



COMPANY OVERVIEW
TETRA Technologies, Inc.



COMPANY PROFILE

TETRA Technologies, Inc. is a leading, geographically diversified oil and gas services company, focused on completion fluids and associated products and services, water management, frac flowback, production well testing, offshore rig cooling, compression services and equipment, and selected offshore services including well plugging and abandonment, decommissioning, and diving. Headquartered in The Woodlands, Texas, TETRA is a global company with employees and operations on six continents. We are composed of five reporting segments organized into four divisions - Fluids, Production Testing, Compression, and Offshore.

Our Fluids Division manufactures and markets clear brine fluids, additives, and associated products and services to the oil and gas industry for use in well drilling, completion, and workover operations in the United States and in certain countries in Latin America, Europe, Asia, the Middle East, and Africa. The division also markets liquid and dry calcium chloride products manufactured at its production facilities or purchased from third-party suppliers to a variety of markets outside the energy industry. The Fluids Division also provides domestic onshore oil and gas operators with a wide variety of water management services.

Our Production Testing Division provides frac flowback, production well testing, offshore rig cooling, and other associated services in many of the major oil and gas producing regions in the United States, Mexico, and Canada, as well as in basins in certain regions in South America, Africa, Europe, the Middle East, and Australia.

Our Compression Division is a provider of compression services and equipment for natural gas and oil production, gathering, transportation, processing, and storage. The Compression Division's equipment sales business includes the fabrication and sale of standard compressor packages, custom-designed compressor packages, and oilfield pump systems designed and fabricated at the division's facilities. The Compression Division's aftermarket business provides compressor package reconfiguration and maintenance services and compressor package parts and components manufactured by third-party suppliers. The Compression Division provides its services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States as well as in a number of foreign countries, including Mexico, Canada, and Argentina.

Our Offshore Division consists of two operating segments: Offshore Services and Maritech. The Offshore Services segment provides: (1) downhole and subsea services such as well plugging and abandonment, and workover services; (2) decommissioning and certain construction services utilizing heavy lift barges and various cutting technologies with regard to offshore oil and gas production platforms and pipelines; and (3) conventional and saturation diving services.

FLUIDS DIVISION

Liquid calcium chloride, calcium bromide, zinc bromide, zinc calcium bromide, sodium bromide, and blends of such products manufactured by our Fluids Division are referred to as clear brine fluids (CBFs) in the oil and gas industry. CBFs are salt solutions that have variable densities and are used to control bottomhole pressures during oil and gas completion and workover operations. The Fluids Division sells CBFs and various CBF additives to U.S. and foreign oil and gas exploration and production companies and to other companies that service customers in the oil and gas industry. The Fluids Division provides both stock and custom-blended CBFs based on each customer's specific needs and the proposed application. The Fluids Division provides a broad range of associated CBF services, including: onsite fluids filtration, handling, and recycling; wellbore cleanup; fluid engineering consultation; and fluid management services. The Fluids Division's newest CBF technology, TETRA CS Neptune[®] completion fluid, continues to be used for our customer's projects in the U.S. Gulf of Mexico. We offer to repurchase (buyback) certain used CBFs from customers, which we are able to recondition and recycle. Selling used CBFs back to us reduces the net cost of the CBFs to our customers and minimizes our customers' need to dispose of used fluids. We recondition used CBFs through filtration, blending, and the use of proprietary chemical processes, and then market the reconditioned CBFs. By blending different stock CBFs and using various additives, we are able to modify the specific density, crystallization temperature, and chemical composition of the CBFs as necessary. The division's fluid engineering personnel determine the optimal CBF blend for a customer's particular application to maximize its effectiveness and lifespan. Our filtration services use a variety of techniques and equipment to remove particulates from CBFs at the customer's site so that the CBFs can be reused. Filtration also enables recovery of a greater percentage of used CBFs for reconditioning.

The Fluids Division also provides a wide variety of water management services to support the hydraulic fracturing in unconventional well completions for domestic onshore oil and gas operators. These services include water analysis, treatment, storage, transfer, engineering, recycling, and environmental risk mitigation. The Fluids Division's patented equipment and processes include biocide treatment services, certain blending technologies, and TETRA STEEL[™] 1200 rapid deployment water transfer system. The Fluids Division seeks to design environmentally friendly solutions for the unique needs of each customer's wellsite in order to maximize operational performance and efficiency and to minimize the use of potable water.

