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From:	Procurement <Procurement@recomspr.net>
Sent:	Thursday, July 30, 2026 7:08 PM
To:	Mary C Zapata-Acosta
Cc:	Alexis G. Rivera-Medina; Jorge L Cotto-Perez; Felix A Hernandez-Caban; Colón Ortiz, Josué A. (AAPP); Santa Crispín, Lionel (AAPP); Mariela Quinones; Vicente Diaz; ocarlo@carlolaw.com; Miguel Garcia; Fabian Velez
Subject:	Evaluation and Recommendation – Proposed Substitution of Flotek Industries for Enchanted Rock
Attachments:	Evaluation and Recommendation – Proposed Substitution of Flotek Industries, Inc. for Enchanted Rock 7.30.26.pdf

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Dear Ing. Mary Zapata,

Please find attached a formal evaluation and recommendation from the 3PPO regarding the proposed substitution of Flotek Industries, Inc. for Enchanted Rock, LLC under Contract No. 2026-P0010 (Power Expectations PPOA).

The attached memorandum summarizes the legal and financial due diligence conducted by ReComS and recommends approval of the proposed substitution, conditioned upon completion of the outstanding administrative items identified therein.

We uploaded Flotek submitted documentation in the link below:

Flotek Documentation

Included Flotek Submitted Documentation:

1. 06.16.26 Executed Flotek Secretary Certificate Notary.pdf
2. Redlinger_Profile.pdf
3. JZ_Profile.pdf
4. FTK_form_10K_03.16.2026.pdf
5. FTK_form_10K_03.12.2025.pdf
6. Jerry_Blackwell_Profile.pdf
7. Flotek_Good_Standing.pdf
8. Flotek_Exhibit_C_Authorization_Background_and_Financial_Info.pdf
9. Flotek_Exhibit_J_Supplier_General_Information.pdf
10. Executed_Flotek_Secretary_Certificate.pdf
11. David_Jepson_Profile.pdf
12. Flotek_Exhibit_B_Statement_of_Qualifications.pdf

We remain available to provide any additional information as needed.

Respectfully,

Fabián Vélez
Recoms Group



July 30, 2026

MEMORANDUM

TO: Eng. Mary Carmen Zapata, Executive Director,
Puerto Rico Electric Power Authority (PREPA)

FROM: Regulatory Compliance Services Corp. (ReComS) –

RE: Evaluation and Recommendation – Proposed Substitution of Flotek Industries, Inc. for Enchanted Rock, LLC – Contract No. 2026-P0010

I. BACKGROUND

Through RFP No. 3PPO-0314-20-TPG2 (the "RFP"), the Third-Party Procurement Office ("3PPO"), acting on behalf of the Puerto Rico Electric Power Authority ("PREPA"), conducted a request-for-proposal process for the procurement of an Emergency Temporary Power Generation solution, of up to 800 MW.

As a result of that process, PREPA awarded the corresponding Power Purchase and Operating Agreement ("PPOA") to Power Expectations LLC ("Power Expectations"), contract No. **2026-P0010** executed on June 10, 2026.

Subsequently, on June 12, 2026, Power Expectations entered into an Assignment and Assumption Agreement (the "Assignment Agreement"), pursuant to which Flotek Industries, Inc. ("Flotek") would assume certain rights, responsibilities, and interests associated with the project, substituting Enchanted Rock, LLC within the Special Purpose Vehicle ("SPV") established for performance of the PPOA.

In light of the foregoing, Power Expectations submitted the proposed assignment/substitution to 3PPO for evaluation and corresponding recommendation, in accordance with the terms of the RFP and the PPOA. To that end, ReComS — in the exercise of its oversight function — was tasked with evaluating whether Flotek possesses the legal and financial capacity, and satisfies the due diligence documentation, generally required of entities seeking to contract with the Government of Puerto Rico, for purposes of determining whether approval of such substitution should be recommended.

For purposes of that evaluation, ReComS verified the information provided to the 3PPO resulting from a Request for Information ("RFI") to Power Expectations, requesting the documentation necessary to verify Flotek's financial and legal capacity to contract with the Government of Puerto Rico. In response, the documentation addressed in

this report was submitted, which was referred to ReComS's Legal Department and Financial Department for review and evaluation

II. SCOPE OF REVIEW

In connection with the proposed substitution, ReComS's Legal Department and Financial Department conducted a document-by-document review of Flotek's submission. The documentation received was reviewed, analyzed, and verified as follows:

The Legal Department verified Flotek's corporate existence and standing in its jurisdiction of incorporation, cross-referenced Flotek's registration status against the Puerto Rico Department of State's corporate registry, reviewed and confirmed Flotek's internal corporate authority to enter into the Assignment and Assumption Agreement through analysis of the Secretary's Certificate and accompanying Board Resolutions, and reviewed Flotek's supplier information, project and technical experience documentation, and personnel documentation submitted in connection with the substitution.

