REDACTED VERSION

2. Locations of **Applicants** and number of employees* for each:

State or Foreign Country	# of Locations	Full Time Employees: As of Date of Application	Full Time Employees: 12 Months Ago	Part Time Employees: As of Date of Application	Part Time Employees: 12 Months Ago
Texas	2	125	107	0	0

***Employees include Leased, Temporary, Seasonal and Volunteer Employees**
To enter more information, please attach a separate page to the application

3. Maximum number of employees at any one point during the previous 12 months for the following classifications (regardless of whether they are full or part time):

Labor Unions	Independent Contractors	Temporary	Leased	Seasonal
0	0	0	0	0

4. In the next 12 months (or during the past 24 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing) the following:

a. Any actual or proposed merger, acquisition, or divestiture? Yes ☐ No ☒
b. Any creation of a new business, subsidiary or division? Yes ☒ No ☐
c. Any registration for a public offering or a private placement of securities? Yes ☐ No ☒
d. Any reorganization or arrangement with creditors under federal or state law? Yes ☐ No ☒
e. Any branch, location, facility, office, or subsidiary closings, consolidations or layoffs? Yes ☐ No ☒

If any of the above questions were answered "Yes", please attach an explanation, including the timing, the essential terms of the event, arrangement, and the surrounding circumstances.

FINANCIAL INFORMATION

Note: Omit this section if the Applicant is required to submit a separate financial statement as directed by any Required Attachments section.

Please indicate the following as it relates to the Applicant's fiscal year end (FYE): *(please indicate negative figures with "( )" or "-", as appropriate)*	Most Recent FYE (Month/Year) 12 / 2007	Prior FYE (Month/Year) 12 / 2006
1. Current Assets	$6,300,000.00	$2,700,000.00
2. Total Assets	$14,300,000.00	$6,900,000.00
3. Current Liabilities	$5,700,000.00	$2,300,000.00
4. Long Term Debt	$6,000,000.00	$3,500,000.00
5. Retained Earnings/Fund Balance (Accumulated Deficit/Fund Deficit)	$3,129,234.00	$1,627,610.00
6. Net Equity/Net Assets (Deficit Equity)	-$554,462.00	$279,920.00
7. Revenues	$29,223,548.00	$16,669,236.00
8. Net Income (Net Loss)	$1,510,283.00	$182,911.00
9. Is the **Applicant** currently, or has it been in the past 24 months, in violation or has it amended any debt covenant? **If "Yes", please attach an explanation**		Yes ☐ No ☒

AUDITOR INFORMATION

Scope of CPA Financial Statement preparation: Internal ☐ Compilation ☐ Review ☒ Audit ☐ None ☐

1. Has the **Applicant** changed outside auditors in the last three (3) years? **If "Yes", please attach an explanation** — Yes ☒ No ☐ N/A ☐
2. Have the outside auditors stated there are material weaknesses in the **Applicant's** systems of internal controls? **If "Yes", please attach an explanation and provide the latest CPA letter to management and management's response** — Yes ☐ No ☒ N/A ☐
3. Has the **Applicant** implemented all material recommendations of the auditor? **If "No", please attach an explanation** — Yes ☒ No ☐ N/A ☐
4. Has any auditor issued a "going concern" opinion for the **Applicant** or any of its subsidiaries financial statements during the past three (3) years? **If "Yes", please attach an explanation** — Yes ☐ No ☒ N/A ☐

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EPAHO120000596

Last 2 pages of By laws
Articles of Incorp
Corporate minute book
Bill Buck
7) 721-5052
fax: 7) 721-7078

2. Locations of **Applicants** and number of employees* for each:

		Full Time Employees		Part Time Employees	
State or Foreign Country	**# of Locations**	**As of Date of Application**	**12 Months Ago**	**As of Date of Application**	**12 Months Ago**
Texas	**2**	**125**	**107**	**0**	**0**

***Employees include Leased, Temporary, Seasonal and Volunteer Employees**
To enter more information, please attach a separate page to the application

3. Maximum number of employees at any one point during the previous 12 months for the following classifications (regardless of whether they are full or part time):

Labor Unions	Independent Contractors	Temporary	Leased	Seasonal
0	**0**	**0**	**0**	**0**

4. In the next 12 months (or during the past 24 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing) the following:
   a. Any actual or proposed merger, acquisition, or divestiture? Yes ☐ No ☒
   b. Any creation of a new business, subsidiary or division? Yes ☒ No ☐
   c. Any registration for a public offering or a private placement of securities? Yes ☐ No ☒
   d. Any reorganization or arrangement with creditors under federal or state law? Yes ☐ No ☒
   e. Any branch, location, facility, office, or subsidiary closings, consolidations or layoffs? Yes ☐ No ☒

If any of the above questions were answered "Yes", please attach an explanation, including the timing, the essential terms of the event, arrangement, and the surrounding circumstances.

FINANCIAL INFORMATION

Note: Omit this section if the Applicant is required to submit a separate financial statement as directed by any Required Attachments section.

Please indicate the following as it relates to the Applicant's fiscal year end (FYE): *(please indicate negative figures with "( )" or "-", as appropriate)*	**Most Recent FYE (Month/Year) 12 / 2007**	**Prior FYE (Month/Year) 12 / 2006**
1. Current Assets	**$6,300,000.00**	**$2,700,000.00**
2. Total Assets	**$14,300,000.00**	**$6,900,000.00**
3. Current Liabilities	**$5,700,000.00**	**$2,300,000.00**
4. Long Term Debt	**$6,000,000.00**	**$3,500,000.00**
5. Retained Earnings/Fund Balance (Accumulated Deficit/Fund Deficit)	2,129,234	1,627,610
6. Net Equity/Net Assets (Deficit Equity)	(854,442)	279,920
7. Revenues	29,223,548	16,669,236
8. Net Income (Net Loss)	1,510,283	182,911
9. Is the **Applicant** currently, or has it been in the past 24 months, in violation or has it amended any debt covenant? **If "Yes", please attach an explanation**		Yes ☐ No ☒

AUDITOR INFORMATION

Scope of CPA Financial Statement preparation: Internal ☐ Compilation ☐ Review ☒ Audit ☐ None ☐

1. Has the **Applicant** changed outside auditors in the last three (3) years? **If "Yes", please attach an explanation** — Yes ☒ No ☐ N/A ☐
2. Have the outside auditors stated there are material weaknesses in the **Applicant's** systems of internal controls? **If "Yes", please attach an explanation and provide the latest CPA letter to management and management's response** — Yes ☐ No ☒ N/A ☐
3. Has the **Applicant** implemented all material recommendations of the auditor? **If "No", please attach an explanation** — Yes ☒ No ☐ N/A ☐
4. Has any auditor issued a "going concern" opinion for the **Applicant** or any of its subsidiaries financial statements during the past three (3) years? **If "Yes", please attach an explanation** — Yes ☐ No ☒ N/A ☐

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Has the **Applicant** incurred any Crime, Kidnap and Extortion for Ransom or Identity Fraud Expense Reimbursement related losses or incidents during the past three years? Yes ☐ No ☒

If "Yes", please complete the table below

To the extent that any loss, incident or expense is required to be disclosed in response to the question above and such loss, incident or expense was "Discovered", as defined by these Coverages, prior to the policy period requested hereunder, such loss, incident or expense is excluded under these Coverages.

Date of Loss	Amount of Loss	Description of Loss	Corrective Procedures Implemented
	$		
	$		
	$		

B. PRIVATE DIRECTORS & OFFICERS COVERAGE PART

NOTICE: **Private Company Directors & Officers Liability policies typically include Employment Practices Liability Coverage. If the Applicant desires Employment Practices Liability Coverage, please complete and attach the Employment Practices Liability Coverage Application with this application. The application below only pertains to the Private Company Directors & Officers Liability Coverage.**

SHAREHOLDER INFORMATION

1. Total Shares	Common	Preferred	Other
Authorized			
Outstanding			
Voting Shares Outstanding			
Voting Shares Owned by Directors & Officers (Direct & Beneficial)			
Number of Voting Shareholders			

If there are multiple classes of stock, please attach a list. The list should include: Number of Shareholders and Number of Shares Held in Each Stock Class

2. Does the Charter or By-laws of the Organization provide indemnification to its Directors and Officers to the fullest extent permitted by law? Yes ☐ No ☐

3. Are there any securities that are convertible to voting stock? **If "Yes", please attach an explanation** Yes ☐ No ☒

4. Please list all shareholders that own greater than 5% of any class of security:

Shareholder	Class of Security	% Owned	Director or Officer?
Matt Bowman		**95.00 %**	Yes ☒ No ☐
		%	Yes ☐ No ☐
		%	Yes ☐ No ☐
		%	Yes ☐ No ☐
		%	Yes ☐ No ☐

If there are more shareholders, please attach a list. The list should include: Shareholder Name, Class of Security, % Owned and Indicate if they are a Director or Officer

5. Is any shareholder a trust that qualifies as an Employee Stock Ownership Plan under ERISA or holds securities for the benefit of employees? **If "Yes", please attach most recent stock valuation report** Yes ☐ No ☒

6. Have there been any changes in the Board of Directors or Senior Management of the **Applicant** within the past three (3) years for reasons other than death or retirement? Yes ☒ No ☐
If "Yes", please attach an explanation

7. Are there currently outstanding loans to any director or officer? Yes ☒ No ☐
If "Yes", please attach an explanation

EPAHO120000599

ST PAUL TRAVELERS

Wrap+ SM
Coverage Application

Travelers Casualty and Surety Company of America
Hartford, Connecticut 06183

A. COMMON SECTION

NOTICE: ALL LIABILITY COVERAGE PARTS FOR WHICH APPLICATION IS MADE APPLY, SUBJECT TO THEIR TERMS, ONLY TO "CLAIMS" FIRST MADE OR DEEMED MADE AGAINST "INSUREDS" DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY LOSSES WILL BE REDUCED BY THE AMOUNTS INCURRED AS "DEFENSE EXPENSES", AND "DEFENSE EXPENSES" WILL BE APPLIED AGAINST THE RETENTION AMOUNT. THE COMPANY HAS NO DUTY TO DEFEND ANY "CLAIM" UNLESS DUTY-TO-DEFEND COVERAGE HAS BEEN SPECIFICALLY PROVIDED HEREIN.

GENERAL INFORMATION

The term "Applicant" means all corporations, organizations or other entities, including subsidiaries, proposed for this insurance.

Agency	Code	Agent Name/License Number	Policy Number

Applicant Information:

Name of **Applicant**: CES Environmental Services, Inc.
Street Address: 2904 Griggs Rd
City, State, Zip: Houston TX 77021
Web Site Address:
Description of **Applicant's** Operations: Environmental Waste Management Services
Year **Applicant's** Business Was Established: 1988

Does the **Applicant** now have tax exempt status under the United States Internal Revenue Code? Yes ☐ No ☒
Is the **Applicant** a subsidiary of a foreign parent? Yes ☐ No ☒
Does the **Applicant** currently file, or do they anticipate in the next 6 months filing, any documents with the Securities and Exchange Commission, or similar foreign authority regarding any equity or debt securities? Yes ☐ No ☒

CONTACT INFORMATION FOR RISK MANAGEMENT SERVICES

The policy for which this application is made includes Risk Management Plus+ Online℠, a loss prevention program. Please provide the name and contact information for the individuals responsible for overseeing Financial and Human Resource matters for access to the program. This service is not, and should not be, considered a substitute for competent legal counsel. Any recommendations should be reviewed with appropriate legal counsel before implementation.

HR Contact: Anissa Wright
Title: HR Manager
HR Contact Email: awright@cesenvironmental.com
HR Contact Phone: 713-676-1460

Chief Financial Officer: Grey Bowman
Preferred Title: VP Finance & Admin
CFO Contact Email: gbowman@cesenvironmental.com
CFO Contact Phone: 713-419-6076

1. Subsidiary Information and 50% or more owned joint ventures under management control:

Name	% Owned	Year Started	Description of Operations	Entity Type*
N/A	%			
	%			
	%			

*Entity Types: FP = For-Profit (other than Partnership) NP = Non-Profit GP = General Partnership LP = Limited Partnership LLC = Limited Liability Company To enter more information, please attach a separate page or an organization chart

EPAHO120000600

2. Locations of **Applicants** and Number of Employees* for Each:

		Full Time Employees		Part Time Employees	
State or Foreign Country	# of Locations	As of Date of Application	12 Months Ago	As of Date of Application	12 Months Ago
Texas	2			0	0

***Employees include Leased, Temporary, Seasonal and Volunteer Employees**
To enter more information, please attach a separate page to the application

3. Maximum number of employees at any one point during the previous 12 months for the following classifications (regardless of whether they are full or part time):

Labor Unions	Independent Contractors	Temporary	Leased	Seasonal
0				

4. In the next 12 months (or during the past 24 months) is the **Applicant** contemplating (or has the **Applicant** completed or been in the process of completing) the following:
   a. Any actual or proposed merger, acquisition, or divestiture? Yes ☐ No ☐
   b. Any creation of a new business, subsidiary or division? Yes ☐ No ☐
   c. Any registration for a public offering or a private placement of securities? Yes ☐ No ☐
   d. Any reorganization or arrangement with creditors under federal or state law? Yes ☐ No ☐
   e. Any branch, location, facility, office, or subsidiary closings, consolidations or layoffs? Yes ☐ No ☐

   If any of the above questions were answered "Yes", please attach an explanation, including the timing, the essential terms of the event, arrangement, and the surrounding circumstances.

FINANCIAL INFORMATION

Note: This section can be omitted if the Applicant is submitting a separate financial statement as an attachment to this application.

Please indicate the following as it relates to the Applicant's fiscal year end (FYE): *(please indicate negative figures with "( )" or "-", as appropriate)*	Most Recent FYE (Month/Year) 12/31/07	Prior FYE (Month/Year) 12/31/06
1. Current Assets	6.3 million	1.2 million
2. Total Assets	14.3 million	6.9 million
3. Current Liabilities	5.7 million	2.3 million
4. Long Term Debt	6.0	3.5
5. Retained Earnings/Fund Balance (Accumulated Deficit/Fund Deficit)		
6. Net Equity/Net Assets (Deficit Equity)		
7. Revenues		
8. Net Income (Net Loss)		
9. Is the **Applicant** currently, or has it been in the past 24 months, in violation or has it amended any debt covenant? **If "Yes", please attach an explanation**		Yes ☐ No ☐

AUDITOR INFORMATION

Scope of Financial Statement preparation: Internal ☐ Compilation ☐ Review ☒ Audit ☐

requirement to change from cash to accrual.

1. Has the **Applicant** changed outside auditors in the last three (3) years? **If "Yes", please attach an explanation** Change for 2007. Prior CPA missed. Yes ☒ No ☐ N/A ☐
2. Have the outside auditors stated there are material weaknesses in the **Applicant's** systems of internal controls? **If "Yes", please attach an explanation and provide the latest CPA letter to management and management's response** Yes ☐ No ☒ N/A ☐
3. Has the **Applicant** implemented all material recommendations of the auditor? **If "No", please attach an explanation** Yes ☒ No ☐ N/A ☐
4. Has any auditor issued a "going concern" opinion for the **Applicant** or any of its subsidiaries financial statements during the past three (3) years? **If "Yes", please attach an explanation** Yes ☐ No ☒ N/A ☐

2
4.8
.5
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5.0

POLICY OPTIONS

1. What limit options would the **Applicant** like? (please select all that apply)

   Individual Limits ☐ Liability Coverage Shared Limit of Liability ☐ Crime Coverage Aggregate Limit of Insurance ☐ WRAP+ Aggregate Limit of Liability ☑

2. Does the **Applicant's** current D&O coverage include EPL coverage? Yes ☐ No ☑ N/A ☐

3. What is the **Applicant's** preference for defense coverage? Duty to Defend ☐ Reimbursement ☐

CURRENT INSURANCE INFORMATION/REQUESTED INSURANCE TERMS

LIABILITY COVERAGES

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Desired Liability Coverage	**Coverage Requested**	**Requested Limit**	**Requested Retention**	**Coverage Currently Purchased**	**Expiring Limit**	**Expiring Retention**	**Premium**
Directors and Officers (D&O)	Yes ☑ No ☐	$	$	Yes ☐ No ☑	$ N/A	$ N/A	$ N/A
	Requested Effective Date		**Current Insurer**			**Date Coverage First Purchased**	
Employment Practices (EPL)	Yes ☑ No ☐	$	$	Yes ☐ No ☑	$ N/A	$ N/A	$ N/A
	Requested Effective Date		**Current Insurer**			**Date Coverage First Purchased**	
Fiduciary Liability	Yes ☑ No ☐	$	$	Yes ☐ No ☑	$ N/A	$ N/A	$ N/A
	Requested Effective Date		**Current Insurer**			**Date Coverage First Purchased**	
Miscellaneous Professional Liability	Yes ☐ No ☑	$	$	Yes ☐ No ☑	$ N/A	$ N/A	$ N/A
	Requested Effective Date		**Current Insurer**			**Date Coverage First Purchased**	

1. **With respect to the Liability Coverages currently purchased as indicated in column (d) above, and for which the Applicant is applying with this application, please answer the following question:**

   As of the Date the **Applicant** first purchased this Liability Coverage, were there any facts, circumstances, or situations which might have resulted in a claim being made against any insured? Yes ☐ No ☑

   If "Yes", please attach an explanation

   (Not applicable if Liability Coverage first purchased and continuously maintained more than 3 years prior to this application date)

2. **With respect to the Coverages being applied for above, for Coverages answered "No" in column (d) above:**

   Are there any facts, circumstances, or situations which could give rise to a claim under the Liability coverage(s) for which the **Applicant** is applying? **If "Yes", please attach an explanation** Yes ☐ No ☑

3. **With respect to the Coverages being applied for above, if Requested Limit of Liability in Column (b) exceeds the Expiring Limit of Liability in Column (e):**

   With respect to the higher limits requested, are there any facts, circumstances, or situations which could give rise to a claim under the coverage(s) for which the **Applicant** is applying? N/A Yes ☐ No ☐

   If "Yes", please attach an explanation

Without prejudice to any other rights and remedies of the Company, any claim arising from any facts or circumstances required to be disclosed is excluded from the proposed insurance.

EPAHO120000602

CRIME COVERAGES

1. Desired Crime Coverage	Expiring Limit	Expiring Retention	Requested Limit	Requested Retention
Fidelity: Employee Theft	N/A	N/A		
Fidelity: ERISA Fidelity				
Fidelity: Employee Theft of Client Property				
Forgery or Alteration				
On Premises (Money, Securities and Other Property)				
In Transit (Money, Securities and Other Property)				
Money Orders and Counterfeit Money				
Computer Crime				
Funds Transfer Fraud				
Personal Accounts Protection				
Claim Expense				

Expiring Insurer: N/A Expiring Premium: N/A

2. Desired Kidnap and Extortion for Ransom Coverage	Expiring Limit	Expiring Retention	Requested Limit	Requested Retention
Yes ☐ No ☐	N/A	N/A		

Expiring Insurer: N/A Expiring Premium: N/A

OTHER COVERAGES:

Desired Identity Fraud Expense Reimbursement Coverage	**Requested Limit**	$ 1,000 ☐	$ 5,000 ☐	$ 10,000 ☐	$ 25,000 ☐
	Requested Retention	$ 0 ☐	$ 100 ☐	$ 250 ☐	
	Expiring Limit				
	Expiring Retention				

*** Contact information required to verify employment at time of claim.**
Contact Name: Email: Phone:

LOSS INFORMATION

FOR LIABILITY COVERAGES

Related to the requested Liability Coverage(s), has any person or entity proposed for this insurance been a party to any employment-related claims, ERISA claims, professional liability claims, securities claims, criminal actions, administrative or regulatory proceedings, charges, hearings, demands or lawsuits during the past three years including but not limited to, shareholder, creditor, antitrust, fair trade law, copyright or patent litigation, whether or not insured? **If "Yes", please complete the table below** Yes ☐ No ☐

To the extent that any lawsuit or claim required to be disclosed in response to the question above constitutes a "Claim" as defined by the Policy, such claim was made prior to the policy period requested hereunder and therefore would be excluded from coverage.

Details	Amount Paid for Defense	Amount Paid for Damages	Covered by Insurance?	Corrective Procedures Implemented
	$	$	Yes ☐ No ☐	
	$	$	Yes ☐ No ☐	

EPAHO120000603

FOR CRIME, KIDNAP AND EXTORTION FOR RANSOM AND IDENTITY FRAUD EXPENSE REIMBURSEMENT COVERAGE PARTS

Has the **Applicant** sustained Crime, Kidnap and Extortion for Ransom or Identity Fraud Expense Reimbursement related losses during the past three years? Yes ☐ No ☑

If "Yes", please complete the table below

To the extent that any lawsuit or claim required to be disclosed in response to the question above constitutes a "Claim" as defined by the Policy, such claim was made prior to the policy period requested hereunder and therefore would be excluded from coverage

Date of Loss	Amount of Loss	Description of Loss	Corrective Procedures Implemented
	$		
	$		
	$		

B. PRIVATE DIRECTORS & OFFICERS COVERAGE PART

NOTICE: **Private Company Directors & Officers Liability policies typically include Employment Practices Liability Coverage. If the Applicant desires Employment Practices Liability Coverage, please complete and attach the Employment Practices Liability Coverage Application with this application. The application below only pertains to the Private Company Directors & Officers Liability Coverage.**

SHAREHOLDER INFORMATION N/A

1. Total Shares	Common	Preferred	Other
Authorized			
Outstanding			
Voting Shares Outstanding			
Voting Shares Owned by Directors & Officers (Direct & Beneficial)			
Number of Voting Shareholders			

If there are multiple classes of stock, please attach a list. The list should include: Number of Shareholders and Number of Shares Held in Each Stock Class

2. Does the Charter or By-laws of the Organization provide indemnification to its Directors and Officers to the fullest extent permitted by law? Yes ☐ No ☐
3. Are there any securities that are convertible to voting stock? **If "Yes", please attach an explanation** Yes ☐ No ☐
4. Please list all shareholders that own greater than 5% of any class of security:

Shareholder	Class of Security	% Owned	Director or Officer?
Matt Bowman		95 %	Yes ☑ No ☐
Steve Shicker		5 %	Yes ☑ No ☐
		%	Yes ☐ No ☐
		%	Yes ☐ No ☐
		%	Yes ☐ No ☐

If there are more shareholders, please attach a list. The list should include: Shareholder Name, Class of Security, % Owned and Indicate if they are a Director or Officer

5. Is any shareholder a trust that qualifies as an Employee Stock Ownership Plan under ERISA or holds securities for the benefit of employees? **If "Yes", please attach most recent stock valuation report** Yes ☐ No ☑
6. Have there been any changes in the Board of Directors or Senior Management of the **Applicant** within the past three (3) years for reasons other than death or retirement? **If "Yes", please attach an explanation** Yes ☑ No ☐
7. Are there currently outstanding loans to any director or officer? **If "Yes", please attach an explanation** Yes ☑ No ☑

EPAHO120000604

REQUIRED ATTACHMENTS – PRIVATE D&O

As part of this Application, submit the following documents with respect to the **Applicant**:

- Most recent annual financial statement, if limit requested is $2,000,000 or greater
- List of Directors & Officers, if limit requested is $2,000,000 or greater
- Any Private Placement Memorandum(s) or any documents filed with the Securities and Exchange Commission in the past year
- Interim financial statement for Development Stage companies

C. EMPLOYMENT PRACTICES LIABILITY COVERAGE PART

(Please provide the following turnover figures for each of the last three years)

	20__	20__	20__
Voluntary Terminations	6	4	10
Involuntary Terminations	1	3	5
Layoffs	0	0	0

Number of employees compensated **less than** $50,000 annually: 105

Number of employees compensated **more than** $100,000 annually: 8

HUMAN RESOURCES

1. Does the **Applicant** have a Human Resources department? Yes ☑ No ☐
   Number of HR employees:
2. Are individuals who handle Human Resources functions, both in HR department and locally, formally trained on HR matters? Yes ☑ No ☐
3. Does the **Applicant** have an Employee Handbook which has been reviewed by legal counsel? Yes ☑ No ☐
4. Does the **Applicant** utilize an employment application? Yes ☑ No ☐
5. Does the application or handbook contain "Employment at Will" language? Yes ☑ No ☐
6. Does the application contain an "Equal Employment Opportunity" statement? Yes ☑ No ☐
7. Please indicate whether the **Applicant** has formal written policies and procedures related to the following and indicate whether employees sign and acknowledge receipt and understanding:

		Receipt Acknowledged
Zero Tolerance Sexual Harassment	Yes ☑ No ☐	Yes ☑ No ☐
Discrimination	Yes ☑ No ☐	Yes ☑ No ☐
Equal Opportunity	Yes ☑ No ☐	Yes ☑ No ☐
Disabled Employees and Accommodations	Yes ☑ No ☐	Yes ☑ No ☐
Grievance Procedures	Yes ☑ No ☐	Yes ☑ No ☐
Pregnancy Leave/FMLA	Yes ☑ No ☐	Yes ☑ No ☐
Employee Discipline	Yes ☑ No ☐	Yes ☑ No ☐
Annual Written Performance Evaluation	Yes ☑ No ☐	

8. Have the above policies and procedures been reviewed by legal counsel within the past 24 months? Yes ☑ No ☐
9. With respect to employee terminations, does the **Applicant** consult with legal counsel or Human Resources personnel prior to every termination? Yes ☑ No ☐
   If "No", please attach an explanation describing your procedures
10. Please indicate whether the **Applicant** conducts human resources training, including sexual harassment training for managers and supervisors? Yes ☑ No ☐
11. What percent of the **Applicant's** revenue is derived from being a Federal Contractor? NO %
12. Is **Applicant** a: General Contractor ☐ Subcontractor ☐
    If General Contractor, what percentage of jobs require Subcontractors? 3 %

REQUIRED ATTACHMENTS – EPLI

As part of this Application, submit the following documents with respect to the **Applicant:**

EPAHO120000605

- Employee Handbook, if **Applicant** has 500 or more employees
- Most recent EEO-1 report, if **Applicant** has 1,000 or more employees
- Most recent annual financial statement, if policy limit requested is $3,000,000 or greater
- Supplemental contractor application, if **Applicant** is a contractor

D. FIDUCIARY LIABILITY COVERAGE PART

Premium to be Paid By: Employer or Union ☑ Trust or Plan ☐	
Total Number of Plan Fiduciaries:	

PLAN DATA – (COMPLETE CHART FOR ALL PLANS FOR WHICH COVERAGE IS REQUESTED)

Full Plan Name	*Plan Type	Current Asset Value	Latest FYE Annual Contributions	Current No. of Participants	**Plan Status
CES Environmental Services, INC. 401K: Profit Sharing	E	112,650.06		605	A

*Plan Types: Defined Benefit (DB) Defined Contributions (DC) ESOP (E) Self-Funded Welfare Benefit Plan (W) Other (O) – Attach Explanation

**Plan Status: (A)=Active (F)=Frozen (S)=Sold (T)=Terminated (if any plan has been terminated, indicate date of transaction)

List additional plans on a separate attachment

PLAN UNDERWRITING QUESTIONS

1. Is each plan reviewed periodically to assure there are no violations of ERISA (e.g., prohibited transactions or party-in-interest rules)? **If "No", please attach an explanation** — Yes ☑ No ☐
2. Does any plan (a) not conform to the standards of eligibility, participation, vesting, blackout notification requirements and other provisions of ERISA or similar foreign law; (b) hold employer securities or employer real property in violation of ERISA or in excess of ERISA limits; or (c) invest in or provide an option to invest in employer securities? **If "Yes", please attach an explanation** — Yes ☐ No ☑
3. Has any plan (a) been the subject of an investigation by the DOL, IRS, or any similar foreign agency; (b) had its tax exempt status withdrawn or threatened to be withdrawn by the IRS; (c) experienced an event reportable to the PBGC; (d) filed for an exemption from a prohibited transaction; (e) received an adverse opinion as to its financial condition by an independent public accountant; or (f) not been certified by an actuary to be adequately funded in accordance with ERISA's minimum funding standard? **If "Yes", please attach an explanation** — Yes ☐ No ☑
4. Does the **Applicant** sponsor any Cash Balance Plans or does the **Applicant** anticipate the conversion to or has it ever converted a pension plan to a Cash Balance Plan? **If "Yes", please attach an explanation** — Yes ☐ No ☑
5. Has any plan (a) been amended within the last 12 months in a way that will result in the reduction of benefits or are any such amendments anticipated within the next 12 months; or (b) been merged with another plan, terminated or sold within the past two years or anticipated in the next 12 months? **If "Yes", please attach an explanation detailing whether a blackout period will result and any associated plans for implementation and disclosure to participants** — Yes ☐ No ☑
6. Are there any outstanding or delinquent plan contributions or plan loans, leases or debt obligations that are in default or classified as uncollectible? **If "Yes", please attach an explanation** — Yes ☐ No ☑
7. Does the employer, committee or employer representatives, or union board of trustees have final say over the determination of whether benefits will be paid under any healthcare plan sponsored by this Insured? **If "Yes", please attach an explanation identifying the names of such plans** — Yes ☐ No ☐

EPAHO120000606

Please provide name of firm(s) providing the following services:

CPA	Attorney	Actuary	Investment Advisor
Weinstein Spyrea	Bill Buck	N/A	Chad Lacy

REQUIRED ATTACHMENTS – FIDUCIARY LIABILITY

- Sponsor financial statement if the **Applicant** maintains a defined benefit, self-funded welfare plan, an Employee Stock Option Plan or if the **Applicant** is a Church or Government or Quasi-Governmental entity
- Sponsor and plan financial statement for each defined contribution plan, if limit requested is greater than $5,000,000
- Plan financial statements for defined benefit plans and self insured welfare plans, if limit requested is greater than $1,000,000
- ESOP Questionnaire, if any plan is an ESOP or if any plan has 10% or more of plan assets invested in employer securities
- Most recent Form 5500 for each Union plan or Self Insured Welfare plan
- Schedule of plan trustees for each Union plan and any Church, Government or Quasi-Government plan

E. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART

1. Describe, in detail, all professional services offered by the **Applicant**:

Professional Services	Coverage Desired?	Contract Specific?	% of Total Revenue	% of Revenue Sub-Contracted
N/A	☐ Yes ☐ No	☐ Yes ☐ No	%	%
	☐ Yes ☐ No	☐ Yes ☐ No	%	%
	☐ Yes ☐ No	☐ Yes ☐ No	%	%
To enter more information, please attach a separate page to the application				

2. If the service is non-contract specific, is a written contract or agreement required for each client? ☐ Yes ☐ No ☐ N/A
   If "No", please attach an explanation detailing how responsibilities are defined between the Applicant and their Client
3. Does the **Applicant** provide any services over the Internet? **If "Yes", Please Attach an Explanation** ☐ Yes ☐ No
4. List the following information for all Principals/Partners, Officers, Professional Employees:

Name	Title	Professional Designation	Numbers of Years Experience in Practice	Number of Years with the Applicant
To enter more information, please attach a separate page to the application				

5. List all professional associations to which the **Applicant** belongs:

6. Describe the **Applicant's** five largest projects or jobs during the past three years:

Client Name	Services Rendered	Annual Revenue Derived from the Project or Job

7. If subcontractors are used, does the **Applicant** require evidence of professional liability insurance? ☐ Yes ☐ No ☐ N/A

REQUIRED ATTACHMENTS – MPL

As part of this Application, submit the following documents with respect to the **Applicant**:

- Copies of standard contracts and engagement/proposal letter used with clients
- Biographical sketches/resumes of all Principals, Partners, and key employees

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- Brochures, advertisements, or other descriptive literature about the **Applicant** firm, its operations, and activities (if not available on website)
- Most recent annual financial statement

F. CRIME COVERAGE PART

INTERNAL CONTROLS

1. Are owners active in the day to day oversight of business operations? Yes ☐ No ☐
2. Does someone other than the person responsible for reconciling bank accounts:
   Make Deposits? Yes ☑ No ☐ Make Withdrawals? Yes ☑ No ☐ Sign Checks? Yes ☑ No ☐
3. Is countersignature of checks required? Yes ☐ No ☑ If Yes, what is the dual signing limit? _____
4. Is segregation of duties practiced in the following areas:
   Inventory management? Yes ☑ No ☐ Cash Receipts? Yes ☑ No ☐
   Vendor approval? Yes ☑ No ☐ Oversight of blank check stock? Yes ☑ No ☐
   Purchase Order approval and payment? Yes ☑ No ☐ Retail checks and credit card receipts? Yes ☑ No ☐
   Wire transfer receipts and payments? Yes ☐ No ☐ N/A ☐
5. Is a physical count of inventory conducted at least annually? Yes ☑ No ☐
6. Are the duties of computer programmers and operators separated? n/a Yes ☐ No ☐
7. Do you perform any of the following on candidates for new employment:
   Verification of Prior Employment? Yes ☑ No ☐ Credit History? Yes ☐ No ☑
   Drug Testing? Yes ☑ No ☐ Criminal History? Yes ☑ No ☐
   Education? Yes ☐ No ☑
8. Do you engage a CPA to prepare an annual audit? Yes ☑ No ☐
   If Yes, what is the scope of financial statement preparation: Internal ☐ Compilation ☐ Review ☐ Audit ☐
9. Please indicate the maximum exposure for each location:

Locations	Cash	Retail Checks	Credit Card Receipts & Non-Retail Checks
To enter more information, please attach a separate page to the application			

UNIQUE/SIGNIFICANT EXPOSURES

Please indicate any of the following characteristics or exposures that apply to your business operations:

Precious Metals or Gemstones	☐	Proprietary credit cards	☐	Care, custody and control of clients' property	☑
High Unit, Portable Inventory	☑	Employee credit cards	☑	Active participation in more than one industry	☐
Managed Assets of Others	☐	Computer chips	☐	Art collection or other valuable collectibles	☐
Proprietary Trading Activity	☐	Warehousing operations	☑	N/A	☐
Joint Ventures	☐	Narcotics	☐		

If you checked any of the characteristics or exposures above, please provide details that quantify the exposure and briefly describe the controls in place to protect you from loss in a separate attachment

CRIME COVERAGE PART – CALIFORNIA DOMICILED RISK ONLY

1. Is dual authorization required for all wire transfers? Yes ☐ No ☐ N/A ☐
2. Are all incoming checks stamped "for deposit only" immediately upon receipt? Yes ☐ No ☐
3. Are inventory records computerized? Yes ☐ No ☐
4. Please indicate if you have or perform any of the following:

EPAHO120000608

Business Practices/Policies:

Formal written business plan?	☐	Code of Ethics?	☑
Fraud Policy?	☐	Conflict of Interest Policy?	☐
Confidential hotline or procedure for employees to report violations in your policies?	☐		

Physical Controls:

Guards/Watchmen	☑	Premises Alarm Systems	☐
Messengers	☐	Controlled Premises Access	☑
Other protection	☐		

REQUIRED ATTACHMENTS – CRIME

As part of this Application, submit the following documents with respect to the **Applicant**:

- Most recent annual financial statement, if limit requested is greater than $1,000,000
- CPA Management Letter, if prepared, for limit requests of $5,000,000 or greater

G. KIDNAP & EXTORTION COVERAGE PART

1. Are any operations to be insured involved in the production of foodstuffs, beverages or pharmaceuticals (including toothpaste, mouthwash, etc.)? **If "Yes", please attach an explanation** ☐ ☑

FOREIGN EXPOSURE

Please complete the following questions regarding foreign locations and travel.

1. Do directors, officers or other employees of the **Applicant** take trips outside the United States and Canada? Yes ☑ No ☐
   If "Yes", please provide travel information for the previous 12 months and upcoming 12 months

Country	Number of Trips	Number of Individuals	Average Length of Trips
KOSOVO	3-5 YR	1-3	7-10
QATAR		1-3	7-10
ALBANIA/GREECE/GERMANY		1-3	7-10
To enter more information, please attach a separate page to the application			

2. Are there any permanent foreign locations of the **Applicant**? Yes ☐ No ☐
   If "Yes", please provide both the existing and anticipated foreign locations:

Country	Type of Operation (i.e. Sales, Mfg.)	Number of Employees
To enter more information, please attach a separate page to the application		

3. Are any steps taken to ensure an Insured Person's safety when traveling outside the United States? Yes ☐ No ☑
   If "Yes", please attach an explanation
4. Are any steps taken to ensure the safety of Insured Person(s) and Premises permanently located outside of the United States? **If "Yes", please attach an explanation** Yes ☐ No ☑
5. Does the **Applicant** or any person(s) to be covered under this policy have knowledge or information of any specific fact which may reasonably give rise to a claim? Yes ☐ No ☑
   If "Yes", please attach an explanation

EPAHO120000609

H. SIGNATURE PAGE

THE UNDERSIGNED AUTHORIZED REPRESENTATIVE OF THE APPLICANT DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, AFTER REASONABLE INQUIRY, THE STATEMENTS SET FORTH IN THE ATTACHED ST. PAUL TRAVELERS NEW BUSINESS OR RENEWAL APPLICATION FOR INSURANCE ARE TRUE AND COMPLETE AND MAY BE RELIED UPON BY ST. PAUL TRAVELERS. IF THE INFORMATION IN ANY APPLICATION CHANGES PRIOR TO THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL NOTIFY THE COMPANY OF SUCH CHANGES, AND THE COMPANY MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION. THE COMPANY IS AUTHORIZED TO MAKE INQUIRY IN CONNECTION WITH THIS APPLICATION.

THE SIGNING OF THIS APPLICATION DOES NOT BIND THE COMPANY TO OFFER, NOR THE APPLICANT TO PURCHASE, THE INSURANCE. IT IS AGREED THAT THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED THEREWITH, SHALL BE THE BASIS OF THE INSURANCE AND SHALL BE: (1) IN VA AND UT, PHYSCIALLY ATTACHED TO AND PART OF THE POLICY, IF ISSUED; AND (2) IN ALL STATES OTHER THAN VA AND UT, CONSIDERED PHYSICALLY ATTACHED TO AND PART OF THE POLICY, IF ISSUED. THE COMPANY WILL HAVE RELIED UPON THIS APPLICATION, INCLUDING ANY MATERIAL SUBMITTED THEREWITH, IN ISSUING THE POLICY.

ELECTRONICALLY REPRODUCED SIGNATURES WILL BE TREATED AS ORIGINAL.

Attention: Insureds in AR, CO, DC, FL, KY, LA, ME, NJ, NM, NY, OH, OK, PA, TN, and VA
Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and may also be subject to a civil penalty.

(In New York, the civil penalty is not to exceed five thousand dollars and the stated value of the claim for each such violation.)

(In Colorado, any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of R egulatoryAgencies.)

(In Pennsylvania, any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information or concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.)

Signature of **Applicant's** Authorized Representative (President or CEO) _____ Title: _____

Name (Printed): _____ Date: _____

EPAHO120000610

ADDITIONAL INFORMATION

This page may be use to provide additional information to any question on the Wrap+ application. Please identify the Section Letter and Question Number (i.e. Section G. #4)

U.S. Risk, Inc.

dba USRisk Brokers Insurance Services of Texas, Inc. in California

BINDER

Number: **106188-04**

Mike Miller

805 Las Cimas Parkway, Suite 380
Austin, TX 78746

Phone: (512)691-3049
E-mail: mikem@usrisk.com
Fax: (512)263-2641

Date: **06/12/2008**

Maritime Employers Liability

Policy Effective Date:	Policy Expiration Date:	Policy Number
06/09/2008	**01/25/2009**	**USMEL08175**

Insured: **CES Environmental Services, Inc.**
Attn: Todd Curtis, 4904 Griggs Road
Houston, TX 77021

Carrier: **Underwriters at Lloyds, London**

Contact: **Debra-Marie Wood**
Producer: **Insurance Alliance**
1776 Yorktown, Suite 200
Houston, TX 77056
Phone: **(713)966-1776**
Fax: **(713)966-1700**

Limit of Insurance: $1,000,000 Any One Person
$1,000,000 Any One Accident/ CSL/ Due to Bodily Injury by Accident or Disease

Deductible: $ 5,000 Each Person/ Any One Accident Including Loss Adjustment Expense

Minimum Earned Premium: 25%

Coverage provided is issued on Lloyds Maritime Form LSW 675 (12/97). Coverage includes:
Transportation, Wages, Maintenance & Cure, Blanket Waiver of Subrogation as Required by Written Contracts and Alternate Employer if Covered by the Workers' Compensation Policy

It is a warranty of this cover note that the Insured's W.C. Policy is extended to provide coverage under the United States Longshore and Harbor Workers Compensation Act.

Other:
In Rem Endorsement
Institute Radioactive Contamination and Bio-chemical Exclusion
Death on the High Seas Act Endorsement
30 Day Notice of Cancellation as Required by Written Contract as Evidenced to Underwriters by a Certificate of Insurance
Terrorism Exclusion

Warranted that Employees spend less than 25% of their employment aboard watercraft

Security: **Underwriters at Lloyds 100% (Best Rating A XV) Syndicate 4472 65%; Syndicate 1221 25%; Syndicate 2001 10%**

EPAHO120000612

PREMIUMS AND FEES:

Policy Premium:	$2,520.00	Minimum & Deposit
Policy Fee	500.00	Fully Earned
TX SL Tax	146.47	
TX Stamping Fee	1.81	
Total Premium & Fee(s):	$3,168.28	

****Payment is due to US Risk before 06/30/2008**

Mike Miller
MM/ jlg
E. & O.E.

(1) If the insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Binder shall become void, and all claims thereunder shall be forfeited.

(2) This Binder may be cancelled on the customary short rate basis by the Insured at any time by surrender of this Binder to U.S. Risk Brokers. This Binder may also be cancelled, with or without the return or tender of the unearned premium, by the Insurer(s) or by U.S. Risk Brokers, in their behalf, by delivering to the Insured, or by sending to the Insured by mail, registered or unregistered, at the Insured's address as shown herein, not less than five days written notice, stating when the cancellation shall be effective, and in such case the Insurer(s) shall refund the paid premium less the earned portion thereof on demand, subject always to the retention by the Insurer(s) hereon of any minimum premium stipulated herein (or proportion thereof previously agreed upon) in the event of cancellation either by the Insurer(s) of the Insured.

(3) This Insurance is subject to all provisions of Binder, whether printed, typed, added by endorsement, or appearing in forms attached or incorporated by reference. Provisions added by endorsement or forms attached or incorporated by reference supersede any inconsistent printed or typed provision in this Binder.

(4) This Binder shall not be assigned, either in whole or in part, without written consent of U.S. Risk Brokers endorsed hereon.

(5) This Binder shall not be valid unless signed by an authorized representative of U.S. Risk Brokers, Inc.

IMPORTANT --- THIS BINDER CANNOT BE CANCELLED FLAT. EARNED PREMIUM MUST BE PAID FOR THE TIME INSURANCE HAS BEEN IN FORCE.

THE INSURED IS REQUESTED TO READ THIS BINDER, AND IF INCORRECT, RETURN IT IMMEDIATELY FOR ALTERATION

EPAHO120000613

U.S. Risk, Inc.

QUOTE

Number: 106188-04

Mike Miller

805 Las Cimas Parkway, Suite 380
Austin, TX 78746

Phone: (512)691-3049
Toll: 1-800-926-9155
E-mail:
Fax: (512)263-2641
Date: 06/03/2008

Maritime Employers Liability

Quote Effective Date: **06/03/2008**

Quote Expiration Date: **07/03/2008**

Insured: **CES Environmental Services, Inc.**
4904 Griggs Road
Houston, TX 77021

Contact: **Debra-Marie Wood**
Producer: **Insurance Alliance**
1776 Yorktown, Suite 200
Houston, TX 77056
Phone: **(713)966-1776**
Fax: **(713)966-1700**

Carrier: **Underwriters at Lloyds, London**

Term: To Be Determined

Limit of Insurance: $1,000,000 Any One Person
$1,000,000 Any One Accident/ Combined Single Limit/ Because of Bodily Injury by Accident or Disease

Deductible: $ 5,000 Each Person/ Any One Accident Including Loss Adjustment Expense

Minimum Earned Premium: 25%

Coverage provided is issued on Lloyds Maritime Form LSW 675 (12/97). Coverage includes:
Transportation, Wages, Maintenance & Cure, Blanket Waiver of Subrogation as Required by Written Contracts and Alternate Employer if Covered by the Workers' Compensation Policy.

It is a warranty of this cover note that the Insured's W.C. Policy is extended to provide coverage under the United States Longshore and Harbor Workers Compensation Act.

Other: In Rem Endorsement
Institute Radioactive Contamination and Bio-chemical Exclusion
Death on the High Seas Act Endorsement
30 Day Notice of Cancellation as Required by Written Contract as Evidenced to Underwriters by a Certificate of Insurance

Warranted that Employees spend less than 25% of their employment aboard watercraft

Subject To:

1. **Signed Terrorism Form PRIOR TO BINDING**
2. **Receipt and acceptance of fully completed, signed and dated U.S. Risk Brokers, Inc. Maritime application at binding**
3. **Payment due to U.S. Risk within 21 days of Binding.**

Security: **Underwriters at Lloyds 100% (Best Rating A XV) Syndicate 4472 65%; Syndicate 1221 25%; Syndicate 2001 10%**

We can include limited terrorism coverage per the Terrorism Risk Insurance Act for an additional premium of $200 plus taxes and fees. Please advise if they wish to purchase this option for the additional premium noted.

PREMIUMS AND FEES:

Policy Premium:	$4,000.00	Minimum & Deposit
Policy Fee	500.00	Fully Earned
TX SL Tax	218.25	
TX Stamping Fee	2.70	
Total Premium & Fee(s):	$4,720.95	

DISCLOSURE:

This is a quote. The terms and conditions of coverage may not be as broad as requested by Producer. This quote is intended to contain only an outline of the terms and conditions of coverage. We cannot bind coverage until all subjectivities have been performed. All risks are subject to inspection. This quote is valid for 30 days, or until the effective date of coverage, whichever is earliest.

Mike Miller
MM/hw
E & O.E.

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended, you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, **as defined in Section 102(1) of the Act, as amended,** which occur on or after January 1 2008 and before the expiry of the policy to which this notice applies. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Coverage under your existing policy may be affected as follows:

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS
U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE
YOU HAVE THIRTY (30) DAYS TO CONSIDER THIS OFFER OF COVERAGE FOR TERRORIST ACTS AND SUBMIT THE PREMIUM. IF WE DO NOT RECEIVE THE QUOTED PREMIUM BY _____, YOU WILL NOT BE COVERED FOR LOSSES ARISING FROM ACTS OF TERRORISM.

We opted not to purchase

	I hereby elect to purchase Terrorism coverage for a prospective premium of $_200.00_____ being for the period beginning January 1 2008 and ending on the date of expiry of the policy to which this notice applies.
	I hereby elect to have the exclusion for terrorism coverage reinstated. I understand that I will have no coverage for losses arising from acts of terrorism that were previously excluded.

Policyholder/Applicant's Signature

CES ENVIRO SERVICES

.....Syndicate on behalf of certain underwriters at Lloyd's

Policy Number

Date 6/9/08

21/12/07 LMA 9010 Form approved by Lloyd's Market Association

Box 120

OSHA Took
folder.

Juanita Thomas

From: Matt Bowman
Sent: Monday, February 16, 2009 8:07 PM
To: Matt Bowman; Juanita Thomas; Greg Bowman; chad.lacy@lpl.com; Melba Stephens; Melisa D. Garza; Anissa Wright; Prabhaker Thangudu; Clark Hickman
Subject: RE: We need to get this stuff to Chad ASAP

Clark should have been included too!!!

From: Matt Bowman
Sent: Monday, February 16, 2009 8:06 PM
To: Juanita Thomas; Greg Bowman; 'chad.lacy@lpl.com'; Melba Stephens; Melisa D. Garza; Anissa Wright; Prabhaker Thangudu
Subject: We need to get this stuff to Chad ASAP

100% PA MATT

Guys, Gals,
We need to get the following to Chad asap so that we can move forward. Greg, please delegate everything...I would like to have this all to Chad by week's end.

JT - ~~Copy of company charter, certificate of incorporation, by-laws, stock ledgers of all stock and transfers~~
JT - ~~List all shareholders and quantities, positions in company,~~ etc.
- Copies of stock certificates
- Copies of all buy / sell agreements
GB - Annual financial for past 3 years (include any reviewed financials)
GB - Detailed schedule of components of costs of sales (materials, labor, overhead, etc.)...We can use our newest budgets and ubet files
GB - Detailed schedule of capital expenditures for past 3 years
JT - ~~All accounts payable and accounts receivable showing name of debtor and creditors, balances, aging, etc. (most recent fiscal year)~~
GB - List of potential liabilities not disclosed in financial statements...to include all litigation both finalized, pending, and threatened (include potential monetary costs associated therewith)
GB - Schedule of all loans (debt schedule), amounts, amortization schedules, primary lien-holders, etc.
JT - ~~List of customers and last year's $ sales by customer~~ non-compete non-disclosure
JT - ~~List of suppliers and last year's $ activities with each supplier~~
MG - Company Organizational Chart
AW - Sample copy of our no-compete for employees
AW - ~~Employee Safety Manual — PT~~
AW - Employee Handbook PT
MG - All standard operating procedures
AW - Employee benefit plans (medical, dental, disability, health, life insurance, etc.)
AW - Provide the last EEO-1 and 5500 filings
GB/JT - Copy of federal tax (1120), state sales taxes, margin taxes (2007(1)), returns for last 3 years JT FN 2005 2006
- Evidence of filings of all other taxes for last 3 years (sales taxes, etc.)
GB - Schedule of current insurance specifying all coverages
PT - ~~List of any Surety Bonds in force~~
PT - ~~Copies of all licenses and permits (get from SOC)~~
PT - Regulatory status / letters from City, State, and Federal environmental regulatory agencies from audits / raids performed and fees and penalties paid
PT - Summary of all OSHA inquires/EEOC inquiries AW
GB - List of all attorneys, bankers, auditors that work for CES

EPAHO120000619

0329030200

Aetna®

INSURANCE INFORMATION
Aetna Inc.

The following information is intended for your use in completing Schedule A of Form 5500.

For Fiscal Plan Year beginning 08/01/2007 and ending 07/31/2008

C. Name of Plan Sponsor: CES ENVIRONMENTAL SERVICES, INC.

PART I Information Concerning Insurance Contract Coverage, Fees, and Commissions.

1. Coverage: HMO Prospective

(a) Name of Insurance Carrier: Aetna Inc.	(d) Contract Number or Identification: US376895	(e) Approximate number of persons covered at end of policy or contract year. 169	Policy or contract year (f) From: 08/01/2007	(g) To: 07/31/2008
(b) EIN 23-2229683				
(c) NAIC Code: See attached NAIC Chart.				

2. Insurance fees and commissions paid to agents and brokers:

Contract or identification	(a) Name and address of the agents or brokers to whom commissions or fees were paid.	(b) Amount of commissions paid	(c) & (d) Fees Paid Amount	Purpose
US376895	BARMORE INSURANCE AGENCY INC P O BOX 34796, , HOUSTON, TX 77234	$2,735.46	$0.00	
US376895	LESTER D BUTLER 16815 ROYAL CREST STE 170 HOUSTON TX 77058++	$0.00	$0.00	Flat 5.0% MEDICAL COMMISSION
US376895	LESTER D BUTLER 16815 ROYAL CREST STE 170 HOUSTON TX 77058	$0.00	$0.00	
TOTAL	**See Addendum page**	$14,847.73	$0.00	

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

7. Benefit and contract type (check all applicable boxes)

- ☐ Health (other than dental or vision)
- ☐ Dental
- ☐ Vision
- ☐ Life Insurance
- ☐ Temporary disability (accident and sickness)
- ☐ Long-term disability
- ☐ Supplemental unemployment
- ☐ Prescription drug
- ☐ Stop loss (large deductible)
- ☒ HMO contract
- ☐ PPO contract
- ☐ Indemnity contract
- ☐ Accidental Death & Dismemberment
- ☐ Short Term Disability

8. Experience rated contracts: NA

9. Non experience rated contracts:

(a) Total premiums or subscription charges paid to carrier. $322,326.58

(b) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 2 above, report amount. . . . . .

Specify nature of costs -->

This information was generated as of 09/29/2008

Date 10/15/2008 FINAL RELEASE

Julia Boyajian

++Not charged directly to customer or customer experience

DD132 (2-07)

US376895-HP-09292008

EPAHO120000620

NAIC Code	Service Area
95287	Aetna Health Inc. (a New Jersey Corporation)
47060	Aetna Health Inc. (a Washington Corporation)
95002	Aetna Health Inc. (a Louisiana Corporation)
95003	Aetna Health Inc. (an Arizona Corporation)
95006	Aetna Health Inc. (a Tennessee Corporation)
95088	Aetna Health Inc. (a Florida Corporation)
95094	Aetna Health Inc. (a Georgia Corporation)
95109	Aetna Health Inc. (a Pennsylvania Corporation)
95234	Aetna Health Inc. (a New York Corporation)
95236	Aetna Health Inc. (a Massachusetts Corporation)
95237	Aetna Health Inc. (a New Hampshire Corporation)
00000	Aetna Health of California Inc.
95256	Aetna Health Inc. (a Colorado Corporation)
96518	Aetna Health Inc. (an Ohio Corporation)
95328	Aetna Health of North Texas Inc.
95343	Aetna Health of the Carolinas Inc.
95397	Aetna Health of Illinois Inc.
95484	Aetna Health of Washington Inc.
95490	Aetna Health Inc. (a Texas Corporation)
95517	Aetna Health Inc. (a Maine Corporation)
95590	Aetna Health Inc. (a Maryland Corporation)
95756	Aetna Health Inc. (a Michigan Corporation)
95757	Aetna Health Inc. (an Oklahoma Corporation)
95810	Aetna Health Inc. (a Missouri Corporation)
95935	Aetna Health Inc. (a Connecticut Corporation)
95245	Aetna Health Inc. (a Delaware Corporation)

0329030300

Aetna®

INSURANCE INFORMATION
Aetna Inc.

The following information is intended for your use in completing Schedule A of Form 5500.

For Fiscal Plan Year beginning 08/01/2007 and ending 07/31/2008

C. Name of Plan Sponsor: CES ENVIRONMENTAL SERVICES, INC.

2. Insurance fees and commissions paid to agents and brokers:

Contract or identification	(a) Name and address of the agents or brokers to whom commissions or fees were paid.	(b) Amount of commissions paid	(c) & (d) Fees Paid	
			Amount	Purpose
US376895	BARMORE INSURANCE AGENCY INC P O BOX 34796 HOUSTON TX 77234	$12,112.27	$0.00	

++Not charged directly to customer or customer experience

DD133 (2-06)

US376895-HP-09292008

EPAHO120000622

0023030200

Aetna®

INSURANCE INFORMATION
Aetna Inc.

The following information is intended for your use in completing Schedule A of Form 5500.

For Fiscal Plan Year beginning 08/01/2007 and ending 07/31/2008

C. Name of Plan Sponsor: CES ENVIRONMENTAL SERVICES, INC.

PART I Information Concerning Insurance Contract Coverage, Fees, and Commissions.

1. Coverage: Traditional Prospective

(a) Name of Insurance Carrier: Aetna Life Insurance Co.	(d) Contract Number or Identification:	(e) Approximate number of persons covered at end of policy or contract year.	Policy or contract year	
(b) EIN 06-6033492	475174	47	(f) From: 08/01/2007	(g) To: 07/31/2008
(c) NAIC Code: See attached NAIC Chart.				

2. Insurance fees and commissions paid to agents and brokers:

Contract or identification	(a) Name and address of the agents or brokers to whom commissions or fees were paid.	(b) Amount of commissions paid	(c) & (d) Fees Paid	
			Amount	Purpose
475174	CENTERSTONE INSURANCE AND FINANCIAL SERVICES INC 4851 LBJ FREEWAY SUITE 1000 DALLAS TX 75244 ++	$806.00	$0.00	
475174	BENEFITMALL COM INSURANCE AGENCY DBA BENEFITMALL.C 4851 LBJ FREEWAY SUITE 1100 DALLAS TX 75244 ++	$1,152.00	$0.00	
475174	BARMORE INSURANCE AGENCY INC P O BOX 34796 HOUSTON TX 77234	$4,891.00	$0.00	
TOTAL	**See Addendum page**	$7,337.00	$0.00	

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

7. Benefit and contract type (check all applicable boxes)

- [X] Health (other than dental or vision)
- [ ] Dental
- [ ] Vision
- [ ] Life Insurance
- [ ] Temporary disability (accident and sickness)
- [ ] Long-term disability
- [ ] Supplemental unemployment
- [ ] Prescription drug
- [ ] Stop loss (large deductible)
- [ ] HMO contract
- [ ] PPO contract
- [ ] Indemnity contract
- [ ] Accidental Death & Dismemberment
- [ ] Short Term Disability

8. Experience rated contracts: NA

9. Non experience rated contracts:

(a) Total premiums or subscription charges paid to carrier. $124,394.64

(b) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 2 above, report amount. . . . . .

Specify nature of costs -->

This information was generated as of 10/01/2008

Date 10/15/2008 FINAL RELEASE

Julia Boyajian

++Not charged directly to customer or customer experience

DD132 (2-07)

475174-TP-10012008

EPAHO120000623

NAIC Code	Service Area
95094	Aetna Health Inc. (a Georgia Corporation)
95003	Aetna Health Inc. (an Arizona Corporation)
60054	Aetna Life Insurance Company
N/A	Aetna Dental of California Inc.
11183	Aetna Dental Inc (a New Jersey Corporation)
95910	Aetna Dental Inc (a Texas Corporation)

Aetna®

INSURANCE INFORMATION
Aetna Inc.

The following information is intended for your use in completing Schedule A of Form 5500.

For Fiscal Plan Year beginning 08/01/2007 and ending 07/31/2008

C. Name of Plan Sponsor: CES ENVIRONMENTAL SERVICES, INC.

2. Insurance fees and commissions paid to agents and brokers:

Contract or identification	(a) Name and address of the agents or brokers to whom commissions or fees were paid.	(b) Amount of commissions paid	(c) & (d) Fees Paid	
			Amount	Purpose
475174	BENEFITMALL COM INSURANCE AGENCY DBA BENEFITMALL.COM TX 4851 LBJ FREEWAY SUITE 1100 DALLAS TX 75244 ++	$488.00	$0.00	

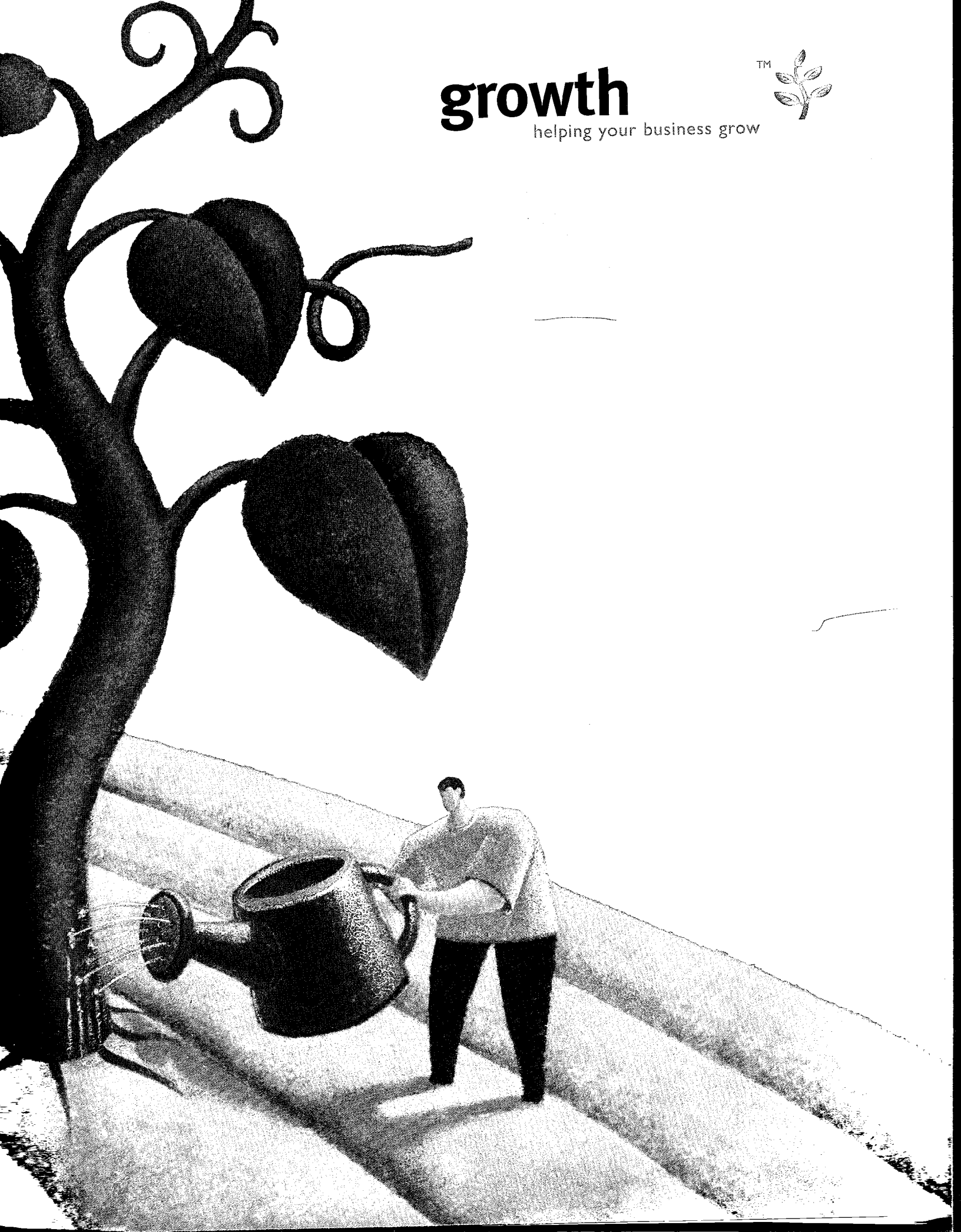
++Not charged directly to customer or customer experience

DD133 (2-06)

475174-TP-10012008

growth™

helping your business grow



800 Rockmead, Suite 200
Kingwood, TX 77339

growth™
helping your business grow

Direct: 281.312.6538
Main: 281.358.2007
Cell: 281.620.8426
Email: vpinto@growthforce.com

VINCE PINTO
Business Development

Helping your business grow

How GrowthForce Can Help Your Business Grow

GrowthForce is an outsourced bookkeeping and accounting service focused on helping small businesses grow. Get your business on sound financial footing and keep it there with GrowthForce's QuickBooks System Design, Financial Diagnostics, Outsourced Bookkeeping & Accounting, Small Business Consulting and Training.

growth™
helping your business grow

DIAGNOSTICS

We'll start by figuring out what's wrong financial systems, tell you how to fix them, or fix them for you. We analyze your accounting data and current use of QuickBooks. We recommend improvements and develop a work plan and budget to get the reports you need

QUICKBOOKS SYSTEMS

Our Advanced Certified QuickBooks Advisors™ will optimize your existing system, or build one from the ground up, to unleash the full potential of QuickBooks.

OUTSOURCED BOOKEEPING, ACCOUNTING & TAX

We provide a dedicated staff of experienced bookkeepers and accountants that can oversee your staff or become your complete outsourced accounting department. We provide:

- **Outsourced Bookkeeping**
- **Outsourced Accounting Department**
- **Outsourced Controller**
- **Tax Planning and Preparation**

Weekly Cash Flow Management:
Billing | Collections | Bill Payment | Cashflow Forecasts
Weekly & Monthly Bookkeeping:
Payroll | Bank Reconcilations | Sales Tax
Month End Closing Process:
Balance Sheet Account Reconcilliations | Audit Ready Workpapers | Financial Statements | Management Reports

CONSULTING

We provide practical consulting to improve business performance and bottom-line results. Our network of "Virtual CFOs" provide fundraising and finance services that help fuel business growth. We offer practical advice that improves business performance yielding immediate results.

TRAINING

GrowthForce offers growth-oriented seminars and beginner thru advanced QuickBooks training courses.

ALLIANCES & RESOURCES

- HR - benefits, payroll and outsourced human resources
- IT - outsourced managed services and application development
- Finance - fundraising and banking
- Marketing - branding & marketing communications
- Legal - company formation & counsel

800 Rockmead, Suite 200 Kingwood, TX 77339 Phone: 281.358.2007 www.growthforce.com

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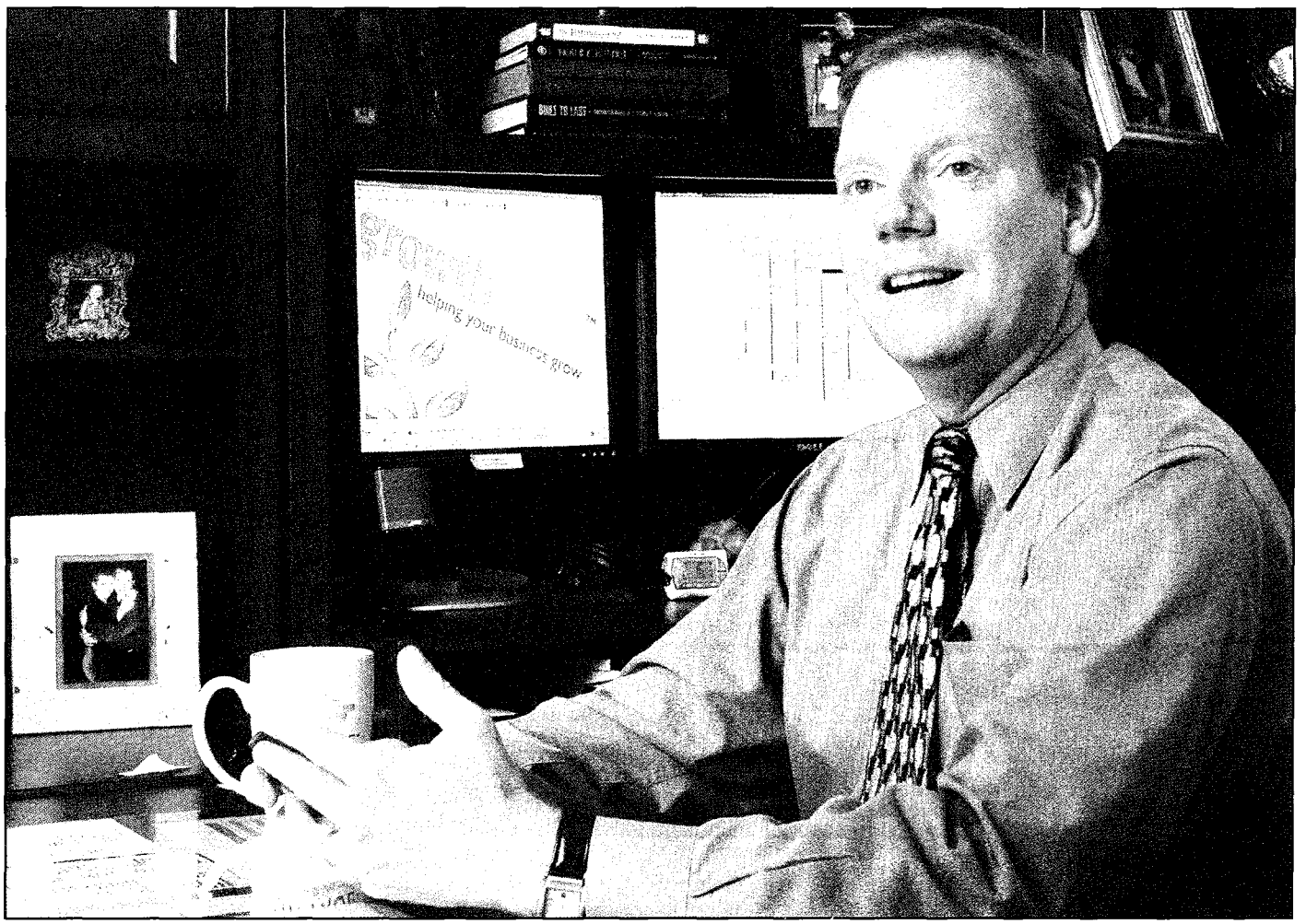
HOUSTON BUSINESS JOURNAL
Strictly Houston. Strictly Business.

Vol. 38, No. 32 Week of December 21-27, 2007



CRAIG H. HARTLEY/HBJ

Stephen King of GrowthForce: Helping small businesses keep accounts straight.

A second helping

Stephen King didn't hesitate when he got the chance to buy back his business idea and start over from scratch

BY MARY ANN AZEVEDO
HOUSTON BUSINESS JOURNAL

Not many entrepreneurs get the chance to buy back the idea for a successful company they've sold and do it all over again.

Stephen King got that chance, and he's hoping to do things even better the second time around.

His company, Kingwood-based GrowthForce LLP, is an outsourced accounting and financial services firm that aims to help small businesses grow.

Basically, GrowthForce takes charge of a company's accounting functions so that management can focus on its core business, says King, who founded the company in July 2004.

His strategy to get GrowthForce up and running on a sound basis was simple. For the first two years, he dedicated his time and money to developing the company's products and services

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GROWTHFORCE: Getting a second start meant going back to business at square one

in an effort to meet what he describes as "insatiable demand."

"I wasn't focused on sales right away because the hard part is providing consistent quality services," he says. "My first two years were completely focused on building the infrastructure and business procedures and making sure they were scaleable."

Growth came after that, with the first dedicated salesperson hired as recently as Oct. 1, 2007.

King is no stranger to running things.

Early in his career, he became the first manager of the accounting systems design group at Ernst & Young LLP, where he learned "how to build accounting systems for really big companies," such as Mastercard International.

There, he realized his passion was small business, so he started his own certified public accountant firm. It was then that he realized just how disorganized many small businesses are when it comes to finances.

"They could outsource their payroll to ADP but couldn't outsource their bookkeeping to anyone," King says. "I saw an opportunity there."

Unfortunately, the timing wasn't right. Technology had not yet caught up with what King envisioned creating to solve such problems for small businesses.

So, instead, he became chief financial officer for one of his clients — nonprofit organization Amnesty International. There, he was in charge of putting into place infrastructure to handle donation revenue —which grew from $6 million to $18 million in about 18 months.

It was at Amnesty that King learned how to be a management accountant, teaching nonaccountants to work with an accounting system by creating simple procedures.

By 1995, Netscape 1.0 had been released and King instantly saw in it a way of bringing to fruition the business idea he had thought of years before.

He created a company called Virtual Growth that ultimately became one of the largest outsourced bookkeeping and accounting companies in the country for small businesses. During that time, King says he basically spent $12 million building "Virtual Accountant," a system he describes as " 'Quickbooks' on steroids over the Web."

By December 2001, King had sold the business to Houston-based Administaff Inc. for an undisclosed amount and become president of that firm's financial management services.

But in 2002, Administaff's stock tanked and some operations were put on hold. By January 2004, King's division had been shut down, and he had the chance to buy back the idea and start his original company over again — but without any clients.

GROWTHFORCE LLP

BUSINESS: Outsourced accounting and financial services firm
YEAR FOUNDED: 2004
TOP EXECUTIVE: Stephen King, founder and CEO
NO. OF EMPLOYEES: 16
REVENUE:
- 2005: $158,000
- 2006: $448,000
- 2007: $1 million-plus (projected)

WEB SITE: www.growthforce.com

To fund restarting the company, King relied on personal savings, lines of credit and credit cards.

And so GrowthForce was born. By that time, "Quickbooks" had advanced and King could build upon it to provide services to his customers.

GrowthForce focuses on putting a strong accounting system in place for small businesses because "small businesses need timely accurate financial information in a format that allows them to make intelligent business decisions" such as pricing and staffing, King says.

The company also offers an "à la carte" outsourced bookkeeping and accounting service whereby companies have all their bills sent directly to GrowthForce, which then makes all their payments.

For one startup, for example, GrowthForce does all the billing and collections and serves as its accounting department. For another company, GrowthForce serves as a remote controller and reconciles all its balance sheets, bank accounts, payrolls, supervises its bookkeeper and produces its financial reports.

"Most office managers know enough 'Quickbooks' to be dangerous, because it may be easy to use but it's also easy to screw up," King notes.

Also, to help prevent fraud, GrowthForce will help a company close its books because many instances of fraud occur, for example, when an employee writes him or herself a check and posts it to a prior year without anyone ever knowing.

King tells all his clients that the person handling the "Quickbook" files should not be the one reconciling the accounts.

His strategy for growing the business was to start by targeting customers in a small geographical area until he had proved the concept. Early on, he served only companies in the Kingwood and Humble areas but has a client base in Houston, New York City, Boston, San Francisco, Denmark and London.

Revenue grew to $450,000 in 2006 from $158,000 in 2005 and King is projecting it to exceed $1 million this year.

"I've done this already. The first time, we grabbed any business we could get," he says. "But now I know how much of a demand is there for this service. ... It's very unusual to have the luxury to get the same business model twice."

King says another strategy has been to take things slowly and only expand as much as the business could afford. The company has mainly used cash flow to fund operations. Every time GrowthForce has reached profitability, King increased spending by adding another person, for example.

"This time we're growing from a position of strength, not insecurity," he notes.

Another strategy for growing the company, King says, is hiring only those he considers to be "key players" for every position.

Yet another key for growth is one he learned from Administaff executives: giving employees a healthy work-life balance.

By giving employees the flexibility to attend parent-teacher conferences or take their children to baseball practice, King recognizes that he will have happier employees who will care more about the business since it "cares about them."

And that, King says, has been the firm's most important strategy thus far.

"We want to provide the kind of environment that nurtures employees," he says.

Most of GrowthForce's business comes from CPA firms that don't want to do basic bookkeeping. In the end, the clients and CPA firms come out ahead financially, he says.

Mary Elizabeth Marx, a shareholder at Houston-based accounting firm Harper & Pearson Co. PC, says she refers many clients to GrowthForce.

"It's become harder and harder for accounting firms" to do bookkeeping for clients, she says. Some clients need immediate attention that her firm simply can't always offer.

"In order to have enough people, we were either having to spread them too thin or not meet a client's needs," Marx says.

Outsourcing bookkeeping functions to GrowthForce has been an ideal solution for certain clients.

"GrowthForce has all the technological tools to make it affordable to clients and is much less expensive than hiring a full-time person in-house," Marx says.

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HOUSTON CHRONICLE
KINGWOOD HUMBLE
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BUSINESS

Stephen King wants to put people first

■ Business stresses work, life balance

By HARRY WILLIAMSON
CHRONICLE CORRESPONDENT

"Fun" and "accounting" are not generally used together, nor is it common for a company to stress its employees' families come first, especially a company whose goal is to one day match Administaff's $1.3 billion in sales.

Both are part of the bottom line philosophy at GrowthForce in Kingwood, said its founder, president and CEO, Stephen King. King was head of the Financial Management Services Division at Administaff before he started GrowthForce in 2004.

"One of the things I learned from Administaff is how to put people first," King said. "At GrowthForce, we want our staff to have a great work-life balance where their families come first."

For example, the two trophies occupying the most prominent spaces in King's office are for coaching his two children's sport teams in Kingwood.

King came from New York to Kingwood to work for Administaff in 2001 after he sold the firm the bookkeeping business he had started in 1995 and built into $43 million in sales.

"I was born in Queens and lived 41 years within five miles of the Empire State Building.

"I never owned a car until I moved to Kingwood," he said.

From its recently expanded offices in Kingwood, GrowthForce has 65 small business clients throughout the U.S.

King and his 15-person staff, which he wants to double within the next six months, provides accounting services on an "a la carte" basis, as much or as little assistance the company might want.

The services range from billing and collectibles, to paying bills, reconciling bank accounts and preparing sales and income tax reports.

King said the basic small business principal of OPM or using other people's money, has now been expanded to OPR or using other people's resources.

"We spend an inordinate amount of time in staff training, which is difficult for many small businesses," he said.

"Every business needs an accountant, and once a business signs up with our system they won't go back."

King said finding new customers is not his problem.

It is finding new employees, especially people who have two or three years experience in accounting and in using the software program QuickBooks.

Accountants are hot properties, King said, because of a strong economy, and to recent changes in U.S. law. King referred to the Sarbanes-Oxley Act of 2002, created in response to Enron and other corporate scandals, which, among many other changes, require CEOs to sign accounting documents to say they concur.

The big firms are snapping up all the good accountants, while the number of people going into accounting has declined in recent years, he said.

So, getting and keeping good people is where the fun comes in.

Perks can include flexible hours and the latest technology in the office, to events such as Final February Friday Fiesta held last week at Carrabba's for his employees.

"I've copied a lot of from Administaff in creating a really great place to work, where people can have fun, get promoted, get bonuses and still have an good work-life balance," he said.

People interested in accounting positions can send their resumes to jobs@growthforce.com.

HARRY WILLIAMSON : FOR THE CHRONICLE

ON THE MOVE: Family and business are equally important to Stephen King, founder and CEO of GrowthForce, as he displays the trophies he received for coaching his children's' sports teams in Kingwood.

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QuickBooks™ Diagnostics

growthforce™
helping your business grow

Are you Optimizing QuickBooks for Your Business?

- Are you downloading your bank, credit card and payroll records?
- Do you know your profit and loss by client and profit center?
- Can you quickly get labor costs by job?

GrowthForce Solutions

QuickBooks™ is a powerful system, but you need to know how to unleash that power. When you do, you'll have more accurate and meaningful financial reports. GrowthForce will conduct a diagnostic review of your QuickBooks system. The diagnostics will review how you are using your QuickBooks system and assess how you can optimize your QuickBooks file.

How it Works

We will scrutinize all the QuickBooks lists including the chart of accounts, vendors' and customers' lists. We will review all your preferences to determine how you are using QuickBooks and what areas that are not correctly optimized. When the review is complete, GrowthForce will provide a report and a detailed work plan outlining how to optimize your processes in QuickBooks.

With a QuickBooks Diagnostics, GrowthForce provides:

- An Excel file with a tab for each QuickBooks list and an analysis of each of the related tables
- A work plan to execute our recommendations
- A one hour phone call to review implementation procedures

Accounting Diagnostics

Get the Financial Reports You Need

Like many small businesses, you don't know how to get the right financial numbers out of your accounting system. There's data in there that you need, but you don't know how access it to make better managerial decisions for your business. You may not be able to determine job costs or identify your most profitable clients, products, departments and employees. You know that your books are a mess, and you don't know quite how to fix them.

GrowthForce Solution

With an Accounting Diagnostics, our CPAs* will find out what is wrong with your accounting system. An accounting diagnostics will help you quickly, and painlessly, access the health of your QuickBooks system.

How it Works

We will review all the transactions in each balance sheet account to see if you are following proper accounting treatments. We will perform a diagnostic assessment of your current QuickBooks accounting data file. We will analyze each account and your accounting treatments such as depreciation, 1099 classifications, payroll and sales tax to make sure that they have been addressed properly.

Once this thorough review is complete, we will produce a work plan with comments and recommendations for data clean up. We will include our suggestions for best business practices in accounting and business' needs. As with all our services, you can do the data clean up yourself or let our staff handle it immediately.

We will complete a trend analysis of your income statement accounts to make sure you have consistently applied accounting principles and have no material errors.

*GrowthForce is not a CPA firm. Accounting services provided by SK Associates CPAs or other GrowthForce member CPA firms.

Small Business Consulting, Planning and Forecasting

growthforce™
helping your business grow

Overview - Are you asking the important questions about your business?

- What are your business goals?
- How are you going to reach them?
- What steps are most critical to your success?
- Where is your business now?
- What's the gap and what obstacles do you have?
- What are your core competencies? Should you outsource?
- What are the best predictors of your success?

Key Benefits - Get the Right Answers!

According to statistics, 80% of small businesses fail within the first five years. One reason is that managers become too occupied by the day to day activities to maintain a strategic perspective. They become disconnected from the planning, forecasting and metrics that indicate how well their business is actually doing and can't foresee next month's or next quarter's results. Our services equip the business leader with the right tools and techniques to help their business grow and keep unexpected challenges from being overwhelming.

We understand how to plan for the future and measure business performance so that the business plan is a valuable tool. We help our clients create the systems and processes that support efficient business operations. We help identify core competencies and weaknesses and build strategies that leverage strengths and resolve vulnerabilities. We know how to make leaders more productive placing the management information they need at their fingertips.

Our Consulting Services

- Business planning - Where are you leading your business? How are you going to get there? What's does it cost? Is your plan sound? We help business leaders formulate a getting better agenda for their business that everyone can understand and work toward.
- Budgeting and forecasting – Turn your business plan into a financial model. What does past performance indicate about your growth capacity and future success? How can we use actual results to predict the future of your business?
- Key Performance Indicators (KPI's) - What are the best predictors of your success? We'll help to get exactly the information you need to make intelligent decisions in a manner you can understand. What are the primary drivers of your business performance? What are the best predictors of your success? See Budget vs. Actual results by Key Performance Indicator
- Key Systems – What business systems do you rely upon to run your business? Are they the right ones? Are they configured the best way to support the way you measure your progress and deliver KPI's?

Small Business Consulting Virtual CFO and Coaching

Overview - Are you asking the important questions about your business?

- What are your business's financial goals?
- What are the vital signs of your business health?
- How do actual results help predict the future?
- What will it cost to reach your business goals?
- Where do you turn for help?

Key Benefits - Get the Right Answers!

According to statistics, 80% of small businesses fail within the first five years. One reason is that managers become too occupied by the day to day activities to effectively analyze and manage the financial performance of their business. They become disconnected from the right metrics that indicate how well their business is actually doing and can't foresee next month's or next quarter's results. Our services equip the business leader with the right financial tools and analysis to help their business grow and keep unexpected challenges from being overwhelming.

We view our most important job as your business partner is to make sense out of all the numbers and statistics. We understand how to plan for the future, convert that plan into a forecast model and measure business performance using key performance indicators. You'll see budget vs actual in practical, easy to use dashboard format. Your business plan becomes a valuable tool. We know how to make leaders more productive, placing the management information you need at their fingertips.

Our Consulting Services

- Executive dashboard - What do the standard financial reports tell us about the health of your business? Our job is to make sense out of all the numbers and statistics. We help you with meaningful analyses of these reports that will make a difference to your business. We'll also create the custom reporting package that provides exactly the information you need to make intelligent decisions.

- Cash flow forecasting & improvement – Are your invoicing and collections practices optimized for your business? Are you sending the right message to your customer about your business? We offer best practices and training for cash flow management - the most important tool for your business.

- Leadership coaching – Running a business can be isolating. Do you feel competent in all areas of running your business? Are your key managers motivated and pulling in the same direction? Our experienced coaching, focused on the areas of leadership and business management that you find most challenging make a difference. We offer leadership resources to help you when and where you need it most.

Overview and Management Philosophy

growthforce™
helping your business grow

Overview

GrowthForce was created to help small businesses reach their growth potential. The company was founded to help small businesses get access to systems, expertise and services that are typically only available to Fortune 500 companies. GrowthForce provides a unique combination of QuickBooks system design and integration, outsourced bookkeeping, accounting and tax services, as well as, with small business consulting services.

We do this by studying the advanced functionality of existing technology and by leveraging our expertise in building efficient business processes. For years large organizations have had the luxury of depending on talented management teams and systems that integrate their accounting, banking, HR and transaction processing systems. GrowthForce's mission is to help small businesses gain access to the same expertise and advanced systems at a price they can afford.

The company has a network of CPAs[1], bookkeepers and other professionals (technology, marketing, HR, legal, etc.) working locally and virtually leveraging the power of the Internet. It is an outsourcing company that does not move jobs off-shore. All of our staff work locally within the 50 states.

Management Philosophy

We help small businesses grow by enabling them to focus on their core competencies. We do this by providing best practices based accounting, business process and management services to small businesses.

The GrowthForce Solution is comprised of:

- QuickBooks System Design with best business practices
- Virtual Accountants to help keep your books straight
- Business coaching & CFO services to help you grow
- Business resources and alliances partners that meet our service level standards

Our solutions are designed to help small businesses grow. We do that by:

- Giving timely, accurate financial information to help make intelligent decisions
- Providing seasoned advice to help overcome obstacles prepare for the future
- Being the gateway to best-in- class business services

[1] GrowthForce is not a CPA firm. Accounting services provided by Stephen King and Associates CPAs or other GrowthForce member CPA firms.

A là Carte Menu of Services

growthforce™
helping your business grow

GrowthForce Services are chosen from a menu of options:

◊ **Diagnostics**

We'll start by figuring out what's wrong; tell you how to fix it or fix it for you.

- ✓ QuickBooks Diagnostic
- ✓ Accounting Data Diagnostics

◊ **QuickBooks Systems**

We'll design a new system, or optimize your existing system, so you can unleash the power of QuickBooks

- ✓ integrate QuickBooks with:
  - o *bank*
  - o *credit card*
  - o *payroll*
  - o *billing*
  - o *automated bill pay*
  - o *web time sheets*
  - o *point of sale*
  - o *merchant banking*
  - o *CRM*
  - o *inventory*
- ✓ Labor Cost Allocation
- ✓ Hosted QB
- ✓ Installation
- ✓ Help Desk
- ✓ Data clean up & catch up
- ✓ Policies and procedures

◊ **Outsourced Bookkeeping Accounting & Tax**

We can act just as your bookkeeper or take over your entire accounting department

- ✓ Full Charge Bookkeeping
  - o *payroll*
  - o *sales tax*
  - o *bank reconciliations*
  - o *bill payment*
- ✓ Cash Flow Improvement
  - o *billing*
  - o *collections*
  - o *cash flow forecasts*
- ✓ Income tax
  - o *corporate*
  - o *individual*
- ✓ Monthly & quarterly financial reports
  - o *balance sheet reconciliations*
  - o *income statement variances*
  - o *Audit ready work papers*

◊ **Consulting**

We provide practical consulting to improve business performance and bottom-line results

- ✓ Virtual CFO
  - o *executive dashboard*
  - o *management reporting*
  - o *strategic business plan*
  - o *key performance indicators (KPIs)*
  - o *incentive compensation*
- ✓ Business Coaching
- ✓ Fundraising & Financing

◊ **Training**

GrowthForce offers growth-oriented seminars and beginner thru advanced QuickBooks training courses

- ✓ hands on classes w/PC's
- ✓ CPE Credit

QuickBooks™ System Design

growthforce™
helping your business grow

Get What You Need from QuickBooks

QuickBooks is powerful accounting software for small businesses and organizations. Unfortunately, many small businesses don't set up their QuickBooks files correctly from the start. In addition, their employees often don't know how to use the advanced features in QuickBooks and fail to optimize the power of their accounting systems.

GrowthForce Solution

We are experts in designing new QuickBooks systems and tuning up existing ones. We are Certified QuickBooks Professional Advisors™ with more than 25 years of experience in accounting system design and 10 years of experience with QuickBooks products. We have a large selection of QuickBooks templates developed, and tested, to match with your business' key performance indicators (KPIs).

We are also experts in best practices and business process re-engineering for small businesses. We know the importance of efficient business procedures and training employees to implement those procedures. We've created a library of procedures manuals to help you get to the best practices quickly and efficiently.

How it Works

Designing a new system

- When designing a new QuickBooks system, we start with the end in mind. We help you determine what information you need - daily, weekly, monthly, quarterly and annually - to make intelligent business decisions.
- From there, we work backwards to make sure you are properly capturing the information required, step-by-step, in each phase of our Prospect to Project™ cycle.

Re-designing an existing system

- Following the new system methodology, we'll perform a gap analysis to determine the work required to optimize an existing system.
- We'll determine whether to begin a new QuickBooks file or modify your existing file.
- For new files, we'll transfer current year data from your existing QuickBooks file using our proprietary data transfer utility program.
- Then, we'll optimize your system by editing your current configuration and profile, including preferences, list structure, user profiles and report groups.

QuickBooks™ System Integration

Integrate QuickBooks With Your Other Systems

We have found that businesses often have multiple sources of financial data that aren't integrated. It's common to have data in QuickBooks as well as in payroll, billing, POS, bank accounts or inventory systems. When this information is downloaded into QuickBooks, you'll have fewer errors, save on labor costs, get statements quicker and have more financial data at your fingertips!

GrowthForce Solution

We are experts at integrating QuickBooks with other systems with financial data in electronic format. For example, we can set-up QuickBooks to go online, download from your bank and automatically code your transactions. You get up-to-date financial statements whenever you want. That makes your bank reconciliation a snap!

We can also teach you how to import data from payroll providers and credit card companies and capture any other data that already exists in electronic form. You won't have to worry about costly data entry errors and you'll get timely, accurate information.

How it works

To begin to interface two electronic systems, we start with a data element listing - a list of all the fields in each database. We then map one data field to its corresponding data field. Once the tables are mapped, then we run validation tests to identify what happens when there are exceptions. In other words, we follow a logical sequence to get your systems to talk directly to QuickBooks.

Once the systems are mapped, we define the business processes that are needed to ensure there is data integrity. Because this system is posting directly to your general ledger, we make sure you have validation procedures to edit the data, if needed, before it hits your books.

Audit Support

growthforce™
helping your business grow

Are You Ready for an Audit?

If you've ever been through an audit, you know that preparation is the key to success. The problem is that often small business owners don't have the proper work papers in order and their staff isn't qualified to do the job. It's expensive to ask a CPA* to do the paperwork. Often the CPA cannot do the tax planning anyway because real- time financial data is not available or accurate.

GrowthForce Solution

After Congress overhauled the nation's rules governing corporate financial reporting, accounting firms are busier than ever as companies continue to demand more auditing services to meet the new regulatory requirements[1]. Although small business owners traditionally regard an annual audit and the preparation of annual accounts as a cost center, at GrowthForce, we strive to transform it into a benefit. We want to help you keep your financial statements accurate all year long.

How it Works

GrowthForce can make you, and your CPA, audit-ready 12 months of the year through our Virtual Accountant ™ Services. Besides helping small businesses meet the statutory requirements, we also take the opportunity to conduct a review of financial internal control and other management systems. The review often identifies potential problem areas and opportunities to improve business performance. We discuss the problems and opportunities with our clients and help them implement any agreed upon solutions.

We see the preparation of annual reports as an opportunity to enhance the external image of our clients. A well-prepared report can have a considerable positive influence on the perceptions of investors, potential capital resources, customers, prospects, referral sources, and even a business' employees - which greatly improves a business' prospects for the future.

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[1] Fuquay, Jim. "Financial Reporting Law Means Business." Star-Telegram. 25 Sept. 2006. Business. 24 Oct. 2006 <http://www.dfw.com/mld/dfw/business/15603321.htm>.

CPA Support

Are You a CPA or Do You Work with One?

GrowthForce is a resource to the accounting industry. We help CPAs – from sole practitioners to large accounting firms - to grow. With GrowthForce, CPAs can rely on clean, timely numbers which makes it easier to prepare taxes and provide accounting services. In addition, CPAs can provide more value to their clients through our CFO tool kit and Small Business Consulting services.

GrowthForce Solution

Clients can outsource their bookkeeping to GrowthForce and their CPAs will get accurate numbers to be able to provide more efficient tax returns and financial report s. Being a "GrowthForce Accountant" gives CPAs a new way to provide accounting and consulting services, including advanced QuickBooks™ System Design, that leverages technology and best practices.

How it Works

GrowthForce can also provide outsourced bookkeeping services for CPA clients, so CPAs are not spending billable time caught up in paperwork. We'll teach CPAs our QuickBooks System Design services including Web-based time tracking and job costing systems. They'll be able to keep track of profit margins by client – putting utilization and collection rates at their fingertips.

We leverage our more than 25 years of experience working in professional services to help CPAs grow their practices. Let GrowthForce show you how our QuickBooks™ System Design, Outsourced Bookkeeping and Small Business Consulting services can improve cash flow and position your firm for growth.

* GrowthForce is not a CPA firm. Accounting services provided by a GrowthForce affiliated CPA firm.

Virtual Accountant™ Services

growthforce™
helping your business grow

Should you Outsource Your Accounting?

If you want to take your business to the next level, accurate and timely financial reporting is critical, but you may find some obstacles in your way. Your current staff may not be adequate to meet the needs of your expanding organization. Or perhaps, you're not taking advantage of the efficiencies of the latest technology with your current accounting system.

GrowthForce Solution

If you want to grow your business, outsourcing your accounting is a quick and easy solution. Virtual Accountant is GrowthForce's outsourced bookkeeping and accounting service. Virtual Accountant provides back office solutions that save you time while providing accurate financial information.

With Virtual Accountant, you will have a GrowthForce team including a bookkeeper, staff accountant, senior accountant and senior manager at your service. Their time will be allocated to your account based on the skills needed and the complexity of your accounting processes. With our team approach, you'll have proper separation of duty required for good internal controls.

With outsourcing, you'll find some less obvious benefits too. Virtual Accountant will keep your business audit ready 12 months a year. Virtual Accountant will also strengthen your relationship with your existing CPA. Clean, accurate numbers will make your CPA's job easier and more efficient!

How it Works

You choose from a menu of services designed to complement your existing staff resources including bookkeeping, cash flow management and income tax preparation. We'll develop business processes customized for your business needs. Based on that assessment, we'll batch process your transactions as often as needed.

We'll also create standard monthly closing processes designed to ensure that your books properly reflect your financial results. Our systematic checklist and work paper system provides the discipline necessary to ensure timely, accurate financial statements.

If you're serious about taking your business to new heights, why build an accounting department? It's better to rent one and stay focused on your core competencies – those things that you do best.

Remote Controller Services

Who is Watching Your Bookkeeper?

Is the same person entering transactions into QuickBooks and reconciling your bank account each month? Small businesses, which are notoriously lean on staff, often use one trusted person to do many different accounting tasks. Often there's a non-accountant assigned to do the job – a bookkeeper, a spouse or the office manager. This scenario opens up the business to the risk of fraud and embezzlement. Not surprisingly, cash flow problems are the number one reason 80 percent of all small businesses fail within the first five years.

GrowthForce Solution

By using GrowthForce's Remote Controller Services, you'll have the peace of mind of having an accounting professional, who is bound to the financial guidelines, running your books and looking over the shoulder of your in-house accounting staff.

How it Works

GrowthForce's monthly, and quarterly, closing process helps ensure high quality financial statements. At the end the month or quarter, GrowthForce can reconcile and update every balance sheet schedule, including bank accounts, fixed assets and accruals, to make sure your business is always audit ready.

GrowthForce's structured closing process will highlight any critical issues that need financial management attention.

- What are our revenues, expenses and net income so far this period?
- How does this compare to the same time last period?
- How does this year's revenue per quarter compare to last year's?

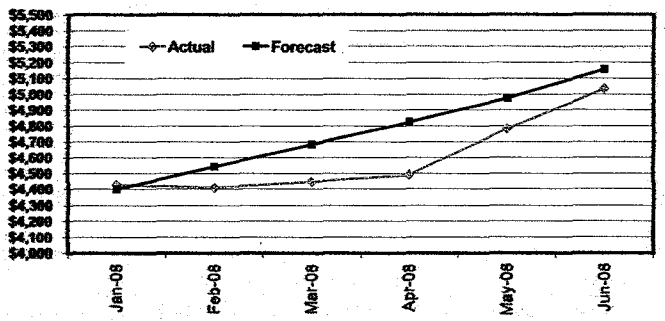
GrowthForce's services include analyzing variances to identify potential aberrations.

- Which business units show the largest income statement variances?
- Which expenses seem out of line when compared to prior periods?
- Where are the variances the largest?

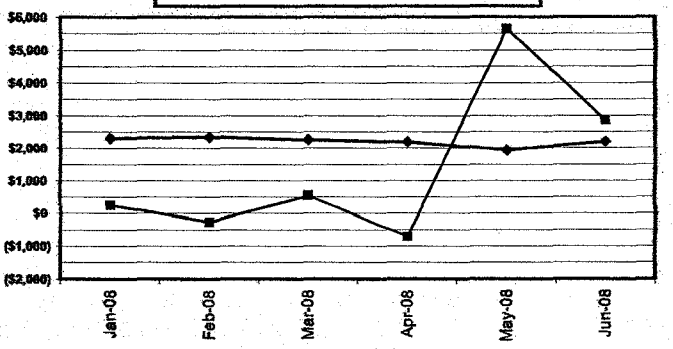
GrowthForce's Audit Ready Flash Report annotates what we see in your business so you can read between the numbers and gain an early indication of financial performance before the books are closed. Take advantage of GrowthForce's indicators, so you can stop worrying about the numbers and focus on doing what you went into business for in the first place!

Your Company Logo Here
CEO Dashboard

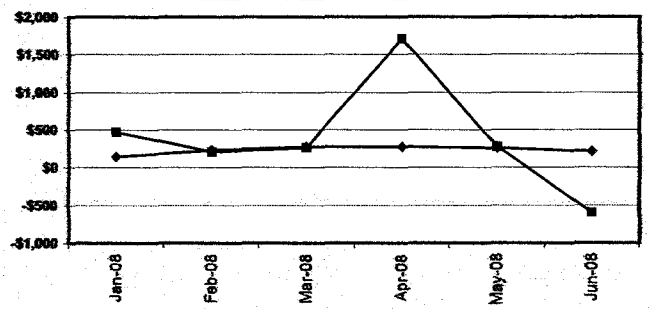
TTM - Revenue $K = Actual v Forecast



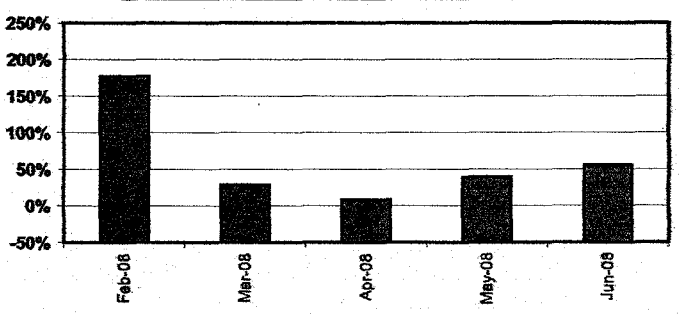
TTM v Run Rate - Gross Profit $K



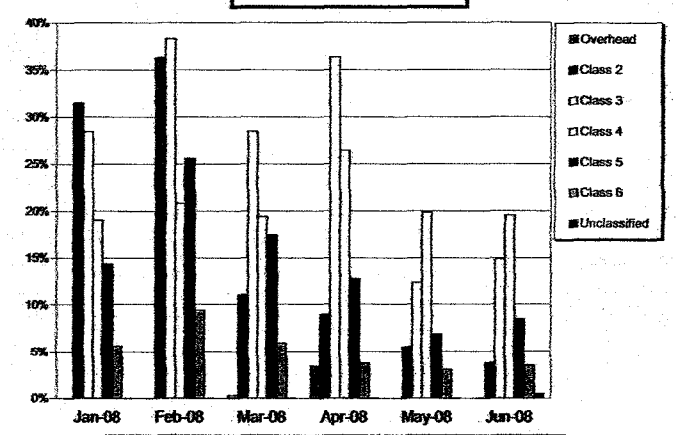
TTM v Run Rate - Net Income $K



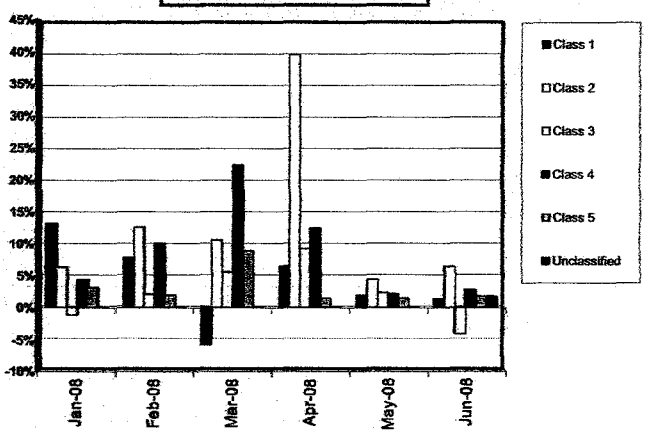
Revenue % Growth (3MMA TY/LY)



Revenue % by Class

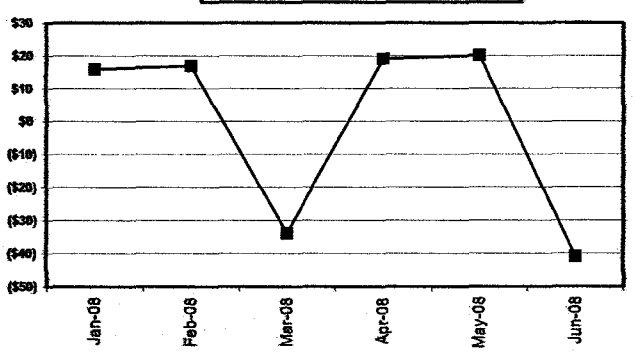


Net Income % By Class



12MMA - $ Realized per 1$ Direct Labor

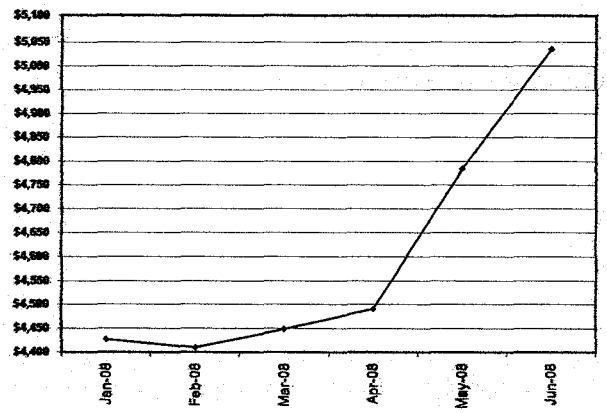
Change in Cash Monthly $K



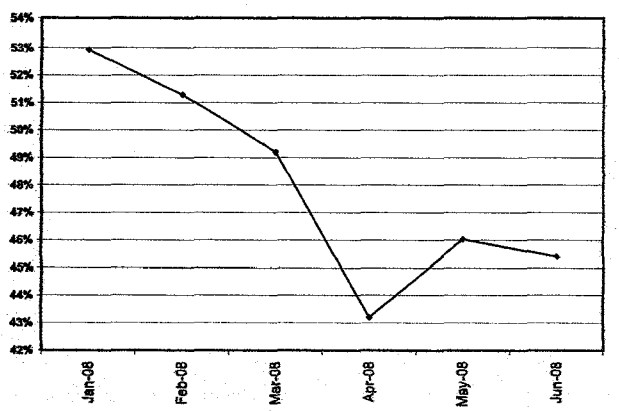
Your Company Logo

CFO Dashboard

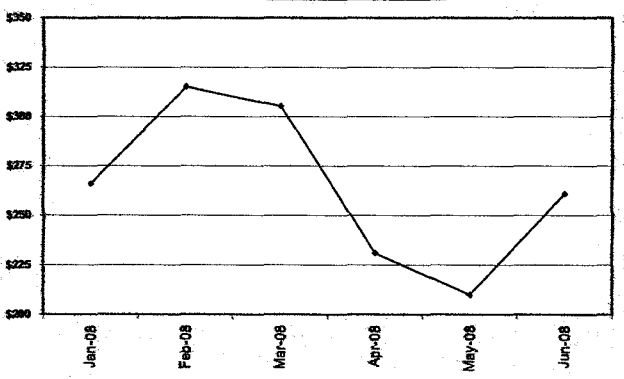
TTM - Revenue $K



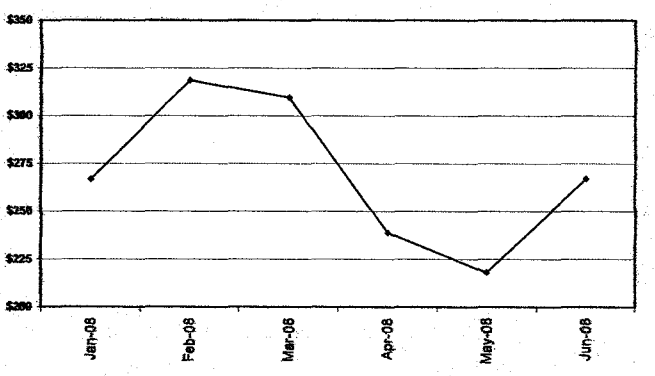
TTM - Gross Profit %



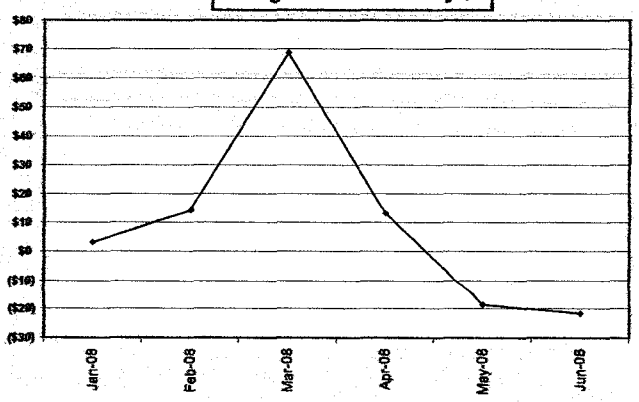
TTM - EBITDA $K



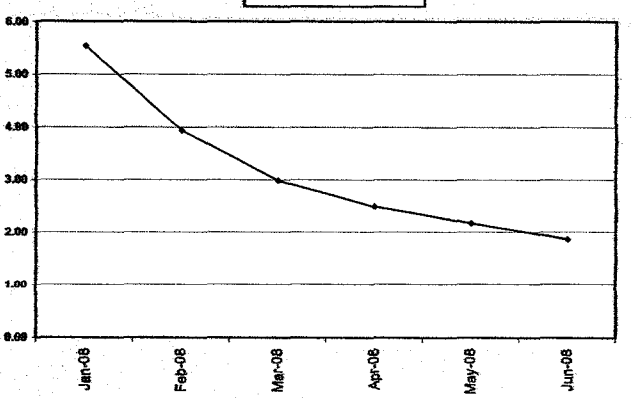
TTM - Pretax Earnings $K



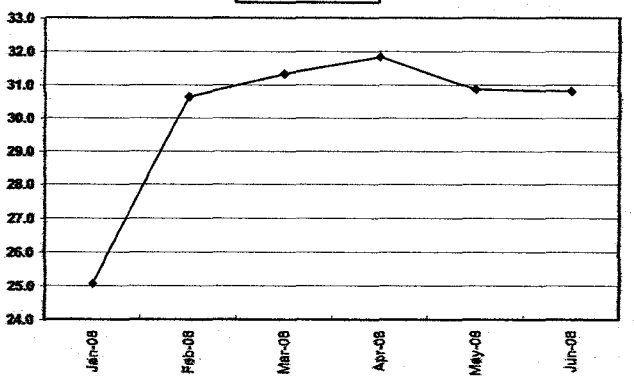
Change in Cash Monthly $K



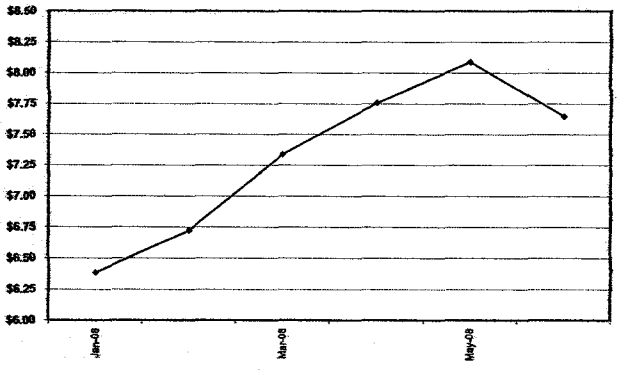
Debt:Equity Ratio



12MMA - DSO



12MMA - Cash Balance $K



Sample Company Inc.
Profit Loss
January through November 2007
See Accountant's Report

	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	TOTAL
Ordinary Income/Expense												
Income												
Repairs & Service	10,916.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,916.00
Sales												
Reseller	327,266.45	197,855.90	860,827.15	254,174.64	199,012.05	299,312.11	346,687.81	191,826.75	278,694.58	358,778.20		31.94
Wholesale	2,289.00	706.21	7,851.78	395.00	852.11	195.00	538.00	-80.00	1,371.07	460.08		34.50
Total Sales	329,555.45	198,562.11	868,678.93	254,569.64	199,864.16	299,507.11	347,225.81	191,746.75	280,065.65	359,238.28	196,782.55	3,525,796.44
Sales Discounts	0.00	0.00	0.00	-94.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-94.80
Total Income	340,471.45	198,562.11	868,678.93	254,474.84	199,864.16	299,507.11	347,225.81				196,782.55	3,536,617.64
Cost of Goods Sold												
Freight and Delivery	10,704.46	2,901.77	7,607.11	15,727.40	12,633.91	5,416.71	9,238.14	5,801.70	11,746.15	9,779.90	8,457.62	100,014.87
Materials Sold	-190,958.35	140,152.21	172,442.70	218,163.60	126,417.51	168,911.98	260,504.00	146,416.75	353,037.50	130,951.38	240,335.97	1,766,375.25
Warehouse Equipment & Supplies	3,249.42	4,993.56	1,269.45	1,229.47	1,660.26	3,942.37	1,916.22	3,792.23	4,288.26	4,008.06	3,844.77	34,194.07
Warehouse Equipment Repairs	351.76	750.00	357.18	0.00	49.37	27.00	471.49	225.00	0.00	248.76	0.00	2,480.56
Total COGS	-176,652.71	148,797.54	181,676.44	235,120.47	140,761.05	178,298.06	272,129.85	156,235.68	369,071.91	144,988.10	252,638.36	1,903,064.75
Gross Profit	517,124.16	49,764.57	687,002.49	19,354.37	59,103.11	121,209.05	75,095.96	35,511.07	-89,006.26	214,250.18	-55,855.81	1,633,552.89
Gross Profit %	152%	25%	79%	8%	30%	40%	22%	19%	-32%	60%	-28%	46%
Expense												
Sales & Marketing												
Commissions Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00	500.00
Gift	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	79.35	21.62	18.38	119.35
Prof. Development & Networking	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	106.45	0.00	106.45
Travel & Ent												
Entertainment	0.00	0.00	0.00	0.00	400.00	20.39	0.00	0.00	0.00	112.58	39.94	572.91
Meals	1,263.92	473.38	707.59	0.00	997.35	550.70	961.21	1,325.58	319.62	840.39	745.86	8,185.60
Travel	0.00	0.00	0.00	244.14	470.80	1,157.67	258.71	1,561.19	3,172.00	1,599.45	829.46	9,293.42
Travel & Ent - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-147.75	0.00	0.00	664.50	516.75
Total Travel & Ent	1,263.92	473.38	707.59	244.14	1,868.15	1,728.76	1,219.92	2,739.02	3,491.62	2,552.42	2,279.76	18,568.68
Total Sales & Marketing	1,263.92	473.38	707.59	244.14	1,868.15	1,728.76	1,219.92	2,739.02	3,570.97	2,680.49	2,798.14	19,294.48

Big fluctuations based on timing of Evans account billing

November cost of sales includes costs from sales recognized in October. Need to consider month end accruals for revenue or move unbilled cost to balance sheet

Meal related expenses should be recorded to the proper sub-account.

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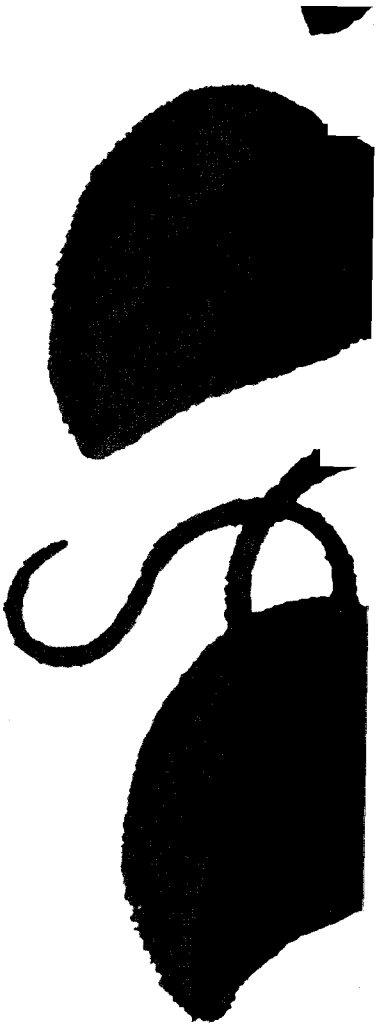

growth
helping your business grow

GrowthForce
Phone: 281-358-2007
Fax: 281-358-4120
Email: info@growthforce.com
Web: www.growthforce.com

Basic data and assumptions:					
All figures in US Dollars.					
1	Cost of Waste Oil feed input to the plant	$ 1.90	per gallon	Equivalent To	$ 2.00
2	Distilled Filtered Oil selling price (Base Oil)	$ 4.50	per gallon	Charge price reduced	
3	Plant fuel cost - Natural Gas	$ 13.50	per MM Btu	for 5% water in oil feed.	
4	Gasoline/Diesel selling price	$ 1.75	per gallon		
5	Asphalt/bunker 6 selling price	$ 1.00	per gallon		
6	Cost of power	$ 0.145	per kWH		
7	Cost of make-up cooling water	$ 0.01	per gallon		
Economic Assesment of the plant:					
	Capacity of the plant	1,200	gph of waste	oil input.	
I	Cost of Equipment and Installation	$ 3.000	Million	Equipment	
II	Land Cost and Improvements	$ -		CES Site	
	System Cost Installed With Site Improvements	**$ 3.000**	Million		
		$ 3.000			
				No. of Working days/yr	
	Income statement - Revenue	% Recovery	Rate per gal	300	330
	Recoveries of:				
	Oil (SAE 10 to 20;SAE 30 to 40) Base Oil	75.00	$ 4.50	$ 29,160,000	$ 32,076,000
	Diesel	5	$ 1.00	$ 432,000	$ 475,200
	Gasoline	5	$ 1.75	$ 756,000	$ 831,600
	Asphalt Material Extender Blended With Asphal	10	$ 1.00	$ 864,000	$ 950,400
	Total revenue from oil production	**95**		**$ 31,212,000**	**$ 34,333,200**
	Note: 5% water in oil feed				
	Expenditure statement - Direct.	Total units	Costs / unit		
	Cost of input Waste Oil	28,800gal/day	$ 1.90	$ 16,416,000	$ 18,057,600
	Cost of Wasterwater Disposal at CES	60 gph at $.05	per gal T&D	$ 21,600	$ 28,760
	Direct Labor :				
	Plant Forman			$ 75,000	$ 75,000
	Lab Technician			$ 50,000	$ 50,000
	Operators, 2 persons, per hour, 24hr/day	17520	$ 30.00	$ 525,600	$ 578,160
	Maintenance, 2 persons, 5 days/week	4576	$ 25.00	$ 114,400	$ 125,840
	Utilities:(Heater 10 MM Btu/hr)				
	Power, in kWH	750	$ 0.145	$ 783,000	$ 861,300
	Solvent make-up at 0.25% for the polishing			$ 20,000	$ 22,000
	Fuel for Hot Oil heater, Nat Gas MM Btu/yr	72,000	$ 13.50	$ 972,000	$ 1,069,200
	Cooling water for make-up - gal/hr	2000	$ 0.01	$ 144,000	$ 158,400
	Sulfuric Acid $700/330gal 2times/mo			$ 16,800	$ 18,480
	Emulsion Breaker 600 gal/mo			$ 86,400	$ 95,040
	Safety Supplies			$ 12,000	$ 13,200
	Lab Supplies			$ 48,000	$ 52,800
	Total Direct Costs			**$ 19,284,800**	**$ 21,205,780**
	Expenditure statement - Indirect.				
	Maintenance parts and supplies / costs / year			$ 300,000	$ 330,000
	S,G, and A - Insurance, Office Staff, & Misc	$16,135/mo		$ 193,620	$ 212,982
	Total Indirect Costs			**$ 493,620**	**$ 542,982**
	Operating Profit (Before interest)			**$ 11,433,580**	**$ 12,584,438**
				$ -	$ -
				$ -	$ -
	Profit before depreciation and Tax			**$ 11,433,580**	**$ 12,584,438**
	Projected Return on Investment (ROI)	days		**96**	**87**
		years		**0.26**	**0.24**

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statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Additional Requirements. Borrower will provide Lender with such reviewed financial statements, tax returns, aging of accounts receivable and accounts payable, schedule of debt and debt and debt service and other statements of condition or other information, in form and content acceptable to Lender, as Lender shall request from time to time within fifteen days of the date of the request.

Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will deliver to Lender, at Lender's request from time to time a certificate substantially in the form of the Borrower Compliance Certificate attached hereto, signed by Borrower, or if Borrower is a business entity, an authorized financial officer of Borrower setting forth (i) the information and computations (in sufficient detail) to establish that Borrower is in compliance with all financial covenants at the end of the period covered by the financial statements then being delivered to Lender, and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any Event of Default under this Agreement and, if any such default exists, specifying the nature thereof and the action Borrower is taking and proposes to take with respect thereto.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Financial Covenants and Ratios. Comply with the following covenants and ratios:

Other Requirements.
Tangible Net Worth. Maintain on a consolidated basis Tangible Net Worth equal to at least One Million Dollars ($1,000,000.00) at December 31, 2006 with a minimum annual increase of Two Hundred Fifty Dollars ($250,000.00) thereafter. "Tangible Net Worth" means the value of Borrower's total assets (including leaseholds and leasehold improvements and reserves against assets but excluding goodwill, patents, trademarks, trade names, organization expense, unamortized debt discount and expense, capitalized or deferred research and development costs, deferred marketing expenses, and other like intangibles, and monies due from affiliates, officers, directors, employees, shareholders, members or managers of Borrower) less total liabilities, including but not limited to accrued and deferred income taxes, but excluding the non-current portion of Subordinated Liabilities. "Subordinated Liabilities" means liabilities subordinated to Borrower's obligations to Lender in a manner acceptable to Lender in its sole discretion.

3.4 M to 1.25 3.45 x03

Debt to Worth Ratio. Maintain on a consolidated basis a ratio of Total Liabilities (excluding the non-current portion of Subordinated Liabilities) to Tangible Net Worth not exceeding 3.00:1.0 at December 31, 2006, not exceeding 2.75:1.10 at December 31, 2007 and not exceeding 2.50:1.0 at December 31, 2008 and thereafter. "Total Liabilities" means the sum of current liabilities plus long term liabilities. "Tangible Net Worth" means the value of Borrower's total assets (including leaseholds and leasehold improvements and

reserves against assets but excluding goodwill, patents, trademarks, trade names, organization expense, unamortized debt discount and expense, capitalized or deferred research and development costs, deferred marketing expenses, and other like intangibles, and monies due from affiliates, officers, directors, employees, shareholders, members or managers of Borrower) less total liabilities, including but not limited to accrued and deferred income taxes, but excluding the non-current portion of Subordinated Liabilities. "Subordinated Liabilities" means liabilities subordinated to Borrower's obligations to Lender in a manner acceptable to Lender in its sole discretion.

Debt Service Coverage Ratio. Maintain on a consolidated basis a Debt Service Coverage Ratio of at least 1.25:1.0. "Debt Service Coverage Ratio" means the ratio of Cash Flow to the sum of the current portion of long term debt and the current portion of capitalized lease obligations plus interest expense on all obligations. "Cash Flow" is defined as (a) net income, after income tax, (b) less income or plus loss from discontinued operations and extraordinary items, (c) plus depreciation, depletion and amortization, (d) plus interest expense on all obligations, and (e) minus dividends, withdrawals, and other distributions. This ratio will be calculated at the end of each reporting period for which Lender requires financial statements from Borrower, using the results of the twelve-month period ending with that reporting period. The current portion of long-term liabilities will be measured as of the last day of the calculation period

1.56 to 1.25

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, and coverages reasonably acceptable to Lender and by insurance companies authorized to transact business in Texas. **BORROWER MAY FURNISH THE INSURANCE REQUIRED BY THIS AGREEMENT WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY BORROWER OR THROUGH EQUIVALENT COVERAGE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN TEXAS.** Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantor named below, on Lender's forms, and in the amount and under the conditions set forth in those guaranties.

