



**GOODNIGHT**

MIDSTREAM

# Goodnight Midstream

Sustainability at Work

2021 ESG Highlights

# Contributing to a Safer, Greener World

## About Goodnight

Goodnight Midstream builds, operates, and maintains midstream disposal assets for the significant amounts of produced water associated with oil and gas operations. With a broad footprint across the Bakken, Permian, and Eagle Ford shales, our business is not only mission-critical for energy operators, but is also subject to stringent regulatory and environmental requirements.

Led by a seasoned management team with extensive experience in this industry, we are proud to deliver a long-term, cost-saving waste water solution that prioritizes the environment, our workers, and our communities.

## A Business Model Powered by Sustainability

The very core of the Goodnight business is environmentalism and people. By reducing truck traffic, the traditional method of waste water disposal, Goodnight's business reduces emissions and protects workers.

As an example, the Permian Basin reports the highest per capita level of traffic fatalities in Texas. Mitigating this activity is both safer and significantly more environmentally sound.



## Company Footprint

|                                              |                                                     |
|----------------------------------------------|-----------------------------------------------------|
| <b>560</b><br>miles of pipelines             | <b>3</b><br>basins                                  |
| <b>59</b><br>saltwater disposal wells (SWDs) | <b>586</b><br>million barrels historical throughput |
| <b>39</b><br>customers                       | <b>156</b><br>employees                             |

**IN 2020, GOODNIGHT TRANSPORTED 129 MILLION BARRELS VIA PIPELINE:**

↓ Reduced **CO2e by ~16,500 metric tons**

⊘ Avoided **~10.8mm truck miles**

- Equivalent to
- ✈️ **54,000** flights from DFW to JFK;
  - 🌳 **280,000** trees planted;
  - 🚗 removing **3,600** cars from the road

# Operating as a Safe, Green Steward

## Environmental, Social, and Governance (ESG) Mission Statement

For Goodnight Midstream, sustainability means operating in an ethically, environmentally and socially responsible manner; focusing on safety; respecting and supporting our communities; protecting the environment; and developing our employees.

## Advancing Responsibility and Reliability

### ENVIRONMENT

**A focus on reducing the environmental impact of our operations, enhancing reliability**

- Actively contracting and permitting to bring renewable energy solutions to our facilities
- 9 facilities (of 25 in Texas) participate in the ERCOT Demand Response Program to help avoid grid overload in peak demand

### PEOPLE

**A prudent operational approach and “people-first” mentality, essential to strong performance**

- To protect our communities, we employ technology-driven leak detection and preventative maintenance systems that exceed regulatory requirements
- Founding member of iPipe, a first-of-its-kind partnership with North Dakota for advancement of leak detection
- To protect our workers, we have robust safety programs and industry-leading safety performance
- We actively engage with our employees and the indigenous peoples affected by our industry's operations to model responsibility

### WATER

**A push for industry standards around produced waste water that are as robust as evolving midstream metrics**

- Proud founding member of the Oilfield Water Stewardship Council (OWSC), formed to drive uniformity of ESG standards in our industry
- Actively evaluating water treatment and reuse/recycle technologies as a Sponsor of the New Mexico Produced Water Consortium



# Environmental: Responsibility and Reliability

## Greenhouse Gas Emissions Reduction

Over one-third of Goodnight's Texas infrastructure is powered entirely by re-newable energy through a contract with TXU Energy. Over the next 12-18 months, we plan to significantly advance the use of renewable power throughout our footprint.

As an example, Goodnight already is fully permitted with the Federal Bureau of Land Management for a solar project in New Mexico.

### TXU RENEWABLE ENERGY CONTRACT

Over the contract's lifetime, approximately **72.5mm kWh** of certified clean renewable energy will be supplied to Goodnight's system

 EPA equivalent of reducing nearly **29,000 metric tons of CO2e**

## Advanced Environmental Protection

**~6,800**

pieces of equipment

**<1%**

margin of error

**100%**

expected to be tagged for FIIX software monitoring within the next 12 months

**99%**

operational uptime in the last 7 years

### HIGHLIGHTS OF GOODNIGHT'S LEAK DETECTION PROGRAM

#### ADVANCED FIELD DATA COLLECTION

- Technology provides direct and remote soil sensing across the Bakken
- As part of our iPipe participation, we also employ a cutting-edge hyperspectral remote-sensing satellite technology
- SCADA system provides real-time and historical data to protect against and detect any failure in well mechanical integrity

#### ACTIVE MONITORING

- All facilities are constantly monitored, with real-time reporting to our control room and daily reporting to management
- Pipelines are additionally walked or flown with regularity to visually inspect for leaks
- We are testing stand-alone devices to further augment mature pressure and flow monitoring

