Disclosure Statement Pursuant to the
Pink Basic Disclosure Guidelines

ENERGY AND ENVIRONMENTAL SERVICES, INC.

A Colorado corporation

2601 NW Expressway, Suite 605W
Oklahoma City, Oklahoma 73112

Telephone: 800-635-7716
https://eesokc.com
LJoyce@eesokc.com
Primary SIC code: 2899

Amendment No. 2 to the
Quarterly Report for the Period Ending: 6/30/2020
(the "Reporting Period")

As of 6/30/2020, the number of shares outstanding of our Common Stock was: 52,721,974

As of 3/31/2020, the number of shares outstanding of our Common Stock was: 52,676,974

As of 12/31/2019, the number of shares outstanding of our Common Stock was: 52,226,974

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

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[1] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) 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 its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Yes: ☐ No: ☒

Explanatory Note:

Energy and Environmental Services, Inc. (the "Company") is filing this Amendment No. 2 to its Quarterly Report for the Period Ending June 30, 2020 (this "Amendment") solely to correct the number of shares of common stock outstanding at June 30, 2020. This Amendment does not modify or update disclosures presented in the original Quarterly Report, nor does it reflect events occurring after the filing of the original Quarterly Report or modify or update those disclosures.

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Energas Resources, Inc. – name changed to Enerlabs, Inc. on 1/25/2012
Enerlabs, Inc. – name changed to Energy and Environmental Services, Inc. on 12/05/2016

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable). Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Incorporated as Energas Resources, Inc in British Columbia, Canada, in 1989
Domesticated in Delaware in 2001
Name changed to Enerlabs, Inc. on 1/25/2012
Domesticated in Colorado on 3/23/2015
Name changed to Energy and Environmental Services, Inc. on 12/05/2016

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

2) Security Information

Trading symbol:	EESE
Exact title and class of securities outstanding:	Common Stock: 100,000,000 authorized Preferred Stock: 20,000,000 authorized
CUSIP:	29273G103
Par or stated value:	$0.00001
Total shares authorized:	100,000,000 shares as of date: 6/30/2020
Total shares outstanding:	52,721,974 as of date: 6/30/2020
Number of shares in the Public Float[2]:	31,319,039 as of date: 6/30/2020
Total number of shareholders of record:	239 as of date: 6/30/2020

Additional class of securities (if any): N/A

<u>Transfer Agent</u>

Name: EQ Shareowner Services

Address 1: 1110 Centre Pointe Curve, Suite 101

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[2] "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Address 2: Mendota Heights, MN 55120

Phone: 800-468-9716

Email: chad.dalton@equiniti.com

Is the Transfer Agent registered under the Exchange Act?[3] Yes: ☒ No: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of 1/01/2018	Opening Balance: Common: 47,727,644 Preferred: -0-								
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting/ investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
12/26/18	Issuance	250,000	Common Stock	$0.17	No	Dennie Martin	Incentive award	Restricted	private
12/26/18	Issuance	250,000	Common Stock	$0.17	No	Don Lindblad	Incentive award	Restricted	private
12/26/18	Issuance	25,000	Common Stock	$0.17	No	Mark Day	Incentive award	Restricted	private
12/26/18	Issuance	25,000	Common Stock	$0.17	No	James Merrill	Incentive award	Restricted	private
12/26/18	Issuance	25,000	Common Stock	$0.17	No	Robert Biddy	Incentive award	Restricted	private

[3] To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

12/26/18	Issuance	25,000	Common Stock	$0.17	No	Josh Jordan	Incentive award	Restricted	private
12/26/18	Issuance	25,000	Common Stock	$0.17	No	Josh Evans	Incentive award	Restricted	private
1/01/19	Cancelled	166,667	Common Stock	$0.17	No	EES	Award forfeiture	Restricted	private
5/23/19	Issuance	420,000	Common Stock	$0.23	No	Gary Presley	Acquisition	Restricted	private
5/23/19	Issuance	400,000	Common Stock	$0.23	No	Shelley Presley	Acquisition	Restricted	private
5/23/19	Issuance	200,000	Common Stock	$0.23	No	Meredith Turpin	Acquisition	Restricted	private
5/23/19	Issuance	80,000	Common Stock	$0.23	No	Brian O"Daniel	Acquisition	Restricted	private
5/23/19	Issuance	1,800,000	Common Stock	$0.23	No	EnerWest Trading Co. LLC	Acquisition	Restricted	private
5/23/19	Issuance	250,000	Common Stock	$0.23	No	Gary Presley	Incentive award	Restricted	private
5/23/19	Issuance	250,000	Common Stock	$0.23	No	James Nix	Incentive award	Restricted	private
12/15/19	Issuance	75,400	Common Stock	$0.12	No	Leon Joyce	Incentive award	Restricted	private
12/15/19	Issuance	75,400	Common Stock	$0.12	No	Troy Todd	Incentive award	Restricted	private
12/15/19	Issuance	75,400	Common Stock	$0.12	No	Todd Jelinek	Incentive award	Restricted	private
12/15/19	Issuance	26,798	Common Stock	$0.12	No	Mark Day	Incentive award	Restricted	private
12/15/19	Issuance	26,499	Common Stock	$0.12	No	James Merrill	Incentive award	Restricted	private
12/15/19	Issuance	25,000	Common Stock	$0.12	No	Michael Smith	Incentive award	Restricted	private
12/15/19	Issuance	100,000	Common Stock	$0.12	No	Gary Presley	Incentive award	Restricted	private
12/15/19	Issuance	100,000	Common Stock	$0.12	No	James Nix	Incentive award	Restricted	private
12/15/19	Issuance	10,000	Common Stock	$0.12	No	Don Lindblad	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Linda Smith	Incentive award	Restricted	private
12/15/19	Issuance	2,500	Common Stock	$0.12	No	Justin Hensley	Incentive award	Restricted	private

