



PetroShale

C a l g a r y • D e n v e r

Environmental Social Governance

May 2021

PetroShale Inc.'s approach to ESG

- **Core Values**

- **Commitment:** *uphold our commitment to responsibility by ensuring health & safety of all stakeholders, focusing on continuous improvement and going beyond words to truly demonstrate trust and integrity.*
- **Accountability:** *we are defined by the way we conduct everyday business, and our strong governance strategy ensures accountability and the highest standards of professional practice across the organization.*
- **Sustainability:** *we recognize the importance of protecting the areas in which we operate and are actively working to care for our surroundings by focusing on responsible and sustainable business practices.*
- **Environment:** *we are committed to environmentally responsible development through: the use of closed-loop drilling systems; continuous flaring reduction initiatives; pipeline connections in lieu of trucking; comprehensive asset integrity program to prevent releases or equipment failure.*



Governance & Board Oversight

- High level of engagement & oversight
- Comprehensive & diverse knowledge-base and over 170 years of combined experience in O&G management



Health & Safety

- Deliver secure, safe working environment for all employees, contractors and community
- Guarantee rapid and thorough reaction in response to incident



Environment: *spills, water use, & land use*

- Prevention, minimization, and transparency are the foundations to PetroShale's environmental program
- Commitment to meet or exceed Federal, State, and Tribal environmental regulations across all aspects of our operations



ESG Pillars

Social Engagement & Culture

- Promote a corporate culture of accountability and inclusivity
- Create and maintain positive impact in the communities in which we operate through engagement, giving back, and job creation



Emissions

- Quantify, monitor, and track/report GHG emissions
- Commitment to control and minimize emissions and identify opportunities for further emissions reductions across operated assets



GOVERNANCE

- Board independence:
 - **83%** : 5 of 6 Board of Directors are independent.
- Board of Directors present a diverse skill set and knowledge base that aligns with PetroShale's ESG strategy & business objectives:
 - Oil & gas industry knowledge
 - Corporate Governance
 - Finance
 - M&A, Due Diligence, & Strategic Planning/Growth
 - Risk Management
 - Senior Leadership
 - Strategic Management
 - Environmental, social, governance



HEALTH & SAFETY

- PetroShale's top priority is keeping our employees, contractors and community safe. We have built a safety mindset into our business decisions and day-to-day operations through:
 - Visible commitment from leadership and management team to prioritize safety at all levels of the organization;
 - Ensure all employees exhibit working knowledge of health & safety topics;
 - Eliminate competing priorities – safety comes first, every time!;
 - Financial investment in promoting and complying with health & safety initiatives. At PetroShale we view the health and safety of ALL as an investment, not a cost;
 - Safety is a condition of employment; and
 - Safety is the first item on the agenda of every meeting.



ENVIRONMENT

PetroShale is committed to meeting or exceeding Federal, State and Tribal environmental regulations and implementing best practices and innovative measures to reduce our environmental footprint throughout the life cycle of each well.

SPILLS/RELEASES:

- Prevention and minimization of spills and releases are the foundations to PetroShale’s environmental management program.

WATER USE:

- PetroShale takes water use and consumption seriously and carefully considers location, impact, regulation, cost and logistics when sourcing and transporting water for use in our operations.
- PetroShale is actively investigating safe and environmentally acceptable water re-use opportunities in our drilling and completion activities. Currently, Petroshale uses small volumes of produced water in workover operations. Transport and movement of produced water is done in an environmental responsible and prudent manner.

LAND USE:

- PetroShale performs thorough environmental reviews and engages stakeholders early in the planning process to assess and minimize environmental impacts to sensitive resources, waters of the U.S., and culturally significant sites.
- PetroShale has “exported” and implemented Canadian best management practices across our Bakken operations through closed-loop drilling, leak detection and repair, and building and maintaining state-of-the-art facilities.
- PetroShale has built and maintained meaningful relationships with the US Forest Service – McKenzie Ranger District, Bureau of Indian Affairs, Bureau of Land Management – Dickenson Field Office, the North Dakota Industrial Commission (NDIC), MHA Nation, and allottee and private landowners.



EMISSIONS

MONITORING EMISSIONS

- PetroShale recognizes that greenhouse gas emissions are a global concern and is committed to actively monitoring and reducing emissions from our operations through the following initiatives:
 - **Leak Detection & Repair (LDAR) program:** using optical gas imaging (OGI) and flame ionizing detectors (Method 21) to identify gas leaks not visible to the naked eye. OGI/Method 21 inspections are supplemented with monthly audio, visual, olfactory (AVO) surveys.
 - **Federal Implementation Plan (FIP) Inspections:** perform tank and flare inspections for facilities subject to the Williston Basin FIP.
 - **Fugitive emissions audit:** across all PetroShale assets to quantify and track emissions sources and identify opportunities for further emissions reductions and operational improvements.

EMISSIONS REDUCTIONS

- PetroShale is committed to reducing emissions through:
 - Utilizing multi-well pads and centralized tank batteries, where feasible;
 - Installation of emission control equipment and blowers at all tank batteries to capture vapor and methane and route it to a high-efficiency combustion device;
 - Avoid use of high-bleed pneumatic controllers;
 - Implementation of successful LDAR program, repairing leaks in a timely manner, and confirming integrity of repairs;
 - Reduce flaring through early engagement with third-party gas gatherers to ensure gas lines are installed with sufficient capacity prior to bringing wells onto production;
 - Tying into electricity infrastructure to power production equipment (vs. fuel power), where technically and economically feasible;
 - Use of temporary water lines for completions operations to reduce truck traffic associated with water transport; and
 - Actively engage with industry peers, service providers, and regulatory agencies to identify and adopt cost-effective technological advancements and best practices to further reduce emissions and increase efficiencies.

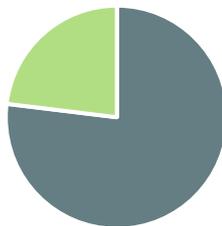


SOCIAL ENGAGEMENT & CULTURE

CORPORATE CULTURE

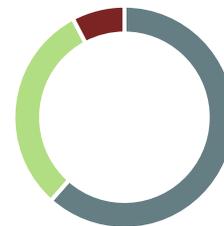
- PetroShale believes in promoting a culture of accountability & inclusivity.
- PetroShale adheres to all applicable workplace, employment and privacy standard and regulations.
- PetroShale employs a diverse, well rounded staff from our Calgary (AB), Denver (CO), and Watford City (ND) offices:

GENDER



■ Male ■ Female

NATIONALITY



■ USA ■ Canadian ■ Other

SUPPORTING LOCAL COMMUNITIES & STAKEHOLDERS

- PetroShale's commitment to responsible energy development has a direct impact on the communities in which we operate by driving job creation and economic growth.
- PetroShale operates on the Fort Berthold Indian Reservation in North Dakota and is proud of the relationship we have built with the MHA Nation/Three Affiliated Tribes and has upmost respect for their culture, history and way of life.