



2022

SUSTAINABILITY REPORT



Building A Cleaner And More Efficient Well Site

We are WIRELINE™

INTRODUCTION

About this Report	4
CEO Letter	5
About Us	6
Sustainability Highlights	7
Materiality Assessment	8
Sustainable Development Goal Alignment	9

ENVIRONMENT

Reducing Environmental Impact	10
EcoDrive™ Wireline Units	11
Greenhouse Gas Emissions	12
ExT™ Lateral Solutions	15

SOCIAL

Health & Safety	16
Training & Competency	17
Workplace Practices	18
Wellsite Report Application	19
Community Involvement	20
Charitable Donations	21

GOVERNANCE

Board Composition	22
Key Policies & Business Ethics	23

APPENDIX

SASB Index	24
Footnotes & Assumptions	25

ABOUT THIS REPORT

Welcome to Horizontal Wireline Services' 2022 Sustainability Report which covers our emphasis and performance across environmental, social, and governance (ESG) topics. This report details our ESG initiatives, policies, programs, and supporting data that are material to our business and to our stakeholders. We consider our stakeholders as our customers, our employees, our debt and equity investors, our business partners, and the communities in which we operate.

The purpose of this Sustainability Report is to assess the ESG progress of Horizontal Wireline Services, LLC ("Horizontal," "we," "our," or "Company"), disclose the material ESG metrics that we measure across our organization, and set goals for a more sustainable future. The information and data in this report covers Horizontal Wireline Services, LLC and its subsidiaries for the calendar year 2022, unless otherwise indicated. This report is the result of our ongoing sustainability journey which will be updated annually to measure progress, set new goals, and drive transparency and accountability for our stakeholders.

DATA QUALITY, VERIFICATION & REPORTING FRAMEWORKS

This report is informed by the oil and gas industry topics and metrics identified by the Sustainability Accounting Standards Board (SASB) and many of our initiatives align with the United Nations' Sustainable Development Goals (SDGs). The data and information included in this report has been reviewed by our Board of Directors and senior leadership team. In addition, we engaged an independent third party, Full Scope Insights, to assess our greenhouse gas (GHG) emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol, an emissions accounting and reporting standard.



A MESSAGE FROM THE CEO

We are pleased to release Horizontal Wireline Services' 2022 Sustainability Report, a publication focused on our Environmental, Social, and Governance ("ESG") priorities and performance that expands upon our report released in 2022. While financial markets and the oil and gas industry at large have entered a new era of ESG priority, Horizontal's business has been prioritizing safety and environmental stewardship since we were founded in 2010.

As a company providing critical oil and gas wireline services which present daily hazards and risks, we have continued to foster a strong HSE culture. This commitment begins with Horizontal's leadership, where each employee takes responsibility for their own safety, the safety of others, our service quality, and our environmental impact. We call this the "Horizontal Way." We are committed to reducing our environmental impact by expanding our water management programs, reducing our waste, continuing our investment and deployment of our EcoDrive™ Electric Wireline Units, and expanding downhole wireline innovation to drive operational efficiencies.

2022 was a pivotal year for Horizontal as we experienced profitable business growth, strong execution, and the addition of many new team members to our organization. Our employee base of currently 405 employees delivered both an outstanding safety record and excellent service quality in 2022, which translated to financial results ahead of our internal expectations. As we enter 2023, we are excited to continue developing our differentiated strategy to provide safe and efficient wireline services while minimizing our environmental impact and enabling our industry to provide more affordable and reliable energy. We will continue to innovate our service model leveraging technology and fleet electrification to help our customers decarbonize their production base, reduce water consumption, produce less waste, and enhance efficiencies to improve project economics.

In closing, we thank our employees, our customers, our investors, and our Board of Directors for their important contributions to our success and their guiding feedback as we enhance our ESG program. I invite you to explore the pages that follow to learn how we are addressing issues that are facing our business and our society. While our ESG efforts and strategies will evolve to stay current with societal challenges, our goal will remain the same – we strive to be the premier wireline service company dedicated to maximizing the health, safety and well-being of our employees while building a cleaner, more efficient wellsite. We at Horizontal appreciate your interest and support to make our industry more adaptable and sustainable.

Joseph Sites
Chief Executive Officer



About Us

Our mission at Horizontal Wireline Services is to provide the safest and most efficient wireline services while delivering value for our customers and our investors. We aspire to achieve this objective every day through a rigid focus on employing the best people, implementing robust processes, and investing in premier equipment and technology. We have extensive service experience across the highest producing conventional and unconventional hydrocarbon basins including the Marcellus, Utica, Mid-Continent, Eagle Ford, and Permian Basin. Horizontal's services include Pump Down Perforating, Wireline Logging, Workover and Intervention, and Plugging and Abandonment. We believe our value-added approach to all of our core services provides significant benefit to our customers by lowering overall well cost, reducing risk, and deploying emissions reduction initiatives across our business.

Pump Down Perforating

A wireline-conveyed method of completing horizontal wells in which wireline services are used in connection with surface pumping equipment to convey an interconnected string of downhole equipment to a desired well depth. When desired depth is achieved, electronic wireline telemetry communication enables stage isolation through the setting of plugs and firing of ballistic guns that create perforation tunnels into shale reservoirs for subsequent fracturing operations.

Wireline Logging

A wireline service that measures the properties and characteristics of downhole reservoirs and the quality of cement around casing to mitigate environmental liability, evaluate and locate profitable reservoirs, detect water movement, monitor well health and more. Interconnected tools are conveyed via wireline to take multiple sensor surveys which provide crucial data for customers to better evaluate formations.

Workover and Intervention

A wireline service utilized to fulfill a variety of operations across the lifecycle of an oil or gas well including deploying a variety of devices such as plugs, gauges, and valves into wells, retrieving piping or stuck downhole equipment, and performing well diagnostics that allow operators to alter intervention programs to enhance production of hydrocarbons.

Plugging and Abandonment

A wireline service utilized when oil and gas wells reach the end of their operating life. Horizontal offers plugging and abandonment services to deploy permanent plugs and seals that prevent hydrocarbons from potentially contaminating freshwater aquifers and leaking into the atmosphere.

