



No. 4 | January 2024

THE POWDER TRAIL

We've got the only powder that keeps you going 24/7!



News & Updates



Performance



Employee Owner
Spotlight



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Employee Powered, Employee Owned

As 2023 comes to a close, we reflect on all of the growth and change we've seen within the organization during a momentous and record breaking year - the most notable change being the conversion of Downhole Chemical Solutions to a 55% proud employee owned company. We are grateful to the individuals that have come along for the journey and stuck around to see the success of the business. Now, we look forward to seeing every one of these folks take on the coming year as employee owners and continue to build upon the success the team has already achieved. The DCS ESOP serves as an investment in our people, fostering the abundance of talent within our organization.

Ownership of the company by the employee base will increase annually until DCS is 100% employee-owned. All DCS employees are automatically enrolled in the ESOP, receiving annual contributions to a retirement account in the form of shares of stock. These contributions are completely sponsored by DCS and do not require any employee contribution. Company shares are granted to employees following a six year vesting schedule, in which individuals gain a non-forfeitable right to the vested stock. Awarded shares are calculated using a point system based on an individual's earnings and years of service as a percentage of the total points earned by eligible participants. An independent third-party appraiser will conduct an annual valuation of the company to determine the DCS ESOP stock value.



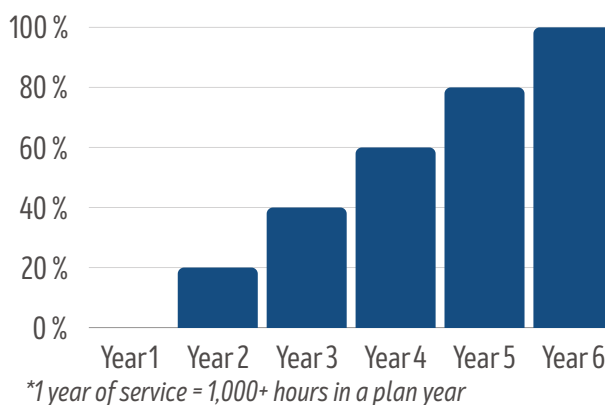
ESOP Contributions Point System

Points	Contributing Factor
1	For every \$1,000 of eligible compensation
10	For every 1 year of service (1,000 hours)

Employees will receive an annual statement in early summer for their individual ESOP accounts. Distribution will begin at retirement (age 62+) over five annual installments. If employment is terminated by the employee before retirement age, a five year waiting period ensues before distributions begin.

As employee owners, DCS employees hold a greater stake in the company and can take pride in knowing that their individual efforts can reap immense benefits for themselves and their families.

Vesting Schedule



ESOPs At a Glance

Employee stock ownership plans are designed to align employees' motivations and interests with those of the company's shareholders. Providing the opportunity to reap significant financial compensation, these programs tend to inspire greater effort from an employee base. With employee ownership comes a greater sense of pride and ethics that leads to a stronger commitment to excellent service quality. The benefits are significant for both employees and the company:

EMPLOYEE BENEFITS



Higher net worth & income



Longer job tenure



Greater retirement savings

COMPANY BENEFITS

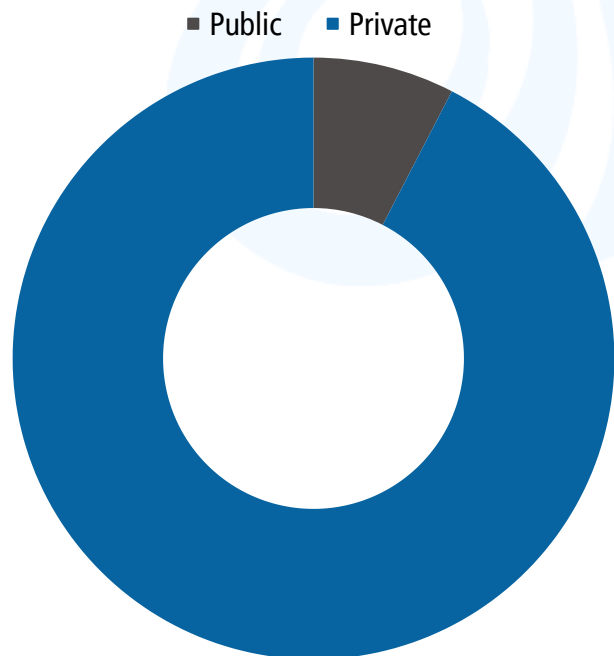


Higher sales & productivity growth



Increased stability during economic downturns

Nationwide ESOP Distribution



5,758 of the total 6,232 ESOP companies in the United States are private companies.

