quarter of 2015 primarily due to lower average daily room rates in Canada.

Segment Results of Operations – Australian Segment

	THREE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)			
Village revenue (1)	\$ 29,177	\$ 54,000	\$ (24,823)
Total revenues	29,177	54,000	(24,823)
Cost of sales (\$ in thousands)	\$ 13,987	\$ 22,704	\$ (8,717)
Gross margin as a % of revenues	52.1%	58.0%	(5.9%)
Average Available Village Rooms (2)	9,064	9,269	(205)
RevPAR for Villages (3)	\$ 35	\$ 63	\$ (28)
Occupancy in Villages (4)	50%	65%	(15%)
Australian dollar to US dollar	\$ 0.725	\$ 0.924	\$ (0.199)

- (1) Includes revenue related to rooms as well as the fees associated with catering, laundry and other services including facilities management.
- (2) Average available rooms include rooms that are utilized for our personnel.
- (3) RevPAR, or revenue per available room, is defined as village revenue divided by the product of (a) average available rooms and (b) days in the period. An available room is defined as a calendar day during which the room is available for occupancy.
- (4) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out of service rooms.

Our Australian segment reported revenues in the third quarter of 2015 that were \$24.8 million, or 46%, lower than the third quarter of 2014. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 22% in the third quarter of 2015 compared to the third quarter of 2014 resulted in an \$8.0 million year-over-year reduction in revenues. Village revenues in the third quarter of 2015 were also negatively impacted by lower occupancy levels in the third quarter 2015 compared to the third quarter of 2014, primarily as a result of the continued slowdown in mining activity.

Our Australian segment cost of sales decreased \$8.7 million, or 38%, in the third quarter of 2015 compared to the third quarter of 2014. The decrease was driven by the weakening of the Australian dollar and lower occupancy levels.

Our Australian segment gross margin as a percentage of revenues decreased to 52% in the third quarter of 2015 from 58% in the third quarter of 2014. The decrease is largely due to reduced take or pay revenues on expired contracts.

Segment Results of Operations – United States Segment

	THREE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)	\$ 5,867	\$ 15,154	\$ (9,287)
Cost of sales (\$ in thousands)	\$ 6,112	\$ 11,677	\$ (5,565)
Gross margin as a % of revenues	(4.2%)	22.9%	(27.1%)

Our United States segment reported revenues in the third quarter of 2015 that were \$9.3 million, or 61%, lower than the third quarter of 2014. The reduction was primarily due to lower U.S. drilling activity in the Bakken, Rockies and Texas markets and reduced sales in the offshore market.

Our United States cost of sales decreased \$5.6 million, or 48%, in the third quarter of 2015 compared to the third quarter of 2014 due to overall lower activity levels.

Our United States segment gross margin as a percentage of revenues decreased from 23% in the third quarter of 2014 to (4%) in the third quarter of 2015 primarily due to overall lower activity levels.

Results of Operations – Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

	NINE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
	(\$ in thousands)		
Revenues			
Canada	\$ 278,472	\$ 510,914	\$ (232,442)
Australia	109,304	163,847	(54,543)
United States and other	32,902	48,436	(15,534)
Total revenues	420,678	723,197	(302,519)
Costs and expenses			
Cost of sales and services			
Canada	184,733	308,988	(124,255)
Australia	47,690	68,682	(20,992)
United States and other	29,663	36,246	(6,583)
Total cost of sales and services	262,086	413,916	(151,830)
Selling, general and administrative expenses	51,796	51,069	727
Spin-off and formation costs	--	3,497	(3,497)
Depreciation and amortization expense	121,159	127,770	(6,611)
Impairment expense	122,926	11,610	111,316
Other operating expense (income)	(5,188)	252	(5,440)
Total costs and expenses	552,779	608,114	(55,335)
Operating income (loss)	(132,101)	115,083	(247,184)
Interest expense and income, net	(17,384)	(16,039)	(1,345)
Other income	1,825	1,011	814
Income (loss) before income taxes	(147,660)	100,055	(247,715)
Income tax benefit (provision)	27,451	(16,411)	43,862
Net income (loss)	(120,209)	83,644	(203,853)
Less: Net income attributable to noncontrolling interest	953	1,053	(100)
Net income (loss) attributable to Civeo	\$ (121,162)	\$ 82,591	\$ (203,753)

We reported net loss attributable to Civeo for the nine months ended September 30, 2015 of \$121.2 million, or \$1.14 per diluted share. As further discussed in Impairment expense below, net loss for the 2015 period included \$43.2 million of after-tax charges, or \$0.40 per diluted share, resulting from the impairment of goodwill in our Canadian reporting unit. Net loss for the 2015 period also included \$56.0 million of after-tax charges, or \$0.52 per diluted share, resulting from the impairment of fixed assets. Net loss for 2015 also included \$3.4 million (or \$0.04 per diluted share) in after-tax loss from costs incurred in connection with the Redomicile Transaction and \$1.5 million (or \$0.01 per diluted share) in an after-tax loss from the write off of debt issuance costs. These results compare to net income attributable to Civeo for the nine months ended September 30, 2014 of \$82.6 million, or \$0.77 per diluted share. As further discussed in Impairment expense and Interest expense and income, net, below, net income for 2014 included \$12.0 million of after-tax charges, or \$0.12 per diluted share, resulting from the Spin-Off. In addition, we incurred after-tax severance costs of \$3.1 million, or \$0.03 per diluted share, included in Selling, general and administrative expenses below and after-tax impairment costs of \$1.7 million, or \$0.02 per diluted share, included in Impairment expense below.

Revenues. Consolidated revenues decreased \$302.5 million, or 42%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. This decline was largely driven by decreases in Canada and Australia, due to lower occupancy, as well as weakening Canadian and Australian dollars, as further described in the segment discussion below.

Cost of Sales and Services. Our consolidated cost of sales decreased \$151.8 million, or 37%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily due to decreases in occupancy in both Canada and Australia, as well as the weakening Canadian and Australian dollars. Please see further description in segment discussion below.

Selling, General and Administrative Expenses. Selling, general and administrative (SG&A) expense increased \$0.7 million, or 1%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. Increased costs associated with being a publicly traded company and costs associated with the Redomicile Transaction of \$5.1 million were offset by lower employee costs as well as the impact of the weakening Canadian and Australian dollars.

Spin-Off and Formation Costs. Spin-off and formation costs of \$3.5 million relate to transition costs incurred during the nine months ended September 30, 2014 associated with becoming a stand-alone company.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased \$6.6 million, or 5%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily due to capital expenditures made during the last twelve months largely related to investments in our Canadian segment, which was more than offset by reduced depreciation expense resulting from impairments recorded in 2014 and 2015, as well as the impact of the weakening Canadian and Australian dollars.

Impairment Expense. Impairment expense of \$122.9 million in the nine months ended September 30, 2015 consisted of:

- Pre-tax impairment losses of \$33.5 million related to fixed assets in our Australian segment;
- Pre-tax impairment totaling \$2.7 million in 2015 related to a decision to sell our U.S. manufacturing facility;
- Goodwill impairment losses of \$43.2 million in our Canadian reporting unit;
- Pre-tax impairment losses totaling \$20.5 million associated with long-lived assets in our U.S. segment; and
- Pre-tax impairment losses totaling \$23.0 million associated with long-lived assets in our Canadian segment.

Impairment expense of \$11.6 million in the nine months ended September 30, 2014 consisted of a \$9.0 million impairment of an intangible asset in Australia. Due to the Spin-Off, and the resulting rebranding of our Australian operations from The MAC to Civeo, it was determined that the fair value of an intangible asset associated with The MAC brand was nil. Additionally, we recognized an impairment totaling \$2.6 million on assets that are in the custody of non-paying customers in Mexico, and for which the return or reimbursement is unlikely.

Other Operating Expense (Income). Other operating expense (income) changed from an expense of \$0.3 million in the third quarter of 2014 to income of \$5.2 million in the third quarter of 2015. The 2015 income is primarily due to foreign currency gains on the remeasurement of U.S. dollar denominated cash in Canadian bank accounts, as a result of the strengthening of the U.S. dollar.

Operating Income (Loss). Consolidated operating income decreased \$247.2 million, or 215%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily due to impairments of goodwill and long-lived assets and lower occupancy levels in Canada and Australia, as well as the weakening Canadian and Australian dollars.

Interest Expense and Interest Income, net. Net interest expense, including interest expense and income to/from affiliates, increased by \$1.3 million, or 8%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily due to the 2015 write-off of \$1.5 million of debt issuance costs associated with the Amended Credit Facility and increased interest expense associated with the new credit facility in 2015, partially offset by the 2014 write-off of \$3.5 million of debt issuance costs associated with the credit agreement that was terminated in conjunction with the Spin-Off as well as reduced interest expense in 2015 associated with the affiliate debt, which was eliminated as of the Spin-Off.

Income Tax Benefit (Provision). Our income tax benefit for the nine months ended September 30, 2015 totaled \$27.5 million, or 18.6% of pretax loss, compared to income tax expense of \$16.4 million, or 16.4% of pretax income, for the nine months ended September 30, 2014. Our income tax benefit included the following non-U.S. items for the nine months ended September 30, 2015 which resulted in a net reduction to our effective tax rate: (1) an income tax expense of approximately \$10 million related to unrecognized tax benefits; (2) an income tax expense of approximately \$12 million resulting from the impairment of goodwill not deductible for tax purposes; and (3) an income tax expense of approximately \$2.7 million related to an increase in statutory tax rates in Alberta, Canada included in our 2015 tax benefit.

Finally, during the third quarter of 2015, management determined that, based on evidence available as of September 30, 2015, it was not more likely than not that the U.S. net operating loss would be realized. This evidence is largely comprised of the reversal of the U.S. jurisdiction from a net deferred tax liability as of December 31, 2014 to a net deferred tax asset as of September 30, 2015. Deferred tax assets generated in 2015 were realized to the extent of the net deferred tax liabilities as of December 31, 2014, resulting in a tax benefit of approximately \$20 million. A valuation allowance has been recorded discretely in the third quarter on the remaining deferred tax assets generated in 2015, with the result of no further tax benefit from the U.S. pretax losses.

Other Comprehensive Income (Loss). Other comprehensive loss increased \$113.2 million in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar decreased 13% in the nine months ended September 30, 2015 compared to a 5% decrease in the nine months ended September 30, 2014. The Australian dollar exchange rate compared to the U.S. dollar decreased 14% in the nine months ended September 30, 2015 compared to a 2% decrease in the nine months ended September 30, 2014.

Segment Results of Operations – Canadian Segment

	NINE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)			
Lodge revenue (1)	\$ 213,896	\$ 379,700	\$ (165,804)
Mobile, open camp and product revenue	64,576	131,214	(66,638)
Total revenues	\$ 278,472	\$ 510,914	\$ (232,442)
Cost of sales and services (\$ in thousands)			
	\$ 184,733	\$ 308,988	\$ (124,255)
Gross margin as a % of revenues	33.7%	39.5%	(5.8%)
Average Available Lodge Rooms (2)	13,294	12,404	890
RevPAR for Lodges (3)	\$ 59	\$ 112	\$ (53)
Occupancy in Lodges (4)	63%	86%	(23%)
Canadian dollar to US dollar	\$ 0.795	\$ 0.914	\$ (0.119)

(1) Includes revenue related to rooms as well as the fees associated with catering, laundry and other services including facilities management.

(2) Average available rooms include rooms that are utilized for our personnel.

(3) RevPAR, or revenue per available room, is defined as lodge revenue divided by the product of (a) average available rooms and (b) days in the period. An available room is defined as a calendar day during which the room is available for occupancy.

(4) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out of service rooms.

Our Canadian segment reported revenues in the nine months ended September 30, 2015 that were \$232.4 million, or 46%, lower than the nine months ended September 30, 2014. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 13% in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 resulted in a \$40.4 million year-over-year reduction in revenues. In addition, the segment experienced a 36% decline in lodge revenues primarily due to a 39% year-over-year decrease in RevPAR (excluding the impact of the weaker Canadian exchange rates) largely related to reduced occupancy. Lodge revenues in the nine months ended September 30, 2015 were positively affected by the opening of the McClelland Lake facility in the summer of 2014.

Our Canadian segment cost of sales and services decreased \$124.3 million, or 40%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 due to lower occupancy, as well as the weakening of the average exchange rates.

Our Canadian segment gross margin as a percentage of revenues decreased from 40% in the nine months ended September 30, 2014 to 34% in the nine months ended September 30, 2015 primarily due to lower contracted room rates in Canada.

Segment Results of Operations – Australian Segment

	NINE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)			
Village revenue (1)	\$ 109,304	\$ 163,847	\$ (54,543)
Total revenues	109,304	163,847	(54,543)
Cost of sales (\$ in thousands)	\$ 47,690	\$ 68,682	\$ (20,992)
Gross margin as a % of revenues	56.4%	58.1%	(1.7%)
Average Available Village Rooms (2)	9,219	9,263	(44)
RevPAR for Villages (3)	\$ 43	\$ 65	\$ (22)
Occupancy in Villages (4)	58%	69%	(11%)
Australian dollar to US dollar	\$ 0.763	\$ 0.918	\$ (0.155)

(1) Includes revenue related to rooms as well as the fees associated with catering, laundry and other services including facilities management.

(2) Average available rooms include rooms that are utilized for our personnel.

(3) RevPAR, or revenue per available room, is defined as village revenue divided by the product of (a) average available rooms and (b) days in the period. An available room is defined as a calendar day during which the room is available for occupancy.

(4) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out of service rooms.

Our Australian segment reported revenues in the nine months ended September 30, 2015 that were \$54.5 million, or 33%, lower than the nine months ended September 30, 2014. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 17% in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 resulted in a \$21.4 million year-over-year reduction in revenues. Village revenues in the nine months ended September 30, 2015 were also negatively impacted by lower occupancy levels in the first nine months of 2015 compared to the nine months ended September 30, 2014, primarily as a result of the continued slowdown in mining activity.

Our Australian segment cost of sales decreased \$21.0 million, or 31%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. The decrease was driven by the weakening of the Australian dollar as well as lower occupancy levels.

