TETRA TECHNOLOGIES INC
Form 10-K
March 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K
(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
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 1-13455

TETRA Technologies, Inc.
(EXACT NAME OF THE REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	74-2148293
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

24955 INTERSTATE 45 NORTH THE WOODLANDS, TEXAS	77380
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (281) 367-1983
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

COMMON STOCK, PAR VALUE $.01 PER SHARE	NEW YORK STOCK EXCHANGE
(TITLE OF CLASS)	(NAME OF EXCHANGE ON WHICH REGISTERED)

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE
INDICATE BY CHECK MARK IF THE REGISTRANT IS A WELL-KNOWN SEASONED ISSUER (AS DEFINED IN RULE 405 OF THE SECURITIES ACT).
YES [X] NO [ ]
INDICATE BY CHECK MARK IF THE REGISTRANT IS NOT REQUIRED TO FILE REPORTS PURSUANT TO SECTION 13 OR SECTION 15(d) OF THE ACT.
YES [ ] NO [X]
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 [X] 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 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND POST SUCH FILES).

YES [X] NO [ ]

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [ ]

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 "LARGE ACCELERATED FILER," "ACCELERATED FILER," AND "SMALLER REPORTING COMPANY" IN RULE 12b-2 OF THE EXCHANGE ACT. (CHECK ONE):

LARGE ACCELERATED FILER [X]	ACCELERATED FILER [ ]	NON-ACCELERATED FILER [ ]	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 [X]

THE AGGREGATE MARKET VALUE OF COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT WAS $911,481,175.36 AS OF JUNE 30, 2014, THE LAST BUSINESS DAY OF THE REGISTRANT'S MOST RECENTLY COMPLETED SECOND FISCAL QUARTER.

NUMBER OF SHARES OUTSTANDING OF THE ISSUER'S COMMON STOCK AS OF FEBRUARY 27, 2015 WAS 79,649,946 SHARES.

DOCUMENTS INCORPORATED BY REFERENCE

PART III INFORMATION IS INCORPORATED BY REFERENCE TO THE REGISTRANT'S PROXY STATEMENT FOR ITS ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 5, 2015 TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITHIN 120 DAYS OF THE END OF THE REGISTRANT'S FISCAL YEAR.

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Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements in this annual report are identifiable by the use of the following words and other similar words: “anticipates”, “assumes”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “goal”, “intends”, “may”, “predicts”, “projects”, “schedules”, “seeks”, “should, “targets”, “will” and “would”.

Such forward-looking statements reflect our current views with respect to future events and financial performance and are based on assumptions that we believe to be reasonable but such forward-looking statements
are subject to numerous risks, and uncertainties, including, but not limited to:

- economic and operating conditions that are outside of our control, including the supply, demand, and prices of crude oil and natural gas;
- the levels of competition we encounter;
- the activity levels of our customers;
- the availability of adequate sources of capital to us;
- our ability to comply with contractual obligations, including those under our financing arrangements;
- our operational performance;
- risks related to acquisitions and our growth strategy;
- the availability of raw materials and labor at reasonable prices;
- risks related to our foreign operations;
- the effect and results of litigation, regulatory matters, settlements, audits, assessments, and contingencies; and
- other risks and uncertainties under “Item 1A. Risk Factors” in this Annual Report and as included in our other filings with the U.S. Securities and Exchange Commission (“SEC”), which are available free of charge on the SEC website at www.sec.gov.

The risks and uncertainties referred to above are generally beyond our ability to control and we cannot predict all the risks and uncertainties that could cause our actual results to differ from those indicated by the forward-looking statements. If any of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may vary from those indicated by the forward-looking statements, and such variances may be material.

All subsequent written and oral forward-looking statements made by or attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to update or revise any forward-looking statements we may make, except as may be required by law.

PART I

Item 1. Business.

The financial statements presented in this annual report are the consolidated financial statements of TETRA Technologies, Inc., a Delaware corporation and its subsidiaries. When the terms "TETRA," "the Company," "we," "us" or "our" are used in this document, those terms refer to TETRA Technologies, Inc. and its consolidated subsidiaries.

TETRA is a Delaware corporation incorporated in 1981. Our corporate headquarters are located at 24955 Interstate 45 North in The Woodlands, Texas. Our phone number is 281-367-1983 and our website is accessed at www.tetratec.com. Our common stock is traded on the New York Stock Exchange under the symbol "TTI."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Audit Committee Charter, Compensation Committee Charter, and Nominating and Corporate Governance Committee Charter, as well as our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and all amendments to those reports are all available, free of charge, on our website at www.tetratec.com as soon as practicable after we file the reports with the SEC. Information contained on or connected to our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings with the SEC. The documents referenced above are available in print at no cost to any stockholder who requests them by writing or telephoning our Corporate Secretary.

About TETRA

TETRA Technologies, Inc., together with its consolidated subsidiaries, is a leading geographically diversified oil and gas services company, focused on completion fluids and associated products and services, water management, frac flowback, production well testing, offshore rig cooling, compression services and equipment, and selected offshore services including well plugging and abandonment, decommissioning and diving. We also have a limited domestic oil and gas production business. We are composed of five reporting segments organized into four divisions - Fluids, Production Testing, Compression, and Offshore.

Our Fluids Division manufactures and markets clear brine fluids, additives, and associated products and services to the oil and gas industry for use in well drilling, completion, and workover operations in the United States and in certain countries in Latin America, Europe, Asia, the Middle East, and Africa. The division also markets liquid and dry calcium chloride products manufactured at its production facilities or purchased from third-party suppliers to a variety of markets outside the energy industry. The Fluids Division also provides North American onshore oil and gas operators with comprehensive water management services.

Our Production Testing Division provides frac flowback, production well testing, offshore rig cooling, and other associated services in many of the major oil and gas producing regions in the United States, Mexico, and Canada, as well as in certain basins in certain regions in South America, Africa, Europe, the Middle East, and Australia.

Our Compression Division is a provider of compression services and equipment for natural gas and oil production, gathering, transportation, processing, and storage. The Compression Division's equipment and parts sales business includes the fabrication and sale of standard compressor packages, custom-designed compressor packages, and oilfield fluid pump systems designed and fabricated at the Compression Division's facilities in Midland, Texas and Oklahoma City, Oklahoma, as well as the sale of compressor package parts and components manufactured by third-party suppliers. The Compression Division's aftermarket services business provides compressor package reconfiguration and maintenance services. The Compression Division provides its services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States as well as in a number of foreign countries, including Mexico, Canada, and Argentina. The August 4, 2014, acquisition of Compressor Systems, Inc., a Delaware corporation (“CSI”) (the “CSI Acquisition”), significantly expanded the size and scope of our Compression Division .

Our Offshore Division consists of two operating segments: Offshore Services and Maritech. The Offshore Services segment provides: (1) downhole and subsea services such as well plugging and abandonment and workover services; (2) decommissioning and certain construction services utilizing heavy lift barges and various cutting technologies with regard to offshore oil and gas production platforms and pipelines; and (3) conventional and saturation diving services.

The Maritech segment is a limited oil and gas production operation. During 2011 and the first quarter of 2012, Maritech sold substantially all of its oil and gas producing property interests. Maritech's operations consist primarily of the ongoing abandonment and decommissioning associated with its remaining offshore wells and production platforms. Maritech intends to acquire a significant portion of these services from the Offshore Division's Offshore Services segment.

We continue to pursue a long-term growth strategy that includes expanding our existing core businesses, with the exception of the Maritech segment, through internal growth and acquisitions, domestically and internationally. For financial information for each of our segments, including information regarding revenues and total assets, see "Note P - Industry Segments and Geographic Information" contained in the Notes to Consolidated Financial Statements.

2014 Strategic Growth

We have expanded certain divisions through acquisitions, which are discussed further in Note C to the Consolidated Financial Statements.

Acquisition of Limited Liability Company Interest. On January 16, 2014, we acquired the 50% ownership interest of Ahmad Albinali & TETRA Arabia Company Ltd., a Saudi Arabian limited liability company ("TETRA Arabia") that we did not previously own for a purchase price of $25.2 million. The closing of this transaction was pursuant to the terms of the Share Sale and Purchase Agreement entered into as of October 1, 2013, with the other shareholder in TETRA Arabia. TETRA Arabia is a provider of production testing services, offshore rig cooling services and clear brine fluids products and related services, to its customer in Saudi Arabia.

Acquisition of TD Water Transfer. On January 29, 2014, we acquired the assets and business of WIT Water Transfer, LLC (doing business as TD Water Transfer) for a cash purchase price of $15.0 million. In addition, contingent consideration of up to $8.0 million in cash may be paid, depending on a defined measure of earnings over each of the two twelve month periods subsequent to closing. TD Water Transfer is a provider of water management services to oil and gas operators in the South Texas and North Dakota regions.

Acquisition of Compressor Systems, Inc. On August 4, 2014, pursuant to a stock purchase agreement dated July 20, 2014, our CSI Compressco LP subsidiary ("CCLP", formerly named Compressco Partners, L.P.) acquired all of the outstanding capital stock of Compressor Systems, Inc. ("CSI"), a Delaware corporation, for $825.0 million cash (the "CSI Acquisition"). CSI owns one of the largest fleets of natural gas compressor packages in the United States. Headquartered in Midland, Texas, CSI fabricates, sells, and maintains natural gas compressor packages and provides a full-range of compression products and services that covers compression needs throughout the entire natural gas production and transmission cycle to natural gas and oil clients. CSI derives revenues through three primary business lines: service operations; equipment sales; and aftermarket services. Strategically, the acquisition is expected to afford our Compression Division the opportunity to capture significant synergies associated with its product and service offerings and its fabrication operations, to further penetrate new and existing markets, and to achieve administrative efficiencies and other strategic benefits.

Products and Services

Fluids Division

Liquid calcium chloride, calcium bromide, zinc bromide, zinc calcium bromide, sodium bromide, and blends of such products manufactured by our Fluids Division are referred to as clear brine fluids ("CBFs") in the oil and gas industry. CBFs are salt solutions that have variable densities and are used to control bottomhole pressures during oil and gas completion and workover operations. Although they are used in many types of wells, demand for CBFs is greater in offshore well operations. The Fluids Division sells CBFs and various CBF additives to U.S. and foreign oil and gas exploration and production companies and distributes them to other companies that service customers in the oil and gas industry.

The Fluids Division provides both stock and custom-blended CBFs based on our customers' specific needs and the proposed application. We also provide a broad range of associated services, including onsite fluids filtration, handling and recycling; wellbore cleanup; fluid engineering consultation; fluid management services; and high-volume water management services for fracturing operations. We offer to repurchase (buyback) certain used CBFs from customers, which we are able to recondition and recycle. Selling used CBFs back to us reduces the net cost of the CBFs to our customers and minimizes our customers' need to dispose of used fluids. We recondition used CBFs through filtration, blending, and the use of proprietary chemical processes, and then market the reconditioned CBFs.

By blending different stock CBFs and using various additives, we are able to modify the specific density, crystallization temperature, and chemical composition of the CBFs as necessary. The division's fluid engineering personnel determine the optimal CBF blend for a customer's particular application to maximize its effectiveness and lifespan. Our filtration services use a variety of techniques and equipment to remove particulates from CBFs at the customer's site so that the CBFs can be reused. Filtration also enables recovery of a greater percentage of used CBFs for reconditioning.

The Fluids Division provides domestic onshore oil and gas operators with comprehensive frac water management services, including selection, analysis, treatment, storage, transfer, recycling, and environmental risk mitigation. These services include the division's BioRid® and other above-ground frac water treatment technologies, some of which are patented, and its proprietary TETRA STEEL™ 1200 rapid deployment water transfer system. The Fluids Division's water management personnel seek to design environmentally friendly solutions for the unique needs of each customer's wellsite in order to maximize operational performance and efficiency.

The Fluids Division manufactures liquid and dry calcium chloride, liquid calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide for distribution primarily into energy markets. Liquid and dry calcium chloride are also sold into the water treatment, industrial, cement, food processing, road maintenance, ice melt, agricultural and consumer products markets. Liquid sodium bromide is also sold into the industrial water treatment markets, where it is used as a biocide in recirculated cooling tower waters and in other applications.

Our liquid and dry calcium chloride manufacturing facilities are located in the United States and Finland. We also acquire liquid and dry calcium chloride inventory from other producers. In the United States, we manufacture calcium chloride at five manufacturing plant facilities, the largest of which is our plant near El Dorado, Arkansas, which produces liquid and flake calcium chloride products. Liquid and flake calcium chloride are also produced at our Kokkola, Finland, plant. We operate our European calcium chloride operations under the name TETRA Chemicals Europe. We also manufacture liquid calcium chloride at our facilities in Parkersburg, West Virginia and Lake Charles, Louisiana, and we have two solar evaporation plants located in San Bernardino County, California, that produce liquid calcium chloride from underground brine reserves. All of our calcium chloride production facilities have a combined production capacity of more than 1.5 million equivalent liquid tons per year.

Our Fluids Division manufactures liquid calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide at our West Memphis, Arkansas facility. A patented and proprietary process utilized at this facility uses bromine and zinc to manufacture zinc bromide. This facility also uses proprietary processes to manufacture calcium bromide and sodium bromide and to recondition and upgrade used CBFs that we have repurchased from our customers.

See "Note P - Industry Segments and Geographic Information" in the Notes to Consolidated Financial Statements for financial information about the Fluids Division.

Production Testing Division

Our Production Testing Division provides frac flowback services, early production facilities and services, production well testing services, offshore rig cooling, and other associated services. The Production Testing Division provides well flow management and evaluation services and data that enables operators to quantify reserves, optimize production, and minimize oil and gas reservoir damage. Early production services typically include sophisticated evaluation techniques for reservoir management, including unconventional shale reservoir exploitation and optimization of well workover programs. Frac flowback and production well testing services may include well control, well cleanup and laboratory analysis. These services are utilized in the completion process after fracking and in the production phase of oil and gas wells.

Our Production Testing Division maintains one of the largest fleets of high-pressure production testing equipment in the United States, including equipment designed to work in environments where high levels of hydrogen sulfide gas are present. The division has domestic operating locations in Colorado, Louisiana, North Dakota, Oklahoma, Pennsylvania, Texas, West Virginia, and Wyoming. Internationally, the division has locations in Argentina, Brazil, Canada, Kurdistan, Mexico, Saudi Arabia, and certain countries in Europe, Africa, and the Middle East. Production Testing operations in Canada are provided through Greywolf Production Systems and GPS Ltd. (together, "Greywolf").

Through our Optima Solutions Holdings Limited subsidiary ("OPTIMA"), the Production Testing Division is a provider of offshore oil and gas rig cooling services and associated products that suppress heat generated by high rate flaring of hydrocarbons during offshore oil and gas well test operations.

See “Note P - Industry Segments and Geographic Information” in the Notes to Consolidated Financial Statements for financial information about the Production Testing Division.

Compression Division

Our Compression Division is a provider of compression services and equipment for natural gas and oil production, gathering, transportation, processing, and storage. The Compression Division fabricates and sells standard and custom designed compressor packages as well as oilfield fluid pump systems, and provides aftermarket services and compressor package parts and components manufactured by third-party suppliers. The Compression Division provides its compression services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States as well as in a number of foreign countries, including Mexico, Canada, and Argentina.

As a result of the CSI Acquisition, the Compression Division is one of the largest providers of natural gas compression services in the United States. The compression and related services business includes a service fleet of over 6,000 compressor packages providing in excess of 1.0 million in aggregate horsepower, utilizing a full spectrum of low-, medium-, and high-horsepower engines. Low-horsepower compressor packages enhance production for dry gas wells and liquid-loaded gas wells by deliquifying wells, lowering wellhead pressure, and increasing gas velocity. Our low-horsepower compressor packages are also utilized in connection with oil and liquids production and in vapor recovery and casing gas system applications. Low- to medium-horsepower compressor packages are typically utilized in wellhead, gathering, and other applications primarily in connection with oil and liquids production. Our high-horsepower compressor package offerings are typically utilized in midstream application of central and regional gathering facilities.

The horsepower of our compression services fleet on December 31, 2014 is summarized in the following table:

Range of Horsepower Per Package	Number of Packages	Aggregate Horsepower	% of Aggregate Horsepower	
0 - 100	4,411	207,869	19.0	%
101 - 800	1,685	473,354	43.5	%
801 and over	306	407,928	37.5	%
Total	6,402	1,089,151	100	%

Our Compression Division's equipment and parts sales business includes the fabrication and sale of standard compressor packages, custom-designed compressor packages, and oilfield fluid pump systems that are designed and fabricated primarily at its facilities in Midland, Texas and Oklahoma City, Oklahoma. Our compressor packages are typically sold to natural gas and oil exploration and production, mid-stream, transmission, and storage companies for use in various applications including gas gathering, gas lift, carbon dioxide injection, wellhead compression, gas storage, refrigeration plant, gas processing, pressure maintenance, pipeline, vapor recovery, gas transmission, fuel gas booster, and coal bed methane systems. We design and fabricate natural gas reciprocating and rotary compressor packages up to 8,000 horsepower for use in our service fleet and for sale to our broadened customer base. Our pump systems can be utilized in numerous applications including oil production, transfer, and pipelines as well as water injection and disposal.

The Compression Division's aftermarket services business provides a full-range of services to customers who own compression equipment. The services include: (i) the sale of parts and components and (ii) operation, maintenance, overhaul, and reconfiguration services, some of which are provided under turnkey engineering, procurement, and construction contracts. This business employs factory trained sales and support personnel in most of the major oil and natural gas producing basins in the United States to perform these services.

Virtually all of our Compression Division's operations are conducted through CCLP. As a result of the transactions by which we financed the CSI Acquisition, our ownership of CCLP was reduced from approximately 82% to approximately 44%. Through our wholly owned subsidiary, CSI Compressco GP Inc., we continue to manage and control CCLP, and accordingly, will continue to consolidate CCLP results of operation in our consolidated results of operation, despite the decreased ownership percentage in CCLP. As of December 31, 2014, common units held by the public represent approximately a 56% ownership interest in CCLP.

See “Note P - Industry Segments and Geographic Information” in the Notes to Consolidated Financial Statements for financial information about the Compression Division.

Offshore Division

Our Offshore Division consists of two operating segments: Offshore Services and Maritech.

Offshore Services Segment. The Offshore Services segment provides: (1) downhole and subsea services such as well plugging and abandonment, and workover services; (2) decommissioning and certain construction services utilizing heavy lift barges and various cutting technologies with regard to offshore oil and gas production platforms and pipelines; and (3) conventional and saturation diving services. We provide these services to offshore oil and gas operators, primarily in the U.S. Gulf of Mexico. We offer comprehensive, integrated services, including individualized engineering consultation and project management services.

In providing services, our Offshore Services segment utilizes rigless offshore plugging and abandonment equipment packages, two heavy lift barges, several dive support vessels and other dive support assets that we own. In addition, we lease other assets from third parties and engage third-party contractors whenever necessary. The Offshore Services segment provides a wide variety of conventional and saturation diving services to its customers through its Epic Diving & Marine Services subsidiary ("Epic"). Well abandonment, decommissioning, diving, and certain construction services are performed primarily in the U.S. Gulf of Mexico. The Offshore Services segment provides offshore cutting services and tool rentals through its EOT Cutting Services ("EOT") subsidiary. The Offshore Services segment also utilizes specialized equipment and engineering expertise to address a variety of specific platform construction and decommissioning issues, including those associated with platforms that have been toppled or severely damaged by hurricanes and other windstorms. The Offshore Services segment provides services to major oil and gas companies and independent operators, including Maritech, through its facilities located in Broussard, Belle Chasse, Fourchon, and Houma, Louisiana.