Name of Guarantor	Amount
Matthew L. Bowman	**Unlimited**

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

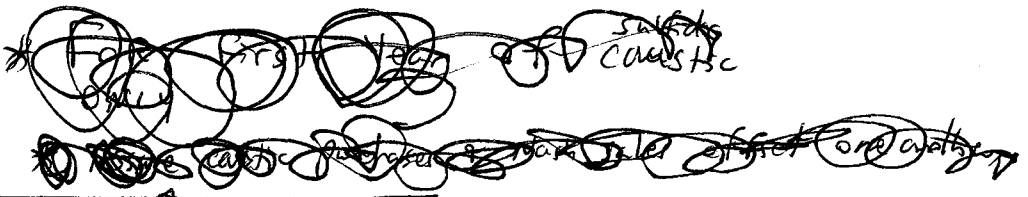
Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property



Monthly Expenses + Overhead

Mortgage / Rent : $40,000

Electricity for office, plant, phones, etc. : $6,000

Lab and office supplies : $2,000

Safety Supplies : $2,000

Extra / New Insurance : $10,000

Security Company : $8,000

Personnell (including insurance, workers comp., etc.) : $43,875

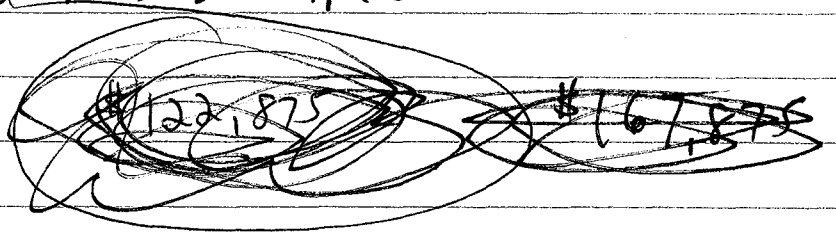
Gas for Plant : $5,000

Maintenance costs + supplies : $5,000

Equipment Rent : $1,000

Barge Rent (1) : $45,000

Analytical fees : $4,000



80
120
60
70
45
30

$171,875

— Shippers Chemtrade

Rent 1 Barge for Citgo

— 1st Barge + 2nd Barge	(700,000 gal.)	$478,100	868,000 gal.
— SIB	(56,000 gal.)	$100,000	
— ~~Enterprise~~	(80,000 gal.)	$34,400	
— Targa	(32,000 gal.)	$15,000	

Total Initial Revenue: $627,500

Operating Expenses

* Assume caustic purchases + Nash sales offset

— Sales Commissions		$42,000
— Chemicals .07		$60,760
— Disposal	water .06 + sludge .02	$69,440
— Transportation .05		$43,400
— Barge Transp. Costs .07		$49,000
		$257,240

Total 1st month profit: $198,385

2nd Month — All first shift plus below

Revenue

Add 100,000 gal. at .45/gal. $45,000

Overhead No Increases

Operating Expenses

- Commissions (EES sales) .01¢/gal. $1,100
- Chemicals $7,000
- Disposal $8,000
- Transp. $5,000

* No barge Transp. b/c we Assume freight separate

Total Add. profit: $21,100

Total 2nd month profit: $219,385

4500
2400
4500

.15
.06

$45,000 remove 1 barge from service
$52,360 savings through Sat at KMTEX (.07/gal) → in, out, and store
15,000 freight savings
8,000 Trailer Rental Savings
65,100 savings on method of handling (downstream)

+ 185,460
- 15,000 insurance
- 18,750 (plus extra FICA, Futa, Sus.)
- 8000 (security)
- (electricity, phone, etc)
- (safety supplies)

+ $ not spent at CES Houston

July 16 - Aug 14

Liability

Entry

- They put the accrual as a General Journal does not hit quickbooks only black book (all this is.. is a big notepad saying this is how much will hit but doesn't show on the income statements).

↳ only shows what you have to pay but doesn't take away from the P&L sheet (will show in BB)

Bank = 88,281.00

Savings = 6,744.88

TCEQ Trust = 10,500.00

CD = 55,000.00 → To cover a loan

Recievables = 4,407,801.94

Payable = 3,092,239.98

↳ Simple payables.... to find complete you must add this plus all accruals.

* Accrual Accts add up to

- Accrued Ops = $513,996.71
- Accrued Admin = $838,741.00

TOTAL $ 1,352,737.71

current

TOTAL Receivable = $4,407,801.94

TOTAL PAYABLE = $4,444,977.69

DIFFERENCE = -$37,175.75 (in the red)

In the Bank = 95,025.88

TOTAL Difference = $57,850.13

Janie COMPANY:

LOAN REQ: 0163 INVOICE REFERENCE: PAGE 0001 OF 0001
BANK: 75 AP: 1 OBGOR: [redacted]583 OBGAT: CES ENVIRONMENT
DATE: CHG CODE: INVOICE/ITEM: 0710093316 PAGE:
BILL DATE: 12-17-07

OBLIGATION	DUE DATE	COLL METH	CHG CD	AMT THIS PERIOD	TOTAL AMT BILLED
0000000398	01-01-08	31	001	5,651.65	5,651.65
			100	4,439.22	4,439.22
			OBGAT TOTAL	10,090.87	10,090.87
			INVOICE TOTAL	10,090.87	10,090.87

POSTED

25

TO:Janie COMPANY:

LOAN REQ: 0163 INVOICE REFERENCE PAGE 0001 OF 0001
BANK: 75 AP: 1 OBGOR: [redacted]583 OBGAT: CES ENVIRONMENT
DATE: CHG CODE: INVOICE/ITEM: 0810003788 PAGE:
BILL DATE: 01-17-08

OBLIGATION	DUE DATE	COLL METH	CHG CD	AMT THIS PERIOD	TOTAL AMT BILLED
0000000398	02-01-08	31	001	5,687.61	5,687.61
			100	4,403.26	4,403.26
			OBGAT TOTAL	10,090.87	10,090.87
			INVOICE TOTAL	10,090.87	10,090.87

POSTED

EPAHO120000657

Bank of America

Commercial Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810020181
Obligation(s)	0000000398
Statement Date:	03/17/08
Due Date:	04/01/08

Due	Past Due	This Period	Total Due
Principal	0.00	5,762.02	5,762.02
Interest	0.00	4,328.85	4,328.85
Total	0.00	10,090.87	10,090.87

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
MAR 2 1 2008
BY:

7500008045831081002018104010800010090873300003 13

⑈0810020181⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON APRIL 01, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810020181	Due Date 04/01/08	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		686,255.49
	Previous Principal Due	6,005.56	
	Previous Interest Due	4,085.31	
03/01/08	Principal Payment	6,005.56-	680,249.93
03/01/08	Interest Payment	4,085.31-	
	Int 031 days @ 7.3900	4,328.85	
04/01/08	Principal Due	5,762.02	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	5,762.02	5,762.02
INTEREST	0.00	4,328.85	4,328.85
TOTAL	0.00	10,090.87	10,090.87

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

EPAHO120000658

Bank of America

Commercial
Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810027965
Obligation(s)	0000000398
Statement Date:	04/16/08
Due Date:	05/01/08

Due	Past Due	This Period	Total Due
Principal	0.00	5,937.15	5,937.15
Interest	0.00	4,153.72	4,153.72
Total	0.00	10,090.87	10,090.87

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
APR 21 2008
BY:

7500008045831081002796505010800010090873300003l3

⑈0810027965⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON MAY 01, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810027965	Due Date 05/01/08	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		680,249.93
	Previous Principal Due	5,762.02	
	Previous Interest Due	4,328.85	
04/01/08	Principal Payment	5,762.02-	674,487.91
04/01/08	Interest Payment	4,328.85-	
	Int 030 days @ 7.3900	4,153.72	
05/01/08	Principal Due	5,937.15	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	5,937.15	5,937.15
INTEREST	0.00	4,153.72	4,153.72
TOTAL	0.00	10,090.87	10,090.87

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial
Loan Invoice

Bank of America

Commercial
Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810035632
Obligation(s)	0000000398
Statement Date:	05/18/08
Due Date:	06/01/08

Due	Past Due	This Period	Total Due
Principal	0.00	4,850.86	4,850.86
Interest	0.00	5,240.01	5,240.01
Total	0.00	10,090.87	10,090.87

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

750000804583108100356320601080001009087330000313

RECEIVED
MAY 22 2008
BY:

⑈0810035632⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JUNE 01, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810035632	Due Date 06/01/08	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		674,487.91
	Previous Principal Due	5,937.15	
	Previous Interest Due	4,153.72	
04/29/08	Principal Advance	145,496.00	819,983.91
05/01/08	Principal Payment	5,937.15-	814,046.76
05/01/08	Interest Payment	4,153.72-	
ADJUST	Prior Principal Actvty	59.74	
	Int 031 days @ 7.3900	5,180.27	
06/01/08	Principal Due	4,850.86	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	4,850.86	4,850.86
INTEREST	0.00	5,240.01	5,240.01
TOTAL	0.00	10,090.87	10,090.87

all pd loan

296,000
948,000 - interest

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial
Loan Invoice

erica

Commercial
Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

MARY

omer No.	75-804583
voice No.	0810044080
bligation(s)	0000000398
Statement Date:	06/16/08
Due Date:	07/01/08

Due	Past Due	This Period	Total Due
Principal	0.00	5,107.57	5,107.57
Interest	0.00	4,983.30	4,983.30
Total	0.00	10,090.87	10,090.87

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
JUN 20 2008
BY:

7500008045831081004408007010800010090873300003l3

⑈0810044080⑈ ⑆553990010⑆ 7500008045831⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JULY 01, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810044080	Due Date 07/01/08	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		814,046.76
	Previous Principal Due	4,850.86	
	Previous Interest Due	5,240.01	
06/01/08	Principal Payment	4,850.86-	809,195.90
06/01/08	Interest Payment	5,240.01-	
	Int 030 days @ 7.3900	4,983.30	
07/01/08	Principal Due	5,107.57	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	5,107.57	5,107.57
INTEREST	0.00	4,983.30	4,983.30
TOTAL	0.00	10,090.87	10,090.87

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

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	75-804583
	0810052147
on(s)	0000000398
ent Date:	07/17/08
e Date:	08/01/08

Due	Past Due	This Period	Total Due
Principal	0.00	4,973.96	4,973.96
Interest	0.00	5,116.91	5,116.91
Total	0.00	10,090.87	10,090.87

Amount Enclose

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

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BY:

7500008045831081005214708010800010090873300000313

⑈08100521 4 7⑈ ⑆553990010⑆ 7500008045 83⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON AUGUST 01, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810052147	Due Date 08/01/08	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		809,195.90
	Previous Principal Due	5,107.57	
	Previous Interest Due	4,983.30	
07/01/08	Principal Payment	5,107.57-	804,088.33
07/01/08	Interest Payment	4,983.30-	
	Int 031 days @ 7.3900	5,116.91	
08/01/08	Principal Due	4,973.96	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	4,973.96	4,973.96
INTEREST	0.00	5,116.91	5,116.91
TOTAL	0.00	10,090.87	10,090.87

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Sale

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...RY

...No.	75-804583
...No.	0810001813
...ation(s)	0000000273
...tement Date:	01/10/08
...ue Date:	01/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	1,933.45	1,933.45
Interest	0.00	330.45	330.45
Total	0.00	2,263.90	2,263.90

Amount Enclosed
AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

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⑈0810001813⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810001813	Due Date 01/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	9.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		42,499.99
	Previous Principal Due	1,923.32	
	Previous Interest Due	340.58	
12/11/07	Principal Payment	1,923.32-	40,576.67
12/11/07	Interest Payment	340.58-	
	Int 021 days @ 9.7500	227.62	
01/01/08	Rate Chg - 9.25000000		
	Int 010 days @ 9.2500	102.83	
01/11/08	Principal Due	1,933.45	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	1,933.45	1,933.45
INTEREST	0.00	330.45	330.45
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810009491
Obligation(s)	0000000273
Statement Date:	02/10/08
Due Date:	02/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	1,960.32	1,960.32
Interest	0.00	303.58	303.58
Total	0.00	2,263.90	2,263.90

Amount Enclosed
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⑈0810009491⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON FEBRUARY 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810009491	Due Date 02/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	9.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		40,576.67
	Previous Principal Due	1,933.45	
	Previous Interest Due	330.45	
01/01/08	Rate Chg - 9.25000000		
01/11/08	Principal Payment	1,933.45-	38,643.22
01/11/08	Interest Payment	330.45-	
	Int 031 days @ 9.2500	303.58	
02/11/08	Principal Due	1,960.32	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	1,960.32	1,960.32
INTEREST	0.00	303.58	303.58
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810018138
Obligation(s)	0000000273
Statement Date:	03/10/08
Due Date:	03/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	1,994.30	1,994.30
Interest	0.00	269.60	269.60
Total	0.00	2,263.90	2,263.90

Amount Enclosed
AUTO DEBIT

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⑈0810018138⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON MARCH 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810018138	Due Date 03/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	9.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		38,643.22
	Previous Principal Due	1,960.32	
	Previous Interest Due	303.58	
02/11/08	Principal Payment	1,960.32-	36,682.90
02/11/08	Interest Payment	303.58-	
	Int 029 days @ 9.2500	269.60	
03/11/08	Principal Due	1,994.30	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	1,994.30	1,994.30
INTEREST	0.00	269.60	269.60
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810026241
Obligation(s)	0000000273
Statement Date:	04/10/08
Due Date:	04/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,010.39	2,010.39
Interest	0.00	253.51	253.51
Total	0.00	2,263.90	2,263.90

Amount Enclosed
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⑈0810026241⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON APRIL 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810026241	Due Date 04/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	7.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		36,682.90
	Previous Principal Due	1,994.30	
	Previous Interest Due	269.60	
03/11/08	Principal Payment	1,994.30-	34,688.60
03/11/08	Interest Payment	269.60-	
	Int 021 days @ 9.2500	184.61	
04/01/08	Rate Chg - 7.25000000		
	Int 010 days @ 7.2500	68.90	
04/11/08	Principal Due	2,010.39	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,010.39	2,010.39
INTEREST	0.00	253.51	253.51
TOTAL	0.00	2,263.90	2,263.90

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RY

No.	75-804583
e No.	0810033736
gation(s)	0000000273
tatement Date:	05/11/08
Due Date:	05/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,069.17	2,069.17
Interest	0.00	194.73	194.73
Total	0.00	2,263.90	2,263.90

Amount Enclosed
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⑈0810033736⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON MAY 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

	Customer No.	Invoice No.	Due Date	Total Due
CES ENVIRONMENTAL SERVICES	75-804583	0810033736	05/11/08	2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	7.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		34,688.60
	Previous Principal Due	2,010.39	
	Previous Interest Due	253.51	
04/01/08	Rate Chg - 7.25000000		
04/11/08	Principal Payment	2,010.39-	32,678.21
04/11/08	Interest Payment	253.51-	
	Int 030 days @ 7.2500	194.73	
05/11/08	Principal Due	2,069.17	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,069.17	2,069.17
INTEREST	0.00	194.73	194.73
TOTAL	0.00	2,263.90	2,263.90

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Loan Invoice

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	75-804583
	0810042280
n(s)	0000000273
nt Date:	06/10/08
ate:	06/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,075.43	2,075.43
Interest	0.00	188.47	188.47
Total	0.00	2,263.90	2,263.90

Amount Enclosed

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⑈0810042280⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JUNE 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810042280	Due Date 06/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	7.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		32,678.21
	Previous Principal Due	2,069.17	
	Previous Interest Due	194.73	
05/11/08	Principal Payment	2,069.17-	30,609.04
05/11/08	Interest Payment	194.73-	
	Int 031 days @ 7.2500	188.47	
06/11/08	Principal Due	2,075.43	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,075.43	2,075.43
INTEREST	0.00	188.47	188.47
TOTAL	0.00	2,263.90	2,263.90

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RY

No.	75-804583
No.	0810050145
ation(s)	0000000273
rement Date:	07/10/08
ue Date:	07/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,095.82	2,095.82
Interest	0.00	168.08	168.08
Total	0.00	2,263.90	2,263.90

Amount Enclosed

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"0810050145" "5539900101" 7500008045831

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JULY 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810050145	Due Date 07/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	7.000	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		30,609.04
	Previous Principal Due	2,075.43	
	Previous Interest Due	188.47	
06/11/08	Principal Payment	2,075.43-	28,533.61
06/11/08	Interest Payment	188.47-	
	Int 020 days @ 7.2500	113.36	
07/01/08	Rate Chg - 7.00000000		
	Int 010 days @ 7.0000	54.72	
07/11/08	Principal Due	2,095.82	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,095.82	2,095.82
INTEREST	0.00	168.08	168.08
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810057624
Obligation(s)	0000000273
Statement Date:	08/10/08
Due Date:	08/11/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,106.72	2,106.72
Interest	0.00	157.18	157.18
Total	0.00	2,263.90	2,263.90

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
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⑈08100576 24⑈ ⑆553990010⑆ 75000080458 3⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON AUGUST 11, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810057624	Due Date 08/11/08	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	7.000	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		28,533.61
	Previous Principal Due	2,095.82	
	Previous Interest Due	168.08	
07/11/08	Principal Payment	2,095.82-	26,437.79
07/11/08	Interest Payment	168.08-	
	Int 031 days @ 7.0000	157.18	
08/11/08	Principal Due	2,106.72	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,106.72	2,106.72
INTEREST	0.00	157.18	157.18
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810001455
Obligation(s)	0000000307
Statement Date:	01/08/08
Due Date:	01/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	2,993.47	2,993.47
Interest	0.00	7,008.20	7,008.20
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
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"0810001455" :553990010: 7500008045831

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810001455	Due Date 01/18/08	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,165,851.79
	Previous Principal Due	3,200.87	
	Previous Interest Due	6,800.80	
12/18/07	Principal Payment	3,200.87-	1,162,650.92
12/18/07	Interest Payment	6,800.80-	
	Int 014 days @ 7.0000	3,164.99	
	Int 017 days @ 7.0000	3,843.21	
01/18/08	Principal Due	2,993.47	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,993.47	2,993.47
INTEREST	0.00	7,008.20	7,008.20
TOTAL	0.00	10,001.67	10,001.67

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SUMMARY

Customer No.	75-804583
Invoice No.	0810009492
Obligation(s)	0000000307
Statement Date:	02/10/08
Due Date:	02/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,011.51	3,011.51
Interest	0.00	6,990.16	6,990.16
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
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BY:

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"0810009492" :553990010: 7500008045831

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON FEBRUARY 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810009492	Due Date 02/18/08	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,162,650.92
	Previous Principal Due	2,993.47	
	Previous Interest Due	7,008.20	
01/18/08	Principal Payment	2,993.47-	1,159,657.45
01/18/08	Interest Payment	7,008.20-	
	Int 031 days @ 7.0000	6,990.16	
02/18/08	Principal Due	3,011.51	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,011.51	3,011.51
INTEREST	0.00	6,990.16	6,990.16
TOTAL	0.00	10,001.67	10,001.67

9000 - 6990.16

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DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

Bank of America

Commercial
Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810017674
Obligation(s)	0000000307
Statement Date:	03/09/08
Due Date:	03/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,479.47	3,479.47
Interest	0.00	6,522.20	6,522.20
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
MAR 13 2008
BY:

7500008045831081001767403180800010001673300003 13

⑈0810017674⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON MARCH 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No.	Invoice No.	Due Date	Total Due
	75-804583	0810017674	03/18/08	10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,159,657.45
	Previous Principal Due	3,011.51	
	Previous Interest Due	6,990.16	
02/18/08	Principal Payment	3,011.51-	1,156,645.94
02/18/08	Interest Payment	6,990.16-	
	Int 029 days @ 7.0000	6,522.20	
03/18/08	Principal Due	3,479.47	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,479.47	3,479.47
INTEREST	0.00	6,522.20	6,522.20
TOTAL	0.00	10,001.67	10,001.67

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial
Loan Invoice

EPAHO120000673

Bank of America

Commercial Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810025860
Obligation(s)	0000000307
Statement Date:	04/08/08
Due Date:	04/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,050.64	3,050.64
Interest	0.00	6,951.03	6,951.03
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

7500008045831081002586004180800010001673300003l3

"0810025860" :553990010: 7500008045831

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON APRIL 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810025860	Due Date 04/18/08	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,156,645.94
	Previous Principal Due	3,479.47	
	Previous Interest Due	6,522.20	
03/18/08	Principal Payment	3,479.47-	1,153,166.47
03/18/08	Interest Payment	6,522.20-	
	Int 031 days @ 7.0000	6,951.03	
04/18/08	Principal Due	3,050.64	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,050.64	3,050.64
INTEREST	0.00	6,951.03	6,951.03
TOTAL	0.00	10,001.67	10,001.67

RECEIVED
APR 12 2008

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

EPAHO120000674

merica

Commercial Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

MARY

mer No.	75-804583
oice No.	0810033445
bligation(s)	0000000307
Statement Date:	05/08/08
Due Date:	05/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,292.66	3,292.66
Interest	0.00	6,709.01	6,709.01
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
MAY 1 2 2008
BY:

7500008045831081003344505180800010001673300003 13

⑈0810033445⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON MAY 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

	Customer No.	Invoice No.	Due Date	Total Due
CES ENVIRONMENTAL SERVICES	75-804583	0810033445	05/18/08	10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,153,166.47
	Previous Principal Due	3,050.64	
	Previous Interest Due	6,951.03	
04/18/08	Principal Payment	3,050.64-	1,150,115.83
04/18/08	Interest Payment	6,951.03-	
	Int 030 days @ 7.0000	6,709.01	
05/18/08	Principal Due	3,292.66	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,292.66	3,292.66
INTEREST	0.00	6,709.01	6,709.01
TOTAL	0.00	10,001.67	10,001.67

Mortgage

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

EPAHO120000675

Loan Invoice

incorrect and complete reverse side

	75-804583
	0810041600
(s)	0000000307
Date:	06/08/08
e:	06/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,088.88	3,088.88
Interest	0.00	6,912.79	6,912.79
Total	0.00	10,001.67	10,001.67

Amount Enclosed
AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

RECEIVED
JUN 12 2008
BY:

7500008045831081004160006180800010001673300003 13

⑈0810041600⑈ ⑆553990010⑆ 750000804583⑈

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JUNE 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

ACTIVITY SINCE YOUR LAST STATEMENT

	Customer No.	Invoice No.	Due Date	Total Due
CES ENVIRONMENTAL SERVICES	75-804583	0810041600	06/18/08	10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,150,115.83
	Previous Principal Due	3,292.66	
	Previous Interest Due	6,709.01	
05/18/08	Principal Payment	3,292.66-	1,146,823.17
05/18/08	Interest Payment	6,709.01-	
	Int 031 days @ 7.0000	6,912.79	
06/18/08	Principal Due	3,088.88	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,088.88	3,088.88
INTEREST	0.00	6,912.79	6,912.79
TOTAL	0.00	10,001.67	10,001.67

POSTED 6-16-08

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

EPAHO120000676

Commercial
Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810049769
Obligation(s)	0000000307
Statement Date:	07/08/08
Due Date:	07/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,329.89	3,329.89
Interest	0.00	6,671.78	6,671.78
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

PROCESSED

75000080458310810049769071808000100016733000031 3

"0810049769" 1:553990010: 7500008045 83"

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JULY 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810049769	Due Date 07/18/08	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,146,823.17
	Previous Principal Due	3,088.88	
	Previous Interest Due	6,912.79	
06/18/08	Principal Payment	3,088.88-	1,143,734.29
06/18/08	Interest Payment	6,912.79-	
	Int 030 days @ 7.0000	6,671.78	
07/18/08	Principal Due	3,329.89	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,329.89	3,329.89
INTEREST	0.00	6,671.78	6,671.78
TOTAL	0.00	10,001.67	10,001.67

RECEIVED
JUL 12 2008
BY:

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial
Loan Invoice

Bank of America

Commercial Loan Invoice

Please check if your address is incorrect and complete reverse side ☐

SUMMARY

Customer No.	75-804583
Invoice No.	0810057625
Obligation(s)	0000000307
Statement Date:	08/10/08
Due Date:	08/18/08

Due	Past Due	This Period	Total Due
Principal	0.00	3,127.56	3,127.56
Interest	0.00	6,874.11	6,874.11
Total	0.00	10,001.67	10,001.67

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

75000080458310810057625081808000100016733000031 3

"0810057625" :553990010: 75000080458 3"

YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON AUGUST 18, 2008.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810057625	Due Date 08/18/08	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,143,734.29
	Previous Principal Due	3,329.89	
	Previous Interest Due	6,671.78	
07/18/08	Principal Payment	3,329.89-	1,140,404.40
07/18/08	Interest Payment	6,671.78-	
	Int 031 days @ 7.0000	6,874.11	
08/18/08	Principal Due	3,127.56	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,127.56	3,127.56
INTEREST	0.00	6,874.11	6,874.11
TOTAL	0.00	10,001.67	10,001.67

RECEIVED
AUG 15 2008
BY:

BANK OF AMERICA NA
P O BOX 660576
DALLAS TX 75266-0576

Bank of America

Please retain this portion of invoice for your records

Commercial Loan Invoice

EPAHO120000678

Pickup - 81
3 Greenway Plaza
Suite 1750
Houston TX
7046
Brian Franklin or
Andy Dube

YE Entries - Revised

Report Date: 07/06/07 Time: 09:16:42 AM — Page: 0001
Client Name: CES Environmental Services, Inc. — Tax Product: C Tax Year: 2006
Client ID: 76-0592985 — Fiscal Year-End: 12/31/06

ADJUSTING JOURNAL ENTRIES

Account Number	Description	Adjustments Debit	Credit
Current Year Adjusting Journal Entries:			
J/E No.: CAJE001	Reference: Posted: Yes Pro Forma Option: Not Included		
291800	Clay Filtration System	200000.00	0.00
170000	Machinery & Equipment	0.00	200000.00
To reverse entry booked twice			
J/E No.: CAJE002	Reference: Posted: Yes Pro Forma Option: Not Included		
884030	State Franchise	0.00	27724.75
200000	Accounts Payable	27724.75	0.00
Reverse out franchise accrual post through A/P			
J/E No.: CAJE003	Reference: Posted: Yes Pro Forma Option: Not Included		
251000	Mortgage Payable Bank of America	0.00	7260.40
252000	SBA Loan	0.00	1141.64
948000	Interest Expense SBA	1141.64	0.00
948000	Interest Expense SBA	7260.40	0.00
To reclassify interest expense			
J/E No.: CAJE004	Reference: Posted: Yes Pro Forma Option: Not Included		
945000	Interest Truck/Trailers	315.41	0.00
261228	N/P BOA Mustang Forklift 1278.34	0.00	315.41
To record interest on December payment			
J/E No.: CAJE005	Reference: Posted: Yes Pro Forma Option: Not Included		
225000	Prepaid Federal Income Tax	164140.00	0.00
990000	Federal Income Tax Expense	0.00	164140.00
ES Payments			
J/E No.: CAJE006	Reference: Posted: Yes Pro Forma Option: Not Included		
834000	Depreciation	405498.68	0.00
179000	Accumulated Depreciation	0.00	405498.68
Depreciation Book			
J/E No.: CAJE007	Reference: Posted: Yes Pro Forma Option: Not Included		
170000	Machinery & Equipment	0.00	28591.00
179000	Accumulated Depreciation	14091.64	0.00
170000	Machinery & Equipment	14499.36	0.00
Trade in Asset 76 on Asset 304			
J/E No.: CAJE008	Reference: Posted: Yes Pro Forma Option: Not Included		
205000	Current Maturities Long Term Debt	0.00	265616.59
299000	Less Current Maturities of LTD	265616.59	0.00
Record Current Maturities			

ADJUSTING JOURNAL ENTRIES

Account Number	Description	Adjustments Debit	Credit
J/E No.: CAJE009	Reference:	Posted: Yes Pro Forma Option: Not Included	
402000	Container Cleaning	0.00	0.00
533000	Disposal	0.00	0.00
805000	Bad Debt Expense	0.00	0.00
350000	Retained Earnings	0.00	0.00
Prior year Cash Conversion DON NOT POST			
J/E No.: CAJE010	Reference:	Posted: Yes Pro Forma Option: Not Included	
350000	Retained Earnings	3162.00	0.00
402000	Container Cleaning	0.00	3162.00
To adjust beg. balance of retained earnings			
J/E No.: CAJE011	Reference:	Posted: Yes Pro Forma Option: Not Included	
120000	Accounts Receivable	0.00	0.00
402000	Container Cleaning	0.00	0.00
129000	Allowance, doubtful accounts	0.00	0.00
402000	Container Cleaning	0.00	0.00
200000	Accounts Payable	0.00	0.00
533000	Disposal	0.00	0.00
200001	CES Credit Card	0.00	0.00
533000	Disposal	0.00	0.00
295000	Deferred Income Tax	0.00	0.00
990000	Federal Income Tax Expense	0.00	0.00
Current Year Cash Conversion DO NOT POST			
J/E No.: CAJE012	Reference:	Posted: Yes Pro Forma Option: Not Included	
295000	Deferred Income Tax	0.00	413014.00
350000	Retained Earnings	413014.00	0.00
Book deferred tax on cash basis conversion 12/31/2005			
J/E No.: CAJE013	Reference:	Posted: Yes Pro Forma Option: Not Included	
295000	Deferred Income Tax	46611.00	0.00
990000	Federal Income Tax Expense	0.00	46611.00
Adjust Deferred tax 12/31/2006			
J/E No.: CAJE014	Reference:	Posted: Yes Pro Forma Option: Not Included	
225000	Prepaid Federal Income Tax	22485.00	0.00
990000	Federal Income Tax Expense	0.00	22485.00
To adjust to overpayment			
J/E No.: CAJE015	Reference:	Posted: Yes Pro Forma Option: Not Included	
692030	Water	262000.00	0.00
200000	Accounts Payable	0.00	262000.00
To record Disposal Fee REVERSE IN 2007			

ADJUSTING JOURNAL ENTRIES

Account Number	Description	Adjustments Debit	Credit
J/E No.: CAJE016	Reference: Posted: Yes Pro Forma Option: Not Included		
692030	Water	115507.00	0.00
200000	Accounts Payable	0.00	115507.00
To record Waste Water Fee REVERSE IN 2007			
J/E No.: CAJE017	Reference: Posted: Yes Pro Forma Option: Not Included		
120000	Accounts Receivable	0.00	42987.55
805000	Bad Debt Expense	42987.55	0.00
Additional Bad Debts			

Form **2848**
(Rev. March 2004)
Department of the Treasury
Internal Revenue Service

Power of Attorney and Declaration of Representative

▶ Type or print. ▶ See the separate instructions.

OMB No. 1545-0150

For IRS Use Only
Received by:
Name
Telephone
Function
Date / /

Part I **Power of Attorney**

Caution: Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer(s) must sign and date this form on page 2, line 9.

Taxpayer name(s) and address	Social security number(s)	Employer identification number
CES Environmental Services, Inc. 4904 Griggs Houston, TX 77021	Daytime telephone number	76-0592985 Plan number (if applicable)

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address	CAF No. / Telephone No. / Fax No. / Check if new: Address ☐ Telephone No. ☐ Fax No. ☐
BETH WILLARD 3 GREENWAY PLAZA HOUSTON, TX, 77046	0302-15521R 713-622-7000 713-843-4800
KRISTIN MURRAY 3 GREENWAY PLAZA HOUSTON, TX, 77046	7806-15286R 713-622-7000 713-843-4800

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax Matters

Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty (see the instructions for line 3)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s) (see the instructions for line 3)
INCOME TAX	1120	2004 TO 2007

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific uses not recorded on CAF. ▶ ☐

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative, the power to sign certain returns, or the power to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information.

Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. See **Unenrolled Return Preparer** on page 2 of the instructions. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Circular 230. See the line 5 instructions for restrictions on tax matters partners.

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, **BUT NOT TO ENDORSE OR CASH**, refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ▶

EPAHO120000683

7 **Notices and communications.** Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2.

a If you also want the second representative listed to receive a copy of notices and communications, check this box ▶ ☐

b If you do not want any notices or communications sent to your representative(s), check this box ▶ ☐

8 **Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here ▶ ☐

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

9 **Signature of taxpayer(s).** If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

Signature	Date	Title (if applicable)
	5/27/08	VP Finance + Admin

Print Name	PIN Number	Print name of taxpayer from line 1 if other than individual
Grey Bowman		CES Environmental Services, Inc.

Signature	Date	Title (if applicable)

Print Name	PIN Number

Part II Declaration of Representative

Caution: *Students with a special order to represent taxpayers in Qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program, see the instructions for Part II.*

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Treasury Department Circular No. 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
  - a Attorney - a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant - duly qualified to practice as a certified public accountant in the jurisdiction shown below.
  - c Enrolled Agent - enrolled as an agent under the requirements of Treasury Department Circular No. 230.
  - d Officer - a bona fide officer of the taxpayer's organization.
  - e Full-Time Employee - a full-time employee of the taxpayer.
  - f Family Member - a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
  - g Enrolled Actuary - enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10.3(d) of Treasury Department Circular No. 230).
  - h Unenrolled Return Preparer - the authority to practice before the Internal Revenue Service is limited by Treasury Department Circular No. 230, section 10.7(c)(1)(viii). You must have prepared the return in question and the return must be under examination by the IRS. See **Unenrolled Return Preparer** on page 2 of the instructions.

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. See the Part II instructions.

Designation - Insert above letter (a-h)	Jurisdiction (state) or identification	Signature	Date
B	TEXAS		5/22/08
B	TEXAS		5/20/08

713962
04-27-07

ENVIRONMENTAL PROFESSIONALS

The WCM Group, Inc.

April 10, 2008

Ms. Vaishali Tendolkar
Texas Commission on Environmental Quality
12100 Park 35 Circle (MC 130)
Austin, Texas 78753

LONE STAR
AIRBILL NUMBER
40402902

Reference: TCEQ Request for Additional Information Dated 04/07/08
November 6, 2007 Class 1 Permit Modification Application
CES Environmental Services, Inc. – Houston
Industrial Solid Waste Permit No. 39048
Industrial Solid Waste Registration No. 30900
WWC12143047; RN100693282; CN600618946

Dear Ms. Tendolkar:

The WCM Group, Inc. has prepared the attached revision pages (Revision 5) to the CES Environmental Services, Inc. (CES) permit application for Industrial Solid Waste Permit No. 39048. These pages are being submitted in response to your April 7, 2008 email requesting additional information to supplement our current Class 1 permit application request as originally dated November 6, 2007 and later revised on December 27, 2007.

Per your request, we have included an original and 3 copies of the application revision pages (each with a revision date and number in the footer) along with a new signature page. Please use the revision pages included here to replace the corresponding pages in the current application. These revisions include the following:

1. The original copy of a new, notarized application signature page;
2. Revision to page 20 (last 2 paragraphs) of Attachment C "Waste Analysis Plan" in order to clarify the on-site waste compatibility testing process;
3. Revision to page 21 (last section) of Attachment C "Waste Analysis Plan" in order to address handling procedures for ignitable, reactive, and incompatible waste;
4. Revision to page 30 (last paragraph) of Attachment F.10 "Closure Plan" to remove the language regarding non-hazardous waste and to explain how hazardous waste tank systems will be decontaminated at closure; and
5. Revision to page 32 of Attachment F.11 "Cost Estimate" to adjust closure costs to reflect disposal of hazardous waste.

In addition to the above permit application revisions, please see the attached suggested revisions to Table IV.B. "Waste Managed in Permitted Units" of the permit in order to include specific EPA hazardous waste codes that are being requested as part of this Class 1 permit modification.

P.O. Box 3247, Humble, TX 77347-3247 Tel (281) 446-7070 Fax (281) 446-3348 110 Bender Ave., Humble, TX 77338

Should you have any questions regarding the information submitted with this letter, please contact me at 281-446-7070.

Sincerely,

Desireé Westcott

Desireé D. Westcott
Director, Technical Services

DDW/tv
26929:5330011.let.doc

Attachments

cc: M. Bowman

Signature Page

I, Greg Bowman, [signature]
Greg Bowman (Applicant) — Vice President of Accounting, Finance, and Administration, CES Environmental Services, Inc.

I, _____, _____
(Print or Type Name of Owner if different from Applicant)

certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: [signature] (Applicant) Date: 4/8/08

Signature: _____ (Owner) Date: _____

TO BE COMPLETED BY THE APPLICANT WHEN THE ABOVE STATEMENT IS SIGNED BY AN AGENT FOR THE APPLICANT.

I, _____ (Print or Type Name) hereby designate _____ (Print or Type Name) as my agent

and hereby authorize said agent to sign any application, submit additional information as may be requested by the Commission, and/or appear for me at any hearing or before the Texas Commission on Environmental Quality in conjunction with this request for a Texas Solid Waste Disposal Act permit. I further understand I am responsible for the contents of this application, for oral statement given by my agent in support of the application and for compliance with the terms and conditions of any permit which might be issued based upon this application.

_____
Printed or Typed Name of Applicant or Chief Executive Officer

_____
Signature

(Note: Application Must Bear Signature & Seal of Notary Public)

SUBSCRIBE AND SWORN to before me by the said

Greg Bowman on this 8 day of April, 2008

My commission expires on the 24th day of May, 2009

(Seal)

JUANITA THOMAS
Notary Public, State of Texas
My Commission Expires
May 24, 2009

[signature]
Notary Public in and for

Brazoria County, Texas

Revision 5 (April 2008)

ATTACHMENT C

WASTE ANALYSIS PLAN

EPAHO120000688

Waste Characterization

The Texas Commission on Environmental Quality (TCEQ) has jurisdiction over all wastes generated during industrial activities though the EPA retains additional authority over some classes of waste. The regulations are complex and vary depending on the potential hazard presented by mismanagement (improper disposal) of the waste. The general terms which are used to classify wastes are briefly describes below.

Solid Waste – Solid waste includes solids, sludges and liquids from industrial or municipal operations that are discarded or intended to be discarded. The TCEQ has recordkeeping and management requirements for all solid waste generated or managed at this facility.

Class I Waste – Class I waste includes industrial wastes that have the potential to present a danger to humans or the environment if the material is managed improperly. These wastes are subject to regulation by the TCEQ and in some cases by the EPA. This classification includes hazardous waste and PCB materials that are regulated by the EPA. This includes waste that is classified as Class 1 – Non-Hazardous.

Hazardous Waste – This subset of Class 1 waste is subject to RCRA regulations. These regulations prescribe procedures for tracking hazardous waste as well as design standards for storage areas and allowable disposal methods. Storage of hazardous waste for more than 90 days requires a Part B Permit.

PCB Waste – PCBs are regulated under the TCEQ rules and EPA regulations known as TSCA. PCBs are generally found in fluids removed from electrical equipment and must be disposed or treated at specially permitted facilities. Under no circumstances will PCB waste be accepted at this facility.

Class II Waste – Class II wastes are regulated by the TCEQ, and are tracked using a slightly different procedure and paperwork than for Class I waste. Storage and disposal restrictions are similar, but in some cases not as strict as wastes regulated as Class I waste. These wastes must be handled in a safe manner that will prevent releases to the environment.

Wastes that may be accepted at the facility include Class 1,2, and H Industrial Waste. Wastes that contain PCB will not be accepted at the facility. All wastes managed on-site are shipped offsite for additional treatment and final disposal at a permitted facility

All waste streams must be characterized in accordance with TCEO and EPA guidelines to ensure proper management. All waste streams will be properly characterized prior to acceptance at the CES Environmental Services Houston plant.

EPAHO120000689

Waste Acceptance Procedures

Prior to accepting a waste stream for management at the facility the generator must provide information regarding the process generating the waste, composition of the waste and the potential hazards associated with management of the waste. This will be provided on the Waste Profile Sheet.

Prior to acceptance of a waste stream at the facility, the waste generator must complete a Waste Profile Sheet. The Waste Profile Sheet will include information regarding the process generating the waste, composition of the waste and the potential hazards associated with management of the waste. Information may be based on generator knowledge, MSDS, or laboratory analysis. The Waste Profile Sheet will be updated every 3 years or when the process generating the waste changes.

The Waste Profile Sheet and other available information will be reviewed to determine whether the waste is amenable to the treatment capabilities of the facility, whether management of the waste is allowed by permit, and whether there are any potential safety hazards associated with management of the waste. Then TCEQ waste code applicable to the waste must be included on the Waste Profile Sheet. The Waste Profile Sheet must be signed by an authorized agent of the company generating the waste.

Completing the Waste Profile Sheets will generally be supplied with representative analytical data and a representative sample of the waste. The sample will be subjected to verification testing in the on-site laboratory. Verification testing will include analysis for pH, water/sludge content and general composition. The results of this analysis will be recorded and compared to that provided on the Waste Profile Sheet. The visual appearance of the sample will also be noted on the Waste Profile Sheet.

Waste Verification

Shipments of waste will be subjected to verification testing prior to acceptance at the facility. The waste characteristics will be compared to the information provided on the Waste Profile Sheet. A sample will be collected from each waste shipment and tested for the following parameters: pH, visual appearance, compatibility.

If any of the parameters fall outside the range indicated on the Waste Profile Sheet, the generator will be contacted to determine the cause. If the out of range parameters indicate a potential for the waste to be incompatible with other materials stored at the facility, additional compatibility testing will be conducted at the on-site lab. Specific testing will be dependant on the out of range parameters and may include the addition of acids, bases, organics, etc. to the waste in order to determine if there is a potential for unsafe reactions to occur.

In addition to the above compatibility testing, bench scale field testing is also conducted for each batch process prior to combining different materials in a single container. This testing is also conducted to determine if there is a potential for unsafe reactions to occur.

EPAHO120000690

Waste Sampling Proceedures

The methods and equipment used for sampling waste materials will vary with the form and consistency of the waste materials to be sampled. Samples are collected using the sampling protocols listed below, for sampling waste with properties similar to the indicated materials, or equivalent sampling methods approved by EPA and TCEQ under 40 CFR 260.20 and 260.22 will be utilized.

a) Extremely viscous liquid – ASTM Standard D140-70;
Crushed or Powdered Material – ASTM Standard D346-75;
Soil or Rock-like Material – ASTM Standard D420-69;
Soil-like Material – ASTM Standard D1425-65
Fly Ash-like Material – ASTM Standard D2234-76

b) Containerized liquid wastes – "COLIWASA" described in "Test Methods for the Evaluation of Solid Waste, Physical/Chemical Methods," U.S. EPA, Office of Solid Waste, Washington, D.C. 20460.

Recordkeeping

Waste Profile Sheets and records of all waste analysis will be kept for a minimum of three years. Records relating shipment, analysis or treatment of wastes subject to land disposal restrictions will be kept for a minimum of five (5) years from the date the waste was sent off-site for treatment or disposal. These records will include waste analysis, notifications to off-site disposal facilities the waste is restricted and other attachments to the manifests.

Ignitable, Reactive, and Incompatible Waste

Precautions will be taken to prevent accidental ignition or reaction of ignitable or reactive waste. These wastes will be separated and protected from sources of ignition or reaction including but not limited to: open flames, smoking, cutting and welding, hot surfaces, frictional heat, sparks (static, electrical, or mechanical), spontaneous ignition (e.g., from heat-producing chemical reactions), and radiant heat. While ignitable or reactive waste is being handled, all smoking and open flame will be confined to specially designated locations.

The treatment, storage, and processing of ignitable or reactive waste, and the mixture or commingling of incompatible materials, will be conducted so that it does not:
(1) Generate extreme heat or pressure, fire or explosion, or violent reaction;
(2) Produce uncontrolled toxic mists, fumes, dusts, or gases in sufficient quantities to threaten human health;
(3) Produce uncontrolled flammable fumes or gases in sufficient quantities to pose a risk of fire or explosions;
(4) Damage the structural integrity of the device or facility containing the waste; or
(5) Through other like means threaten human health or the environment.

Incompatible materials will not be managed in the same container/tank, nor in an unwashed container/tank that previously held an incompatible material. Storage containers holding materials that are incompatible with other materials stored nearby will be separated or protected from those materials by means of a dike berm, wall or other device.

ATTACHMENT F.10

CLOSURE PLAN

EPAHO120000692

Closure Plan

Due to the nature of the facility as a bulking facility; closure activities will be minimal in comparison to a landfill or surface impoundment. In the event that the Texas Commission on Environmental Quality was in the position to perform the closure of this facility, the agency would conduct the normal public notification and consultant hiring procedures.

The equipment necessary to cleanup the facility in the event of closure will be a drum truck, a roll-off truck, a vacuum truck and forklifts. All structures at the facility are permanent and would require no dismantling. A forklift will be needed to load any remaining drummed waste at the facility. Material already processed in roll-off containers will need to be sampled.

Roll-off boxes and wastewater tanks will be sampled to ensure there is not a more effective method to treat and dispose of the material. Materials will then be loaded on a roll-off truck and/or vacuum truck for transportation.

Any liquid remaining in the 6,500-gallon holding tank will be shipped via vacuum truck to an approved treatment, storage and disposal facility.

Tank systems that have been used to manage industrial solid waste under this permit will be decontaminated by rinsing with a suitable solvent (i.e.:water, organic solvent, etc.). The rinsate will be collected for appropriate off-site management. Decontamination will be determined complete when an analysis of a final rinsate sample indicates that constituents of concern (to be determined at closure based on specific wastes historically managed in the tank system) are below TCEQ closure standards.

ATTACHMENT F.11

COST ESTIMATE

EPAHO120000694

Cost Estimate for Closure

Cost Estimate for Closure			
Activity	Time	No. Of Men	Cost
Administrative Oversight	2 weeks	2 men	$50,000
Consulting Fees	2 weeks		$20,000
Contingency Fees			$25,000
Lab Analytical	2 weeks		$ 5,000
Processing Drums	5 days	3 men	$ 7,800
Loading unprocessed drums	1 day	2 men	$1040
Loading roll-off boxes	2 hours	1 man	$130
Unloading roll-off boxes	2 hours	1 man	$130
Transport time To landfill	12 hours	1 truck	$780
Cleaning empty containers	4 days	3 men	$6420
Disposal of Solid Material	60 yards	$ 200/yard	$12,000
Residual Cleanup after material is gone	1 day	2 men	$1040
Transporting wastewater off-site	1 day	1 man	$1250
Transportation cost for vacuum truck	1 day	1 man	$520
		Grand Total	$ 131,110

Assumptions:

1 day = 8 hours
Man hours = $65/hour
Truck time = $65/hour
Wastewater Disposal costs $0.25/gallon

EPAHO120000695

TABLE IV.B. - WASTES MANAGED IN PERMITTED UNITS

WASTE MATERIAL*	TYPE MATERIAL
Class 1, 2, and H Industrial Waste	Inorganic Liquids
Class 1, 2, and H Industrial Waste	Inorganic Solids
Class 1, 2, and H Industrial Waste	Inorganic Sludges
Class 1, 2, and H Industrial Waste	Organic Liquids
Class 1, 2, and H Industrial Waste	Organic Solids
Class 1, 2, and H Industrial Waste	Organic Sludges

*H = Hazardous Industrial Waste carrying any of the EPA hazardous waste codes found in Table IV.B. Supplement.

TABLE IV.B. SUPPLEMENT
EPA HAZARDOUS WASTE NUMBERS

Characteristically Hazardous Wastes

D001	D002	D003	D004	D005	D006	D007	D008	D009	D010	D011	D012	D013
D014	D015	D016	D017	D018	D019	D020	D021	D022	D023	D024	D025	D026
D027	D028	D029	D030	D031	D032	D033	D034	D035	D036	D037	D038	D039
D040	D041	D042	D043									

Hazardous Wastes From Non-specific Sources

F001	F002	F003	F004	F005	F034	F035	F037	F038	F039			

Hazardous Wastes From Specific Sources

K011	K020	K022	K023	K024	K025	K026	K027	K035	K048	K049	K050	K051
K052	K060	K083	K085	K086	K087	K093	K094	K095	K096	K103	K104	K105
K112	K113	K114	K115	K116	K141	K142	K143	K144	K145	K147	K148	K149
K150	K151	K156	K157	K169	K170	K171	K172	K178				

Acute Hazardous Wastes

P003	P005	P028	P048	P110

Toxic Wastes

U001	U002	U003	U004	U007	U008	U009	U012	U017	U019	U031	U037	U039
U041	U043	U044	U045	U048	U051	U052	U053	U055	U056	U057	U067	U070
U071	U072	U076	U077	U078	U079	U080	U081	U082	U084	U092	U101	U102
U103	U105	U106	U108	U110	U112	U113	U117	U118	U122	U123	U127	U130
U140	U147	U151	U152	U154	U159	U161	U162	U165	U167	U168	U169	U170
U183	U184	U188	U191	U194	U196	U207	U210	U213	U219	U220	U221	U223
U228	U239	U328	U353	U359								

EPAHO120000696

Deposit Information Report

Organization Name: CES-ES ICC TX
Customer ID: 013377
Account: CES Environment -(b) (6)

Organization ID: 15847
User Name: Bowman, Greg

Current Date/Time: 04/16/2008 17:44(CST)
Transfer Status: Queued
Transfer Date/Time: 04/16/2008 17:44(CST)

Deposit #	Deposited Items	Deposit Amount
8	12	$76,559.08

Item Type	Item #	Aux On-Us	EPC R/T	Bank On-Us	Check amount
CREDIT	157		(b) (6)		$76,559.08
DEBIT	145	011274			$695.00
DEBIT	146	004553			$6,549.93
DEBIT	147	016842			$2,950.00
DEBIT	148	040848			$1,374.00
DEBIT	149	715638			$26,874.56
DEBIT	150	040084			$3,307.08
DEBIT	151	008053			$24,569.25
DEBIT	152	0000215924			$1,778.12
DEBIT	153	002480			$485.00
DEBIT	154	0000002879			$5,807.54
DEBIT	155	9495942			$1,418.60
DEBIT	156	019072			$750.00

EPAHO12000697

Organization Name: CES-ES ICC TX
Customer ID: 013377
Account: CES Environment -(b) (6)

Organization ID: 15847
User Name: Bowman, Greg

Current Date/Time: 04/16/2008 17:44(CST)
Transfer Status: Queued
Transfer Date/Time: 04/16/2008 17:44(CST)

Deposit #
8

Item#
145

11274

NMM ENTERPRISES, INC.
15608 I-10 EAST
CHANNELVIEW, TX 77530
(281) 452-6031

CROSBY STATE BANK
HOUSTON, TEXAS 77015
88-1542-1130

4/14/2008

PAY TO THE ORDER OF CES Environmental Services, Inc. $ **695.00

Six Hundred Ninety-Five and 00/100********** DOLLARS

CES Environmental Services, Inc.

MEMO Inv. #44341

David Kramer

(b) (6)

Item#
146

COMPASS BANK
CONROE, TEXAS

4553

CKG SERVICES, LLC.
(936) 447-3628
10707 HONEA EGYPT RD
MONTGOMERY, TX 77316

4/11/2008

PAY TO THE ORDER OF CES Environmental Services $ **6,549.93

Six Thousand Five Hundred Forty-Nine and 93/100********** DOLLARS

CES Environmental Services
4904 Griggs Rd
Houston, TX 77021

MEMO 40684

(b) (6)

Item#
147

No. 016842

SCRAP PAYABLE
P.O. BOX 53028 (713) 671-2900
HOUSTON, TX 77052

Serving Texas Industry

DATE 04/11/08

CHECK AMOUNT ****2950.00

PAY EXACTLY ****2950 DOLLARS AND 00 CENTS

PAY TO THE ORDER OF

CES ENVIRONMENTAL
4904 GRIGGS ROAD
HOUSTON TX 77021

(b) (6)

Organization Name: CES-ES ICC TX
Customer ID: 013377
Account: CES Environment - (b) (6)

Organization ID: 15847
User Name: Bowman, Greg

Current Date/Time: 04/16/2008 17:44(CST)
Transfer Status: Queued
Transfer Date/Time: 04/16/2008 17:44(CST)

Deposit #
8

Item#
148

WARNING: ORIGINAL DOCUMENT HAS A TRUE WATERMARK, VISIBLE FIBERS, INVISIBLE FLUORESCENT FIBERS & UV DULL OPTICALLY DEAD CHEMICAL REACTIVE PAPER

RAMPAK™ GROUP INC.
1356 Kress Street, Houston, Texas 77020-7421569 U.S.A.
telephone: 1.713.336.9930 • facsimile: 1.713.678.8899
e-mail: Rampak@RampakGroup.com • website:www.RampakGroup.com

AMERICAN FIRST NATIONAL BANK
HOUSTON, TX 77098
35-1550/1130

40848

PAY USD One Thousand Three Hundred Seventy-Four and 0/100 Dollars

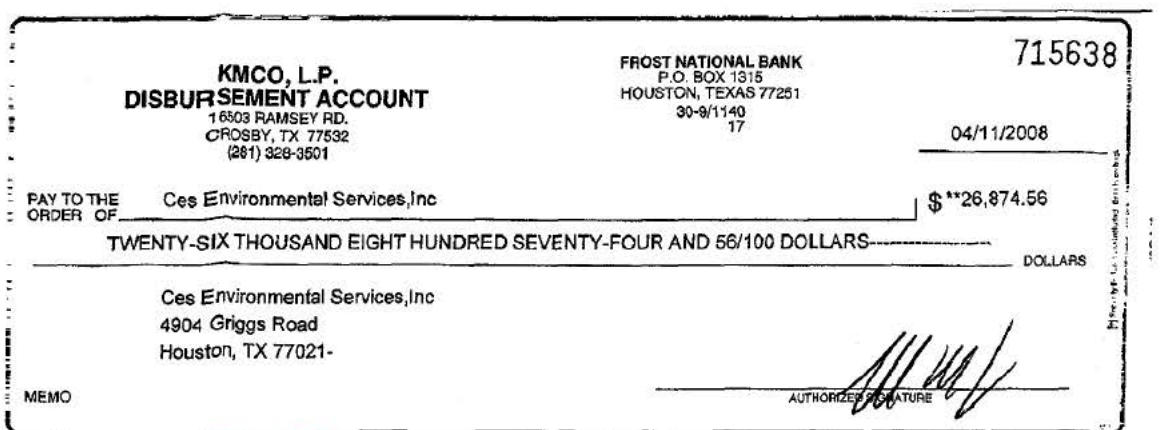
DATE 4/11/08
AMOUNT **********$1,374.00

TO THE ORDER OF: CES ENVIRONMENTAL SVCS, INC
4904 GRIGGS ROAD
HOUSTON, TX 77021

VOID AFTER 180 DAYS

(b) (6)

Item#
149



715638

KMCO, L.P.
DISBURSEMENT ACCOUNT
16503 RAMSEY RD.
CROSBY, TX 77532
(281) 328-3501

FROST NATIONAL BANK
P.O. BOX 1315
HOUSTON, TEXAS 77251
30-9/1140
17

04/11/2008

PAY TO THE ORDER OF Ces Environmental Services,Inc $ **26,874.56

TWENTY-SIX THOUSAND EIGHT HUNDRED SEVENTY-FOUR AND 56/100 DOLLARS---------- DOLLARS

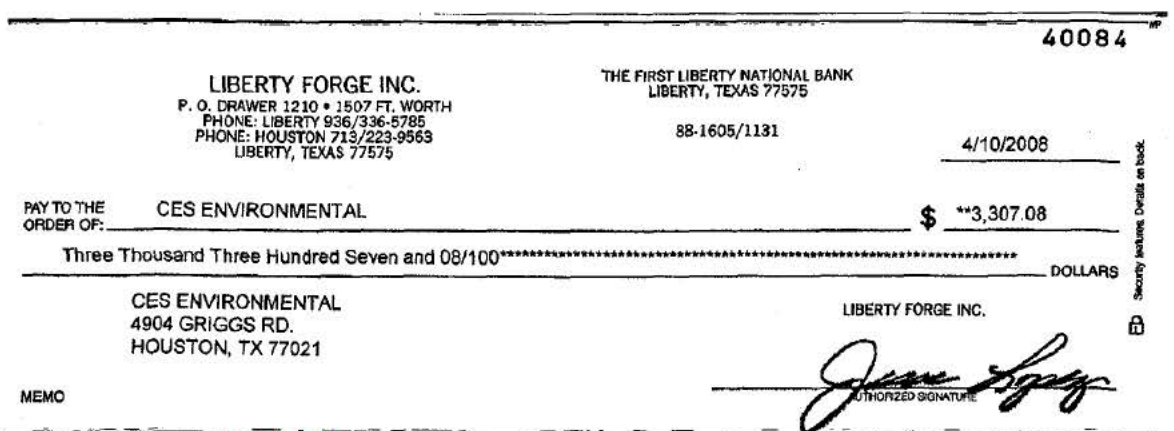
Ces Environmental Services,Inc
4904 Griggs Road
Houston, TX 77021-

MEMO

AUTHORIZED SIGNATURE

(b) (6)

Item#
150



40084

LIBERTY FORGE INC.
P. O. DRAWER 1210 • 1507 FT. WORTH
PHONE: LIBERTY 936/336-5785
PHONE: HOUSTON 713/223-9563
LIBERTY, TEXAS 77575

THE FIRST LIBERTY NATIONAL BANK
LIBERTY, TEXAS 77575

88-1605/1131

4/10/2008

PAY TO THE ORDER OF: CES ENVIRONMENTAL $ **3,307.08

Three Thousand Three Hundred Seven and 08/100********** DOLLARS

CES ENVIRONMENTAL
4904 GRIGGS RD.
HOUSTON, TX 77021

LIBERTY FORGE INC.

MEMO

AUTHORIZED SIGNATURE

Security features. Details on back.

(b) (6)

Organization Name: CES-ES ICC TX
Customer ID: 013377
Account: CES Environment -(b) (6)

Organization ID: 15847
User Name: Bowman, Greg

Current Date/Time: 04/16/2008 17:44(CST)
Transfer Status: Queued
Transfer Date/Time: 04/16/2008 17:44(CST)

Deposit #
8

Item#
151

THIS CHECK IS VOID WITHOUT A GREEN BACKGROUND AND A TRUE WATERMARK - HOLD UP TO THE LIGHT TO VERIFY

Alamo Petroleum Exchange
10843 Gulfdale St.
San Antonio, Texas 78216

The Bank of San Antonio
8000 IH 10 West
Suite 100
San Antonio, Texas 78230

8053

DATE	AMOUNT
Apr 11, 2008	********$24,569.25

PAY Twenty-Four Thousand Five Hundred Sixty-Nine and 25/100 Dollars

TO THE ORDER OF C.E.S. Environmental
4904 Griggs Rd.
Houston, TX 77021

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBERS

(b) (6)

Item#
152

IVY STEEL & WIRE
400 N. Sam Houston Pkwy. East, Suite 1200
Houston, Texas 77060
281-876-0080

Bank of America

Bank of America, N.A.
Atlanta, Dekalb County, Georgia
54-1278/611

CHECK NO. 215924

DATE	AMOUNT
4/10/08	$1,778.12

PAY ONE THOUSAND SEVEN HUNDRED SEVENTY-EIGHT AND 12/100 DOLLARS

TO THE ORDER OF CES Environmental Services Inc
4904 Griggs Road
Houston, TX 77021

Mike Robertson AGENT

(b) (6)

Item#
153

Security enhanced document, See back for details

GOLDEN OPPORTUNITY RECYCLING
12009 HIGHWAY 35 PH. 281-331-9211
LIVERPOOL, TX 77577

2480

DATE 2-15-08

88-767/3131
01

PAY TO THE ORDER OF C E S $ 485.00

Four Hundred - Eighty - five 00/100 DOLLARS

Chocolate Bayou Community Federal Credit Union
P.O. Box 1694
Alvin, TX 77512-1694
281-331-2263 www.cbcfcu.coop

FOR 5 Filters 1 Sock

Charley Allen

(b) (6)

Organization Name: CES-ES ICC TX
Customer ID: 013377
Account: CES Environment - [redacted]

Organization ID: 15847
User Name: Bowman, Greg

Current Date/Time: 04/16/2008 17:44(CST)
Transfer Status: Queued
Transfer Date/Time: 04/16/2008 17:44(CST)

Deposit #
8

Item#
154

HYDROCARBON RESOURCE RECOVERY LLC
3306 POPLAR RUN CT
HOUSTON, TX 77059

2879
37-65/1119 3951
0000045363

DATE 4/14/08

PAY TO THE ORDER OF CES Environmental Services $ 5,807.54

Five thousand eight hundred-seven & 54/100 DOLLARS

WELLS FARGO Wells Fargo Bank, N.A. Texas wellsfargo.com

FOR Invoices: 42927, 42926

Scott Ring

[redacted]

Item#
155

Cee's Trucking 43558, 43713, 43820, 43819, 43594, 44066

EFS TRANSPORTATION SERVICES
TRANSCHECK

7000 Goodlett Farms Parkway
Cordova, TN 38016-4916

CHECK NUMBER 9495942 DIGIT 6

DATE April 15 2008

26-399
640

PAY TO THE ORDER OF CES Environmental

THE SUM OF Onethousand four hundred eighteen dollars + 60/100 DOLLARS $ 1418.60/xx

ISSUER NUMBER 105907

TRANSACTION NUMBER 6358197000

DO NOT CASH WITHOUT CALLING

This check is not valid and will not be honored without obtaining an authorization number before cashing. To obtain an authorization number, key the information into your POS data terminal or call the following number:

USA and CANADA Toll Free 800-238-4022

If this check already has an authorization number, please call and verify the number.

PAYABLE THROUGH Regions Bank MEMBER FDIC Regions Bank 6200 Poplar Avenue Memphis, TN 38119

AUTHORIZATION NUMBER 195305

AUTHORIZATION VALID FOR 30 DAYS ONLY

Scott T. Sewell Chief Financial Officer

[redacted]

Item#
156

[redacted]

SUNBELT machine works corp
13411 REDFISH LANE • STAFFORD, TEXAS 77477
(281) 499-0051

PAY *SEVEN HUNDRED FIFTY 00/100*DOLLARS

Frost Bank
P.O. BOX 1315
HOUSTON, TX 77251

30-9/1140

AMOUNT $750.00

SUNBELT MACHINE WORKS CORP

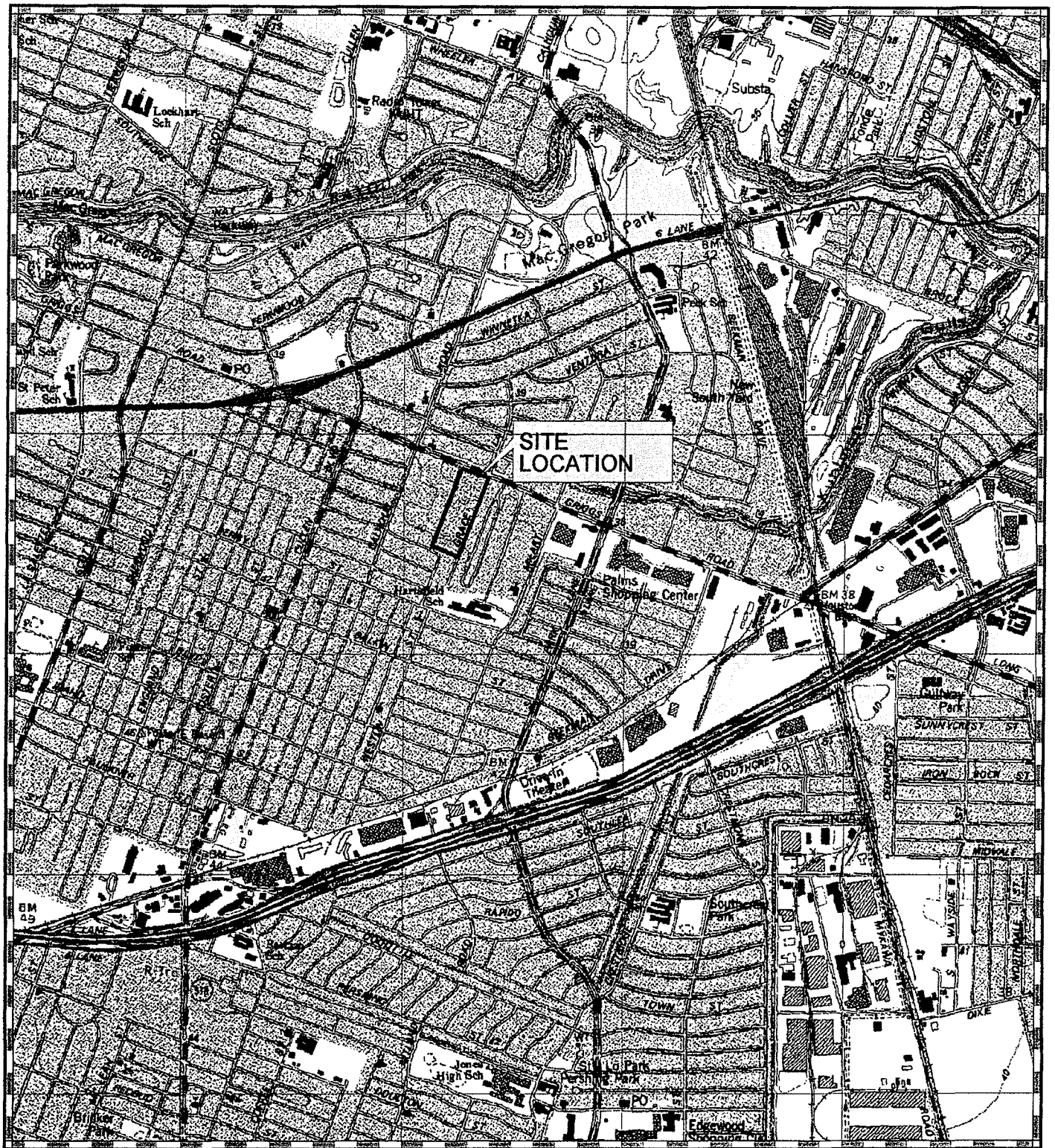
TO THE ORDER OF
CES ENVIRONMENTAL
4904 GRIGGS ROAD
HOUSTON, TX 77021

AUTHORIZED SIGNATURE

VENDOR NO.	DATE	CHECK NUMBER
003010	03/24/08	019072

WARNING: ORIGINAL DOCUMENT HAS A COLORED BACKGROUND, ULTRA VIOLET FIBERS IN PAPER, AND MICROPRINTING IN BORDER AND SIGNATURE LINE(S)

EPAHO120000701



1320 0 1320
1:24,000 1" = 2000 feet feet

TOPOGRAPHIC MAP

CES ENVIRONMENTAL SERVICES, INC.

4904 GRIGGS ROAD

HOUSTON, HARRIS COUNTY, TEXAS

North

FIGURE 1

Reproduced from U.S. Topographic Quadrangle: Park Place Texas; Zone 15

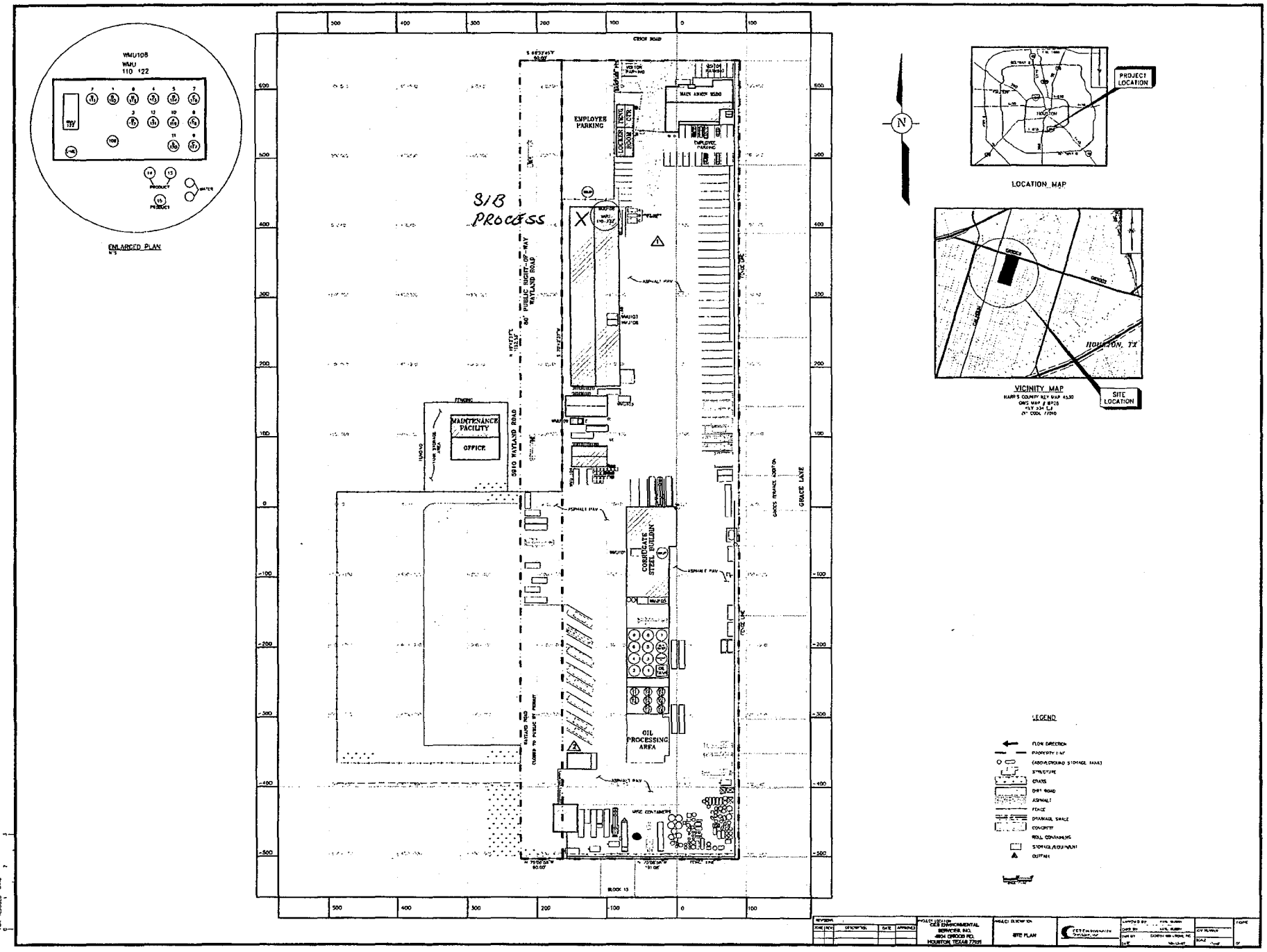
DRAWN BY: LLS DATE: 04-10-2008

FILE: H:-client-CES-Houston site.geo

EPAHO120000702

FIGURE 2

FACILITY SITE PLAN



EPAHO120000704

FIGURE 3

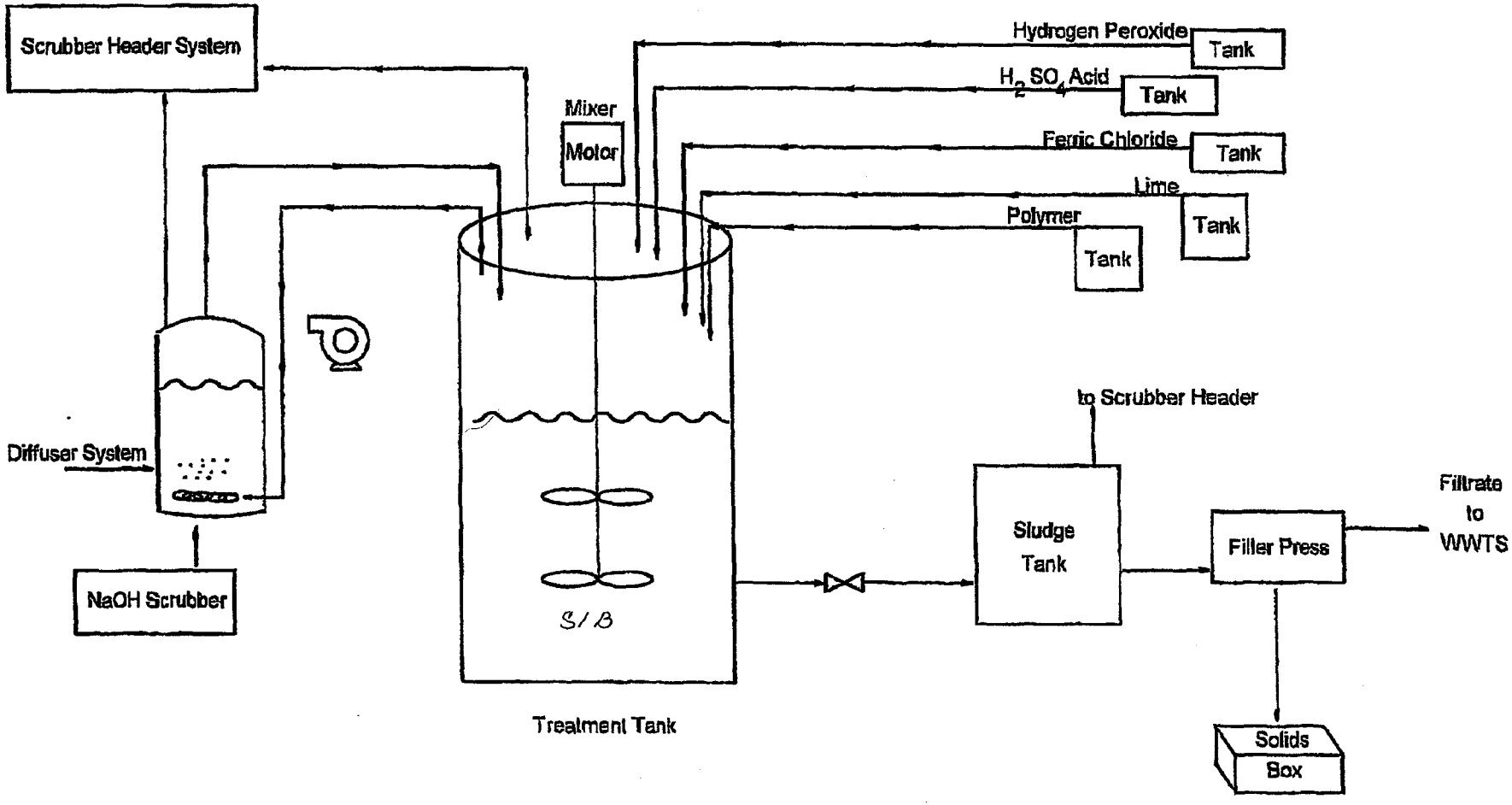
PROCESS FLOW DIAGRAM

CES Environmental Services, Inc .

SIB Rinse Water Treatment

Process Flow Diagram

March 28, 2008



EPAHO120000706

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Client : INDUSTRIAL WASTE SECTION
Wastewater Operations
10500 Bellaire Blvd.
Houston, Texas 77072

ATTN: BOB HUNT
Phone: (281) 575-2800
FAX: (281) 983-6704

Report Date: *15-Oct-08*

CES #5

Laboratory #: 20081008014674
LogIn Date: 10/8/08
Date to Lab: 10/08/08

IWS Sample ID: 5055579
Permit Number: 9558 — CES
Date Collected: 10/05/08

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Semivolatiles	EPA 625	Phenol	500	3.7 3700	ug/L	10/13/08	p. sharma
	EPA 625	Bis (2-Chloroethyl) Ether	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Chlorophenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	1,3-Dichlorobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	1,4-Dichlorobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzyl Alcohol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	1,2-Dichlorobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Methylphenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Bis (2-Chloroisopropyl) Ether	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	p-Cresol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	N-Nitroso-Di-n-Propylamine	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Hexachloroethane	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Nitrobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Isophorone	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Nitrophenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4-Dimethylphenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzoic Acid	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Bis (2-chloroethoxy) Methane	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4-Dichlorophenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	1,2,4-Trichlorobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Naphthalene	~~500~~ 84	840	ug/L	10/13/08	p. sharma
	EPA 625	4-Chloroaniline	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Hexachlorobutadiene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	p-Chloro-m-Cresol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Methylnaphthalene	500	ND	ug/L	10/13/08	p. sharma

TNTD = 5.84 mg/L TNTD = 4.54 + 1.3 = 5.84

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Cont'd Lab Number 20081008014674 **IWS Sample ID** 5055579

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Semivolatiles	EPA 625	Hexachlorocyclopentadiene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4,6-Trichlorophenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4,5-Trichlorophenol	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Chloronaphthalene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2-Nitroaniline	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Dimethyl Phthalate	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Acenaphthylene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,6-Dinitrotoluene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	3-Nitroaniline	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Acenaphthene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4-Dinitrophenol	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	4-Nitrophenol	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Dibenzofuran	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	2,4-Dinitrotoluene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Diethyl Phthalate	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	4-Chlorophenyl-Phenylether	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Fluorene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	4-Nitroaniline	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	4,6-Dinitro-o-Cresol	2500	ND	ug/L	10/13/08	p. sharma
	EPA 625	N-Nitrosodiphenylamine	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	4-Bromophenyl-phenylether	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Hexachlorobenzene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Pentachlorophenol	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Phenanthrene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Anthracene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Di-n-Butylphthalate	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Fluoranthene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzidine	1000	ND	ug/L	10/13/08	p. sharma
	EPA 625	Pyrene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Butylbenzylphthalate	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	3,3-Dichlorobenzidine	1000	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzo(a)Anthracene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Chrysene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Bis (2-Ethylhexl) Phthalate	500	1300	ug/L	10/13/08	p. sharma

EPAHO120000708

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Cont'd Lab Number 20081008014674 **IWS Sample ID** 5055579

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Semivolatiles	EPA 625	Di-n-Octyl Phthalate	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	3,4-Benzofluoranthene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzo(k)Fluoranthene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzo(a)Pyrene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Indeno(1,2,3-cd)Pyrene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	Dibenzo(a,h)Anthracene	500	ND	ug/L	10/13/08	p. sharma
	EPA 625	1,2-Diphenyl Hydrazine	1000	ND	ug/L	10/13/08	p. sharma
	EPA 625	Benzo(ghi)perylene	1000	ND	ug/L	10/13/08	p. sharma
	EPA 625	N-Nitrosodimethylamine	2500	ND	ug/L	10/13/08	p. sharma

LA : Indicates no sample results due to laboratory accident
ND : Indicates analyte not detectable at listed limits
SM : Indicates sample not analyzed due to sample matrix
NS : Indicates not scheduled for analysis by Wastewater lab

Report Approved By: Trula M. Nguyen

EPAHO120000709

5 PHS AT CES

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Client : INDUSTRIAL WASTE SECTION
Wastewater Operations
10500 Bellaire Blvd.
Houston, Texas 77072

ATTN: BOB HUNT
Phone: (281) 575-2800
FAX: (281) 983-6704

Report Date: *14-Oct-08*

BOD 14,600

Laboratory #: 20080930013759
LogIn Date: 9/30/08
Date to Lab: 09/30/08

IWS Sample ID: 5055399
Permit Number: 9558
Date Collected: 09/29/08

TSS 332

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
CBOD5	SM18-5210B	Carbonaceous BOD	300	mg/L 14600	mg/L	09/30/08	sarno, evelyne
TSS	SM18-2540D	Total Suspended Solids	2	332	mg/L	10/01/08	haynes
Semivolatiles	EPA 625	Phenol	500	3.9 3900	ug/L	10/03/08	s. washington
	EPA 625	Bis (2-Chloroethyl) Ether	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2-Chlorophenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	1,3-Dichlorobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	1,4-Dichlorobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzyl Alcohol	500	4.5 4500	ug/L	10/03/08	s. washington
	EPA 625	1,2-Dichlorobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2-Methylphenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Bis (2-Chloroisopropyl) Ether	500	ND	ug/L	10/03/08	s. washington
	EPA 625	p-Cresol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	N-Nitroso-Di-n-Propylamine	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Hexachloroethane	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Nitrobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Isophorone	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2-Nitrophenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4-Dimethylphenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzoic Acid	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	Bis (2-chloroethoxy) Methane	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4-Dichlorophenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	1,2,4-Trichlorobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Naphthalene	500	21 21000	ug/L	10/03/08	s. washington
	EPA 625	4-Chloroaniline	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Hexachlorobutadiene	500	ND	ug/L	10/03/08	s. washington

45.43 TTO

IN OIL WASTESTREAM

~~22508 TTO~~
~~BUT NOT ALL ARE~~ LISTED

EPAHO120000710

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Cont'd Lab Number 20080930013759 **IWS Sample ID** 5055399

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Semivolatiles	EPA 625	p-Chloro-m-Cresol	500	6.4	ug/L	10/03/08	s. washington
	EPA 625	2-Methylnaphthalene	500	10	ug/L	10/03/08	s. washington
	EPA 625	Hexachlorocyclopentadiene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4,6-Trichlorophenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4,5-Trichlorophenol	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	2-Chloronaphthalene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2-Nitroaniline	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Dimethyl Phthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Acenaphthylene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,6-Dinitrotoluene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	3-Nitroaniline	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	Acenaphthene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4-Dinitrophenol	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	4-Nitrophenol	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	Dibenzofuran	500	ND	ug/L	10/03/08	s. washington
	EPA 625	2,4-Dinitrotoluene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Diethyl Phthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	4-Chlorophenyl-Phenylether	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Fluorene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	4-Nitroaniline	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	4,6-Dinitro-o-Cresol	2500	ND	ug/L	10/03/08	s. washington
	EPA 625	N-Nitrosodiphenylamine	500	ND	ug/L	10/03/08	s. washington
	EPA 625	4-Bromophenyl-phenylether	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Hexachlorobenzene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Pentachlorophenol	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Phenanthrene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Anthracene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Di-n-Butylphthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Fluoranthene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzidine	1000	ND	ug/L	10/03/08	s. washington
	EPA 625	Pyrene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Butylbenzylphthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	3,3-Dichlorobenzidine	1000	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzo(a)Anthracene	500	ND	ug/L	10/03/08	s. washington

EPAHO120000711

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Cont'd Lab Number 20080930013759 **IWS Sample ID** 5055399

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Semivolatiles	EPA 625	Chrysene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Bis (2-Ethylhexl) Phthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Di-n-Octyl Phthalate	500	ND	ug/L	10/03/08	s. washington
	EPA 625	3,4-Benzofluoranthene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzo(k)Fluoranthene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzo(a)Pyrene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Indeno(1,2,3-cd)Pyrene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	Dibenzo(a,h)Anthracene	500	ND	ug/L	10/03/08	s. washington
	EPA 625	1,2-Diphenyl Hydrazine	1000	ND	ug/L	10/03/08	s. washington
	EPA 625	Benzo(ghi)perylene	1000	ND	ug/L	10/03/08	s. washington
	EPA 625	N-Nitrosodimethylamine	2500	ND	ug/L	10/03/08	s. washington
Volatiles	EPA 624	Chloromethane	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Bromomethane	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Vinyl Chloride	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Chloroethane	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Methylene Chloride	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Acetone	100	3100	ug/L	10/06/08	p. sharma
	EPA 624	Carbon Disulfide	50	388	ug/L	10/06/08	p. sharma
	EPA 624	1,1-Dichloroethylene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	1,1-Dichloroethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	1,2-Dichloroethene (Total)	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Chloroform	50	262	ug/L	10/06/08	p. sharma
	EPA 624	1,2-Dichloroethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	2-Butanone	100	157000	ug/L	10/06/08	p. sharma
	EPA 624	1,1,1-Trichloroethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Carbon Tetrachloride	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Vinyl Acetate	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Bromodichloromethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	1,2-Dichloropropane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Cis-1,3-Dichloropropene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Trichloroethylene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Dibromochloromethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	1,1,2-Trichloroethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Benzene	50	494	ug/L	10/06/08	p. sharma

EPAHO120000712

PUBLIC WORKS AND ENGINEERING DEPT

PUBLIC UTILITIES DIVISION

WASTEWATER OPERATIONS LABORATORY

IWS SAMPLE CERTIFICATE OF ANALYSIS

Cont'd Lab Number 20080930013759 **IWS Sample ID** 5055399

TEST GROUP	METHOD	TEST	MDL	RESULT	UNITS	ANALYSIS DATE	ANALYST
Volatiles	EPA 624	Trans-1,3-Dichloropropene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Bromoform	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	4-Methyl-2-Pentanone	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	2-Hexanone	100	ND	ug/L	10/06/08	p. sharma
	EPA 624	Tetrachloroethylene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	1,1,2,2-Tetrachloroethane	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Toluene	50	13400	ug/L	10/06/08	p. sharma
	EPA 624	Chlorobenzene	50	ND	ug/L	10/06/08	p. sharma
	EPA 624	Ethylbenzene	50	782	ug/L	10/06/08	p. sharma
	EPA 624	Styrene	50	655	ug/L	10/06/08	p. sharma
	EPA 624	Xylenes (Total)	100	4400	ug/L	10/06/08	p. sharma
	EPA 624	2-Chloroethylvinyl ether	10	ND	ug/L	10/06/08	p. sharma
IWS 9 Metals ICP	EPA 200.7	Silver	0.005	<0.005	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Arsenic	0.041	<0.041	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Cadmium	0.003	<0.003	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Chromium	0.006	0.019	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Copper	0.009	0.065	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Nickel	0.005	2.14	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Lead	0.041	<0.041	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Selenium	0.07	<0.07	mg/L	10/03/08	minaxi parmar
	EPA 200.7	Zinc	0.017	7.09	mg/L	10/03/08	minaxi parmar

LA : Indicates no sample results due to laboratory accident
ND : Indicates analyte not detectable at listed limits
SM : Indicates sample not analyzed due to sample matrix
NS : Indicates not scheduled for analysis by Wastewater lab

Report Approved By: Tuan M. Nguyen

EPAHO120000713

CES Environmental Total Flow Sample Point #5 Sample Results

Organics detected at SP#5 are all listed on Endorsement O

April 1, 2007 through April 1, 2008

The Highest Concentrations Detected are Listed Below

analyte_id	detected_amount	units	Class	begin_date	sp#	end_date
BIS (2-Ethylhexyl) Phthalate	**106**	ug/L	**BNA**	6/4/2007 8:41	5	6/12/2007 8:41
Diethylphthalate	**41.6**	ug/L	**BNA**	6/4/2007 8:41	5	6/12/2007 8:41
Isophorone	**42.8**	ug/L	**BNA**	6/4/2007 8:41	5	6/12/2007 8:41
Naphthalene	**3619**	ug/L	**BNA**	11/14/2007 10:30	5	11/15/2007 10:30
N-Nitrosodiphenylamine	**9.75**	ug/L	**BNA**	6/4/2007 8:41	5	6/12/2007 8:41
Phenol (Acid extractable)	**32300**	ug/L	**BNA**	3/23/2007 1:30	5	
Chloromethane	**326**	ug/L	**VOL**	11/15/2007 10:35	5	
Ethylbenzene	**507**	ug/L	**VOL**	11/15/2007 10:35	5	
Methylene Chloride	**520**	ug/L	**VOL**	2/27/2008 11:55	5	
Toluene (Methylbenzene)	**4757**	ug/L	**VOL**	5/23/2007 10:20	5	

Sample Date 7-17-2008

Sample No.'s 5053858 and 5053859

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Benzene	0.56	mg/L
Ethylbenzene	0.11	mg/L
Methylene Chloride	0.235	mg/L
Toluene	2.2	mg/L
Bis (2-Ethylhexyl) Phthalate	0.106	mg/L
Naphthalene	0.311	mg/L
TTO VALUE	**3.52**	

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Benzene yes ✓	0.56	mg/L	**Volatile**
Ethylbenzene yes ✓	0.11	mg/L	**Volatile**
Methylene Chloride yes ✓	0.235	mg/L	**Volatile**
Toluene yes ✓	2.2	mg/L	**Volatile**
Bis (2-Ethylhexyl) Phthalate ✓ yes	0.106	mg/L	**BNA**
Naphthalene yes ✓	0.311	mg/L	**BNA**
Acetone NO	**1.400**	mg/L	**Volatile**
Carbon Disulfide NO	**0.102**	mg/L	**Volatile**
2-Butanone NO	**0.740**	mg/L	**Volatile**
4-Methyl-2-Pentanone NO	**0.121**	mg/L	**Volatile**
2-Hexanone NO	**0.187**	mg/L	**Volatile**
Styrene NO	**0.069**	mg/L	**Volatile**
Xylenes (Total) NO	**0.200**	mg/L	**Volatile**
Benzyl Alcohol NO	**18.000**	mg/L	**BNA**

Sample Date 7-22-2008

Sample No.'s 5053860 and 5053861

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Trichloroethene	0.032	mg/L
Benzene	0.156	mg/L

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Trichloroethene yes ✓	0.032	mg/L	**Volatile**
Benzene yes ✓	0.156	mg/L	**Volatile**

EPAHO120000715

Methylene Chloride	0.164	mg/L	Methylene Chloride YES ✓	0.164	mg/L	Volatile
Ethylbenzene	0.211	mg/L	Ethylbenzene YES ✓	0.211	mg/L	Volatile
Toluene	1.3	mg/L	Toluene YES ✓	1.3	mg/L	Volatile
Naphthalene	0.5	mg/L	Naphthalene YES ✓	0.5	mg/L	BNA
Bis (2-Ethylhexyl) Phthalate	0.676	mg/L	Bis (2-Ethylhexyl) Phthalate YES ✓	0.676	mg/L	BNA
			Acetone NO	**2.500**	mg/L	Volatile
TTO VALUE	**3.04**		**Carbon Disulfide** NO	**0.060**	mg/L	Volatile
			2-Butanone NO	**1.600**	mg/L	Volatile
			Trichloroethylene YES ✓	**0.032**	mg/L	Volatile
			Xylenes (Total) NO	**0.455**	mg/L	Volatile
			Benzyl Alcohol NO	**82.000**	mg/L	BNA

Sample Date 7-29-2008

Sample No.'s 5053865 and 5053866

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units	Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Chloroform	0.015	mg/L	Chloroform YES ✓	0.015	mg/L	Volatile
Methylene Chloride	0.447	mg/L	Methylene Chloride YES ✓	0.447	mg/L	Volatile
Ethylbenzene	0.066	mg/L	Ethylbenzene YES ✓	0.066	mg/L	Volatile
Toluene (Methylbenzene)	0.278	mg/L	Toluene YES ✓	0.278	mg/L	Volatile
Benzene	0.108	mg/L	Benzene YES ✓	0.108	mg/L	Volatile
2,4-Dimethylphenol	0.778	mg/L	2,4-Dimethylphenol YES ✓	0.778	mg/L	BNA
Bis (2-Ethylhexyl) Phthalate	1.3	mg/L	Bis (2-Ethylhexyl) Phthalate YES ✓	1.3	mg/L	BNA
			Acetone NO	**4.500**	mg/L	Volatile
TTO VALUE	**2.99**		**Carbon Disulfide** NO	**0.490**	mg/L	Volatile
			Chloroform YES	**0.015**	mg/L	Volatile
			2-Butanone NO	**0.645**	mg/L	Volatile
			Styrene NO	**0.013**	mg/L	Volatile
			Xylenes (Total) NO	**0.150**	mg/L	Volatile

EPAHO120000716

Sample Date 7-17-2008

Sample No.'s 5053858 and 5053859

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Benzene	0.56	mg/L
Ethylbenzene	0.11	mg/L
Methylene Chloride	0.235	mg/L
Toluene	2.2	mg/L
Bis (2-Ethylhexyl) Phthalate	0.106	mg/L
Naphthalene	0.311	mg/L
TTO VALUE	**3.52**	

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Benzene	0.56	mg/L	**Volatile**
Ethylbenzene	0.11	mg/L	**Volatile**
Methylene Chloride	0.235	mg/L	**Volatile**
Toluene	2.2	mg/L	**Volatile**
Bis (2-Ethylhexyl) Phthalate	0.106	mg/L	**BNA**
Naphthalene	0.311	mg/L	**BNA**
Acetone	**1.400**	mg/L	**Volatile**
Carbon Disulfide	**0.102**	mg/L	**Volatile**
2-Butanone	**0.740**	mg/L	**Volatile**
4-Methyl-2-Pentanone	**0.121**	mg/L	**Volatile**
2-Hexanone	**0.187**	mg/L	**Volatile**
Styrene	**0.069**	mg/L	**Volatile**
Xylenes (Total)	**0.200**	mg/L	**Volatile**
Benzyl Alcohol	**18.000**	mg/L	**BNA**

EPAHO120000717

Sample Date 7-22-2008

Sample No.'s 5053860 and 5053861

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Trichloroethene	0.032	mg/L
Benzene	0.156	mg/L
Methylene Chloride	0.164	mg/L
Ethylbenzene	0.211	mg/L
Toluene	1.3	mg/L
Naphthalene	0.5	mg/L
Bis (2-Ethylhexyl) Phthalate	0.676	mg/L
TTO VALUE	**3.04**	

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Trichloroethene	0.032	mg/L	**Volatile**
Benzene	0.156	mg/L	**Volatile**
Methylene Chloride	0.164	mg/L	**Volatile**
Ethylbenzene	0.211	mg/L	**Volatile**
Toluene	1.3	mg/L	**Volatile**
Naphthalene	0.5	mg/L	**BNA**
Bis (2-Ethylhexyl) Phthalate	0.676	mg/L	**BNA**
Acetone	**2.500**	mg/L	**Volatile**
Carbon Disulfide	**0.060**	mg/L	**Volatile**
2-Butanone	**1.600**	mg/L	**Volatile**
Trichloroethylene	**0.032**	mg/L	**Volatile**
Xylenes (Total)	**0.455**	mg/L	**Volatile**
Benzyl Alcohol	**82.000**	mg/L	**BNA**

EPAHO120000718

Sample Date 7-29-2008

Sample No.'s 5053865 and 5053866

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Chloroform	0.015	mg/L
Methylene Chloride	0.447	mg/L
Ethylbenzene	0.066	mg/L
Toluene (Methylbenzene)	0.278	mg/L
Benzene	0.108	mg/L
2,4-Dimethylphenol	0.778	mg/L
Bis (2-Ethylhexyl) Phthalate	1.3	mg/L
TTO VALUE	**2.99**	

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Chloroform	0.015	mg/L	**Volatile**
Methylene Chloride	0.447	mg/L	**Volatile**
Ethylbenzene	0.066	mg/L	**Volatile**
Toluene	0.278	mg/L	**Volatile**
Benzene	0.108	mg/L	**Volatile**
2,4-Dimethylphenol	0.778	mg/L	**BNA**
Bis (2-Ethylhexyl) Phthalate	1.3	mg/L	**BNA**
Acetone	**4.500**	mg/L	**Volatile**
Carbon Disulfide	**0.490**	mg/L	**Volatile**
Chloroform	**0.015**	mg/L	**Volatile**
2-Butanone	**0.645**	mg/L	**Volatile**
Styrene	**0.013**	mg/L	**Volatile**
Xylenes (Total)	**0.150**	mg/L	**Volatile**
Benzyl Alcohol	**4.710**	mg/L	**BNA**
2-Methlyphenol	**4.150**	mg/L	**BNA**
2,4-Dimethlyphenol	**0.778**	mg/L	**BNA**

EPAHO120000719

Sample Date 8-05-2008

Sample No.'s 5053867 and 5053868

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units
Benzene	0.344	mg/L
Ethylbenzene	0.406	mg/L
Toluene (Methylbenzene)	2.459	mg/L
Bis (2-Ethylhexyl) Phthalate	1.4	mg/L
TTO VALUE	**4.61**	

Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Benzene	0.344	mg/L	**Volatile**
Ethylbenzene	0.406	mg/L	**Volatile**
Toluene	2.459	mg/L	**Volatile**
Bis (2-Ethylhexyl) Phthalate	1.4	mg/L	**BNA**
Acetone	**1.450**	mg/L	**Volatile**
Carbon Disulfide	**1.040**	mg/L	**Volatile**
2-Butanone	**0.972**	mg/L	**Volatile**
Xylenes (Total)	**0.731**	mg/L	**Volatile**
Phenol	**0.963**	mg/L	**BNA**
Benzyl Alcohol	**10.000**	mg/L	**BNA**
p-Chloro-m-Cresol	**1.300**	mg/L	**BNA**

EPAHO120000720

			Benzyl Alcohol ND	4.710	mg/L	BNA
			2-Methlyphenol NO	4.150	mg/L	BNA
			2,4-Dimethlyphenol YES ✓	0.778	mg/L	BNA

Sample Date 8-05-2008

Sample No.'s 5053867 and 5053868

CES Special Project - TTO Evaluation

Collected 6 am - 12 pm

Listed Organics Detected > .01 mg/L	Concentration	Units	Organics That Were Detected with Methods EPA 624 and 625	Concentration	Units	Class
Benzene	0.344	mg/L	Benzene YES ✓	0.344	mg/L	Volatile
Ethylbenzene	0.406	mg/L	Ethylbenzene YES ✓	0.406	mg/L	Volatile
Toluene (Methylbenzene)	2.459	mg/L	Toluene YES ✓	2.459	mg/L	Volatile
Bis (2-Ethylhexyl) Phthalate	1.4	mg/L	Bis (2-Ethylhexyl) Phthalate YES ✓	1.4	mg/L	BNA
PHENOL	0.963	mg/L	Acetone NO	1.450	mg/L	Volatile
TTO VALUE	~~4.61~~		Carbon Disulfide ND	1.040	mg/L	Volatile
→	5.573		2-Butanone NO	0.972	mg/L	Volatile
			Xylenes (Total) NO	0.731	mg/L	Volatile
			Phenol YES	0.963	mg/L	BNA
			Benzyl Alcohol NO	10.000	mg/L	BNA
			p-Chloro-m-Cresol NO	1.300	mg/L	BNA

EPAHO12000721

Clark Hickman

From: Clark Hickman
Sent: Monday, May 04, 2009 8:18 PM
To: 'james.cargas@cityofhouston.net'
Subject: May Report
Attachments: scanCOHMRAJ51090052.pdf

EPAHO120000722

CES Environmental Services, Inc.
4904 Griggs Road
Houston, TX 77021
713-676-1460 Main
713-676-1676 Fax

Via Electronic Mail

May 1, 2009
Mr. James P. Cargas
Senior Assistant City of Attorney
City of Houston
City Attorney Legal Department
P.O. Box 368
Houston, TX 77001 - 0368

RE: CES Environmental Services, Inc.
Agreed Final Judgment
Cause No. 2009- 07076

Dear Mr. Cargas:

Please find attached the Monthly Response for Item 3 under Agreed Final Judgment.

If you have any questions, please call me.

Very truly yours,

Greg Bowman/CBH
Greg Bowman

Pollution Control Equipment

Monthly Status Report

Date: May 1, 2009

(A) Truck Wash Area

Status of Pollution Control Equipment:

1. **Equipment:** Air Emission Controlled by Tank Wash Cleaning Restrictions

   Status: In Compliance with PBR

2. **Equipment:** Wastewater Treatment System for Tank Wash

   Status: Working Properly in Compliance-

(B) Recycling Area

Status of Pollution Control Equipment:

1. **Equipment:** Multiple Carbon Drum System Train in Use

   Status: All Working Properly. Methylene Chloride Recycling is Not Being Conducted

2. **Equipment:** All Wastewater Discharged to CES Wastewater Treatment System

   Status: In Compliance

(C) Waste Operation

1. **Equipment:** Wastewater Treatment Area Scrubber

   Status: Working Properly

2. **Equipment:** Wastewater Treatment Operation

   Status: In Compliance. Discharged to City of Houston

Person making Report (print): Clinton Hopkins

Date: May 1, 2009

Carbon Scrubber

Monthly Status Report

Date: May 1, 2009

Status of Carbon Scrubbers:

1. Tank-farm Hydrocarbon Area Scrubber – Under Repair. Note: Six Carbon Drum Dual Drum Trains are being used in place of Hydrocarbon Area Scrubber during the Repair Period of Scrubber

2. Wastewater Treatment Area Scrubber – Working Properly

Unit 2:

Date when Fresh Carbon was added Last: March 12, 2009
(to Wastewater Treatment Area Scrubber)

Note: Carbon Scrubber infrequently used since emissions are limited and unit is a multi-stage liquid scrubber with carbon polishing.

Time when Fresh Carbon was added Last: 8:00 – AM
(to Wastewater Treatment Area Scrubber)

Is the Existing Carbon Saturated (circle one): Yes **No**
(to Wastewater Treatment Area Scrubber)

Explain: _____

Six Carbon Dual Drum Trains (Date of Last Change):

Train #1 Carbon Change:	**Date:** April 28, 2009;	**Time:** 9:00 A.M.
Train #2 Carbon Change:	**Date:** April 20, 2009;	**Time:** 10:00 A.M.
Train #3 Carbon Change:	**Date:** April 21, 2009;	**Time:** 7:00 P.M.
Train #4 Carbon Change:	**Date:** March 10, 2009;	**Time:** 10:00 A.M.
Train #5 Carbon Change:	**Date:** February 27, 2008;	**Time:** 8:30 A.M.
Train #6 Carbon Change:	**Date:** February 20, 2008;	**Time:** 12:01 P.M.

Notes:
1. **Train 5 is currently not in service**
2. **Each train has an individual indicator that shows if carbon needs to be changed.**

Person making Report (print): Clinton Hopkins

Date: May 1, 2009

Clark Hickman

From: Cargas, James P. - LGL [James.Cargas@cityofhouston.net]
Sent: Monday, May 04, 2009 8:22 PM
To: Clark Hickman
Subject: RE: May Report

Thank you.

James P. Cargas

Senior Assistant City Attorney
City of Houston, Legal Department
Office: (832) 393-6255
Email: james.cargas@cityofhouston.net

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From: Clark Hickman [mailto:chickman@cesenvironmental.com]
Sent: Monday, May 04, 2009 8:18 PM
To: james.cargas@cityofhouston.net
Subject: May Report

CES Environmental Services, Inc.
4904 Griggs Road
Houston, TX 77021
713-676-1460 Main
713-676-1676 Fax

June 26, 2009

Ms. LaDonna Castanuela
Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC 105
Austin, TX 78711-3087

RE: Executive Director's Preliminary Report and Petition
CES Environmental Services, Inc.
RN100693282
TCEQ Docket No. 2009-0141-AIR-E

Dear Ms. Castanuela,

This letter is in response to the letter, dated June 11, 2009, from Ms. Anna Treadwell, Attorney, Office of Legal Services, Litigation Division, transmitting a copy of the "Executive Director's Preliminary Report and Petition Recommending that the Texas Commission on Environmental Quality Enter an Enforcement Order Assessing an Administrative Penalty Against and Requiring Certain Actions of CES Environmental Services, Inc." ("Petition"). Please accept for filing on behalf of CES Environmental Services, Inc. ("CES") this letter as an answer to the Petition and a request for a hearing.

CES was provided a Proposed Agreed Order, dated February 23, 2009. In response CES provided the Executive Director's staff information regarding the factual, legal and regulatory basis of the Proposed Agreed Order. As shown in the chart below, the Petition carries forward the same provisions included in the Proposed Agreed Order with no consideration of the information previously submitted to the staff by CES. The attached document provides a summary of the information previously submitted to the Executive Director. CES submits that this information challenges the factual and regulatory basis of the Petition and supports the substantial modification of the proposed enforcement order contained in the Petition.

Proposed Agreed Order (2/23/2009)	**Preliminary Report and Petition (6/11/2009)**
I. Findings of Fact, 3.	Facts Supporting Violations, 5.a.
I. Findings of Fact, 4.	Facts Supporting Violations, 5.b.
I. Findings of Fact, 5.	Facts Supporting Violations, 5.c.
I. Findings of Fact, 6.	Facts Supporting Violations, 5.d.
I. Findings of Fact, 7.	Facts Supporting Violations, 5.e.
I. Findings of Fact, 9.	Facts Supporting Violations, 6.a.
I. Findings of Fact, 10.	Facts Supporting Violations, 6.b.
III. Ordering Provisions, 2.a.i.	Corrective Action Ordering Provisions, 14.a.i.
III. Ordering Provisions, 2.a.ii.	Corrective Action Ordering Provisions, 14.a.ii.
III. Ordering Provisions, 2.a.ii.	Corrective Action Ordering Provisions, 14.a.iii.
III. Ordering Provisions, 2.c.i.	Corrective Action Ordering Provisions, 14.c.i.
III. Ordering Provisions, 2.c.ii.	Corrective Action Ordering Provisions, 14.c.ii.
III. Ordering Provisions, 2.c.iii.	Corrective Action Ordering Provisions, 14.c.iii.

EPAHO120000727

CES requests the opportunity to meet with the Executive Director in an effort to resolve the issues raised in the Petition and to reach a mutually acceptable agreement regarding any proposed enforcement order.

Please let me know if you have any questions. I may be reached by telephoning [713-419-6076] or e-mailing [gbowman@cesenvironmental.com].

Sincerely,

Greg Bowman, V.P.

cc: Ms. Anna M. Treadwell, Staff Attorney, Texas Commission on Environmental Quality, P.O. Box 13087, MC 175, Austin, TX. 78711-3087

EPAHO120000728

COMMENTS ON PROPOSED AGREED ORDER
DOCKET No. 2009-0141-MLM-E

The following is a summary of the comments and information provided to the TCEQ Region 12 office regarding the referenced proposed agreed order dated February 23, 2009. These comments were provided in e-mail correspondence dated April 15, 2009 and April 21, 2009. Copies of the referenced correspondence were also recently forwarded to Ms. Anna Treadwell, TCEQ Staff Attorney on June 23, 2009.

PROPOSED AGREED ORDER DISCUSSION ITEMS FROM APRIL 15, 2009 CORRESPONDENCE TO N. HAMEED, TCEQ REGION 12

Section I - Findings of Fact:
Item 3 – CES requests clarification of the wording in the second sentence of this finding. The draft order states the following:

"During an investigation on November 5, 2008 through December 9, 2008, staff documented that the Respondent failed to maintain monitoring records for operations at the Plant under Methylene Chloride Permit-By-Rule ("PBR") 83191. Specifically, monitoring records for carbon adsorber units, maintenance/monitoring records for the methylene chloride scrubber and demonstration of compliance with certified limits for processing methylene chloride represented in PBR 83191 were not being maintained."

All information requested by the investigator regarding the methylene chloride process was provided to the TCEQ investigator except for records of the carbon unit exhaust monitoring results and records of the scrubber maintenance. CES requests clarification of what is meant by "demonstration of compliance with certified limits for processing methylene chloride represented in PBR 83191" since it is also referenced as a requirement in Section III - Ordering Provision 2(a)(i) of the draft order.

Item 4 – This finding of Fact states that the Respondent did not provide sufficient vapor pressure records to demonstrate compliance with the Oil Recovery Processing PBR 83798 in the calculated emissions data provided for the period January 1, 2007 through November 14, 2008. CES furnished records to TCEQ. CES has furnished a sample analysis for the largest volume oil stock handled at the site. The analytical results show the oil sample was too thick to measure vapor pressure using ASTM method D-5191 (documentation provided as attachment to April 15, 2009 e-mail to N. Hameed, TCEQ Region 12). CES believes this result is indicative that the vapor pressure values used in the 2007 and 2008 emission calculations were valid if not conservative. CES believes this finding should be removed from the draft Order and the penalty computation adjusted accordingly. This change will affect item 3 in the Conclusions of Law. Please be aware that beginning in November 2008, CES implemented voluntary emission controls on the oil process tanks by connecting them to a thermal oxidizer. A carbon adsorption system functions as backup vapor control during thermal oxidizer down time. Actual emissions from the process are therefore far less than the uncontrolled losses represented in PBR 83191.

Item 5 – This finding of fact states that the Respondent failed to meet testing requirements for three (3) boilers. CES tested two of the three boilers. CES is providing the attached documentation to demonstrate that one of the referenced boilers (Williams & Davis unit) has a firing capacity less than 2.0 MMBtu/hr and is therefore exempt from testing under 30 TAC 117.2003(a)(1). According to 30 TAC 117.2003(a)(1) boilers with a maximum rated capacity of 2.0 MMBtu/hr or less are exempt from the requirements of 30 TAC Chapter 117, Subchapter D, Division 1 and therefore do not require testing. The wording of this item should be revised from "three" to "two" boilers. This change will also affect the wording of item 4 in the Conclusions of Law and in Ordering Provision 2(c)(i). In addition, the penalty computation will need to be adjusted as it appears to be based on three boilers instead of two. Documentation demonstrating the firing capacity of the Williams & Davis boiler provided as attachment to the April 15, 2009 e-mail to N. Hameed, TCEQ Region12.

Item 6 - This finding of fact states that the Respondent failed to maintain written or electronic records of annual fuel usage for three (3) boilers. Again, the documentation (provides as attachment to April 15, 2009 e-mail to N. Hameed, TCEQ Region 12) demonstrates that one of the referenced boilers has a firing capacity less than 2.0 MMBtu/hr and is therefore exempt from recordkeeping requirements under 30 TAC 117.2003(a)(1). According to 30 TAC 117.2003(a)(1) boilers with a maximum rated capacity of 2.0 MMBtu/hr or less are exempt from the requirements of 30 TAC Chapter 117, Subchapter D, Division 1 and therefore do not require fuel use records. There should be no penalty assessed for this boiler.

With regard to the remaining two boilers, 30 TAC 117.2045(a)(1) requires that written or electronic records of annual fuel usage be maintained. Based on discussions with TCEQ in Austin, since the boilers are not subject to 30 TAC 101, Subchapter H, Division 3 (Mass Emission Cap and Trade) they are not subject to the fuel monitoring requirements of 30 TAC 117.2035(a)(1). As such the annual fuel use can be estimated from billing records. CES has fuel use records from the site since the effective start of compliance date of the rule (March 31, 2005). These records are being compiled in a summary table and will be forwarded to you as a follow up attachment. Since these records are available, CES believes this finding should be removed from the order. This change will affect item 5 in the Conclusions of Law. In addition, the penalty computation will need to be adjusted to reflect deletion of this finding. Please be aware that since the investigation, CES has installed and begun operating totalizing fuel flow meters on the two boilers to continue monitoring gas fuel usage.

Item 7 – This finding of fact states that the Respondent failed to obtain timely authorizations for the Methylene Chloride operations. The penalty computation associated with this item appears to be based on 530 days. The number of days in the period between start of operation (referenced in the Order as June 29, 2007) and the initial registration date (October 19, 2007) is 112 days. The process was changed from a two stage distillation process to a one stage distillation process in December 2007. The period from the start of the revised process on December 10, 2007 (see process records provided during investigation) to the revised registration date on November 17, 2008 is 341 days. The total number of days should be 453. CES requests the penalty computation for this finding be adjusted accordingly.

Item 9 – This finding states that 239 lbs of uncontrolled MEK vapor was released during the thermal oxidizer overpressure event that occurred on December 6, 2008. CES

wishes to clarify for the record that the 239 lb value was a worst-case estimate provided to the TCEQ investigator to show that the reportable quantity threshold of 5,000 lbs for MEK could not have been exceeded. The estimate was based on the conservative assumption that the volume of the vapor collection header to the thermal oxidizer was filled with saturated MEK vapor and did not account for air dilution from inlet vents in the system. Additionally, some of the vapor would have been combusted in the event.

Item 10 – This finding of fact states that the Respondent failed to submit a PI-7 form to TCEQ for authorization of MEK in the oil recovery process. The emissions from the handling of MEK are authorized under PBR 106.261. This PBR does not require registration with TCEQ until March 31st of the following calendar year. Since the process commenced in 2008, the registration is due no later than March 31 2009. The actual date of submission of the registration was March 26, 2009 (see TCEQ Registration 87815). CES believes this finding is in error and should be removed from the Order along with the corresponding Conclusions of Law item 9. As a result, the penalty computation needs to be revised accordingly.

Item 12 – Paragraph (a) of this finding states that the PBR authorizing the Methylene Chloride process (registration No. 86772) was obtained on December 9, 2008. This is not accurate. The Methylene Chloride process was initially registered with TCEQ in October 2007 and issued Registration No. 83191 by TCEQ as referenced in the Findings of Fact item 3. A second PBR registration authorizing a change in the processing method was registered on November 17, 2008 and approved by TCEQ on December 9, 2008 (registration 86772).

Section III - Ordering Provisions:
Ordering Provision 2(a)(i) – This provision requires the Respondent to begin maintaining records of carbon bed monitoring, scrubber monitoring/maintenance and demonstration of compliance with certified limits for processing methylene chloride represented in PBR 83191 immediately upon the effective date of the Order. CES requests TCEQ revise this provision to clarify what is meant by "demonstration of compliance with certified limits for processing methylene chloride". The site has already implemented the specified record keeping for carbon bed monitoring and scrubber maintenance for the current process. Records are maintained for those periods that the Methylene Chloride process operated. Please be aware that the Methylene Chloride distillation process is currently idle.

Ordering Provisions 2(a)(ii) – This provision requires the Respondent to begin maintaining sufficient vapor pressure records and utilizing actual vapor pressures of the various treated oil stocks to calculate the actual emissions to demonstrate compliance with the Oil Recovery Process PBR 83798. As discussed above regarding the Findings of Fact item 4, CES has sampled its largest volume oil stock to test for vapor pressure and the result shows the sample was too thick to measure vapor pressure using ASTM Method D-5191. Since the oil tanks are vented to the thermal oxidizer or the backup carbon adsorption unit as part of the voluntary emission controls implemented in November 2008, CES questions the need to monitor vapor pressure and requests that this provision be removed.

Ordering Provision 2(a)(iii) – This provision requires the Respondent to begin maintaining written or electronic records of fuel usage for the boilers immediately upon the effective date of the Order. Please be aware that totalizing fuel flow meters were

installed on the two boilers subject to the requirement to maintain annual fuel usage records. The meters have been operating since January 28, 2009.

Ordering Provision 2(c)(i) - This provision requires the Respondent to conduct stack testing on the boilers within 30 days of the effective date of the Order. Please be aware that stack testing was performed on January 28, 2009 and January 29, 2009 for the two affected boilers subject to the testing requirement and results were submitted to TCEQ.

Operating Provision 2(c)(ii) – This provision requires that the Respondent implement measures within 30 days of the effective date of the Order to prevent recurrence of the emission event that occurred on December 6, 2008. Please be aware that modifications to the thermal oxidizer and vapor collection system require prior approval from the City of Houston Fire Marshal before implementation. To the extent that approvals by other involved entities may affect the schedule in the draft Order, CES proposes this provision be revised as follows:

"2(c)(ii) – Implement measures designed to prevent recurrence of emissions events due to the same causes as the event which occurred on December 6, 2008. To the extent that prior approval from other regulatory entities is required, the referenced measures will be implemented within 30 days of approval from those entities; and"

Ordering Provision 2(c)(iii) - This provision requires the Respondent to submit an administratively complete permit application to consolidate authorization for all sources of emissions at the plant site. CES requests that this provision be removed from the draft Order. Operations at the site are already authorized under existing Permits or Permit-By-Rules (PBR). The findings summarized in the Order primarily address matters of record maintenance and timely registration. TCEQ has not contested the technical bases upon which the permits and PBRs have been issued.

Ordering Provisions 2(d) and (f) – these provisions are directly related to the requirement to submit a complete permit application in provision 2(c)(iii) addressed above. CES requests that these provisions also be removed from the draft Order. Furthermore with respect to provision 2(f), CES recognizes that the schedule for processing an application and issuing a permit is under the control of the TCEQ Air Permits Division. CES should not be held liable under the Order for delays in permit issuance that are beyond its ability to control.

PROPOSED AGREED ORDER DISCUSSION ITEMS FROM APRIL 21, 2009 CORRESPONDENCE TO N. HAMEED, TCEQ REGION 12

Section I - Findings of Fact:
Item 4 – This finding of Fact states that the Respondent did not provide sufficient vapor pressure records to demonstrate compliance with the Oil Recovery Processing PBR 83798 in the calculated emissions data provided for the period January 1, 2007 through November 14, 2008. CES has a sample analysis for the largest volume oil stock handled at the site. The analytical results are attached (provided as attachment to April 21, 2009 e-mail to N. Hameed, TCEQ Region 12). CES believes this finding should be removed from the draft Order and the penalty computation adjusted accordingly. This change will affect item 3 in the Conclusions of Law. Please be aware that beginning in November 2008, CES implemented voluntary emission controls on the oil process tanks

by connecting them to a thermal oxidizer. A carbon adsorption system functions as backup vapor control during thermal oxidizer down time. Actual emissions from the process are therefore far less than the uncontrolled losses represented in PBR 83191.

Item 6 – Attached are fuel records and a summary spreadsheet providing boiler fuel usage between August 2006 and January 2009. (Records provided as attachment to April 21, 2009 e-mail to N. Hameed, TCEQ Region 12).

With regard to the remaining two boilers, 30 TAC 117.2045(a)(1) requires that written or electronic records of annual fuel usage be maintained. Based on discussions with Vincent Meiller of the TCEQ in Austin, since the boilers are not subject to 30 TAC 101, Subchapter H, Division 3 (Mass Emission Cap and Trade) they are not subject to the fuel monitoring requirements of 30 TAC 117.2035(a)(1). As such the annual fuel use can be estimated from billing records. Copies of the billing records and an estimation of the fuel usage by the two boilers are attached (provided as attachment to April 21, 2009 e-mail to N. Hameed, TCEQ Region 12). Since these records are available, CES believes this finding should be removed from the order. This change will affect item 5 in the Conclusions of Law. In addition, the penalty computation will need to be adjusted to reflect deletion of this finding. Please be aware that since the investigation, CES has installed and begun operating totalizing fuel flow meters on the two boilers to continue monitoring gas fuel usage.

Item 7 – Attached are copies of the submission letters for the Methylene Chloride Permits-By-Rule. Copies of the TCEQ technical reviews for these submissions are also included. (Records provided as attachment to April 21, 2009 e-mail to N. Hameed, TCEQ Region 12).

This finding of fact states that the Respondent failed to obtain timely authorizations for the Methylene Chloride operations. The penalty computation associated with this item appears to be based on 530 days. The number of days in the period between start of operation (referenced in the Order as June 29, 2007) and the initial registration date (October 19, 2007) is 112 days. Furthermore, 30 TAC 106.262 states that Permits-By-Rule under that section must be registered within 10 days of startup. This further reduces the number of days by which the registration was late to 102. The process was then changed from a two stage distillation process to a one stage distillation process in December 2007. The period from the start of the revised process on December 10, 2007 (see process records provided during investigation) to the revised registration date on November 17, 2008 is 343 days. This would again be reduced by 10 days from the date of modification to 331 days. The total number of days should be 435. CES requests the penalty computation for this finding be adjusted accordingly.

Item 12 – Paragraph (a) of this finding states that the PBR authorizing the Methylene Chloride process (Registration No. 86772) was obtained on December 9, 2008. This is not accurate. The Methylene Chloride process was initially registered with TCEQ in October 2007 and issued Registration No. 83191 by TCEQ as referenced in the Findings of Fact item 3. A second PBR registration authorizing a change in the processing method was registered on November 17, 2008 and approved by TCEQ on December 9, 2008 (Registration No. 86772). As with Item 7, copies of the submission letters and the TCEQ technical reviews are attached (provided as attachment to April 21, 2009 e-mail to N. Hameed, TCEQ Region 12).

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 3, 2008

MR MATT BOWMAN
PRESIDENT
CES ENVIRONMENTAL SERVICES INC
4904 GRIGGS RD
HOUSTON TX 77021

Standard Permit Registration Number:	86272
Renewal Date:	October 3, 2018
Location:	4904 Griggs Road
City/County:	Houston, Harris County
Project Description/Unit:	Thermal Oxidizer
Regulated Entity Number:	RN100693282
Customer Reference Number:	CN600618946
New or Existing Site:	Existing
Affected Permit (if applicable):	15980 and 83798
Standard Permit Type:	Pollution Control Project

CES Environmental Services Inc has registered the emissions associated with the installation and operation of a Thermal Oxidizer (EPN TO-1) under the standard permit listed above as authorized by the Commissioners pursuant to Title 30 Texas Administrative Code ' 116.602 (30 TAC ' 116.602). Emissions are listed on the attached table.