12/15/19	Issuance	5,000	Common Stock	$0.12	No	Levi Brown	Incentive award	Restricted	private
12/15/19	Issuance	4,000	Common Stock	$0.12	No	Brent Porterfield	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Jason Briones	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	James Duggan	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Johnnie Branch	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Brian O'Daniel	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Daniel Brundage	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Terry Brundage	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Terry Brown	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Timothy Ramming	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	D.J. Summit	Incentive award	Restricted	private
12/15/19	Issuance	7,000	Common Stock	$0.12	No	Zach Dunham	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Jake Horton	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Jake Brisbin	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Adam Thompson	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Bill Harris	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Wyatt Smith	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Lane Bart	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Chase Smyth	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Kenny Bedient	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Kade Chinn	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	James Doorman	Incentive award	Restricted	private

12/15/19	Issuance	5,000	Common Stock	$0.12	No	Josh Jordan	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Josh Evans	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Courtney Jones	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Cade Canaday	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Robert Biddy	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	John Rackley	Incentive award	Restricted	private
12/15/19	Issuance	2,000	Common Stock	$0.12	No	Markuss Wauahdooah	Incentive award	Restricted	private
12/15/19	Issuance	5,000	Common Stock	$0.12	No	Ray Graham	Incentive award	Restricted	private
12/15/19	Issuance	4,000	Common Stock	$0.12	No	Sean Gerson	Incentive award	Restricted	private
2/25/20	Issuance	250,000	Common Stock	$0.12	No	Braden Klein	Incentive award	Restricted	private
2/25/20	Issuance	50,000	Common Stock	$0.12	No	Jeremy Sockwell	Incentive award	Restricted	private
2/25/20	Issuance	50,000	Common Stock	$0.12	No	Jason LeGrande	Incentive award	Restricted	private
2/25/20	Issuance	50,000	Common Stock	$0.12	No	Travis Skeen	Incentive award	Restricted	private
2/25/20	Issuance	50,000	Common Stock	$0.12	No	Bradley Black	Incentive award	Restricted	private
4/01/20	Issuance	45,000	Common Stock	$0.04	No	Linda Smith	Incentive award	Restricted	private
Shares Outstanding on 6/30/2020:		Ending Balance: Common: 52,721,974 Preferred: -0-							

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2019, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2019 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

_____

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes, convertible debentures or other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance at 6/30/20 ($)	Principal Amt at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shareholders	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
8/29/19	484,200	3,254*	10,769	8/29/20	n/a	Stride Bank	Operations
6/4/19	288,200	165,250*	6,972	6/10/21	n/a	Stride Bank	Operations
6/10/19	472,800	331,958*	24,149	6/10/21	n/a	Stride Bank	Operations
3/28/17	29,200	73,157	0	3/28/22	n/a	Ford	vehicle
5/14/17	23,100	57,625	8,799	5/14/22	n/a	Ford	Vehicle
7/31/17	24,200	54,805	9,125	7/31/22	n/a	Ford	Vehicle
7/31/17	30,400	68,925	12,282	7/31/22	n/a	Ford	Vehicle
7/31/17	24,200	54,839	9,133	7/31/22	n/a	Ford	Vehicle
8/24/17	30,800	65,018	6,569	9/8/22	n/a	Ford	Vehicle
9/8/17	30,700	65,170	7,100	9/23/22	n/a	Ford	Vehicle
9/28/17	32,400	66,506	7,054	10/12/22	n/a	Ford	Vehicle
10/11/17	24,400	50,081	4,570	10/25/22	n/a	Ford	Vehicle
3/11/19	29,800	45,308	4,694	3/25/24	n/a	Ford	Vehicle
2/28/18	8,000	26,000	2,500	2/28/21	n/a	Wells Fargo	equipment
6/10/19	55,000	75,000	4,221	6/10/22	n/a	Stride Bank	Vehicle
8/12/19	640,700	185,931*	16,551	4/12/25	n/a	Stride Bank	Operations
11/7/19	20,900	22,624	375	11/30/24	n/a	Toyota	equipment

- These borrowings are lines of credit. The principal amount at issuance reflects the initial draw under the line.

4) Financial Statements

A. The following financial statements were prepared in accordance with:

☒ U.S. GAAP

☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)[4]:

Name: Leslie G. Pettitt

Title: CPA

Relationship to Issuer: None

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

[4] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

C. Balance sheet;

D. Statement of income;

E. Statement of cash flows;

F. Statement of Changes in Shareholders' Equity

G. Financial notes; and

H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below.

> The financial statements are appended to this Amendment No. 2 to the Issuer's Quarterly Report as of June 30, 2020, and for the three months and six months then ended.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Quarterly Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

> Energy and Environmental Services, Inc. ("*We*") manufacture specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. We also have products under development using enzyme technologies for animal feed supplements, organic fertilizers, and odor solutions. We are headquartered in Oklahoma City, Oklahoma.

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

> Our operations are conducted on a consolidated basis and are more fully described in the Annual Report for the year ended December 31, 2019, which was posted through the OTCIQ on March 30, 2020, and are incorporated herein by reference.