2022 Sustainability Highlights

9

EcoDrive™ Electric Wireline Units in Fleet

\$28,000

Donations Made to Local Charities

12,728

Hours Invested In HSE Training

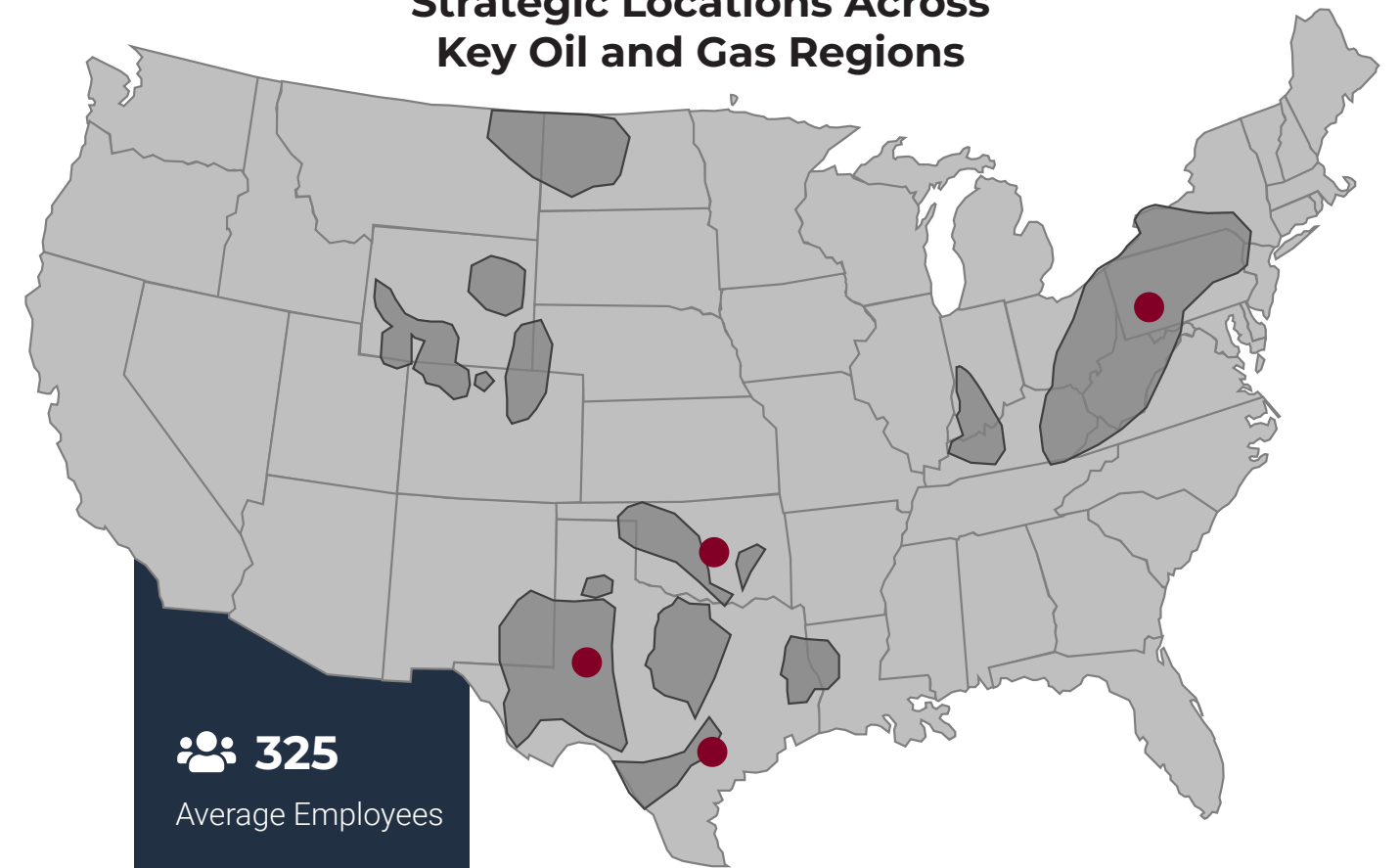
~1,280

tCO2e Emissions Mitigated Through EcoDrive™ and EXT™ Solutions¹

41%

Ethnically/Racially Diverse Employee Base

Strategic Locations Across Key Oil and Gas Regions



325

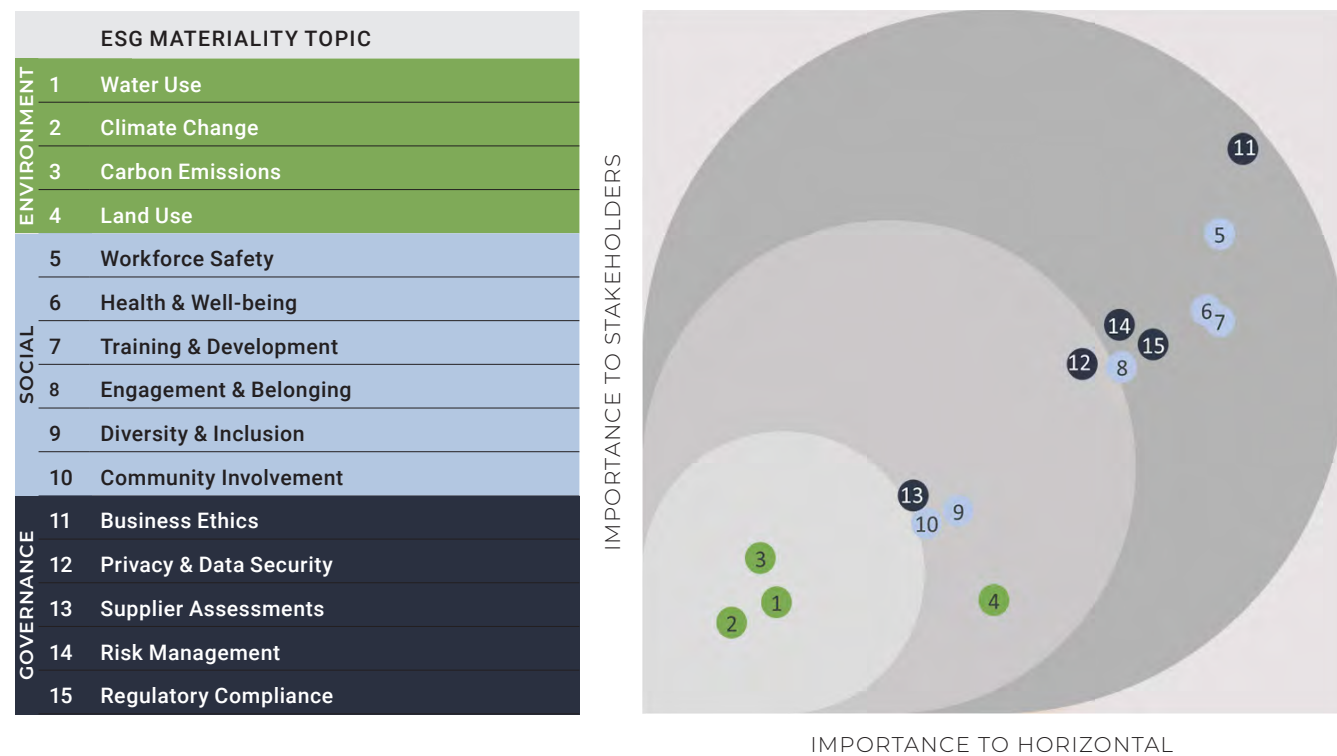
Average Employees

Materiality Assessment

Horizontal recognizes that our wireline services and business conduct have direct and indirect impacts that reach well beyond our own financial performance.

