BREAZEALE, SACHSE & WILSON, L.L.P. | ATTORNEYS AT LAW

2011 DEC 15 AM 10:40

JOHN B. KING
Partner

CORPORATE PHONE: 225-387-4000
One American Place, 23rd Floor
Post Office Box 3197
Baton Rouge, Louisiana 70821-3197

www.bswllp.com

December 15, 2011

Ms. Nora Lane
Waste Permits Division
Office of Environmental Services
Louisiana Department of Environmental Quality
P. O. Box 4313
Baton Rouge, Louisiana

VIA HAND-DELIVERY AND ELECTRONIC MAIL

Re: Explo Systems, Inc., AI No. 161976
Permit No. LAR 000 072 223-RDD-MO-1 - Energetic Burn Pan

Dear Ms. Lane:

As required by No. Permit LAR 000 072 223-RDD-MO-1, please find the financial assurance mechanism for the Energetic Burn Pan in the amount set forth in Permit, §V.B.6, Attachment 1, and the Addendum to Closure Plan, submitted on April 25, 2011.

Sincerely,

BREAZEALE, SACHSE & WILSON, L.L.P.

John B. King

cc: Mr. Scott Guilliams (via electronic mail only)
Mr. Bill Greenwich (via electronic mail only)

I acknowledge receipt of the original financial assurance mechanism.

_____
Nora Lane

_____
Date

Trust Agreement

Trust Agreement, the "Agreement," entered into as of December 9, 2011 by and between EXPLO SYSTEMS, INC., a Louisiana corporation, the "Grantor," and JPMorgan Chase Bank, National Association, a national bank, the "Trustee."

WHEREAS, the Department of Environmental Quality of the State of Louisiana, an agency of the State of Louisiana, has established certain regulations applicable to the grantor, requiring that an owner or operator of a hazardous waste management facility shall provide assurance that funds will be available when needed for closure and/or post-closure care of the facility;

WHEREAS, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the facility identified herein;

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions

As used in this agreement:

(a) The term *Grantor* means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term *Trustee* means the Trustee who enters into this Agreement and any successor Trustee.

(c) The term *Secretary* means the Secretary, Louisiana Department of Environmental Quality and any successor agency.

(d) The term *administrative authority* means the Secretary, or a person designated by him or her to act therefor.

Section 2. Identification of Facilities and Cost Estimates

This Agreement pertains to the facilities and cost estimates identified on attached Schedule A.

Section 3. Establishment of Fund

The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of the Louisiana Department of Environmental Quality. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as

consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the administrative authority.

Section 4. Payment for Closure and Post-Closure Care

The Trustee shall make payments from the Fund as the administrative authority shall direct, in writing, to provide for the payment of the costs of closure and/or post-closure care of the facility covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the administrative authority from the Fund for closure and post-closure expenditures in such amounts as the administrative authority shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the administrative authority specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund

Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management

The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this part. In investing, reinvesting, exchanging, selling, and managing the Fund, the trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

A. securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the federal or a state government;

B. the Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and

C. the Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment

The Trustee is expressly authorized in its discretion:

A. to transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

B. to purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee

Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

A. to sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

B. to make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

C. to register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depositary even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depositary with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

D. to deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

E. to compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses

All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation

The Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the administrative authority a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the administrative authority shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel

The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation

The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee

The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the

appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the administrative authority, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Part shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee

All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests and instructions. All orders, requests, and instructions by the administrative authority to the Trustee shall be in writing, signed by the administrative authority, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or administrative authority hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or administrative authority, except as provided for herein.

Section 15. Notice of Nonpayment

The Trustee shall notify the Grantor and the administrative authority, by certified mail, within ten days following the expiration of the thirty-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

Section 16. Amendment of Agreement

This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the administrative authority, or by the Trustee and the administrative authority, if the Grantor ceases to exist.

Section 17. Irrevocability and Termination

Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the administrative authority, or by the Trustee and the administrative

authority, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to Grantor.

Section 18. Immunity and Indemnification

The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the administrative authority issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law

This Agreement shall be administered, construed, and enforced according to the laws of the State of Louisiana.

Section 20. Interpretation

As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written. The parties below certify that the wording of this Agreement is identical to the wording specified in LAC 33:V.3719.A.1 as such regulations were constituted on the date first above written.

WITNESSES:

GRANTOR:

By: _____

Its: Vice President

SEAL

TRUSTEE:

By: Cynthia Reis

Its: Vice President

THUS DONE AND PASSED in my office in Mt. Sterling, on the 9 day of Dec 2011, in the presence of David A. Smith & Tonya Johnson and Anita Greene, competent witnesses, who hereunto sign their names with the said appearers and me, Notary, after reading the whole.