C. Describe the issuers' principal products or services, and their markets

> We manufacture specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. We also have products under development using enzyme technologies for animal feed supplements, organic fertilizers, and odor solutions. Our products and services are more fully described in the Annual Report for the year ended December 31, 2019, which was posted through the OTCIQ on March 30, 2020, and are incorporated herein by reference.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

We conduct our operations in twelve facilities in Oklahoma, Kansas and Texas. Our research and development lab and organic fertilizer plant is a 7,000 square foot building located at 6300 Boucher Drive, Edmond, Oklahoma. Our oilfield chemical plant is housed in a 27,500-square foot building located at 6701 Boucher Drive, Edmond, Oklahoma. Our Enduro-Bond® coating operations are mostly done in a 30,000-square foot facility located at 1728 Frisco Avenue in Chickasha, Oklahoma. We own these buildings as well as an 80,000-square foot chemical warehouse in Snyder, Texas, and a 2-acre lot on Boucher Drive, Edmond, Oklahoma. We also own the land and building in Abilene, Texas, that houses Celex. We lease our corporate office in a 1,900-square foot suite in the Oil Center at 2601 NW Expressway, Oklahoma City, Oklahoma, and we lease a 7,000 square foot building at 6388 Boucher Drive, Edmond, Oklahoma, where we cultivate the enzymes and probiotics used on our microbial product lines and ag products. Patriot leases four yards, which are located in Ratliff City, Oklahoma, Cleveland, Oklahoma, Canadian, Texas, and Cherryvale, Kansas.

Our facilities are more fully described in the Annual Report for the year ended December 31, 2019, which was posted through the OTCIQ on March 30, 2020, are incorporated herein by reference.

7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information regarding any person or entity owning 5% of more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Leon Joyce	CEO/President, director	Edmond, OK	1,332,250	common	2.5%	
Troy Todd	COO, director	Guthrie, OK	1,325,400	common	2.5%	
Todd Jelinek	Vice President, director	Edmond, OK	1,355,488	common	2.6%	
Gary Presley	Vice President - Sales	Healdton, OK	1,170,000	common	2.2%	

Mark Day	Director	Moore, OK	486,798	Common	0.9%	
James Merrill	Director	Nichols Hills, OK	51,499	Common	0.1%	
Michael Smith	Director	Marlow, OK	1,825,000	Common	3.5%	
Melvin Smith Revocable Trust Vickie Smith, Trustee	S/H	Olympia, WA	13,250,000	common	25.2%	
George Shaw	S/H	Okla. City, OK	3,386,988	common	6.4%	
Scott Shaw	S/H	Okla. City, OK	3,470,880	common	6.6%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

   N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

   N/A

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Gary W Derrick
Firm: Derrick & Briggs, LLP
Address 1: BancFirst Tower, Ste. 2700
Address 2: 100 N. Broadway Ave.
Oklahoma City, OK 73102
Phone: 405-235-1900
Email: derrick@derrickandbriggs.com

Accountant or Auditor

Name: Leslie G. Pettitt
Firm: Leslie G. Pettitt, PC
Address 1: 4603 N College Ave.
Address 2: Bethany, OK 73008
Phone: 405-833-7458
Email: lgpettitt@hotmail.com

Investor Relations Consultant

Name: ______
Firm: ______
Address 1: ______
Address 2: ______
Phone: ______
Email: ______

Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) **that assisted, advised, prepared or provided information with respect to this disclosure statement**, or provided assistance or services to the issuer during the reporting period.

Name: ______
Firm: ______
Nature of Services: ______
Address 1: ______
Address 2: ______
Phone: ______
Email: ______

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Leon Joyce, certify that:

1. I have reviewed this Amendment No. 2 to the Quarterly Report of Energy and Environmental Services, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 18, 2020

/s/ Leon Joyce [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Andrew Schmidt, certify that:

1. I have reviewed this Amendment No. 2 to the Quarterly Report of Energy and Environmental Services, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 18, 2020

/s/ Andrew Schmidt [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

ENERGY AND ENVIRONMENTAL SERVICES, INC.

FINANCIAL STATEMENTS

Together with Accountant's Compilation Report

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November 18, 2020

Accountants' Compilation Report

ENERGY AND ENVIRONMENTAL SERVICES, INC.
Board of Directors:

Management is responsible for the accompanying financial statements of Energy and Environmental , Inc., which comprise the consolidated balance sheets as of June 30, 2020 as restated and December 31, 2019 and the related consolidated statements of income for three and six months ended June 30, 2020 as restated and 2019, the consolidated statements of changes in equity for the six months ended June 30, 2020 as restated and the year ended December 31, 2019, and the consolidated statements cash flows for the three and six months ended June 30, 2020 and 2019, in accordance with principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The consolidated balance sheet as of June 30, 2020, consolidated statements of income for the three and six months ended June 30, 2020 and the consolidated statement of equity for the six months ended June 30, 2020 have been restated to correct errors that were found in the statements previously issued August 6, 2020. See note 15 for complete details of the changes in financial statements that have been restated.