Our Australian segment gross margin as a percentage of revenues decreased to 56% in the nine months ended September 30, 2015 from 58% in the nine months ended September 30, 2014. This was primarily driven by reduced take or pay revenues on expired contracts compared to the nine months ended September 30, 2014.

Segment Results of Operations – United States Segment

	NINE MONTHS ENDED SEPTEMBER 30,		
	2015	2014	Change
Revenues (\$ in thousands)	\$ 32,902	\$ 48,436	\$ (15,534)
Cost of sales (\$ in thousands)	\$ 29,663	\$ 36,246	\$ (6,583)
Gross margin as a % of revenues	9.8%	25.2%	(15.4%)

Our United States segment reported revenues in the nine months ended September 30, 2015 that were \$15.5 million, or 32%, lower than the nine months ended September 30, 2014. The reduction was primarily due to lower U.S. drilling activity in the Bakken, Rockies and Texas markets, partially offset by increased sales in our offshore business.

Our United States cost of sales decreased \$6.6 million, or 18%, in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. The decrease was driven by overall lower activity levels, partially offset by a \$1.1 million write-down of inventory at our U.S. manufacturing facility.

Our United States segment gross margin as a percentage of revenues decreased from 25% in the nine months ended September 30, 2014 to 10% in the third quarter of 2015 primarily due to the \$1.1 million inventory write-down, as well as overall lower activity levels.

Liquidity and Capital Resources

Our primary liquidity needs are to fund capital expenditures, which in the past have included expanding and improving our accommodations, developing new lodges and villages, purchasing or leasing land under our land banking strategy and for general working capital needs. In addition, capital has been used to repay debt, fund strategic business acquisitions and pay dividends. Following the Spin-Off, our primary sources of funds are available cash, cash flow from operations, borrowings under our credit facility and capital markets transactions. The following table summarizes our consolidated liquidity position as of September 30, 2015 and December 31, 2014:

	September 30,	
	2015	December 31, 2014
Lender commitments ⁽¹⁾	\$ 375,000	\$ 650,000
Reductions in availability ⁽²⁾	(18,214)	(222,191)
Borrowings against revolver capacity	(51,980)	--
Outstanding letters of credit	(5,216)	(5,851)
Unused availability	299,590	421,958
Cash and cash equivalents	12,635	263,314
Total available liquidity	\$ 312,225	\$ 685,272

(1) We also have an A\$10 million bank guarantee facility. We had bank guarantees of A\$1.5 million and A\$1.7 million under this facility outstanding as of September 30, 2015 and December 31, 2014, respectively.

(2) As of September 30, 2015 and December 31, 2014, \$18.2 million and \$222.2 million, respectively, of our borrowing capacity under our Credit Facility could not be utilized in order to maintain compliance with the financial covenants in our Credit Facility.

Cash totaling \$174.9 million was provided by operations during the nine months ended September 30, 2015 compared to \$208.3 million provided by operations during the nine months ended September 30, 2014. The decrease in operating cash flow in 2015 compared to 2014 was primarily due to lower revenue resulting from occupancy levels in lodges and villages. During the nine months ended September 30, 2015 and 2014, \$78.0 million and (\$22.8) million, respectively, was provided by (used for) working capital. The increase in 2015 compared to 2014 was primarily the result of decreased accounts receivable balances.

Cash was used in investing activities during the nine months ended September 30, 2015 in the amount of \$41.4 million compared to cash used in investing activities during the nine months ended September 30, 2014 in the amount of \$206.7 million. Capital expenditures totaled \$43.7 million and \$208.3 million during the nine months ended September 30, 2015 and 2014, respectively. Capital expenditures in both periods consisted principally of construction and installation of assets for our lodges primarily in support of Canadian oil sands projects and ongoing maintenance related capital. The significant decrease in capital expenditures in 2015 compared to 2014 is primarily a result of the construction of the McClelland Lake Lodge, which was in process in the nine months ended September 30, 2014, and largely completed by the end of 2014. No comparable project is under construction in 2015.

We expect our capital expenditures for 2015 to be in the range of \$60 million to \$70 million. Whether planned expenditures will actually be spent in 2015 depends on industry conditions, project approvals and schedules, customer room commitments and project and construction timing. We expect to fund these capital expenditures with available cash, internally generated funds and borrowings under our Amended Credit Facility. The foregoing capital expenditure forecast does not include any funds for strategic acquisitions, which we could pursue depending on the economic environment in our industry and the availability of transactions at prices deemed to be attractive to us.

Net cash of \$347.3 million was used in financing activities during the nine months ended September 30, 2015, primarily due to repayments of term loan borrowings of \$725 million offset by borrowings of term loans of \$325 million and net revolver borrowings of \$56.7 million. Net cash of \$29.9 million was provided by financing activities during the nine months ended September 30, 2014, in part due to contributions from Oil States of \$28.3 million. Borrowings of \$775 million under our term loan facility funded the cash distribution of \$750.0 million to Oil States on May 28, 2014; these borrowings were largely repaid or refinanced in connection with the Redomicile Transaction.

We believe that cash on hand and cash flow from operations will be sufficient to meet our liquidity needs in the coming twelve months. If our plans or assumptions change, or are inaccurate, or if we make acquisitions, we may need to raise additional capital. Acquisitions have been, and our management believes acquisitions will continue to be, an element of our business strategy. The timing, size or success of any acquisition effort and the associated potential capital commitments are unpredictable and uncertain. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend upon our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. In addition, such additional debt service requirements could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and the issuance of additional equity securities could result in significant dilution to shareholders. In addition, in some cases, we may incur costs to acquire land and/or construct assets without securing a customer contract or prior to finalization of an accommodations contract with a customer. If the contract is not obtained or delayed, the resulting impact could result in an impairment of the related investment.

Credit Facility and Long Term Debt. On July 17, 2015, our Credit Facility was amended to, among other things:

- Permit us to redomicile to Canada, make associated corporate restructurings and make certain changes to the collateral and guarantees, covenants, events of default and related definitions to reflect the Redomicile Transaction and the new credit facilities referred to below;
- Allow for the incurrence of new credit facilities under the Credit Facility, including (i) a new revolving credit facility in a maximum principal amount of US\$125 million available to be borrowed by Civeo Canada after the effectiveness of the Amended Credit Facility (July 17, 2015) and (ii) a new term loan facility in the amount of US\$325 million to be borrowed by Civeo Canada on the date of the effectiveness of the Amended Credit Facility;
- Provide for the partial prepayment of the existing U.S. term loan under the Credit Facility in the aggregate principal amount of US\$725 million and the reduction of the aggregate U.S. revolving credit facility to a maximum principal amount of US\$50 million;

- Increase the interest rate margin by 0.25% within existing levels of total leverage and add two additional levels to the total leverage-based grid such that the interest rates for the loans range from LIBOR +2.0% to LIBOR +4.0% and increase the undrawn commitment fee to range from 0.45% to 0.90% based on total leverage;
- Make certain changes to the maximum leverage ratio financial covenant, as follows:

<u>Period Ended</u>	<u>Maximum Leverage Ratio</u>
September 30, 2015	3.50 : 1.00
December 31, 2015	4.00 : 1.00
March 31, 2016	4.25 : 1.00
June 30, 2016	4.50 : 1.00
September 30, 2016	4.50 : 1.00
December 31, 2016	4.50 : 1.00
March 31, 2017	4.25 : 1.00
June 30, 2017	4.25 : 1.00
September 30, 2017	4.00 : 1.00
December 31, 2017	4.00 : 1.00
March 31, 2018	3.75 : 1.00
June 30, 2018	3.75 : 1.00
September 30, 2018 & thereafter	3.50 : 1.00

- Make certain changes to the application of prepayments and amortization schedules to reflect the new term loan facility and the prepayment of the U.S. term loans; and
- Make other technical changes and amendments to the Credit Facility.

The following table summarizes the borrowings available under the Amended Credit Facility compared to the Credit Facility (in thousands):

	<u>Credit Facility</u>	<u>Amended Credit Facility</u>
Term loans:		
U.S. term loan	\$ 775,000	\$ 50,000
Canadian term loan	--	325,000
Total term loans outstanding	\$ 775,000	\$ 375,000
Total capacity under revolving credit facilities:		
U.S. revolving credit facility	\$ 450,000	\$ 50,000
Canadian revolving credit facility	100,000	100,000
New Canadian revolving credit facility	--	125,000
Australian revolving credit facility	100,000	100,000
Total capacity under revolving credit facilities	\$ 650,000	\$ 375,000

U.S. dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to LIBOR plus a margin of 2.00% to 4.00%, or a base rate plus 1.00% to 3.00%, in each case based on a ratio of our total leverage to EBITDA (as defined in the Amended Credit Facility). Canadian dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to CDOR plus a margin of 2.00% to 4.00%, or a base rate plus a margin of 1.00% to 3.00%, in each case based on a ratio of our consolidated total leverage to EBITDA (as defined in the Amended Credit Facility). Australian dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to BBSY plus a margin of 2.00% to 4.00%, based on a ratio of our consolidated total leverage to EBITDA (as defined in the Amended Credit Facility).

The Amended Credit Facility contains customary affirmative and negative covenants that, among other things, limit or restrict (i) subsidiary indebtedness, liens and fundamental changes, (ii) asset sales, (iii) margin stock, (iv) specified acquisitions, (v) restrictive agreements, (vi) transactions with affiliates and (vii) investments and other restricted payments, including dividends and other distributions. Specifically, we must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA (as defined in the Amended Credit Facility) to consolidated interest expense, of at least 3.0 to 1.0 and a maximum leverage ratio, defined as the ratio of total debt to consolidated EBITDA, of no greater than 3.5 to 1.0 (as of September 30, 2015). As noted above, the permitted level of the maximum leverage ratio changes over time. Each of the factors considered in the calculations of these ratios are defined in the Amended Credit Facility. EBITDA and consolidated interest, as defined, exclude goodwill and asset impairments, debt discount amortization and other non-cash charges. We were in compliance with these covenants as of September 30, 2015.

We paid certain customary fees with respect to the Amended Credit Facility. We have 15 lenders in our Amended Credit Facility with commitments ranging from \$1.6 million to \$143.2 million.

Dividends. We paid quarterly dividends in the amount of \$0.13 per share during the third and fourth quarters of 2014. In late December 2014, our board of directors, upon the unanimous recommendation of the finance and investment committee of the board, unanimously suspended our quarterly dividend in order to maintain our financial flexibility and best position our company for long-term success. The declaration and amount of all dividends will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, results of operations, cash flows, prospects, industry conditions, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors the board of directors deems relevant. In addition, our ability to pay dividends is limited by covenants in our Amended Credit Facility. Future agreements may also limit our ability to pay dividends, and we may incur incremental taxes in the United States if we are required to repatriate foreign earnings to pay such dividends. If we elect to pay dividends in the future, the amount per share of our dividend payments may be changed, or dividends may again be suspended, without advance notice. The likelihood that dividends will be reduced or suspended is increased during periods of market weakness. There can be no assurance that we will pay a dividend in the future.

Off-Balance Sheet Arrangements

As of September 30, 2015, we had no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

For additional information about our contractual obligations, refer to “Liquidity and Capital Resources—Contractual Obligations” contained in the Information Statement included in our 2014 Annual Report on Form 10-K. As of September 30, 2015, except for the repayment of term loan borrowings and net borrowings under our credit facilities described above, there were no material changes to this disclosure regarding our contractual obligations made in the Annual Report on Form 10-K.

Critical Accounting Policies

For a discussion of the critical accounting policies and estimates that we use in the preparation of our consolidated financial statements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Information Statement included in our 2014 Annual Report on Form 10-K. These estimates require significant judgments, assumptions and estimates. We have discussed the development, selection and disclosure of these critical accounting policies and estimates with the audit committee of our board of directors. There have been no material changes to the judgments, assumptions and estimates, upon which our critical accounting estimates are based.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Our principal market risks are our exposure to changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

We have credit facilities that are subject to the risk of higher interest charges associated with increases in interest rates. As of September 30, 2015, we had floating-rate obligations totaling \$416.1 million outstanding under our credit facilities. These floating-rate obligations expose us to the risk of increased interest expense in the event of increases in short-term interest rates. If floating interest rates increase by 1%, our consolidated interest expense would increase by a total of approximately \$4.2 million annually based on our floating-rate debt obligations as of September 30, 2015.

Foreign Currency Exchange Rate Risk

Our operations are conducted in various countries around the world and we receive revenue and pay expenses from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than the U.S. dollar, which is our functional currency, or (ii) the functional currency of our subsidiaries, which is not necessarily the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets total approximately C\$0.2 billion and A\$0.5 billion, respectively, at September 30, 2015. We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of the Canadian dollar and Australian dollar relative to the United States dollar as of September 30, 2015 would result in translation adjustments of approximately \$22 million and \$54 million, respectively, recorded in other comprehensive loss. Although we do not currently have any foreign exchange agreements outstanding, in order to reduce our exposure to fluctuations in currency exchange rates, we may enter into foreign exchange agreements with financial institutions in the future.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2015, as a result of the unremediated material weakness in our internal controls identified and discussed below, our disclosure controls and procedures were not effective at the reasonable assurance level.

During the third quarter of 2015, we identified a material weakness in our controls over the assignment of depreciable lives to asset amounts recorded for asset retirement obligations. Our processes, procedures and controls related to the assignment of depreciable lives for asset retirement obligations were not effective to ensure that the asset amounts were accurately reflected in the financial statements. This control deficiency resulted in a correction of an immaterial error in the third quarter 2015 financial statements.

To remediate this material weakness, we are implementing the following controls: (i) further formalizing and documenting the procedures surrounding the assignment of depreciable lives to assets recorded for asset retirement obligations; (ii) expanding management's review of the related process; and (iii) formalizing and documenting additional analysis to be performed on our asset retirement amounts.

The material weakness will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to December 31, 2015.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2015, there were no changes in our internal controls (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) which have materially affected, or are reasonably likely to materially affect, our internal controls.