In addition to generating long-term financial success for our shareholders, we believe that our societal impact must mirror and benefit from such success. This requires an evolving understanding and collaboration around the expectations of our material stakeholders. To gather insights on the key environmental, social, and governance topics that are most important to our stakeholder groups, we conducted an ESG materiality assessment in early 2023 that builds upon our previous materiality awareness and understanding. Specifically, we utilized a survey which included several key ESG issues facing our business and society today to solicit feedback from our investors, our employees, our Board of Directors, and our customers. With a better understanding of our stakeholders' views on these issues, we can better align our business strategy, prioritize our efforts, and mitigate risk. We look forward to further collaborating with our stakeholders in 2023 and expanding both our materiality understanding and disclosure in future publications.

Materiality Matrix



“The O&G industry has the opportunity to play the biggest role in ESG and energy adaptation and transition in the long run. The technology developed and future improvements in emissions and carbon footprint reduction, together with a much safer work environment via automation and redundant systems, will keep this industry not only attractive but also the spearhead of the ESG movement.”

-Horizontal Employee (Materiality Assessment Feedback)

Sustainable Development Goal Alignment

Horizontal is proud to align with the UN Sustainable Development Goals (SDGs) which serve as a global blueprint for companies and individuals to achieve a better and more sustainable future. Along with the findings from our materiality assessment, we use the SDGs to focus our efforts on the goals where we have the most opportunity to contribute positively or mitigate potential adverse impacts.



1 NO POVERTY
Our services play a role in enabling the responsible development of oil and gas commodities, which have been, and will continue to be a vital feedstock enabling human development and prosperity. Access to affordable oil and gas helps lift populations from poverty that alternatively rely on less efficient fuel sources such as biomass.



3 GOOD HEALTH AND WELL-BEING
The health, safety, and well-being of our employees and their families is an uncompromisable goal at Horizontal. We will continue to support our team members to proactively improve their physical and mental health, through robust training, competency, development, and support programs.



7 AFFORDABLE AND CLEAN ENERGY
We will continue to expand our technology innovations to deliver more efficient wireline services to our customers to produce more affordable energy. Our focus on abundant natural gas basins helps deliver transitional energy sources to the global marketplace which enables cleaner energy production versus alternative fossil fuels.



8 DECENT WORK AND ECONOMIC GROWTH
Horizontal offers competitive salaries, career growth, development, on-the-job training, attractive benefits packages, bonuses, work-life balance, and more to our valued employees. In addition to continuing to support employee prosperity and opportunities for career development, we will actively engage and support our local communities through direct and indirect service and charitable donations.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Our ongoing investment in technology and business model innovation aims to enhance our service offering by lowering operating costs, enhancing safety, and reducing our environmental footprint primarily via emissions reduction.



10 REDUCED INEQUALITIES
We aim to achieve equitable outcomes for our employees and believe that a more diverse and inclusive workforce strengthens our culture. Our human capital programs focus on recruiting, hiring, and promoting individuals who best meet the qualifications of our jobs regardless of age, race, color, gender, religion, disability, or sexual orientation.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Our focus on sustainable consumption and production is aligned with doing more with less. Our focus on increasing our operating and resource efficiency, particularly with our EcoDrive™ electric wireline units, lowers fuel consumption, operating costs, and emissions which promotes more sustainable operations.



13 CLIMATE ACTION
By better understanding our own emissions footprint, we are evermore equipped to take climate action. We are setting goals to measure and reduce our emissions intensity and focus on additional opportunities to reduce our environmental impact including water and waste.

ENVIRONMENT

2022 KEY STATS:

**9 EcoDrive™
Electric Wireline Units
In Fleet**

**~170,000
Gallons of
Diesel Fuel Mitigated**

**~1,280
tCO2e Emissions
Avoided in 2022¹**

Reducing Environmental Impact

Horizontal's innovative operating culture has enabled the development of solutions that improve efficiency and lower emissions, which help customers and the oil and gas industry minimize the environmental impact and cost of hydrocarbon production. At Horizontal, we continue to lead our sector with an environmental strategy that includes:

Water Use & Water Stewardship

Although our own water consumption is low, we are working to expand our internal water management process and more importantly, help our customers reduce their water usage through our wireline service efficiency.

EcoDrive™ Wireline Unit Electrification

EcoDrive™ units are environmentally friendly wireline trucks that reduce emissions compared to conventional units, mitigate noise pollution, and reduce possible environmental spills from hydraulics.

Waste & Pollution Management

At Horizontal, we are continuously enhancing our awareness and management of programs to reduce waste and pollution across our operations.

ExT™ Lateral Solutions

A fit-for-purpose risk mitigation package designed specifically to lower the total completion cost safely and efficiently, which results in indirect emissions avoidance.

EcoDrive™ Wireline Unit

Horizontal continues to introduce new and improved technologies that help lower the cost of operations for our customers. Our EcoDrive™ Wireline Units use electricity to control the deployment of our wireline services which provides an estimated 29% reduction in carbon emissions versus the combustion of diesel fuel.¹ This advancement brings many performance benefits and contributes to a cleaner, more ecologically friendly well site.