ESOP Participant Breakdown



Though over 90% of ESOPs are private, only 1.9 million of the total 13.9 million ESOP participants are employed by these private companies.

The National Center for Employee Ownership

Roughly 8% of corporate equity in the United States falls within an ESOP plan. The NCEO provides great insight into how that 8% is distributed. Visit the NCEO's [Introduction to ESOPs](#) for more information and statistics on employee stock ownership plans.

The Unmanned Dry FR Delivery System



The 7' x 7' DriFlow X unit gravity feeds hydrated product direct to the blender tub.

For those familiar with the DriFlow product and service, DriFlow X is a radical design change. For starters, it is a 7' x 7' skid; minute compared to the previous 40' and 28' trailer-mounted units. The robust design of the DFX unit provides immense cost and operational benefits for both the operator and service company.

Let's Talk Benefits

DFX was designed with a focus on cost efficiency and low failure rate. The concept behind DFX is achieving FR delivery direct to the blender without sacrificing equipment performance and product integrity. In doing so, DCS is able to eliminate the traditional DriFlow system's flow loop, reducing the on-board moving parts to a single centrifugal suction pump and an auto-valve. The significance in this reduction is the elimination of major failure points and room to

add equipment redundancies where failure points remain. This results in a higher run-time efficiency compared to traditional DriFlow units and minimizes DCS's contribution to pad NPT.

Equipped with remote operating screens, FR delivery can easily and conveniently be controlled by frac personnel from the blender or data van. DCS field operations coordinators will handle the rest with regular site visits to perform feeder calibrations, troubleshooting, product deliveries and other standard equipment maintenance. With the eliminated 24/7 DCS man power and a significant reduction in operating equipment, the DFX dry FR delivery system offers a competitive cost advantage, with up to 15% cost savings compared to the DriFlow 2.X or 3.X Series. Not to mention, the additional benefit to frac operations from the

increase in lubricity due to the hydrated FR pumping directly through the blender.

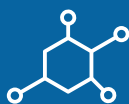
Operating Considerations

While the DFX unit is available in varying frac applications, there are some unit-specific considerations to note when utilizing DFX as a stand alone system for dry FR delivery, with the primary concern being product chemistry. By pumping direct to the blender, there is additional shear applied to the polymer that must be accounted for. Not all dry FR products can handle the added stress without sacrificing performance. With its smaller molecular size and a slower hydration time, DriFlow 10 (the

premier product in the Permian basin) possesses a higher shear resistance that is ideal for pumping through the blender. Going direct to the blender may also require some pad layout reconfiguration in order to maintain a minimum eight foot distance from DFX to the blender tub. The unit's 7' x 7' base allows for easy placement and minimal footprint. Due to its small size, however, the DFX unit is designed to pump a single dry chemical. Unlike the 2.X and 3.X Series, DFX does not pump ancillary chemicals but instead focuses on providing a premier dry chemical delivery service that is high performing at a cost effective rate.

Permian DFX Dry FR Offering: Why it Works

DriFlow 10 is often the product of choice in the Permian basin, where water quality conditions are much harsher. The chemical properties that DriFlow 10 possesses make it the ideal dry FR product to be successfully pumped to the blender:



SMALL
MOLECULE SIZE



HIGHER
SHEAR RESISTANCE



SLOWER
HYDRATION

DFX Operating Considerations

- Unit placement must be within 8 feet of the blender tub to directly discharge into the tub
- Single dry chemical pumping capability (no on-board pumps for ancillary chemicals)



