

The Flow Informer

Your Resource To Eliminate Turbulence

Winter 2016 Issue

LSPI Joins Lubrizol Oilfield Solutions

Growth in oilfield chemicals has been of strategic interest to Berkshire Hathaway's Lubrizol for several years. In February of 2014, Berkshire Hathaway acquired the flow improver business from Phillips 66 and named the business Lubrizol Specialty Products, Inc. (LSPI). LSPI remains a wholly owned subsidiary of The Berkshire Hathaway Company, with strategic guidance provided through The Lubrizol Corporation.

At the time of our acquisition, Lubrizol operated a small business unit selling specialty chemicals referred to as intermediates to different parts of the oilfield chemicals business. Anxious to grow its presence in oilfield chemicals, in late 2014, Lubrizol acquired the oilfield chemicals business from Weatherford. These businesses have been assembled in a new segment called **"Oilfield Solutions"**. Headquarters has been established in the Briar Lake office complex in Houston, TX along with LSPI.

The creation of Lubrizol Oilfield Solutions underscores Lubrizol's commitment to LSPI and the oilfield chemicals business area. Oilfield Solutions has been identified as a key business segment for Lubrizol and joins Engine Additives and Advanced Materials as one of three high level strategic units of The Lubrizol Corporation. There are many possible synergies for LSPI within a larger specialty chemicals organization focused on the oilfield.

This new organization has also opened up career growth opportunities for LSPI personnel. Mike Brown, former President, LSPI, has moved into the new role of Vice President of Commercial Management for Lubrizol Oilfield Solutions. In his new role for this newly formed group, one of his responsibilities is to oversee strategic management for LSPI, so he will continue to be involved in the activity and direction of our organization.

Replacing Mike, Steve Semenczuk joined the LSPI organization from The Lubrizol Corporation, where he spent the last 15 years working as a Global Business Director for various market segments. Steve holds a B.S. in Chemical Engineering from the University of Michigan, an MBA from the University of Dayton, and Executive Education at Harvard Business School's The General Manager Program™.

"I am very pleased to join LSPI," said Semenczuk. "I've spent my career working in both technical and business roles, and am excited to bring my experience to this new assignment. LSPI has proven to thrive even in challenging circumstances, and I foresee an exciting future ahead."

These organizational changes have not altered the overall LSPI business strategy or day to day operations. The new organization does allow LSPI to play a more central role in a portfolio of similar businesses focused on the oilfield chemicals market.



Steve Semenczuk

LSPI In-House Transportation Network Expansion

For over 20 years, LSPI has partnered with Sentinel Transportation to deliver flow improver products to our customers and distribution facilities in North America. Sentinel was created in the 1980's as a joint venture between Conoco and DuPont and provided dedicated trucking and logistics management services for the two companies. Sentinel had proven track record for reliability and cost efficiency that we did not want to lose after our move to Berkshire Hathaway.



LSP Transport Maintenance Garage



New Headquarters for LSP Transport

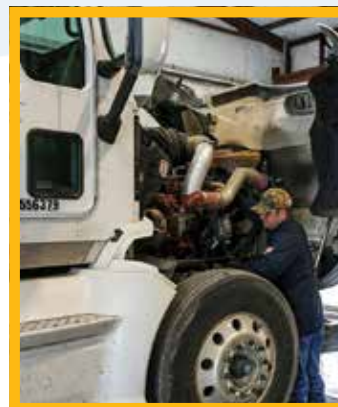
Shortly after LSPI was acquired by Berkshire Hathaway, the possibility arose for LSPI to assume all Sentinel people, assets and facilities that were dedicated to the business. LSPI wanted to build on the positive aspects of this relationship and integrate them into our new company. By January 1, 2015 the team of Sentinel drivers and logistics coordinators were transferred to a wholly owned subsidiary of LSPI. This new entity called LSP Transport LLC, is 100% dedicated to supporting the flow improver business.

A major factor driving this acquisition was safety. Sentinel Transportation had a well-established safety culture and have been a consistent industry leader in safety performance. LSP Transport has committed to build upon their legacy and will continuously focus on improving both safety and operational performance. Data from FMCSA (Federal Motor Carrier Safety Administration) shows that private fleet accident rates are one third of that of for-hire fleets. Since safety is always a prime consideration for LSPI, management felt strongly compelled to make the commitment to the creation of this dedicated, private fleet.

After establishing LSP Transport, it became clear that we needed an operations headquarters. A nearby property in the Bryan, TX area was secured. This property now incorporates a maintenance garage, offices, and basic driver amenities. Parking for the fleet is available on site with room for additional product storage.

2015 also experienced unusually high growth in demand for drag reducer deliveries. The existing asset base of tanker trucks brought over from Sentinel became stretched. In response, to this situation, early in the year the delivery fleet of tanker trucks was increased to meet the need.

LSPI is excited about the prospects for their new in-house transportation company. Significant investments were made to limit third party costs and ensure flow improver delivery operations are able to meet customers' expectations. LSPI remains committed to safer, more efficient logistics operations, and leading product delivery reliability.



Leading Technology: Introducing ExtremePower™ EP™ 2000

LSPI continues to expand the use of DRA technology into new applications as well as finding ways to improve the performance and reliability of existing products.

Beginning in early 2016, LSPI will be introducing a new heavy oil flow improver, EP™ 2000 Flow Improver. This new product is an enhancement to EP™ 1000, and is formulated to reduce field maintenance, without compromising performance. EP™ 2000 offers the same drag reduction as EP™ 1000, with

identical dosage-performance characteristics. With reduced field maintenance requirements, this new product results in less preventative maintenance down time and more injection uptime.

Customers who are interested in learning more about this new product are encouraged to speak with their LSPI sales team.



SafetyCorner



R&D Puts Safety First!

LSPI's Research & Development Technology Center Team recently reached a significant milestone: On Sept 15, 2015 they passed the 11 year landmark without a safety recordable incident. Many factors contributed to this success. Safety performance is always a top priority for management. Management leads by example and is fully supportive of all safety programs. Adherence to safety procedures and policies is a must for all employees. Regular safety meetings are scheduled and agenda items are divided amongst all team members. Mandatory safety training covers a wide range of topics including safety awareness, identifying at-risk behaviors, ergonomics, and more. At the most basic level, each individual employee is engaged to take ownership of his or her own safety.

Over the years there have been several comprehensive programs dedicated to safety. The "COWBOYS" program (Committed to Operating Wisely by Observing Your Situations) originated in Ponca City and was shared with other parts of the organization. Another helpful program, "TAKE TWO" was developed in Bryan and adopted in Ponca City. LSPI employees are always open to sharing

best practices and learning safer ways to work and live.

"It's hard to pinpoint any single reason for the R&D Team's successful safety record," said Dennis Abington, LSPI Safety Manager, "fundamentally it's about maintaining a safety culture with a positive attitude and ongoing effort."



LSPI's Research & Development Technology Center Team



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2016 Events

API Pipeline Conference
April 5-7, 2016
La Costa, California

Pipeline Energy Group
May 10 – 12
Clearwater Beach, FL

World Heavy Oil Congress
September 6-9, 2016
Calgary, Alberta, Canada

International Pipeline Expo
September 27-29
Calgary, Alberta, Canada

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Visit Us Online

We are excited to announce that the LSPI website is now also available in both Spanish and Russian. We hope that you will enjoy these options.

Links to LSPI website:

Russian: ru.lubrizolspecialtyproducts.com
Spanish: es.lubrizolspecialtyproducts.com
English: www.lubrizolspecialtyproducts.com

Please send your comments and suggestions to: LSPI.Website@Lubrizol.com.

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