Our Offshore Services segment’s fleet of service vessels has expanded and contracted in size in recent years in response to changing demands for its services. With the TETRA Hedron, a 1,600-metric-ton heavy lift derrick barge, and the TETRA Arapaho, a 725-metric-ton heavy lift derrick barge, we perform heavy lift decommissioning and construction projects and integrated operations on oil and gas production platforms. The Offshore Services segment also performs contract diving operations, utilizing its owned dive service vessels, as well as vessels obtained under long- and short- term leases as needed. Diving services include saturation diving for up to 1,000 foot dive depths as well as mixed gas and surface diving for shallower dives.

Among other factors, demand for our Offshore Service segment's operations in the U.S. Gulf of Mexico is affected by federal regulations governing the abandonment and decommissioning of offshore wells, production platforms and pipelines, particularly following the April 2010 Macondo well oil spill. These regulations include Notice To Lessees 2010-G05: "Decommissioning Guidance for Wells and Platforms" (NTL 2010-G05, known as the "Idle Iron Guidance"). The Bureau of Safety and Environmental Enforcement ("BSEE") issues offshore permits, regulates offshore contractors, and oversees the provisions of the Idle Iron Guidance. The Idle Iron Guidance became effective October 15, 2010, and requires that operators perform and report decommissioning and abandonment plans and activities in accordance with BSEE requirements. The Idle Iron Guidance provides specific guidelines for when an operator has to permanently plug and abandon wells and decommission platforms and related facilities after the occurrence of certain events, including the end of useful operations, cessation of commercial production and expiration of the lease.

Maritech Segment. The Maritech segment is a limited oil and gas production operation in the offshore U.S. Gulf of Mexico. During 2011 and the first quarter of 2012, Maritech sold substantially all of its proved reserves. Maritech's remaining operations consist primarily of the ongoing abandonment and decommissioning of its remaining offshore wells, facilities and production platforms. Maritech intends to acquire a significant portion of these services with regard to such assets that it operates from the Offshore Division's Offshore Services segment.

The sales of substantially all of Maritech's oil and gas producing properties during 2011 and 2012 have essentially removed us from the oil and gas exploration and production business, and significantly all of Maritech's oil and gas acquisition, development, and exploitation activities have ceased. Following these sales, Maritech's remaining oil and gas reserves and production are negligible. Maritech's operations consist primarily of the well abandonment and decommissioning of its remaining offshore oil and gas platforms and facilities. During the three year period ended December 31, 2014, Maritech spent approximately $271.8 million on such efforts. Approximately $54.3 million of Maritech decommissioning liabilities remain as of December 31, 2014, and approximately $12.8 million of this amount is planned to be performed during 2015, with the timing of a portion of this work being discretionary.

Maritech's decommissioning liabilities are established based on what it estimates a third party would charge to plug and abandon the wells, decommission the pipelines and platforms, and clear the sites associated with its properties. We review the adequacy of Maritech's decommissioning liabilities whenever indicators suggest that the estimated cash flows underlying the liabilities have changed materially. The timing and amounts of these cash flows are subject to changes in the energy industry environment and may result in additional liabilities being recorded. For a further discussion of Maritech's adjustments to its decommissioning liabilities, see "Note H - Decommissioning and Other Asset Retirement Obligations" in the Notes to Consolidated Financial Statements.

See "Note P - Industry Segments and Geographic Information" in the Notes to Consolidated Financial Statements for financial information about the Offshore Division.

Sources of Raw Materials

Our Fluids Division manufactures calcium chloride, calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide for sale to its customers. The Fluids Division also recycles used calcium bromide and zinc bromide CBFs repurchased from its oil and gas customers.

The Fluids Division manufactures liquid calcium chloride, either from underground brine reserves or by reacting hydrochloric acid with limestone. The Fluids Division also purchases liquid and dry calcium chloride from a number of U.S. and foreign chemical manufacturers. Our El Dorado, Arkansas, plant produces liquid and flake calcium chloride, utilizing underground brine (tail brine) obtained from Chemtura Corporation ("Chemtura") that contains calcium chloride. We also produce calcium chloride at our two plants in San Bernardino County, California, by solar evaporation of pumped underground brine reserves that contain calcium chloride. The underground reserves of this brine are deemed adequate to supply our foreseeable need for calcium chloride at those plants.

The Fluids Division's primary sources of hydrochloric acid are co-product streams obtained from chemical manufacturers. Substantial quantities of limestone are also consumed when converting hydrochloric acid into calcium chloride. Currently, hydrochloric acid and limestone are generally available from multiple sources.

To produce calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide at our West Memphis, Arkansas, facility, we use bromine, hydrobromic acid, zinc, and lime as raw materials. There are multiple sources of zinc that we can use in the production of zinc bromide and zinc calcium bromide. We have a long-term supply agreement with Chemtura, under which the Fluids Division purchases its requirements of raw material bromine from Chemtura's Arkansas bromine facilities. In addition, we have a long-term agreement with Chemtura under which Chemtura supplies the Fluids' El Dorado, Arkansas, calcium chloride plant with raw material tail brine from its Arkansas bromine production facilities.

We also own a calcium bromide manufacturing plant near Magnolia, Arkansas that was constructed in 1985. This plant was acquired in 1988 and is not operable. We currently lease approximately 33,000 gross acres of bromine-containing brine reserves in the vicinity of this plant. While this plant is designed to produce calcium bromide, it could be modified to produce elemental bromine or select bromine compounds. Development of the brine field, construction of necessary pipelines, and reconfiguration of the plant would require a substantial capital investment. The long-term Chemtura bromine supply agreement discussed above provides us with a secure supply of bromine to support the division’s current operations. We do, however, continue to evaluate our strategy related to the Magnolia, Arkansas, assets and their future development. Chemtura holds certain rights to participate in future development of the Magnolia, Arkansas assets.

The Fluids and Production Testing Divisions purchase their water management, production testing, and rig cooling equipment and components from third-party manufacturers. CCLP designs and fabricates its reciprocating and rotary screw compressor packages and pumps with components obtained from third party suppliers. These components represent a significant portion of the cost of the compressor packages and pump systems. Some of the components used in the assembly of compressor packages, well monitoring, sand separation, production testing, and rig cooling equipment are obtained from a single supplier or a limited group of suppliers. We do not have long-term contracts with these suppliers or manufacturers. Should we experience unavailability of the components we use to assemble our equipment, we believe that there are adequate alternative suppliers and that any impact to us would not be severe. CCLP occasionally experiences long-lead times for components from suppliers and, therefore, may at times make purchases in anticipation of future orders.

Market Overview and Competition

Fluids Division

Our Fluids Division provides its products and services to oil and gas exploration and production companies in the United States and certain foreign markets. Current areas of market presence include the onshore U.S., the U.S. Gulf of Mexico, the North Sea, Mexico, and certain countries in South America, Europe, Asia, the Middle East, and Africa. Customers with deepwater operations frequently utilize high volumes of CBFs, which can be subject to harsh downhole conditions, such as high pressure and high temperatures. Demand for CBF products offshore is generally driven by completion activity.

During the past three years, a portion of the growth of the Fluids Division's U.S. operations has been due to increased industry demand for onshore water management services in unconventional shale gas and oil reservoirs. The Fluids Division provides water management services to a wide range of onshore oil and gas operators located in the most significant domestic shale gas and oil reservoirs, including the Barnett, Cana Woodford, Eagle Ford, Fayetteville, Granite Wash, Haynesville, Marcellus, and Utica. The January 2014 acquisition of TD Water Transfer expanded the Fluids Division’s water management operations into the South Texas and North Dakota markets.

Our Fluids Division’s principal competitors in the sale of CBFs to the oil and gas industry are Baker Hughes, Baroid, a subsidiary of Halliburton, and M-I Swaco, a subsidiary of Schlumberger. This market is highly competitive, and competition is based primarily on service, availability, and price. Major customers of the Fluids Division include Anadarko, BHP Billiton, Chesapeake, Devon, ENI Petroleum, Saudi ARAMCO, Shell, Southwestern Energy, Tullow, and TOTAL. The Fluids Division also sells its CBF products through various distributors. Competitors for the division’s water management services include large multinational providers as well as small, privately owned operators.

Our liquid and dry calcium chloride products have a wide range of uses outside the energy industry. Non-energy market segments where these products are used include water treatment, industrial, food processing, road maintenance, ice melt, agricultural, and consumer products. We also sell sodium bromide into industrial water treatment markets as a biocide under the BioRid® tradename. Most of these markets are highly competitive. The

Fluids Division's European calcium chloride operations market our calcium chloride products to certain European markets. Our principal competitors in the non-energy related calcium chloride markets include Occidental Chemical Corporation and Vitro in North America, and Brunner Mond, Solvay, and NedMag in Europe.

Production Testing Division

In certain gas producing basins, water, sand, and other abrasive materials commonly accompany the initial production of natural gas, often under high pressure and high temperature conditions and, in some cases, from reservoirs containing high levels of hydrogen sulfide gas. The division provides the specialized equipment and qualified personnel to address these impediments to production. The Production Testing Division also provides certain services designed to accommodate the unique frac flowback and testing demands of shale gas reservoirs. During 2012, the Production Testing Division expanded its frac flowback and production testing equipment fleet, acquiring operations in new geographic markets to serve the rapidly growing demand for these services. Through Greywolf, the division serves the western Canada market. In addition, the Production Testing Division continues to serve the continuing demand for services associated with many of the domestic shale gas reservoirs, including the Bakken, Barnett, Cana Woodford, Eagle Ford, Fayetteville, Haynesville, Marcellus, and Niobrara. In addition, through our OPTIMA subsidiary, the Production Testing Division offers offshore oil and gas rig cooling services and associated products that suppress heat generated by high-rate flaring of hydrocarbons during offshore well test operations. OPTIMA primarily serves markets in the North Sea, Australia, and Asia-Pacific, the Middle East, and South America.

The U.S. and Canadian production testing markets are highly competitive, and competition is based on availability of appropriate equipment and qualified personnel, as well as price, quality of service, and safety record. We believe that our skilled personnel, operating procedures, and safety record give us a competitive advantage in the marketplace. The Production Testing Division plans to continue growing its foreign operations in order to serve major oil and gas markets worldwide, both organically and through additional strategic acquisitions. Competition in onshore U.S. production testing markets is primarily dominated by numerous small, privately owned operators. Expro International, Halliburton, Schlumberger, and Weatherford are major competitors in the foreign markets we serve. The major customers for this division include BHP Billiton, Cabot, Carrizo Oil & Gas, Chesapeake, ConocoPhillips, Consol Energy, Encana, EP Energy, Halliburton, Noble Energy, Pioneer Natural Resources, Range Resources, Schlumberger, Shell Oil, Saudi ARAMCO, and other national oil companies in foreign countries.

Compression Division

The Compression Division provides its products and services to a broad base of natural gas and oil exploration and production companies, as well as midstream, pipeline transmission, and storage companies, operating throughout many of the onshore producing regions of the United States. The Compression Division also has operations in Latin America and other foreign regions. While most of the Compression Division's services are performed throughout Texas, the San Juan Basin, the Rocky Mountain region, and the Mid-Continent region of the United States, we also have a presence in other U.S. producing regions. The Compression Division continues to seek opportunities to further expand its operations into other regions in the Western Hemisphere and elsewhere in the world.

The Division’s strategy is to compete on the basis of superior services at a competitive price. The Compression Division believes that it is competitive because of the significant increases in the value of natural gas wells that result from the use of its services, its superior customer service, its highly trained field personnel, and the quality of the compressor packages we use to provide our services. The Compression Division’s major customers include Anadarko, BP, Cimarex Energy, ConocoPhillips, and DCP Midstream.

The compression services and fabrication business is highly competitive. The Compression Division experiences competition from companies that may be able to more quickly adapt to changes within our industry and changes in economic conditions as a whole, more readily take advantage of available opportunities and adopt more aggressive pricing policies. Primary competition for our low-horsepower compression services business comes from various local and regional companies that utilize packages consisting of a screw compressor with a separate engine driver or a reciprocating compressor with a separate engine driver. These local and regional competitors tend to compete with us on the basis of price rather than equipment specifications. Competition for our mid- and high-horsepower compression services business comes primarily from large national and multinational companies who may have greater financial resources than ours. Such competitors include Exterran, USA Compression, CDM Resource Management, J-W Power, and AXIP Energy Services. Our competition in the standard equipment market includes several large companies and a large number of small, regional fabricators, including some of those who we compete with for compression services, as well as AG Equipment Company, SEC Energy Products & Services, Enerflex, and others. The Compression Division's competition in the custom-designed market usually consists of larger companies with the ability to provide integrated projects and product support after the sale, including some of the competitors noted above. The ability to fabricate these large custom-designed packages at the Compression Division's facilities near the point of end-use of many customers is often a competitive advantage.

Offshore Division

Offshore Services Segment. Demand for the Offshore Services segment’s offshore well abandonment and decommissioning services in the Gulf of Mexico is primarily driven by the maturity and decline of producing fields, aging offshore platform infrastructure, damage to platforms and pipelines from hurricanes and other windstorms, and government regulations, among other factors. Demand for the Offshore Services segment’s construction and other services is driven by the general level of offshore activity of its customers, which is affected by oil and natural gas prices and government regulation. We believe that the enforcement of government regulations, including the Idle Iron Guidance, may accelerate the pace at which offshore Gulf of Mexico abandonment and decommissioning will be done in the future. The increased government focus on removing aging offshore platform infrastructure in the Gulf of Mexico has resulted in an increase in the number of wells to be plugged and abandoned, and platforms and pipelines to be decommissioned.

Offshore activities in the Gulf of Mexico are seasonal, with the majority of work occurring during the months of April through October when weather conditions are most favorable. Critical factors required to compete in this market include, among other factors: (i) the proper equipment, including vessels and heavy lift barges; (ii) qualified, experienced personnel; (iii) technical expertise to address varying downhole, surface, and subsea conditions, particularly those related to damaged wells and platforms; and (iv) a comprehensive health, safety, and environmental program. Our Offshore Services segment's fleet of owned equipment includes two heavy lift derrick barges, the TETRA Hedron, which has a 1,600-metric-ton lift capacity, fully revolving crane, and the TETRA Arapaho, which has a 725-metric-ton lift capacity. We believe that the integrated services that we offer and our vessel and equipment fleets satisfy current market requirements in the Gulf of Mexico and allow us to successfully compete in that market.

The Offshore Services segment markets its services primarily to major oil and gas companies and independent operators. The Offshore Services segment’s most significant customer during the past three years has been Maritech; however, the amount of work performed for Maritech has been reduced and the amount of work to be performed in the future for Maritech is expected to continue to decline. Other major customers include Chevron, Fieldwood, McMoRan, Nexen, Shell and Williams. The Offshore Services segment’s services are performed primarily in the U.S. Gulf of Mexico, however, the segment is also seeking to expand its operations to international markets. Our principal competitors in the U.S. Gulf of Mexico market are Bisso, Cal Dive International, Inc., Express Energy, Harkand, Oceaneering, Offshore Specialty Fabricators, Inc. and Superior Energy Services, Inc. This market is highly competitive, and competition is based primarily on service, equipment availability, safety record, and price.

Other Business Matters

Marketing and Distribution

The Fluids Division markets its CBF products through its distribution facilities located in the U.S. Gulf Coast region, the North Sea region of Europe, and certain other foreign markets, including Brazil, West Africa, and the Middle East.

Non-oilfield calcium chloride products are also marketed through the Fluids Division’ sales offices in California, Missouri, Pennsylvania, and Texas, as well as through a network of distributors in the United States and northern and central Europe. In addition to production facilities in the United States and Finland, the division has distribution facilities strategically located to provide efficient product distribution.

No single customer provided 10% or more of our total consolidated revenues during the year ended December 31, 2014.

Backlog

The Compression Division’s equipment and parts sales business includes the fabrication and sale of standard compressor packages, custom-designed compressor packages, and oilfield fluid pump systems that are fabricated to customer specifications and standard specifications, as applicable. Our custom designed compressor packages are typically greater in size and scope than standard fabrication packages, requiring more labor, materials, and overhead resources. Our fabrication and sales business requires diligent planning of those resources and project and backlog management in order to meet the customer's desired delivery dates and performance criteria, and achieve fabrication efficiencies. As of December 31, 2014, Compression Division's fabrication and sales backlog was approximately $120.0 million. This fabrication and sales backlog consists of firm customer orders for which a purchase or work order has been received, satisfactory credit or financing arrangements exist, and delivery has been scheduled. Our fabrication and sales backlog is a measure of marketing effectiveness that allows us to plan future labor and raw material needs and measure our success in winning bids from our customers. Excluding these Compression Division operations, our products and services either are not sold under long-term contracts or do not require long lead times to procure or deliver.

Employees

As of December 31, 2014, we had approximately 3,800 employees. None of our U.S. employees are presently covered by a collective bargaining agreement other than the eight employees of our Lake Charles, Louisiana, calcium chloride production facility, who are represented by the United Steelworkers Union. Our foreign employees are generally members of labor unions and associations in the countries in which we operate. We believe that our relations with our employees are good.

Patents, Proprietary Technology and Trademarks

As of December 31, 2014, we owned or licensed thirty-five (35) issued U.S. patents and had sixteen (16) patent applications pending in the United States. We also had thirty-nine (39) owned or licensed foreign patents and thirty-four (34) foreign patent applications pending in various other countries. The foreign patents and patent applications are primarily foreign counterparts to U.S. patents or patent applications. The issued patents expire at various times through 2032. We have elected to maintain certain other internally developed technologies, know-how, and inventions as trade secrets. While we believe that our patents and trade secrets are important to our competitive positions in our businesses, we do not believe any one patent or trade secret is essential to our success.

It is our practice to enter into confidentiality agreements with key employees, consultants, and third parties to whom we disclose our confidential and proprietary information, and we have typical policies and procedures designed to maintain the confidentiality of such information. There can be no assurance, however, that these measures will prevent the unauthorized disclosure or use of our trade secrets and expertise, or that others may not independently develop similar trade secrets or expertise.

We sell various products and services under a variety of trademarks and service marks, some of which are registered in the United States or other countries.

Health, Safety, and Environmental Affairs Regulations

We believe that our service and sales operations and manufacturing plants are in substantial compliance with all applicable U.S. and foreign health, safety, and environmental laws and regulations. We are committed to conducting all of our operations under the highest standards of safety and respect for the environment. However, risks of substantial costs and liabilities are inherent in certain of our operations and in the development and handling of certain products and equipment produced or used at our plants, well locations, and worksites. Because of these risks, there can be no assurance that significant costs and liabilities will not be incurred in the future. Changes in environmental and health and safety regulations could subject us to more rigorous standards. We cannot predict the extent to which our operations may be affected by future regulatory and enforcement policies.