PART II -- OTHER INFORMATION

ITEM 1. *Legal Proceedings*

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to matters occurring prior to our acquisition of businesses, and some relate to businesses we have sold. In certain cases, we are entitled to indemnification from the sellers of businesses, and in other cases, we have indemnified the buyers of businesses from us. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, we believe that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by indemnity or insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

ITEM 1A. *Risk Factors*

Other than with respect to the additional risk factor set forth below, there have been no material changes from the risk factors disclosed in our proxy statement / prospectus dated April 7, 2015 for the 2015 annual meeting of stockholders and in Item 1A of our 2014 Annual Report on Form 10-K.

We have identified a material weakness in our disclosure controls and procedures and our internal controls, and we may be unable to develop, implement and maintain appropriate controls in future periods.

As more fully described in Item 4 of this Quarterly Report on Form 10-Q, we identified a material weakness in our controls over the assignment of depreciable lives to asset amounts recorded for asset retirement obligations. Accordingly, based on our management's assessment, we believe that, as of September 30, 2015, our disclosure controls and procedures were not effective at the reasonable assurance level. The specific material weakness is described in Item 4, "Controls and Procedures" of this Quarterly Report on Form 10-Q in "Evaluation of Disclosure Controls and Procedures." A "material weakness" is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements would not be prevented or detected. We cannot assure you that additional material weaknesses in our internal controls will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our financial statements. These misstatements could result in restatements of our financial statements, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information.

We have developed certain remediation steps to address the material weakness discussed above and to improve our internal controls. If we fail to remediate the material weakness, there will continue to be an increased risk that our future financial statements could contain errors that will be undetected. Further and continued determinations that there are material weaknesses in the effectiveness of our internal controls could reduce our ability to obtain financing or could increase the cost of any financing we obtain and require additional expenditures of resources to comply with applicable requirements. For more information relating to our internal controls and disclosure controls and procedures, and the remediation plan undertaken by us, see Item 4, "Controls and Procedures" of this Quarterly Report on Form 10-Q.

ITEM 6. Exhibits

(a) INDEX OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
2.1	— Agreement and Plan of Merger, dated as of April 6, 2015, among Civeo Corporation, Civeo Canadian Holdings ULC and Civeo US Merger Co (incorporated by reference to Annex A of Civeo Corporation's definitive proxy statement/prospectus on Schedule 14A filed with the SEC on April 8, 2015).
3.1	— Notice of Articles of Civeo Corporation (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K12B (File No. 001-36246), filed on July 17, 2015).
3.2	— Articles of Civeo Corporation (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K12B (File No. 001-36246), filed on July 17, 2015).
4.1	— Form of Common Share Certificate (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K12B (File No. 001-36246) filed on July 17, 2015).
10.1	— Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K12B (File No. 001-36246) filed on July 17, 2015).
10.2	— 2014 Equity Participation Plan of Civeo Corporation (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K12B (File No. 001-36246) filed on July 17, 2015).
10.3	— Executive Services Agreement, dated May 30, 2012, between Peter McCann and The Mac Services Group Pty Ltd. (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K12B (File No. 001-36246) filed on July 17, 2015).
10.4	— Dual Employment Agreement of Bradley J. Dodson (incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K12B (File No. 001-36246) filed on July 17, 2015).
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- 10.6 — Executive Agreement between Civeo Corporation and Peter McCann, dated August 17, 2015 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36246) filed on August 27, 2015).
- 10.7 — Variation to Executive Services Agreement between Civeo Pty Ltd and Peter McCann, dated August 17, 2015 (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-36246) filed on August 27, 2015).
- 10.8* — Dual Employment Agreement (Canada) of Allan Schoening, dated July 16, 2015.
- 10.9* — Dual Employment Agreement (United States) of Allan Schoening, dated July 16, 2015.
- 10.10* — Executive Agreement between Civeo Corporation and Mike Ridley, effective May 4, 2015.
- 10.11* — Executive Change of Control Severance Agreement between Civeo Corporation and Allan Schoening, dated July 13, 2015..
- 10.12* — Executive Agreement between Civeo Corporation and Allan Schoening, dated December 15, 2014.
- 31.1* — Certification of Chief Executive Officer of Civeo Corporation, pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- 31.2* — Certification of Chief Financial Officer of Civeo Corporation, pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- 32.1** — Certification of Chief Executive Officer of Civeo Corporation, pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934.
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- 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.

PLEASE NOTE: Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed or incorporated by reference the agreements referenced above as exhibits to this Quarterly Report on Form 10-Q. The agreements have been filed to provide investors with information regarding their respective terms. The agreements are not intended to provide any other factual information about Civeo or its business or operations. In particular, the assertions embodied in any representations, warranties and covenants contained in the agreements may be subject to qualifications with respect to knowledge and materiality different from those applicable to investors and may be qualified by information in confidential disclosure schedules not included with the exhibits. These disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the agreements. Moreover, certain representations, warranties and covenants in the agreements may have been used for the purpose of allocating risk between the parties, rather than establishing matters as facts. In addition, information concerning the subject matter of the representations, warranties and covenants may have changed after the date of the respective agreement, which subsequent information may or may not be fully reflected in our public disclosures. Accordingly, investors should not rely on the representations, warranties and covenants in the agreements as characterizations of the actual state of facts about Civeo or its business or operations on the date hereof.

SIGNATURES

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 thereunto duly authorized.

CIVEO CORPORATION

Date: November 2, 2015 By /s/ Frank C. Steininger
Frank C. Steininger
Senior Vice President, Chief Financial Officer and
Treasurer (Duly Authorized Officer and Principal
Financial Officer)

Exhibit Index

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Dual Employment Agreement

Canada

You will continue in your role as Senior Vice President, Human Resources/HS&E for Civeo Corporation and the following terms and conditions of employment will apply:

1. The Parties.

Civeo Corporation, a limited company formed under the laws of British Columbia, Canada, effective July 17th, 2015, 250 Howe Street 20th Floor, Vancouver, B.C. V6C 3R8 (in the following referred to as the "Employer") and Allan Schoening (in the following referred to as the "Executive") (Collectively referred to as "the Parties") have today entered into the following employment contract.

2. Period of employment.

Your contract will automatically renew every year on July 16th unless your employment has been terminated prior to the annual renewal date, in which case this contract shall not renew.

3.0 Role and place of work

3.1 The Executive's job duties and responsibilities will be to serve as Senior Vice President, Human Resources/HS&E overseeing the human resources and health safety and environmental operations of the Employer and reporting to Bradley Dodson, Chief Executive Officer and President of Civeo Corporation, or to such other positions and reporting obligations as may be assigned by the Employer from time to time.

3.2 The majority of the work duties performed by the Executive will take place at the address listed in section 1.0 or at other Canadian office locations of the Employer. From time to time the Executive must expect to perform duties outside standard office work place locations including but not limited to various operational locations in Canada and/or Australia.

4.0 Compensation & Benefits

4.1 The Executive's annual salary under this contract is \$50,000.00 USD.

4.2 The Executive will also be entitled to participate in an annual incentive plan established by the Employer with a target amount equal to 50% of Executive's annual salary.

4.3 Civeo Corporation will cover the fees as it relates to personal income tax preparation services for the duration of this Agreement and any years after the termination of this Agreement that are impacted by tax issues incurred during the assignment. Civeo Corporation will cover the fees for the services from the Employer's preferred Firm only, and will not reimburse the Executive for any fees incurred as a result of service provided from any other vendor. In addition, with regard to these fees, Civeo Corporation will pay the Executive any gross-up payments necessary to result in this benefit being provided to the Executive on a net non-taxable basis.

4.4 Civeo Corporation agrees to reimburse the Executive for income taxes and any related gross ups ultimately due and paid on compensation paid under this Agreement that are in excess of those that would have been incurred had all services been performed in the United States.

4.5 Civeo will withhold social taxes for Canada only. Should a ruling from the CRA and IRS require social security tax remittances in the United States, the Company will make those remittances on the Executive's behalf as well as any gross up payments relating to these remittances that may be required.

4.6 To the extent Civeo Corporation provides health and dental plan coverage, the Executive will be entitled to participate in a group health and dental plan maintained by Civeo Corporation or a subsidiary which includes out of country emergency health and dental coverage.

4.7 Under the Employer's policies, the Executive is only entitled to participate in the retirement plan of one legal entity within the Civeo Corporation worldwide organization. To the extent the Executive currently participates in the plans of a legal entity other than those maintained by Civeo Corporation, Executive will continue participation in such plans unless determined otherwise by Employer.

4.8 All long-term incentive compensation will be awarded based on services provided in the United States.

4.9 All payments to the Executive under this agreement will be subject to withholding of applicable taxes.

5.0 Governing law and jurisdiction.

This Agreement will be governed and construed in accordance with the laws of the State of Texas without regard to conflicts of law principles. Each party hereto irrevocably submits to the exclusive jurisdiction of the State and Federal Courts in Harris County, Texas, for the purposes of any proceeding arising out of this agreement.

6.0 Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

7.0 Entire Agreement.

This Agreement is an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement hereby expressly terminates, rescinds and replaces in full any prior agreement (written or oral) between the parties relating to the subject matter hereof. Notwithstanding the foregoing, the Executive Change of Control Agreement between the Employer and the Executive dated as of July 13, 2015 (the "Executive Agreement") remains in full force and effect and is not affected by this Agreement.

/s/ Bradley J. Dodson
BRADLEY J. DODSON
Chief Executive Officer and President, Civeo
Corporation

July 16, 2015
DATE

/s/ Allan Schoening
ALLAN SCHOENING

July 16, 2015
DATE

Dual Employment Agreement

United States

You will continue in your role as Senior Vice President, Human Resources/HS&E for Civeo Corporation and the following terms and conditions of employment will apply:

1. The Parties.

Civeo USA Corp. (in the following referred to as the “Employer”) and Allan Schoening (in the following referred to as the “Executive”) (Collectively referred to as “the Parties”) have today entered into the following employment contract.

2. Period of employment.

Your contract will automatically renew every year on July 16th. Subject only to the terms of the Executive Agreement, your employment with the Employer is at will and may be terminated by either of the Parties at any time, with or without cause.

3.0 Role and place of work

3.1 The Executive's job duties and responsibilities will be to serve as Senior Vice President, Human Resources/HS&E, overseeing the human resources and health safety and environmental operations of the Employer and reporting to Bradley Dodson, Chief Executive Officer and President of Civeo USA Corp.

3.2 The majority of the work duties performed by the Executive will take place at the address listed in section 3.3, or such other address in the United States as Employer may dictate from time to time.

3.3 333 Clay St., Suite 4980 / Houston, TX 77002 / United States

4.0 Compensation & Benefits

4.1 The Executive's annual salary under this contract is \$200,000.00 USD.

4.2 The Executive will also be entitled to participate in an annual incentive plan established by the Employer with a target amount equal to 50% of Executive's annual salary.

4.3 Civeo Corporation will cover the fees as it relates to personal income tax preparation services for the duration of this Agreement and any years after the termination of this Agreement that are impacted by tax issues incurred during the assignment. Civeo Corporation will cover the fees for the services from the Employer's preferred Firm only, and will not reimburse the Executive for any fees incurred as a result of service provided from any other vendor. In addition, with regard to these fees, Civeo Corporation will pay the Executive any gross-up payments necessary to result in this benefit being provided to the Executive on a net non-taxable basis.

4.4 Civeo Corporation agrees to reimburse the Executive for income taxes and any related gross ups ultimately due and paid on compensation paid under this Agreement that are in excess of those that would have been incurred had all services been performed in the United States.

4.5 To the extent Civeo Corporation provides health and dental plan coverage, the Executive will be entitled to participate in a group health and dental plan maintained by Civeo Corporation or a subsidiary which includes out of country emergency health and dental coverage.

4.6 Under the Employer's policies, the Executive is only entitled to participate in the retirement plan of one legal entity within the Civeo Corporation worldwide organization. To the extent the Executive currently participates in the plans of a legal entity other those maintained by Civeo Corporation, Executive will continue participation in such plans unless determined otherwise by Employer.

4.7 All long-term incentive compensation will be awarded based on services provided in the United States.

4.8 All payments to the Executive under this agreement will be subject to withholding of all applicable social and income taxes.

5.0 Governing law and jurisdiction.

This Agreement will be governed and construed in accordance with the laws of the State of Texas without regard to conflicts of law principles. Each party hereto irrevocably submits to the exclusive jurisdiction of the State and Federal Courts in Harris County, Texas, for the purposes of any proceeding arising out of this agreement.

6.0 Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

7.0 Entire Agreement.

This Agreement is an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement hereby expressly terminates, rescinds and replaces in full any prior agreement (written or oral) between the parties relating to the subject matter hereof. Notwithstanding the foregoing, the Executive Agreement between the Employer and the Executive dated as of July 13, 2015 (the "Executive Agreement") remains in full force and effect and is not affected by this Agreement.

8.0 Section 409A

The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and the regulations and interpretive guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. The Employer and the Executive shall take commercially reasonable efforts to reform or amend any provision hereof to the extent that either of them reasonably determine that such provision would or could reasonably be expected to cause the Executive to incur any additional tax or interest under Section 409A to try to comply with or be exempt from Section 409A through good faith modifications, in any case, to the minimum extent reasonably appropriate to conform with Section 409A, provided that any such modifications shall not increase the cost or liability to the Employer. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Employer of the applicable provision without violating the provisions of Section 409A. To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; provided, that Executive submits Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

/s/ Bradley J. Dodson
BRADLEY J. DODSON
Chief Executive Officer and President, Civeo
Corporation

July 16, 2015
DATE

/s/ Allan Schoening
ALLAN SCHOENING

July 16, 2015
DATE

EXECUTIVE AGREEMENT

This Executive Agreement (“*Agreement*”) between Civeo Corporation, a Delaware corporation (the “*Company*”), and Mike Ridley (the “*Executive*”) is made and entered into effective as of the date of May 4, 2015 (the “*Effective Date*”).

