



INFORMATION ONLY

November 28, 2016

VIA EMAIL: Tmragsdale@sianoil.com

Mr. Tom Ragsdale
Siana Operating LLC
12012 Wickchester Lane, Ste 410
Houston, Texas 77079

Re: Scope of Work and Cost Estimate for Spill Remediation, Newkumet Federal #1, Lea County, New Mexico

Dear Mr. Ragsdale:

Charger Services (Charger) appreciates the opportunity to provide this scope of work and cost estimate to Siana for remediation of the Newkumet Federal #1 spill in Lea County, New Mexico.

INVESTIGATION

On October 11, 2016, Charger field personnel delineated an oil and produced water spill at the Siana Newkumet Federal #1 (Site) located at 32°19'12.47"N, 103°27'6.26"W in Lea County, New Mexico. Siana reported an unknown quantity of oil and produced water were lost at the Site and covering approximately 9,200 sq. ft. of the facility. This was confirmed during the investigation and photo documentation was used to record the condition during the initial investigation which occurred on March 24, 2016.

REMEDIATION SCOPE OF WORK

Charger proposes to excavate the stained soil to approximately 4.0 feet below ground surface (bgs), sample soil for cleanup confirmation, hauling impacted soil to disposal, install plastic liner, and back fill excavation with clean soil. Charger will submit a final report to Siana and the New Mexico Oil Conservation Division (NMOCD) once the work is complete. It is expected to take seven (7) days to excavate, sample, haul impacted soil and other material, reclaim partial caliche pad, install plastic liner, back fill excavation, and reseed federal land with approved seed mixture. The soil samples will be placed in clean 4-ounce jars, sealed, labeled, chilled in an ice chest and delivered under chain of custody to Permian Basin Environmental Labs located in Midland, Texas. The laboratory will analyze the samples for BTEX by SW-8021, TPH by method SW-8015M, and chloride by method E300. Soil pile will be placed near the east side of location for disposal according to New Mexico Oil Conservation Division (OCD) rules. All excavated areas during remediation will be delineated for chlorides below 250 mg/kg vertically ten (10) feet below excavation surface and horizontally by eight hundred (800) feet from excavation walls. The sample results will take approximately two weeks on normal turnaround time and will

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dictate the soil disposal. This is expected to take one (1) day to complete with a final report to follow after all data is collected.

Equipment decontamination, sample collection, field documentation, sample custody, and laboratory analyses will be in general accordance with industry standards of practice and in conformance with applicable Federal and State regulations. All work will be performed under the supervision of a qualified environmental professional. All laboratory work will be performed under standard turn-around times and costs, unless otherwise directed.

FEES

Charger estimates that this scope of work will take approximately 8 days. Performance of the outlined scope of services will be on a time and materials basis. The estimated cost is \$ 22,879.45. A detailed cost estimate is enclosed.

This proposal does not include the handling, storage, transportation, or disposal of hazardous substances or wastes.


Additional work required beyond this scope of services presented in this proposal, or as caused by factors beyond Charger's control, will be invoiced on a time and materials expense basis in accordance with Charger's Fee Schedule. Additional work will not be performed without prior authorization from the State and client.

AUTHORIZATION

If this proposal is acceptable to you, please sign below as notice to proceed and return one copy of this proposal intact to our office. We will proceed with the work upon receipt of proposal authorization. You may contact me at (325) 669-5735 (cell) to discuss any questions you may have.

Respectfully submitted,

Charger Services, LLC



Coty Woolf
Environmental Manager
Charger Services, LLC
325.669.5735
Coty.woolf@chargerservices.com

COST ESTIMATE**Siana Oil and Gas Newkumet Federal #1****Remediation Cost Estimate****28-Nov-16****Site Marking and One-Call Notification***Assumes: Marking Excavation Area, Driving Instructions and One-Call (811) Utility Notification*

Item	Quantity	Rate	Unit	Total
Project Manager	1	\$ 95.00	/ Hour	\$ 95.00
Environmental Technician	8	\$ 45.00	/Hour	\$ 360.00
Truck	8	\$ 12.00	/Day	\$ 96.00
Mileage - Truck	230	\$ 0.57	/Each	\$ 129.95
Subtotal:				\$ 680.95

Spill Remediation

Item	Quantity	Rate	Unit	Total
Site Safety Plan	1	\$ 250.00	/Lump Sum	\$ 250.00
Mob and De-Mob	8	\$ 135.00	/Hour	\$ 1,080.00
Backhoe with operator	24	\$ 95.00	/Hour	\$ 2,280.00
Crew men and truck with tools	24	\$ 98.00	/Hour	\$ 2,352.00
Project Manager	8	\$ 95.00	/ Hour	\$ 760.00
Environmental Technician	24	\$ 45.00	/Hour	\$ 1,080.00
Estimated cost of soil disposal	140	\$ 35.00	/Cubic Yard	\$ 4,900.00
Estimated cost of clean soil	140	\$ 8.00	/Cubic Yard	\$ 1,120.00
Transport of impacted soil to disposal	18	\$ 115.00	/Hour	\$ 2,070.00
Transport of clean soil for backfill	18	\$ 115.00	/Hour	\$ 2,070.00
Truck (project manager)	8	\$ 12.00	/Day	\$ 96.00
Mileage - Truck (crew)	690	\$ 0.40	/Mile	\$ 276.00
Mileage - Truck (project manager)	230	\$ 0.40	/Mile	\$ 92.00
Equipment (Digital Camera, Sample Trowels, etc.)	1	\$ 250.00	/Lump Sum	\$ 250.00
Reproduction (Professional Services)	\$ 1,840.00	4.00%	Percentage	\$ 73.60
Subtotal:				\$ 18,749.60

Laboratory Analysis

Item	Quantity	Rate	Unit	Total
Excavation Samples (BTEX, TPH, & CI)	14	\$ 110.00	/Each	\$ 1,540.00
Stockpiled Soil Sample (BTEX, TPH, & CI)	1	\$ 110.00	/Each	\$ 110.00
Service Fee	\$ 1,650.00	17.00%	Percentage	\$ 280.50
Subtotal:				\$ 1,930.50

Report and Project Management

Item	Quantity	Rate	Unit	Total
Sr. Project Manager	12	\$ 95.00	/ Hour	\$ 1,140.00
Drafting	4	\$ 65.00	/ Hour	\$ 260.00
Clerical	2	\$ 30.00	/ Hour	\$ 60.00
Reproduction (Professional Services)	\$ 1,460.00	4.00%	Percentage	\$ 58.40
Subtotal:				\$ 1,518.40

Total: \$ 22,879.45

AUTHORIZATION

If this proposal is acceptable to you, please sign below as notice to proceed and return one copy of this proposal intact to our office. We will proceed with the work upon receipt of proposal authorization and executed consulting services agreement.

AGREED TO, THIS _____ DAY OF _____, 2017

BY (please print): _____

TITLE: _____

COMPANY: _____

SIGNATURE: _____