The Fluids Division manufactures liquid and dry calcium chloride, liquid calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide for distribution, primarily into energy markets. Liquid and dry calcium chloride are also sold into water treatment, industrial, cement, food processing, road maintenance, ice melt, agricultural, and consumer products markets. Liquid sodium bromide is also sold into industrial water treatment markets, where it is used as a biocide in recirculated cooling tower waters and in other applications. Our liquid and dry calcium chloride manufacturing facilities are located in the United States and Finland. We also acquire liquid and dry calcium chloride inventory from other producers. In the United States, we manufacture calcium chloride at five manufacturing plant facilities, the largest of which is our plant near El Dorado, Arkansas, which produces liquid and flake calcium chloride products. Liquid and flake calcium chloride are also produced at our Kakkola, Finland, plant. We operate our European calcium chloride operations under the name TETRA Chemicals Europe. We also manufacture liquid calcium chloride at our facilities in Parkersburg, West Virginia and Lake Charles, Louisiana, and we have two solar evaporation facility locations located in San Bernardino County, California, that produce liquid calcium chloride from underground brine reserves which are naturally replenished. Our Fluids Division manufactures liquid calcium bromide, zinc bromide, zinc calcium bromide, and sodium bromide at our West Memphis, Arkansas facility. A patented and proprietary process utilized at this facility uses bromine and zinc to manufacture zinc bromide. This facility also uses proprietary processes to manufacture calcium bromide and sodium bromide and to recondition and upgrade used CBFs that we have repurchased from our customers.

PRODUCTION TESTING DIVISION

Our Production Testing Division provides frac flowback services, early production facilities and services, production well testing services, offshore rig cooling services, and other associated services including well flow management and evaluation services that enable operators to quantify oil and gas reserves, optimize oil and gas production, and minimize oil and gas reservoir damage. In certain gas producing basins, water, sand, and other abrasive materials commonly accompany the initial production of natural gas, often under high-pressure and high-temperature conditions and, in some cases, from reservoirs containing high levels of hydrogen sulfide gas. The Production Testing Division provides the specialized equipment and qualified personnel to address these impediments to production. Early production services typically include sophisticated evaluation techniques for reservoir management, including unconventional shale reservoir exploitation and optimization of well workover programs. Frac flowback and production well testing services may include well control, well cleanup, and laboratory analysis. These services are utilized in the completion process after hydraulic fracturing and in the production phase of oil and gas wells.

Our Production Testing Division maintains one of the largest fleets of high-pressure production testing equipment in the United States, including equipment designed to work in environments where high levels of hydrogen sulfide gas are present. The division has domestic operating locations in Colorado, Louisiana, North Dakota, Oklahoma, Pennsylvania, Texas, West Virginia, and Wyoming. The division also has locations in Argentina, Brazil, Canada, Kurdistan, Mexico, Saudi Arabia, and certain countries in Europe, Africa, and the Middle East. Production Testing operations in Canada are provided through our Greywolf Energy Services subsidiary. Through our OPTIMA subsidiary, the Production Testing Division is a provider of offshore oil and gas rig cooling services and associated products that suppress heat generated by high-rate flaring of hydrocarbons during offshore oil and gas well test operations.

COMPRESSION DIVISION

Our Compression Division is a provider of compression services and equipment for natural gas and oil production, gathering, transportation, processing, and storage. The Compression Division fabricates and sells standard and custom-designed compressor packages as well as oilfield fluid pump systems and provides aftermarket services and compressor package parts and components manufactured by third-party suppliers. The Compression Division provides its compression services and equipment to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States as well as in a number of foreign countries, including Mexico, Canada, and Argentina.