For rule information see www.tceq.state.tx.us/permitting/air/nav/standard.html.

You are reminded that 30 TAC ' 116.615 requires that any construction or change authorized by this standard permit should be consolidated into the affected facilities= permit(s) at the next amendment or renewal.

No planned MSS emissions have been represented or reviewed for this registration and none will be authorized by this standard permit.

As of July 1, 2008, all analytical data generated by a mobile or stationary laboratory in support of compliance with air permits must be obtained from a NELAC (National Environmental Laboratory Accreditation Conference) accredited laboratory under the Texas Laboratory Accreditation Program or meet one of several exemptions. Specific information concerning which laboratories must be accredited and which are exempt may be found in 30 TAC ' ' 25.4 and 25.6.

For additional information regarding the laboratory accreditation program and a list of accredited laboratories and their fields of accreditation, please see the following website:

http://www.tceq.state.tx.us/compliance/compliance_support/qa/env_lab_accreditation.html

Re: Standard Permit Registration Number 86272

For questions regarding the accreditation program, you may contact the Texas Laboratory Accreditation Program at (512) 239-3754 or by email at labprgms@tceq.state.tx.us.

The company is also reminded that these facilities may be subject to and must comply with other state and federal air quality requirements. If you have questions, please contact Ms. Rahel Tadesse at (713) 767-3770. This action is taken under authority delegated by the Executive Director of the TCEQ.

Sincerely,

Anne M. Inman, P.E., Manager
Rule Registrations Section
Air Permits Division
Texas Commission on Environmental Quality

cc: Bureau Chief of Air Quality Control, Health and Human Services Department, City of Houston, Houston
Director, Environmental Public Health Division, Harris County Public Health and Environmental Services, Pasadena
Air Section Manager, Region 12 - Houston

Project Number: 141183

Standard Permit Maximum Emission Rates Table
Permit Number 86272

The facilities and emissions included in this table have been represented and reviewed as the maximum emissions authorized by this standard permit registration.

Emission Point No.	Facility or Source Name	Air Contaminant*	Emission Rates	
			lb/hr	TPY
TO-01	Thermal Oxidizer	NOx	0.42	<0.01
		CO	0.83	<0.01
		SO_2	0.03	0.14

The maximum operating schedule represented for these facilities is:

hours/day	days/week	weeks/year	hours/year
24	7	52	8,760

* VOC - volatile organic compounds
PM - total particulate matter
PM_{10} - particulate matter equal to or less than 10 microns in size
NO_x - total oxides of nitrogen
CO - carbon monoxide
SO_2 - sulfur dioxide

**Fugitive emissions are an estimate only and should not be considered as a maximum allowable.

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 1, 2009

CERTIFIED MAIL - 7002 2030 0003 4755 7238
RETURN RECEIPT REQUESTED

Mr. Matt Bowman, President
CES Environmental Services, Inc.
4904 Griggs Road
Houston, Texas 77021

Re: Enforcement Action, CES Environmental Services, Inc.
RN100693282; Docket No. 2009-0141-MLM-E; Enforcement Case No. 37096

Dear Mr. Bowman:

In previous correspondence February 23, 2009, you were advised of our proposal to settle a pending enforcement action against your company. You were provided a draft agreed order and advised that our offer to settle was contingent upon your agreement with the terms of the order. At the company's request to receive information on the financial inability to pay, an additional letter was mailed to you on April 15, 2009, along with documents for pursuing this option. To date no completed documents for the inability to pay have been received, and neither have we received a commitment that you would be willing to settle under the expedited process.

Because the 60 day deadline has passed and we have been unable to reach agreement, this letter is to advise you that our offer to settle this case is hereby withdrawn. Accordingly, your case is being forwarded to the Litigation Division with our recommendation that we proceed with the more extended enforcement process described under the Commission's enforcement rules, 30 TEX. ADMIN. CODE ch. 70. This process includes the preparation of an Executive Director's Preliminary Report and Petition to the Commission prior to calling a contested case hearing. An attorney will contact you in the near future.

You are welcome to call Ms. Nadia Hameed, as the enforcement coordinator who developed this case, if you have any general questions about our enforcement procedures or policies. We recommend, however, that because your file is now in the Litigation Division, any specific issues or negotiations be discussed and/or commenced with that office at (512) 239-3400. Please do not hesitate to call.

Sincerely,

David Van Soest, Manager
Enforcement Division

DVS/nh

cc: Ms. Linda Vasse, Manager, Air Section, Houston Regional Office, TCEQ

Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

I. REGISTRANT INFORMATION			
A. TCEQ Customer Reference Number:	CN-	TCEQ Regulated Entity Number:	
Note: If "NO," CN or RN number was entered above; please fill out the required Core Data Form, which will be available in Step II of the submittal process.			
B. Company or Other Legal Customer Name: CES Environmental Services Inc.			
Company Official Contact Name: Matt Bowman		Title: President	
Mailing Address: 2420 South Gulfway Drive.			
City: Port Arthur		State: TX	Zip Code: 77641
Phone No.: (713) 676-1460	Fax No.: (713) 676-1676	E-mail Address: mbowman@cesenvironmental.com	
C. Technical Contact Name: Philip Evans			
Company: The WCM Group, Inc.			
Mailing Address: 110 Bender Ave			
City: Humble		State: TX	Zip Code: 77336
Phone No. : (281) 446-7070	Fax No.: (281) 446-3348	E-mail Address: pevans@wcmgroup.com	
D. Facility Location Information - Street Address: 2420 S. Gulfway Drive			
If "NO," street address, provide written driving directions to the site: (attach description if additional space is needed)			
City: Port Arthur	County: Jefferson	Zip Code: 77641	

II. FACILITY AND SITE INFORMATION			
A. Name and Type of Facility: CES Environmental Services Inc.			X Permanent ☐ Portable
B. PBR claimed under **30 TAC § 106** *(List all)*:			
§ 106.261	§ 106.475		
§ 106.262	§ 106.492		
§ 106.472	§ 106.		
Are you claiming a **historical standard exemption or PBR**?			☐ YES X NO
If "YES," enter effective date and Rule Number:			
C. Are you registering a **grandfathered** facility? *If "YES," attach documentation of construction date:*			☐ YES X NO
D. Is there a previous Standard Exemption or PBR for the facility in this registration? (Attach details regarding changes)			☐ YES X NO
If "YES," enter Registration Number and Rule Number:		261/262	
E. Are there any **other facilities** at this **site** which are **authorized by an Air Standard Exemption or PBR**?			☐ YES X NO
If "YES," enter Registration Number and Rule Number:			
F. Are there any **other air preconstruction permits** at this site?			☐ YES X NO
If "YES," enter Permit Numbers:			
G. Is this site required to obtain an **air federal operating permit**?			☐ YES X NO
If "YES," enter Permit Number:			
H. TCEQ Account Identification Number *(if known)*:			

EPAHO120000739

Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

III. FEE INFORMATION			
To determine if a fee is required answer the following question. If "YES," to question III. A., a fee is not required, skip to Section IV. If "NO," to answer II. A., then go to Section III. B. See Section VI. for address to send fee or go to www.2.tceq.state.tx.us/epay to pay online.			
A. Is this registration an update to a previously registered facility and accompanied by a Certification Form solely to establish a federally enforceable emission limit?			☐ YES X NO
B. What is the fee amount? *If "YES," to any of the following three questions, a **$100** fee is require. Otherwise, a **$450** fee is required.*			
Does this business have less than 100 employees?			X YES ☐ NO
Does this business have less than 1 million dollars in annual gross receipts?			☐ YES X NO
Is this registration submitted by a governmental entity with a population of less than 10,000?			☐ YES X NO
C. Check/Money Order or Transaction Number *(Payable to TCEQ)*:		*Was fee **Paid** online?*	☐ YES X NO
Company name of check:		Fee amount:	$100

IV. SELECTED FACILITY REVIEWS ONLY—TECHNICAL INFORMATION		
Note: If claiming one of the following PBRs, complete this section, then skip to Section VI., "Submitting your registration" below:		
Animal Feeding Operations § 106.161 ***Livestock Auction Facilities § 106.162*** ***Saw Mills § 106.223***		
Grain Handling, Storage and Drying § 106.283 ***Auto Body Refinishing Facilities § 106.436*** ***Air Curtain Incinerator § 106.496***		
A. Is the applicable PBR checklist attached which shows the facility meets all general and specific requirements of the PBR(s) being claimed? *(If submitting electronically, click "YES".)*		☐ YES ☐ NO
B. Distance from this facility's emission release point to the nearest property line:		feet
Distance from this facility's emission release point to the nearest off-property structure:		feet

V. TECHNICAL INFORMATION INCLUDING STATE AND FEDERAL REGULATORY REQUIREMENTS ***Registrants must be in compliance with all applicable state and federal regulations and standards to claim a PBR.***		
A. Is Confidential information submitted and properly marked "CONFIDENTIAL" with this registration?		☐ YES X NO
B. Is a process flow diagram or a process description attached?		X YES ☐ NO
C. Are emissions data and calculations for this claim attached?		X YES ☐ NO
D. Is information attached showing how the **general** requirements (**30 TAC § 106.4**) of the PBR is met for this Registration? (**PBR checklists** may be used, but are optional)		X YES ☐ NO
*Note: Please be reminded that if the facilities listed in this registration are subject to the Mass Emissions Cap & Trade program under **30 TAC Chapter 101**, **Subchapter H, Division 3**, the owner/operator of these facilities must possess NO_x allowances equivalent to the actual NO_x emissions from these facilities.*		
E. Is information attached showing how the **specific PBR** requirements are met for this registration? (***PBR checklist** may be used, but are optional*)		X YES ☐ NO
F. Distance from this facility's emission release point to the nearest property line:	200	feet
Distance from this facility's emission release point to the nearest off-property structure:	250	feet
Note: In limited cases, a map or drawing of the site and surrounding land use may be requested during the technical review or at the request of the TCEQ Regional Office or local air pollution control program during an investigation.		

EPAHO120000740

Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

VI. SIGNATURE FOR CERTIFICATION AND REGISTRATION

The signature below indicates that the Responsible Official has knowledge of the facts herein set forth and that the same are true, accurate, and complete to the best of my knowledge and belief. By this signature, the maximum emission rates listed on this certification reflect the maximum anticipated emissions due to the operation of this facility and all representations in this certification of emissions are conditions upon which the facilities and sources will operate. It is understood that it is unlawful to vary from these representations unless the certification is first revised. The signature certifies that to the best of the Responsible Official's knowledge and belief, the project will satisfy the conditions and limitations of the indicated exemption or permit by rule and the facility will operated in compliance with all regulations of the Texas Commission on Environmental Quality and with Federal U.S. Environmental Protection Agency regulations governing air pollution. The signature below certifies that, based on information and belief formed after reasonable inquiry, the statements and information above and contained in the attached document(s) are true, accurate, and complete. **If you questions on how to fill out this form or about air quality permits. Please call 512/239-1250.** *Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512/239-3282.*

SIGNATURE: _____ DATE: 9/10/08

VII. SUBMITTING COPIES OF THE CERTIFICATION AND REGISTRATION

Copies must be sent as listed below:
Processing delays may occur if copies are not sent as noted.

Who	*Where*	*What*
Air Permits Initial Review Team (APIRT)	Regular, Certified, Priority Mail MC161, P.O. Box 13087 Austin, Texas 78711-3087 Hand Delivery, Overnight Mail MC 161, 12100 Park 35 Circle, Building C, Third Floor Austin, Texas 78753 Fax No.: (512) 239-2123 *(do not follow fax with paper copies)*	Originals Form PI-7, Core Data Form. and all attachments
Revenue Section, TCEQ	Regular, Certified, Priority Mail MC 214, P.O. Box 13088 Austin, Texas 78711-3088 Hand Delivery, Overnight Mail MC 214, 12100 Park 35 Circle, Building A, Third Floor Austin, Texas 78753	Original Money Order or Check Copy of Form PI-7 and Core Data Form
Appropriate TCEQ Regional Office	To find your Regional Office address, go to the TCEQ Web site at www.tceq.state.tx.us, or call (512) 239-1250.	Copy of Form PI-7, Core Data Form, and all attachments.
Appropriate Local Air Pollution Control Program(s)	To Find your local or Regional Air Pollution Control Programs go to the TCEQ, APD Website at www.tceq.state.tx.us/nav/permits/air_permits.html or call (512) 239-1250	Copy of Form PI-7, Core Data Form, and all attachments.

(a) The director by rule may prescribe reasonable requirements for monitoring or measuring emission of air contaminants by a person who owns, controls, or operates a source that emits an air contaminant identified in Section 5A-7.

(b) The director by rule may prescribe reasonable requirements for maintaining records on monitoring or measuring emissions by a person who is required to monitor or measure emission of air contaminants under Subsection (a) of this section. (Ord. 15079)

SEC. 5A-11. INSPECTION OF RECORDS.

The director may examine during regular business hours such records as are required by state or city law or rule to be maintained in connection with the operation of air pollution or emission control equipment or facilities or in connection with the emission of air contaminants. (Ord. 15079)

SEC. 5A-12. NOTICE.

Notice required or authorized under this chapter must be served on the person to be notified either personally or by mailing to the person at the address last known to the director. The effective date of notice required or authorized under this chapter is the date that the notice is personally served or that the notice is postmarked, as the case may be. (Ord. 15079)

ODOR IS A NUISANCE ONLY IF YOU FAIL OBJECTIVE TEST.

SEC. 5A-13. NUISANCE.

A violation of a standard prescribed by Section 5A-7 constitutes a nuisance. The city attorney may file suit to obtain such orders or process as are necessary to abate the nuisance. (Ord. 15079)

SEC. 5A-14. OFFENSES.

(a) A person commits an offense if he:

(1) refuses to submit information requested by the director under Section 5A-5(a); or

(2) violates a rule of the Texas Natural Resource Conservation Commission identified in Section 5A-6; or

(3) owns, controls, or manages a source that violates the emission standard prescribed by Section 5A-7(a), (b) or (c); or

(4) interferes with the director in the exercise of his authority under Section 5A-9(b); or

EPAHO120000742

(Ord. Nos. 15079; 17344; 18902; 21144; 22442; 22894; 23264; 23723; 24027)

CITY OF DALLAS

SEC. 5A-7. CITY AIR POLLUTION STANDARDS.

(a) No person may cause, suffer, allow, or permit the emission of lead or its compounds (measured as elemental lead) so as to cause or contribute to an exceedence of the ambient air quality standard for lead. The ambient air quality standard for lead and its compounds, measured as elemental lead by a reference method based on appendix G of 40 CFR 50, or by an equivalent method, is 1.5 micrograms per cubic meter, maximum arithmetic mean averaged over 30 calendar days. The data used to obtain the arithmetic mean averaged over 30 calendar days shall consist of individual 24-hour concentrations obtained on a regular sampling schedule and shall contain a minimum of 15 validated samples.

(b) No person or persons may cause, suffer, allow, or permit emissions of lead from any source or sources on a property or from multiple sources operated on contiguous properties to exceed any of the following net ground level concentrations:

(1) 8.3 micrograms of lead per cubic meter of air averaged over one hour; or

(2) 6.5 micrograms of lead per cubic meter of air averaged over three hours; or

(3) 5.2 micrograms of lead per cubic meter of air averaged over five hours.

OBJECTIVE TEST METHOD AND COMPLIANCE STANDARD

(c) Odors (emission standard). A stationary source may not emit beyond its property line an odor, the strength of which equals or exceeds two odor units, as measured by the director on a Barnaby-Cheney Scentometer or equivalent odor-testing device.

(d) The director shall prescribe by rule such additional regulations as he determines are necessary to implement this section and may provide by rule for temporary suspension of the application of the air pollution standards prescribed by this section to a source that is operating under unusual conditions or circumstances that prevent compliance. (Ord. Nos. 15079; 18223; 18902)

SEC. 5A-8. REGISTRATION FEES.

(a) Any person operating or maintaining a facility registered with the director under Section 5A-5(a) or (b) shall pay a nonrefundable registration fee for each calendar year. The fee shall be based upon the

EPAHO120000743

Box 120
Blue
File missed "Budget 11/2/09"

Pulled by OSHA

Pulled by OSHA

February 11, 2009

FAX: 216 563 5205
ATTN: Judy Rice

To whom it Concerns:

It is with great regret that I inform you that I am no longer able to support the mortgage payments on my home. The property address is: 20702 Kings Crown Court, Humble Texas 77346 (First Lien: Wells Fargo [0259341329] Second Lien: Amtrust [7361638]).

The principle cause of this circumstance is that my wife is divorcing me. In addition to the extra living expenses ass[illegible] households, our legal fees have exceeded $ 15,000 and we have barely proceeded bey[illegible] ty settlement and determination of custody for our child have yet to be det[illegible] the financial condition, my wife accumulated a large amount of credit card debt for[illegible] niture ($ 8,000) and other upgrades for the home (curtains & rugs) and nu[illegible] ipe. To add to this substantial burden, my property association has voted (ag[illegible] veryone in the community a special assessment ($ 8,000) to improve the drains an[illegible] In addition to the credit card debt, I've had to get an advance of pay from my cor[illegible] d debt to over $ 46,000.

Info on CES financial problems

All of this comes at a time when my company is facing tremendous financial challenges. In addition to huge losses associated with Hurricane Ike, the economy is very poor and my company's financial condition has deteriorated precipitously. As a result, we have laid-off over 30% of the company and remaining employees are taking pay cuts between 15% (senior managers) to 5% (lowest paid hourly employees). As a senior executive, my pay cut will exceed 12% (effective for the first pay period in February). There will be additional steep pay cuts or possible bankruptcy if the financials do not improve before the end of March.

I saw this disaster approaching a few months ago and listed my house for sale. In addition to the money borrowed from the bank, I have approximately $ 100,000.00 of my own equity invested in the house. Between my money and the loan money, the house cost almost $ 750,000. Nevertheless, I listed the house in December for $ 710,000. Due to low activity, I've now listed the house at $ 680,000 (this effectively insures that I will lose 100% of my money in the sale of the house). Despite my best efforts to sell the house there remains no interest. We recently received an offer to purchase the house for $ 560,000 (see attached). Assuming the banks are amenable to a short-sale, I will accept this offer.

Unfortunately, I cannot afford to lose any more money. In fact, given the confluence of negative financial factors confronting me, I cannot afford to make another mortgage payment. If this is not acceptable and another offer more acceptable to the bank is not forthcoming, perhaps we can arrange a transfer of ownership of the home back to the Bank in a manner that does not involve undue legal expense or time.

I appreciate your consideration and await your response. You can contact me by phone at 713-419-6076 or e-mail (gbowman@cesenvironmental.com).

Respectfully;

Greg Bowman
20702 Kings Crown Court
Humble Texas, 77346
713.419.6076

ATTN: Loss Mitigation
RE: Loan 7361638
From: Greg Bowman
Ph: 713-419-6076

February 11, 2009

FAX: 216 583 5205
ATTN: Judy Rice

To whom it Concerns:

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The principle cause of this circumstance is that my wife is divorcing me. In addition to the extra living expenses associated with supporting two households, our legal fees have exceeded $ 15,000 and we have barely proceeded beyond temporary orders. Property settlement and determination of custody for our child have yet to be determined. To further aggravate the financial condition, my wife accumulated a large amount of credit card debt for cosmetic surgery ($ 9,500), furniture ($ 8,000) and other upgrades for the home (curtains & rugs) and numerous upgrades to the landscape. To add to this substantial burden, my property association has voted (against my objection) to assess everyone in the community a special assessment ($ 8,000) to improve the drains and gutters in the neighborhood. In addition to the credit card debt, I've had to get an advance of pay from my company increasing my unsecured debt to over $ 46,000.

All of this comes at a time when my company is facing tremendous financial challenges. In addition to huge losses associated with Hurricane Ike, the economy is very poor and my company's financial condition has deteriorated precipitously. As a result, we have laid-off over 30% of the company and remaining employees are taking pay cuts between 15% (senior managers) to 5% (lowest paid hourly employees). As a senior executive, my pay cut will exceed 12% (effective for the first pay period in February). There will be additional steep pay cuts or possible bankruptcy if the financials do not improve before the end of March.

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I appreciate your consideration and await your response. You can contact me by phone at 713-419-6076 or e-mail (gbowman@cesenvironmental.com).

ATTN: Loss Mitigation
RE: Loan 7361638
From: Greg Bowman
Ph: 713-419-6076

Respectfully;

Greg Bowman
20702 Kings Crown Court
Humble Texas, 77346
713.419.6076

Acnt 2	Acnt 3	Acnt 4	FY08 thru 7-31-08	Actual 8/31/2008	Actual 9/30/2008	Actual 10/31/2008	11/30/2008	YTD
400000 · Revenue Accounts			-	-	419	-	-	419
401000 · Chemical Cleaning			13,155	5,924	975	8,020	-	28,074
402000 · Container Cleaning			785,405	152,124	67,377	143,958	87,507	1,239,170
403000 · CS-Inc-Heel Disposal			-	-	-	-	-	-
405000 · Natural Gas Surcharge			17,066	(53)	(23)	-	(14)	16,972
406000 · CS-Inc-Trailer/Container repair			-	-	-	-	-	-
407000 · 4%City Franchise Fee			7,327	1,607	1,286	1,302	1,383	12,905
408000 · Analyticals			41,100	7,752	7,928	9,173	2,419	68,372
410000 · Disposal			3,444,319	546,055	366,110	469,926	502,098	5,335,022
411000 · LA Waste Fee			-	-	-	-	-	-
412000 · Management Fee			7,437,680	1,697,261	1,089,086	1,224,436	550,037	11,990,427
413000 · Recycling			1,734,267	127,624	191,133	139,905	162,025	2,355,059
414000 · TCEQ Waste Fee			13,666	1,048	190	1,030	1,102	17,130
415000 · MRI			-	-	-	-	-	-
416000 · Washouts (outside)			21,228	150	9,705	2,920	140	34,418
416500 · DSP-Inc-Disposal			-	-	-	-	-	-
416600 · DSP-Inc-Recycling			-	-	-	-	-	-
417000 · FS-Inc-CES Trans			-	-	-	-	-	-
418000 · Energy Surcharge			44,477	32,388	42,484	36,673	32,594	188,884
419000 · Equip Rental (outside)			21,435	9,101	900	2,735	4,250	38,421
420000 · Equipment Use			21,669	3,473	3,920	7,699	10,986	48,047
421000 · Supplies			73,706	11,045	11,724	12,825	4,957	114,256
422500 · Drums			44,417	4,284	3,537	8,124	8,970	69,332
422000 · Job Materials - Other			40,505	3,350	11,223	4,386	10,346	69,085
Total 422000 · Job Materials			**40,505**	**7,634**	**14,760**	**12,510**	**19,316**	**138,417**
423000 · Labor (Technician)			264,966	35,535	21,607	53,039	55,936	418,373
424000 · Material recycling			19,292	-	-	-	580	19,872
425000 · Sale of tanks/totes			29,273	2,200	545	1,520	19,410	52,948
426000 · FS-Inc-Subcontracting			-	-	-	-	-	-
427000 · Tank Destruction/Disposa			7,710	100	-	-	700	8,510
428000 · Tank/Tote Cleaning			965	550	1,515	1,425	175	4,630
430000 · Compliance Fee			-	4,023	13,850	14,143	17,201	48,198
435000 · MRI-Inc-Parts/Shop Supplies			-	-	-	-	-	-
436000 · Other			-	-	-	-	-	-
437000 · SGA-Inc-Misc. Rental (Office/Sh			-	-	-	-	-	-
438000 · SGA-Inc-Other			9	-	-	-	(2,392)	(2,383)
439000 · Professional Fee			-	-	-	-	-	-
440000 · Reimbursed Expense			44,760	106,317	7,482	1,341	11,124	171,023

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442000 · State Sales Tax	67	-	-	-	7	74
445000 · Box/Trailer/Container repairs	24,030	-	-	100	3,697	27,827
446000 · Box/Trailer/Container Rentals	333,657	23,638	18,788	29,413	59,923	467,659
447000 · Transportation-CES	3,688,897	323,502	424,731	383,036	427,982	5,231,464
447500 · CES Internal Processing	(30,699)	30,699	-	(39,173)	-	(39,173)
448000 · Fuel surcharge	683,397	135,032	97,340	112,609	93,319	1,121,196
449000 · Transportation-Sub	42,008	12,729	3,600	3,709	5,076	67,122
490000 · US Treasury Fund dividends	-	-	-	-	-	-
4999 · Uncategorized Income	-	-	-	-	-	-
	18,869,754	**3,277,458**	**2,397,432**	**2,634,275**	**2,071,537**	**29,223,331**
501000 · Currency Conversion				25,789	-	25,789
502000 · Analyticals	57,567	8,345	5,400	5,101	2,619	79,032
503000 · A/P Sales Tax	82,648	16,621	17,521	12,716	15,705	141,861
505000 · Box/Trailer/Tote/Tank Rental	723,257	185,901	139,561	68,902	71,656	958,553
505001 · Barge Rent	678,737			83,700	81,000	1,074,161
505002 · Rail Car Rental	-				-	-
505003 · Tank Rental for Processing	-				6,667	6,667
510000 · Chemical Cleaning	966	-	-	-	-	966
515000 · 4%City Franchise Fee	7,470	1,601	1,271	1,294	1,362	13,020
520000 · Commission	215,646	38,671	(1,989)	35,679	22,038	310,044
529000 · Container Repair - (All)	-	-	-	-	2,037	2,037
531000 · Contract Labor	54,292	6,471	4,059	2,649	2,158	63,259
533000 · Disposal	960,842	187,050	100,438	150,032	142,772	1,545,095
534000 · Equipment Rental	78,614	13,774	12,320	7,462	7,774	114,927
534200 · Chemicals and Other Purchase	383	-	-	-	-	4,198
534500 · Delivery cost	2,038,074	114,057	(111,752)	138,070	45,029	2,223,477
535000 · Fuel	1,308,603	172,053	197,252	184,091	109,123	1,978,709
536000 · Energy Assessment Fee	19,816	4,428	1,987	9,421	8,268	44,225
541000 · Drums	10,572	-	-	2,001	2,100	14,673
540000 · Job Materials - Other	105,426	1,130	1,632	15,917	8,698	132,803
Total 540000 · Job Materials	115,998	**1,130**	**1,632**	**17,918**	**10,798**	**147,476**
550000 · LA Waste Fee	-	-	-	-	-	-
553000 · Lease Payments	47,500	9,500	9,500	9,500	16,875	92,875
554100 · Processing Subcontracted	-	-	-	-	-	-
555000 · Management Fees	380,445	63,300	155,263	3,828	14,966	617,802
556000 · Third Party Processing	589,163	118,719	113,621	37,574	12,390	871,467
557000 · Internal Process Cost		30,699	33,675	(27,126)	(10,864)	26,384
560010 · Bonus	67,519	-	16,328	-	-	83,847
560020 · Holiday Pay	51,673	-	23,610	-	-	75,282
560030 · Holiday work pay	18,036	-	1,841	-	-	19,876
560040 · Hourly	846,393	95,952	130,896	167,613	66,353	1,307,208
560043 · Drivers Hourly	-	-	-	-	-	-
560044 · Drivers Overtime	-	-	-	-	-	-
560050 · Overtime	1,094,403	117,187	100,477	207,873	147,907	1,667,846
560060 · Vacation Pay	(25,497)	5,300	7,685	7,653	3,847	(1,012)
560065 · Labor	-	-	-	-	-	-

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560068 · Wages	739,522	70,729	92,729	118,961	47,301	1,069,242
560070 · Direct Labor	(86,619)	-	600	100	116,003	30,084
560080 · Direct Labor Overtime	-	-	4,633	192	-	4,825
560090 · Labor (Technician)	-	-	-	-	-	-
560000 · Payroll Expenses - Other	-	-	-	-	1,970	1,970
Total 560000 · Payroll Expenses	**2,705,429**	**289,169**	**378,798**	**502,392**	**383,381**	**4,259,168**
564000 · Purchases for Resale	7,240	229,000	217,697	79,631	20,004	553,571
578000 · Recycling	82,324	5,118	204	2,822	-	90,468
583000 · Sub Trans	556,269	27,155	26,105	40,098	9,785	659,412
585000 · TCEQ Waste Fee	11,961	664	10,957	1,236	1,969	26,787
586000 · TSDF Disposal	354,047	34,272	38,877	47,622	70,458	545,198
587000 · TSDF Recycling	9,335	(361)	5,218	781	-	14,972
589000 · Washouts (trailer/box) outside	30,726	5,645	2,985	3,618	3,085	46,059
590000 · Waste Disposal (tankwash)	-	-	-	-	-	-
500000 · DIRECT COST OF SERVICE - Other	-	-	-	-	-	-
Total 500000 · DIRECT COST OF SERVICE	**11,117,349**	**1,562,980**	**1,360,601**	**1,444,799**	**1,051,055**	**16,537,660**
601000 · Internal Charges					-	
601001 · Labor					-	
601002 · Material					-	
601000 · Internal Charges - Other					-	
Total 601000 · Internal Charges						
602000 · Analyticals	39,127	10,740	5,141	2,315	2,131	59,794
605000 · Box repairs/supplies	5,881	400	2,708	765	570	10,324
611000 · CES disposal	37,951	4,668	5,020	3,418	1,252	52,308
612000 · CES plant trash disposal	4,967	3,611	610	1,376	5,129	15,693
618000 · Chemical Costs	330,064	49,127	87,966	81,724	95,501	627,816
625000 · Consulting/Clean up	4,664	670	-	-	1,005	6,339
625100 · Operational Error	(104,000)	104,000	-	15,468	-	15,468
625200 · COGS Depreciation Expense	664,084	108,081	111,164	115,987	117,001	1,118,645
626000 · Contract Labor	51,424	1,650	12,299	29,490	28,132	127,780
633000 · Equipment Repair	87,128	14,607	8,409	2,858	13,842	127,372
634000 · Equipment Rental	98,921	11,612	15,286	20,582	30,281	196,312
638000 · Fines/Tickets	4,401	-	350	-	-	4,751
643010 · Cargo & Equip Ins.	-	-	-	-	-	-
643015 · Dental Insurance	2,344	(1,674)	(36)	(363)	19	290
643020 · Health Insurance	222,605	(7,891)	29,284	31,531	31,963	307,492
643025 · Life/Disability Insurance	9,246	499	(226)	4,858	(3,066)	2,658
643030 · Liability Insurance	312,518	-	41,020	41,020	41,020	435,579
643040 · Property Insurance	817	-	-	-	-	817
643050 · Truck/Trailer Insurance	40,155	-	-	-	-	40,155
643060 · Workers Comp. Insurance	264,929	46,580	40,691	38,647	48,732	439,579
643000 · Insurance - Other	5,562	-	-	-	-	5,562
Total 643000 · Insurance	**858,176**	**37,513**	**110,734**	**115,693**	**118,668**	**1,232,131**
644000 · Labels/Placards	6,893	-	4,617	-	-	11,510
657000 · Miscellaneous	3,239	-	711	3,000	-	6,950
660043 · Drivers Wages, Hourly	-	-	-	-	-	-

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660044 · Drivers Wages Overtime	-	-	-	-	-	-
660068 · Wages & Salaries	46,909	12,583	12,583	12,583	65,530	150,189
660070 · Direct Labor	-	-	-	-	-	-
660080 · Direct Labor Overtime	-	-	-	-	-	-
660090 · On Call pay	16,738	739	2,644	4,180	2,300	26,601
660000 · Payroll Expenses - Other	-	-	-	-	-	-
Total 660000 · Payroll Expenses	**63,648**	**13,322**	**15,227**	**16,763**	**67,830**	**176,790**
661000 · Personal Property Taxes	1,614	-	-	-	-	1,614
678000 · Supplies/Parts/Tools (All)	383,466	59,748	126,476	39,136	89,324	702,853
686000 · Tire repairs	17,358	-	170	-	8,728	26,255
688020 · Licenses	2,561	-	-	-	-	2,561
688030 · Tires/Tire Repair	20,729	2,687	43	1,468	9,713	34,640
688050 · Trailer Repair	36,543	7,459	(524)	366	4,778	48,621
688060 · Rent	-	447	-	-	-	447
688000 · Trailer Costs - Other	2,137	295	-	-	375	2,807
Total 688000 · Trailer Costs	**61,970**	**10,888**	**(481)**	**1,834**	**14,865**	**89,076**
689020 · Licenses	349	284	-	-	-	633
689025 · LicenseTags/Road Use	61,154	-	7,601	9,220	6,900	84,875
689030 · Tire/Tire Repair	44,212	1,906	963	1,682	7,348	56,327
689050 · Truck Repairs	119,461	30,198	20,087	31,231	20,451	211,781
689090 · Truck/Trailer-Exp-Misc repairs	24,846	154	605	656	3,221	29,482
689000 · Truck Costs - Other	25,441	5,403	661	3,712	2,334	37,552
Total 689000 · Truck Costs	**275,464**	**37,945**	**29,916**	**46,501**	**40,254**	**420,649**
690000 · Uniforms	39,263	2,510	7,960	4,123	8,008	62,553
692010 · Electric	143,833	24,837	19,053	20,573	12,970	221,265
692020 · Gas	168,771	30,687	22,393	32,933	23,729	278,513
692030 · Water	193,737	35,985	40,341	34,653	21,224	325,939
692000 · Utilities - Other	-	-	-	-	-	-
Total 692000 · Utilities	**506,341**	**91,508**	**81,786**	**88,158**	**57,924**	**825,717**
600000 · INDIRECT COST OF SERVICE - Other	(8,653)	-	-	-	-	856
Total 600000 · INDIRECT COST OF SERVICE	**3,433,388**	**562,601**	**626,069**	**589,191**	**700,446**	**5,919,556**
701000 · Facility rental	80,000	40,000	40,000	40,000	40,000	240,000
702000 · Utilities	-	-	-	-	-	-
700000 · Indirect Cost (Pt Arthur) - Other	-	-	-	-	-	-
Total 700000 · Indirect Cost (Pt Arthur)	80,000	40,000	40,000	40,000	40,000	240,000
	14,630,737	**2,165,580**	**2,026,670**	**2,073,990**	**1,791,501**	**22,697,217**
	4,239,017	**1,111,877**	**370,762**	**560,286**	**280,036**	**6,526,114**
800001 · Reconciliation Discrepancies	3,119	-	-	-	-	3,119
801000 · Advertising	916	600	9,802	419	117	11,854
802000 · Amortization Expense	47	-	-	-	-	-
803000 · Late Pay Fees	4,264	1,311	1,303	2,487	846	10,332
805000 · Bad Debt Expense	(17,388)	-	3,500	3,500	3,500	(6,888)
806000 · Bank Service Charge	12,907	19	25	25	(834)	15,156
831000 · Contract Labor	750	840	-	-	200	200
832000 · Contributions/Donations	14,811	250	-	1,440	-	16,501
834000 · Depreciation	24,363	3,623	3,634	3,646	3,646	38,936

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834500 · Dues/Subscriptions	9,505	2,323	762	3,508	118	15,956
836000 · Equipment Leasing	1,623	331	-	976	4,048	6,977
837000 · Freight/Delivery	7,823	1,509	980	1,005	1,595	11,973
838000 · Freight/Samples	2,024	-	-	-	-	2,024
847000 · Licenses/Permits	8,539	-	1,040	3,623	175	13,376
850000 · Meals & Entertainment	42,292	11,452	15,227	11,090	6,748	86,809
852000 · Medical Expenses, nondiscrimina	8,211	9,153	2,761	504	1,251	21,879
854000 · Miscellaneous	(395)	706	505	186	290	1,292
857000 · Office Supplies	32,667	3,003	2,245	4,215	2,406	44,535
760000 · Payroll Expenses	287,821	62,034	58,496	59,248	31,227	498,826
835000 · Employee Welfare	833	-	3,350	250	-	4,433
855000 · Relocating (Moving) Expenses	19,616	2,500	-	-	-	22,116
860010 · Bonus	137,574	29,000	(15,453)	-	-	151,121
860012 · Commissions	132,153	59,688	37,869	36,200	32,098	298,007
860015 · Severance Pay	-	-	-	-	-	-
860020 · Holiday Pay	-	-	-	-	-	-
860068 · Salaries&Wages administrative	8,479	-	-	-	90,985	99,465
860069 · Salary	1,183,265	175,382	197,586	206,211	114,329	1,876,773
860070 · Salary Sales	92,292	21,979	20,000	20,000	10,000	164,271
860080 · Wages Hourly	-	-	-	-	-	-
860092 · TWC State Tax C-3	7,243	500	325	367	339	8,773
860093 · Payroll Tax 941, FICA & medic	323,189	55,313	48,529	58,436	48,808	534,276
860094 · Payroll Tax 940 FUTA	8,768	506	369	377	342	10,362
860095 · Employee School Reimbursem	6,729	-	236	-	-	6,965
860000 · Payroll expense - Other	-	-	-	-	-	-
Total 860000 · Payroll expense	**2,207,962**	**406,902**	**351,307**	**381,090**	**328,128**	**3,675,388**
862000 · Postage	5,321	1,119	2,678	1,059	-	10,177
863000 · Printing/Reproduction	15,718	1,422	823	2,903	224	21,090
864010 · Accounting Fees	6,500	11,000	-	-	-	17,500
864020 · Consulting/Compliance Fees	173,184	31,766	20,407	33,202	16,299	274,858
864040 · Legal Fees	25,470	11,400	735	3,324	20,874	61,803
864000 · Professional Fees - Other	6,862	-	-	9,412	1,000	17,273
Total 864000 · Professional Fees	**212,016**	**54,166**	**21,142**	**45,937**	**38,174**	**371,435**
868000 · Promotional	34,587	635	3,882	572	7,033	46,709
875000 · Facility Maintenance	22,294	5,812	2,165	643	800	31,760
876000 · Facility Repairs	5,065	2,716	-	665	-	9,196
880000 · Safety Supplies	90,962	7,830	7,816	14,149	20,198	141,386
884010 · IFTA	3,630	-	-	-	-	3,630
884030 · State Franchise	120,681	31,000	48,285	38,438	(33,841)	204,563
884040 · Real Estate Taxes	108,424	18,000	18,000	18,000	(9,324)	153,100
884000 · Taxes, non payroll - Other	-	-	-	-	-	-
Total 884000 · Taxes, non payroll	**232,735**	**49,000**	**66,285**	**56,438**	**(43,165)**	**361,293**
886010 · Mobile	72,856	(426)	11,340	11,800	9,754	105,325
886020 · Office Phone	5,033	898	834	1,055	1,121	8,941
886030 · Pager/Internet	3,538	821	760	-	3,436	8,555
886040 · Security Surveillance System	502	-	-	-	-	502

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886000 · Telephone & Communications	4,005	14,183	70	89	70	18,415
Total 886000 · Telephone & Communications	**85,934**	**15,476**	**13,004**	**12,943**	**14,381**	**141,739**
887000 · Training Class	11,003	12,790	4,141	-	475	28,410
888020 · Lodging	6,169	368	13,836	4,645	343	25,362
888030 · Mileage	45,133	15,243	17,420	10,176	9,482	97,454
888040 · Toll/Scale/Parking	13,546	1,573	2,023	1,169	1,665	19,975
888000 · Travel & Lodging - Other	89,057	7,386	6,078	9,576	15,863	127,959
Total 888000 · Travel & Lodging	153,904	**24,570**	**39,356**	**25,566**	**27,353**	**270,749**
889030 · Office Trash	3,214	379	374	370	356	4,694
889000 · Utilities - Other	14,128	-	-	-	-	14,128
Total 889000 · Utilities	**17,343**	**379**	**374**	**370**	**356**	**18,822**
800000 · GENERAL & ADMINISTRATIVE EXP - Other	3,815	-	-	-	-	-
	3,254,737	**617,936**	**554,757**	**578,956**	**418,061**	**5,422,185**
	984,279	**493,941**	**(183,995)**	**(18,670)**	**(138,024)**	**1,103,930**
Oil Plant Contributions	-	-	-	-	-	-
Port Arther Contributions	-	-	-	-	-	-
	984,279	**493,941**	**(183,995)**	**(18,670)**	**(138,024)**	**1,103,930**
895001 · Bank Interest Earned	24,586	125	-	-	(312)	25,396
895000 · NONOPERATING INCOME - Other	-	-	-	-	-	-
Total Other Income	**24,586**	**125**	**-**	**-**	(312)	**25,396**
945000 · Interest (Truck/Trailers/Equip)	164,871	19,371	19,719	21,020	18,238	243,219
948000 · Interest expense SBA & Mortgage	90,888	32,782	22,749	20,573	14,395	181,387
950000 · Credit Card interest and fees	4,400	-	-	-	-	4,400
990000 · Federal Income Tax Expense	420,000	60,000	60,000	60,000	(360,000)	240,000
990001 · Fed Incom Tax Deferred Exp	-	-	-	-	-	-
900000 · OTHER NONOPERATING EXPENSE - Other	5,040	7,526	645	-	1,072	14,283
Total Other Expense	**685,199**	**119,679**	**103,113**	**101,593**	**(326,296)**	**683,289**
	323,667	**374,387**	**(287,108)**	**(120,264)**	**187,960**	**446,037**

EPAHO120000752

ENVIRONMENTAL PROFESSIONALS

The WCM Group, Inc.

January 2, 2008

Mr. David Howell
Permits Administrative Review (PAR) Section (MC 166)
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
12100 Park 35 Circle, Building F, First Floor, Room 1206
Austin, Texas 78753

LONE STAR
AIRBILL NUMBER
P2487110

Reference: CES Environmental Services, Inc.
4904 Griggs Road
Houston, Harris County, Texas
Registration of Permits-By-Rule §106.261, §106.262, and §106.472
CN600618946; RN100693282

Dear Mr. Howell:

On behalf of CES Environmental Services, Inc. (CES), please find enclosed documentation authorizing the operation of an Oil Improvement Process at the referenced site. The process qualifies for authorization under Permits-By-Rule (PBRs) §106.261, §106.262, and §106.472.

If you have questions regarding this registration, or require further information, please do not hesitate to contact Mr. Mat Bowman of CES at (713) 676-1460, or me directly at (281) 446-7070.

Sincerely,

Michael D. Chastain for Philip Evans

Philip B. Evans
Director, Technical Services

PBE/tv
26661:5330008.lts.doc

Enclosure

cc: M. Bowman
L. Vasse
B. Allen

EPAHO120000753

ENVIRONMENTAL PROFESSIONALS

The WCM Group, Inc.

January 2, 2008

Mr. John Racanelli
Revenue Section (MC-214)
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
12100 Park 35 Circle, Building F, Room 1206
Austin, Texas 78753

LONE STAR
AIRBILL NUMBER
P2487111

Reference: CES Environmental Services, Inc.
4904 Griggs Road
Houston, Harris County, Texas
Registration of Permits-By-Rule §106.261, §106.262, and §106.472
CN600618946; RN100693282

Dear Mr. Racanelli:

On behalf of CES Environmental Services, Inc. (CES), please find enclosed a check in the amount of $100 to cover the fee for the above referenced Permit-By-Rule (PBR) registration. A copy of the PI-7-CERT Form is also enclosed.

If you have questions regarding this registration, or require further information, please do not hesitate to contact Mr. Mat Bowman of CES at (713) 676-1460, or me directly at (281) 446-7070.

Sincerely,

Michael D. Cheatam for Philip Evans

Philip B. Evans
Director, Technical Services

PBE/tv
26661:5330008.lts.doc

Enclosures

cc: M. Bowman
L. Vasse
B. Allen

EPAHO120000754

Security features are included. Details on back.

THE WCM GROUP INC.
PETTY CASH ACCOUNT
P.O. BOX 3247
HUMBLE, TX 77347-3247

Comerica
Comerica Bank - Texas
Houston, Texas
www.comerica.com

1364

32-75/1110
787

DATE 1-02-08

PAY ONE HUNDRED DOLLARS AND NO/100 DOLLARS $ 100.00

TO THE ORDER OF

TCEQ
REVENUE STATION (MC214)
12100 PARK 35 CIRCLE, BLDG F
AUSTIN, TEXAS 78753

TWO SIGNATURES REQUIRED
NO CHECKS ALLOWED OVER $5,000.00

Susan C Howell

MP

⑈001364⑈ ⑆111000753⑆ 1880776545⑈

GUARDIAN® SAFETY ©Clarke American

THE WCM GROUP INC.
PETTY CASH ACCOUNT
HUMBLE, TX 77347-3247

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT, PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
1/02/08	TCEQ OIL IMPROVEMENT AREA, PBR REGISTRATION FEE	$ 100.00
	CES-HOU-PBR	

A2

PERMIT-BY-RULE AUTHORIZATION FOR

OIL IMPROVEMENT PROCESS

Prepared for
CES ENVIRONMENTAL SERVICES, INC.
Houston, Harris County, Texas

Prepared by
THE WCM GROUP, INC.
Humble, Texas

January 2008

EPAHO120000756

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TCEQ PI-7CERT FORM

TCEQ §106.4 CHECKLIST

TCEQ §106.261 CHECKLIST

TCEQ §106.262 CHECKLIST

TCEQ §106.472 CHECKLIST

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1 - SITE LOCATION MAP

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EPAHO120000758

INTRODUCTION

CES Environmental Services, Inc. (CES) operates a tank container cleaning and waste handling facility at 4904 Griggs Road in Houston, Harris County, Texas (CN600618946, RN100693282) under Texas Commission on Environmental Quality (TCEQ) Permit Exemption No. 15980 and a series of Permits-By-Rule (PBRs).

CES is submitting the enclosed documentation to demonstrate PBR authorization for an Oil Quality Improvement operation at the site. Specifically, the process treats oil and mixed molecular weight petroleum hydrocarbons received from off-site to remove water and other impurities. Details on these operations can be found in the Process Description section of this application and in the attached calculations. The equipment and processes covered by this PBR are authorized under 30 TAC 106.261, 106.262, and 106.472. Attachment B includes a table summarizing each piece of equipment and the relevant PBR authorization.

CES is located in the Houston/Galveston ozone nonattainment area and is classified as a minor source for Volatile Organic Compound (VOC) emissions. The emissions increase associated with this project is approximately 1.46 tons per year (tpy) of VOC. As a result, the project is not major by itself and does not result in reclassification of the site as a major source.

A PI-7-CERT Form, as well as TCEQ §106.4, §106.261, §106.262, and §106.472 Checklists, are provided in the Forms section of this report. Emission calculations are provided in Attachment A. A Site Location Map, Facility Plot Plan, Aerial Photograph, and Process Flow Diagram are included in the Figures section.

EPAHO120000759

1.0 PROCESS DESCRIPTION

Materials for processing received from off-site are stored and processed in a series of tanks near the south end of the CES property. The materials received fall into three general categories: mixed molecular weight petroleum hydrocarbons, oily water, or base oil and water. Upon entering the site, oily water is typically stored in Tank OT-7 or OT-8, but may be stored in any of the tanks associated with the oil process. Similarly, base oil and water (also referred to as wet base oil) is typically stored in Tanks OT-1 or OT-2, but may be stored in any of the oil processing tanks. Mixed molecular weight petroleum hydrocarbons are stored and processed in Tank OT-9.

Mixed molecular weight petroleum hydrocarbons enter the facility mixed with water. The light organics are gravity phase separated from the water in Tank OT-9. The mixed molecular weight petroleum hydrocarbons are then transferred to bullet truck trailers designed for LPG service and shipped off-site as CES Fuel.

The two remaining material types (oily water and wet base oil) undergo similar four step processes to recover usable oil materials.

The first processing step for both material types is removal of water through gravity phase separation while in storage. This process generally occurs in the tank in which the oil was originally stored, but any of the oil processing tanks may be utilized as needed.

The second processing phase consists of heating to further facilitate phase separation. An emulsion breaker is added to improve the separation of oil and water. Sulfuric acid may also be used for pH adjustment. Oily water is normally treated in Tank OT-3 while wet base oil is normally treated in tank OT-4, although these rolls can be reversed if required. This operation qualifies for PBR 106.472 because there is no actual reaction taking place in the tanks.

The third phase of processing differs for the two material types. The oily water is sent to Tank OT-5 and then to a centrifuge to remove the remaining water. The oil from the centrifuge is then sent to Tank FO-1. The wet base oil is sent to Tank OT-10 and is then fed to a vacuum distillation system where the remaining water is removed. Emissions from the centrifuge and distillation systems are vented through a scrubber for odor control. No credit for emission reduction is being taken in this PBR for the scrubber.

The fourth step in the process is the transfer of the finished oil to holding tanks. These may be any of the tanks associated with the oil quality improvement process. From these tanks, the oil may be returned to Step 3 for further processing or be loaded into transport vessels for removal from the site.

EPAHO120000760

All water removed from the Oil Quality Improvement Process is stored in Tank WT-1 and then sent to the existing on-site wastewater treatment facility.

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2.0 EMISSIONS SUMMARY

Emissions from the Oil Quality Improvement operation are calculated based on several process steps. The oil and mixed molecular weight petroleum hydrocarbons entering the facility can contain significant quantities of water. The emissions are conservatively calculated assuming only the organic components.

Emissions from the tanks are calculated using methods specified in AP-42. Because of the variable composition of the mixed molecular weight petroleum hydrocarbons, the emission calculations of that material are estimated using the average molecular weight and constituent vapor pressure.

The Material Data Safety Sheet (MSDS) for the oil specifies that it has a vapor pressure < 0.1 mmHg (<0.002 psia). Because the oil handling tanks are heated to approximately 200°F, the higher vapor pressure of 0.1 psia is used. Tank OT-9 is not heated. The temperature of Tank OT-9, the Sulfuric Acid Tank, and the Emulsion Breaker Tank are calculated in accordance with AP-42. Due to the very small quantity of VOC present in the recovered water, it is assumed that there are no VOC emissions from Tank WT-1. Due to the variable composition of the mixed molecular weight petroleum hydrocarbons, the speciation of emissions from Tank OT-9 is calculated using the maximum content of each component, generally 30 percent, with the balance of the composition being water.

Loading and unloading of mixed molecular weight petroleum hydrocarbons between the process and truck tanks and other transport vessels is vapor balanced back to the storage tank. As a result, there are no emissions from loading activities except from the disconnecting of loading lines. Emissions from the loading of oil into transport vessels are calculated in accordance with AP-42. Emissions from disconnecting of hoses are calculated assuming the vapor volume inside the hose is saturated with the last material to pass through the hose. It also assumes that all of the residual liquid in the line, which is calculated with the clingage factor from AP-42 Chapter 7, evaporates.

Fugitive emissions from potential leaks at valves, pumps, and connections associated with this project are calculated using the methods and emission factors specified in the TCEQ document "Air Permit Technical Guidance for Chemical Sources: Equipment Leak Fugitives". A thirty percent reduction credit is taken for operations personnel monitoring for leaks that can be detected with visible, audible, or olfactory means.

The total project increase is, therefore, 1.46 tpy, well below the level requiring nonattainment or PSD review.

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ATTACHMENT A

EMISSION CALCULATIONS

Emission Summary

Evaluation:		Piping Components (Fugitive)		Distillation		Centerfuge		Storage		Loading		Total				PBR LIMITS		PBR COMPLIANCE ?	
Component	CAS	Emissions (lb/hr)	Emissions (TPY)	Emissions (lb/hr)	Emissions (TPY)	Emissions (lb/hr)	Emissions (TPY)	Emissions (lb/hr)	Emissions (TPY)	Emissions (lb/hr)	Emissions (TPY)	Emissions (lb/hr) [1,2]	Emissions (TPY)	TLV or L-Value	Applicable PBR	Hourly (lb/hr)	Annual (TPY)	Hourly (lb/hr)	Annual (TPY)
Xylene	106-42-3	0.0046	0.0202	-	-	-	-	0.3087	0.0565	0.0052	0.0010	0.3185	0.0777	434	106.261	1	4.38	Yes	Yes
Heptane	142-82-5	0.0046	0.0202	-	-	-	-	0.6615	0.1207	0.0052	0.0010	0.6713	0.1419	350	106.261	1	4.38	Yes	Yes
Hexane	110-54-3	0.0046	0.0202	-	-	-	-	1.0832	0.1977	0.0052	0.0010	1.0930	0.2189	1760	106.262	6.00	10.00	Yes	Yes
Ethyl Benzene	100-41-4	0.0046	0.0202	-	-	-	-	0.2113	0.0386	0.0052	0.0010	0.2210	0.0598	434	106.261	1	4.38	Yes	Yes
Toluene	108-88-3	0.0046	0.0202	-	-	-	-	0.4932	0.0900	0.0052	0.0010	0.5029	0.1112	188	106.262	1.25	5.49	Yes	Yes
Methanol	67-56-1	0.0046	0.0202	-	-	-	-	1.0240	0.1869	0.0052	0.0010	1.0337	0.2081	262	106.262	1.75	7.65	Yes	Yes
Butanol	71-363	0.0046	0.0202	-	-	-	-	0.1447	0.0264	0.0052	0.0010	0.1545	0.0476	76	106.262	0.51	2.22	Yes	Yes
Propanol	71-23-8	0.0046	0.0202	-	-	-	-	0.3969	0.0724	0.0052	0.0010	0.4067	0.0936	492	106.261	1	4.38	Yes	Yes
Ethanol	64-17-5	0.0046	0.0202	-	-	-	-	0.7598	0.1387	0.0052	0.0010	0.7696	0.1599	1880	106.261	6	10.00	Yes	Yes
Dimethyl Disulfide	624-92-0	0.0046	0.0202	-	-	-	-	0.4955	0.0904	0.0052	0.0010	0.5052	0.1116	N/A	106.261	1	4.38	Yes	Yes
Diethyl Disulfide	110-81-6	0.0046	0.0202	-	-	-	-	0.1014	0.0185	0.0052	0.0010	0.1112	0.0397	N/A	106.261	1	4.38	Yes	Yes
Gasoline	86290-81-5	0.0046	0.0202	-	-	-	-	1.2914	0.2357	0.0052	0.0010	1.3012	0.2569	890	106.262	5.93	10.00	Yes	Yes
Acetic Acid	64-19-7	0.0023	0.0101	-	-	-	-	0.1465	0.0267	0.0026	0.0005	0.1514	0.0373	25	106.262	0.17	0.73	Yes	Yes
Isopropyl Ether	108-20-3	0.0046	0.0202	-	-	-	-	1.0729	0.1958	0.0052	0.0010	1.0827	0.2170	1040	106.262	6.00	10.00	Yes	Yes
Propionic Acid	64-19-7	0.0046	0.0202	-	-	-	-	0.0843	0.0154	0.0052	0.0010	0.0940	0.0366	30	106.262	0.20	0.88	Yes	Yes
Naphthalene	91-20-3	0.0046	0.0202	-	-	-	-	0.0049	0.0009	0.0052	0.0010	0.0147	0.0221	52	106.262	0.35	1.52	Yes	Yes
Propylamine	107-10-8	0.0020	0.0087	-	-	-	-	0.9725	0.1775	0.0022	0.0004	0.9767	0.1867	N/A	106.261	1	4.38	Yes	Yes
Kerosene	8008-20-6	0.0046	0.0202	-	-	-	-	0.0187	0.0034	0.0052	0.0010	0.0285	0.0246	100	106.262	0.67	2.92	Yes	Yes
Diesel	68334-30-5	0.0046	0.0202	-	-	-	-	0.0145	0.0026	0.0052	0.0010	0.0243	0.0239	N/A	106.261	1	4.38	Yes	Yes
Ethylene Glycol	107-21-1	0.0046	0.0202	-	-	-	-	0.0033	0.0006	0.0052	0.0010	0.0131	0.0218	26	106.262	0.17	0.76	Yes	Yes
Propylene Glycol	57-55-6	0.0046	0.0202	-	-	-	-	0.0019	0.0004	0.0052	0.0010	0.0117	0.0216	N/A	106.261	1	4.38	Yes	Yes
Naphtha		-	-	-	-	-	-	0.0425	0.0078	-	-	0.0425	0.0078	350	106.261	1	4.38	Yes	Yes
Oil		0.1460	0.6396	0.0714	0.3128	0.0629	0.0167	0.7977	0.1149	0.0712	0.0159	0.2803	0.9691	N/A	106.261	1	4.38	Yes	Yes
Sulfuric Acid	7664-93-9			-	-	-	-	3.75E-04	2.02E-06	-	-	0.0004	0.0000	1	106.262	2.95E-03	0.01	Yes	Yes

1) Total Oil emissions shown for 106.261/262 compliance does not include storage or loading emissions, which are authorized under 106.472.

2) Emissions of each light ends constituent are based on the maximum potential of that material in the mixture. The sum of the components will therefore be greater than 100% of the total emissions.

Project Total Emissions:	VOC
lb/hr	2.78
TPY	1.46

Allowable hourly emission rate for PBR 106.262 calculated as follows:

E = L / K

where

E = Allowable emissions (lb/hr)

L = L-value from 106.262 or 1997 ACGIH Manual

K = Coeficient for distance to nearest receptor

Oil Improvement Area Distance To Receptor (D,ft) > 125 ft

K = 339

Light Ends Distance To Receptor (D,ft) > 150 ft

K = 277

If L / K > 6.0 lb/hr, then E = 6.0 lb/hr

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Properties

		Max	Density	MW	Antaine's			Pv @	Pv @	Pv @	Pv @	Pv @	Pv @
Chemical	CAS No.	%	lb/gal	lb/lbmole	A	B	C	537	548	527	555	568	542
Xylene	106-42-3	30	7.2145	106.167	6.9905	1453.43	215.307	0.170619836	0.23607	0.121372	0.295147	0.427426	0.199428
Heptane	142-82-5	30	5.75	100.206	6.8938	1264.37	216.636	0.892396614	1.180043	0.665753	1.430149	1.967116	1.020607
Hexane	110-54-3	30	5.5244	86.17	6.8702	1168.72	224.21	2.947354594	3.758	2.285245	4.442684	5.866076	3.312192
Ethyl Benzene	100-41-4	30	7.2648	106.169	6.9572	1424.255	213.206	0.185290359	0.256125	0.13192	0.319987	0.462773	0.216481
Toluene	108-88-3	30	7.27	92.142	6.9546	1344.8	219.482	0.553856534	0.740465	0.408533	0.904289	1.259888	0.636766
Methanol	67-56-1	30	6.59	32.04	7.898	1474.08	229.13	2.43754719	3.273431	1.790544	4.011192	5.622979	2.808286
Butanol	71-363	30	6.78	74.124	7.4768	1362.39	178.77	0.120674756	0.183927	0.077264	0.24528	0.393892	0.147827
Propanol	71-23-8	30	6.7097	60.1	7.8477	1499.21	204.64	0.406769968	0.586744	0.276753	0.754551	1.144066	0.48511
Ethanol	64-17-5	30	6.62	46.07	8.32	1718.1	237.52	1.161652698	1.603393	0.829575	2.002801	2.899869	1.356003
Dimethyl Disulfide	624-92-0	30	8.9029	94.1894	6.9779	1346.342	218.863	0.557737575	0.746991	0.410608	0.913368	1.275059	0.641783
Diethyl Disulfide	110-81-6	30	8.2954	122.243	6.9751	1485.97	208.958	0.081972338	0.116323	0.056757	0.147948	0.220332	0.09699
Gasoline	86290-81-5	30	6.1	66	6.813	1268.035	273.15	7.052355895	8.484656	5.819444	9.644835	11.9496	7.705982
Acetic Acid	64-19-7	15	8.8	60.053	7.2996	1479.02	216.81	0.297106625	0.411766	0.211	0.515431	0.748002	0.347547
Isopropyl Ether	108-20-3	30	6.032	102.178	7.0971	1257.6	230.01	2.847919527	3.65619	2.192956	4.343427	5.783138	3.210899
Propionic Acid	79-09-4	30	8.3236	74.0792	7.5476	1617.06	205.67	0.067259009	0.099506	0.044563	0.130214	0.203231	0.081194
Naphthalene	91-20-3	30	8.3541	128.18	6.8458	1606.529	187.227	0.003690151	0.005838	0.002274	0.00799	0.013406	0.004602
Propylamine	107-10-8	13	6.0079	59.1108	7.2672	1218.1	229.9	5.989436657	7.630777	4.648974	9.017449	11.90168	6.728091
Kerosene	8008-20-6	30	6.6763	128.3	7.094	2155.31	273.15	0.014278654	0.019551	0.0103	0.02431	0.034991	0.0166
Diesel	68334-30-5	30	7.1	130	7.117	2209.1	275	0.011040899	0.015177	0.007933	0.018924	0.027366	0.01286
Ethylene Glycol	107-21-1	30	9.347	62.0682	8.7945	2615.4	244.91	0.002487365	0.003957	0.001532	0.005454	0.009308	0.003108
Propylene Glycol	57-55-6	30	8.631	76.097	7.4514	1587.4	160	0.001456621	0.002638	0.000774	0.003951	0.007654	0.00194
Naphtha		50	7.78	86.1	7.166	1980.964	273.15	0.064743108	0.086425	0.047954	0.105583	0.147562	0.074358
Sulfuric Acid	7664-93-9		15.27	98.073	10.468	4145.84	273.15	7.16649E-06	1.31E-05	3.82E-06	1.99E-05	4.02E-05	9.58E-06
Water	7732-18-5		8.34	18.0152	6.09	733.91	131.29	0.483679211	0.70911	0.320432	0.917571	1.393503	0.581987

Name	Pa	Pn	Px	Px (hourly)	MW	lb/gal
CES Fuel	1.23	0.95	1.57	2.49	85.99	7.252076

EPAHO120000765

TRANSPORT VESSEL LOADING

From AP-42 Chapter 5
LL = 12.46 SPM/T lb/1000 gal

S = Saturation Factor =	0.6	
P = Vapor Pressure =	0.01	psia
M = Molecular Weight =	150	lb/lbmole
T = Temperature =	660	R
LL =	0.0170	lb/1000 gal
Maximum Load Rate	3000.0000	gal/hr
Annual Throughput	1272000.0000	gal/yr
Oil Loading Emissions =	0.0510	lb/hr 0.0108 tpy

Loading and unloading of light ends is vapor balanced and therefore does not generate emissions.

Before being disconnected the loading hose is blown into the truck/railcar with nitrogen, leaving only residual liquid clingage on the walls of the hose. It is conservatively assumed that all of the residual material in the line evaporates.

TRANSFER LINE DISCONNECTING - VOC

EPN - OL-1

Product	Clingage Factor (bbl/1000 ft2)	Product Volume (gal)	Density (lb/gal)	Clingage Mass in Line (lb)	Vapor Pressure (psia)	MW (lb/lbmole)	Vapor Mass in Line (lb)	VOC Emissions (lb/hr)	Loads (year)	VOC Emissions (TPY)
Oil	0.0015	0.00237	8.5	0.0202	0.01	150	2.18E-07	0.0202	500	0.0050
CES Fuel	0.0015	0.00237	7.25	0.0172	1.23	85.99	2.68E-05	0.0172	400	0.0034
							Max. VOC	0.0202		0.0050

Notes:

1. Volume Product = Line Surface Area (3.14 x D x L) x Clingage Factor x 42 gal/bbl / 1000
2. Clingage Factor from AP-42 Chapter 7.
3. Mass in Line = (Product Volume x Density)

Line Dimensions:

L	6 ft
D	2 in
Line Volume (V)	0.13 cu ft
Line Area (A)	37.68 sq ft

Where V = pi * r^2 * L

Speciation:

Product	Liquid wt frac	Emissions (lb/hr)	Emissions (TPY)
Xylene	0.3000	0.0052	0.001
Heptane	0.3000	0.0052	0.001
Hexane	0.3000	0.0052	0.001
Ethyl Benzene	0.3000	0.0052	0.001
Toluene	0.3000	0.0052	0.001
Methanol	0.3000	0.0052	0.001
Butanol	0.3000	0.0052	0.001
Propanol	0.3000	0.0052	0.001
Ethanol	0.3000	0.0052	0.001
Dimethyl Disulfide	0.3000	0.0052	0.001
Diethyl Disulfide	0.3000	0.0052	0.001
Gasoline	0.3000	0.0052	0.001
Acetic Acid	0.1500	0.0026	0.001
Isopropyl Ether	0.3000	0.0052	0.001
Propionic Acid	0.3000	0.0052	0.001
Naphthalene	0.3000	0.0052	0.001
Propylamine	0.1300	0.0022	0.000
Kerosene	0.3000	0.0052	0.001
Diesel	0.3000	0.0052	0.001
Ethylene Glycol	0.3000	0.0052	0.001
Propylene Glycol	0.3000	0.0052	0.001

1) Composition is based on worst case weight fraction for each component to allow for variation.

EPAHO120000766

Basis Information:

COMPONENTS	Gas/Vapor Components (comp.)	Light Liquid Components (comp.)	Heavy Liquid Components (comp.)	Estimated Fugitive Emissions Lights		Estimated Fugitive Emissions Heavies	
				lb/hr	ton/yr	lb/hr	ton/yr
VALVES	0	5	70	0.0005	0.0023	0.0343	0.1502
FLANGES	0	15	210	0.0053	0.0230	0.0103	0.0451
PUMP SEALS	0	1	9	0.0027	0.0118	0.1014	0.4443
OPEN ENDED LINES	0	0	0	0.0000	0.0000	0.0000	0.0000
DRAINS	0	0	0	0.0000	0.0000	0.0000	0.0000
RELIEF VALVES	0	1	0	0.0069	0.0301	0.0000	0.0000
SAMPLE CONNECTIONS*	0	0	0	0.0000	0.0000	0.0000	0.0000
TOTAL	0	22	289	0.0154	0.0673	0.1460	0.6396

Component Emission Factors

Component	Gas/Vapor Factor (lb/hr/comp)	28 M % Reduction (%)	Light Liquid Factor (lb/hr/comp)	28 M % Reduction (%)	Heavy Liquid Factor (lb/hr/comp)	28 M % Reduction (%)
VALVES	0.0089	97.0	0.0035	97.0	0.0007	30.0
FLANGES	0.0029	97.0	0.0005	30.0	0.00007	30.0
PUMP SEALS	0.0386	93.0	0.0386	93.0	0.0161	30.0
OPEN ENDED LINES	0.004	100.0	0.004	75.0	0.004	100.0
DRAINS	0.004	97.0	0.0027	97.0	0.0027	30.0
RELIEF VALVES	0.2293	97.0	0.2293	97.0	0.2293	30.0
SAMPLE CONNECTIONS*	0.0330	97.0	0.0000	97.0	0.0000	30.0

Emission Factors from TCEQ guidance document on equipment leaks.

Includes Flange Monitoring

* Sample connections are capped or blinded.

EPAHO120000767

Speciation

Name	Max. Liquid wt frac.	Emissions lb/hr	Emissions ton/yr
Xylene	0.30	0.0046	0.0202
Heptane	0.30	0.0046	0.0202
Hexane	0.30	0.0046	0.0202
Ethyl Benzene	0.30	0.0046	0.0202
Toluene	0.30	0.0046	0.0202
Methanol	0.30	0.0046	0.0202
Butanol	0.30	0.0046	0.0202
Propanol	0.30	0.0046	0.0202
Ethanol	0.30	0.0046	0.0202
Dimethyl Disulfide	0.30	0.0046	0.0202
Diethyl Disulfide	0.30	0.0046	0.0202
Gasoline	0.30	0.0046	0.0202
Acetic Acid	0.15	0.0023	0.0101
Isopropyl Ether	0.30	0.0046	0.0202
Propionic Acid	0.30	0.0046	0.0202
Naphthalene	0.30	0.0046	0.0202
Propylamine	0.13	0.0020	0.0087
Kerosene	0.30	0.0046	0.0202
Diesel	0.30	0.0046	0.0202
Ethylene Glycol	0.30	0.0046	0.0202
Propylene Glycol	0.30	0.0046	0.0202
Oil	1.00	0.1460	0.6396
		0.0046	**0.0202**

1) Composition is based on worst case weight fraction for each component to allow for variation.

2) Relief valves on oil tanks are accounted for by setting the tank vent settings to zero in the tank emission calculations.

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CES Environmental Services
Houston, TX
Estimated Tank Emissions

DATA ENTRY

Tank Identification			OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	OT-8	OT-9	OT-10	FO-1	Sulfuric Acid Tank	Emulsion Breaker Tank	Centrifuge
EPN			OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	OT-8	OT-9	OT-10	FO-1	ST-1	ET-1	SV-1
Material Stored			Base Oil/Water	Base Oil/Water	Base Oil/Water	Base Oil/Water	Oil/Water	Base Oil/Water	Oil/Water	Oil/Water	CES Fuel/Water	Oil/Water	Oil/Water	Sulfuric Acid	Emulsion Breaker	Oil/Water
Tank Capacity	Vct., gallons		16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	7,518	4,000	270	16,800
Throughput	gallons		72,000	72,000	1,200,000	72,000	1,200,000	72,000	1,200,000	1,200,000	600,000	873,600	1,200,000	20,000	250	1,200,000
Tank Controlled	Yes/No		No	No	No	No	No	No	No	No	No	No	No	No	No	No
Control Efficiency	e, %		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shell Height	Hs, ft		20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Shell Length	Ls, ft		12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	7.0	8.0	12.0	12.0	12.0
Orientation	Vertical=1/Horizontal=2		1	1	1	1	1	1	1	1	1	2	1	1	1	1
Fill Rate	gallons/hr		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,000	250	3,000
Molecular Weight, lb/lb-mole			150.000	150.000	150.000	150.000	150.000	150.000	150.000	150.000	85.985	150.000	150.000	98.073	95.086	150.000
Vapor Pressure @ Tln, psia	526.90	R	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.9521	0.0100	0.0100	3.82E-06	0.0808	0.0100
Vapor Pressure @ Tla, psia	537.23	R	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	1.2287	0.0100	0.0100	7.17E-06	0.1122	0.0100
Vapor Pressure @ Tlx, psia	547.57	R	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	1.5720	0.0100	0.0100	1.31E-05	0.1534	0.0100
Max. Vapor Pressure @ Tlx, psia	567.80	R	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	2.4886	0.0100	0.0100	4.02E-05	0.2729	0.0100

ESTIMATED EMISSIONS

Maximum Hourly Losses	Lm, lb/hr		0.107	0.107	0.063	0.107	0.063	0.107	0.063	0.063	1.498	0.080	0.038	0.000	0.154	0.063
Standing Losses	Ls, lb/yr		8.32	8.32	8.32	8.32	8.32	8.32	8.32	8.32	546.78	10.32	3.68	0.00	56.72	8.32
Working Losses	Lw, lb/yr		2.57	2.57	25.14	2.57	25.14	2.57	25.14	25.14	0.00	23.20	15.20	0.00	0.06	25.14
Uncontrolled Total Losses	Lt, lb/yr		10.89	10.89	33.46	10.89	33.46	10.89	33.46	33.46	546.78	33.52	18.88	0.00	56.79	33.46
	Lt, ton/yr		0.0054	0.0054	0.0167	0.0054	0.0167	0.0054	0.0167	0.0167	0.2734	0.0168	0.0094	0.0000	0.0284	0.0167
Controlled Total Losses	Lmc, lb/hr		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Ltc, ton/yr		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PHYSICAL PARAMETER CALCULATIONS

Diameter, D	Effective diameter, De		12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	13.4	8.0	12.0	12.0	12.0
Avg. Liquid Height	Hl, ft		10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Max. Liquid Height	Hlx, ft		19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	19.9	16.0	20.0	4.7	6.3	19.9
Cone Roof Outage	Hro, ft		0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.139	0.083	0.125	0.125	0.125
Vapor Space Outage	Hvo, ft		10.125	10.125	10.125	10.125	10.125	10.125	10.125	10.125	10.125	10.139	10.083	10.125	10.125	10.125
Vapor space volume	Vv, ft^3		1144.53	1144.53	1144.53	1144.53	1144.53	1144.53	1144.53	1144.53	1144.53	1419.48	506.59	1144.53	1144.53	1144.53
Breather vent pressure setting	Pbp, psig		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.03	0.03	0.00
Breather vent vacuum setting	Pbv, psig		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.00	0.00	-0.03	-0.03	0.00
Gas Constant	R, psia-ft^3/lb mole-R		10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732	10.732
Vapor Density	Wv, lb/ft^3		0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0183	0.0003	0.0003	0.0000	0.0018	0.0003
Daily vapor pressure range	^Pv, psia		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.6199	0.0000	0.0000	0.0000	0.0726	0.0000
Vapor space expansion factor	Ke		0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.119	0.077	0.077	0.073	0.078	0.077
Vented vapor saturation factor	Ks		0.995	0.995	0.995	0.995	0.995	0.995	0.995	0.995	0.603	0.995	0.995	1.000	0.943	0.995
Working Loss Product Factor	Kp		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Net Annual Throughput	Q, bbl/yr		1,714.3	1,714.3	28,571.4	1,714.3	28,571.4	1,714.3	28,571.4	28,571.4	14,285.7	20,800.0	28,571.4	476.2	6.0	28,571.4
Turnovers	N		4.3	4.3	71.4	4.3	71.4	4.3	71.4	71.4	35.7	52.0	159.6	5.0	0.9	71.4
Turnover factor	Kn		1.00	1.00	0.59	1.00	0.59	1.00	0.59	0.59	1.00	0.74	0.35	1.00	1.00	0.59

MAX. HRLY LOSSES: Lm = (Lwmax x FR) / (N x Vol)

STANDING LOSSES: Ls = 365 x Vv x Wv x Ke x Ks

WORKING LOSSES: Lw = 0.0010 x Mv x Pva x Q x Kn. x Kp
Lwmax = 0.0010 x Mv x Pvx x Q x Kn. x Kp

UNCONTROLLED
TOTAL HOURLY LOSSES: Lt. = (Ls + Lw)
TOTAL ANNUAL LOSSES: Lt. = (Ls + Lw) / 2000 lb/ton

CONTROLLED
TOTAL HOURLY LOSSES: Lt. = (Ls + Lw) x (1-e/100)
TOTAL ANNUAL LOSSES: Lt. = (Ls + Lw) / 2000 lb/ton x (1-e/100)

Notes:
OT-9 loading is vapor balanced, so there are no working losses for that tank.

METEROLOGICAL CALCULATIONS:

Data Location	Houston, TX	ANNUAL	MAX HRLY
Daily avg. liquid surface temp, R	Tla	537.23	554.97
Daily avg. ambient temp, R	Taa	528.25	543.05
Liquid bulk temp, R	Tb	531.33	546.13
Daily solar insulation factor, Btu/ft^2 day	I	1351	1898
Atmospheric pressure, psia	Pa	14.7	14.7
Daily max. ambient temp, R	Tax	539.1	553.6
Daily min. ambient temp, R	Tan	517.4	532.5
Daily vapor temp. range, R	^Tv	41.35	51.33
Daily max. liquid surface temp., R	Tlx	547.57	567.80
Daily min. liquid surface temp., R	Tln	526.90	542.14
Solor absorbance factor	a	0.68	0.68

EPAHO120000769

OT-9 Speciation

Total OT-9 Emissions = 1.50 lb/hr 0.27 tpy

Partial Pressures assuming max%wt in balance water

Chemical	MW	wt%	Moles lbmole	Mole Fraction	temp 537 F	Vapor Mole Frac	Vapor Wt lb	Vapor Wt Fraction	OT-9 lb/hr	tpy
Xylene	106.167	30	0.2826	0.0678	0.0116	0.0250	2.6554	0.1313	0.1967	0.0359
Water	18.0152	70	3.8856	0.9322	0.4509	0.9750	17.5646	0.8687		
Heptane	100.206	30	0.2994	0.0715	0.0638	0.1245	12.4720	0.4416	0.6615	0.1207
Water	18.0152	70	3.8856	0.9285	0.4491	0.8755	15.7730	0.5584		
Hexane	86.17	30	0.3481	0.0822	0.2424	0.3532	30.4321	0.7231	1.0832	0.1977
Water	18.0152	70	3.8856	0.9178	0.4439	0.6468	11.6529	0.2769		
Ethyl Benzene	106.169	30	0.2826	0.0678	0.0126	0.0271	2.8776	0.1410	0.2113	0.0386
Water	18.0152	70	3.8856	0.9322	0.4509	0.9729	17.5269	0.8590		
Toluene	92.142	30	0.3256	0.0773	0.0428	0.0875	8.0670	0.3292	0.4932	0.0900
Water	18.0152	70	3.8856	0.9227	0.4463	0.9125	16.4380	0.6708		
Methanol	32.04	30	0.9363	0.1942	0.4733	0.5484	17.5711	0.6835	1.0240	0.1869
Water	18.0152	70	3.8856	0.8058	0.3898	0.4516	8.1354	0.3165		
Butanol	74.124	30	0.4047	0.0943	0.0114	0.0253	1.8775	0.0966	0.1447	0.0264
Water	18.0152	70	3.8856	0.9057	0.4381	0.9747	17.5589	0.9034		
Propanol	60.1	30	0.4992	0.1138	0.0463	0.0975	5.8600	0.2649	0.3969	0.0724
Water	18.0152	70	3.8856	0.8862	0.4286	0.9025	16.2586	0.7351		
Ethanol	46.07	30	0.6512	0.1435	0.1667	0.2870	13.2215	0.5072	0.7598	0.1387
Water	18.0152	70	3.8856	0.8565	0.4143	0.7130	12.8451	0.4928		
Dimethyl Disulfide	94.1894	30	0.3185	0.0758	0.0423	0.0864	8.1341	0.3307	0.4955	0.0904
Water	18.0152	70	3.8856	0.9242	0.4470	0.9136	16.4594	0.6693		
Diethyl Disulfide	122.243	30	0.2454	0.0594	0.0049	0.0106	1.2946	0.0677	0.1014	0.0185
Water	18.0152	70	3.8856	0.9406	0.4549	0.9894	17.8244	0.9323		
Gasoline	66	30	0.4545	0.1047	0.7386	0.6304	41.6068	0.8620	1.2914	0.2357
Water	18.0152	70	3.8856	0.8953	0.4330	0.3696	6.6583	0.1380		
Acetic Acid	60.053	15	0.2498	0.0503	0.0149	0.0315	1.8913	0.0978	0.1465	0.0267
Water	18.0152	85	4.7182	0.9497	0.4594	0.9685	17.4478	0.9022		
Isopropyl Ether	102.178	30	0.2936	0.0703	0.2001	0.3079	31.4623	0.7162	1.0729	0.1958
Water	18.0152	70	3.8856	0.9297	0.4497	0.6921	12.4680	0.2838		
Propionic Acid	74.0792	30	0.4050	0.0944	0.0063	0.0143	1.0583	0.0562	0.0843	0.0154
Water	18.0152	70	3.8856	0.9056	0.4380	0.9857	17.7578	0.9438		
Naphthalene	128.18	30	0.2340	0.0568	0.0002	0.0005	0.0589	0.0033	0.0049	0.0009
Water	18.0152	70	3.8856	0.9432	0.4562	0.9995	18.0069	0.9967		
Propylamine	59.1108	13	0.2199	0.0436	0.2609	0.3606	21.3145	0.6492	0.9725	0.1775
Water	18.0152	87	4.8293	0.9564	0.4626	0.6394	11.5192	0.3508		
Kerosene	128.3	30	0.2338	0.0568	0.0008	0.0018	0.2275	0.0125	0.0187	0.0034
Water	18.0152	70	3.8856	0.9432	0.4562	0.9982	17.9833	0.9875		
Diesel	130	30	0.2308	0.0561	0.0006	0.0014	0.1760	0.0097	0.0145	0.0026
Water	18.0152	70	3.8856	0.9439	0.4566	0.9986	17.9908	0.9903		
Ethylene Glycol	62.0682	30	0.4833	0.1106	0.0003	0.0006	0.0397	0.0022	0.0033	0.0006
Water	18.0152	70	3.8856	0.8894	0.4302	0.9994	18.0037	0.9978		
Propylene Glycol	76.097	30	0.3942	0.0921	0.0001	0.0003	0.0232	0.0013	0.0019	0.0004
Water	18.0152	70	3.8856	0.9079	0.4391	0.9997	18.0097	0.9987		

EPAHO120000770

Emulsion Breaker Speciation

Component	% wt	MW lb/lbmole	Moles	Mole Fraction	Pv @ 537 psia	Pv @ 548 psia	Pv @ 527 psia	Pv @ 555 psia	Pv @ 568 psia	Pv @ 542 psia
Xylene	50	106.167	0.4710	0.4478	0.0764	0.1057	0.0544	0.1322	0.1914	0.0893
Naphtha	50	86.1	0.5807	0.5522	0.0358	0.0477	0.0265	0.0583	0.0815	0.0411
Total				1.0000	0.1122	0.1534	0.0808	0.1905	0.2729	0.1304

Total Emulsion Breaker Tank Emissions: 0.15 lb/hr 0.03 tpy

Component	% wt	MW lb/lbmole	Moles	Mole Fraction	Pva psia	Vapor Mole Fraction	apor Weigl (lb)	Vapor Weight Fraction	Emissions (lb)	Emissions (tpy)
Xylene	50.0000	106.1670	0.4710	0.4478	0.0764	0.6812	72.3259	0.7249	0.1120	0.0206
Naphtha	50.0000	86.1000	0.5807	0.5522	0.0358	0.3188	27.4447	0.2751	0.0425	0.0078
Total				1.0000	0.1122	1.0000	99.7706	1.0000		

EPAHO120000771

CES Environmental Services
Houston, TX
Oil Improvement Process Vacuum Distillation
EPN: SV-1

Basis Information:
Emissions calculated as follows:

$$q = [\{\{\{\{(V/100) \times Fm) / (M \times (Tv/Tx))) \times Mv)\} \times \{1-(e/100)\}]$$
$$Q = ([\{\{\{\{(V/100) \times Fa) / (M \times (Tv/Ta))) \times Mv)\} \times \{1-(e/100)\}] \times H) / 2000$$

Where:
- q = Quantity of VOC emissions (lb/hr)
- Q = Quantity of VOC emissions (ton/yr)
- V = VOC concentration (%v estimated)
- Fa = Average flow rate of vent gas (cfh)
- Fm = Maximum flow rate of vent gas (cfh)
- Mv = Vapor molecular weight (lb/lb mole)
- M = Molar volume (385 ft^3/mole - Gas Constant)
- Tv = Temperature of vent gas (deg. R)
- Ta = Annual average ambient temperature (deg. R)
- Tx = Highest monthly average ambient temperature (deg. R)
- H = Operating time (hr/yr)
- e = Control efficiency (%)

MAXIMUM HOURLY EMISSIONS (q):

Material: Oil

Input:			Emissions:		
V =	0.68	%	q =	0.071	lb/hr
Fm =	80	ft^3/hr			
Mv =	58.08	lb/lbmole			
M =	404	ft^3/mole			
Tv =	610	R			
Tx =	554	R			
e =	0	%			

ANNUAL EMISSIONS (Q):

Material: Oil

Input:			Emissions:		
V =	0.68	%	Q =	0.313	ton/yr
Fa =	80	ft^3/hr			
Mv =	58.08	lb/lbmole			
M =	393	ft^3/mole			
Tv =	610	R			
Ta =	539	R			
H =	8760	hr/yr			
e =	0	%			

EPAHO120000772

ATTACHMENT B

PBR AUTHORIZATIONS BY EQUIPMENT

EQUIPMENT	EPN	DESCRIPTION	AUTHORIZATION
OT-1	OT-1	Wet Base Oil Tank	106.472(1)
OT-2	OT-2	Wet Base Oil Tank	106.472(1)
OT-3	OT-3	Oily Water Treatment Tank	106.472(1)
OT-4	OT-4	Wet Base Oil Treatment Tank	106.472(1)
OT-5	OT-5	Centrifuge Feed Tank	106.472(1)
OT-6	OT-6	Wet Base Oil Tank	106.472(1)
OT-7	OT-7	Oily Water Tank	106.472(1)
OT-8	OT-8	Oily Water Tank	106.472(1)
OT-9	OT-9	Mixed Molecular Weight Petroleum Hydrocarbons Storage	106.261/106.262
OT-10	OT-10	Distillation Feed Tank	106.472(1)
FO-1	FO-1	Centrifuged Oil Storage Tank	106.472(1)
WT-1	WT-1	Water Storage	N/A
Centrifuge	SV-1	Centrifuge	106.472(1)
Distillation	SV-1	Vacuum Distillation System	106.472(1)
Sulfuric Acid Tank	ST-1	Sulfuric Acid Storage	106.472(5)
Emulsion Breaker Tank	ET-1	Emulsion Breaker Storage Tank	106.261
Loading	OL-1	Product Loading	106.472(1)/ 106.261/106.262
Fugitives	OF-1	Oil Improvement Area Fugitives	106.261/106.262

FORMS

Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

I. REGISTRANT INFORMATION			
A. TCEQ Customer Reference Number:	CN-600618946	TCEQ Regulated Entity Number:	RN-100693282
Note: If "NO," CN or RN number was entered above; please fill out the required Core Data Form, which will be available in Step II of the submittal process.			
B. Company or Other Legal Customer Name: CES Environmental Services Inc.			
Company Official Contact Name: Matt Bowman		Title: President	
Mailing Address: 4904 Griggs Rd.			
City: Houston		State: TX	Zip Code: 77021
Phone No.: (713) 676-1460	Fax No.: (713) 676-1676	E-mail Address: mbowman@cesenvironmental.com	
C. Technical Contact Name: Philip Evans			
Company: The WCM Group, Inc.			
Mailing Address: 110 Bender Ave			
City: Humble		State: TX	Zip Code: 77336
Phone No. : (281) 446-7070	Fax No.: (281) 446-3348	E-mail Address: pevans@wcmgroup.com	
D. Facility Location Information - Street Address: 4904 Griggs Rd.			
If "NO," street address, provide written driving directions to the site: (attach description if additional space is needed)			
City: Houston	County: Harris		Zip Code: 77021

II. FACILITY AND SITE INFORMATION			
A. Name and Type of Facility: CES Environmental Services Inc.			X Permanent ☐ Portable
B. PBR claimed under **30 TAC § 106** *(List all)*:			
§ 106.261	§ 106.		
§ 106.262	§ 106.		
§ 106.472	§ 106.		
Are you claiming a **historical standard exemption or PBR**?			☐ YES X NO
If "YES," enter effective date and Rule Number:			
C. Are you registering a **grandfathered** facility? *If "YES," attach documentation of construction date:*			☐ YES X NO
D. Is there a previous Standard Exemption or PBR for the facility in this registration? (Attach details regarding changes)			☐ YES X NO
If "YES," enter Registration Number and Rule Number:			
E. Are there any **other facilities** at this **site** which are **authorized by an Air Standard Exemption or PBR**?			X YES ☐ NO
If "YES," enter Registration Number and Rule Number:	75375, 83191	261/262	
F. Are there any **other air preconstruction permits** at this site?			☐ YES X NO
If "YES," enter Permit Numbers:			
G. Is this site required to obtain an **air federal operating permit**?			☐ YES X NO
If "YES," enter Permit Number:			
H. TCEQ Account Identification Number *(if known)*:	HG1270B		

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Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

III. FEE INFORMATION			
To determine if a fee is required answer the following question. If "YES," to question III. A., a fee is not required, skip to Section IV. If "NO," to answer II. A., then go to Section III. B. See Section VI. for address to send fee or go to www.2.tceq.state.tx.us/epay to pay online.			
A. Is this registration an update to a previously registered facility and accompanied by a Certification Form solely to establish a federally enforceable emission limit?			☐ YES X NO
B. What is the fee amount? *If "YES," to any of the following three questions, a $100 fee is require. Otherwise, a $450 fee is required.*			
Does this business have less than 100 employees?			X YES ☐ NO
Does this business have less than 1 million dollars in annual gross receipts?			☐ YES X NO
Is this registration submitted by a governmental entity with a population of less than 10,000?			☐ YES X NO
C. Check/Money Order or Transaction Number *(Payable to TCEQ)*:		*Was fee Paid online?*	☐ YES X NO
Company name of check:		Fee amount:	$100

IV. SELECTED FACILITY REVIEWS ONLY—TECHNICAL INFORMATION		
Note: If claiming one of the following PBRs, complete this section, then skip to Section VI., "Submitting your registration" below:		
Animal Feeding Operations § 106.161 Livestock Auction Facilities § 106.162 Saw Mills § 106.223		
Grain Handling, Storage and Drying § 106.283 Auto Body Refinishing Facilities § 106.436 Air Curtain Incinerator § 106.496		
A. Is the applicable PBR checklist attached which shows the facility meets all general and specific requirements of the PBR(s) being claimed? *(If submitting electronically, click "YES".)*		☐ YES ☐ NO
B. Distance from this facility's emission release point to the nearest property line:		feet
Distance from this facility's emission release point to the nearest off-property structure:		feet

V. TECHNICAL INFORMATION INCLUDING STATE AND FEDERAL REGULATORY REQUIREMENTS ***Registrants must be in compliance with all applicable state and federal regulations and standards to claim a PBR.***		
A. Is Confidential information submitted and properly marked "CONFIDENTIAL" with this registration?		☐ YES X NO
B. Is a process flow diagram or a process description attached?		X YES ☐ NO
C. Are emissions data and calculations for this claim attached?		X YES ☐ NO
D. Is information attached showing how the **general** requirements (**30 TAC § 106.4**) of the PBR is met for this Registration? (**PBR checklists** may be used, but are optional)		X YES ☐ NO
*Note: Please be reminded that if the facilities listed in this registration are subject to the Mass Emissions Cap & Trade program under **30 TAC Chapter 101, Subchapter H, Division 3**, the owner/operator of these facilities must possess NO_x allowances equivalent to the actual NO_x emissions from these facilities.*		
E. Is information attached showing how the **specific PBR** requirements are met for this registration? (***PBR checklist** may be used, but are optional*)		X YES ☐ NO
F. Distance from this facility's emission release point to the nearest property line:	100	feet
Distance from this facility's emission release point to the nearest off-property structure:	125	feet
Note: In limited cases, a map or drawing of the site and surrounding land use may be requested during the technical review or at the request of the TCEQ Regional Office or local air pollution control program during an investigation.		

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Texas Commission on Environmental Quality
Form PI-7-CERT
Certification and Registration for Permits by Rule

VI. SIGNATURE FOR CERTIFICATION AND REGISTRATION

The signature below indicates that the Responsible Official has knowledge of the facts herein set forth and that the same are true, accurate, and complete to the best of my knowledge and belief. By this signature, the maximum emission rates listed on this certification reflect the maximum anticipated emissions due to the operation of this facility and all representations in this certification of emissions are conditions upon which the facilities and sources will operate. It is understood that it is unlawful to vary from these representations unless the certification is first revised. The signature certifies that to the best of the Responsible Official's knowledge and belief, the project will satisfy the conditions and limitations of the indicated exemption or permit by rule and the facility will operated in compliance with all regulations of the Texas Commission on Environmental Quality and with Federal U.S. Environmental Protection Agency regulations governing air pollution. The signature below certifies that, based on information and belief formed after reasonable inquiry, the statements and information above and contained in the attached document(s) are true, accurate, and complete. **If you questions on how to fill out this form or about air quality permits. Please call 512/239-1250.** *Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512/239-3282.*

SIGNATURE: Matt Beck DATE: 1-2-08

VII. SUBMITTING COPIES OF THE CERTIFICATION AND REGISTRATION

Copies must be sent as listed below:
Processing delays may occur if copies are not sent as noted.

Who	*Where*	*What*
Air Permits Initial Review Team (APIRT)	Regular, Certified, Priority Mail MC161, P.O. Box 13087 Austin, Texas 78711-3087 Hand Delivery, Overnight Mail MC 161, 12100 Park 35 Circle, Building C, Third Floor Austin, Texas 78753 Fax No.: (512) 239-2123 *(do not follow fax with paper copies)*	Originals Form PI-7, Core Data Form. and all attachments
Revenue Section, TCEQ	Regular, Certified, Priority Mail MC 214, P.O. Box 13088 Austin, Texas 78711-3088 Hand Delivery, Overnight Mail MC 214, 12100 Park 35 Circle, Building A, Third Floor Austin, Texas 78753	Original Money Order or Check Copy of Form PI-7 and Core Data Form
Appropriate TCEQ Regional Office	To find your Regional Office address, go to the TCEQ Web site at www.tceq.state.tx.us, or call (512) 239-1250.	Copy of Form PI-7, Core Data Form, and all attachments.
Appropriate Local Air Pollution Control Program(s)	To Find your local or Regional Air Pollution Control Programs go to the TCEQ, APD Website at www.tceq.state.tx.us/nav/permits/air_permits.html or call (512) 239-1250	Copy of Form PI-7, Core Data Form, and all attachments.

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TEXAS NATURAL RESOURCE CONSERVATION COMMISSION
AIR PERMITS DIVISION

TITLE 30 TAC § 106.4 "QUICK-CHECK" APPLICABILITY CHECKLIST

Company Name: **CES Environmental Services, Inc.**
Checklist completed by: **The WCM Group, Inc.** Date: **12/28/2007**
Facility Type: **Transport Vessel Cleaning & Waste Processing**
Permit(s) by rule claimed: 30 TAC Chapter **§106:261, 262, 472**
Project Description (including equipment, materials, and brief process description):
Oil Improvement Process Area

List the maximum annual emission rates, in **TONS PER YEAR (TPY)**, for this project:

CO 0.00	NO_x 0.00	VOC 1.46
PM 0.00	SO_2 0.00	Other 0.00

The following questions require a "Yes" or "No" answer to be indicated for this permit by rule claim:

A. Title 30 TAC § 106.4(a)(5): Current Permit by Rule Requirements

Yes X No☐ Have you checked to determine if this exempt project is being claimed under the current version of 30 TAC 106?
If "Yes", continue to next question
If "No", please contact the TNRCC Air Permits Division for a copy of the current permit by rule to be claimed.

B. Title 30 TAC § 106.4(a)(7): Permit by rule prohibition check

Yes☐No X Are there any air permits under the same account containing permit conditions which prohibit or restrict the use of permits by rule?
If "No", continue to next question
If "Yes", permits by rule may not be used or their use must meet the restrictions of the permit. A new permit or permit amendment may be required.
List permit number(s):

C. Title 30 TAC § 106.4(b): Circumvention check

Title 30 TAC § 106.4(b) states "No person shall circumvent by artificial limitations the requirements of §116.110 of this title (covering permitting)." Circumvention by artificial limitations may include but is not limited to:
A. dividing a complete project into separate segments to circumvent §106.4(a)(1) limits;

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B. *claiming feed or production rates below the physical capacity of the project's equipment in order to begin constructing facilities before a permit or permit amendment is approved for full scale operations, particularly when the unit will not be economically viable at less than permitted capacity;*

C. *claiming a limited chemical list in order to begin constructing facilities before a permit or permit amendment is approved for additional chemicals, particularly when the unit will not be economically viable until the additional chemicals are authorized.*

Yes☐No X Does your project meet any of the criteria listed above?
If "No", continue to next rule question
If "Yes", a permit by rule may not be claimed

D. Title 30 TAC § 106.4(c) and (d): Compliance with all Rules

Yes X No☐ Will the facility comply with all rules and regulations of the TNRCC, the intent of the Texas Clean Air Act, and any local permitting or registration requirements?
If "Yes", continue to next rule question
If "No", a permit by rule may not be claimed.

E. Title 30 TAC § 106.4(a)(1): Emission limits check

Yes X No☐ The maximum emissions from all facilities at the site, including this permit by rule claim, are less than 25 tpy of any contaminant.
If the answer to this questions is "Yes", no further review is needed to complete this checklist. Forward all information needed to verify your permit by rule claim to the TNRCC.
If "No", this checklist cannot be used. Please complete the standard 30 TAC § 106.4 Applicability Checklist

Title 30 Texas Administrative Code § 106.261
Permit By Rule (PBR) Checklist
Facilities (Emission Limitations)

Electronic Submittal - Only enter the PI-7 confirmation number here [ ] if submitting electronically.
Hard-Copy Submittal - Print and complete the following checklist.

The following checklist is designed to help you confirm that you meet Title 30 Texas Administrative Code § 106.261 (30 TAC § 106.261) requirements. If you do not meet all the requirements, you may alter the project design or operation in such a way that all the requirements of the PBR are met or you may obtain a construction permit. The PBR forms, tables, checklists and guidance documents are available from the Texas Commission on Environmental Quality (TCEQ), Air Permits Division Web site at, www.tceq.state.tx.us/nav/permits/air_permits.html.

CHECK THE MOST APPROPRIATE ANSWER		
	Is a description or checklist of how this claim meets the general requirements for the use of PBRs in 30 TAC § 106.4 attached?	X YES ☐ NO ☐ N/A
b1	Is this claim for construction of a facility authorized in another section of this chapter or for which a standard permit is in effect? *If "YES," this PBR cannot be used to authorize emissions from the project*	☐ YES X NO ☐ N/A
b2	Is this claim for any change to any facility authorized under another section of this chapter or authorized under a standard permit? *If "YES," this PBR cannot be used to authorize emissions from the project*	☐ YES X NO ☐ N/A
a1	Are facilities or changes located at least 100 feet from any recreational area or residence or other structure not occupied or used solely by the owner or operator of the facilities or the owner of the property upon which the facilities are located?	X YES ☐ NO ☐ N/A
a2	Are total new or increased emissions, including fugitives, less than or equal to 6.0 pounds per hour (lb/hr) and ten tons per year of the following materials (check all that apply):	X YES ☐ NO ☐ N/A

☐ acetylene	☐ helium	☐ propyl ether	☐ limestone
☐ argon	☐ isohexane	☐ sulfur dioxide	☐ magnesite
☐ butane	☐ isopropyl alcohol	☐ alumina	☐ marble
☐ crude oil	☐ methyl acetylene	☐ calcium carbonate	☐ pentaerythritol
☐ carbon monoxide	☐ methyl chloroform	☐ calcium silicate	☐ plaster of paris
☐ cyclohexane	☐ methyl cyclohexane	☐ cellulose fiber	☐ silicon
☐ cyclohexene	☐ neon	☐ cement dust	☐ silicon carbide
☐ cyclopentan	☐ nonan	☐ emery dust	☐ starch
☐ ethyl acetate	☐ oxides of nitrogen	☐ glycerin mist	☐ sucrose
X ethanol	☐ propane	☐ gypsum	☐ zinc stearate
☐ ethyl ether	☐ propyl alcohol	☐ iron oxide dust	☐ zinc oxide
☐ ethylene	☐ propylene	☐ kaolin	

☐ refinery petroleum fractions (except for pyrolysis naphthas and pyrolysis gasoline) containing less than ten volume percent benzene
☐ fluorocarbons Numbers 11, 12, 13, 14, 21, 22, 23, 113, 114, 115, and 116

a3	Are total new or increased emissions, including fugitives, less than or equal to 1.0 lb/hr of any chemical having a limit value (L) greater than 200 milligrams per cubic meter (mg/m^3) as listed and referenced in Table 262 of 30 TAC § 106.262 of this title (relating to Facilities (Emission and Distance Limitations)? List chemical: See Calculations L value: See Calculations	X YES ☐ NO ☐ N/A
	Are total new or increased emissions, including fugitives, less than or equal to 1.0 lb/hr of any chemical not listed or referenced in Table 262? List chemical: See Calculations	X YES ☐ NO ☐ N/A

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	Are total new or increased emissions, including fugitives,of a chemical with a limit value of less than 200 mg/m^3? *If "Yes" the authorization of the chemical is not allowed under this section. We suggest you use 30 TAC §106.262 to authorize the emissions, if applicable.*	☐ YES ☐ NO XN/A
a4	Are there any changes to or additions of any existing air pollution abatement equipment?	☐ YES X NO ☐N/A
a5	Will there be any visible emissions, except uncombined water, emitted to the atmosphere from any point or fugitive source in amounts greater than 5.0% opacity in any six-minute period?	☐ YES X NO ☐N/A
a6	Are emission increases five tons per year or greater? If "YES," this checklist must be attached to a Form PI-7 within ten days following the installation or modification of the facilities. The notification shall include a description of the project, calculations, data identifying specific chemical names, limit values, and a description of pollution control equipment, if any.	☐ YES X NO ☐N/A
a7	Are emission increases less than five tons per year? If "YES," this checklist must be attached to a Form PI-7 and include a description of the project, calculations, data identifying specific chemical names, limit values, and a description of pollution control equipment, if any. (pick one): X Within ten days following the installation or modification of the facilities. The notification shall include a description of the project, calculations, data identifying specific chemical names, limit values, and a description of pollution control equipment, if any; or ☐ By March 31 of the following year summarizing all uses of this permit by rule in the previous calendar year.	X YES ☐ NO ☐N/A

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Title 30 Texas Administrative Code § 106.262
Permit by Rule (PBR) Checklist
Facilities (Emission and Distance Limitations)

Electronic Submittal - Only enter the PI-7 confirmation number here if submitting electronically.
Hard-Copy Submittal - Print and complete the following checklist.

The following checklist is designed to help you confirm that you meet Title 30 Texas Administrative Code § 106.262 (30 TAC § 106.262) requirements. If you do not meet all the requirements, you may alter the project design or operation in such a way that all the requirements of the PBR are met or you may obtain a construction permit. The PBR forms, tables, checklists and guidance documents are available from the Texas Commission on Environmental Quality (TCEQ), Air Permits Division Web site at, www.tceq.state.tx.us/nav/permits/air_permits.html.

CHECK THE MOST APPROPRIATE ANSWER				
	Is a description or checklist of how this claim meets the general requirements for the use of PBRs in 30 TAC § 106.4 attached?	X YES	☐ NO	☐ N/A
b1.	Is this claim for construction of a facility authorized in another section of this chapter or for which a standard permit is in effect? *If "YES," this PBR cannot be used to authorize emissions from the project.*	☐ YES	X NO	☐ N/A
b2.	Is this claim for any change to any facility authorized under another section of this chapter or authorized under a standard perm? *If "YES," this PBR cannot be used to authorize emissions from the project.*	☐ YES	X NO	☐ N/A
c.	Is the facility authorized under another section of this chapter or under a standard permit? *If "YES," subsection (a)(2) and (3) of this section may be used to qualify the use of other chemicals at the facility.*	☐ YES	X NO	☐ N/A
a1.	Are facilities or changes located at least 100 feet from any recreational area or residence or other structure not occupied or used solely by the owner or operator of the facilities or the owner of the property upon which the facilities are located?	X YES	☐ NO	☐ N/A
a2.	Are new or increased emissions, including fugitives, emitted in a quantity less than five tons per year or in a quantity less than E as determined by using the equation E=L/K? See Table 262 Figures 1 and 2. *If "YES," the notification shall include a description of the project, calculations for all emissions being claimed under this PBR:*	X YES	☐ NO	☐ N/A
	Chemical: See Calculations L value: See Calculations D: See Calculations K: See Calculations			
a3.	Is this checklist attached to a Form PI-7 within ten days following the installation or modification of the facilities? *If "YES," the notification shall include a description of the project, calculations, and data identifying specific chemical names, L values, and a description of pollution control equipment, if any.*	X YES	☐ NO	☐ N/A
a4.	Are one or more of the following chemicals is handled for this registration? (Check all that apply) *If "YES," answer the following four questions.*	☐ YES	X NO	☐ N/A

☐ acrolein	☐ diazomethane	☐ hydrogen sulfide	☐ ozone
☐ allyl chloride	☐ diborane	☐ ketene	☐ pentaborne
☐ ammonia (anhydrous)	☐ diglycidyl ether	☐ methylamine	☐ perchloromethyl mercaptan
☐ arsine	☐ dimethylhydrazine	☐ methyl bromide	☐ perchloryl fluoride
☐ boron trifluoride	☐ ethyleneimine	☐ methyl hydrazine	☐ phosgene
☐ bromine	☐ ethyl mercaptan	☐ methyl isocyanate	☐ phosphine
☐ carbon disulfide	☐ fluorine	☐ methyl mercaptan	☐ phosphorus trichloride
☐ chlorine	☐ formaldehyde (anhydrous)	☐ nickel carbonyl	☐ selenium
☐ chlorine dioxide	☐ hydrogen bromide	☐ nitric acid	☐ hexafluoride stibine
☐ chlorine trifluoride	☐ hydrogen chloride	☐ nitric oxide	☐ liquefied sulfur dioxide
☐ chloroacetaldehyde	☐ hydrogen cyanide	☐ nitrogen dioxide	☐ sulfur pentafluorid
☐ chloropicrin	☐ hydrogen fluoride	☐ oxygen difluoride	☐ tellurium hexafluoride
☐ chloroprene	☐ hydrogen selenide		

Title 30 Texas Administrative Code § 106.262
Permit by Rule (PBR) Checklist
Facilities (Emission and Distance Limitations)

	Are all facilities are located at least 300 feet from the nearest property line and 600 feet from any off-plant receptor?	❑ YES	❑ NO	❑ N/A
	Are the cumulative amount of any of the following chemicals resulting from one or more authorizations under this section (but not including permit authorizations) less than or equal to 500 pounds on the plant property?	❑ YES	❑ NO	❑ N/A
	Are all listed chemicals handled only in unheated containers operated in compliance with the United States Department of Transportation regulation (49 Code of Federal Regulation, Parts 171-178)?	❑ YES	❑ NO	❑ N/A
	Are any changes to or additions of any existing air pollution abatement equipment?	❑ YES	❑ NO	❑ N/A
a5.	Are there any changes to or additions of any existing air pollution abatement equipment?	❑ YES	❑ NO	❑ N/A
a6.	Will there be any visible emissions, except uncombined water, emitted to the atmosphere from any point or fugitive source in amounts greater that 5.0% opacity in any six-minute period?	❑ YES	❑ NO	❑ N/A

D, Feet	K	
100	326	E=maximum allowable hourly emission, and never to exceed 6 pounds per hour.
200	200	
300	139	
400	104	
600	65	
700	54	
800	46	K=value from the table on this page. (interpolate intermediate values)
900	39	
1,000	34	
2,000	14	D=distance to the nearest off-plant receptor
3,000 or more	8	

TABLE 262
LIMIT VALUES (L) FOR USE WITH EXEMPTIONS FROM PERMITTING § 106.262

The values are not to be interpreted as acceptable health effects values relative to the issuance of any permits under Chapter 116 of this title (relating to Control of Air Pollution by Permits for new Construction or Modification).

Compound	Limit (L) Milligrams Per Cubic Meter
Acetone	590.
Acetaldehyde	9.
Acetone	4.
Acetonitrile	34.
Acetylene	2662.
N-Amyl Acetate	2.7
Sec-Amyl Acetate	1.1
Benzene	3.
Beryllium and Compounds	0.0005
Boron Trifluride, as HF	0.5
Butyl Alcohol,	76.
Butyl Acrylate	19.
Butyl Chromate	0.01
Butyl Glycidyl Ether	30.
Butyl Mercaptain	0.3
Butyraldehyde	1.4
Butyric Acid	1.8
Butyronitrile	22.
Carbon Tetrachloride	12.
Chloroform	10.
Chlorophenol	0.2
Chloroprene	3.6
Chromic Acid	0.01
Chromium Metal, Chromium II and III Compounds	0.1
Chromium VI Compounds	0.01
Coal Tar Pitch Volatiles	0.1
Creosote	0.1
Cresol	0.5
Cumene	50.
Dicyclopentadiene	3.1
Diethylaminoethanol	5.5
Diisobutyl Ketone	63.9
Dimethyl Aniline	6.4
Dioxane	3.6

Compound	Limit (L) Milligrams Per Cubic Meter
Dipropylamine	8.4
Ethyl Acrylate	0.5
Ethylene Dibromide	0.38
Ethylene Glycol	26.
Ethylene Glycol Dinitrate	0.1
Ethylidene 2-norbornene, 5-	7.
Ethyl Mercaptan	0.08
Ethyl Sulfide	1.6
Glycolonitrile	5.
Halothane	16.
Heptane	350.
Hexanediamine, 1, 6-	0.32
Hydrogen Chloride	1.
Hydrogen Fluoride	0.5
Hydrogen Sulfide	1.1
Isoamyl Acetate	133.
Isoamyl Alcohol	15.
Isobutyronitrile	22.
Kepone	0.001
Kerosene	100.
Malononitrile	8.
Mesityl Oxide	40.
Methyl Acrylate	5.8
Methyl Amyl Ketone	9.4
Methyl-T-Butyl Ether	45.
Methyl Butyl Ketone	4.
Methyl Disulfide	2.2
Methylenebis (2-chloroaniline) (MOCA)	0.003
Methylene Chloride	26.
Methyl Isoamyl Ketone	5.6
Methyl Mercaptan	0.2
Merthyl Methacrylate	34.
Methyl Propyl Ketone	530.
Methyl Sulfide	0.3
Mineral Spirits	350.
Naphtha	350.
Nickel, Inorganic Compounds	0.015
Nitroglycerine	0.1

Compound	Limit (L) Milligrams Per Cubic Meter
Nitropropane	5.
Octane	350.
Parathion	0.05
Pentane	350.
Perchloroethylene	33.5
Petroleum Ether	350.
Phenyl Mercaptan	0.4
Propionitrile	14.
Propyl Acetate	62.6
Propylene Oxide	20.
Propyl Mercaptan	0.23
Silica-amorphous-precipitated, silica gel	4.
Silicon Carbide	4.
Stoddard Solvent	350.
Styrene	21.
Succiononitrile	20.
Tolidin	0.02
Trichloroethylene	135.
Trinethylamine	0.1
Valeric Acid	0.34
Vinyl Acetate	15.
Vinyl Chloride	2.

NOTE: The time weighted average (TWA) threshold Limit Value (TLV) published by the American Conference of Governmental Industrial Hygienists (AGGIH), in its TLVs and BEIs guide (1997 Edition) shall be used for compounds not included in the table. The Short Term Exposure Level (STEL) or Ceiling Limit (annotated with a "C") published by the ACGIH shall be used for compounds that do not have a published TWA TLV. This section cannot be used if the compound is not listed in the table or does not have a published TWA TLV, STEL, or Ceiling Limit in the ACGIH TLVs and BEIs guide.

Texas Commission on Environmental Quality

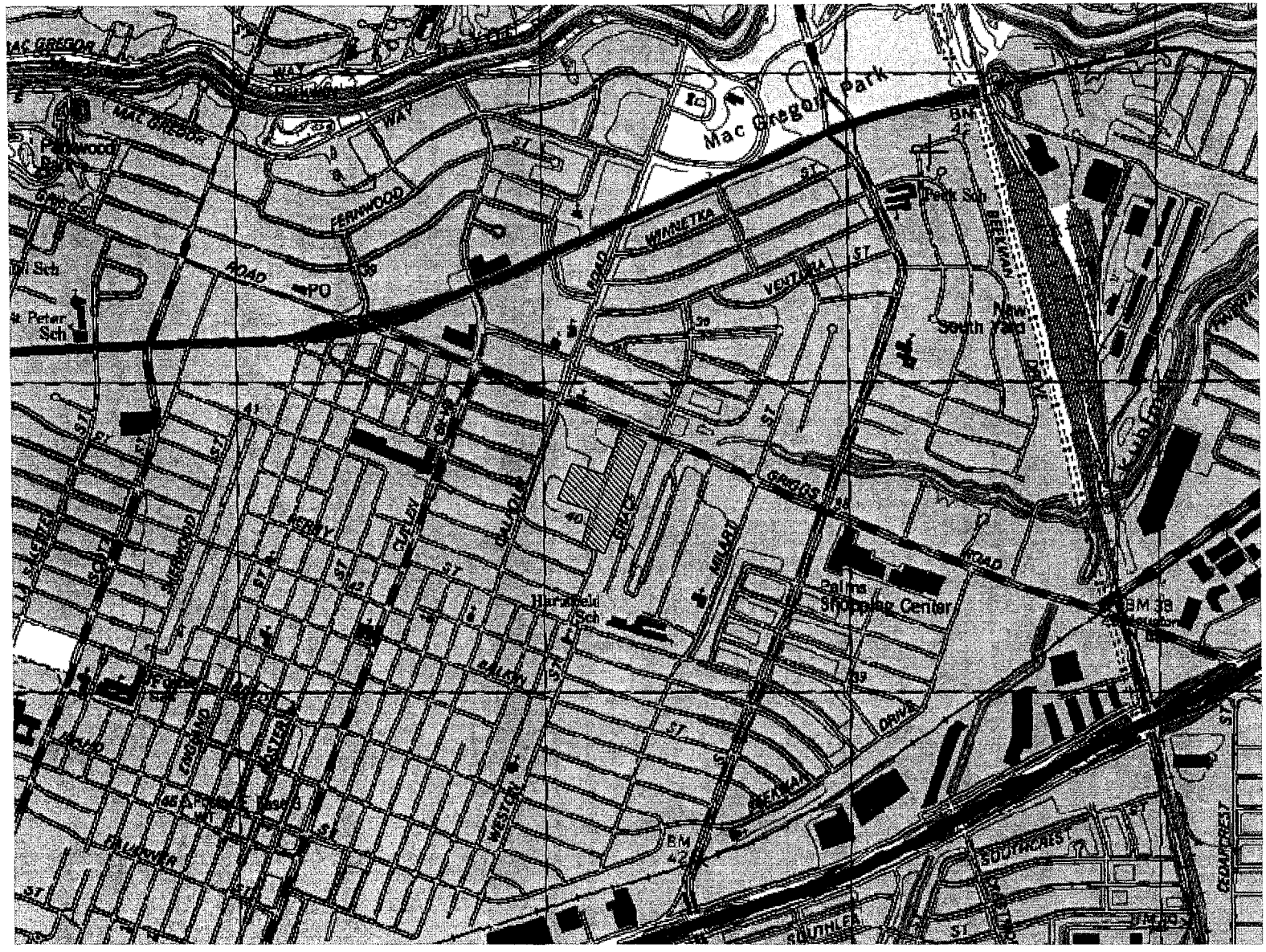
Exemption §106.472 Checklist
(Previously Standard Exemption 51)

Organic Liquid Loading and Unloading

The following checklist is designed to help you confirm that you meet §106.472, previously Standard Exemption 51 (STDX 51), requirements. **Any "no" answers indicate that the claim of registration may not meet all requirements for the use of Exemption §106.472, previously Standard Exemption 51.** If you do not meet all the requirements, you may alter the project design/operation in such a way that all the requirements of the exemption are met, or obtain a construction permit.

YES	NO	NA	DESCRIPTION
X	_	_	Have you included a description of how this exemption claim meets the general rule for the use of exemptions (§106, Subchapter A checklist is available)?
X	_	_	Are all the facilities claimed for exemption specifically named in the general section of §106.472, previously STDX 51? (This exemption has been interpreted to allow mixing or blending but not chemical reaction in tankage.)
X	_	_	Is the equipment designed to prevent visible emissions?
X	_	_	Are all the chemicals to be loaded, unloaded, or stored described in §106.472, previously STDX 51(a) - (i)? Attach a list of the chemicals and identify the appropriate item of §106.472, previously STDX 51 that applies. Include additional supporting data. For example, a §106.472, previously STDX 51(i), claim should identify initial boiling points of all compounds to be covered.
_	_	X	Will aqueous ammonia solutions, hydrochloric acid, or acetic acid be vented through a water scrubber?
_	_	X	Are facilities loading, unloading, or storing butyric acid, isobutyric acid, methacrylic acid, mercaptans, croton oil, 2-methyl styrene, or any other compound with an initial boiling point of 300 degrees F or greater listed in 40 CFR 261, Appendix VIII, located at least 500 feet from any recreational area or residence or other structure not occupied or used solely by the owner or operator of the facility or the owner of the property upon which the facility is located? List these compounds and show their handling location on an attached scaled plot plan.