WHEREAS, Executive is a key executive of the Company or a subsidiary; and

WHEREAS, the Company believes it to be in the best interests of its stockholders to attract, retain and motivate key executives and ensure continuity of management; and

WHEREAS, it is in the best interest of the Company and its stockholders if the key executives can approach material business development decisions objectively and without concern for their personal situation; and

WHEREAS, the Company recognizes that the possibility of a Change of Control (as defined below) of the Company may result in the departure of key executives to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company (the “Board”) has authorized this Agreement and certain similar agreements in order to retain and motivate key management and to ensure continuity of key management;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

1. Term of Agreement

- (A) This Agreement shall commence on the Effective Date and, subject to the provisions for earlier termination in this Agreement, shall continue in effect through the third anniversary of the Effective Date; provided, however, commencing on the Effective Date and on each day thereafter, the term of this Agreement shall automatically be extended for one additional day unless the Board shall give written notice to Executive that the term shall cease to be so extended in which event the Agreement shall terminate on the third anniversary of the date such notice is given.
- (B) Notwithstanding anything in this Agreement to the contrary, this Agreement, if in effect on the date of a Change of Control, shall automatically be extended for the 24-month period following the Change of Control.
- (C) Termination of this Agreement shall not alter or impair any rights of Executive arising hereunder on or before such termination.

2. Certain Definitions

(A) “Cause” shall mean:

(i) Executive’s conviction of (or plea of nolo contendere to) a felony, dishonesty or a breach of trust;

(ii) Executive’s commission of any act of theft, fraud, embezzlement or misappropriation regardless of whether a criminal conviction is obtained;

(iii) Executive’s continued failure to devote substantially all of his business time to the Company’s business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities and incidental personal time) which failure is not remedied within a reasonable time after written demand is delivered by the Company, which demand identifies the manner in which the Company believes that Executive has failed to devote substantially all of his business time to the Company’s business affairs; or

(iv) Executive’s unauthorized disclosure of confidential information of the Company.

(B) “Change of Control” shall mean any of the following:

(i) any “person” (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any affiliate, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities; provided, however, that if the Company engages in a merger or consolidation in which the Company or surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the Company’s then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

(ii) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (i) are directors of the Company as of the Effective Date, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least two-thirds of the Incumbent Directors at the time of such election or nomination, but Incumbent Director shall not include an individual whose election or nomination occurs as a result of either (1) an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or (2) an actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (or if the surviving entity is or shall become a subsidiary of another entity, then such parent entity)) more than 50% of the combined voting power of the voting securities of the Company (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company; or

(v) the sale or disposition (other than a pledge or similar encumbrance) by the Company of all or substantially all of the assets of the Company other than to a subsidiary or subsidiaries of the Company.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute a "Change of Control" for purposes of this Agreement.

(C) "**Date of Termination**" shall mean the date the Notice of Termination is given unless such Notice of Termination is by Executive in which event the Date of Termination shall not be less than 30 days following the date the Notice of Termination is given. Further, a Notice of Termination given by Executive due to a Good Reason event that is corrected by the Company before the Date of Termination shall be void.

(D) "**Good Reason**" shall mean:

(i) a material reduction in Executive's authority, duties or responsibilities from those in effect immediately prior to the Change of Control or the assignment to Executive duties or responsibilities materially inconsistent with those of Executive in effect immediately prior to the Change of Control;

(ii) a material reduction of Executive's compensation and benefits, including, without limitation, annual base salary, annual bonus, and equity incentive opportunities from those in effect immediately prior to the Change of Control;

(iii) the Company fails to obtain a written agreement from any successor or assigns of the Company to assume and perform this Agreement as provided in Section 8 hereof; or

(iv) the Company requires Executive, without Executive's consent, to be based at any office located more than 50 miles from the Company's offices to which Executive was based immediately prior to the Change of Control, except for travel reasonably required in the performance of Executive's duties.

Notwithstanding the above however, Good Reason shall not exist with respect to a matter unless all of the following conditions are satisfied: (i) the condition giving rise to Executive's termination of employment must have arisen without Executive's consent; and (ii) (1) Executive must provide written notice to the Company of such condition in accordance with Section 11 within 30 days of the initial existence of the condition, (2) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company and (3) the date of Executive's termination of employment must occur within 30 days after the expiration of the cure period set forth in (2) above.

For purposes of this Agreement, "**Good Reason**" shall be construed to refer to Executive's positions, duties, and responsibilities in the position or positions in which Executive serves immediately before the Change of Control, but shall not include titles or positions with subsidiaries and affiliates of the Company that are held primarily for administrative convenience.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute "Good Reason" for purposes of this Agreement.

- (E) "**Notice of Termination**" shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive's employment and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For this purpose, termination of Executive's employment shall be interpreted consistent with the meaning of the term "**Separation from Service**" in Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "**Code**") and applicable regulation authority.
- (F) "**Protected Period**" shall mean the 18-month period beginning on the effective date of a Change of Control.
- (G) "**Target AICP**" shall mean the targeted value of Executive's annual incentive compensation plan bonus for the year in which the Date of Termination occurs or the fiscal year immediately preceding the Change of Control, whichever is a greater amount.
- (H) "**Termination Base Salary**" shall mean Executive's base salary at the rate in effect at the time the Notice of Termination is given or, if a greater amount, Executive's base salary at the rate in effect immediately prior to the Change of Control.

3. **No Employment Agreement.**

- (A) This Agreement shall be considered solely as a "severance agreement" obligating the Company to pay Executive certain amounts of compensation and to provide certain benefits in the event and only in the event of Executive's termination of employment for the specified reasons and at the times specified herein. The parties agree that this Agreement shall not be considered an employment agreement and that Executive is an "at will" employee of the Company.

- (B) Unless otherwise agreed to in writing by the Company and Executive prior to the termination of Executive's employment, any termination of Executive's employment shall constitute an automatic resignation of Executive as an officer of the Company and each affiliate of the Company, and an automatic resignation of Executive from the Board and the board of directors of the Company (if applicable) and from the board of directors or similar governing body of any affiliate of the Company and from the board of directors or similar governing body of any corporation, limited liability entity or other entity in which the Company or any affiliate holds an equity interest and with respect to which board or similar governing body Executive serves as the Company's or such affiliate's designee or other representative.

4. Regular Severance Benefits.

Subject to Section 13, if the Company terminates Executive's employment other than for Cause and not during the Protected Period, Executive shall receive the following compensation and benefits from the Company:

- (A) Within 15 days of the expiration of the Release Period (as defined in Section 13), the Company shall pay to Executive in a lump sum, in cash, an amount equal to one times the sum of Executive's (i) Termination Base Salary and (ii) Target AICP.
- (B) Notwithstanding anything in any Company stock plan or grant agreement to the contrary, all restricted shares, restricted stock units, phantom stock units or any other equity based award of Executive shall, to the extent such awards would have vested in accordance with their terms had Executive remained employed for the 12-month period following the Date of Termination, become vested and restrictions thereon shall lapse as of the expiration of the Release Period, and the Company shall promptly deliver such shares to Executive.
- (C) For the 12-month period following the date of termination of Executive's employment with the Company, the Company shall continue to provide Executive and Executive's eligible family members with medical and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated. The medical and dental health benefits coverage shall be provided at full cost to the Executive during the applicable period. The Company shall also provide Executive with a lump sum payment within 15 days following the expiration of each of the two, sixth-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the full cost, reduced by the cost sharing applicable to active employees, of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Notwithstanding the foregoing, such benefits coverage shall not continue beyond the first sixty days following termination of Executive's employment with the Company, and the lump sum payments shall not be paid, unless Executive complies with the requirements of Section 13 hereof by executing a general release. Notwithstanding the foregoing, if Executive becomes eligible to receive medical and dental benefits under another employer's plans during the 12-month period following the date of termination of Executive's employment with the Company, the Company's obligations under this Section 4C shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's health and other welfare benefit plans or programs to continue to be so covered during the 12-month period following the date of termination of Executive's employment with the Company, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment within 15 days following the expiration of each of the two, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the cost of providing Executive and Executive's eligible family members with the medical and dental health benefits coverage during each such preceding six-month period. Any lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code on the Date of Termination.

5. Change of Control Severance Benefits

Subject to Section 13, if either (a) Executive terminates his employment during the Protected Period for a Good Reason event or (b) the Company terminates Executive's employment during the Protected Period other than for Cause, Executive shall receive, the following compensation and benefits from the Company:

- (A) Within 15 days of the expiration of the Release Period, the Company shall pay to Executive in a lump sum, in cash, an amount equal to two times the sum of Executive's (i) Termination Base Salary and (ii) Target AICP.
- (B) Notwithstanding anything in any Company stock plan or grant agreement to the contrary, (i) all restricted shares, restricted stock units, phantom stock units and any other equity based award of Executive shall become 100% vested and all restrictions thereon shall lapse as of the expiration of the Release Period, and the Company shall promptly deliver such shares (or cash in lieu of shares in the case of phantom stock unit awards) to Executive and (ii) each then outstanding stock option of Executive shall become 100% exercisable as of the expiration of the Release Period and shall remain exercisable for 90 days following the lapse of the Release Period.
- (C) Executive shall be fully vested in Executive's accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by the Company for Executive's benefit as of the lapse of such sixty-day period except to that the extent the acceleration of vesting of such benefits would violate any applicable law or require the Company to accelerate the vesting of the accrued benefits of all participants in such plan or plans, in which event the Company shall pay Executive a lump sum amount, in cash, within 15 days of the lapse of such sixty-day period, equal to the present value of such unvested accrued benefits that cannot become vested under the plan for the reasons provided above.

- (D) For the 24-month period following the date of termination of Executive's employment with the Company, the Company shall continue to provide Executive and Executive's eligible family members with medical and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated. The medical and dental health benefits coverage shall be provided at full cost to the Executive during the applicable period. The Company shall also provide Executive with a lump sum payment within 15 days following the expiration of each of the four, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the full cost, reduced by the cost sharing applicable to active employees, of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Notwithstanding the foregoing, such benefits coverage shall not continue beyond the first sixty days following termination of Executive's employment with the Company, and the lump sum payments shall not be paid, unless Executive complies with the requirements of Section 13 hereof by executing a general release. Notwithstanding the foregoing, if Executive becomes eligible to receive medical, dental and disability benefits under another employer's plans during the 24-month period following the date of termination of Executive's employment with the Company, the Company's obligations under this Section 5D shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's health and other welfare benefit plans or programs to continue to be so covered during the 24-month period following the date of termination of Executive's employment with the Company, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment within 15 days following the expiration of each of the four, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the cost of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Any lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code on the Date of Termination.

- (E) For the period beginning on the date of termination of Executive's employment with the Company and ending on December 31 of the second calendar year following the calendar year which includes the date of termination, or until Executive accepts other employment, including as an independent contractor, with a new employer, Executive shall be entitled to receive outplacement services, payable by the Company, with an aggregate cost not to exceed 15% of Executive's Termination Base Salary, with an executive outplacement service firm reasonably acceptable to the Company and Executive.

6. Parachute Taxes.

Notwithstanding anything to the contrary in this Agreement, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for under this Agreement, together with any other payments and benefits which Executive has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for under this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and its affiliates will be one dollar (\$1.00) less than three times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a parachute payment exists, exceeds one dollar (\$1.00) less than three times Executive's base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made.

7. Mitigation.

Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise nor, except as provided in Section 4C and Section 5D shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned or benefit received by Executive as the result of employment by another employer or self-employment, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or otherwise. Executive shall not be entitled to receive any severance payments or benefits pursuant to any Company severance plan or program for employees in general.

8. Successor Agreement.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Failure of the successor to so assume shall constitute a breach of this Agreement and entitle Executive to the benefits hereunder as if triggered by a termination by the Company other than for Cause.

9. Indemnity.

In any situation where under applicable law the Company has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Company or in any other capacity on behalf of or at the request of the Company, then the Company shall promptly on written request, indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Company may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Company shall not be deemed to impair any other obligation of the Company respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Company under any statute.

10. Code Section 409A Restrictions.

- (A) Each payment under this Agreement, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. § 1.409A-2(b), and is intended to be: (i) exempt from Section 409A of the Code, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4) and the involuntary separation pay exception within the meaning of Treas. Reg. § 1.409A-1(b)(9) (iii), or (ii) in compliance with Section 409A, including, but not limited to, being paid pursuant to a fixed schedule or specified date pursuant to Treas. Reg. § 1.409A-3(a) and the provisions of this Agreement will be administered, interpreted and construed accordingly.
- (B) Notwithstanding anything in this Agreement to the contrary, if payment of any amounts under this Agreement would be subject to additional taxes and interest under Section 409A because the timing of such payments is not delayed as provided in Section 409A(a)(2)(B) (i) of the Code and the regulations thereunder, then any such payments that Executive would otherwise be entitled to during the first six months following the date of the Executive's termination of employment with the Company shall be accumulated and paid on the first business day that is six months after the date of the Executive's termination of employment with the Company, or such earlier date upon which such payments can be paid under Section 409A without being subject to such additional taxes and interest. If this Section becomes applicable such that any payments are delayed, any payments that are so delayed shall accrue interest on a non-compounded basis, from the date they would otherwise have been made absent such delay to the actual date of payment, at the prime or base rate of interest announced by Wells Fargo Bank (or any successor thereto) at its principal office in Houston, Texas on the date of such termination, which shall be paid in a lump sum on the actual date of payment of the delayed payments.

- (C) Notwithstanding anything in this Agreement to the contrary, if benefits to be made available under this Agreement would be subject to additional taxes and interest under Section 409A because the provision of such benefits is not delayed for the first six months following the date of the Executive's termination of employment with the Company as provided in Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, such benefits shall not be delayed; however, the Executive shall pay to the Company, at the time or times such benefits are provided, the fair market value of such benefits, and the Company shall reimburse the Executive for any such payments on the fifth business day following the expiration of such six-month period.
- (D) Executive hereby agrees to be bound by the Company's determination of its "specified employees" (as such term is defined in Section 409A) in accordance with any of the methods permitted under the regulations issued under Section 409A.

11. Notice.

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and delivered by United States certified or registered mail (return receipt requested, postage prepaid) or by courier guaranteeing overnight delivery or by hand delivery (with signed receipt required), addressed to the respective addresses set forth below, and such notice or communication shall be deemed to have been duly given two days after deposit in the mail, one day after deposit with such overnight carrier or upon delivery with hand delivery. The addresses set forth below may be changed by a writing in accordance herewith.