WITNESSES:

Tonya L. Johnson

Anita Greene

Lois White
NOTARY PUBLIC

Lois White
PRINTED NAME

405161
NOTARY NUMBER

Certification of Acknowledgement
In Accordance With LAC 33:V.3707.A.2

STATE OF KENTUCKY

COUNTY OF MONTGOMERY

BE IT KNOWN, that on this 9th day of December, 2011, before me, the undersigned Notary Public, duly commissioned and qualified within the State and Parish aforesaid, and in the presence of the witnesses hereinafter named and undersigned, personally came and appeared David A. Smith, to me well known, who declared and acknowledged that he had signed and executed the foregoing instrument as his act and deed, and as the act and deed of the Explo Systems, Inc., a corporation, for the consideration, uses and purposes and on terms and conditions therein set forth.

And the said appearer, being by me first duly sworn, did depose and say that he is the Vice President of said corporation and that he signed and executed said instrument in his said capacity, and under authority of the Board of Directors of said corporation.

Thus done and passed in the State and County aforesaid, on the day and date first hereinabove written, and in the presence of Sandy McDonald and Tonya L. Johnson, competent witnesses, who have hereunto subscribed their names as such, together with said appearer and me, said authority, after due reading of the whole.

WITNESSES:

Sandy McDonald

Tonya L. Johnson

Jody E. Oney
NOTARY PUBLIC

Jody E. Oney
PRINTED NAME

444735 Exp: 10-25-2015
NOTARY NUMBER

Schedule A

Explo Systems, Inc.
1600 Java Road
Minden, Louisiana
EPA Identification No. LAR 000 072 223
Permit No. LAR 000 072 223-RDD-MO-1

The closure costs are for the closure of the Energetic Burn Pan which will be used to treat explosive hazardous waste as part of a research project. An Order to Proceed was issued on October 26, 2011. The total cost of closure is $8,000.00.

Schedule B

Pursuant to LAC 33:V.3707.A.4, Grantor, Explo Systems, Inc., has deposited the sum of $8,000, the full amount of the current closure cost estimate at the time the fund is established.

Exhibit A

Telephone Number(s) for Call-Backs and

Person(s) Designated to Instruct and Confirm Funds Transfer Instructions

If from Grantor:

Name	Signature	Telephone Number
1. David A. Smith		(318) 382-8700
2. _____	_____	_____
3. _____	_____	_____

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer.

Exhibit A

Telephone Number(s) for Call-Backs and

Person(s) Designated to Instruct and Confirm Funds Transfer Instructions

If from Grantor:

Name	Signature	Telephone Number
1. David A. Smith	_____	(318) 382-8700
2. _____	_____	_____
3. _____	_____	_____

All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer.

JPMorganChase

AI-161976

JPMorgan Chase Bank, N.A.
Northeast Market
P O Box 659754
San Antonio, TX 78265-9754

May 01, 2012 through May 31, 2012
Account Number: [redacted]

Customer Service Information

If you have any questions about your statement, please contact your Customer Service Professional.

00016187 WBS 802 141 15312 NNNNNNNNNNN 1 000000000 C1
JPM AS EA FOR EXPLO SYSTEMS, INC.
SECRETARY - WASTE PERMITS DIV
LOUISIANA DEPT OF ENV QUALITY
PO BOX 4301
BATON ROUGE LA 70821-4301

RECEIVED
JUN 15 2012
WASTE PERMITS DIVISION
SOLID & HAZARDOUS WASTE SECTION

Money Market Deposit Account

Summary

	Number	Amount
Opening Ledger Balance		$8,001.52
Deposits and Credits	1	$0.34
Withdrawals and Debits	0	$0.00
Checks Paid	0	$0.00
Ending Ledger Balance		**$8,001.86**

Average Ledger Balance	$8,001		
Interest Credited This Period	$0.34	Interest Credited Year-to-Date	$1.68

Interest Rate(s): 05/01 to 05/31 at 0.05%

Deposits and Credits

Ledger Date	*Description*	*Amount*
05/31	Interest Payment	$0.34
Total		**$0.34**

Daily Balance

Date	*Ledger Balance*	*Date*	*Ledger Balance*
05/31	$8,001.86		

Please examine this statement of account at once. By continuing to use the account, you agree that: (1) the account is subject to the Bank's deposit account agreement, and (2) the Bank has no responsibility for any error in or improper charge to the account (including any unauthorized or altered check) unless you notify us in writing of this error or charge within sixty days of the mailing or availability of the first statement on which the error or charge appears.

To: Cynthia Brown/R6/USEPA/US@EPA,
Cc: Nora Lane <Nora.Lane@LA.GOV>,
Bcc:
Subject: Explo Financial Assurance Document
From: Will Steele <Will.Steele@LA.GOV> - Wednesday 01/09/2013 03:18 PM

History: This message has been replied to.

2 attachments

Explo - RDD - Liability Insurance - Certificate of Insurance.pdf Explo - LDEQ - RDD - Burn Pan Financial Assurance.pdf

Cindy,

I have attached the closure and liability assurance. This assurance is for the RDD permit issued by LDEQ on 12/9/2009. Subsequently, the standard permit was issued on 6/24/2011. The permits covered different areas.

Explo has not yet submitted financial assurance for the regular standard permit so is not yet authorized to receive waste in that area.

Thanks,

Will F. Steele
Louisiana Department of Environmental Quality
Office of Environmental Services
Waste Permits Division
(225) 219-3050