10 Times Less Operational Cost



Improved Speed to Lower Stage Time



Remote Monitoring and Automation



Minimal Noise and Emissions while Operating the Winch



~29% Emissions Reduction vs Conventional Units¹



Eliminate Mechanical Downtime



Reduction in Unintentional Pull-off with Precise Torque Control

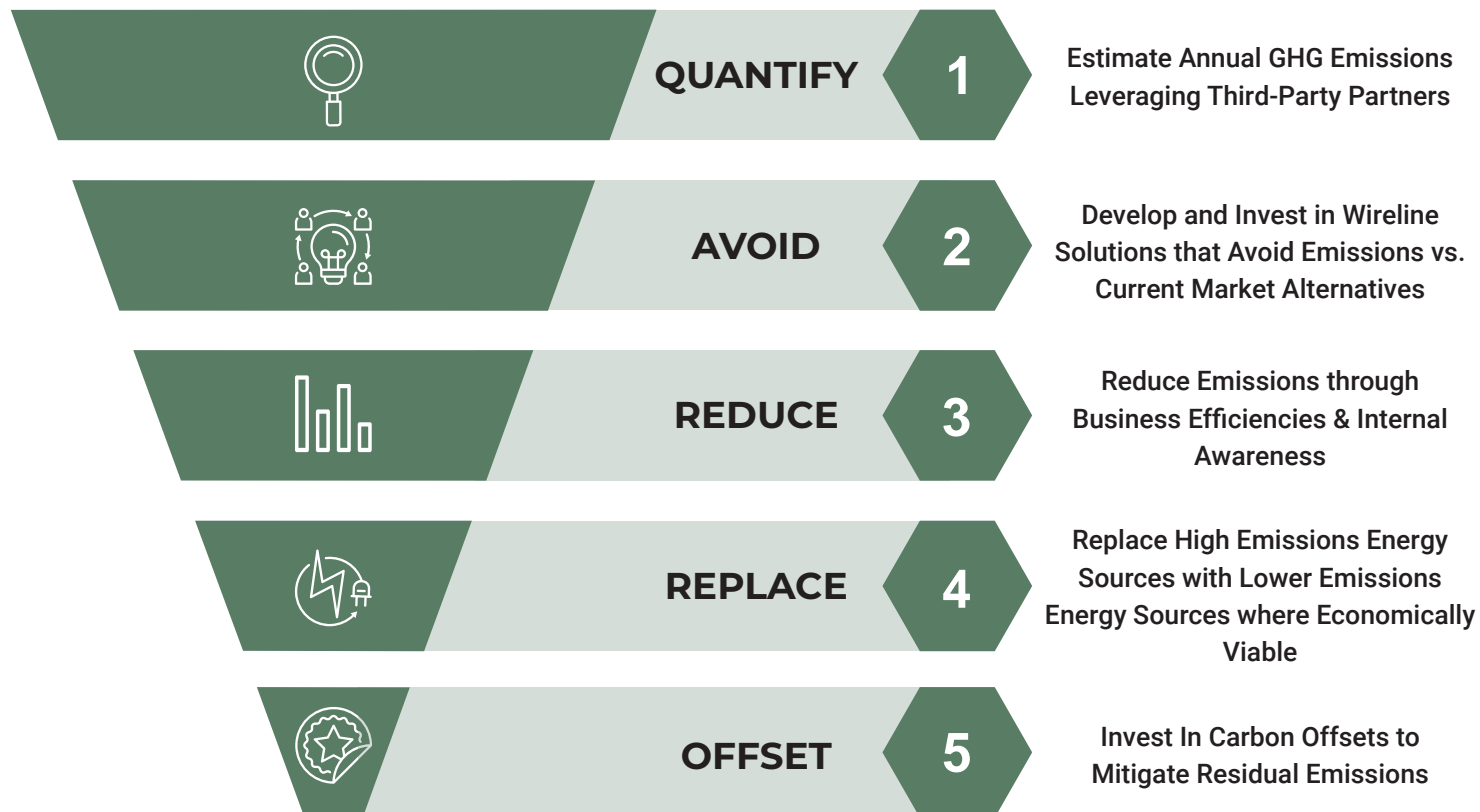
	EcoDrive™ Wireline Unit Key Benefits	Standard Hydraulic Unit
Safety	Low voltage, GFCI wiring	High pressure next to operator
Environmental	Significant emissions reduction & no oil spills	Potential oil leaks and spills
Noise	Less than 65dB.	85dB at 1m.
Efficiency	Only runs when needed	Continuous inefficient operation
Automation	Software control	Need manual input
Reliability	Bearings are the only moving parts	Hundreds of moving parts
Power Loss	Ride-through during pumpdown	System hydraulic lock

GREENHOUSE GAS EMISSIONS

We acknowledge that our Company has an important role to play across the oil and gas industry in mitigating climate risk and we are committed to continuing our environmental stewardship and responsible operating strategy to help reduce greenhouse gas emissions.

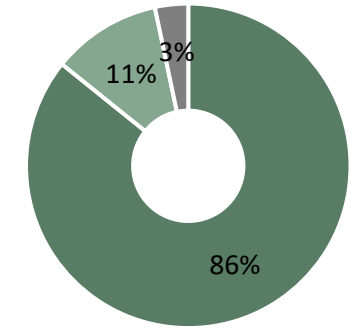
Internally, we believe that accurately assessing and quantifying our own emissions footprint is key to developing a robust emissions management program. With the support of Full Scope Insights, an emissions accounting and ESG consulting partner, we began our understanding of our Scope 1 and Scope 2 emissions sources through a baseline emissions assessment for the 2021 reporting year. While our absolute emissions grew in 2022 driven by the increased volume of fuel combustion across our operations, we were successful in reducing our stationary combustion and overall electricity usage. In 2022, we added two new EcoDrive™ electric wireline units to our fleet which brings our electric fleet count to nine (9) units, the largest electric wireline fleet in the U.S. As explained throughout this report, we also continue to estimate our emissions avoidance (Scope 4) of our wireline innovations that help avoid emissions versus market alternatives. These ongoing efforts are enabling environmental and economic opportunities to lower our emissions intensity.

Horizontal's Emission Management Strategy



Emissions Footprint Overview

Scope	Emissions Category	2021	2022
Scope 1	Mobile Combustion	3,315 tCO ₂ e	4,170 tCO ₂ e
	Stationary Combustion	145 tCO ₂ e	144 tCO ₂ e
	Use of Refrigerants	15 tCO ₂ e	17 tCO ₂ e
Scope 2	Electricity (market-based)	542 tCO ₂ e	506 tCO ₂ e
TOTAL SCOPE 1 & 2 EMISSIONS		4,017 tCO₂e	4,837 tCO₂e



■ MOBILE COMBUSTION
■ ELECTRICITY USAGE
■ OTHER

➔ Scope 1 Emissions

Scope 1 emissions originate from sources that are owned and controlled by our Company. Across our operations, Scope 1 emissions are primarily generated from the mobile combustion of light-duty and heavy-duty vehicles and our wireline trucks which consume diesel fuels. In 2022, we estimate that our scope 1 emissions were 4,331 tons of carbon dioxide equivalent (tCO₂e).

➔ Scope 2 Emissions

Scope 2 emissions originate from the indirect generation of purchased electricity. Across our operations, the usage of grid electricity to power our facilities is accounted for under Scope 2. Under the GHG Protocol's market-based method which incorporates utility-specific emission factors, our 2022 electricity consumption produced an estimated 506 tCO₂e. Under the GHG Protocol's location-based method which reflects average emissions intensity of local grids on which Horizontal's energy consumption occurs, our 2022 electricity consumption produced an estimated 334 tCO₂e. Our total reported Scope 1 and Scope 2 emissions footprint utilizes the market-based method for conservatism.

