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By OCD District 1 at 1:18 pm, Jul 31, 2015

APPROVED Conditional

By OCD District 1 at 1:18 pm, Jul 31, 2015



Mewbourne Oil Company

PO Box 5270 Hobbs, NM 88241
(575) 393-5905

1. Ensure initial samples are taken prior to work commencing. Samples will test for TPH, BTEX, and Chlorides. Vertical and horizontal delineation will be required.
2. Collection points for fluid must be lined. Initial and final samples will be required for all collection points.
3. After work has been completed, final sampling for TPH, BTEX, and Chlorides must be tested.
4. Ensure BLM and State Land Office (SLO) approves/concurs.

Sodic Soil Remediation Process Description

Produced Water Spill

Mewbourne – Red Hills SWD, New Mexico

Prepared By:

**Remediation and Applied Technology
18014 Isle Royale Ct
Humble TX 77346**

Any trade secret, technical information, design, process, system, procedure, formula, specification, sketch, plan (engineering, architectural or otherwise), apparatus, know-how, bid or pricing information, financial data, or any other compilation of such information whatsoever contained herein regarding R&A Technology, LLP. ("R&A") may be referred to herein as "Proprietary and Confidential Information". All Proprietary and Confidential Information acquired hereunder shall be held in strict confidence. Proprietary and Confidential Information shall be used, disclosed, copied or duplicated solely in connection with its evaluation of the proposal of R&A contained herein (the "Purpose of Disclosure"). Under no circumstance shall Proprietary and Confidential Information received from R&A be used for commercial purposes without the express prior written consent of R&A. The Recipient Party acknowledges that nothing contained in this Agreement is meant to transfer to the Recipient Party any ownership right in or license to use the Proprietary and Confidential Information and the Recipient Party shall not use the Proprietary and Confidential Information other than as shall be absolutely necessary to effectuate the Purpose of Disclosure.



July 30, 2015

Mewbourne Oil Company
PO Box 5270 Hobbs, NM 88241
(575) 393-5905

Attention: Zack Thomas, Environmental Rep.

Re: Salt Water Soil Remediation – *Red Hills SWD*

Attached is our proposal for the remediation of the salt affected areas, at the Mewbourne-*Red Hills SWD* salt-water release site. This information is based on the descriptions of the location provided to R&A Technology by Mewbourne and a personal visit to inspect the location.

DeSalt Plus[™] is designed to remediate the salt-water contaminated soils and to restore the area to native vegetation. The site work and amendment applications are outlined in this proposal. After treatment with *DeSalt Plus*[™], some new plant growth may be evident after a few months; the complete remediation process on site may require at least one full growing season to show best results.

The amendments and process described have been used in Texas, New Mexico, North Dakota, Wyoming, Louisiana, Oklahoma and Arkansas. Data on several case histories can be examined on the R&A web site at <http://www.remediationandappliedtechnology.com>

We appreciate this opportunity to work on this project as part of your team. If you have any questions please call at any time.