SITE LOCATION MAP



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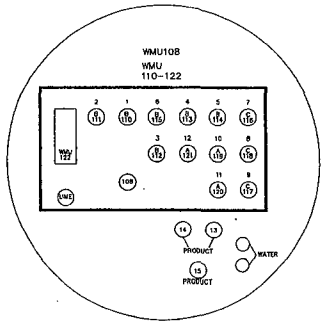
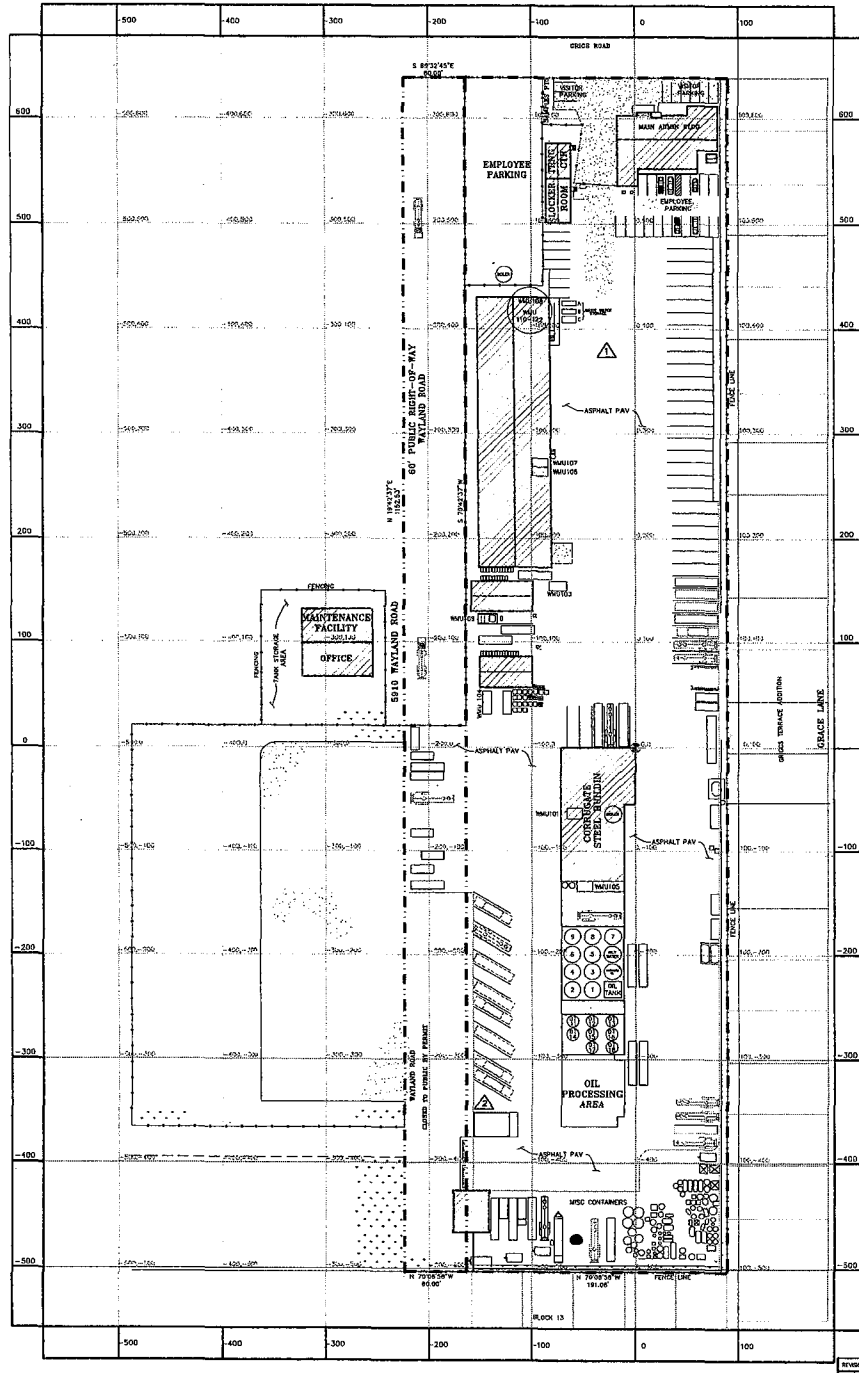
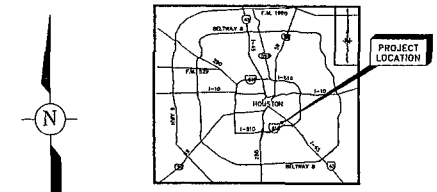
FACILITY PLOT PLAN

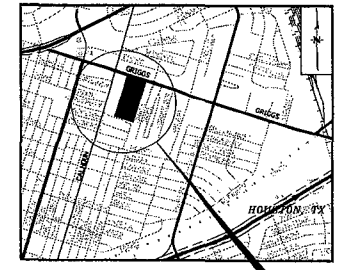


ENLARGED PLAN
NTS





LOCATION MAP



VICINITY MAP
HARRIS COUNTY KEY MAP 453G
CMS MAP # 9F2N
KEY 534 E,J
ZIP CODE 77016

LEGEND

- FLOW DIRECTION
- PROPERTY LINE
- (ABOVEGROUND STORAGE TANK)
- STRUCTURE
- GRASS
- DIRT ROAD
- ASPHALT
- FENCE
- DRAINAGE SWALE
- CONCRETE
- ROLL CONTAINERS
- STORAGE/EQUIPMENT
- BUFFALI

REVISIONS				
ZONE	REV	DESCRIPTION	DATE	APPROVED

PROJECT LOCATION: CES ENVIRONMENTAL SERVICES, INC. 4604 GRIGGS RD. HOUSTON, TEXAS 77021

PROJECT DESCRIPTION: SITE PLAN

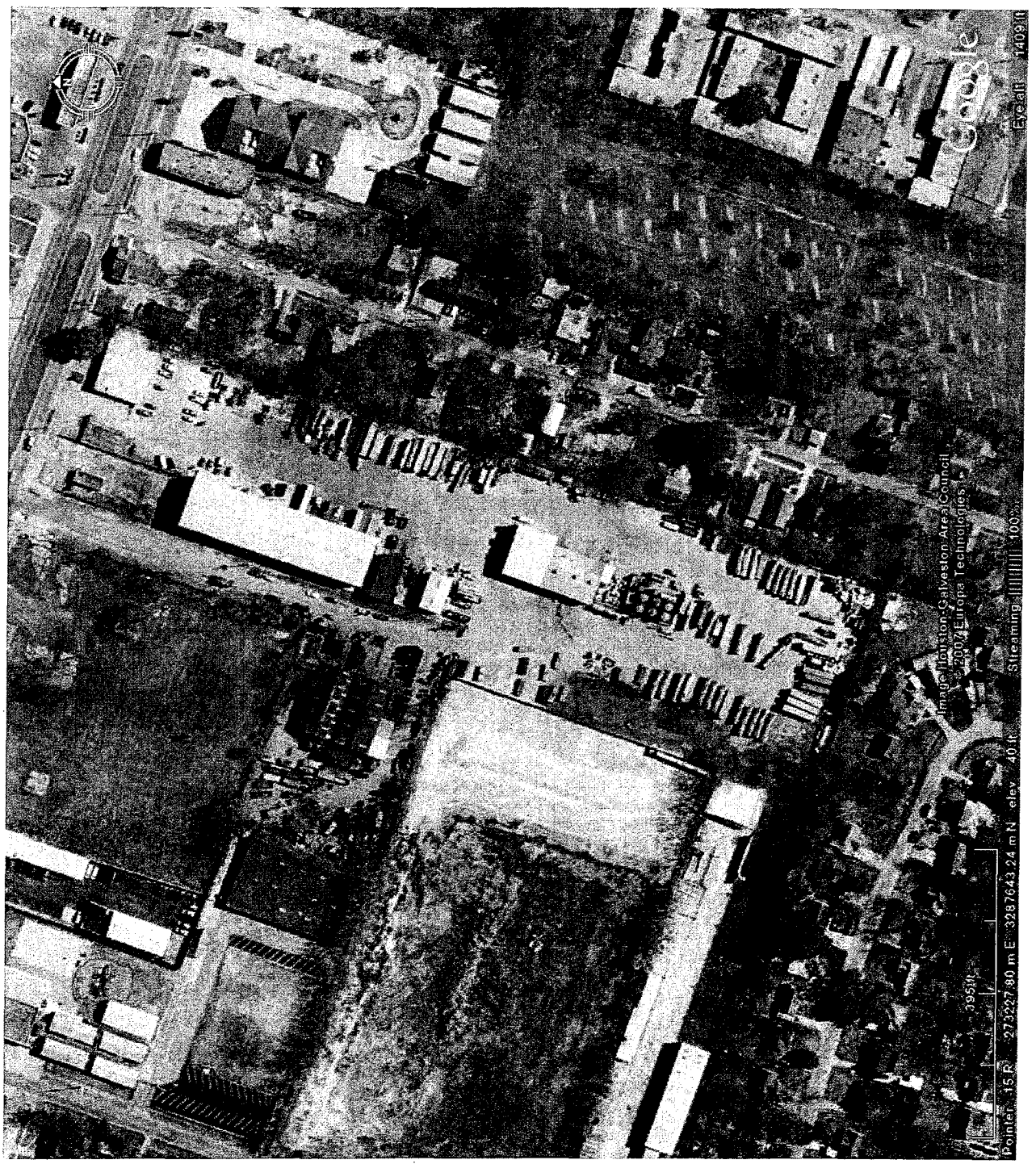
CES Environmental Services, Inc.

APPROVED BY: KARL CLEARY
DRAWN BY: KARL CLEARY
CHKD BY: CASTON SOLUTIONS, INC.
DATE: 10-12-07
SCALE: 1"=10'
JOB NUMBER:
FIGURE:
OF

ORIGINAL SCALE IN INCHES FOR REDUCED PLANS

EPAHO120000792

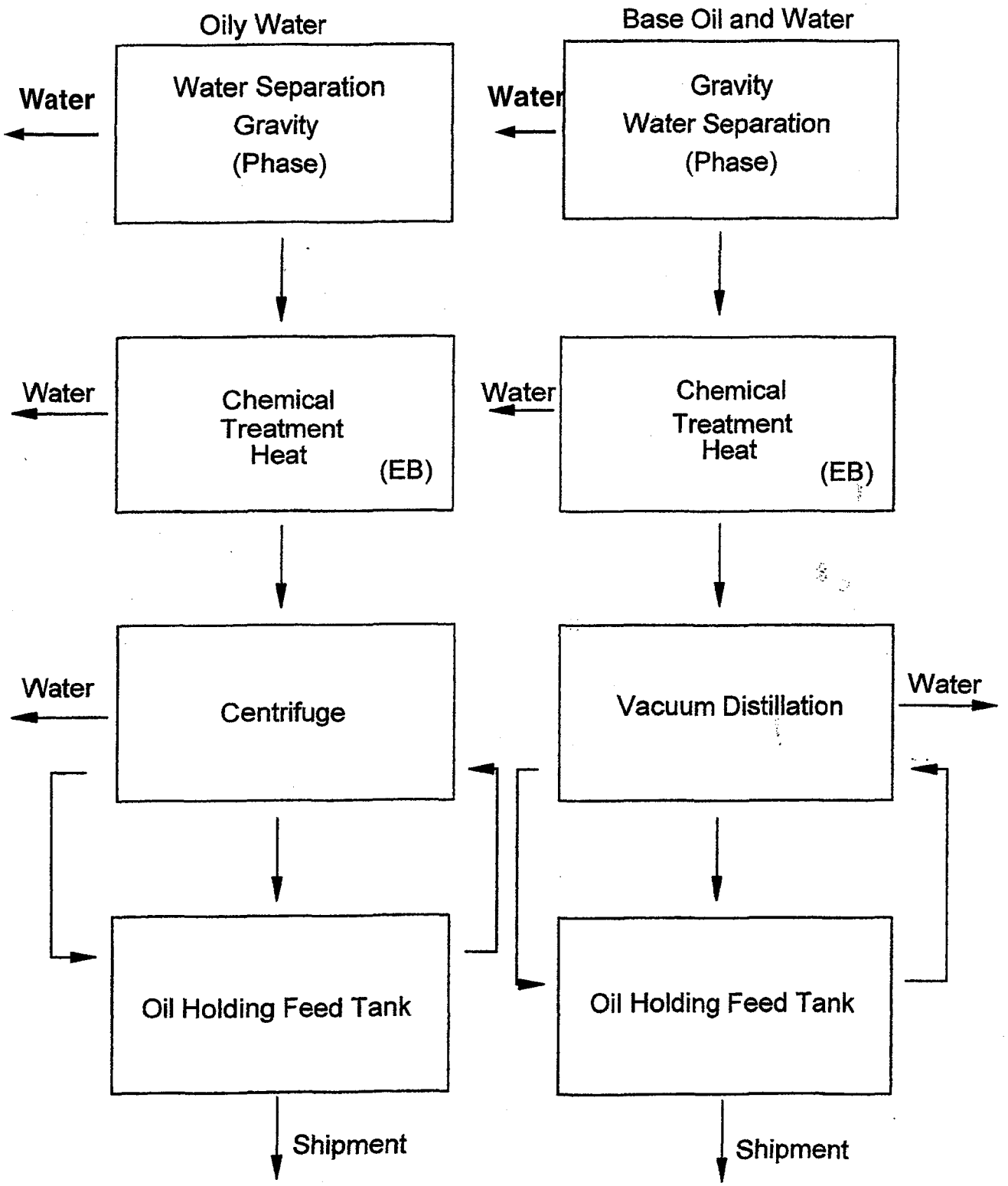
AERIAL PHOTOGRAPH



EPAHO120000794

PROCESS FLOW DIAGRAM

CES Environmental Services, Inc.
Process Flow Diagram
Oil Process Area
12/05/07



OIL PROJECT ACTION PLAN OBJECTIVES
MAY 5, 2008

1. Issue Purchase Order (P.O.) for Vacuum System the week of May 5, 2008, with Air and Gas Systems for $250,000 if they agree with the payment plan of 100 percent 30 days after delivery. Delivery 12 weeks after drawings.

2. Issue P.O. for PLC-PC Control Systems to PESCO-Beam for $78,400 with 30 percent deposit ($23,520). Delivery 12 to 14 weeks.

3. Visit and inspect LUWA 1 and 2 (WTTE) at LCI site in South Carolina. Visit and confer with LCI engineers on installation and maintenance of LUWAS at LCI office in North Carolina.

4. Visit and inspect oil project typical PLC System, Vacuum System, and other oil recovery equipment being built by PESCO at Roanoke, Virginia, for information on construction and maintenance. Also, inspect operating PLC System and Distillation System at PESCO site in Virginia.

5. Finalize Flash Tank and Receiver Tanks (3) final nozzle arrangements for modification and recertification for vacuum and temperatures.

6. Review and recertify HE1 for its application and temperature.

7. Finalize HE3 and HE4 (LUWA's condensers) new design with LCI to maintain oil process rates.

8. Order U tube bundles for HE3/HE4 based on LCI recommendations.

9. Fabricate HE3 and HE4 shells based on LCI design.

10. Continue on with 3-D oil structure equipment arrangement drawing which will be the basis for piping drawings.

11. Deal with the request by the City of Houston on PE Certification of structure and foundation match concerning oil project structure.

OilProjectActionPlanObjectives:disk25

Clark Hickman

From: Matt Bowman
Sent: Friday, May 02, 2008 9:25 PM
To: Greg Bowman; Marlin Moser
Cc: Ryan Thomas; Bo Cumberland; Clint Hopkins; Rick Tullos; Kelli Lofton; Clark Hickman
Subject: Clark's visit to look at equipment

Clark is driving to Florence, South Carolina then to Charlotte, North Carolina, the to Roanoak, Virginia. Brian and Steve will be flying to meet Clark for visits at Florence (to see LCI and our equipment) and then to Charlotte (the engineering headquarters of LCI to discuss installation and maintenance). Then they will go to Roanoak (to see Pesco for PLC system, part of an oil system, and discuss engineering and operation issues, and see an operating PLC distillation system). Clark will shuttle them around the areas (all 3 locations). They will fly back to Houston from Roanoak. Steve and Brian will leave Houston on the 11th and return on the 13th or 14th (May). Clark will leave Houston on the 10th and return on the 19th.

Clark needs either a company credit card to use or $2,000 in travel money. Greg, please get with Clark on how to handle this.

Thanks,
Matt

EPAHO120000798

HOBBY TO FLORENCE

May 11 (Sunday)

LV:	Houston Hobby	7:20 a.m.	DELTA
	CHANGE PLANES	**Atlanta**	**3-Hr Layover**
AR:	Florence	2:40 p.m.	

OR

LV:	Houston Hobby	9:15 a.m.	DELTA
	CHANGE PLANES	**Atlanta**	**1 Hr 15 Min Layover**
AR:	Florence	2:40 p.m.	

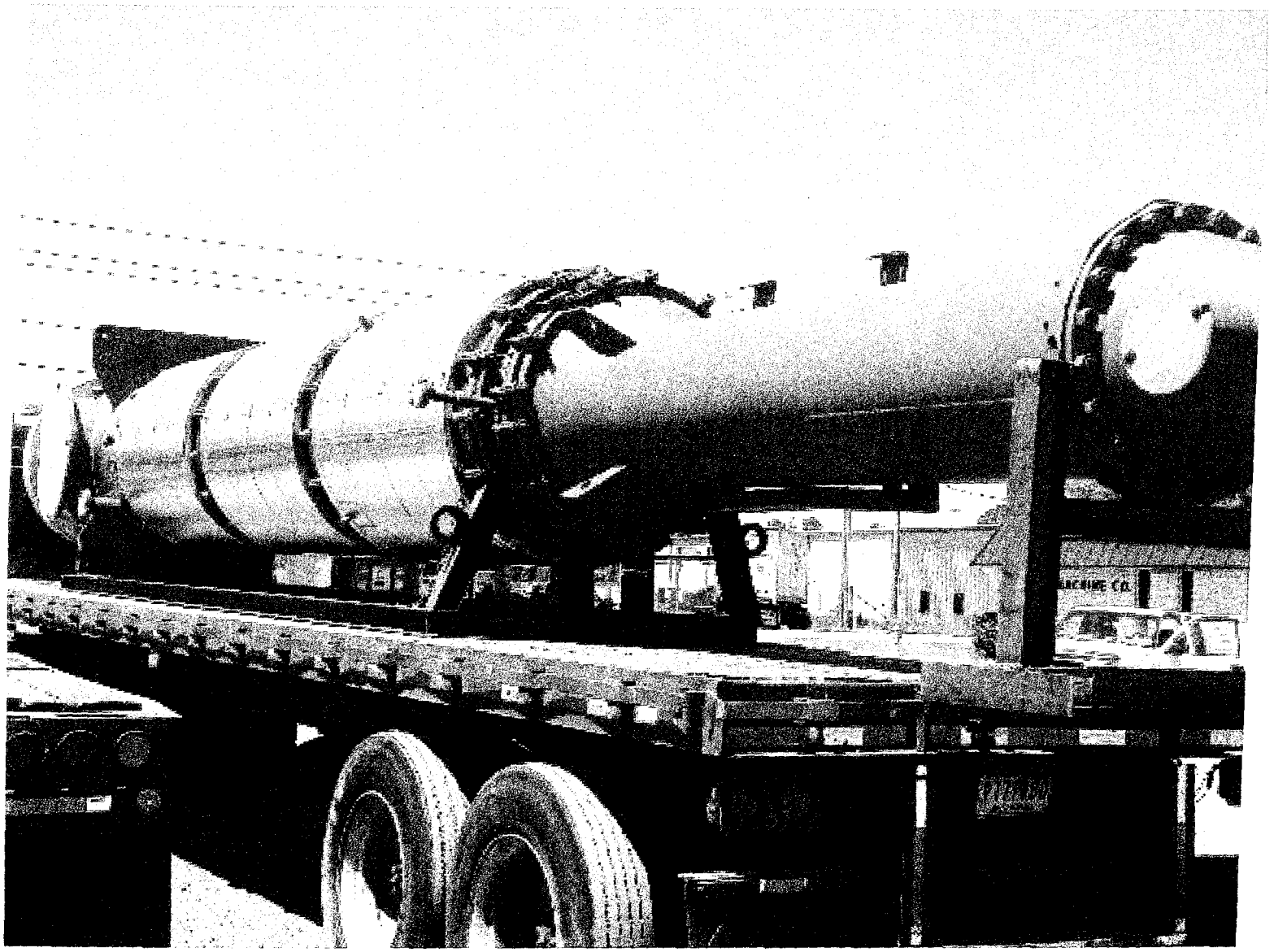
ROANOKE TO HOBBY

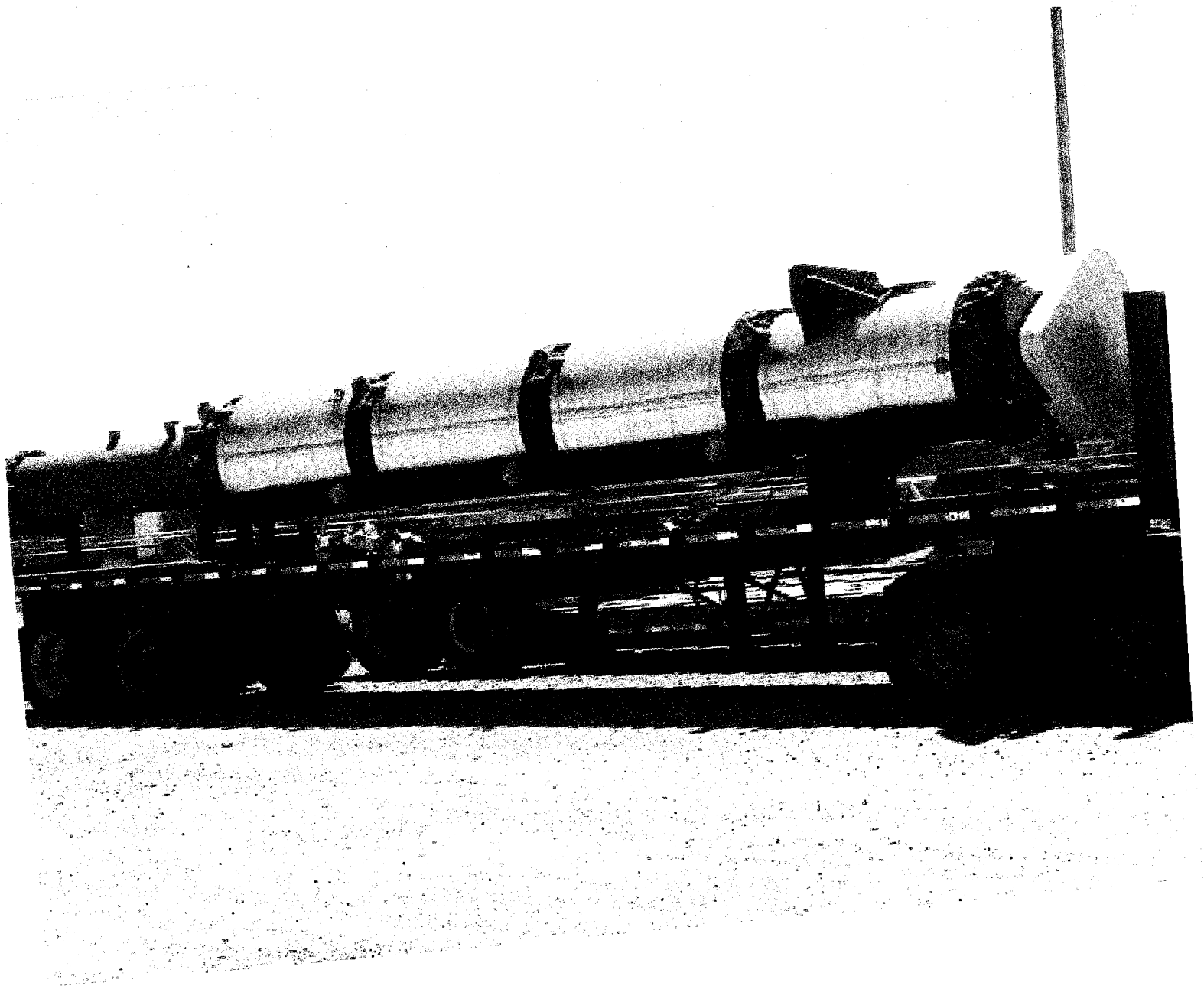
May 14 (Wednesday)

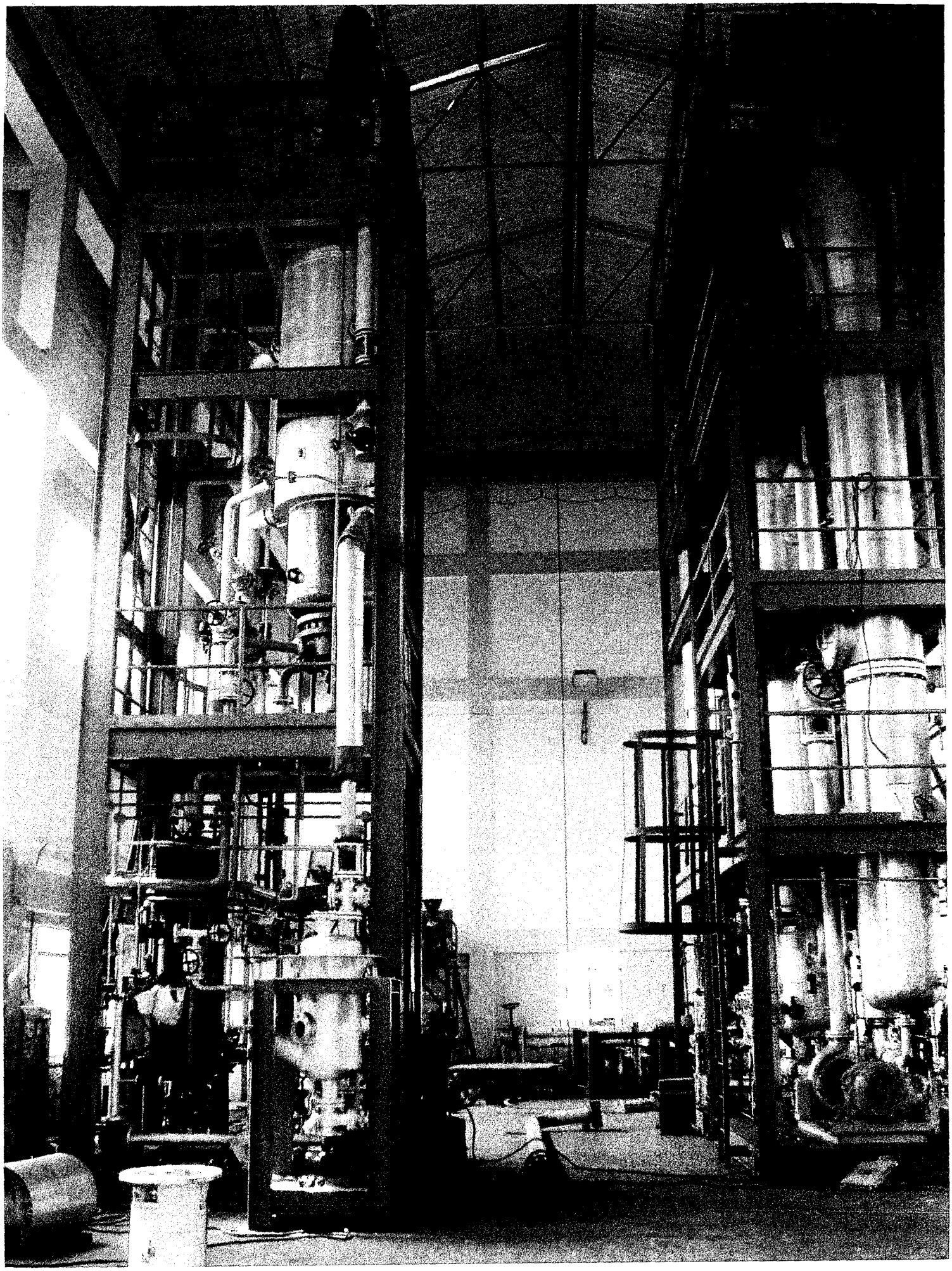
LV:	Roanoke	5:05 p.m. (LATEST FLIGHT)	DELTA
	CHANGE PLANES	**Atlanta**	**2 1/2 Hr Layover**
AR:	Houston Hobby	10:20 p.m.	

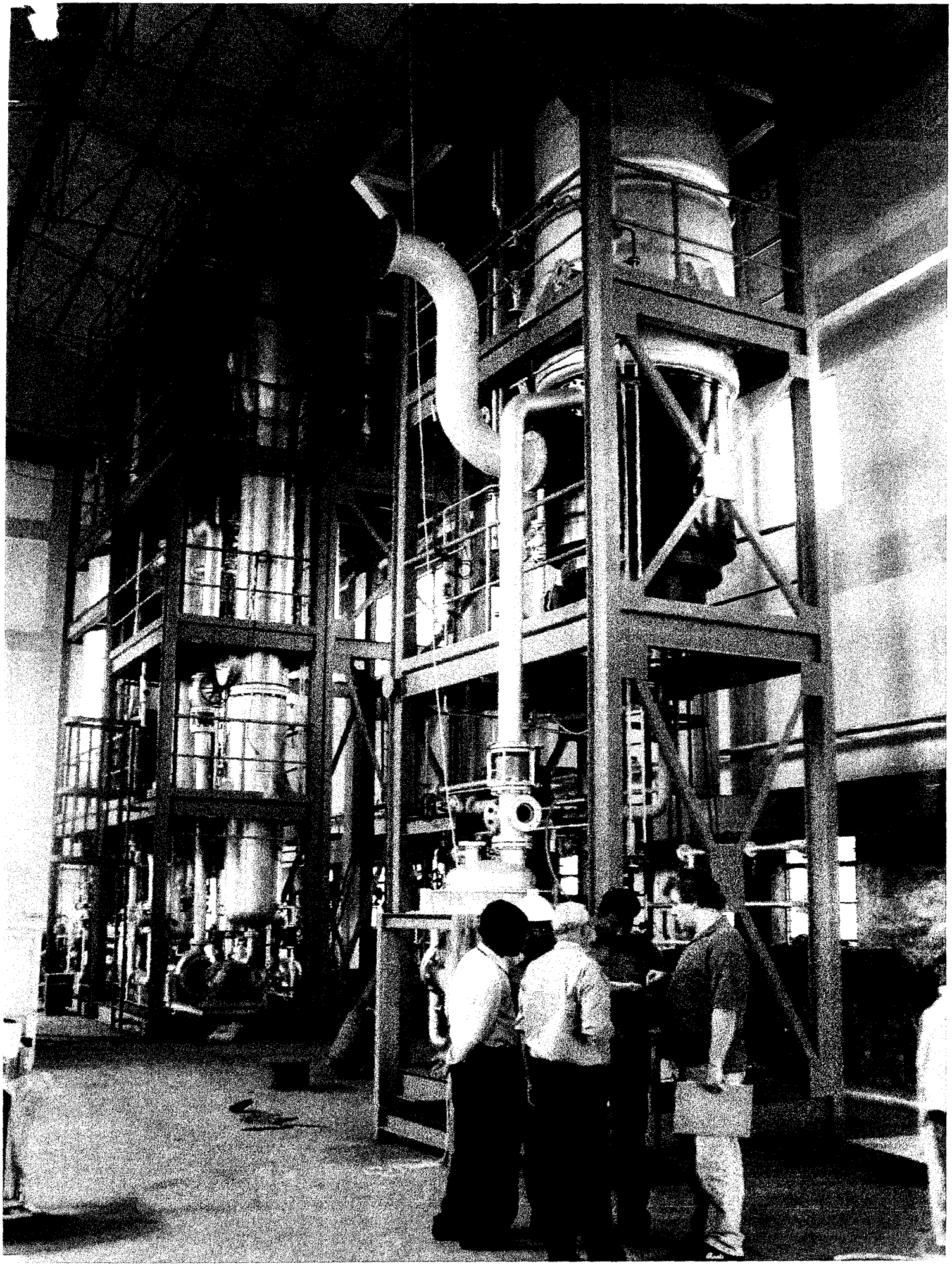
Round Trip Ticket - $668.50 PLUS $30 for Travel Agency Ticketing

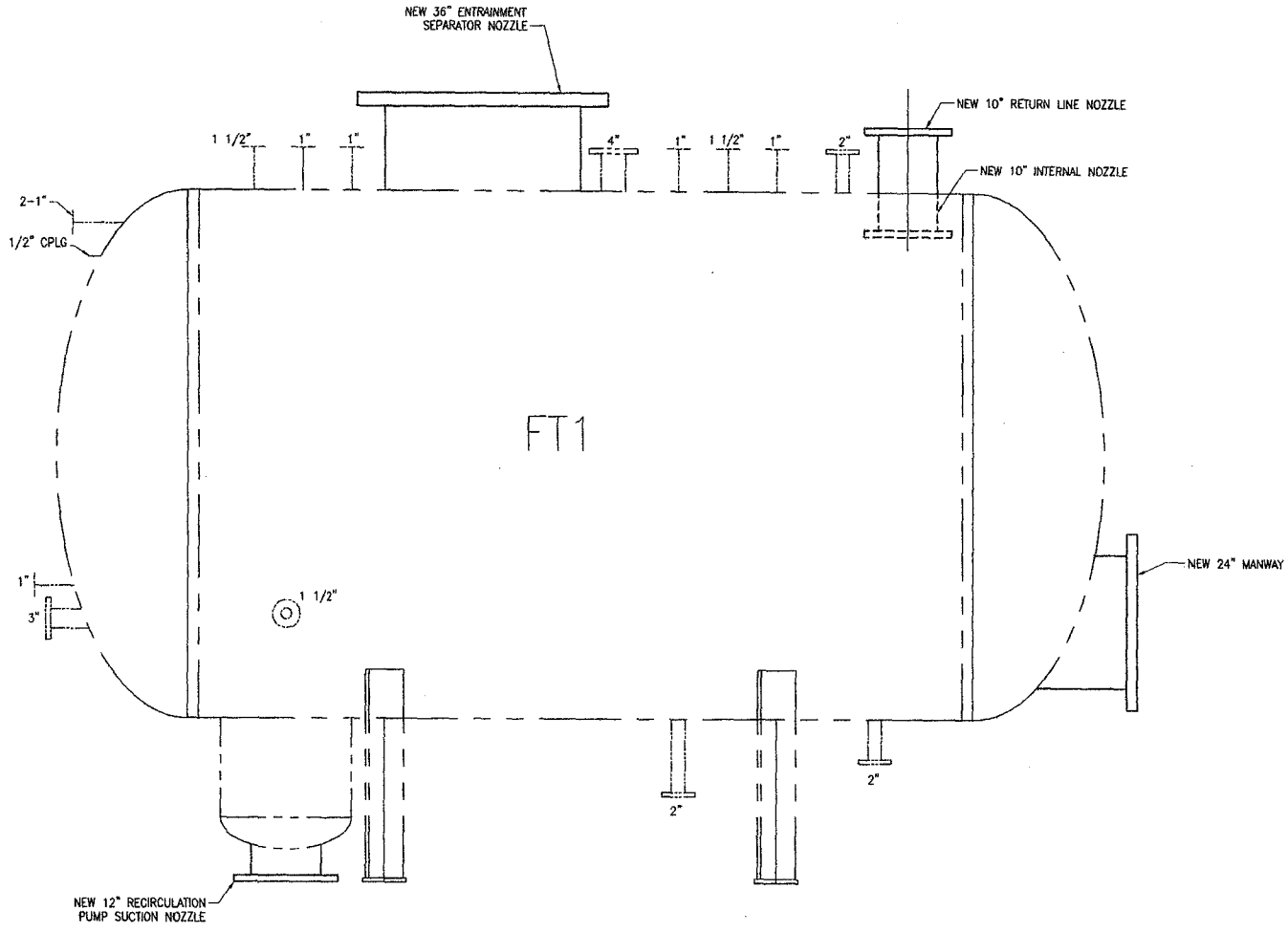
AAA Travel Agency
(713) 284-6687
Agent: Stephanie



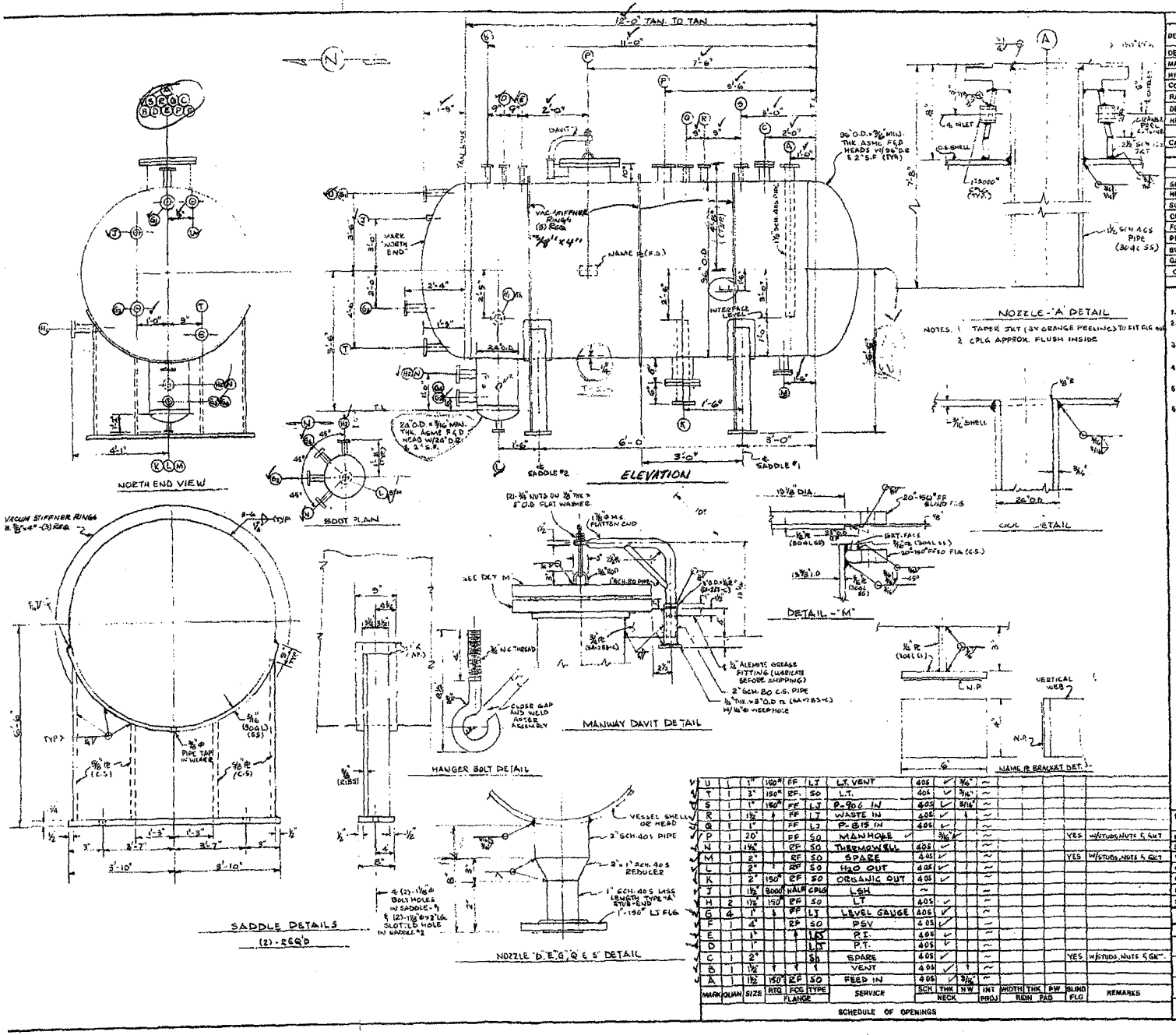








EPAHO12000804



DESIGN CONDITIONS		SHELL	HEADS	JACKET
DESIGN PRESSURE	INTERNAL (PSIG)	15		
	EXTERNAL PSIG AT 300 (°F)	5		
DESIGN TEMPERATURE (°F)		400		
MAX ALLOW WORKING PRESS (PSIG) AT 300 °F		25		
HYDROSTATIC TEST PRESS NEW AND COLD (PSIG)		45		
CORROSION ALLOWANCE		NONE		
RADIOGRAPHY		SPOT		
DESIGN JOINT EFFICIENCY		.85		
HEAT TREATMENT		NO		
CAPACITY TOTAL 5000 (GALLONS)				

MATERIAL SPECIFICATIONS (ASME)			
	VESSEL	INTERNALS	JACKET
SHELL	SA 240 T 304L		
HEADS	SA-240-T 304L		
SUPPORTS	SA-283 GR-C		
CLIPS AND LUGS	—		
FLANGES	SA-182-F1 304L		
PIPE	SA-312-TP 304L		
BOLTS / NUTS	SA-193-B8 / SA-194-2H		
GASKETS	304SS W/TEFLON FLEXITALLIC		
COUPLINGS	SA-182 F 304 L		

GENERAL NOTES

1. ALL FLANGE BOLT HOLES SHALL STRADDLE NORMAL VESS. C'S UNLESS NOTED.
2. ALL WELDS SHALL BE NEAT IN APPEARANCE, FREE OF SLAG, DRILLS, UNDERCUTS, AND OTHER DEFECTS.
3. VESSEL SHALL BE LEFT CLEAN AND DRY INSIDE AND FREE OF ALL FABRICATION DEBRIS.
4. ALL NOZZLE GASKET SURFACES SHALL BE COATED WITH PROTECTIVE LUBRICANT BEFORE BLANKING FOR SHIPMENT.
5. K AND L TO FURNISH BOLTING AND GASKETS FOR ALL MATING FLANGES INCLUDING BLINDS SEE SCHEDULE OF OPENINGS UNLESS NOTED.
6. REFER TO DWG. NO. KLW-101 FOR STANDARD SHOP PROCEDURES ON NECK AND FLG. ATTACH., RE PAD LAYOUT, MAIN CYL. SEAMS, ETC.

IS YEAR BUILT	K AND L WELDING COMPANY		
U IRTB W	1180	MFR'S SER. NO.	NAT'L. BD. NO
	25 PSIG @ MAX. 300° MAWP AT °F		
	8400 LBS WEIGHT EMPTY	D-883 ITEM NO.	
	ITEM NO D-883		
	P.O. NO 16123		
45 PSIG TEST PRESS.	BADISCHE CORP.		
	SERVICE: LIQUID WASTE DRUM		

K AND L CODE NAME R (T-310 STNLS)

PAINTING REQUIREMENTS: ONE COAT OF CARBOLINE-11 TO ALL C.S. PARTS ONLY (2 MILS D.F.T.) AFTER SURFACE PREPARATION PER SSPC-SP10-63T.

DESIGNED AND CONSTRUCTED IN ACCORDANCE WITH ASME SEC. VIII DIV. 1 ED.

STAMP AND REGISTRATION: YES | INSPECTION BY: ASME I.U.S.P.

WEIGHTS, LBS.: EMPTY 8400 LB: OPERATING TEST 50,000 LBS

CUSTOMER: BADISCHE CORPORATION P.O. NO: 16123

CUSTOMER DWG NO: A5-6376-32 ITEM NO: D-883

PROJECT: NEOPENTYL GLYCOL SITE:

SERVICE: LIQUID WASTE DRUM

VESSEL ARRANGEMENT AND DETAILS

REVISIONS	
1	
2	
3	
4	

K & L WELDING ANGLETON, TEXAS

QUAN'S. SPEC'D ARE FOR ONE UNIT ONLY (1) UNITS REQ'D.

DRAWN SDM 7/16/69

CHECKED RR 7/16/69

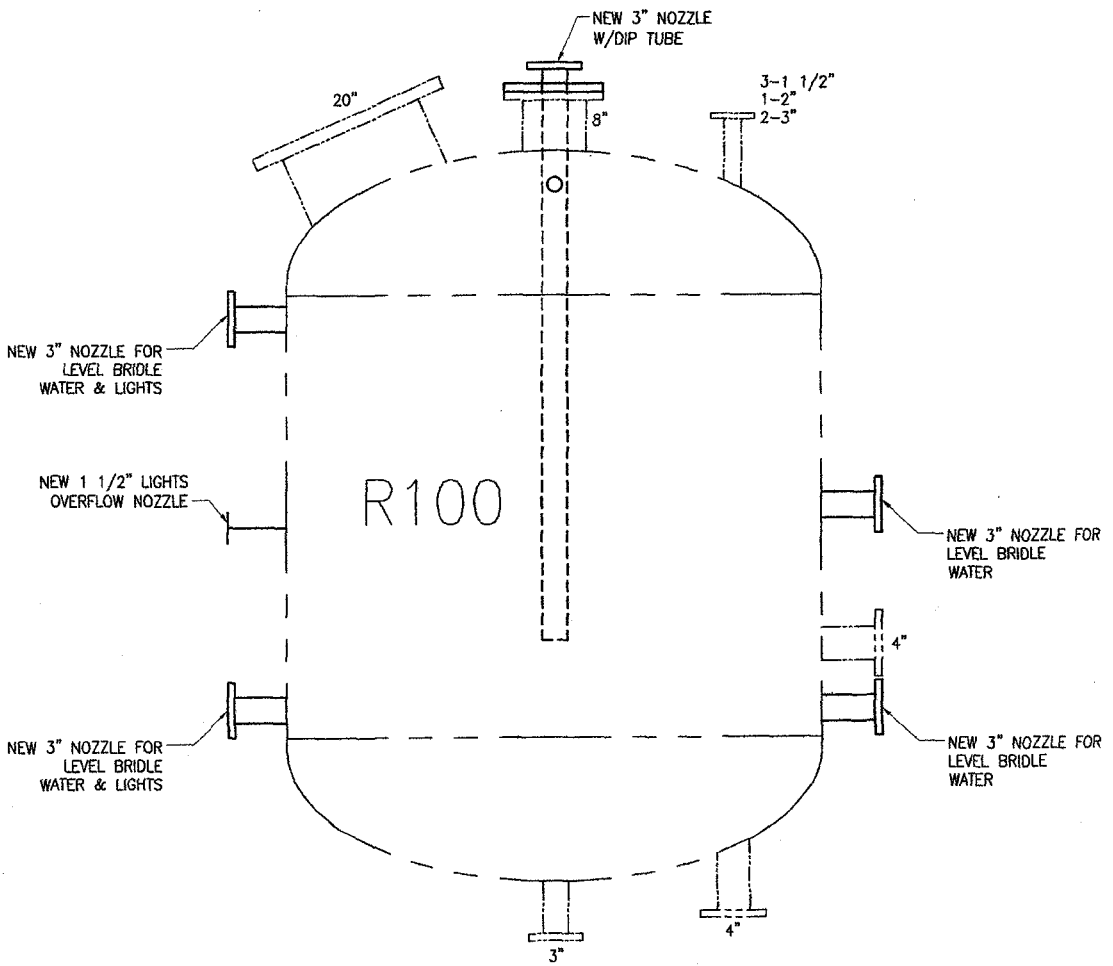
APP'VED

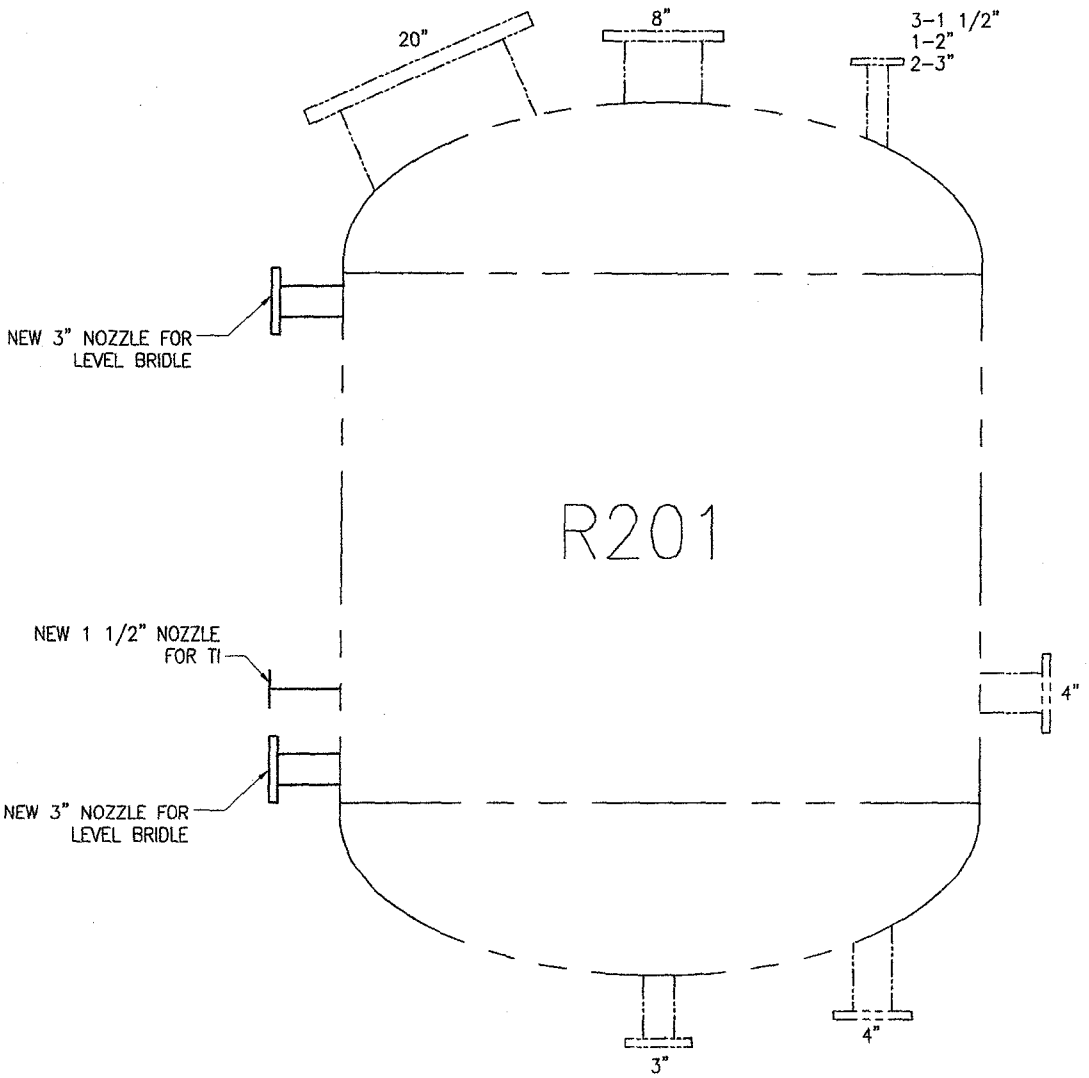
SCALE N.T.S DWG NO KLW-D-883-1 REV NO 0

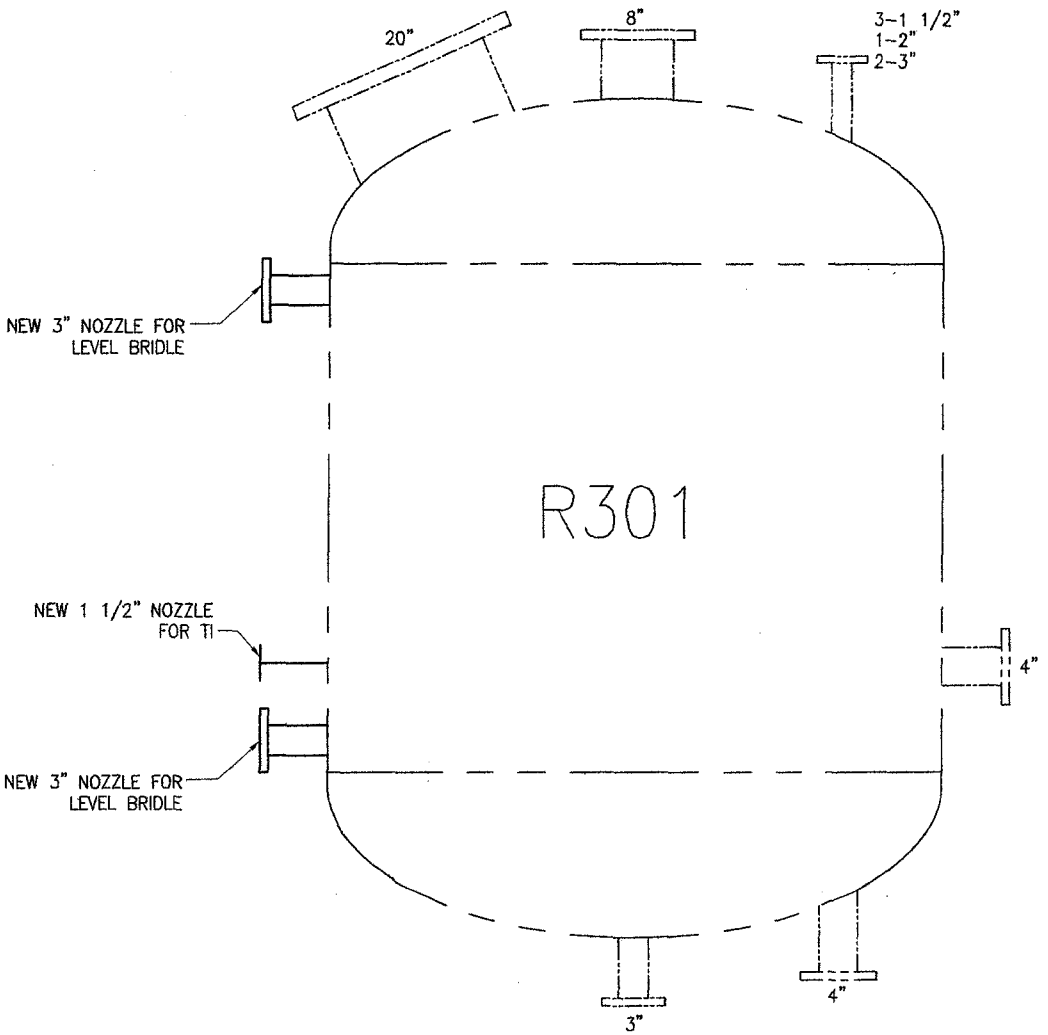
MARK	QUAN	SIZE	FLANGE RTG	FLANGE FCG	FLANGE TYPE	SERVICE	SCH	NECK THK	NECK NW	INT PROJ	WIDTH REIN PAD	THK PAD	PW	BLIND FLG	REMARKS
U	1	1"	150#	FF	LJ	LT. VENT	40S	✓	3/16"	~					
T	1	3"	150#	RF	SO	L.T.	40S	✓	3/16"	~					
S	1	1"	150#	FF	LJ	P-906 IN	40S	✓	3/16"	~					
R	1	1½"	↓	FF	LJ	WASTE IN	40S	✓		~					
Q	1	1"		FF	LJ	P-815 IN	40S	✓		~					
P	1	20"		FF	SO	MANHOLE	✓	3/16"	✓	~				YES	W/STUDS, NUTS & GKT
N	1	1½"		RF	SO	THERMOWELL	40S	✓		~					
M	1	2"		RF	SO	SPARE	40S	✓		~				YES	W/STUDS, NUTS & GKT
L	1	2"		RF	SO	H2O OUT	40S	✓		~					
K	1	2"	150#	RF	SO	ORGANIC OUT	40S	✓		~					
J	1	1½"	3000#	HALF	CPLG	LSH	~			~					
H	2	1½"	150#	RF	SO	LT	40S	✓		~					
G	4	1"	↓	FF	LT	LEVEL GAUGE	40S	✓		~					
F	1	4"		RF	SO	PSV	40S	✓		~					
E	1	1"		↓	LJT	P.I.	40S	✓		~					
D	1	1"			LJT	P.T.	40S	✓		~					
C	1	2"			SO	SPARE	40S	✓		~				YES	W/STUDS, NUTS & GK".
B	1	1½"			↓	VENT	40S	✓		~					
A	1	1½"	150#	RF	SO	FEED IN	40S	✓	3/16"	~					

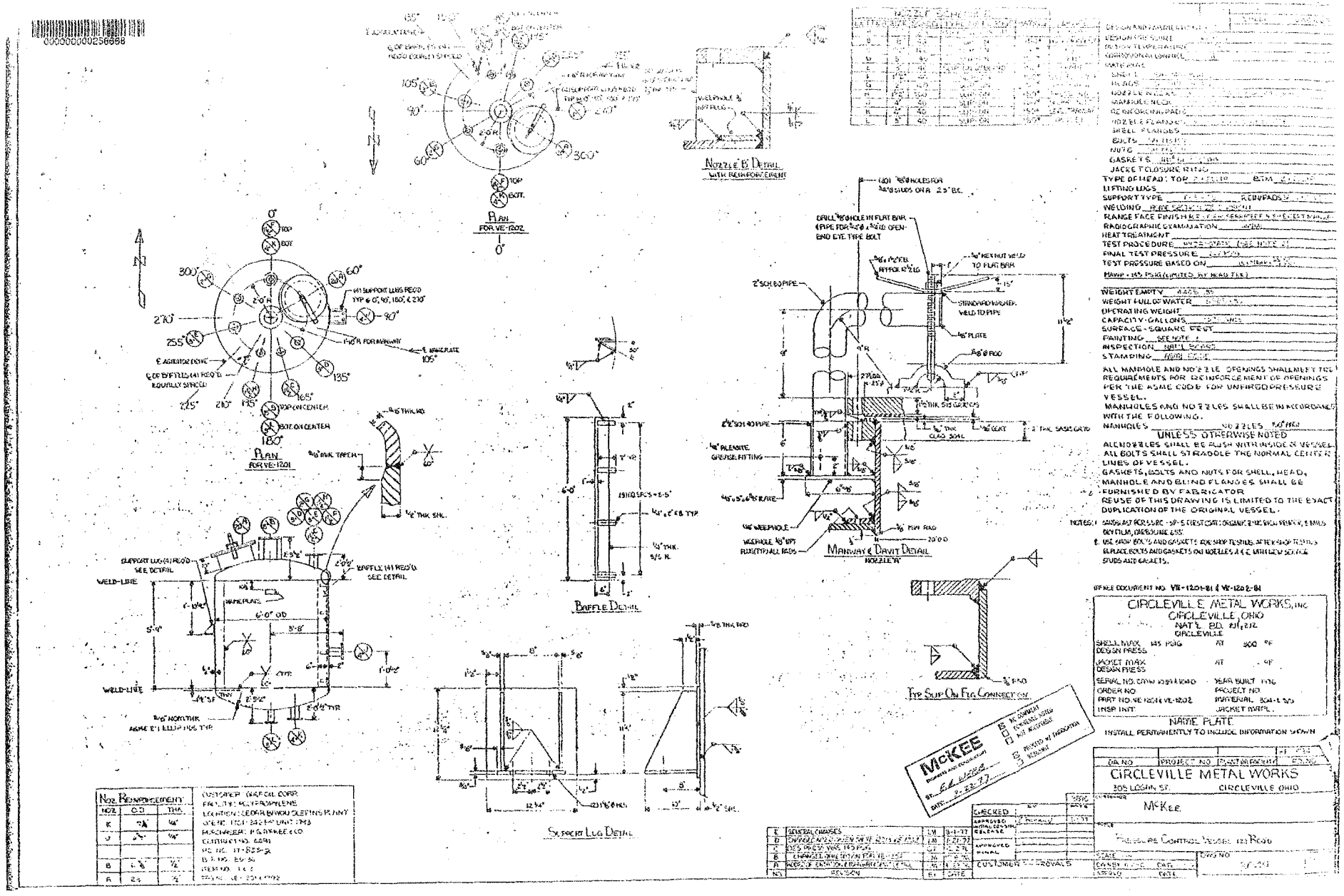
SCHEDULE OF OPENINGS

EPAHO120000805


NEW 3" NOZZLE
W/DIP TUBE
20"
8"
3-1 1/2"
1-2"
2-3"
NEW 3" NOZZLE FOR
LEVEL BRIDLE
WATER & LIGHTS
NEW 1 1/2" LIGHTS
OVERFLOW NOZZLE
R100
NEW 3" NOZZLE FOR
LEVEL BRIDLE
WATER
4"
NEW 3" NOZZLE FOR
LEVEL BRIDLE
WATER & LIGHTS
NEW 3" NOZZLE FOR
LEVEL BRIDLE
WATER
4"
3"


20"
8"
3-1 1/2"
1-2"
2-3"
NEW 3" NOZZLE FOR LEVEL BRIDLE
R201
NEW 1 1/2" NOZZLE FOR TI
4"
NEW 3" NOZZLE FOR LEVEL BRIDLE
4"
3"


20"
8"
3-1 1/2"
1-2"
2-3"
NEW 3" NOZZLE FOR
LEVEL BRIDLE
R301
NEW 1 1/2" NOZZLE
FOR TI
4"
NEW 3" NOZZLE FOR
LEVEL BRIDLE
4"
3"



EPAHO120000809

CUSTOMER: GULF OIL CORP.
JOB NO.: 1701-246 PT UNIT 743
CONTRACT NO.: 4491
B/M NO.: BF-5
ITEM NO.: 6
TAG NO.: SE 3204
P.O. NO.: 4491-BO-BF-5
QUANTITY: ONE

42" (TYP.)
47" (TYP.)
42" O.D.
1" DIA HOLE (TYP. 4 HOLES)
2 LIFTING LUGS
1 1/2" DIA HOLE FOR TOP COVER FLG.
VAPOR OUTLET
8" @ 150# ANSI R.F. SLIP-ON C.S. FLG.
STEAM INLET
1/2" @ 300# ANSI R.F. W.N. C.S. FLG.
SILVENT WASH
1" @ 150# ANSI R.F. SLIP-ON C.S. FLG.
INTERNAL DEMISTER PAD
ES 3/0
42"
65"
NEW 1/2" FOR TE
NEW 1" FOR PE
(TYP.)
7'-0"
60" O.D.
STEAM TRACING
1/2" SCH 40 (.109" WALL) C.S. PIPE, TACKWELDED
NEW 3" FOR LSHH
45°
CONDENSATE OUTLET
1/2" @ 300# ANSI R.F. W.N. C.S. FLG.
VAPOR INLET
24" @ 150# ANSI R.F. SLIP-ON C.S. FLG.

REV.	CHANGE	BY	DATE
A	RELEASED		10-27-76
B			

Luwa Corporation
CHARLOTTE, N. C.

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DR. BY KTK 10-27-76
CK. BY HLL
APPR. MPR
SCALE 3/4" = 1'-0"

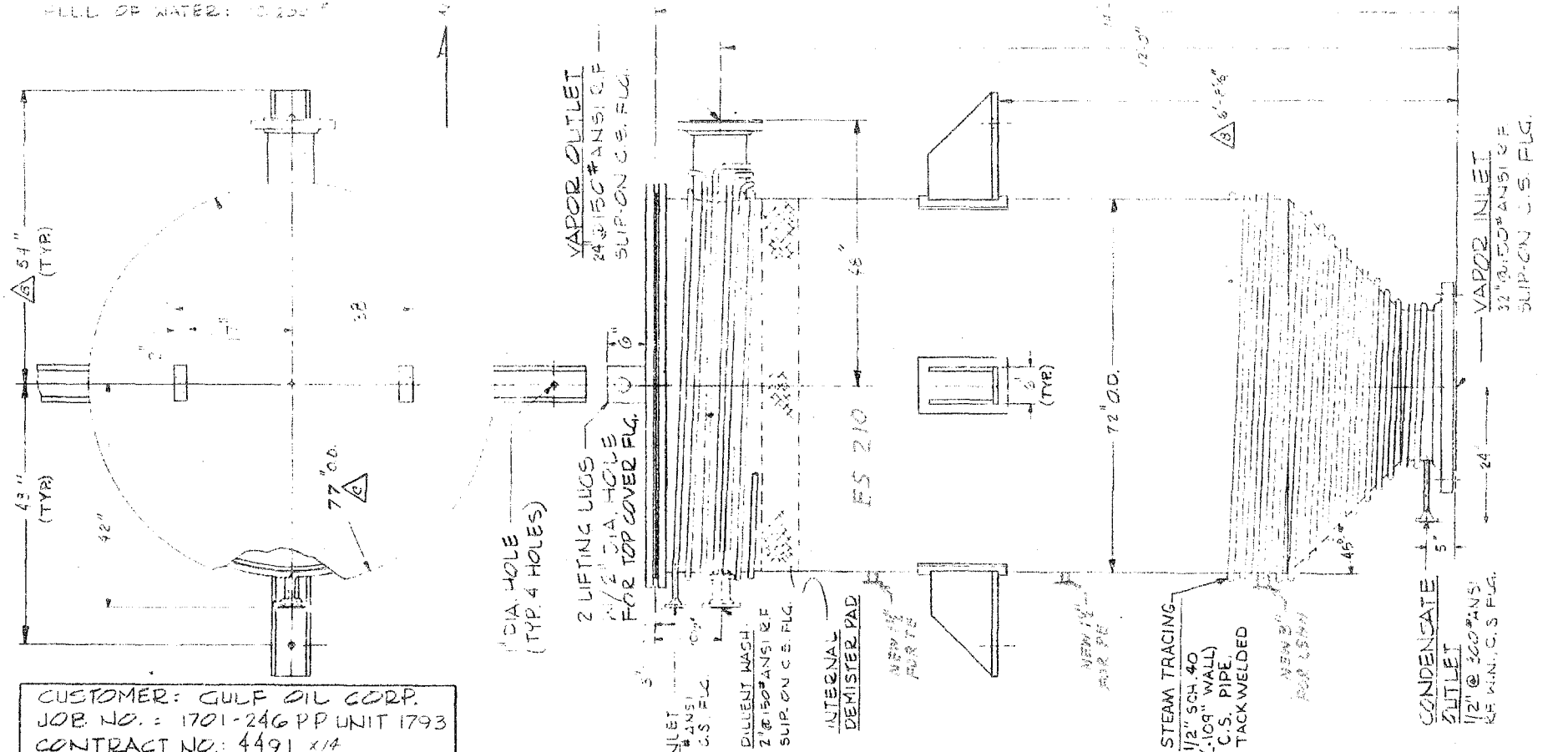
TITLE: ENTRAINMENT SEPARATOR B/M #45
DWG NO.: 506538-133
REV. E

DUPLICATE PATENTED, STARRETT, N. C.

EPAHO120000810

EPAHO120000811

NOTES:
1. MATERIAL OF CONSTRUCTION: CARBON STEEL
2. BOLT HOLES TO STRADDLE NATURAL CENTERLINES
3. WEIGHTS:
EMPTY: [illegible]
FULL OF WATER: [illegible]



CUSTOMER: GULF OIL CORP.
JOB NO.: 1701-246 PP UNIT 1793
CONTRACT NO.: 4491 x14
B/M NO.: BF-21
ITEM NO.: 6
TAG NO.: SE-2207
P.O. NO.: 4491-221-BF-21
QUANTITY: ONE

CHANGE		
C	10 4 77	[illegible]
B	8-10-77	[illegible]
A	Feb 77	[illegible]

Luwa
Luwa Corporation
CHARLOTTE, N. C.
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DR. BY WTK
CK. BY HLL
APPR. NRR
SCALE NONE

TITLE: ENTRAINMENT SEPARATOR B/M# 4b
DWG. NO. 506994-135
REV. C

DUNCAN-PARNELL, CHARLOTTE, N. C.

LCI Quote

Steve Small [SSmall@lcicorp.com]

Sent: Thursday, August 21, 2008 12:39 PM

To: Clark Hickman

Attachments: Service Quote CES Tanks Re~1.pdf (80 KB)

Finally!

Clark,

Give me a call if you have any questions.

Thanks,
Steve

LCI Corporation ~ PO Box 16348 ~ Charlotte NC 28297 ~ Phone 704.394.8341 ~ Fax 704.392.8507 www.lcicorp.com

August 20, 2008

Clark Hickman
CES Environmental Services
4904 Griggs Road
Houston, TX 77021

Subject: Refurbishing and modifications of the entrainment separators and associated vapor pipes for MK-1200 and HS-1800 evaporators, LCI Proposal Number A08C00725

Dear Mr. Hickman:

Thank you for allowing LCI Corporation the opportunity to quote the refurbishment of the entrainment separators for you MK-1200 (SN 16267) and your HS-1200 (SN 17033) evaporators along with the rework of the associated vapor pipe for each vessel. Below you will find the proposed scope of work for each piece of equipment and the respective pricing.

HS-1800 Entrainment Separator and Vapor Pipe Scope of Work

Reference LCI Drawing S06994-13B, Rev C and LCI Drawing S06994-11B, Rev B

Entrainment Separator Drawing S06994-13B, Rev C

- Remove all of the old heating coils
- Sandblast the exterior and interior of the tank to remove the rust and scale
- Install new heating coils constructed of 1" Sch 40 SA-106B material on a 6" pitch with 1" raised face 150# ANSI RF connection flanges
- Provide and install one Flexichevron mist eliminator style I-4-C-2 constructed of 316 stainless steel material with a general diameter of 72 inches.
- Prime and paint the exterior of the separator per LCI Standard Paint Specifications PS-1.0, Rev B and TCS-1.0, Rev B
- Provide shipping cradles

Vapor Pipe Drawing S06994-11B, Rev B

- Remove all of the old heating coils
- Sandblast the exterior and interior of the vapor pipe to remove the rust and scale
- Install new heating coils constructed of 1" Sch 40 SA-106B material on a 6" pitch with 1" raised face 150# ANSI RF connection flanges
- Prime and paint the exterior of the separator per LCI Standard Paint Specifications PS-1.0, Rev B and TCS-1.0, Rev B
- Provide shipping cradles

LCI Corporation ~ PO Box 16348 ~ Charlotte NC 28297 ~ Phone 704.394.8341 ~ Fax 704.392.8507 www.lcicorp.com

MK-1200 Entrainment Separator and Vapor Pipe Scope of Work

Reference LCI Drawing S06538-13B, Rev B and LCI Drawing S06994-11B, Rev B

Entrainment Separator Drawing S06538-13B, Rev B

- Remove all of the old heating coils
- Remove the current 8" vapor outlet and replace it with a 36" vapor outlet supplied with a 36" 150# ANSI RF slip on carbon steel flange
- Sandblast the exterior and interior of the tank to remove the rust and scale
- Install new heating coils constructed of 1" Sch 40 SA-106B material on a 6" pitch with 1" raised face 150# ANSI RF connection flanges
- Provide and install one Flexichevron mist eliminator style I-4-C-2 constructed of 316 stainless steel material with a general diameter of 65 inches.
- Prime and paint the exterior of the separator per LCI Standard Paint Specifications PS-1.0, Rev B and TCS-1.0, Rev B
- Provide shipping cradles

Vapor Pipe Drawing S06994-11B, Rev B

- Remove all of the old heating coils
- Sandblast the exterior and interior of the vapor pipe to remove the rust and scale
- Install new heating coils constructed of 1" Sch 40 SA-106B material on a 6" pitch with 1" raised face 150# ANSI RF connection flanges
- Prime and paint the exterior of the separator per LCI Standard Paint Specifications PS-1.0, Rev B and TCS-1.0, Rev B
- Provide shipping cradles

Pricing and Delivery:

- â HS-1800 Evaporator Rebuild as described above..... $140,452.00
- â Delivery eight to ten weeks after receipt and acknowledgement of an acceptable written purchase order.

The intent of this service offer is to address all items that may cause concern during reactivation of the equipment. However, hidden imperfections may be present that only become evident when installed and operated under production conditions of heat, vacuum and product flow. We may submit for your acceptance and approval additional items not included in the scope of work listed above that we feel need resolution. LCI will not accept responsibility for any items not covered in this manner.

LCI Corporation ~ PO Box 16348 ~ Charlotte NC 28297 ~ Phone 704.394.8341 ~ Fax 704.392.8507 www.lcicorp.com

All shipping costs will be prepaid and add to the above quoted price unless other arrangements are made with LCI at the time the purchase order is issued.

LCI Corporation Standard Terms and Conditions will apply to this offer, as well as future proposals concerning this offer.

Our terms for payment are 30% down, Net 30 at the time of your order and 70%, Net 30 at the completion of the work.

For us to proceed with the repair, we will need a written purchase order.

Due to the fluctuation in material pricing, validity of Proposal No A08C00725 will be 30 days from proposal date.

If you have any questions please feel free to contact me at (704) 398-7888. Or in the event of my absence you may contact Ms. Carley Jerrim at (704) 398-7845.

Sincerely,

Steve Small
Customer Service Engineer
Office: 704-398-7888
Cell: 704-458-2823
Email: ssmall@lcicorp.com

Douglas Willard
Technical Manager
Office. 704-398-7893
Cell: 704-236-5215
Email: dwillard@lcicorp.com

LCI Corporation ~ PO Box 16348 ~ Charlotte NC 28297 ~ Phone 704.394.8341 ~ Fax 704.392.8507 www.lcicorp.com

TERMS AND CONDITIONS OF SALE

1. PRICES-DELIVERIE S: Prices and deliveries are based on LCI's evaluation of information supplied by Buyer to LCI prior to the date hereof. LCI may adjust price and/or delivery should Buyer or its agent make any modification in either the equipment or parts requeste d or the information supplied. The price set forth in this Proposal is based on delivery F.O.B. carrier at LCI's facility and does not include the costs of freight, applicable sales, excise, use or similar taxes, insura nce, special packaging, consular fees, installation, engineering expenses for erection and start-up (See Term 7), or the cost of inspections, permits or inspection fees in connection with compliance with state or local laws, ordinances, codes or standards (See Term 10). While LCI will make a good-faith effort to meet the estimated delivery date, LCI expressly disclaims any guarantee of such delivery date, any obligat ion to take any extraordinary steps to meet such estimated delivery date (including the use of overtime labor), or any respon sibility or liability for any damages incurred by Buyer on account of any delay in delivery. Buyer shall have no right to cancel this contract because of any such delay in shipment, except by mutual consent.

2. PAYMENT TERMS: Unless otherwise expressly stated in writing by LCI, all payments are due thirty (30) days from the date of the invoice. If shipment is delayed by Buyer or at Buyer's request, shipment will be invoiced on the original shipping date and payment shall become due thirty (30) days from such invoice date. In such event, Buyer shall additionally pay all reasonabl e warehousing and other expenses of LCI incident to such delay in shipment. Notwithstanding the above, if LCI at any time determines in its sole judgment that the financial condition of Buyer does not justify the extension or continuance of credit, LCI may withhold further production of shipment until payment in full or adequate assurances thereof have been received, require advance payment, and/or ship orders C.O.D. Late payment charges shall be charged on all payments not made when due at a rate of 1-1/2% per month (18% per annum); provided, however, that if such rate is in excess of the maximum contract intere st rate permissible under the laws of the State or Country in which the Buyer's place of business is located, then interest shall be charged at that maximum permissible contract interest rate. Buyer agrees to pa y the reasonable attorney's fees incurred by LCI in the collection of past due payments and account balances.

3. PASSING OF TITLE: Title to the parts and equipment which are being sold to Buyer will pass to Buyer at the time of F.O.B. delivery to the carrier and Buyer shall assume all risk of loss at that time. Buyer hereby grants to LCI a security interest in all such parts and equipment to secure the payment of the purchase price and other fees or charges due to LCI hereunder. Buyer agrees to promptly execute any further documents deemed necessary by LCI to create or perfect this security interest.

4. LIMITED WARRANTY: If all payments are made by Bu yer when due, LCI warrants that any equipment or part manufactured by LCI will be free from defects in materials and workmanship for a period of twelve (12) months from the date of start-up or eighteen (18) months after date of shipment whichever is shorter. This warranty will not apply to any equipment or part that has not been properly installed, operated and maintained in conformity with instructions furnishe d by LCI, or to any equipment or part which has been misused or which has been modified, altered, repaired or replaced without the prior express written permission of LCI, or to any equipment or part manufact ured and separately warranted by a party other than LCI. This warranty does not cover the effects of explosio n, erosion or corrosion. The warranty period shall not be extended by reason of the replacement or repair of defective parts pursuant to this warranty. If any payment is not made by Buyer when due, LCI warrants that it has good title to the equipment or part, and that the equipment or part is sold "as is" with all faults. The foregoing warran ties are exclusive and made only to the Buyer. NO OTHER WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABIL ITY OR FITNESS FOR A PARTICULAR PURPOSE SHALL EXIST IN CONNECTION WITH ANY OF THE GOODS OR SERVICES SUPPLIED HEREUNDER, AND ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY EXC LUDED. No employee, agent or other person is authorized to give any warranties on behalf of LCI in addition to or different from those herein given or to assume for LCI any other liability in connection with any of its product s except in writing which is signed by an officer of LCI and expressly and intentionally gives such warranties or assumes such liability.

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5. LIMITATION OF REMEDIES: Buyer's sole and exclusive remedy in respect of any claim against LCI for breach of warranty or in respect of any claim against LCI based on or relating to any defect in any product delivered by LCI, whether such claim sounds in contract, tort, strict liability or negligence and whether such claim is for property damage, personal injury, commercial loss or other monetary loss, shall be, at LCI's option, the repair or replacement of the defective part F.O.B. LCI's Charlotte, North Carolina facility or some other facility deemed suitable by LCI or, if in LCI's judgment, remedying the warranted defect by repair or replacement would be commercially impractical, the refund to Buyer of that part of the invoice price for the defective part which has been theretofore paid by Buyer. LCI SHALL NOT, UNDER ANY CIRCUMSTANCES, BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, including any lost profits, interruption of operations, personal injury, property damage, labor, shipping or other costs incurred by Buyer as a result of such defect or incident to the repair or replacement of, or inability to use, any product of LCI.

6. MANNER OF SUBMITTING CLAIMS: Any claim based on a defect in any part or equipment sold pursuant to this Proposal, shall be made in writing to LCI's offices in Charlotte, North Carolina, within thirty (30) days after Buyer does, or reasonably should, discover the defect, and within twelve (12) months from the date of start-up, or 18 months after date of shipment, whichever is shorter. Buyer must specify with particularity each claimed defect or other breach of warranty and must allow LCI a reasonable opportunity to inspect for such defects. Buyer shall be barred from any remedy if Buyer fails to make claim within the appropriate period and in the manner provided herein.

7. ENGINEERING SERVICES: Unless otherwise expressly and specifically stated in writing by LCI, Buyer shall have the full responsibility for the erection and start-up of the equipment being sold to Buyer and shall bear all expenses related thereto. If Buyer desires the services of a LCI Engineer in connection with the erection, installation or start-up of the equipment, or if the services of a LCI Engineer are necessary after the machinery is installed, Buyer shall pay for such services at LCI's then-prevailing rates and, in addition, shall pay for the Engineer's travel and living expenses while away from Charlotte, North Carolina.

8. CONFIDENTIAL INFORMATION: Buyer acknowledges that LCI has a proprietary interest in all information, technical data, designs, drawings, specifications, and memoranda relating to the equipment or parts furnished Buyer by LCI and the processes with respect to the operation thereof (all of the above hereinafter referred to as "Information"), that such information is a unique, valuable and special business asset of LCI, and that LCI would be seriously and irreparably harmed by the disclosure or misuse thereof. Buyer agrees that it will not use the information for any purpose other than the installation, servicing and operation of the equipment and parts furnished by LCI, that it will not copy any part of the information or disclose any part of the information to any person or entity other than its employees who need such information to perform their work, and that it will return all copies of information to LCI upon request. Buyer additionally agrees that it will use reasonable care to assure that its employees, subcontractors, and suppliers do not disclose any part of the information to any person or entity or appropriate any part of the information to their own use.

9. PATENTS: LCI shall indemnify and hold harmless Buyer from any liability or cost arising out of any suit, action or claim for the infringement of any patent or patent rights which are or may be asserted against Buyer because of the design, nature or structure of any standard-design LCI product. Buyer shall indemnify and hold LCI harmless from any liability or cost arising out of any suit, action or claim for the infringement of any patent or patent rights which are or may be asserted against LCI because of the design, nature, structure or use of any product ordered or contracted for which is manufactured or fabricated, in whole or in part, according to designs or specifications furnished by Buyer or which is modified at the request of the Buyer and shall indemnify and hold LCI harmless from all claims for loss or damage, and from all court costs, attorneys' fees and other expenses paid or incurred by or imposed upon LCI in connection with the defense of any action brought against LCI by reason of LCI's performance of any such order for Buyer. Upon request by LCI, Buyer will undertake, at its own cost and expense, the defense of any such action which may be brought against LCI.

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10. GOVERNMENTAL REGULATION: All acts in fulfillment of this contract done outside of North Carolina are intended and shall be construed as being interstate commerce and not as business done by LCI as a foreign corporation in any other state, and no claims or rights to the contrary shall be asserted. LCI makes no warranty or representation that any part or equipment will conform to any state or local laws, ordinances, codes or standards, except as otherwise particularly specified and agreed upon between Buyer and LCI in a writing signed by both parties which expressly modifies this Term 10. LCI's prices do not include the cost of any related inspections or permits or inspection fees. These Terms and Conditions of Sale shall be governed by and construed in accordance with the laws of the State of North Carolina.

11. FORCE MAJEURE: The parties shall be excused from the duty to render timely performance of any obligation hereunder if such inability to perform is caused directly or indirectly by any act of God, flood, war, riot, fire, accident, explosion, labor trouble, act of government, delay or default by sub-contractor or supplier of materials or services, transportation difficulty, the existence of any circumstance making performance commercially impractical or any other cause beyond the parties' reasonable control; provided, however, that the obligation to pay moneys due under this contract shall not be excused for any reason, including the foregoing.

12. SOFTWARE LICENSE: The equipment may include certain Software. LCI retains all rights, title and interest in the Software, including copyright and trade secret protection. LCI hereby grants to Buyer a non-exclusive, nontransferable right and license to use the Software in connection with its operation of LCI equipment, subject to these terms and conditions. Buyer may copy the Software to prepare modifications and derivative works for its own internal use in connection with the LCI equipment; LCI retains title to any modifications and derivative works and shall have the right of access upon reasonable notice. Buyer may not use the Software for any other purpose. LCI may offer enhanced versions of the Software to Buyer, but has no obligation to do so. This License shall be effective until terminated by LCI upon notice to Buyer should Buyer breach any of the terms and conditions of sale, or should Buyer attempt to transfer the Software to a third party. Upon such termination, Buyer shall promptly return the Software and all related documentation to LCI.

13. MERGER AND MODIFICATION: These Terms and Conditions of Sale contain the entire understanding and agreement between Buyer and LCI with respect to the subject matter hereof and supersede any prior written or oral understanding or agreements respecting the subject hereof. It is expressly agreed that these Terms and Conditions of Sale shall supersede any prior or subsequent written forms sent to or from the Buyer or the Seller by the other party. These terms and conditions may not be altered, modified, or waived except in writing signed by both Buyer and LCI which expressly so modifies or waives a particular term.

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MECHANICAL SERVICE RATE SCHEDULE

The following schedule shall apply to service performed by LCI Corporation in the continental United States of America and Canada. All other areas are deemed international and LCI Corporation's International Service Rate Schedule will apply. The mechanical rates shall apply to all contracts where LCI representatives oversee work relating to the mechanical equipment supplied by LCI Corporation.

MINIMUM CHARGES:

Rates are based on a (8) eight-hour day, with a minimum one-day charge.

NORMAL SERVICE RATES:

Normal Workday: $110.00 per hour (first 8 Hours)	
Saturday and Sunday	$165.00 per hour (first 8 Hours)
US Holidays	$220.00 per hour (first 8 Hours)

OVERTIME RATES:

Overtime rates are 1-1/2 times the prevailing "Normal Service Rate" rounded up to a full hour.

STANDBY RATES: Prevailing "Normal Service Rate" will apply.

NOTE: "Standby" is considered the time a service engineer is waiting for work to be completed by the customer, contractors, or other equipment representatives.

Service rates are based on hours the Service Engineer is at the Customer 's facility. Charges for commuting to and from the Customer's location (norma lly from Charlotte, NC) are as follows:

TRAVEL HOURLY RATES:

Weekdays:	$60.00 per hour
Saturday and Sunday:	$90.00 per hour
US Holidays:	$120.00 per hour

GENERAL TERMS AND CONDITIONS

1. Agreement: Except as otherwise agreed upon in writing, the terms specified herein shall govern all service work rendered by personnel of LCI Corporation for trips not exceeding two weeks in duration. This schedule (or the prevailing schedule at the time service is provided) shall serve as LCI's "contractual offer" and any request for service, whether written or verbal, shall constitute an acceptan ce of this offer. A purchase order number must be furnished when a request is made for service, unless such service has been previously contracted. A confirming formal purchase order must be received within one week of the request.
2. Nature of Service: LCI Corporation's Service Engineer responsibility is limited to technical assistance, consulting and training. The customer is responsible for all-necessary labor, tools, parts, and materials required for executing and supporting this service.
3. Technical Data: All technical data, drawings, etc., whether supplied to the customer or retained by LCI Corporation, remain the property of LCI Corporatio n and may not be copied or duplicated, or disclosed in any way to third parties, nor used for the purpose of manufacturing like objects or parts thereof, without the express written consent of LCI Corporation.
4. Expenses: All travel and living expenses will be charged at cost and will include meals, lodgings, laundry, gratuities, tolls, parking and commercial travel (automob ile rental, air fare, etc.). Transportation charges via company or personal vehicle are $0.485 per mile.

EPAHO120000819

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5. Travel Time: The customer is responsible for the service engineer's actual time (to the nearest full hour) while in transit from LCI's offices in Charlotte, North Carolina, USA, to the customer's site and return to Charlotte, North Carolina. LCI will not accept arrival time responsibility for flight cancellations or delay time while en route to and from your location.

6. Terms of Payment:

   a. Prices quoted are in US Dollars.

   b. Payment terms are Net 30 Days upon issue of invoice.

   c. Rates are subject to change without notice. All service work will be performed at the prevailing rate at time of service.

7. Warranties: LCI Corporation provides no warranties either expressed or implied in conjunction with this service

8. Safety Practices: LCI Corporation Service personnel will be equipped with safety glasses. All other safety equipment required at the customer's facility is to be provided by the customer.

   LCI Corporation Service personnel are versed in general industry accepted safety practices; it is the customer's responsibility to make known to LCI Corporation's Service personnel any particular safety procedures and/or equipment inherent to their facility.

9. Canadian Service Work: Canadian regulations require a Temporary Work visa for service work. Four weeks notice must be given to LCI Corporation prior to a service trip to ensure that a Visa can be obtained prior to entry into Canada. In the event such prior notice cannot be provided, LCI will make every effort to satisfy both Canadian regulations and the purchaser. If required, LCI will dispatch our service representative to the nearest Canadian Consulate for rapid processing of the Visa application. This will be done at the purchaser's expense and standard service rates will apply.

10. Insurance: LCI Corporation carries the following minimum insurance coverage:

    a. General Liability: $1,000,000.00
    b. Automobile Liability: $1,000,000.00
    c. Worker's Compensation: Statutory

11. Emergency Treatment: In the event of an accident at the customer's facility, the customer agrees to provide all necessary emergency medical treatment to LCI Corporation's personnel in the same manner as the customer would for its own supervisory personnel. LCI Corporation agrees to hold harmless the customer for such emergency treatment, provided that gross negligence, wanton conduct, or intentional wrongdoing is not involved on the part of the individual administering such aid.

LCI Corporation ~ PO Box 16348 ~ Charlotte NC 28297 ~ Phone 704.394.8341 ~ Fax 704.392.8507 www.lcicorp.com

LCI Corporation Contacts

For Project or Process Engineering Assistance:

Telephone: 704-394-8341*

*Normal Business Hours 8:00 AM to 5:00 PM EST

For Field Service or 24-Hour Assistance:

Steve Small	**Desk:**	704-398-7888
Service Engineer	**Cell:**	704-458-2823
	Fax:	704-392-8507
	E-mail:	ssmall@lcicorp.com
		803-320-0365
Douglas Willard	**Desk:**	704-398-7893
Technical Manager	**Cell:**	704-236-5215
	Fax:	704-392-8507
	E-mail:	dwillard@lcicorp.com

For Spare Parts or 24 Hour Assistance:

James Stiles	**Desk:**	704-398-7836
Material Specialist	**Cell:**	704-458-3338
	Fax:	704-392-8507
	E-mail:	jstiles@lcicorp.com

RE: LUWA Exit Gas Heat Exchanger Match

James Pauley [JPauley@lcicorp.com]

Sent: Wednesday, March 26, 2008 6:35 AM

To: Clark Hickman

I will look at the information and get back to you in a few days

Jim
Ph: 704-398-7882
Mobile: 704-906-6973

From: Clark Hickman [mailto:chickman@cesenvironmental.com]
Sent: Tuesday, March 25, 2008 9:20 PM
To: James Pauley
Cc: johnj@swva.net
Subject: LUWA Exit Gas Heat Exchanger Match

Please review memo, and comment.

Looking at your two possible condensers

James Pauley [JPauley@lcicorp.com]

Sent: Wednesday, April 02, 2008 7:21 AM

To: Clark Hickman

Attachments: 433 tubes condenser dp.pdf (193 KB) ; 265 tubes condenser dp.pdf (194 KB)

Dear Clark,

Sorry I missed your call yesterday - I was out on a service call to New York

I have looked at the two condensers (see attached curves).

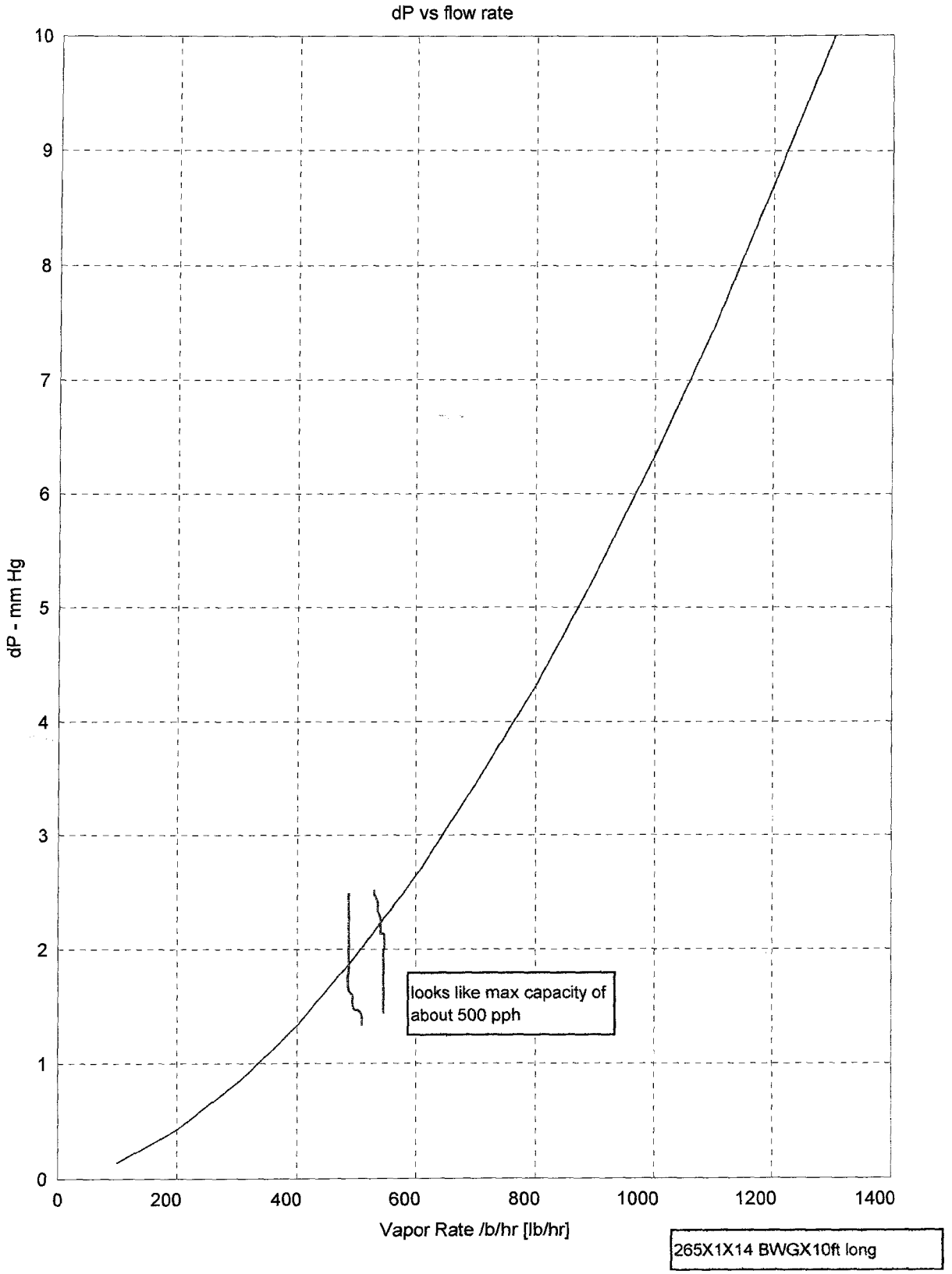
If you tell me when to call you or send me an email as to when you will call me I will endeavor to talk to you today.

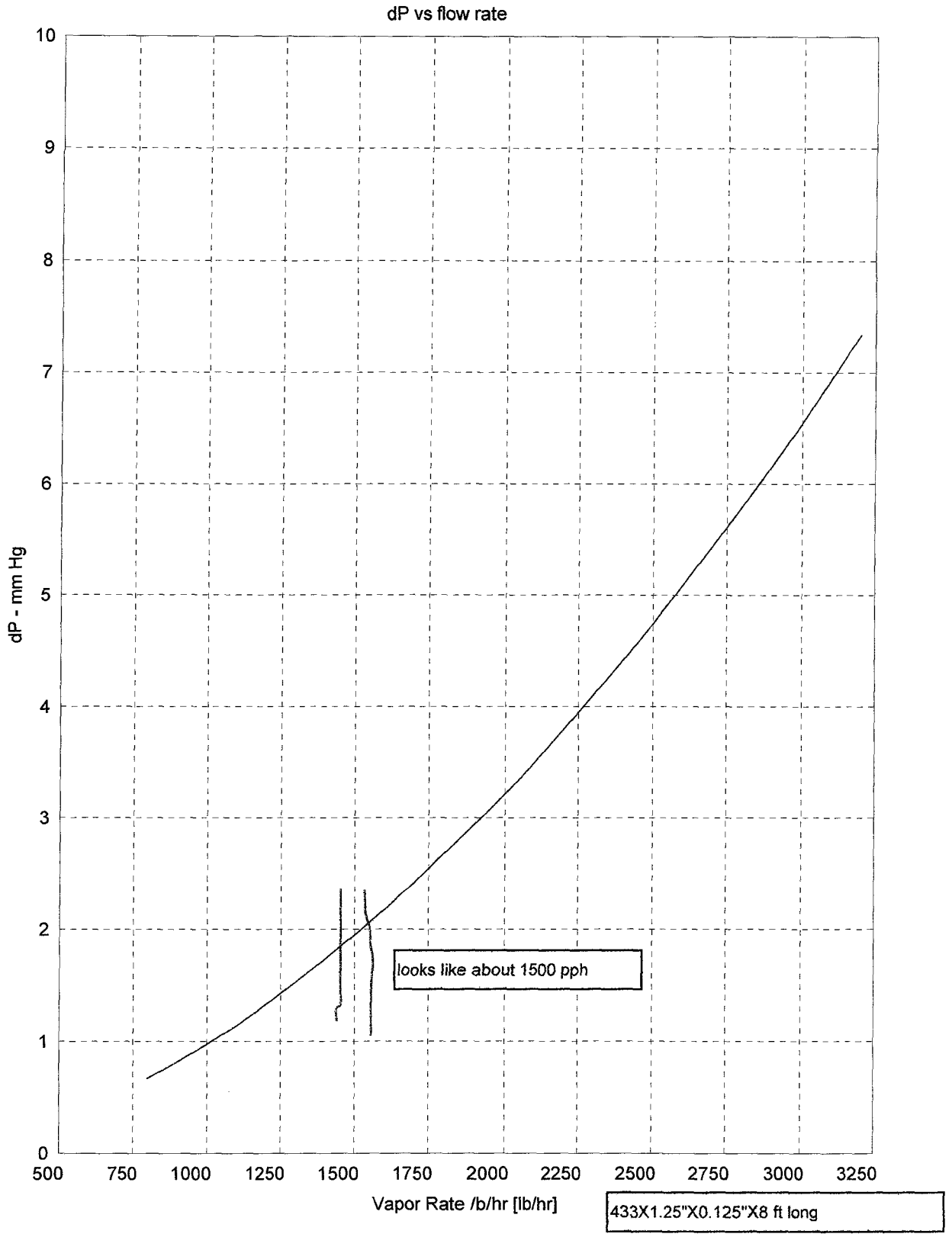
I am in my office but in and out of meetings all day.

<<433 tubes condenser dp.pdf>> <<265 tubes condenser dp.pdf>>

James F. Pauley Jr., P.E.
Senior Process Engineer
LCI Corporation
Ph: 704-398-7882
Mobile: 704-906-6973

EPAHO120000823


dP vs flow rate
dP - mm Hg
Vapor Rate /b/hr [lb/hr]
0
1
2
3
4
5
6
7
8
9
10
0
200
400
600
800
1000
1200
1400
looks like max capacity of about 500 pph
265X1X14 BWGX10ft long


dP vs flow rate
dP - mm Hg
Vapor Rate /b/hr [lb/hr]
looks like about 1500 pph
433X1.25"X0.125"X8 ft long
0
1
2
3
4
5
6
7
8
9
10
500
750
1000
1250
1500
1750
2000
2250
2500
2750
3000
3250

SUGGEST Condenser Model (1)

James Pauley [JPauley@lcicorp.com]

Sent: Monday, April 07, 2008 8:29 AM

To: Clark Hickman

Attachments: SUGGEST Condenser Model (1).pdf (63 KB)

Dear Clark,

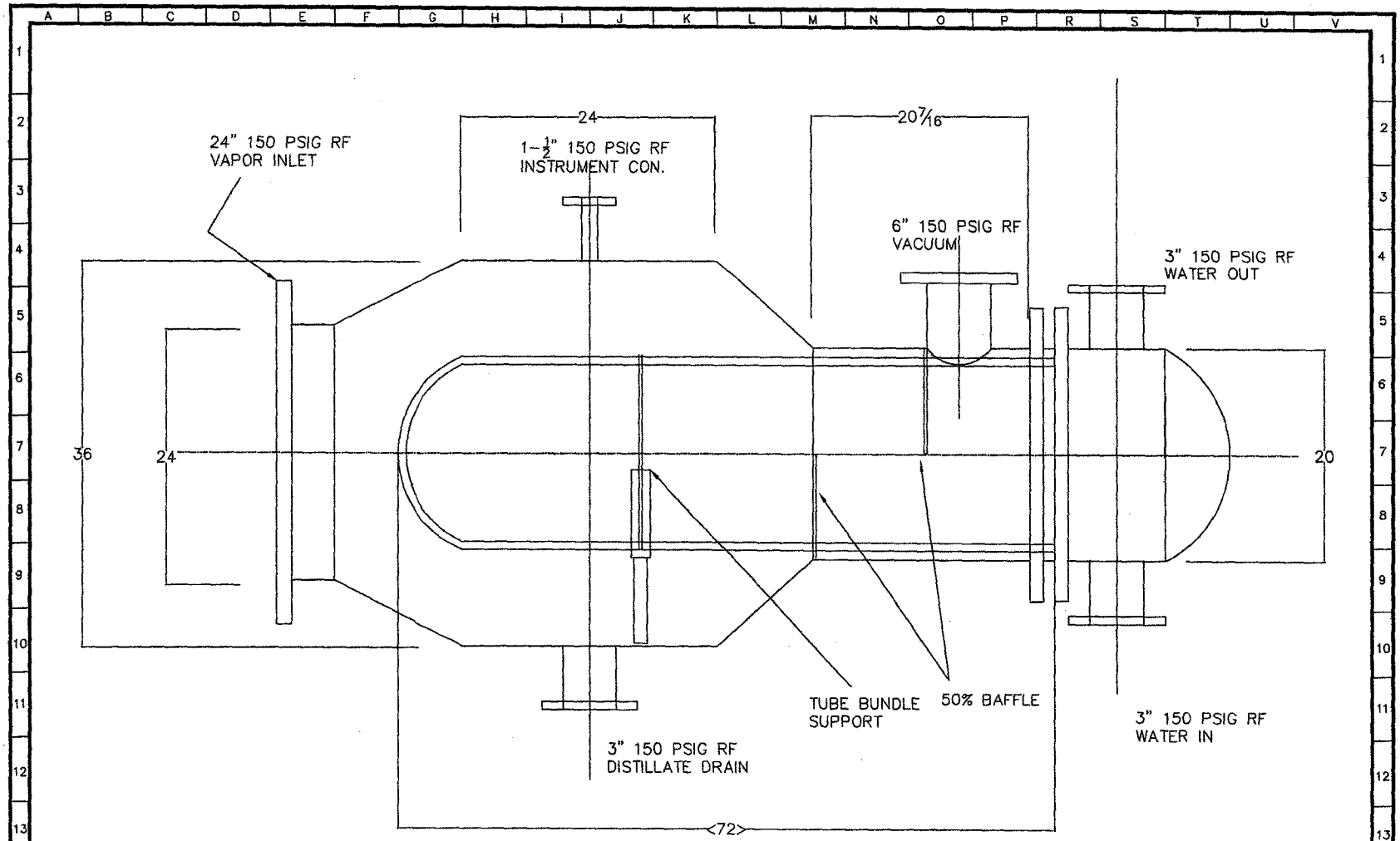
Attached is a layout of a typical low pressure drop condenser for oil condensation. I calculate a MAX total pressure drop of 0.75 mm Hg at a condensation rate of 5,000.

The U'tube bundle I used for the calculations was a Doyle & Roth LL206U2 6 ft long with 120 (U-tubes) of 3/4" OD on 1" sq. pitch.

Length is not important just extra area as long as it is at least 6 ft long. Bundle could be larger and work quite well. Most of the pressure drop is in the 24" inlet velocity heads.

If you are interested. I would want to do detail calculations. Current have about 6 hours in this sketch/calculations/specification.

<<SUGGEST Condenser Model (1).pdf>>



20" U-TUBE BUNDLE IN EXPANDED SHELL. TYP. 120 U-TUBES (240 AT TUBESHEET) 3/4" TUBES ON 1" SQUARE PITCH

TOLERANCES UNLESS OTHERWISE SPECIFIED	REV.	BY / DATE	CK. / DATE	APPR. / DATE	APPR. / DATE	DESCRIPTION	REF.
DECIMAL .XX ±.02 .XXX ±.005 ANGLE ±1/2° FRACTION ±1/16" SURFACE FINISH 125√	A	NFG 07/14/05	DWN 07/14/05			RELEASED X-X-05	SCALE 1=

THIS DRAWING IS THE PROPERTY OF LGI CORP., CHARLOTTE, N.C., U.S.A. AND IS LOANED FOR CONFIDENTIAL USE ONLY AND SHOULD NOT BE COPIED OR USED FOR ANY PURPOSE DETRIMENTAL TO THE INTEREST OF LGI CORP.

TITLE: SUGGESTED CONDENSER FOR OIL

DWG. NO. 080407-JFP | REV. A

EPAHO12000827

Condenser sizing progress

James Pauley [JPauley@lcicorp.com]

Sent: Thursday, April 24, 2008 7:35 AM

To: Clark Hickman

Cc: Scott Moll [smoll@lcicorp.com]

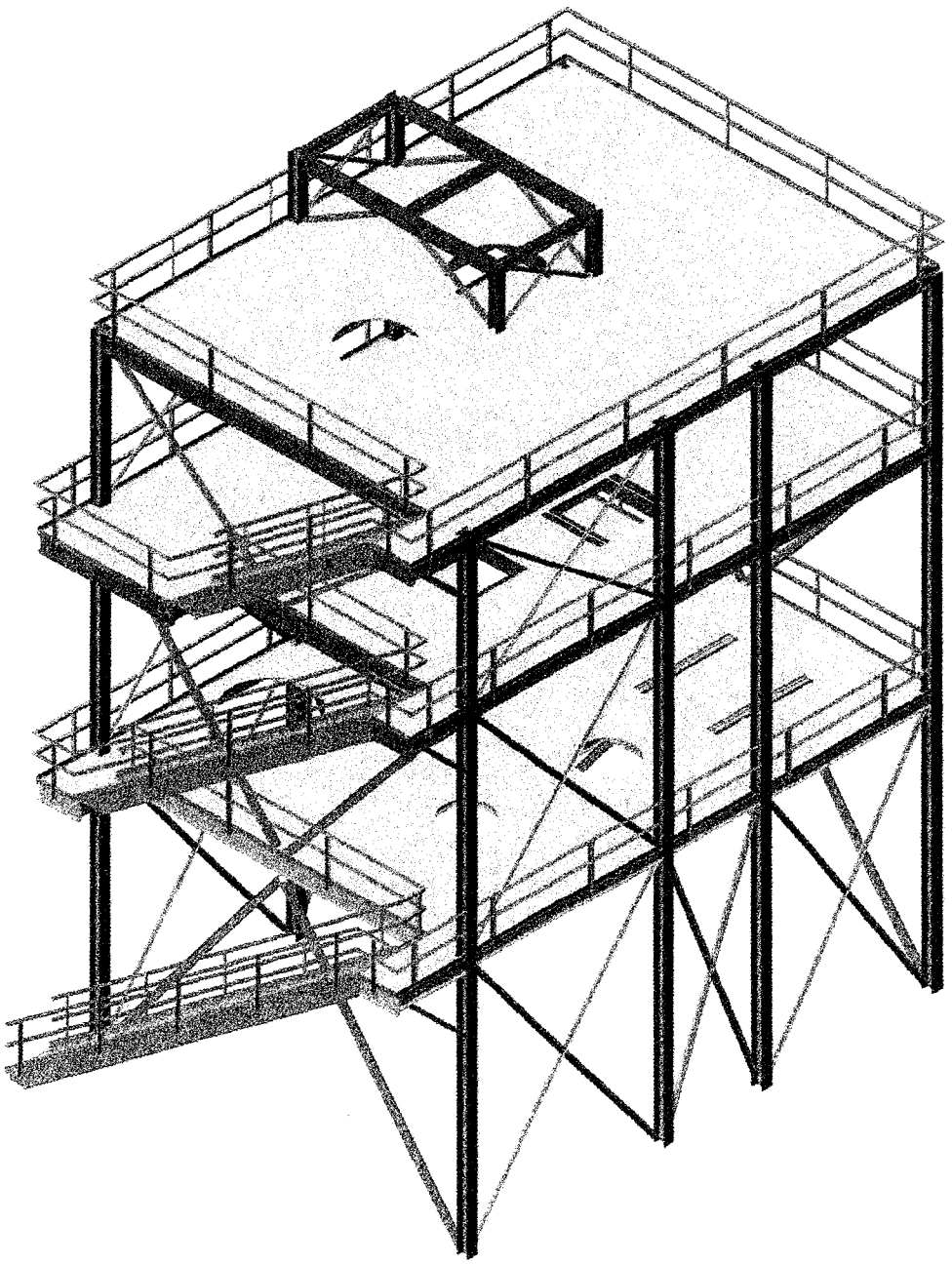
Dear Clark:

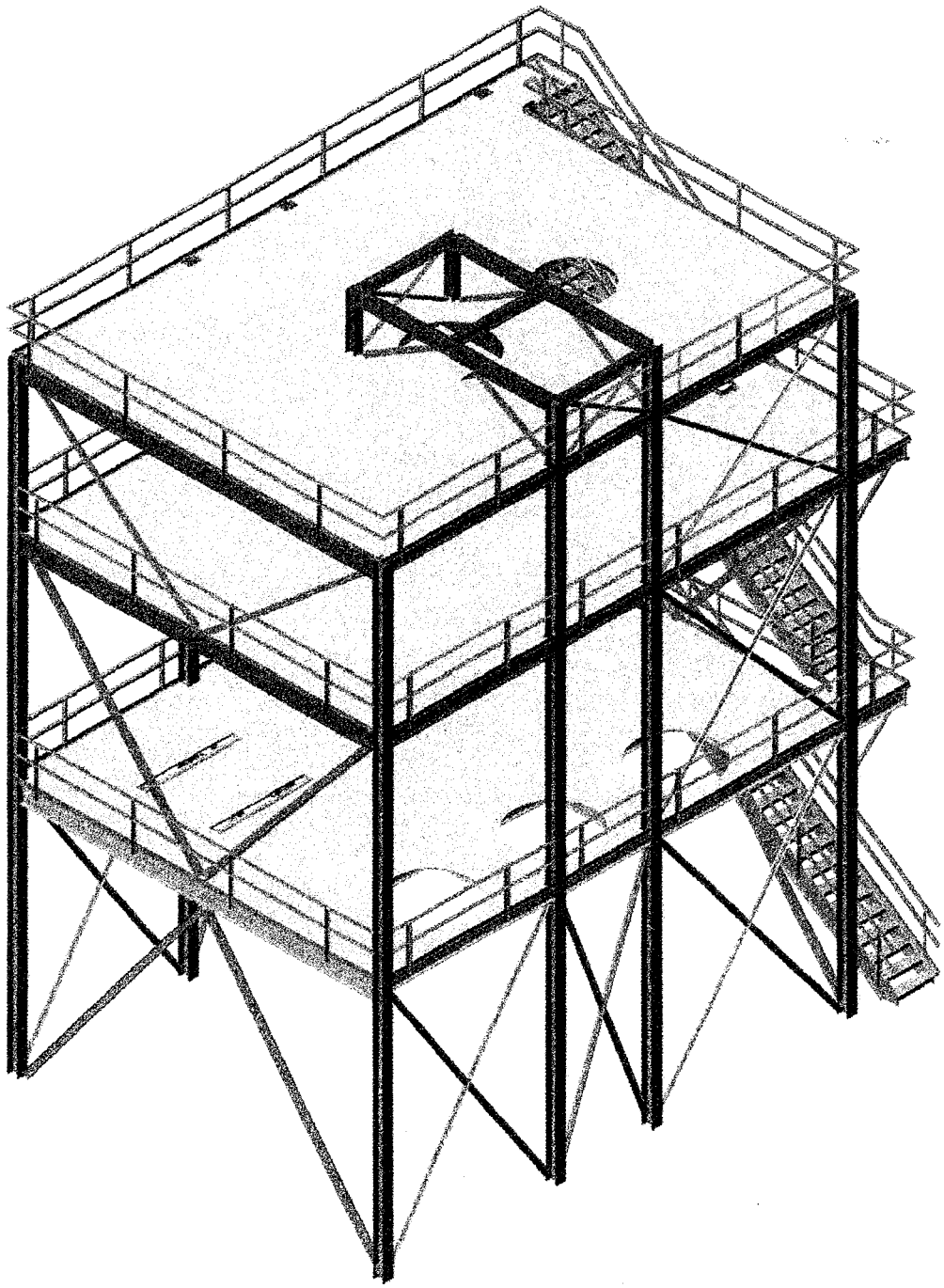
Just a word to let you know we have finish the calculations and are making up an outline dimension drawing of the condenser.

I have also sent Doyle & Roth an RFQ for the U'tube bundle.

Should have something for you late next week

James F. Pauley Jr., P.E.
Senior Process Engineer
LCI Corporation
Ph: 704-398-7882
Mobile: 704-906-6973





IFIC Suretyship since 1904
International Fidelity
INSURANCE COMPANY

24900 Pitkin Rd.
Suite 145
Spring, TX
77386
281-681-3900

RECEIVED
SEP 30 2008
BY:

GENERAL FORM STATUS INQUIRY

CES ENVIRONMENTAL SERVICES, IN
Attn. Gregg Bowman
4904 Griggs Rd.
Houston, TX 77021

Date 09/23/2008

Bond No: HSIFSU0465081 00

Bond Amt: 239,840

Principal: MIL, Ltd dba Myrex Industries
Address: 9119 Weedy Lane
Houston, TX 77093

Contract Price: 239,840
Job Description: Fabrication & Delivery of Oil Procssing Structure including steel,handrails,grading,and stairs.

We are the Surety for the above referenced contractor (Principal), which has provided performance and payment Bonds for the above said contract. We would ask that you take a moment to review the following questionnaire and advise us the current status of this project. You may return this questionnaire to our office via fax. Please note that your response will be treated in confidence and without any responsibility on your part. We thank you in advance for your assistance as it is greatly appreciated.
Please return the completed document to us in the enclosed stamped self-addressed envelope or return it by Fax to 281-681-3903

Sincerely,
INTERNATIONAL FIDELITY INSURANCE CO.

What is the term (duration) of the entire contract? _____

Is this a multi-year contract or renewable contract? _____

If our Contractor's (Principal) contract *has been completed,* please answer the following:

What was the date of completion? _____

What was the acceptance date of the completed contract? _____

What was the final contract price? _____

Are you aware of any unpaid laborers, materialmen or subcontractors? _____

If our Contractor's (Principal) contract *has not been completed,* please answer the following:

What percentage of out Contractor's (Principal) contract has been accepted and completed? _____

Revised contract price with change orders? (if applicable) _____

What is the expected completion date of our Contractor's (Principal) work? _____

Is this a multi-year contract or renewable contract? _____

Is the work progressing satisfactorily? _____

Are you aware of any unpaid laborers, materialmen or subcontractors? _____

Comments: _____

Name: _____ Title: _____ Phone: _____

Company: _____ Date _____ Fax #: _____

CES Oil Project Action Plan Item List, February 21, 2008

1. We have been talking with John Winnick and Luke Staengl of PESCO to obtain information on the Vacuum System, PLC System, pumps, cooling tower, electrical system, flash tank and additional specs to define instrument and control valves.

   This process will continue for one to two weeks. The next step is to visit operating oil systems at Portland and Reno, for questions and observations by Steve, Brian and Rick.

   PESCO has furnished a list of instruments, types, and sources for oil project. PESCO (J. Winnick), LCI (J. Pauley), and C. Hickman have been going over the design and equipment specs for the units HE1, HE2, HE3 and HE4 to verify if the existing units will work.. HE1 will work. HE2 is in question because of no data. HE3 may not work. HE4 will not work according to LCI.

   We have been talking with LCI (Jim Pauley) on the possible changes and review to confirm the correct design for the HE2, HE3 and HE4. They will furnish the engineering cost to review and specify equipment required to make the LUWAs work.

2. We have obtained a bid on the vacuum system for oil project from PESCO. We have sent out a second package out for second bid (Steve). Brian is working on a third package to put out for bid.

3. We have checked the status of the LUWAs with LCI Corp. Delivery is projected for the end of March.

4. We have engaged a City of Houston Application Specialist, obtained forms for the application and, furnished data/drawings to All Texas Permits to prepare the application to the City of Houston for the structural.

5. TGCE (Texas Gulf Coast Engineers) has been started on the design of the process piping required in the Oil Process Area using PESCO-P&ID's and TGCE Structural Design Drawing. First, TGCE must produce a 3D version of the structural with equipment, before the piping is defined on drawings.

6. TGCE maybe required to furnish additional structural information for the COH Application.

7. Work on electrical power to oil area has been started by meeting with Coastline and furnishing data on power needs, including list of pumps, motors, blowers, and electrical uses.

8. Power has been connected to the instrument side of Fillervac Clay System.

   We will contact Fillervac. With the support of Rick (CES –E), we will start the phone discussions with Fillervac to evaluate the fillervac instrument and controls. We plan to have the Fillervac Technician visit asap for repair of the clay unit.

EPAHO120000832

ITEM NUMBER 1

EPAHO120000833

Clark Hickman

From: John Winnicki [johnj@swva.net]
Sent: Wednesday, February 13, 2008 5:57 PM
To: Clark Hickman
Subject: HE1 Service Conditions

Clark,
The maximum service conditions expected for HE1, the Flash Tank Reboiler are as follows:

TUBE SIDE
Fluid: Use Motor oil. Recirculating at 1400 – 2000 GPM.
50 psig @ 575 F

SHELL SIDE
Fluid: Therminol 66 Heat Transfer Fluid
100 psig @650 Deg F.

Actual service conditions will be less severe.

Gasketing should be spiral wound, graphite filled.

John Winnicki
Design Engineer
PESCO - BEAM
540-427-3588 (o)
540-529-2112 (cell)

EPAHO120000834

From: John Winnicki [johnj@swva.net]
Sent: Wednesday, February 13, 2008 6:01 PM
To: Clark Hickman
Subject: Front End Condenser Service Conditions

Clark,
Following are the service conditions for HE2, the Front End Condenser

TUBE SIDE
Inlet: 500 pound per hour Water and 1500 Pounds per hour light hydrocarbons at 500 Deg F and 100mmHg, abs.
Outlet: Condensed liquids at 130 deg. F

SHELL SIDE:
Fluid: Cooling water
30 psig @ 110 F

Hope this helps.

John Winnicki
Design Engineer
PESCO - BEAM
540-427-3588 (o)
540-529-2112 (cell)

Oil Project Heat Exchanger/Condenser Information, February 13, 2008

I.A. Flash Tank Heat Exchanger for Hot Oil (HE1 (JK) or HE1 A and HE1 B (PID 12-100A).

1. The exchanger is a one pass U shaped tube bundle with 187 tubes, ¾ in OD x 0.065" AW (16 BWG).
2. The total length per tube is approximately 40' 6" to 43' with a straight length of 20' before the bend.
3. The tubes are 304 SS
4. The unit, when built, was tested to 225 psi (tubes) and 675 psi (shell).
5. Manufacturer – Metal Forms, Inc. @ 160 Garth Road, Beaumont, TX 77705, phone number is 1-409-842-1626.

I.B. The maximum service conditions expected for HE1, the Flash Tank Reboiler are as follows:

Tube Side
Fluid: Used motor oil. Recirculating at 1400 – 2000 gpm.
50 psig @ 575 F.

Shell Side
Fluid: Therminol 66 Heat Transfer Fluid
100 psig @ 650 F.

Actual service conditions will be less severe.
Gasketing should be spiral wound, graphite filled.

II. The Condenser (C1 (JK) or HE2 PID 12-100B) on the Flash Tank R100 Receiver:

Tube Side
Inlet: 500 pound per hour Water and 1500 pounds per hour light hydrocarbons at 500 F and 100 mm Hg, abs.

Shell Side
Fluid: Cooling water
100 psig @ 100 F

III. The Condenser (C2 (JK) or HE3 (PID 12-200)) on LUWA 1 is:

1. Single Pass
2. with 433 Tubes
3. 1.25" OD x 0.125" AW x 8' LG
4. Material SA – 249 – TP 304L
5. Dia Tube Sheet 36"

IV. The Condenser (C3 (JK) or HE4 (PID 12-300)) on LUWA 2 is:

1. Single Pass
2. with 265 Tubes
3. 1" ODx 14 BWG (AW) x 10' – 0" LG
4. Material SA – 213 TD 304L
5. Shell ID 24"

EPAHO120000836

Clark Hickman

From: John Winnicki [johnj@swva.net]
Sent: Thursday, January 31, 2008 2:16 PM
To: Clark Hickman
Cc: Luke Staengl
Subject: Viking Pumps for your plant.
Attachments: Viking pumps for Oil Plant.doc

Clark,
It was good speaking with you and Steve and Brian yesterday. Regarding the information that I promised during our conversation:

1) A FAX will be heading your way shortly detailing the R100 Decanter Operation.

2) I am enclosing a spec/quote sheet for the Viking pumps that we usually reccommend for an oil Plant. Note that:

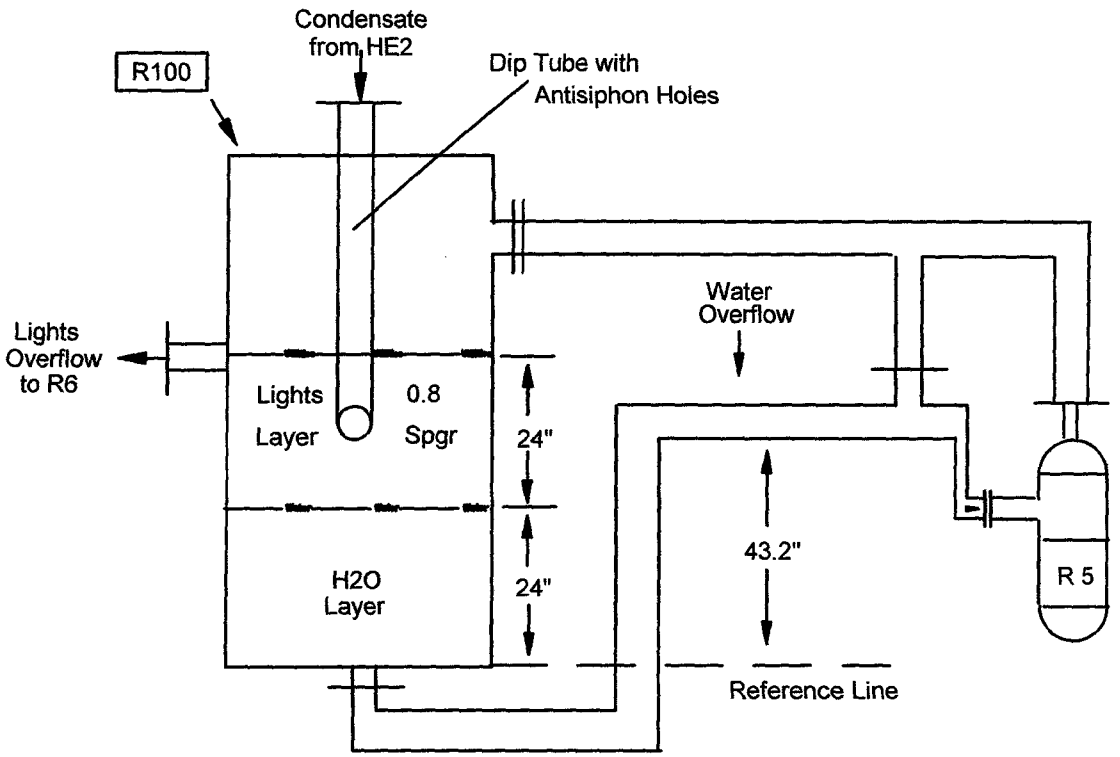
- This quote is almost 4 years old, so prices are up since then.
- This quote is for an 800GPH plant but the pumps are indeed oversized. We ran this plant with these pumps at a rate of 1200 GPH feed.

Calll if you have any questions.

Regards

John Winnicki
Design Engineer
PESCO - BEAM
(540)427-3588
Cell: (540)529-2112

R100 Decanter Operation
January 31, 2008



NOTES:

1. Dimensions are for concept demonstration only.
2. Water overflow line and R5 must share a vent with R100 for the decanter to work.
3. Weights above the Reference Line are equal.

24" H2O (1.0) + 24" Lights (0.8) = 43.2" H2O
24" + 19.2" = 43.2"

EPAHO120000838

WOOD EQUIPMENT COMPANY, INC

June 8, 2004 Page 1 of 4

PESCO
Mr. John Winnicki: Chemical Engineer
1866 Technical Street, South East
Roanoke, VA 24013

Reference: Viking Pump Quotation - India
Wood Equipment Reference # 06-060304-03 Revision 2

Hello John,

Wood Equipment appreciates the opportunity to provide you with this quotation and trust that it will meet with your approval. Please contact me anytime.

P-1
Service: 150 degree F 100 SSU bottoms
Conditions 14-32 GPM @ 75 PSI @ 100 SSU

Item 1. Complete Pump Unit. Price each. Viking Universal Bracket Internal Gear Pump Model HL4124A constructed as follows: 1.50" NPT ports, cast iron casing and bracket, plain head without relief valve, steel shaft, carbon graphite bracket and idler bushings, steel idler pin. Viton fitted internal mechanical seal. Pump is offered being driven by a Reliance 3 Hp, 1800 RPM, 3/60/230/460 Class 1 Group D explosion proof, inverter duty motor (10:1) in a 184T frame. No reducer required. 1750 RPM = 31.28 GPM, 840 RPM = 14 GPM. Pump is complete mounted on a common steel base with flexible coupling and guard.