Company:
Civeo Corporation
333 Clay Street, Suite 4980
Houston, Texas 77002
Attn: Chairman of the Board

Executive:
Mike Ridley

12. Arbitration.

Subject to the Company's right to seek equitable or injunctive relief pursuant to Section 14, the parties agree to resolve any claim or controversy arising out of or relating to this Agreement, including but not limited to the consequences of any termination of employment of Executive, by binding arbitration under the Federal Arbitration Act before one arbitrator in Houston, Texas, administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The fees and expenses of the arbitrator shall be borne solely by the non-prevailing party or, in the event there is no clear prevailing party, as the arbitrator deems appropriate. Except as provided above, each party shall pay its own costs and expenses (including, without limitation, attorneys' fees) relating to any mediation/arbitration proceeding conducted under this Section 12.

13. Waiver and Release.

As a condition to the receipt of any payment or benefit as a severance payment under Section 4 or 5 of this Agreement, Executive must first execute and deliver to the Company a binding general release, as prepared by the Company, that releases the Company, its officers, directors, employees, agents, subsidiaries and affiliates from any and all claims and from any and all causes of action of any kind or character that Executive may have arising out of Executive's employment with the Company or the termination of such employment, but excluding (i) any claims and causes of action that Executive may have arising under or based upon this Agreement, and (ii) any vested rights Executive may have under any employee benefit plan or deferred compensation plan or program of the Company. The general release described above must be effective and irrevocable within 55 days after the date of Executive's termination of employment with the Company (the "**Release Period**").

14. Restrictive Covenants.

During Executive's employment with the Company, the Company shall give Executive access to some or all of its Confidential Information, as defined below, that Executive has not had access to or knowledge of before the execution of this Agreement.

- (A) **Non-Competition.** Executive agrees that, in consideration for the Company's promise to provide Executive with Confidential Information, during the Term and for a period of twelve (12) months following any termination of employment (the "**Restricted Period**"), he will not either directly or indirectly, own, manage, operate, control, invest in, hold shares or any other equity interest in, lend to, serve as a consultant to, be employed by, participate in, be a director, officer, trustee or be connected, in any manner, with the ownership, management, operation or control of any business that directly or indirectly in whole or in part engages in the business of (i) the design, manufacture, sale and/or lease of mobile or modular buildings, or (ii) providing remote site, workforce accommodations or associated facility management services, catering, water and wastewater treatment, commercial laundry or personnel logistics, in British Columbia, Alberta, Saskatchewan, Manitoba or the United States of America; provided, however, Executive shall not be prevented from owning no more than 2% of any company whose stock is publicly traded or in any company where such ownership is expressly disclosed to the Company by Executive prior to execution of this Agreement. Executive agrees that, in order to protect the Company's Confidential Information, it is necessary to enter into this restrictive covenant, which is ancillary to the enforceable promises between the Company and Executive otherwise contained in this Agreement.

- (B) **Confidential Information.** Executive agrees that he will not, except as the Company may otherwise consent or direct in writing, reveal or disclose, sell, use, lecture upon, publish or otherwise disclose to any third party any Confidential Information or proprietary information of the Company, or authorize anyone else to do these things at any time either during or subsequent to his employment with the Company. This subsection shall continue in full force and effect after termination of Executive's employment and after the termination of this Agreement. Executive's obligations under this subsection with respect to any specific Confidential Information and proprietary information shall cease when that specific portion of the Confidential Information and proprietary information becomes publicly known, in its entirety and without combining portions of such information obtained separately. It is understood that such Confidential Information and proprietary information of the Company include matters that Executive conceives or develops, as well as matters Executive learns from other employees of the Company. "Confidential Information" is defined to include information: (1) disclosed to or known by Executive as a consequence of or through his employment with the Company; (2) not generally known outside the Company; and (3) that relates to any aspect of the Company or its business, finances, operation plans, budgets, research, or strategic development. "Confidential Information" includes, but is not limited to, the Company's trade secrets, proprietary information, financial documents, long range plans, customer or supplier lists, employer compensation, marketing strategy, data bases, costing data, computer software developed by the Company, investments made by the Company, and any information provided to the Company by a third party under restrictions against disclosure or use by the Company or others.
- (C) **Non-Solicitation.** To protect the Company's Confidential Information, and in the event of Executive's termination of employment for any reason whatsoever, whether by Executive or the Company, it is necessary to enter into the following restrictive covenant, which is ancillary to the enforceable promises between the Company and Executive otherwise contained in this Agreement. Executive covenants and agrees that during Restrictive Period, Executive will not, directly or indirectly, either individually or as a principal, partner, agent, consultant, contractor, employee or as a director or officer of any corporation or association, or in any other manner or capacity whatsoever, except on behalf of the Company, solicit business, or attempt to solicit business, and products or services competitive with products or services sold by the Company, from the Company's clients, suppliers or customers, or those individuals or entities with whom the Company did business during Executive's employment. Executive further agrees that during Executive's employment and for the Non-Solicitation Period, Executive will not, except on behalf of the Company, either directly or indirectly, or by acting in concert with others, solicit or influence any Company employee to leave the Company's employment.

- (D) **Return of Documents, Equipment, Etc.** All writings, records, and other documents and things comprising, containing, describing, discussing, explaining, or evidencing any Confidential Information, and all equipment, components, parts, tools, and the like in Executive's custody or possession that have been obtained or prepared in the course of Executive's employment with the Company shall be the exclusive property of the Company, shall not be copied and/or removed from the premises of the Company, except in pursuit of the business of the Company, and shall be delivered to the Company, without Executive retaining any copies, upon notification of the termination of Executive's employment or at any other time requested by the Company. The Company shall have the right to retain, access, and inspect all property of Executive of any kind in the office, work area, and on the premises of the Company upon termination of Executive's employment and at any time during employment by the Company to ensure compliance with the terms of this Agreement.
- (E) **No Previous Restrictive Agreements.** Executive represents that, except as disclosed in writing to the Company, Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of Executive's employment by the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party. Executive further represents that Executive's performance of all the terms of this Agreement and Executive's work duties for the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Executive in confidence or in trust prior to Executive's employment with the Company, and Executive will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or other party.
- (F) **Breach.** Executive and the Company agree and acknowledge that the limitations as to time, geographical area and scope of activity to be restrained as set forth in Section 14 hereof are reasonable and do not impose any greater restraint than is necessary to protect the legitimate business interests of the Company. Executive and the Company also acknowledge that money damages would not be sufficient remedy for any breach of this Section 14 by Executive, and the Company or its direct or indirect subsidiaries shall be entitled to enforce the provisions of this Section 14 by specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Section 14 but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Executive and Executive's agents and/or any termination or offset against any payments that may be due pursuant to this Agreement.

- (G) **Enforceability.** The agreements contained in this Section 14 are independent of the other agreements contained herein. Accordingly, failure of the Company to comply with any of its obligations outside of this Section does not excuse Executive from complying with the agreements contained herein.
- (H) **Survivability.** The agreements contained in this Section 14 shall survive the termination of this Agreement for any reason.
- (I) **Reformation.** The Company and Executive agree that the foregoing restrictions are reasonable under the circumstances and that any breach of the covenants contained in this Section 14 would cause irreparable injury to the Company. Executive expressly represents that enforcement of the restrictive covenants set forth in this Section 14 will not impose an undue hardship upon Executive or any person affiliated with Executive. Executive understands that the foregoing restrictions may limit Executive's ability to engage in certain businesses during the Restricted Period, but acknowledges that Executive will receive sufficiently high remuneration and other benefits from the Company to justify such restriction. Further, Executive acknowledges that Executive's skills are such that Executive can be gainfully employed in non-competitive employment, and that the agreement not to compete will not prevent Executive from earning a living. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, the Company and Executive intend to make this provision enforceable under the law or laws of all applicable jurisdictions so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

15. Employment with Affiliates.

Employment with the Company for purposes of this Agreement includes employment with any entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of all outstanding equity interests, and employment with any entity which has a direct or indirect interest of 50% or more of the total combined voting power of all outstanding equity interests of the Company.

16. Governing Law.

- (A) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.
- (B) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN HARRIS COUNTY, TEXAS, FOR THE PURPOSES OF ANY PROCEEDING ARISING OUT OF THIS AGREEMENT.

17. Entire Agreement.

This Agreement is an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement hereby expressly terminates, rescinds and replaces in full any prior agreement (written or oral) between the parties relating to the subject matter hereof.

18. Withholding of Taxes.

The Company shall withhold from all payments and benefits provided under this Agreement all taxes required to be withheld by applicable law.

19. Beneficiary.

In the event Executive dies before receiving the lump sum severance payment to which Executive was entitled hereunder, Executive's spouse or, if there is no spouse, the beneficiary designated by Executive under the Company-sponsored group term life insurance plan, shall receive such payment.

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IN WITNESS WHEREOF, the Company and Executive have executed this Agreement effective for all purposes as of the Effective Date.

CIVEO CORPORATION

By: /s/ Bradley J. Dodson
Name: Bradley J. Dodson
Title: President & CEO

EXECUTIVE

/s/ Mike Ridley
Mike Ridley

EXECUTIVE CHANGE OF CONTROL SEVERANCE AGREEMENT

This Executive Agreement (“**Agreement**”) between Civeo Corporation, a Delaware corporation (the “**Company**”), and Al Schoening (the “**Executive**”) is made and entered into effective as of the date of July 13, 2015 (the “**Effective Date**”).

WHEREAS, Executive is a key executive of the Company or a subsidiary; and

WHEREAS, the Company believes it to be in the best interests of its stockholders to attract, retain and motivate key executives and ensure continuity of management; and

WHEREAS, it is in the best interest of the Company and its stockholders if the key executives can approach material corporate development decisions objectively and without concern for their personal situation; and

WHEREAS, the Company recognizes that the possibility of a Change of Control (as defined below) of the Company may result in the departure of key executives to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company (the “**Board**”) has authorized this Agreement and certain similar agreements in order to retain and motivate key management and to ensure continuity of key management;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

1. Term of Agreement

- (A) This Agreement shall commence on the Effective Date and, subject to the provisions for earlier termination in this Agreement, shall continue in effect through the second anniversary of the Effective Date; provided, however, commencing on the Effective Date and on each day thereafter, the term of this Agreement shall automatically be extended for one additional day unless the Board shall give written notice to Executive that the term shall cease to be so extended in which event the Agreement shall terminate on the third anniversary of the date such notice is given.
 - (B) Notwithstanding anything in this Agreement to the contrary, this Agreement, if in effect on the date of a Change of Control, shall automatically be extended for the 24-month period following the Change of Control.
 - (C) Termination of this Agreement shall not alter or impair any rights of Executive arising hereunder on or before such termination.
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2. Certain Definitions

(A) “Cause” shall mean:

(i) Executive’s conviction of (or plea of nolo contendere to) a felony, dishonesty or a breach of trust;

(ii) Executive’s commission of any act of theft, fraud, embezzlement or misappropriation regardless of whether a criminal conviction is obtained;

(iii) Executive’s continued failure to devote substantially all of his business time to the Company’s business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities and incidental personal time) which failure is not remedied within a reasonable time after written demand is delivered by the Company, which demand identifies the manner in which the Company believes that Executive has failed to devote substantially all of his business time to the Company’s business affairs; or

(iv) Executive’s unauthorized disclosure of confidential information of the Company.

(B) “Change of Control” shall mean any of the following:

(i) any “person” (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any affiliate, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities; provided, however, that if the Company engages in a merger or consolidation in which the Company or surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the Company’s then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

(ii) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (i) are directors of the Company as of the Effective Date, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least two-thirds of the Incumbent Directors at the time of such election or nomination, but Incumbent Director shall not include an individual whose election or nomination occurs as a result of either (1) an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or (2) an actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (or if the surviving entity is or shall become a subsidiary of another entity, then such parent entity)) more than 50% of the combined voting power of the voting securities of the Company (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company; or

(v) the sale or disposition (other than a pledge or similar encumbrance) by the Company of all or substantially all of the assets of the Company other than to a subsidiary or subsidiaries of the Company.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute a "Change of Control" for purposes of this Agreement.

(C) "**Date of Termination**" shall mean the date the Notice of Termination is given unless such Notice of Termination is by Executive in which event the Date of Termination shall not be less than 30 days following the date the Notice of Termination is given. Further, a Notice of Termination given by Executive due to a Good Reason event that is corrected by the Company before the Date of Termination shall be void.

(D) "**Good Reason**" shall mean:

(i) a material reduction in Executive's authority, duties or responsibilities from those in effect immediately prior to the Change of Control or the assignment to Executive duties or responsibilities materially inconsistent with those of Executive in effect immediately prior to the Change of Control;

(ii) a material reduction of Executive's compensation and benefits, including, without limitation, annual base salary, annual bonus, and equity incentive opportunities from those in effect immediately prior to the Change of Control;

(iii) the Company fails to obtain a written agreement from any successor or assigns of the Company to assume and perform this Agreement as provided in Section 7 hereof; or

(iv) the Company requires Executive, without Executive's consent, to be based at any office located more than 50 miles from the Company's offices to which Executive was based immediately prior to the Change of Control, except for travel reasonably required in the performance of Executive's duties.

Notwithstanding the above however, Good Reason shall not exist with respect to a matter unless all of the following conditions are satisfied: (i) the condition giving rise to Executive's termination of employment must have arisen without Executive's consent; and (ii) (1) Executive must provide written notice to the Company of such condition in accordance with Section 10 within 30 days of the initial existence of the condition, (2) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company and (3) the date of Executive's termination of employment must occur within 30 days after the expiration of the cure period set forth in (2) above.

For purposes of this Agreement, "**Good Reason**" shall be construed to refer to Executive's positions, duties, and responsibilities in the position or positions in which Executive serves immediately before the Change of Control, but shall not include titles or positions with subsidiaries and affiliates of the Company that are held primarily for administrative convenience.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute "Good Reason" for purposes of this Agreement.