VISIT OUR WEBSITE



DOWNLOAD DFX BROCHURE

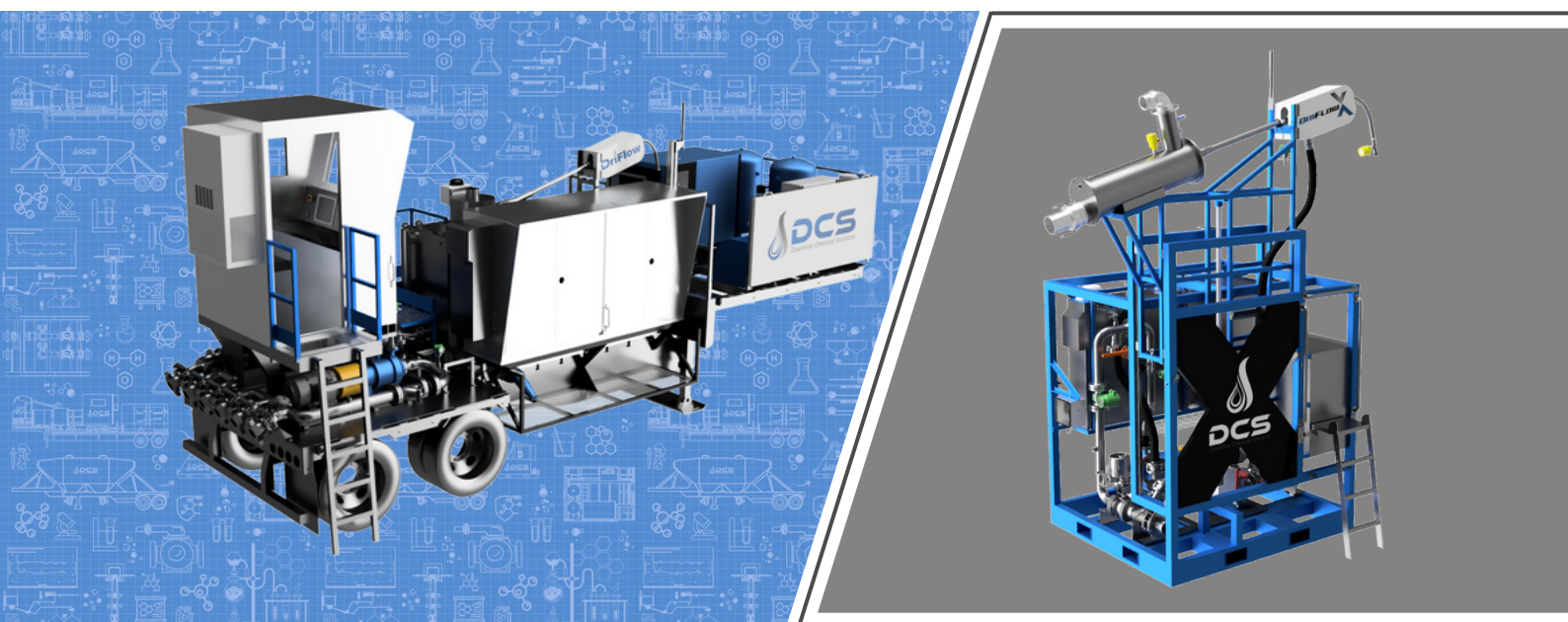
New Year, New DriFlow Units

The DCS engineering team has been hard at work designing and fabricating the DriFlow units needed to keep up with client demand. As we dive into 2024, DCS is scheduled to deliver an additional five DriFlow X units and two 3.X series

units. By mid-year, the team plans to have a total of 32 DriFlow units in operation, capable of pumping DriVisc (dry gel) or DriFlow (dry FR) products with the 2.X and 3.X Series equipped to handle the full suite of DCS ancillary chemicals.

2024 DriFlow Unit Rollout Schedule

	JAN	FEB	MAR	APR	MAY	JUN	JUL
DriFlow X 104	MID JAN						
DriFlow X 105		EARLY FEB					
DriFlow X 106			EARLY MAR				
DriFlow X 107				LATE MAR			
DriFlow X 108				EARLY APR			
DriFlow Unit 3.6						MID JUNE	
DriFlow Unit 3.7							MID JULY