Sincerely,

Robert M. Johnston II
832-244-3811

18014 Isle Royale Ct, Humble TX 77346

TABLE OF CONTENTS

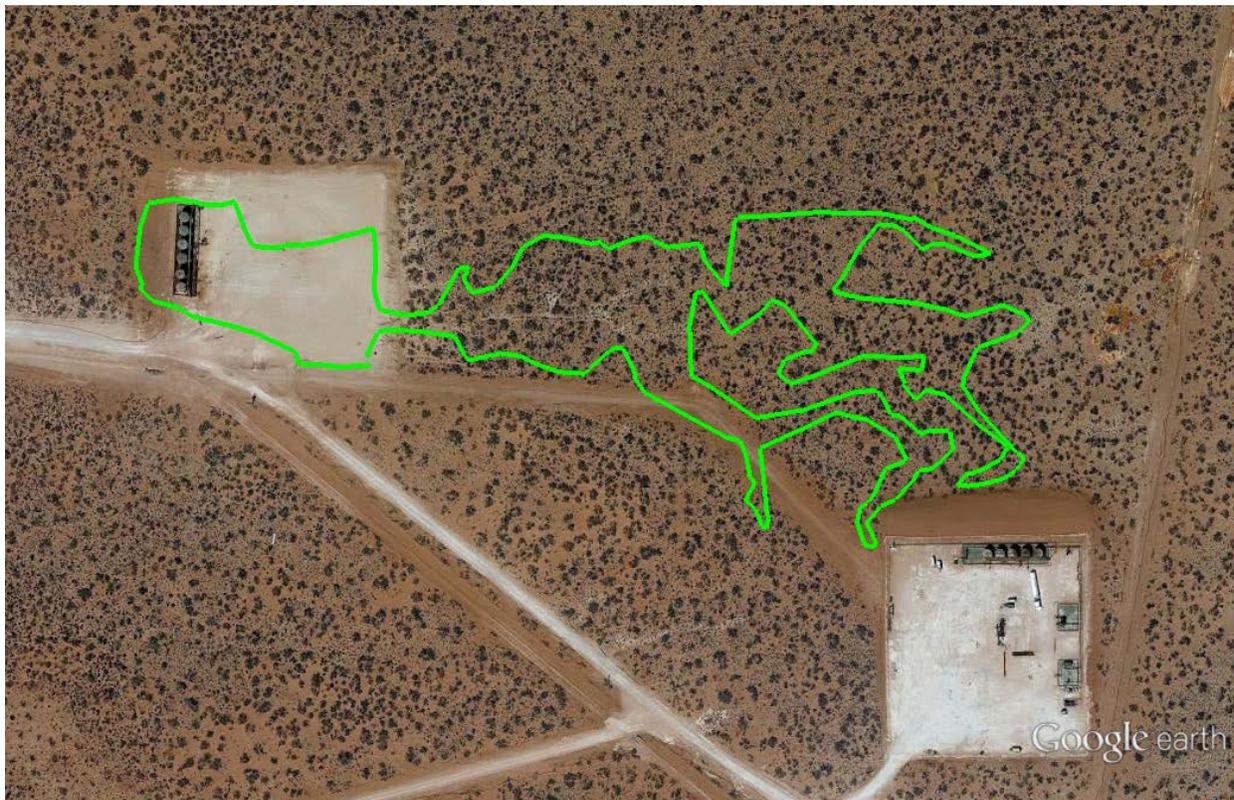
- I. Overview**
- II. Description Of The Effects Of Salt-Water Spills, Desalt Plus™**
- III. Site Preparation And Remediation**
- IV. Amendment Calculation**
- V. Cost Estimate**
- VI. Standard Provisions for Soil Remediation Services**

I. SITE OVERVIEW

Remediation and Applied Technology, LLC (R&A) is pleased to submit this proposal to supply the required amendments and technical support for the onsite treatment of sodium impacted soils from the *Mewbourne - Red Hills SWD* release.

The Salt-water release was the result of a lightning strike on the Red Hills SWD tank battery. The release occurred during a rain event and covered approximately 5.08 acres. With the soil already wet, it appears that a limited amount of salt penetrated into the soil. Depth of sodic conversion appears to be approximately ½”- 1”. A large amount of salt is dried and sitting on the surface.

The area should be flushed immediately with a dilution of water and DeSalt to remove the residual salts, remediate the soil and protect the soil from any sodic conversion. This process needs to be completed before any rain drives the salts into the soil and starts the sodic conversion process.



Product Overview:

During the remediation process, the structure of the soil will be physically and chemically modified allowing improvement in the percolation, drainage and removal of undesirable salt contamination. Cationic amendment of the soil with a calcium reagent is essential to removing the sodium contamination as well as restoring the soil structure. Factors such as Exchangeable Sodium Percentage (ESP) and Cationic Exchange Capacity (CEC) influence the amount of exchanging cations required. These parameters are utilized to determine the specific amount of *DeSalt Plus*[™] amendment needed to remediate any site.

The *DeSalt Plus*[™] products are totally soluble and contain no nitrates. They have been proven effective on similar sites in New Mexico, Kansas, Arkansas, Oklahoma, Texas, and Louisiana.

II. DESCRIPTION OF THE EFFECTS OF SALT-WATER SPILLS, DESALT PLUS[™] AND THE REMEDIATION PROCESS

DeSalt Plus[™] is a soluble liquid amendment product that remediates severe salt (sodium chloride) contaminated soils caused from saltwater/produced water spills and leaks. *DeSalt Plus*[™] is a source of readily available cationic species for soil amending. The initial development of this product was conducted at Texas A&M University in Bryan, Texas. *DeSalt Plus*[™] is a primary amendment for sodic soil contamination as well as a source of vital nutrients for vegetation. The primary exchanging cations in DeSalt Plus are Ca⁺⁺ and NH₄⁺ (Calcium and a stabilized Ammonium). Both are stable and readily available, and both are important plant nutrients as well.

