Engage Energy Conference

September 29th, 2017
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Overview – About Exciter

Exciter Energy Services, Inc. (“Exciter” or the “Company”) was formed in 2014 to develop and market the oil and gas drilling “rig of the future” that mitigates noise and air pollution, and minimizes the environmental impact of drilling operations

• Exciter’s Vision:
  – To deliver the most environmentally friendly and efficient drilling rig on the market today

• Exciter’s Mission:
  – People come first. We focus on building a powerful team and keeping them engaged to drive profitable revenue without sacrificing values, ethics, or safety. Our success comes from our core values that place people, relationships, and respect first.
Management – Team Snapshot

Tom Schledwitz
Chairman & CEO

KL Tipps
SVP Engineering

Jim McCathron
SVP Sales & Marketing

David Hobbs
SVP Operations

Richard Bruce
SVP Business Development
1976-1996: Grew Exeter from 15 to 40 rigs, and from $45mm of revenue to $150mm

1990 (Exeter): First to bring PDC bits into USA drilling (from Sweden)

1996 (Ensign): Brought Pason to the US and worked with IADC to produce electronic tower sheets

1988 (Ensign): First to institute 100% drug testing with hair follicle testing

1996 (Exeter): Introduced mud motors in USA straight-hole drilling for use with PDC bits

2000 (Ensign): Introduced natural gas engines using field gas in Jonah

2000 (Exeter): Developed summer internship program (20 interns per year for 25 years)

2005 (Ensign/Encana): Engineered the first X-Y walking rig capable of 150’+

2005 (Ensign): Developed and deployed the first Iron Derrickman

2006 (Ensign): Developed and deployed the first Iron Derrickman

2009 (Ensign): Developed the first California compliant RFID based employee management system

2009 (Exton): Test the ability to drill with coil tubing - drilled 53 wells

2010 (Ensign): Ran first drilling rigs on LNG

2010 (Ensign/Noble/Encana): Engineered the first X-Y walking rig capable of 150’+

2010 (Ensign): First Rocky Mountain contractor to offer “turnkey” horizontal and closed loop well pricing

2012 (Ensign): Introduced LNG Trucks for rig Moves and Water Hauling

2013 (Devon): Developed and implemented real-time data center to monitor 75 rigs and frac spreads.

2013 (Ensign): Tested and developed 1.1 MW battery energy storage on multiple drilling rigs

2014 (Exciter/NOV): Began first steps in developing the “rig of the future”

1990 (Exton): Introduced mud motors in USA straight-hole drilling for use with PDC bits

1992 (Exton): Developed summer internship program (20 interns per year for 25 years)

2013 (Ensign): Tested and developed ultra capacitor energy storage for drilling rigs

2014 (Exciter/NOV): Began first steps in developing the “rig of the future”

1996-2014: Grew Ensign from 2 to 100 rigs, and from $4mm of assets to a market value of $1.5B

1979-1996: Grew Exeter from 15 to 40 rigs, and from $45mm of revenue to $150mm
Industry Overview – Current Issues

FACING CHALLENGES IN POPULATED U.S. AREAS

Wattenberg Field: Crestone Peak Resources, Boulder County and COGCC Prepare for Oilfield Face-Off

© Hickenlooper commits Colorado to Paris climate accord, stirs praise and outrage

Broomfield might require quieter drilling rigs and fracking fleets for oil and gas operations

Noise is the biggest source of oil and gas complaints in Colorado

Complaints at drill sites near Erie show the difficulty of the conflict

By John Ingold | jingold@denverpost.com | The Denver Post
August 20, 2017 at 1:52 am

www.exciterenergy.com
THE PERCEPTION OF DRILLING

- EXTREMELY LOUD
- CREATES CONGESTION
- INDUSTRIAL APPEARANCE
- ENVIRONMENTALLY UNSAFE
Rig Overview – Environmentally Responsible Drilling

**NOISE ABATEMENT**
Rig is engineered to achieve levels of 55 dBA & 60 dBC at 350’.

**UNOBTRUSIVE LIGHTING**
Built-in IR illumination and CCTV systems enhance worker safety while eliminating off-site light pollution.

**TRAFFIC CONTROL**
Traffic is minimized with reduced and consolidated loads set on specific transport schedules.

**REDUCED EMISSIONS**
Unlike diesel engines, alternative power sources like utility grids and natural gas produce zero-to-low emissions and no smoke.

**SMALLER FOOTPRINT**
Area footprint is minimized to 85’ x 200’ for a 63% reduction in ground disturbance.

**IMPROVED AESTHETICS**
Customized rig exteriors blend in with their environment, eliminating the need for unsightly 32’ containment walls.
Exciter Energy – Advantages

- Efficient
  - Rig moves in 1.5 days
  - Up to 8 more wells drilled per year
  - Reduction in non-productive time

- Responsible
  - Noise reduction to 55dBA at 350'
  - 45% Less Truck Traffic
  - Unobtrusive Lighting

- Technological
  - Real Time Data
  - Drilling Automation
  - X-Y Walking System
  - Closed Loop System
  - 1.1 Megawatt Energy Storage

- Environmental
  - Reduced Emissions
  - 63% Smaller Footprint
  - Rig exteriors blend with their environment
Rig Overview – Rig Power

Quiet - Low Emissions - Cost Savings

Utility grid tie in
- Team has close relationship with PUC
- Pre-provision utilities prior to drilling
- Quiet, minimal emissions
- Breakeven @ $1.50/gal diesel
- $2,000/day savings @ $2.40/gal diesel

Natural gas gensets
- Team introduced NG gensets onto rigs in 2006
- Proven technology on more than 30 drill rigs
- Quieter vs. diesel
- Lower emissions vs. diesel
- Cost competitive vs. diesel

Energy Storage
- Team introduced energy storage on rigs in 2013
- Smooth power demand seen by utility/genset
- Reduces number of gensets required
- Reduces fuel cost
- Reduces emissions
Exciter Rig – Sound Profile

- **1500’**
  - 38 dBA | 43 dBC

- **1000’**
  - 42 dBA | 47 dBC

- **500’**
  - 46 dBA | 51 dBC

- **350’**
  - 55 dBA | 60 dBC

www.exciterenergy.com
Common Sound Levels

Source: Handbook of Environmental Acoustics
James P. Cowen, 1994

Typical Drill Rig @ 350'

Exciter Drill Rig @ 350'
Exciter Rig – Minimized Pad Footprint

Exciter Pad Size vs Standard Tier I Rig Pad Size
63% Smaller Pad

Standard Tier I Pad
Size 300’ x 500’

Exciter Pad Size
150’ x 350’
Overview – Rig Up Video
Overview – Rig Flyover Video
Diesel vs Natural Gas

- Sulfur Dioxide 99% less
- Particulate Matter 90% less
- Volatile organic compounds 89% less
- Nitrogen Dioxide 75-95% less
- Carbon Monoxide 70-90% less
- Carbon Dioxide 20-30% less

Source: NGVAmerica, Encana Estimate, Environmental Protection Agency