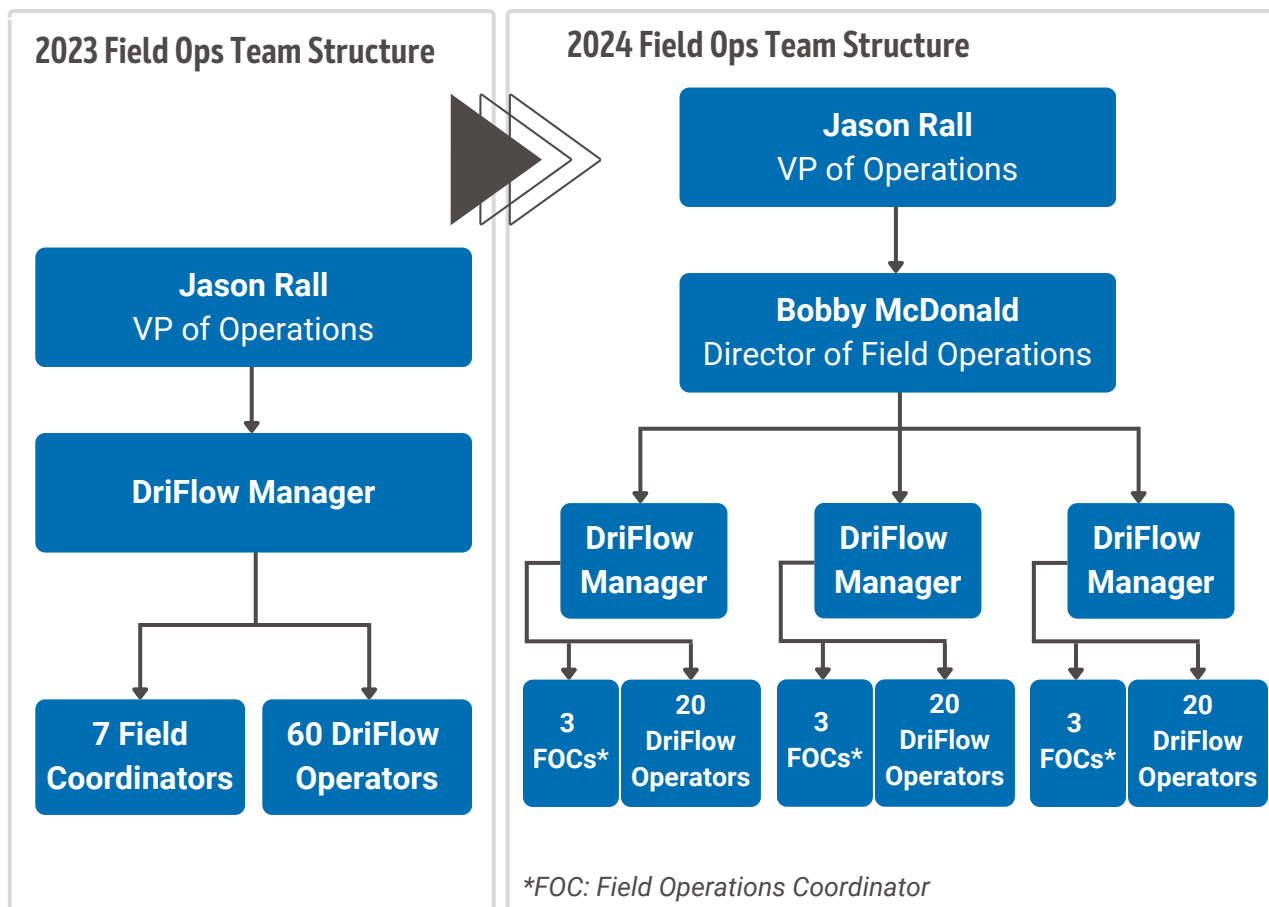
Additional DriFlow 3.X Series (left) and DriFlow X Series (right) units are slated to deliver through the first half of 2024.

Enhanced Field Support

2023 was a year of immense growth for the company, a change that nobody has felt more than our field operations team. In 2022, the DCS Remote Operations Center was implemented to shoulder the load placed on our incredibly talented and dedicated field team. However, the organization has far exceeded the growth predictions initially set at the start of 2023. Surpassing 50 million pounds of product pumped in one year has been an exciting milestone, but by no means an easy feat. Going into 2024, DCS is expanding the team to continue to meet our clients needs and provide superior service quality along the way. In

quarter four, the training and development team has onboarded 23 new DriFlow operators ready and eager to get behind the DriFlow operating screen. To keep up with activity levels, DCS is now implementing a new field operations team structure with the goal of increasing field support and improving work-life balance of our field staff.