This specially designed solution, *DeSalt Plus*[™], quickly displaces harmful sodium with a concentrated source of calcium and vital soil nutrients helping to restore salt contaminated soils and vegetation to their natural growing conditions. *DeSalt Plus*[™] improves soil structure for increased water infiltration and permeability. *DeSalt Plus*[™] contains no nitrates.

Effects of Sodium Damage in the Soil

Salt contamination of soils is a serious environmental issue facing the oil and gas industry today. Salts found in produced water spills and leaks can completely devastate surrounding vegetation. Until recently the remediation of sodium affected soils has been a time consuming, ineffective and often-expensive process. Good remediation technology offers a fast, easy and cost-effective way to remediate salt damaged soils.

Remediation of sodium-damaged soils in a timely manner necessitates replacing the exchangeable sodium with a stronger and more favorable cationic source. Research and experience have shown that the sodium (Na^+) levels in the soil structure can be reduced through electrolyte manipulation, replacing the damaging sodium with more desirable minerals. Gypsum, fertilizers or calcium nitrate have been used in the past to attempt to accomplish this. However poor results, due to the low solubility of gypsum, lack of sufficient cationic nutrients in fertilizers or the negative environmental impact of nitrates, make these poor, costly and even dangerous choices. Now, through chemistry developed in a joint effort between agriculture, the chemical and oil and gas industries, damaging sodium can be effectively replaced with the desirable ingredients in *DeSalt Plus*[™]. *DeSalt Plus*[™] is a stable product containing Calcium, Ammonium, and key plant nutrients with 100% cationic availability. Additionally, these beneficial ions are all plant nutrients, helping to restore soil fertility, and encouraging re-growth while removing the harmful sodium from the soil matrix! Proper soil conditions are then restored improving water absorption, soil fertility and vegetative growth.

New salt spills or saline soils can be treated rapidly and with minimal amounts of amendments. Due to a treatment of the *DeSalt Plus*[™] amendment to a new salt spill, the sodium cannot bind to the clay and will flush easily with *DeSalt Plus*[™] leaving a clean location.

As time passes on a salt spill and water is added to the salt contaminated location, through either external flushing or rainfall, the sodium will aggressively bind to the clay and convert the soils to sodicity. As the soils progress from salinity to sodicity they become more difficult to treat and require significantly more amendment to remediate.

Sodium affected soils have poor physical properties and commonly have crusted or compacted surfaces which prevent water percolation, causing runoff and erosion. The severity and depth of the damaged soil formation will increase sharply with increased sodium concentrations in the soil. As the sodicity increases over time, the amount of *DeSalt Plus*TM required to treat the soil will increase rapidly.

Mechanism Of Action for De-Salt Plus

During a salt-water spill, sodium chloride ions are split almost immediately after hitting the ground. The chlorides begin to flush away and the sodium begins to bind through ionic transfer to the receptor points of the montmorillonite clays. It is the sodium ion binding to the clays that cause the sterilization of the soil. The bound sodium can only be removed by an ion that has a stronger binding affinity than the sodium. In a short period of time, the chlorides will flush away leaving the sodium bound to the clays.

*DeSalt Plus*TM satisfies the need for a soluble, readily available source of active ions. It is a water-soluble, liquid calcium rich solution that remediates soils contaminated with sodium chloride (NaCl). Salt waters and brine disrupt the uptake and utilization of nutrients that plants and crops require for normal growth. Sodium from produced waters and brine deteriorate soil structure resulting in reduced plant water availability, excess water runoff, and ultimately, erosion. A high sodium concentration in the soil causes plant “yellowing” and dehydration resulting in wilting or stunting of the plant.

In newer salt spills the *DeSalt Plus*TM binds aggressively to the soil and prevents the sodium from binding to the clay particle, sterilizing the soil and quickly reduces harmful sodium levels within soils. In historic spills the active ion, stabilized ammonium, cleaves the bound sodium from clays through ionic transfer, allowing the salts to be flush away.

After treatment, the *DeSalt Plus*TM will also flocculate soil particles for improved soil structure and water penetration, providing valuable nutrients for plant development and growth.

DeSalt PlusTM

Chemically, *DeSalt Plus*TM affects by ion exchange in the soil replacing the damaging sodium ions on the soil with desirable ion such as calcium, ammonium, or potassium. The more favorable ions replace the sodium ions present in the soil restoring the soil to a healthy state. The displaced sodium is then free to be flushed out of the root zone by water, allowing plant functions to return to normal. The sodium is toxic only to the plants.