We are subject to various federal, state, local, and foreign laws and regulations relating to health, safety, and the environment, including regulations regarding air emissions, wastewater and storm water discharges, and the disposal of certain hazardous and nonhazardous wastes. Compliance with laws and regulations may expose us to significant costs and liabilities, and cause us to incur significant capital expenditures in our operations. Failure to comply with these laws and regulations or associated permits may result in the assessment of fines and penalties and the imposition of other obligations.

Our operations in the United States are subject to various evolving environmental laws and regulations that are enforced by the U.S. Environmental Protection Agency ("EPA"); the BSEE of the U.S. Department of the Interior; the U.S. Coast Guard; and various other federal, state, and local environmental authorities. Similar laws and regulations, designed to protect the health and safety of our employees and visitors to our facilities, are enforced by the U.S. Occupational Safety and Health Administration, and other state and local agencies and authorities. Specific environmental laws and regulations applicable to our operations include: (i) the Federal Water

Pollution Control Act of 1972; (ii) the Resource Conservation and Recovery Act of 1976; (iii) the Clean Air Act of 1977; (iv) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"); (v) the Superfund Amendments and Reauthorization Act of 1986; (vi) the Federal Insecticide, Fungicide, and Rodenticide Act of 1947; (vii) the Toxic Substances Control Act of 1976; (viii) the Hazardous Materials Transportation Act of 1975; (ix) and the Pollution Prevention Act of 1990. Our operations outside the United States are subject to various foreign governmental laws and regulations relating to the environment, health and safety, and other regulated activities in the countries in which we operate.

The EPA has determined that greenhouse gases present an endangerment to public health and the environment, because, according to the EPA, they contribute to global warming and climate change. As a result, the EPA has begun to regulate certain sources of greenhouse gases, including air emissions associated with oil and gas production particularly as they relate to the hydraulic fracturing of natural gas wells. In addition, the EPA has issued regulations requiring the reporting of greenhouse gas emissions from certain sources which include onshore and offshore oil and natural gas production facilities and onshore oil and gas processing, transmission, storage, and distribution facilities. Reporting of greenhouse gas emissions from such facilities is required on an annual basis. The EPA’s rules relating to emissions of greenhouse gases from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA or state environmental agencies from implementing the rules. Further, Congress has considered, and almost one-half of the states have adopted, legislation that seeks to control or reduce emissions of greenhouse gases from a wide range of sources.

Offshore Operations

During the past four years, several Notices to Lessees ("NTLs"), Safety and Environmental Management Systems ("SEMS") regulations, and other safety regulations implementing additional safety and certification requirements applicable to offshore activities in the Gulf of Mexico were issued. These NTLs and SEMS regulations include requirements by operators to:

- submit well blowout prevention measures and contingency plans, including demonstrating access to subsea blowout containment resources;
- abide by new permitting standards requiring detailed, independently certified descriptions of well design, casing, and cementing;
- follow new performance-based standards for offshore drilling and production operations
- enhance the safety of operations by reducing the frequency and severity of accidents; and
- certify that the operator has complied with all regulations.

The “Idle Iron Guidance” regulations, which were adopted in 2010 and govern the plugging, abandonment, and decommissioning of U.S. Gulf of Mexico offshore wells and production platforms, are overseen by BSEE. This agency's scope of responsibility includes maintaining an investigation and review unit, providing for public forums, conducting comprehensive environmental analyses, and creating implementation teams to analyze various aspects of the regulatory structure and to help implement the reform agenda.

We maintain various types of insurance intended to reimburse certain costs in the event of an explosion or similar event involving our offshore operations. Our insurance program is reviewed not less than annually with our insurance brokers and underwriters. As part of our insurance program for offshore operations, we maintain general liability and protection and indemnity policies that provide third-party liability coverage, up to applicable policy limits, for risks of an accidental nature, including but not limited to death and personal injury, collision, damage to fixed and floating objects, pollution, and wreck removal. We also maintain a vessel pollution liability policy that provides coverage for oil or hazardous substance pollution emanating from a vessel, addressing both Oil Pollution Act of 1990 ("OPA") and CERCLA obligations. This policy also provides coverage for cost of defense, fines, and penalties.

We provide services and products to customers in the Gulf of Mexico, generally pursuant to written master services agreements that create insurance and indemnity obligations for both parties. If there was an explosion or similar catastrophic event on an offshore location where we are providing services and products, under the majority of our master services agreements with our customers:

(1) We would be required to indemnify our customer for any claims for injury, death, or property loss or destruction made against them by us or our subcontractors or our subcontractor’s employees. The

customer would be required to indemnify us for any claims for injury, death, or property loss or destruction made against us by the customer or its other subcontractors or the employees of the customer or its other subcontractors. These indemnities are intended to apply regardless of the cause of such claims, including but not limited to, the negligence of the indemnified party. Our insurance is structured to cover the cost of defense and any resulting liability from all indemnified claims, up to policy limits.

(2) The customer would be required to indemnify us for all claims for injury, death, or property loss or destruction made against us by a third party that arise out of the catastrophic event, regardless of the cause of such claims, including but not limited to, our negligence or our subcontractors' negligence. Our insurance is structured to cover the cost of defense and any resulting liability from all such claims; however, our insurance would be applicable to the claim only if the customer defaulted or otherwise breached its indemnity obligations to us.

(3) The customer would be required to indemnify us for all claims made against us for environmental pollution or contamination that arise out of the catastrophic event, regardless of the cause of such claims, including our negligence or the negligence of our subcontractors. Our insurance is structured to cover the cost of defense and any resulting liability from all such claims; however, our insurance would be applicable to the claim only if the customer defaulted or otherwise breached its indemnity obligations to us.

Following the 2011 and 2012 sales of substantially all of Maritech's offshore producing properties, we no longer participate in offshore drilling activities. However, Maritech and our Offshore Services segment engage contractors to provide well abandonment and related services and products on Maritech's remaining offshore oil and gas production platforms and associated wells, generally pursuant to written master services agreements that create insurance and indemnity obligations for both parties. If there was an environmental event on an offshore Maritech location where a Maritech contractor was providing services and products, under a majority of Maritech's master services agreements with its contractors, Maritech would be required to indemnify its contractor for any claims against the contractor for injury, death, or property loss or destruction brought by Maritech, its other subcontractors or its or their respective employees. The contractor would be required to indemnify Maritech for any claims for injury, death, or property loss or destruction made against Maritech by the contractor or its subcontractors or the employees of the contractor or its subcontractors. These indemnities would apply regardless of the cause of such claims, including the negligence of the indemnified party. Maritech's insurance is structured to cover the cost of defense and any resulting liability from all indemnified claims, up to policy limits.

In accordance with applicable regulations, Maritech maintains an oil spill response plan with the BSEE and has designated contractors who are trained as qualified individuals and are prepared to coordinate a response to any spill or leak. Maritech also has contracts in place to assure that a complete and experienced resource team is available as required.

Item 1A. Risk Factors.

Certain Business Risks

Although it is not possible to identify all of the risks we encounter, we have identified the following significant risk factors that could affect our actual results and cause actual results to differ materially from any such results that might be projected, forecasted, or estimated by us in this report.

Market Risks

The demand and prices for our products and services are affected by several factors, including the supply, demand, and prices for oil and natural gas.

Demand for our products and services is materially dependent on the supply, demand, and prices for oil, natural gas, and competing energy sources, and is more specifically dependent on the supply, demand, and prices for the products and services we offer, both in the United States and in the foreign countries in which we operate. These factors are also influenced by the U.S., foreign, and regional economic, financial, business, political, and social conditions within the markets we serve. Oil and gas prices and, therefore, the levels of well drilling, completion, workover, and production activities, tend to fluctuate. Worldwide economic and political events, including initiatives by the Organization of Petroleum Exporting Countries and increasing or decreasing demand in other large world economies as well as tremendous growth in natural gas supplies in the U.S. from shale reserves, have contributed to, and are likely to continue to contribute to, price volatility. The expansion of alternative energy supplies that compete with oil and gas, improvements in energy conservation, and improvements in the energy efficiency of vehicles, plants, equipment, and devices will also reduce oil and gas consumption or slow its growth.

During 2014, West Texas Intermediate oil prices ranged from a high of $107.50 per barrel in June 2014 to a low of $52.44 per barrel in December 2014. U.S. natural gas prices were volatile in 2014, with Henry Hub prices ranging from a high of $6.49 per million British thermal units (“MMBtu”) in February 2014 to a low of $2.88 per MMBtu in December 2014. Low oil and natural gas prices have negatively affected the operating cash flows and exploration and development activities and plans of many of our customers and could continue to have a negative impact on the demand for many of our products and services.

If economic conditions or energy prices further deteriorate, there may be additional constraints on oil and gas industry spending levels. Reduced spending levels would negatively impact the demand for many of our products and services and the prices we charge for these products and services, which would negatively affect our revenues and future growth.

During times when oil or natural gas prices are low, many of our customers are more likely to experience a downturn in their financial condition. Poor economic conditions may also lead to additional constraints on the operating cash flows of our customers, potentially impacting their ability to pay us in a timely manner, which could result in increased customer bankruptcies and uncollectible receivables.

We encounter, and expect to continue to encounter, intense competition in the sale of our products and services.

We compete with numerous companies in each of our operating segments, many of which have substantially greater financial and other resources than we have. Certain of our competitors have lower standards of quality and older equipment and safety, and offer services at lower prices than we do. Other competitors have newer equipment that is better suited to our customers' needs. To the extent competitors offer products or services at lower prices or higher quality, or more cost-effective products or services, our business could be materially and adversely affected. In addition, certain of our customers may elect to perform services internally in lieu of using our services, which could also materially and adversely affect our operations.

The profitability of our operations is dependent on other numerous factors beyond our control.

Our operating results in general, and gross profit in particular, are determined by market conditions and the products and services we sell in any period. Other factors, such as heightened competition, changes in sales and distribution channels, availability of skilled labor and contract services, shortages in raw materials, or inability to obtain supplies at reasonable prices, may also affect the cost of sales and the fluctuation of gross margin in future periods.

Other factors affecting our operating results and activity levels include oil and natural gas industry spending levels for exploration and production, development, and acquisition activities and plugging, abandonment, and decommissioning costs on Maritech’s remaining offshore production platforms, wells, and pipelines. Several of our customers have publicly announced reductions in their capital expenditure plans in light of the recent decline in the prices of oil and natural gas and such reductions are expected to affect the demand for many of our products and services, which is expected to negatively affect our revenues and results of operations. A large concentration of our operating activities is located in the onshore and offshore U.S. Gulf Coast region. Our revenues and profitability are particularly dependent upon oil and natural gas industry activity and spending levels in this region. Our operations may also be affected by technological advances, cost of capital, and tax policies. Adverse changes in any of these other factors may have a material adverse effect on our revenues and profitability.

The demand for our products and services in the U.S. Gulf of Mexico could continue to be adversely impacted by increased regulation and continuing regulatory uncertainty.

Operations in the U.S. Gulf of Mexico have been subject to an increasingly stringent regulatory environment including government regulations focused on offshore operating requirements, spill cleanup, and enforcement matters. These regulations also implement additional safety and certification requirements applicable to offshore activities in the U.S. Gulf of Mexico. Demand for our products and services in the U.S. Gulf of Mexico continues to be affected by these regulations. Future regulatory requirements could delay our customers' activities, reduce our revenues, and increase our operating costs, including the cost to insure offshore operations, resulting in reduced cash flows and profitability.

We are dependent on third-party suppliers for specific products and equipment necessary to provide certain of our products and services.

We sell a variety of clear brine fluids to the oil and gas industry and non-energy markets, including calcium chloride, calcium bromide, zinc bromide, zinc calcium bromide, sodium bromide, and formate-based brines, some of which we manufacture and some of which are purchased from third parties. Sales of these compound products contribute significantly to our revenues. In our manufacture of calcium chloride, we use brines, hydrochloric acid, and other raw materials purchased from third parties. In our manufacture of bromide compound products, we use elemental bromine, hydrobromic acid, and other raw materials which are purchased from third parties. We rely on Chemtura Corporation as a supplier of raw materials for our bromide compound products as well as for our El Dorado, Arkansas, calcium chloride plant. Although we have long-term supply agreements with Chemtura, if we were unable to acquire these raw materials at reasonable prices for a prolonged period, our business could be materially and adversely affected.

Some of the well plugging, abandonment, and decommissioning services performed by our Offshore Services segment require the use of vessels, diving, cutting, and other equipment and services provided by third parties. We lease equipment and obtain services from certain providers, and there can be no assurance that this equipment and these services will be available at reasonable prices in the future.

The fabrication of our compression packages, pump systems, and production testing, well monitoring, and rig cooling equipment requires the purchase of many types of components, some of which we obtain from a single source or a limited group of suppliers. Our reliance on these suppliers exposes us to the risk of price increases, inferior component quality, or an inability to obtain an adequate supply of required components in a timely manner. The profitability or future growth of our Compression and Production Testing Divisions may be adversely affected due to our dependence on these key suppliers.

Further changes in the economic environment could result in significant impairments of certain of our long-lived assets and goodwill.

During the fourth quarter of 2014, primarily as a result of the significant decrease in oil and natural gas prices and also as part of the goodwill impairment process for our Production Testing and Offshore Services reporting units, we recorded certain consolidated long-lived asset impairments of approximately $34.8 million. Further changes in the economic environment could result in decreased demand for many of our products and services, which could impact the expected utilization rates of certain of our long-lived assets, including plant facilities, operating locations, barges and vessels, and other operating equipment. Under generally accepted accounting principles, we review the carrying value of our long-lived assets when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable, based on their expected future cash flows. The impact of reduced expected future cash flow could require the write-down of all or a portion of the carrying value for these assets, which would result in an impairment charge to earnings, resulting in increased earnings volatility.

Due to decreases in our stock price and the expected future cash flows from certain of our reporting units, we recorded approximately $64.3 million of goodwill impairments during the fourth quarter of 2014. Under generally accepted accounting principles, we review the carrying value of our goodwill for possible impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable. Changes in circumstances indicating the carrying value of our goodwill may not be recoverable include a decline in our stock price or future cash flows and slower growth rates in our industry. If economic and market conditions decline further, we may be required to record additional charges to earnings during the period in which any impairment of our goodwill is determined, resulting in a negative impact on our results of operations.

Our success depends upon the continued contributions of our personnel, many of whom would be difficult to replace, and the continued ability to attract new employees.

Our success depends on our ability to attract, train, and retain skilled management and employees at reasonable compensation levels. The delivery of our products and services requires personnel with specialized skills and experience. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled managers and workers in the U.S. Gulf Coast region and other regions in which we operate is high and the supply is limited. A lack of qualified personnel, could adversely affect operating results.

The majority of our business in Mexico is performed for Petróleos Mexicanos (PEMEX), and any cutbacks by the Mexican Government on PEMEX's annual spending budget or security disruptions in Mexico could adversely affect our business, financial condition, results of operations, and cash flows.

The majority of our business in Mexico is performed for PEMEX. For the twelve months ended December 31, 2014, PEMEX accounted for approximately 4.0% of our consolidated revenues. No work or services are guaranteed to be ordered by PEMEX under our contracts with PEMEX, which typically range from six months to two years in length. PEMEX is a decentralized public entity of the Mexican Government, and, therefore, the Mexican Government controls PEMEX, as well as its annual budget, which is approved by the Mexican Congress. The Mexican Government may cut spending in the future. Additionally, at the expiration of our current contracts, we may be required to participate in an open auction to renew them.
During the past several years, incidents of security disruptions in many regions of Mexico have increased, including drug-related gang activity. Certain incidents of violence have occurred in regions served by us and have resulted in the interruption of our operations. These interruptions could continue or increase in the future. To the extent that such security disruptions continue or increase, our operations will continue to be affected, and the levels of revenue and operating cash flow from our operations in Mexico could be reduced.

Operating, Technological, and Strategic Risks

We have technological and age-obsolescence risk, both with our products and services as well as with our equipment assets.

New drilling, completion, and production technologies and equipment are constantly evolving. If we are unable to adapt to new advances in technology or replace older assets with new assets, we are at risk of losing customers and market share. In particular, many of our significant equipment assets, including one of our heavy lift barges and certain dive support vessels, are approaching the end of their useful lives, which may adversely affect our ability to serve certain customers. Other equipment, such as a portion of our production testing equipment fleet, may be inadequate to meet the needs of our customers in certain markets. The permanent replacement or upgrade of any of our vessels or equipment will require significant capital. Due to the unique nature of many of these assets, finding a suitable or acceptable replacement may be difficult and/or cost prohibitive. The replacement or enhancement of these assets over the next several years may be necessary in order for us to effectively compete in the current marketplace.

We face risks related to our growth strategy.

Our growth strategy includes both internal growth and growth through acquisitions. Internal growth may require significant capital expenditures, some of which may become unrecoverable or fail to generate an acceptable level of cash flows. Internal growth also requires financial resources (including the use of available cash or additional long-term debt) and management and personnel resources. Acquisitions also require significant management resources, both at the time of the transaction and during the process of integrating the newly acquired business into our operations. If we overextend our current financial resources by growing too aggressively, we could face liquidity problems or have difficulty obtaining additional financing. Acquisitions could adversely affect our operations if we are unable to successfully integrate the newly acquired companies into our operations, are unable to hire adequate personnel, or are unable to retain existing personnel. We may not be able to consummate future acquisitions on favorable terms. Acquisition or internal growth assumptions developed to support our decisions could prove to be overly optimistic. Future acquisitions by us could result in issuances of equity securities, or the rights associated with the equity securities, which could potentially dilute earnings per share. Future acquisitions could result in the incurrence of additional debt or contingent liabilities and amortization expenses related to intangible assets. These factors could adversely affect our future operating results and financial position.

We may not have accurately estimated the benefits to be realized from the CSI Acquisition.

The expected benefits to our Compression Division from the CSI Acquisition may not be realized if our estimates of the potential net cash flows associated with CSI's assets are materially inaccurate or if we failed to identify operating problems or liabilities in our due diligence prior to closing. We performed an inspection of the assets to be acquired, which we believe to be generally consistent with industry practices. However, the accuracy of our assessments of the assets and our estimates are inherently uncertain. There could also be environmental or other problems that are not necessarily observable even when the inspection is undertaken. If problems are identified after closing of the CSI Acquisition, the stock purchase agreement provides for limited recourse against the seller. In addition, our estimate of the required working capital for the CSI business and targeted working capital set forth in the stock purchase agreement may not be sufficient for actual working capital needs of the CSI business. If our estimate and the targeted working capital were lower than the actual needs of the acquired business, the Compression Division may be required to fund such additional working capital needs out of its operating cash flows or borrowings under the CCLP Credit Agreement. The CSI Acquisition has substantially expanded the scope and size of our Compression Division's business, with larger manufacturing and unit sales and aftermarket service operations. Additionally, CSI’s business includes operations and equipment that we have not historically provided. Consequently, we may not be able to integrate CSI’s operations into our Compression Division's operations or to realize the expected economic benefits of the CSI Acquisition.

Our operations involve significant operating risks and insurance coverage may not be available or cost-effective.