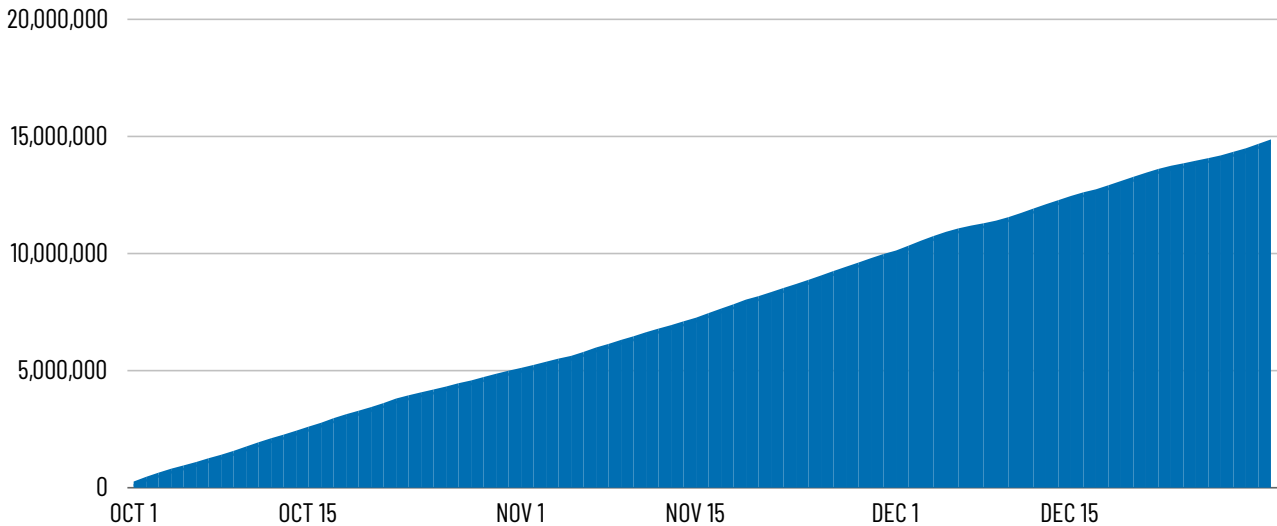
DCS welcomes all new team members and congratulates those taking on new roles within the company to ensure DCS continues delivering on our commitment to excellence in both product and service!



The updated field team structure provides ample field support to each of our clients and allows field personnel to focus on field operations by distributing personnel management and administrative duties to a team of DriFlow managers.

DriFlow Performance

Cumulative Powder Consumption



Finishing the year out strong, quarter four of 2023 set some new records and brought significant growth for DCS DriFlow operations. In Q4 alone, 14.8 million pounds of Dri product was pumped across three major basins. 1.8 million pounds of which can be attributed to DriVisc, a number that has doubled from quarter three dry gel consumption. On

December 3rd, 2023 the daily pumping record was set at 213,194 pounds of Dri product, with the average for quarter four sitting at 160,000 pounds/day. A combination of high fleet utilization and run-time efficiency resulted in a consistently high-usage three month period, with November setting the monthly record at 4.98 million pounds of Dri product pumped.