Leslie G. Pettitt, PC

ENERGY AND ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 2020 (Restated)	December 31, 2019
Current assets		
Cash and cash equivalents	$ 1,547,100	$ 1,600,600
Accounts receivable - trade	1,099,400	1,688,100
Inventory	2,889,100	2,671,700
Deferred tax assets	473,600	473,600
Prepaid expenses and other current asset	233,300	230,000
Total current assets	6,242,500	6,664,000
Property, plant and equipment (net of accumulated depreciation of $2,451,100 and $2,096,600 at June 30, 2020 and December 31, 2019, respectively)	5,444,400	4,987,200
Notes receivable	103,600	116,100
Equity investments	35,600	33,100
Goodwill	893,000	867,400
Total assets	$ 12,719,100	$ 12,667,800
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 739,500	$ 524,000
Other current liabilities	432,800	175,000
Short-term notes payable	1,244,600	942,800
Notes payable - related parties	150,700	163,800
Deferred tax liabilities	154,300	154,300
Current portion of long-term debt	226,000	202,700
Current portion of financial lease obligations	48,300	48,300
Other taxes	42,800	(7,300)
Total current liabilities	3,039,000	2,203,600
Long-term notes - less current portion	1,523,600	664,700
Financial lease obligations - less current portion	227,700	103,900
Stockholders' Equity		
Preferred stock, $0.00001 par value, 20,000,000 shares authorized, no shares issued and outstanding June 30, 2020 and December 31, 2019, respectively	-	-
Common stock, $0.00001 par value, 100,000,000 shares authorized 52,721,974 and 52,226,974 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	500	500
Additional paid in capital	1,939,900	1,887,300
Retained earnings	5,988,400	7,807,800
Total Stockholder's Equity	7,928,800	9,695,600
Total Liabilities and Stockholders' Equity	$ 12,719,100	$ 12,667,800

See Accountants' Compilation Report

ENERGY AND ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

	Three Months Ended		Six Months Ended	
	June 30, 2020 (Restated)	June 30, 2019	June 30, 2020 (Restated)	June 30, 2019
Sales revenues	$ 1,888,500	$ 2,362,500	$ 4,827,500	$ 3,945,600
Cost of goods sold	1,160,500	948,400	2,253,300	1,675,800
Gross profit	728,000	1,414,100	2,574,200	2,269,800
Operating expenses				
Selling general and administrative expenses	2,118,500	1,303,400	3,977,100	2,243,400
Depreciation and amortization	185,600	87,900	354,500	152,800
Total operating expenses	2,304,100	1,391,300	4,331,600	2,396,200
(Loss) income from operations	(1,576,100)	22,800	(1,757,400)	(126,400)
Other income (expense)				
Other revenues	1,500	10,800	5,600	19,100
Interest and finance costs	(32,400)	(10,100)	(67,600)	(10,400)
(Loss) income from operations before income t	(1,607,000)	23,500	(1,819,400)	(117,700)
Benefit from income tax				
Current income tax benefit	-	-	-	-
Deferred income tax benefit	-	-	-	-
	-	-	-	-
Net (loss) income	$ (1,607,000)	$ 23,500	$ (1,819,400)	$ (117,700)
Loss per share	$ (0.03)	$ -	$ (0.03)	$ -
Weighted average shares outstanding	52,894,556	50,775,721	52,560,765	49,570,876

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ENERGY AND ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AS RESTATED AND THE YEAR ENDED DECEMBER 31, 2019

	Common Stock		Preferred Stock		Additional Paid-In	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance, December 31, 2018	48,352,644	$ 500	-	$ -	$ 596,700	$ 8,155,200	$ 8,752,400
Stock issued for acquisition	2,900,000	-	-	-	1,127,000	-	1,127,000
Forfeiture of stock compensation	(166,667)	-	-	-	(28,300)	-	(28,300)
Stock based compensation	1,140,997	-	-	-	191,900	-	191,900
Net loss	-	-	-	-	-	(347,400)	(347,400)
Balance, December 31, 2019	52,226,974	500	-	-	$ 1,887,300	$ 7,807,800	$ 9,695,600
Stock based compensation	495,000	-	-	-	49,600	-	49,600
Net loss						(1,819,400)	(1,819,400)
Balance, June 30, 2020	52,721,974	$ 500	-	$ -	$ 1,936,900	$ 5,988,400	$ 7,925,800

See Accountants' Compilation Report

ENERGY AND ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

	June 30, 2020	June 30, 2019
Cash flows from operating activities		
Net loss	$ (1,819,400)	$ (117,700)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	354,500	152,800
Stock based compensation	49,000	-
Earnings from equity method investment	(2,500)	(2,700)
Net changes in current assets and liabilites		
Accounts Receivable	588,700	(162,500)
Accounts receivable - other	-	(26,500)
Inventory	(183,700)	(229,600)
Prepaid expenses and other current assets	300	(19,400)
Accounts payable	215,500	42,600
Other current liabilities	257,800	(24,700)
Other taxes	50,100	26,400
Net cash used in operations	(489,700)	(361,300)
Cash flows from investing activities		
Purchases of property, plant and equipment	(386,200)	(252,400)
Notes receivable	12,500	-
Investment in merger	(325,000)	(27,800)
Net cash used in investing activities	(698,700)	(280,200)
Cash flows from financing activities		
Payments on notes payable	(554,398)	(862,300)
Advances on notes payable	1,725,298	1,188,000
Payments on lease obligations	(36,000)	-
Net cash provided by financing activities	1,134,900	325,700
Net decrease in cash	(53,500)	(315,800)
Cash and cash equivalents, beginning of period	1,600,600	2,332,000
Cash and cash equivalents, end of period	$ 1,547,100	$ 2,016,200

See Accountants' Compilation Report

ENERGY & ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019

1. NATURE OF OPERATIONS

Energy and Environmental Services, Inc. (the "Company") was originally incorporated as Energas Resources, Inc in 1989 in British Columbia, Canada as a public company listed on the Vancouver Stock Exchange. In 2001, the Company registered as a Delaware corporation becoming a United States domestic corporation. In 2002, its registration statement filed with the Securities and Exchange Commission became effective and its stock was traded on the Over the Counter Bulletin Board market. On November 1, 2011, the Company voluntarily delisted from the Over the Counter Bulletin Board market and qualified its shares to trade on the OTC pink current information market.