#### ROBUST PROTECTION

- All of Goodnight's facilities are monitored 24/7, 365 days a year either through onsite staffing and/or via live video stream
- SWD locations include a steel, vinyl, and clay and caliche Three Level Containment System to further protect against any leaks

# Social: Protecting Our Greatest Assets

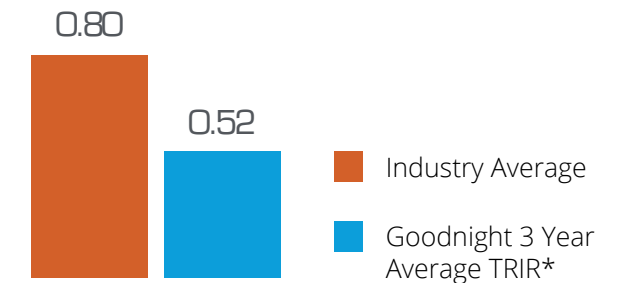
## Going Beyond Essential Worker Safety

Goodnight Midstream believes that a focus on the safety of our employees goes beyond simply smart business. We are a conscientious employer with robust safety programs, training, education, and operating manuals.

During the COVID-19 pandemic, these systems allowed us to roll out advanced precautions across our facilities, including virtual training protocols.

### HEALTH AND SAFETY INITIATIVE HIGHLIGHTS

- Quarterly safety meetings for all assets (performed virtually during the pandemic)
- Facility inspection / audit program with safety checklist
- Safety standdown protocols for electrical / other hazards
- Contractor safety management, with 90% compliance expected by end of 2022



\* Total Recordable Incident Rate, 3-year lagging indicator record.

## Embracing a Diverse Team

Greater than **38%** of the Goodnight workforce is minority and/or female

With over 150 employees, Goodnight supports active employee engagement and a system of benefits meant to celebrate and encourage an inclusive workplace.

We provide specialized training to develop industry-specific skills, career development programs, and opportunities for advancement. We also encourage a "local leadership" approach at our facilities and team-based collaboration to drive empowered, inclusive decision-making to enhance safety and performance.

Our benefits include robust health care, insurance, and disability support, as well as family-friendly policies that encourage the care of loved ones while remaining an active part of the Goodnight family.

We also provide long-term incentive plans for all full-time exempt employees to share in the success of the company.



# Governance: Engagement Towards Our Future

## Company Policies and Process

At Goodnight, we prioritize governance, transparency, and company policies designed to protect our employees, our partners, and our communities.

### THESE POLICIES INCLUDE

- Anti-Harassment
- Indigenous People Policy
- Code of Business Conduct and Ethics
- Environmental Health and Safety Policy
- Regularly audited rigorous Contractor Safety Requirements
- Dedicated Vehicle Operating Policy

Our policies are reviewed and updated regularly by senior management, with quarterly Board approval. We also maintain an anonymous reporting hotline for employees or third-parties to report potential infractions.

## Community Engagement

Goodnight is committed to maintaining excellent relationships with all the communities in which we operate.

In 2019, we entered into a mutual agreement with the Mandan, Hidatsa and Arikara Nation (MHA), acknowledging a positive and respectful working relationship.

With this goodwill, the MHA Nation committed to facilitate our operations on the Fort Berthold Indian Reservation in North Dakota, providing job opportunities for local tribal members.



# Ongoing ESG Focus

## Looking Ahead

While we are proud of the work we have done around environmental, social, and governance considerations to date, Goodnight remains committed to advancing initiatives in these areas both at our company and in our industry.

*“Goodnight is honored to keep advancing reliable, safe midstream infrastructure that delivers a more environmentally sound produced water solution.”*

- Patrick Walker, CEO



### ESG PROGRAM DEVELOPMENT

Working with our industry partners and our primary investor, Tailwater Capital, Goodnight plans to continue to develop best-in-class practices in relation to ESG.

### CYBERSECURITY

Goodnight employs an impressive 10 full-time individuals on its technology team, including a dedicated CTO, and multi-redundant technology infrastructure. Over the next 18 months, our team is developing a first-class cybersecurity compliance program while continuing to leverage next generation protection practice.

### EMPLOYEE AND COMMUNITY ENGAGEMENT

In addition to the number of local charities we support and industry-leading wages for our workers, Goodnight will continue to explore opportunities to advance the people in our industry.

### INDUSTRY ENGAGEMENT

Together with our peers on the OWSC, Goodnight is working to advance a standard for water-specific metrics that can define and improve waste water disposal operations.

### ENVIRONMENTAL IMPACT

Goodnight plans to continue to add to contracts that provide renewable and reliable energy to our systems.



We also continue to innovate on ways to reuse/recycle produced water as a result of oil and gas operations. In 2021, we established two new arrangements to supply produced water, and we are in continuing discussions with several other Permian Basin producers to supply produced water for their fracking operations.

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