➔ Emissions Intensity

With an understanding of the emissions sources across our business we are better informed to measure (and assess over time) our emissions by common unit of economic activity. Utilizing our average employee count throughout the year, we estimate that our combined Scope 1 and Scope 2 emissions intensity was approximately 14.9 tCO₂e per employee considering the market-based method for our electricity consumption.

Customer Partnership: Reducing Emissions through Wellsite Electrification

In 2022, Horizontal was pleased to provide EQT with diesel-free wireline power and 100% EcoDrive™ unit utilization.

About EQT

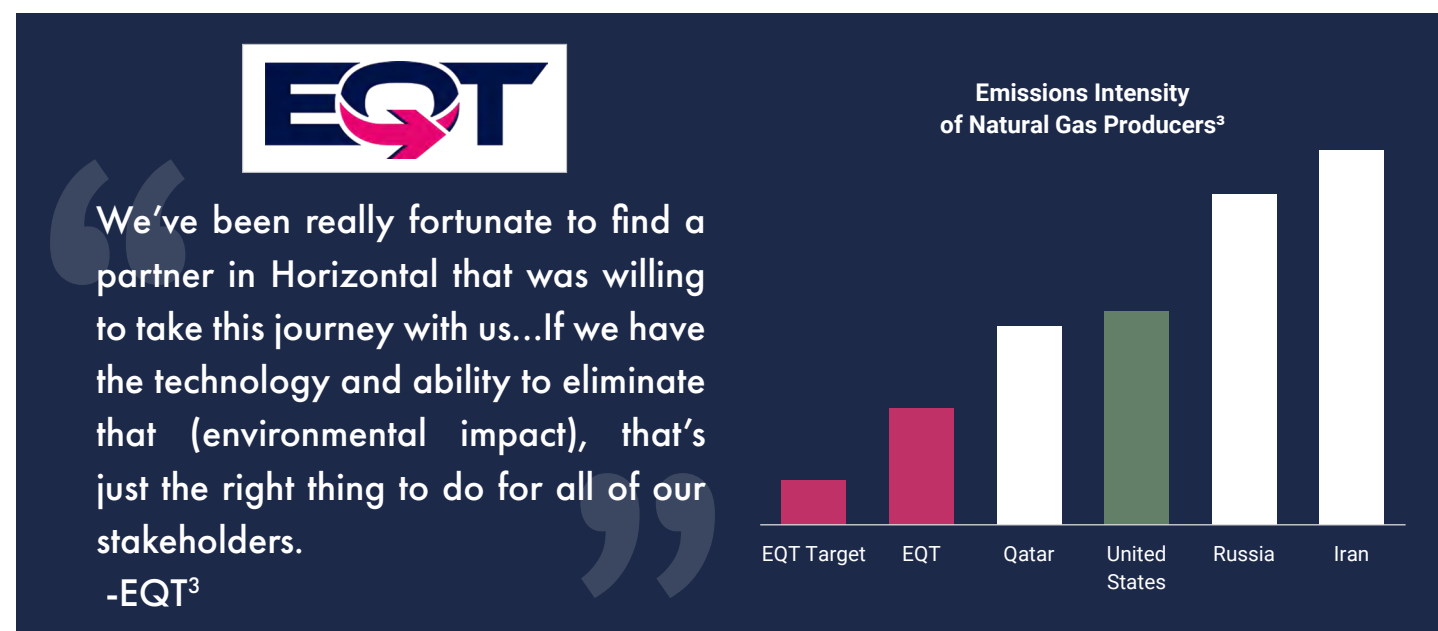
When deploying a new technology in the oilfield, it is imperative to start with a strong customer partner. We found that partner in EQT. Not only is EQT the largest producer of natural gas in the United States, it is also focused on responsibly producing its natural gas and has made a significant investment in wellsite emissions reduction.

With natural gas being a much cleaner power source than coal (~60% less CO₂ emissions through power generation), EQT's strategy and efforts to support the clean supply of natural gas to domestic and international power generation markets is a significant emissions reduction opportunity. As the company explains in their impact report, "unleashing U.S. LNG and replacing international coal with American natural gas is the largest green initiative on the planet and the world's best weapon to address climate change."³

Well Site Electrification Partnership

To support EQT's emissions reduction goals, Horizontal and our adjacent well service partners have significantly advanced electrification technologies. The collective wellsite completion solution for unconventional reservoirs leverages local field gas (when available) or compressed natural gas, which are both efficient, clean-burning fuel sources to generate wellsite power as an alternative to diesel combustion.

Horizontal's EcoDrive™ wireline units are used in tandem with electric fracturing operations offering more cost-effective operations and a significant reduction in carbon emissions versus the combustion of diesel fuel. We are pleased to be able to support EQT in its emissions reduction effort, and work with an operator making tangible progress in becoming a global leader in low emissions intensity per unit of production.



ExT™ Lateral Solutions

Our ExT™ Lateral Solutions include a fit-for-purpose risk mitigation package designed specifically to lower the total completion cost safely and efficiently, while enabling emissions reduction for our clients. Our solutions focus on providing reliable deployment, execution, and retrieval of the wireline toolstring back to the surface including our pre-job modeling, downhole tension tools, downhole separation tools, and greaseless wireline cable.



Pre-Job Well Modelling

With highly deviated and extended wells being completed, pre-job planning is a necessity. Wireline modeling software can accurately predict and analyze cumulative forces at each stage of the wireline job.

- Recommendation on risk mitigation options
- Confirm that target depth can be reached
- Determine if job can be performed at depth
- Ensure equipment can safely be returned to surface
- Post-job analysis to determine friction

ExT™ Down-Hole Tension Tool

Specifically designed to reduce the risk of fishing operations during pump-down in extended lateral wells.

- Increase speed of deployment
- Minimizes fishing risk
- Mitigate risk in toe-up wells
- Downhole indication of plug setting

ExT™ Separation Tool

Designed to be used in conditions that may present a risk of wireline tools or guns becoming stuck.

- Save time and expense in the recovery process
- Continuous operation for multi-well operation
- A clean fishing job
- Mitigate risk in toe-up wells
- No parting of wireline

ExT™ Greaseless Wireline Cable

Designed to dramatically reduce cable friction, enabling deployment of tool strings in difficult wellbores and higher running speeds without the torque issues that standard cables suffer.

