

22-02-003

(SUBMIT IN DUPLICATE)

TO
MONTANA BOARD OF OIL AND GAS CONSERVATION
2535 ST. JOHNS AVENUE
BILLINGS, MONTANA 59102

REQUEST FOR TRADE SECRET EXEMPTION

- 1. Classification of Requesting Party
 Operator Service Company Other – Specify Distributor
- 2. Full name of the Owner, Operator, or Service Company Water Science Technologies, LLC
- 3. Address 1701 Vanderbilt Road, Birmingham, AL, 35264 866-284-9244
(Address) (City) (State) (Zip Code) (Telephone Number)

4. 82-10-603, MCA requires that an owner, operator, or service company provide the complete disclosure of fracturing fluid. This must include the chemical compound name and the chemical abstracts service (CAS) registry number of the ingredients, including any hazardous components listed on a material safety data sheet as defined in 50-78-102, MCA, the product name, and the type of additive used. In limited situation the identity of the components of the fracturing fluid may be exempt from public disclosure as a "trade secret" under the criteria in 30-14-402, MCA.

I am requesting that the identity of a fracturing fluid component qualify for non-disclosure as a trade secret.

Chemical Family associated with the Chemical Constituent Scale Inhibitor (SI-116ZEF)

In order to claim that the identity of the fracturing fluid component is entitled to protection as a trade secret, I understand that I must provide specific information regarding each of the questions set forth in the MBOGC Trade Secret Guidelines. I have attached separate pages setting forth information in response to the questions set forth in the Guidelines.

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CERTIFICATE

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I declare under penalties of perjury that this request and supporting information have been examined by me and to the best of my knowledge are true, correct and complete.


Signature
Jeremy Pritchett, HSE and Regulatory Manager
Print name and title

FOR STAFF USE ONLY:

APPROVED: Yes No


Signature Petroleum Engineer 1/21/22
Title Date

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, has the identity of the ingredient, its concentration, or both, as appropriate, been publicly disclosed:

The ingredients and their concentration contained within **SI-1162EF**, for which confidentiality protection is sought, represents a unique scale inhibitor product for use within hydraulic fracturing fluids. To WST's knowledge, neither the ingredients or concentration of those ingredients have been identified as being a constituent of this particular type of product in the FracFocus database or any other public source. Disclosure would cause competitive harm to our company by allowing competitors to determine the exact chemical identity and composition of this proprietary product. WST has carefully reviewed this product to ensure only the components which represent trade secret components are protected.

a. Pursuant to any federal or state law or regulation?

WST has not disclosed the ingredient identities or their concentration for **SI-1162EF** pursuant to any federal, state, or local law or regulation. There has been no regulatory submission of this product's composition, in the context of its use, in conjunction with **SI-1162EF**. After reviewing all federal, state, or local submissions, to the best of our knowledge, there has been no disclosure of the underlying ingredient identity pursuant to any federal, state, or local law or regulation. To the best of our knowledge, the full chemical composition has not been previously disclosed via the FracFocus database by anyone else.

b. In professional trade publications?

WST has not disclosed the ingredients identities for **SI-1162EF** in any professional trade publication. WST does not publicly disclose any chemical composition for any of its products in any trade publications or other publications.

c. Through any other media or publications available to the public or your competing oil and gas operators, or service companies?

WST has not disclosed the ingredient identity for **SI-1162EF** through any other media or publications available to the public or competitors. To the best of our knowledge, in the context of its use in conjunction with **SI-1162EF**, there has not been any public disclosure of any chemical composition for any of its products through any other media or publications available to the public or competitors.

In order to make the above determinations, we used the CAS numbers of the confidential ingredients to search the FracFocus database and reviewed multiple entries per page of results. Within these results, one of the ingredients, held as proprietary within this specialty blend, has been disclosed using the systems approach format. Although this ingredient was present within these disclosures, it was not associated with any particular type of product. The other ingredients within this specialty blend, held as proprietary, have not been disclosed on the FracFocus website in association with any product. We also performed a literature search using the CAS number and the terms "stimulation", "oilfield", and "scale inhibitor" separately and combined. No documents could be found that link the combination of ingredients, held as trade secret, to oil and gas stimulation treatments for our specific use.

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- 2.) To what extent is the identity of the ingredient, concentrations, or both, as appropriate, are known within the company? 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.