Your Cost Each----------$1,860.00
For 2.00" 125# ANSI flanges add $157.00 per pump.

CONTINUED

P-201
Service: 150 degree F 100 SSUbottoms
Conditions 6-14 GPM @ 50 PSI @ 200 SSU

Item 2. Complete Pump Unit. Price each. Viking Universal Bracket Internal Gear Pump Model HL4124A constructed the same as item one. Pump is offered being driven by a c-face mounted Reliance 2 Hp, 1800 RPM, 3/60/230/460 Class 1 Group D explosion proof, inverter duty motor (10:1) in a 145TC frame. Pump speed is being reduced to 608 RPM's by way of a Viking c-face mounted reducer at 583 RPM = 10.00 GPM, 793 RPM = 14 GPM. Pump is complete mounted on a common steel base with flexible coupling and guard.

Your Cost Each----------$2,123.00
For 2.00" 125# ANSI flanges add $157.00 per pump.

P-206
Service: 600 degree F bottoms
Conditions 5-10 GPM @ 20 PSI @ 90 SSU

Item 3. Complete Pump Unit. Price each. Viking Universal Bracket Internal Gear Pump Model K224A constructed as follows: 3.00" 125# ANSI flanges, jacketed cast iron casing and bracket, plain non-jacketed head without relief valve, hardened cast iron shaft, carbon graphite bracket bushing, nitralloy idler pin with hardened cast iron idler bushing. High temperature packing and gaskets. Pump is offered being driven by a c-face mounted Reliance 2 Hp, 1800 RPM, 3/60/230/460 Class 1 Group D explosion proof, inverter duty motor (10:1) in a 145TC frame. Motor is c-face connected to a Viking in-line helical gear reducer at 7.16:1 for a final pump output speed of 244 RPM's. Pump is complete mounted on a common steel base with flexible coupling and guard.

Your Cost Each----------$4,209.00

CONTINUED

P-301
Service: 150 degree F 100 SSUbottoms
Conditions 6-10 GPM @ 50 PSI @ 450 SSU

Item 4. Complete Pump Unit. Price each. Viking Universal Bracket Internal Gear Pump Model HL4124A constructed the same as item one. Pump is offered being driven by a c-face mounted Reliance 2 Hp, 1800 RPM, 3/60/230/460 Class 1 Group D explosion proof, inverter duty motor (10:1) in a 145TC frame. Pump speed is being reduced to 608 RPM's by way of a Viking c-face mounted reducer at 568 RPM = 10.00 GPM, 783 RPM = 14 GPM. Pump is complete mounted on a common steel base with flexible coupling and guard.

Your Cost Each----------$2,123.00
For 2.00" 125# ANSI flanges add $157.00 per pump.

P-306
Service: 600 degree F bottoms
Conditions 2-8 GPM @ 30 PSI

Item 5. Complete Pump Unit. Price each. Viking Universal Bracket Internal Gear Pump Model K224A constructed as follows: 3.00" 125# ANSI flanges, jacketed cast iron casing and bracket, plain non-jacketed head without relief valve, hardened cast iron shaft, carbon graphite bracket bushing, nitralloy idler pin with hardened cast iron idler bushing. High temperature packing and gaskets. Pump is offered being driven by a c-face mounted Reliance 2 Hp, 1200 RPM, 3/60/230/460 Class 1 Group D explosion proof, inverter duty motor (10:1) in a 184TC frame. Motor is c-face connected to a Viking in-line helical gear reducer at 7.16:1 for a final pump output speed of 161 RPM's. Pump is complete mounted on a common steel base with flexible coupling and guard.

Your Cost Each----------$4,470.00

CONTINUED

Extra
Item 6. Pump Only. Price each. Viking Universal Bracket Internal Gear Pump Model K224A constructed as follows: 3.00" 125# ANSI flanges, jacketed cast iron casing and bracket, plain non-jacketed head without relief valve, hardened cast iron shaft, carbon graphite bracket bushing, nitralloy idler pin with hardened cast iron idler bushing. High temperature packing and gaskets.

Your Cost Each----------$2,370.00

Terms: Net 30 days
Freight: FOB shipping point
Delivery: 6-8 weeks

Best regards,

Tom DeNome

Clark Hickman

From: John Winnicki [johnj@swva.net]
Sent: Tuesday, February 05, 2008 10:57 AM
To: Clark Hickman
Subject: Information you requested
Attachments: Sample Vacuum Skid General Arrangement,1500 lph system, Indian Built.pdf

Clark,
The info you requested.

VACUUM SKID
I have attached a general arrangement of a vacuum skid that we have built at our shop in India for a 1500 liter per hour system. Just so that you could get an idea as to how we usuall arrange the equipment. Note that thins are a little cramped because this skid will be slipped into an open top container for overseas transport. Thus the 7'1" dimension. You have a larger area, so thins can be spread out a bit.

P3
Going with the 2000 GPM at 70 feet of head I would reccommend either:

- A Gould 3700 8 x 10 x 16 with a 14" Impeller. 1180 rpm. 50 hp. NPSHr = 14'
- A dean Brothers 480 6 x 8 x 15.5, 15" Impeller. 1180 Rpm. 50 hp. NPSHr = 10'
- Or equivelant centerline mount pump.

We have had some success with LCEC used pumps. I'm sure there are other used pump guys in Houston.

Notes on P3.
1) If you cannot find a centerline mount, you could go with something like a Goudls 3196 8 x 10 x 13 with a 13" Impeller. 40 hp. 1180 rpm. 11' NPSH,r
2) If you really want to look at a 1750 rpm, youu could go with a 6 x 8 x 12.5 with a 10.5" impeller. Npsh is at 20' for this pump which we usually try to avoid.
3) SS Impeller is our usual spec.

Biggest Note on P3.
BEFORE FINALIZING THE PUMP SELECTION YOU NEED TO HAVE YOUR HE1 PICKED OUT AND WE NEED TO KNOW THE ELEVATION OF THE LUWA 1 INLET. If the Luwa 1 inlet is too high or the exchanger pressure drop is too great, you will need more than 70 feet of head.

Talk to you this afternoon.

Regards
John Winnicki
Design Engineer
PESCO - BEAM
(540)427-3588
Cell: (540)529-2112

Clark Hickman

From: John Winnicki [johnj@swva.net]
Sent: Tuesday, February 05, 2008 5:04 PM
To: Clark Hickman
Subject: Information you requested
Attachments: Typical Oil Plant Pump Controls.xls; PESCO TYPICAL PLC CONTROL PANEL.pdf

Gentlemen,
The info you requested today.

PLC PANEL
I have attached a copy of our typical PESCO PLC Control Panel Dimensions.

PUMP CONTROLS
I have attached a copy of our typical oil plant pump controls.

MCC's
2 ways to go here.
1) You could go with a "Bucket style" MCC like GE makes. I'm sure others make this too.

2) You could make 4 or so MCC Panels of varying sizes. Maybe:

- One for the Process (Front End and Luwa Skids)
- One for the Vacuum skids.
- One for the Cooling Tower.
- One for theHot Oil Heater (Probably already attached to the heater that you have....)
- One for the tank farm pumps.....

Make sense? THese panels can be anywhere form 3' x 4' x 20" deep to 5' x 7' floor mounts like our PLC panel.

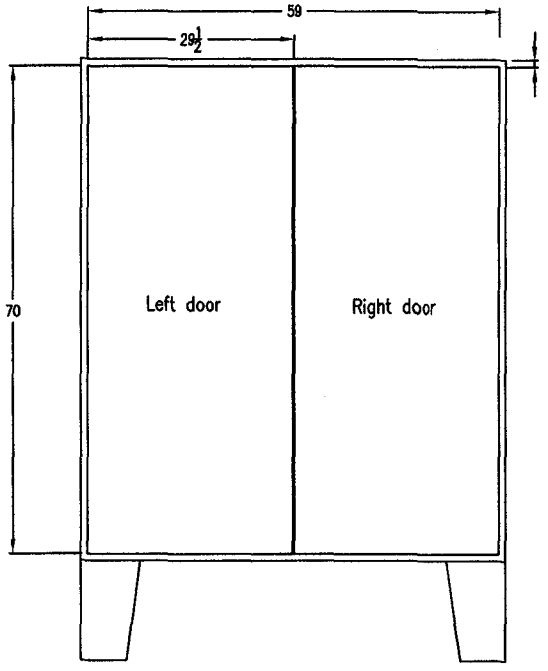
Hope this helps. Talk to you tomorrow.

Regards

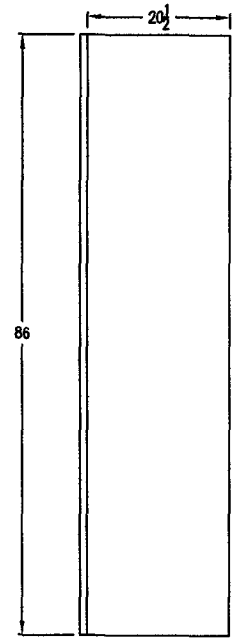
John Winnicki
Design Engineer
PESCO - BEAM
(540)427-3588
Cell: (540)529-2112

This Drawing is the Property of Pragmatic Environmental Solutions Co., and must not be passed on to any third person or firm not authorised by us,nor be copied/ made use in full or part by such person or firm without our prior permission in writing

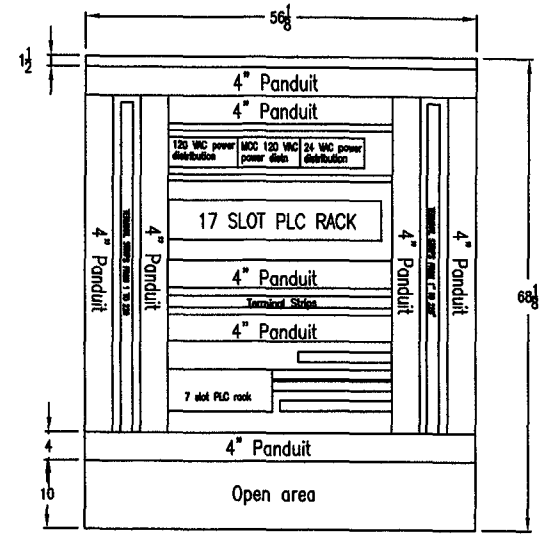
FRONT VIEW



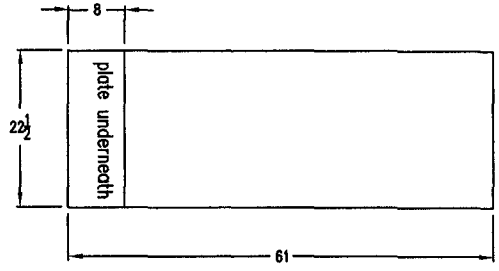
SIDE VIEW



PANEL BACK PLANE



PLAN VIEW



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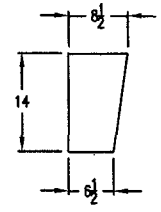


NOTE:
ALL DIMENSIONS ARE IN INCHES

PESCO	Pragmatic Environmental Solutions Co., 1866 Technical Street, S.E., Roanoke Industrial Center, Roanoke, Virginia 24013, USA.				
PROJECT: TYPICAL PLC PANEL					REF. DRG. : NONE.
SCALE: NTS	DIAGRAM: PLC Panel General Arrangement				JOB NO:
DATE:					ORDER REF.:
SHEET: 1 of 2	DRN	CHD	APPD	DRG NO :	
	JJW	JJW	JJW	PLC-GA	REV: 0 DATE: AUG-30-07

EPAHO12000845

Clark Hickman

From: John Winnicki [johnj@swva.net]
Sent: Tuesday, February 12, 2008 3:27 PM
To: Clark Hickman
Subject: PESCO Instruments
Attachments: PESCO Typical Instruments.xlsx; LINC-L471 25Apr07.dwg

Clark,
I have enclosed our typical Instrument specs. I have put BOLD print on the ones we were talking about yesterday.

I have also enclosed a detail of how we mount the Linc Level Switches.

John Winnicki
Design Engineer
PESCO - BEAM
540-427-3588 (o)
540-529-2112 (cell)

EPAHO120000846

JJW's SOP for Purchasing of Instruments etc...

Temperature Elements

Item	Description		VENDOR	Part Number	Price	Date	Contact	Phone
Thermocouples	J type, 6" Stem, 1/2"NPT, Ungrounded, Cass 1 Div. 2 Group D		Quantum Controls	200121	$82.80		John Odden	804-379-2729
Thermocouple with Thermowell	As Above with 1" Flanged Thermowell and Spring Loaded Thermocouple.		Quantum Controls		$302.40		John Odden	804-379-2729
Thermocouples	J type, 6" Stem, 1/2"NPT, **2 Sensors in One Sleeve,** Ungrounded, Cass 1 Div. 2 Group D		Quantum Controls	JJ48U-006-00-8HN71	$102.00	5-Sep-07	John Odden	804-379-2729
Thermocouples	J type, 9" Stem, 1/2"NPT, **2 Sensors in One Sleeve,** Ungrounded, Cass 1 Div. 2 Group D		Quantum Controls	JJ48U-009-00-8HN71	$102.00	5-Sep-07	John Odden	804-379-2729

Pressure Gauges

Item	Description		VENDOR	Part Number	Price		Contact	Phone
Pump Pressure Gauges	WIKA, 1/4" lower connection, 0-60 psi		Daughtridge Sales	213.53, -02L-60 psi.	$13.11	31-Oct-07	Any	800-334-9720
Pump Pressure Gauges	WIKA, 1/4" lower connection, 30" Vac/30 psi		Daughtridge Sales	213.53, -02L-Vac/30 psi.	$12.60		Any	800-334-9720

EPAHO12000847

Pump Pressure Gauge, Hot	4" Face, 1/4" Lower Connection, 0 - 160 psi, Welded Socket,SS Case and tube, Liquid Filled		Daughtridge Sales	4EE-GF-02L-160	$77.29	31-Oct-07	Any	800-334-9720
Process Vacuum, Ambient Temp.	4" Face, 1/4" Lower Connection, 0 - 30 " HG., Vac.		Daughtridge Sales	100mm-1008A-02L-30/0imv	$24.85		Any	800-334-9720
Pump Pressure Gauges, Chemical Seal	1/4" Gauge Connection, 4" Face, 0 - 160 psi		Daughtridge Sales	40-242.53-02L-160	$51.23		Any	800-334-9720
	1/2" NPT Chemical Seal		Daughtridge Sales	05-101-0.5	$77.50		Any	800-334-9720
Process Pressure Gauge, Ambient Temp.	4" Face, 1/4" Lower Connection, Vac/15psi		Daughtridge Sales	100mm-1008A-02L-Vac/15	$24.85		Any	800-334-9720
Process Vacuum, Ambient Temp.	4" Face, 1/4" Lower Connection, 0 - 30 " HG., Vac.		Daughtridge Sales	100mm-1008A-02L-30/0imv	$24.85		Any	800-334-9720
Steam Pressure Gauge	2-1/2" Dial, 0 - 160 psi, SS Case		Daughtridge Sales	25-1008A-02L-160psi	$17.50		Any	800-334-9720
Steam Pigtail	1/4" NPT steel Pigtail		Daughtridge Sales		$1.63		Any	800-334-9720
Air Pressure Gauge for I/P Outputs	0 - 15 psi, 1/4" Bottom Connect		Daughtridge Sales	25YL4P02L-15psi	$3.50		Any	800-334-9720
Air Pressure Gauge for I/P Outputs	0 - 30 psi, 1/4" Bottom Connect		Daughtridge Sales	25YL4P02L-30psi	$3.50		Any	800-334-9720
Air Pressure Gauge for I/P Outputs	0 - 160 psi, 1/4" Bottom Connect		Daughtridge Sales	25YL4P02L-160psi	$3.50		Any	800-334-9720
Moore Level Control Gauges	0 - 30 psi, 1/4" Back Connect, Imported		Daughtridge Sales	20YB4P02B30	$2.50		Any	800-334-9720
	0 - 30 psi, 1/4" Back Connect, Ashcroft		Daughtridge Sales	20100502B30	$7.88		Any	800-334-9720
Differential Pressure Gauges								
Item	**Description**		**VENDOR**	**Part Number**	**Price**		**Contact**	**Phone**

EPAHO12000848

Hot Oil Heater DP Gauge	0 - 60 psid, 4.5" Gauge		Daughtridge Sales	45-1125	$707.78	########	Any	800-334-9720
Hot Oil Heater DP Gauge	0 - 60 psid, 4.5" Gauge. Brass		Carotek	45 - 1130	$227.00	########	Any	804-279-8800
Temperature Gauges								
Item	**Description**		**VENDOR**	**Part Number**	**Price**		**Contact**	**Phone**
Small Temperature Gauges	Imported, 3" Dial, 4" Stem, 1/2" rear connect, 0 - 250 Deg. F		Daughtridge Sales	T3-4" - 0-250F	$13.20		Any	800-334-9720
Large Temperature Gauges	Imported, 5" Dial, 4" Stem, 1/2" rear connect, 0 - 250 Deg. F		Daughtridge Sales	T5-4" - 0-250F	$16.20		Any	800-334-9720
Level Switches								
Item	**Description**		**VENDOR**	**Part Number**	**Price**	**Date**	**Contact**	**Phone**
Top Mounted Level Switch	**Slurry Switch. 2" NPT. Mechanism out of process. 24" Float**		**Innovative Components**	**Model HTS-2024. Stock # 93831**	**$404.00**		**Pete Meade**	**800-789-2851**
Interface Level Switch	Thermal Switch for detecting Interface. 24VDC Powered.		Ameritrol	Ix-0750-d	$350.00		John Jackson	800-910-6689
Interface Level Switch	Ametek Z-Tron III		United Controls		$335.00		Bill Fergeuson/ Mark Leonard	804-527-6500
Side Mounted Level Switch	**Linc Level Switch. 1-1/2" NPT which must be installed in a 3" Flange**		**AWC**	**L471-01**	**$216.13**	**########**	**Any**	**800-413-6623**
	High Temp Switch Cartridge (500F) for L471-01		AWC	24835	$138	14-Aug-07	Katie	800-413-6623
Differential Pressure Switch								

EPAHO12000849

Item	Description		VENDOR	Part Number	Price		Contact	Phone
Hot Oil Heater DP Switch	0 - 60 psid, Teflon/Viton Elastomers		Carotek	United Electric 24-031	$185.00	########	Any	804-279-8800

Current Transducer

Item	Description		VENDOR	Part Number	Price		Contact	Phone
AC Current Transducer	0 - 20 Amps clamp on Sensor, 4 - 20 mA output.		Riley Corp. Sales	Model 420	$198.00			800-545-5915

PID Controller

Item	Description		VENDOR	Part Number	Price		Contact	Phone
Fuji Panel Mounted PID Controller	K Type Input, 4 - 20 output, 0 Alarm Contact		Hampton Controls	PXR4-REY1-4V0A1	$179.00		Jim	800-437-2664
Fuji Panel Mounted PID Controller	K Type Input, 4 - 20 output, 2 Alarm Contacts		Hampton Controls	PXR4-REY1-GV0A1	$309.00		Jim	800-437-2664

Pneumatic Level Controller

Item	Description		VENDOR	Part Number	Price		Contact	Phone
Pneumatic Level Controller	Fisher L2 Pneumatic Level Controller, PVC Displacer		Control Dynamics		$519.58	May-07	Joel Webber	804-858-5800
Pneumatic Level Controller	**Fisher L2 Pneumatic Level Controller, 316SS Displacer**		**Control Dynamics**		**$601.75**	**Dec-07**	**Joel Webber**	**804-858-5800**

EPAHO12000850

Clark Hickman

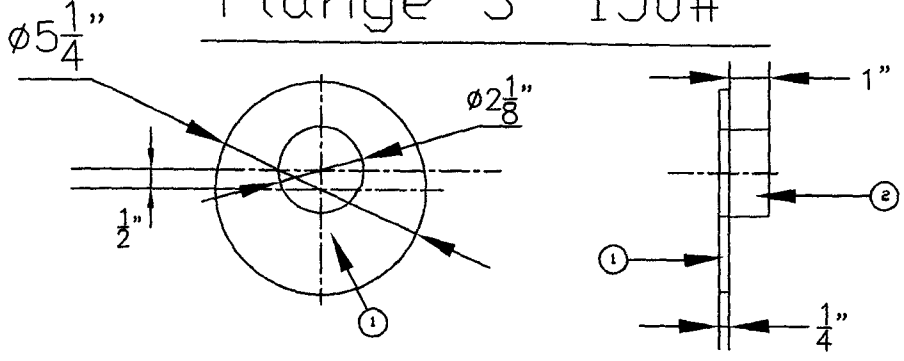
From: John Winnicki [johnj@swva.net]
Sent: Wednesday, February 13, 2008 5:50 PM
To: Clark Hickman
Subject: Linc Installation in PDF
Attachments: LINC-L471 25Apr07 - Install.pdf; LINC-L471 25Apr07- Flange.pdf

Clark,
Here are the Linc's in PDF Format.

John Winnicki
Design Engineer
PESCO - BEAM
540-427-3588 (o)
540-529-2112 (cell)

EPAHO120000851

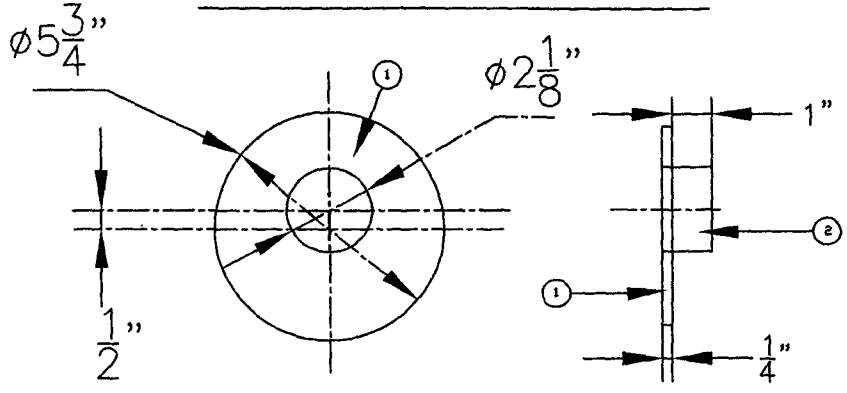
Flange 3" 150#



① 1/4" 304 SS plate

② 1 1/2" 304 SS half coupling

Flange 3" 300#

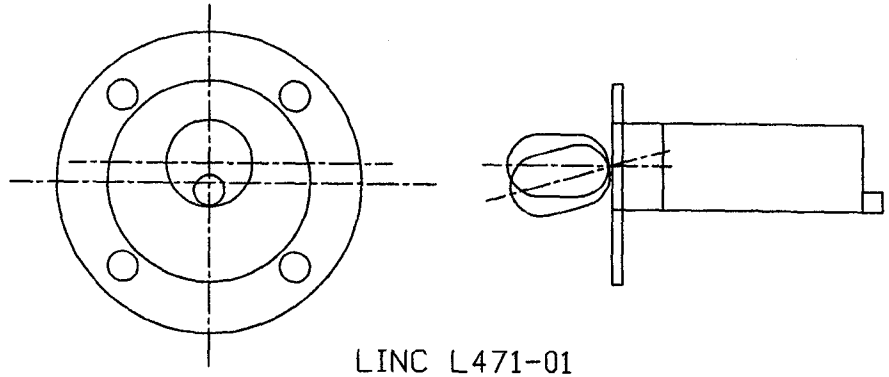


① 1/4" 304 SS plate

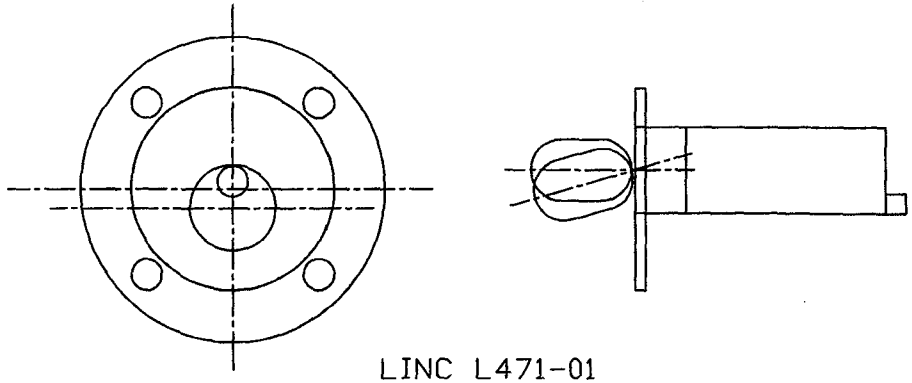
② 1 1/2" 304 SS half coupling

PESCO	Pragmatic Environmental Solutions Co., 1866 Technical Street, S.E., Roanoke Industrial Center, Roanoke, Virginia 24013, USA.				
Plate for Linc L471-01					REF. DRG. : NONE.
SCALE: N.T.S.					JOB NO:
DATE:					ORDER REF.:
SHEET: 1 OF 1	DRN	CHD	APPD	DRG NO :	REV:0 DATE: 25APRIL07
	JJW	JJW	JJW		

EPAHO12000852



LINC L471-01
Low level position



LINC L471-01
High level position

PESCO	Pragmatic Environmental Solutions Co., 1868 Technical Street, S.E., Roanoke Industrial Center, Roanoke, Virginia 24013, USA.				
Installation of Linc L 471-01					REF. ORG. : NONE.
SCALE: N.T.S.					JOB NO:
DATE:					ORDER REF.:
SHEET: 1 OF 1	DRN	CHD	APPD	DRG NO :	REV:0 DATE: 25APRIL07
	JJW	JJW	JJW		

EPAHO12000853

Clark Hickman

From: Phil Lutz [PLutz@apogee-engineering.com]
Sent: Monday, February 11, 2008 3:21 PM
To: Steve Small; Clark Hickman
Cc: Jim Pauley
Subject: RE: Evaporator Spread sheet

Steve,

I've just spoken with Clark and asked that he give you or Jim a call right away.

Phil Lutz
Representative, LCI Corporation
713.627.9173
plutz@apogee-engineering.com

-----Original Message-----
From: Steve Small [mailto:SSmall@lcicorp.com]
Sent: Monday, February 11, 2008 2:23 PM
To: chickman@cesenvironmental.com
Cc: Steve Small; Phil Lutz
Subject: Evaporator Spread sheet

Clark,

Please review this spreadsheet and contact Jim Pauley or me as soon as possible.

After Jim reviewed your drawing he found some problems that will need to be addressed before we proceed any further.

Thanks,

Steve Small
Customer Service Engineer
LCI Corporation
704-458-2823

-----Original Message-----
From: James Pauley
Sent: Wednesday, February 06, 2008 11:14 AM
To: Steve Small
Subject: Summary .xls

<<Summary .xls>>

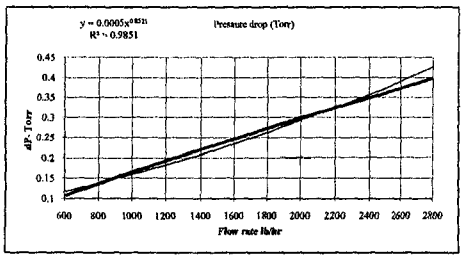
EPAHO120000854

CES Enviromental Review

		Size	Size
Main unit:	HS1800	12.0 M²	129.2 ft²
Est. Max. boilup	25.0 lb/hr/ft²		3229 lb/hr
Est. Mol. Wt			450 lb/lb-mole
Est. Vapor Temperature			550°F

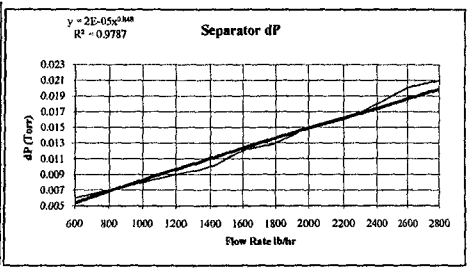
Vapor Pipe Dia.(1200 - separ) 24.0 "
Vapor Pipe Length 10.0 '
Velocity Heads 1.00
Pressure Drop

Flow Rate (lb/hr)	Total Pressure drop (Torr)
600	0.027
800	0.046
1,000	0.072
1,200	0.103
1,400	0.139
1,600	0.181
1,800	0.228
2,000	0.281
2,200	0.338
2,400	0.402
2,600	0.47
2,800	0.544



Separator Dia. 60.0 "
Separator Height 10.0 '
Velocity Heads 1.50
Pressure Drop
Modeled as empty pipe - NO PAD

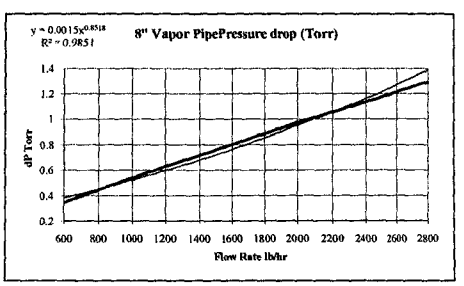
Flow Rate (lb/hr)	Total Pressure drop (Torr)
600	0
800	0.001
1,000	0.001
1,200	0.001
1,400	0.002
1,600	0.003
1,800	0.003
2,000	0.004
2,200	0.005
2,400	0.006
2,600	0.007
2,800	0.008



Vapor Pipe Dia.(Separ. - Condenser) 8.125 "
Vapor Pipe Length 13.0 '
Velocity Heads 1.5
Pressure Drop

8" vapor pipe will not work

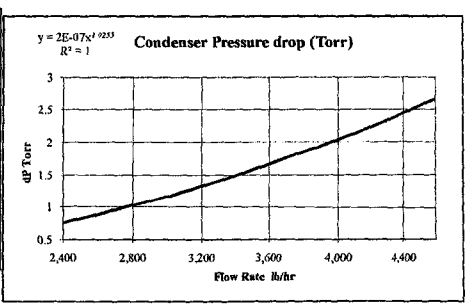
Flow Rate (lb/hr)	Total Pressure drop (Torr)
600	2.025
800	3.533
1,000	5.447
1,200	7.764
1,400	10.483
1,600	13.602
1,800	17.119
2,000	21.034
2,200	25.347
2,400	30.055
2,600	35.159
2,800	40.659



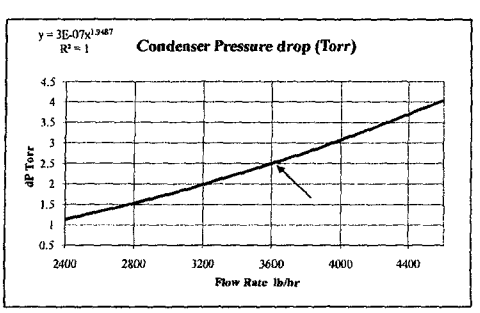
Condenser 185 ft²
Tubes
Diameter 1.0 "
BWG 16
Count 109
Length 59.0 "
Pressure drop
Area Required to Condense the vapor 76 ft²
Tube Length required to condense vapor 24.2 "
Number of velocity heads 2.0
Vacuum at condenser vent connection

Condenser will not work

Flow Rate (lb/hr)	Total Pressure drop (Torr)
200	1.178
400	3.869
600	7.868
800	13.098
1,000	19.515
1,200	27.089
1,400	35.8
1,600	45.632
1,800	56.572
2,000	68.612
2,200	81.742
2,400	95.956



	Flow Rate	Overall dP
Total Delta P is Sumation of all With	600	0.871013385
ADDED fixed 0.75 Torr dP for both	800	0.904623147
	1000	0.936997867
	1200	0.968421229
	1400	0.999074887
	1600	1.029084679
	1800	1.058542665
	2000	1.087518965
	2200	1.116068664
	2400	1.144236116
	2600	1.172057754
	2800	1.199564006
	3000	1.226780644
	3200	1.25372976
	3400	1.280430486
	3600	1.306899544
	3800	1.333151664
	4000	1.359199916



EPAHO120000855

B: Mr. Hickman

CALCULATION SHEET

LCI PROCESS DIVISION

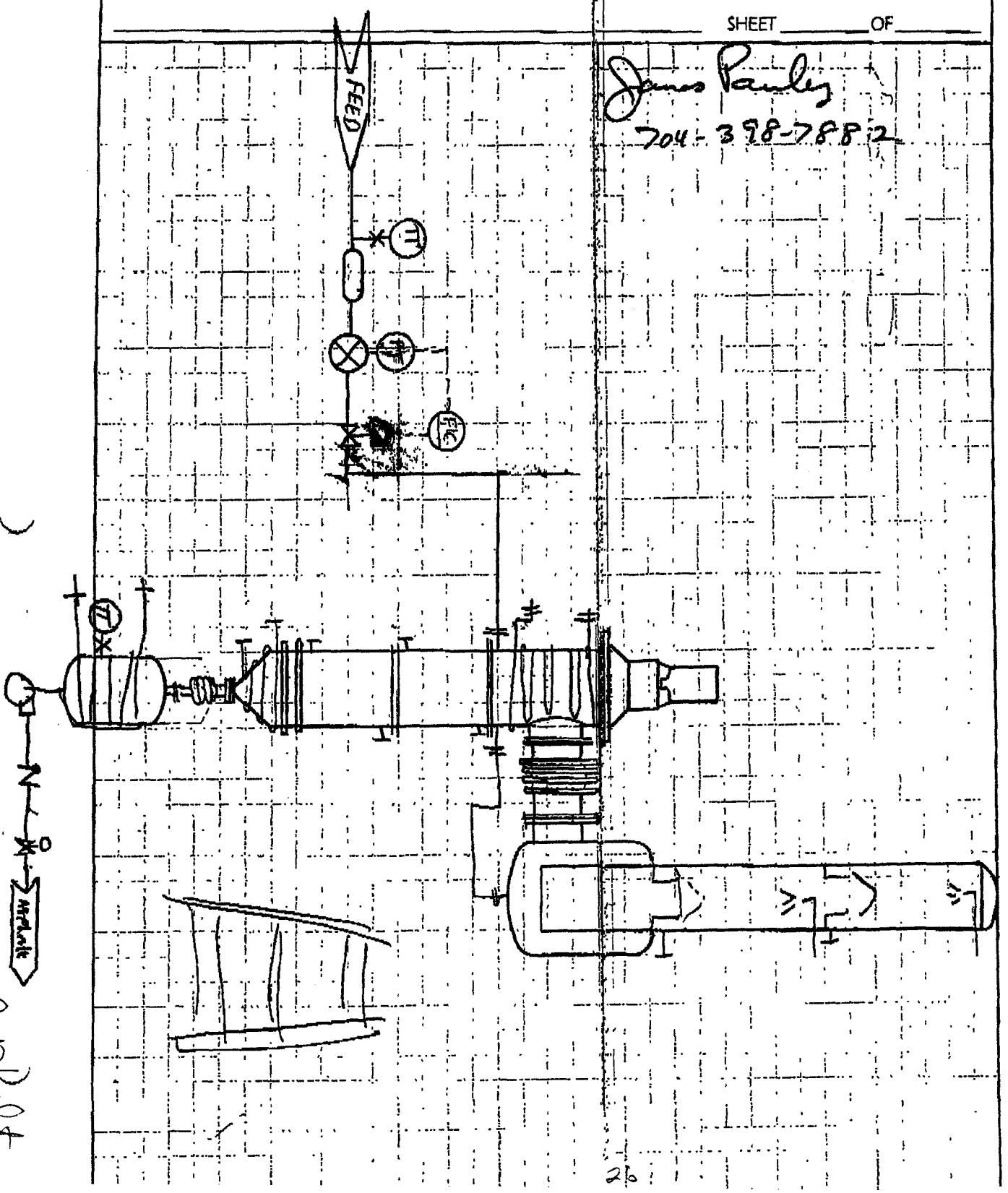
PROJECT _____ DATE 2/12/08

PROJECT NO. _____

LOCATION _____ BY _____

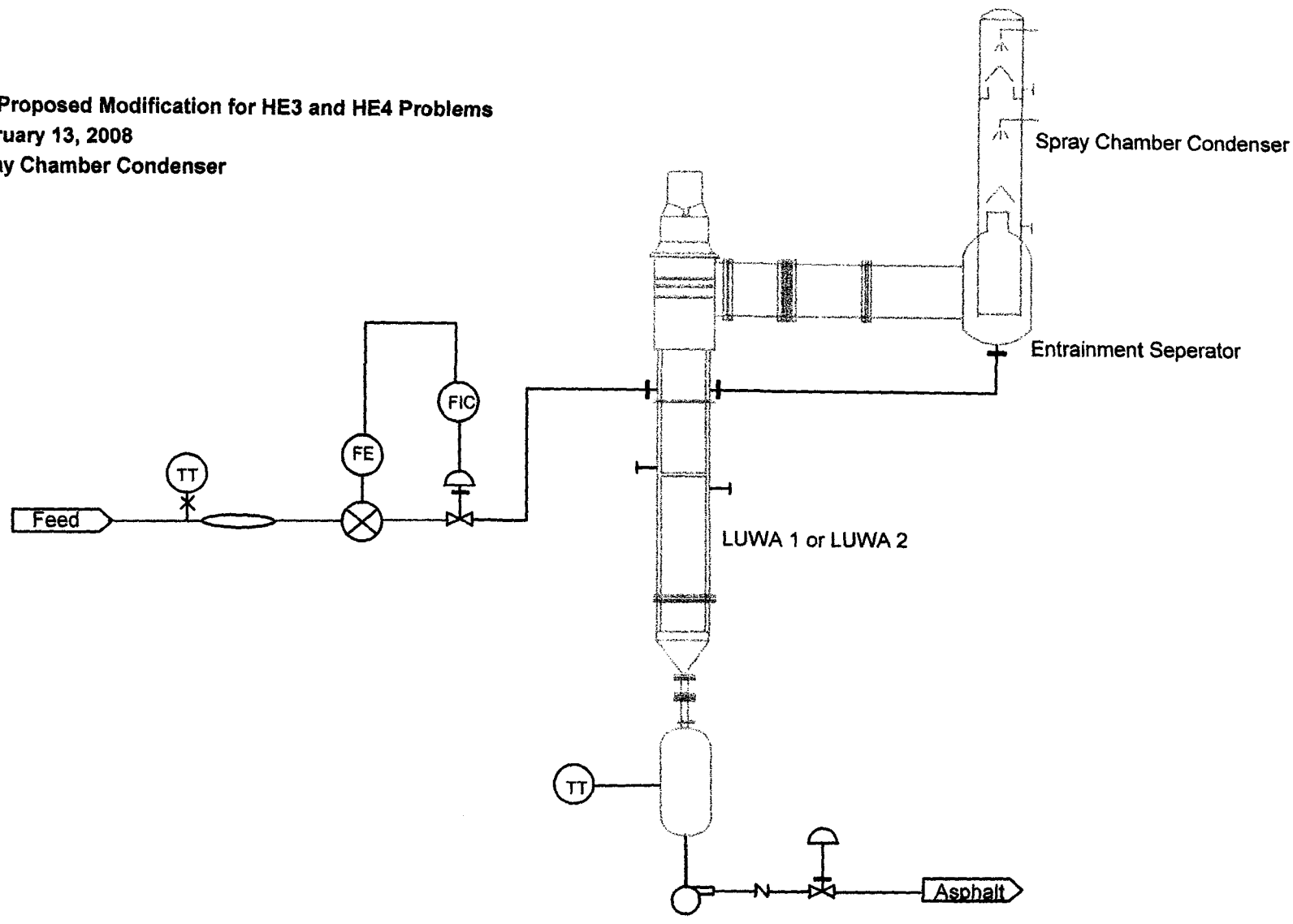
SHEET _____ OF _____

James Pauley
704-398-7882



asphalt

LCI Proposed Modification for HE3 and HE4 Problems
February 13, 2008
Spray Chamber Condenser



2)

EPAHO120000857

ITEM NUMBER 2

EPAHO120000858

ITEM NUMBER 4

EPAHO120000859

MEMO

TO: Diane Wilson

FROM: Clark Hickman

DATE: February 18, 2008

RE: Attached Documents

Item number 1 – Proposed Address of the New Construction:

4904 Griggs Road ,Houston, TX 77021

Item number 2 – Project Contact Person:

Clark Hickman, 281-488-0848 celtel, 713-676-1460 office

Item number 3 – Cost of Structural Improvements at:

4904 Griggs Road, Houston, TX 77021

$320,000

Item number 4 – List of Attachments

1. Copy of Purchase Order including assigned number
2. Copy of Documents Returned from the City of Houston after approval of Foundation Plans
3. Copy of Proposed New Structural Drawings for City of Houston approval
4. Previously Submitted Foundation Plans on which Structure will be Built

EPAHO120000860

CES Environmental Services, Inc.
4904 Griggs Road, Houston, TX 77021
PHONE: (713) 676-1460 FAX: (713) 6761676

Order Request Form

Purchase Order No.: 374266

Date: 2/15/08

Vendor: All Texas Permits Inc
Address: 11222 Richmond Ave Suite 235
Houston TX 77082
Contact: Diana Wilson
Phone: 281-752-7800
Fax: 281-752-7900

ITEM NO.	DESCRIPTION	QUANTITY	$ COST
	Consulting Services to Procure C. Cty of Houston Permit Application For DPA Structural in regard to expediting and obtaining permit to construct at 4904 Griggs		$ 1200.00

Motor Oil Plant - Item 9.3

Submitted By: Clark Hickman (281-488-0848)
Approved By: Matt Bowman
Printed Name: Matt Bowman

OPS ☑ Yes ☐ No
Lab ☐

OFFICE USE ONLY

Internal Expense:

_____CS
_____FS
_____Trans
_____SGA
_____MRI
_____DRM

Job Expense:

What Job?: _____

☐ Give Vendor Re-Sale Certificate
☐ Vendor to Charge Sales Tax

CES:D24:6807

EPAHO120000861

Clark Hickman

From: Laurie Ramirez [lramirez89@comcast.net]
Sent: Tuesday, February 19, 2008 8:27 AM
To: Clark Hickman
Subject: City of Houston Permits

I have been extremely busy the last two weeks and have not had time to talk with you. If you still need help with you permit can you tell me the scope of your project. It is so much easier for me to communicate via email because of my schedule. I don't get much time to talk on the phone during the day so email helps me communicate faster.

Thanks.

Laurie Ramirez
LDR Services
Cell 832-526-8630
Fax 713-895-0595
lramirez89@comcast.net

ITEM NUMBER 5

EPAHO120000863

Clark Hickman

From: John Yonkers [jyonkers@tgcengineers.com]
Sent: Tuesday, January 08, 2008 1:34 PM
To: Clark Hickman
Cc: 'Jim Atkinson'
Subject: Oil Processing Structure Drawings - Issued for Construction
Attachments: T27-1352-002 Drawings.zip; T27-1352-002.pdf

Clark,

Attached are the issued for construction drawings with holds for the Oil Processing Structure.

For the 3D model you inquired about, we estimate the following:

1) To produce a 3D model showing the structure only: $7,000.00
2) To produce a 3D model showing the structure and equipment: $16,000.00

Once we have all of the equipment information and get if modeled, I would recommend having TGCE also modeling piping and generating piping isometrics.
There are at least a couple pieces of equipment that will probably need to be rotated in order to have room for the piping to fit up.

John Yonkers
Project Manager, P.E.
Texas Gulf Coast Engineers
713-477-8682

ITEM NUMBER 6

EPAHO120000865

ITEM NUMBER 7

EPAHO120000866

Pump Summary

Project: Typical Motor Oil Recycling Plan
Date: February 6, 2008

Group I: Oil Process Area

Tag	Description	Start Stop	Comments	cfm	HP	RPM	Head	GPM	Comments
P1	Feed Pump	3 Wire	Varispeed				170'	40	VFD / Gear Pump
P2	Caustic Pump	2 Wire	Varispeed				8'	0.5	@ 8 bar VFD
P3	Flash Tank Circulation Pump (Dosing Pump)	3 Wire	Soft Start				70'	2000	Centrifugal Pump
P5	Process Water Pump	3 Wire					100'	16	Centrifugal Pump
P6	Lights Product Pump	3 Wire					100'	16	Centrifugal Pump
M200	Luwa 1 Rotor (M201)	3 Wire	Varispeed						
P201	Light Lube Product Pump	3 Wire					100'	18	Gear Pump
P206	Luwa 1 Bottoms Pump	3 Wire	Varispeed				100'	15	Gear Pump
M300	Luwa 2 Rotor	3 Wire	Varispeed						
P301	Heavy Lube Product Pump	3 Wire					100'	18	Gear Pump
P306	Luwa 2 Bottoms Pump A	3 Wire	Varispeed				100'	15	Gear Pump
P307	Luwa 2 Bottoms Pump B	3 Wire	Varispeed				100'	15	Gear Pump
P401	Vacuum Blower 1	2 Wire		800	10	3550			800 CFM @ 1 mm Hg
P403	Vacuum Blower 2	2 Wire		160	3	1750			160 CFM @ 5 mm Hg
P404	Luwa Liquid Ring Vacuum Pump	2 Wire		37	7.5	1750			
P410	Front End Liquid Ring Vacuum Pump	2 Wire		100	7.5	1750			
P420	R420 Drain Pump	2 Wire			3	3460			
P505	Thermic Fluid Pump	2 Wire	Soft Start				240'	~970	Centrifugal Pump
M522	Cooling Tower Fan	2 Wire	Varispeed						
P521	Cooling Water Pump	2 Wire					60'	1200	
P601	Process Water Transfer Pump (Out Water)	3 Wire					100'	500	Centrifugal Pump
P699	Load In Pump (Black Oil Load In Transfer)	3 Wire					100'	200	
P702	Lights Transfer Pump	3 Wire					100'	100	Centrifugal Pump
P703	Heater Fuel Circulation Pump (Fuel Oil)	3 Wire					45'	15	Centrifugal Pump
P704	Lights Load Out Pump	3 Wire					100'	300	Centrifugal Pump
P705	Asphalt Load Out Pump	3 Wire					120'	100	Gear Pump
P706	Product Load Out Pump (Lube)	3 Wire					100'	200	Gear Pump

EPAHO120000867

Group II: Clay System

Tag	Description	Start Stop	Comments	cfm	HP	RPM	Head	GPM	Comments
									125 AMP @ 480V

EPAHO12000868

ITEM NUMBER 8

EPAHO120000869

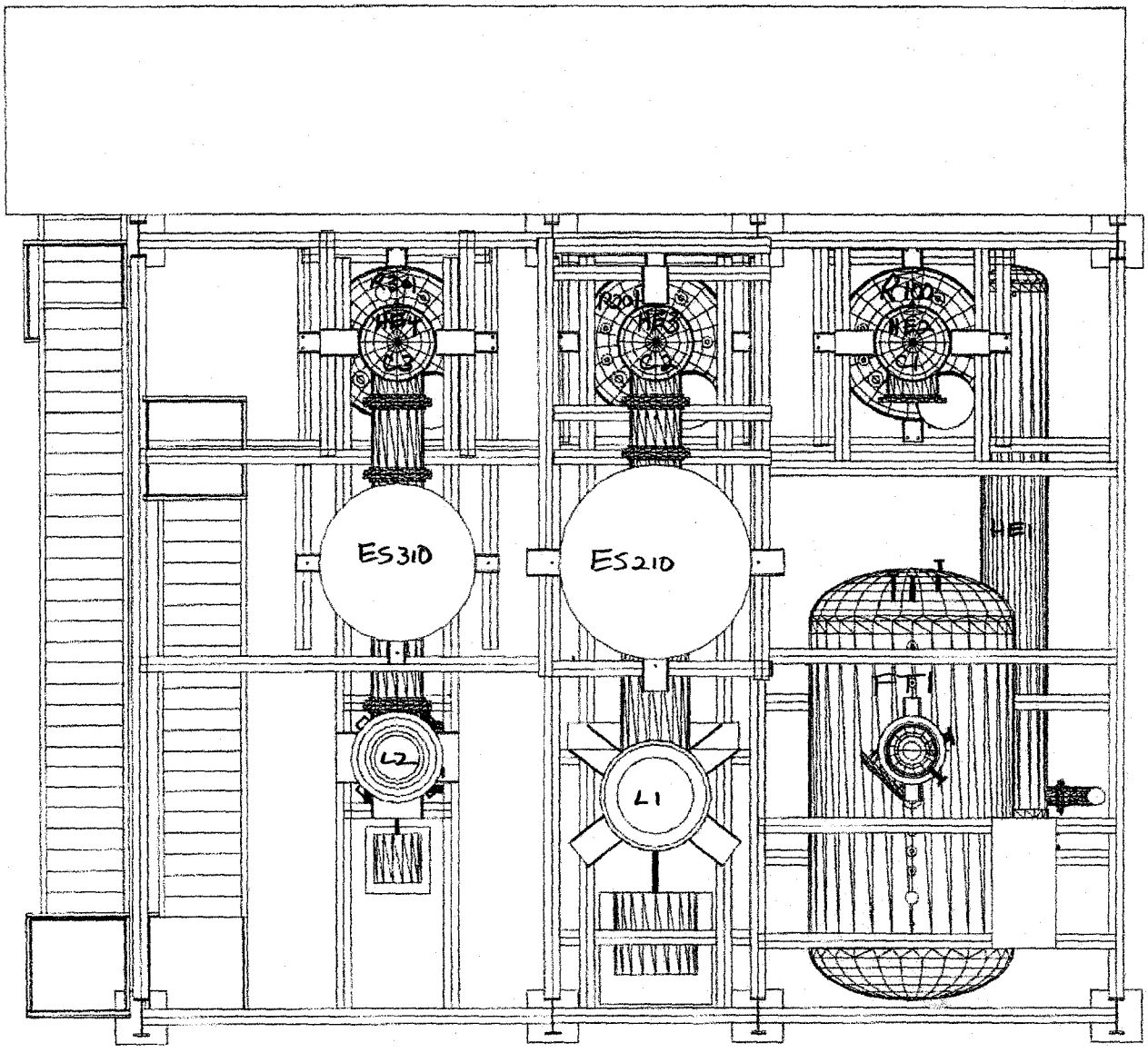
ITEM NUMBER 9

EPAHO120000870

CURRENT MAJOR PROBLEM AREAS

1. HE2, HE3, and HE4
2. Vacuum System

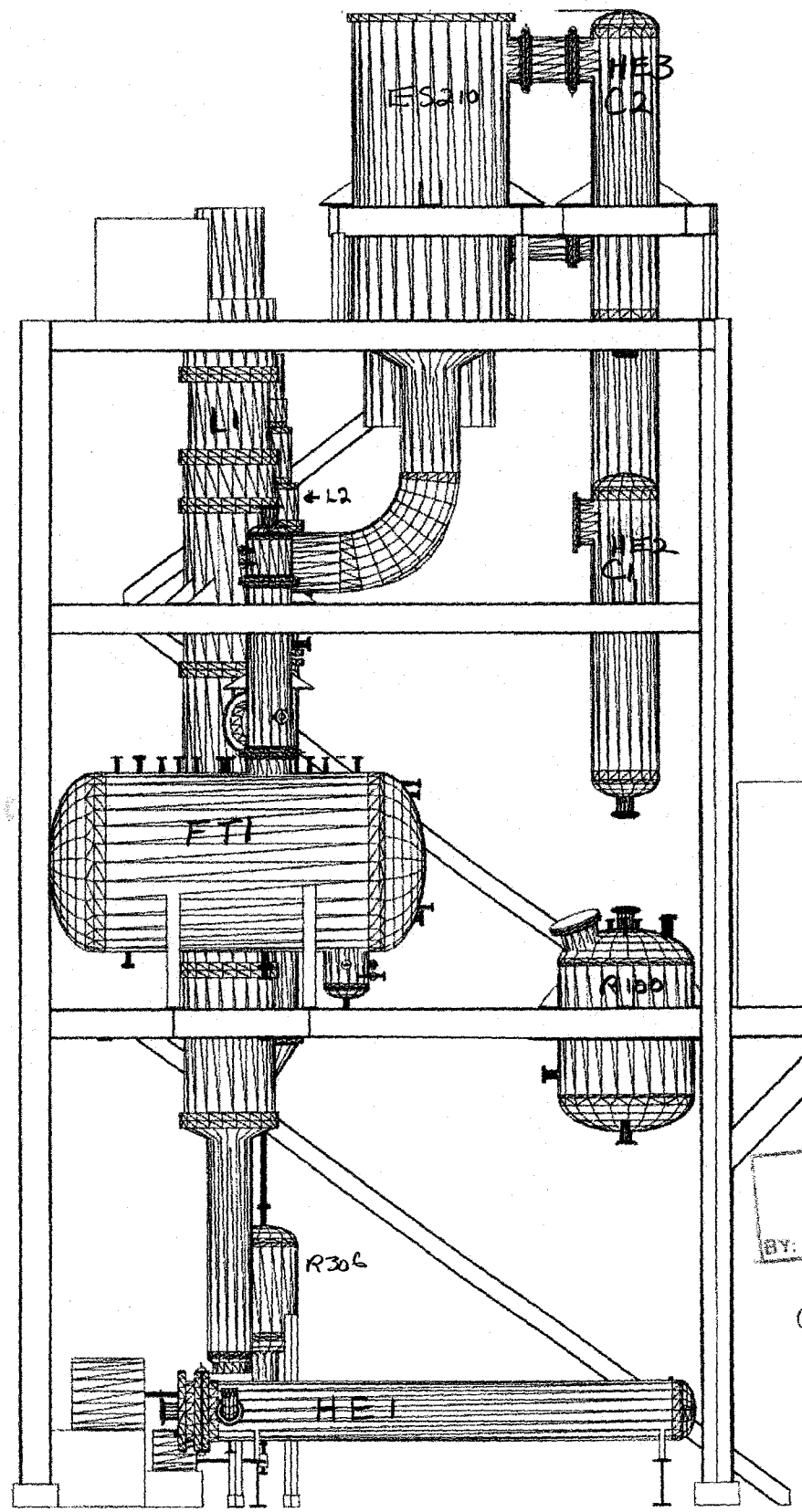
EPAHO120000871



ISSUED
FOR APPROVAL
BY: [illegible] DATE 1-30-07

PLAN-001

EPAHO120000872



ISSUED
FOR APPROVAL
BY: DATE 1/30/03

EAST ELEV-001
(LOOKING WEST)

EPAHO120000873

ISSUED
FOR APPROVAL
BY: DATE 1/30/07

SOUTH ELEV-001
(LOOKING NORTH)

EPAHO120000874

ISSUED
FOR APPROVAL
BY: DATE 1/30/07

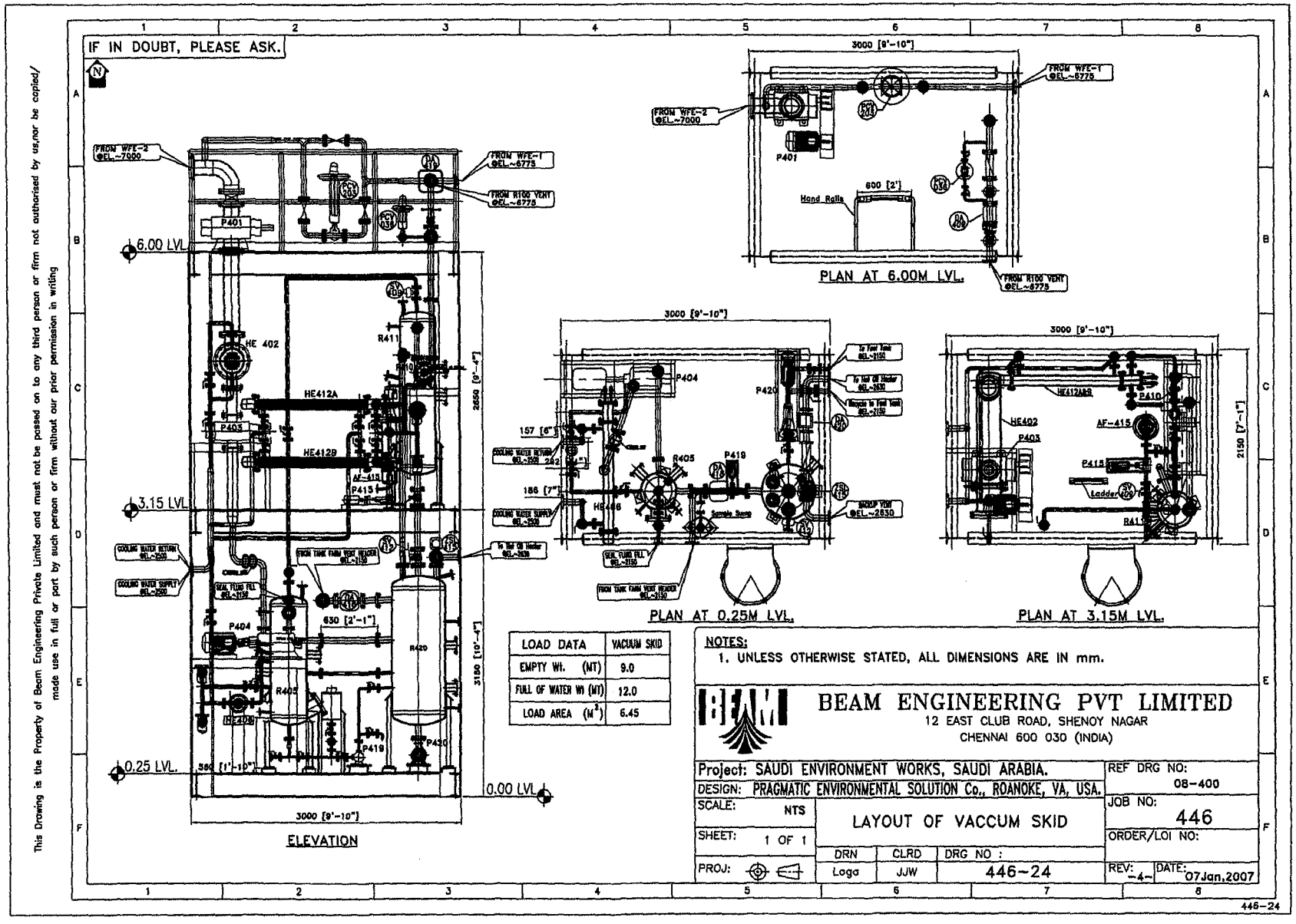
SOUTH-EAST ELEV.-001
(ISOMETRIC)

EPAHO120000875

ISSUED
FOR APPROVAL
BY: CHD DATE 1/30/07

SOUTH-WEST ELEV-001
(ISO METRIC)

EPAHO120000876



LOAD DATA	VACUUM SKID
EMPTY Wt. (MT)	9.0
FULL OF WATER Wt (MT)	12.0
LOAD AREA (M^2)	6.45

NOTES:
1. UNLESS OTHERWISE STATED, ALL DIMENSIONS ARE IN mm.

BEAM ENGINEERING PVT LIMITED
12 EAST CLUB ROAD, SHENOY NAGAR
CHENNAI 600 030 (INDIA)

Project: SAUDI ENVIRONMENT WORKS, SAUDI ARABIA.			REF DRG NO: 08-400
DESIGN: PRAGMATIC ENVIRONMENTAL SOLUTION Co., ROANOKE, VA, USA.			
SCALE: NTS	LAYOUT OF VACCUM SKID		JOB NO: 446
SHEET: 1 OF 1			ORDER/LOI NO:
	DRN: Loga	CLRD: JJW	DRG NO: 446-24
PROJ:			REV: -4- DATE: 07Jan.2007

446-24

This Drawing is the Property of Beam Engineering Private Limited and must not be passed on to any third person or firm not authorised by us,nor be copied/ made use in full or part by such person or firm without our prior permission in writing

52

EPAHO120000877

PACES:

"ESTIMATED" VALUE FOR
M.O.P. ELECTRICAL SET-UP

1	BUSS WEATHER HEAD	$3,800.00
1	NEMA 3R GUTTER	$1,200.00
3	DISCONNECTS 400 AMP 600 VOLT FUSIBLE NEMA 3R WITH NEUTRAL KIT	$1,400.00 ea.
9	FUSES 400 AMP 600 VOLT	$112.00 ea.
5	POWER DIST. BLOCKS PER PHASE	$225.00 ea

FOOTAGE: WIRE FOR SYSTEM

#350 KCMIL Cu.	X 3 SETS	(125 ft.)
#300 KCMIL Cu.	X 3 SETS	(115 ft.)
#2/0 THWN Cu.	X 3 SETS	(410 ft.)
#1/0 THWN Cu		(240 ft.)
	(EST.)	$4,000.00

ACCESS:

- FITTINGS (CONN.'S, COUP.'S, CONDUIT, STRAPS, BRACKETS, UNISTRUT, ETC.) $2,500.00

CITY OF PORT ARTHUR ELECTRICAL PERMITS $25,000.00 (EST.)

★ LABOR, NOT INCLUDED, POSSIBLY HOURLY = 2-3 MEN PLUS IN-HOUSE $42,845.00 (EST.)

PACES = M.O.P. $42,845.00

PLUS LABOR AND
CONNECTIONS TO CONTROL
ROOM AND EQUIPMENT:

* P.L.C. CABINET
* DISTRIBUTION PANELS } SEE CLARK FOR COSTS
STARTER CONTROLLER
ON-SITE EQUIPMENT: $45,000.00

$87,845.00

* IF UTILIZING HOUSTON
FACILITY CONTROL ROOM
EQUIPMENT

Clark Hickman

From: Steve Small [SSmall@lcicorp.com]
Sent: Thursday, August 07, 2008 12:12 PM
To: Clark Hickman
Subject: Fw: LCI Info

-----Original Message-----
From: Steve Small
To: 'chickman@cesenviromental.com' <chickman@cesenviromental.com>
CC: Elaine Watts
Sent: Thu Aug 07 12:04:07 2008
Subject: LCI Info

Clark,

While reworking the 1800 and 1200 evaporators for you we ran into several items that your operation required but were not covered in the original quotation.

One item was that both of the evaporators need heating coils on their vapor sections.

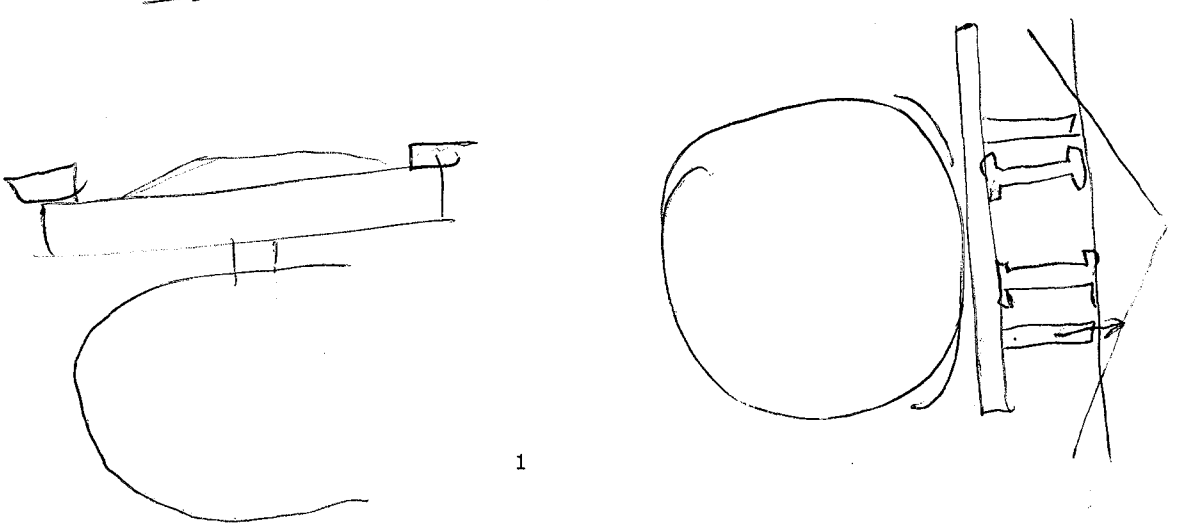
The other was the use of Hastelloy in the bottom bearing assemblies so that the bearings could operate at the elevated temperatures that the process requires.

The total for these items came to a little over $14,000.00 or our cost per evaporator.

I am asking you to split the cost with me by adding an aditional $7,000.00 to the purchase price of each evaporator.

Thanks,
Steve

→ ddycus@beacon-mfg.com



MEMO

TO: CES/Clark Hickman

FROM: Elaine Watts

DATE: 07/31/08

RE: Open Invoices

Clark,

Per our conversation a while back, please find enclosed a copy of all open invoice we have on record

For CES Environmental.

Please advise when payment can be expected on these.

If you have any questions please let me know.

Elaine Watts

Regards,

Elaine M. Watts

LCI Corporation

Charlotte, N.C.

PH: 704-398-7896

EPAHO120000881

LCI
PROCESS DIVISION

REMIT TO: CHECKS ONLY
LCI CORPORATION
P.O. BOX 536833
ATLANTA,GA 30353-6833
Federal Tax ID# 56-0732889

PAGE #	1
INVOICE #	349257
INVOICE DATE	06/03/08

497859

BILL TO
CES ENVIRONMENTAL SERVICES, INC.
4904 GRIGGS ROAD
HOUSTON TX 77021

SHIP TO
CES ENVIRONMENTAL SERVICES, INC.
4904 GRIGGS ROAD
HOUSTON TX 77021

CUSTOMER PO#	ORDER DATE	SHIP DATE	SOLD TO CUSTOMER
374393 3/7/08	03/25/08		

SALE ORDER #	SALESMAN	CARRIER	FREIGHT TERMS
1920036 S2			None

DESCRIPTION	QTY	UNIT PRICE	TOTAL
**********THANK YOU FOR YOUR ORDER**********			
Invoice is issued to cover payment for engineering study as per discussion by Matt Bowman of CES and Jim Pauley of LCI			
Total This Invoice	1	9,450.00	9,450.00

****
* *
* If sales tax is calculated on this invoice and your company *
* is tax exempt in the state where the product was SHIPPED, *
* please fax your tax certificate and a copy of the invoice *
* to 704-398-7516, Attn: A/R and an adjustment will be made *
* to your account. Should a revised invoice be required, *
* please note that on your fax to us and provide your contact *
* information. Thank you for your continued business. *
* *
****

CUSTOMER PHONE: (713) 676-1460

SUB TOTAL	9,450.00

PAYMENT TERMS	DUE DATE	TAX RATE	SALES TAX
Net 30 Days	07/03/08		.00

Remit to:Wire/ACH

Acct Name:	Beacon Industrial Group, LLC for benefit of PNC Bank N.A.
Bank:	PNC Bank N.A.
Location:	East Brunswick, NJ
Swift Code:	PNCCUS33
Acct #:	8026223962
ABA:	031207607

PAY THIS AMOUNT USD 9,450.00

LCI CORPORATION, P.O. Box 16348, Charlotte, NC 28297-8804, Phone 704-394-8341

Subject to all the terms and conditions on the face and back hereof and attached hereto, all of which are part of the order. All payments are to be made in U.S. Dollars unless otherwise stated.

L-128 2/99

LCIINVE

INVOICE

PROCESS DIVISION

REMIT TO: CHECKS ONLY
LCI CORPORATION
P.O. BOX 536833
ATLANTA,GA 30353-6833
Federal Tax ID# 56-0732889

PAGE #	1
INVOICE #	347743
INVOICE DATE	04/18/08

BILL TO
CES Environmental
4904 Griggs Road
Houston, Texas 77021

SHIP TO
SAME

CUSTOMER PO#	ORDER DATE	SHIP DATE	SOLD TO CUSTOMER
373505	10/25/07		CES Environmental

SALE ORDER #	SALESMAN	CARRIER	FREIGHT TERMS
1619931 S2			

DESCRIPTION	QTY	UNIT PRICE	TOTAL
Invoice is issued to cover total refurbishment of HS-1800 Evaporator per LCI Proposal Q075490 dated Aug 01, 2007			
Total Refurbishment Price		$110,982.00	$110,982.00
Less Credit for the purchase of CES's used Ring & Shoe		-$5000.00	-$5,000.00
Less Down Payment Received on CES Check #32890		-$60,000.00	-$60,000.00
Adder for the following: -Heat Tracing on Vapor Section -Replace Standard carbon bushing With Hastelloy Bushing		$7,000.00	$7,000.00
Less Payment received on CES Check # 38823		-$45,982.00	-$45,982.00
TOTAL AMOUNT DUE			**$7,000.00**

CUSTOMER PHONE: SUB TOTAL

PAYMENT TERMS	DUE DATE	TAX RATE		SALES TAX
Due Upon Receipt				

Remit to:Wire/ACH

Acct Name:	Beacon Industrial Group, LLC for benefit of PNC Bank N.A.
Bank:	PNC Bank N.A.
Location:	East Brunswick, NJ
Swift Code:	PNCCUS33
Acct #:	8026223962
ABA:	031207607

PAY THIS AMOUNT $7,000.00

LCI CORPORATION, P.O. Box 16348, Charlotte, NC 28297-8804, Phone 704-394-8341

Subject to all the terms and conditions on the face and back hereof and attached hereto, all of which are part of the order. All payments are to be made in U.S. Dollars unless otherwise stated.

L-128 2/99
LCIINVE

INVOICE

LCI
PROCESS DIVISION

REMIT TO: CHECKS ONLY
LCI CORPORATION
P.O. BOX 536833
ATLANTA,GA 30353-6833
Federal Tax ID# 56-0732889

PAGE #	1
INVOICE #	348058
INVOICE DATE	04/25/08

BILL TO
CES Environmental
4904 Griggs Road
Houston, Texas 77021

SHIP TO
SAME

CUSTOMER PO#	ORDER DATE	SHIP DATE	SOLD TO CUSTOMER
373505	10/25/07		CES Environmental

SALE ORDER #	SALESMAN	CARRIER	FREIGHT TERMS
1619931 S2			

DESCRIPTION	QTY	UNIT PRICE	TOTAL
Invoice is issued to cover total refurbishment of MK-1200 Evaporator per LCI Proposal Q075490 dated Aug 01, 2007			
Total Refurbishment Price		$94,103.00	$94,103.00
Less Down Payment Received on CES Check #34570		-$45,000.00	-$45,000.00
Adder for the following: -Heat Tracing on Vapor Section -Replace Standard carbon bushing With Hastelloy Bushing		$7,000.00	$7,000.00
Less Payment received on CES Check # 38824		-$49,103.00	-$49,103.00
TOTAL AMOUNT DUE			**$7,000.00**

CUSTOMER PHONE:

SUB TOTAL

PAYMENT TERMS	DUE DATE	TAX RATE		SALES TAX
Due upon Receipt				

Remit to:Wire/ACH

Acct Name:	Beacon Industrial Group, LLC for benefit of PNC Bank N.A.
Bank:	PNC Bank N.A.
Location:	East Brunswick, NJ
Swift Code:	PNCCUS33
Acct #:	8026223962
ABA:	031207607

PAY THIS AMOUNT $7,000.00

LCI CORPORATION, P.O. Box 16348, Charlotte, NC 28297-8804, Phone 704-394-8341

Subject to all the terms and conditions on the face and back hereof and attached hereto, all of which are part of the order. All payments are to be made in U.S. Dollars unless otherwise stated.

L-128 2/99
LCIINVE

INVOICE

TOMMY WILLIAMS
TEXAS STATE SENATOR
DISTRICT 4

Dear Friends,

I'm writing to announce the creation of my new Senate eNewsletter and on-line citizen surveys.

The 81st Legislative Session is now underway, and already there have been developments on some critical issues important to Senate District 4 families living in Chambers, Jefferson, Harris, Liberty, Montgomery and Orange Counties. From freezing skyrocketing college tuition rates to requiring a valid photo ID to insure voting integrity, I already have a few scars to show from these battles.

Texans will face many tough issues during this 81st session. While it's important I communicate what I'm doing to represent you as your State Senator, it's even more critical for me to hear **your** views on important legislative matters. That's why I'm creating the eNewsletter and on-line surveys.

Register at: **www.senate.state.tx.us/75r/senate/members/dist4/dist4.htm**
Once there, just click on the link to sign up to receive the eNewsletter. Also, on this site you'll be able to fill out an on-line questionnaire, plus tell me what your priority concerns are. We'll revise the questionnaires periodically, so check back often to make sure your voice is heard!

I look forward to hearing from you soon. Sign up today!

Sincerely,

Tommy Williams

BEAUMONT OFFICE:
P.O. Box 5819
BEAUMONT, TEXAS 77726-5819
(409) 896-2350
FAX: (409) 896-2454

CAPITOL OFFICE:
ROOM GE.7
P.O. BOX 12068
AUSTIN, TEXAS 78711
(512) 463-0104
(888) 668-1227
FAX: (512) 463-6373
DIAL 711 FOR RELAY CALLS

THE WOODLANDS OFFICE:
P.O. BOX 8069
THE WOODLANDS, TEXAS 77387-8069
(281) 364-9426
FAX: (281) 364-9473

Bank of America

NON-NEGOTIABLE
ORDER TO PAY LOAN FUNDS

BRANCH: Bank of America, N.A.
ADDRESS: 10850 White Rock Road, Suite 101, Rancho Cordova, CA 95670
P. O. Box 1186, Rancho Cordova, CA 95741

BANK TELEPHONE NO: (916) 861-9023
BANK FAX NO.: 704-719-8409

DATE: 11/12/08 ATTN: Craig Meyers

PAY TO CES Environmental Services, Inc. ONLY

Forty Five Thousand and 00/100 DOLLARS ($45,000.00)

AND CHARGE THE SAME TO THE FOLLOWING LOAN ACCOUNT: LOAN NO. 804583-398 / 414

BORROWER: CES Environmental Services, Inc.

METHOD OF DISBURSEMENT (select ONE): ☐ Cashier's Check / ☐ Wire Transfer / ☒ Deposit to BofA Business Account

If Wire Transfer or Deposit, complete the following information: Wire Transfer/Deposit Account No. (b) (6)

Branch Name and Location: Texas

Name on Business Wire Transfer/Deposit Account: CES Environmental Services, Inc.

Bank Name and ABA Number (Wire Transfer only):

(Please refer to your SBA Authorization and Loan Agreement for authorized use of proceeds and amount allowed.)

USE OF PROCEEDS:	ITEMIZATION
Fixtures:	
Inventory:	
Leasehold / Tenant Improvements:	
Machinery and/or Equipment (including Furniture):	~~$223,729.66~~ 45,000.00
Titled Equipment (including motor vehicles)	
Working Capital:	
Other:	
TOTAL ADVANCE:	~~$223,729.66~~ 45,000.00

BORROWER TELEPHONE NO.: 713-419-6076 BORROWER FAX NO.:

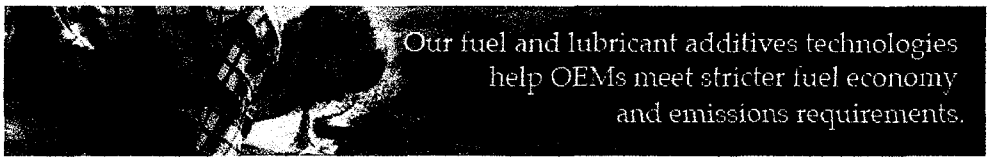
Authorized by:

Print Name: Greg Bowman

Signature:

«REFERENCE» SBAVER4\DOCS\7A\ORDER.DOC 091698 R2

EPAHO120000886



LUBE REPORT
Industry News from LUBES-n-GREASES

Wednesday, November 5, 2008 VOLUME 8 ISSUE 45

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ExxonMobil Chemical

Equipment may be getting smaller...

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ISSUE ARCHIVE

U.S. Base Oil Price Report

By Carolyn L. Green

A spate of price decreases ranging from 15 to 40 cents per gallon surfaced this week from the camps of Chevron, Motiva and Flint Hills Resources.

Chevron dropped all its API Group II West Coast posted prices between 20 and 40 cents/gal on Friday, Oct. 31. The company said its neutral 100 paraffinic grade sank by 40 cents/gal and the 220 vis fell by 30 cents/gal. The refiner shaved 20 cents/gal from its 600 vis. Chevron pointed to reduced raw material costs as a key indicator in lowering postings.

Motiva, seemingly reluctant to join with other producers in pushing down posted prices in October, finally acquiesced by dropping all its Group II and II+ base stocks by 40 cents/gal on Monday, Nov. 3.

On Monday, Flint Hills Resources also initiated a 15 cents/gal drop on its line-up of Group II grades. This was the second round of price decreases issued by FHR in less than a month. The sum of both FHR moves (dropping a total of 35 cents/gal) puts its postings in line with the more recent drops announced by other Group II suppliers.

As posted prices tumbled, spot values were also showing signs of slipping from their summer-time highs for both paraffinic and naphthenic oils. As recent as September, spot numbers were fetching a premium to postings, but have since taken a downward turn.

Sources said the paraffinic side was still fairly firm, but associated spot numbers have eased somewhat and have possibly dipped just below postings. Players added it was fair to presume that some offers for spot material could be discounted as much as 5 percent, depending on grade. Conversely, and depending on the grade required, some spot buyers may still be paying at or near posted prices. Regarding bright stock transactions, suppliers said that buyers were not receiving much of a discount, if any, due to the lack of spot availability.

There was talk this week of Russian paraffinic base oil making its way into the United States. It was understood that at least one sizeable cargo of solvent neutral light vis product has already been sold, and possibly split among a few buyers in the Southeast/Gulf Coast region, at around $4.25 to $4.35/gal delivered. Several additional cargoes are expected to be heading toward the U.S. for delivery during the November-December time frame, but no price details were disclosed.

The naphthenic side of the market was viewed as much more sloppy, and price deterioration was very apparent, according to sources. Several players said that it was difficult to assess pale oil spot values because the buy side and the sell side are as far as 50 to 75 cents/gal apart in some cases. Consumers implied, however, that lower and more attractive prices were becoming easier to obtain almost daily. A few participants indicated average prices for a full range of naphthenic cuts were approaching $3.25 to $3.50/gal FOB, down about $1/gal in just a few weeks. Some grades could fall out of this range in either direction.

Most North American base oil plants are running at top rates just in time for the seasonal slowdown to kick in. Until recently, the market suffered with insufficient availability of various base oils alongside strong demand. However, the supply/demand picture has now changed, just as most anticipated.

A few supply situations could still potentially offset waning demand. The ExxonMobil facility in Beaumont, Texas, continues to struggle with a satisfactory startup after sustaining hurricane-related damage (see front-page story). Petro-Canada's Mississauga, Ontario, plant is understood to be in maintenance mode with an operational restart

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expected in the second half of November. Motiva's Port Arthur, Texas, base oil site is now running at full rates following a disruption stemming from Hurricane Ike. However, Motiva maintains its sales allocation program, recently revised from 50 percent to 80 percent, and is also preparing inventories in advance of a planned 45-day turnaround to commence in mid to late January.

Despite a fire breaking out at Calumet's Shreveport, La., plant on Oct 30 (see front-page story), a scheduled maintenance began as planned over the past weekend. The downtime is expected to last for approximately 21 days, with a startup date of Nov. 21.

At the close of the Tuesday, Nov. 4, NYMEX session, front month light sweet crude futures settled at $70.53 per barrel, a gain of $7.80/bbl from the week earlier settlement at $62.73. This is the first gain since Sept. 23.

Carolyn L. Green, based in Houston, can be reached directly at carolynlgreen@gmail.com.

Posted Paraffinic Base Oil Prices

November 5, 2008
(Prices given in U.S. dollars per gallon, and in U.S. dollars per metric ton)

Group I

	ExxonMobil*		Valero		Sunoco		Calumet	
	Gulf Coast		East Coast		Midwest		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
60							5.28	1,645
70					4.91	1,527		
85								
100	4.40	1,353	5.03	1,546				
148-165	4.62	1,407	4.99	1,510	4.81	1,477		
250-275	5.19	1,567			4.95	1,505		
300-350	5.00	1,508						
500-525			5.63	1,683	5.65	1,706		
600-700	5.26	1,580	5.65	1,670			5.48	1,642
Bright stock 150	5.67	1,673	5.91	1,730	5.81	1,726	5.85	1,730

Group II

	Motiva		ConocoPhillips		Chevron		Calumet		Flint Hills		Valero	
	Gulf Coast		Gulf Coast		West Coast		Gulf Coast		Gulf Coast		East Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
70	4.41	1,381	4.54	1,402					4.54	1,406		
75-80			4.54	1,396			5.06	1,565	4.54	1,393		
100-110	4.39	1,364	4.50	1,387	4.78	1,482	4.87	1,502	4.50	1,389		
145-150							5.15	1,570				
200-230	4.71	1,437	4.89	1,495	5.21	1,594			4.82	1,474	5.16	1,590
325							5.36	1,612				
600	5.11	1,549	5.36	1,626	5.60	1,702			5.33	1,610		

Group II+

	ExxonMobil*		Motiva		SK		ConocoPhillips	
	Gulf Coast		Gulf Coast		Gulf Coast		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
50-60							5.25	1,693
70-80					5.67	1,809	5.25	1,675
110-130	5.37	1,677	5.17	1,617				
190	5.11	1,582						

Group III

	SK		ConocoPhillips	
	Gulf Coast		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt
4 cSt	5.81	1,848	5.61	1,776
6 cSt	5.81	1,824		
8 cSt	5.86	1,824	5.57	1,741

Group III+

	SK

EPAHO120000888

	Gulf Coast	
Viscosity	$/gal	$/mt
4 cSt	6.61	2,102

* ExxonMobil prices obtained indirectly.

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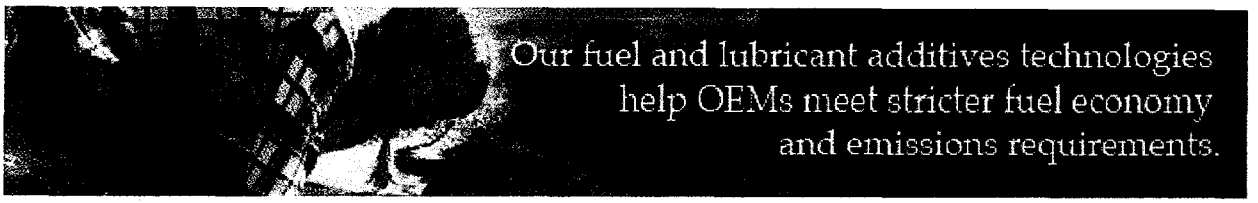

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ExMo Lifts Some Lube Allocations

By George Gill

ExxonMobil has lifted allocations on non-PAO formulated lubricants, including all mineral-based lubricants, a company spokeswoman said yesterday. A sales allocation effective Oct. 1 on a variety of Mobil 1 synthetic lubricants remains in place.

"Our Beaumont lube plant is now receiving additional supply of conventional basestocks – basestocks not containing polyalphaolefins – at a rate that enabled it to lift, effective October 28, the 100 percent sales control announced on September 26 to its customers," ExxonMobil spokeswoman Prem Nair told Lube Report.

Nair said the company has begun alternative projects to supply customers of its synthetic lubricants business, which is coping with the continued shutdown of the Beaumont, Texas, ExxonMobil Chemical polyalphaolefin (PAO) plant. It is expected to resume operations at year's end.

"We have reformulated numerous synthetic products covering more than 35 reformulations and introduced new synthetic products – such as the "Mobil SHC 600 Star" series," Nair continued. "We have also started the purchase of available third party PAO barrels, consolidated limited industrial synthetic inventories into one warehouse to extend supply, and shifted production of some automotive synthetics to alternative overseas facilities."

She said it is considering more robust short, medium and long term options to improve supply reliability.

ExxonMobil has teams working to repair or replace damaged equipment at the Beaumont chemical plant, which has remained shut down due to flooding damage from the storm surge associated with Hurricane Ike in September. "Restart planning has commenced to expedite a return to normal operations," Nair added.

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ÇES ENVIRONMENTAL SERVICES, INC.

CONTRACT FOR SERVICES

This Agreement by and between CES Environmental Services, Inc., a Texas corporation whose address 4904 Griggs Rd., Houston, Texas 77021, hereinafter styled as ("CES") and MYREX INDUSTRIES, hereinafter styled as ("Contractor"), collectively "Parties". This agreement becomes effective when signed by both parties ("Effective Date").

WHEREAS, CES desires complete the complete fabrication and delivery of its Oil Processing Structure including Structural Steel, Handrails, Grating, and Stairs ("Structure"). Contractor agrees to provide shop drawings for review and upon approval, to fabricate in accordance with AISC and applicable local/state/federal standards pertinent to such work. Further, Contactor will utilized material and construct all structures according to specifications and plans dated 1-8-08 and styled as Texas Gulf Coast Engineer Plans D-1352-ST-100A, 100B, 100C (101-109).

WHEREAS, Contractor is a professional company with exceptional capabilities to fabrication and deliver said Oil Processing Structure. Further, Contractor represents that it has resources sufficient to complete the fabrication and delivery of the Oil Processing Structure to CES Environmental Services, Inc. at 4904 Griggs Rd., Houston, Texas 77021 in a timely manner.

NOW, THEREFORE, in consideration of mutual promises and covenants herein set forth, the parties hereby agree as follows:

1. DESCRIPTION OF WORK

Contractor will provide materials and labor to fabricate and deliver Oil Processing Structures according to specifications and drawings dated 1-8-08 and styled as Texas Gulf Coast Engineer Plans D-1352-ST-100A, 100B, 100C (101-109). These plans are

incorporated into this agreement as Exhibit 1. Prior to fabrication, Contractor agrees to provide CES with Shop Drawings for approval.

Other than items specifically excluded, Contractor agree the scope of work and associated pricing and schedule are intended to provide CES with the Oil Processing Structures as detailed; this includes any activity and/or material necessary to fabricate and deliver the structure regardless of whether that material/activity is listed in the "included" items below.

a. Items specifically Included in scope of this agreement:
   1) All galvanized material
   2) Structural Steel Columns
   3) Beams
   4) Bracing
   5) Stairs
   6) Handrail
   7) Grating with Saddle clips
   8) Erection tension control bolts
   9) Plastic shims for Myrex columns only
   10) Shop and Erection drawings
   11) Delivery to job site

b. Items specifically Excluded from the scope of this agreement:
   1) Aluminum
   2) Stainless
   3) Gauge Material
   4) Grout
   5) Templates
   6) Field Measuring
   7) Ties and Brackets for other trades
   8) Cast iron
   9) Grates and frames
   10) Roof hatch
   11) Masonry anchors
   12) Shim Plates
   13) Double nuts on anchor bolts
   14) Bolts for wood
   15) All testing

16) Rebar
17) Field painting and galvanizing
18) Stair nosings
19) Paint system required by Specs
20) Mock Ups
21) Items shown on Mechanical drawings
22) Items shown on electrical drawings
23) Items shown on Plumbing drawings
24) Erections
25) Window washing davits
26) Anchor bolts
27) Engineering, Engineering seals and calculations

2. CODES & STANDARDS

Codes and standards that govern Contractor efforts under this agreement include, but are not limited to:

a. American Institute of Steel Construction (AISC)
   1) Specification for structural steel buildings – allowable stress design and plastic design.
   2) Code of standard practice for steel bridges and buildings.
   3) Manual of Steel Construction 9th Edition.
   4) Specification for structural steel Joints Using ASTM A325 or A490 Bolts.
b. American Welding Society (AWS) Structural Welding Code, AWS D1.1
c. ASTM Standards for Materials Specified
d. AISI Standards for Materials Specified
e. Steel Joist Institute Recommended Practice for Steel Joists
f. Contractor agrees to fabricate structures in accordance with applicable restrictions/guidelines established by any/all federal/state/local governing or regulatory bodies.
g. Contractor warrants that final delivered product will pass any/all regulatory inspections.
h. At conclusion of project, Contractor will provide CES with "as built" drawings in hardcopy and electronic formats.

3. MATERIAL SPECIFICATIONS

All materials used in fabrication of the structure will meet or exceed the following specifications:

a. Structural Steel;
   1) Wide Flanges & WT'S- ASTM A572 GR 50 or ASTM A992.
   2) All Other Structural Shapes & Plates ASTM A36
b. Machine Bolts, Nuts And Washers ASTM A307
c. Structural Pipe ASTM A53, Grade B
d. Welding Filler Metal Per AWS D1.1: Electrode Strength 70 KSI Minimum Tensile Strength, 58 KSI Minimum Yield Strength

4. CONNECTIONS

a. Bolted field connections are made with High Strength Bolts with the exceptions noted in (c) below.
b. All High Strength Bolts are ¾" diameter unless otherwise noted.
c. Field connections for Purlins, Girts, Ladders and Handrails Shall use 5/8' Diameter ASTM A307 bolts unless otherwise noted.
d. Bolted connections will incorporate a minimum of two bolts unless otherwise noted.
e. All bolt holes will be 1/16" larger than bolt diameter unless otherwise noted.,
f. Bolts will be bearing type unless otherwise noted.
g. Threads of high strength bolts will be excluded from the Shear Plane.
h. Tighten High Strength Bolts in accordance with AISC "Specification For Structural Joints Using ASTM A325 Or A490 bolts"
i. Weld all shop connections.
j. Seal welded connections with 1/8" Fillet Welds for Glavanizing.
k. If the size of a fillet weld is not shown on the drawings, provide the minimum Fillet Weld indicated in Table J2.4 of the AISC specification.
l. Use Detail 1 and Schedule 1 for framed beam connections not detailed elsewhere.
m. For Bracing connections, provide two bolt connections at each end unless otherwise noted on the drawings. Design Bracing connections for the shear

capacity of the bolts with the bracing member in tension. The centerline of the beam and column constitute the Work Point unless otherwise noted.

n. Fabricate Gusset Plates for minimum thickness of 3/8" unless otherwise noted or detailed.

o. Gusset Plates for vertical diagonal bracing connect to both the beam and the column unless otherwise noted or detailed.

5. GALVANIZING

a. Galvanize all Structural steel to meet or exceed ASTM A123, A143, A153, A384, A385 AND A386 as applicable.

b. Repair damage to galvanized surfaces with ZRC cold galvanizing compound or approved equal.

6. GRATING

a. For grating, utilize galvanized welded steel with 1 ¼" x 3/16" serrated bearing bars at 1 3/16" spacing with transverse bars at 4" spacing unless otherwise noted.

b. Fasten grating to structural steel with hot dip galvanized, saddle type fasteners secured with two, ¼" stainless steel hex head screws per grating support beam per section.

7. ERECTION MARKS

Insure that all structural steel members are identified with erection marks. Ensure these erection marks are clearly discernible on finished member.

8. RELATIONSHIP

All individuals assigned by the Contractor to participate in the performance of Services hereunder are employees of the Contractor as defined by IRS rules and not an employee or agent of CES. Employees, agents or Subcontractors of the Contractor are not employees or agents of CES for any purpose whatsoever. The Contractor

represents, warrants and confirms that each of its employees used to perform the Services in support of CES' requirements is an employee of the Contractor.

Upon CES' request from time to time, the Contractor will promptly provide to CES documentation of such type as CES may requires to verify that any individual assigned by the Contractor to participate in the performance of the Services is, in fact, an employee of the Contractor.

Parties are agreed that Contractor is an independent entity in the performance of this Agreement. Contractor, is free to exercise its discretion as to methods and means of performance of its services, and in no sense will any employee of Contractor be considered an employee or agent of CES, nor shall any employee of Contractor be entitled to, or eligible to participate in, any benefits, privileges or plans given or extended by CES to its employees.

9. PRICING

Pricing for the scope of work defined in this agreement is detailed on Myrex Industries proposal number 01-6286, Revision 2-4-08 (attached as Exhibit 2). This price, $ 239,840.00, does not include sales tax or the cost to establish a performance and maintenance bond. CES will provide a tax exemption certificate to Contractor for Sales Tax. Parties agree that final pricing will incorporate the actual cost for establishing the bond.

10. PAYMENT

Parties agree that Contractor will invoice CES for 15% of the total project cost at project inception. Contractor will invoice CES for remainder of the contract price upon delivery and acceptance. CES agrees to pay Contractor undisputed amounts on a Net 15 basis.

11. SCHEDULE

Parties understand and agree that time is of the essence; therefore, the schedule of completion is a critical component of this agreement. For purposes of this agreement, parties agree that "weeks" are seven (7) calendar days and include any weekends and/or holidays.

Contractor agrees to complete delivery of all shop drawings within six (6) weeks of contract inception. CES will review and approve/return shop drawings within one (1) week of receipt. To accelerate completion of the project, Contractor agrees to forward various shop drawings to CES for review once they are complete and ready for approval. Baring Force Majeure events, Parties anticipate the drawing and approval phase to complete on or before the 7th week after the effective date of the agreement.

Contractor agrees to complete fabrication and delivery of all structures on or before the end of the 8th week after final approval of all shop drawings. In the normal course of events, steel is not ordered until all drawings are approved. The schedule contemplated herein assumes delivery of all or most material within 2 weeks of order. Parties agree to extend the schedule for delays caused by delivery of steel provided Contractor timely orders the material and makes reasonable effort to secure timely delivery. Baring Force Majeure events, Parties anticipate completion of the entire scope of work within 14 weeks of the effective date of this agreement.

To insure schedule compliance, Contractor agrees to credit CES an amount equal to .4% of the cost associated with this agreement for every day of delay beginning with the first day of the 16th week after the effective date of this agreement. Parties agree that Force Majeure events (as defined in this agreement) will extended this schedule as mutually agreed by both parties. Further, Contractor is not responsible for delays caused by CES, its agents or contractors. Delays caused by parties other than the Contractor, provided such delays cannot be reasonably foreseen and mitigated by Contractor, will extend the schedule accordingly once agreed in writing by both parties.

12. WARRANTY:

Contractor warrants the completed work against faulty materials or workmanship which appear within the period of one year from the date of completion and final acceptance of the work. This warranty for materials and workmanship excludes labor, material, erection, and engineering ("Resourses") contracted or provided by CES unless Contractor is materially responsible for the failure of the resources CES provides.

13. AUDIT AND INSPECTION

Contractor agrees to maintain accurate and detailed records of all reimbursable expenditures with respect to services performed and make such records available for CES' inspection/audit at reasonable intervals and upon 24 hours notice. Contractor agrees to maintain these records for a period of two years following completion of the specified services.

Contractor agrees to cooperate fully with any reasonable request of a third-party employed by CES to insure the fabricated structure meets or exceeds requirements as detailed herein.

14. TAXES

The Contractor assumes exclusive liability for all of its employee contributions pursuant to any and all federal and state revenue acts, federal and state unemployment contribution acts, social security acts, or any amendments thereto, and by other state or federal laws or regulations requiring the payment of similar contributions or taxes.

Except for the Contractor's: (i) franchise taxes and privilege taxes on its business; (ii) taxes on real, tangible and/or personal property it owns (legally or beneficially), leases or uses in accordance with the local law; (iii) intangibles taxes; and (iv) taxes based upon the net income or gross receipts, including applicable withholding tax, CES shall be responsible for the payment of all existing sales, use, excise, value-

added, services, consumption, and all other taxes imposed by government agencies accessed against CES based upon the provision of Services as a whole or on any particular Service received by CES.

Notwithstanding the generality of the foregoing, the Contractor shall be responsible for the payment of all sales, use excise, value-added, services, consumption, and other taxes and duties payable on any goods and/or services used or consumed in providing the Services where the taxes are imposed on the acquisition or use of such goods and/or services.

15. TERM AND TERMINATION

CES may terminate this Agreement for convenience or cause upon thirty (30) days Written Notice to the Contractor. Upon receipt of such notice, the Contractor shall discontinue work on the job unless a subsequent date for termination is specified in the Company's notice to the Contractor. The Contractor shall attempt to minimize charges to the CES under this Agreement in the event of such termination and provide CES written report of findings up to the date of termination, along with copies of all pertinent work papers.

Should CES reasonably determine that particular personnel provided by Contractor are not satisfactory, Contractor will cause said personnel to immediately cease further work on the job and have said personnel removed from the job. Contractor shall thereafter coordinate with Company's Agent for the timely replacement of the terminated personnel.

16. PERSONNEL

Parties will identify key individuals to coordinate reasources to expedite completion of the project in accordance with the terms and conditions of this Agreement and to minimize detrimental impact to CES ongoing operations. For purposes of this Agreement, CES' Agent is Steve Stricker.

17. INSURANCE

Contractor will provide and maintain in full force and effect during the term of this Agreement:

- Worker's Compensation insurance in such jurisdiction in which the work is to be performed with limits required by law of an employer, and employer's liability insurance with minimum limits of $1,000,000 each accident & policy limit

- Comprehensive General Liability and Automobile Liability insurance protecting Contractor and CES against liability from damages because of injuries, including death, suffered by persons other than employees of Contractor and liability from damages to property arising from and growing out of any operation of the Contractor (including the operations of automobiles, trucks or other vehicles non-owned and hired) in connection with the performance of this Agreement; $1,000,000 each occurrence.

- Commercial Umbrella Insurance (sits on top of GL, Auto & Employers Liability section of the WC) $4,000,000 each occurrence (making it a total of $5,000,000 on all lines listed above)

- Contractor agrees to list CES as an additional insured and provide a waiver of subrogation in CES' favor. A 30 day notice of cancellation or modification is also required.

Contractor agrees to provide certification of compliance (signed by authorized representative of Contractor's insurer) with above requirements prior to commencement of work.

18. BONDING REQUIREMENT

Contractor agrees to establish a performance & maintenance bond instrument in conjunction with this agreement. Such bond instrument is attached as Exhibit 3 of this agreement.

19. CONFIDENTIALITY

Contractor will not (i) publish or make known to others any information which is proprietary or confidential to CES which is obtained by Contractor in connection with or as a result of its work hereunder and which is not in the public domain; or (ii) use such information except in connection with services to be provided under this Agreement. CES will not publish or make known to others any information provided or used by Contractor which is proprietary or confidential to Contractor and is not generated directly as a result of work performed by Contractor on behalf of CES. This obligation of nondisclosure and nonuse shall survive the termination of this Contract.

20. NOTICE

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if sent by certified mail, return receipt requested to:

MYREX INDUSTRIES
9119 Weedy Lane
Houston, Texas 77093
Attn: Bob Boze

CES ENVIRONMENTAL SERVICES, INC.
4904 Griggs Road
Houston, TX 77021
Attn: Greg Bowman

21. PROFESSIONAL RESPONSIBILITY

Contractor hereby represents and warrants all work shall be performed in a good and workmanlike manner and in compliance with generally accepted standards of its profession. Contractor represents by the acceptance of this Agreement that it has

sufficient expertise and personnel to perform the work assigned to it in a professional and timely manner.

22. INDEMNITY

- Each party shall indemnify and hold the other party and each of its directors, officers, employees and agents free and harmless from all claims, liabilities, losses, demands, causes of action, suits and expenses (including attorney's fees) on account of any bodily injury, death or damage or destruction to property in any way, occurring incident to, arising out of, or in connection with its negligent actions or willful misconduct in the course of performance of this Agreement.

- Contractor shall indemnify, defend and hold CES harmless from all claims against CES, its officers, directors, employees, representatives or legal agents, or settlement of such claims, for all damages, cost, expenses, liabilities and losses (including reasonable attorney's fees and expenses) (collectively, "Damages") that the Services, Software, or Deliverables provided by Contractor infringes any registered copyright, trademark, patent, service mark, trade name, or misappropriation of a trade secret (as the terms "misappropriation" and "trade secret" are defined under the Uniform Trade Secrets Act), recognized under U.S. laws or international convention(s) (Berne Convention, Paris Convention, Universal Copyright Convention, Patent Cooperation Treaty) ("Intellectual Property") asserted against CES by a third party based upon CES's use of the Services, Software or Deliverables while in compliance with this Agreement; provided that, in each case, Contractor shall have: (x) received from CES prompt written notice of said claim within thirty (30) days of the assertion thereof; (y) received from CES the exclusive right to control and direct the investigation, defense and settlement of such claims; and (z) receive the cooperation and assistance of CES at Contractor's expense in said investigation, defense and/or settlement.

- The Contractor warrants that all of its activities on behalf of CES will meet or exceed all local, regional, national and international, environmental regulations regarding reduction and disposal of waste and or hazardous waste, and will indemnify and hold harmless CES against any failure to do so.

23. LIMITATION OF LIABILITY

NEITHER PARTY, NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, OR OTHER REPRESENTATIVES OR AGENTS, SHALL BE LIABLE FOR ANY LOSS OF PROFITS, REVENUE, ANTICIPATED REVENUE, DATA, USE, GOODWILL OR OTHER INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES SUFFERED BY THE OTHER PARTY OR OTHERS AS A RESULT OF PERFORMANCE OR NON-PERFORMANCE UNDER THIS AGREEMENT, OR ARISING OUT OF OR IN RELATION TO THIS AGREEMENT (INCLUDING ANY SOWS), WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES WAS DISCLOSED OR COULD HAVE BEEN REASONABLY FORSEEN. EACH PARTY'S LIABILITY TO THE OTHER PARTY FOR DAMAGES ARISING FROM OR RELATING TO THIS AGREEMENT (INCLUDING STATEMENTS OF WORK) SHALL BE LIMITED TO DIRECT DAMAGES, AND SHALL NOT EXCEED THE AMOUNT WHICH HAS BEEN PAID TO SUPPLIER BY CES FOR SERVICES PROVIDED AND/OR PRODUCTS PURCHASED UNDER THIS AGREEMENT AND/OR RELEVANT SOWS DURING THE TWELVE (12) MONTHS IMMEDIATELY PRIOR TO THE MONTH IN WHICH ANY ONE EVENT, ACT, OR OMISSION GIVING RISE TO LIABILITY OCCURRED; PROVIDED THAT IF ALL SUCH EVENTS, ACTS, OR OMISSIONS GIVING RISE TO LIABILITY OR LIABILITIES OCCURS DURING THE TWELVE (12) MONTHS AFTER THE EFFECTIVE DATE, LIABILITY SHALL BE LIMITED TO AN AMOUNT EQUAL TO THE TOTAL CHARGES THAT WOULD BE PAYABLE BY CES FOR THE SERVICES DURING SUCH TWELVE (12) MONTH PERIOD. THIS LIMITATION OF LIABILITY APPLIES REGARDLESS OF WHETHER LIABILITY IS BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT

LIABILITY, BREACH OF WARRANTIES, FAILURE OF ESSENTIAL PURPOSE OF THIS AGREEMENT OR OTHERWISE, OR ANY OTHER LEGAL THEORY. NOTWITHSTANDING THE FOREGOING, SUPPLIER'S LIABILITY FOR CLAIMS OF INFRINGEMENT OF PATENTS, COPYRIGHTS, TRADEMARKS, SERVICE MARKS, TRADE NAMES AND/OR MISAPPROPROIATION OF TRADE SECRETS AND CLAIMS RESULTING FROM PERSONAL BODILY INJURY, INCLUDING DEATH, OR DAMAGE TO OR DESTRUCTION OF REAL PROPERTY AND TANGIBLE PERSONAL PROPERTY RESULTING FROM SUPPLIER'S GROSS NEGLIENCE OR WILLFUL MISCONDUCT SHALL NOT BE LIMITED..

24. ASSIGNMENT

The Contractor shall not assign this Agreement nor sublet any of the work to be performed hereunder without the express written consent of CES, and any such assignment or subletting shall not relieve the Contractor from responsibility for the performance of the work hereunder in accordance with the terms hereof nor from its responsibility for the performance of any other of its obligations hereunder.

25. NONWAIVER

The failure of one party to insist upon or enforce, in any instance, strict performance by the other party of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon such terms or rights on any future occasion.

26. MAJEURE

No failure, delay, or default in performance of any obligation of a party to this Agreement shall constitute a material breach of this Agreement, to the extent that such failure, delay or default is attributable to act or omission beyond the control and without the fault or negligence of such party. Such causes include, by way of illustration and not limitation, action or inaction of a governmental agency; civil or military authority; fire;

flood; war; acts of terrorism; riot; earthquake and other like or similar natural disaster ("Force Majeure Event").

- The party affected by such Force Majeure Event shall have taken or shall take all reasonable actions to prevent and/or minimize the consequences of any such Force Majeure Event, and perform its obligations and responsibilities to the fullest extent possible during such Force Majeure Event. Failure to exercise appropriate and prudent action to prevent or minimize the impact of such Force Majeure Event shall be reason to deny relief to the party seeking protection under the provisions of this Section.

- A party desiring to rely upon any of the foregoing as an excuse for failure, delay or default in performance shall give to the other party prompt written notice of the facts which constitute such Force Majeure Event. Such notice shall include information regarding: (i) when the Force Majeure Event arose; (ii) what actions were taken to prevent and/or minimize the impact of such Force Majeure Event; (iii) when such Force Majeure Event is expected to cease; (iv) and when performance of its obligations hereunder will resume.

- All payments or other obligations of CES to Contractor shall be suspended during any Force Majeure Event.

- The unaffected party of any Force Majeure Event may engage alternate sources of supply at the affected party's expense if such Force Majeure Event continues for a period in excess of fifteen (15) days.

- The party who is not seeking protection under this Article, may terminate this Agreement without penalty, after a total of 30 calendar days has elapsed from the date of the notice of the Force Majeure Event, if complete performance has not resumed.

27. LITIGATION COSTS

In the event of any legal proceedings to interpret or enforce the provisions of this Agreement, the prevailing party in such proceedings shall be entitled to recover its reasonable attorney's fees and costs incurred therein.

28. MODIFICATION

No waiver, alteration, consent or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the party to be bound.

29. CONTROLLING LAW AND JURISDICTION

This Agreement and the construction, interpretation and enforcement hereof shall be construed in accordance with and governed by the laws of the State of Texas, and shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and any permitted assigns. Any action seeking to interpret, construe or enforce the terms of this Agreement or any Written Notice hereunder shall be brought in a court of competent jurisdiction in Harris County, Texas.

30. COMPLETE AGREEMENT

This Agreement, except as modified by the written agreement of the parties, constitutes the entire Agreement between the COMPANY and the Contractor pertaining to its subject matter and supersedes all prior and contemporaneous negotiations, agreements, and understandings of either or both parties in connection herewith.

31. SEVERABILITY

In the event any provision hereof shall be judicially determined by a court of competent jurisdiction to be invalid or in any way prohibited by law, as such provision is stated herein, the parties agree that, to the extent possible, such provision may be construed by the court in a manner to be enforceable with any limitations required by law. In the event a provision is construed to be unenforceable, such invalid portion shall be

ineffective only to the extent of such prohibition, and the remaining portions of this Agreement shall continue in full force and effect and shall be binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or have caused it to be duly executed on their behalf, the day and year first above written.

2/4/07

CES representative: Greg Bowman,
Vice President, Sales, Finance & Administration

MYREX INDUSTRIES

Exhibit 1

(Drawings dated 1-8-08 and styled as Texas Gulf Coast Engineer Plans D-1352-ST-100A, 100B, 100C (101-109)

Exhibit 2

Myrex Industries Proposal No: 01-6286 (revision 2-4-8)

Exhibit 3

STATE OF TEXAS §

HARRIS COUNTY §

Contract Date_____

Date Bond Executed _____

PERFORMANCE AND MAINTENANCE BOND

Principal_____

_____

_____

Surety_____

_____

_____

Owner: CES Environmental Services, Inc.

Penal Sum of Bond ($ 239,840.00) lawful money of the United States, being 100% of the Contract Price.

Contract for CES Environmental Services, Inc. to provide materials and labor to fabricate and deliver Oil Processing Structures according to specifications and drawings dated 12-11-07 and styled as Texas Gulf Coast Engineer Plans D-1352-ST-100A, 100B, 100C (101-109).

KNOW ALL PERSONS BY THESE PRESENTS, that we, Principal & Surety above named, are held and firmly bound unto OWNER, its successors and assigns, in penal sum of the amount stated above for the payment of which sum well and truly will be made, we bind ourselves and our respective heirs, executors, administrators, officers, directors, shareholders, partners, successors, and assigns, jointly and severally, firmly by these presents:

WHEREAS, Principal entered into that certain Contract with OWNER, dated the same date as this bond, to which Contract reference is made herein.

Now, therefore, for valuable consideration, the receipt whereof is hereby acknowledged by the Surety, the Surety hereby irrevocably undertakes to, whenever Principle shall be declared by Owner to be in default under the Contract, without any objection, opposition or recourse, promptly pay the Owner the amount required by the Owner to remedy the default and complete the Contract in accordance with its terms and conditions, any amount up to a total not exceeding the amount of the Bond, or remedy the default and complete the contract in accordance with its terms and conditions.

The Surety shall not be liable for a greater sum than the specified penalty of the Bond.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION IS SUCH, that if Owner notifies Surety in writing that the Principal has well and truly performed and fulfill all the undertakings, covenants, terms, conditions, and agreements of the Contract during the original term of the Contract and any extensions thereof that may be granted by OWNER, with or without notice to Surety, and during the life of any guaranty or warranty required under the Contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of and all duly authorized modifications of the Contract that may hereafter be made, notice of which modifications to Surety being hereby waived, then this obligation to be void; otherwise to remain in full force and effect.

This Bond shall be enforceable without the need to have recourse to any judicial or arbitral proceedings.

The Bond parties have executed this instrument pursuant to authority of their respective governing body, to be effective on the Contract.

_____ ATTEST
Principal

By_____ By_____

Name_____ Name_____

Title_____ Title_____

Address_____

_____ (SEAL)

_____ ATTEST
Surety

By_____ By_____

Name_____ Name_____

Title_____ Title_____

Physical Address_____

_____ (SEAL)

_____

Mailing Address_____

_____

_____

Telephone _____

LOCAL RECORDING AGENT PERSONAL IDENTIFICATION NUMBER_____

The name and address of the Resident Agent of Surety is:

_____

_____

_____

Surety must attach its original power of attorney to the Bond.

CERTIFICATE AS TO COPORATE PRINCIPAL

I, _____, certify that I am the secretary of the corporation named as Principal in the Bond; that_____, who signed the bond on behalf of Principal, was then_____ of the corporation; that I know his or her signature, and his or her signature is genuine; and that the bond was duly signed for and on behalf of the corporation by authority of its governing body.

_____ (Corporate Seal)

ATTACH POWER OF ATTORNEY

(to Performance & Maintenance Bond)

Gulf States Materials, Inc.

Specifications for Item GS-200

FLY ASH STABILIZED BASE MATERIAL

1. DESCRIPTION

1.1 This material shall consist of a fly ash stabilized base course composed of crushed calcium sulfate aggregate in accordance with these specifications and shall conform to the dimensions, lines and grades as shown on the plans, or as directed by the Engineer.

2. MATERIALS

2.1 Fly Ash

Fly Ash shall be a Class C Fly Ash, meeting the requirements of ASTM C 618, and shall also have a minimum compressive strength of 1000 psi when tested in accordance with ASTM C 593.

2.2 Water

Water shall meet the requirements of water for Texas SDHPT Item 360, "Concrete Pavement."

2.3 Base Material

The base material shall be crushed calcium sulfate. The binder shall be material obtained from the crushing operation and from the fines intermixed with the material.

The base material shall consist of hard; durable particles or fragments of calcium sulfate free from objectionable matter and shall not contain an excessive amount of flat or elongated pieces. The method used in production of the crushed material shall be such that the finished product is uniform.

All material passing the No. 4 mesh sieve produced in the crushing operation shall be incorporated in the base material, unless there is an excessive amount that, if included, would cause the material to not meet the gradation requirements.

2.4 Physical Requirements

The processed material, when properly sampled and tested by standard laboratory procedures, shall meet the following requirements:

2.4.1 The crushed calcium sulfate material shall be within the following gradation:

Unscreened		Screened	
Sieve Size	Percent Retained	Sieve Size	Percent Retained
1 ¾"	0-10	1 ¾"	-0-
No. 4	15-65	No. 4	15-65
No. 40	30-70	No. 40	30-70

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2.4.2 The binder, or the portion of the base material passing the No. 40 mesh sieve, shall have a liquid limit of not more than 35 and a plasticity index of not more than 10.

2.4.3 The processed material, when compacted to 95 percent of the modified proctor density (ASTM D 1557), shall have a CBR value of not less than 100 after a period of 30 days when tested in general accordance with ASTM D 1883.

2.4.4 The moisture content of the material (F.O.B. at the Plant) shall be + or - 2 percent of optimum moisture content as determined by ASTM D 1557.

3. PROPORTIONING OF MIXES

3.1 Strength Design

The mix will be designed with the intention of producing a minimum average compressive strength 200 psi at an age of 14 days. Fly ash stabilized specimens shall be prepared, cured, and tested as outlined in ASTM D 1632 and D 1633.

3.2 Fly Ash Factor Design

The fly ash content shall not be less than 10% of the dry weight of the base material mixture.

4. CONSTRUCTION METHODS

4.1 Preparation of Underlying Course

The underlying course shall be proof rolled in accordance with Tex Dot Item 216. Soft areas shall be repaired or replaced before compaction to required density as directed by Engineer. Immediately after compaction, the surface of the sub grade shall be tight bladed by a maintainer or trimmer to match grades on plans. Attention should be given to proper drainage of the underlying course and to the modifications of excessively plastic or organic soils with stabilizing agents.

4.2 Base Course Placement

The fly ash stabilized base shall be placed in uniform layers on the prepared sub grade to produce the depth specified on the plans. The depth of layers shall be as approved by the Engineer. But not in lifts of less than six inches (6") with the fly ash stabilized base. Construction joints between new fly ash stabilized base and fly ash stabilized base that has been in place four (4) hours or longer shall be vertical. The plane of the joint may be formed by a header which shall be removed immediately prior to placing the subsequent base or the base placed first may be cut to an vertical face, free of loose and shattered material before placing subsequent base.

Fly ash stabilized base shall not be placed when the air temperature is below 40° F and is falling, but may be placed when the air temperature is above 35° F and is rising. Fly ash stabilized base shall be mixed or placed only when weather conditions in the opinion of the Engineer is stable for such work.

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4.3 Base Course Compacting and Finishing

Compaction shall be carried out under the Controlled Density method or under the Ordinary Compaction method as outlined below and as shown on the plans. The moisture content of the mixture during compaction operations shall be maintained within a range of + or - 2% of the optimum moisture content. A testing Lab and Engineer should determine this.

The compaction shall be completed within four (4) hours of the time water is added to the mixture. No vibratory compaction should be done after two (2) hours from the time moisture is added and compaction starts. If any reshaping needs to be done; scarify the base material to full depth maintaining optimum moisture and re-compact to achieve maximum density. This has to be done within the four (4) hours after the time moisture is added. Final grade should be approximately ¼" inch above grade. Immediately after compaction, the surface of the base should be tight bladed with a maintainer to a depth of approximately ¼", removing all loosened materials. The loosened materials shall be disposed of at a location approved by the engineer. The surface shall then be rolled with a pneumatic tire roller, adding increments of water as needed during rolling.

4.4 Curing

The fly ash stabilized base shall be kept wet for a period of seventy-two (72) hours after completion of compaction. The fly ash stabilized base shall be opened to traffic as specified on the plans or as directed by the Engineer, but in no case before being cured at least 72 hours. Repairs to fly ash stabilized base shall be done by replacing the base for its full depth rather than by adding a thin layer of fly ash stabilized material to the of base in need of repair. All joints where the fly ash stabilized base is removed shall be vertical joints before new base is added.

4.5 Re-Working

Unlike cement-stabilized material, the fly ash stabilized materials can be re-worked. Before reusing, proper aggregate sizing and **moisture** must be added to achieve maximum density. The Type C Fly Ash used in GS-200 has the ability to react a second time as long as the material is at **optimum moisture or above**. The same compacting and finishing methods should be used as discussed in 4.2, 4.3 and 4.4. NOTE: Some strength will be lost, but in most cases it will still meet GS-200 specifications.

4.6 Stockpiling

Stockpiling stabilized CaSo4 is not recommended, but if it is necessary, care must be taken to assure that the stockpile is stacked in its loose state. Additional moisture may be necessary to obtain optimum density when material is placed for compaction. Use the same methods as discussed in 4.2, 4.3 and 4.4.

Note: Some strength will be lost, but in most cases it will meet GS-200 specifications. A testing lab and engineer should determine this.

5. MEASUREMENT

The calcium sulfate material shall be measured by the ton, on Texas state approved, certified scales.

EPAHO120000918

Pavement Services

1017 Howard
Bellaire, Texas 77401
(713) 661-9295
Fax (713) 839-9864
www.pavementservice.com

The following contract made and entered into this the 3-11-08

between Pavement Services herein referred to as Contractor, and

C E S Environmental (attn Brion Weathers),

herein referred to as Customer, at 4904 Griggs

Houston Tx 77021 (713) 676-1460 Fax 676-1676

Contractor agrees to sell and Customer agrees to buy the following materials, merchandise and services.

Scope of Work: Repair 10,000 sq ft of damaged asphalt and base

(1) Cement stabilize these areas using Bomag reclaimer
(2) Mix in 40 lbs of portland cement per sq. yard
(3) Grind up old asphalt and base to depth of 10 inches and mix in portland cement
(4) Grade, compact & wet down new base.
(5) Saw cut old asphalt edges
(6) Apply tack coat
(7) Install 2" of hot mix asphalt and compact

Unit price $3.45 sq ft

Above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial and workmanlike manner for the sum of:

Please add 8¼% sales tax Dollars $ (34,500.00)

With payment to be made as follows:

Pavement Services

By: Steve Romine

SR

Customer:

By: _____

Title: _____

Date: _____

Pavement Services

1017 Howard
Bellaire, Texas 77401
(713) 661-9295
Fax (713) 839-9864
www.pavementservice.com

The following contract made and entered into this the 3-11-08

between Pavement Services herein referred to as Contractor, and

C E S Environmental (attn Brian. Weathers),

herein referred to as Customer, at 4904 Griggs

Houston Tx.

Contractor agrees to sell and Customer agrees to buy the following materials, merchandise and services.

(a) Scope of Work: Install new base area 380'x60' at new building (22,800 ☐)

(1) Excavate approx. 3 ft of dirt in this area (2533 cubic yards)
(2) Haul of this material (281 loads)
(3) Cut down and haul off trees
(4) Load up trash in Customer supplied dumpsters
(5) Install 8" of GS 200 base material in this area. 900 tons

$ 74,950.00

(B) Install four 18"/48" piers 12 ft deep
Owner to supply anchor bolts and rebar

$ 2750.00

* Customer to supply permit

Above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial and workmanlike manner for the sum of: Dollars $

Please add 8¼% sales tax

With payment to be made as follows:

Pavement Services

By: Steve Romine

Steve Romine

Customer:

By: _____

Title: _____

Date: _____

Pavement Services

1017 Howard
Bellaire, Texas 77401
(713) 661-9295
Fax (713) 839-9864
www.pavementservice.com

The following contract made and entered into this the 3-11-08

between Pavement Services herein referred to as Contractor, and attn. Brian Weathers (713) 306-9804
CES Environmental

herein referred to as Customer, at 4904 Griggs
Houston Tx 77021 (713) 676-1460 Fax 676-1676

Contractor agrees to sell and Customer agrees to buy the following materials, merchandise and services.

(A) Scope of Work: Install 30'x50' new driveway from existing yard to new building

① Install 34' ft of 18" concrete pipe in ditch
② Excavate dirt as needed
③ Install 10" inches of SS200 (flay ash stabilized calcium sulfate)
④ Grade, compact and wet down

(B) Install hot mix asphalt on top of new base

① Apply tack coat
② Install 2" of hot mix asphalt using Leeboy paver and compact with 3 ton vibratory roller

* Owner to supply permit

Above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial and workmanlike manner for the sum of:
Please add 8 1/4% sales tax Dollars $ # 9,750.00
With payment to be made as follows:

Pavement Services

By: Steve Romine

SR

Customer:

By: _____

Title: _____

Date: _____

EPAHO120000921

Pavement Services

1017 Howard
Bellaire, Texas 77401
(713) 661-9295
Fax (713) 839-9864
www.pavementservice.com

The following contract made and entered into this the 3-11-08

between Pavement Services herein referred to as Contractor, and CES Environmental Services,

herein referred to as Customer, at 4904 Griggs Houston Tx. (Steve 281 433-7052

Contractor agrees to sell and Customer agrees to buy the following materials, merchandise and services.
Scope of Work: Install new concrete in 24'x13' area by road

(1) Excavate dirt and haul off
(2) Install 4" inches of 3000 psi concrete with #3 rebar on 18" Centers

Above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial and workmanlike manner for the sum of:
Please add 8 1/4% sales tax Dollars $(4900.00)
With payment to be made as follows:

Pavement Services

By: Steve Romine

Steve Romine

Customer:

By: _____

Title: _____

Date: _____

EPAHO120000922

REF. DWG. NO.