- (E) "**Notice of Termination**" shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive's employment and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For this purpose, termination of Executive's employment shall be interpreted consistent with the meaning of the term "**Separation from Service**" in Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "**Code**") and applicable regulation authority.
- (F) "**Protected Period**" shall mean the 18-month period beginning on the effective date of a Change of Control.
- (G) "**Target AICP**" shall mean the targeted value of Executive's annual incentive compensation plan bonus for the year in which the Date of Termination occurs or the fiscal year immediately preceding the Change of Control, whichever is a greater amount.
- (H) "**Termination Base Salary**" shall mean Executive's annual base salary at the rate in effect at the time the Notice of Termination is given or, if a greater amount, Executive's annual base salary at the rate in effect immediately prior to the Change of Control.

3. **No Employment Agreement.**

- (A) This Agreement shall be considered solely as a "Change of Control severance agreement" obligating the Company to pay Executive certain amounts of compensation and to provide certain benefits in the event and only in the event of Executive's termination of employment for the specified reasons and at the times specified herein. The parties agree that this Agreement shall not be considered an employment agreement and that Executive is an "at will" employee of the Company.
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- (B) Unless otherwise agreed to in writing by the Company and Executive prior to the termination of Executive's employment, any termination of Executive's employment shall constitute an automatic resignation of Executive as an officer of the Company and each affiliate of the Company, and an automatic resignation of Executive from the Board and the board of directors of the Company (if applicable) and from the board of directors or similar governing body of any affiliate of the Company and from the board of directors or similar governing body of any corporation, limited liability entity or other entity in which the Company or any affiliate holds an equity interest and with respect to which board or similar governing body Executive serves as the Company's or such affiliate's designee or other representative.

4. Change of Control Severance Benefits

Subject to Section 12, if either (a) Executive terminates his employment during the Protected Period for a Good Reason event or (b) the Company terminates Executive's employment during the Protected Period other than for Cause, Executive shall receive the following compensation and benefits from the Company:

- (A) Within 15 days of the expiration of the Release Period (as defined in Section 12), the Company shall pay to Executive in a lump sum, in cash, an amount equal to 1.75 times the sum of Executive's (i) Termination Base Salary and (ii) Target AICP.
- (B) Notwithstanding anything in any Company stock plan or grant agreement to the contrary, (i) all restricted shares, restricted stock units, phantom stock units and any other equity based award of Executive shall become 100% vested and all restrictions thereon shall lapse as of the expiration of the Release Period, and the Company shall promptly deliver such shares (or cash in lieu of shares in the case of phantom stock unit awards) to Executive and (ii) each then outstanding stock option of Executive shall become 100% exercisable as of the expiration of the Release Period and shall remain exercisable for 90 days following the lapse of the Release Period.
- (C) Executive shall be fully vested in Executive's accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by the Company for Executive's benefit as of the lapse of such sixty-day period except to that the extent the acceleration of vesting of such benefits would violate any applicable law or require the Company to accelerate the vesting of the accrued benefits of all participants in such plan or plans, in which event the Company shall pay Executive a lump sum amount, in cash, within 15 days of the lapse of such sixty-day period, equal to the present value of such unvested accrued benefits that cannot become vested under the plan for the reasons provided above.
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- (D) For the 12-month period following the date of termination of Executive's employment with the Company, the Company shall continue to provide Executive and Executive's eligible family members with medical and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated. The medical and dental health benefits coverage shall be provided at full cost to the Executive during the applicable period. The Company shall also provide Executive with a lump sum payment within 15 days following the expiration of each of the two, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the full cost, reduced by the cost sharing applicable to active employees, of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Notwithstanding the foregoing, such benefits coverage shall not continue beyond the first sixty days following termination of Executive's employment with the Company, and the lump sum payments shall not be paid, unless Executive complies with the requirements of Section 12 hereof by executing a general release. Notwithstanding the foregoing, if Executive becomes eligible to receive medical, dental and disability benefits under another employer's plans during the 12-month period following the date of termination of Executive's employment with the Company, the Company's obligations under this Section 4D shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's health and other welfare benefit plans or programs to continue to be so covered during the 24-month period following the date of termination of Executive's employment with the Company, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment within 15 days following the expiration of each of the two, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the cost of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Any lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code on the Date of Termination.
- (E) For the period beginning on the date of termination of Executive's employment with the Company and ending on December 31 of the second calendar year following the calendar year which includes the date of termination, or until Executive accepts other employment, including as an independent contractor, with a new employer, Executive shall be entitled to receive outplacement services, payable by the Company, with an aggregate cost not to exceed 15% of Executive's Termination Base Salary, with an executive outplacement service firm reasonably acceptable to the Company and Executive.
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5. Parachute Taxes.

Notwithstanding anything to the contrary in this Agreement, if Executive is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the payments and benefits provided for under this Agreement, together with any other payments and benefits which Executive has the right to receive from the Company or any of its affiliates, would constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for under this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and its affiliates will be one dollar (\$1.00) less than three times Executive’s “base amount”(as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a parachute payment exists, exceeds one dollar (\$1.00) less than three times Executive’s base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made.

6. Mitigation.

Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise nor, except as provided in Section 4D shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned or benefit received by Executive as the result of employment by another employer or self-employment, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or otherwise. Executive shall not be entitled to receive any severance payments or benefits pursuant to any Company severance plan or program for employees in general.

7. Successor Agreement.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Failure of the successor to so assume shall constitute a breach of this Agreement and entitle Executive to the benefits hereunder as if triggered by a termination by the Company other than for Cause.

8. Indemnity.

In any situation where under applicable law the Company has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorney's fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Company or in any other capacity on behalf of or at the request of the Company, then the Company shall promptly on written request, indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Company may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Company shall not be deemed to impair any other obligation of the Company respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Company under any statute.

9. Code Section 409A Restrictions.

- (A) Each payment under this Agreement, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. § 1.409A-2(b), and is intended to be: (i) exempt from Section 409A of the Code, the regulations and other binding guidance promulgated thereunder ("**Section 409A**"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4) and the involuntary separation pay exception within the meaning of Treas. Reg. § 1.409A-1(b)(9) (iii), or (ii) in compliance with Section 409A, including, but not limited to, being paid pursuant to a fixed schedule or specified date pursuant to Treas. Reg. § 1.409A-3(a) and the provisions of this Agreement will be administered, interpreted and construed accordingly.
 - (B) Notwithstanding anything in this Agreement to the contrary, if payment of any amounts under this Agreement would be subject to additional taxes and interest under Section 409A because the timing of such payments is not delayed as provided in Section 409A(a)(2)(B) (i) of the Code and the regulations thereunder, then any such payments that Executive would otherwise be entitled to during the first six months following the date of the Executive's termination of employment with the Company shall be accumulated and paid on the first business day that is six months after the date of the Executive's termination of employment with the Company, or such earlier date upon which such payments can be paid under Section 409A without being subject to such additional taxes and interest. If this Section becomes applicable such that any payments are delayed, any payments that are so delayed shall accrue interest on a non-compounded basis, from the date they would otherwise have been made absent such delay to the actual date of payment, at the prime or base rate of interest announced by Wells Fargo Bank (or any successor thereto) at its principal office in Houston, Texas on the date of such termination, which shall be paid in a lump sum on the actual date of payment of the delayed payments.
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- (C) Notwithstanding anything in this Agreement to the contrary, if benefits to be made available under this Agreement would be subject to additional taxes and interest under Section 409A because the provision of such benefits is not delayed for the first six months following the date of the Executive's termination of employment with the Company as provided in Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, such benefits shall not be delayed; however, the Executive shall pay to the Company, at the time or times such benefits are provided, the fair market value of such benefits, and the Company shall reimburse the Executive for any such payments on the fifth business day following the expiration of such six-month period.
- (D) Executive hereby agrees to be bound by the Company's determination of its "specified employees" (as such term is defined in Section 409A) in accordance with any of the methods permitted under the regulations issued under Section 409A.

10. Notice.

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and delivered by United States certified or registered mail (return receipt requested, postage prepaid) or by courier guaranteeing overnight delivery or by hand delivery (with signed receipt required), addressed to the respective addresses set forth below, and such notice or communication shall be deemed to have been duly given two days after deposit in the mail, one day after deposit with such overnight carrier or upon delivery with hand delivery. The addresses set forth below may be changed by a writing in accordance herewith.

Company:
Civeo Corporation
333 Clay Street, Suite 4980
Houston, Texas 77002
Attn: Chairman of the Board

Executive:
Al Schoening

11. Arbitration.

The parties agree to resolve any claim or controversy arising out of or relating to this Agreement, including but not limited to the consequences of any termination of employment of Executive, by binding arbitration under the Federal Arbitration Act before one arbitrator in Houston, Texas, administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The fees and expenses of the arbitrator shall be borne solely by the non-prevailing party or, in the event there is no clear prevailing party, as the arbitrator deems appropriate. Except as provided above, each party shall pay its own costs and expenses (including, without limitation, attorneys' fees) relating to any mediation/arbitration proceeding conducted under this Section 11.

12. Waiver and Release.

As a condition to the receipt of any payment or benefit as a severance payment under Section 4 of this Agreement, Executive must first execute and deliver to the Company a binding general release, as prepared by the Company in substantially the form attached hereto as Exhibit A, that releases the Company, its officers, directors, employees, agents, subsidiaries and affiliates from any and all claims and from any and all causes of action of any kind or character that Executive may have arising out of Executive's employment with the Company or the termination of such employment, but excluding (i) any claims and causes of action that Executive may have arising under or based upon this Agreement, and (ii) any vested rights Executive may have under any employee benefit plan or deferred compensation plan or program of the Company. The general release described above must be effective and irrevocable within 55 days after the date of Executive's termination of employment with the Company (the "**Release Period**").

13. Employment with Affiliates.

Employment with the Company for purposes of this Agreement includes employment with any entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of all outstanding equity interests, and employment with any entity which has a direct or indirect interest of 50% or more of the total combined voting power of all outstanding equity interests of the Company.

14. Governing Law.

- (A) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.
- (B) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN HARRIS COUNTY, TEXAS, FOR THE PURPOSES OF ANY PROCEEDING ARISING OUT OF THIS AGREEMENT.

15. Entire Agreement.

This Agreement is an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement hereby expressly terminates, rescinds and replaces in full any prior agreement (written or oral) between the parties relating to the subject matter hereof.

16. Withholding of Taxes.

The Company shall withhold from all payments and benefits provided under this Agreement all taxes required to be withheld by applicable law.

17. Beneficiary.

In the event Executive dies before receiving the lump sum severance payment to which Executive was entitled hereunder, Executive's spouse or, if there is no spouse, the beneficiary designated by Executive under the Company-sponsored group term life insurance plan, shall receive such payment.

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IN WITNESS WHEREOF, the Company and Executive have executed this Agreement effective for all purposes as of the Effective Date.

CIVEO CORPORATION

By: /s/ Bradley J. Dodson
Name: Bradley J. Dodson
Title: President & CEO

EXECUTIVE

/s/ Al Schoening
Name: Al Schoening
Title: Senior Vice President, HR / HSE

WAIVER AND RELEASE AGREEMENT

This Waiver and Release Agreement (the "Agreement") is made and entered into effective as of the _____ day of __, 20__ by and between Civeo Corporation, a Delaware corporation ("Employer"), and Al Schoening ("Executive") (collectively, the "Parties"). Reference is made herein to the Employment Agreement effective as of _____ between Employer and Executive. Capitalized terms used herein but not otherwise defined in this Agreement shall have the meanings given such terms in the Employment Agreement.

18. Termination of Employment.

Effective as of _____, 20__ (the "Separation Date"), Executive's employment has been terminated and he has resigned from and any and all positions he has held with Employer and any affiliates.

19. Separation Benefits.

In satisfaction of the [Executive / Executive Change of Control] Agreement and in consideration of Executive's execution (without revocation) of this Agreement and his release of all claims as provided in this Agreement, and Executive's other agreements herein, Employer agrees to provide Executive with the following benefits, less all required withholding and other authorized deductions, provided that the Waiver Effective Date (as defined in Section 14) has occurred on or before lapse of 55 days following Separation Date (the "Release Period"):

(i) [Insert severance benefits under Section 4 of the Executive Change of Control Agreement, as applicable]

20. Other Benefits.

Employer shall pay all accrued but unpaid base salary and all accrued but unused vacation pay to Executive in a lump sum in cash as soon as practicable after the Separation Date.

21. No Other Compensation.

Except as set forth in Sections 2 and 3 above, Executive shall not be entitled to any other salary, commission, bonuses, employee benefits (including long and short term disability, 401(k), and pension), expense reimbursement or compensation from Employer or its affiliates after the Separation Date and all of Executive's rights to salary, commission, bonuses, employee benefits and other compensation hereunder which would have accrued or become payable after the Separation Date from Employer (other than vested benefits under Employer's employee benefit plans which are payable to Executive pursuant to the terms and conditions set forth in the applicable plan documents) shall cease upon the Separation Date, other than those expressly required under applicable law (such as the Consolidated Omnibus Budget Reconciliation Act of 1985).

22. General Release.

In consideration of the payments to be made hereunder and having acknowledged the above-stated consideration as full compensation for and on account of any and all injuries and damages which Executive has sustained or claimed, or may be entitled to claim, Executive, for himself, and his heirs, executors, administrators, successors and assigns, does hereby release, forever discharge and promise not to sue Employer, its parents, subsidiaries, affiliates, successors and assigns, and its past and present officers, directors, partners, employees, members, managers, shareholders, agents, attorneys, accountants, insurers, heirs, administrators, executors (collectively the "Released Parties") from any and all claims, liabilities, costs, expenses, judgments, attorney fees, actions, known and unknown, of every kind and nature whatsoever in law or equity, which Executive had, now has, or may have against the Released Parties relating in any way to Executive's employment with Employer or termination thereof, including but not limited to, all claims for contract damages, tort damages, special, general, direct, punitive and consequential damages, compensatory damages, loss of profits, attorney fees and any and all other damages of any kind or nature; all contracts, oral or written, between Executive and any of the Released Parties except as otherwise described herein; any business enterprise or proposed enterprise contemplated by any of the Released Parties, as well as anything done or not done prior to and including the date of execution of this Agreement. Nothing in this Agreement shall be construed to release Employer from any obligations set forth in this Agreement.