We are subject to operating hazards normally associated with the oilfield service industry, including automobile accidents, fires, explosions, blowouts, formation collapse, mechanical problems, abnormally pressured formations, and environmental accidents. Environmental accidents could include, but are not limited to oil spills, gas leaks or ruptures, uncontrollable flows of oil, gas, or well fluids, or discharges of CBFs or toxic gases or other pollutants. These operating hazards may also include injuries to employees and third parties during the performance of our operations. Our operation of marine barges and vessels, heavy equipment, offshore production platforms, chemical manufacturing plants, and the performance of heavy lift and diving services involve particularly high levels of risk. In addition, certain of our employees who perform services on offshore platforms and vessels are covered by the provisions of the Jones Act, the Death on the High Seas Act, and general maritime law. These laws make the liability limits established by state workers’ compensation laws inapplicable to these employees and, instead, permit our affected employees or their representatives to pursue actions against us for damages for job-related injuries. Whenever possible, we obtain agreements from customers and suppliers that limit our exposure. However, the occurrence of certain operating hazards, including storms, could result in substantial losses to us due to injury or loss of life, damage to or destruction of property and equipment, pollution or environmental damage, and suspension of operations.

We have maintained a policy of insuring our risks of operational hazards that we believe is typical in the industry. We believe that the limits of insurance coverage we have purchased are consistent with the exposures we face and the nature of our products and services. Due to economic conditions in the insurance industry, from time to time, we have increased our self-insured retentions for certain policies in order to minimize the increased costs of coverage or we have reduced our limits of insurance coverage for, or not procured, named windstorm coverage. In certain areas of our business, we, from time to time, have elected to assume the risk of loss for specific assets. Due to the sale of substantially all of Maritech's oil and gas properties, typical operational risk coverage for its remaining properties, such as removal of debris, operators extra expense, control of well, and pollution and cleanup coverage, is not available at economical rates. To the extent we suffer losses or claims that are not covered, or are only partially covered by insurance, our results of operations could be adversely affected.

We could incur losses on fixed price contracts.

Due to competitive market conditions, a portion of our well abandonment and decommissioning projects may be performed on a lump sum basis. Pursuant to these types of contracts, defined work is delivered for a fixed price, and extra work, which is subject to customer approval, is charged separately. The revenue, cost, and gross profit realized on these types of contracts can vary from the estimated amount because of changes in offshore conditions, increases in the scope of the work to be performed, increased site clearance efforts required, labor and equipment availability, cost and productivity levels, and the performance level of other contractors. In addition, unanticipated events, such as accidents, work delays, significant changes in the condition of platforms or wells, downhole problems, weather, and environmental or other technical issues, could result in significant losses on these types of projects. These variations and risks may result in our experiencing reduced profitability or losses on these types of projects.

The valuation of decommissioning liabilities is based on estimated data that may be materially incorrect.

Our estimates of future well abandonment and decommissioning liabilities are imprecise and are subject to change due to: (i) changes in the forecasts of the supply, demand, cost and timing of well abandonment and decommissioning services; (ii) additional remediation work required on previously completed well abandonment projects; (iii) damage to wells and infrastructure caused by hurricanes and other natural events; (iv) changes in governmental regulations governing well abandonment and decommissioning work; and (v) other factors. In particular, a portion of the remaining decommissioning liabilities for our Maritech subsidiary relates to offshore production platforms that were toppled and destroyed by hurricanes and the estimates to perform the remaining decommissioning and debris removal work on these properties is particularly imprecise due to the unique nature of the work to be performed for each affected property. During 2014, Maritech increased its combined decommissioning liability by a total of approximately $74.4 million, consisting of $35.2 million of revisions to its existing liabilities as well as $39.2 million from adding new liabilities for remediation work required on projects previously thought to have been completed.

During 2014, Maritech adjusted its existing decommissioning liabilities, increasing them by approximately $35.2 million, either for work performed during the year or related to adjusted estimates of the cost of future work to be performed. This adjustment was directly charged to earnings as an operating expense during 2014. If the actual cost of future abandonment and decommissioning work is materially greater than our current estimates, such additional costs could have an adverse effect on future earnings.

As noted above, Maritech has encountered situations where previously plugged and abandoned wells on its properties have later exhibited a build-up of pressure that is evidenced by gas bubbles coming from the plugged well head. We refer to this situation as “wells under pressure” and this can either be discovered by us when we perform additional work at the property or by notification from a third party. Wells under pressure require Maritech to return to the site to perform additional plug and abandonment procedures that were not originally anticipated or included in the estimate of the asset retirement obligation for such property. Remediation work at previously abandoned well sites is particularly costly due to the lack of a platform from which to base these activities. During 2014, Maritech added new decommissioning liabilities of approximately $39.2 million for work performed during the year or related to the estimated cost of future work to be performed on previously plugged and abandoned wells. This additional amount was directly charged to earnings as an operating expense during 2014. Maritech is the last operator of record for its plugged wells and bears the risk of additional future work required as a result of wells becoming under pressure in the future.

Weather-Related Risks

Certain of our operations are seasonal and depend, in part, on weather conditions.

The Offshore Division's Offshore Services segment has historically enjoyed its highest vessel utilization rates during the period from April to October, when weather conditions are typically more favorable for offshore activities, and has experienced its lowest utilization rates in the period from November to March. Under certain lump sum and other contracts, this segment may bear the risk of delays caused by adverse weather conditions. In addition, demand for other products and services we provide are subject to seasonal fluctuations, due in part to weather conditions that cannot be predicted. Accordingly, our operating results may vary from quarter to quarter, depending on weather conditions in applicable areas.

In certain markets, the Fluids Division’s onshore water management services can be dependent on adequate water supplies being available to its customers. To the extent severe drought or other weather-related conditions prevent our customers from obtaining needed water, frac water operations may not be possible, and our Fluids Division business may be negatively affected.

Severe weather, including named windstorms, can cause significant damage and disruption to our businesses.

A significant portion of our operations is susceptible to adverse weather conditions in the Gulf of Mexico, including hurricanes and other extreme weather conditions. High winds, storm surge, and turbulent seas can cause significant damage and curtail our operations for extended periods during and after such weather conditions, while damage is being assessed and remediated. Even if we do not experience direct damage from storms, we may experience disruptions in our operations because we are unable to operate or our customers or suppliers may curtail their activities due to damage to their wells, platforms, pipelines, and facilities. From time to time, our onshore operations are also negatively affected by adverse weather conditions, including sustained rain and flooding.

A portion of the costs resulting from damages from previous hurricanes has yet to be incurred and may result in significant charges to earnings.

During the past four years, Maritech has performed an extensive amount of well intervention, abandonment, decommissioning, debris removal, and platform construction associated with its offshore platforms that were destroyed by hurricanes. As of December 31, 2014, Maritech has remaining hurricane damage response work associated with one of the downed platforms, and the estimated cost to perform this remaining abandonment, decommissioning, and debris removal work is approximately $8.7 million net to our interest. Due to the unique nature of the remaining work to be performed, actual costs could greatly exceed these estimates and, depending on the nature of any excess costs incurred, could result in significant charges to earnings in future periods. All of this $8.7 million estimated amount has been accrued as part of Maritech’s decommissioning liabilities. Our estimates of the remaining costs to be incurred may be imprecise.

For a further discussion of the remaining costs resulting from damages from the 2005 and 2008 hurricanes, see Notes to Consolidated Financial Statements, “Note B – Summary of Significant Accounting Policies, Repair Costs and Insurance Recoveries.”

We have elected to self-insure windstorm damage to our remaining Maritech assets in the Gulf of Mexico, and hurricane damages could result in significant uninsured losses.

Despite the sales of substantially all of Maritech’s oil and gas reserves during 2011 and 2012, and expending approximately $63.3 million of decommissioning work during 2014, we have remaining decommissioning liabilities of approximately $54.3 million associated with offshore platforms and associated wells to be decommissioned and abandoned. We have discontinued insurance coverage for windstorm damage and have elected to self-insure these risks. To the extent the remaining offshore platforms and associated wells are not decommissioned and abandoned prior to a windstorm occurring, Maritech would be exposed to losses from windstorm damages and storms in the future. Depending on the severity and location of the storms, such losses could be significant and could have a material adverse effect on our financial position, results of operation, and cash flows.

Financial Risks

Deterioration of our financial ratios could result in covenant defaults under our long-term debt agreements and result in decreased credit availability.

As of December 31, 2014, our total debt outstanding of approximately $395.1 million consisted of approximately $90.0 million under our bank revolving credit agreement (the "Credit Agreement") and approximately $305.0 million of our Senior Notes. In addition, our consolidated balance sheet includes approximately $540.0 million of long-term debt of CCLP (consisting of approximately $195.0 million under the CCLP Credit Agreement and approximately $345.0 million carrying amount under the CCLP Senior Notes). Additional growth could result in increased debt levels to support our or CCLP's capital expenditure needs or acquisition activities. Debt service costs related to outstanding long-term debt represent a significant use of our operating cash flow and could increase our vulnerability to general adverse economic and industry conditions.

These long-term debt agreements contain customary covenants and other restrictions and requirements. In addition, the agreements require us to maintain certain financial ratios, including a minimum interest charge coverage ratio and a maximum leverage ratio, both of which are defined in our Credit Agreement and in the note purchase agreements relating to our Senior Notes. Deterioration of these ratios could result in a default under the agreements. These agreements also include cross-default provisions relating to any other indebtedness we have that is greater than a defined amount. If any such indebtedness is not paid or is accelerated and such event is not remedied in a timely manner, a default will occur under our long-term debt agreements. Any event of default, if not timely remedied, could result in a termination of all commitments of the lenders and an acceleration of any outstanding loans and credit obligations.

Access to our revolving credit line is dependent upon our compliance with the financial ratio covenants set forth in the Credit Agreement. These financial ratios include a minimum interest charge coverage ratio (ratio of a defined measure of earnings to interest) of 3.0 and a maximum leverage ratio (ratio of debt and letters of credit outstanding to a defined measure of earnings) of 3.5. The maximum leverage ratio decreases to 3.25 as of September 30, 2015, and it will decrease further to 3.0 as of March 31, 2016. Consolidated net earnings under the credit facility is the aggregate of our net income (or loss) and the net income (or loss) of our consolidated restricted subsidiaries, including cash dividends and distributions (not the return of capital) received from persons other than consolidated restricted subsidiaries (such as distributions from CCLP) and after allowances for taxes for such period determined on a consolidated basis in accordance with GAAP, excluding certain items more specifically described therein. This definition of consolidated net earnings was modified from excluding, among other things, all extraordinary and nonrecurring gains and losses from such calculation, to only excluding an amount of extraordinary and nonrecurring gains and losses up to 25% of a measure of earnings beginning with the four quarter period ended September 30, 2015. In addition, the note purchase agreements relating to our Senior Notes include similar financial covenants. Under these note purchase agreements, the financial ratio requirements include a minimum interest coverage ratio of 2.5 and a maximum leverage ratio of 3.5. At December 31, 2014, the Company’s leverage ratio was 2.94 to 1.

Our continuing ability to comply with these financial covenants depends largely upon our ability to generate adequate cash flow. Historically, our financial performance has been more than adequate to meet these covenants. Due to the expected decreased demand for our products and services from our customers in response to decreased oil and natural gas prices, we are taking strategic cost reduction efforts, including headcount reductions and other efforts to reduce costs and generate cash in anticipation of the reduced demand for our products and services. Based on our projections for each of the quarterly periods in 2015, and including the impact of these cost reduction efforts to increase operating cash flows, we anticipate that we will be in compliance with the financial covenants under our revolving credit facility through December 31, 2015. We are also pursuing the sale of selected assets and additional financing alternatives as potential sources of proceeds to repay a portion of our outstanding borrowings. Any asset sales proceeds, borrowing proceeds, and available capacity under our revolving Credit Agreement are expected to provide resources to repay the $90.0 million of outstanding 2008 Series B Senior Notes, which are scheduled to mature on April 30, 2015. However, there is a remote possibility that we may fail to be in compliance with these financial covenants going forward, and would consequently be in default under our Credit Agreement and our Senior Notes. There can be no assurances that these cost reduction or cash generation plans will be successful, or that market conditions and our operating performance will not further decrease compared to our projections.

In February 2015, we entered into a commitment letter agreement for the sale of $50.0 million aggregate principal amount of senior secured notes to be issued in April 2015. The proceeds from these notes are expected to provide a portion of the funds necessary to repay the $90.0 million principal amount repayment of the Series 2008-B Senior Notes that mature in April 2015. The new notes would be secured by our accounts receivable (excluding CCLP accounts receivable) and our limited partner interest in CCLP, would mature on April 1, 2017, and would include financial covenants consistent with our existing bank revolving credit facility. Closing of the sale and issuance of the notes is subject to the execution of a definitive note purchase agreement and customary conditions.

CCLP's long-term debt levels may limit the amount of cash available to be distributed, which will affect our cash flows.

As of December 31, 2014, CCLP had approximately $195 million outstanding under the CCLP Credit Agreement, $350 million aggregate principal amount outstanding under the CCLP 7.25% Senior Notes, and it may incur significant additional indebtedness in the future. As of February 27, 2015, the amount outstanding under the CCLP Credit Agreement had increased to approximately $208.0 million. The level of CCLP indebtedness could have important consequences to us, including the following:

- CCLP's ability to obtain additional financing, if necessary, for its working capital, capital expenditures (including acquisitions), or other purposes, may be impaired or such financing may not be available on favorable terms;
- covenants contained in CCLP's existing and future credit and debt arrangements will require it to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;
- CCLP's use of a portion of its cash flow to make principal and interest payments on its indebtedness will reduce the funds that would otherwise be available for distributions to unitholders, including to us;
- CCLP may be more vulnerable to competitive pressures or a downturn in its business or the economy generally; and
- CCLP's flexibility in responding to changing business and economic conditions may be affected.

Increases in CCLP's indebtedness would increase its total interest expense, which would in turn reduce its forecasted cash available for distribution. CCLP's ability to service its indebtedness will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond its control. If CCLP's operating results are not sufficient to service its current or future indebtedness, CCLP will be forced to take actions such as reducing distributions, reducing or delaying its business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing its indebtedness, or seeking additional equity capital or bankruptcy protection. CCLP may not be able to effect any of these remedies on satisfactory terms, or at all.

We may have continuing exposure on abandonment and decommissioning obligations associated with oil and gas properties sold by Maritech.

During 2011, in connection with the sale of a significant majority of Maritech’s oil and gas producing properties, the buyers of the properties assumed associated decommissioning liabilities having a value at the time of sale of approximately $122.0 million pursuant to the purchase and sale agreements. For oil and gas properties for which Maritech was previously the operator, the buyer of the properties has now generally become the successor operator and has assumed the financial responsibilities associated with the properties’ operations. However, to the extent that purchasers of these oil and gas properties fail to perform the abandonment and decommissioning work required and there is insufficient bonding and we have insufficient other security, the previous owners and operators of the properties, including Maritech, may be required to assume responsibility for the abandonment and decommissioning obligation. To the extent Maritech is required to assume or perform a significant portion of the abandonment and decommissioning obligations associated with these previously owned oil and gas properties, our financial condition and results of operations may be negatively affected.

We are exposed to significant credit risks.

We face credit risk associated with the significant amounts of accounts receivable we have with our customers in the energy industry. Many of our customers, particularly those associated with our onshore operations, are small- to medium-sized oil and gas operators that may be more susceptible to fluctuating oil and gas commodity prices or generally increased operating expenses than larger companies. Our ability to collect from our customers may be impacted by the current decreased oil and natural gas price environment.

As the owner and operator of its oil and gas property interests, Maritech is liable for the proper abandonment and decommissioning of these properties. We have guaranteed a portion of the abandonment and decommissioning liabilities of Maritech. With respect to certain properties, Maritech is entitled to be paid in the future for all or a portion of these obligations by the previous owner of the property once the liability is satisfied. We and Maritech are subject to the risk that the previous owner(s) will be unable to make these future payments. In addition, for certain remaining Maritech properties to be decommissioned or abandoned, the co-owners of such properties are responsible for the payment of their portions of the associated operating expenses and abandonment liabilities. However, if one or more co-owners do not pay their portions, Maritech and any other nondefaulting co-owners may be liable for the defaulted amount. If any required payment is not made by a previous owner or a co-owner and any security is not sufficient to cover the required payment, we could suffer material losses.

Our operating results and cash flows for certain of our subsidiaries are subject to foreign currency risk.

The operations of certain of our subsidiaries are exposed to fluctuations between the U.S. dollar and certain foreign currencies, particularly the euro, the British pound, the Mexican peso, and the Argentinian peso. Our plans to grow our international operations could cause this exposure from fluctuating currencies to increase. Historically, exchange rates of foreign currencies have fluctuated significantly compared to the U.S. dollar, and this exchange rate volatility is expected to continue. Significant fluctuations in foreign currencies against the U.S. dollar could adversely affect our balance sheet and results of operations.

We are exposed to interest rate risk with regard to our indebtedness.

As of December 31, 2014, we and CCLP have a total of $285.0 million outstanding under our respective revolving credit facilities. Our revolving credit facilities were amended on September 30, 2014, when we and certain of our subsidiaries entered into an Agreement and Third Amendment to Credit Agreement (the "Third Amendment") with JP Morgan Chase Bank, N.A. and lenders thereto. These revolving credit facilities consist of floating rate loans that bear interest at an agreed upon percentage rate spread (which is determined on our leverage ratio) above LIBOR. Accordingly, our cash flows and results of operations could be subject to interest rate risk exposure associated with the level of the variable rate debt balance outstanding. We currently are not a party to an interest rate swap contract or other derivative instrument designed to hedge our exposure to interest rate fluctuation risk.

The Third Amendment amends the Company's revolving credit facility that was set to expire on October 29, 2015, by extending the maturity date of the credit facility until September 30, 2019. CCLP's revolving credit facility is scheduled to mature in 2017. Our Senior Notes and CCLP's Senior Notes bear interest at fixed interest rates and are scheduled to mature at various dates between April 2015 and August 2022. There can be no assurance that the financial market conditions or borrowing terms at the times these existing debt agreements are renegotiated will be as favorable as the current terms and interest rates.

Legal, Regulatory, and Political Risks

Our operations are subject to extensive and evolving U.S. and foreign federal, state and local laws and regulatory requirements that increase our operating costs and expose us to potential fines, penalties, and litigation.

Laws and regulations govern our operations, including those relating to corporate governance, employees, taxation, fees, importation and exportation restrictions, environmental affairs, health and safety, and the manufacture, storage, handling, transportation, use, and sale of chemical products. Certain foreign countries impose additional restrictions on our activities, such as currency restrictions and restrictions on various labor practices. Our operation and decommissioning of offshore properties are subject to and affected by various government regulations, including numerous federal and state environmental, health and safety laws and regulations. These laws and regulations are becoming increasingly complex and stringent, and compliance is becoming increasingly expensive. Governmental authorities have the power to enforce compliance with these regulations, and violators are subject to civil and criminal penalties, including civil fines, and injunctions. Third parties may also have the right to pursue legal actions to enforce compliance with certain laws and regulations. It is possible that increasingly strict environmental, health and safety laws, regulations, and enforcement policies could result in substantial costs and liabilities to us.