On January 25, 2012, the name of the Company was changed to Enerlabs, Inc. On March 23, 2015, the Company redomiciled the company from Delaware and registered as a Colorado corporation. On October 24, 2016, the Company signed a share exchange with Melvin Smith, the sole shareholder of Energy & Environmental Services, Inc. ("EES"), in which Smith exchanged his EES shares for 32 million shares of the Company. EES became the operating subsidiary of Enerlabs. On December 5, 2016, the name of the Company was changed to Energy and Environmental Services, Inc.

On May 16, 2019, the Company completed the acquisition of Patriot Chemicals & Services, LLC ("Patriot") which became a wholly owned subsidiary of the Company on that date. See note 3 for complete details of the acquisition of Patriot.

On August 13, 2019, the Company completed the acquisition of D. R. Graham Trucking, LLC ("Graham") which became a wholly owned subsidiary of the Company on that date. See note 3 for complete details of the acquisition of Graham.

On February 1, 2020, the Company completed the acquisition of Abilene Celex Services, LLC ("Celex") which became a wholly owned subsidiary of the Company on that date. See note 3 for complete details of the acquisition of Celex.

The Company, headquartered in Oklahoma City, manufactures specialized liquid and solid chemicals used primarily in the oil and gas industry and high-tech specialized protective coatings for oil and gas and other industrial applications. It also has products under development using enzyme technologies for animal feed supplements and odor solutions. The Company's operations are maintained and occur through its wholly-owned subsidiaries: EES, Enduro-Bond Manufacturing Company, LLC ("EMC"), EcoZyme System Technologies, LLC ("EST"), Graham, Patriot and Celex. EES, EMC, EST, Graham and Patriot were formed in the state of Oklahoma. Celex was formed in the state of Texas.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation - The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EES, EMC, EST, Patriot since May 16, 2019 (the date of acquisition), Graham since August 13, 2019 (the date of acquisition) and Celex since February 1, 2020 (the date of acquisition). All significant inter-company items have been eliminated in consolidation.

Use of estimates in the preparation of financial statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments purchased with a maturity period of three months or less to be cash equivalents. The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents approximate their fair value. Currently $809,500 of certificates of deposits are being used as collateral for the Company's line of credit and are therefore restricted in use.

Accounts Receivable – Management periodically assesses the collectability of the Company's accounts receivable and notes receivable. Accounts determined to be uncollectible are charged to operations when that determination is made.

Inventories – Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method.

Cost of inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of conversion of inventories include fixed and variable production overheads, taking into account the stage of completion.

Intangible Assets and Amortization – Intangible assets represent software and closing costs acquired by the Company and are stated at cost less amortization and impairment, if any. Amortization of software and closing costs is calculated on the straight-line method, based on the period over which the software is licenses or the length of the note from closing on the building.

Goodwill - Goodwill represents the excess of cost over fair value of assets acquired. Goodwill is not subject to amortization but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired, as required by ASC Topic 350, "Intangibles - Goodwill and Other".

Revenue recognition - Revenue from the sale of goods and services is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed and services have been rendered.

Long-lived assets - The Company reviews its long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using estimated undiscounted net cash flows to be generated by the asset.

Property, Plant and Equipment - Equipment is recorded at cost and depreciated on the straight-line basis over the following periods:

Computer equipment	3-5 years
Trucks	5 years
Office equipment	5-7 years
Buildings and improvements	7-39 years

Earnings per share - Basic net income (loss) per common share is computed by dividing net earnings (loss) applicable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per common share is determined using the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents, because their exclusion would be anti-dilutive.

Stock-based compensation - The Company accounts for stock-based compensation under the provisions of the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") — 718 Compensation — Stock Compensation. The guidance under ASC 718 requires companies to estimate the fair value of the stock-based compensation awards on the date of grant for employees and directors and record expense over the related service periods, which are generally the vesting period of the equity awards. Awards for consultants are accounted for under ASC 505-50 — Equity Based Payments to Non-Employees. Compensation expense is recognized over the period during which services are rendered by such consultants and non-employees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is remeasured using the then-current fair value of the Company's common stock and updated assumption inputs in the Black-Scholes-Merton option-pricing model ("BSM").

The Company estimates the fair value of stock-based option awards to its employees and directors using the BSM. The BSM requires the input of subjective assumptions, including the expected stock price volatility, the calculation of expected term, forfeitures and the fair value of the underlying common stock on the date of grant, among other inputs. The risk-free interest rate was determined from the implied yields for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options or warrants. Dividends on common stock are assumed to be zero for the BSM valuation of the stock options. The expected term of stock options granted is based on vesting periods and the contractual life of the options. Expected volatilities are based on comparable companies' historical volatility, which management believes represents the most accurate basis for estimating expected future volatility under the current conditions. The Company accounts for forfeitures as they occur.