The Compression Division is one of the largest providers of natural gas compression services in the United States. The compression and related services business includes a service fleet of approximately 6,000 compressor packages providing in excess of 1.1 million in aggregate horsepower, utilizing a full spectrum of low-, medium-, and high-horsepower engines. Low-horsepower compressor packages enhance production for dry gas wells and liquidloaded gas wells by deliquifying wells, lowering wellhead pressure, and increasing gas velocity. Our low-horsepower compressor packages are also utilized in connection with oil and liquids production and in vapor recovery and casing gas system applications. Low- to medium-horsepower compressor packages are typically utilized in wellhead, gathering, and other applications, primarily in connection with oil and liquids production. Our high-horsepower compressor package offerings are typically utilized for natural gas production, natural gas gathering, centralized compression facilities, and midstream applications. Our Compression Division's equipment sales business includes the fabrication and sale of standard compressor packages, custom-designed compressor packages, and oilfield fluid pump systems that are designed and fabricated primarily at its facility in Midland, Texas. Our compressor packages are typically sold to natural gas and oil exploration and production, mid-stream, transmission, and storage companies for use in various applications including gas gathering, gas lift, carbon dioxide injection, wellhead compression, gas storage, refrigeration plant, gas processing, pressure maintenance, pipeline, vapor recovery, gas transmission, fuel gas booster, and coal bed methane systems. We design and fabricate natural gas reciprocating and rotary compressor packages up to 8,000 horsepower for use in our service fleet and for sale to our broadened customer base. Our pump systems can be utilized in numerous applications including oil production, transfer, and pipelines as well as water injection and disposal. The Compression Division's aftermarket business provides a wide range of services and compressor package parts and components manufactured by third-party suppliers to support the needs of customers who own compression equipment. These services include operations, maintenance, overhaul, and reconfiguration services, which may be provided under turnkey engineering, procurement, and construction contracts. This business employs factory-trained sales and support personnel in most of the major oil and natural gas producing basins in the United States to perform these services.

OFFSHORE DIVISION

The Offshore Services segment provides: (1) downhole and subsea services such as well plugging and abandonment, and workover services; (2) decommissioning and certain construction services utilizing heavy lift barges and various cutting technologies with regard to offshore oil and gas production platforms and pipelines; and (3) conventional and saturation diving services. We provide these services to offshore oil and gas operators, primarily in the U.S. Gulf of Mexico. We offer comprehensive, integrated services, including individualized engineering consultation and project management services. In providing services, our Offshore Services segment utilizes rigless offshore plugging and abandonment equipment packages, two heavy lift barges, several dive support vessels, and other dive support assets that we own. In addition, we lease other assets from third parties and engage third-party contractors whenever necessary. The Offshore Services segment provides a wide variety of conventional and saturation diving services to its customers through its EPIC Diving and Marine Services subsidiary. Well abandonment, decommissioning, diving, and certain construction services are performed primarily in the U.S. Gulf of Mexico. The Offshore Services segment provides offshore cutting services and tool rentals through its EOT Cutting Services subsidiary. The Offshore Services segment also utilizes specialized equipment and engineering expertise to address a variety of specific platform construction and decommissioning issues, including those associated with platforms that have been toppled or severely damaged by hurricanes and other windstorms. The Offshore Services segment provides services to major oil and gas companies and independent operators, including Maritech, through its facilities located in Broussard, Belle Chasse, Fourchon, and Houma, Louisiana. Our Offshore Services segment's fleet of service vessels has expanded and contracted in size in recent years in response to changing demands for its services. With the TETRA Hedron, a 1,600-metric-ton heavy lift derrick barge, and the TETRA Arapaho, a 725-metric-ton heavy lift derrick barge, we perform heavy lift decommissioning and construction projects and integrated operations on oil and gas production platforms. The Offshore Services segment also performs contract diving operations, utilizing its owned dive service vessels, as well as vessels obtained under long- and short-term leases as needed. Diving services include saturation diving for up to 1,000-foot dive depths as well as mixed gas and surface diving for shallower dives.

COMPRESSION SERVICES - CSI Compressco LP is one of the largest, vertically integrated providers of natural gas compression services and natural gas equipment in the United States, utilizing a fleet totaling more than 1-million horsepower to address a wide range of compression services needs and applications. A comprehensive maintenance program is supported 24/7 via satellite telemetry from a new Fleet Reliability Center (FRC) in our Corporate Headquarters in The Woodlands, Texas, in addition to the FRC at our packaging facility in Midland, Texas. This telemetry system is utilized to facilitate high levels of mechanical availability for the compressors operating in the field and ensures that we continue to exceed our customers' expectations. The top-left photo shows a Caterpillar G3516 engine rated at 1380 HP, driving an Ariel compressor on a multi-well, gas-lift application in the Eagle Ford shale in Karnes County, TX.