- Reduced non-productive time through less tension & fuel burn
- Vast reduction in grease usage
- Decrease tension enabling wireline deployment in wellbores
- Shorter time per stage for wireline operations
- Pull out of the hole faster in horizontal & vertical sections

SOCIAL

2022 KEY STATS:

 **12,728**

Training Hours

 **0.66**

TRIR Total Recordable Incident Rate²

 **0.33**

LTIR Lost Time Incident Rate



Health & Safety

Horizontal is committed to maintaining a safe and healthy workplace for our employees. We regularly engage with our team members at all levels of our organization to highlight the importance of our policies and best practices, and we continue to invest significant time and resources in education, training, competency, and awareness. In addition to health and safety oversight provided by our Board of Directors and management team, Horizontal maintains an internal Safety Council that serves as a task force for health, safety, reporting, and compliance, while also evaluating the effectiveness of our communication and competency programs.

In 2022, our safety commitment was demonstrated through our strong safety record of 0.66 TRIR² and 0.33 LTIR. Looking ahead, we will strive to maintain an incident-free workplace and continue to invest in programs that focus on the safety, health, and welfare of our most vital resource – our employees.

Training & Competency

Horizontal Wireline has developed more qualified wireline crews than any other independent wireline company. Engineers and crew members that join our team go through a rigorous training qualification period. During this breakout period, our employees are required to learn all procedures and best practices for Horizontal, as well as show competency in regional specific operations, which is supported by our proprietary field operations manual spanning over 350 pages of training documentation and Spartan One Program.

Spartan One Program

Horizontal Wireline's Spartan One Program was first introduced in 2017 with a purpose to support training and development of our team members from our New Hire Orientation (NHO) program to the level of a Senior Operator. This program introduces the new hire to the wireline industry by providing online, classroom and hands on practice in a seven-day onboarding process. Candidates spend the first week of the program learning HSE and service quality basics, followed by a four-day hands on trailer and equipment session covering key wireline tools used in the field.

A mock job site is also set up with pressure control equipment, a crane, and a Horizontal wireline unit. The candidates learn to navigate the systems of working in a faced-paced environment. This gives the candidate real world experience with hand placement, overhead loads, gun systems, setting tools, electrical testing, and mechanical hand tools.

From this course, HWS invites high performing candidates into the Spartan One Operator Program, an 8-week intensive training and testing program incorporating the following course modules:

- ➔ **Setting Tools**
Advanced Theory, Application & Maintenance
- ➔ **Casing Collar Locators**
Advanced Electrical Theory
- ➔ **Gun Systems**
Explosive Safety, Anatomy, EBBA, Stray Voltage
- ➔ **Pressure Control**
Oriented Pressure Control Theory & Practical Application



SPARTAN 2022 STATS:

 **32**
Program Candidates

 **8**
Program Graduates



Workplace Practices

Diversity & Inclusion

We provide our employees with a safe and inclusive working environment that respects our differences, regardless of age, race, color, gender, religion, disability, or sexual orientation. Our equal opportunity programs and our focus on recruiting and retaining members from different backgrounds and ethnicities supports our belief that diverse companies are more innovative and better positioned to succeed. We have zero tolerance policies for discrimination and/or harassment of any type in the Horizontal workplace and strive to create an environment where everyone feels authentically empowered.

Career Advancement

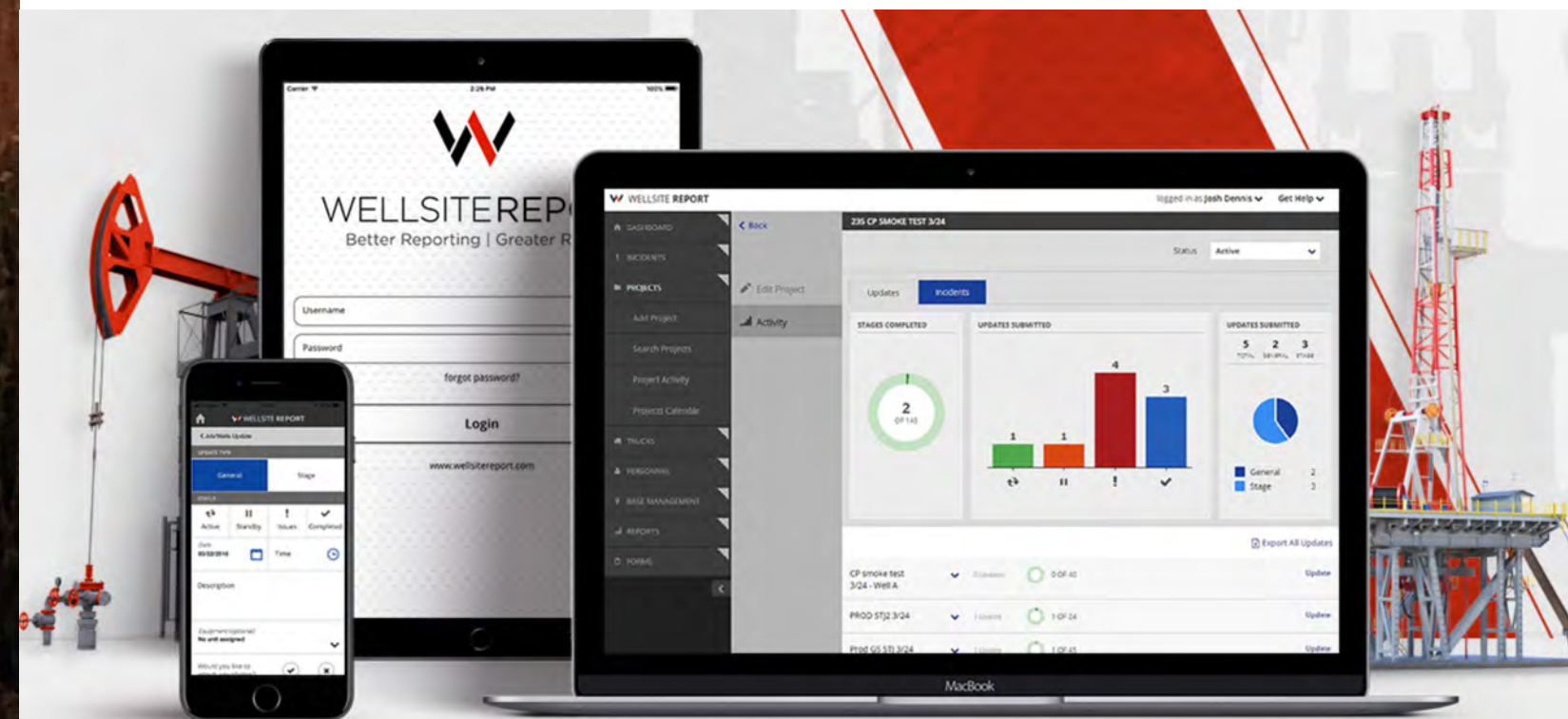
At Horizontal, we are dedicated to building employee prosperity through training, competency and career advancement. Our training programs provide Horizontal employees with opportunities for continuing education and personal development. Each of our new team members complete a highly selective and disciplined service quality training program. This comprehensive training contains a theoretical and hands-on portion to ensure the training is effectively transferred. Our career progression and training program has multiple levels of competency as employees train through the ranks of Operator and Site Supervisor roles. Each promotion level has an associated level of testing to qualify the employee for that specific job position.