The value of the shares of the Company's common stock underlying its stock-based awards is determined by using the closing stock price on the date of grant for the fair value of the common stock.

Concentration of credit risk – The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Trade receivables consist of uncollateralized customer obligations due under normal trade terms. Management believes all trade receivables to be fully collectible at June 30, 2020.

Financial Instruments – The carrying value of current assets and liabilities reasonably approximates their fair value due to their short maturity periods.

Income taxes - The Company uses the asset/liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company's policy is to classify the penalties and interest associated with uncertain tax positions, if required, as a component of its income tax provision.

Retirement Benefit Costs – The Company maintains defined contribution 401(k) retirement plans in two subsidiaries EES and EMC.

For the six months ended June 30, 2020 and 2019, there was pension cost charged to the statements of income under the plans of $35,376 and nil, respectively.

Reclassifications – Certain prior period amounts have been reclassified to conform to current period presentation.

New Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes," which removes certain exceptions for recognizing deferred taxes for investments, performing intra-period allocations and calculating income taxes in interim periods. This ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. This guidance is effective for annual periods beginning after December 15, 2020, with early adoption permitted, including adoption in any interim period. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. The amendments in this ASU that are related to separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented. The amendments in this ASU that are related to changes in ownership of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The amendments in this ASU that are related to franchise taxes that are partially based on income should be applied on either a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. All other amendments under this ASU should be applied on a prospective basis. The Company is in the process of assessing the impact, if any, that this ASU is expected to have on the Company's results of operations, financial condition and/or financial statement disclosures.

Other recently issued accounting pronouncements did not or are not believed by management to have a material impact on the Company's present or future financial statements.

3. BUSINESS COMBINATIONS

On May 16, 2019, the Company completed its acquisition of 100% of Patriot. The Company issued 2,900,000 shares of its restricted common stock valued at $667,000, 2,000,000 of shares of its restricted common stock, contingent on earn-out provisions which the Company considers likely to occur, valued at $460,000, cash of $165,000, and notes payable of $165,000 along with the assumption of debt and other liabilities of $1,984,00 for a total purchase consideration of $3,441,000.

Patriot markets chemicals used in oil and gas drilling and production, including chemicals manufactured by the Company. Patriot has two locations in Oklahoma and one in Kansas.

The acquisition was accounted for as a purchase transaction. As required by the applicable guidance in effect at the time of the acquisition, the Company valued all assets and liabilities acquired at their fair values on the date of acquisition. The Company used independent valuation sources in determining these fair values. Accordingly, the assets and liabilities of the acquired entity were recorded at their estimated fair values at the date of the acquisition. The Company is currently completing its review of the valuation methods and procedures that were used therefore the purchase price allocation is preliminary. The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values.

	Patriot
Cash and cash equivalents	$ 137,100
Accounts Receivable	700,300
Inventories	523,900
Prepaid and other current	104,200
Total current assets	1,465,500
Property and Equipment	554,000
Vehicles	691,100
Net assets	2,710,600
Purchase consideration	3,441,000
Goodwill	$ 730,400

The fair value of the consideration paid by the Company was in excess of the net assets acquired, resulting in goodwill. Upon the determination that the Company was going to recognize goodwill, the Company reassessed its valuation assumptions utilized as part of the acquisition accounting. No adjustments to the acquisition accounting valuations were identified as a result of management's reassessment. The goodwill is included in the balance sheet as of June 30, 2020.

On August 13, 2019, the Company completed its acquisition of 100% of Graham. The Company paid cash of $15,000 along with the assumption of debt and other liabilities of $69,900 for a total purchase consideration of $84,900.

Graham is an over-the-road trucking company. Graham provides trucking services to the Company as well as to outside third parties. Graham had sales to the Company of $35,000 during the six months ended March 31, 2019.

The acquisition was accounted for as a purchase transaction. As required by the applicable guidance in effect at the time of the acquisition, the Company valued all assets and liabilities acquired at their fair values on the date of acquisition. The Company used independent valuation sources in determining these fair values. Accordingly, the assets and liabilities of the acquired entity were recorded at their estimated fair values at the date of the acquisition. The Company is currently completing its review of the valuation methods and procedures that were used therefore the purchase price allocation is preliminary. The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values.

	Graham
Cash and cash equivalents	$ 21,100
Accounts receivable	12,800
Total current assets	33,900
Vehicles	44,100
Net Assets	78,000
Purchase consideration	84,900
Excess of purchase consideration over net assets (Goodwill)	$ 6,900

The fair value of the consideration paid by the Company was in excess of the net assets acquired, resulting in goodwill. Upon the determination that the Company was going to recognize goodwill, the Company reassessed its valuation assumptions utilized as part of the acquisition accounting. No adjustments to the acquisition accounting valuations were identified as a result of management's reassessment. The goodwill is included in the balance sheet as of June 30, 2020.

On February 1, 2020, the Company completed its acquisition of 100% of Celex. The Company paid cash of $325,000.

Celex markets chemicals used in oil and gas drilling and production, including chemicals manufactured by the Company. Celex is located in the Permain Basis in Texas. The Company had sales to Celex of $15,700 in January 2020 and $3,800 during the three months ended March 31, 2019.

The acquisition was accounted for as a purchase transaction. As required by the applicable guidance in effect at the time of the acquisition, the Company valued all assets and liabilities acquired at their fair values on the date of acquisition. The Company used independent valuation sources in determining these fair values. Accordingly, the assets and liabilities of the acquired entity were recorded at their estimated fair values at the date of the acquisition. The Company is currently completing its review of the valuation methods and procedures that were used therefore the purchase price allocation is preliminary. The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, based on their estimated fair values.