1.0 CODES & STANDARDS

ALL STEELWORK DESIGN, FABRICATION, TESTING AND CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE FOLLOWING CODES AND STANDARDS:

1. AMERICAN INSTITUTE OF STEEL CONSTSRUCTION (AISC):
   SPECIFICATION FOR STRUCTURAL STEEL BUILDINGS – ALLOWABLE STRESS DESIGN AND PLASTIC DESIGN
   CODE OF STANDARD PRACTICE FOR STEEL BUILDINGS AND BRIDGES
   MANUAL OF STEEL CONSTRUCTION, 9TH EDITION
   SPECIFICATION FOR STRUCTURAL STEEL JOINTS USING ASTM A325 OR A490 BOLTS
2. AMERICAN WELDING SOCIETY (AWS):
   STRUCTURAL WELDING CODE, AWS D1.1
3. ASTM STANDARDS FOR THE MATERIALS SPECIFIED
4. AISI STANDARDS FOR THE MATERIALS SPECIFIED
5. STEEL JOIST INSTITUTE RECOMMENDED PRACTICE FOR STEEL JOISTS

2.0 MATERIAL SPECIFICATIONS

2.1 STRUCTURAL STEEL:
WIDE FLANGES & WT'S: ASTM A572 GR 50 OR ASTM A992
ALL OTHER STRUCTURAL SHAPES & PLATES: ASTM A36

2.2 MACHINE BOLTS, NUTS AND WASHERS: ASTM A307

2.3 HIGH STRENGTH BOLTS: ASTM A325, TYPE 1

2.4 STRUCTURAL PIPE: ASTM A53, GRADE B

2.5 WELDING FILLER METAL: PER AWS D1.1
ELECTRODE STRENGTH: 70 KSI MINIMUM TENSILE STRENGTH
58 KSI MINIMUM YIELD STRENGTH

3.0 CONNECTIONS

3.1 ALL BOLTED FIELD CONNECTIONS SHALL BE MADE WITH HIGH STRENGTH BOLTS WITH THE EXCEPTIONS NOTED IN 3.3.

3.2 ALL HIGH STRENGTH BOLTS SHALL BE 3/4" DIAMETER UNLESS NOTED OTHERWISE.

3.3 FIELD CONNECTIONS FOR PURLINS, GIRTS, LADDERS AND HANDRAILS SHALL USE 5/8" DIAMETER ASTM A307 BOLTS UNLESS NOTED OTHERWISE.

3.4 BOLTED CONNECTIONS SHALL BE MADE WITH A MINIMUM OF TWO BOLTS UNLESS NOTED OTHERWISE.

3.5 ALL HOLES FOR BOLTS SHALL BE 1/16" LARGER THAN BOLT DIAMETER UNLESS NOTED OTHERWISE.

3.6 BOLTS SHALL BE BEARING TYPE UNLESS NOTED OTHERWISE.

3.7 THREADS OF HIGH STRENGTH BOLTS SHALL BE EXCLUDED FROM THE SHEAR PLANE.

3.8 HIGH STRENGTH BOLTS SHALL BE TIGHTENED ACCORDING TO AISC "SPECIFICATION FOR STRUCTURAL JOINTS USING ASTM A325 OR A490 BOLTS".

3.9 ALL SHOP CONNECTIONS SHALL BE WELDED.

3.10 ALL WELDED CONNECTIONS SHALL BE SEAL WELDED WITH 1/8" FILLET WELDS FOR GALVANIZING.

3.11 IF THE SIZE OF A FILLET WELD IS NOT SHOWN ON THE DRAWINGS, PROVIDE THE MINIMUM FILLET WELD AS SHOWN IN TABLE J2.4 OF THE AISC SPECIFICATION.

3.12 FRAMED BEAM CONNECTIONS NOT DETAILED ELSEWHERE SHALL COMPLY WITH DETAIL 1 AND SCHEDULE 1.

3.13 BRACING CONNECTIONS SHALL HAVE TWO BOLT CONNECTIONS AT EACH END UNLESS NOTED OTHERWISE ON THE DRAWINGS. BRACING CONNECTIONS SHALL BE DESIGNED FOR THE SHEAR CAPACITY OF THE BOLTS WITH THE BRACING MEMBER IN TENSION. THE WORK POINT SHALL BE AT THE CENTERLINE OF THE BEAM AND COLUMN UNLESS NOTED OTHERWISE.

3.14 ALL GUSSET PLATES SHALL BE 3/8" MINIMUM THICKNESS UNLESS NOTED OR DETAILED OTHERWISE.

3.15 GUSSET PLATES FOR VERTICAL DIAGONAL BRACING SHALL CONNECT TO BOTH THE BEAM AND COLUMN UNLESS NOTED OR DETAILED OTHERWISE.

4.0 GALVANIZING

4.1 ALL STRUCTURAL STEEL SHALL BE GALVANIZED PER ASTM A123, A143, A153, A384, A385, AND A386 AS APPLICABLE.

4.2 REPAIR DAMAGE TO GALVANIZED SURFACES WITH ZRC COLD GALVANZING COMPOUND OR APPROVED EQUAL.

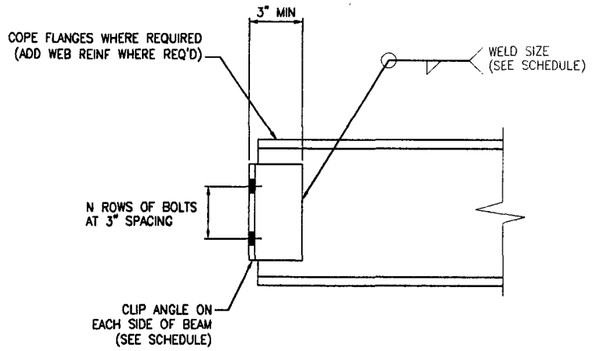
5.0 GRATING

5.1 GRATING SHALL BE GALVANIZED WELDED STEEL GRATING WITH 1 1/4"x3/16" SERRATED BEARING BARS AT 1 3/16" SPACING WITH TRANSVERSE BARS AT 4" SPACING UNLESS OTHERWISE NOTED.

5.2 GRATING SHALL BE FASTENED TO STRUCTURAL STEEL WITH HOT DIP GALVANIZED, SADDLE TYPE FASTENERS SECURED WITH 1/4" STAINLESS STEEL HEX HEAD SCREWS. TWO CONNECTIONS PER GRATING SUPPORT BEAM PER SECTION SHALL BE USED.

6.0 ERECTION MARKS

6.1 STRUCTURAL STEEL MEMBERS SHALL BE IDENTIFIED WITH ERECTION MARKS THAT ARE CLEARLY DISCERNIBLE THROUGH SHOP GALVANIZING OR PAINTING.



DETAIL 1
FRAMED BEAM CONNECTION

BEAM SIZE	MIN N	MIN CLIP ANGLE THICKNESS (IN)	MIN WEB WELD (IN)
C8, W8 C9, C10, W10	2	5/16	3/16
C12, W12 C14, W14	3	5/16	3/16
W16, W18	4	5/16	1/4
W21	5	5/16	1/4
W24	6	5/16	1/4
W27	7	5/16	1/4
W30	8	5/16	1/4
W33, W36	9	5/16	1/4

SCHEDULE 1
FRAMED BEAM CONNECTION SCHEDULE

NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR
	A		11/27/07	JY	

OIL PROCESSING STRUCTURE
GENERAL NOTES
STRUCTURAL STEEL

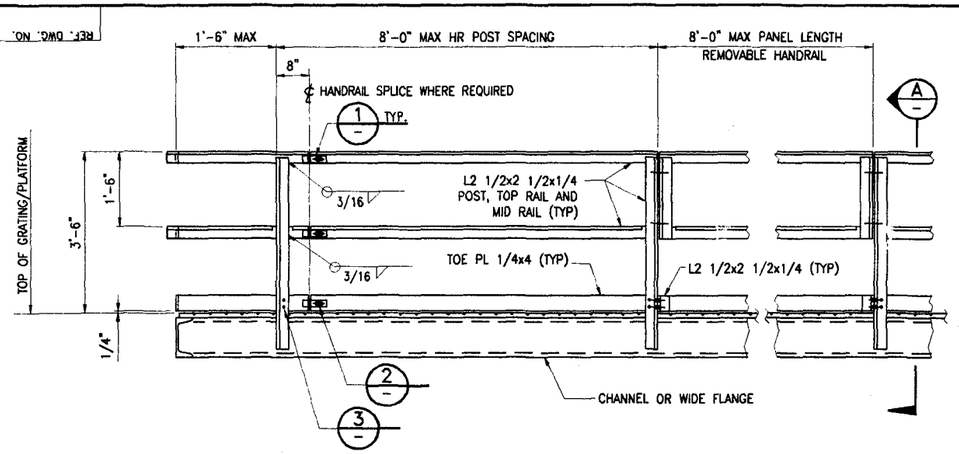
CLIENT JOB NO.

ENG. RECORD	DATE
DRAWN BY JCY	11/27/07
CHECKED	
APPROVED	
APPROVED	
SCALE	

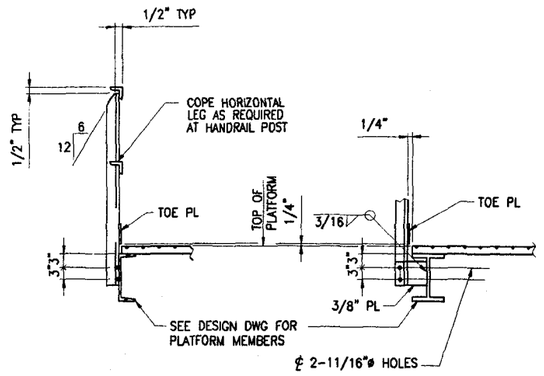
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-100A REV. A

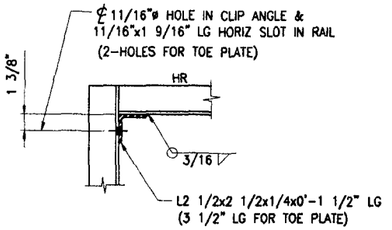
EPAHO120000923



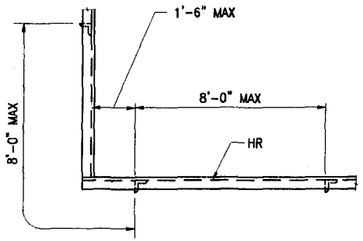
TYPICAL HANDRAIL ELEVATION



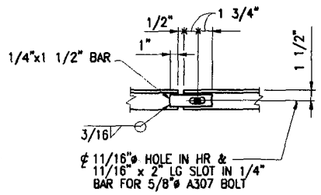
SECTION A



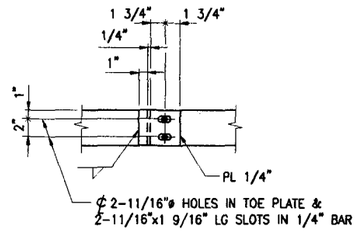
PLAN
OUTSIDE CORNER
HANDRAIL & TOE PLATE



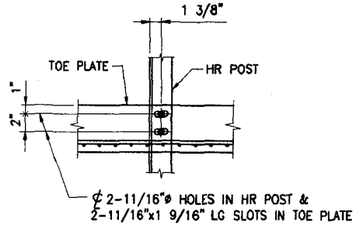
HANDRAIL PLAN AT CORNER



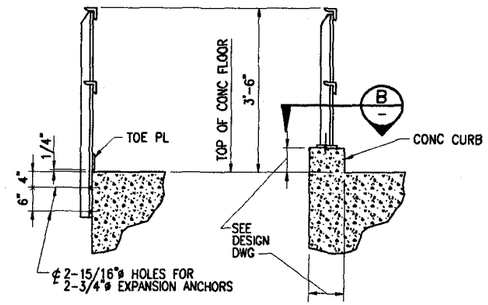
HANDRAIL SPLICE
DETAIL 1



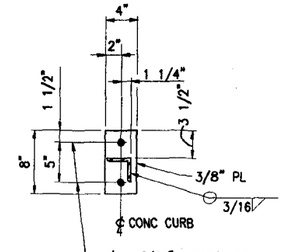
TOE PLATE SPLICE
DETAIL 2



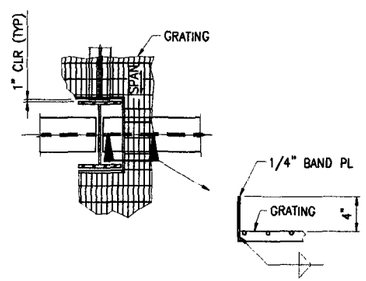
DETAIL 3



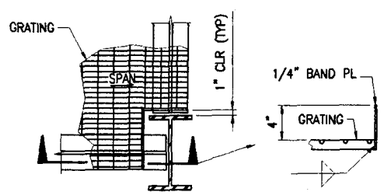
HR POST AT CONCRETE FLOOR
(SAME AS TYP HANDRAIL EXCEPT AS SHOWN)



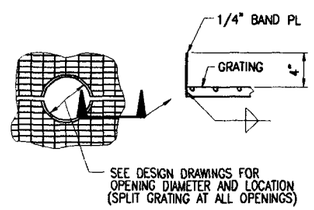
SECTION B



PLAN
GRATING OPENING AT MIDDLE COLUMN



PLAN
GRATING OPENING AT CORNER COLUMN



PLAN
GRATING OPENING
AT PIPE PENETRATION

NOTES:

1. SEE DESIGN DRAWINGS AND GENERAL NOTES FOR PLATFORM MEMBERS AND DIMENSIONS.
2. ALL SHARP EDGES AND CORNERS SHALL BE GROUND SMOOTH.
3. BOLTS FOR HANDRAIL SHALL BE 5/8"ø A307 UNLESS NOTED OTHERWISE
4. SHOP-WELDED HANDRAIL SECTIONS SHALL NOT EXCEED 20'-0" IN LENGTH.
5. EXPANSION ANCHORS SHALL BE 3/4"ø x 5 1/2" LG HILTI KWIK- BOLT II (MIN EMBED 3 1/4") OR APPROVED EQUAL (UNLESS NOTED OTHERWISE)

NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR
	A		12/11/07	JY	

CLIENT JOB NO.

OIL PROCESSING STRUCTURE
HANDRAIL AND GRATING STANDARD

ENG. RECORD	DATE
DRAWN BY JGY	12/5/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1" = 1'-0"	

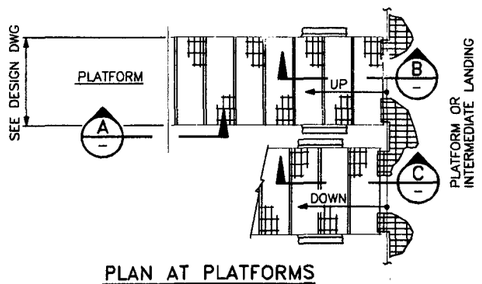
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-100B REV. A

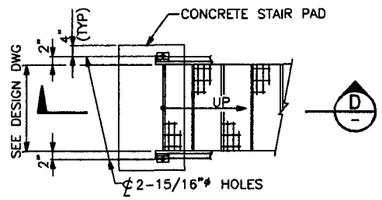
EPAHO120000924

REF. DWG. NO.

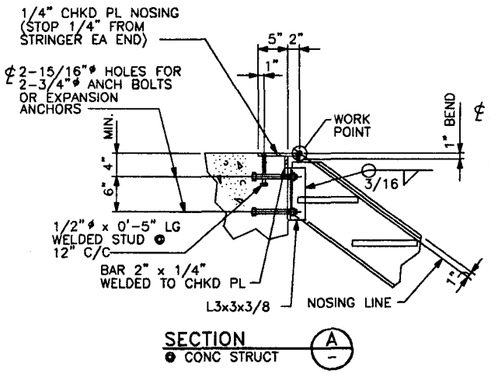
STAIR TREADS	MAXIMUM LENGTH OF TREAD		
	2'-9"	3'-3"	4'-7"
GRATING BEARING BARS 1 3/16" ON CENTER W/CHKD. PL NOSING	1"x3/16"	1 1/4"x3/16"	1 1/2"x3/16"



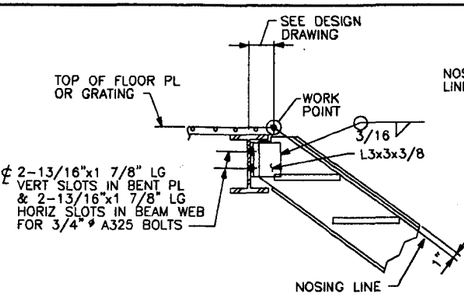
PLAN AT PLATFORMS

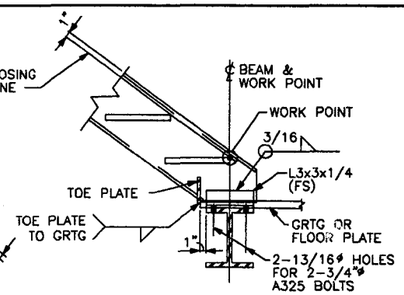


PLAN AT BASE



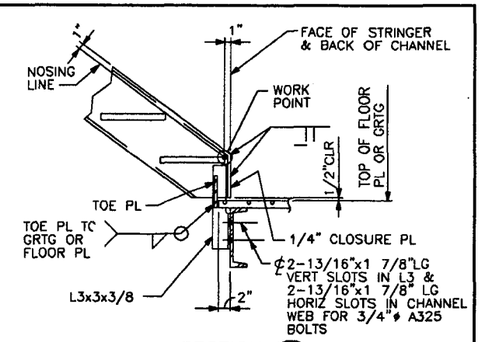
SECTION A
@ CONC STRUCT



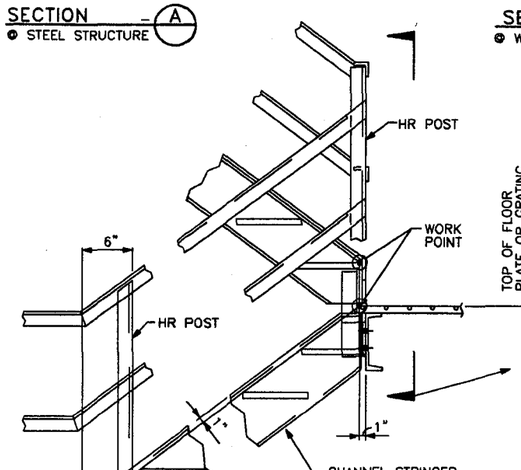


SECTION A
@ STEEL STRUCTURE

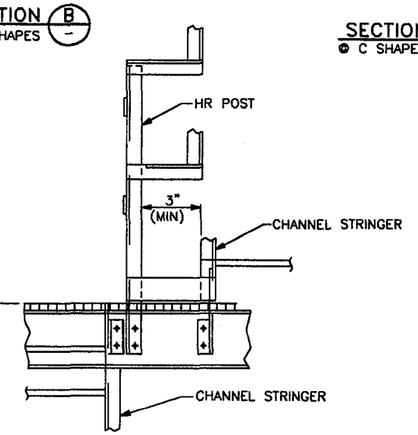
SECTION B
@ W SHAPES

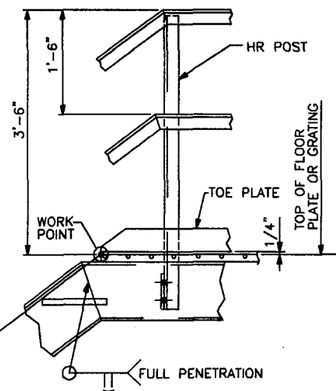


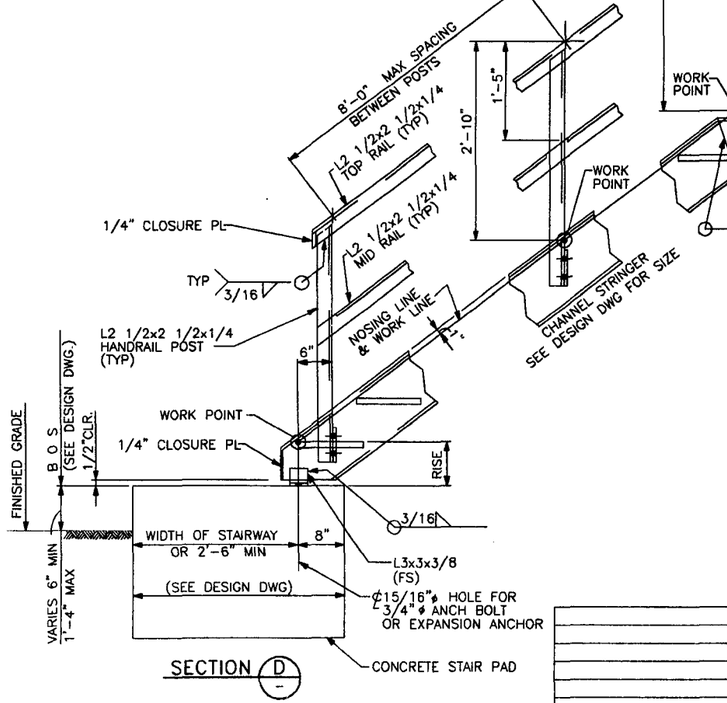
SECTION B
@ C SHAPES



SECTION C

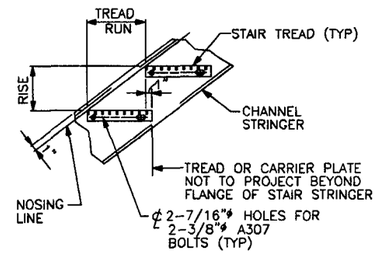




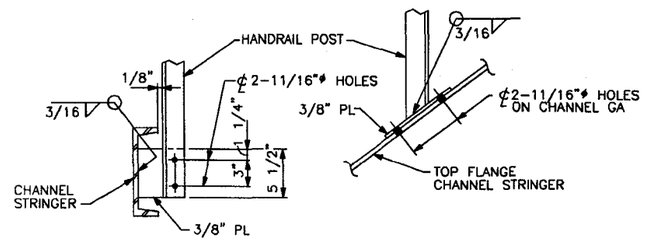


SECTION D

TYPICAL SECTION AT LANDING



STAIR TREAD 1



PREFERRED ALTERNATE

HANDRAIL POST CONNECTION DETAIL

NOTES:

1. SEE DESIGN DRAWINGS FOR STAIR MEMBERS AND DIMENSIONS.
2. ALL HAZARDOUS SHARP EDGES AND CORNERS SHALL BE GROUND SMOOTH.
3. ALL BOLTS SHALL BE 5/8" ø A307 UNLESS OTHERWISE NOTED.
4. ALL WELDED CONNECTIONS SHALL BE SEAL WELDED (FOR GALVANIZING).
5. FOR HANDRAIL DETAILS SEE HANDRAIL STANDARD S-3.
6. EXPANSION ANCHORS SHALL BE 3/4" x 4 3/4" HILTI KWIK BOLT 11 -GR APPROVED EQUAL (UNLESS OTHERWISE NOTED).

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR	CLIENT JOB NO.
	A		12/11/07	JY		

OIL PROCESSING STRUCTURE
STAIR STANDARD

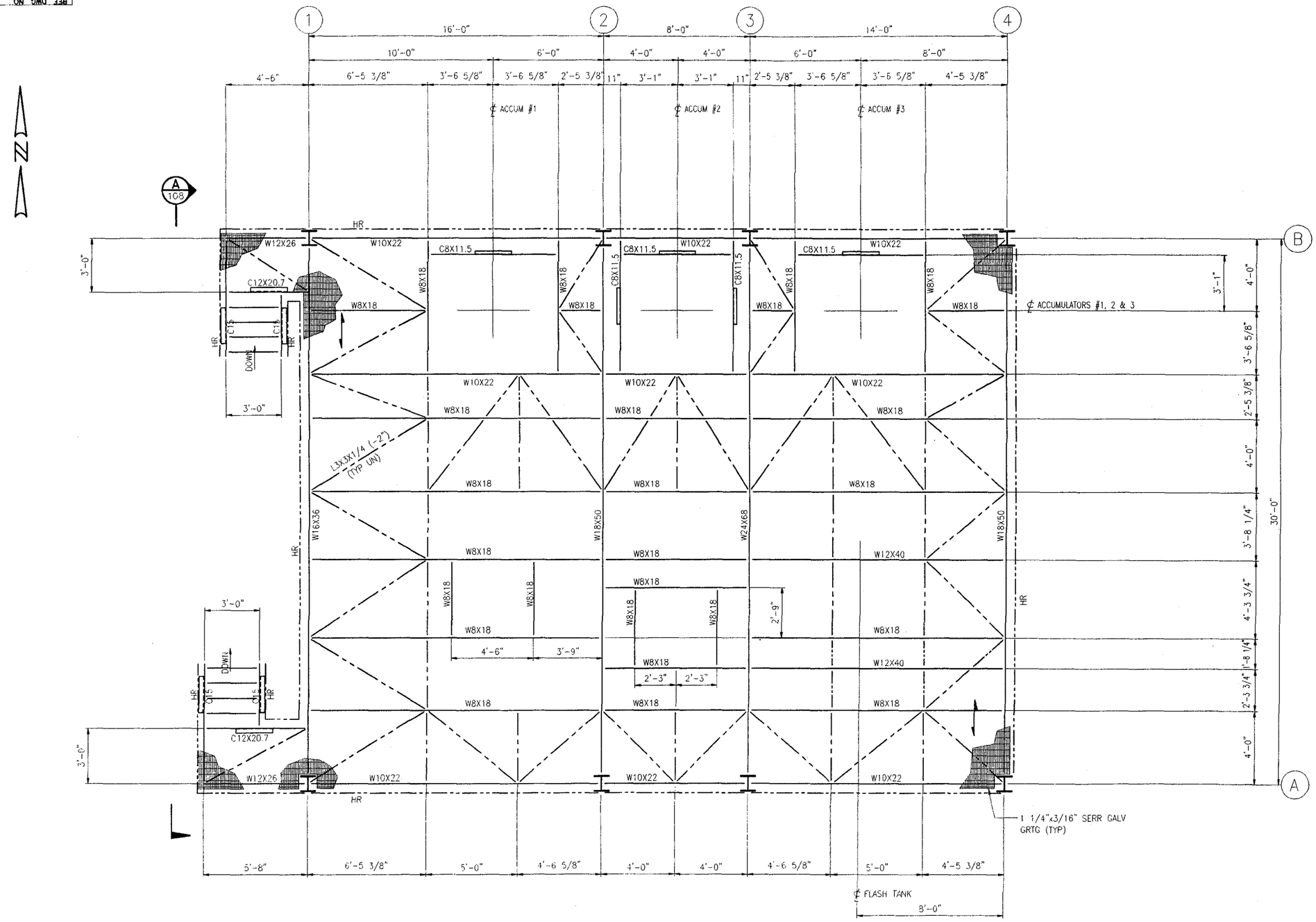
ENG. RECORD	DATE
DRAWN BY JGY	12/5/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1" = 1'-0"	

TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-100C REV. A

EPAHO120000925

REF. DWG. NO.



NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR	CLIENT JOB NO.
	C		12/11/07			

OIL PROCESSING STRUCTURE
PLAN AT TOS ELEVATION 122'-0"

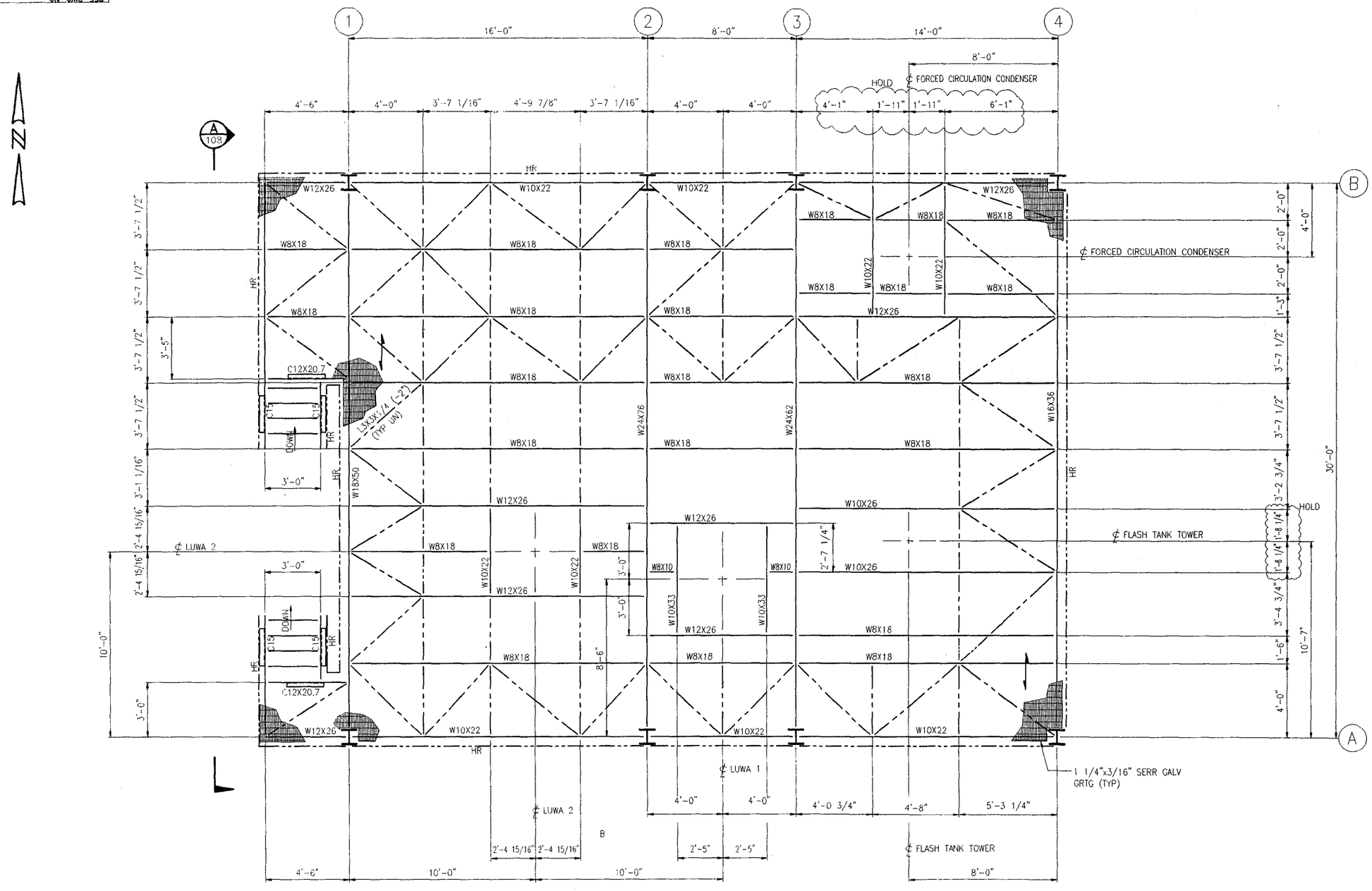
ENG. RECORD		DATE
DRAWN BY	JGY	11/26/07
CHECKED		
APPROVED		
APPROVED		
SCALE	3/8" = 1'-0"	

TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-101 REV. C

EPAHO120000926

REF. DWG. NO.



NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR
	C		12/11/07	JY	

CLIENT JOB NO.

OIL PROCESSING STRUCTURE
PLAN AT TOS ELEVATION 140'-0"

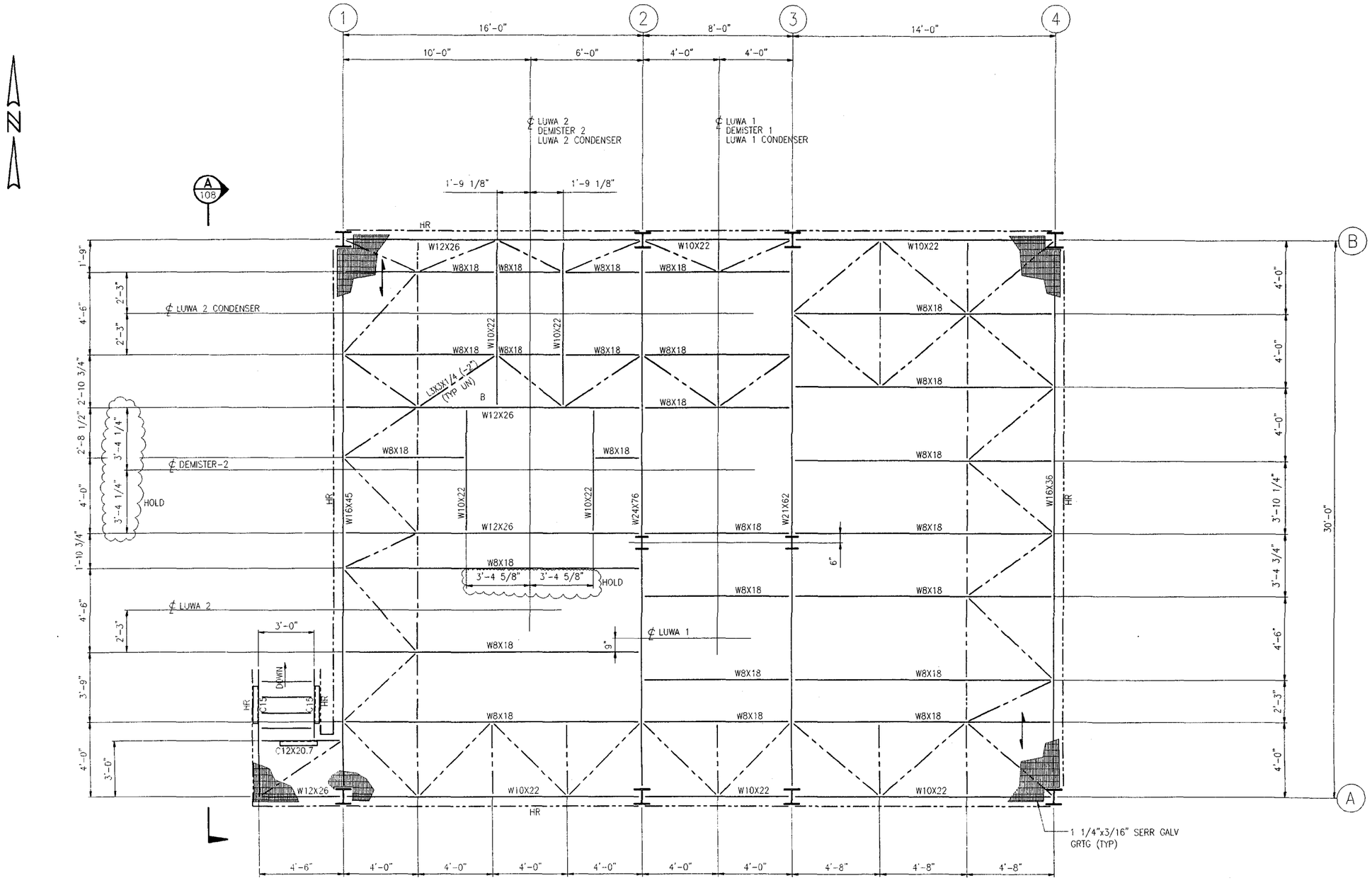
ENG. RECORD	DATE
DRAWN BY JCY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 3/8" = 1'-0"	

TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-102 REV. C

EPAHO120000927

REF. DWG. NO.



NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR
	C		12/11/07	JY	

OIL PROCESSING STRUCTURE
PLAN AT TOS ELEVATION 152'-7"

CLIENT JOB NO.

ENG. RECORD	DATE
DRAWN BY JGY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 3/8" = 1'-0"	

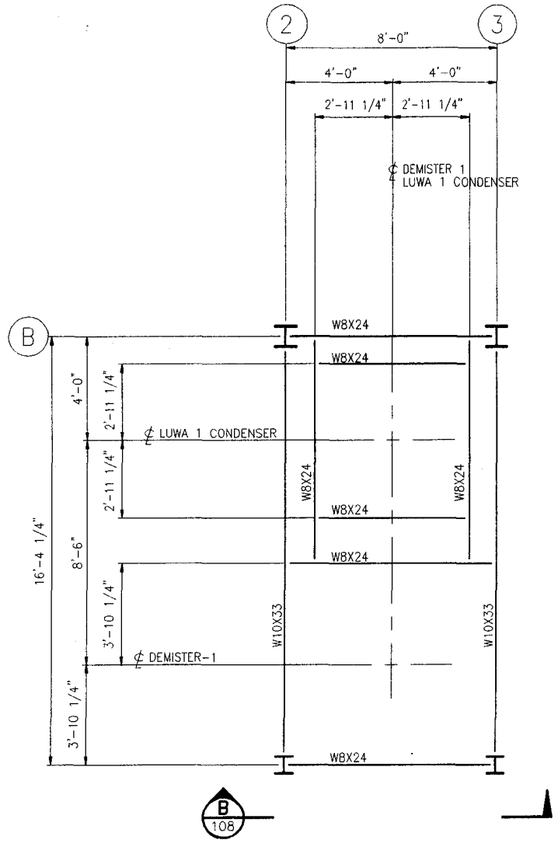
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-103 REV. C

EPAHO120000928

REF. DWG. NO.

N



NOTES:

NO.	REVISION	DATE	BY	APR
C		12/11/07	JY	

REF. DRAWINGS

CLIENT JOB NO.

OIL PROCESSING STRUCTURE
PLAN AT TOS ELEVATION 157'-4"

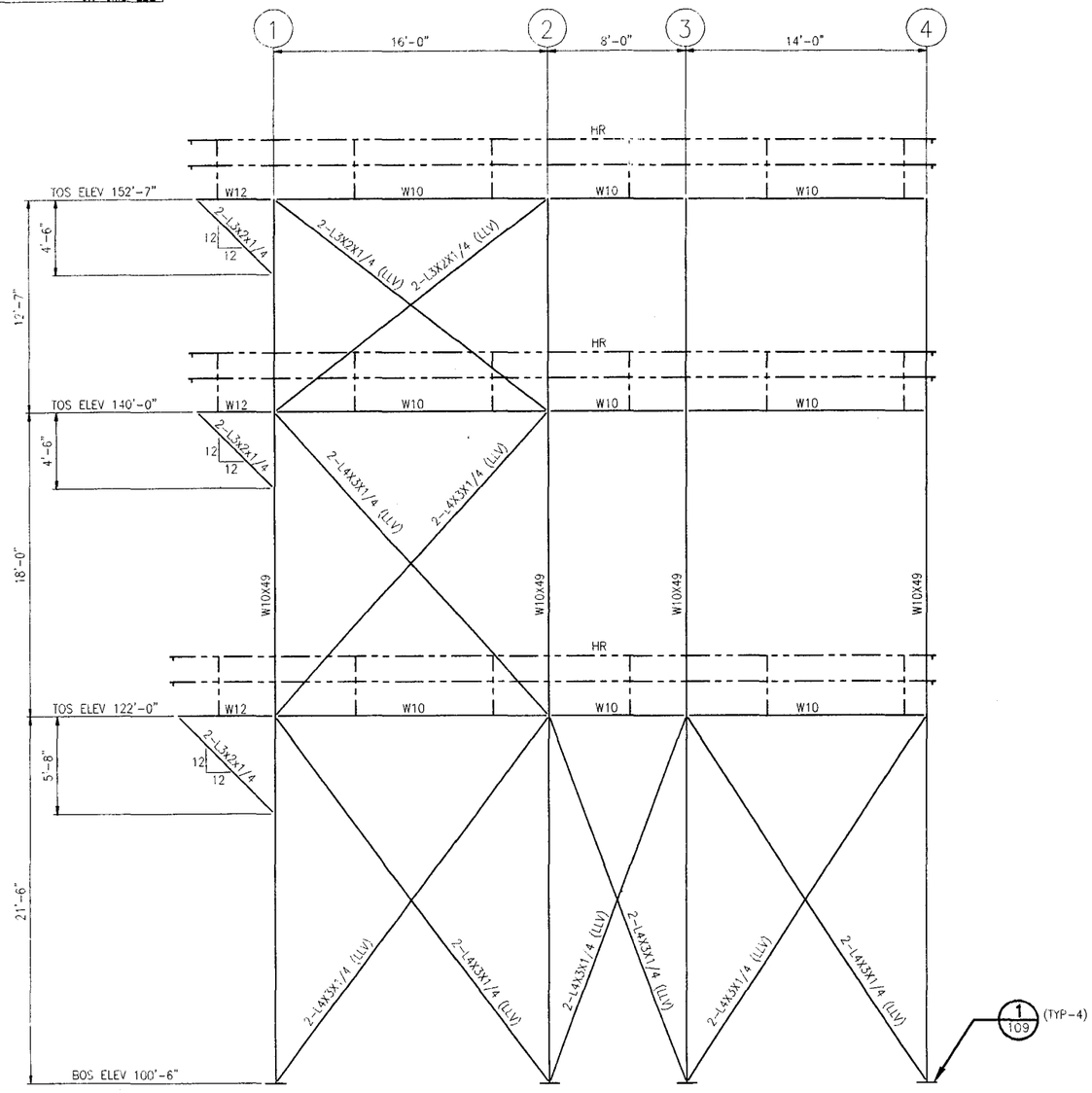
ENG. RECORD	DATE
DRAWN BY JGY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 3/8" = 1'-0"	

TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-104 REV. C

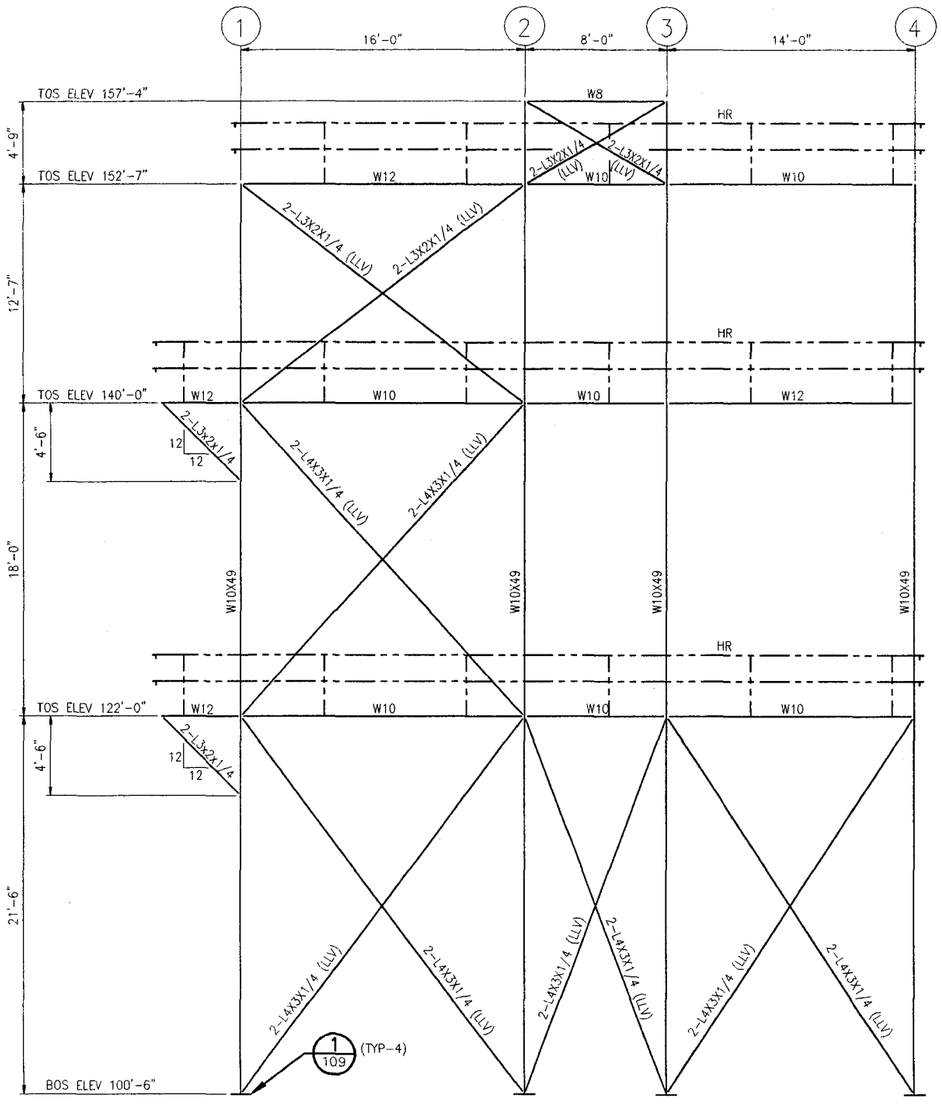
EPAHO120000929

REF. DWG. NO.



ELEVATION AT COL LINE A

(LOOKING NORTH)



ELEVATION AT COL LINE B

(LOOKING NORTH)

NOTES:

NO.	REVISION	DATE	BY	APR
B		12/11/07	JY	

REF. DRAWINGS

OIL PROCESSING STRUCTURE
ELEVATIONS AT COL LINES A & B

CLIENT JOB NO.

ENG. RECORD	DATE
DRAWN BY JGY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1/4" = 1'-0"	

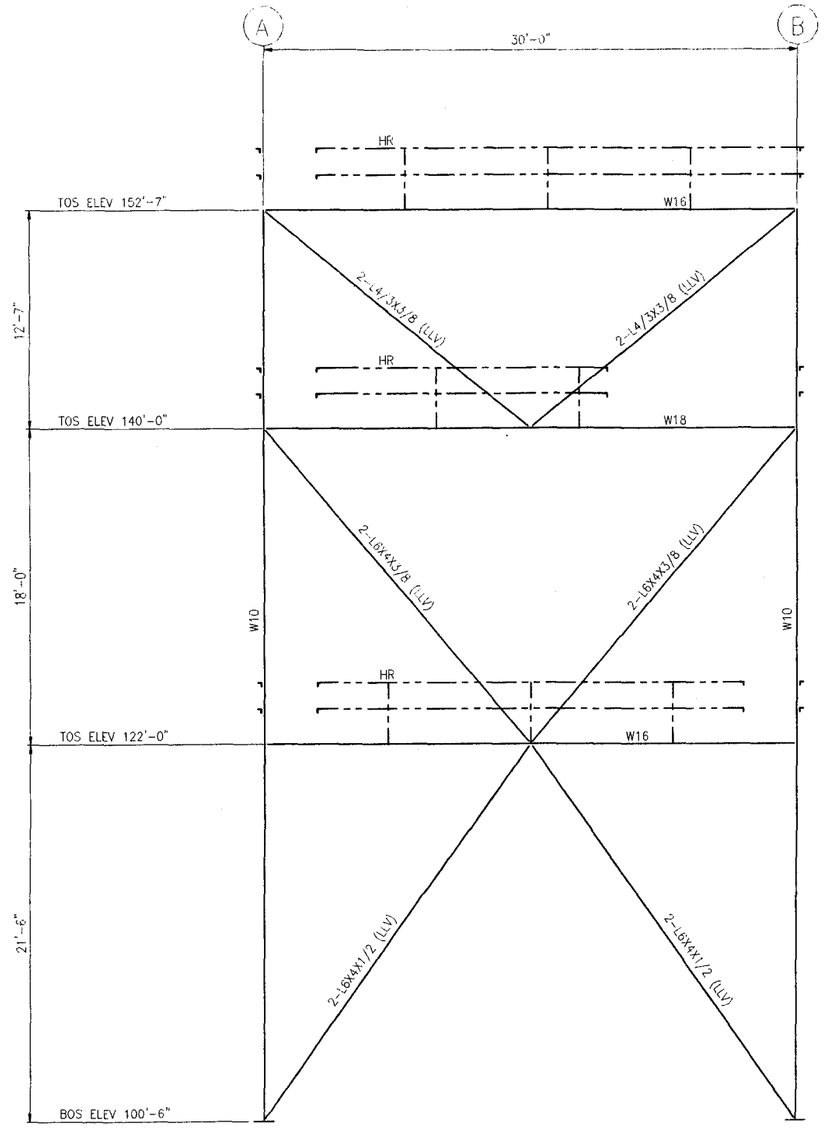
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352

DRAWING NO. D-1352-ST-105 REV. B

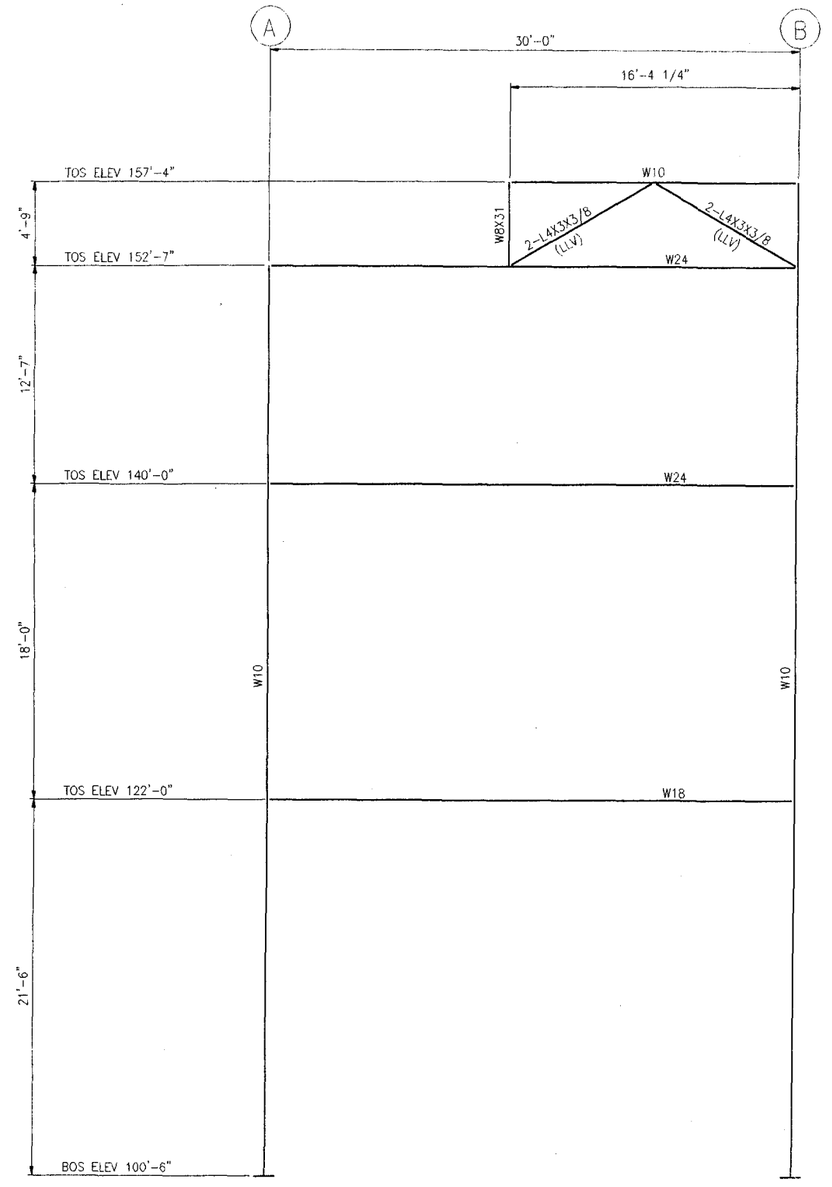
EPAHO12000930

REF. DWG. NO.



ELEVATION AT COL LINE 1

(LOOKING WEST)



ELEVATION AT COL LINE 2

(LOOKING WEST)

NOTES:

REF. DRAWINGS	NO.	REVISION	DATE	BY	APR
	B		12/11/07	JY	

CLIENT JOB NO.

OIL PROCESSING STRUCTURE
ELEVATIONS AT COL LINES 1 & 2

ENG. RECORD	DATE
DRAWN BY JGY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1/4" = 1'-0"	

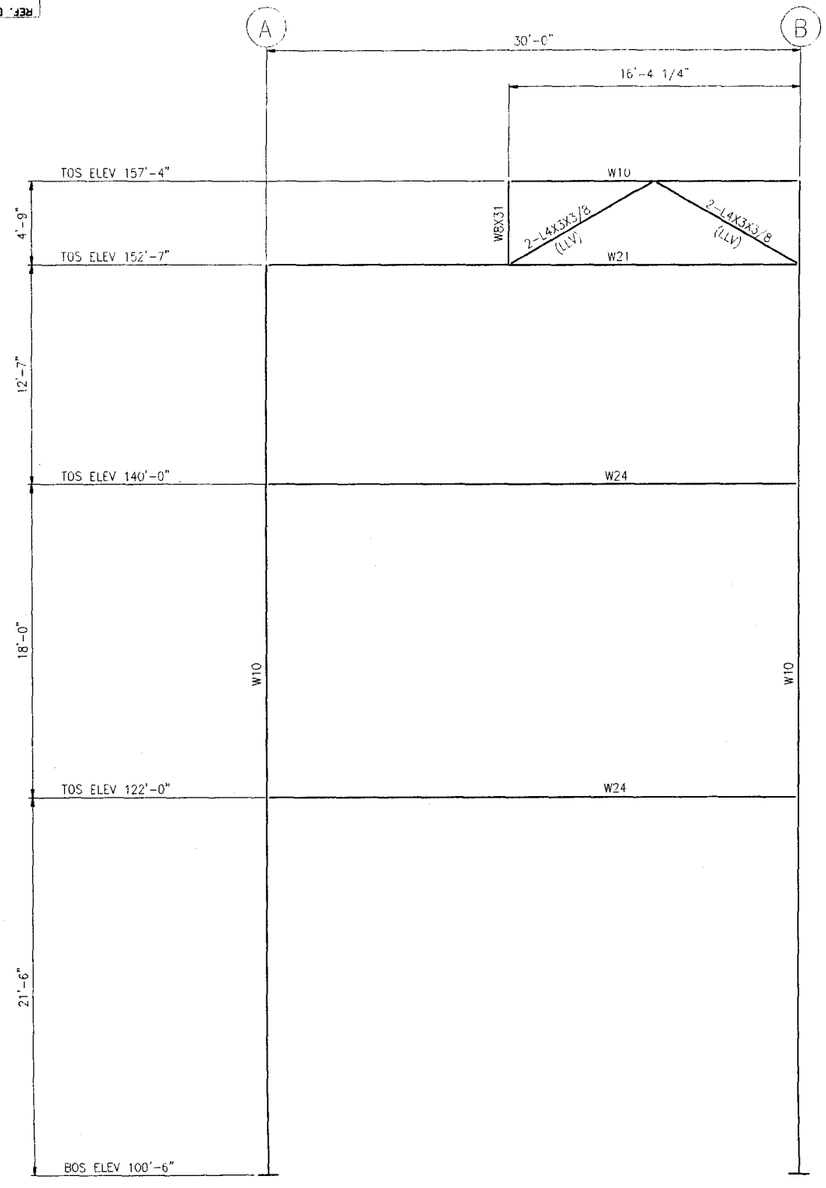
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352

DRAWING NO. D-1352-ST-106 REV. B

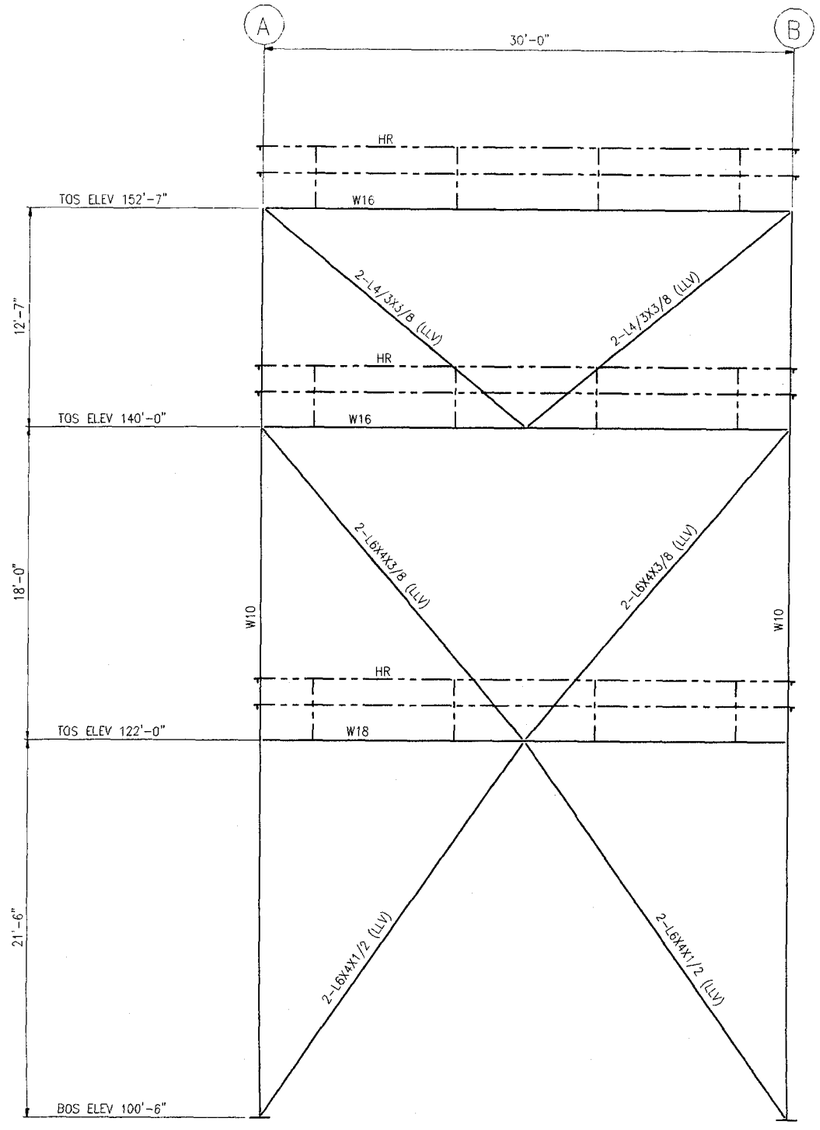
EPAHO12000931

REF. DWG. NO.



ELEVATION AT COL LINE 3

(LOOKING WEST)



ELEVATION AT COL LINE 4

(LOOKING WEST)

NOTES:

NO.	REVISION	DATE	BY	APR
B		12/11/07	JY	

REF. DRAWINGS

CLIENT JOB NO.

OIL PROCESSING STRUCTURE
ELEVATIONS AT COL LINES 3 & 4

ENG. RECORD	DATE
DRAWN BY JGY	11/26/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1/4" = 1'-0"	

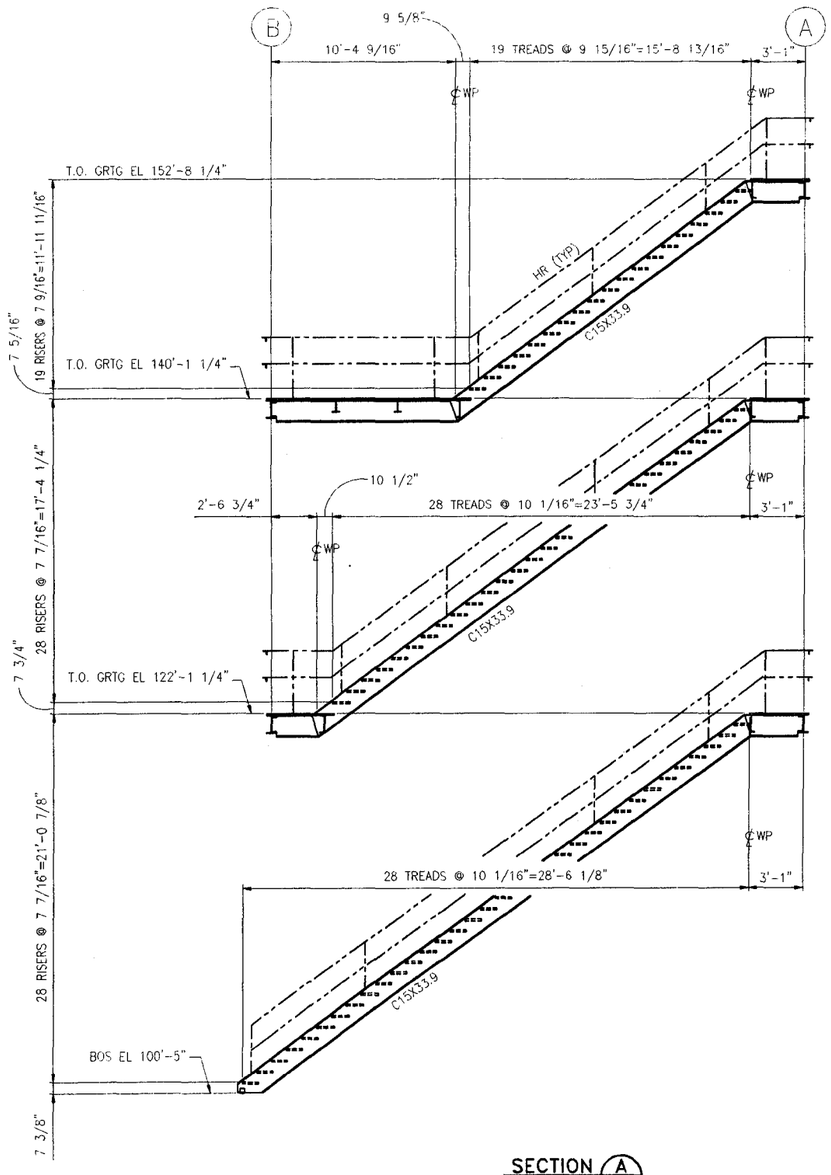
TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352

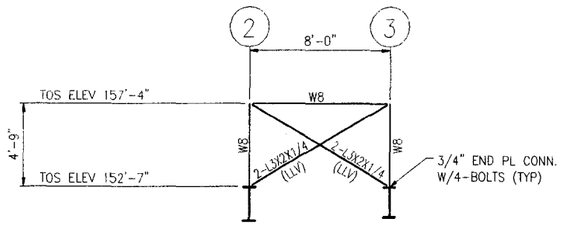
DRAWING NO. D-1352-ST-107 REV. B

EPAHO120000932

REF. DWG. NO.



SECTION A



SECTION B 104

NOTES:

NO.	REVISION	DATE	BY	APR
A		12/11/07	JY	

REF. DRAWINGS

CLIENT JOB NO.

OIL PROCESSING STRUCTURE SECTIONS

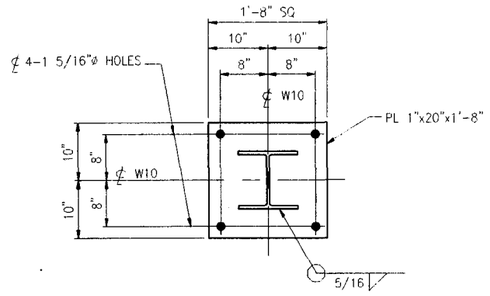
ENG. RECORD	DATE
DRAWN BY JGY	12/4/07
CHECKED	
APPROVED	
APPROVED	
SCALE 1/4" = 1'-0"	

TEXAS GULF COAST ENGINEERS
Engineering, Design & Measurement Services
Houston, Texas

JOB NO. 27-1352
DRAWING NO. D-1352-ST-108 REV. A

EPAHO120000933

REF. DWG. NO.



DETAIL 1/105

NOTES:							OIL PROCESSING STRUCTURE STEEL DETAILS	ENG. RECORD	DATE	TEXAS GULF COAST ENGINEERS Engineering, Design & Measurement Services Houston, Texas	
								DRAWN BY JGY	11/29/07		
								CHECKED			
								APPROVED			
		A		12/11/07	JY			APPROVED			
	REF. DRAWINGS	NO.	REVISION	DATE	BY	APR	CLIENT JOB NO.	SCALE 1" = 1'-0"		JOB NO. 27-1352	
										DRAWING NO. D-1352-ST-109	REV. A

EPAHO12000934

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Corporation: CES Environmental Services Inc
4904 Griggs Road
Houston, TX 77021

Lender: Bank of America, N.A.
Government Lending
TX1-609-06-01
P.O. Box 830632
Dallas, TX 75283-0632

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is CES Environmental Services Inc ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Texas. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 4904 Griggs Road, Houston, TX 77021. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of The Corporation's state of organization or any change in The Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and The Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on _____, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICERS. The following named persons are officers of CES Environmental Services Inc:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Matthew L. Bowman	**President**	**Y**	**X** Matthew L. Bowman
Juanita Thomas	**Secretary**	**Y**	**X** Juanita Thomas

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, any two (2) of such authorized persons are authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of **One Million Five Hundred Thirty Thousand & 00/100 Dollars ($1,530,000.00)**, in addition to such sum or sums of money as may be currently borrowed by the Corporation from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury,** as the officers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the

Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officers named above are duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to Lender and receipt acknowledged by Lender in writing at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand, affixed the seal of the Corporation and attest that the signatures set opposite the names listed above are their genuine signatures.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated _____.

CERTIFIED TO AND ATTESTED BY:

CORPORATE

SEAL

X _____
Matthew L. Bowman, President of CES Environmental Services Inc

X _____
Juanita Thomas, Secretary of CES Environmental Services Inc

NOTE: If the officers signing this Resolution are designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

LASER PRO Lending, Ver. 5.30.10.001 Copr. Harland Financial Solutions, Inc. 1997, 2007. All Rights Reserved. - TX T:\REGAPPS\CLSC\GSSLPL\CFI\LPL\C10.FC TR-22892 PR-CML005

Bank of America

BUSINESS LOAN AGREEMENT

Borrower:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

THIS BUSINESS LOAN AGREEMENT dated June 27, 2007, is made and executed between CES Environmental Services Inc ("Borrower") and Bank of America, N.A. ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of June 27, 2007, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Texas. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 4904 Griggs Road, Houston, TX 77021. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During

the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, reviewed by a certified public accountant satisfactory to Lender.

Tax Returns. As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, and coverages reasonably acceptable to Lender and by insurance companies authorized to transact business in Texas. **BORROWER MAY FURNISH THE INSURANCE REQUIRED BY THIS AGREEMENT WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY BORROWER OR THROUGH EQUIVALENT COVERAGE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN TEXAS.** Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantor named below, on Lender's forms, and in the amount and under the conditions set forth in those guaranties.

Name of Guarantor	Amount
Matthew L. Bowman	**$1,530,000.00**

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower

and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for the following specific purposes: **as specifically authorized by, and in compliance with, the SBA Loan Authorization and the applicable SBA rules and regulations.**

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures paid by Lender for such purposes will then bear interest at the Note rate from the date paid by Lender to the date of repayment by Borrower. To the extent permitted by applicable law, all such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

DISPUTE RESOLUTION PROVISION. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this

agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

ADDITIONAL DEFAULTS. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

Event of Default Under Related Documents. A default or event of default occurs under the terms of any Related Document executed by Borrower or any guarantor, pledgor, accommodation party or other obligor.

COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

ENVIRONMENTAL REPORTS. In the event Lender has a duty or obligation under applicable laws, regulations or other requirements to disclose any information concerning Hazardous Substances or Environmental Laws to Borrower or any other party, Lender is hereby authorized to make such a disclosure. Lender may also disclose such information to any regulatory authority and to any other parties as necessary or appropriate in Lender's judgment.

AFFILIATE SHARING NOTICE. Notice to Individual Borrowers, Guarantors and Pledgors ("Obligors"): From time to time Bank of America, N.A. (the "Bank") may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"). The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources. If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) calling the Bank at 1.888.341.5000, (2) visiting the Bank online at www.bankofamerica.com, selecting "Privacy & Security," and then selecting "Set Your Privacy Preferences," or (3) contacting the Obligor's client manager or local banking center. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number. If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only, and may take six to eight weeks to be fully effective. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experience information, as well as other general information among the Affiliates.

ADDITIONAL PROVISIONS. Additional Representations and Warranties. In addition to the representations and warranties set forth elsewhere in this Agreement, when Borrower signs this Agreement, and until Lender is repaid in full, Borrower makes the following representations and warranties. Each request for an extension of credit constitutes a renewed representation: (a) Borrower has executed the SBA Loan Authorization, and the SBA Loan Authorization is in effect, is not in default, and has not been amended or terminated; and (b) to the best of Borrower's knowledge, neither Borrower nor any owner of Borrower is or has been within the past six months an employee of Lender or the SBA.

Additional Covenants. Borrower agrees, so long as credit is available under this Agreement and until Lender is repaid in full: (a) to promptly notify Lender if the SBA Loan Authorization is breached or is in default; (b) not to cause, permit, or suffer any change, direct or indirect, in Borrower's ownership interest or structure without Lender's prior written consent; and (c) to occupy the Property for the conduct of its regular business and not to change its intended use of the Property nor lease any portion of the Property without Lender's prior written consent.

Additional Event of Default. In addition to the Events of Default stated elsewhere in this Agreement or in any Related Documents, an Event of Default shall exist if the SBA Loan Authorization fails at any time to be in full force and effect or the loan authorized thereunder at any time fails to close and fund as contemplated by the SBA Loan Authorization.

Relation to SBA Loan Authorization. If there is any conflict between the terms of this Agreement or any Related Documents and those of the SBA Loan Authorization or the applicable SBA rules and regulations, the terms, conditions, and provisions of the SBA Loan Authorization or the SBA rules and regulations shall prevail but only to the extent that, at the time of determination, such terms, conditions, and provisions of the SBA Loan Authorization or the SBA rules and regulations are applicable to the Loan.

Conditions Precedent. In addition to the conditions stated elsewhere in this Agreement, Lender must receive the following items, in form and content acceptable to Lender, before it is required to extend any credit to Borrower under this Agreement:

(a) A copy of the SBA Loan Authorization (as defined in the Exhibit to this Agreement), duly executed by all parties thereto.

ADVANCE AUTHORITY. Any one of the following persons are authorized to request advances, authorize payments, approve reallocations and sign other documents in connection with the administration of the loan. This authority will continue until Lender receives written notice of revocation of their authority from Borrower, at Lender's address as follows: 10850 White Rock Road, Suite 101, Rancho Cordova, CA 95670. Borrower represents and warrants to Bank that the following signatures are specimen signatures of the persons named as authorized signers:

X _____

Printed Name: Grey Bowman, Authorized Signer

X _____

Printed Name: _____, Authorized Signer.

FINAL AGREEMENT. THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.

USA PATRIOT ACT NOTICE. Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. Lender will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. Lender may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

EQUIPMENT LOAN AGREEMENT EXHIBIT. An exhibit, titled "EQUIPMENT LOAN AGREEMENT EXHIBIT ," is attached to this Agreement and by this reference is made a part of this Agreement just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Texas.

Choice of Venue. If there is a lawsuit, and if the transaction evidenced by this Agreement occurred in any County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of any County, State of Texas.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Payment of Interest and Fees. Notwithstanding any other provision of this Agreement or any provision of any Related Document, Borrower does not agree or intend to pay, and Lender does not agree or intend to charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the Loan which would in any way or event

(including demand, prepayment, or acceleration) cause Lender to contract for, charge or collect more for the Loan than the maximum Lender would be permitted to charge or collect by any applicable federal or Texas state law. Any such excess interest or unauthorized fee will, instead of anything stated to the contrary, be applied first to reduce the unpaid principal balance of the Loan, and when the principal has been paid in full, be refunded to Borrower.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means CES Environmental Services Inc and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Bank of America, N.A., its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter

existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by CES Environmental Services Inc in the principal amount of $1,530,000.00 dated June 27, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED JUNE 27, 2007.

BORROWER:

CES ENVIRONMENTAL SERVICES INC

By: Matthew L. Bowman
Matthew L. Bowman, President of CES Environmental Services Inc

By: Juanita Thomas
Juanita Thomas, Secretary of CES Environmental Services Inc

LENDER:

BANK OF AMERICA, N.A.

By: _____
Authorized Signer

LASER PRO Lending, Ver. 5.30.10.001 Copr. Harland Financial Solutions, Inc. 1997, 2007. All Rights Reserved. - TX T:\REQAPPS\CLSC\GSSLPL\CFI\LPL\C40.FC TR-22892 PR-CML005

EQUIPMENT LOAN AGREEMENT EXHIBIT

Borrower: CES Environmental Services Inc
4904 Griggs Road
Houston, TX 77021

Lender: Bank of America, N.A.
Government Lending
TX1-609-06-01
P.O. Box 830632
Dallas, TX 75283-06

January 1, 2008
Date could be a $ problem.

This EQUIPMENT LOAN AGREEMENT EXHIBIT is attached to and by this reference is made a part of the Busi
27, 2007, and executed in connection with a loan or other financial accommodations between BANI
Environmental Services Inc.

1. DESCRIPTION OF LOANS

This schedule summarizes the loans and other financial accommodations that are subject to this Loan Agre
applicable Note(s) and Related Documents for a full description of the terms and conditions of each Loan.

1.1 The Equipment Loan.

(a) Note Description.

(i) Date: June 27, 2007.

(ii) Original Principal Amount: Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00).

(b) Loan Amount and Purpose. Lender agrees to provide an equipment loan in the amount of Eight Hundred Fifty Thousand and 00/100 Dollars ($850,000.00) (the "Equipment Loan") to finance a portion of the cost of purchase of machinery and equipment (the "Equipment"). The balance of the financing required in connection with the purchase of the Equipment will be provided through the issuance of debentures (the "Debentures") guaranteed by the U.S. Small Business Administration ("SBA") pursuant to a Section 504 Authorization for Debenture Guaranty issued by the SBA on June 18, 2007, as amended (the "SBA Loan Authorization").

1.2 The Bridge Loan.

(a) Note Description.

(i) Date: June 27, 2007

(ii) Original Principal Amount: Six Hundred Eighty Thousand and 00/100 Dollars ($680,000.00).

(b) Loan Amount and Purpose. Lender agrees to provide a short-term loan in the amount of Six Hundred Eighty Thousand and 00/100 Dollars ($680,000.00) (the "Bridge Loan") to finance a portion of the costs related to the purchase of the Equipment pending issuance of the Debentures. Principal of the Bridge Loan will be repaid with the proceeds of the Debentures. All outstanding accrued interest on the Bridge Loan as of the date of payoff will be paid by Borrower.

1.3 Definitions of Note and Loan. Notwithstanding any other definitions in the Loan agreement, the "Loan" means, collectively, the Equipment Loan and the Bridge Loan, and the "Notes" means, collectively, the notes evidencing the Equipment Loan and the Bridge Loan. Advances of the Loan may be made by Lender under each of said Notes in such order as Lender may elect in its sole discretion.

1.4 Availability.

(a) The Loan is available in one or more disbursements from Lender between the date of this Loan Agreement and January 1, 2008, or such earlier date as the availability may terminate as provided in the Loan Agreement, the Note or any Related Documents (the "Expiration Date"). Unless Lender shall otherwise agree in writing, Lender shall have no obligation to disburse Loan proceeds after the Expiration Date, even if the Equipment has not been fully purchased. In the event the Equipment has not been fully purchased, Borrower agrees to diligently complete the purchase using Borrower's own funds. Lender, in its sole discretion, may make (but shall not be obligated to make) further disbursements after the Expiration Date and all such disbursements shall be deemed advances under the Note.

(b) Bank has approved a maximum of one (1) disbursement per week which may include multiple vendor payments within each disbursement. Prior to each disbursement, Bank is to be in receipt of:

I. A fully executed Order to Pay Loan Funds form (form N-120);
II. Vendor invoice reflecting purchaser as CES Environmental Services Inc;
III. The serial number and a detailed equipment description upon Borrower's receipt of each piece of equipment; and

1.5 Priorities of Lender's Security Interests and Permitted Liens. Lender may, at its option, require, as Related Documents, that security instruments covering the Equipment and the Collateral secure the Loan, a first lien priority securing the Equipment. Upon issuance of the Debentures and repayment of the Bridge Loan, the loan made pursuant to the SBA Loan Authorization may be secured by a second lien on the Property and the Collateral and shall constitute a Permitted Lien under the Loan Agreement.

THIS EQUIPMENT LOAN AGREEMENT EXHIBIT IS EXECUTED ON JUNE 27, 2007.

BORROWER:

[redacted]ES ENVIRONMENTAL SERVICES INC

By: _____
Matthew L. Bowman, President of CES Environmental Services Inc

By: _____
Juanita Thomas, Secretary of CES Environmental Services Inc

LENDER:

BANK OF AMERICA, N.A.

By: _____
Authorized Signer

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Bank of America

COMMERCIAL GUARANTY

Borrower:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632
Guarantor:	Matthew L. Bowman 14115 Norhill Point Houston, TX 77044		

GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, Lender's reasonable attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unterminated guaranties.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, **without notice or demand and without lessening or otherwise affecting Guarantor's liability under this Guaranty, from time to time:** (A) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S FINANCIAL STATEMENTS. Guarantor agrees to furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Guarantor's balance sheet and income statement for the year ended, prepared by Guarantor.

Tax Returns. As soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by Guarantor.

All financial reports required to be provided under this Guaranty shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Guarantor as being true and correct.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower,

Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor waives all rights of Guarantor under Chapter 34 of the Texas Business and Commerce Code. Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Guaranty has been accepted by Lender in the State of Texas.

Choice of Venue. If there is a lawsuit, and if the transaction evidenced by this Guaranty occurred in any County, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of any County, State of Texas.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor"

respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

DISPUTE RESOLUTION PROVISION. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

INDEBTEDNESS GUARANTEED. Without limiting the generality of the description of the indebtedness of Borrower guaranteed hereunder, the

undersigned acknowledges and agrees that such guaranteed indebtedness includes all obligations of Borrower arising under any interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, securities puts, calls, collars, options or forwards or any combination of, or option with respect to, these or similar transactions now or hereafter entered into between Borrower and Lender or any affiliate of Lender ("Swap Obligations"). To the extent that the undersigned's liability under this Guaranty is limited in amount or by reference to a particular obligation, percentage of an obligation or otherwise, such limitation shall not apply to the undersigned's liability with respect to all such Swap Obligations. In addition, for purposes of clarification, it is agreed that any limitation on percentage or dollar amount set forth in this Guaranty shall apply only to the principal amount of the Indebtedness described herein, and shall not limit Guarantor's liablity for interest thereon, collection costs, attorneys' fees and other costs guaranteed hereby.

FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

PROMPT PAYMENT. Guarantor promises to pay promptly any and all of the Indebtedness to Lender when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter.

AFFILIATE SHARING NOTICE. Notice to Individual Borrowers, Guarantors and Pledgors ("Obligors"): From time to time Bank of America, N.A. (the "Bank") may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"). The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources. If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) calling the Bank at 1.888.341.5000, (2) visiting the Bank online at www.bankofamerica.com, selecting "Privacy & Security," and then selecting "Set Your Privacy Preferences," or (3) contacting the Obligor's client manager or local banking center. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number. If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only, and may take six to eight weeks to be fully effective. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experience information, as well as other general information among the Affiliates.

FINAL AGREEMENT. THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.

GUARANTOR INFORMATION; REPORTING TO CREDIT BUREAUS. Guarantor authorizes Lender to verify or check any information given by Guarantor to Lender, check Guarantor's credit references, verify employment, and obtain credit reports. Guarantor agrees that Lender shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to the Indebtedness and/or Guarantor as is consistent with Lender's policies and practices from time to time in effect. Guarantor acknowledges and agrees that the authorizations provided in this paragraph apply to any individual general partner of Guarantor.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means CES Environmental Services Inc and includes all co-signers and co-makers signing the Note and all their successors and assigns.

GAAP. The word "GAAP" means generally accepted accounting principles.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation Matthew L. Bowman, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means Bank of America, N.A., its successors and assigns.

Note. The word "Note" means the promissory note dated June 27, 2007, **in the original principal amount of $1,530,000.00** from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED JUNE 27, 2007.

[redacted]ARANTOR:

X Matthew L. Bowman
Matthew L. Bowman

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Bank of America

COMMERCIAL SECURITY AGREEMENT

Grantor:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

THIS COMMERCIAL SECURITY AGREEMENT dated June 27, 2007, is made and executed between CES Environmental Services Inc ("Grantor") and Bank of America, N.A. ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All Equipment and Fixtures specified on Exhibit 'A' attached hereto and made a part hereof

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.

(B) All products and produce of any of the property described in this Collateral section.

(C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.

(D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.

(E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Texas, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures paid by Lender for such purposes will then bear interest at the Note rate from the date paid by Lender to the date of repayment by Grantor. To the extent permitted by applicable law, all such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's or any Grantor's ability to repay the Indebtedness or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Texas Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter, provided Lender does so without a breach of the peace or a trespass, upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law,

reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

DISPUTE RESOLUTION PROVISION. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the

Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

ADDITIONAL DEFAULTS. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

Event of Default Under Related Documents. A default or event of default occurs under the terms of any Related Document executed by Borrower or any guarantor, pledgor, accommodation party or other obligor.

COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

FINAL AGREEMENT. THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.

AFFILIATE SHARING NOTICE. Notice to Individual Borrowers, Guarantors and Pledgors ("Obligors"): From time to time Bank of America, N.A. (the "Bank") may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"). The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources. If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) calling the Bank at 1.888.341.5000, (2) visiting the Bank online at www.bankofamerica.com, selecting "Privacy & Security," and then selecting "Set Your Privacy Preferences," or (3) contacting the Obligor's client manager or local banking center. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number. If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only, and may take six to eight weeks to be fully effective. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experience information, as well as other general information among the Affiliates.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Texas.

Choice of Venue. If there is a lawsuit, and if the transaction evidenced by this Agreement occurred in any County, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of any County, State of Texas.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible,

the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means CES Environmental Services Inc and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means CES Environmental Services Inc.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Bank of America, N.A., its successors and assigns.

Note. The word "Note" means the Note executed by CES Environmental Services Inc in the principal amount of $1,530,000.00 dated June 27, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 27, 2007.

GRANTOR:

CES ENVIRONMENTAL SERVICES INC

By: _____
Matthew L. Bowman, President of CES Environmental Services Inc

By: _____
Juanita Thomas, Secretary of CES Environmental Services Inc

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AGREEMENT TO PROVIDE INSURANCE

Grantor:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

INSURANCE REQUIREMENTS. Grantor, CES Environmental Services Inc ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: **All Equipment and Fixtures specified on Exhibit 'A' attached hereto and made a part hereof.**
Type: All risks, including fire, theft and liability.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: Lender loss payable clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.
Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company authorized to do business in Texas. GRANTOR MAY FURNISH THE REQUIRED INSURANCE WHETHER THROUGH EXISTING POLICIES OWNED OR CONTROLLED BY GRANTOR OR THROUGH EQUIVALENT INSURANCE FROM ANY INSURANCE COMPANY AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF TEXAS. THE PREMIUM OR RATE OF CHARGE FOR THE INSURANCE LENDER IS SELLING OR PROCURING FOR THIS LOAN IS NOT FIXED OR APPROVED BY THE STATE COMMISSIONER OF INSURANCE. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

ADDITIONAL INSURANCE REQUIREMENT. The type of insurance coverage indicated above shall include windstorm coverage and hurricane coverage (as applicable).

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of June 27, 2007, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

If such insurance purchased by Lender is procured at a rate or charge not fixed or approved by the State Board of Insurance, Grantor will be so notified, and Grantor may at any time cause the cancellation of collateral protection insurance by providing proper evidence to Lender that Grantor has obtained insurance as required by the security document.

Texas Creditor-Placed Insurance Notice: Grantor is required to keep the Collateral insured against damage in the amount specified by Lender. Grantor will purchase the insurance from an insurer that is authorized to do business in Texas or an eligible surplus lines insurer. Lender shall be named as the person to be paid under such policy in the event of loss. If required by Lender, Grantor must deliver a copy of the policy and proof of the payment of premiums to Lender. If Grantor fails to meet any of these requirements, Lender may, but does not have to, obtain collateral protection insurance on Grantor's behalf at Grantor's expense.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 27, 2007.

GRANTOR:

[redacted]VIRONMENTAL SERVICES INC

By: Matthew L. Bowman
Matthew L. Bowman, President of CES Environmental Services Inc

By: Juanita Thomas
Juanita Thomas, Secretary of CES Environmental Services Inc

FOR LENDER USE ONLY

INSURANCE VERIFICATION

DATE: _____ PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

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Bank of America

DISBURSEMENT REQUEST AND AUTHORIZATION

Borrower: CES Environmental Services Inc
4904 Griggs Road
Houston, TX 77021

Lender: Bank of America, N.A.
Government Lending
TX1-609-06-01
P.O. Box 830632
Dallas, TX 75283-0632

LOAN TYPE. This is a non-precomputed Fixed Rate (7.390%) Nondisclosable Installment Loan to a Corporation for $850,000.00 due on July 1, 2017.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

☐ Personal, Family or Household Purposes.

☐ Personal Investment.

☒ Business, Agricultural and All Other.

SPECIFIC PURPOSE. The specific purpose of this loan is: Acquisition of machinery and equipment.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of $850,000.00 as follows:

Other Disbursements: $850,000.00 Bank to holdback for future disbursement	$850,000.00
Note Principal:	$850,000.00

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	$0.00
Other Charges Paid in Cash: $8,500.00 Bank Loan Fees $1,000.00 Bridge Loan Fee $10.00 Flood Verification $-3,000.00 Borrower Deposit	$6,510.00
Total Charges Paid in Cash:	$6,510.00

AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's Demand Deposit - Checking account, numbered (b) (6) [redacted], the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 27, 2007.

BORROWER:

[redacted]VIRONMENTAL SERVICES INC

By: Matthew L. Bowman
Matthew L. Bowman, President of CES Environmental Services Inc

By: Juanita Thomas
Juanita Thomas, Secretary of CES Environmental Services Inc

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Bank of America

PROMISSORY NOTE

Borrower:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

Principal Amount: $850,000.00 **Date of Note: June 27, 2007**

PROMISE TO PAY. CES Environmental Services Inc ("Borrower") promises to pay to Bank of America, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Eight Hundred Fifty Thousand & 00/100 Dollars ($850,000.00), together with interest at the rate of 7.390% per annum on the unpaid principal balance from June 27, 2007, until maturity.

PAYMENT. Borrower will pay this loan in 120 payments of $10,090.87 each payment. Borrower's first payment is due August 1, 2007, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on July 1, 2017, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

PREPAYMENT PREMIUM. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Upon prepayment of this Note, Lender is entitled to the following prepayment premium: Borrower may prepay up to twenty percent (20%) of the face amount of this Note in any Annual Period without the payment of a prepayment fee or premium. "Annual Period" means the period commencing on the date of this Note and ending twelve (12) months thereafter, and each subsequent twelve-month period. Prepayments in any Annual Period which exceed, in the aggregate, twenty percent (20%) of the face amount of this Note ("Excess Prepayments") must be accompanied by payment of a prepayment fee as follows:

During the first Annual Period, 5% of the Excess Prepayments;
During the second Annual Period, 4% of the Excess Prepayments;
During the third Annual Period, 3% of the Excess Prepayments;
During the fourth Annual Period, 2% of the Excess Prepayments;
During the fifth Annual Period, 1% of the Excess Prepayments.

No prepayment fee will be assessed after the fifth Annual Period. Partial prepayments shall be applied to the most remote payment of principal due under this Note. Except for the foregoing, Borrower may pay all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank of America, N.A.; Government Lending; TX1-609-06-01; P.O. Box 830632; Dallas, TX 75283-0632.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged **4.000% of the unpaid portion of the regularly scheduled payment.**

POST MATURITY RATE. The Post Maturity Rate on this Note is the lesser of the maximum rate allowed by law or 6.000% per annum above the note rate in effect at the time of final maturity. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or

forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance on this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

CHOICE OF VENUE. If there is a lawsuit, and if the transaction evidenced by this Note occurred in any County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of any County, State of Texas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

DISPUTE RESOLUTION PROVISION. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that**

under no circumstances will a class action be arbitrated.

ASSIGNMENT. Lender may sell or offer to sell this Note, together with any and all documents guaranteeing, securing or executed in connection with this Note, to one or more assignees without notice to or consent of Borrower. Lender is hereby authorized to share any information it has pertaining to the loan evidenced by this Note, including without limitation credit information on the undersigned, any of its principals, or any guarantors of this Note, to any such assignee or prospective assignee.

COUNTERPARTS. This Note may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

PRE BILLING. If the Borrower and Lender elect to use pre-billing calculation, for each payment date (the "Due Date") the amount of each payment debit will be determined as follows: On the 'Billing Date" Lender will prepare and mail to Borrower an invoice of the amounts that will be due on that Due Date ("Billed Amount"). (The "Billing Date" will be a date that is a specified number of calendar days prior to the Due Date, which number of days will be mutually agreed from time to time by Lender and Borrower.) The calculation of the Billed Amount will be made on the assumption that no new extensions of credit or payments will be made between the Billing Date and the Due Date, and that there will be no changes in the applicable interest rate. On the Due Date Lender will debit the Designated Account for the Billed Amount, regardless of the actual amount due on that date ("Accrued Amount"). If the Due Date does not fall on a Business Day, Lender shall debit the Designated Account on the first Business Day following the Due Date. For purposes of this Agreement, "Business Day" means a day other than Saturday, Sunday or other day on which commercial banks are authorized to close or are in fact closed in the state where the Lender's lending office is located. If the Billed Amount debited to the Designated Account differs from the Accrued Amount, the difference will be treated as follows: If the Billed Amount is less than the Accrued Amount, the Billed Amount for the following Due Date will be increased by the amount of the underpayment. Borrower will not be in default by reason of any such underpayment. If the Billed Amount is more than the Accrued Amount, the Billed Amount for the following Due Date will be decreased by the amount of the overpayment. Regardless of any such difference, interest will continue to accrue based on the actual amount of principal outstanding without compounding. Lender will not pay interest on any overpayment.

FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

ADDITIONAL DEFAULTS. Each of the following shall constitute an additional event of default ("Event of Default") under this Note:

Event of Default Under Related Documents. A default or event of default occurs under the terms of any promissory note, guaranty, pledge agreement, security agreement or other agreement or instrument executed by Borrower or any guarantor, pledgor, accommodation party or other obligor in connection with or relating to this Note.

Judgment. The entry of a judgment against any Borrower or guarantor, pledgor, accommodation party or other obligor which Lender deems to be of a material nature, in Lender's sole discretion.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any assets of Borrower and/or any guarantor, pledgor, accommodation party or other obligor. This includes a garnishment of: (1) any of Borrower's accounts, including deposit accounts, with Lender and/or (2) any account, including deposit accounts, with Lender of any guarantor, pledgor, accommodation party or other obligor. However, this Event of Default shall not apply if there is a good faith dispute by such Borrower and/or guarantor, pledgor, accommodation party or other obligor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if such Borrower and/or guarantor, pledgor, accommodation party or other obligor gives Lender written notice of the creditor of forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change of Obligor. A material adverse change occurs in the financial condition of any guarantor, pledgor, accommodation party or other obligor, as determined by Lender in its sole discretion.

AFFILIATE SHARING NOTICE. Notice to Individual Borrowers, Guarantors and Pledgors ("Obligors"): From time to time Bank of America, N.A. (the "Bank") may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"). The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources. If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) calling the Bank at 1.888.341.5000, (2) visiting the Bank online at www.bankofamerica.com, selecting "Privacy & Security," and then selecting "Set Your Privacy Preferences," or (3) contacting the Obligor's client manager or local banking center. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number. If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only, and may take six to eight weeks to be fully effective. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experience information, as well as other general information among the Affiliates.

FINAL AGREEMENT. THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.

BORROWER INFORMATION; REPORTING TO CREDIT BUREAUS. Borrower authorizes Lender at any time to verify or check any information given by Borrower to Lender, check Borrower's credit references, verify employment, and obtain credit reports. Borrower agrees that Lender shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to Borrower and/or all guarantors as is consistent with Lender's policies and practices from time to time in effect.

USA PATRIOT ACT NOTICE. Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. Lender will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. Lender may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. NOTICE: Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged,

collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rate permitted by law" as used in this Note means the greater of (a) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Ceiling" or the "Quarterly Ceiling" as referred to in Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

CES ENVIRONMENTAL SERVICES INC

By: _____
Matthew L. Bowman, President of CES Environmental Services Inc

By: _____
Juanita Thomas, Secretary of CES Environmental Services Inc

LASER PRO Lending, Ver. 5.30.10.001 Copr. Harland Financial Solutions, Inc. 1997, 2007. All Rights Reserved. - TX T:\REQAPPS\CLSC\GSSLPL\CFI\LPL\D20.FC TR-22906 PR-CML005

Bank of America

PROMISSORY NOTE

Borrower:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

Principal Amount: $680,000.00 **Date of Note: June 27, 2007**

PROMISE TO PAY. CES Environmental Services Inc ("Borrower") promises to pay to Bank of America, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Six Hundred Eighty Thousand & 00/100 Dollars ($680,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on January 1, 2008. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning August 1, 2007, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the rate of interest publicly announced from time to time by the Lender as its Prime Rate. The Prime Rate is set by the Lender based on various factors, including the Lender's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Lender may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Lender's Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each date of such change in the index. Borrower understands that Lender may make loans based on other rates as well. The interest rate to be applied prior to maturity to the unpaid principal balance of this Note will be at a rate equal to the Index. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. For purposes of this Note, the "maximum rate allowed by applicable law" means the greater of (A) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (B)

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank of America, N.A.; Government Lending; TX1-609-06-01; P.O. Box 830632; Dallas, TX 75283-0632.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged **4.000% of the unpaid portion of the regularly scheduled payment.**

POST MATURITY RATE. The Post Maturity Rate on this Note is the lesser of the maximum rate allowed by law or 6.000% per annum above the variable interest rate in effect at the time of final maturity. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate

reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance on this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

CHOICE OF VENUE. If there is a lawsuit, and if the transaction evidenced by this Note occurred in any County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of any County, State of Texas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

DISPUTE RESOLUTION PROVISION. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." *This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.*

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Lender may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or

supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

ASSIGNMENT. Lender may sell or offer to sell this Note, together with any and all documents guaranteeing, securing or executed in connection with this Note, to one or more assignees without notice to or consent of Borrower. Lender is hereby authorized to share any information it has pertaining to the loan evidenced by this Note, including without limitation credit information on the undersigned, any of its principals, or any guarantors of this Note, to any such assignee or prospective assignee.

COUNTERPARTS. This Note may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

PRE BILLING. If the Borrower and Lender elect to use pre-billing calculation, for each payment date (the "Due Date") the amount of each payment debit will be determined as follows: On the 'Billing Date" Lender will prepare and mail to Borrower an invoice of the amounts that will be due on that Due Date ("Billed Amount"). (The "Billing Date" will be a date that is a specified number of calendar days prior to the Due Date, which number of days will be mutually agreed from time to time by Lender and Borrower.) The calculation of the Billed Amount will be made on the assumption that no new extensions of credit or payments will be made between the Billing Date and the Due Date, and that there will be no changes in the applicable interest rate. On the Due Date Lender will debit the Designated Account for the Billed Amount, regardless of the actual amount due on that date ("Accrued Amount"). If the Due Date does not fall on a Business Day, Lender shall debit the Designated Account on the first Business Day following the Due Date. For purposes of this Agreement, "Business Day" means a day other than Saturday, Sunday or other day on which commercial banks are authorized to close or are in fact closed in the state where the Lender's lending office is located. If the Billed Amount debited to the Designated Account differs from the Accrued Amount, the difference will be treated as follows: If the Billed Amount is less than the Accrued Amount, the Billed Amount for the following Due Date will be increased by the amount of the underpayment. Borrower will not be in default by reason of any such underpayment. If the Billed Amount is more than the Accrued Amount, the Billed Amount for the following Due Date will be decreased by the amount of the overpayment. Regardless of any such difference, interest will continue to accrue based on the actual amount of principal outstanding without compounding. Lender will not pay interest on any overpayment.

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Judgment. The entry of a judgment against any Borrower or guarantor, pledgor, accommodation party or other obligor which Lender deems to be of a material nature, in Lender's sole discretion.

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Adverse Change of Obligor. A material adverse change occurs in the financial condition of any guarantor, pledgor, accommodation party or other obligor, as determined by Lender in its sole discretion.

AFFILIATE SHARING NOTICE. Notice to Individual Borrowers, Guarantors and Pledgors ("Obligors"): From time to time Bank of America, N.A. (the "Bank") may share information about the Obligor's experience with Bank of America Corporation (or any successor company) and its subsidiaries and affiliated companies (the "Affiliates"). The Bank may also share with the Affiliates credit-related information contained in any applications, from credit reports and information it may obtain about the Obligor from outside sources. If the Obligor is an individual, the Obligor may instruct the Bank not to share this information with the Affiliates. The Obligor can make this election by (1) calling the Bank at 1.888.341.5000, (2) visiting the Bank online at www.bankofamerica.com, selecting "Privacy & Security," and then selecting "Set Your Privacy Preferences," or (3) contacting the Obligor's client manager or local banking center. To help the Bank complete the Obligor's request, the Obligor should include the Obligor's name, address, phone number, account number(s) and social security number. If the Obligor makes this election, certain products or services may not be made available to the Obligor. This request will apply to information from applications, consumer reports and other outside sources only, and may take six to eight weeks to be fully effective. Through the normal course of doing business, including servicing the Obligor's accounts and better serving the Obligor's financial needs, the Bank will continue to share transaction and account experiehce information, as well as other general information among the Affiliates.

FINAL AGREEMENT. THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.

BORROWER INFORMATION; REPORTING TO CREDIT BUREAUS. Borrower authorizes Lender at any time to verify or check any information given by Borrower to Lender, check Borrower's credit references, verify employment, and obtain credit reports. Borrower agrees that Lender

shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to Borrower and/or all guarantors as is consistent with Lender's policies and practices from time to time in effect.

USA PATRIOT ACT NOTICE. *Federal law requires all financial institutions to obtain, verify and record information that identifies each person* who opens an account or obtains a loan. Lender will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. Lender may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

CES ENVIRONMENTAL SERVICES INC

By: _____
Matthew L. Bowman, President of CES Environmental Services Inc

By: _____
Juanita Thomas, Secretary of CES Environmental Services Inc

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Bank of America

DISBURSEMENT REQUEST AND AUTHORIZATION

Borrower:	CES Environmental Services Inc 4904 Griggs Road Houston, TX 77021	**Lender:**	Bank of America, N.A. Government Lending TX1-609-06-01 P.O. Box 830632 Dallas, TX 75283-0632

LOAN TYPE. This is a non-precomputed Variable Rate Nondisclosable Draw Down Line of Credit Loan to a Corporation for $680,000.00 due on January 1, 2008. A margin of 0.000% is added to the index rate. Lender will tell the Borrower the current index rate upon Borrower's request.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

☐ *Personal, Family or Household Purposes.*

☐ Personal Investment.

☒ Business, Agricultural and All Other.

SPECIFIC PURPOSE. The specific purpose of this loan is: Acquisition of machinery and equipment.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of $680,000.00 as follows:

Other Disbursements:	$680,000.00
$680,000.00 Bank to holdback for future disbursement	
Note Principal:	$680,000.00

AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's Demand Deposit - Checking account, numbered (b) (6) [redacted], the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 27, 2007.

[redacted]OWER:

CES [redacted]ONMENTAL SERVICES INC

By: Matthew L Bowman
Matthew L. Bowman, President of CES Environmental Services Inc

By: Juanita Thomas
Juanita Thomas, Secretary of CES Environmental Services Inc

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CES Environmental Services, Inc. ("CES")
Drain Oil Project
Executive Summary
11/20/08

I. Overview of Project:

CES currently obtains used motor oil from many sources at various qualities and prices. CES improves the quality by removing water, dirt, and motor engine combustion by-products in the oils at it's Houston facility. Then, the oils are sold for higher market prices than the receiving costs.

CES plans to construct and operate an expansion of its current used oil operation which can process a larger volume of oil producing annual revenues of approximately $22 million and net pretax income of $10 million. Project costs to finish construction will be $1.5 to $2.0 million.

Timing, market conditions, and location for this project are optimum. Base oil prices are high. Additionally, no similar operation currently exists in or near the Houston area (although momentum for such a project is building quickly). Any potential competitor that wishes to construct such a plant would be at a minimum of 2.5 the 3 years behind our project. Our project can be finished in 4 to 8 months and be at full operational capacity after 8 to 10 months since most of the equipment has already either been obtained or is close to delivery.

CES will use its current experience in this oil production market to build and expand to higher levels of revenue and income over current CES operations. Nevertheless, the proposed expansion is a larger enhanced version of the current operation which has a clear record of capability and cost of operation.

In summary, CES plans to take used lube oil of one quality and price (currently $0.8 per gallon) and enhance the material until the improved lube oil has a value of $3.0 per gallon (current rate). Then, the oil will be sold to lube oil blending operations for feed stock.

II. Summary of the Description of Operation:

CES will obtain oil from the Houston area and nearby Gulf Coast Region by truck, barge, and rail. This oil will be moved to its plant either in Port Arthur or Houston. At the site, water and solids will be removed by pretreatment steps. Then, the process will first remove the remaining water, aromatics, gasoline, kerosene, or diesel (collectively call "light ends"). The remaining oil will be processed to remove residual solids and asphaltenes. The oil from the operation will be separated into two groups: a medium chain hydrocarbon (low viscosity

oil); and the second group, a long chain hydrocarbon distillate or heavy lube or medium viscosity oil.

The re-refining process produces lube oil through a vacuum enhanced special application distillation process.

The process feed can be spent crank case oils, hydraulic oils, lubricating oil, and mist oils. The process produces two grades of lube oil that can be used by the motor oil industry, gear oil industry, and the bar/chain oil producers.

CES has already found purchasers of the produced oil with a predefined purchase price which is used in income projection. CES also has markets for both the asphalt product and light ends produced. All wastewater produced will be managed by the CES Houston facility (a fully permitted treatment and disposal facility).

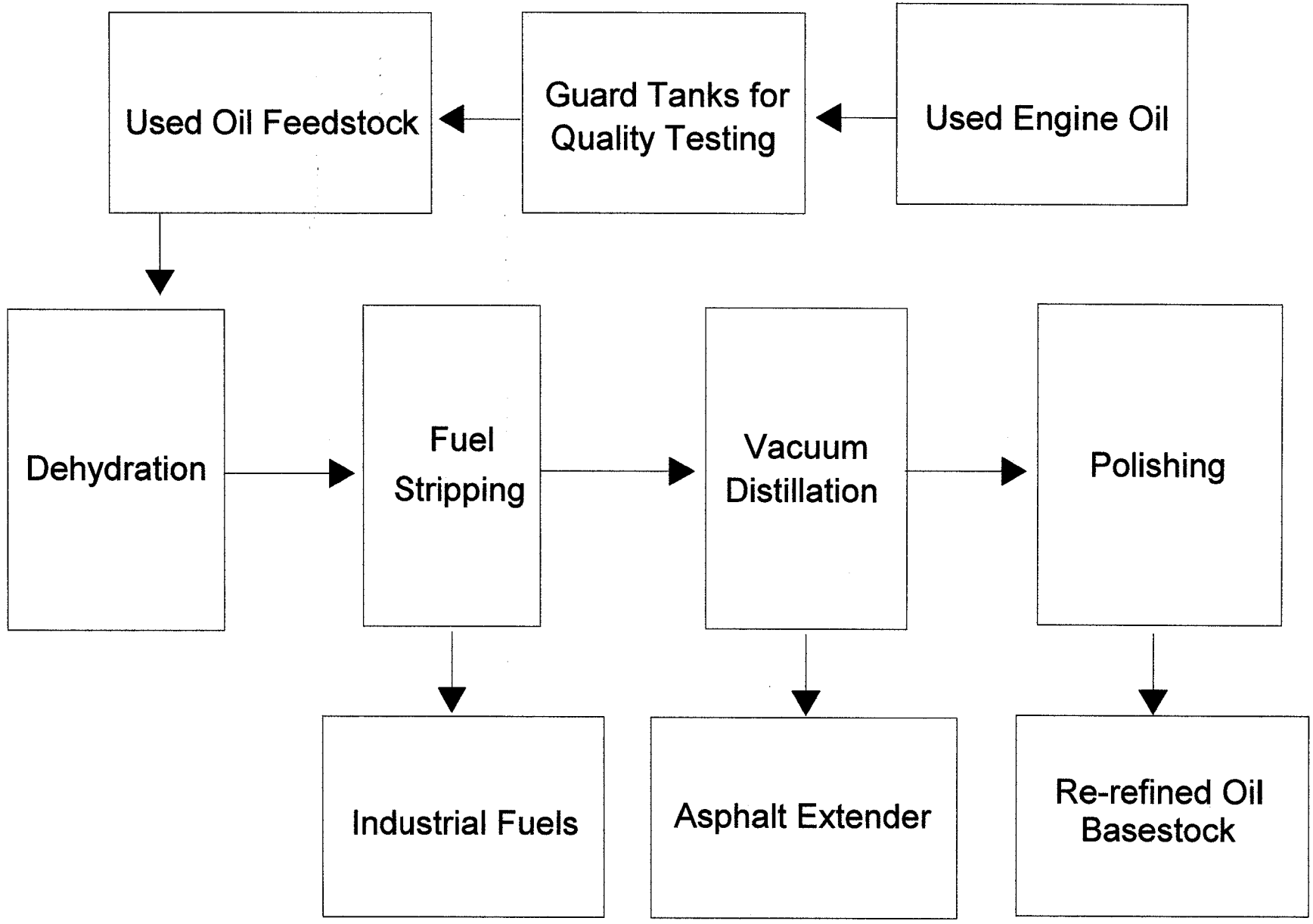
III. Summary of Profit & Loss Projection First Year:

CES will use existing market networks to purchase feed stock and sell the final product. The budget for the project estimates purchase of feedstock at $0.8 per gallon while the resulting base oil product is estimated to sell for $3.0 per gallon. The target capacity of the plant is 30,000 gallons of raw feed per day. EBITDA projections for the first year (including a 6 month start-up and maximum capacity of 80%) are $6 million.

IV. Deal Structure

CES is seeking a partner or partners to form a separate company. The company will be owned 50% by CES and 50% by the partner(s). CES will provide a site for the plant location within the confines of either its Houston or Port Arthur facilities. The JV will set up a long term lease to the newly formed company. CES will sell 50% ownership in this new company for a price of US $4.5 Million. This will include sufficient funding for CES to complete plant construction.

CES Motor Oil Plant
Typical Re-refining Process
Process Flow Diagram



EPAHO120000972

Basic data and assumptions:					
All figures in US Dollars.					
1	Cost of Waste Oil feed input to the plant	$ 0.80	per gallon	Equivalent To	$ 0.84
2	Distilled Filtered Oil selling price (Base Oil)	$ 3.00	per gallon	Charge price reduced	
3	Plant fuel cost - Natural Gas	$ 13.50	per MM Btu	for 5% water in oil feed.	
4	Gasoline/Diesel selling price	$ 1.75	per gallon		
5	Asphalt/bunker 6 selling price	$ 1.00	per gallon		
6	Cost of power	$ 0.145	per kWH		
7	Cost of make-up cooling water	$ 0.01	per gallon		
Economic Assesment of the plant:					
	Capacity of the plant	1,200	gph of waste	oil input.(Feed)	
I	Cost of Equipment and Installation		Million	Equipment	
II	Land Cost and Improvements	$ -		CES Site	
	System Cost Installed With Site Improvements	$ -			
				No. of Working days/yr	
	Income statement - Revenue	% Recovery	Rate per gal	300	330
	Recoveries of:				
	Oil (SAE 10 to 20;SAE 30 to 40) Base Oil	75.00	$ 3.00	$ 19,440,000	$ 21,384,000
	Diesel	5	$ 1.00	$ 432,000	$ 475,200
	Gasoline	5	$ 1.75	$ 756,000	$ 831,600
	Asphalt Material Extender Blended With Aspha	10	$ 1.00	$ 864,000	$ 950,400
	Total revenue from oil production	**95**		**$ 21,492,000**	**$ 23,641,200**
	Note: 5% water in oil feed				
	Expenditure statement - Direct.	Total units	Costs / unit		
	Cost of input Waste Oil	28,800gal/day	$ 0.80	$ 6,912,000	$ 7,603,200
	Cost of Wasterwater Disposal at CES	60 gph at $.05	per gal T&D	$ 21,600	$ 28,760
	Direct Labor :				
	Plant Forman			$ 75,000	$ 75,000
	Lab Technician			$ 50,000	$ 50,000
	Operators, 2 persons, per hour, 24hr/day	17520	$ 30.00	$ 525,600	$ 578,160
	Maintenance, 2 persons, 5 days/week	4576	$ 25.00	$ 114,400	$ 125,840
	Utilities:(Heater 10 MM Btu/hr)				
	Power, in kWH	750	$ 0.145	$ 783,000	$ 861,300
	Solvent make-up at 0.25% for the polishing			$ 20,000	$ 22,000
	Fuel for Hot Oil heater, Nat Gas MM Btu/yr	72,000	$ 13.50	$ 972,000	$ 1,069,200
	Cooling water for make-up - gal/hr	2000	$ 0.01	$ 144,000	$ 158,400
	Sulfuric Acid $700/330gal 2times/mo			$ 16,800	$ 18,480
	Emulsion Breaker 600 gal/mo			$ 86,400	$ 95,040
	Safety Supplies			$ 12,000	$ 13,200
	Lab Supplies			$ 48,000	$ 52,800
	Total Direct Costs			**$ 9,780,800**	**$ 10,751,380**
	Expenditure statement - Indirect.				
	Maintenance parts and supplies / costs / year			$ 300,000	$ 330,000
	S,G, and A - Insurance, Office Staff, & Misc	$16,135/mo		$ 193,620	$ 212,982
	Total Indirect Costs			**$ 493,620**	**$ 542,982**
	Operating Profit (Before interest)			**$ 11,217,580**	**$ 12,346,838**
				$ -	$ -
				$ -	$ -
	Profit before depreciation and Tax			**$ 11,217,580**	**$ 12,346,838**
	Projected Return on Investment (ROI)	days		**0**	**0**

Project P&L : Oil Re-Refinery 2009

	Operating capacity	10%	22%	34%	49%	64%	79%	80%	80%	80%
	Month	4/1/2009	5/1/2009	6/1/2009	7/1/2009	8/1/2009	9/1/2009	10/1/2009	11/1/2009	12/1/2009
	Sales	**$ 189,900**	**$ 417,780**	**$ 645,660**	**$ 930,510**	**$ 1,215,360**	**$ 1,500,210**	**$ 1,519,200**	**$ 1,519,200**	**$ 1,519,200**
Direct	Cost of input Waste Oil	57,600	126,720	195,840	282,240	368,640	455,040	460,800	460,800	460,800
	Cost of Wasterwater Disposal at CES	180	396	612	882	1,152	1,422	1,440	1,440	1,440
	Direct Labor :									
	Plant Forman	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
	Lab Technician	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
	Operators, 2 persons, per hour, 24hr/day	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800
	Maintenance, 2 persons, 5 days/week	9,533	9,533	9,533	9,533	9,533	9,533	9,533	9,533	9,533
	Utilities:(Heater 10 MM Btu/hr)									
	Power, in kWH	6,525	14,355	22,185	31,973	41,760	51,548	52,200	52,200	52,200
	Solvent make-up at 0.25% for the polishing	167	367	567	817	1,067	1,317	1,333	1,333	1,333
	Fuel for Hot Oil heater, Nat Gas MM Btu/yr	8,100	17,820	27,540	39,690	51,840	63,990	64,800	64,800	64,800
	Cooling water for make-up - gal/hr	1,200	2,640	4,080	5,880	7,680	9,480	9,600	9,600	9,600
	Sulfuric Acid $700/330gal 2times/mo	140	308	476	686	896	1,106	1,120	1,120	1,120
	Emulsion Breaker 600 gal/mo	720	1,584	2,448	3,528	4,608	5,688	5,760	5,760	5,760
	Safety Supplies	100	220	340	490	640	790	800	800	800
	Lab Supplies	400	880	1,360	1,960	2,560	3,160	3,200	3,200	3,200
Total Direct Costs		**$ 138,882**	**$ 229,040**	**$ 319,198**	**$ 431,895**	**$ 544,593**	**$ 657,290**	**$ 664,803**	**$ 664,803**	**$ 664,803**
Indirect Cost										
	Maintenance parts and supplies / costs / year	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
	S,G, and A - Insurance, Office Staff, & Misc	16,135	16,135	16,135	16,135	16,135	16,135	16,135	16,135	16,135
Total Indirect Costs		**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**	**$ 41,135**
Operating Profit (Before interest)		**$ 9,883**	**$ 147,605**	**$ 285,327**	**$ 457,480**	**$ 629,632**	**$ 801,785**	**$ 813,262**	**$ 813,262**	**$ 813,262**
	Profit before depreciation and Tax	**$ 9,883**	**$ 147,605**	**$ 285,327**	**$ 457,480**	**$ 629,632**	**$ 801,785**	**$ 813,262**	**$ 813,262**	**$ 813,262**
	Projected Return on Investment (ROI)									
	1.9 buy, 4.5 sell	883	127,805	254,727	413,380	572,032	730,685	741,262	741,262	741,262
	.8 buys, 3.2 sell	9,883	147,605	285,327	457,480	629,632	801,785	813,262	813,262	813,262
	Gain	9,000	19,800	30,600	44,100	57,600	71,100	72,000	72,000	72,000

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LUBE REPORT
Industry News from LUBES-n-GREASES

Wednesday, November 19, 2008

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U.S. Base Oil Price Report

By Carolyn L. Green

Pointing to relaxed operating costs, specifically declining crude oil values alongside slowed demand, two U.S. API Group I, II and III suppliers reduced their base stock postings this week, while at least one key naphthenic base oil producer also stepped out with lower pale oil prices.

On Monday, Nov. 17, SK E&P decreased its Group II+, III and III+ Yubase base oils by 20 cents per gallon across the board.

Calumet lowered its posted prices between 5 and 20 cents/gal on Tuesday, Nov. 18. In the Group I category, 60 vis dropped by 10 cents/gal, 700 vis fell by 20 cents/gal, and bright stock went down 5 cents/gal. Calumet's Group II 80 and 100 neutrals slipped by 10 cents/gal, 150 vis shed 15 cents/gal, and 325 vis lost 20 cents/gal.

Nynas said that it lowered all pale oils by 20 cent per gallon, effective Nov. 12. No other naphthenic price announcements have surfaced so far this week, but buyers expect that others will follow suit.

Meanwhile, a bleak domestic outlook was again observed this week, largely mirroring activity levels noted the past month, suppliers said. Consumers' orders are steadily waning, but largely match producers' low expectations heading into the year-end doldrums, sources said.

Naphthenic producers say that inventories have built in recent weeks due to the slowdown in many end-use segments and/or because downstream businesses have ultimately shut down. This has placed considerable pressure on spot sale offers, with some pale oil prices now pegged near the $3.10 to $3.20 per gallon level, shedding well over a $1/gal in just about a month's time.

While some sellers are hoping that the market has reached bottom, other players suspect that the free-fall in pricing has not stopped just yet.

Several suppliers indicated that it is the heavier end of the naphthenic slate that is in abundant over-supply, although most grades are readily available.

In contrast, the paraffinic side of the U.S. base oil industry remains largely stable. Despite the recent downtrend in prices, postings are considered to be fairly lofty against crude values in the mid-$50-per-barrel range. Imported base oils are making their way into the U.S. domestic system at discounted prices, but this activity has yet to have a significant impact, some sources said. They admitted that it might just be a matter of time before prices spiral downward.

At the close of the Tuesday, Nov. 18, NYMEX session, front-month light sweet crude futures settled at $54.39 per barrel, a loss of $4.94/bbl compared to the week earlier close at $59.33.

Carolyn L. Green, based in Houston, can be reached directly at carolynlgreen@gmail.com.

Posted Paraffinic Base Oil Prices

November 19, 2008
(Prices given in U.S. dollars per gallon, and in U.S. dollars per metric ton)

Group I

	ExxonMobil*		Valero		Sunoco		Calumet	
	Gulf Coast		East Coast		Midwest		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
60							5.18	1,614
70					4.81	1,496		
85								
100	4.30	1,322	4.93	1,515				
148-165	4.52	1,376	4.89	1,480	4.71	1,446		

250-275	4.89	1,477			4.85	1,474		
300-350	4.90	1,478						
500-525			5.53	1,653	5.55	1,676		
600-700	5.16	1,550	5.55	1,641			5.28	1,582
Bright stock 150	5.67	1,673	5.91	1,730	5.81	1,726	5.80	1,715

Group II

	Motiva		ConocoPhillips		Chevron		Calumet		Flint Hills		Valero	
	Gulf Coast		Gulf Coast		West Coast		Gulf Coast		Gulf Coast		East Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
70	4.41	1,381	4.54	1,402					4.54	1,406		
75-80			4.54	1,396			4.96	1,534	4.54	1,393		
100-110	4.39	1,364	4.50	1,387	4.78	1,482	4.77	1,471	4.50	1,389		
145-150							5.00	1,524				
200-230	4.71	1,437	4.89	1,495	5.21	1,594			4.82	1,474	5.06	1,559
325							5.16	1,552				
600	5.11	1,549	5.36	1,626	5.60	1,702			5.33	1,610		

Group II+

	ExxonMobil*		Motiva		SK		ConocoPhillips	
	Gulf Coast		Gulf Coast		Gulf Coast		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt	$/gal	$/mt
50-60							5.25	1,693
70-80					5.47	1,745	5.25	1,675
110-130	5.17	1,615	5.17	1,617				
190	4.91	1,520						

Group III

	SK		ConocoPhillips	
	Gulf Coast		Gulf Coast	
Viscosity	$/gal	$/mt	$/gal	$/mt
4 cSt	5.61	1,784	5.61	1,776
6 cSt	5.61	1,762		
8 cSt	5.66	1,761	5.57	1,741

Group III+

	SK	
	Gulf Coast	
Viscosity	$/gal	$/mt
4 cSt	6.41	2,038

* ExxonMobil prices obtained indirectly.

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To: ramiz@tafilajgroup.com

Subject: FW: cost of moving one spot cargo from Ras Laffan - March - April 08

Date: Tue, 18 Mar 2008 14:06:04 -0500

Knut A. Scharning
Gulf Stream Tanker Chartering

From: Knut Scharning [mailto:knutsolo@sbcglobal.net]
Sent: Tuesday, March 18, 2008 12:50 PM
To: rtafilaj@cesenvironmental.com
Subject: cost of moving one spot cargo from Ras Laffan - March - April 08

Ramiz

As we have discussed previously many times - The main issues in getting the current cargo moved from Ras Laffan is

- The small volume
- The Loading window
- The port restrictions
- The lack of vessels sailing to the US
- The uncertainty of which player is trying to move the cargo (1 of 3)
- The issues of Port Cost

The way I will asses this is if we can find a vessel sailing to the US freight will be about US $ 300,000.00.

If we need to go via a different port - let us say Rotterdam then freight should be in the vicinity of US $ 200,000.00
If you then need to move it to Houston from Rotterdam you will have to add freight – about 75,000.00 lump sum
It is very possible that one will have an issue of needing temporary storage or a place to trans load.

If we are lucky or good then one trans-load direct from one vessel to the next.

