

Sustainable Products and Services Highlights

May 2023



A Note From Our CEO

When P2 Energy Services was formed in 2021, the leadership team worked to create a company with a mission statement rooted in our ability to provide solutions within the ever evolving energy industry. Today, that commitment resonates more than ever, as we seek to be a leader in sustainable solutions that allow our customers to meet their own sustainability goals.

In late 2022, we engaged our customers to better understand their purchasing decisions and how they relate to sustainable solutions. We found that sustainability is of rising importance and that many of our customers seek to better understand the role sustainable supply chain initiatives can play in improving greenhouse gas emissions profiles, protecting the environment, and minimizing impacts on our communities.

In response, we would like to share a few highlights on the sustainable products and services offered by P2E, including green steel and synthetic base oils. This summary is a preview into broader sustainability actions we are taking to best align with our customers and create shared long-term value. We will be sharing more about these initiatives in the coming months.

We appreciate the support you have shown P2E, and look forward to our continued partnership in business and sustainability.

Brett Mendenhall, CEO

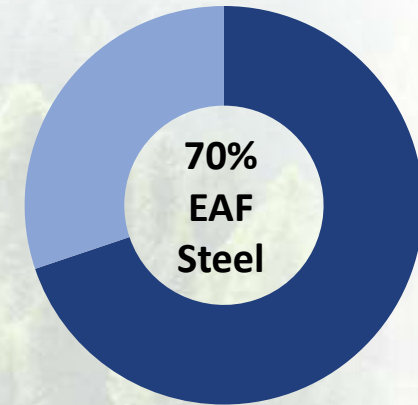


Recycled Steel: Sustainability Benefits of Electric Arc Furnace (EAF) Steel Products

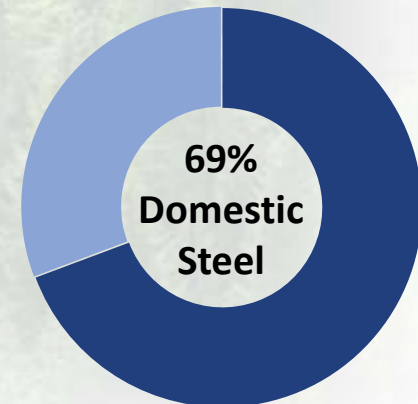
Production of electric arc furnace steel, otherwise known as recycled steel, offers many sustainability benefits compared to conventional steel production using blast furnaces.

- 1) Reduces GHG emissions and other pollutants as EAF steel relies on electricity rather than coal or coke for its energy source
- 2) Consumes less water and generates less waste compared to blast furnace steel production
- 3) Uses scrap metal rather than raw materials from the ground typically used by blast furnaces, thereby conserving natural resources and reducing waste

P2E is a leader within the U.S distribution market in sourcing tubulars produced via EAF steel making mills. Within our top 25 mill sources – accounting for 92% of tons purchased in FYE2023 – P2E purchased over 70% of our tubulars via EAF sources, with nearly 70% from domestic sources.



P2E Top 25 Mill Sources



Recycled Steel: Customers Benefit from Significant Carbon Savings from P2E Products

According to the World Steel Association¹, the carbon intensity associated with steel produced by electric arc furnace is more than 70% lower than the carbon intensity of traditional blast furnace steelmakers.

As we begin to analyze our own carbon footprint, we understand that our purchasing decisions impact the value chain emissions for each of our customers. We are increasingly considering the carbon impact of our products and services while maintaining our commitment to providing high quality, reliable OCTG solutions.

The carbon intensity associated with P2E's 2022 steel purchases was nearly 40% less than the global average.