Executive understands and agrees that this release and covenant not to sue shall apply to any and all claims or liabilities arising out of or relating to Executive's employment with Employer and the termination of such employment, including, but not limited to: claims of discrimination based on age, race, color, sex (including sexual harassment), religion, national origin, marital status, parental status, veteran status, union activities, disability or any other grounds under applicable federal, state or local law, including, but not limited to, claims arising under the Age Discrimination in Employment Act of 1967, as amended; the Americans with Disabilities Act; and Title VII of the Civil Rights Act, as amended, the Civil Rights Act of 1991; 42 U.S.C. § 1981, the Employee Retirement Income Security Act, the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended, the Rehabilitation Act of 1973, the Equal Pay Act of 1963 (EPA) as well as any claims regarding wages; benefits; vacation; sick leave; business expense reimbursements; wrongful termination; breach of the covenant of good faith and fair dealing; intentional or negligent infliction of emotional distress; retaliation; outrage; defamation; invasion of privacy; breach of contract; fraud or negligent misrepresentation; harassment; breach of duty; negligence; discrimination; claims under any employment, contract or tort laws; claims arising under any other federal law, state law, municipal law, local law, or common law; any claims arising out of any employment contract, policy or procedure; and any other claims related to or arising out of his employment or the separation of his employment with Employer.

In addition, Executive agrees not to cause or encourage any legal proceeding to be maintained or instituted against any of the Released Parties.

This release does not apply to any claims for unemployment compensation or any other claims or rights which, by law, cannot be waived, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however that Executive disclaims and waives any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding.

23. Acknowledgement of Waiver of Claims under ADEA.

Executive expressly acknowledges that he is voluntarily, irrevocably and unconditionally releasing and forever discharging Employer and its respective present and former parents, subsidiaries, divisions, affiliates, branches, insurers, agencies, and other offices from all rights or claims he has or may have against Employer including, but not limited to, without limitation, all charges, claims of money, demands, rights, and causes of action arising under the Age Discrimination in Employment Act of 1967, as amended (“ADEA”), including, but not limited to, all claims of age discrimination in employment and all claims of retaliation in violation of ADEA. Executive further acknowledges that the consideration given for this waiver of claims under the ADEA is in addition to anything of value to which he was already entitled in the absence of this waiver. Executive further acknowledges: (a) that he has been informed by this writing that he should consult with an attorney prior to executing this Agreement; (b) that he has carefully read and fully understands all of the provisions of this Agreement; (c) he is, through this Agreement, releasing Employer from any and all claims he may have against it; (d) he understands and agrees that this waiver and release does not apply to any claims that may arise under the ADEA after the date he executes this Agreement; (e) he has at least 21¹ days within which to consider this Agreement; and (f) he has seven days following his execution of this Agreement to revoke the Agreement (as provided in Section 14 of this Agreement); and (g) this Agreement shall not be effective until the revocation period has expired and Executive has signed and has not revoked the Agreement.

24. Confidential Information and Protective Covenants.

The Parties agree that all terms and provisions of Section 14 of the Employment Agreement related to Confidential Information, Non-Competition and Non-Solicitation shall remain in full force and effect for the applicable period following the Separation Date as provided in the Employment Agreement. Executive represents that he has complied with Section 14 of the Employment Agreement related to the return of Employer’s Confidential Information and other Employer property.

25. Non-Disparagement.

Executive shall not, directly or indirectly, make or cause to be made and shall use his best efforts to cause the officers, directors, employee, agents and representatives of any entity or person controlled by Executive not to make or cause to be made, any disparaging, denigrating, derogatory or other negative, misleading or false statement orally or in writing to any person or entity, including members of the investment community, press, and customers, competitors and advisors to Employer, about Employer, its shareholders, subsidiaries or affiliates, their respective officers or members of their boards of directors, or the business strategy or plans, policies, practices or operations of Employer, its shareholders, subsidiaries or affiliates; provided, however, that (i) nothing in this Agreement shall prohibit Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, and (ii) Executive does not need prior authorization from the Employer to make any such reports or disclosures and Executive is not required to notify the Employer that he has made such reports or disclosures.

¹ If termination is part of a group for purposes of ADEA, increase to 45 days and include required demographic information

26. Cooperation Agreement.

Executive acknowledges that in the course of his employment with Employer, Executive has gained knowledge and experience and/or was a witness to events and circumstances that may arise in or relate to Employer's defense or prosecution of current or subsequent proceedings. Executive agrees to cooperate fully with Employer's reasonable request as a witness and/or consultant in defending or prosecuting claims of all kinds, including but not limited to, any litigation, administrative actions or arbitrations.

27. Resolution of Claims.

The provisions of this Agreement are contractual and not merely recitals and are intended to resolve disputed claims. No party hereto admits liability of any kind and no portion of this Agreement shall be construed as an admission of liability.

28. No Assignment of Claims.

Executive and Employer represent, recognizing that the truth of the following representation is a material consideration upon which this Agreement is based, that they have not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof, or interest therein relating to any claims being released by any party to this Agreement, and that they are unaware of any other entity having any interest in such claims, and agree to indemnify and hold the other party harmless from and against any and all claims, based on or arising out of any such third-party interest in, or assignment or transfer, or purported assignment or transfer of, any claims, or any portion thereof or interest therein.

29. Governing Law.

(a) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN HARRIS COUNTY, TEXAS, FOR THE PURPOSES OF ANY PROCEEDING ARISING OUT OF THIS AGREEMENT.

30. Sufficient Time to Review.

Executive acknowledges and agrees that: (a) he has had reasonable and sufficient time to read and review this Agreement and that he has, in fact, read and reviewed this Agreement; (b) that he has the right to consult with legal counsel regarding this Agreement and is encouraged to consult with legal counsel with regard to this Agreement; (c) that he has had (or has had the opportunity to take) 21² calendar days to discuss the Agreement with a lawyer of his choice before signing it and, if he signs before the end of that period, he does so of his own free will and with the full knowledge that he could have taken the full period; (d) that he is entering into this Agreement freely and voluntarily and not as a result of any coercion, duress or undue influence; (e) that he is not relying upon any oral representations made to him regarding the subject matter of this Agreement; (f) that by this Agreement he is receiving consideration in addition to that which he was already entitled; and (g) that he has received all information he requires from Employer in order to make a knowing and voluntary release and waiver of all claims against Employer.

31. Revocation/Payment.

Executive acknowledges and agrees that he has seven days from the date of the execution of this Agreement within which to rescind or revoke this Agreement by providing notice in writing to Employer. To revoke this Agreement, Executive must deliver written notice of such revocation to [Name, Title, Address] no later than [Date]. Executive further understands that the Agreement will have no force and effect until the end of that seventh day (the "Waiver Effective Date"), and that he will receive the benefits identified in Section 2 above after the Waiver Effective Date and following Employer's receipt of the Agreement as executed by Executive if the Agreement is not revoked. If Executive revokes the Agreement pursuant to this Section 14, Employer will not be obligated to provide Executive with the separation payments identified in Section 2 and other benefits described in this Agreement, and this Agreement shall be deemed null and void.

32. Taxes.

All payments made by Employer under this Agreement will be subject to applicable federal, state and local taxes, and withholdings required for the same, which taxes will be the responsibility of Executive. Executive is hereby advised to consult immediately with his own tax advisor regarding the tax consequences of this Agreement.

33. Entire Agreement; Severability.

This Agreement constitutes the entire agreement and understanding between the Parties and each of their affiliates (including, without limitation, the Released Parties) and replaces, cancels and supersedes any prior agreements and understandings relating to the subject matter hereof including, without limitation, the Employment Agreement, except as expressly provided herein, and all prior representations, agreements, understandings and undertakings among the parties hereto with respect to the subject matter hereof are merged herein. The Parties agree that this Agreement is the entire agreement between the parties relating to the subject matter hereof, and that there is no agreement, representation or other inducement for the execution of this Agreement other than the consideration recited herein.

² Increase to 45 days in the event termination is part of a group under ADEA.

Should any provision of this Agreement be found to be invalid or unenforceable, the remaining provisions of this Agreement shall be deemed to be in full force and effect, at Employer's sole discretion, to the fullest extent permitted by law. Any waiver of any term or provision of this Agreement shall not be deemed a continuing waiver and shall not prevent Employer from enforcing such provision in the future.

34. Section 409A.

Each payment under this Agreement, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. §1.409A-2(b), and is intended to be: (a) exempt from Section 409A of the Internal Revenue Code of 1986, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4), or (b) in compliance with Section 409A, including, but not limited to, being paid pursuant to a fixed schedule or specified date pursuant to Treas. Reg. § 1.409A-3(a) and the provisions of this Agreement will be administered, interpreted and construed accordingly.

35. Binding Effect.

This Agreement shall be binding on and inure to the benefit of each of the parties hereto, as well as their respective successors, assigns, heirs, executors and administrators.

EMPLOYEE AFFIRMS THAT HE HAS CONSULTED WITH HIS ATTORNEY OR HAS HAD AN OPPORTUNITY TO DO SO PRIOR TO SIGNING THIS AGREEMENT AND THAT HE IS EXECUTING THE AGREEMENT VOLUNTARILY AND WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

[Signature page follows]

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

CIVEO CORPORATION

By:

Name: Bradley J. Dodson

Title: President & CEO

EXECUTIVE

Name: Al Schoening

Title: Senior Vice President, HR / HSE

EXECUTIVE AGREEMENT

This Executive Agreement (“**Agreement**”) between Civeo Corporation, a Delaware corporation (the “**Company**”), and Allan D. Schoening (the “**Executive**”) is made and entered into effective as of the date of December 15, 2014 (the “**Effective Date**”).

WHEREAS, Executive is a key executive of the Company or a subsidiary; and

WHEREAS, the Company believes it to be in the best interests of its stockholders to attract, retain and motivate key executives and ensure continuity of management; and

WHEREAS, it is in the best interest of the Company and its stockholders if the key executives can approach material business development decisions objectively and without concern for their personal situation; and

WHEREAS, the Company recognizes that the possibility of a Change of Control (as defined below) of the Company may result in the departure of key executives to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company (the “**Board**”) has authorized this Agreement and certain similar agreements in order to retain and motivate key management and to ensure continuity of key management;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

1. Term of Agreement

- (A) This Agreement shall commence on the Effective Date and, subject to the provisions for earlier termination in this Agreement, shall continue in effect through the third anniversary of the Effective Date; provided, however, commencing on the Effective Date and on each day thereafter, the term of this Agreement shall automatically be extended for one additional day unless the Board shall give written notice to Executive that the term shall cease to be so extended in which event the Agreement shall terminate on the third anniversary of the date such notice is given.
- (B) Notwithstanding anything in this Agreement to the contrary, this Agreement, if in effect on the date of a Change of Control, shall automatically be extended for the 24-month period following the Change of Control.
- (C) Termination of this Agreement shall not alter or impair any rights of Executive arising hereunder on or before such termination.

2. Certain Definitions

(A) “Cause” shall mean:

(i) Executive’s conviction of (or plea of nolo contendere to) a felony, dishonesty or a breach of trust;

(ii) Executive’s commission of any act of theft, fraud, embezzlement or misappropriation regardless of whether a criminal conviction is obtained;

(iii) Executive’s continued failure to devote substantially all of his business time to the Company’s business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities and incidental personal time) which failure is not remedied within a reasonable time after written demand is delivered by the Company, which demand identifies the manner in which the Company believes that Executive has failed to devote substantially all of his business time to the Company’s business affairs; or

(iv) Executive’s unauthorized disclosure of confidential information of the Company.

(B) “Change of Control” shall mean any of the following:

(i) any “person” (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any affiliate, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities; provided, however, that if the Company engages in a merger or consolidation in which the Company or surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the Company’s then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

(ii) a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (i) are directors of the Company as of the Effective Date, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least two-thirds of the Incumbent Directors at the time of such election or nomination, but Incumbent Director shall not include an individual whose election or nomination occurs as a result of either (1) an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or (2) an actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (or if the surviving entity is or shall become a subsidiary of another entity, then such parent entity)) more than 50% of the combined voting power of the voting securities of the Company (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company; or

(v) the sale or disposition (other than a pledge or similar encumbrance) by the Company of all or substantially all of the assets of the Company other than to a subsidiary or subsidiaries of the Company.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute a "Change of Control" for purposes of this Agreement.

(C) "**Date of Termination**" shall mean the date the Notice of Termination is given unless such Notice of Termination is by Executive in which event the Date of Termination shall not be less than 30 days following the date the Notice of Termination is given. Further, a Notice of Termination given by Executive due to a Good Reason event that is corrected by the Company before the Date of Termination shall be void.

(D) "**Good Reason**" shall mean:

(i) a material reduction in Executive's authority, duties or responsibilities from those in effect immediately prior to the Change of Control or the assignment to Executive duties or responsibilities materially inconsistent with those of Executive in effect immediately prior to the Change of Control;

(ii) a material reduction of Executive's compensation and benefits, including, without limitation, annual base salary, annual bonus, and equity incentive opportunities from those in effect immediately prior to the Change of Control;

(iii) the Company fails to obtain a written agreement from any successor or assigns of the Company to assume and perform this Agreement as provided in Section 8 hereof; or

(iv) the Company requires Executive, without Executive's consent, to be based at any office located more than 50 miles from the Company's offices to which Executive was based immediately prior to the Change of Control, except for travel reasonably required in the performance of Executive's duties.

Notwithstanding the above however, Good Reason shall not exist with respect to a matter unless all of the following conditions are satisfied: (i) the condition giving rise to Executive's termination of employment must have arisen without Executive's consent; and (ii) (1) Executive must provide written notice to the Company of such condition in accordance with Section 10 within 30 days of the initial existence of the condition, (2) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company and (3) the date of Executive's termination of employment must occur within 30 days after the expiration of the cure period set forth in (2) above.

For purposes of this Agreement, "**Good Reason**" shall be construed to refer to Executive's positions, duties, and responsibilities in the position or positions in which Executive serves immediately before the Change of Control, but shall not include titles or positions with subsidiaries and affiliates of the Company that are held primarily for administrative convenience.

For the avoidance of doubt, in no event will a redomicile transaction or redomestication of the Company's place of incorporation to Canada be deemed to constitute "Good Reason" for purposes of this Agreement.