TECHNOLOGY CENTER - In 2016, in an effort to better reflect our commitment to develop and deliver customized, innovative solutions that meet our customers' needs, TETRA rebranded its technology laboratory as TETRA Innovation Group (TIG). We implemented a Stage-Gate Concurrent Lifecycle Management product development process to further streamline our operations and facilitate development of innovative solutions at a faster pace. We invested in state-of-the-art, technical laboratory equipment, expanding our specialized services. TIG areas of focus include water treatment, production chemicals, and novel completion fluids, such as TETRA CS Neptune® completion fluid, reservoir drilling fluids, insulating packer fluids, wellbore cleaning chemicals, filtercake breakers, corrosion control products, and brine additives.

OFFSHORE SERVICES - TETRA's Offshore Services provides customers with market-leading solutions for construction and is the market leader of decommissioning services in the Gulf of Mexico, focusing on the safe and efficient elimination of their abandonment liabilities. The bottom-left photo shows the result of TETRA's new Internal Abrasive Cutter—one of the latest advancements in decommissioning technology—which allows our customers to completely sever their wells at a significant level below natural bottom without impact to marine life or the environment. This new Abrasive Cutting service is part of a suite of synergistic service lines, including: Engineering and Project Management, Well Plug and Abandonment, Diving and Marine, Heavy Lift Derrick Barges, and Customized Cutting & Pressure Control Technologies. TETRA's extensive experience and comprehensive understanding of how to mitigate and manage decommissioning and abandonment liabilities in challenging environments allow us to employ emerging technologies to eliminate our customers' liabilities with safe, reliable, and consistent results.



FLUIDS - In 2016, TETRA continued to deliver innovative products, such as TETRA CS Neptune® high-density, solids-free completion fluid, TETRACO_X additive, TETRA O-Lok C™ treatment, TETRAfloc™ flocculants, and TAD5™ (TETRA Advanced Displacement System). The top-right photo shows our Galveston, Texas, CBF Blending Plant, which is strategically located on the Gulf Coast for delivering customized solutions and engineered, industry-leading fluids. This facility was the site of TETRA CS Neptune® fluid plant trials. TETRA is set apart from our competitors by our unique position as the only vertically integrated fluids service company that manufactures its own fluids. Our Fluids Division strives to understand our customers' needs and continues to deliver engineered solutions and cutting-edge technologies, increasing profitability and operational efficiencies, while mitigating risks to operations and the environment.

PRODUCTION TESTING - Production Testing at TETRA has expanded to encompass a broad array of products and services, increasing its overall focus, capabilities, and geographical coverage, in order to provide a comprehensive set of solutions for every phase of your asset's life cycle—exploration and appraisal, development, and production. The mid-right photo shows a portion of a multi-well hydraulic fracturing operation in Pennsylvania, featuring a 200-barrel, low-stage and three 1440-micoda, high-stage test separators. Other TETRA service equipment was also part of this operation.

WATER MANAGEMENT - The importance of selecting the best technology available to ensure consistent and accurate delivery of frac water is paramount to delivering a blended fluid with limited variability that minimizes stimulation risks. In the first four multi-well pads, the use of TETRA's proprietary frac-water blending technology enabled one operator to increase produce water usage from 25% to 55% with no impact on the fracturing job. Our patent-pending blending controllers and patented manifolds have proven their value when it comes to successfully and safely maximizing produced water volumes for reuse. In addition, the bottom-right photo shows our TETRA Orapi™ system (TETRA Oil Recovery After Production Technology System), which is our latest, innovative technology that has been engineered as a customer-centric solution. Brought to market in 2016, this oil separator is mobile, stand-alone, and accelerates the separation of produced water and oil with the help of a chemical treatment. The system is so effective at removing oil from produced water, the amount of hydrocarbons being recovered is paying for the services.



TETRA Technologies, Inc.
GLOBAL HEADQUARTERS
24955 Interstate 45 North
The Woodlands, TX 77380
281.367.1983

tetratec.com

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