PRODUCT PUMPED IN Q4

14,767,889 POUNDS

DAILY PUMPING AVERAGE

160,520 POUNDS

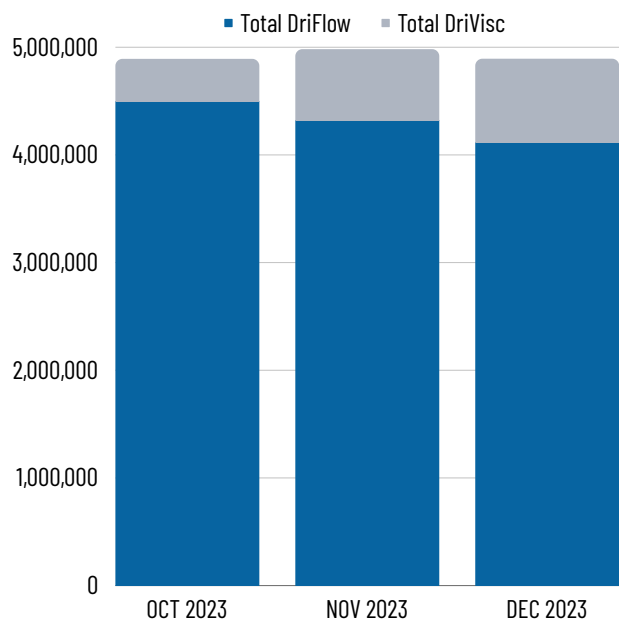
RECORD MONTH: NOVEMBER

4,982,269 POUNDS

RECORD DAY: DECEMBER 3

213,194 POUNDS

Q4 2023 Monthly Dri Product Consumption



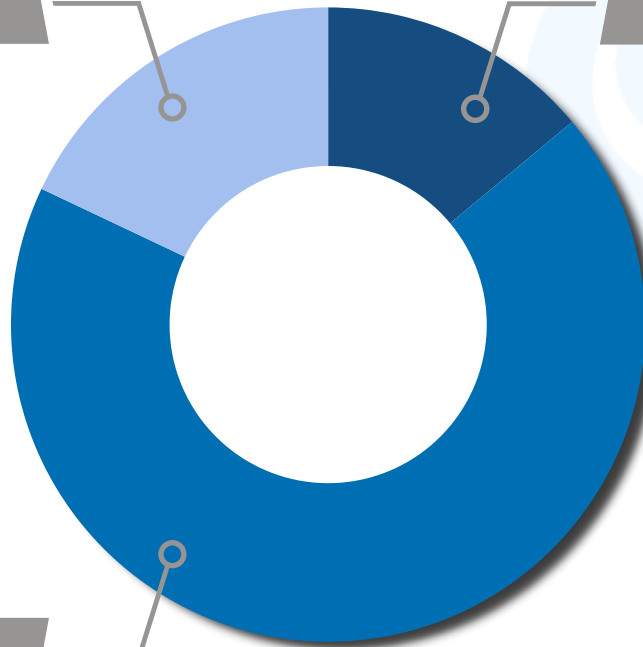
Basin Breakdown

Permian

- 18% of Q4 total
- 2.7M lbs pumped
- 887 lbs/stage*
- 7,119 PSI**

Eagle Ford

- 14% of Q4 total
- 2M lbs pumped
- 1,946 lbs/stage*
- 9,613 PSI**

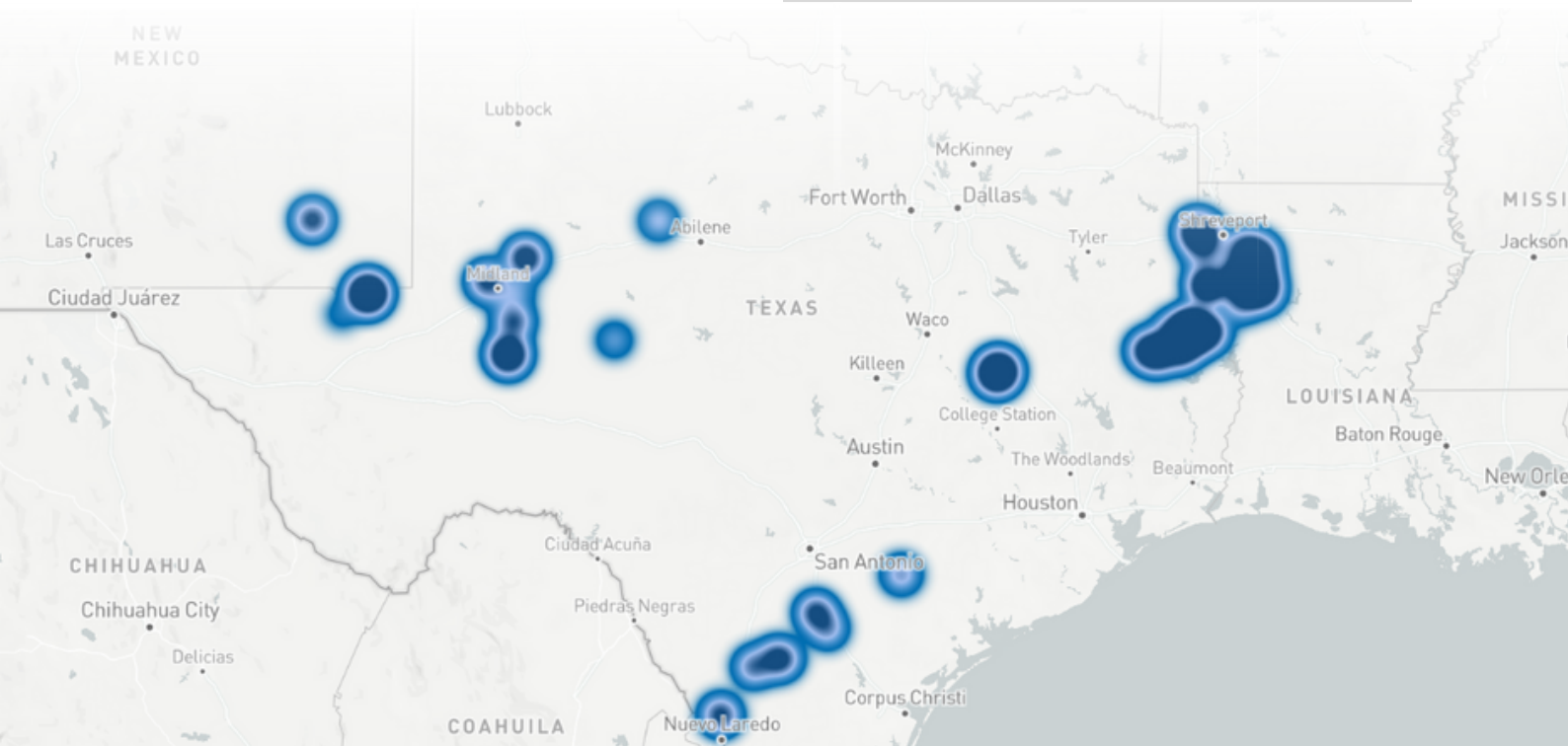


Haynesville

- 68% of Q4 total
- 10M lbs pumped
- 1,973 lbs/stage*
- 10,208 PSI**

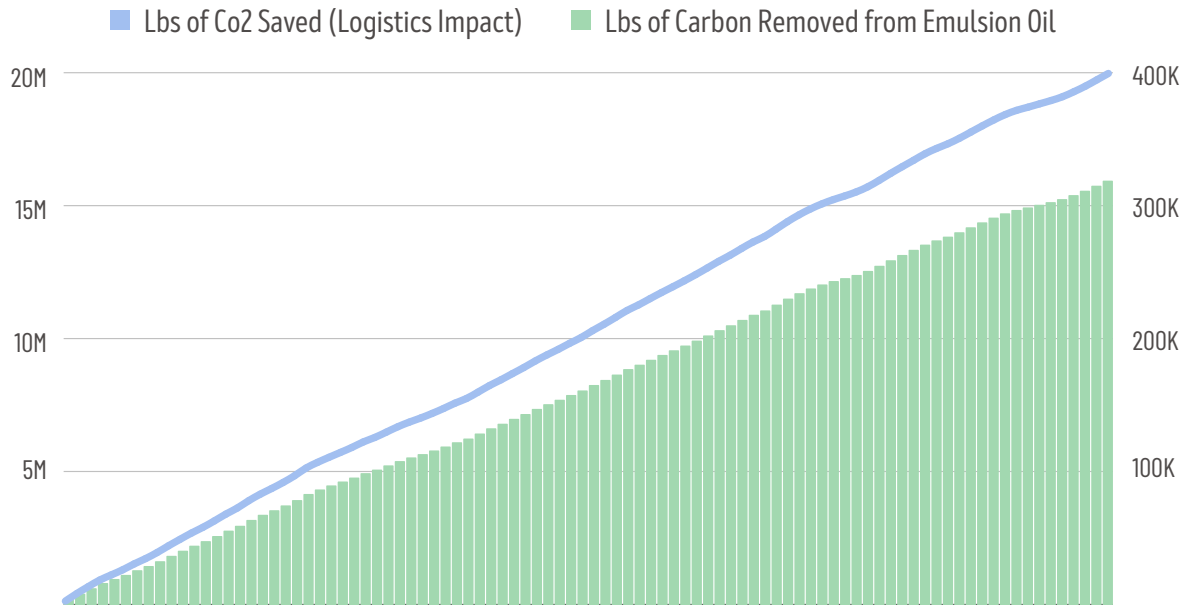
*Average DriFlow pumped per stage

**Average treating pressure with DriFlow



ESG Performance

Carbon Emissions Reduction



Environmental Impact

DCS is committed to providing a premier product and service to our clients. In addition to performance and service quality, the advantage of using DriFlow over traditional liquid FR emulsions is the sustainable operations practices that translate into reduced carbon emissions. The environmental benefit to using

dry friction reducer and guar is evident in the amount of carbon removed in transportation emissions and emulsion oil in just Q4. Furthermore, a fully electric and dust free system makes DriFlow the clear choice for clients focused on achieving their ESG goals without compromising operational efficiency.

LBS CARBON REMOVED
(FROM EMULSION OIL)
15,940,378

LBS CO2 SAVED
(LOGISTICS IMPACT)
400,385

TRIP MILES SAVED
88,974

TRIPS REMOVED
889

WELCOME Week at DCS