	Celex
Inventory	$ 33,700
Total current assets	33,700
Buildings and land	96,800
Equipment	51,800
Vehicles	117,100
Net Assets	299,400
Purchase consideration	325,000
Excess of purchase consideration over net assets (Goodwill)	$ 25,600

Pro-forma financial information

The unaudited pro forma results presented below include the effects of the Company's May 16, 2019 acquisition of Patriot, the August 13, 2019 acquisition of Graham and the February 1, 2020 acquisition of Celex as if the acquisitions and merger had been consummated as of January 1, 2019. The pro-forma earnings/(loss) for the six months ended June 30, 2020 and 2019, include the additional depreciation and amortization resulting from the adjustments to the value of property and equipment and intangible assets resulting from purchase accounting and a reduction in the interest expense between the companies. However, the pro forma results do not include any anticipated synergies or other expected benefits of the acquisition. Accordingly, the unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisitions and merger been consummated as of January 1, 2019.

	Six Months Ended June 30,	
	2020	**2019**
Revenues	$ 4,851,800	$ 6,655,200
Earnings (loss) from continuing operations	$ (1,803,200)	$ 29,100
Basic and diluted (loss)/earnings from continuing operations per share	$ (0.03)	$ 0.00

4. RELATED PARTY TRANSACTIONS

In 2020 and 2019, the Company paid $8,500 and $11,100 as sales commissions to a distributor partially owned and controlled by a director of the Company. During the same period, the distributor purchased $20,200 and $26,500 of coatings products from the Company for resale. The sales commissions and resale discounts were comparable to commissions paid and discounts afforded to third party distributors.

5. INVENTORIES

ASC 330-10-35, "Adjustments to Lower of Cost or Market", requires the Company to reduce the carrying value of inventory when there is evidence that the utility of goods will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels or other causes.

As of June 30, 2020 and December 31, 2019, inventories consisted of the following:

	June 30, 2020	December 31, 2019
At cost:		
Raw materials	$ 2,161,400	$ 1,963,600
Blends	39,000	33,800
Consumables	535,700	-
Finished goods	153,000	674,300
	$ 2,889,100	$ 2,671,800

6. PROPERTY, PLANT AND EQUIPMENT

As of June 30, 2020 and December 31, 2019, property, plant and equipment, stated at cost less accumulated depreciation, consisted of the following:

	June 30, 2020	December 31, 2019
Buildings	$ 2,026,800	1,930,000
Improvements	1,191,000	1,149,700
Equipment	2,551,900	2,140,400
Vehicles and transportation equipment	1,730,200	1,449,200
Furniture and fixtures	254,000	278,800
Software and closing costs	141,600	135,700
	7,895,500	7,083,800
Less: Accumulated depreciation	(2,451,100)	(2,096,600)
	$ 5,444,400	$ 4,987,200

7. SHORT-TERM NOTES PAYABLE

	June 30, 2020	December 31, 2019
Bank loan dated August 29, 2019 due August 29, 2020 with an interest rate of 3.9%	$ 484,200	$ 198,000
Bank loan dated February 7, 2019 due February 7, 2020 with a variable interest rate	-	42,200
Bank loan dated June 10, 2020 due June 10, 2021 with an interest rate of 4.0%	288,200	227,200
Bank loan dated June 10, 2020 due June 10, 2021 with an interest rate of 7.0%	472,200	475,400
	1,244,600	942,800

8. LONG-TERM NOTES - LESS CURRENT PORTION

	June 30, 2020	December 31, 2019
Vehicle loan dated March 14, 2017 due March 28, 2022 with an interest rate of 0.00%	25,600	32,900
Vehicle loan dated May 15, 2017 due May 14, 2022 with an interest rate of 6.94%	20,600	25,600
Vehicle loan dated July 31, 2017 due July 31, 2022 with an interest rate of 7.64%	21,900	26,400
Vehicle loan dated July 31, 2017 due July 31, 2022 with an interest rate of 7.64%	27,500	33,200
Vehicle loan dated July 31, 2017 due July 31, 2022 with an interest rate of 7.64%	21,900	26,400
Vehicle loan dated August 24, 2017 due September 8, 2022 with an interest rate of 4.49%	27,800	33,600
Vehicle loan dated September 8, 2017 due September 23, 2022 with an interest rate of 4.84%	27,700	33,600
Vehicle loan dated September 28, 2017 due October 12, 2022 with an interest rate of 4.84%	29,300	35,400
Vehicle loan dated October 11, 2017 due October 25, 2022 with an interest rate of 4.49%	22,100	26,600
Vehicle loan dated March 11, 2019 due March 25, 2024 with an interest rate of 9.99%	28,200	31,400
Equipment loan dated February 28, 2018, due February 28, 2021 with an interest rate of 11.336%	5,800	9,800
Bank loan dated June 10, 2019 due June 10, 2022 with an interest rate of 7.00%	51,000	63,600

Bank loan dated August 12, 2019 due April 12, 2025 with an interest rate of 6.5%	635,600	467,000
Equipment loan dated November 7, 2019, due November 30, 2024 with an interest rate of 13.26%	17,600	21,900
Payroll protection program loan dated April 12, 2020 due April 12, 2022 with an interest rate of 1%	787,000	-
	1,749,600	867,400
Less current portion of notes payable	(226,000)	(202,700)
	$ 1,523,600	$ 664,700

On April 14, 2020, the Company received a $787,000 loan under the U.S. Small Business Administration's Paycheck Protection Program (the "PPP"), which was authorized under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP is designed to assist qualified small businesses with employee payroll costs and rent and mortgage obligations. A borrower may qualify for loan forgiveness subject to certain requirements, including the retention of employees and the application of 75% or more of the loan proceeds to payroll costs within the covered period. The Company is closely tracking proceed expenditures and other compliance matters and believes that it will qualify for loan forgiveness.