The EPA is studying the environmental impact of hydraulic fracturing, a process used by the U.S. oil and gas industry in the development of certain oil and gas reservoirs. Specifically, the EPA is reviewing the impact of hydraulic fracturing on drinking water resources. Certain environmental and other groups have suggested that additional federal, state, and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process. Several states have adopted regulations that require operators to disclose the chemical constituents in hydraulic fracturing fluids. We cannot predict whether any federal, state or local laws or regulations will be enacted regarding hydraulic fracturing, and, if so, what actions any such laws or regulations would require or prohibit. If additional levels of regulation or permitting requirements were imposed on oil and gas operators through the adoption of new laws and regulations, the domestic demand for certain of our products and services could be decreased or subject to delays, particularly for our Production Testing, Compression, and Fluids Divisions.

A large portion of the services performed by our Offshore Division's Offshore Services segment and all of Maritech’s remaining well abandonment and decommissioning operations are conducted on offshore federal leases and are governed by increasing U.S. government regulations. Government regulations also establish construction requirements for production facilities located on federal offshore leases and govern the plugging and abandonment of wells and the removal of production facilities from these leases. Operators must abide by Idle Iron Guidance regulations that regulate the permanent plugging of nonproducing wells and the dismantling of oil and gas production platforms within a certain period of time after they are no longer being used. BSEE oversees the provisions of the Idle Iron Guidance. Under limited circumstances, the BSEE could require Maritech or our Offshore Services segment to suspend or terminate their operations on a federal lease, and both Maritech and our Offshore Services segment could be subject to fines and penalties.

We have significant operations that are either ongoing or scheduled to commence in the U.S. Gulf of Mexico. At this time, we cannot predict the full impact that other regulatory actions that may be mandated by the federal government may have on our operations or the operations of our customers. Other governmental or regulatory actions could further reduce our revenues and increase our operating costs, including the cost to insure offshore operations, resulting in reduced cash flows and profitability.

Our onshore and offshore operations expose us to risks such as the potential for harmful substances escaping into the environment and causing damages or injuries, which could be substantial. Although we maintain general liability and pollution liability insurance, these policies are subject to exceptions and coverage limits. We maintain limited environmental liability insurance covering named locations and environmental risks associated with contract services for oil and gas operations. We could be materially and adversely affected by an enforcement proceeding or a claim that is not covered or is only partially covered by insurance.

Because our business depends on the level of activity in the oil and natural gas industry, existing or future laws, regulations, treaties, or international agreements that impose additional restrictions on the industry may adversely affect our financial results. Regulators are becoming more focused on air emissions from oil and gas operations, including volatile organic compounds, hazardous air pollutants, and greenhouse gases. In particular, the focus on greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our financial results if such laws, regulations, treaties, or international agreements reduce the worldwide demand for oil and natural gas or otherwise result in reduced economic activity generally. In addition, such laws, regulations, treaties, or international agreements could result in increased compliance costs, capital spending requirements, or additional operating restrictions for us, which may have a negative impact on our financial results.

In addition to increasing our risk of environmental liability, the rigorous enforcement of environmental laws and regulations has accelerated the growth of some of the markets we serve. Decreased regulation and enforcement in the future could materially and adversely affect the demand for certain of the services offered by our Offshore Services operations and, therefore, materially and adversely affect our business.

Our expansion into foreign countries exposes us to complex regulations and may present us with new obstacles to growth.

We plan to continue to grow both in the United States and in foreign countries. We have established operations in, among other countries, Argentina, Brazil, Canada, Finland, Ghana, Iraq, Mexico, Norway, Saudi Arabia, Sweden, and the United Kingdom. Foreign operations carry special risks. Our business in the countries in which we currently operate and those in which we may operate in the future could be limited or disrupted by:

- restrictions on repatriating cash back to the United States;
- the impact of compliance with anti-corruption laws on our operations and competitive position in affected countries and the risk that actions taken by us or our agents may violate those laws;
- government controls and government actions, such as expropriation of assets and changes in legal and regulatory environments;

- import and export license requirements;
- political, social, or economic instability;
- trade restrictions;
- changes in tariffs and taxes; and
- our limited knowledge of these markets or our inability to protect our interests.

We and our affiliates operate in countries where governmental corruption has been known to exist. While we and our subsidiaries are committed to conducting business in a legal and ethical manner, there is a risk of violating either the U.S. Foreign Corrupt Practices Act, the U.K Bribery Act, or laws or legislation promulgated pursuant to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable anti-corruption regulations that generally prohibit the making of improper payments to foreign officials for the purpose of obtaining or keeping business. Violation of these laws could result in monetary penalties against us or our subsidiaries and could damage our reputation and, therefore, our ability to do business.

Foreign governments and agencies often establish permit and regulatory standards different from those in the U.S. If we cannot obtain foreign regulatory approvals, or if we cannot obtain them in a timely manner, our growth and profitability from foreign operations could be adversely affected.

Our growing operations in Argentina expose us to the changing economic, legal, and political environments in that country, including the changing regulations over repatriation of cash generated from our operations in Argentina.

The current economic, legal, and political environment in Argentina and recent devaluation of the Argentinian peso have created increased economic instability for foreign investment in Argentina. The Argentinian government is currently attempting to address the current high rate of inflation and the continuing devaluations pressure. Fiscal and monetary expansion in Argentina has led to devaluations of the Argentinian peso, particularly in late 2013 and early 2014. Additional currency adjustment may be necessary to help boost the current Argentina economy, but may be accompanied by fiscal and monetary tightening, including additional restrictions on the purchase of U.S. dollars in Argentina.

As a result of our expanding operations in Argentina, consolidated revenues and operating cash flow generated in Argentina have increased over the past three years. As of December 31, 2014, approximately $2.0 million of our consolidated cash balance is located in Argentina, and the process of repatriating this cash to the U.S. is subject to increasingly complex regulations. There can be no assurances that our growing Argentinian operations will not expose us to a loss of liquidity, foreign exchange losses, and other potential financial impacts.

Climate change legislation or regulations restricting emissions of “greenhouse gases” could result in increased operating costs and reduced demand for the oil and natural gas our customers produce, while the physical effects of climate change could disrupt production and cause us to incur costs in preparing for or responding to those effects.

The EPA has determined that “greenhouse gases” ("GHGs") present an endangerment to public health and the environment, because emissions of such gases are, according to the EPA, contributing to warming of the earth’s atmosphere and other climatic changes. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act ("CAA"). Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs under existing provisions of the CAA. The EPA rules regulate GHG emissions under the CAA and require a reduction in emissions of GHGs from motor vehicles and from certain large stationary sources as well as requiring so-called “green” completions at hydraulically fractured natural gas wells beginning in 2015. The EPA also requires the annual reporting of GHG emissions from specified large GHG emission sources in the United States, including petroleum refineries, as well as from certain oil and gas production facilities.

The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, our facilities and operations could require us to incur costs. Further, Congress has considered and almost one-half of the states have adopted legislation that seeks to control or reduce emissions of GHGs from a wide range of sources. Any such legislation could adversely affect demand for the oil and natural gas our customers produce and, in turn, demand for our products and services. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations and cause us to incur costs in preparing for or responding to those effects.

Our proprietary rights may be violated or compromised, which could damage our operations.

We own numerous patents, patent applications, and unpatented trade secret technologies in the U.S. and certain foreign countries. There can be no assurance that the steps we have taken to protect our proprietary rights will be adequate to deter misappropriation of these rights. In addition, independent third parties may develop competitive or superior technologies.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our properties consist primarily of our corporate headquarters facility, chemical plants, processing plants, distribution facilities, heavy lift barge rigs, and dive support vessels. The following information describes facilities that we leased or owned as of December 31, 2014. We believe our facilities are adequate for our present needs.

Facilities

Fluids Division

Our Fluids Division facilities include seven chemical production plants located in the states of Arkansas, California, Louisiana, and West Virginia, and the country of Finland, having a total production capacity of more than 1.5 million equivalent liquid tons per year. The two California locations consist of 29 square miles of leased mineral acreage and solar evaporation ponds, and related owned production and storage facilities.

As an inducement to locate our calcium chloride production plant in Union County, Arkansas, we received certain ad valorem property tax incentives. Our facility is located just outside the city of El Dorado, Arkansas, on property that is leased from Union County, Arkansas. We have the option of purchasing the property at any time during the term of the lease for a nominal price. The term of the lease expires in 2035, at which time we also have the option to purchase the property at a nominal price. Under the terms of the lease, we are responsible for all costs incurred related to the facility.

In addition to the production facilities described above, the Fluids Division owns or leases multiple service center facilities in the United States and in other countries. The Fluids Division also leases several offices and numerous terminal locations in the United States and in other countries.

We lease approximately 33,000 gross acres of bromine-containing brine reserves in Magnolia, Arkansas, for possible future development and as a source of supply for our bromine and other raw materials.

Production Testing Division

The Production Testing segment conducts its operations through production testing service centers (most of which are leased) in the United States, located in Colorado, Louisiana, North Dakota, Oklahoma, Pennsylvania, Texas, West Virginia, and Wyoming. In addition, the Production Testing segment has leased facilities in Brazil, Mexico, United Arab Emirates, United Kingdom, Saudi Arabia, Iraq, Argentina, Australia, Canada, and Colombia.

Compression Division

The Compression Division’s facilities include owned headquarters and fabrication facilities in Midland, Texas and Oklahoma City, Oklahoma, a leased administration facility in Oklahoma City, Oklahoma, and several owned and leased service and sales facilities in the United States, Mexico, Canada, and Argentina. All obligations under the bank revolving credit facility for CCLP are secured by a first lien security interest in substantially all of CCLP’ s assets, including the Midland, Texas and Oklahoma City, Oklahoma fabrication facilities.

For a profile of our compression fleet, see "Item 1. Business "Products and Services - Compression."

Offshore Division

The Offshore Division conducts its operations through four offices and service facility locations (three of which are leased) located in Texas and Louisiana. In addition, the Offshore Services segment owns the following fleet of vessels that it uses in performing its well abandonment, decommissioning, construction, and contract diving operations:

TETRA Hedron	Derrick barge with 1,600-metric-ton revolving crane
TETRA Arapaho	Derrick barge with 725-metric-ton revolving crane
Epic Explorer	210-foot dive support vessel with saturation diving system

We have access to additional leased vessels as needed to adjust to demand for our services.

Corporate

Our headquarters is located in The Woodlands, Texas, in a 153,000 square foot office building, which is located on 2.6 acres of land. In December 2012, we entered into a sale leaseback transaction where we sold the headquarters building and land for a sale price of $43.8 million before transaction costs and other deductions, and leased back the facility for an initial lease term of 15 years. In addition, we own a 28,000 square foot technical facility in The Woodlands, Texas, to service our Fluids Division operations.

Item 3. Legal Proceedings.

We are named defendants in numerous lawsuits and respondents in certain governmental proceedings arising in the ordinary course of business. While the outcome of lawsuits or other proceedings against us cannot be predicted with certainty, management does not consider it reasonably possible that a loss resulting from such lawsuits or other proceedings in excess of any amounts accrued has been incurred that is expected to have a material adverse effect on our financial condition, results of operations, or liquidity.

Environmental Proceedings

One of our subsidiaries, TETRA Micronutrients, Inc. ("TMI"), previously owned and operated a production facility located in Fairbury, Nebraska. TMI is subject to an Administrative Order on Consent issued to American Microtrace, Inc. (n/k/a/ TETRA Micronutrients, Inc.) in the proceeding styled In the Matter of American Microtrace Corporation, EPA I.D. No. NED00610550, Respondent, Docket No. VII-98-H-0016, dated September 25, 1998 (the "Consent Order"), with regard to the Fairbury facility. TMI is liable for future remediation costs and ongoing environmental monitoring at the Fairbury facility under the Consent Order; however, the current owner of the Fairbury facility is responsible for costs associated with the closure of that facility.

Item 4. Mine Safety Disclosures.

None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Repurchases of Equity Securities.

Price Range of Common Stock

Our common stock is traded on the New York Stock Exchange under the symbol “TTI.” As of March 2, 2015, there were approximately 8,234 holders of record of the common stock. The following table sets forth the high and low sale prices of the common stock for each calendar quarter in the two years ended December 31, 2014, as reported by the New York Stock Exchange.

	High	Low
2014		
First Quarter	$12.84	$9.92
Second Quarter	13.43	10.87
Third Quarter	12.11	9.25
Fourth Quarter	10.96	4.90
2013		
First Quarter	$10.74	$7.72
Second Quarter	11.48	8.15
Third Quarter	12.97	9.41
Fourth Quarter	13.41	11.52

Market Price of Common Stock

The following graph compares the five-year cumulative total returns of our common stock, the Standard & Poor's 500 Composite Stock Price Index (S&P 500), and the Philadelphia Oil Service Sector Index (PHLX Oil Service), assuming $100 invested in each stock or index on December 31, 2009, all dividends reinvested, and a fiscal year ending December 31. This information shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 as a result of this furnishing, except to the extent we specifically incorporate it by reference.

Dividend Policy

We have never paid cash dividends on our common stock. We currently intend to retain earnings to finance the growth and development of our business. Any payment of cash dividends in the future will depend upon our financial condition, capital requirements, and earnings, as well as other factors the Board of Directors may deem relevant. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources" for a discussion of potential restrictions on our ability to pay dividends.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In January 2004, our Board of Directors authorized the repurchase of up to $20 million of our common stock. Purchases may be made from time to time in open market transactions at prevailing market prices. The repurchase program may continue until the authorized limit is reached, at which time the Board of Directors may review the option of increasing the authorized limit. During 2004 through 2005, we repurchased 340,950 shares of our common stock pursuant to the repurchase program at a cost of approximately $5.7 million. There were no repurchases made during 2006 through 2014 pursuant to the repurchase program. Shares repurchased during the fourth quarter of 2014 other than pursuant to our repurchase program are as follows:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Publicly Announced Plans or Programs(1)
Oct 1 – Oct 31, 2014	6,761	(2)	$10.17	—	$14,327,000
Nov 1 – Nov 30, 2014	19,040	(2)	8.40	—	14,327,000
Dec 1 – Dec 31, 2014	376	(2)	6.78	—	14,327,000
Total	26,177			—	$14,327,000

(1) In January 2004, our Board of Directors authorized the repurchase of up to $20 million of our common stock. Purchases will be made from time to time in open market transactions at prevailing market prices. The repurchase program may continue until the authorized limit is reached, at which time the Board of Directors may review the option of increasing the authorized limit.

(2) Shares we received in connection with the exercise of certain employee stock options or the vesting of certain employee restricted stock. These shares were not acquired pursuant to the stock repurchase program.

Item 6. Selected Financial Data.

The following tables set forth our selected consolidated financial data for the years ended December 31, 2014, 2013, 2012, 2011, and 2010. The selected consolidated financial data does not purport to be complete and should be read in conjunction with, and is qualified by, the more detailed information, including the Consolidated Financial Statements and related Notes and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” appearing elsewhere in this report. Please read “Item 1A. Risk Factors” beginning on page 11 for a discussion of the material uncertainties which might cause the selected consolidated financial data not to be indicative of our future financial condition or results of operations. During 2014, we recorded significant impairments of long-lived assets and goodwill. During 2014 and 2013, we recorded significant charges to earnings associated with Maritech's decommissioning liabilities. During 2014, our Compression Division acquired CSI. During 2012, our Production Testing Division acquired OPTIMA, ERS, and Greywolf. During 2010, we recorded significant impairments of our oil and gas properties, a dive support vessel, and a calcium chloride manufacturing plant, as well as significant charges to earnings associated with adjustments to Maritech’s decommissioning liabilities. During 2011, Maritech sold approximately 95% of the oil and gas proved reserves it held as of December 31, 2010. These acquisitions, dispositions, and impairments significantly impact the comparison of our financial statements for 2014 to earlier years.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In Thousands, Except Per Share Amounts)				
Income Statement Data					
Revenues	$1,077,567	$909,398	$880,831	$845,275	$872,678
Gross profit	95,044	135,392	167,380	89,042	42,447
General and administrative expense	142,689	131,466	131,649	111,805	98,872
Interest expense	32,835	17,417	17,378	17,195	17,528
Interest income	(837)	(296)	(298)	(756)	(224)
Other (income) expense, net	13,933	(13,067)	(9,532)	(45,435)	64
Income (loss) before discontinued operations	(167,575)	3,326	18,754	5,482	(43,325)
Net income (loss)	(167,575)	3,325	18,757	5,418	(43,718)
Net income (loss) attributable to TETRA stockholders	$(169,678)	$153	$15,960	$4,147	$(43,718)
Income (loss) per share, before discontinued operations attributable to TETRA stockholders	$(2.16)	$—	$0.21	$0.05	$(0.57)
Average shares	78,600	77,954	77,293	76,616	75,539
Income (loss) per diluted share, before discontinued operations attributable to TETRA stockholders	$(2.16)	$—	$0.20	$0.05	$(0.57)
Average diluted shares	78,600 (1)	78,840 (2)	77,963 (3)	77,991 (4)	75,539 (5)

(1) For the year ended December 31, 2014, the calculation of average diluted shares outstanding excludes the impact of all outstanding stock options, as the inclusion of these shares would have been antidilutive due to the net loss recorded during the year.

(2) For the year ended December 31, 2013, the calculation of average diluted shares outstanding excludes the impact of 2,061,534 average outstanding stock options that would have been antidilutive.

(3) For the year ended December 31, 2012, the calculation of average diluted shares outstanding excludes the impact of 2,832,192 average outstanding stock options that would have been antidilutive.

(4) For the year ended December 31, 2011, the calculation of average diluted shares outstanding excludes the impact of 2,831,118 average outstanding stock options that would have been antidilutive.

(5) For the years ended December 31, 2010, the calculation of average diluted shares outstanding excludes the impact of all of our outstanding stock options, since all were antidilutive due to the net loss for the year.

	December 31,				
	2014	2013	2012	2011	2010
	(In Thousands)				
Balance Sheet Data					
Working capital	$121,904	$200,913	$178,294	$296,136	$198,106
Total assets	2,067,836	1,206,533	1,261,818	1,203,310	1,299,628
Long-term debt, net	844,961	387,727	331,268	305,000	305,035
Decommissioning and other long-term liabilities	78,630	48,282	80,427	96,857	261,438

Total equity	765,601	597,498	593,308	569,088	516,323

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation.

The following discussion is intended to analyze major elements of our consolidated financial statements and provide insight into important areas of management’s focus. This section should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes included elsewhere in this Annual Report.

Statements in the following discussion may include forward-looking statements. These forward-looking statements involve risks and uncertainties. See “Item 1A. Risk Factors,” for additional discussion of these factors and risks.