- (E) "**Notice of Termination**" shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive's employment and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For this purpose, termination of Executive's employment shall be interpreted consistent with the meaning of the term "**Separation from Service**" in Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "**Code**") and applicable regulation authority.
- (F) "**Protected Period**" shall mean the 18-month period beginning on the effective date of a Change of Control.
- (G) "**Target AICP**" shall mean the targeted value of Executive's annual incentive compensation plan bonus for the year in which the Date of Termination occurs or the fiscal year immediately preceding the Change of Control, whichever is a greater amount.
- (H) "**Termination Base Salary**" shall mean Executive's base salary at the rate in effect at the time the Notice of Termination is given or, if a greater amount, Executive's base salary at the rate in effect immediately prior to the Change of Control.

3. **No Employment Agreement.**

- (A) This Agreement shall be considered solely as a "severance agreement" obligating the Company to pay Executive certain amounts of compensation and to provide certain benefits in the event and only in the event of Executive's termination of employment for the specified reasons and at the times specified herein. The parties agree that this Agreement shall not be considered an employment agreement and that Executive is an "at will" employee of the Company.

- (B) Unless otherwise agreed to in writing by the Company and Executive prior to the termination of Executive's employment, any termination of Executive's employment shall constitute an automatic resignation of Executive as an officer of the Company and each affiliate of the Company, and an automatic resignation of Executive from the Board and the board of directors of the Company (if applicable) and from the board of directors or similar governing body of any affiliate of the Company and from the board of directors or similar governing body of any corporation, limited liability entity or other entity in which the Company or any affiliate holds an equity interest and with respect to which board or similar governing body Executive serves as the Company's or such affiliate's designee or other representative.

4. Regular Severance Benefits.

Subject to Section 13, if the Company terminates Executive's employment other than for Cause and not during the Protected Period, Executive shall receive the following compensation and benefits from the Company:

- (A) Within 15 days of the expiration of the Release Period (as defined in Section 13), the Company shall pay to Executive in a lump sum, in cash, an amount equal to one times the sum of Executive's (i) Termination Base Salary and (ii) Target AICP.
- (B) Notwithstanding anything in any Company stock plan or grant agreement to the contrary, all restricted shares, restricted stock units, phantom stock units or any other equity based award of Executive shall, to the extent such awards would have vested in accordance with their terms had Executive remained employed for the 12-month period following the Date of Termination, become vested and restrictions thereon shall lapse as of the expiration of the Release Period, and the Company shall promptly deliver such shares to Executive.
- (C) For the 12-month period following the date of termination of Executive's employment with the Company, the Company shall continue to provide Executive and Executive's eligible family members with medical and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated. The medical and dental health benefits coverage shall be provided at full cost to the Executive during the applicable period. The Company shall also provide Executive with a lump sum payment within 15 days following the expiration of each of the four, sixth-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the full cost, reduced by the cost sharing applicable to active employees, of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Notwithstanding the foregoing, such benefits coverage shall not continue beyond the first sixty days following termination of Executive's employment with the Company, and the lump sum payments shall not be paid, unless Executive complies with the requirements of Section 13 hereof by executing a general release. Notwithstanding the foregoing, if Executive becomes eligible to receive medical and dental benefits under another employer's plans during the 12-month period following the date of termination of Executive's employment with the Company, the Company's obligations under this Section 4C shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's health and other welfare benefit plans or programs to continue to be so covered during the 12-month period following the date of termination of Executive's employment with the Company, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment within 15 days following the expiration of each of the four, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the cost of providing Executive and Executive's eligible family members with the medical and dental health benefits coverage during each such preceding six-month period. Any lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code on the Date of Termination.

5. Change of Control Severance Benefits

Subject to Section 13, if either (a) Executive terminates his employment during the Protected Period for a Good Reason event or (b) the Company terminates Executive's employment during the Protected Period other than for Cause, Executive shall receive, the following compensation and benefits from the Company:

- (A) Within 15 days of the expiration of the Release Period, the Company shall pay to Executive in a lump sum, in cash, an amount equal to two times the sum of Executive's (i) Termination Base Salary and (ii) Target AICP.
- (B) Notwithstanding anything in any Company stock plan or grant agreement to the contrary, (i) all restricted shares, restricted stock units, phantom stock units and any other equity based award of Executive shall become 100% vested and all restrictions thereon shall lapse as of the expiration of the Release Period, and the Company shall promptly deliver such shares (or cash in lieu of shares in the case of phantom stock unit awards) to Executive and (ii) each then outstanding stock option of Executive shall become 100% exercisable as of the expiration of the Release Period and shall remain exercisable for 30 days following the lapse of the Release Period.
- (C) Executive shall be fully vested in Executive's accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by the Company for Executive's benefit as of the lapse of such sixty-day period except to that the extent the acceleration of vesting of such benefits would violate any applicable law or require the Company to accelerate the vesting of the accrued benefits of all participants in such plan or plans, in which event the Company shall pay Executive a lump sum amount, in cash, within 15 days of the lapse of such sixty-day period, equal to the present value of such unvested accrued benefits that cannot become vested under the plan for the reasons provided above.

- (D) For the 24-month period following the date of termination of Executive's employment with the Company, the Company shall continue to provide Executive and Executive's eligible family members with medical and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated. The medical and dental health benefits coverage shall be provided at full cost to the Executive during the applicable period. The Company shall also provide Executive with a lump sum payment within 15 days following the expiration of each of the six, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the full cost, reduced by the cost sharing applicable to active employees, of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Notwithstanding the foregoing, such benefits coverage shall not continue beyond the first sixty days following termination of Executive's employment with the Company, and the lump sum payments shall not be paid, unless Executive complies with the requirements of Section 13 hereof by executing a general release. Notwithstanding the foregoing, if Executive becomes eligible to receive medical, dental and disability benefits under another employer's plans during the 24-month period following the date of termination of Executive's employment with the Company, the Company's obligations under this Section 5D shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's health and other welfare benefit plans or programs to continue to be so covered during the 24-month period following the date of termination of Executive's employment with the Company, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment within 15 days following the expiration of each of the six, six-month periods following termination of Executive's employment with the Company in such amount that, after all taxes on that amount, shall be equal to the cost of providing Executive and Executive's eligible family members with medical and dental health benefits coverage during each such preceding six-month period. Any lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code on the Date of Termination.

- (E) For the period beginning on the date of termination of Executive's employment with the Company and ending on December 31 of the second calendar year following the calendar year which includes the date of termination, or until Executive accepts other employment, including as an independent contractor, with a new employer, Executive shall be entitled to receive outplacement services, payable by the Company, with an aggregate cost not to exceed 15% of Executive's Termination Base Salary, with an executive outplacement service firm reasonably acceptable to the Company and Executive.

6. Parachute Taxes.

Notwithstanding anything to the contrary in this Agreement, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for under this Agreement, together with any other payments and benefits which Executive has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for under this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and its affiliates will be one dollar (\$1.00) less than three times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a parachute payment exists, exceeds one dollar (\$1.00) less than three times Executive's base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made.

7. Mitigation.

Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise nor, except as provided in Section 4C and Section 5D shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned or benefit received by Executive as the result of employment by another employer or self-employment, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or otherwise. Executive shall not be entitled to receive any severance payments or benefits pursuant to any Company severance plan or program for employees in general.

8. Successor Agreement.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Failure of the successor to so assume shall constitute a breach of this Agreement and entitle Executive to the benefits hereunder as if triggered by a termination by the Company other than for Cause.

9. Indemnity.

In any situation where under applicable law the Company has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Company or in any other capacity on behalf of or at the request of the Company, then the Company shall promptly on written request, indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Company may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Company shall not be deemed to impair any other obligation of the Company respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Company under any statute.

10. Code Section 409A Restrictions.

- (A) Each payment under this Agreement, including each payment in a series of installment payments, is intended to be a separate payment for purposes of Treas. Reg. § 1.409A-2(b), and is intended to be: (i) exempt from Section 409A of the Code, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4) and the involuntary separation pay exception within the meaning of Treas. Reg. § 1.409A-1(b)(9) (iii), or (ii) in compliance with Section 409A, including, but not limited to, being paid pursuant to a fixed schedule or specified date pursuant to Treas. Reg. § 1.409A-3(a) and the provisions of this Agreement will be administered, interpreted and construed accordingly.
- (B) Notwithstanding anything in this Agreement to the contrary, if payment of any amounts under this Agreement would be subject to additional taxes and interest under Section 409A because the timing of such payments is not delayed as provided in Section 409A(a)(2)(B) (i) of the Code and the regulations thereunder, then any such payments that Executive would otherwise be entitled to during the first six months following the date of the Executive's termination of employment with the Company shall be accumulated and paid on the first business day that is six months after the date of the Executive's termination of employment with the Company, or such earlier date upon which such payments can be paid under Section 409A without being subject to such additional taxes and interest. If this Section becomes applicable such that any payments are delayed, any payments that are so delayed shall accrue interest on a non-compounded basis, from the date they would otherwise have been made absent such delay to the actual date of payment, at the prime or base rate of interest announced by Wells Fargo Bank (or any successor thereto) at its principal office in Houston, Texas on the date of such termination, which shall be paid in a lump sum on the actual date of payment of the delayed payments.

- (C) Notwithstanding anything in this Agreement to the contrary, if benefits to be made available under this Agreement would be subject to additional taxes and interest under Section 409A because the provision of such benefits is not delayed for the first six months following the date of the Executive's termination of employment with the Company as provided in Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, such benefits shall not be delayed; however, the Executive shall pay to the Company, at the time or times such benefits are provided, the fair market value of such benefits, and the Company shall reimburse the Executive for any such payments on the fifth business day following the expiration of such six-month period.
- (D) Executive hereby agrees to be bound by the Company's determination of its "specified employees" (as such term is defined in Section 409A) in accordance with any of the methods permitted under the regulations issued under Section 409A.

11. Notice.

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and delivered by United States certified or registered mail (return receipt requested, postage prepaid) or by courier guaranteeing overnight delivery or by hand delivery (with signed receipt required), addressed to the respective addresses set forth below, and such notice or communication shall be deemed to have been duly given two days after deposit in the mail, one day after deposit with such overnight carrier or upon delivery with hand delivery. The addresses set forth below may be changed by a writing in accordance herewith.

Company:
Civeo Corporation
333 Clay Street, Suite 4980
Houston, Texas 77002
Attn: Chairman of the Board

Executive:
Allan Schoening

12. Arbitration.

The parties agree to resolve any claim or controversy arising out of or relating to this Agreement, including but not limited to the consequences of any termination of employment of Executive, by binding arbitration under the Federal Arbitration Act before one arbitrator in Houston, Texas, administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The fees and expenses of the arbitrator shall be borne solely by the non-prevailing party or, in the event there is no clear prevailing party, as the arbitrator deems appropriate. Except as provided above, each party shall pay its own costs and expenses (including, without limitation, attorneys' fees) relating to any mediation/arbitration proceeding conducted under this Section 12.

13. Waiver and Release.

As a condition to the receipt of any payment or benefit as a severance payment under Section 4 or 5 of this Agreement, Executive must first execute and deliver to the Company a binding general release, as prepared by the Company, that releases the Company, its officers, directors, employees, agents, subsidiaries and affiliates from any and all claims and from any and all causes of action of any kind or character that Executive may have arising out of Executive's employment with the Company or the termination of such employment, but excluding (i) any claims and causes of action that Executive may have arising under or based upon this Agreement, and (ii) any vested rights Executive may have under any employee benefit plan or deferred compensation plan or program of the Company. The general release described above must be effective and irrevocable within 55 days after the date of Executive's termination of employment with the Company (the "**Release Period**").

14. Employment with Affiliates.

Employment with the Company for purposes of this Agreement includes employment with any entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of all outstanding equity interests, and employment with any entity which has a direct or indirect interest of 50% or more of the total combined voting power of all outstanding equity interests of the Company.

15. Governing Law.

- (A) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.
- (B) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN HARRIS COUNTY, TEXAS, FOR THE PURPOSES OF ANY PROCEEDING ARISING OUT OF THIS AGREEMENT.

16. Entire Agreement.

This Agreement is an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement hereby expressly terminates, rescinds and replaces in full any prior agreement (written or oral) between the parties relating to the subject matter hereof.

17. Withholding of Taxes.

The Company shall withhold from all payments and benefits provided under this Agreement all taxes required to be withheld by applicable law.

18. Beneficiary.

In the event Executive dies before receiving the lump sum severance payment to which Executive was entitled hereunder, Executive's spouse or, if there is no spouse, the beneficiary designated by Executive under the Company-sponsored group term life insurance plan, shall receive such payment.

[End of Page]

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement effective for all purposes as of the Effective Date.

CIVEO CORPORATION

By: /s/ Bradley J. Dodson
Name: Bradley J. Dodson
Title: President and Chief Executive

Officer

EXECUTIVE

Schoening_____

/s/ Allan
Allan D. Schoening

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**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a-14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

I, Bradley J. Dodson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);
 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. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. paragraph omitted in accordance with SEC transition instructions;
 - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our 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
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5. The Registrant's other certifying officer and I have disclosed, based on our 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 2, 2015

/s/ Bradley J. Dodson

Bradley J. Dodson

President and Chief Executive Officer

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a-14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

I, Frank C. Steininger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);
 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. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. paragraph omitted in accordance with SEC transition instructions;
 - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our 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
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5. The Registrant's other certifying officer and I have disclosed, based on our 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 2, 2015

/s/ Frank C. Steininger

Frank C. Steininger

Senior Vice President, Chief Financial Officer
and Treasurer

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 filed with the Securities and Exchange Commission (the "Report"), I, Bradley J. Dodson, President and Chief Executive Officer of Civeo Corporation (the "Company"), hereby certify, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bradley J. Dodson

Name: Bradley J. Dodson

Date: November 2, 2015

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 filed with the Securities and Exchange Commission (the "Report"), I, Frank C. Steininger, Senior Vice President, Chief Financial Officer and Treasurer of Civeo Corporation (the "Company"), hereby certify, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank C. Steininger

Name: Frank C. Steininger

Date: November 2, 2015