WST maintains the product composition as trade secret or confidential business information by providing limited internal access thereto and requiring non-disclosure confidentiality agreements for anyone whom the information is disclosed. Electronic copies of proprietary ingredients and product composition information are protected and maintained on a secure internal network, within a file structure to which access is again restricted to only the product development team and regulatory group. Information about the product composition of our products is maintained in limited-access secure database. Access to this information is granted strictly on a need-to-know basis for employees based on their job function, such as regulatory compliance. Otherwise, only the product trade names and information included in the SDS sheets and/or listed in the "Available to Public" non-confidential disclosure is available to employees.

- 3.) Has any other federal or state entity determined that the ingredient, concentrations, or both, as appropriate, is not entitled to protection from public disclosure? If so, provide a copy of the agency's determination, along with any explanation as to why the Board 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 Board's determination.

No other regulatory body (federal, state, tribal, or local) determined that the ingredient's identities are not entitled to protection from public disclosure as trade secret or confidential commercial information. The only exceptions are instances where disclosure of the ingredient's identities 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). There have been no regulatory disclosures required by law to date for this product.

- 4.) How is the identity of the ingredient, concentrations, or both, as appropriate, commercially valuable to the owner, operator, or service company? In answering this question, please describe why the ingredient, concentrations, or both, as appropriate, is not common knowledge in the industry, including any novel or unusual aspects of the ingredient in this application.

The hydraulic fracturing fluid market is highly competitive, and WST has sustained a leadership position in the market based upon its highly-specialized products. The composition of any specialty, performance, and innovative products are of high value to WST and to its competitors. Divulgence of the formulation provides a distinct advantage to competitors who offer comparable products and services. Disclosure of the trade secret components of this product would cause loss of our competitive advantage that this product demonstrates and would allow other companies to take advantage of our substantial investment of money, corporate resources in innovation, testing, and product development without allowing or providing a mechanism to recuperate these costs, negatively impacting WST's business.

WST has invested considerable time, money, and efforts in the research and development of SI-1162EF. SI-1162EF demonstrates multifunctional scale inhibitor effects within a variety of different environments due to the synergistic blend of ingredients. This product is not only important to WST in the oilfield, but can be utilized in other industries. Public disclosure of the composition of SI-1162EF could damage the commercial advantage WST realizes from maintaining confidentiality. The composition of this proprietary blend of ingredients 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. WST would specifically like to use this product because it has low hazards based on workplace and transportation classification schemes. If publicly disclosed, this loss of competitive advantage would occur across the entire market, not just in Montana.

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- 5.) Describe the ease or difficulty with which the complete composition of the fracturing fluid, including the ingredient identity, concentrations, or both, as appropriate, could be determined from public disclosure. Specifically, explain why use of the "systems approach" format would not adequately protect your proprietary interest.

As set forth above, WST's current practices and controls are intended to ensure that its competitors cannot acquire or duplicate the product information on their own. Public disclosure of the complete composition of active ingredients of SI-1162EF would provide a clear and direct path for competitors to understand and replicate our product. Furthermore, divulging the active ingredients in a "systems approach" format would immediately provide WST's competitors with knowledge of the primary active ingredients in the product. Although the systems approach is a useful tool in safeguarding proprietary information, including components in Attachment 3 of this document eliminates the benefit of that style of disclosure by disclosing ingredients in a time when the frac fluids used are leaner and more efficient with less chemicals being used in the frac fluid. With fewer chemicals, it is significantly easier to identify chemical compositions. For this reason, the ingredients used merits treatment as a trade secret. If the Product Information was disclosed to the public, WST's significant investment in resources, time, and money to commercialize this technology would be lost.

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ATTACHMENT 2: PUBLIC DISCLOSURE OF CHEMICAL COMPOSITION

**SI-1162EF
Scale Inhibitor**

INFORMATION ON INGREDIENTS		
INGREDIENT(S)	CAS #	APPROX. WEIGHT %
Water	7732-18-5	50 - 70
Ethylene Glycol	107-21-1	10 - 40
TEA Phosphate Ester	68131-72-6	< 20
Proprietary	Proprietary	Proprietary
Proprietary	Proprietary	Proprietary
Phosphino Carboxylic Acid	71050-62-9	< 20
Proprietary	Proprietary	Proprietary

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