Wellsite Report

Horizontal has been utilizing Wellsite Report since 2016, an application software solution to capture, report, and improve service quality, health and safety, environmental performance, and enhance company engagement. Compared to standard processes that utilize printed forms or spreadsheets, Wellsite Report enables Horizontal's employees and managers to efficiently process incident information throughout the Company's chain of command, with resolution within 24 hours. This automated workflow and data management system enhances awareness, engagement, and transparency across key stakeholder groups including Horizontal's customers, and ensures incidents are promptly addressed and corrective actions are implemented.

FEATURES

- ✓ Reporting Automation
- ✓ Incident Management
- ✓ Corrective Actions
- ✓ Quality & Safety Prioritization
- ✓ Real-time Communication
- ✓ Preventative Asset Maintenance



Community Involvement

At Horizontal, we see ourselves as an important contributor to society through our services to our customers, technology development, and community engagement. We actively participate in and promote a diverse range of social initiatives that support local communities and organizations, raise awareness, and enhance personal, technical, and professional competence. By contributing our time and financial resources to the organizations below, we seek to make positive impacts across our industry and our communities.



The American Association of Drilling Engineers (AADE) is a non-profit, volunteer organization with a mission to provide the forum for the dissemination of practical drilling technology to those employed or interested in the drilling industry.



The Energy Leaders Network ("ELN") focuses on education, information, and networking for the leaders of businesses involved in the energy sector. Sponsors, members and attendees are provided a community of networking gatherings, educational events, and large quarterly meetings that bring the industry together.



The Marcellus & Utica Gas Suppliers, Services, and Manufacturers ("MUG") Association is a not for profit organization promoting responsible practices within the oil and gas industry and supporting the local communities in which we work and live in. MUG hosts multiple events throughout the year and makes donations to organizations within the Ohio, Pennsylvania, and West Virginia regions.



Oilfield Helping Hands is a nonprofit charitable organization helping families across the energy industry in need of financial support. Since 2003, the organization has provided more than \$5.7 million to date to industry workers and their families and continues to work in the most economical fashion to maximize the funds available to recipients each year.



The Society of Petroleum Engineers (SPE) is a non-profit professional association with more than 124,800 members across 134 countries. SPE's missions is to collect, disseminate, and exchange oil and gas focused technical knowledge and technologies for the public benefit; and to provide opportunities for professionals to enhance their technical and professional competence.

Charitable Donations

In 2022, each of our districts selected a local charity to support and Horizontal was pleased to match every donation made by our employees. We are proud to report that our organization collectively made over \$28,000 in charitable donations to local charities in the communities in which we operate. We sincerely thank our employees for their collective participation!



Irwin, Pennsylvania Hunters Sharing the Harvest

The Hunters Sharing the Harvest (HSH) program's annual goal is to channel more than 100,000 pounds of processed venison through the state's 21 regional food banks who then redistribute to more than 5,000 local provider charities such as food pantries, missions, homeless shelters, churches and individual families.



Victoria, Texas Christ's Kitchen

Christ's Kitchen provides one hot meal per day to the homeless and hungry across Victoria, Texas. Their mission is to help build people up and get them back on their feet by helping them get access to resources and building a sense of community. They currently provide meals daily for more than 400 homeless children in the area.



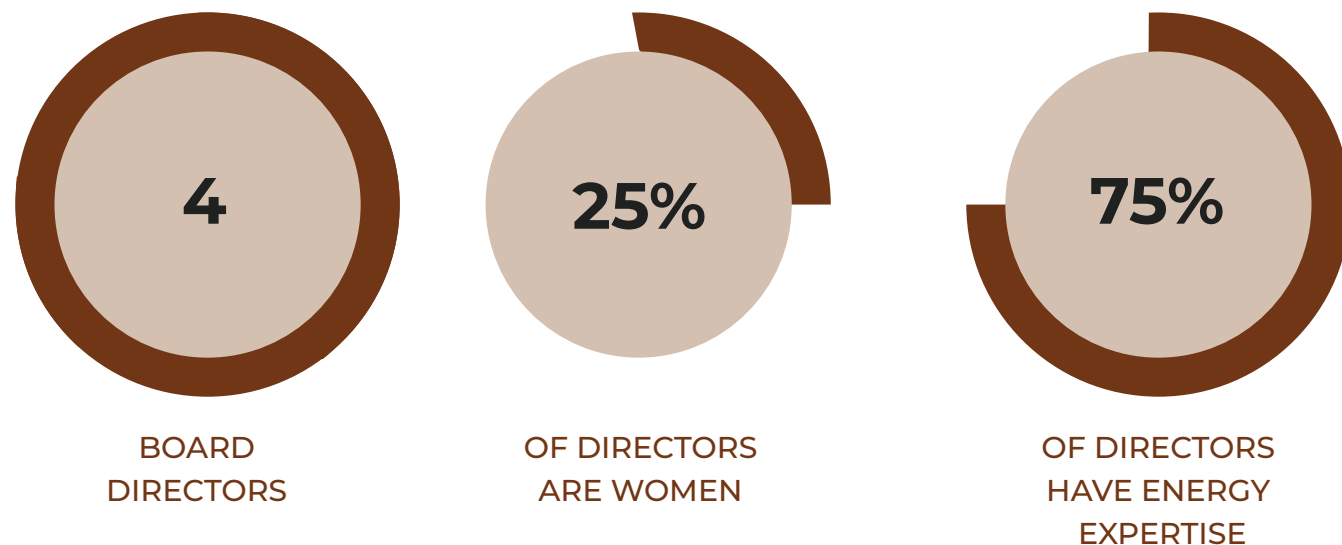
Midland, Texas West Texas Food Bank

The West Texas Food Bank is a non-profit, non-governmental hunger relief organization. This organization is the largest collaborative non-profit agency in the Permian Basin, and proudly distributes donated and purchased food to children, families and seniors through a network of 100+ partners across 34,000 square miles of West Texas.

GOVERNANCE

Corporate Governance

Our Board of Directors and leadership team strive to adhere to the highest standards of transparency, accountability, ethics, and oversight, and are determined to lead measurable progress across the Company's environmental, social, and economic goals.