Business Overview

Increasingly competitive market environments, compounded by the late 2014 decline in oil and natural gas prices, have resulted in further challenges for many of our businesses domestically and in certain international regions. We are responding to these market conditions through a series of strategic cost reduction steps and other measures. Although consolidated revenue levels reflect the growth of our Compression and Fluids businesses, our Offshore Services and Production Testing businesses experienced decreased demand and revenues throughout most of 2014 compared to the prior year. Our Compression Division reported significantly increased revenues and gross profit as a result of the August 4, 2014 acquisition of Compression Services, Inc. ("CSI"), which, with a purchase price of $825 million, was the most significant acquisition in our history. Headquartered in Midland, Texas, CSI fabricates, sells, and maintains natural gas compressors and provides a full range of compression products and services that cover compression needs throughout the entire natural gas production and transportation cycle. Supplementing this growth, our Fluids Division also reported record revenues and gross profit, primarily through the growth of its water management services business and increased sales of calcium chloride and other manufactured products. Despite this growth, all of our businesses reflected the impact of increased competition, and this trend is expected to continue as oil and gas customers decrease their capital expenditure and operating plans for 2015 in response to dramatically reduced prices for oil and, to a lesser extent, natural gas. Decreased domestic drilling activity is expected throughout the industry, and we are making strategic cost reduction efforts, including headcount reductions, asset redeployment, and other efforts to reduce costs in anticipation of further reduced demand for our products and services. During 2014, our Offshore Services segment and Production Testing Division reflected decreased revenues and profitability, and both businesses recorded significant asset impairments during the fourth quarter of 2014. Despite their growth, both Fluids and Compression Divisions have also experienced decreased activity and the impact of project delays by some of their customers. The impact of asset impairments and valuation allowances, decreased Offshore Services and Production Testing activity, and the excess decommissioning and abandonment charges to Maritech results, combined to generate a consolidated net loss attributable to our stockholders of $169.7 million for the year ended December 31, 2014.

With the August 4, 2014, acquisition by our Compression Division of CSI (the "CSI Acquisition"), we effected a significant change in the composition of our consolidated operations and our consolidated capital structure. Consolidated results of operations for the year ended December 31, 2014, reflect the impact of the CSI Acquisition, as the operations of CSI contributed revenues of approximately $152.5 million and pretax earnings of approximately $15.2 million. Primarily as a result of increased borrowings by CSI Compressco LP ("CCLP", formerly known as Compressco Partners, L.P.) to fund the purchase price of the CSI Acquisition, net interest expense for the year ended December 31, 2014, also increased by approximately $14.9 million compared to the prior year. In connection with the CSI Acquisition, interim financing commitment fees totaling approximately $9.3 million, as well as other transaction costs totaling approximately $8.7 million were incurred and charged to earnings during 2014. The acquisition of CSI has increased our Compression Division's total horsepower ("HP") from approximately 187,000 to over 1,089,000 and allows the Compression Division to utilize an expanded range of compressor packages (with engines from 20 HP to 2,370 HP) for compression services to customers. This expansion of the Compression Division's service offerings allows it to participate in the compression market at a broader level. Strategically, the acquisition is expected to afford the Compression Division the opportunity to capture significant synergies associated with its product and service offerings and its fabrication operations, further penetrate new and existing markets, and to achieve administrative efficiencies and other strategic benefits.

The CSI Acquisition purchase price of $825.0 million was funded from (i) the issuance of 7.25% Senior Notes due 2022 in the aggregate principal amount of $350.0 million by CCLP and its subsidiary, CSI Compressco Finance, Inc. (the "CCLP Senior Notes") resulting in net proceeds of $337.8 million (after deducting a $5.2 million discount and certain transaction related fees), (ii) CCLP's issuance of 15,280,000 common units (the "New Units") at a public offering price of $23.50 per common unit (the "Offering Price") in an underwritten public offering resulting in net proceeds of $346.0 million, and (iii) a portion of the $210.0 million initially borrowed under CCLP's new $400 million bank revolving credit facility (the "New CCLP Credit Agreement"). In connection with CCLP's offering of the New Units, it granted an option to the underwriters to purchase up to an additional 2,292,000 common units at the Offering Price, less the underwriting discount. On August 11, 2014, the underwriters exercised their option and purchased all 2,292,000 additional common units resulting in additional net proceeds of $51.7 million ($53.9 million gross proceeds less underwriting discount). Proceeds from this option exercise were used by CCLP to pay down a portion of its balance outstanding under the New CCLP Credit Agreement. A subsidiary of our CSI Compressco GP Inc. subsidiary (formerly known as Compressco Partners GP Inc.) purchased 1,390,290 of the New Units for approximately $32.7 million and CSI Compressco GP Inc. contributed approximately $8.4 million in order to maintain its approximately 2% general partner interest in CCLP. These investments were funded by approximately $40.0 million borrowed under our existing Credit Agreement. The issuance of the New Units and the additional units issued pursuant to the exercise of the underwriters' option, together with the contribution by our CSI Compressco GP Inc. subsidiary of additional capital, resulted in the net reduction of our ownership of CCLP from approximately 82% to approximately 44%. Through our wholly owned subsidiary, CSI Compressco GP Inc., we continue to manage and control CCLP, and accordingly, we continue to consolidate the results of CCLP as part of our consolidated results of operations. Despite the decreased ownership percentage in CCLP, our quarterly distributions from CCLP following the CSI Acquisition are expected to increase compared to the amount of distributions prior to the acquisition as a result of the increased operations of CCLP and the incentive distribution rights held by our CSI Compressco GP Inc. subsidiary.

The issuance of the CCLP Senior Notes and the New CCLP Credit Agreement have resulted in increased levels of our consolidated long-term debt. However, we do not analyze or manage our capital structure on a consolidated basis, as there are no cross default provisions, cross collateralization provisions, or cross guarantees between CCLP's long-term debt and our long-term debt. Approximately $540.0 million of our consolidated long-term debt balance is owned by CCLP, and is to be serviced and repaid from the assets and operations of CCLP.

The following table provides condensed consolidating balance sheet information reflecting our net assets and CCLP's net assets that service our and their respective capital debt structures.

Condensed Consolidating Balance Sheet	December 31, 2014			
	TETRA	CCLP	Eliminations	Consolidated
	(In Thousands)			
Cash, excluding restricted cash	$14,318	$34,066	—	$48,384
Affiliate receivables	6,480	—	(6,480)	—
Other current assets	254,743	197,421		452,164
Property, plant and equipment, net	438,196	686,427	—	1,124,623
Other assets, including investment in CCLP	282,308	314,750	(154,393)	442,665
Total assets	$996,045	$1,232,664	$(160,873)	$2,067,836
Affiliate payables	$—	$6,480	$(6,480)	—
Current portion of long-term debt	90,074	—	—	90,074
Other current liabilities	154,479	134,091		288,570
Long-term debt, net	305,000	539,961	—	844,961
Other non-current liabilities	76,779	1,851		78,630
Total equity	369,713	550,281	(154,393)	765,601
Total liabilities and equity	$996,045	$1,232,664	$(160,873)	$2,067,836

TETRA's debt is serviced by the cash provided from our operating activities excluding CCLP, less our cash capital expenditures excluding CCLP, and is supplemented by the distributions we receive from CCLP. During the year ended December 31, 2014, consolidated cash provided from operating activities was $108.6 million, which included $44.8 million generated by CCLP. Our cash provided from operating activities is negatively impacted by the amount we spend for Maritech decommissioning liabilities, which was $63.3 million during 2014. During the year, consolidated cash capital expenditures were $131.6 million, which included $50.9 million expended by CCLP. In addition, we received $23.5 million from CCLP as our share of CCLP distributions.

Our consolidated operating cash flows during the year ended December 31, 2014, increased significantly to $108.6 million, an increase of $59.0 million, or 119%, over 2013. However, given the expected reduction in demand for our products and services in the current decreased oil and natural gas price environment, the level of future consolidated operating cash flows, which we have historically used to fund the growth of our businesses, has become more uncertain. While remaining committed to a long-term growth strategy, our near-term focus during this period of uncertainty is to preserve and enhance liquidity through strategic operating steps, including cost structure rationalization, asset redeployment, and capital structure enhancements designed to strengthen our consolidated balance sheet. Given that there are no cross default provisions or guarantees between our long-term debt obligations and those of CCLP, we view each capital structure separately. Key objectives associated with our capital structure include the extinguishment and refinancing of $90.0 million Series 2008-B Senior Notes maturing in April 2015 and the ongoing management of the amounts outstanding and available under our bank revolving credit facility. In February 2015, we entered into a commitment letter agreement for the sale of $50.0 million aggregate principal amount of senior secured notes to be issued in April 2015. The proceeds from these notes are expected to provide a portion of the funds necessary to repay the $90.0 million principal amount repayment of the Series 2008-B Senior Notes that mature in April 2015. CCLP plans to continue its capital program, using available capacity under its New CCLP Credit Facility, while monitoring demand levels for its compression products and services in the current environment. Our future operating cash flows are also affected by the continuing challenges associated with extinguishing the remaining amount of Maritech decommissioning and abandonment obligations. During 2014, approximately $63.3 million of work was performed on Maritech's decommissioning and abandonment obligations and approximately $74.4 million of additional liabilities and other revisions were recorded during 2014, resulting in the amount of recorded liability for these remaining Maritech asset retirement obligations being approximately $54.3

million as of December 31, 2014. Approximately $12.8 million of this amount of Maritech asset retirement obligation is expected to be performed during 2015, with the timing of a portion of this work being discretionary.

Future demand for our products and services depends primarily on activity in the oil and natural gas exploration and production industry, particularly including the level of expenditures for the exploration and production of oil and natural gas reserves, natural gas compression infrastructure, and for the plugging and decommissioning of abandoned offshore oil and natural gas properties. The future growth of certain of our businesses is dependent on improved future pricing levels of oil and natural gas. We believe that there are growth opportunities for our products and services, supported primarily by:

- applications for many of our products and services in the continuing exploitation and development of shale reservoirs;
- increased regulatory requirements governing the abandonment and decommissioning work on aging offshore platforms and wells in the Gulf of Mexico;
- increases in technologically driven deepwater oil and gas well completions in the Gulf of Mexico; and
- increases in selected international oil and gas exploration and development activities.

Our Fluids Division generates revenues and cash flows by manufacturing and marketing clear brine completion fluids ("CBFs"), additives, CBF and water management services, and associated products and services to the oil and gas industry for use in well drilling, completion, and workover operations in the United States and in certain countries in Latin America, Europe, Asia, the Middle East, and Africa. The Fluids Division also provides a broad range of associated services, including: onsite fluids filtration, handling, and recycling; wellbore cleanup; and fluid engineering consultation. The Fluids Division also markets liquid and dry calcium chloride products manufactured at its production facilities or purchased from third-party suppliers to a variety of markets outside the energy industry. Fluids Division revenues increased $54.7 million during 2014 compared to 2013, due to the continuing growth of the Division's water management services business and increased sales of manufactured products compared to the prior year. Although demand for the Fluids Division’s CBF products is driven primarily by completion activity rather than drilling activity, the Gulf of Mexico rig count is a useful indicator of future demand for offshore CBF products. The Gulf of Mexico rig count rose slightly during the first half of 2014 but began to decrease beginning in September 2014. Demand for the Fluids Division's products and services, particularly for its offshore CBF products, has also been affected by regulatory restrictions in the past and may continue to be affected by future regulatory restrictions. The Fluids onshore water management business is affected by domestic drilling activity, particularly in unconventional shale gas and oil reservoirs. North American onshore rig counts also increased during the first three quarters of 2014, but beginning in October 2014, began to decrease and have continued to decrease in early 2015.

Our Production Testing Division generates revenues and cash flows by performing frac flowback, production well testing, offshore rig cooling, early production facilities, and other associated services. The primary markets served by the Production Testing Division include many of the major oil and gas producing regions in the United States, Mexico, and Canada, as well as in certain oil and gas basins in certain regions in South America, Africa, Europe, the Middle East, and Australia. The Production Testing Division’s production testing operations are generally driven by the demand for natural gas and oil and the resulting levels of drilling and completion activities in the markets that the Production Testing Division serves. Many of the markets served by the Production Testing Division are characterized by high lifting costs for oil and natural gas, such as in certain unconventional shale gas and oil reservoirs, and located in certain basins in the U.S., Canada, and certain other international markets. As a result of recent decreased oil and natural gas commodity prices, Production Testing activity levels are vulnerable to drilling and capital expenditure plans of its customers, particularly in certain markets in which it operates that are characterized by higher lifting costs. The Production Testing segment’s revenues decreased by $3.2 million in 2014 compared to 2013, due to decreased activity by the segment's primary customers in Mexico and South Texas and the impact of increasing competition, particularly in North America. As a result of recent decreased oil and natural gas prices, many of the Production Testing Division's customers have announced reductions in their drilling and capital expenditure plans and this is expected to reduce demand for services.

Our Compression Division generates revenues and cash flows by providing compression services and equipment for natural gas and oil production, gathering, transportation, processing, and storage. The Compression Division also sells standard and custom-designed compressor packages and oilfield fluid pump systems, and provides aftermarket services and compressor package parts and components manufactured by third-party suppliers. The Compression Division provides these compression services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States as well as in a number of foreign countries, including Mexico, Canada and Argentina. Compression Division revenues increased $161.2 million in 2014 as compared to 2013, primarily due to the August 4, 2014 acquisition of CSI, by which the Compression Division significantly expanded its scope of operations. Given the diversified applications of the Compression Division's products and services, and its dependency on natural gas consumption rather than drilling or completion activities, we expect continued demand for compressor packages and compression services despite current prices for oil and natural gas. Due to the acquisition of CSI, we expect that 2015 revenues for Compression Division will continue to be increased compared to 2014.

Our Offshore Division consists of two operating segments: Offshore Services and Maritech. The Offshore Services segment generates revenues and cash flows by performing (1) downhole and subsea oil and gas well plugging and abandonment services, (2) decommissioning and certain construction services utilizing heavy lift barges and various cutting technologies with regard to offshore oil and gas production platforms and pipelines, and (3) conventional and saturated air diving services. The services provided by the Offshore Services segment are marketed to offshore operators, primarily in the U.S. Gulf of Mexico. Gulf of Mexico platform decommissioning and well abandonment activity levels are driven primarily by BSEE regulations; the declining production levels of producing fields; the age of production platforms and other structures; oil and natural gas commodity prices; sales activity of mature oil and gas producing properties; and overall oil and gas company activity levels. Offshore Services revenues decreased by $60.4 million during 2014 compared to 2013, due to the continuing challenges in the U.S. Gulf of Mexico market, including decreased heavy lift, abandonment, and cutting services activity, customer project delays, weather disruptions, and pricing pressures during the past year. A portion of the decreased revenues during 2014 compared to 2013 was due to decreased decommissioning and abandonment work performed for Maritech, and we expect that this decreased Maritech activity will continue in 2015. The Offshore Services segment is focused on replacing work performed for Maritech with work for third party customers; however, demand for services in 2014 and projected work for 2015 reflects the impact of increased competition, and in early 2015, the impact of reduced customer activity resulting from decreased oil and natural gas prices.

The sale of substantially all of Maritech’s oil and gas producing properties during 2011 and 2012 has essentially removed us from the oil and gas exploration and production business. Maritech’s revenues are minimal and are expected to continue to be minimal going forward. Maritech’s current operations primarily consist of the ongoing plugging, abandonment, and decommissioning associated with its remaining offshore wells, facilities, and production platforms. We expect to complete the majority of this remaining work by the end of 2016.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. We prepared these financial statements in conformity with United States generally accepted accounting principles. In preparing our consolidated financial statements, we make assumptions, estimates, and judgments that affect the amounts reported. We base these estimates on historical experience, available information, and various other assumptions that we believe are reasonable. We periodically evaluate these estimates and judgments, including those related to potential impairments of long-lived assets (including goodwill), the collectability of accounts receivable, and the current cost of future abandonment and decommissioning obligations. “Note B – Summary of Significant Accounting Policies” to the Consolidated Financial Statements contains the accounting policies governing each of these matters. The fair values of portions of our total assets and liabilities are measured using significant unobservable inputs. The combination of these factors forms the basis for our judgments made about the carrying values of assets and liabilities that are not readily apparent from other sources. These judgments and estimates may change as new events occur, as new information is acquired, and as changes in our operating environment are encountered. Actual results are likely to differ from our current estimates, and those differences may be material. The following critical accounting policies reflect the most significant judgments and estimates used in the preparation of our financial statements.

Impairment of Long-Lived Assets

The determination of impairment of long-lived assets, including identified intangible assets, is conducted periodically whenever indicators of impairment are present. If such indicators are present, the determination of the amount of impairment is based on our judgments as to the future operating cash flows to be generated from these assets throughout their estimated useful lives. If an impairment of a long-lived asset is warranted, we estimate the fair value of the asset based on a present value of these cash flows or the value that could be realized from disposing of the asset in a transaction between market participants. The oil and gas industry is cyclical, and our estimates of the amount of future cash flows, the period over which these estimated future cash flows will be generated, as well as the fair value of an impaired asset, are imprecise. Our failure to accurately estimate these future operating cash flows or fair values could result in certain long-lived assets being overstated, which could result in impairment charges in periods subsequent to the time in which the impairment indicators were first present. Alternatively, if our estimates of future operating cash flows or fair values are understated, impairments might be recognized unnecessarily or in excess of the appropriate amounts. During 2014, primarily as a result of the significant decrease in oil and natural gas prices and also as part of the goodwill impairment process for our Production Testing and Offshore Services reporting units, we recorded consolidated long-lived asset impairments of $34.8 million. During periods of economic uncertainty, the likelihood of additional material impairments of long-lived assets is higher due to the possibility of decreased demand for our products and services.

Impairment of Goodwill

The impairment of goodwill is also assessed whenever impairment indicators are present, but not less than once annually. The annual assessment for goodwill impairment begins with a qualitative assessment of whether it is “more likely than not” that the fair value of each reporting unit is less than its carrying value. This qualitative assessment requires the evaluation, based on the weight of evidence, of the significance of all identified events and circumstances for each reporting unit. Based on this qualitative assessment, we determined that due to the significant decrease in oil and natural gas commodity prices and the resulting expected negative impact on demand for the products and services for each of our reporting units, it was “more likely than not” that the fair value of each of our reporting units were less than their carrying values as of December 31, 2014. When the qualitative analysis indicates that it is “more likely than not” that a reporting unit’s fair value is less than its carrying value, the resulting goodwill impairment test consists of a two-step accounting test performed on a reporting unit basis. The first step of the impairment test is to compare the estimated fair value with the recorded net book value (including goodwill) of our business. If the estimated fair value is higher than the recorded net book value, no impairment is deemed to exist and no further testing is required. If, however, the carrying amount of the reporting unit exceeds its estimated fair value, an impairment loss is calculated by comparing the carrying amount of the reporting unit’s goodwill to our estimated implied fair value of that goodwill. Our estimates of reporting unit fair value, if required, are based on a combination of an income and market approach. These estimates are imprecise and are subject to our estimates of the future cash flows of each business and our judgment as to how these estimated cash flows translate into each business’ estimated fair value. These estimates and judgments are affected by numerous factors, including the general economic environment at the time of our assessment, which affects our overall market capitalization. If we overestimate the fair value of our reporting units, the balance of our goodwill asset may be overstated. Alternatively, if our estimated reporting unit fair values are understated, impairments might be recognized unnecessarily or in excess of the appropriate amounts.