In parallel, ReComS's Financial Department reviewed Flotek's submitted audited financial statements for purposes of assessing Flotek's financial capacity to assume the obligations associated with the proposed substitution.

This review was conducted consistent with the due diligence standards generally applicable to entities seeking to contract with agencies and instrumentalities of the Government of Puerto Rico, and, because the present submission involves a proposed assignment/substitution rather than an original proposal in response to the RFP, focused on the categories of documentation relevant to establishing Flotek's legal and financial capacity in connection with the proposed substitution.

III. DOCUMENTATION REVIEWED

The following table summarizes the documentation reviewed, together with the corresponding status of each item.

Document / Requirement	Status
A. Puerto Rico Governmental Certifications and Sworn Statements	
Certificate of Existence (Delaware Certificate of Good Standing dated December 22, 2025)	**Provided**
Certification of No Tax Debt (Departamento de Hacienda) or Sworn Statement in Lieu Thereof	**Pending**
Certification of No Debt/Property (CRIM) or Sworn Statement in Lieu Thereof	**Pending**
Act 2-2018 Sworn Statement	**Pending**
B. Corporate and Administrative Documentation	
Statement of Qualifications	**Provided**
Authorization for Background and Financial Information	**Provided**
Supplier General Information	**Provided**
Key Personnel Resumes, Licenses & Certifications	**Provided**
Corporate Authority Documentation (Secretary's Certificate and Board Resolutions dated June 16, 2026)	**Provided**

Document / Requirement	Status
C. Project and Technical Experience	
Comparable Projects	**Provided**
D. Financial Documentation	
Audited Financial Statements (last three (3) fiscal years)	**Provided**
E. Authorization to Do Business in Puerto Rico	
Puerto Rico Foreign Corporation Registration	**Provided**

Legend: **Provided** = submitted, reviewed, and verified | **Pending** = outstanding, readily obtainable

IV. FINANCIAL CAPACITY REVIEW

ReComS conducted a detailed financial evaluation of Flotek Industries, Inc.'s audited financial statements for fiscal years 2023, 2024, and 2025, analyzing key financial ratios related to liquidity, leverage, profitability, and revenue generation across the three-year period. This multi-year approach allowed ReComS to assess not only the Company's financial condition at a single point in time, but also the consistency and trajectory of its financial performance over time.

The Company achieved an exceptional score for its Current Ratio, Debt-to-Equity Ratio, and Return on Equity, reflecting strong liquidity, a conservative capital structure, and robust profitability sustained across all three fiscal years. The Debt Ratio received a marginal score, indicating a relatively higher proportion of debt financing relative to the Company's asset base. The Revenue metric received a lacking score, reflecting revenue levels below the established evaluation benchmark when compared to the project's values, a factor considered in the overall assessment of the Company's financial capacity to assume the contractual obligations associated with the proposed substitution.

Taken together, these results indicate that while Flotek Industries, Inc. demonstrates sound liquidity and capital structure fundamentals, its revenue performance falls short of the levels established as the evaluation benchmark.

Taken as a whole, this evaluation demonstrates that Flotek Industries, Inc. is a financially sound company with a stronger economic position than Enchanted Rock, affording it the financial stability necessary to support the project's continuity and performance requirements.

V. OUTSTANDING ITEMS

Based on the review conducted to date, the following items remain outstanding. These items are administrative in nature and are readily obtainable, and do not, in themselves, appear to present a substantive impediment to the proposed substitution. The outstanding items are as follows:

1. Act 2-2018 Sworn Statement.
2. Authorization to Do Business in Puerto Rico — Flotek is not presently registered to conduct business in Puerto Rico. It is recommended that this authorization be obtained by Flotek prior to execution of the formal instrument through which PREPA would recognize and consent to the substitution.
3. Certification from the Puerto Rico Department of Treasury (Departamento de Hacienda) evidencing no outstanding tax debt, or a sworn statement in lieu thereof.

4. Certification from the Municipal Revenue Collection Center (CRIM) evidencing no outstanding debt or property ownership in Puerto Rico, or a sworn statement in lieu thereof.

ReComS recommends that Power Expectations and Flotek be requested to submit the foregoing items as part of finalizing the substitution file.

VI. RECOMMENDATION

Based on the documentation reviewed, analyzed, and verified to date by ReComS's Legal Department, and of the Financial Department's review referenced in Section IV above, ReComS recommends approval of the proposed assignment/substitution of Flotek Industries, Inc. for Enchanted Rock, LLC under Contract No. 2026-P0010, conditioned upon Flotek providing the outstanding items identified in Section V above prior to execution of the formal instrument of substitution.

This recommendation is based exclusively upon the documentation made available for review as of the date of this memorandum. ReComS remains available to assist in coordinating the completion of the outstanding items with Power Expectations and Flotek.

Respectfully submitted,

Osvaldo Carlo Linares, Esq.
President, Regulatory Compliance Services Corp.

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