Bank of America
SWIFT 799 - SWIFT FREE NARRATIVE

NON-RENEWAL NOTICE

```
:TO : RECEIVING PARTY NAME AND ADDRESS
:   : NONK
:   : LOCE
:   : S
:   : NOA
:   : 000000000000.00
:   :
:   :
:   : DOHA BANK
:   : GRAND HAMAD AVENUE 2/FL
:   : PO BOX 3818, DOHA BK BLDG.
:   : DOHA, QATAR
:20 : SENDERS REFERENCE
:   : 3090969
:21 : RELATED REFERENCE
:   : DBLG2023007322
:79 : NARRATIVE
:   : /30 VALUE DATE/080318
:   : /32 AMOUNT/
:   : NOA 0.00
:   : !!NON-RENEWAL NOTICE!!NON-RENEWAL NOTICE!!
:   : ATTN: LETTER OF GUARANTEE DEPARTMENT
:   :
:   : RE YOUR REF: DBLG2023007322
:   :        OURS: 3090969
:   :
:   : APPLICANT: CES ENVIRONMENTAL SERVICES
:   :  4904 GRIGGS ROAD
:   :  HOUSTON, TX 77021-3208
:   : BENEFICIARY: YOURSELVES. YOUR GUARANTEE IN
:   :  FAVOR OF RASGAS COMPANY LIMITED,
:   :  POST OFFICE BOX 24200, DOHA, STATE OF
:   :  QATAR
:   :
:   : PLEASE BE INFORMED AND INFORM THE
:   : BENEFICIARY OF YOUR GUARANTEE THAT IN
:   : ACCORDANCE WITH THE TERMS OF THE ABOVE
:   : LETTER OF CREDIT WE HAVE ELECTED NOT TO
:   : RENEW THE CREDIT, AND CONSEQUENTLY, THE
:   : CREDIT WILL ULTIMATELY EXPIRE ON
:   : APRIL 25, 2008.
:   : PLEASE BE GUIDED ACCORDINGLY.
:   :
:   : BEST REGARDS,
:   : C. GANDIA - STANDBY LC DEPT.
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```

SPOT ~~Start~~ Services for sulfidic caustic Solution receiving & handling services and Removal & Transportation

March 25, 2008

0900 3/25/08

+ 90 days

Proj ITT/RG08/L072/08

South East
Chem

ask-L04

9049924007

Kelli

WM Group
Environmental
Consulting

Kelley, Please help with this.

Attachment – "C" ~~Matt~~

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   ✓ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   ✓ Yes _____ No

   Get Clark to help here

   See 40 CFR "reuse as effective substitute" and 335 TAC "Mirrored Regulations"

   Code of Fed Regs

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   ✓ Yes _____ No
   If "Yes", attach a copy

   KARL

   Title 40 CFR parts 260-265 and 266-299

   Title 30 of the Texas Administrative code (Env. Quality)

   GHC Chem Assoc. Counsel

   Harris county and city of Houston Environmental Regulations

4. How long has your company been in business? 9 Years.

5. How long has your company been handling this type of material? 6 Years.

6. Does your Company provide technical support for this product?
   ✓ Yes _____ No
   If "Yes", please attach detailed description of the technical support.

   Gary Lenertz to help here

   CLARK

   CLARK'S BACKGROUND

   GARY'S PPT
   GARY'S BACKGROUND

7. Does your Company have an environmental audit program?
   ✓ Yes _____ No
   If "Yes", attach a copy.

   Get All this from Prabhakar

8. Does your Company have more than one outlet for this material?
   ✓ Yes _____ No
   If "Yes", please describe them.

   Gary Lenertz to help here

   multiple outlets - specific applications for general [illegible]

   neutralization of wastewaters

   pulp paper processes

   ~~scrub~~ caustic scrubbers as a substitute for fresh caustic; gravity modifier

9. How many other companies supply you with a similar product?

   Greater than 15

Provide copy of environmental audits from other companies

mining industry

EPAHO120000981

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   ✓ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   ✓ Yes _____ No

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   ✓ Yes _____ No
   If "Yes", attach a copy
   CES STRICTLY ADHERES TO TITLE 40 OF CODE OF FEDERAL REGULATIONS PARTS 260-265 AND 266-299 AND TITLE 30 OF TEXAS ADMINISTRATIVE CODE ON ENVIRONMENTAL QUALITY, BOTH ARE AVAILABLE ONLINE.

4. How long has your company been in business? 9 Years.

5. How long has your company been handling this type of material? 6 Years.

6. Does your Company provide technical support for this product?
   ✓ Yes _____ No
   If "Yes", please attach detailed description of the technical support.
   CES HAS A LAB RESEARCH & DEVELOPMENT MANAGER (SEE RESUMÉ) AND ENGINEERING/TECHNICAL SUPPORT STAFF (SEE RESUMÉ); ALSO SEE SALES TRAINING POWERPOINT

7. Does your Company have an environmental audit program?
   ✓ Yes _____ No
   If "Yes", attach a copy.

8. Does your Company have more than one outlet for this material?
   ✓ Yes _____ No
   If "Yes", please describe them.
   WASTEWATER NEUTRALIZATION, PULP AND PAPER PROCESSING, SPECIFIC GRAVITY MODIFICATION, CAUSTIC SCRUBBERS AS A SUBSTITUTE FOR FRESH CAUSTIC, AND USES IN THE MINING INDUSTRY.

9. How many other companies supply you with a similar product?
   MORE THAN 15

Facsimile Coversheet

Date:	7/9/09

Number of pages including cover sheet	02

To:	GREG BOWMAN
Company:	CES ENVIRONMENTAL
Phone:	713-419-6076
Fax:	713-676-1676
Cc:	
Tel:	
Fax:	

From: *Lawrence Banales*
Standby Letter of Credit
Dept #22621
1000 Temple Street
7th Floor
M/C: CA9-705-07-05
Los Angeles, Ca 90012
Phone: *(800) 541-6096, Opt. 1*
Fax: *(213) 457-8841*

RE: SBLC 3098526 CABLE REQUESTING CONTACT INFORMATION

Please let me know if you have any questions.

Thank you.

"The best way to find yourself is to lose yourself in the service of others." –Gandhi

The information contained in this FAX message is intended only for the confidential use of the designated recipient named above. This message may contain contractual and proprietary information and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error, and that any review, dissemination, distribution or copying of this message is strictly prohibited. **If you received this fax in an area accessible to unauthorized individuals, please notify us immediately by telephone with an alternate fax location.** If you have received this communication in error, please notify us immediately by telephone and return the message to us by mail.

INCOMING SWIFT MESSAGE 07/06/09

SENDER SWFT ADDRESS	RECEIVER SWFT ADDRESS	MSG TYPE	L/C ID	DOC TRACK ID	STATUS	ERROR FOUND
NONK	LOCE	799	00000003098526	00000013618699	LOG	NO

MESSAGE RECEIVED FROM :
DOHA BANK
GRAND HAMAD AVENUE 2/FL
PO BOX 3818, DOHA BK BLDG
DOHA

:20 : TRANSACTION REFERENCE NUMBER
: : DBLG202300929
: :
:21 : RELATED REFERENCE
: : 3098526
: :
:79 : NARRATIVE
: : AMENDMENT OF TENDER BOND FOR USD.200,000/- FVG.
: : RASGAS COMPANY LIMITED.
: : .
: : THE ABOVE MENTIONED GUARANTEE IS READY AT OUR
: : COUNTERS FOR COLLECTION, KINDLY NOTE THAT TILL
: : DATE MR. RAMIZ TAFILAJ HAS NOT APPROACHED US TO
: : COLLECT THE SAME, PLEASE PROVIDE HIS LOCAL CONTACT
: : NUMBER HERE IN QATAR ENABLING US TO INFORM HIM
: : ACCORDINGLY.
: : .
: : .
: : REGARDS
: : TRADE FINANCE
: :

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

June 9, 2009

George Montgomery
Vice President
2001 NE 46th Street
Kansas City, MO 64116
Phone 816.979.4055
Fax 312-453-2113
M08-050-02-17

Dear George:

Pursuant to our conversation, please extend the $ 200,000.00 letter of credit (LC 309-8526) from 6-15-09 to 8-15-09. This letter of credit is collateral for an irrevocable standby letter of credit issued to Bank of Doha (Standby letter of credit number 3098526, issued 09/01/29). As part of this request, please extend the date on the guaranty for the irrevocable letter of credit to 7-15-09. Please ensure that the automatic extension is in effect.

If you have any questions, please call me at 713-419-6076. Thank you so much for your assistance.

Regards

Greg Bowman
Vice President
CES Environmental Services, Inc.

To George Montgomery
616-979-4055
From Grey Bowman
313-419-6076

312-453-2113

CES Environmental Services, Inc.

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Houston, TX 77021
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Regards

Greg Bowman
Vice President
CES Environmental Services, Inc.

SECTION 2.0

GENERAL CONDITIONS

CONTRACT SERVICES

EPAHO120000990

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GENERAL CONDITIONS

1. INTERPRETATION

1.1 Definitions

For the purpose of the Contract (unless the context otherwise requires), the following expressions shall have the following meanings:

"Call-Off Order" or "COO"	a completed Call-Off Order duly signed by an authorised representative of RasGas, by which any requirement for Ad Hoc Services shall be ordered by RasGas
"Completion Date"	has the meaning given to it in the Form of Agreement
"Contract"	has the meaning given to it in the Form of Agreement
"Effective Date"	has the meaning given to it in the Form of Agreement
"Site"	the location(s) specified in Section 3.0 (Scope of Services) or in any COO as being the place(s) where the Services shall be performed
"Services"	all Services performed pursuant to any COO under this Contract including but not limited to the Services set out in Section 3.0 (Scope of Services) and with respect to Contractor personnel means the Service and performance obligations of such personnel.
"Gross Negligence"	means, with respect to a Party hereto, any omission or action committed by the managerial or senior supervisory personnel of such Party, whether intentional or not, that constitutes a reckless disregard for harmful and foreseeable consequences.
"Wilful Misconduct"	means, with respect to a Party hereto, an intentional act or omission committed by the managerial or senior supervisory personnel of such Party, where such Party contemplated such act or omission, and was aware that such act or omission by it would be likely to have harmful and foreseeable consequences.

Terms defined in the Form of Agreement shall have the same meaning when used in these General Conditions.

1.2 Headings

Title headings contained in the Contract are for convenience only and shall not be used in its interpretation.

1.3 References

(a) Unless the context otherwise requires, references to Clauses, sub-Clauses and Sections are to the clauses and sub-clauses of and the sections of these General Conditions;
(b) references to Contractor and to its personnel shall include Contractor's employees, agents and any subcontractor approved under Clause 22;
(c) references to parties shall be to the parties hereto;
(d) words importing the singular include the plural and vice versa;
(e) words importing the masculine include the feminine or neuter and vice versa;
(f) words importing persons include individuals, firms, corporations or partnerships and vice versa, as the context or reference to the parties requires;
(g) any list or group of items following the words "including", "includes", "include", "such as" or "consisting of" and such like shall not be interpreted as being definitive and shall in all cases be completed by the expression "but not limited to".

EPAHO120000992

2. EXECUTION OF THE SERVICES

2.1 **Conduct of Services**
The Contractor shall perform all Services continuously and expeditiously and shall complete the Services in accordance with all provisions of the Contract having due regard to any business critical targets or deadlines specified in the Contract or of which the Contractor has been made aware by RasGas.

2.2 **Time of Essence**
Time is of the essence in the completion of all Services.

2.3 **Time Slippage**
Where it appears any business critical targets or deadlines notified to the Contractor will not be met the Contractor shall notify RasGas as soon as possible. Such notification shall not relieve the Contractor of any of its obligations and the Contractor shall take all appropriate steps to achieve the agreed targets or deadlines including working such additional overtime, engaging such additional personnel and taking such other measures as may be necessary to complete the Services within the scheduled timetable or any approved extension thereto. All costs related to such overtime, additional personnel and other measures shall be borne by the Contractor.

2.4 **Performance of the Services**
The Contractor shall perform the Services in a professional manner at all times in accordance with the Contract using latest, industry-standard technology and sound project management and supervisory practices, and otherwise with all due diligence consistent with best practice in the consulting services industry.

2.5 **Skill and Competence**
The Contractor agrees that it has the required skills, know-how, experience and capacity to perform the Services using appropriately qualified and competent personnel who have been properly trained to carry out the Services including, where relevant, best available health and safety practice.

2.6 **Commencement of Services**
The Services shall commence on the Commencement Date and shall continue until the end of the Period of Maintenance (or any approved revision thereto) unless terminated earlier under Clause 16 (Termination) or any other applicable provision of the Contract.

2.7 **Conformity with Scope and Specifications**
The Services shall conform in all respects with Section 3.0 (Scope of Services) and any further specifications as may be agreed between RasGas and the Contractor and set out in the COO. The Contractor shall use high quality materials, techniques and standards in the supply of the Services and any products or materials supplied to RasGas by the Contractor shall be new and of the best quality and sound workmanship and design if applicable, and shall be fit for the purpose and use specified in, or reasonably to be inferred from, the COO.

2.8 **Knowledge**
The Contractor has carefully examined this Contract and has obtained a full understanding and knowledge of the nature, quality and scope of RasGas' requirements in respect of the Services and of its obligations under this Contract, including information as to the Site, local conditions and facilities and other relevant matters. The Contractor acknowledges that it is fully satisfied as to the correctness and completeness of all documents relating to this Contract and accepts all responsibility for having properly evaluated all costs and contingencies for successfully undertaking and completing the Services, and shall bear any and all consequences resulting from an improper or inadequate evaluation.

2.9 **Property**
The Contractor shall not use any item of RasGas property or equipment without the prior written authority of RasGas. Where RasGas gives its written approval, the Contractor shall ensure such property is treated with appropriate care, kept clean and maintained in good working order. The

EPAHO120000993

Contractor shall at all times be responsible for its own property at the Site (including tools and equipment).

2.10 **Inspections**
RasGas shall be entitled to have access, for the purposes both of inspecting and of observing tests and certificates, to any place where any Services (or part thereof) are being undertaken. Neither failure to inspect or instruct nor any approval given by RasGas shall relieve the Contractor of any of its obligations under the Contract.

2.11 **Independent Contractor**
The Contractor is an independent contractor and nothing in the Contract shall be construed as creating at any time any other relationship between the parties. The Contractor shall at all times have complete control over and full responsibility for its employees, agents and subcontractors. None of them shall be considered, or in any way represent themselves as being, employees of RasGas or be entitled to any benefits supplied by RasGas to its employees.

2.12 **Compliance with laws and regulations**
The Contractor shall at all times comply and ensure that its personnel comply with all applicable laws and regulations relevant to the provision of the Services.

3. Payment Terms and invoicing (Refer to Section 4.0 Compensation)

4. LIABILITY AND INDEMNIFICATION

4.1 Except as otherwise provided in the Contract, the Contractor agrees that it shall:

(a) be liable to RasGas for all losses, costs, legal fees, damages and expenses whatsoever which RasGas may suffer, sustain, pay or incur (**"Losses"**); and

(b) fully and effectively indemnify RasGas against any and all claims, liens, judgements, awards, remedies, debts, demands, penalties, liabilities, damages, injuries, costs, losses, expenses or causes of action or proceeding of whatever nature including without limitation punitive damages or exemplary damages and all fees associated with any such action or proceeding, and those claims made or enjoyed by administrators (or other insolvency officers), successors, survivors or assigns (**"Claims"**) which may be brought against or suffered by RasGas or which it may sustain, pay or incur;

as a result of or in connection with the performance, purported performance or non-performance of the Contract by the Contractor, and whether the same results from or in connection with the use by the Contractor of any machinery, tools or equipment belonging to RasGas or from or in connection with the negligence or wilful acts or omissions of RasGas or its agents, employees or other contractors while acting under the direction or control of the Contractor; but excluding any Losses or Claims to the extent that they are suffered, sustained, paid or incurred by reason of the negligence or wilful acts or omissions of RasGas or its agents, employees or other contractors while not acting under the direction or control of the Contractor.

4.2 **Consequential Damages**
Neither RasGas nor the Contractor shall bear any liability to the other for loss of profits, loss of business, loss of contracts or other indirect or consequential loss, except if a Party has committed an act or omission of Gross Negligence or Wilful Misconduct attributable to its managerial or senior supervisory personnel and in no event will a Party be required to release or indemnify the other party for Gross Negligence or Wilful Misconduct attributable to the other Party's managerial or senior supervisory personnel.

5.0 INSURANCE

5.1 The Contractor shall ensure that its respective insurers waive all rights of subrogation against the Company, its parents, its subsidiaries and all other indemnities of the Contractor hereunder. For this purpose, the Contractor shall also cause the Company and all other indemnities of the

EPAHO120000994

Company to be included as additional insured and covered by the insurance policies described herein.

5.2 The Contractor shall ensure that to the extent of indemnities given by the Contractor hereunder, the Contractor's insurance shall be primary, receiving no contribution from any other insurance arranged by or on behalf of, or available to, the Company. To give effect to the provisions of this Contract the Contractor shall also cause to be waived any clause in the insurance policies that reduces coverage to the extent of coverage by other insurances, if any.

5.3 All deductibles within and/or liabilities in excess of the indemnities provided under the insurances to be arranged by Contractor shall be for the account of and paid by Contractor, as applicable. The insurance limits mentioned herein are minimum requirements and not limits of Contractor's liability, and they are not to be construed as the Company's consent to limiting the Contractor's financial liability. Approval by Company of any insurer or terms of insurance proposed by Contractor shall not relieve the Contractor from any of his obligations or liabilities under or arising from this Agreement or generally at law.

5.4 The insurances to be arranged by the Contractor shall be the following:

a) **Workmen's Compensation & Employer's Liability (Not applicable)**

b) **General Third Party Liability Insurance (Not applicable)**

c) **Marine Vessels Insurance**

Contractor shall carry, or shall ensure that the marine vessels being employed for the performance of the Services carry, all insurance coverage's as required by law(s) and by the Ras Laffan Port regulations. The required insurances shall include, but not be limited to, the following:

1. Marine Hull Insurance covering Hull and Machinery of the marine vessel including plant and equipment there on full terms and conditions of cover that the insurance market offers, covering the full replacement value of the vessel and the equipment as described above. This insurance should be extended to cover Removal of Wreck and Debris in respect of the vessel, for a minimum of Hull Value but, in any case, not less than US$25,000,000 per occurrence.
2. Protection & Indemnity (P&I) risks coverage for the vessel including seepage and pollution risks for the standard limits provided by the P&I clubs' market. It should however be not less than US$50,000,000 per occurrence. The coverage should include Third Party Liability risks and contractual liability risks connected with the performance of the Services under this Agreement.

The Contractor shall ensure adequacy of all insurances specified herein at all times and shall furnish to Ras Gas, prior to commencement of this Contract, certificates from their insurers or insurance brokers or P&I clubs attesting that appropriate insurance policies have been effected. The Contractor shall make no material alterations to the terms of any insurance without information being given to Ras Gas and in any case shall immediately notify Ras Gas should their insurer make any material alterations thereto.

6. TITLE

6.1 **Good Title**
The Contractor shall, at all times, have good title free and clear of any encumbrances to all products, equipment or materials to be supplied to RasGas in the performance of the Services.

6.2 **Passing of title and risk**
Title to any products, equipment or materials shall pass to Contractor at the time of loading of the inlet flange to the vessel.

EPAHO120000995

7. CONFIDENTIALITY

Confidential Information means all proprietary information which comes into the possession of the Contractor or any of its personnel concerning the technical, financial or business affairs of RasGas including, but not limited to, information relating to its trade secrets, products, processes and business relationships except to the extent that same shall have been published or otherwise made freely available to the public without restriction. In addition, information concerning or relating to this Contract (including information developed by the Contractor in the performance of the Services) shall be presumed to be confidential.

The Contractor shall not, without RasGas' consent, disclose any Confidential Information to any third party nor use it other than on RasGas' behalf in the performance of the Works and then only to the extent necessary. The Contractor further agrees to take all reasonable and prudent steps to safeguard the Confidential Information including making only such copies, as shall be necessary and restricting access to such documents on a "need to know" basis only.

8. SUSPENSION OF SERVICES (Not applicable)

9. CANCELLATION

9.1 **Notice to cancel**
RasGas shall have the right at any time to cancel the Services, upon Six (6) months written notice to the Contractor.

9.2 **Amount payable on cancellation**
RasGas shall as soon as practicable after any such cancellation, determine (after reference to the Contractor and after such investigation or inquiries as it may think fit) the amount owing and due to the Contractor in respect of Works actually provided up to the date of cancellation in accordance with GAAP. Once determined, RasGas shall notify the Contractor of the relevant amount and the Contractor shall submit an invoice in respect of such amount in accordance with Clause 4 (Payment Terms). For the avoidance of doubt, notice of cancellation hereunder shall not constitute a breach nor entitle the Contractor to any damages, compensation for loss of anticipated profits or Claims.

10. TERMINATION

10.1 **Definition of default**
The Contractor shall be considered in default regardless of the status of the Contract or performance under it, upon the happening of any one of the following events ("Event of Default").

(a) if the Contractor commits a material breach of any of its representations, warranties or other obligations hereunder;
(b) if the Contractor breaches any of its obligations under the Contract or under any COO which, in either case, if RasGas considers is capable of remedy, is not remedied within 60 days of the date of written notice from RasGas requesting such remedy; or
(c) if the Contractor becomes bankrupt or insolvent or commits or suffers any act of bankruptcy or insolvency (other than voluntary liquidation for the purposes of a bona fide amalgamation or reconstruction) or makes any assignment for the benefit of creditors or has a liquidator, administrator, receiver or similar officer appointed over its assets or causes or permits any judgement to be enforceable against it in respect of non-payment of debts.

10.2 **Termination**
If an Event of Default occurs then RasGas may terminate the Contract with immediate effect without thereby releasing the Contractor from any of its obligations or liabilities under the Contract and without prejudice to RasGas's other rights and remedies hereunder and at law.

10.3 **Payment on termination for default**
Where the Contract is terminated, RasGas shall not be liable to pay to the Contractor any amount in respect of the Contract until the Services then in progress have been completed to its satisfaction and only when the costs of execution, completion, damages/penalties for delay in completion (if any) and all other expenses incurred by RasGas, including the costs of any third

EPAHO120000996

party RasGas may use to complete the Services, have been ascertained and deducted accordingly.

11. FORCE MAJEURE

11.1 **Definition**
Force Majeure shall mean an event which is neither foreseeable nor preventable and which is entirely outside the direct or indirect control or influence of the Contractor or RasGas including any one or more of the following events:

(a) acts of God including without limitation lightening, flood or unusual or extreme weather;
(b) wars, revolutions, riots, blockades and other unlawful acts against public order;
(c) strikes, lockouts, labour disturbances;
(d) any other event (excluding financial distress), which is neither foreseeable nor preventable by the party claiming Force Majeure.

11.2 **Operation**
Neither RasGas nor the Contractor shall be liable for the performance of its obligations to the extent such performance is prevented by an event of Force Majeure. The party claiming an event of Force Majeure shall promptly notify the other party of such event and any impacted performance under the Contract shall be suspended.

11.3 **Effect**
As regards any delay or failure to perform as a result of Force Majeure:

(a) the party claiming the Force Majeure will take all reasonable steps to bring the circumstances to a close or to find a solution whereby the Contract may be diligently performed despite the event of Force Majeure; and
(b) promptly take such other steps, which the other party reasonably requires in order to reduce the other party's losses or risk of loss.

11.4 **Termination for Force Majeure**
If an event of Force Majeure continues for a period of 120 days or more, the party not claiming Force Majeure shall be entitled to terminate the Contract at any time on giving written notice, such notice to take immediate effect and the relevant provisions of Clause 10 (Termination) shall apply.

12. ENVIRONMENT, HEALTH AND SAFETY ("EHS") – (Not applicable)

13. ALCOHOL AND DRUG POLICY

The Contractor shall be bound by the Company's alcohol and drug policy including, but not limited to, the following excerpt:

The use, possession, distribution or sale of illegal drugs, alcohol or controlled substances and the paraphernalia associated with such on Company's premises including working areas is absolutely prohibited. If a visitor [including Contractor] is in violation of this policy he will be immediately escorted off the premises and reported to the local law enforcement authorities, if appropriate.

Entry onto Company's property is deemed consent to an inspection of person, vehicle and personal effects at any time while on Company's premises. Inspections will be conducted at the discretion of the Company.

14. ASSIGNMENTS AND SUBCONTRACTS

14.1 **Assignment by RasGas**
RasGas may assign the Contract or any interest therein to any affiliate or shareholder or to any of its lenders as required under the terms of any of its loan agreements.

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14.2 **Assignment by the Contractor**
The Contractor shall not assign the Contract or any part thereof without the prior written consent of RasGas. Such consent shall not release or relieve the Contractor from any of its obligations or liabilities under the Contract. Contractor may assign any or all of the proceeds due and payable under this contract to any bank or other lending institution with notification to Ras Gas but without further consent of Ras Gas.

14.3 **Subcontracting by the Contractor**
The Contractor shall not subcontract all or any part of the Services or any part of the Contract without prior written approval by RasGas. Notwithstanding approval by RasGas to subcontract all or any part of the Services, the Contractor shall remain primarily liable to RasGas for performance of the Contract and primarily liable to RasGas for any default or failure to comply with the terms of the Contract by any subcontractor. The Contractor shall promptly furnish such information about its subcontractors as RasGas may request and, for this purpose, the Contractor shall ensure that disclosure to RasGas is not excluded under the terms of any of its subcontracts. In addition, where the Contractor subcontracts hereunder with any non-Qatari subcontractor, the Contractor shall promptly furnish the required contract details to the Qatar Office of Income Tax. No subcontract shall bind or purport to bind RasGas but every sub-contract shall contain the sub-contractor's consent to RasGas taking assignment from Contractor of the sub-contract.

15. PREFERENCE FOR LOCAL SERVICES

For all Services provided by the Contractor in Qatar, the Contractor shall:

(a) in selecting personnel/subcontractors (including those relating to transportation and/or shipping), select individuals who are nationals of Qatar or companies that are controlled by individuals who are nationals of Qatar, provided that;

(i) the Contractor is reasonably satisfied (on the basis of demonstrated ability, quality, timely performance, workmanship or other relevant criteria) with the ability of such person to perform the relevant Services;
(ii) the cost does not exceed one hundred ten percent (110%) of the cost of equivalent or similar services offered by, or otherwise available from, non-Qatari nationals or companies that are controlled by non-Qatari nationals; and
(iii) the other terms and conditions applicable are otherwise competitive with those available from non-Qatari nationals or companies that are controlled by non-Qatari nationals;

16. NOTICES

Notices shall be in writing and shall be deemed received only when actually delivered by hand, mail, courier or sent by fax, on the day receipt is acknowledged by the receiving party as addressed to the relevant address in the Form of Agreement.

17. PUBLICITY

The Contractor shall neither use nor consent to the use of RasGas' name, logo or trade mark in connection with the Contract in any advertising, marketing or other promotional material or publicity releases or for any similar purpose without the prior written consent of RasGas.

18. GENERAL PROVISIONS

18.1 **Amendments**
This Agreement may not be amended, in whole or in part, except by a written instrument signed by the duly authorized representatives of both parties.

18.2 **Waiver**
No waiver of any provision of this Contract shall be of any force or effect unless such waiver is in writing, is expressly stated to be a waiver of a specified provision of this Contract and is signed by the party to be bound thereby.

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18.3 **Language**
The language of the Contract shall be English and all communications between the parties (verbal or written) relating to it, shall be conducted in the English language.

18.4 **Severability**
The invalidity of unenforceability of any provision of the Contract shall in no way affect the validity or enforceability of any other part or provision. Any invalid or unenforceable provision shall be severed from the Contract and the balance of the Contract shall be construed as it was intended and enforced as if the Contract did not contain such invalid or unenforceable provision.

19. GOVERNING LAW & SETTLEMENT OF DISPUTES

19.1 **Applicable Law:**
The laws of the State of Qatar shall apply to this Contract and to the rights and obligations of the parties.

The parties shall endeavour by consultation and negotiation amicably to resolve in good faith any dispute arising out of or in connection with the validity, performance, interpretation or termination of this Contract, and any and all consequences thereof. Each such dispute shall be duly notified by the claiming party to the other party.

Lacking amicable resolution, the parties shall submit to final and binding arbitration at a forum to be agreed, and lacking agreement on an arbitration forum, either party shall have the right to refer the conflict or dispute to a competent court in the State of Qatar.

19.2 **Settlement of Disputes:**

a) All disputes which, in the opinion of one of the parties as stated an arbitration notice, the parties are unable to resolve by mutual agreement (in good faith and using their reasonable efforts and endeavours to take all steps as may be necessary or desirable to settle any dispute amicably through negotiations and other constructive discussions) shall be exclusively and finally settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce as in force on the effective date of the Agreement except as modified by provisions of this article (Settlement of Disputes).

b) Ras Gas and Contractor shall endeavour to agree on the appointment of a sole arbitrator to agree on the appointment of a sole arbitrator, but, if they fail to so within thirty (30) days of arbitration notice, each of them shall appoint a third arbitrator. If either or both of parties fail to appoint an arbitrator within forty-two (42) days of arbitration notice, such arbitrator or arbitrators shall, at the request of any party, be appointed by the Appointing Authority. If the two arbitrators are appointed but fail to agree on the choice of a third arbitrator within fourteen (14) days of their appointment, the third arbitrator shall be appointed by the Appointing Authority at the request of either Contractor or Ras Gas.

c) The place of arbitration shall be London, England, unless the parties agree otherwise.

d) The arbitration shall be conducted in English, and all arbitrators shall be fluent in English language.

e) The arbitration tribunal shall decide all questions strictly in accordance with the terms of this Agreement and shall give effect to same. The arbitrators shall not be authorised to award special, indirect, incidental, consequential, punitive or exemplary damages.

f) The parties agree that the arbitrators' award shall be binding upon the parties, and that the parties shall give effect to any such award. The parties agree to exclude any appeal right to any court, which would otherwise have jurisdiction in the dispute or out of the award. Either party may, however, make an application to any court have jurisdiction for registration of the award for the arbitral award to be recognized and enforced, including enforcement of any award granting interlocutory relief, against either party and for the obtaining any evidence (whether by discovery of documents, interrogatories, affidavits, or testimony or witnesses, whatever), which the arbitrators direct shall be admitted in the arbitral proceedings.

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g) Notwithstanding the other provisions of this article (Settlement of Disputes), any dispute may be referred to settlement by an alternative dispute resolution mechanism or the expert, if the parties to the dispute agree that such alternatives are more appropriate to the circumstances of that dispute.

20. BUSINESS STANDARDS

a) Contractor in performing its obligations under this Contract shall establish and maintain appropriate business standards, procedures and controls. In performing their respective obligations and undertakings under this contract, the Parties shall use all reasonable endeavors to prevent their employees or personnel or contractors from making, receiving, providing or offering any substantial gifts, extravagant entertainment, payments, loans or other considerations to or from the other Party's employees, personnel or contractors.

b) Contractor and Company are aware of a practice (referred to as "Illegal Information Brokering") where certain parties approach contractors, subcontractors or vendors, and offer confidential information or illicit influence in order to obtain business through corruption of competitive bidding processes. Contractor represents that it has not and will not utilize or participate in Illegal Information Brokering in connection with this Contract.

THIS INDICATES THE END OF THESE TERMS AND CONDITIONS

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SECTION 5.0

PRELIMINARIES AND CO-ORDINATION PROCEDURES

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PART 1 – PRELIMINARIES

1. DEFINITION

For the purposes of this Section 5.0, and where the context so requires, the term "Work" shall have the same meaning as "Works" or "Services" as the case may be under the definitions in Section 2.0 (General Conditions). If there is any conflict between the requirements of this Section 5.0 and Section 3.0 Scope of Work, then Section 3.0 Scope of Work will take precedence.

2. ONSHORE STANDARD WORKING SHEDULE HOURS

The Contractors duration of the Works/Services will be as defined in the Scope of Work / Compensation sections.

The Contractors Standard Onshore Working Hours at the Ras Laffan Industrial City, RasGas Site will be:

Sunday through to Thursday (5) five days a week 7.00am to 4.00pm any deviation to these working hours, will be defined in the Scope of Work. The above hours will include for (8) eight actual working hours, (1) one hour meal break, and the exclusion of any travelling time to and from the site.

During the Holy Month of Ramadan the requirements of the Scope of Work for the Contractors personnel shall be maintained as scheduled and statutory remuneration for working above the working hours fixed by the Ministry of Civil Services shall be to Contractors Account.

Contractor shall observe official, public holidays and/or official (non working) condolence days, only on the specific dates declared for the private sector by formal decree issued form the Ministry of Labour and Social Affairs.

Statutory remuneration for Contractor's employees who do not work on official public holidays or official condolence days shall be for the Contractor's account.

3. OFFSHORE REQUIREMENTS

3.1 Mobilisation/Demobilisation:

The Contractor must provide personal details (including next of kin) to Company in advance of their employees travelling to an offshore location. For this purpose the Contractor will be required to complete a Movement and Personnel System (MAPS) form, for each employee and submit the form by fax (whenever possible a minimum of 7 days in advance of the day of travel) to the heliport. Please note: two passport size photographs will be required for each individual attending the heliport and travelling to a RasGas offshore facility for the first time.

The Contractor's personnel will report to Gulf Helicopter Departure/Arrival located in Gulf helicopter's Terminal, Doha at the allocated time for mobilization to Company Offshore facilities. The Contractors personnel will follow instructions of the ground crew and flight crew at all times and abide by all safety briefings and security instructions.

On arrival at the offshore destination The Contractors personnel will follow instructions of Company Representatives with reference to safety briefings and allocation of rooms and on the life boat assignment in living quarters platform.

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Upon the completion of the work, The Contractors personnel will be assigned a seat on the first available flight to Doha. Prior to departure Contractors personnel will be obliged to follow all RasGas safety procedures and security, attend safety briefings and security checks. On arrival at Doha, Contractors personnel will follow instructions of flight, crew airport personnel until clear of the Terminal Building.

3.2 **Hours of Work:**

Contractors personnel will work a twelve (12) hour day shift or night shift inclusive of meal breaks. Weekend (Thursdays & Fridays) and Public Holidays are considered normal days offshore. Overtime is defined as additional hours to the normal 12 hour day and will only be worked at the request of the Company's Supervision.

During the Holy Month of Ramadan the Contractors personnel will be allowed to work hours in accordance with Company guidelines.

4. STAFF/LABOUR QUALIFICATIONS

4.1 The Contractor is responsible for the provision of valid residence permit, driving license, admission badges, and other mandatory authorisations of government, local bodies or company that may from time to time be required.

5. MATERIALS

5.1 Contractor shall comply with the Procedures and Requirement of the RasGas Material Store, Salvage or Scrap Yard and Recycling Facility or any other store, salvage or scrap yard specifically installed for the purpose of this Contract. All of these are, or will be, situated within the boundaries of the Ras Laffan LNG Plant complex.

6. INSULATION

The Contractor shall when required by Section 3.0 – Scope of Work arrange for any necessary insulation, removal and replacement of existing insulation. Such work shall be carried out by the RasGas insulation contractor.

7. OTHERS WORKING IN PROXIMITY

Contractor shall co-ordinate and maintain all RasGas requirements with any other Contractors who are working in close proximity to Contractors worksite activities.

8. CONTRACTOR'S SITE ESTABLISHMENT

8.1 Unless expressly stated in Section 3.0 – Scope of Work, RasGas makes no provision for the Contractor's site establishment. The Contractor shall therefore make all arrangements to source, set up and maintain any Contractor site establishment facility.

8.2 The RasGas shall have the right to inspect Contractor's proposed facilities and equipment, which the Contractor considers fit for the purpose. Prior to setting up the site establishment, the sitting and related facilities and equipment shall be subject to RasGas approval.

9. DRAWINGS AND DOCUMENTATION

9.1 The Contractor shall be responsible for the accuracy of all actual dimensions of work produced against dimensions shown on Company issued drawings. It is the Contractor's responsibility to advise the RasGas of any discrepancies.

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10. ACCESS

10.1 Access to and from the Site will be through such gates and by such routes as will be defined by RasGas.. Access may be altered from time to time during the Contract Period and the Contractor accepts that any such inconvenience is accounted for in Contractor's rates.

10.2. Access to plant areas by Contractors vehicles and equipment is subject to restrictions as per the RasGas Permit to Work Procedure.

11. PUBLIC AND PRIVATE SERVICES

The Contractor shall protect, uphold and maintain all pipes, ducts, service mains, power/telephone buried cables, overhead cables etc, during the execution of the works. The Contractor is to make good any damage resulting from an act or failure to act for which the contractor is responsible at his own expense or pay all costs and charges in connection therewith, to the satisfaction of RasGas.

12. QUALITY ASSURANCE

12.1 The Contractor shall execute Works of the required quality by maintaining an effective documented Quality System.

12.2 Details of the Quality System shall be in the form of a Quality Manual (or similar document) produced by the Contractor which contains the relevant information.

12.3 When required by the Scope of Work Section 3.0 Contractor shall submit to RasGas a Quality Plan, which will satisfy the requirements of the Contract. Such plan shall be approved by RasGas prior to commencement of work activities.

12.4 The Quality Plan should include, but not be limited to:-

- The Contractor's Quality Organisation
- Procedures for :-
  - Receipt, verification and security of free issue Materials from the Company's Stores.
  - Receipt, verification and security of Materials purchased by the Contractor.
  - Storage and segregation of such Materials in order that original identification of Materials of differing specification is retained.
  - Notification to RasGas of incorrectly supplied or faulty Materials.
  - All improperly installed and/or mislaid materials shall be replaced at Contractor expense.
  - Control of field activities which ensures that plans for and implementation of construction, erection and installation specifications are properly controlled in accordance with acceptable time constraints, levels of quality and commensurate with safe working practice.

12.5 All changes to the Quality Plan must be approved in writing by RasGas.

12.6 During the period of the Contract, the RasGas Representative shall have the right to visit the Contractor's head office or Site establishment in order to carry out quality assurance audit checks.

13. PUNCHLISTING

13.1 Contractor shall one week prior to completion of Work/Services provide RasGas with an interim certificate of completion identifying completed work and work in progress.

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After inspection by RasGas and Contractor of completed work and work in progress RasGas may return to Contractor the interim completion certificate with a punchlist identifying any scope of works defects or deficiencies.

13.2 RasGas will have the right to carry out further checks on items included on the punchlist. Should RasGas find additional errors on or omissions from the punchlist then Contractor shall produce another punchlist at no cost to the Company. Contractor shall be required to re-mark all relevant work as having been subject to recheck.

14. COMPLETION OF WORKS/SERVICES

Once the Contractor believes that he has satisfactorily completed all of the Works/Services (or part if the contract so allows) then Contractor shall submit Notification of Intent to raise a Completion Certificate. If RasGas is satisfied that the Works/Services have been completed, RasGas will sign the appropriate Completion Certificate (Attachment - 07) raised by Contractor.

If RasGas believes that the Works/Services have not been completed RasGas will issue a Rejection of Completion of Certificate (Attachment - 08) setting out in what respect the Works/Services are not complete. This form will be discussed and agreed and signed by both the RasGas and Contractor.

15. FINAL CLEANING AND CLEARING

After completion of the work, Contractor shall transport all RasGas provided material to the Company's Stores or to any other place within the confines of the Ras Laffan LNG complex as directed by RasGas. Before the Contractor's personnel leave the Site they shall remove all temporary buildings and those Materials left over from the Work/Services which the Company does not wish to retain. The Contractor shall disconnect and dismantle all temporary wiring, piping, plumbing etc. and shall dispose of all rubbish and unwanted scrap in accordance with RasGas requirements, and shall leave the Site in a clean and orderly condition.

16. EHS POLICY STATEMENT FOR CONTRACTORS

NOTE: For the purpose of identifying Contractor Contractual Compliance for EHS requirements only, refer to Section 1.0 – Form of Agreement.

Should Section 7.0 – RasGas Environmental, Health and Safety requirements be included in Section 1.0 – Form of Agreement, then Section 7.0 shall take precedence over Section 5.0 – Preliminaries, only for RasGas EHS requirements (Refer Clause 16 through 22).

RasGas requires Contractors, whether individual entity or corporation, to manage their activities and supervise their employees in a manner that will ensure that work is performed in accordance with RasGas requirements and in a safe, environmentally sound and efficient manner. In addition to adhering to applicable Qatari laws and regulations, Contractors are required to develop safety procedures to be used by their supervisors and employees in the performance of their work. Contractors shall familiarize all of their employees with their safety procedures through routine safety meetings and the indoctrination of new employees to RasGas EHS policies and procedures.

RasGas' nominated representative shall have the authority to stop contractor's work whenever a clear and present danger occur or may occur to personnel or RasGas property. Expulsion of employees, or the removal of Contractor from RasGas property may be warranted if Contractor is found to be in breach of any of RasGas EHS requirements.

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Contractor is hereby notified that the following are considered to be a breach of RasGas Environmental, Health and Safety requirements and as such will result in removal / expulsion from RasGas property. RasGas may notify Contractor verbally (verbal notification shall be confirmed in writing within Twenty Four (24) Hours of such notification) or in writing of any such breach and Contractor shall act immediately upon notification. RasGas shall also inform the competent public authority upon occurrence of any breach of RasGas requirements whenever such a breach constitutes a criminal offence under the applicable laws.

- Failure to comply with RasGas EHS Policies and Procedures.
- Smoking in non designated smoking areas,
- Theft
- Gambling,
- Fighting, or endangering physical welfare of personnel,
- Possession, or use of alcoholic drinks, or non prescription drugs,
- Obscene or reckless behaviour,
- Cameras/flash equipment (without valid permit)
- Violation of site traffic regulations, (speeding, disregard of traffic signage, parking in unauthorised areas, etc.)
- Using mobile phones within hazardous areas
- Using non-rated pagers within hazardous areas
- Carrying matches or lighters into Plant Areas
- Failure to use personal protective equipment as required.
- Bringing weapons or firearms onto facilities.
- Hooking up to utilities without permission.
- Running at RasGas' facilities except in case of an emergency
- Failure to promptly and properly report ALL injuries, incidents, near misses and emergencies.
- Operating vehicles or equipment without proper training qualification or without proper licenses or certificates.
- Improper use of vehicles or equipment
- Unauthorized use of RasGas tools, equipment and/or facilities.

When deemed necessary to remove any of Contractors employees, then the nominated RasGas Contract representative shall so instruct Contractor representative to immediately implement the required action.

17. GENERAL REQUIREMENTS

The Contractor shall be required to nominate one or more EHS Supervisor who is responsible for ensuring that the Work is performed in accordance with the applicable EHS requirements.

A resume from each on-site EHS supervisor must be submitted to both the RasGas Contract representative and RasGas EHS Department for review and approval. All on-site Contractor EHS supervisors shall be required to perform the following duties:

- Conduct daily site inspections of work practices and conditions
- Conduct daily toolbox safety talks on current EHS matters
- Conduct company EHS orientation training programs
- Conduct Accident and Incident Investigations
- Coordinate reporting of all incidents
- Coordinate Injury, Incident, Near Miss Record-keeping Requirements
- Attending weekly Contractor EHS Meetings

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- Keep the RasGas informed on compliance issues with new and existing EHS laws, regulations, internationally recognised standards

All Contractor's on site personnel shall be registered with the RLC Medical Clinic to ensure prompt treatment upon a medical emergency or other needed medical services. RasGas shall, if deemed necessary, review and inspect the Contractors accommodation and mess facilities.

17.1 **Contractor "Kick-off" Safety Meetings**

Contractor EHS Meeting shall be conducted prior to the commencement of the Contract Services.

The meeting shall be coordinated by the RasGas Contract representative and shall include participation by Contractor supervision and the RasGas EHS Department.

17.2 **Contractor EHS Review Meetings**

EHS review meetings may be called with Contractor when deemed necessary. Topics for discussion may include worksite inspection reports, incident reports, unsafe acts and conditions monitoring and safety procedural changes.

17.3 **Contractor Toolbox Meetings**

Contractors shall conduct Tool Box Meetings to communicate to employees EHS related issues, new EHS bulletins, and pertinent EHS policies and procedures, which affect the Services. Contractor shall maintain records of these meetings on file for inspection by the RasGas Contractor Representative and/or EHS Department Representative.

17.4 **Language**

Contractor is required to ensure the safety of the work force, the community and the environment. Clear, concise and understandable communications, particularly during an emergency situation, are critical elements in achieving this. All hazard communication and safety training takes place via written and verbal communications in the English language. Due to the critical need for this communication to take place effectively, RasGas has established a policy that all Contractor supervisory personnel must have the ability to reasonably understand, converse and write in the English language. Further, Contractor supervisory personnel must have additional language skills to ensure that they can communicate effectively with the rest of their contract workforce. This requirement is mandatory.

17.5 **Contractor Training**

The Contractor shall ensure that all its personnel have received the necessary health, safety, environment, survival and work related training. The Contractor shall ensure that certificates for mandatory training have been obtained prior to travel to any location to commence the services. (Refer also to Section 16 above.)

All Contractor personnel at the Site will be fully trained and currently qualified to carryout the work in accordance with safety related Company's regulatory and industry standards. The Contractor shall maintain training records including but not limited to: (1) employee identity; (2) training date & duration; (3) instructor name; (4) means to verify employees understanding of subject; (5) outline of material covered.

Where required by RasGas, Contractor shall ensure that all their employees including sub-contractors have been Hydrogen Sulphide/Breathing Apparatus (H2S/BA) trained. Such training must have been completed within the previous two years at a training provider acceptable to RasGas. Training from another provider may be acceptable provided that the Contractor is able to provide documentary evidence that such training has been carried out within the previous two years, that the BA training was carried out on Sabre Contour and Sabre ELSA equipment and that all personnel were competency assessed to assure their competence.

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Some companies that can provide required H2S/BA training for contractor personnel include but are not limited to

- Venture Gulf: Tele. 4602121, Fax. 4602244
- Marine Offshore: Tele. 4665250, Fax. 4665250
- Framton Safety: Tele. 4671546, Fax. 46715456
- Madlna: Tele. 4600818, Fax. 4603143
- Mannai Corporation: Tele. 4601018, Fax. 4601091

17.6 **Personnel/Trade Competency Training**

RasGas may require training verification of all Contractor personnel through the use of written and/or practical tests. All testing shall be scheduled through the RasGas Contract Representative and must be satisfactorily completed before any Contractor commences work at RasGas work site.

RasGas may require some qualifications and skills to be verified informally on the worksite. Such verification may include monitoring by RasGas Contract Representative.

Documentation of Contractors personnel skills verification shall be provided by Contractor when requested by RasGas Contract Representative.

a. Electricians and Instrument Technicians shall be required to pass a written examination and practical test administered by the RasGas Maintenance Department prior to performing work, which involves switching gear above 440 volts.

b. Heavy Equipment Operators and Riggers shall be required to pass a written and practical examination administered by the RasGas Maintenance Department prior to performing work, unless deemed unnecessary by RasGas Contractor Representative.

c. Welders must be ASME certified to a level appropriate to the service requirements.

17.7 **Offshore Safety Training Requirements:**

Contractors personnel must comply with RasGas safety training requirements and regulations for Offshore working and transportation by Helicopter to Offshore facilities.

While located at RasGas Offshore facilities Contractor Personnel will comply with all safety rules, regulations and Instructions including the participation when required in regularly scheduled safety Drills/Exercises.

17.7.1 With the exception of Helicopter Safety Briefing and RasGas Site Safety Induction, each Contractor is responsible for the provision of indicated safety training to its own employees (either directly or via contracted training provider) and at its own cost. Safety instruction / certification must be acceptable to RasGas.

RasGas withholds the right to review course materials and/or audit courses as it deems appropriate and to reject safety training which it believes to be inadequate. Such review by RasGas in no way relieves the Contractor of its responsibility to its employees for ensuring that safety training provided is fit for purpose.

Contractors must abide by RasGas safety standards as set out in the text of this *Preliminaries Section* of their contract with RasGas, as well as RasGas safety policies & procedures and commonly accepted safe working practices. Contract personnel must be made available for the purposes of attending selected RasGas provided safety training as required from time to time, without claim or charges being directed to RasGas for downtime or time spent. Such courses include but are not limited to RasGas Site Safety induction, Permit to Work training, etc. RasGas withholds the right to refuse access and/or transport to any of its facilities for persons whom do not meet specified safety training requirements.

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17.7.2 All Contractor's must provide a general safety induction to their employees including but not limited to commonly accepted safe working practices, the proper use of and care for personal protective equipment (PPE) and equipment / tools, hazard recognition, reporting unsafe acts and conditions, reporting incidents / injuries and safe material handling.

17.7.3 RasGas Site Safety Induction will be provided to Visitors and Contractors that will visit or work in operating areas of the LNG Plant in Ras Laffan as well as the Offshore Platform Complex. A Site Safety Induction will be provided by the Drilling Contractor for Visitors, Contractors on Drilling Rigs under contract to RasGas. Personnel that will not enter operating areas of the facilities shall attend the site induction provided by their Contractor (e.g. Construction Safety Induction).

The RasGas Site Safety Induction shall normally be attended by persons entering operating areas upon their first visit to the Plant, Offshore Complex or Drilling Rig. Personnel are required to repeat the Site Safety Induction if a period of six (6) months has passed since their last site visit. RasGas may require any person to, attend or repeat the Site Safety Induction if significant procedural and/or facility modifications have been made and/or prior to special activities such as annual shutdowns. Advance notification to the RasGas is required for site visits.

17.7.4 There is a requirement prior to each helicopter flight (outbound / inbound) that a Helicopter safety video be shown by Gulf Helicopters.

17.7.5 It shall be required that, prior to first visit offshore or within one (1) week of working at Plant, each individual successfully complete Hydrogen Sulfide (H_2S) and Breathing Apparatus (BA) courses. Refresher training is required at the end of the Contractors personnel own course validity.

Personnel must carry valid RasGas certification card or they will not be allowed to travel offshore by Helicopter. RasGas H_2S / BA certification cards will be issued to visitors and contract personnel upon one (1) week advance written request and demonstration of successful completion of RasGas accepted course (i.e., front and back copy of valid certification card or certificate) and one (1) passport sized photo. Requests for RasGas H_2S / BA certification cards should be coordinated through the RasGas sponsoring department.

17.7.6 The requirement for completion of Basic Survival Training is determined by the cumulative number of days spent offshore per year. *Infrequent Visitors* offshore (including contractors and RasGas personnel) are defined as those personnel whom work no more than fourteen (14) days offshore during a calendar year. Infrequent visitors are not required to complete Basic Survival Training.

Frequent Visitors (including contractors) are defined as those persons whom work a cumulative total of fifteen (15) or more days offshore during a calendar year. Personnel whom anticipate that they will spend fifteen (15) or more days offshore during a calendar year should complete Basic Survival Training as soon as possible without waiting until they have achieved fifteen (15) days offshore. Personnel whom work on a regularly scheduled offshore rotation shall automatically be required to complete Basic Survival Training. Basic Survival Training shall be valid for a period of three (3) years and may be combined with Helicopter Underwater Escape Training (HUET).

17.7.7 The requirement for completion of Helicopter Underwater Escape Training (HUET) is determined by the cumulative number of trips offshore by helicopter during a calendar year. Infrequent Trips are considered to be no more than five(5) return trips offshore by helicopter. Persons whom make Infrequent Trips offshore by helicopter are not required to complete HUET training, however a "Buddy System" will be operated such that persons whom have not completed HUET training will be paired-up during the helicopter flight with a HUET trained passenger whenever possible.

Frequent Trips are considered to be six (6) or more return helicopter trips offshore during a calendar year. Personnel whom work on a regularly scheduled

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offshore rotation shall automatically be required to complete HUET Training. HUET Training shall be valid for a period of three (3) years and may be combined with Basic Survival Training.

17.8 **Housekeeping**

The Contractor shall ensure that the works site is kept free of surplus, waste or redundant materials or items and shall maintain a clean and tidy work site throughout the duration of the services. All waste must be collected in appropriate containers, properly labelled and disposed of from the work site on at least a daily basis. Access ways and emergency exits shall be kept clear from obstructions at all times.

17.9 **Environment**

The Contractor shall comply with RasGas EHS requirements and all Health, Safety and Environmental regulations in accordance with the laws of State of Qatar.

Such environmental requirements shall include, protecting the environment by acting to preserve air, water, human life, animal and plant life from the adverse effects resulting from its work or operation of the services

17.10 **EHS Equipment**

The Contractor shall, at its own expense, provide adequate EHS equipment of an approved type and amount as required and appropriate for the execution of the contract works. The Contractor shall maintain this equipment in good working order and condition in line with any applicable laws and internationally recognised standards. Contractor shall keep up-to-date records of all such equipment for RasGas review from time to time and as deemed necessary by RasGas.

17.11 **Personal Protective Equipment (PPE)**

The Contractor shall provide and enforce the use of, adequate PPE, which shall be maintained in good condition and shall be replaced as and when necessary. The Contractor shall ensure that its workforce has received instructions on how to use and maintain as well as the limitations of any PPE.

All PPE provided shall be of a type approved by RasGas.

The Contractor shall maintain the PPE in good working order and condition in line with any applicable laws and internationally recognised standards. In addition the Contractor shall keep up-to-date records of all PPE issued for review by RasGas from time to time and as deemed necessary.

Contractor, entering and/or working Offshore or in any operating hydrocarbon or utility areas of RasGas Property including inlet receiving, gas process, acid gas removal, utilities, product storage, transfer loading or other operating areas of the Plant, must wear as a **minimum,** the following items at all times while on the worksite:

- hard hat
- safety shoes/boots
- long sleeve flame retardant coveralls (e.g. NOMEX)
- appropriate eye protection
- be in possession of hearing ear protection (use as appropriate)
- appropriate hand protection
- H2S detector toxi-clip

Personnel not normally working in the above defined hydrocarbon operating or utilities areas, but who may be required to respond to an emergency or enter the areas detailed above must wear the required minimum PPE prior to entering such areas.

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Personnel working in warehouses, workshops, laboratories, garages and/or other areas outside the above detailed operating areas, must wear the same basic PPE together with exception of long sleeved coveralls made of 100% cotton (instead of flame retardant material).

Long sleeved 100% cotton coveralls may be worn by Contractor personnel in the Plant, associated areas, or Offshore only during shutdowns when the Plant is hydrocarbon free and as approved by RasGas. If Contractors personnel enter operating areas for any reason, the requirement for long sleeved flame retardant (e.g. Nomex) coveralls applies.

When Contractor Personnel are exposed to flying particles and intense light radiation (e.g. welding and burning, high noise, dust, toxic gases or fumes, chemicals, ionising radiation or any other potential workplace hazard) must wear Personal Protective Equipment specifically designed for the hazard involved.

Contractors Personnel working solely in a RasGas office environment are not normally required to wear Personal Protective Equipment **unless**:

- They enter any of the RasGas Receiving, Operating, Utility, Storage, Transfer, Loading or Maintenance Areas. This includes the Laboratory, Warehouses and other covered/enclosed work areas or if going offshore for any reason, no matter how short the duration.

17.12 Respiratory Protective Equipment

Contractors Personnel who may be required to use respiratory protection equipment **must** be able to achieve a face to mask seal as verified by qualitative fit testing. Fit testing will be conducted in accordance with the RasGas Respiratory Protection Equipment Fit Test Procedure.

Before using a respirator with a full face-piece, any head covering, glasses, facial jewelry, foreign items in the mouth and other items that may preclude a proper face to mask seal must be removed.

Such requirement shall apply to Contractors Personnel who:-
- may enter operating and associated areas of the plant
- required to work in areas with possible oxygen deficiency
- are assigned emergency response duties
- travel offshore

17.13 Hair Styles And Headdress

Hairstyles or headdress, that make it impossible for a person to properly wear a hard hat are **not** permitted and are deemed unacceptable by RasGas.

Contractors Personnel who work near moving machinery or rotating tools and equipment and whose long hair and/or beard constitute a hazard **must** tie back or secure their hair/beard by a net or similar means

17.14 Hazardous Materials

Contractor shall not bring on to site any hazardous materials without the prior written consent of RasGas.

Contractor shall maintain a library of current Material Safety Data Sheets for all hazardous materials brought on to site for RasGas review, unless deemed unnecessary by the RasGas Contract Representative

17.15 Smoking, Alcoholic Beverages And Drugs

Smoking is only permitted in designated smoking areas. The carrying of matches or cigarette lighters in hydrocarbon areas is strictly prohibited.

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The carrying or consumption of any alcoholic beverage is strictly prohibited at RasGas property. Personnel under the influence of alcohol will be permanently removed from RasGas property.

Taking any kind of drugs unless under medical supervision is strictly prohibited.

Failure to comply with any of these conditions may require RasGas to instruct Contractor to remove any employee concerned or the Contractor from RasGas property.

17.16 **Driving**

17.16.1. Vehicles/Equipment and Driving Safety Rules

The Contractor shall comply with Qatar Traffic Rules and RasGas' vehicle/equipment safety requirements.

The Contractor shall provide motor vehicles in compliance with Qatar Traffic Rules and RasGas safety standards.

All heavy and light motor vehicles and machinery shall be made available to RasGas for safety checks and testing prior to commencement of Services on the worksite.

The Contractor shall ensure that only qualified and licensed/certified personnel are permitted to operate vehicles and equipment.

The Contractor shall ensure that all heavy machinery required for the Services (including but not limited to cranes, bulldozers, trucks, tractors, vehicles, etc) shall be properly certified, licensed, registered as well as fit for purpose, prior to and during the period of the Work.

The Contractor shall maintain an up to date register of drivers, type of driving license and approved test certificates for the duration of the Services.

Contractor Drivers/Operators of heavy machinery such as cranes, side booms, forklifts, and earth moving equipment, etc. providing the services may be tested and their competency verified by RasGas prior to commencing and during the services.

Contractor Drivers undergoing medical treatment, or having an injury such that their ability to drive is affected, shall not be permitted to drive until they have completely recovered and cleared by a licensed medical officer as fit to operate their vehicle.

All Contractor motor vehicles and equipment entering the Plant area shall display a RasGas vehicle inspection tag.

17.16.2 Contractor Vehicle and Equipment Requirements

All motor vehicles and other mobile equipment shall be certified, licensed, registered, fit for purpose, regularly inspected and well maintained in accordance with Qatari law and good driving practices.

The seats of vehicles and other mobile equipment shall be equipped with seat belts, preferably of the three fixed points type, which must be used by the driver and in vehicles all passengers prior to putting the device in motion.

Transporting personnel in the load area of vehicles or equipment is not permitted. In addition:

All Contractors vehicles shall comply with the following requirements:

- Vehicles shall be serviced regularly and maintained free from oil leaks
- Vehicles shall only be driven on proper roads and access ways
- All vehicles and mobile equipment shall be fitted with a suitable muffler system

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- All motor vehicles, and mobile equipment shall be fitted with a suitable fire extinguisher

Consideration shall be given to the careful selection of motor vehicles, and mobile equipment suited to particular environmental protection requirements

17.16.3 Driving Rules

Breaches of any of the following traffic regulations will result in disciplinary action and/or removal from RasGas property:

1. exceed the posted speed limit
2. fail to wear seatbelts including all passengers
3. fail to observe posted instruction e.g. Stop sign, No Overtaking, etc.
4. carry personnel in load area of vehicle
5. driving in a manner liable to endanger other personnel or RasGas property
6. failing to observe the Plant Access and Permit to Work Procedures regarding vehicle entry into hazardous areas;

17.17 **Heat Stress**

Qatar has a very hot and humid climate with summer temperatures ranging from 25°C to 49°C and average relative humidity of 75%. This climate creates a potentially dangerous situation for those exposed to the heat; additionally the risk of accidents increases with extremely high temperature. At lower heat stress levels, the discomfort factor influences the workers to do whatever it takes to either get out of the hot area as soon as possible or modify the work process to reduce workload. At higher heat stress levels, mental confusion can develop and cause workers to perform unsafe acts.

During the high temperature summer months, contractor shall ensure that personnel are transported in well ventilated busses/vehicles to and from the worksite to reduce the effect of heat stress on employees.

It is Contractors responsibility to ensure a safe system of work, which addresses heat stress for all Employees.

18. EMERGENCY RESPONSE

The Contractor shall strictly observe the Plant Access Procedure. This procedure has been developed to establish the control of personnel access into the process areas of the onshore plant in order that in the event of an emergency, an accurate account of personnel in the plant can be verified

In the event of an emergency during the period of the work, the Contractor shall follow the RasGas Emergency Management System. The Contractor shall ensure that personnel are fully familiar with their roles and responsibilities in the event of an emergency.

In addition, Contractor shall maintain lifesaving, evacuation, rescue and medical equipment and other equipment and supplies required in an emergency in good working order and condition at all time. Contractor shall use its best efforts with all practicable means to control and prevent fires and explosions, injury to personnel, damage to equipment or property and environmental releases or spills. Without limitation on the foregoing, Contractor shall:

a. Possess and maintain a written emergency plan applicable to the Work and Site; maintain documentation that this has been communicated to all personnel and Subcontractor personnel; and regularly schedule emergency drills in conjunction with Company emergency teams; written copies to be provided to the Company upon request;

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b. Maintain equipment in good operating condition and have emergency and first aid medical equipment ready and available for immediate use on Site, where applicable;

c. Conduct equipment tests to ensure that equipment is properly placed and in good operating condition, and that personnel are able to respond to emergency situations and effectively operate the required emergency equipment.

19. SAFE WORK PRACTICES AND PROCEDURES

19.1 Permit To Work

All routine and non-routine work performed by Contractor that presents increased risks are subject to the issue of one or more of the Permits and Certificates listed below. RasGas approved Permits will only be issued to Contractor personnel who have successfully completed the RasGas Permit to Work training programme.

Such Permit to Work training shall include but not limited to:-

a) For Cold Work

b) For Hot Work

c) For Confined Space Entry

d) For Excavation

A certificate is required for any excavation that includes all and any work, which breaks the ground surface and extends below it, with the exception of designated garden areas where the depth of excavation does not exceed 200 mm.

During excavation work, should unidentified services, cables or pipelines be located, work must cease until RasGas Issuing Authority's approval is given for re-commencement.

19.1.1 For Radiation

Prior approval and permit must be obtained from RasGas and from relevant authority for the use, possession, movement or disposal of any radioactive substance at RasGas Property.

19.1.2 Application

Written application for any type of Permit shall be made by the Contractor (twenty four (24) hours) in advance of the proposed work commencing.

19.2 Electrical Equipment

19.2.1 Approval By RasGas

All electrical equipment shall be approved in writing by RasGas prior to the commencement of the Services.

19.2.2 Maintenance Of Equipment

It is the responsibility of the Contractor to install, use and maintain, all Contractors portable electrical equipment during the Services in a safe condition.

19.2.3 Electric Power Tools

Contractor shall ensure that wherever possible, low voltage equipment will be used. Equipment should be double insulated or used in conjunction with a residual current device (RCD) or ground fault circuit interrupter (GFCI). The RCD or (GFCI) if used shall be fitted as close as possible to the outlet.

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19.2.4 Extension Leads

Contractor shall ensure that wherever possible the use of extension leads will be minimised. Where extension leads must be used then only braided, 3 core leads are acceptable.

19.2.5 Inspection By RasGas

All electrically operated tools may be subject to inspection by RasGas at any time and if any are found to be in an unsafe condition, then Contractor shall immediately tag "Do Not Use" and such defective tools will bed either replaced or repaired, as directed and agreed by RasGas.

19.3 **Contractors Lifting Equipment and Vehicle Inspection**

The following applies to all Lifting Equipment / Vehicles used by Contractor on any Ras Gas Work Site. Contractor shall be responsible for Lifting Equipment / Vehicle Inspection as detailed below.

19.3.1 Contractors Lifting Equipment Services

These requirements shall ensure that all Lifting Equipment to be used by Contractors or Sub-Contractors on RasGas Worksites have been checked, are provided in accordance with relevant certificates standard(s) and comply with RasGas Lifting Equipment procedure prior to commencing the Services

19.3.2 Contractors shall comply with the following Lifting requirements

Prior to commencement of services on the Work Site, Contractor shall ensure that:

a. Lifting Equipment is in good working order and free from defects.

b. Each item of Lifting Equipment is clearly marked with Unique Identification Number and with the Safe Working Load or Maximum Gross Weight / Payload / Tare Weight

c. The Contractor shall use a colour code system to identify all certified lifting gear. The Contractor shall post and ensure that all personnel are made aware of the current colour code.

d. Each item has been thoroughly examined and subjected to Proof Load Test by one of above specified certifying authorities and certificate of examination /test shall be issued and available for RasGas review, if requested.

e. Contractor shall maintain:
   - Up to date Register of Lifting Equipment certificates (Equipment certificates with validity date less than two weeks will be not acceptable for use at the RasGas.
   - Up to date Register of Crane operators, forklift operators, riggers and validity certificates. Validity date for all operators shall not be less than two months.

f. Any of the following repair / replacement requirements that occur during the Contract period shall be reported to RasGas Representative. Such repairs and replacements shall include but not limited to:
   - Replacement of bearing elements on lifting equipment
   - Hook repair
   - Hoisting, Boom wire rope, Chain replacement
   - Split the lifting devices & assembly together (i.e., Chain Block, Roll Lift, etc.)
   - Replacement, welding of Crane Boom, lattices, etc.
   - Brakes repair, Brakes replacement or Brake parts replacement
   - Repair of Hydraulic systems for Lifting Equipment (i.e. out riggers seal replacement, main boom jack seal)

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- Repair or replacement of Safe Load Indicator.
- Any repair related to the strength or stability of the crane, fork lift or other lifting equipment shall be reported to the Contractor's supervisor and copied to RasGas Representative. After repair/ replacement, the Certifying Authority shall carry out a Thorough Visual Examination and witness Overload Proof/Test of the Lifting Equipment.

19.3.3 On site inspection of Lifting Equipment

a. Prior to commencement of the services on worksite, RasGas representative will review all required documentation and certification and will visually inspect the Contractor's Lifting Equipment. **RasGas Representative my request Original Documentation & Certification to be presented for review.** True certified copies of which may be accepted for the RasGas' review purposes. All documents and certification shall be signed and stamped by the appropriate certifying authority.

b. Any item(s) of Lifting Equipment delivered to the RasGas worksite without the required certification shall be deemed unacceptable to RasGas and therefore it is Contractor's responsibility to tag "Do Not Use", remove, replace or re-certify such equipment in accordance with the requirements specified herein. Uncertified equipment shall not be left at the Company site.

19.3.4 Re-certification of Equipment

It is the responsibility of the Contractor to arrange the re-certification of Lifting Equipment every six-months for loose gear (Loose Gear – e.g., Slings, Shackles and Chain Blocks.) and every year for Cranes and Forklifts, with a recognized Certifying Society.

19.3.5 Records

For all items of Lifting Equipment, the Contractor shall retain in a safe place on the worksite, copies of the current Proof Load Test certificates and valid Thorough Examination reports.

19.3.6 Onsite Surveys / Inspection

RasGas representative may carry out spot checks to ensure that Contractor is not using uncertified, out of date, or inadequately marked lifting equipment. Any such equipment shall be immediately removed from service and quarantined until all certifications have been verified and accepted by RasGas.

19.3.7 Uncertified Equipment

Any Contractor Lifting Equipment found on the worksite without the above-required certification shall be immediately removed from site until such time as the relevant documentation is provided by Contractor.

19.4 Tools

Contractors must ensure that employees have access to proper tools and equipment in order to perform the work in a safe manner. Contractors Personnel who use tools shall be properly trained to use, inspect/test and maintain tools safely.

19.5 Scaffolding

Contractor Scaffolding shall be erected, inspected and dismantled in accordance with RasGas requirements.

The Contractor shall –

- ensure that only well trained "certified" persons erect and dismantle scaffolding.

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- provide a "competent person" to inspect scaffolding erections and alterations prior to use, and provide technical advice regarding scaffolding erections if required by RasGas .
- ensure that the "competent person" is well trained to British or equivalent Standards for Scaffolding Works.

19.6 **Fall Protection**

Contractor shall ensure that where any potential risk exists for injury of personnel due to falls, then physical controls will be in place to prevent such occurrence. The controls used shall be effective 100 percent of the time, i.e. this will require a body harness to be tied off 100 percent of the time (therefore use of dual lanyard devices with shock absorber shall normally be required).

For heights over two meters some form of physical fall protection controls shall be used.

For heights less then two meters the risks shall be assessed and appropriate fall protection controls applied.

19.7 **Radioactive Substances**

Contractor personnel may use radioactive material at RasGas worksite provided that prior approval has been given by RasGas and that all necessary licenses (permits) has been obtained from the relevant authority. The Company shall be satisfied that the use of radioactive material is justified and appropriate precautions are in place to manage any potential risks. The RasGas EHS Department is responsible for reviewing and approving Contractors' procedures before any work shall commence.

19.8 **Job Safety Analysis (JSA)**

RasGas requires Contractors to develop and document Job Safety Analyses for work that is to be undertaken. When selecting jobs to be analysed, several factors should be considered.

- Frequency of Accidents: A job that has repeatedly produced accidents is a candidate for a JSA.
- Severe Injuries: Every job that has produced disabling injuries should be given a JSA.
- Severity Potential: Some jobs may not have a history of accidents, but may have the potential for severe injury.

New work practices or tasks: New work practices or jobs created by changes in equipment or in work method that has accident potential shall require a JSA.

19.9 **Energy Control (Lock-out/Tag-out)**

Contractor shall implement an Energy Control (Lock Out/Tag Out) procedure meeting Company requirements for all work on equipment, which may inadvertently operate during test, repair or maintenance.

20. ENVIRONMENTAL CONTROL PLANS

The Contractor shall develop operational environmental plans and procedures. Such plans and procedures shall include but not be limited to the following:-

Strategic environmental control plan, which will describe in general terms the actions to be taken to protect the environment as the work progresses. This plan will be regularly updated and where applicable deal with:

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- Scheme for preparation of operational and emergency procedures for environmental conservation.
- Communication with RasGas with respect to compliance with environmental impact assessment reports and environmental permits.
- Communication with RasGas on environmental aspects of processes, equipment, HAZOP, planning and materials used.
- Development of instructions and procedures for environmental protection during the work
- Development of environmental audit/inspection procedure for this work.
- Development of monitoring, recording and reporting procedure for environmental performance and non-conformances.

21. WASTE DISPOSAL

Contractor shall comply with the following for safe and effective methods of waste disposal.

21.1 Domestic waste

Domestic waste such as kitchen/mess scraps, disposable cups, waste paper, etc. must be collected by cleaners and taken to a nominated disposal area, approved by RasGas, for disposal of contents.

21.2 Industrial / Construction waste

Industrial waste, which includes concrete, metal, timber and other waste of a non-hazardous nature shall be disposed of into industrial waste skips, which shall be located around the site. Once compacted and full, these skips shall be taken to a nominated disposal area, approved by RasGas, for disposal of contents.

21.3 Liquid waste

Liquid waste, which includes sewage sludge, oil and grease trap waste and general waste oil, shall be collected by an approved waste disposal Contractor and disposed of in a dedicated disposal area. Waste oils from machinery and plant are to be stored in drums and instructions/approval sought from RasGas for recycling.

21.4 Hazardous waste

To ensure that materials treated with hazardous chemicals do not become a hazard to the public, all such materials shall be disposed of in a safe manner. Operating Procedure shall include information on Personal Protective Equipment (PPE) required for handling the waste. These substances must be disposed of by the appropriate method advised by the site Environment, Health & Safety (EHS) Officer and approved by RasGas.

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21.5 **Chemicals**

All chemicals and materials containing chemicals as constituents e.g. detergents must be considered controlled wastes from a disposal view point. These substances must be disposed of by the appropriate method advised by the site EHS Officer and approved by RasGas.

21.6 **Contaminated Soil and Construction Spoil**

Contaminated soil may be subjected to on site treatment or sent to a landfill site. Construction spoil consisting of soil and debris may be sent to an approved landfill site, as instructed by the site EHS Officer.

21.7 **Banned Materials**

Lead based paints and coatings as well as supplies and materials containing asbestos, PCB's (polychlorinated bi-phenols) and halogenated solvents are banned from and shall not be used on RasGas work sites.

21.8 **Recycling/Reuse**

The Contractor shall prepare and implement a material and waste-recycling program for oil, paper, metal, wood, plastic and other recyclable materials.

21.9 **Hazardous Containers**

Containers which have been used to store oil, chemicals or hazardous materials must be completely cleaned before recycling.

21.10 **Other Wastes - General**

Other waste materials, which do not clearly fall into one of the above categories, must only be disposed of after seeking approval by RasGas. All waste receivers shall sign to signify receipt of the wastes. A monthly data summary of the wastes collected shall be reported to RasGas. RasGas shall approve all waste disposal sites, transport methods to waste disposal sites and arrangements for all waste disposal sites. All waste disposal practices must also meet government regulations and standards.

22. EHS REVIEWS

22.1 **Site Inspection / Job Planning**

Prior to commencement of the Work, the Contractor shall inspect the Site and ascertain whether any health or safety hazards exist. The Contractor will correct identified hazards before commencement of the Work or will take steps to prevent personnel exposure to the hazard. The Contractor will document this inspection and prepare Job Safety Plan to deliver to the Contractor's employees or Subcontractors in pre-job safety meetings. A copy of the document will be maintained at the Site and made available to the Company.

The Contractor shall conduct formal weekly job inspections by the Contractor's Site and safety managers utilizing preformatted checklists. The Company shall be permitted (but not required) to participate in the Contractor's inspections. The Contractor shall not cause, permit, or tolerate a hazardous, unsafe, unhealthy or environmentally unsound condition or activity over which it has control to be conducted at the Site. All unsafe conditions shall be promptly corrected and documented on inspection reports. All inspection reports shall be made available to the Company. Any conditions which can not be immediately corrected shall be brought to the attention of RasGas.

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22.2 **RasGas EHS Reviews**

RasGas may if deemed necessary carry out EHS reviews over the course of the work or services performed.

Such reviews may include but not limited to:-

- Legislative and regulatory requirements
- Evaluation and registration of significant EHS effects
- Evaluation and registration of potential EHS impacts
- Assessment and evaluation of existing EHS practices and procedures
- Conformance with RasGas EHS procedures
- Feedback from previous incidents reports and aspects of non-compliance.

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PART 2 - COORDINATION PROCEDURES

23. INTRODUCTION

The purpose of these Coordination Procedures is to give general information and directives to enable the Works or Services to be performed within the rules for communication between RasGas and contractors.

24. LANGUAGE

The contractual language shall be English for all correspondence by all parties involved including third parties.

25 DETAILED PROCEDURES

Where necessary the Contractor shall develop and submit to RasGas for approval a set of detailed coordination procedures appropriate to the project, works or services as the case may be. Such detailed procedures shall be written to comply with the general parameters set out in these general procedures.

26 RULES OF CORRESPONDENCE

26.1 Correspondence Generally

26.1.1 All correspondence shall be identified as follows:

Sender's reference
Recipient address
Attention: RasGas Representative **(Name T.B.A)**
Subject: Contract Title
Contract Number
Subject matter

Telephone :- (974) - TBA – Switch Board No.?

Facsimile :- (974) - TBA

26.1.2 Authorised RasGas Representative (Rep) Name shall be provided Post - Contract Award

26.1.3 All correspondence shall be limited to one subject.

26.1.4 Correspondence shall be sent by the most direct and fastest route. International mail shall be sent by courier.

26.2 Addresses

26.2.1 Company:-

26.2.1.1 Head Office:- Postal:- RasGas Company Limited,
P. O. Box 24200,
Doha,
State of Qatar

Office:- Mannai Tower,
West Bay,
Doha,
State of Qatar

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26.2.1.2 Site:- Postal:- As Head Office address

Office:- As Head Office address

26.2.2 Contractor:- As per Name shown on Form of Agreement.

26.3 **Telephone Calls**

Telephone calls which could be a matter of record shall be confirmed in writing by the person originating the call.

26.4 **Transmittals**

26.4.1 Every document shall be distributed with a transmittal Attachment - 01 containing references, title, number of prints etc. Each transmittal shall be in respect of only one subject and shall clearly identify the attachments.

26.4.2 The transmittal form shall clearly indicate the purpose: For Approval, For Information, For Comment etc.

26.5 **Numbering**

All correspondence (letters, faxes, telexes, transmittals etc) shall quote a sequential reference number in the following format:-

AtB/XXX where A = an initial appropriate to the sending party (e.g. if RasGas the initial would be R)

t = means "to"

B = an initial appropriate to the destination party.

XXX = sequential number for the Contract or Call-Off Order if appropriate.

At award the Contractor and RasGas will agree the initials to be used.

26.6 **Sequence Checking**

An individual from each party shall be given the responsibility for maintaining a register of correspondence/transmittals. Every two weeks these individuals shall send to each other a fax stating the last reference number received and sent. The registers shall then be checked to establish whether or not any correspondence is missing.

27. MEETINGS

27.1 **Agenda**

The time, agenda, place and attendees of meetings shall be scheduled as far as possible by mutual agreement.

27.2 **Minutes**

Minutes of meetings shall be prepared by the Contractor. Copies of minutes should be distributed by the Contractor to the attendees of the meeting plus any other agreed recipients within two (2) working days of the meeting. Should any attendee disagree with the contents of the minutes details of the disagreement must be sent to the Contractor within (2) two working days of receipt of the minutes. If no disagreements are received by the Contractor within this period the minutes will be deemed to have been accepted, as written, by all parties. If the Contractor does not accept the disagreement as valid the

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disagreement shall be annotated to reflect this, attached to the final minutes and distributed as before.

28. FORMS OF DOCUMENTS

28.1 Minimum Requirements

Some variation will be allowed in the general presentation of documents, but some information must be mentioned. In particular:-

- RasGas Contract number
- Document number
- Revision 0, 1, 2 . . . .

28.2 Identification of Modified Text

Any modified paragraph shall be clearly indicated by a triangle with the number of the revision.

In the case of added pages, they shall be numbered as decimals of the page they follow i.e. 46.0, 46.1, 46.2, etc stating:-

- Date of the revision
- Number of the revision
- Number of the page

28.3 Double-Sided Printing

Where possible, the pages of documents shall be printed on both sides to decrease the thickness of documents.

28.4 Legibility

The characters of typewritten documents shall be clear and easy to read. Titles shall be printed with bigger characters for emphasis.

29. RAISING WORKS/SERVICES AGAINST "CALL-OFF" CONTRACTS

When RasGas authorized representative has identified works which are required via a "Call-Off" Order (e.g. Measured Term Contract) then RasGas shall;

a) if the Works are to be measured and valued against schedules of rates :

- raise a Call-Off Order (COO) using Attachment - 02 detailing the full extent of the Works required to be carried out ; or

b) if the Works are sufficiently defined that a lump sum is appropriate :

- issue details (scope, schedule, drawings, specifications etc.) to the Contractor, requesting that a lump sum quotation be submitted.
- evaluate the quotation.
- raise a COO based on the agreed quotation detailing the full extent of the Works.

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30. FINAL PAYMENTS

Contractor Final Account will be established using Attachment - 03. The procedure is as follows:-

a) When completion of the Works/Services has been certified in writing by RasGas. Contractor shall compile and submit a Statement of Final Account (complete with all necessary back-up) to the RasGas authorized Representative.

b) The Contractor shall enter the agreed figures into Box 1 of Attachment - 03, sign Box 2 and submit the form to RasGas for review and approval.

31. CHANGES

31.1 When RasGas is considering varying the Works/Services:

31.1.1 A Change Order Notification (CON) Attachment - 04 is used. This form by itself does not constitute an ordered Change.

31.1.2 The procedure is as follows:-

a) RasGas authorized Representative completes the number, contract data and Part A of the CON and issues the original to the Contractor.

b) The Contractor completes Part B and returns the CON together with all back-up to the RasGas authorized Representative.

c) If the RasGas authorized Representative decides that the Change Order is to be implemented then RasGas Representative will complete and sign a Change Order Instruction (COI) Attachment - 06 and issue the original to the Contractor.

31.2 When the Contractor believes that the Works/Services need to amended:

31.2.1 A Change Order Request (COR) Attachment - 05 is used.

31.2.2 The procedure is as follows:-

a) The Contractor completes a (COR) and submits the original and one copy of it and all back-up to the RasGas authorized Representative.

b) If the RasGas authorized Representative agrees that a Change Order is warranted then RasGas Representative will commence processing a Change Order Instruction (RGM/F/008). If the RasGas Representative does not agree that a Change Order is warranted RasGas will advise the Contractor accordingly.

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ATTACHMENTS

01 Transmittal

02 Call-Off Order

03 Final Account and Certificate for Balance Due

04 Change Order Notification

05 Change Order Request

06 Change Order Instruction

07 Completion Certificate

08 Rejection of Request for Completion Certificate

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RasGas Company Limited

TRANSMITTAL

Contract No. :	
Contract Title :	
TM Ref. :	**Date :**
From :	
To :	**Attention :**

Item No.	Document Title/Description	Ref. No.	Rev.	Date	Orig/ Copy	Reason for Transmission

Transmitted by :

Name : .....

Signature : .....

Received by :

Name : .....

Signature : .....

Date : .....

CONFIDENTIAL

Attachment 01
Rev.0_June 03

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RasGas Company Limited

CALL - OFF ORDER

No.

To :	Contract No. :

Description of * Works / Services :

Continuation sheets attached * Yes / No

List of Attached Drwgs/Specs/Documents :

Additional list attached * Yes / No

Reimbursement Basis : *(Tick Appropriate Box)*		
(If Lump Sum enter details in Words & Figures)	Unit Rates	
Lump Sum :	Reimbursable	
.....	Daywork	
.....	Other (specify)	

This Call-Off Order to be completed by *(Date)* **:**

SAP Cost Allocation :	Cost Centre/Work Order : _____	Cost Element : _____
	Cost Centre/Work Order : _____	Cost Element : _____

For the purposes of this Call-Off Order only, the Engineer/Company Rep. shall be :-

Name : Dept.: Tel. No.: Fax. No.:

Call-Off Order initiated by *(to be completed by the person needing the Works/Services)*

Name : Signature : Date :

Call-Off Order authorised by *(to be signed by an authorised signatory of the Company)* :-

Name : Signature : Date :

Completion Certification *(to be completed by the Engineer/Company Rep.)* :-

I hereby certify that the above * Works / Services have been completed to my satisfaction.

Name : Signature : Date :

*(* Delete as appropriate)*

RasGas Company Limited

FINAL ACCOUNT AND CERTIFICATE FOR BALANCE DUE

Contract No. :	Contractor :
Contract Title :	

Call-Off Number (If applicable) :

Box 1 - Statement of Final Account *(to be completed by the Contractor)*

		US$
- Contract/Call-Off Order Sum		
- *Add/*Deduct ordered Variations		
Sub - total	**US$**	
- *Add/*Deduct other *additions/*deductions		
TOTAL OF AGREED FINAL ACCOUNT	**US$**	
- Less :		
	US$	
Sum previously advanced		
Retention @ .....%		
		( )
BALANCE NOW DUE	**US$**	

Box 2 - Application *(to be completed by the Contractor)*

I accept the above **TOTAL OF AGREED FINAL ACCOUNT** in full and final settlement of this *Contract / *Call-Off Order.

Name : Signature : Date :

Box 3 - Valuation

I certify that the above **TOTAL OF AGREED FINAL ACCOUNT** is in accordance with the terms of the Contract and I recommend acceptance of the offer in Box 2 above.

Name : Signature : Date :

Box 4 - Payment Certification *(to be completed by the Company Rep)*

I certify that the above **BALANCE NOW DUE** is due to the Contractor under the terms and conditions of the Contract subject to verification of the sum previously advanced.

Name : Signature : Date :

Box 5 - Cost Allocations

Amount (US$)	Cost Element	Cost Centre

(Delete as appropriate)*

RasGas Company Limited

CHANGE ORDER NOTIFICATION

No.

Contract No. :	**Contractor :**
Contract Title :	
Call-Off Order No. (If applicable) :	

PART A *(to be completed by the Engineer/Company Rep.)*

1. Title of CON :

2. Description :

3. Basis of Payment :

Lump Sum ☐ Schedule of Rates ☐

Cost Reimbursable ☐ Other (define) : ☐

.....

PART B *(to be completed by the Contractor)*

1. Cost Impact : **US$** .....

Insert other pertinent details here or attach separate sheet :

2. Schedule Impact :

Insert other pertinent details here or attach a separate sheet :

Signed for the Contractor :

Name : Signature : Date :

RasGas Company Limited

CHANGE ORDER REQUEST

No.

Contract No. :	Contractor :
Contract Title :	
Call-Off Order No. (if applicable) :	

1. Proposed Title :

2. Description :

3. Relevant Correspondence (attach separate sheet if necessary) :

4. Cost Impact (if necessary attach a separate sheet with any further details) :

5. Schedule Impact (if necessary attach a separate sheet with any further details) :

Signed for the Contractor :

Name : Signature : Date :

RasGas Company Limited

CHANGE ORDER INSTRUCTION

No:

Contract No. :	Contractor :
Contract Title :	
Call-Off Order No. (if applicable) :	Corresp. *CON/*COR No. :

1. Title :

2. Scope :

3. Relevant Correspondence :

4. Change Order Price :

*Add / *Deduct US$ .....

Other details (if necessary) :

5. Schedule Impact :

For RasGas :

Company Rep. :

Name : Signature : Date :

Approved by :

Name : Signature : Date :

(Delete as appropriate)*

RasGas Company Limited

COMPLETION CERTIFICATE

CONTRACT NO.	
CONTRACT TITLE	
CONTRACTOR	
EFFECTIVE DATE OF COMPLETION	

In accordance with Clause ..... of the above Contract, it is hereby certified by the Company that the Services / Works* have been completed to the satisfaction of the Company.

(delete as appropriate)

FOR COMPANY

Name	Position	Signature	Date

Distribution :	Original - Contractor Copies - Company Rep. ; Contracts Engg ; Finance (Contracts A/C)

RasGas Company Limited

REJECTION OF REQUEST FOR COMPLETION CERTIFICATE

CONTRACT NO.	
CONTRACT TITLE	
CONTRACTOR	
DATE & REFERENCE OF CONTRACTOR'S COMPLETION CERTIFICATE REQUEST	

In accordance with Clause ..... of the above Contract, the Company hereby gives notice to the Contractor that a Completion Certificate shall not be granted until the part(s) listed below of the Services / Works* have been properly and fully completed. Upon such completion the Contractor shall further request a Completion Certificate in respect of the Services / Works*.

Part(s) of the Services / Works* yet to be completed :-

(* delete as appropriate)

FOR COMPANY	FOR CONTRACTOR
Name :	Name :
Position :	Position :
Signature :	Signature :
Date :	Date :

Distribution :	Original - Contractor Copies - Company Rep. ; Contracts Engg

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SECTION 6.0

NOT USED

EPAHO120001035

PART B

SECTION 2.0

GENERAL CONDITIONS

CONTRACT SERVICES

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GENERAL CONDITIONS

1. INTERPRETATION

1.1 **Definitions**
For the purpose of the Contract (unless the context otherwise requires), the following expressions shall have the following meanings:

"Call-Off Order" or "COO"	a completed Call-Off Order duly signed by an authorised representative of RasGas, by which any requirement for Ad Hoc Services shall be ordered by RasGas
"Completion Date"	has the meaning given to it in the Form of Agreement
"Contract"	has the meaning given to it in the Form of Agreement
"Effective Date"	has the meaning given to it in the Form of Agreement
"Site"	the location(s) specified in Section 3.0 (Scope of Services) or in any COO as being the place(s) where the Services shall be performed
" Services"	all Services performed pursuant to any COO under this Contract including but not limited to the Services set out in Section 3.0 (Scope of Services) and with respect to Contractor personnel means the Service and performance obligations of such personnel.

Terms defined in the Form of Agreement shall have the same meaning when used in these General Conditions.

1.2 **Headings**
Title headings contained in the Contract are for convenience only and shall not be used in its interpretation.

1.3 **References**

(a) Unless the context otherwise requires, references to Clauses, sub-Clauses and Sections are to the clauses and sub-clauses of and the sections of these General Conditions;
(b) references to Contractor and to its personnel shall include Contractor's employees, agents and any subcontractor approved under Clause 22;
(c) references to parties shall be to the parties hereto;
(d) words importing the singular include the plural and vice versa;
(e) words importing the masculine include the feminine or neuter and vice versa;
(f) words importing persons include individuals, firms, corporations or partnerships and vice versa, as the context or reference to the parties requires;
(g) any list or group of items following the words "including", "includes", "include", "such as" or "consisting of" and such like shall not be interpreted as being definitive and shall in all cases be completed by the expression "but not limited to".

2. EXECUTION OF THE SERVICES

2.1 **Conduct of Services**
The Contractor shall perform all Services continuously and expeditiously and shall complete the Services in accordance with all provisions of the Contract having due regard to any business

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critical targets or deadlines specified in the Contract or of which the Contractor has been made aware by RasGas.

2.2 **Time of Essence**
Time is of the essence in the completion of all Services.

2.3 **Time Slippage**
Where it appears any business critical targets or deadlines notified to the Contractor will not be met the Contractor shall notify RasGas as soon as possible. Such notification shall not relieve the Contractor of any of its obligations and the Contractor shall take all appropriate steps to achieve the agreed targets or deadlines including working such additional overtime, engaging such additional personnel and taking such other measures as may be necessary to complete the Services within the scheduled timetable or any approved extension thereto. All costs related to such overtime, additional personnel and other measures shall be borne by the Contractor.

2.4 **Performance of the Services**
The Contractor shall perform the Services in a professional manner at all times in accordance with the Contract using latest, industry-standard technology and sound project management and supervisory practices, and otherwise with all due diligence consistent with best practice in the consulting services industry.

2.5 **Skill and Competence**
The Contractor agrees that it has the required skills, know-how, experience and capacity to perform the Services using appropriately qualified and competent personnel who have been properly trained to carry out the Services including, where relevant, best available health and safety practice.

2.6 **Commencement of Services**
The Services shall commence on the Commencement Date and shall continue until the end of the Period of Maintenance (or any approved revision thereto) unless terminated earlier under Clause 16 (Termination) or any other applicable provision of the Contract.

2.7 **Conformity with Scope and Specifications**
The Services shall conform in all respects with Section 3.0 (Scope of Services) and any further specifications as may be agreed between RasGas and the Contractor and set out in the COO. The Contractor shall use high quality materials, techniques and standards in the supply of the Services and any products or materials supplied to RasGas by the Contractor shall be new and of the best quality and sound workmanship and design if applicable, and shall be fit for the purpose and use specified in, or reasonably to be inferred from, the COO.

2.8 **Knowledge**
The Contractor has carefully examined this Contract and has obtained a full understanding and knowledge of the nature, quality and scope of RasGas' requirements in respect of the Services and of its obligations under this Contract, including information as to the Site, local conditions and facilities and other relevant matters. The Contractor acknowledges that it is fully satisfied as to the correctness and completeness of all documents relating to this Contract and accepts all responsibility for having properly evaluated all costs and contingencies for successfully undertaking and completing the Services, and shall bear any and all consequences resulting from an improper or inadequate evaluation.

2.9 **Property**
The Contractor shall not use any item of RasGas property or equipment without the prior written authority of RasGas. Where RasGas gives its written approval, the Contractor shall ensure such property is treated with appropriate care, kept clean and maintained in good working order. The Contractor shall at all times be responsible for its own property at the Site (including tools and equipment).

2.10 **Inspections**

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RasGas shall be entitled to have access, for the purposes both of inspecting and of observing tests and certificates, to any place where any Services (or part thereof) are being undertaken. Neither failure to inspect or instruct nor any approval given by RasGas shall relieve the Contractor of any of its obligations under the Contract.

2.11 **Independent Contractor**
The Contractor is an independent contractor and nothing in the Contract shall be construed as creating at any time any other relationship between the parties. The Contractor shall at all times have complete control over and full responsibility for its employees, agents and subcontractors. None of them shall be considered, or in any way represent themselves as being, employees of RasGas or be entitled to any benefits supplied by RasGas to its employees.

2.12 **Compliance with laws and regulations**
The Contractor shall at all times comply and ensure that its personnel comply with all applicable laws and regulations relevant to the provision of the Services.

3. Payment Terms and invoicing (Refer to Section 4.0 Compensation)

4. LIABILITY AND INDEMNIFICATION

4.1 Ras Gas shall protect, indemnify, defend and hold Merichem harmless from and against any and all claims, demands (including reasonable attorney's fees), costs, losses, damages, civil penalties and causes of action arise from are caused by or result from the negligence or wilful misconduct of Ras Gas, its subsidiaries, employees or agents involving Ras Gas' production, handling, inspecting, preparing for shipment or loading of the sulfudic caustic, or the presence of extraneous materials in the Sulfudic Caustic transferred hereunder.

Merichem shall protect, indemnify, defend and hold Ras Gas harmless from and against any and all claims, demands, expenses (including reasonable attorney's fees), costs, losses, damages, civil penalties and causes of action which may be made, sustained, incurred or initiated by a person, or persons, including Merichem and its employees, and agents, and any governmental entities, arising from, caused by or resulting in any way from handling by Merichem of the Sulfudic Caustic received pursuant to this agreement, to the extent that such claims, demands, expenses, costs, losses, damages, civil penalties and causes of action arise from are caused by or result from the negligence or wilful misconduct of any environmental law (including without limitation RCRA and CERCLA) by Merichem, its subsidiaries, employees or agents.

Under no circumstances shall either party be liable to the other for incidental, consequential or indirect damages.

4.2 **Consequential Damages**
Neither RasGas nor the Contractor shall bear any liability to the other for loss of profits, loss of business, loss of contracts or other indirect or consequential loss.

5.0 INSURANCE

5.1 The Contractor shall ensure that its respective insurers waive all rights of subrogation against the Company, its parents, its subsidiaries and all other indemnities of the Contractor hereunder. For this purpose, the Contractor shall also cause the Company and all other indemnities of the Company to be included as additional insured and covered by the insurance policies described herein.

5.2 The Contractor shall ensure that to the extent of indemnities given by the Contractor hereunder, the Contractor's insurance shall be primary, receiving no contribution from any other insurance arranged by or on behalf of, or available to, the Company. To give effect to the provisions of this Contract the Contractor shall also cause to be waived any clause in the insurance policies that reduces coverage to the extent of coverage by other insurances, if any.

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5.3 All deductibles within and/or liabilities in excess of the indemnities provided under the insurances to be arranged by Contractor shall be for the account of and paid by Contractor, as applicable. The insurance limits mentioned herein are minimum requirements and not limits of Contractor's liability, and they are not to be construed as the Company's consent to limiting the Contractor's financial liability. Approval by Company of any insurer or terms of insurance proposed by Contractor shall not relieve the Contractor from any of his obligations or liabilities under or arising from this Agreement or generally at law.

5.4 The insurances to be arranged by the Contractor shall be the following:

a) **Workmen's Compensation & Employer's Liability (Not applicable)**

b) **General Third Party Liability Insurance (Not applicable)**

c) **Marine Vessels Insurance**

Contractor shall carry, or shall ensure that the marine vessels being employed for the performance of the Services carry, all insurance coverage's as required by law(s) and by the Ras Laffan Port regulations. The required insurances shall include, but not be limited to, the following:

1. Marine Hull Insurance covering Hull and Machinery of the marine vessel including plant and equipment there on full terms and conditions of cover that the insurance market offers, covering the full replacement value of the vessel and the equipment as described above. This insurance should be extended to cover Removal of Wreck and Debris in respect of the vessel, for a minimum of Hull Value but, in any case, not less than US$25,000,000 per occurrence.
2. Protection & Indemnity (P&I) risks coverage for the vessel including seepage and pollution risks for the standard limits provided by the P&I clubs' market. It should however be not less than US$50,000,000 per occurrence. The coverage should include Third Party Liability risks and contractual liability risks connected with the performance of the Services under this Agreement.

The Contractor shall ensure adequacy of all insurances specified herein at all times and shall furnish to Ras Gas, prior to commencement of this Contract, certificates from their insurers or insurance brokers or P&I clubs attesting that appropriate insurance policies have been effected. The Contractor shall make no material alterations to the terms of any insurance without information being given to Ras Gas and in any case shall immediately notify Ras Gas should their insurer make any material alterations thereto.

6. TITLE

6.1 **Good Title**
The Contractor shall, at all times, have good title free and clear of any encumbrances to all products, equipment or materials to be supplied to RasGas in the performance of the Services.

6.2 **Passing of title and risk**
Title to any products, equipment or materials shall pass to Contractor at the time of loading of the inlet flange to the vessel.

7. CONFIDENTIALITY

Confidential Information means all proprietary information which comes into the possession of the Contractor or any of its personnel concerning the technical, financial or business affairs of RasGas including, but not limited to, information relating to its trade secrets, products, processes and business relationships except to the extent that same shall have been published or otherwise made freely available to the public without restriction. In addition, information concerning or relating to this Contract (including information developed by the Contractor in the performance of the Services) shall be presumed to be confidential.

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The Contractor shall not, without RasGas' consent, disclose any Confidential Information to any third party nor use it other than on RasGas' behalf in the performance of the Works and then only to the extent necessary. The Contractor further agrees to take all reasonable and prudent steps to safeguard the Confidential Information including making only such copies, as shall be necessary and restricting access to such documents on a "need to know" basis only.

8. SUSPENSION OF SERVICES (Not applicable)

9. CANCELLATION

9.1 **Notice to cancel**
RasGas shall have the right at any time to cancel the Services, upon Six (6) months written notice to the Contractor.

9.2 **Amount payable on cancellation**
RasGas shall as soon as practicable after any such cancellation, determine (after reference to the Contractor and after such investigation or inquiries as it may think fit) the amount owing and due to the Contractor in respect of Works actually provided up to the date of cancellation in accordance with GAAP. Once determined, RasGas shall notify the Contractor of the relevant amount and the Contractor shall submit an invoice in respect of such amount in accordance with Clause 4 (Payment Terms). For the avoidance of doubt, notice of cancellation hereunder shall not constitute a breach nor entitle the Contractor to any damages, compensation for loss of anticipated profits or Claims.

10. TERMINATION

10.1 **Definition of default**
The Contractor shall be considered in default regardless of the status of the Contract or performance under it, upon the happening of any one of the following events ("Event of Default").

(a) if the Contractor commits a material breach of any of its representations, warranties or other obligations hereunder;
(b) if the Contractor breaches any of its obligations under the Contract or under any COO which, in either case, if RasGas considers is capable of remedy, is not remedied within 60 days of the date of written notice from RasGas requesting such remedy; or
(c) if the Contractor becomes bankrupt or insolvent or commits or suffers any act of bankruptcy or insolvency (other than voluntary liquidation for the purposes of a bona fide amalgamation or reconstruction) or makes any assignment for the benefit of creditors or has a liquidator, administrator, receiver or similar officer appointed over its assets or causes or permits any judgement to be enforceable against it in respect of non-payment of debts.

10.2 **Termination**
If an Event of Default occurs then RasGas may terminate the Contract with immediate effect without thereby releasing the Contractor from any of its obligations or liabilities under the Contract and without prejudice to RasGas's other rights and remedies hereunder and at law.

10.3 **Payment on termination for default**
Where the Contract is terminated, RasGas shall not be liable to pay to the Contractor any amount in respect of the Contract until the Services then in progress have been completed to its satisfaction and only when the costs of execution, completion, damages/penalties for delay in completion (if any) and all other expenses incurred by RasGas, including the costs of any third party RasGas may use to complete the Services, have been ascertained and deducted accordingly.

11. FORCE MAJEURE

11.1 **Definition**
Force Majeure shall mean an event which is neither foreseeable nor preventable and which is entirely outside the direct or indirect control or influence of the Contractor or RasGas including any one or more of the following events:

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(a) acts of God including without limitation lightening, flood or unusual or extreme weather;
(b) wars, revolutions, riots, blockades and other unlawful acts against public order;
(c) strikes, lockouts, labour disturbances;
(d) any other event (excluding financial distress), which is neither foreseeable nor preventable by the party claiming Force Majeure.

11.2 **Operation**
Neither RasGas nor the Contractor shall be liable for the performance of its obligations to the extent such performance is prevented by an event of Force Majeure. The party claiming an event of Force Majeure shall promptly notify the other party of such event and any impacted performance under the Contract shall be suspended.

11.3 **Effect**
As regards any delay or failure to perform as a result of Force Majeure:

(a) the party claiming the Force Majeure will take all reasonable steps to bring the circumstances to a close or to find a solution whereby the Contract may be diligently performed despite the event of Force Majeure; and
(b) promptly take such other steps, which the other party reasonably requires in order to reduce the other party's losses or risk of loss.

11.4 **Termination for Force Majeure**
If an event of Force Majeure continues for a period of 120 days or more, the party not claiming Force Majeure shall be entitled to terminate the Contract at any time on giving written notice, such notice to take immediate effect and the relevant provisions of Clause 10 (Termination) shall apply.

12. ENVIRONMENT, HEALTH AND SAFETY ("EHS") – (Not applicable)

13. ALCOHOL AND DRUG POLICY

The Contractor shall be bound by the Company's alcohol and drug policy including, but not limited to, the following excerpt:

The use, possession, distribution or sale of illegal drugs, alcohol or controlled substances and the paraphernalia associated with such on Company's premises including working areas is absolutely prohibited. If a visitor [including Contractor] is in violation of this policy he will be immediately escorted off the premises and reported to the local law enforcement authorities, if appropriate.

Entry onto Company's property is deemed consent to an inspection of person, vehicle and personal effects at any time while on Company's premises. Inspections will be conducted at the discretion of the Company.

14. ASSIGNMENTS AND SUBCONTRACTS

14.1 **Assignment by RasGas**
RasGas may assign the Contract or any interest therein to any affiliate or shareholder or to any of its lenders as required under the terms of any of its loan agreements.

14.2 **Assignment by the Contractor**
The Contractor shall not assign the Contract or any part thereof without the prior written consent of RasGas. Such consent shall not release or relieve the Contractor from any of its obligations or liabilities under the Contract. Contractor may assign any or all of the proceeds due and payable under this contract to any bank or other lending institution with notification to Ras Gas but without further consent of Ras Gas.

14.3 **Subcontracting by the Contractor**
The Contractor shall not subcontract all or any part of the Services or any part of the Contract without prior written approval by RasGas. Notwithstanding approval by RasGas to subcontract all

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or any part of the Services, the Contractor shall remain primarily liable to RasGas for performance of the Contract and primarily liable to RasGas for any default or failure to comply with the terms of the Contract by any subcontractor. The Contractor shall promptly furnish such information about its subcontractors as RasGas may request and, for this purpose, the Contractor shall ensure that disclosure to RasGas is not excluded under the terms of any of its subcontracts. In addition, where the Contractor subcontracts hereunder with any non-Qatari subcontractor, the Contractor shall promptly furnish the required contract details to the Qatar Office of Income Tax. No subcontract shall bind or purport to bind RasGas but every sub-contract shall contain the sub-contractor's consent to RasGas taking assignment from Contractor of the sub-contract.

15. PREFERENCE FOR LOCAL SERVICES

For all Services provided by the Contractor in Qatar, the Contractor shall:

(a) in selecting personnel/subcontractors (including those relating to transportation and/or shipping), select individuals who are nationals of Qatar or companies that are controlled by individuals who are nationals of Qatar, provided that;

(i) the Contractor is reasonably satisfied (on the basis of demonstrated ability, quality, timely performance, workmanship or other relevant criteria) with the ability of such person to perform the relevant Services;

(ii) the cost does not exceed one hundred ten percent (110%) of the cost of equivalent or similar services offered by, or otherwise available from, non-Qatari nationals or companies that are controlled by non-Qatari nationals; and

(iii) the other terms and conditions applicable are otherwise competitive with those available from non-Qatari nationals or companies that are controlled by non-Qatari nationals;

16. NOTICES

Notices shall be in writing and shall be deemed received only when actually delivered by hand, mail, courier or sent by fax, on the day receipt is acknowledged by the receiving party as addressed to the relevant address in the Form of Agreement.

17. PUBLICITY

The Contractor shall neither use nor consent to the use of RasGas' name, logo or trade mark in connection with the Contract in any advertising, marketing or other promotional material or publicity releases or for any similar purpose without the prior written consent of RasGas.

18. GENERAL PROVISIONS

18.1 Amendments

This Agreement may not be amended, in whole or in part, except by a written instrument signed by the duly authorized representatives of both parties.

18.2 Waiver

No waiver of any provision of this Contract shall be of any force or effect unless such waiver is in writing, is expressly stated to be a waiver of a specified provision of this Contract and is signed by the party to be bound thereby.

18.3 Language

The language of the Contract shall be English and all communications between the parties (verbal or written) relating to it, shall be conducted in the English language.

18.4 Severability

The invalidity of unenforceability of any provision of the Contract shall in no way affect the validity or enforceability of any other part or provision. Any invalid or unenforceable provision shall be severed from the Contract and the balance of the Contract shall be construed as it was intended and enforced as if the Contract did not contain such invalid or unenforceable provision.

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19. GOVERNING LAW & SETTLEMENT OF DISPUTES

19.1 **Applicable Law:**
This Agreement shall be deemed to have been made in the State of Texas and the rights and obligations of the parties and their respective successors and assigns shall be governed by and determined in accordance with the laws of the state of Texas, without regard to choice of laws principles thereof. The UN Convention on Contracts for the International Sale of Goods shall not apply to this agreement.

19.2 **Settlement of Disputes**:

a) All disputes which, in the opinion of one of the parties as stated an arbitration notice, the parties are unable to resolve by mutual agreement (in good faith and using their reasonable efforts and endeavours to take all steps as may be necessary or desirable to settle any dispute amicably through negotiations and other constructive discussions) shall be exclusively and finally settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce as in force on the effective date of the Agreement except as modified by provisions of this article (Settlement of Disputes).

b) Ras Gas and Merichem shall endeavour to agree on the appointment of a sole arbitrator to agree on the appointment of a sole arbitrator, but, if they fail to so within thirty (30) days of arbitration notice, each of them shall appoint a third arbitrator. If either or both of parties fail to appoint an arbitrator within forty-two (42) days of arbitration notice, such arbitrator or arbitrators shall, at the request of any party, be appointed by the Appointing Authority. If the two arbitrators are appointed but fail to agree on the choice of a third arbitrator within fourteen (14) days of their appointment, the third arbitrator shall be appointed by the Appointing Authority at the request of either Merichem or Ras Gas.

c) The place of arbitration shall be London, England, unless the parties agree otherwise.

d) The arbitration shall be conducted in English, and all arbitrators shall be fluent in English language.

e) The arbitration tribunal shall decide all questions strictly in accordance with the terms of this Agreement and shall give effect to same. The arbitrators shall not be authorised to award special, indirect, incidental, consequential, punitive or exemplary damages.

f) The parties agree that the arbitrators' award shall be binding upon the parties, and that the parties shall give effect to any such award. The parties agree to exclude any appeal right to any court, which would otherwise have jurisdiction in the dispute or out of the award. Either party may, however, make an application to any court have jurisdiction for registration of the award for the arbitral award to be recognized and enforced, including enforcement of any award granting interlocutory relief, against either party and for the obtaining any evidence (whether by discovery of documents, interrogatories, affidavits, or testimony or witnesses, whatever), which the arbitrators direct shall be admitted in the arbitral proceedings.

g) Notwithstanding the other provisions of this article (Settlement of Disputes), any dispute may be referred to settlement by an alternative dispute resolution mechanism or the expert, if the parties to the dispute agree that such alternatives are more appropriate to the circumstances of that dispute.

20. BUSINESS STANDARDS

a) Contractor in performing its obligations under this Contract shall establish and maintain appropriate business standards, procedures and controls. In performing their respective obligations and undertakings under this contract, the Parties shall use all reasonable endeavors to prevent their employees or personnel or contractors from making, receiving, providing or offering any substantial gifts, extravagant entertainment, payments, loans or other considerations to or from the other Party's employees, personnel or contractors.

b) Contractor and Company are aware of a practice (referred to as "Illegal Information Brokering") where certain parties approach contractors, subcontractors or vendors, and offer confidential information or illicit influence in order to obtain business through corruption of

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competitive bidding processes. Contractor represents that it has not and will not utilize or participate in Illegal Information Brokering in connection with this Contract.

THIS INDICATES THE END OF THESE TERMS AND CONDITIONS

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ENVELOPE LABEL

SEALED TENDER

RasGas Company Limited
Ras Gas Main Building, Ground Floor
P. O. Box 24200
West Bay, Doha
State of Qatar

Attn: LTC Secretary

PRICED RESPONSE

TENDER NO.: ITT/RG08/L072/08

Tenderer Name: _____

DO NOT OPEN

SEALED TENDER

RasGas Company Limited
Ras Gas Main Building, Ground Floor
P. O. Box 24200
West Bay, Doha
State of Qatar

Attn: LTC Secretary

UNPRICED RESPONSE

TENDER NO.: ITT/RG08/L072/08

Tenderer Name: _____

DO NOT OPEN

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SECTION 7.0

EHS REQUIREMENTS

EPAHO120001048

Group:	MD	Document No:	E04-X03-RFC 089
Department:	EHS	Revision:	Original

RasGas Environment, Health & Safety Requirements for Contractors

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1.0 PURPOSE

This Procedure establishes the Environmental, Health and Safety (EHS) requirements for all Contracting and consulting Services performed at RasGas Property.

2.0 SCOPE

These EHS requirements shall apply to all Contractors and Consultants working at RasGas facilities. Contractors shall ensure compliance by their subcontractors with RasGas EHS requirements.

3.0 DEFINITIONS

The following words and phrases shall have the meaning assigned to them except where the context otherwise requires

3.1 SHALL

The word "shall" is to be understood as mandatory.

Note: The Contractor shall have procedures which meet with the requirements of RasGas standards and procedures, unless the Contractors' standards and procedures exceed the relevant approved RasGas standards and procedures.

3.2 HAZARDOUS AREA

An area in which there exists or may exit a flammable atmosphere. Hazardous Areas are classified under three headings:

Zone 0

A zone in which a "flammable atmosphere" is continuously present or it is likely to exist for long periods.

Zone1

A zone in which a "flammable atmosphere" is likely to occur under normal operating conditions.

Zone 2

A zone in which a "flammable atmosphere" is not likely to occur under normal operating conditions and if it does occur will only exist for a short period.

3.3 FLAMMABLE ATMOSPHERE

An atmosphere containing a quantity of flammable gas or vapour in a concentration capable of being ignited.

3.4 TOXIC ATMOSPHERE

An atmosphere containing material that will cause injury or death to personnel exposed to it without adequate protection.

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3.5 HAZARDOUS MATERIAL

A substance (gas, liquid or solid) capable of creating harm to personnel, environment or RasGas property.

3.6 PERMIT TO WORK

Written consent issued by RasGas, to permit the Contractor to carry out the Work subject to specific terms and conditions to be observed by the Contractor prior and during performance of the Work having regards to the hazards of the particular Worksite.

3.6.1 Permitted work will be categorised as "Hot" or "Cold".

3.7 COLD WORK PERMIT

Cold Work is any work activity that does not involve a source or potential source of Hazardous Materials.

3.8 HOT WORK PERMIT

Any work activity involving a source or potential source of ignition.

3.9 CONFINED SPACE

Any wholly or partially confined space:

- Entry is possible; **AND**
- Access might be physically restricted; **AND**
- Egress is restricted or difficult; **AND**
- There is a risk of oxygen deficiency; **AND**
- There is a risk of, or accumulation of dusts, vapours or gases which are flammable or hazardous to health.

3.10 EXCAVATION

Excavation includes all and any work, which breaks the ground surface and extends below it, with the exception of designated garden areas where the depth of excavation does not exceed 200 mm. Excavation includes digging by manual or mechanical means.

3.11 ELECTRICAL EQUIPMENT

All plant, appliance and equipment designed for the generation, conversion, storage, distribution, transformation or use of electricity.

3.12 LIFTING EQUIPMENT

Any mechanical device capable of raising or lowering a load, e.g. cranes, forklift trucks, lifts, suspended cradles, powered hoists, Procedure hoists, lever hoists, rope hoists, beam trolleys, beam clamps, shear blocks, winches, runway beams.

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3.13 LIFTING GEAR

Any device whatsoever which is used or designed to be used directly or indirectly to connect a load to a Lifting Equipment and which does not form part of the load e.g. wire rope slings, chain slings, man-made fibre slings, hooks and fittings, swivels, shackles, eyebolts, rigging screws, wedge sockets, plate clamps.

3.14 COMPANY

RasGas Company Limited (RasGas) acting as agent for and on behalf of Ras Laffan Liquefied Natural Gas Company Limited, Ras Laffan Liquefied Natural Gas Company Limited (II), Al Khaleej Gas Project and any other entities or projects which might be managed or operated by RasGas.

3.15 CONTRACTORS

Referenced herein shall mean the Contractor, Subcontractor or Consultant providing the works/services as the case may be.

3.16 PROPERTY

Referenced herein shall mean RasGas' plant, machinery, buildings, structures, equipments, facilities and LNG operating facilities.

3.17 WORKSITE

Location or locations where Contractor is required to perform Contract Services or Works.

3.18 WORK

Services to be performed by Contractor, Subcontractor or Consultant.

3.19 E.H.S.

Abbreviation for "Environmental, Health and Safety "

4.0 POLICY STATEMENT FOR CONTRACTORS

RasGas is committed to the fundamental requirement that persons working at its facilities have a safe environment in which to perform their assigned Work.

All Contractors working at the RasGas Facilities shall comply with the requirements set forth in this document. Failure to comply with RasGas' requirements defined herein may result in expulsion of the Contractor and /or employees from the worksite.

RasGas requires Contractors whether individual entity or corporation, to manage their activities and supervise their employees in a manner that will ensure that work is performed in accordance with RasGas requirements and in a safe, environmentally sound and efficient manner. In addition to adhering to applicable Qatari laws and regulations, Contractors are required to develop safety procedures to be used by their

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supervisors and employees in the performance of their work. Contractors shall familiarize all of their employees with their safety procedures through routine safety meetings and the indoctrination of new employees to RasGas EHS policies and procedures.

RasGas' nominated representative shall have the authority to stop contractor's work whenever a clear and present danger occur or may occur to personnel or RasGas property. Expulsion of employees, or the removal of Contractor from RasGas' property may be warranted if Contractor is found to be in breach of any of RasGas' EHS requirements.

Contractor is hereby notified that the following are considered to be a breach of RasGas Environmental, Health and Safety requirements and as such will result in removal / expulsion from RasGas property. RasGas may notify Contractor verbally (verbal notification shall be confirmed in writing within Twenty Four (24) Hours of such notification) or in writing of any such breach and Contractor shall act immediately upon notification. RasGas shall also inform the competent Public Authority upon occurrence of any breach of RasGas requirements whenever such a breach constitutes a criminal offence under the applicable laws.

- Failure to comply with RasGas EHS Policies and Procedures.
- Smoking in non designated smoking areas,
- Theft
- Gambling,
- Fighting, or endangering physical welfare of personnel,
- Possession, or use of alcoholic drinks, or non prescription drugs,
- Obscene or reckless behaviour,
- Cameras/flash equipment (without valid permit)
- Violation of site traffic regulations, (speeding, disregard of traffic signage, parking in unauthorised areas, etc.)
- Using mobile phones within hazardous areas
- Using non-rated pagers within hazardous areas
- Carrying matches or lighters into Plant Areas
- Failure to use personal protective equipment as required.
- Bringing weapons or firearms onto facilities.
- Hooking up to utilities without permission.
- Running at RasGas' facilities except in case of an emergency
- Failure to promptly and properly report ALL injuries, incidents, near misses and emergencies.
- Operating vehicles or equipment without proper training qualification or without proper licenses or certificates.
- Improper use of vehicles or equipment
- Unauthorized use of RasGas tools, equipment and/or facilities.

When deemed necessary to remove any of Contractor's employees, then the nominated RasGas Contract representative shall so instruct Contractor representative to immediately implement the required action.

5.0 GENERAL REQUIREMENTS

5.1 Supervision & Manpower

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5.1.1 The RasGas Sponsoring Department Contract representative shall, establish minimum contractor supervision/manpower ratios. Consideration shall be given to the following:

- Worksite access/egress
- Potential hazards of the job
- Job location within the property
- Complexity of the job
- Operating in hazardous areas
- Skill level of the craftsman
- Exposure to hazardous materials
- Availability of supervisor

5.1.2 Where the contract so requires, the Contractor shall nominate one or more person who is responsible for ensuring that the Work is performed in accordance with the applicable EHS requirements.

5.1.3 A resume from each on-site contractor EHS supervisor must be submitted to both the RasGas Contract representative and RasGas EHS Department for review and approval. All on-site contractor EHS supervisors shall be required to perform the following duties:

- Conduct daily site inspections of work practices and conditions