During the last half of 2014, global oil and natural gas commodity prices, particularly crude oil, decreased significantly. This decrease in commodity prices has had, and is expected to continue to have, a negative impact on industry drilling and capital expenditure activity, which affects the demand for products and services of each of our reporting units. The accompanying decrease in our stock price during the last half of 2014 has also indicated an overall reduction in our market capitalization. As part of our internal annual business outlook for each of our reporting units that we performed during the fourth quarter, we considered changes in the global economic environment which affected our stock price and market capitalization. As part of the first step of goodwill impairment testing, we updated our assessment of the future cash flows for each of our reporting units, applying expected long-term growth rates, discount rates, and terminal values that we consider reasonable for each reporting unit. Our Maritech reporting unit is excluded because it does not contain goodwill. We have calculated a present value of the respective cash flows for each of the other reporting units to arrive at an estimate of fair value under the income approach, and then used the market approach to corroborate these values. Based on these assumptions, we determined that the fair value of our Fluids Division was significantly in excess of its carrying value, which includes approximately $6.6 million of goodwill. Because the fair value of our Compression Division exceeded its carrying value by approximately 4%, there is a reasonable possibility that the $235.7 million of goodwill for this reporting unit may be impaired in a future period, and the amount of such impairment may be material. Specific uncertainties affecting the estimated fair value of our Compression reporting unit includes the impact of competition, prices of oil and natural gas, and future overall activity levels in the regions in which we operate, the activity levels of our significant customers, and other factors affecting the rate of future growth of this reporting unit. These factors will continue to be reviewed and assessed going forward. Negative developments with regard to these factors could have a further negative effect on the fair value of our Compression reporting unit.

Throughout 2014, challenging market conditions for our Production Testing and Offshore Services reporting units have resulted in both of these reporting units performing below the expectations we had as of December 31, 2013. The late 2014 decrease in commodity prices has further weakened these market conditions. Pricing and activity levels in many of the markets that the Production Testing reporting unit serves have been affected by increased levels of competition. Our Offshore Services reporting unit has experienced decreasing demand for its decommissioning, well abandonment, and contract diving services in the U.S. Gulf of Mexico, the primary market that it serves. Customer delays with regard to significant decommissioning and abandonment projects and the diminished pricing as a result of increased competition for customer projects combined to negatively affect current year profitability for the Offshore Services reporting unit. Accordingly, the fair values for the Production Testing and Offshore Services reporting units were less than their respective carrying values as of December 31, 2014. As part of the second step of goodwill impairment testing, we used the estimated fair value for the Production Testing and Offshore Services reporting units in a hypothetical purchase price allocation of these reporting units. The allocation of the purchase price to these reporting units includes hypothetical adjustments to the carrying values of several asset carrying values, including adjustments to long-lived property, plant and equipment assets, certain intangible assets, and the deferred income taxes associated with these assets. After making these purchase price adjustments, there was $53.3 million residual purchase price to be allocated to the goodwill of Production Testing reporting unit, and no residual purchase price to be allocated to the goodwill of Offshore Services. Based on this analysis, we concluded that an impairment of $60.1 million of the $114.8 million of recorded goodwill for Production Testing was required, and an impairment of the entire $3.9 million of recorded goodwill for Offshore Services was required. Specific uncertainties affecting the estimated fair value of our Production Testing reporting unit include the impact of continued competition, prices of oil and natural gas, future overall activity levels in the regions in which we operate, the activity levels of our significant customers, and other factors affecting the rate of future growth of these reporting units. These factors will continue to be reviewed and assessed during future periods. Negative developments with regard to these factors could have a further negative effect on the fair value of our Production Testing reporting unit and could result in future additional impairment of its goodwill.

Decommissioning Liabilities

Maritech records a liability associated with the costs of abandoning and decommissioning the wells, platforms, and pipelines located on its oil and gas leases, as well as removing associated debris. Maritech’s decommissioning liabilities are established based on what Maritech estimates a third party would charge to perform these services. These well abandonment and decommissioning liabilities (referred to as decommissioning liabilities) are recorded net of amounts allocable to joint interest owners. In estimating the decommissioning liabilities, we perform detailed estimating procedures, analysis, and engineering studies. Whenever practical, Maritech settles these decommissioning liabilities by utilizing the services of its affiliated companies to perform well abandonment and decommissioning work. This practice saves us the profit margin that a third party would charge for such services. When these services are performed by an affiliated company, all recorded intercompany revenues are eliminated in the consolidated financial statements. Any difference between our own internal costs to settle the decommissioning liability and the recorded liability is recognized in the period in which we perform the work. The recorded decommissioning liability associated with a specific property is fully extinguished when the property is completely abandoned. Once a Maritech well abandonment and decommissioning project is performed, any remaining decommissioning liability in excess of the actual cost of the work performed is recorded as a gain and is included in earnings in the period in which the project is completed. Conversely, estimated or actual costs in excess of the decommissioning liability are charged against earnings in the period in which the work is estimated or performed.

We review the adequacy of our decommissioning liabilities whenever indicators suggest that either the amount or timing of the estimated cash flows underlying the liabilities have changed materially. The amount of cash flows necessary to abandon and decommission the property is subject to changes due to seasonal demand, increased demand following hurricanes, regulatory changes, and other general changes in the energy industry environment. Accordingly, the estimation of our decommissioning liabilities is imprecise. Asset retirement obligations are recorded in accordance with FASB ASC 410, whereby the estimated fair value of a liability for asset retirement obligations is recorded in the period in which it is incurred and in which a reasonable estimate can be made. Such estimates are based on relevant assumptions that we believe are reasonable. The cost estimates for Maritech asset retirement obligations are considered reasonable estimates consistent with market conditions at the time they are made, and we believe they reflect the amount of work legally obligated to be performed in accordance with BSEE standards, as revised from time to time.

The amount of work performed or estimated to be performed on a Maritech property asset retirement obligation may often exceed amounts previously estimated for numerous reasons. Property conditions encountered, including subsea, geological, or downhole conditions, may be different from those anticipated at the time of estimation due to the age of the property and the quality of information available about the particular property conditions. Maritech's remaining oil and gas properties and production platforms were drilled and constructed by other operators many years ago, and frequently there is not a great deal of detailed documentation on which to base the estimated asset retirement obligation for these properties. Appropriate underwater surveys are performed to determine the condition of such properties as part of our due diligence in estimating the costs, but not all conditions have been able to be determined prior to the commencement of the actual work.

Certain remaining Maritech properties were damaged by hurricanes in the past, leaving their production platforms leaning or toppled on the seabed and production tubing from the wells (which may be under high pressure) bent under the water. While the basic procedures involved in the plugging and abandonment of wells and decommissioning of platforms and pipelines and removal of debris is generally similar for these properties, the cost of performing work at these damaged locations is particularly difficult to estimate due to the unique conditions encountered, including the uncertainty regarding the extent of physical damage to many of the structures. During the performance of asset retirement activities, unforeseen weather or other conditions may extend the duration and increase the cost of the projects, which are normally not done on a fixed price basis, thereby resulting in costs in excess of the original estimate.

In addition, Maritech has encountered situations where previously plugged and abandoned wells on its properties have later exhibited a build-up of pressure, which is evidenced by gas bubbles coming from the plugged well head. We refer to this situation as “wells under pressure” and this can either be discovered when performing additional work at the property or by notification from a third party. Wells under pressure require Maritech to return to the site to perform additional plug and abandonment procedures that were not originally anticipated and included in the estimate of the asset retirement obligation for such property. Remediation work at previously abandoned well sites is particularly costly, due to the lack of a platform from which to base these activities. Maritech is the last operator of record for its plugged wells, and bears the risk of additional future work required as a result of wells becoming pressurized in the future.

During each of the three years ended December 31, 2014, Maritech adjusted its decommissioning liabilities as a result of increased estimates, as well as the actual cost of significant abandonment and decommissioning work performed during those years. Maritech recorded approximately $188.8 million of excess decommissioning expense during the three years ended December 31, 2014, associated with work performed or to be performed on its oil and gas properties. The actual cost of performing Maritech’s well abandonment and decommissioning work has often exceeded Maritech's initial estimate of these decommissioning liabilities and has resulted in charges to earnings in the period the work is performed or when the additional liability is determined. To the extent our decommissioning liabilities are understated, additional charges to earnings may be required in future periods.

Revenue Recognition

We generate revenue on certain well abandonment, decommissioning, and dive services projects under contracts which are typically of short duration and that provide for either lump-sum charges or specific time, material, and equipment charges, which are billed in accordance with the terms of such contracts. We generally recognize revenue once the following four criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been provided; (3) the sales price is fixed or determinable; and (4) collectability is reasonably assured.

With regard to longer-term lump sum contracts, revenue is recognized using the percentage-of-completion method based on the ratio of costs incurred to total estimated costs at completion. The estimation of total costs to be incurred may be imprecise due to unexpected well conditions, delays, weather, and other uncertainties. Inaccurate cost estimates may result in the revenue associated with a specific contract being recognized in an inappropriate period. Total project revenue and cost estimates for lump sum contracts are reviewed periodically, but at least quarterly, as work progresses, and adjustments are reflected in the period in which such estimates are revised. Provisions for estimated losses on such contracts are made in full in the period such losses are determined. Despite the uncertainties associated with estimating the total contract cost, our recognition of revenue associated with these contracts has historically been reasonable.

Occasionally, our Offshore Services segment is a party to project management contracts which contain multiple deliverables, including the performance of service milestones. While the contract provides contract-determined values associated with each milestone, the recognition of revenue is determined based on the realized market values received by the customer. The determination of realized market values is supported by objective evidence whenever possible, but may also be determined based on our judgments as to the value of a particular deliverable.

Income Taxes

We provide for income taxes by taking into account the differences between the financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized as income or expense in the period that includes the enactment date. Management must make certain assumptions regarding whether tax differences are permanent or temporary and must estimate the timing of their reversal, and whether taxable operating income in future periods will be sufficient to fully recognize any gross deferred tax assets. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining the need for valuation allowances, management has considered and made judgments and estimates regarding estimated future taxable income and ongoing prudent and feasible tax planning strategies. Changes in state, federal, and foreign tax laws, as well as changes in our financial condition, could affect these estimates. In addition, we consider many factors when evaluating and estimating income tax uncertainties. These factors include an evaluation of the technical merits of the tax position as well as the amounts and probabilities of the outcomes that could be realized upon ultimate settlement. The actual resolution of those uncertainties will inevitably differ from those estimates, and such differences may be material to the financial statements. Our estimates and judgments associated with our calculations of income taxes have been reasonable in the past, however, the possibility for changes in the tax laws, as well as the current economic uncertainty, could affect the accuracy of our income tax estimates in future periods.

Acquisition Purchase Price Allocations

We account for acquisitions of businesses using the purchase method, which requires the allocation of the purchase price based on the fair values of the assets and liabilities acquired. We estimate the fair values of the assets and liabilities acquired using accepted valuation methods, and, in many cases, such estimates are based on our judgments as to the future operating cash flows expected to be generated from the acquired assets throughout their estimated useful lives. We have completed several acquisitions during the past several years and have accounted for the various assets (including intangible assets) and liabilities acquired based on our estimate of fair values. Goodwill represents the excess of acquisition purchase price over the estimated fair values of the net assets acquired. Our estimates and judgments of the fair value of acquired businesses are imprecise, and the use of inaccurate fair value estimates could result in the improper allocation of the acquisition purchase price to acquired assets and liabilities, which could result in asset impairments, the recording of previously unrecorded liabilities, and other financial statement adjustments. The difficulty in estimating the fair values of acquired assets and liabilities is increased during periods of economic uncertainty.

Results of Operations

The following data should be read in conjunction with the Consolidated Financial Statements and the associated Notes contained elsewhere in this report.

2014 Compared to 2013

Consolidated Comparisons

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$1,077,567	$909,398	$168,169	18.5 %
Gross profit	95,044	135,392	(40,348)	(29.8)%
Gross profit as a percentage of revenue	8.8 %	14.9 %		
General and administrative expense	116,912	131,466	(14,554)	(11.1)%
General and administrative expense as a percentage of revenue	10.8 %	14.5 %		
Impairment of long-lived assets	34,842	—	34,842	
Impairment of goodwill	64,295	—	64,295	
Interest expense, net	31,998	17,121	14,877	
(Gain) loss on sale of assets	(11)	(5,776)	5,765	
Other (income) expense, net	13,944	(7,291)	21,235	
Income (loss) before taxes and discontinued operations	(157,871)	(128)	(157,743)	
Income (loss) before taxes and discontinued operations as a percentage of revenue	(14.7)%	— %		
Provision (benefit) for income taxes	9,704	(3,454)	13,158	
Income (loss) before discontinued operations	(167,575)	3,326	(170,901)	
Income (loss) from discontinued operations, net of taxes	—	(1)	1	
Net income (loss)	(167,575)	3,325	(170,900)	
Net income attributable to noncontrolling interest	(2,103)	(3,172)	1,069	
Net income (loss) attributable to TETRA stockholders	$(169,678)	$153	$(169,831)	

Consolidated revenues during 2014 increased compared to 2013 due to increased revenues of our Compression and Fluids Divisions. Our Compression Division reflected record revenues due to the significant impact of its August 4, 2014 acquisition of CSI. The acquired operations of CSI, which generated approximately $152.5 million of revenues subsequent to the August 4, 2014 acquisition closing date, significantly expands the scope of our Compression Division, which now provides a full range of compression products and services that cover compression needs throughout the entire natural gas production and transportation cycle. Growth of the Fluids Division's onshore water management business and the increased sales of its manufactured products resulted in record revenues for this segment during 2014. However, these increases were partially offset by decreased activity by our Offshore Services and Production Testing Divisions. Offshore Services experienced decreased demand throughout 2014 for all of its services, including heavy lift, contract diving, and well abandonment businesses. Production Testing showed improved revenues during the last half of 2014 compared to 2013, as it continued to replace decreased activity by certain significant customers. Consolidated gross profit decreased, despite the increased profitability of the

Compression Division, primarily due to the decreased Offshore Services and Production Testing profitability that reflected the decreased demand for services and the impact of approximately $34.8 million of asset impairments during the fourth quarter of 2014. Similar to 2013, Maritech recorded charges to earnings of approximately $73.2 million for excess decommissioning costs during 2014, largely due to remediation work determined to be required on previously abandoned wells. We continue to critically review our consolidated cost structure, particularly in response to expected lower activity levels as a result of lower oil and natural gas commodity pricing.

Consolidated general and administrative expenses increased during 2014 compared to the prior year due to increased Compression Division expenses associated with the acquired operations of CSI, as well as approximately $8.7 million of consolidated transaction costs, primarily for the CSI Acquisition. Decreased general and administrative expenses during 2014 for our Production Testing, Maritech, Offshore Services, and Corporate Divisions compared to 2013 reflect overall cost reduction efforts, which consisted of headcount reductions and other reduced employee-related expenses. Such cost reduction efforts are expected to continue during 2015 in response to anticipated decreased activity levels.

Following the fourth quarter of 2014, we performed an annual test of goodwill impairment in accordance with Accounting Standards Codification 350-20 "Goodwill" ("ASC 350-20"). During the last half of 2014, global oil and natural gas commodity prices, particularly oil, decreased significantly. This decrease in commodity prices is expected to have a negative impact on industry drilling and capital expenditure activity, which affects the demand for products and services of each of our reporting units. This expected decreased demand particularly affects the future levels of revenues and cash flows of our Production Testing and Offshore Services reporting units, which were experiencing challenging market conditions prior to mid-2014. The accompanying decrease in our stock price during the last half of 2014 has also caused an overall reduction in our market capitalization. As part of the test of goodwill impairment, we have estimated the fair value of each our reporting units, and have determined, based on these estimated values, that an impairment of the goodwill of our Production Testing and Offshore Services reporting units was necessary, primarily due to the market factors discussed above. Accordingly, during the fourth quarter of 2014, we recorded total impairment charges of $64.3 million associated with the goodwill of these reporting units.

Consolidated interest expense increased due to increased borrowings, primarily related to Compression borrowings under CCLP's new revolving credit facility and 7.25% Senior Notes, which were used to fund a portion of the CSI Acquisition purchase price. Compression Division interest expense levels going forward are expected to continue to be increased significantly compared to 2014 as a result of CCLP borrowings.

Consolidated gains on sale of assets decreased during 2014 primarily due to the sale by Maritech of one of its remaining oil and gas properties during 2013.

Consolidated other expense was approximately $13.9 million during 2014 compared to $6.3 million of other income during the prior year. In connection with the CSI Acquisition, our Compression Division incurred approximately $9.3 million of one-time interim financing costs during 2014. The current year other expense was recorded despite a $5.7 million gain associated with the first quarter of 2014 acquisition of the interest in TETRA Arabia that we did not previously own. This gain was partially offset by a $2.9 million charge associated with the settlement of the pre-existing relationship with the other shareholder. Other income was recorded during 2013, as prior to the acquisition of the remaining interest of TETRA Arabia, the net earnings from TETRA Arabia were included in other income.

Despite the significant pre-tax loss for the year ended December 31, 2014, we recorded a provision for income tax during the year, primarily due to the recording of a valuation allowance on U.S. federal deferred tax assets in the amount of approximately $69.9 million as well as an additional valuation allowance on a portion of our state and foreign deferred tax assets. We establish a valuation allowance to reduce the deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. We considered all available evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of our deferred tax assets. In determining the need for a valuation allowance on our deferred tax assets we placed greater weight on recent and objectively verifiable current information, as compared to more forward-looking information that is used in valuing other assets on the balance sheet or making going concern determinations.

Divisional Comparisons

Fluids Division

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$437,362	$382,663	$54,699	14.3 %
Gross profit	97,806	100,106	(2,300)	(2.3)%
Gross profit as a percentage of revenue	22.4 %	26.2 %		
General and administrative expense	35,625	32,648	2,977	9.1 %
General and administrative expense as a percentage of revenue	8.1 %	8.5 %		
Interest (income) expense, net	(250)	(148)	(102)	
Other (income) expense, net	(2,274)	(1,832)	(442)	
Income before taxes and discontinued operations	$64,705	$69,438	$(4,733)	(6.8)%
Income before taxes and discontinued operations as a percentage of revenue	14.8 %	18.1 %		

The increase in Fluids Division revenues during 2014 compared to 2013 was primarily due to approximately $41.1 million of increased services revenues, largely due to increased water management services revenue, which includes the impact of the January 2014 acquisition of TD Water Transfer and the continuing growth of our water management business, despite increased competition. Fluids Division revenues also increased due to the growth of our foreign completion services revenues, including approximately $13.3 million due to the January 2014 acquisition of the additional 50% interest in TETRA Arabia that resulted in this entity becoming a wholly owned consolidated subsidiary. The Fluids Division also reported approximately $13.6 million of increased product sales revenues, due to increased demand for calcium chloride products, both in the U.S. and in Europe. This increase in manufactured products sales revenues was partially offset by decreased CBF product sales, as increases in foreign and U.S. onshore CBF product sales revenues were more than offset by decreased U.S. offshore CBF product sales revenues that were primarily caused by customer operational delays.

Fluids Division gross profit decreased compared to 2013, primarily due to the impact of the reduced Gulf of Mexico CBF activity, as well as from increased competition and operating costs for our water management business. This decrease more than offset the increased gross profit associated with foreign CBF product sales and the consolidation of TETRA Arabia. In addition, gross profit was negatively impacted by approximately $2.1 million of charges to earnings for unused water management inventory and $6.5 million of long-lived asset impairments, primarily associated with expected decreased utilization of certain water management equipment and our Brazil CBF facility, which has suspended its operation due to the termination of its customer CBF product sales contract during 2014. The Fluids Division is reviewing its cost structure in light of expected decreasing activity levels for its oil and gas industry customers as a result of decreased commodity prices.