The remediation affects of *DeSalt Plus*TM begin immediately, and normal growing conditions may be soon regained. Substantial decreases in sodium concentrations are often measured within weeks.

Due to the scientific ability to measure, test and analyze the specific parameters of a salt-water spill and the effects of *DeSalt Plus*TM on a salt-water spill, remedial progress can be tracked and monitored throughout the entire process.

Additional Amendments: (Optional)

*Soil Restore*TM is specially designed for generic soil restoration and rejuvenation projects as a pre-emergent growth stimulator and nutrient supplement for accelerated germination of crops and vegetation in areas previously affected by salt and hydrocarbon contamination. *Soil Restore*TM also strengthens cell wall structure for improved development during plant emergence. The principle goal is to provide basic nutrients for the soil, and basic microbes for the soil. The contents of this nanoparticulated formulation include:

Stabilized Soluble Nitrogen: The water-based product provides 23% stabilized nitrogen for improved plant growth.

Azomite: A complex silica ore (hydrated sodium calcium aluminosilicate) with an elevated ratio of trace minerals.

Montmorillonite: A very soft phyllosilicate group of minerals that typically form in microscopic crystals, forming clay.

Humic Acid: a principal component of humic substances, which are the major organic constituents of soil (humus), peat, coal, many upland streams, dystrophic lakes, and ocean water.

Fulvic Acids: These are humic acids of lower molecular weight and higher oxygen content

Seaweed Extract: a versatile component with its jelly like alginate content which helps to bind soil crumbs together, also contains all soil nutrients (0.3% N, 0.1% P, 1.0% K, plus a full range of trace elements) and amino acids.

Beneficial Soil Organisms: An essential component consists of many different soil microorganisms, which are responsible for nutrient recycling and other soil building and maintaining activities. A mixed culture of beneficial microorganisms such as photosynthetic bacteria (*Rhodospseudomonas* sp) lactic acid bacteria (*Lactobacillus* sp.), yeast (*Saccharomyces* sp.) and fermenting fungi can positively improve the soil fertility as well as plant productivity.

Soil Restore[™] is a non-hazardous product that can be used in conjunction with any other soil remediation products.

III. SITE PREPARATION AND REMEDIATION

The remediation process on the Mewbourne- Red Hills SWD site will consist of 2 stages. (The remediation process should start as soon as possible to prevent additional contamination.)

Stage 1 – Salt Remediation Procedures

1. Stage 2 Frac tanks on location:
(One for DeSalt and one for blending DeSalt and water.)
2. Excavate several gather point for removing flushed salt water.
3. Dilute DeSalt and Fresh water at a ratio of 20:1
4. Flush salt soils with the DeSalt blend, moving the water and salts to the collect point.
5. Remove and dispose of the salt contaminated water flushed from the site.
(R&A will provide the DeSalt, application equipment and application personnel. Mewbourne will provide, through local contractors, the water, frac tanks, excavation equipment, water disposal and vacuum trucks.)

Stage 2 -- Nutrients & Test Seeding (Optional)

The final stage may include lab analysis, soil conditioning, if required (tilling/disking), irrigation, some test seeding of native grasses, and site analytical monitoring. As the area is observed, additional *DeSalt Plus*TM may be applied to any areas that need additional remediation.

IV. AMENDMENT CALCULATION

Based on the DeSalt “First Response” Chart for treating a new salt spill, the estimated amount of *DeSalt Plus*TM amendment to flush and treat the 5.08-acre area of salt contaminated soils would be 6000 gallons of *DeSalt Plus*TM.

V. DESALT CALCULATION AND OIL REMEDIATION COST ESTIMATE

VI. STANDARD PROVISIONS FOR SOIL REMEDIATION SERVICES

Agreement. Acceptance of Remediation and Applied Technology’s (R&A) Proposal and issuing of an order for services (“Order”) by Buyer constitutes acceptance of these provisions by Buyer. All prior understandings are merged into the Order. Any additional or differing provisions in the Order, request for proposal (if any) or any other documents of the Buyer are expressly rejected, and R&A’s beginning of performance shall not be construed as acceptance of Buyer’s additional or differing provisions. The “Agreement” between the parties shall consist of R&A’s Proposal including these Standard Provisions for Soil Remediation Services and Buyer’s Order.