As we wrapped up 2023, DCS is thrilled to continue expanding the team. DCS welcomed 12 new faces to our field operations team in quarter four, with another group set to begin on January 15, 2024 for a total of 23 new hires. We are excited to see the individual success and

growth of our new team members as the organization continues to develop and deploy new assets in 2024! To ensure a smooth onboarding experience, W.E.L.C.O.M.E Week at DCS highlights the core message we aim to instill in all of our team members:



WORK: We work hard so we can win!



EXPLAIN: Explain the job functions with detailed training and instructions.



LOGISTICS: Learn where you are & where you are going within the organization.



CULTURE: Introduce company culture through getting to know your team.



ORIENTATION: Make the first days matter and ensure all the basics are covered.



MONITOR: As new hires get settled in, continue to mentor and encourage.



ENDURANCE: Provide ample time and opportunity to learn the role.



2023 Q4 DriFlow Operator new hire class.

**CLICK HERE
TO JOIN THE
DCS TEAM!**



Employee Owner Spotlight



October | Landon Herring, Facility Maintenance Coordinator

Landon Herring joined DCS over a year ago and quickly picked up on the company culture and spirit of improvement and innovation. As facility maintenance coordinator, Herring has identified an opportunity to fine-tune employee safety with training courses specific to our workplace environment. DCS is continuously looking for ways to ensure the safety of our team members and we are looking forward to working with the HSE team to expand upon Herring's ideas for enhancing safety in the workplace.



October | Taylor Porter, DriFlow Operator

Taylor Porter has continued to emphasize on operator training, contributing great ideas for future courses and career development through the company's formal training program, DriFlow University. The addition of these optional courses will allow operators to diversify and advance their skill set. We are excited to see the individual advancement take place as the training and development team starts to roll out some of Mr. Porter's training ideas.



November | Jacob Deshotels, Assets & Equipment Engineering Manager

Jacob Deshotels leads the asset development and maintenance team that ensures DCS equipment is always at top performance. While leading the design work for DriFlow field technology and maintaining asset health, Deshotels has also improved upon the facility equipment and processes used to load DriFlow products. Deshotel's creative and innovative spirit continues to shine and DCS is proud to recognize his hard work and dedication to the betterment of the company.



November | Andrew Segotta, DriFlow Mechanic

Andrew Segotta is a DriFlow mechanic, joining the DCS team over a year ago. As a steward of DCS assets, Segotta's dedication and attentiveness has proved tremendously valuable countless times. Identifying areas for improvement and bringing ideas to the table is always welcome at DCS and Segotta has greatly exemplified this within the organization.

Business Development

Let DCS provide the right solution for your stimulation chemical needs. For questions or inquiries regarding DCS services, please contact our business development and client support team:



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