9. SHARE-BASED PAYMENT AWARDS

The Company's board of directors and shareholders approved the EES 2018 Equity Incentive Plan in June 2018 (the "2018 Plan"), which authorized the issuance of up to 5,000,000 shares of the Company's common stock. There were 2,905,670 shares available for future issuance under the 2018 Plan as of June 30, 2020.

Restricted Stock Awards	Number of Shares
Unvested as of December 31, 2019	945,501
Issued	495,000
Vested	(279,166)
Forfeited/Cancelled	-
Unvested as of June 30, 2020	1,161,335

The weighted average grant date value of the restricted stock award issued was $0.11 and nil during the period ended June 30, 2020 and 2019, respectively. The fair value of the restricted stock awards vested during the three months ended June 30, 2020 and 2019, was $99,400 and nil, respectively.

10. EARNINGS PER SHARE

Accounting guidance requires a reconciliation of the numerator and denominator of the basic and diluted earnings per share (EPS) computations.

The following reconciles the components of the EPS computation for the three months ended June 30, 2020 and 2019:

	2020	2019
Basic and Diluted (loss) per share computation		
Numerator:		
Net (loss) income	$ (1,607,000)	$ 23,500
Denominator:		
Weighted average common shares outstanding	52,894,556	50,775,721
Basic income per share	$ (0.03)	$ (0.00)

The following reconciles the components of the EPS computation for the six months ended June 30, 2020 and 2019:

	2020	2019
Basic and Diluted (loss) per share computation		
Numerator:		
Net loss	$ (1,819,400)	$ (117,700)
Denominator:		
Weighted average common shares outstanding	52,560,765	49,570,876
Basic income per share	$ (0.03)	$ (0.00)

11. FINANCIAL LEASES

	June 30, 2020	December 31, 2019
Vehicle leases with terms of 30 to 36 months	$ 276,000	$ 152,200
Less current portion	(48,300)	-
	$ 227,700	$ -

12. OPERATING LEASES

The Company leases an office and warehouse in Cleveland, Oklahoma for $2,000 per month expiring in February 2023. The Company leases an office and warehouse in Canadian, Texas, for $650 per month expiring in September 2022. The Company also leases various office and warehouse space under month to month leases. Total rent expense for the six months ended June 30, 2020 and 2019, was $51,600 and $20,00, respectively. Future minimum lease payments over the next five years are as follows:

2020	19,900
2021	31,800
2022	29,900
2023	4,000
	$82,600

13. CONTINGENCIES

In the normal course of its operations, the Company may, from time to time, be named in legal actions seeking monetary damages. While the outcome of these matters cannot be estimated with certainty, management does not expect, based upon consultation with legal counsel, that they will have a material effect.

14. SUBSEQUENT EVENTS

The COVID 19 pandemic has resulted in widespread, adverse impacts on the global economy and on the oil and gas industry specifically. The pandemic has caused a significant reduction in global demand for and an over-supply of oil and gas followed by a sharp decline in oil prices and contractions within the industry. The resulting supply/demand imbalance is having disruptive impacts on the oil and gas exploration and production industry and on other business, such as the Company's, that serve exploration and production companies. These industry conditions, coupled with those resulting from the COVID-19 pandemic, are expected to lead to significant global economic contraction generally and in the Company's industry in particular.

To date, the Company has experienced limited operational impacts because of the restrictions from working remotely or COVID-19 directly. As an essential business under applicable guidelines, the Company has continued operations, although for the health and safety of its employees, it chose to have its non-essential personnel work remotely. Those employees who are unable to work remotely are being closely monitored, and the Company is taking safety precautions to minimize the risk of exposure. These restrictions have allowed it to maintain the engagement and connectivity of its personnel, as well as minimizing the number of employees required in the office and field.

The Company cannot predict the full impacts of the COVID-19 pandemic or the significant disruption and volatility within the oil and natural gas industry, but the impacts have had, will continue to have, negative effects on its business, cash flows, liquidity, financial condition and results of operations. The ultimate impacts will depend on future developments, including the ultimate geographic spread of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak, actions taken by members of OPEC and other foreign, oil-exporting countries, governmental authorities, customers and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume.

15. CORRECTION OF ERRORS

The Company has determined that the issuance of 45,000 shares of restricted stock from the 2018 plan valued at $3,600 had not been record as of June 30, 2020. Also, the forfeiture of 1,000 share of restricted stock from the 2018 plan was incorrectly record as of June 30, 2020. The restated balance sheet as of June 30, 2020, reflects additional prepaid expense of $3,600 and an increase in additional paid in capital of $3,600. The weighted average shares outstanding in the consolidated statements of income for the three and six months ended June 30, 2020, were updated to 52,894,556 and 52,560,765, respectively. The consolidated statement of changes in equity was updated to reflect the additional 45,000 shares issued and to remove the 1,000 cancelled and additional paid in capital as increased by $3,600.