Services. The Services to be performed (including proprietary products to be used in performing the Services) are as stated in the Proposal. The Buyer understands R&A uses the information provided by the Buyer to determine necessary and appropriate testing and selection of the proprietary products required to remediate certain characteristics of the soil. R&A’s “analysis,” for the purposes of this Agreement, is specifically to determine soil types and salts in the soil and to develop a soil treatment process to bring the soils to be treated to a level that is conducive to vegetation growth or as specified in the proposal.

Disclaimer. R&A’s testing program is designed to obtain information of certain specific characteristics of the soils as identified in its Proposal and is not designed, nor is R&A engaged to analyze for other constituents or contaminants. In the event R&A’s testing infers suspect materials or debris in the soils under analysis, R&A will immediately notify Buyer of such inferences and halt its operations until specific directions are received from the Buyer. R&A’s services are limited to the targeted soils and no inference is to be drawn nor does R&A make an inferences concerning the soils below the targeted soils or adjacent to the targeted soils or their impact upon the targeted soils. Therefore, R&A does not infer or warrant in any manner that the targeted and treated soils will remain at the contracted levels.

Invoicing and Payment. R&A may invoice monthly, upon completion of project, or upon shipment of products as it in its sole discretion determines. The price to be charged and paid shall be that as stated in the Agreement and is exclusive of any taxes that are to be collected from Buyer. Payments of invoices are due within 30 days of invoice receipt. If payment in full is not so received, Buyer shall be delinquent and shall be subject to a charge equal to the lesser of 1.5% per month or the highest rate chargeable by law on the delinquent balance. On order in excess of \$50,000, half of the amount may be required before product shipping.

Changed Conditions. R&A’s Proposal is based upon information provided to it by Buyer. In the event the actual conditions are different, R&A shall be entitled to an equitable adjustment in price and performance period.

Indemnification. **Buyer agrees to defend, indemnify, save and hold harmless R&A from and against any liability or any cause of action, whether in law or equity, arising out of the services performed except to the extent those liabilities or causes of action are caused by R&A’s negligence, breach of contract or willful misconduct in performing the Services. Buyer shall be responsible for all preexisting environmental conditions of the site and the liability for remediation thereof and agrees to defend, indemnify, save and hold R&A harmless from and against any and all claims and causes of action, whether in law or equity, arising condition existing at the site.**

Warranty. R&A warrants that all Services performed by it hereunder and all materials provided shall be free of defects in material or workmanship and shall meet or exceed all specifications at the time of inspection and acceptance. **THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED IN LAW, AND IS THE SOLE WARRANTY GRANTED.**

Buyer Warranty and Representations. Buyer warrants that to the best of its knowledge, the site information and characteristics provided to R&A are current, accurate and complete; that it is the present owner of the site and/or possesses the necessary rights to perform or have the Services performed; that it has or will obtain the easements or any other authorizations for R&A's access to the site and authorizations/permits to perform the Services (excluding those licenses required of R&A); that performance of the Services by R&A or any other entity will not violate any federal, state or local law, rule, or regulation; and that the Buyer is under no prohibition against the performance of the Services as provided herein.

Term. The term of this Agreement shall be the performance period as stated in the Proposal.

Force Majeure. Except for the payment of monies due for services performed, delays or failure of either party in the performance of its required obligations shall be excused if caused by circumstances beyond the reasonable control of the party affected, including, but not limited to, acts of God, strikes, labor holiday, fire, flood, windstorm, explosion, riot, war, sabotage, transportation, provided that a prompt notice of such delay is given and the parties shall be diligent in attempting to remove such causes(s).

Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding its conflicts of laws provisions.

Legal Fees. If any legal action is brought by either of the parties hereto, it is expressly agreed the party in whose favor a final judgment entered shall be entitled to recover from the other party reasonable attorneys' fees, costs and expenses.

Non Waiver. No waiver by either party of any provision or condition of this Agreement shall constitute or be deemed a waiver of any other provision or condition of this Agreement, or a waiver of any subsequent breach of the same provision or condition.

Assignment. Buyer may not assign its rights, duties or obligation hereunder without the express, prior, written consent of R&A.

Confidentiality. Buyer agrees to keep all information obtained from R&A or acquired in connection with or as a result of performing Services hereunder in strict confidence during and for a period of 2 years following the termination of this Agreement. Buyer shall not divulge, nor permit any of its employees, officers, directors, shareholders, affiliates, agents or representatives to divulge such information or any part thereof to any party other than R&A without the prior written consent of R&A, and agrees it shall not use any of the information obtained from or provided by R&A for any purposes other than remediating the specific location identified in R&A's Proposal.