831,500+

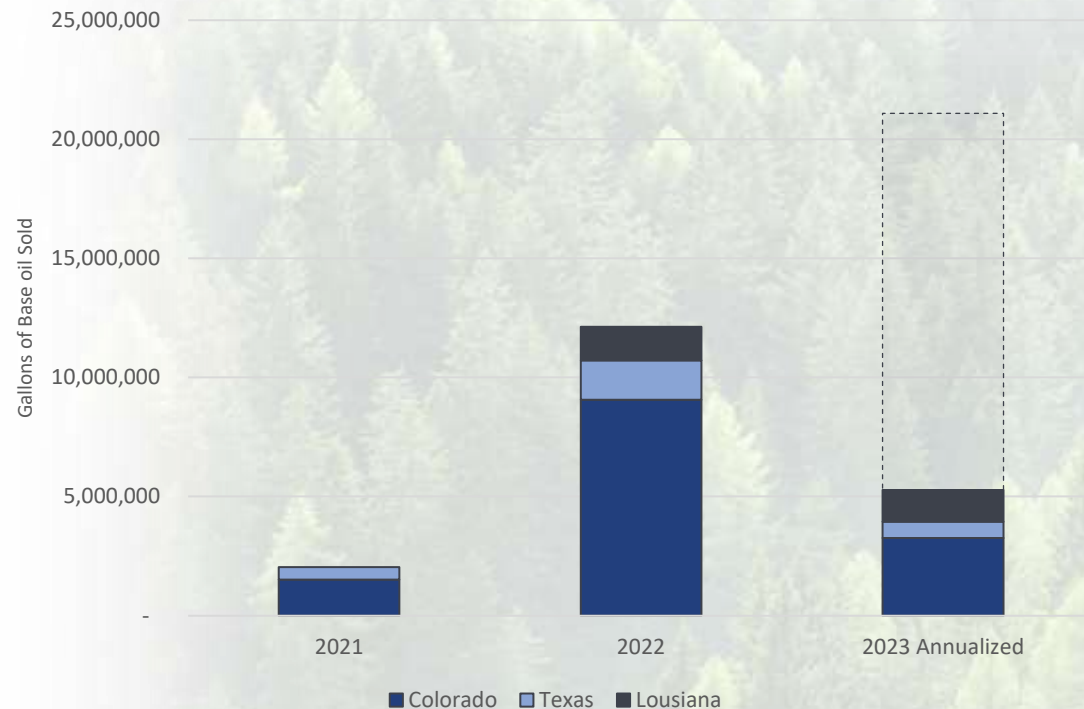
tCO2 saved by purchasing EAF produced versus blast furnace steel for 70% of P2E's products; equivalent to the carbon sequestered from ~13,750,000 tree seedlings grown for 10 years²

	CO2 Emission Intensity by Production Route (tCO2/t steel cast)
Global Average	1.91
Blast Furnace	2.32
Scrap-EAF	0.67
2022 P2E Intensity	1.17

¹ [World Steel Association Sustainability Indicators](#)

² [EPA GHG Equivalency Calculator](#)

Synthetic Base Oil: Diesel Replacements Offer Sustainability Advantages



P2E is the leading distributor of Group III synthetic base oils used to replace diesel (diesel derivatives) at drilling sites. In addition to enhanced performance, which can result in **faster drill times (ROP)**, **improved Mechanical Specific Energy (MSE)** for longer unconventional laterals, reduced **Low Gravity Solids (LGS)**, **improved casing runs and reduced downtime**, utilizing Group III fluids in Synthetic Based Mud (SBM) yields many health, safety and environmental benefits:

- Significantly reduced total hydrocarbon exposure
- No BTEX (non-carcinogenic)
- Virtually no aromatics and sulfur-free
- Reduced environmental risk due to low toxicity
- Readily biodegradable
- Ability to bioremediate and keep cuttings on location
- Higher flash point (versus diesel)

Demand for diesel replacements continues to increase among P2E customers due to significant cost savings and performance benefits.

Synthetic Base Oil: Bioremediation Allows for On-Site Disposal, Improved Community Benefits

Group III synthetic base oils, which are predominantly composed of readily-biodegradable paraffins, provide an appealing option for clean, on-site cuttings disposal. Shell Chemical, a key P2E vendor, recently confirmed that cuttings produced while utilizing their product, NEOFLO 4633 can be bioremediated to <1% Total Petroleum Hydrocarbons (TPH) in 30-65 days.

Shell studies have indicated the following parameters can be expected with NEOFLO based mud:

- <1% TPH Achieved
- <5 mg/kg benzene
- <3,000ppm chlorides

GHG emissions can also be greatly reduced when utilizing Group III synthetics versus diesel. Because Group III synthetics allow for clean on-site cuttings disposal, the impact of operations on nearby communities is limited due to fewer trucks on the road, lower emissions, improved safety, and reduced dust and noise.

2,000+

Trucks Hauling Cuttings Eliminated From the Roadway

32,000+

Yards of Cuttings Not Hauled for Disposal

*based on 3 loads per day during a 12 day drill @ 16 yards per load

Direct Delivery: Maximizes Efficiencies & Lowers GHG Emissions

In mid-2020, P2E formed Riverbank Logistics to increase control of our supply chain in order to maximize efficiencies and reduce the number of trucks on the roadway. By making deliveries direct from the mill to the wellsite, P2E has aimed to reduce GHG emissions while decreasing the number of times material is handled.

P2E continues to work closely with our mill partners to take advantage of rail to reduce the number of trucks on the roadway.

11,800+

Trucks Direct From Mill to Wellsite

6,300+

**Trucks Eliminated From Roadways
by Use of Rail**

Spotlight: Summit Industrial Park - West Texas

Summit Industrial Park (SIP), a wholly owned subsidiary of Sumitomo Corporation of Americas, opened for business in April 2020 with the goal of supporting West Texas oil and gas exploration, drilling, development, and production activities. SIP consistently provides safe, efficient, and effective support services for P2E, enabling us to better serve our customers.

Since its inception, SIP has lead in:

- Operating via 100% renewable energy
- Net producer of energy (actively selling solar electricity back to the grid)
- Operating 100% electric forklift (EV)
- On-property rail spur, further reducing the amount of trucks required for daily operations

