February 2015

Dear Colleagues,

This year brings a host of challenges and opportunities for the oil and natural gas industry. 2014 was the most challenging year for energy since 2008, as the West Texas Intermediate (WTI) crude price plummeted 48% from a high of $106/barrel in June to $55/barrel in December. In 2008, WTI crude collapsed from a record high of $148 in July to just $35 in December. While that collapse in oil prices was caused by the global financial crisis, the drop in 2014 was caused by weak demand growth and increased non-OPEC production, driven by oil shale production in North America. The decline in oil prices has continued in 2015, down 13% year to date.

You may find yourself asking how the current state of the industry and the decline in oil and natural gas prices will affect Fortis Energy Services and perhaps the future of your employment. In 2008 and 2009 many of us were involved in the oil and gas industry. It was a challenging 18 months, but it provided a great learning experience of how to best manage your personal life and the interests of the company through one of the most challenging cycles this industry has been through. Although many sacrifices were made by all of us, those companies who survived the 2008 – 2009 recession were stronger because of it. After we get through this cycle, we too will look back and be proud of how we persevered.

We started 2014 off rather slow as we experienced a sharp decline in our completion work in the Northeast region due to depressed natural gas prices and the weather. Your management team worked endlessly to secure new customers throughout the Northeast and to diversify geographically by establishing a new location in the Williston basin of North Dakota. This hard work paid off throughout 2014, we were able to retain new business in the Northeast and get back to work producing some record months throughout the summer and fall. The North Dakota region grew from just three rigs in January to seven by the end of December. Not only were we able to diversify our customer base and geographical regions, we grew by adding $8.5 million in new ancillary equipment such as hydraulic catwalks, power swivels, mud pumps as well as five brand new Hubbard rigs. In both regions, Fortis Energy Services now retains one the newest and most state of the art fleets among our competitors.

One thing we have learned here at Fortis Energy Services is that for our 2015 goals and aspirations to be realized, our foundation must be solid. That has never been truer as we start off the year with oil prices below $50 per barrel and natural gas prices fluctuating between $2.60 and $3.00 per MCF. How long this will last no one really knows. At Fortis, a solid foundation means a balance sheet that allows flexibility and investment in our people and services; a culture that drives results and fosters service from the heart; and a strong, reliable and safe operation that engenders the trust of our customers. Our success depends on all of us working together to meet the needs of our customers. We have some excellent opportunities within both regions to secure work to keep us busy throughout 2015 and I am confident each of you will give 120% to make sure the service we provide is above and beyond what the customer requires.

The Fortis management team is working to make improvements to our business processes and procedures so we can operate more efficiently. Cutting unnecessary expenses will avoid or at least delay any major financial impact on our employees. Regardless of your title or job description, you too can assist with this process. I am certain each of you can identify a time when you saw money wasted by the way an operation was conducted. If each of you help to avoid unnecessary spending and exercise preventative measures to avoid break down of our equipment, our service to our customers will be second to none. This will ensure we continue to have work throughout 2015 and beyond. You were selected to be part of the Fortis team. When you accepted the position with Fortis you also accepted a responsibility to maintain the equipment you were entrusted with and the safety of yourself and those working with you.

2015 will bring about change throughout the year which will challenge all of us to become better at what we do and how we do it. Some of the changes coming up will be as follows:

* Preventative Maintenance Program
* 2015 Health, Safety and Environment Manual
* 2015 Employee’s Driving Policy and Procedures Manual
* Fortisafe Certified Program
	+ Onboarding for new employees
	+ Annual training and certifications
* “New” Northeast Regional Headquarters in St. Clairsville, Ohio
* Additional Ancillary Equipment
* Remote capture of field data including rig tickets, etc.

In early March, management will be hosting informational sessions in St. Clairsville, OH, Bloomfield Hills, MI and Minot, ND where you can attend and hear about the exciting new things that will be coming throughout 2015. I hope you will make every effort to attend one of the sessions so you will be fully aware of the changes we will be implementing and how you can play a part in making 2015 a year of growth and improvement.

Thank you for your hard work in 2014 and always. I believe we have the best employees, equipment and opportunities any company could have! Keep up the great work, an open mind and a willingness to adapt to change.

Best Regards,

Nathan A. Conway

Chief Executive Officer