The Water Exchange for the Energy Ecosystem™

www.sourcewater.com

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Developed at
Massachusetts Institute of Technology
How can Energy Producers CUT their #1 Operating Cost...

...With ZERO capital and NEGATIVE overhead doing it?
Sourcewater is the Online Marketplace for Sourcing, Recycling, Transfer and Disposal of Water for the Energy Industry
MARKET PARTICIPANTS

- Water Utilities & Pipelines
- Farmer/Rancher/Dairy/Landowner
- Farmer/Rancher/Dairy/Landowner
- Water Utilities & Pipelines
- Water Treatment Facilities
- Legacy Conventional Wells
- Disposal Wells
- E&P w/ Flowback
- E&P Needs Water
- E&P w/ Freshwater
Do you call every airline, every day, to find the open seat with the best price?
Or do you use...

The INTERNET!

- Find Best Availability
- Vendors Compete
- Compare Performance
- Fare Sales Fill Excess Capacity and Save $$$
- Do all this in Minutes, not Days
Markets Work!
sourcewater is a marketplace

We match SUPPLY and DEMAND for WATER and WATER SERVICES
✓ Cut Water Management Cost – #1 OpEx for Energy Producers
  ➢ Find TRUE Lowest Cost Disposal, Trucking, Services
  ➢ Make Vendors Compete on Price Daily, Not Annually
  ➢ Pay Lower Price for Excess Capacity “Fare Sales”
  ➢ Eliminate Take-or-Pay Contract Losses

✓ Ensure Supply Chain Against Disruptions

✓ Save Time AND Improve Results (replace phone w/ Internet)

✓ Monetize Excess Capacity with NEGATIVE Overhead

✓ Get Paid to Recycle Produced Water
CASE STUDY #1: Produced Water Disposal

Joe, E&P Manager, has 50,000 BBL for disposal in a 100k BBL pit.
JANE Disposal Well Manager

HAS
50,000 BBL Unsold Disposal Capacity Next Week
WIN – WIN!

Joe takes $1/BBL Fare Sale Rate
For half pit disposal instead of $2/BBL full rate
Joe saves 50% on Disposal

Jane receives $1/BBL for 50k BBL instead of $2/BBL for Zero BBL
Jane makes $50,000 Today
...instead of Nothing

In the Permian, Water Cut = 91%
$0.50 Disposal Savings => $5 Opex Savings/BBL-Oil

Last-minute cancellation = time for a Fare Sale!

Better to get $1/BBL today on 50k BBLs than get $2/BBL today on zero BBLs.

Joe Production Manager

JANE Disposal Manager

Has 50k BBL Produced in 100k BBL Pit
Instead of paying full price waiting for full pit he pays half price to empty half pit
Case Study #2: Inter-Operator Recycling

JANE E&P
Production
150,000 BBL
Flowback for Disposal
Cost $5 - $20/bbl
JOE Energy Completions Manager: Needs Water

- Needs 150,000 BBL per well completion.
- Cost $3-$5/bbl.
- 70% in water-stressed areas.
- Sources hard to find, unreliable.
- Water delay costs $500k/day.
- No need for freshwater.
Sourcewater Connects Jane & Joe

10% Reduction of CapEx!

25% Reduction of OpEx!

Jane pays Joe to Recycle instead of Disposal
Jane saves $3 - $10 / bbl
Joe saves $3 - $10/bbl
Jane pays Joe $2.00/BBL to Recycle her Flowback
Jane saves 3 x $100k/Well

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Jane saves 3 x $100k/Well

Joes pays:
Transport: $1/BBL
Treatment: $1/BBL
Receives: $2.00/BBL
Joe saves $375,000/Completion
Saves 5%-10% Completions Cost (Up to 25% in Marcellus!)
& Up to 25% of Production Cost

Has 150k BBL Flowback From Three Wells
Disposal: $2/BBL
Transport: $2/BBL
Water Cost: $600k

Recycling Works!
Sourcewater is LIVE!
Over One Billion BBL H2O Listed Now
200+ Registered Users, including:

Chevron
Statoil
PIONEER
NATURAL RESOURCES
Anadarko
Continental
Resource
Atlas Resource Partners, L.P.
Chief Oil & Gas LLC
Talisman Energy
LPGE Pennsylvania General Energy Co., LLC
Mountaineer Keystone
EXCO
Chesapeake Energy
Apache