Fluids Division income before taxes decreased compared to the prior year due to the decrease in gross profit discussed above and due to increased general and administrative costs. Fluids Division administrative costs increased primarily due to increased personnel-related costs, partially offset by decreased professional fee expenses. Other income increased during the current year period, due to a $2.7 million allocated portion of the remeasurement gain recorded from the January 2014 acquisition of the remaining interest in TETRA Arabia. In connection with this acquisition, we recorded a $5.7 million consolidated gain from the fair value remeasurement of our previous investment in TETRA Arabia. Prior to this acquisition, the Fluids Division recorded its share of the earnings from the unconsolidated TETRA Arabia subsidiary in other income.

Production Testing Division

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$192,824	$195,983	$(3,159)	(1.6)%
Gross profit	12,610	29,566	(16,944)	(57.3)%
Gross profit as a percentage of revenue	6.5%	15.1%		
General and administrative expense	20,512	24,671	(4,159)	(16.9)%
General and administrative expense as a percentage of revenue	10.6%	12.6%		
Impairment of goodwill	60,358	—	60,358	100.0%
Interest (income) expense, net	(31)	(34)	3	
Other (income) expense, net	(2,061)	(9,164)	7,103	
Income before taxes and discontinued operations	$(66,156)	$14,093	$(80,249)	(569.4)%
Income before taxes and discontinued operations as a percentage of revenue	(34.3)%	7.2%		

Production Testing revenues decreased during 2014 compared to 2013 primarily due to the impact of decreased activity by customers in certain key U.S. markets. The Production Testing Division continues to expand its domestic customer base, however, and fourth quarter 2014 domestic revenues increased compared to the prior year period. The Production Testing Division also continued to capitalize on the increased activity in certain shale reservoir markets, although these activity levels are expected to decrease in 2015 due to the current reduced oil and natural gas pricing environment. Additionally, the impact of increased competition during 2014 negatively affected pricing and activity levels for services in selected markets in the U.S. These decreases were partially offset by increased revenues from foreign activity, including approximately $24.8 million of increased revenues resulting from our January 2014 acquisition of the 50% ownership interest in TETRA Arabia that we did not previously own and which resulted in TETRA Arabia becoming a wholly owned consolidated subsidiary.

Production Testing gross profit decreased significantly during 2014 compared to the prior year due to the impact of pricing competition and the above mentioned decreased activity levels in certain U.S. markets. The impact of the decreased U.S. gross profit more than offset the increased gross profit resulting from the consolidation of TETRA Arabia. In addition, during the fourth quarter of 2014, Production Testing gross profit includes the negative impact of approximately $14.5 million for certain equipment and intangible asset impairments, as the fair values for these long-lived assets were negatively affected by an expected decrease in utilization, demand, and future cash flows. In response to the decreased activity in certain U.S. markets, during the first quarter of 2014, we took steps to downsize field operations, reduce operating headcount, and implement other cost reductions for the Production Testing Division. In addition, in light of expected further decreased activity levels, we are currently implementing additional cost reduction steps, including relocating certain operating equipment and other resources, exiting selected international markets, and other steps that are expected to result in additional improved profitability going forward.

Production Testing income before taxes decreased significantly during 2014 compared to the prior year primarily due to the impairment of a portion of Production Testing Division goodwill during the fourth quarter of 2014 pursuant to ASC 350-20, and due to the significant decrease in gross profit discussed above. In addition, other income decreased due to the consolidation of the TETRA Arabia subsidiary following our January 2014 acquisition of the remaining 50% ownership interest. Prior to the acquisition, the Production Testing Division recorded its share of earnings from the unconsolidated TETRA Arabia subsidiary in other income. In connection with this acquisition, we recorded a $5.7 million consolidated gain from the fair value remeasurement of our previous investment in TETRA Arabia. The

Production Testing Division's portion of this gain was $3.0 million and was largely offset by an approximately $2.9 million charge to earnings related to the termination of our preexisting relationship with the owner of the other 50% interest. Production Testing Division general and administrative expenses decreased despite the consolidation of TETRA Arabia and increased legal expenses incurred during the period, due to the impact of cost reductions.

Compression Division

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$282,505	$121,288	$161,217	132.9 %
Gross profit	66,527	38,726	27,801	71.8 %
Gross profit as a percentage of revenue	23.5 %	31.9 %		
General and administrative expense	31,969	17,353	14,616	84.2 %
General and administrative expense as a percentage of revenue	11.3 %	14.3 %		
Interest (income) expense, net	12,964	469	12,495	
Other (income) expense, net	14,254	704	13,550	
Income before taxes and discontinued operations	$7,340	$20,200	$(12,860)	(63.7)%
Income before taxes and discontinued operations as a percentage of revenue	2.6 %	16.7 %		

Compression Division revenues increased significantly during 2014, compared to the prior year primarily due to the acquisition of CSI, which generated approximately $152.5 million of aggregate revenues subsequent to the August 4, 2014 closing date. Approximately $86.0 million of increased compression service revenues were generated by the compression services and aftermarket services of CSI, and approximately $7.4 million of the increase was due to increased non-CSI service revenues due to increased activity in the U.S. Non-CSI U.S. service revenues increased due to increased low-horsepower compression services activity, primarily in liquids-rich resource play reservoirs. The Compression Division continues to grow its compressor fleet, primarily in the U.S., to serve the demand for services. Revenues from the sales of compressor packages and parts during 2014 increased $66.5 million compared to the prior year period, with the increase associated with CSI operations. As a result of having a full year of impact from the CSI Acquisition, and despite the negative impact going forward from decreased oil and natural gas pricing, it is expected that Compression Division revenues will continue to be significantly increased during 2015 compared to 2014.

Compression Division gross profit increased during 2014 compared to the prior year also primarily due to the impact of the CSI Acquisition, which generated approximately $23.2 million of gross profit during the period subsequent to the August 4, 2014 closing date. CSI gross profit includes the impact on depreciation and amortization expense from the preliminary allocation of the acquisition purchase price. CCLP has begun the process of capturing the identified synergies as part of the integration of CSI's operations. These efforts will continue going forward, and are expected to result in increased cost efficiencies in future periods.

Income before taxes for the Compression Division decreased during 2014 compared to 2013 primarily due to non-recurring charges to earnings in connection with the CSI Acquisition, including the impact on general and administrative expenses from approximately $6.4 million of legal, acquisition consulting, other professional fees, and other CSI Acquisition transaction related expenses. In addition, general and administrative expenses increased due to the additional administrative and executive personnel and expenses associated with CSI's operations as well as approximately $0.7 million of increased corporate allocated costs and $1.2 million for implementation costs of new enterprise system software. These increased CSI and corporate allocated costs are expected to continue going forward. Other expense increased significantly primarily due to approximately $9.3 million of interim financing commitment fees that were incurred by CCLP and by CSI Compressco GP Inc. in connection with the CSI Acquisition. In addition, approximately $0.8 million of unamortized financing costs associated with CCLP's previous bank credit facility were charged to other expense during 2014 upon its cancellation in connection with CCLP's new bank credit facility. Interest expense increased significantly as a result of the issuance of the CCLP Senior Notes and the increased borrowings by CCLP under its new bank credit facility in connection with the August 4, 2014 CSI Acquisition. As a result of these borrowings, interest expense levels during 2015 are expected to continue to be increased compared to 2014.

Offshore Division

Offshore Services Segment

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$195,372	$255,812	$(60,440)	(23.6)%
Gross profit (loss)	(10,314)	36,147	(46,461)	(128.5)%
Gross profit as a percentage of revenue	(5.3)%	14.1%		
General and administrative expense	12,097	13,386	(1,289)	(9.6)%
General and administrative expense as a percentage of revenue	6.2%	5.2%		
Impairment of goodwill	3,936	—	3,936	100.0%
Interest (income) expense, net	36	109	(73)	
Other (income) expense, net	(132)	(218)	86	
Income before taxes and discontinued operations	$(26,251)	$22,870	$(49,121)	(214.8)%
Income before taxes and discontinued operations as a percentage of revenue	(13.4)%	8.9%		

Revenues for the Offshore Services segment decreased during 2014 compared to 2013 due to decreased revenues primarily from its heavy lift, diving services, and well abandonment services businesses. The heavy lift business was also negatively affected by unseasonal weather during the first half of 2014 and by dry dock operations performed during the first quarter of 2014 on the TETRA Hedron and TETRA Arapaho derrick barges. Decreased dive services and well abandonment activity levels in the U.S. Gulf of Mexico reflected an overall decrease in demand in this market, partly due to property acquisitions by key customers which have resulted in a postponement of certain well abandonment projects. Given the current decreased oil and natural gas commodity price environment, Offshore Services anticipates additional decreases in demand for its services during 2015. Offshore Services revenues during 2014 were also affected by the reduction in work performed for our Maritech segment compared to the prior year period, with $30.6 million of such work during the current year compared to $50.1 million of revenues related to work performed for Maritech during the prior year. Revenues for work performed for Maritech, which are eliminated in consolidation, are expected to continue to be lower in future periods than in prior years.

Offshore Services reported a gross loss during the current year due to the decreased revenues as discussed above. In addition, during the fourth quarter of 2014, Offshore Services reflected approximately $13.7 million of impairments primarily for certain heavy lift and dive support vessels and associated equipment assets, as the fair values for these assets were negatively affected by an expected decrease in utilization and demand. The Offshore Services gross loss was incurred despite the impact of cost reduction measures that were implemented during the first half of 2013 and that continued in 2014. The Offshore Services segment continues to consider additional opportunities to optimize its cost structure in light of the current and expected decreased activity levels.

Offshore Services loss before taxes is due to the gross loss discussed above and due to the impairment of Offshore Services goodwill during the fourth quarter of 2014 pursuant to ASC 350-20. General and administrative expense levels reflect the segment's administrative cost reductions taken during the first half of 2013 and during 2014, and decreased despite approximately $0.5 million of increased bad debt expense.

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Maritech Segment

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Revenues	$4,722	$5,560	$(838)	(15.1)%
Gross profit (loss)	(69,861)	(66,828)	(3,033)	(4.5)%
General and administrative expense	1,359	2,902	(1,543)	(53.2)%
General and administrative expense as a percentage of revenue	28.8%	52.2%		
Interest (income) expense, net	11	11	—	
(Gain) loss on sales of assets	(77)	(5,378)	5,301	
Other (income) expense, net	—	–	—	
Income (loss) before taxes and discontinued operations	$(71,154)	$(64,363)	$(6,791)	(10.6)%

As a result of the sale of almost all of its producing properties during 2011 and 2012, Maritech revenues during 2014 and 2013 were negligible and are expected to continue to be negligible going forward.

Maritech gross loss increased during 2014 compared to 2013 primarily due to an approximately $5.6 million credit against operating expenses during 2013 associated with the net impact of an insurance-related litigation settlement in the first quarter of 2013. Maritech charged approximately $73.2 million of additional and excess decommissioning costs to expense during 2014, which reflects a $2.1 million decrease for these costs compared to the prior year period. Approximately $39.2 million of the $73.2 million total additional and excess decommissioning costs expensed during 2014 was due to current and future additional well abandonment work required for remediation of certain wells under pressure that were previously plugged.

The increase in Maritech’s pretax loss during 2014, compared to 2013 is primarily due to the decreased gross loss discussed above and due to the significant decrease in other income, as during 2013 Maritech sold its interest in one of its remaining offshore oil and gas properties, resulting in a gain of approximately $5.4 million. Maritech administrative costs decreased compared to the prior year period due to legal expenses recorded during 2013 primarily associated with the insurance-related litigation settlement.

Corporate Overhead

	Year Ended December 31,		Period to Period Change	
	2014	2013	2014 vs 2013	% Change
	(In Thousands, Except Percentages)			
Gross profit (loss) (primarily depreciation expense)	$(1,725)	$(2,327)	$602	25.9%
General and administrative expense	41,139	40,506	633	1.6%
Interest (income) expense, net	19,268	16,715	2,553	
Other (income) expense, net	4,222	2,711	1,511	
(Loss) before taxes and discontinued operations	$(66,354)	$(62,259)	$(4,095)	(6.6)%

Corporate Overhead pretax loss increased during 2014 compared to 2013 primarily due to increased corporate interest expense and other expense. Increased interest expense was due to increased borrowings outstanding during 2014, including the impact of corporate borrowings in connection with the CSI Acquisition. Corporate interest expense levels are expected to continue to be increased going forward due to the impact of the increased borrowings. Increased other expense was primarily due to increased foreign currency exchange losses. Corporate general and administrative expenses increased, as approximately $1.5 million of increased professional expenses, including approximately $0.6 million of transaction related expenses, approximately $2.0 million of increased salary and related expenses, and approximately $1.3 million of general expenses were largely offset by approximately $2.5 million of decreased insurance expense and approximately $1.7 million of additional expenses allocated to other segments.

2013 Compared to 2012

Consolidated Comparisons

	Year Ended December 31,		Period to Period Change	
	2013	2012	2013 vs 2012	% Change
	(In Thousands, Except Percentages)			
Revenues	$909,398	$880,831	$28,567	3.2 %
Gross profit	135,392	167,380	(31,988)	(19.1)%
Gross profit as a percentage of revenue	14.9 %	19.0 %		
General and administrative expense	131,466	131,649	(183)	(0.1)%
General and administrative expense as a percentage of revenue	14.5 %	14.9 %		
Interest expense, net	17,121	17,080	41	0.2 %
(Gain) loss on sale of assets	(5,776)	(4,916)	(860)	
Other (income) expense, net	(7,291)	(4,616)	(2,675)	
Income before taxes and discontinued operations	(128)	28,183	(28,311)	(100.5)%
Income before taxes and discontinued operations as a percentage of revenue	— %	3.2 %		
Provision for income taxes	(3,454)	9,429	(12,883)	(136.6)%
Income before discontinued operations	3,326	18,754	(15,428)	(82.3)%
Income (loss) from discontinued operations, net of taxes	(1)	3	(4)	
Net income	3,325	18,757	(15,432)	(82.3)%
Net income attributable to noncontrolling interest	(3,172)	(2,797)	(375)	
Net income attributable to TETRA stockholders	$153	$15,960	$(15,807)	(99.0)%

Consolidated revenues during 2013 increased compared to 2012 due to increased revenues of our Fluids and Compression Divisions. Growth of the Fluids Division's onshore water management business, increased sales of its manufactured products, and strong demand for CBFs in the U.S. Gulf of Mexico resulted in record revenues for the Fluids Division. Our Compression segment also reflected record revenues, as the reduction in activity by its principal customer in Mexico was more than offset by the growth of its U.S. compression services applications revenue and from growth in other international markets. These increased consolidated revenues were negatively affected by our Offshore Services segment as well as our Production Testing Division. Our Offshore Services segment reported decreased revenues for the current year compared to the prior year due to a reduction in heavy lift and cutting services activity. This business was also adversely affected by weather delays during the second and third quarters of 2013 as well as by continuing market challenges in the U.S. Gulf of Mexico. Our Production Testing Division revenues also decreased, reflecting the reduction in Mexico activity, the suspension of activity by a significant U.S. customer, and increased competitive pressure in several key North American markets. Consolidated gross profit decreased, despite the increased profitability of our Fluids and Offshore Services segments, as our Maritech and Production Testing segments reported decreases. Maritech recorded increased excess decommissioning costs during 2013 as compared to 2012.

Consolidated general and administrative expenses during 2013 remained consistent with 2012 levels. Decreases in compensation and other employee related expenses by our Offshore Services, Corporate, and Compression segments were primarily due to cost reduction efforts during late 2012 and early 2013 as well as decreased equity based compensation during 2013 compared to 2012. These administrative cost decreases were largely offset by increased general and administrative costs due to the growth of our Fluids Division, the acquisitions completed during 2012 by our Production Testing Division, and approximately $1.9 million of employee severance costs during 2013.

Consolidated interest expense stayed consistent during 2013 compared to the prior year, as increased interest expense from CCLP borrowings was largely offset by the impact of the lower interest rate on the 2013 Senior Notes.

Consolidated gains on sale of assets increased due to the sale by Maritech of one of its remaining oil and gas properties during the third quarter of 2013.

Consolidated other income increased primarily due to increased earnings from TETRA Arabia, an unconsolidated limited liability company, and partly offset by decreased foreign currency exchange losses.

The consolidated provision for income taxes decreased compared to the prior year due to decreased earnings.

Divisional Comparisons

Fluids Division

	Year Ended December 31,				Period to Period Change		
	2013		2012		2013 vs 2012	% Change	
	(In Thousands, Except Percentages)						
Revenues	$382,663		$334,548		$48,115	14.4	%
Gross profit	100,106		79,454		20,652	26.0	%
Gross profit as a percentage of revenue	26.2	%	23.7	%			
General and administrative expense	32,648		30,466		2,182	7.2	%
General and administrative expense as a percentage of revenue	8.5	%	9.1	%			
Interest (income) expense, net	(148	)	54		(202	)	
Other (income) expense, net	(1,832	)	(1,896	)	64		
Income before taxes and discontinued operations	$69,438		$50,830		$18,608	36.6	%
Income before taxes and discontinued operations as a percentage of revenue	18.1	%	15.2	%			

The increase in Fluids Division revenues during 2013 compared to 2012 was primarily due to approximately $24.0 million of increased product sales, primarily due to the increased demand for its calcium chloride manufactured products as well as increased sales of brominated products. A portion of these increased manufactured product sales was due to increased demand in selected markets and nonrecurring demand from a single U.S. customer during 2013. In addition, Fluids Division product sales also reflect the increased demand for its CBF products, as U.S. Gulf of Mexico drilling and completion activity levels increased in 2013 compared to the prior year. Decreased Latin America CBF product sales were partially offset by increased Eastern Hemisphere revenues. Following the January 2014 purchase of the remaining interest of TETRA Arabia, our unconsolidated Saudi Arabian limited liability company, TETRA Arabia is consolidated as a wholly owned subsidiary and began contributing increased Fluids revenues and gross profit. In addition, the Fluids Division also reported approximately $24.2 million of increased service revenues, primarily from the growth of its onshore water management business.

Fluids Division gross profit increased compared to 2012, primarily as a result of the increased demand for manufactured products and the increased U.S. onshore water management activity discussed above, which more than offset the decrease in profitability in Latin America. The increased demand for manufactured products resulted in increased production efficiencies for our El Dorado, Arkansas, calcium chloride facility. Also, the profitability of our European calcium chloride operations improved during 2013 after experiencing reduced plant production levels and equipment repairs during 2012.

Fluids Division income before taxes increased compared to the prior year due to the increase in gross profit discussed above and despite increased administrative costs. Fluids Division administrative costs increased primarily due to increased personnel-related costs, partially offset by decreased professional fee expenses. Other income remained flat compared to the prior year, as increased foreign currency exchange losses were offset by increased earnings by TETRA Arabia. As discussed above, beginning in the first quarter of 2014, due to the purchase of the remaining ownership interest, the results of operations from TETRA Arabia are consolidated as a wholly owned subsidiary.

Production Testing Division

	Year Ended December 31,		Period to Period Change	
	2013	2012	2013 vs 2012	% Change
	(In Thousands, Except Percentages)			
Revenues	$195,983	$207,984	$(12,001)	(5.8)%
Gross profit	29,566	58,009		