

The Flow Informer

Your Resource To Eliminate Turbulence

Summer 2018 Issue

New Manufacturing Plant: Ribbon Cutting and Facility Showcase

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In late 2017, LSPI held a ribbon cutting ceremony for our new drag reducing agent (DRA) manufacturing plant. This second plant, located within LSPI's manufacturing campus in Bryan, Texas, doubles LSPI's capacity and ensures that LSPI continues to meet growing global demand.

"With this significant expansion, LSPI is well-positioned to continue its strong history of growth, supply reliability and quality manufacturing. We are fortunate to have long-term commercial relationships with industry leaders and we are confident that our expanded capabilities will allow us to continue to meet the needs of our customers and remain the global leader in the DRA market," said Mike Brown, CEO and President of LSPI.

LSPI's two independent manufacturing facilities on the same complex offer production-supply reliability through redundancy and significant economies of scale. Each facility maintains its own day-to-day operational staff, producing DRA from raw material to finished product. While quality control labs are located within each manufacturing plant, the same quality management team oversees both facilities to ensure consistently high quality. Both manufacturing plants are managed under LSPI's rigorous HSE programs. The new facility is supported by our existing robust global supply chain network, providing supply flexibility and agility for delivery for our customers around the world. This investment in manufacturing is one of many efforts undertaken by LSPI to ensure that our customers continue to receive best-in-class DRA service.

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In-house Trucking Fleet Continues to Grow

Last year, LSPI's in-house trucking fleet, LSP Transport, LLC. grew by 15 percent, supported by a 13-acre transportation hub with a four-bay mechanical shop. Our direct-hire drivers not only adhere to local and industry regulation, but are also knowledgeable about LSPI's product and service requirements. A unique offering of LSPI's full-service model is that delivery to a customer site is an opportunity for our drivers to review a checklist to ensure that the site is operating in good condition. Our drivers are trained on skid operations help keep the equipment operating at peak efficiency. During their checklist review, any concerns are documented and reported to LSPI's field service network. Since the fleet was established in 2015, our drivers have completed over 20,000 safe deliveries.



Heavy Crude Constraints in Canada

In Canada, crude prices have fallen in past months as pipeline bottlenecks and limited rail availability have caused supply constraints. Oil inventory has led to a situation where supply is exceeding transportation capacity, and oil sands production is continuing to rise. When capacity is reached, one option for crude transportation is the use of rail. Rail use for crude transit, however, can be difficult to secure and expensive. Additionally, the use of rail introduces several potential safety concerns from rail operation to spill potential.

In these pipeline-constrained scenarios, the use of DRA is an optimal consideration. LSPI commercialized a DRA specifically designed for use in heavy crude oils ten years ago, and has a wealth of technical knowledge. We are working hard to provide heavy oil DRA solutions to help pipeline companies cope with increasing throughput demand.

Midwest Storage Warehouse Opens

As part of LSPI's strategy to be both the supplier of choice for DRA solutions, and the employer of choice for all our employees, our latest decision to locate a regional warehouse facility in the midwest region achieved both goals. We are continually evaluating delivery strategies that will optimize the efficiency and timeliness with which we meet customer needs for DRA.

As we analyzed customer demand in the mid-continent area of the U.S., we determined that a new location in the midwest region would add substantial flexibility to meet the ever-changing needs of our customers. At the same time, these shorter regional routes provide a benefit to our private fleet employees in that they are away from home fewer days during the week. In short, this new regional warehouse is a win-win for both LSPI and our customers. The warehouse opened in late 2017 and is fully operational today.

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Case Study: LSPI's Technical Support Critical to Customer Site Planning

LSPI is well versed in technical support, but understands that our customer's needs are unique. Our in-house engineers not only bring a wealth of experience, but also the flexibility and creativity to innovate new solutions to challenging situations.

Situation: During the planning phase to place a 40-foot skid, our customer indicated that their desired placement of the skid would be outside of their station for easy delivery access. This location required the injection point to be underground, which would require a long nozzle to inject for their proposed connection.

Solution: Understanding that a traditional approach would not work in this particular scenario, LSPI worked to adapt our traditional 2" nozzle. Elongating the billet length, the nozzle would be flush with the pipeline walls. However, the challenge of this design was in the nozzle weight limitation by the equipment needed to install the nozzle.

Our Approach: The first idea was to have the customer install their TOR connection underground, which would allow for a traditional 2-inch injection nozzle. This was not a good solution, as the client's company policy dictated that the TOR connection must be above ground, as part of safety protocol.

By opting to change the nozzle's material to aluminum rather than brass, the nozzle was lightened without compromising the integrity of the equipment. To further reduce the weight, the ID of the billet was increased until the last 2 inches of the billet (1/8"). Overall, the weight was reduced by 8.7 lbs through the modification of material and dimension, making it compliant with installation needs. The nozzle was installed and the skid was commissioned successfully.

Value Provided: LSPI's technical support and equipment team facilitated the resolution of the issue to enable the customer to lay out their site as desired.

Technical Support & Consulting

what we offer

- Pipeline modeling & optimization
- Field tests
- Operations support
- Recommend best practices
- DRA training
- Pipeline design consulting

In **2017**, our team ... performed an in-depth analysis on over **55** pipeline systems worldwide and produced over **60** technical service reports.

Working with customers for over **3 decades**, we have conducted more than **700** field tests.

how can we serve you?

Regulatory Updates: EPA TSCA Inventory

A major regulatory initiative underway is the U.S. Environmental Protection Agency (EPA)'s Toxic Substances Control Act (TSCA) Chemical Inventory Reset. There have not been substantial updates to the existing chemical inventory since the EPA rules were developed under TSCA in 1977 to compile and maintain an inventory of chemical substances in commerce in the United States.

In 2016, the Frank R. Lautenberg Chemical Safety for the 21st Century Act amended TSCA, assigning the EPA responsibility to update ("reset") the chemical inventory. This means that details on chemicals currently manufactured in or imported to the United States must be provided. Chemical manufacturers and importers completed the initial phase of the chemical inventory reset in February. Chemical processors have until October 5, 2018, to provide additional feedback to the EPA.

LSPI is complying with the reset and will ensure all reportable, non-exempt substances manufactured or imported by LSPI are listed as "active" on the EPA revised TSCA inventory. We are working closely with our suppliers to verify reportable chemicals used in LSPI products are included in the "active" TSCA inventory and ensure that there are no interruptions in our supply chain.

Business Disruption Plan Success During Hurricane Harvey

It has been months since Hurricane Harvey struck land. LSPI was fortunate that all Texas employees were safe during the storm, and our facilities unharmed. The geographic location of Bryan, Texas, is low risk for natural disasters. LSPI proactively prepares for hurricane season as part of our business interruption plan. We continued to produce and deliver product to our customers with very minimal delay.

LSPI remains committed to disaster recovery from Harvey. Following the hurricane, LSPI donated \$50,000 to the American Red Cross to help those displaced in our community by the monumental weather impact. LSPI employees recently volunteered at the Houston Food Bank, which continues to operate at heightened demand following the storm.



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2018 Events

LSPI participates in industry events throughout the year, which are posted on the company website, www.LiquidPower.com.

World Heavy Oil Congress (WHOC)

September 3- 5

Muscat, Oman

International Pipeline Expo (IPE)

September 25-27

Calgary, Alberta, Canada

Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC)

November 12-15

Abu Dhabi, United Arab Emirates

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