

FEB 04 2019

MONTANA BOARD OF OIL &
GAS CONSERVATION • BILLINGS

Attachment 1
Publicly Available Trade Secret Justification

To demonstrate that the information for which confidentiality is sought constitutes trade secrets or confidential commercial information, you must respond to the following questions and provide the information specified and any supporting documentation (such as previous confidentiality determinations):

1. **To your knowledge, does the ingredient identity for which you seek confidentiality protection and its use in an additive of the type at issue in your request (e.g., surfactant, biocide, breaker) appear in any public source? In answering this question, please describe the following:**

Innospec Oilfield Services (IOFS) has not released the chemical composition for XLS-3Z to any public source. To the best of our knowledge, and in the context of its use in conjunction with XLS-3Z, the underlying ingredient identities comprising XLS-3Z does not appear in any public source.

- a. **Has the identity of the ingredient (including the chemical compound name and CAS number) and its use in an additive of the type at issue in your request (e.g., surfactant, biocide, breaker) been previously disclosed via the FracFocus database by you or, to your knowledge, anyone else?**

IOFS has not disclosed the ingredients for XLS-3Z via the FracFocus database. To the best of our knowledge the full chemical composition has not been previously disclosed via the FracFocus database by anyone else.

- b. **Has the identity of the ingredient and its use in an additive of the type at issue in your request (e.g., surfactant, biocide, breaker) been publicly disclosed by you or, to your knowledge, anyone else.**

- i. **Pursuant to any federal, state, or local law or regulation?**

IOFS has not disclosed the ingredient identity for XLS-3Z pursuant to any federal, state or local law or regulation. To the best of our knowledge, and in the context of its use in conjunction with XLS-3Z, the underlying ingredient identity has not been previously disclosed pursuant to any federal, state or local law or regulation.

- ii. **In professional trade publications?**

IOFS has not disclosed the ingredient identity for XLS-3Z has not been previously disclosed in any professional trade publication. To the best of our knowledge, and in the context of its use in conjunction with XLS-3Z, the underlying ingredient identity has not been previously disclosed in any professional trade publication.

- iii. **Through any other media or publications available to the public or your competitors?**

IOFS has not disclosed the ingredient identity for XLS-3Z has not been previously disclosed through any other media or publications available to the public or competitors. To the best of our knowledge, and in the context of its use in conjunction with XLS-3Z, the underlying ingredient identity has not been previously disclosed through any other media or publications available to the public or competitors.

2. **To what extent is the identity of the ingredient (including its use in the additive) known within the company and what steps have you taken to safeguard the information? Please describe in detail how this information is housed in your company and what steps your employees, officers, agents, and directors take to prevent disclosure of the information to parties outside of your company.**

IOFS maintains the composition information as confidential business information by providing limited internal access thereto and requiring employment or confidentiality agreements for anyone to whom the information is disclosed. The composition information is stored in a password-protected database on an internal server with limited employee access. Access to this information is granted strictly on a need-to-know basis. Otherwise, only the product trade names and information included in the SDS sheets and/or listed in the Available to Public non-confidential disclosure.

3. **Has any other regulatory body (federal, state, tribal, or local) determined that the ingredient identity (including its use in the additive) is not entitled to protection from public disclosure as a trade secret or confidential commercial information? If so, provide a copy of the agency's determination, along with any explanation as to why the Commission should not make a similar determination. Provide any other information concerning prior requests for confidentiality and/or regulatory body determinations you believe is relevant to the Commission's determination.**

No other regulatory body (federal, state, tribal or local) determined that the ingredient identity is not entitled to protection from public disclosure as trade secret or confidential commercial information. Instances in which the information may be known by outside parties are strictly limited to situations in which disclosure is required by law. These include disclosures in circumstances consistent with the OSHA hazard communication standard (in which case disclosure is required in order to address a medical emergency or other medical situation) or circumstances consistent with EPA reporting regulations (in which case disclosure is required in the event of an environmental release).

4. **How is the identity of the ingredient commercially valuable to the company? In answering this question, please describe why the use of the ingredient in the type of additive is not common knowledge in the industry, including any novel or unusual aspects of the chemical or the use of the chemical in this application. Also provide any description of the efforts undertaken in developing the product you believe is relevant.**

IOFS has invested considerable time, money, and effort in the research and development of subject fracture performance product component. We currently have a provisional patent in place for XLS-3Z. Public disclosure of the composition of XLS-3Z could damage the commercial advantage IOFS realizes from maintaining confidentiality. The composition of the proprietary blend derives economic value from not being generally known and readily ascertainable by competitors who could garner economic value from the disclosure of the blend's chemical composition.

5. **Describe the ease or difficulty with which the formula for the additive product could be determined from public disclosure of the ingredient identity. Specifically, explain why use of the "systems approach" format would not adequately protect your proprietary interest.**

It has taken extensive time, effort and expense to independently produce the unique combination of components in XLS-3Z. This combination of components in this application is new and unique. A "system approach" would not adequately protect the confidentiality of the product formula. A "system approach" will allow any skilled chemist with the chemical components and a concentration range that allows competitors to develop a competitive product. As a result, IOFS would lose its competitive advantage with respect to those companies not only in Wyoming but also throughout the world. Any skilled chemist may be able to identify the components associated with XLS-3Z.

RECEIVED
FEB 04 2019