Energy Focused Board of Directors

Our Board of Directors is comprised of four highly qualified individuals with representation across Horizontal's executive management and our significant investors. Our Board has over 90 years of collective experience across energy investing, management, and operations which contributes to a robust oversight team for our Company. With regards to ESG, our Board of Directors provides ultimate oversight of our sustainability program including setting long-term ESG goals, addressing climate-related risks, and reviewing and assessing the Company's performance across key metrics. We engage with our Board through quarterly ESG updates and have internal leaders helping to develop and improve our ESG-related performance, build out reporting metrics, and enhance transparency through disclosure.

Compliance

Horizontal recognizes the importance of building a culture of transparency and compliance. From our onboarding programs to our leadership development initiatives to our utilization of Wellsite Reporting software for incident management, we take compliance seriously. All Horizontal employees are expected to act with integrity and in an ethical manner when representing our Company. We communicate our expectations for employee behavior frequently and provide training and resources across a series of key topics. Horizontal's leadership is responsible for and understands its obligation to provide supervision over the actions of our employees to ensure compliance with all our core policies, procedures, and compliance programs.

KEY GOVERNING POLICIES

- ✓ Code of Conduct
- ✓ Journey Management, DOT Regulation, & Driving Standard
- ✓ Comprehensive Safety Handbook
- ✓ Hazardous Materials Security Plan
- ✓ Substance Abuse Prevention Policy
- ✓ Ethical & Legal Conduct Policy
- ✓ Data Security Policy
- ✓ Cyber Security Training
- ✓ Stop Work Authority
- ✓ Hazardous Materials Security Program
- ✓ Preventative Maintenance Program

AUDIT, COMPLIANCE & OVERSIGHT

- ✓ Routine Safety Meetings
- ✓ Annual Financial Audit
- ✓ Routine OSHA Audits
- ✓ Routine Explosive Security Audits
- ✓ Safety Council
- ✓ ESG Committee



APPENDIX

Sustainability Accounting Standards Board Index

SECTOR: EXTRACTIVES & MINERAL PROCESSING

INDUSTRY: OIL & GAS SERVICES

The Sustainability Accounting Standards Board (SASB) has become a leading internationally recognized, voluntary standard that connects businesses and investors on the financial impacts of sustainability issues that are likely to impact corporate ability to create value over the long term. Horizontal aligns with the SASB standards for Oil and Gas Services and we have disclosed topics that are financially material to our business below.

Topic	Accountability Metric	2022 Response	Code
Greenhouse Gas Emissions	Scope 1 emissions, percentage covered under emissions limiting regulations	4,331 tCO2e, N/A	EM-MD-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See Pages 10-15	EM-MD-110a.2
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	(1) ~64,864 GJ energy consumed, (2) 100% grid energy, (3) N/A, (4) N/A	RT-CH-130a.1
	Total fuel consumed; percentage used in: (1) on-road equipment and vehicles and (2) off-road equipment.	403,844 Gallons, (1) 100%, (2) N/A	EM-SV-110a.1
Emissions Reduction Services & Fuels Management	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	See Pages 10-15	EM-SV-110a.2
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	N/A	EM-SV-110a.3
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR), and (5) average hours of health, safety, and emergency response training for full-time employees.	(1) TRIR: 0.66 (2) Fatality Rate: 0.00 (3) NMFR: 34.35 (4) TVIR: 3.06 (5) 12,728 Training Hours	EM-SV-320a.1
	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	See Pages 16-19	EM-SV-320a.2
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	N/A – no international operations.	EM-SV-510a.1
	Description of the management system for prevention of corruption and bribery throughout the value chain	See Pages 22-23	EM-SV-510a.2
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	See Pages 22-23	EM-SV-530A.1
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks	See Pages 16-17; 22-23	EM-SV-540A.1
Activity Metrics	Total number of hours worked by all employees	1,216,800 Hours	EM-SV-000.D



Footnotes, Sources & Assumptions

Footnote	Reference	Explanatory Detail & Methodologies
1	Avoided Emissions	Horizontal's ExT™ Release Tool enables surface emissions reduction through the mitigation of extensive fishing operations. For each successful release, an extensive fishing operation is averted. Horizontal estimates that (i) a complex fishing job on average lasts 144 hours, and (ii) fishing operations occur across 50% of wireline jobs when the downhole string becomes stuck and a release tool is not utilized (base case fishing coefficient). Assumptions further include (i) average hydraulic frac spread standby emissions of 4,476 lbs CO2e/hr, (ii) average fishing operational emissions of 289 lbs CO2e/hr, and (iii) average fishing mobilization transport emissions of 35 lbs CO2e. Horizontal's ExT™ Down-Hole Tension Tool also enables surface emissions reduction through the mitigation of fishing operations via reduced risk of tool string pump off. For each tool utilized throughout the year, Horizontal estimates that (i) one pump off is mitigated, (ii) a routine fishing job on average lasts 48 hours, and (iii) fishing operations occur across 100% of wireline jobs when the downhole string is pumped off and a head tension tool is not utilized (base case fishing coefficient). Assumptions further include (i) average hydraulic frac spread standby emissions of 4,476 lbs CO2e/hr, (ii) average fishing operational emissions of 289 lbs CO2e/hr, and (iii) average fishing mobilization transport emissions of 35 lbs CO2e. Horizontal's EcoDrive™ Electric Wireline Units derive operational power from electricity sourced from customer-supplied onsite natural gas. Utilizing (i) the EPA's carbon dioxide emissions coefficients by fuel source, (ii) the GHGenius LCA data estimates for diesel versus natural gas power generation (g CO2eq/GJ-electricity), and (iii) Horizontal's estimates for engine idle efficiency, Horizontal estimates EcoDrive™ Units enable ~29% reduction in emissions compared to a base case scenario where diesel fuel is utilized for wireline operational power.
2	TRIR	Total Recordable Incident Rate (TRIR) represents the number of injuries and illnesses per 100 full-time workers calculated as (number of injuries / total hours worked by all employees) x 200,000 (the base for 100 equivalent full-time workers working 40 hours per week, 50 weeks per year). Per the U.S. Bureau of Labor Statistics for the NAICS 213112 Sector (Support Activities for Oil and Gas Operations), the average TRIR totaled 0.70 as of 2020, the last publicly available reporting period.
3	EQT	EQT Unleashing U.S. LNG Report. Digital Wildcatters (Electric Frac in the Utica Shale - Toby Rice, CEO of EQT). https://www.youtube.com/watch?v=pn63wbFITb0&t=1378s .

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Building A Cleaner And More Efficient Well Site.



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