- Conduct daily toolbox safety talks on current EHS matters
- Conduct company EHS orientation training programs
- Conduct Accident and Incident Investigations
- Coordinate reporting of all incidents
- Coordinate Injury, Incident, Near Miss Record-keeping Requirements
- Attending weekly Contractor EHS Meetings
- Keep the RasGas informed on compliance issues with new and existing EHS laws, regulations, internationally recognised standards

5.1.4 All contractors on site personnel shall be registered with the RLC Medical Clinic to ensure prompt treatment upon a medical emergency or other needed medical services.

5.1.5 RasGas shall, if deemed necessary, review and/or inspect the contractor's accommodation and mess facilities.

5.2 Contractor "Kick-off" Safety Meetings

Contractor EHS Meeting shall be conducted prior to the commencement of the Contract Services.

The meeting shall be coordinated by the RasGas Contract representative and shall include participation by Contractor supervision and the RasGas EHS Department.

The purpose of the meeting is to discuss all aspects of the Services and as a minimum each meeting shall cover of the following topics:

- A review of the Method Statements for the work.
- A review of the Job Safety Analysis associated with the work

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- A review by the Contractor of all materials, to be utilized. . All Material Safety Data Sheets (MSDS) must be provided to RasGas prior to commencement of the services
- A review by the Contractor of their EHS program and employee EHS training. The Contractor shall provide documentation of the safety training received by all of their employees who will be performing the services
- Contractor shall comply with all RasGas Safe Work Practices, Procedures and the RasGas Emergency Management System, and all of the necessary Hazard Communication Information requirements.
- It is Contractor's responsibility to promptly inform both RasGas Contract Representative and RasGas EHS Department of any EHS concerns related to the services.

5.3 Contractor EHS Review Meetings

EHS review meetings may be called with Contractor when deemed necessary. Topics for discussion may include jobsite inspection reports, incident reports, unsafe acts and conditions monitoring and safety procedural changes.

5.4 Contractor Toolbox Meetings

Contractors shall conduct Tool Box Meetings to communicate to employees EHS related issues, new EHS bulletins, and pertinent EHS policies and procedures, which affect the Services Contractor shall maintain records of these meetings on file for inspection by the RasGas Contract Representative and/or EHS Department Representative.

5.5 Language

Contractor is required to ensure the safety of the work force, the community and the environment. Clear, concise and understandable communications, particularly during an emergency situation, are critical elements in achieving this. All hazard communication and safety training takes place via written and verbal communications in the English language. Due to the critical need for this communication to take place effectively, RasGas has established a policy that all Contractor supervisory personnel must have the ability to reasonably understand, converse and write in the English language. Further, Contractor supervisory personnel must have additional language skills to ensure that they can communicate effectively with the rest of their contract workforce. This requirement is mandatory.

5.6 Contractor Training

The Contractor shall ensure that all its personnel have received the necessary health, safety, environment, survival and work related training. The Contractor shall ensure that certificates for mandatory training have been obtained prior to travel to any location to commence the services.

All Contractor personnel at the Site will be fully trained and currently qualified to carry out the work in accordance with safety related Company's regulatory and industry standards. The Contractor shall maintain training records including but not limited to: (1) employee identity; (2) training date & duration; (3) instructor

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name; (4) means to verify employees understanding of subject; (5) outline of material covered.

Where required by RasGas, Contractor shall ensure that all their employees including sub-contractors have been trained in Hydrogen Sulphide/Breathing Apparatus (H2S/BA). Such training must have been completed within the previous two years at a training provider acceptable to RasGas. Training from another provider may be acceptable provided that the Contractor is able to provide documentary evidence that such training has been carried out within the previous two years, that the BA training was carried out on Sabre Contour and Sabre ELSA equipment and that all personnel were competency assessed to assure their competence.

Some companies that can provide required H2S/BA training for contractor personnel include but are not limited to

- Venture Gulf : Tele. 4602121, Fax. 4602244
- Marine Offshore: Tele. 4665250, Fax. 4665250
- Framton Safety: Tele. 4671546, Fax. 46715456
- Madina: Tele. 4600818, Fax. 4603143
- Mannai Corporation: Tele. 4601018, Fax. 4601091

5.6.1 Offshore Safety Training Requirements:

Contractors personnel must comply with RasGas safety training requirements and regulations for Offshore working and transportation by Helicopter to Offshore facilities.

While located at RasGas Offshore facilities Contractor Personnel will comply with all safety rules, regulations and Instructions including the participation when required in regularly scheduled safety Drills/Exercises.

5.6.1.1 With the exception of Helicopter Safety Briefing and RasGas Site Safety Induction, each Contractor is responsible for the provision of indicated safety training to its own employees (either directly or via contracted training provider) and at its own cost. Safety instruction / certification must be acceptable to RasGas.

RasGas withholds the right to review course materials and/or audit courses as it deems appropriate and to reject safety training which it believes to be inadequate. Such review by RasGas in no way relieves the Contractor of its responsibility to its employees for ensuring that safety training provided is fit for purpose.

Contractors must abide by RasGas safety standards, safety policies & procedures and commonly accepted safe working practices. Contract personnel must be made available for the purposes of attending selected RasGas provided safety training from time to time as required without claim or charges being directed to RasGas for downtime or time spent. Such courses

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include but are not limited to RasGas Site Safety induction, Permit to Work training, etc. RasGas withholds the right to refuse access and/or transport to any of its facilities for persons whom do not meet specified safety training requirements.

5.6.1.2 All Contractor's must provide a general safety induction to their employees including but not limited to commonly accepted safe working practices, the proper use of and care for personal protective equipment (PPE) and equipment / tools, hazard recognition, reporting unsafe acts and conditions, reporting incidents / injuries and safe material handling.

5.6.1.3 RasGas Site Safety Induction will be provided to Visitors and Contractors that will visit or work in operating areas of the LNG Plant in Ras Laffan as well as the Offshore Platform Complex. A Site Safety Induction will be provided by the Drilling Contractor for Visitors, Contractors on Drilling Rigs under contract to RasGas. Personnel that will not enter operating areas of the facilities shall attend the site induction provided by their Contractor (e.g. Construction Safety Induction).

The RasGas Site Safety Induction shall normally be attended by persons entering operating areas upon their first visit to the Plant, Offshore Complex or Drilling Rig. Personnel are required to repeat the Site Safety Induction if a period of six (6) months has passed since their last site visit. RasGas may require any person to attend or repeat the Site Safety Induction if significant procedural and/or facility modifications have been made and/or prior to special activities such as annual shutdowns. Advance notification to the RasGas is required for site visits.

5.6.1.4 There is a requirement prior to each helicopter flight (outbound / inbound) that a Helicopter safety video be shown by Gulf Helicopters.

5.6.1.5 It shall be required that, prior to first visit offshore or within one (1) week of working at Plant, each individual successfully complete Hydrogen Sulfide (H_2S) and Breathing Apparatus (BA) courses. Refresher training is required at the end of the Contractors personnel own course validity.
Personnel must carry valid RasGas certification card or they will not be allowed to travel offshore by Helicopter. RasGas H_2S / BA certification cards will be issued to visitors and contract personnel upon one (1) week advance written request and demonstration of successful completion of RasGas accepted course (i.e., front and back copy of valid certification card or certificate) and one (1) passport sized photo. Requests for RasGas H_2S / BA certification cards should be coordinated through the RasGas sponsoring department.

5.6.1.6 The requirement for completion of Basic Survival Training is determined by the cumulative number of days spent offshore per year. *Infrequent Visitors* offshore (including contractors and RasGas personnel) are defined as those personnel whom work

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no more than fourteen (14) days offshore during a calendar year. Infrequent visitors are not required to complete Basic Survival Training.

Frequent Visitors (including contractors) are defined as those persons whom work a cumulative total of fifteen (15) or more days offshore during a calendar year. Personnel whom anticipate that they will spend fifteen (15) or more days offshore during a calendar year should complete Basic Survival Training as soon as possible without waiting until they have achieved fifteen (15) days offshore. Personnel whom work on a regularly scheduled offshore rotation shall automatically be required to complete Basic Survival Training. Basic Survival Training shall be valid for a period of three (3) years and may be combined with Helicopter Underwater Escape Training (HUET).

5.6.1.7 The requirement for completion of Helicopter Underwater Escape Training (HUET) is determined by the cumulative number of trips offshore by helicopter during a calendar year. Infrequent Trips are considered to be no more than five (5) return trips offshore by helicopter. Persons whom make Infrequent Trips offshore by helicopter are not required to complete HUET training, however a "Buddy System" will be operated such that persons whom have not completed HUET training will be paired-up during the helicopter flight with a HUET trained passenger whenever possible.

Frequent Trips are considered to be six (6) or more return helicopter trips offshore during a calendar year. Personnel whom work on a regularly scheduled offshore rotation shall automatically be required to complete HUET Training. HUET Training shall be valid for a period of three (3) years and may be combined with Basic Survival Training.

5.6.2 Personnel/Trade Competency Training

Due to the critical nature of the Services Contractors are required to perform at RasGas facilities, RasGas may require training verification of all Contractor personnel through the use of written and/or practical tests. All testing shall be scheduled through the RasGas Contract Representative and must be satisfactorily completed before any Contractor commences work at RasGas work site

RasGas may require some qualifications and skills to be verified informally on the worksite. Such verification may include monitoring by RasGas Contract Representative.

Documentation of Contractors personnel skills verification shall be provided by Contractor when requested by RasGas Contract Representative

a. Electricians and Instrument Technicians shall be required to pass a written examination and practical test administered by the

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RasGas Maintenance Department prior to performing work, which involves switching gear above 440 volts.

b. Heavy Equipment Operators and Riggers shall be required to pass a written and practical examination administered by the RasGas Maintenance Department prior to performing work, unless deemed unnecessary by RasGas Contract Representative.

c. Welders must be ASME certified to a level appropriate to the service requirements.

5.7 Housekeeping

The Contractor shall ensure that the works site is kept free of surplus, waste or redundant materials or items and shall maintain a clean and tidy work site throughout the duration of the services. All waste must be collected in appropriate containers, properly labelled and disposed of from the work site on at least a daily basis. Access ways and emergency exits shall be kept clear from obstructions at all times.

5.8 Environment

The Contractor shall comply with RasGas EHS requirements and all Health, Safety and Environmental regulations in accordance with the laws of State of Qatar.
Such environmental requirements shall include, protecting the environment by acting to preserve air, water, human life, animal and plant life from the adverse effects resulting from its work or operation of the services

5.9 EHS Equipment

The Contractor shall, at its own expense, provide adequate EHS equipment of an approved type and amount as required and appropriate for the execution of the contract works. The Contractor shall maintain this equipment in good working order and condition in line with any applicable laws and internationally recognised standards. Contractor shall keep up-to-date records of all such equipment for RasGas review from time to time and as deemed necessary by RasGas.

5.10 Personal Protective Equipment (PPE)

Contractors performing work on behalf of RasGas, shall endeavour to eliminate any hazards as deemed reasonably practicable. However, when hazards cannot be removed, appropriate PPE must be utilized. PPE when selected, maintained and used properly helps to establish a measure of protection between the worker and the hazard, but it does not eliminate the hazard. Basic PPE is considered to be mandatory.

The Contractor shall provide and enforce the use of, adequate PPE, which shall be maintained in good condition and shall be replaced as and when necessary. The Contractor shall ensure that its workforce has received instructions on how to use and maintain as well as the limitations of any PPE.

All PPE provided shall be of a type approved by RasGas.

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The Contractor shall maintain the PPE in good working order and condition in line with any applicable laws and internationally recognised standards. In addition the Contractor shall keep up-to-date records of all PPE issued for review by RasGas from time to time and as deemed necessary.

Contractor, entering and/or working Offshore or in any operating hydrocarbon or utility areas of RasGas property including inlet receiving, gas process, acid gas removal, utilities, product storage, transfer loading or other operating areas of the Plant, must wear as a **minimum,** the following items at all times while on the worksite:

- hard hat
- safety shoes/boots
- long sleeve flame retardant coveralls (e.g. NOMEX)
- appropriate eye protection
- be in possession of hearing ear protection (use as appropriate)
- appropriate hand protection
- H2S detector toxi-clip

Personnel not normally working in the above defined hydrocarbon operating or utilities areas, but who may be required to respond to an emergency or enter the areas detailed above must wear the required minimum PPE prior to entering such areas.

Personnel working in warehouses, workshops, laboratories, garages and/or other areas outside the above detailed operating areas, must wear the same basic PPE together with exception of long sleeved coveralls made of 100% cotton (instead of flame retardant material).

Long sleeved 100% cotton coveralls may be worn by Contractor personnel in the Plant, associated areas, or Offshore only during shutdowns when the Plant is hydrocarbon free and as approved by RasGas. If Contractors personnel enter operating areas for any reason, the requirement for long sleeved flame retardant (e.g. Nomex) coveralls applies.

When Contractor Personnel are exposed to flying particles and intense light radiation (e.g. welding and burning, high noise, dust, toxic gases or fumes, chemicals, ionising radiation or any other potential workplace hazard) must wear Personal Protective Equipment specifically designed for the hazard involved.

Contractors Personnel working solely in a RasGas office environment are not normally required to wear Personal Protective Equipment **unless**:

- They enter any of the RasGas Receiving, Operating, Utility, Storage, Transfer, Loading or Maintenance Areas.. This includes the Laboratory, Warehouses and other covered/enclosed work areas or if going offshore for any reason, no matter how short the duration.

5.10.1 Respiratory Protective Equipment

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Contractors Personnel who may be required to use respiratory protection equipment **must** be able to achieve a face to mask seal as verified by qualitative fit testing. Fit testing will be conducted in accordance with the RasGas Respiratory Protection Equipment Fit Test Procedure.

Before using a respirator with a full face-piece, any head covering, glasses, facial jewellery, foreign items in the mouth and other items that may preclude a proper face to mask seal must be removed.

Such requirement shall apply to Contractors Personnel who:-
- may enter operating and associated areas of the plant
- required to work in areas with possible oxygen deficiency
- are assigned emergency response duties
- travel offshore

5.10.2 Hair Styles And Headdress

Hairstyles or headdress that make it impossible for a person to properly wear a hard hat are **not** permitted and are deemed unacceptable by RasGas.

Contractors Personnel who work near moving machinery or rotating tools and equipment and whose long hair and/or beard constitute a hazard **must** tie back or secure their hair/beard by a net or similar means

5.11 Hazardous Materials

Contractor shall not bring on to site any hazardous materials without the prior written consent of RasGas.

Contractor shall maintain a library of current Material Safety Data Sheets for all hazardous materials brought on to site for RasGas review, unless deemed unnecessary by the RasGas Contract Representative

5.12 Smoking, Alcoholic Beverages And Drugs

Smoking is only permitted in designated smoking areas. The carrying of matches or cigarette lighters in hydrocarbon areas is strictly prohibited.

The carrying or consumption of any alcoholic beverage is strictly prohibited at RasGas property. Personnel under the influence of alcohol will be permanently removed from RasGas property.
Taking any kind of drugs unless under medical supervision is strictly prohibited.
Failure to comply with any of these conditions may require RasGas to instruct the Contractor to remove any employee concerned or the Contractor from RasGas property.

5.13 Driving

5.13.1 Vehicles/Equipment and Driving Safety Rules

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The Contractor shall comply with Qatar Traffic Rules and RasGas' vehicle/equipment safety requirements.

The Contractor shall provide motor vehicles and equipment in compliance with Qatar Traffic Rules and RasGas safety standards.

All heavy and light motor vehicles and machinery shall be made available to RasGas for safety checks and testing prior to commencement of Services on the worksite.

The Contractor shall ensure that only qualified and licensed/certified personnel are permitted to operate vehicles and equipment.

The Contractor shall ensure that all heavy machinery required for the Services (including but not limited to cranes, bulldozers, trucks, tractors, vehicles, etc) shall be properly certified, licensed, registered as well as fit for purpose, prior to and during the period of the Work.

The Contractor shall maintain an up to date register of drivers, type of driving license and approved test certificates for the duration of the Services.

Contractor Drivers/Operators of heavy machinery such as cranes, side booms, forklifts, and earth moving equipment, etc. providing the services may be tested and their competency verified by RasGas prior to commencing and during the services .

Contractor Drivers undergoing medical treatment, or having an injury such that their ability to drive is affected, shall not be permitted to drive until they have completely recovered and been cleared by a licensed medical officer as fit to operate their vehicle.

All Contractor motor vehicles and equipment entering the Plant area shall display a RasGas vehicle inspection tag.

5.13.2 Contractor Vehicle and Equipment Requirements

All motor vehicles and other mobile equipment shall be certified, licensed, registered and fit for purpose, regularly inspected and well maintained in accordance with Qatari law and good driving practices.

The seats of vehicles and other mobile equipment shall be equipped with seat belts, preferably of the three fixed points type, which shall be used by the driver and all passengers prior to putting the device in motion.
Transporting personnel in the load area of vehicles or equipment is not permitted. In addition:

All Contractors vehicles shall comply with the following requirements:

- Vehicles shall be serviced regularly and maintained free from oil leaks
- Vehicles shall only be driven on proper roads and access ways
- All vehicles and mobile equipment shall be fitted with a suitable muffler system

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- All motor vehicles, and mobile equipment shall be fitted with a suitable fire extinguisher
- Consideration shall be given to the careful selection of motor vehicles, and mobile equipment suited to particular environmental protection requirements

5.13.3 Driving Rules

Breaches of any of the following traffic regulations will result in disciplinary action and/or removal from RasGas property:

1. exceed the posted speed limit
2. fail to wear seatbelts including all passengers
3. fail to observe posted instruction e.g. Stop sign, No Overtaking, etc.
4. carry personnel in load area of vehicle
5. driving in a manner liable to endanger others, personnel or RasGas property.
6. failing to observe the Plant Access and Permit to Work Procedures regarding vehicle entry into hazardous areas;

5.14 The Use of Light Metal Alloys In Hazardous Areas

Contractor shall confirm the understanding that ignition of gas-air mixtures can occur as a result of impact or rubbing of metals. Impact between light metal alloys and rusty steel can produce sparks of high energy due to thermite reaction, which may ignite a flammable mixture.

As a safety precaution, light alloy ladders and scaffolding shall not be used in Zone 0 and 1 Hazardous areas.

5.15 Guards And Guarding Systems

The Contractor shall be required to keep in place all guarding systems provided by the manufacturer of the equipment/machinery to protect workers from inherent hazards associated with the operation of rotating machinery.

Electrical guarding systems shall be maintained in good order and operable. Bonding and earthing are essential to electrical safety. Electrical equipment is earthed primarily for the protection of Contractors personnel and secondly for the protection of the equipment. Moreover, earthing shall be checked and measured frequently and routinely with records maintained for these checks.

Guarding of stationary and mobile equipment shall be within manufactures limits and as recommended by the relevant standards and codes.

5.16 Heat Stress

Qatar has a very hot and humid climate with summer temperatures ranging from 25°C to 49°C and average relative humidity of 75%. This climate creates a potentially dangerous situation for those exposed to the heat; additionally the risk

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of accidents increases with extremely high temperature. At lower heat stress levels, the discomfort factor influences the workers to do whatever it takes to either get out of the hot area as soon as possible or modify the work process to reduce workload. At higher heat stress levels, mental confusion can develop and cause workers to perform unsafe acts.
Work in dry or moist heat poses a number of hazards. As long as personnel are in a protected environment the risk is minimal. However, when personnel step out into the extreme heat or humidity, there exist a number of potential hazards.

During the high temperatures of summer months Contractor shall ensure that personnel are transported in well ventilated busses/vehicles to and from the worksite to reduce the effect of heat stress on their employees.

It is, Contractors responsibility to ensure a safe system of work, which addresses heat stress for all Employees.

The hierarchy for providing a safe working environment in high heat is the same as exposure to any other dangerous substance. An effort should be made to substitute or engineer out the need to be exposed to heat, by automating outdoor tasks where practical or using fans or air conditioning. The second option would be to use Administrative controls such as limiting work to a cooler part of the day and modification of the work-to-rest ratio. The final option is to use personal protective equipment such as personal cooling devices.

The heat stress shall be monitored by WBGT (wet bulb globe temperature). Heat exposure shall be measured by a heat stress monitor complying with ISO 7243. The following table gives recommended work-rest regimes based on WBGT:

Workload			Work-rest routine (each hour)
Light	Medium	Heavy	
30.0	26.7	25.0	Continuous work
30.6	28.0	25.9	45 min work/15 min rest
31.4	29.4	27.9	30 min work/30 min rest
32.2	31.1	30.0	15 min work/45 min rest

Light workload: sitting or standing; inspecting or monitoring hot processes; walking in easily accessible areas; very light assembly operation; light control operations (e.g. buttons, hand wheels).

Medium workload: carrying or stacking light items; operating heavy controls (e.g. opening valves); cleaning or clearing light debris, spills etc.; walking in congested areas (e.g. limited head room), heavy welding.

Heavy workload: intense arm and trunk work; pushing or pulling heavily loaded cages or pallet trucks; heavy procedure handling; clearing heavy debris.

Rest locations should be ventilated and shaded. Contractor's Employees shall have an adequate supply of cool water available in rest location and encouraged to drink plenty of fluids to replace those lost during work activities.

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Shade, ventilation or air conditioning may be used to reduce the WBGT experiences in the workplace. Measurement shall be taken in the area of work activities. Power tools should be used when practical to reduce the physical workload. Metal tools should not be left in direct sunlight. Metal work surfaces and platforms should be shaded in work areas.

6.0 EMERGENCY RESPONSE

The Contractor shall strictly observe the Plant Access Procedure. This procedure has been developed to establish the control of personnel access into the process areas of the onshore plant in order that in the event of an emergency, an accurate account of personnel in the plant can be verified

In the event of an emergency during the period of the work, the Contractor shall follow the RasGas Emergency Management System. The Contractor shall ensure that its staff is fully familiar with their roles and responsibilities in the event of an emergency.

Contractor shall maintain lifesaving, evacuation, rescue and medical equipment and other equipment and supplies required in an emergency in good working order and condition at all time. Contractor shall use its best efforts with all practicable means to control and prevent fires and explosions, injury to personnel, damage to equipment or property and environmental releases or spills. Without limitation on the foregoing, Contractor shall:

a. Possess and maintain a written emergency plan applicable to the Work and Site; maintain documentation that this has been communicated to all personnel and Subcontractor personnel; and regularly schedule emergency drills in conjunction with Company emergency teams; written copies to be provided to the Company upon request;

b. Maintain equipment in good operating condition and have emergency and first aid medical equipment ready and available for immediate use on Site, where applicable;

c. Conduct equipment tests to ensure that equipment is properly placed and in good operating condition, and that personnel are able to respond to emergency situations and effectively operate the required emergency equipment;

The Contractor shall comply with the following with regard to preventing fires:

A. All flammable liquids, including petroleum products, paint thinners, or other flammable materials, shall be properly marked, stored and protected from damage.

B. Work areas shall be kept clear of trash and other combustible materials.

C. Trained Fire Watch personnel shall be in attendance wherever open flame hot work is in progress. Fire extinguishers, fire hoses or other fire-fighting equipment will be required to be readily available at the work site. Unless the contract expressly states otherwise, such fire-fighting equipment shall be provided by the contractor. The use of RasGas Unit fire extinguishers or hoses for purposes other than emergency situations is prohibited.

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6.1 Incident Reporting and Investigation

Unless otherwise expressly stated within the contract, the Contractor shall adopt the RasGas Incident Reporting procedure. At the end of every month and at the completion of the contract the Contractor shall prepare a summary report of its safety and environmental performance together with incident statistics and submit to RasGas EHS Department for review and acceptance.

7.0 SAFE WORK PRACTICES AND PROCEDURES

7.1 Permit To Work

All routine and non-routine work performed by Contractor that presents increased risks are subject to the issue of one or more of the Permits and Certificates listed below. RasGas approved Permits will only be issued to Contractor personnel who have successfully completed the RasGas Permit to Work training programme.

a) For Cold Work
Cold Work is any work activity that does not involve a source of ignition. This includes but is not limited to Procedure excavations to a depth of less than one metre, bolting and unbolting of pipeline and vessel flanges not containing flammable materials, removal of electrical and instrument equipment which has been de-energised or de-activated. A permit is not required for "work" that is restricted to visual inspection.

b) For Hot Work
Any work activity involving a source or potential source of ignition. Examples of hot work involving a source of ignition are welding, burning, grinding, electrical heat induction, disk cutting. Examples of hot work involving a potential source of ignition are: internal combustion engines; dry grit / shot blasting; needle gunning; use of non- certified electrical / electronic equipment; use of soldering irons; heat shrink blowers; steel wire brushes; use of battery powered cameras; work with X-ray radiation sources, any other activity where the possibility of heat generation or other a source of ignition may exist.

c) For Confined Space Entry
A confined Space Certificate is required for entry into a confined space which is defined as any enclosed or partially enclosed space where:
- Entry is possible; **AND**
- Access might be physically restricted; **AND**
- Egress is restricted or difficult; **AND**
- There is a risk of oxygen deficiency; **AND**
- There is a risk of, or accumulation of dusts, vapours or gases which are flammable or hazardous to health.

Doorways and other portals through which a person can walk are not to be considered limited or restricted means for entry or exit. However a space containing such a door or portal may still be deemed a confined space if an entrant's ability to escape in an emergency would be hindered.

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An "entry" is considered to have been made when any part of the body breaks the plane of an opening into the space.

Confined Spaces may include but are not limited to: -

- storage tanks, process vessels, boilers, pressure vessels, columns and other tank like compartments
- open-topped spaces such as pits or trenches
- pipes, sewers, shafts, ducts, pump sumps, valve pits
- fin fan enclosures, roof spaces, under floors, air ducts, furnaces, excavation greater than 1 metre in depth

d) For Excavation
A certificate is required for any excavation that includes all and any work, which breaks the ground surface and extends below it, with the exception of designated garden areas where the depth of excavation does not exceed 200 mm.

Excavation includes digging by hand or by mechanical means.

Excavation includes trenching, digging, boring, drilling, grading, pile driving or any other form of work likely to disturb the strata below the ground surface.
During excavation work, should unidentified services, cables or pipelines be located, work must cease until RasGas Issuing Authority's approval is given for re-commencement. The Issuing Authority will involve RasGas Engineering Department representative, so that the line can be identified and recorded.

e) For Radiation
Prior approval and permit must be obtained from RasGas and from the relevant Authority for the use, possession, movement or disposal of any radioactive substance at the RasGas property.

7.1.1 Application

Written application for any type of Permit shall be made by the Contractor (minimum twenty four (24) hours) in advance of the proposed work commencing.

7.2 Electrical Equipment

7.2.1 Approval By RasGas

All electrical equipment shall be approved in writing by RasGas prior to the commencement of the Services.

7.2.2 Certification

Contractor confirms acceptance that all electrical equipment for use within a hazardous area shall be selected according to British Standard BS 5345, which is summarised as follows:

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Zone	Type of Protection
0	"ia" Intrinsically safe apparatus or system "s" Special protection (specifically certified for use in Zone 0)
1	Any explosion protection suitable for Zone 0 and: "d" Flammable enclosure "ib" Intrinsically safe apparatus or system "p" Pressurisation, continuous dilution and pressurised rooms "e" Increased safety "s" Special protection
2	Any explosion protection suitable for Zones 0 or 1 and: "N" Type of protection "o" Oil-immersion "q" Sand filling

7.2.3 *Maintenance Of Equipment*

It is the responsibility of the Contractor to install, use and maintain, all Contractors portable electrical equipment during the Services in a safe condition.

7.2.4 *Isolation From Mains*

When not in use, it is the responsibility of the Contractor to ensure that all portable electrical equipment is isolated from the mains. The Contractor shall provide means of quick and effective isolation i.e. mechanically disconnected by unplugging, of all circuits.

7.2.5 *Ingress Protection*

Contractor shall ensure that all electrical equipment shall have a minimum rating of IP 54. In wet areas or areas liable to become wet, electrical apparatus shall be placed at a minimum height of 450mm above the ground.

7.2.6 *Energising Temporary Supplies*

Before energising temporary supplies, written permission shall be obtained by the Contractor from RasGas. The written permission shall be granted only after the installation has been inspected by a RasGas Authorised Person.

7.2.7 *Electric Power Tools*

Contractor shall ensure that wherever possible, low voltage equipment will be used. Equipment should be double insulated or used in conjunction with a residual current device (RCD) or ground fault circuit interrupter (GFCI). The RCD or (GFCI) if used shall be fitted as close as possible to the outlet.

7.2.8 *Temporary Lighting*

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Contractor shall ensure that only 24-volt, explosion proof (EX rated) temporary lighting is approved for use within confined spaces.

7.2.9 Extension Leads

Contractor shall ensure that wherever possible the use of extension leads will be minimised. Where extension leads must be used then only braided, 3 core leads are acceptable.

7.2.10 Alternative Shock Protection

Contractor shall comply with the following:

a) Sensitive earth fault protection by means of a residual current device (RCD) or ground fault circuit interrupter (GFIC) operating at a maximum setting of 30mAmps.

b) Double insulated equipment provided that the supply lead is fitted with protection as in a) above.

c) Isolating transformer with a maximum supply cable length of 2 metres.

d) Equipment outside these categories may be used subject to the approval by RasGas representative.

7.2.11 Non-Interchangeability

Contractor shall ensure that lamp holders, sockets, etc., shall be chosen such that equipment operating on different voltages is not interchangeable.

7.2.12 Second Earth Connection

Contractor shall ensure that regardless of any internal earth conductor, a second visible and effective earth connection consisting of separate flexible line of insulated copper wire of sufficient cross section must be fitted to those external metal parts of transportable electrical equipment, such as generators, transformers, switchgear, distribution gear and equipment which in the event of a "defect" may become live.

The separate earth connection shall be arranged so that it is made before the plug is inserted in the socket and not broken until the plug has been withdrawn from the socket

7.2.13 Inspection By RasGas

All electrically operated tools may be subject to inspection by RasGas at any time and if any are found to be in an unsafe condition, then Contractor shall immediately tag "Do Not Use" and such defective tools shall be either replaced or repaired, as directed and agreed by RasGas.

7.2.14 Safety Flashlights

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Contractor shall ensure that only approved flashlights certified for hazardous areas shall be used in an Operating Area.

7.3 Contractors Lifting Equipment and Vehicle Inspection

The following applies to all Lifting Equipment / Vehicles used by Contractor on any Ras Gas Work Site. Contractor shall be responsible for Lifting Equipment / Vehicle Inspection as detailed below.

7.3.1 Contactors Lifting Equipment Services

These requirements shall ensure that all Lifting Equipment to be used by Contractors or Sub-Contractors on RasGas Worksites have been checked, are provided in accordance with relevant certificates standard(s) and comply with RasGas Lifting Equipment procedure prior to commencing the Services

7.3.2 Certifying Authorities

The following certifying authorities are recognized by RasGas:-
- Bureau Veritas
- Lloyds Register
- Velosi TUV Bayern ClassNK
- Germanischer Lloyd
- American Bureau of Shipping
- Det Norsk Veritas

7.3.3 For mobile cranes, forklift and other mobile lifting equipment the same certifying authority is required to carry out vehicle inspection, testing and certification of any lifting equipment.

7.3.4 *Contractors shall comply with the following Lifting requirements*
Prior to commencement of services on the Work Site, Contractor shall ensure that:

a. Lifting Equipment is in good working order and free from defects.

b. Each item of Lifting Equipment is clearly marked with Unique Identification Number and with the Safe Working Load or Maximum Gross Weight / Payload / Tare Weight

c. The Contractor shall use a colour code system to identify all certified lifting gear. The Contractor shall post and ensure that all personnel are made aware of the current colour code.

d. Each item has been thoroughly examined and subjected to Proof Load Test by one of above specified certifying authorities and certificate of examination /test shall be issued and available for RasGas review.

e. Contractor shall maintain:
   - Up to date Register of Lifting Equipment certificates (Equipment certificates with validity date less than two weeks will be not acceptable for use at the RasGas.

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- Up to date Register of Crane operators, forklift operators, riggers and validity certificates. Validity date for all operators shall not be less than two months.

f. Any of the following repair / replacement requirements that occur during the Contract period shall be reported to RasGas Representative

Such repairs and replacements shall include but not limited to:

- Replacement of bearing elements on lifting equipment
- Hook repair
- Hoisting, Boom wire rope, Chain replacement
- Split the lifting devices & assembly together (i.e., Chain Block, Roll Lift, etc.)
- Replacement, welding of Crane Boom, lattices, etc.
- Brakes repair, Brakes replacement or Brake parts replacement
- Repair of Hydraulic systems for Lifting Equipment (i.e. out riggers seal replacement, main boom jack seal)
- Repair or replacement of Safe Load Indicator.
- Any repair related to the strength or stability of the crane, fork lift or other lifting equipment shall be reported to the Contractor's supervisor and copied to RasGas Contract Representative. After repair/replacement, the Certifying Authority shall carry out a Thorough Visual Examination and witness Overload Proof/Test of the Lifting Equipment.

7.3.5 On site inspection of Lifting Equipment

a. Prior to commencement of the services on worksite, RasGas representative will review all required documentation and certification and will visually inspect the Contractor's Lifting Equipment. **RasGas Representative may request Original Documentation & Certification to be presented for review. True certified copies of which may be accepted for the RasGas review purpose.** All documents and certification shall be signed and stamped by the appropriate certifying authority.
b. Any item(s) of Lifting Equipment delivered to the RasGas worksite without the required certification shall be deemed unacceptable to RasGas and therefore it is Contractor's responsibility to tag "Do Not Use", remove, replace or re-certify such equipment in accordance with the requirements specified herein. Uncertified equipment shall not be left at the Company site.

7.3.6 Re-certification of Equipment

It is the responsibility of the Contractor to arrange the re-certification of Lifting Equipment every six-months for loose gear (Loose Gear – e.g., Slings, Shackles and Chain Blocks.) and every year for Cranes and Forklifts, with a recognized Certifying Society.

7.3.7 Records

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For all items of Lifting Equipment, the Contractor shall retain in a safe place on the worksite, copies of the current Proof Load Test certificates and valid Thorough Examination reports.

7.3.8 Onsite Surveys / Inspection

RasGas representative may carry out spot checks to ensure that Contractor is not using uncertified, out of date, or inadequately marked lifting equipment. Any such equipment shall be immediately removed from service and quarantined until all certifications have been verified and accepted by RasGas.

7.3.9 Uncertified Equipment

Any Contractor Lifting Equipment found on the worksite without the above-required certification shall be immediately removed from site until such time as the relevant documentation is provided by the Contractor.

7.4 Operational Requirements

7.4.1 Contractor Crane Operational Requirements.

a) Cranes will only be operated by persons who are properly trained and qualified and hold a valid licence.

b) No Crane Operation will take place without an appointed, identifiable competent rigger and signalman.

c) No Crane Operation will take place without an adequate system of communication between the Crane Driver and the signalman.

d) The hoisting mechanism of a crane shall not be used for any purpose other than lifting a load vertically.

e) Cranes shall not be used to transport loads, unless specifically designed for this purpose. The hook of a crane must be secured to prevent it swinging when the crane is in transit.

f) Mobile Jib Cranes, side booms and 'A' frames shall not work in the vicinity of overhead Power lines unless a safe working distance of total length of the jib plus 3 metres is maintained.

g) Cranes of one ton or more lifting capacity shall be fitted with an Automatic Safe Load Indicator, a Radius Indicator, and a Crane Capacity Chart displayed in the operator's cabin.

h) The Contractor shall submit a lifting plan for approval by the RasGas Contract Representative.

i) Passengers are forbidden from riding on/in cranes.

j) The operator must remain in the cab of the crane with seat belt properly secured whenever there is a load on hook or the crane is being moved.

7.4.2 Contractor Fork Lift Trucks Operational Requirements

a) Industrial Fork Lift Trucks shall not be used to lift a load greater than the maximum rated safe working load permitted for the truck.

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b) Passengers are forbidden from riding on Fork Lift Trucks.

c) Fork Lift Trucks shall only be driven and operated by persons so trained, qualified and licensed.

d) Load handled or transported by forklift trucks must be properly secured and/or palleted.

e) No rigging gear is permitted on the forks of the lift truck unless it is a properly certified and rated fork mounted jib.

f) No loads or equipment may be transported in or partially in the cab of the lift truck.

g) The operator must remain in the cab of the lift truck with seat belt properly secured whenever there is a load on the forks or the lift truck is being moved.

7.5 Compressed Gas Cylinders

Compressed gas cylinders shall be used, stored and transported in accordance with RasGas requirements.

7.6 Tools

Contractors must ensure that employees have access to proper tools and equipment in order to perform the work in a safe manner. Contractors Personnel who use tools shall be properly trained to use, inspect/test and maintain tools safely.

7.7 Scaffolding

Contractor Scaffolding shall be erected, inspected and dismantled in accordance with RasGas requirements.
The Contractor shall –

- ensure that only well trained "certified" persons erect and dismantle scaffolding.
- provide a "competent person" to inspect scaffolding erections and alterations prior to use, and provide technical advice regarding scaffolding erections if required by RasGas .
- ensure that the "competent person" is well trained to British or equivalent Standards for Scaffolding Works.

7.8 Ladders

The Contractor shall ensure that employees who use ladders must be trained in proper selection, inspection, use and storage.

7.9 Fall Protection

Where any potential exists for injury of personnel due to falls, there shall be physical controls in place to prevent such occurrence. The controls used shall be effective 100 percent of the time, i.e. this will require a body harness to be tied off 100 percent of the time (therefore use of dual lanyard devices with shock absorber shall normally be required).

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For heights over two meters some form of physical fall protection controls shall be used.

For heights less then two metres the Risks shall be assessed and appropriate fall protection controls applied.

All equipment used to provide fall protection shall be certified as fit for purpose, i.e. scaffold built by competent personnel using certified material, body harnesses, lanyards and associated equipment maintained as per manufacturer's specifications and inspected (with records maintained) prior to use by Contractor.

The personnel using the fall arrest equipment shall have completed training and be able to demonstrate competence in its use.
Only full body harnesses are approved by RasGas for use by Contractor.

7.10 Radioactive Substances

Contractor personnel may use radioactive material at RasGas worksite provided that prior approval has been given by RasGas and that all necessary licenses (permits) have been obtained from the relevant Authority. The Company shall be satisfied that the use of radioactive material is justified and appropriate precautions are in place to manage any potential risks. The RasGas EHS Department is responsible for reviewing and approving Contractors' procedures before any work shall commence.

7.11 Job Safety Analysis (JSA)

RasGas requires Contractors to develop and document Job Safety Analyses for work that is to be undertaken. When selecting jobs to be analysed, several factors should be considered.

- Frequency of Accidents: A job that has repeatedly produced accidents is a candidate for a JSA.
- Severe Injuries: Every job that has produced disabling injuries should be given a JSA.
- Severity Potential: Some jobs may not have a history of accidents, but may have the potential for severe injury.

New work practices or tasks: New work practices or tasks created by changes in equipment or in work method that have accident potential shall require a JSA.

7.12 Energy Control (Lock-out/Tag-out)

Contractor shall implement an Energy Control (Lock Out/Tag Out) procedure meeting Company requirements for all work on equipment, which may inadvertently operate during test, repair or maintenance.

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8.0 ENVIRONMENTAL MANAGEMENT TECHNIQUES AND PROCEDURES

Contractors commitment will be expressed through allocation of resources, setting standards, systematic review of performance including inspection and monitoring, active follow up of any unsound conditions and reporting of any incidents to RasGas concerning the environment. Unless otherwise advised Contractor shall comply with the following as a minimum:-

8.1 Environmental Control Plans

The Contractor shall develop operational environmental plans and procedures. Such plans and procedures shall include but not be limited to the following:-

8.1.1 Strategic environmental control plan, which will describe in general terms the actions to be taken to protect the environment as the work progresses. This plan will be regularly updated and where applicable deal with:

- Scheme for preparation of operational and emergency procedures for environmental conservation.
- Communication with RasGas with respect to compliance with environmental impact assessment reports and environmental permits.
- Communication with RasGas on environmental aspects of processes, equipment, HAZOP, planning and materials used.
- Development of instructions and procedures for environmental protection during the work
- Development of environmental audit/inspection procedure for this work.
- Development of monitoring, recording and reporting procedure for environmental performance and non-conformances.

8.1.2 Environmental Control action plans with realistic measurable targets, describing in general terms the aims and targets to be achieved. Such activities shall include those actions required to comply with external regulations and RasGas environmental procedures.

8.2 Environmental Training and Awareness

Contractor staff must be aware, informed and trained to perform their daily activities in an environmentally responsible way. Promotion of awareness will be achieved by:

- Induction courses
- Field site surveys to activate plans and check conformance
- Environmental conservation and protection instructions
- Written notification of potential environmental concerns and/or non-conformances.
- Training Courses

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All Contractor personnel employed on or visiting the RasGas Property will undergo a brief environmental induction course, at the same time they undertake their safety induction.

The environmental training course will cover the following subject areas:

- Project Environmental policy
- Contractor involvement and commitment for pollution prevention
- Oil and Chemical spills
- Waste management
  - Segregation
  - Containers
  - Marking labelling
  - Recycling
  - Disposal
  - Transportation
- Noise Control
- Fire Prevention and Control
- Waste water quality/treatment
- Environmental reviews and audits
- Contingency and Emergency Response Plan for environmental releases
- Hazardous material labelling and management

8.3 Communication

Environmental matters will be covered as a standing agenda item during Contractor safety (EHS) meetings. The objectives of these meetings include housekeeping and the resolution of any concerns or problems that emerge (e.g. unsound conditions, incidents).

8.4 Performance Measurement and Appraisal

Contractor shall provide systematic monitoring, measuring and reporting of environmental performance for effective management and control. This shall include but not limited to:

a) Monitoring and measuring of performance

- Measuring and recording of quantitative information, such as amounts and concentrations of emissions, solid and liquid wastes, number of spills, number and extent of deviations from compliance with regulatory requirements.
- Good housekeeping/waste management records
- Number of staff receiving environmental induction and refresher/updates inductions
- Environmental management measures implemented.
- Qualitative assessment of the extent and severity of any impacts
- Environmental audits and inspections

b) Reporting of Performance

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Internal performance reporting to RasGas will be applied to measure the results of action plans and to determine whether adjustments achieve desired performance improvements.

8.5 Specific Environmental Issues And Control Methods

Potential environmental impacts and associated controls/corrective activities that the Contractor shall incorporate into work procedures shall include but not limited to:

8.5.1 Oil / Chemical Spills

Oil spills can occur as a result of the following activities or hazards:

- Ruptures due to excessive heat and/or fire
- Failure of instrumentation/controls for overflow systems
- Pipe, spool and joint failures
- Leaks from machinery and motor vehicles
- Leaks from tanks drums or containers due to puncturing
- Leaks from taps/valves due to failure of, or accidental, or purposeful opening
- Failure of connections/couplings due to poor design or incorrect connections
- Blockage of drains and open flow lines
- Failure of pipework, containers and equipment due to corrosion
- Failure of storage tanks due to excessive differential settlement
- Leaks from storage tanks

8.5.2 Prevention and Containment of spills

Spills will be prevented or contained by the following means: -

- Professional and rigorous design of all equipment including built in leak detection
- Formal inspections of equipment containing oil
- Use of correctly bunded bulk oil storage facilities
- Where bulk storage is not possible, oil drums and containers to be stored on wooden pallets in bunded areas
- Scheduled inspections and maintenance of all motor vehicles and mobile equipment
- Use of absorbent material to contain and aid in the clean up of oil spills
- Use of "drip" trays to catch and contain leaks
- Use of drum lifting devices to lift and carry drums
- Use of soil to prevent large oil spills spreading to water ways

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- Correct waste disposal practices
- Training of supervisors and managers in above requirements
- Use of impermeable membranes to catch oil leaks and to stop the volatile products migrating through the sub soil and into the water table.

8.5.3 Marine Oil Spills

Marine oil spills will be prevented or contained by the following means: -

- Professional and rigorous design of all equipment
- Hydrostatic testing of all pipes and associated fittings
- Review of correct operation of process controls prior to commissioning of new facility
- Provision of bundling on vessels to prevent discharge of oil.
- Provision of oily-water separator on vessels to prevent discharge of oil with bilge water.
- Use of correct drum/container lifting equipment when lifting and transferring drums/containers.
- Contain oil spills on decks of vessels and correctly dispose of waste by mopping up and placing in bags or containers for delivery to shore.
- Ensuring that all employees associated with marine activities are to be briefed regarding the necessary requirements and are instructed in correct oil spill response and reporting procedures.
- Proper lines of communication established via radio or telephone to ensure major oil spills are reported expediently to the control room or person(s) in charge of operations.
- Above requirements are communicated to Sub-Contractors in written contracts and communiqués to ensure compliance.

8.5.4 Chemical Spills / Releases (Hydro testing)

Chemical spills or releases will be prevented by the following means:

- Correct storage of chemicals in line with requirements of material safety data sheets (MSDS).
- Storage of chemicals in correctly labelled and designed containers.
- Use of "bonding" to prevent static explosion where required.
- Use of bunding around chemical storage area / compound.
- Chemical handling and transfer to be undertaken by trained employees.
- Chemicals / hydrated fluids to be disposed of in line with recommended safe practices for handling and disposal of such chemicals.
- Chemical spillage or waste will be collected and disposed of safely and without harm to the environment.

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- Containment of hydrostatic fluids, at conclusion of test(s), for safe disposal.
- Containment of drying chemicals, i.e. where methanol is used at completion of hydro testing.
- Training of employees in chemical spill response and reporting requirements

Where chemicals are used during hydrostatic testing, telephone and/or radio communication will be maintained to ensure that any chemical leak is controlled expediently, immediately following detection.

8.5.5 Noise

Noise from construction activities will be minimised by use of the following controls: -

- Where practicable use of acoustic shields to contain and dampen noise.
- Fitting of mufflers to all combustion engines and pneumatic devices.
- Effective maintenance of plant and equipment to ensure that it does not produce excessive noise due to worn or faulty parts.
- Conducting of noise surveys to determine noise levels and appropriate controls.
- Training of personnel in correct use of equipment fitted with noise control devices.
- Employ engineering practices, which will help reduce noise i.e., use of hydraulic pile driving etc.

8.6 Waste Disposal

Contractor shall comply with the following for safe and effective methods of waste disposal.

8.6.1 Domestic waste

Domestic waste such as kitchen/mess scraps, disposable cups, waste paper, etc. must be collected by cleaners and taken to a nominated disposal area, approved by RasGas, for disposal of contents.

8.6.2 Industrial / Construction waste

Industrial waste, which includes concrete, metal, timber and other waste of a non-hazardous nature shall be disposed of into industrial waste skips, which shall be located around the site. Once compacted and full, these skips shall be taken to a nominated disposal area, approved by RasGas, for disposal of contents.

8.6.3 Liquid waste

Liquid waste, which includes sewage sludge, oil and grease trap waste and general waste oil, shall be collected by an approved waste disposal

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Contractor and disposed of in a dedicated disposal area. Waste oils from machinery and plant are to be stored in drums and instructions/approval sought from RasGas for recycling.

8.6.4 Hazardous waste

To ensure that materials treated with hazardous chemicals do not become a hazard to the public, all such materials shall be disposed of in a safe manner. Operating Procedures shall include information on Personal Protective Equipment (PPE) required for handling the waste. These substances must be disposed of by the appropriate method advised by the site Environment, Health & Safety (EHS) Officer and approved by RasGas.

8.6.5 Chemicals

All chemicals and materials containing chemicals as constituents e.g. detergents must be considered controlled wastes from a disposal view point. These substances must be disposed of by the appropriate method advised by the site EHS Officer and approved by RasGas.

8.6.6 Contaminated Soil and Construction Spoil

Contaminated soil may be subjected to on site treatment or sent to a landfill site. Construction spoil consisting of soil and debris may be sent to an approved landfill site, as instructed by the site EHS Officer.

8.6.7 Banned Materials

Lead based paints and coatings as well as supplies and materials containing asbestos, PCB's (polychlorinated bi-phenols) and halogenated solvents are banned from and shall not be used on RasGas work sites.

8.6.8 Recycling/Reuse

The Contractor shall prepare and implement a material and waste-recycling program for oil, paper, metal, wood, plastic and other recyclable materials.

8.6.9 Hazardous Containers

Containers which have been used to store oil, chemicals or hazardous materials must be completely cleaned before recycling.

8.6.10 Other Wastes - General

Other waste materials, which do not clearly fall into one of the above categories, must only be disposed of after seeking approval by RasGas. All waste receivers shall sign to signify receipt of the wastes. A monthly data summary of the wastes collected shall be reported to RasGas. RasGas shall approve all waste disposal sites, transport methods to waste disposal sites and arrangements for all waste disposal sites. All waste disposal practices must also meet government regulations and standards.

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8.7 Emergency Contingency Planning

Contractor's preparedness for environmental emergency consequences (e.g. large oil / chemical spill, leaking storage tank or pipelines) includes:

- Preparatory measures (identification of sensitive features, construction of containment areas, purchase of equipment, clean-up resources, etc).
- Testing of equipment and response personnel.
- Contractual arrangements.
- Co-operation with relevant authorities and emergency services where appropriate.

8.8 Environmental Records

Contractor's nominated/authorised person shall keep and maintain environmental records in order to demonstrate and provide evidence of the ongoing operation and management of the environment policy and program.

In addition to the requirement to maintain statutory records (where applicable), records will also be maintained in respect of: -

- Details of deviation with the RasGas policy or procedures and the corrective actions taken.
- Details of any incidents and follow-up actions taken.
- Details of any complaints and follow-up actions taken.
- Appropriate supplier and Contractor information.
- Inspection, test and maintenance reports
- Product composition and identification data.
- Emission/discharge monitoring data
- Waste characterisation, storage, recycling and disposal
- Training attendance sheets

Records shall be accessible to appropriate and approved personnel and authorities and shall be retained in accordance with the statutory requirements.

9.0 EHS Reviews

9.1 Site Inspection / Job Planning

Prior to commencement of the Work, the Contractor shall inspect the Site and ascertain whether any health or safety hazards exist. The Contractor will correct identified hazards before commencement of the Work or will take steps to prevent personnel exposure to the hazard. The Contractor will document this inspection and prepare Job Safety Plan to deliver to the Contractor's employees or Subcontractors in pre-job safety meetings. A copy of the document will be maintained at the Site and made available to the Company.

The Contractor shall conduct formal weekly job inspections by the Contractor's Site and safety managers utilizing preformatted checklists. The Company shall

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be permitted (but not required) to participate in the Contractor's inspections. The Contractor shall not cause, permit, or tolerate a hazardous, unsafe, unhealthy or environmentally unsound condition or activity over which it has control to be conducted at the Site. All unsafe conditions shall be prompting corrected and documented on inspection reports. All inspection reports shall be made available to the Company. Any conditions which can not be immediately corrected shall be brought to the attention of RasGas.

9.2 RasGas EHS Reviews

RasGas may if deemed necessary carry out EHS reviews over the course of the work or services performed

Such reviews may include but not limited to:-

- Legislative and regulatory requirements
- Evaluation and registration of significant EHS effects
- Evaluation and registration of potential EHS impacts
- Assessment and evaluation of existing EHS practices and procedures
- Conformance with RasGas EHS procedures
- Feedback from previous incidents reports and aspects of non-compliance.

In all instances, normal and abnormal operations of the location/site and potential emergency conditions will be considered in the review process.

In establishing review criteria the following aspects will be considered: -

- Areas where EHS performance can be improved, e.g., injury, incident & near miss reduction, noise level reduction, waste reduction, emissions reduction, reduction of non-conformances, etc
- Environmental aspects of products, services and or by-products e.g. waste and emissions
- Resources consumption
- Use of potentially hazardous processes and materials
- Waste and loss minimisation
- Use and disposal of hazardous materials, products and waste
- Incorporation of EHS controls in design and operation
- Adequacy of resources
- EHS training criteria
- Communications on EHS factors
- Records and non-compliance review procedures
- Capacity to handle environmental and other emergencies

Review reports shall include details of problems and deficiencies and suggest order of priority for dealing with these.

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9.3 EHS Audits and Assessments

During the course of the work a number of EHS audits/assessments may be conducted by RasGas at agreed intervals. These audits will be either internal or external depending on requirements and circumstances. The objective and resulting reports for each audit shall identify the following:

- Whether or not EHS policies and procedures are being adhered to.
- Evidence of EHS contacts and compliance in the actual workplace.
- Effectiveness of management systems in communicating the importance of EHS controls
- If the implementation of EHS policies and plans is satisfactory in respect of cost effectiveness and safe operation.

Audits shall be carried out in such a manner that they take into account:-

- The specific activities of each site in respect of: -
  - Operational structure
  - Administrative and operational procedures.
  - Work areas, operations and procedures
  - Documentation, reports and records
  - Actual EHS performance.
- The frequency of the audits based on their EHS impact and importance of individual site activities.
- Contractor's personnel involved in completing EHS audits will be, so far as is reasonably practical, independent to the site being audited.

Audits shall be undertaken by RasGas / Contractor's personnel having expertise in the relevant disciplines required. Auditors will also adopt the necessary protocol, including questionnaires, checklists, interviews, measurements and observations when conducting audits at a particular work sites.

Audit reports will reflect the findings in respect of: -

- Areas of conformity and non-conformity of the EHS policy and procedures
- The effectiveness of the EHS management system in respect of meeting listed controls and objectives.
- The implementation of recommendations arising from: -
  - EHS reviews.
  - Previous EHS audits and assessments.
  - Incidents and emergencies.

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10.0 REFERENCES

The following EHS Specifications / Standards / Procedures are available at all times with the RasGas EHS Dept. The Sponsoring Department Representative shall identify the relevant specifications/standards applicable to Works/Services when required.

- RasGas Classification of Hazardous Locations (Doc. No. S-00-1380-001)
- RasGas Security Policy
- RasGas Waste Management Plan
- RasGas Personal Protective Equipment - Selection Criteria, Use and Standards (Doc. No. E01-X02-GENPPE01-001)
- RasGas Respiratory Protection Equipment Fit Test Procedure (Doc. No. E04-X03-FIT064)
- RasGas Standard for Heat Exposure (Doc. No: E03-X02-HSP20-699)
- RasGas Emergency Management System
- RasGas Incident Reporting Procedure (Doc. No. E04-X03-IRP015-299)
- RasGas Onshore Plant Access Control Procedure
- RasGas Permit to Work Procedure (Doc. No. E04-X03-PTW052)
- RasGas Alpha Permit to Work (Doc. No. E04-X03-RXS082)
- RasGas Confined Space Entry procedure (Doc. No. E04-X03-CSE039)
- RasGas Excavation Procedure (Doc. No. E04-X03-EXP042)
- RasGas Radiation Safety Procedure (Doc. No. E04-X03-RSP050)
- RasGas Electrical Safety Rules (Doc. No. P21-X03-Q.06-0002)
- RasGas Forklift Truck Safety (Doc. No. E04-X03-FLT060)
- RasGas Compressed Gas Cylinder Safety (Doc. No. E04-X03CGC058)
- RasGas Tool Safety Procedure (Doc. No. E04-X03-TSP084)
- RasGas Safe Use of Scaffolding Procedure (doc. No. E04-X03-SCA061)
- RasGas Radiation Safety Procedure (Doc. No. E04-X03-RSP050)
- RasGas Job Safety Analysis Procedure (Doc. No. E04-X03-JSA057)
- RasGas Safe Use of Ladders Procedure (Doc. No. E04-X03-SUL083)
- RasGas "Fall Protection Procedure" (Doc. No. E04-X03-FPP043)
- RasGas "Personal Protective Equipment, Selection Criteria, Use and Standards" (Doc. No. E01-X02-GENPPE01-001)
- RasGas Permit to Work Guidance Notes "Guidance D Working Overboard"

British Standards

- BS EN 361:1993 "Specifications for PPE against falls from height, full body harness"
- BS 1139-1990 "Specification for Steel Tube"

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- BS 2037-1994 "Portable Aluminum Ladder"
- BS 2482-1981 "Timber Scaffolds Boards"

American National Standards Institute

- ANSI Z359.1-1992 "Personal Fall Arrest Systems, sub-systems and components" for additional information.

American Petroleum Institute

- API 2214: 1989 Spark Ignition Properties of Hand Tools for additional information.

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SECTION 8.0

FORM OF PERFORMANCE BANK GUARANTEE

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FORM OF PERFORMANCE BANK GUARANTEE

1. We, the undersigned (A)..... (hereinafter called the "Guarantor"), established at (B)..... have taken notice of the Agreement No. (C) **CT/RG08/L072/08** dated (D)..... between RasGas Company Limited (hereinafter called the "Company"), a company organised and existing under the laws of Qatar with its registered office at PO Box 24200, Doha, Qatar, and (E)..... a company having offices at F)..... (hereinafter called the "Contractor"), for
(G).....

2. The Guarantor hereby guarantees the due performance by the Contractor of the Contractor's obligations under the Agreement.

3. The Guarantor hereby irrevocably and unconditionally undertakes on behalf of the Contractor to pay to the Company upon first demand, any sum or sums not exceeding (H) **US $** _____.

4. Each demand by the Company for payment under this Guarantee shall be made in writing to the following address in the format of the attached Demand for payment.

   (I).....

5. The Guarantor shall make payment to the Company hereunder on first demand without restriction or conditions and notwithstanding any objection by the Contractor. The Guarantor shall not require the Company to justify any demand for payment, nor shall the Guarantor have any recourse against the Company in respect of any payment made hereunder.

6. No alteration in the terms of the Agreement made by agreement between the Contractor and the Company, and no failure by the Company to insist on proper performance of the Agreement or to pursue all remedies available to it against the Contractor, shall in any way release the Guarantor from all or any part of its obligations under this Guarantee.

7. The Guarantor shall pay any sum demanded by the Company hereunder within Three (3) working days after the receipt of the Company's demand.

8. This Guarantee shall remain valid from the Effective Date of the Agreement until (J).....

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9. The amount of this Guarantee as established pursuant to Section 3 above shall be reduced by the amount of any demands made by the Guarantor to the Company hereunder.

10. Terms used in this Guarantee which are defined in the Agreement shall have the same meaning assigned to them in the Agreement.

11. This Guarantee shall be governed by and construed in accordance with the laws of the State of Qatar, and any proceedings for enforcement shall be brought before the civil courts of the State of Qatar.

12. The Guarantor represents that this Guarantee has been established in such a form and with such substance as to be fully enforceable against the Guarantor in the manner provided in Section 11 above.

13. The benefit of this Guarantee may be assigned by the Company.

(Date) .....

(Common Seal and Signature of the Guarantor or such other formality as may be required under the law to render a unilateral promise binding on the Guarantor)

(A) Name of the bank proposed by the Contractor and approved by the Company
(B) Address of office of Bank
(C) Reference number of the Agreement
(D) Effective Date of the Agreement
(E) Name of the Contractor
(F) Address of the Contractor
(G) Description of services or goods
(H) In figures and letters
(I) Bank address for notices
(J) Expiry date for the Guarantee

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FORM OF DEMAND OF BANK GUARANTEE

Dated: .....

To: [GUARANTOR]

Dear Sirs:

RE: Bank Guarantee dated ....., 200 .....

We refer to the above irrevocable and unconditional Guarantee given by you to us (the "Guarantee"). This letter constitutes a formal demand in accordance with the terms of the Guarantee.

Please note, that the Contractor is in breach of the Agreement and that we have given due notice of the breach to the Contractor.

Therefore, we hereby demand payment of the sum of QAR ....., pursuant to the Guarantee referred to above.

Such payment shall be transferred to our Bank Account, the details of which are as follows:

Account No.: .....

Bank Name: .....

Swift Code: .....

Regards,

RASGAS COMPANY LIMITED

Name: .....

Signature: .....

Title: .....

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Stolt Tankers B.V.

A Subsidiary of
Stolt-Nielsen S.A.

Westerlaan 5
3016 CK Rotterdam
The Netherlands

Invoice inquiries call:
01.281.860.5196
www.stolt-nielsen.com
VAT No. NL 007179522B01

BILL TO

CES Environmental Services, Inc.
4904 Griggs Road
Houston, TX 77021
United States

ATTN. MR. GREG BOWMAN

REMIT TO

BY ELECTRONIC FUNDS TRANSFER TO
STOLT TANKERS BV
ACCT: 40597825
CITIBANK ABA#021000089
NEW YORK NEW YORK

REFER TO THIS NO. WHEN REMITTING

CUSTOMER	FIXTURE	VOYAGE	DATE	INVOICE NO	DUE DATE	C/P DATE	CHRTR. REF. NO.	UNIT	OPR	BRK	
CES ENVIRONMEN 584	GIP080654	SVIKI/011	12/18/08	410083	12/18/08	11/11/08	GULF STREAM	M	MYN	BC	GIP

TERMS: 5 DAYS AFTER SIGNING OF BILL OF LADING

			US$
FREIGHT SODIUM SULFIDE SOL'N 1445.578T			
	TOTAL INVOICED QUANTITY	1445.578T @ LUMPSUM	305000.00
LOAD M/T STOLT VIKING 12/09/08	AT RAS LAFFAN	DISCH AT HOUSTON	

REMARKS BILL TO ADDRESS AMENDED

We Reserve the right to add a finance charge for any invoice paid after due date at the rate of 1% per month.

TOTAL 305000.00

ORIGINAL INVOICE

RasGas Company Limited

INVITATION TO TENDER

FOR

LONG TERM SULFIDIC CAUSTIC SOLUTION REMOVAL, TRANSPORTATION & HANDLING SERVICES

TENDER NO.: ITT/RG08/L240/08

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INSTRUCTIONS TO TENDERER

1.0 INTRODUCTION

RasGas Company Limited (the "Company"), has issued an Invitation To Tender (ITT) package to you, (the "Tenderer"), for the Work as stated on the attached Tender Information Sheet.

2.0 TENDER DOCUMENTS

2.1 The composition of the ITT package is given on the Tender Information Sheet.

2.2 The Tenderer acknowledges that all information, including specifications and documents, attached to this Invitation To Tender shall remain confidential.

2.3 Should the Tenderer be notified that his tender has been unsuccessful, or upon expiry of the tender validity period whichever occurs first, the Tenderer shall immediately destroy the originals and all copies of the Invitation To Tender package and any other documentation provided by the Company pursuant to the tender.

3.0 ACKNOWLEDGEMENT OF RECEIPT/CONFIRM INTENTION TO BID

The Tenderer shall, within 72 hours of receipt of the ITT package, complete the attached "Acknowledgement" sheet and send it to the Company by facsimile at the number given on the Tender Information Sheet.

4.0 CONTACTS BETWEEN THE COMPANY AND TENDERER

4.1 From receipt of the ITT until award the Tenderer shall not discuss any aspect of the tender with any Company personnel other than the contact given on the Tender Information Sheet.

4.2 Queries received from and clarifications given to a Tenderer will be communicated to all Tenderers, unless the subject matter relates to a Tenderer's proprietary idea or is commercially sensitive to them.

4.3 Any and all clarification requests or queries relating to the Invitation To Tender shall be in writing and must be transmitted for receipt by the Company no later than five (5) working days of the Tender Closing date.

5.0 CLOSING DATE AND TIME

5.1 The Tenderer's tender responses must be received at the address and by the date both of which are given on the Tender Information Sheet.

5.2 Extensions to the closing date/time will not be granted other than in exceptional circumstances and with the written approval of the Company. On those occasions when an extension is granted all Tenderers will be notified and the extension will apply equally to them.

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6.0 TENDER VALIDITY

The tender shall remain valid and open for acceptance for the period stipulated on the Tender Information Sheet. This period commences from the tender closing date/time.

7.0 TENDER RESPONSES

7.1 **For Local Tenderers,** Tenders shall be accepted only from companies who are permitted to trade within the State of Qatar and who therefore hold a valid trading license/certificate. **A statement confirming that the Tenderer is indeed so permitted must be included as part of the Tenderer's Unpriced Response. Failure to do so may result in the tender being disregarded.**

7.2 **Those local Tenderers referred in the preceding paragraph are required to provide a copy of their Qatar Registration clearly indicating the ownership of the company or the name and address of its Sponsor if it is a foreign company.**

7.3 RasGas will not be responsible for any costs or expenses incurred by the Tenderer in connection with the tender, any site visits, or for the Tenderer's costs in completing contract formalities.

7.4 RasGas will not be bound to accept the lowest or any tender.

7.5 The tender responses must be legible and should be written in black or blue ink capable of being photocopied.

7.6 The Tenderer should carefully read and comply with the ITT package. The composition of the tender response is summarised on the Tender Information Sheet. Failure to provide the required tender responses, in the manner specified and without objection or alteration may result in the Tenderer's tender being disregarded. The Tenderer may submit an alternative tender as well as (not instead of) the fully compliant one. The alternative tender should be submitted in a separate envelope (or envelopes if the base ITT calls for separate technical and commercial bids) clearly marked "ALTERNATIVE TENDER".

7.7 All documents issued in connection with this ITT and all Tenderer's documents prepared in response thereto shall be in the English language. Parties waive any right or obligation to deal in any language other than English.

7.8 The Tenderer shall complete the Form of Tender, which shall then be signed by a person duly authorised to do so on behalf of the Tenderer.

7.9 Where a Tender Bond is called for on the Tender Information Sheet, no tender will be considered unless it is accompanied by the required Tender Bond strictly in the form in the ITT package and for the amount stated on the Tender Information Sheet. Subject to the provisions of Item 9 of PART A Section 3.0 (Form of Tender Bond) the bond shall be valid for the same period as the tender validity. The bond shall be issued by a bank registered in Qatar.

7.10 Where a Performance Bond is required by the Tendering/ Contract conditions then the successful Tenderer shall ensure that their Tender Bond and Tender Validity remains valid until successful Tenderer/ Contractor provides to RasGas a fully compliant Performance Bond.

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7.11 RasGas may at any time prior to the Tender Closing Date as defined in the Tender Information Sheet, modify the ITT package. In such a case RasGas will inform the Tenderer, in writing via a Tender Addendum, of the modification. Within 24 hours of receipt of the Tender Addendum the Tenderer shall send by facsimile an acknowledgement of receipt to RasGas at the facsimile number given on the Tender Information Sheet.

8.0 CONTRACT AWARD/ KICK-OFF DOCUMENTATION

Upon Notification and Acceptance of Contract Award to the successful Tender/ Contractor, RasGas requires Contractor to submit the following documentation within ten (10) working days from Contract Award (subject to the requirements of the Tendering/ Contract provisions).

- Submission of a fully compliant Performance Bond
- Submission of all applicable Insurance requirements

9.0 JOINT VENTURES

9.1 The tender shall be signed by all Partners so as to be legally binding on each member of the Joint Venture. The name of the signatory shall be shown in print below each signature.

9.2 A copy of the Joint Venture Agreement that has been or is intended to be entered into by the Partners shall accompany the tender. Unless already specifically included in the terms of such agreement, the following declaration and information shall be given in a statement signed by all Partners which is to accompany the tender as part of the Unpriced Response:-

a) That the Partners of the Joint Venture shall be liable jointly and severally for the complete execution of the Work in accordance with the terms of the Contract and that in the event any one of the Partners ceases to be a member of the Joint Venture or goes into liquidation then the surviving Partner or Partners shall have the full obligation to carry out and complete the Contract and shall be empowered to use all technical know-how or other things including constructional plant furnished by any party in the Joint Venture and shall be entitled to have any sub-contracts assigned to it.

b) The interest of each of the Partners in the Joint Venture.

c) The name of the Partner nominated to act as manager of the Joint Venture and who, in such capacity, is authorised to incur liabilities and enter into contractual relationships with third parties, including settlement of any disputes hereunder, to receive and act upon instructions from the Company or Company's authorised representative and to make and receive payments all on behalf of the Joint Venture.

d) That the declaration given herein takes precedence over anything, which may be written in the Joint Venture Agreement.

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FORM OF TENDER BOND

1. The undersigned **(1)** .....
(hereinafter referred to as the "Guarantor"), established at **(2)** .....
.....represented by **(3)** .....
....., have taken notice of the tender ref. **(4) ITT/RG08/L240/08**
(hereinafter referred to as the "Tender") submitted by **(5)** .....
..... (hereinafter referred
to as the "Tenderer"), whose registered office is at **(6)** .....
.....
to RasGas Company Limited (hereinafter referred to as the "Company"), a company registered under the laws of the State of Qatar, with its registered office at Post Office Box 24200, Doha, State of Qatar.

2. The Guarantor hereby guarantees the enforceability of the Tender Bond in accordance with the terms hereunder

3. If the Tenderer fails to comply with any of its obligations under the Tender documents, or if the Tenderer withdraws the Tender within the period of validity of the Tender, or if the Tenderer fails after receipt from the Company of Notice of Award to enter into a Contract with the Company, then the Guarantor hereby irrevocably undertakes on behalf of the Tenderer to pay to the Company on first demand any sum or sums not exceeding **(7) US$/QRs X,xxx/- (United States Dollars/Qatari Riyals..... Only). (To be Advised).**

4. Each demand by the Company for payment under this guarantee shall be made in writing to the following address:

(8) .....

The Guarantor shall promptly notify the Company of any changes in the above address.

5. Each demand under paragraph 4 above shall indicate the breach of the Tenderer's obligations as notified to the Tenderer by the Company.

6. The Guarantor shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection by the Tenderer. The Guarantor shall not require the Company to justify the breach indicated in its demand for payment, nor shall the Guarantor have any recourse against the Company in respect of any payment made hereunder.

7. No alteration in the terms of the Tender made by agreement between the Tenderer and the Company shall in any way release the Guarantor from all or any part of its liabilities under this guarantee.

8. The Guarantor shall pay the sum of this tender bond on demand by the Company hereunder within fifteen (15) calendar days after the date of receipt of the Company's demand.

9. This guarantee shall remain valid until **(9)** .....and in the event that the Tenderer is notified of the award of the Contract to it by the Company this guarantee shall in addition be valid until signature of the Contract by the Tenderer and the Company. If the Tendering/ Contract conditions call for the provision of a Performance Bond then the successful Tender shall ensure that their Tender Bond and Tender Validity remains valid until submission and acceptance by RasGas of a fully compliant Performance Bond.

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10. Terms in capital letters shall have the meaning ascribed to them in the Invitation To Tender documents.

11. This guarantee shall be interpreted in accordance with the laws of the State of Qatar and any proceedings for enforcement shall be brought before the competent court of the State of Qatar.

12. The Guarantor represents that this guarantee has been established in such form and with such content that it is fully and freely enforceable against the Guarantor in the manner provided in paragraph 11 above.

(Date) . . . . . .

[Common Seal of Signature of Guarantor or such other formality as may be required under the law to render a unilateral promise binding on the Guarantor]

(1) - Name of the Bank

(2) - Address of the Bank

(3) - Guarantor officer's name and position

(4) - Invitation To Tender number

(5) - The name of the Tenderer

(6) - Address of the office of the Tenderer

(7) - The amount of the Tender Bond as stipulated in PART A Section 1.0 of the Invitation To Tender package

(8) - The Bank address for notices

(9) - Date corresponding to the tender validity as stipulated in PART A Section 1.0 Attachment 1/3 of the Invitation To Tender package plus fifteen (15) calendar days

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TENDER INFORMATION SHEET

Numbers in brackets refer to items in the Instructions To Tenderers

ITT NUMBER AND TITLE (1.0) :

ITT/RG08/L240/08
Long Term Sulfidic Caustic Solution Removal, Transportation & Handling Services

TENDER CLOSING DATE/TIME (5.2) :

0900 hours on 07 January 2009

COMPOSITION OF INVITATION TO TENDER PACKAGE (2.0) :

PART A
Section 1.0 - Instructions To Tenderers
Section 2.0 - Form of Tender
Section 3.0 - Form of Tender Bond

PART B
Section 1.0 - Form of Agreement
Section 2.0 - General Conditions
Section 3.0 - Scope of Services
Section 4.0 - Compensation
Section 5.0 - Preliminaries & Coordination Procedures
Section 6.0 - Not Used
Section 7.0 - Environmental, Health & Safety Req.
Section 8.0 - Bonds & Guarantees

TENDER VALIDITY (6.0) :

120 calendar days from the above Tender Closing Date / Time

COMPOSITION OF THE TENDER RESPONSE TO BE AS FOLLOWS (7.1, 7.2 & 7.6) :

The tender shall be submitted in two sealed envelopes/packages.

Envelope 1 : To be marked **ONLY** as follows :-

ITT/RG08/L240/08
SEALED TENDER - DO NOT OPEN
UNPRICED RESPONSE
Tenderer Name

and shall contain in ONE ORIGINAL + 1 COPY:-

- the signed original Form of Tender
- the original Tender Bond **(if applicable, see 7.9)**
- confirmation of permission to trade in Qatar
- Qatar Registration/Name of Sponsor
- any technical proposals / responses required by the Invitation To Tender (ITT)

ACKNOWLEDGEMENTS AND ENQUIRIES TO BE SENT TO (3.0 & 4.1 AND 7.10) :

RasGas Company Limited
PO Box 24200
Doha
State of Qatar

Attention: Asgar A. Khan -Head of Contracts(Ops)
Villa #19, Al Kharatiyat - Doha

Facsimile Number : (+974) 472 7149

Envelope 2 : To be marked **ONLY** as follows :-

ITT/RG08/L240/08
SEALED TENDER - DO NOT OPEN
PRICED RESPONSE
Tenderer Name

and shall contain in ONE ORIGINAL + 2 COPIES:-

- the priced Compensation section of the ITT **ONLY**

ADDRESS FOR SUBMISSION OF TENDER (5.1) :-

Please use Attachment 3 - Envelope Label for Tender Submission.

RasGas Company Limited
Ras Gas Main Building, Ground Floor
P. O. Box 24200
West Bay, Doha
State of Qatar

Attn: LTC Secretary

Any alternative tender or variances from the fully compliant tender shall be submitted as separate technical and commercial bids in sealed envelopes marked as above but each must also be clearly marked with "ALTERNATIVE TENDER".

TENDER BOND (7.9) :

To be advised.

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FACSIMILE MESSAGE TO : RASGAS
Attention: Asgar A. Khan -Head of Contracts(Ops)
FAX NO. : (+974) 472 7149

ACKNOWLEDGEMENT

INVITATION TO TENDER NUMBER: **ITT/RG08/L240/08**

TITLE : **Long Term Sulfidic Caustic Solution Removal, Transportation & Handling Services**

PLEASE TICK ONE OF THE FOLLOWING BOXES AND COMPLETE AND SIGN AS REQUIRED BELOW. THEN FAX THE DULY COMPLETED AND SIGNED FORM TO THE ABOVE FAX NO. WITHIN 72 HOURS OF RECEIPT OF THE INVITATION TO TENDER DOCUMENTS.

We hereby acknowledge having received your Invitation to Tender for the above tender and advise you that :-

the Invitation to Tender package was received complete and in good order and that we intend to submit a tender ☐

we regret that we must decline to submit a tender ☐

the Invitation to Tender package was received incomplete and we request the following documents, which were missing:- ☐

_____

_____

_____

_____

_____

_____

For (insert tenderer's company name): _____

Company Address: _____ P.O.Box: _____

Name of Tenderer's Representative: _____

Position: _____

Phone: _____ Fax: _____

e-mail: _____

Date & Signature: _____

EPAHO120001099

RasGas Company Limited

INVITATION TO TENDER

FOR

SPOT SERVICES FOR SULFIDIC CAUSTIC SOLUTION RECEIVING & HANDLING SERVICES AND REMOVAL & TRANSPORTATION SERVICES

TENDER NO.: ITT/RG08/L072/08

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PART A

SECTION 1.0

INSTRUCTIONS TO TENDERER

EPAHO120001102

INSTRUCTIONS TO TENDERER

1.0 INTRODUCTION

RasGas Company Limited (the "Company"), has issued an Invitation To Tender (ITT) package to you, (the "Tenderer"), for the Work as stated on the attached Tender Information Sheet.

2.0 TENDER DOCUMENTS

2.1 The composition of the ITT package is given on the Tender Information Sheet.

2.2 The Tenderer acknowledges that all information, including specifications and documents, attached to this Invitation To Tender shall remain confidential.

2.3 Should the Tenderer be notified that his tender has been unsuccessful, or upon expiry of the tender validity period whichever occurs first, the Tenderer shall immediately destroy the originals and all copies of the Invitation To Tender package and any other documentation provided by the Company pursuant to the tender.

3.0 ACKNOWLEDGEMENT OF RECEIPT/CONFIRM INTENTION TO BID

The Tenderer shall, within 72 hours of receipt of the ITT package, complete the attached "Acknowledgement" sheet and send it to the Company by facsimile at the number given on the Tender Information Sheet.

4.0 CONTACTS BETWEEN THE COMPANY AND TENDERER

4.1 From receipt of the ITT until award the Tenderer shall not discuss any aspect of the tender with any Company personnel other than the contact given on the Tender Information Sheet.

4.2 Queries received from and clarifications given to a Tenderer will be communicated to all Tenderers, unless the subject matter relates to a Tenderer's proprietary idea or is commercially sensitive to them.

4.3 Any and all clarification requests or queries relating to the Invitation To Tender shall be in writing and must be transmitted for receipt by the Company no later than five (5) working days of the Tender Closing date.

5.0 CLOSING DATE AND TIME

5.1 The Tenderer's tender responses must be received at the address and by the date both of which are given on the Tender Information Sheet.

5.2 Extensions to the closing date/time will not be granted other than in exceptional circumstances and with the written approval of the Company. On those occasions when an extension is granted all Tenderers will be notified and the extension will apply equally to them.

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6.0 TENDER VALIDITY

The tender shall remain valid and open for acceptance for the period stipulated on the Tender Information Sheet. This period commences from the tender closing date/time.

7.0 TENDER RESPONSES

7.1 **For Local Tenderers,** Tenders shall be accepted only from companies who are permitted to trade within the State of Qatar and who therefore hold a valid trading license/certificate. **A statement confirming that the Tenderer is indeed so permitted must be included as part of the Tenderer's Unpriced Response. Failure to do so may result in the tender being disregarded.**

7.2 **Those local Tenderers referred in the preceding paragraph are required to provide a copy of their Qatar Registration clearly indicating the ownership of the company or the name and address of its Sponsor if it is a foreign company.**

7.3 The Company will not be responsible for any costs or expenses incurred by the Tenderer in connection with the tender, any site visits, or for the Tenderer's costs in completing contract formalities.

7.4 The Company will not be bound to accept the lowest or any tender.

7.5 The tender responses must be legible and should be written in black or blue ink capable of being photocopied.

7.6 The Tenderer should carefully read and comply with the ITT package. The composition of the tender response is summarised on the Tender Information Sheet. Failure to provide the required tender responses, in the manner specified and without objection or alteration may result in the Tenderer's tender being disregarded. The Tenderer may submit an alternative tender as well as (not instead of) the fully compliant one. The alternative tender should be submitted in a separate envelope (or envelopes if the base ITT calls for separate technical and commercial bids) clearly marked "ALTERNATIVE TENDER".

7.7 All documents issued in connection with this ITT and all Tenderer's documents prepared in response thereto shall be in the English language. Parties waive any right or obligation to deal in any language other than English.

7.8 The Tenderer shall complete the Form of Tender, which shall then be signed by a person duly authorised to do so on behalf of the Tenderer.

7.9 Where a Tender Bond is called for on the Tender Information Sheet, no tender will be considered unless it is accompanied by the required Tender Bond strictly in the form in the ITT package and for the amount stated on the Tender Information Sheet. Subject to the provisions of Item 9 of PART A Section 3.0 (Form of Tender Bond) the bond shall be valid for the same period as for the tender validity PLUS fifteen (15) calendar days. The bond shall be issued by a bank registered in Qatar.

7.10 The Company may at any time prior to the Tender Closing Date as defined in the Tender Information Sheet, modify the ITT package. In such a case the Company will inform the Tenderer, in writing via a Tender Addendum, of the modification. Within 24 hours of receipt of the Tender Addendum the Tenderer shall send by

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facsimile an acknowledgement of receipt to the Company at the facsimile number given on the Tender Information Sheet.

8.0 JOINT VENTURES

8.1 The tender shall be signed by all Partners so as to be legally binding on each member of the Joint Venture. The name of the signatory shall be shown in print below each signature.

8.2 A copy of the Joint Venture Agreement that has been or is intended to be entered into by the Partners shall accompany the tender. Unless already specifically included in the terms of such agreement, the following declaration and information shall be given in a statement signed by all Partners which is to accompany the tender as part of the Unpriced Response:-

a) That the Partners of the Joint Venture shall be liable jointly and severally for the complete execution of the Work in accordance with the terms of the Contract and that in the event any one of the Partners ceases to be a member of the Joint Venture or goes into liquidation then the surviving Partner or Partners shall have the full obligation to carry out and complete the Contract and shall be empowered to use all technical know-how or other things including constructional plant furnished by any party in the Joint Venture and shall be entitled to have any sub-contracts assigned to it.

b) The interest of each of the Partners in the Joint Venture.

c) The name of the Partner nominated to act as manager of the Joint Venture and who, in such capacity, is authorised to incur liabilities and enter into contractual relationships with third parties, including settlement of any disputes hereunder, to receive and act upon instructions from the Company or Company's authorised representative and to make and receive payments all on behalf of the Joint Venture.

d) That the declaration given herein takes precedence over anything, which may be written in the Joint Venture Agreement.

9.0 NOTE ON TENDER BOND

9.1 A Tender Bond is required for **US$ 20,000.00** if Tenderer is bidding only for Scope A – Receiving and Handling Services

9.2 A Tender Bond is required for **US$ 35,000.00** if Tenderer is bidding only for Scope B – Removal and Transportation Services

9.3 A Tender Bond is required for **US$ 55,000.00** if Tenderer is bidding for both the Scopes A and B.

EPAHO120001105

FACSIMILE MESSAGE TO : RASGAS
Attention: Asgar A. Khan
FAX NO. : (+974) 473 8536 / 473 8513

ACKNOWLEDGEMENT

INVITATION TO TENDER NUMBER: ITT/RG08/L072/08

TITLE : Spot Services for Sulfidic Caustic Solution Receiving & Handling Services and Removal & Transportation Services

PLEASE TICK ONE OF THE FOLLOWING BOXES AND COMPLETE AND SIGN AS REQUIRED BELOW. THEN FAX THE DULY COMPLETED AND SIGNED FORM TO THE ABOVE FAX NO. WITHIN 72 HOURS OF RECEIPT OF THE INVITATION TO TENDER DOCUMENTS.

We hereby acknowledge having received your Invitation to Tender for the above tender and advise you that :-

the Invitation to Tender package was received complete and in good order and that we intend to submit a tender ☐

we regret that we must decline to submit a tender ☐

the Invitation to Tender package was received incomplete and we request the following documents, which were missing:- ☐

_____

_____

_____

_____

_____

_____

For (insert tenderer's company name): _____

Company Address: _____ P.O.Box: _____

Name of Tenderer's Representative: _____

Position: _____

Phone: _____ Fax: _____

e-mail: _____

Date & Signature: _____

EPAHO120001106

PART A

SECTION 2.0

FORM OF TENDER

EPAHO120001107

PART A

SECTION 3.0

FORM OF TENDER BOND

EPAHO120001108

SECTION 1.0

FORM OF AGREEMENT

EPAHO120001109

In the event of a change of address, prompt notice shall be given by the party concerned to the other.

3. This Contract continues in effect, unless terminated earlier in accordance with its terms, until the Date of Completion of Services; provided, however, that any provisions whose enforceability requires survival (including without limitation warranties and audit rights) shall survive accordingly.

4. The Contractor agrees to deal only with RasGas Company Limited in relation to all matters arising under the Contract, and RasGas Company Limited shall be entitled to enforce this Contract on behalf of itself or any entity for which it acts as agent.

IN WITNESS whereof the parties have signed this Form of Agreement in two originals on the date(s) mentioned below.

For: RASGAS COMPANY LIMITED	**For: CONTRACTOR**
Name:	Name: Ramiz Tafilaj
Signature:	Signature:
Position:	Position: V. Pres. International Business
Date:	Date: 3/24/2008

EPAHO120001110

THIS CONTRACT made between

RASGAS COMPANY LIMITED, a company established under the laws of the State of Qatar with a registered address of P.O. Box 24200, Doha, Qatar, for and on behalf of itself or acting as agent for either Ras Laffan Liquefied Natural Gas Company Limited, Ras Laffan Liquefied Natural Gas Company Limited (II), Ras Laffan Liquefied Natural Gas Company Limited (3), Qatar Liquefied Gas Company Limited, Qatar Liquefied Gas Company Limited (II), ExxonMobil Middle East Gas Marketing Limited ("AKG"), and any other entity or project for which RasGas Company Limited may provide services (**"RasGas"** or the **"Company"**), and

(NAME OF CONTRACTOR) a company established under the laws of (INSERT) with registered address (INSERT ADDRESS) (the **"Contractor"**)

entered into by the parties the earlier of (a) the date of the RasGas Letter of Acceptance or (b) the day by which the Contract has been signed by both parties' duly authorized representatives, is effective from _____.

THE PARTIES AGREE AS FOLLOWS;

1. This Contract includes all of the following documents listed, and as they may be amended from time to time. In the event of any inconsistency or contradiction in terms between listed documents, the Section number indicates the order of precedence and determines which document prevails.

   In addition, if Special Terms and Conditions agreed in writing are not merged into Section 2.0 below, then they prevail over Section 2.0.

Section 1.0	Form of Agreement
Section 2.0	General Conditions
Section 3.0	Scope of Services
Section 4.0	Compensation
Section 5.0	Preliminaries & Coordination Procedures / Forms
Section 6.0	Not Used
Section 7.0	Environment, Health and Safety Requirements
Section 8.0	Bonds & Guarantees

2. Any notice by either party to the other concerning the Contract shall be in writing and be deemed received only when actually delivered either by hand or by mail to:

   Contractor at: CES Environmental Inc.
   4904 Griggs Road
   Houston, TX 77021

   Attention: Ramiz Tafilaj

   Company at: RasGas Company Limited
   P.O. Box 24200
   Doha
   State of Qatar

   Attention: Manager, Commercial & Shipping

EPAHO120001111

SECTION 3.0A

SCOPE OF SERVICES

FOR

SULFIDIC CAUSTIC SOLUTION RECEIVING AND HANDLING SERVICES

EPAHO120001112

INTRODUCTION

RasGas Company Limited:

The LNG Plant Facilities of the RasGas Company Limited (RasGas), hereinafter referred to as Company, is located in Ras Laffan Industrial City – towards the North end of the State of Qatar peninsula.

The Facilities produce liquefied gas for storage and export. Currently there are five (5) trains in operation with capacity to produce around 21 MTA of LNG per annum as well as 140,000 barrels of condensate per day. The Company is in an expansion mode with the additions of two (2) new Trains and the capacity to produce LNG is projected to be around 35 MTA.

The Onshore Terminal comprises gas and condensate receiving facilities, gas treatment, condensate stabilization, gas liquefaction, sulfur recovery, condensate storage and LNG storage areas – together with port loading jetties, related utility plant and offsite building(s) housing all associated equipment and personnel - providing external and interrelated services.

Purpose of this Contract:

The purpose of the Contract is to provide the Company services to receive and handle the sulfidic caustic solutions produced at RasGas's LNG plant located in the state of Qatar, and delivered at the Contractor's discharge port.

The removal and transportation of sulfidic caustic solution, by the Company's transporter, must be managed in an environmentally responsible manner, and must be performed at regular intervals as required by the Company. The Company and Contractor appointed independent Surveyor(s) shall oversee the services in load port and in discharge port.

Contractor has the option to tender for Scope A (Receiving and Handling Services) or Scope B (Removal and Transportation Services) as standalone packages, or a combined package of both Scopes A and B.

DETAILED SCOPE OF SERVICES

Principal services to be performed by the Contractor are to receive, and handle the sulfidic caustic solutions produced at RasGas's LNG plant located in Qatar, and delivered at the Contractor's discharge port, pursuant to the following:

1. COMMODITY AND SPECIFICATIONS

1.1 Sulfidic caustic solutions, which are subject to this Contract, shall be those solutions obtained as a result of contacting virgin caustic with light hydrocarbons ("Sulfidic Caustic"). The solutions shall contain any amount of sodium content. The solution shall contain a maximum of 5% by weight sulfide content as $S^{=}$. The solutions shall not contain more than 5% by volume acid oils and hydrocarbons. RasGas shall ensure that the Sulfidic Caustic solutions will not include free oil, or any extraneous materials not directly associated with RasGas's process described above.

EPAHO120001113

1.2 Contractor shall accept all shipments with any amount of Sodium content, with a sulfide maximum content of 5% by weight as $S^{=}$, and that have no more than 5% by volume acid oils and hydrocarbons. The Sulfidic Caustic solutions will not include free oil, or any extraneous materials not directly associated with RasGas' process described above.

2. CONTRACTOR WARRANTIES

Contractor represents and warrants that it:

(a) has the competence to receive, and handle the Sulfidic Caustic delivered hereunder (the "Services");

(b) has or shall obtain the necessary tools, equipment and personnel to perform the Services outlined hereunder;

(c) shall maintain and use all tools and equipment in accordance with manufacturer's specifications and recommendations and good engineering and operational practices;

(d) has or shall obtain, at its expense, before performing hereunder all the necessary certificates, permits, licenses and authorizations to conduct business and perform the Services required outside of Qatar;

(e) shall perform all Services in accordance with all applicable law;

(f) shall perform all Services in good faith, promptly, with due diligence and competence; and,

(g) fully comprehends the requirements and contingencies for providing the Services outlined herein.

3. TANKER SCHEDULING

The tanker scheduling provisions for the Sulfidic Caustic solutions delivered and received hereunder are specified in **Schedule I**, which is incorporated herein for reference only.

4. DURATION OF THE SERVICES

The proposed duration of the Services shall be for the period of 3 months, covering the receipt and handling of one (1) cargo on or around 13-14 April 2008 from Ras Laffan, Qatar, effective the planned commencement of service date of 01 April 2008, with an option to extend for a further period of three (3) months, to cover the lifting of one (1) additional cargo.

5. ESTIMATE OF ANTICIPATED QUANTITIES

RasGas best estimates of quantities during the Contract period are as follows:

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Loading date range (Ras Laffan)	QUANTITIES (metric tons)
13-14 April 2008	1st cargo: 1,500 +/- 10%
Optional -To be advised	2nd cargo: 1,500 +/- 10%

Depending on the operation conditions and RasGas experience, the anticipated take off quantity shall be 1,500 +/- 10% metric tons per trip. The foregoing estimates are included to assist in resourcing the Services but RasGas does not guarantee the quantity, nor the timing of cargoes throughout the Contract period. All risk in resourcing levels to meet the performance requirements of the Services remains with the Contractor.

During the term of this Contract, RasGas may elect to deliver to Contractor additional quantities of Sulfidic Caustic on the terms and conditions outlined herein, provided RasGas issues to Contractor "Rolling 6-week Sulfidic Caustic Lookahead" written notice outlining the anticipated quantity and required lifting date on a weekly basis, as per Attachment B, if applicable.

Attachments:

Schedule I - Transportation related procedures
Attachment A - Tanker Nomination Questionnaire
Attachment B - Rolling 6-week Sulfidic Caustic Lookahead (Note: Not attached.)
Attachment C - Tender Response Requirements.

EPAHO120001115

FACSIMILE MESSAGE TO : RASGAS
Attention: Asgar A. Khan
FAX NO. : (+974) 473 8536 / 473 8513

ACKNOWLEDGEMENT

INVITATION TO TENDER NUMBER: ITT/RG08/L201/07

TITLE : Sulfidic Caustic Solution Receiving and Handling Services and Removal and Transportation Services

PLEASE TICK ONE OF THE FOLLOWING BOXES AND COMPLETE AND SIGN AS REQUIRED BELOW. THEN FAX THE DULY COMPLETED AND SIGNED FORM TO THE ABOVE FAX NO. WITHIN 72 HOURS OF RECEIPT OF THE INVITATION TO TENDER DOCUMENTS.

We hereby acknowledge having received your Invitation to Tender for the above tender and advise you that :-

the Invitation to Tender package was received complete and in good order and that we intend to submit a tender ☒

we regret that we must decline to submit a tender ☐

the Invitation to Tender package was received incomplete and we request the following documents, which were missing:- ☐

_____

_____

_____

_____

_____

_____

For (insert tenderer's company name): CES ENVIRONMENTAL INC.

Company Address: 4904 GRIGGS ROAD P.O.Box: _____

Name of Tenderer's Representative: MR. RAMIZ TAFILAJ

Position: V.P. - INTERNATIONAL BUSINESS

Phone: (713) 676-1460 Fax: (713) 676-1676

e-mail: RTAFILAJ@CESENVIRONMENTAL.COM

Date & Signature: 11-19-07

EPAHO120001116

SCHEDULE NO. I

1.1 TRANSPORTATION

1.1.1 Delivery

For standalone Scope A (Receiving and Handling Services) bid only: Terms of this Contract shall be "Delivered Ex Ship" (DES) Contractor's discharge port, as per "Incoterms". Contractor agrees to receive at the unloading flange of the tanker's manifold the Sulfidic Caustic solution in accordance with the terms and conditions of this Contract.

For combined Scope A (Receiving and Handling Services) and Scope B (Removing and Transportation Services) bid: Terms of this Contract shall be "Free on Board" (FOB) Ras Laffan, Qatar, as per "Incoterms". Contractor agrees to receive at the loading flange of the tanker's manifold the Sulfidic Caustic solution in accordance with the terms and conditions of this Contract. Hence, all discharge facility, operations and custody transfer reference/terminology herein, shall be replaced by loading facility, operations and custody transfer reference/terminology, where appropriate.

1.1.2 Title and Risk of Loss

Delivery shall be deemed completed, and title to, risk of loss of and all liability for the Sulfidic Caustic solution shall pass to Contractor at the receiving flange at the discharge port's manifold. Any loss, damage, deterioration, or evaporation to or of the Sulfidic Caustic solution after delivery shall be for the account of Contractor, who shall bear the cost of all such loss, damage, deterioration, or evaporation.

1.1.3 Independent Surveyor

RasGas shall appoint an independent surveyor acceptable to Contractor, and such acceptance not to be unreasonably withheld. Contractor and RasGas shall share the costs incurred by the independent surveyor at the discharge port.

1.1.4 Sampling

Before unloading, a suitable method shall be used to ensure a representative sample is drawn into a twenty (20) liter container from the vessel's tank at the receiving terminal. The independent surveyor shall arrange for five (5) identical and representative samples to be taken from the suitable container and distributed as per the following table. The parties shall retain the samples for at least ninety (90) days.

Company	No. of Samples	Sample Size
Contractor	2	1 Liter
RasGas	1	1 Liter

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Ship	1	1 Liter
Independent Surveyor	1	1 Liter

1.1.5 Analysis

The sample delivered to the parties shall be promptly analyzed by RasGas/Contractor, so that the specification of the product at the time of custody transfer between RasGas and Contractor can be verified.

1.1.6 Measurement

The quantity of the material delivered by RasGas to the Contractor shall be determined by volume measurement of the ship's tanks using the ship's certified ullage, trim, and list tables, and shall be verified by the independent surveyor and RasGas/Contractor. The independent surveyor's determination of quantity and quality shall, in the absence of fraud or manifest error, be final and binding and shall be used for invoicing purposes.

1.1.7 Resolution and Discrepancies

Contractor and RasGas agree that if either takes any exception to any of the delivery survey reports with respect to the quantity or quality of the material delivered, they will promptly notify the other party by facsimile, giving complete details of the matter(s) to which they take exception, and work together amicably to resolve the reported discrepancy and cause thereof on a timely basis.

1.1.8 Lifting

RasGas' transporter shall provide a vessel that meets the following criteria:

- The vessel must be compatible with Contractor's berth facilities.
- The vessel must be approved by Contractor or its designee.
- The vessel has to be acceptable to Contractor's receiving port. RasGas shall ensure that its transporter's vessel complies with all applicable port and terminal regulations governing operations within Contractor's receiving port.

RasGas' transporter is to provide or arrange for tankers/vessels that have maintained in good working order all equipment necessary to complete the transfer of the material, and the tanker shall provide, as needed, valid certification with regard to registry, classification, and insurance, and other documentation according to International Maritime Organization (IMO) law.

1.2 NOTICES

1.2.1 Ninety (90) Days' Notice [if applicable]

RasGas shall give Contractor ninety (90) days' notice of the required delivery date.

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1.2.2 Thirty (30) Days' Notice [if applicable]

RasGas shall give Contractor thirty (30) days' notice, with a five (5) days' date range for the nominated tanker/vessel. Within two (2) working days of receipt of such notice, Contractor shall confirm the date range is acceptable.

RasGas shall send or cause the vessel owner to send to Contractor the following information, at least twenty-one (21) days prior to the first day of the accepted date range:

- The five (5) days' date range to be reduced to two (2) days.
- If applicable, the completed Tanker Questionnaire, attached hereto as **Attachment A.**
- If applicable, previous cargo referencing the relevant pages of the IBC Code Book dated 1998. (Applicable tanks only.)
- If applicable, cleaning agent last used in applicable tanks, if cleaned since the last cargo.
- If applicable, details of other cargo parcels aboard the tanker/vessel while she is alongside at Ras Laffan Port, referencing the relevant pages of the IBC Code Book dated 1998.
- Demurrage Rate on the understanding that allowable laytime shall be twelve (12) hours from the time that Notice of Readiness (NOR) is given and accepted, until the tanker/vessel has her unloading arms disconnected.
- RasGas may provide a substitute tanker if all provisions of this Agreement are met.

1.2.3 Rolling 6-week Lookahead Notice [if applicable]

RasGas shall give Contractor this notice of the required delivery date on a weekly basis.

1.2.4 Laytime and Demurrage

The vessel owner to provide Contractor with notice of the ETA and anticipated NOR to berth at the loading terminal fifteen (15), three (3), two (2), and one (1) days' notice in advance of arrival.

Vessel shall give notice to Contractor that the tanker is ready to unload upon arrival at the customary anchorage of the unloading terminal. If the tanker arrives during the accepted date range, Contractor shall provide berth to the tanker as soon as possible, and laytime shall commence six (6) hours after the NOR has been given and accepted, or after the connection of cargo unloading hoses, whichever occurs first. Laytime shall continue until the cargo hoses at the unloading terminal have been disconnected.

Total allowed laytime for the unloading of the vessel shall be twelve (12) hours. In the case of delays, except where unloading is delayed by reason of force majeure, reasons beyond the control of Contractor, such as, but not limited to, prevention or hindrance due to adverse weather, RasGas, or the tanker, Contractor shall pay demurrage in US Dollars to RasGas at the applicable rate.

EPAHO120001119

ATTACHMENT – A

QATARGAS \ RASGAS

TANKER NOMINATION QUESTIONNAIRE

(NFC2/RGFC - QRC/RGPC)

A1	Tanker name :	A2	IMO Number :
A3	Previous name :	A4	Flag :
A5	Owner / Operator :		
B1	Vessel Type: Product ☐ Crude ☐ Chemical ☐ Combination Carrier (OBO) ☐		
B2	Classification Society :		
B3	Date Tanker Last Inspected under Buyer Vetting system :		
B4	P & I Club name :	B5	P & I Valid Until :
B6	DOC Valid until :	B7	SMC Valid until :
B8	Year Built :	B9	Summer DWT : M.Tons.
B10	NRT :	B11	Arrival Displacement : M.Tons.
C1	LOA : m.	C2	Beam : m.
C3	Moulded Depth : m.	C4	Manifold Height above Keel : m.
C5	Arrival Drafts – Fwd : m.		Aft : m.
C6	Departure Drafts – Fwd : m.		Aft : m.
C7	Distance - FWD to centre of manifold(LOA Reference) :		m.
C8	Parallel Body Length (Ballast Cond.) – Fwd to Manifold: m		Manifold to Aft: m
D1	Horizontal Distance from Reducer flange to edge of Drip Tray :		m.
D2	Is the vessel fitted with manifold as per OCIMF guidelines		Yes ☐ No ☐
D3	For NFC2 \ RGFC 2 x 16" manifolds max spacing 4.0 m		Yes ☐ No ☐
D4	For QRC \ RGPC 1 x 12" manifold		Yes ☐ No ☐
E1	Segregated Ballast to Discharge		Yes ☐ No ☐
E2	Products carried on immediate prior voyage in nominated tank :		
F1	Is the vessel Fitted with fully operational Inert Gas system		Yes ☐ No ☐
F2	Is vessel capable of closed loading		Yes ☐ No ☐
F3	Does vessel have common venting system		Yes ☐ No ☐
F4	If the answer to F3 is No, advise venting capacity for individual tank :		m^3/hour
F5	Maximum Load Rate capacity :		m^3/hour
G1	Is the vessel capable of Mooring 3 x 3 x 2 each end without mixed moorings?		Yes ☐ No ☐
G2	If the answer to G1 is "No" ; What mooring Arrangement can the vessel present?		

Provided By:_____ Date:_____

Doc. No. :	QG/RG/RLIC/01/2002/001	Issued By:	For Qatargas	M.G.Rowland
Date of Issue :	15-Jan-2002		For RasGas	J.E.Carr
Revision No. :	1		For RLIC Port	G.B.King

RT – M. 3

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   _____ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   _____ Yes _____ No

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   _____ Yes _____ No
   If "Yes", attach a copy

4. How long has your company been in business? _____ Years.

5. How long has your company been handling this type of material? _____ Years.

6. Does your Company provide technical support for this product?
   _____ Yes _____ No
   If "Yes", please attach detailed description of the technical support.

7. Does your Company have an environmental audit program?
   _____ Yes _____ No
   If "Yes", attach a copy.

8. Does your Company have more than one outlet for this material?
   _____ Yes _____ No
   If "Yes", please describe them.

9. How many other companies supply you with a similar product?

SECTION 3.0B

SCOPE OF SERVICES

FOR

SULFIDIC CAUSTIC SOLUTION REMOVAL AND TRANSPORTATION SERVICES

EPAHO120001122

INTRODUCTION

RasGas Company Limited:

The LNG Plant Facilities of the RasGas Company Limited (RasGas), hereinafter referred to as Company, is located in Ras Laffan Industrial City – towards the North end of the State of Qatar peninsula.

The Facilities produce liquefied gas for storage and export. Currently there are five (5) trains in operation with capacity to produce around 21 MTA of LNG per annum as well as 140,000 barrels of condensate per day. The Company is in an expansion mode with the additions of two (2) new Trains and the capacity to produce LNG is projected to be around 35 MTA.

The Onshore Terminal comprises gas and condensate receiving facilities, gas treatment, condensate stabilization, gas liquefaction, sulfur recovery, condensate storage and LNG storage areas – together with port loading jetties, related utility plant and offsite building(s) housing all associated equipment and personnel - providing external and interrelated services.

Purpose of this Contract:

The purpose of the Contract is to provide the Company services to remove, and transport the sulfidic caustic solutions, produced at RasGas's LNG plant located in the state of Qatar, and deliver to the Company contractor's discharge port.

The removal and transportation of sulfidic caustic solution, by the Transporter, must be managed in an environmentally responsible manner, and must be performed at regular intervals as required by the Company. The Company and Transporter appointed independent Surveyor(s) shall oversee the services in load port and in discharge port.

Contractor has the option to tender for Scope B (Removal and Transportation Services) or Scope A (Receiving and Handling Services) as standalone packages or a combined package of both Scopes A and B.

DETAILED SCOPE OF SERVICES

Principal services to be performed by the Transporter are to remove, and transport the sulfidic caustic solutions produced at RasGas's LNG plant located in Qatar, and deliver to RasGas contractor's discharge port, pursuant to the following:

1. COMMODITY AND SPECIFICATIONS

1.1 Sulfidic caustic solutions, which are subject to this Contract, shall be those solutions obtained as a result of contacting virgin caustic with light hydrocarbons ("Sulfidic Caustic"). The solutions shall contain any amount of sodium content. The solution shall contain a maximum of 5% by weight sulfide content as $S^{=}$. The solutions shall not contain more than 5% by volume acid oils and hydrocarbons. RasGas shall ensure that the Sulfidic Caustic solutions will not include free oil, or any

EPAHO120001123

extraneous materials not directly associated with RasGas's process described above.

1.2 Transporter shall accept all shipments with any amount of Sodium content, with a sulfide maximum content of 5% by weight as $S^{=}$, and that have no more than 5% by volume acid oils and hydrocarbons. The Sulfidic Caustic solutions will not include free oil, or any extraneous materials not directly associated with RasGas's process described above.

2. CONTRACTOR WARRANTIES

Contractor represents and warrants that it:

(a) has the competence to remove, and transport the Sulfidic Caustic received hereunder (the "Services");

(b) has or shall obtain the necessary tankers, tools, equipment and personnel to perform the Services outlined hereunder;

(c) shall maintain and use all tools and equipment in accordance with manufacturer's specifications and recommendations and good engineering and operational practices;

(d) has or shall obtain, at its expense, before performing hereunder all the necessary certificates, permits, licenses and authorizations to conduct business and perform the Services required outside of Qatar;

(e) shall perform all Services in accordance with all applicable law;

(f) shall perform all Services in good faith, promptly, with due diligence and competence; and,

(g) fully comprehends the requirements and contingencies for providing the Services outlined herein.

3. TANKER SCHEDULING

The tanker scheduling provisions for the Sulfidic Caustic solutions delivered and received hereunder are specified in **Schedule 1**, which is incorporated herein for reference only.

4. DURATION OF THE SERVICES

The proposed duration of the Services shall be for the period of 3 months, covering the removal and transportation of one (1) cargo on or around 13-14 April 2008 from Ras Laffan, Qatar, effective the planned commencement of service date of 01 April 2008, with an option to extend for a further period of three (3) months, to cover the lifting of one (1) additional cargo.

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5. ESTIMATE OF ANTICIPATED QUANTITIES

RasGas best estimates of quantities during the Contract period are as follows:

Loading date range (Ras Laffan)	QUANTITIES (metric tons)
13-14 April 2008	1st cargo: 1,500 +/- 10%
Optional - To be advised	2nd cargo: 1,500 +/- 10%

Depending on the operation conditions and Ras Gas experience the anticipated take off quantity shall be 1,500 +/- 10% metric tons per trip. The foregoing estimates are included to assist in resourcing the Services but RasGas does not guarantee the quantity, nor the timing of cargoes throughout the Contract period. All risk in resourcing levels to meet the performance requirements of the Services remains with the Contractor.

During the term of this Contract, RasGas may elect to deliver to Transporter additional quantities of Sulfidic Caustic on the terms and conditions outlined herein, provided RasGas issues to Transporter "Rolling 6-week Sulfidic Caustic Lookahead" written notice outlining the anticipated quantity and required lifting date on a weekly basis, as per Attachment B, if applicable.

Attachments:

Schedule I - Transportation related procedures
Attachment A - Tanker Nomination Questionnaire
Attachment B - Rolling 6-week Sulfidic Caustic Lookahead (Note: Not attached.)
Attachment C - Tender Response Requirements.

EPAHO120001125

SCHEDULE NO. I

1.1 TRANSPORTATION

1.1.1 Delivery

For standalone Scope B (Removal and Transportation Services) bid only: Terms of this Contract shall be "Delivered Ex Ship" (DES) to RasGas Contractor's discharge port, as per "Incoterms". Transporter agrees to remove and transport to the unloading port the Sulfidic Caustic solution in accordance with the terms and conditions of this Contract.

For combined Scope B (Removing and Transportation Services) and Scope A (Receiving and Handling Services) bid: Terms of this Contract shall be "Free on Board" (FOB) Ras Laffan, Qatar, as per "Incoterms". Contractor agrees to receive at the loading flange of the tanker's manifold the Sulfidic Caustic solution in accordance with the terms and conditions of this Contract. Hence, all discharge facility, operations and custody transfer reference/terminology herein, shall be replaced by loading facility, operations and custody transfer reference/terminology, where appropriate.

1.1.2 Title and Risk of Loss

Delivery shall be deemed completed, and title to, risk of loss of and all liability for the Sulfidic Caustic solution shall pass to RasGas Contractor at the receiving flange at the discharge port's manifold. Any loss, damage, deterioration, or evaporation to or of the Sulfidic Caustic solution after delivery shall be for the account of RasGas Contractor or RasGas Contractor's terminal operator, who shall bear the cost of all such loss, damage, deterioration, or evaporation.

1.1.3 Independent Surveyor

RasGas shall appoint an independent surveyor acceptable to its Contractor, and such acceptance not to be unreasonably withheld. RasGas Contractor and RasGas shall share the costs incurred by the independent surveyor at the discharge port.

1.1.4 Sampling

Before unloading, a suitable method shall be used to ensure a representative sample is drawn into a twenty (20) liter container from the vessel's tank at the receiving terminal. The independent surveyor shall arrange for five (5) identical and representative samples to be taken from the suitable container and distributed as per the following table. The parties shall retain the samples for at least ninety (90) days.

Company	No. of Samples	Sample Size
Contractor	2	1 Liter
RasGas	1	1 Liter

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Ship	1	1 Liter
Independent Surveyor	1	1 Liter

1.1.5 Analysis

The sample delivered to the parties shall be promptly analyzed by RasGas/ Contractor, so that the specification of the product at the time of custody transfer between RasGas and its Contractor can be verified.

1.1.6 Measurement

The quantity of the material delivered by RasGas to its Contractor shall be determined by volume measurement of the ship's tanks using the ship's certified ullage, trim, and list tables, and shall be verified by the independent surveyor and RasGas/Contractor. The independent surveyor's determination of quantity and quality shall, in the absence of fraud or manifest error, be final and binding and shall be used for invoicing purposes.

1.1.7 Resolution and Discrepancies

RasGas and Contractor agree that if either takes any exception to any of the delivery survey reports with respect to the quantity or quality of the material delivered, they will promptly notify the other party by facsimile, giving complete details of the matter(s) to which they take exception, and work together amicably to resolve the reported discrepancy and cause thereof on a timely basis.

1.1.8 Lifting

Transporter shall provide a vessel that meets the following criteria:

- The vessel must be compatible with RasGas and its contractor's berth facilities.
- The vessel must be approved by RasGas and its contractor or its designee(s).
- The vessel has to be acceptable to RasGas and its contractor's ports. Transporter shall ensure that its vessel complies with all applicable port and terminal regulations governing operations within RasGas and its Contractor's ports.

Transporter is to provide or arrange for tankers/vessels that have maintained in good working order all equipment necessary to complete the transfer of the material, and the tanker shall provide, as needed, valid certification with regard to registry, classification, and insurance, and other documentation according to International Maritime Organization (IMO) law.

1.2 NOTICES

1.2.1 Ninety (90) Days' Notice [if applicable]

RasGas shall give Transporter ninety (90) days' notice of the required delivery date.

EPAHO120001127

1.2.2 Forty-Five (45) Days' Notice [if applicable]

RasGas shall give Transporter forty-five (45) days' notice, with a two (2) days' date range for the nominated tanker/vessel. Within two (2) working days of receipt of such notice, Transporter shall confirm the date range is acceptable.

Transporter shall send or cause the vessel owner to send to RasGas the following information, at least thirty (30) days prior to the first day of the accepted date range:

- The completed Tanker Questionnaire, attached hereto as **Attachment A.**
- Previous cargo referencing the relevant pages of the IBC Code Book dated 1998. (Applicable tanks only.)
- Cleaning agent last used in applicable tanks, if cleaned since the last cargo.
- Details of other cargo parcels aboard the tanker/vessel while she is alongside at Ras Laffan Port, referencing the relevant pages of the IBC Code Book dated 1998.
- Demurrage Rate on the understanding that allowable laytime shall be twelve (12) hours from the time that Notice of Readiness (NOR) is given and accepted, until the tanker/vessel has her loading/unloading arms disconnected.
- Transporter may provide a substitute tanker if all provisions of this Agreement are met.

1.2.3 Rolling 6-week Lookahead Notice [if applicable]

RasGas shall give Transporter this notice of the required delivery date on a weekly basis

1.2.4 Laytime and Demurrage

The vessel owner to provide RasGas and its Contractor with notice of the ETA and anticipated NOR to berth at the loading terminal fifteen (15), three (3), two (2), and one (1) days' notice in advance of arrival.

Vessel shall give notice to RasGas and its Contractor that the tanker is ready to load upon arrival at the customary anchorage of the loading/unloading terminal. If the tanker arrives during the accepted date range, RasGas and its contractor shall provide berth to the tanker as soon as possible, and laytime shall commence six (6) hours after the NOR has been given and accepted, or after the connection of cargo loading/unloading hoses, whichever occurs first. Laytime shall continue until the cargo hoses at the loading/unloading terminal have been disconnected.

Total allowed laytime for the loading/unloading of the vessel shall be twelve (12) hours. In the case of delays, except where loading/unloading is delayed by reason of force majeure, reasons beyond the control of RasGas and its contractor, such as, but not limited to, prevention or hindrance due to adverse weather, RasGas and its contractor, or the tanker, Transporter shall pay demurrage in US dollars to RasGas at the applicable rate.

EPAHO120001128

ATTACHMENT – A

QATARGAS \ RASGAS

TANKER NOMINATION QUESTIONNAIRE

(NFC2/RGFC - QRC/RGPC)

A1	Tanker name :	A2	IMO Number :
A3	Previous name :	A4	Flag :
A5	Owner / Operator :		
B1	Vessel Type: Product ☐ Crude ☐ Chemical ☐ Combination Carrier (OBO) ☐		
B2	Classification Society :		
B3	Date Tanker Last Inspected under Buyer Vetting system :		
B4	P & I Club name :	B5	P & I Valid Until :
B6	DOC Valid until :	B7	SMC Valid until :
B8	Year Built :	B9	Summer DWT : M.Tons.
B10	NRT :	B11	Arrival Displacement : M.Tons.
C1	LOA : m.	C2	Beam : m.
C3	Moulded Depth : m.	C4	Manifold Height above Keel : m.
C5	Arrival Drafts – Fwd : m.		Aft : m.
C6	Departure Drafts – Fwd : m.		Aft : m.
C7	Distance - FWD to centre of manifold(LOA Reference) :		m.
C8	Parallel Body Length (Ballast Cond.) – Fwd to Manifold: m		Manifold to Aft: m
D1	Horizontal Distance from Reducer flange to edge of Drip Tray :		m.
D2	Is the vessel fitted with manifold as per OCIMF guidelines	Yes ☐	No ☐
D3	For NFC2 \ RGFC 2 x 16" manifolds max spacing 4.0 m	Yes ☐	No ☐
D4	For QRC \ RGPC 1 x 12" manifold	Yes ☐	No ☐
E1	Segregated Ballast to Discharge	Yes ☐	No ☐
E2	Products carried on immediate prior voyage in nominated tank :		
F1	Is the vessel Fitted with fully operational Inert Gas system	Yes ☐	No ☐
F2	Is vessel capable of closed loading	Yes ☐	No ☐
F3	Does vessel have common venting system	Yes ☐	No ☐
F4	If the answer to F3 is No, advise venting capacity for individual tank :		m^3/hour
F5	Maximum Load Rate capacity :		m^3/hour
G1	Is the vessel capable of Mooring 3 x 3 x 2 each end without mixed moorings? Yes ☐		No ☐
G2	If the answer to G1 is "No" ; What mooring Arrangement can the vessel present?		

Provided By:_____ Date:_____

Doc. No. :	QG/RG/RLIC/01/2002/001	Issued By:	For Qatargas	M.G.Rowland
Date of Issue :	15-Jan-2002		For RasGas	J.E.Carr
Revision No. :	1		For RLIC Port	G.B.King

EPAHO120001129

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   _____ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   _____ Yes _____ No

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   _____ Yes _____ No
   If "Yes", attach a copy

4. How long has your company been in business? _____ Years.

5. How long has your company been handling this type of material? _____ Years.

6. Does your Company provide technical support for this product?
   _____ Yes _____ No
   If "Yes", please attach detailed description of the technical support.

7. Does your Company have an environmental audit program?
   _____ Yes _____ No
   If "Yes", attach a copy.

8. Does your Company have more than one outlet for this material?
   _____ Yes _____ No
   If "Yes", please describe them.

9. How many other companies supply you with a similar product?

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Tel (974) 473-8256 / 8185 Facsimile (974) 473-8536

Procurement Department
(Contracts Section)

FACSIMILE MESSAGE

From: Asgar A. Khan Contracts Specialist	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: +1 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/8/532/08	Date: 16/03/2008

Subject: **Spot Services for Sulfidic Caustic Solution Receiving & Handling Services and Removal & Transportation Services**
Invitation To Tender No. ITT/RG08/L072/08

Dear Sirs,

You are hereby invited to submit a tender for subject services, based on the tender documents, which are being sent to you by e-mail.

Please note that Tenderers must submit the fully compliant bid in accordance with the Invitation to Tender documents issued.

Tenderes may submit an "Alternative Bid" in addition to (not instead of) the base compliant Bid.

Alternative Bids should be submitted in a separate envelope (separate Technical and Commercial Bids) clearly marked "ALTERNATIVE TENDER".

Your tender, should be submitted as described in Instructions to Tenderers, on or before **9:00 am on Tuesday,25th March 2008.**

Regards,

Asgar A. Khan
Contracts Specialist

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on 4738536)

Name: _____ **Signature:** _____ **Date:** _____

EPAHO120001131

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Tel (974) 473-8256 / 8185 Facsimile (974) 473-8536

Procurement Department
(Contracts Section)

FACSIMILE MESSAGE

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Procurement Department
(Contracts Section)

FACSIMILE MESSAGE

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Procurement Department
(Contracts Section)

FACSIMILE MESSAGE

From: Asgar A. Khan Contracts Specialist	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/15/457/08	Date: 13/03/2008

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Tel (974) 473-8256 / 8185 Facsimile (974) 473-8536

Procurement Department
(Contracts Section)

FACSIMILE MESSAGE

From: Asgar A. Khan Contracts Specialist	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/15/457/08	Date: 13/03/2008

Subject: **Sulfidic Caustic solution Receiving and handling Services and Removal and Transportation Services**
Invitation to Tender No. ITT/RG08/L201/07
Return of Tender Bond

Dear Sir,

Further to the cancellation of the subject tender and the intimation fax Ref.CD/F/15/355/08 dated 26 February 2008, please be advised that we are returning herewith your Tender Bond which will be forwarded to your office today by courier.

We would like to take this opportunity to thank you for the time and efforts expended in tendering for the subject contract and wish your company every success in the future.

Please co-ordinate with your Bank for cancellation of the Bond.

Yours faithfully,

Asgar A. Khan
Contracts Specialist

Cc:

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on 4738536)

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Tel (974) 473-8256 / 8185 Facsimile (974) 473-8536

Procurement Department
(Contracts Section)

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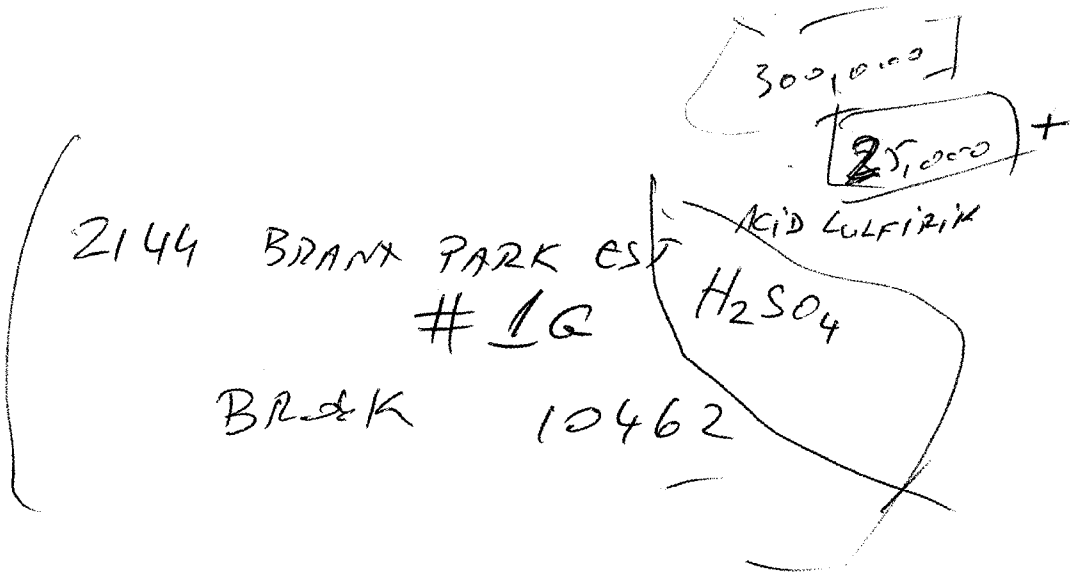
Reference No: CD/F/15/457/08	Date: 13/03/2008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ACID SULFIRIK
2144 BRANX PARK EST
#1G
BRNX 10462
H_2SO_4

RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Monday, March 17, 2008 3:31 AM

To: Ramiz Tafilaj

Dear Ramiz,

Please acknowledge receipt of all four (4) mails.

Regards,

Asgar A. Khan

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 3:01 PM
Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the last one.

Please acknowledge receipt of the four mails.

Regards,

Asgar A. Khan

<< File: Part-1.pdf >>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:59 PM
Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

The Third one.

<< File: Part-2.pdf >>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:59 PM
Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the second file.
<< File: Part-3.pdf >>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:58 PM

EPAHO120001138

Subject: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Dear Sirs,

You are hereby invited to submit a tender for subject services, based on the tender documents, which are being sent to you by e-mail.

Please note that Tenderers must submit the fully compliant bid in accordance with the Invitation to Tender documents issued.

Tenderes may submit an "Alternative Bid" in addition to (not instead of) the base compliant Bid.

Alternative Bids should be submitted in a separate envelope (separate Technical and Commercial Bids) clearly marked "ALTERNATIVE TENDER".

Your tender, should be submitted as described in Instructions to Tenderers, on or before 9:00 am on Tuesday,25th March 2008.

Regards,

Asgar A. Khan
Contracts Specialist

Note: Files being sent as Four (4) separate mails due to its size.
Kindly acknowledge receipt of all four (4) mails by return.

<< File: Part-4.pdf >>

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RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Sunday, March 16, 2008 5:00 AM

Attachments: Part-1.pdf (1 MB)

Here's the last one.

Please acknowledge receipt of the four mails.

Regards,

Asgar A. Khan

<<Part-1.pdf>>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:59 PM

Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

The Third one.

<< File: Part-2.pdf >>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:59 PM

Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the second file.
<< File: Part-3.pdf >>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:58 PM

Subject: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Dear Sirs,

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EPAHO120001140

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Your tender, should be submitted as described in Instructions to Tenderers, on or before 9:00 am on Tuesday,25th March 2008.

Regards,

Asgar A. Khan
Contracts Specialist

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<< File: Part-4.pdf >>

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RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Monday, March 17, 2008 5:16 AM

Attachments: Section 2.0.pdf (793 KB)

Please find attached Part B, Section 2.0 - General Conditions, which is to be incorporated as part of the Invitation to Tender package.

Kindly disregard the Section 2.0 - General Conditions which was sent to you yesterday in error.

Please acknowledge receipt of this mail.

Regards,

Asgar A. Khan

<<Section 2.0.pdf>>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 3:01 PM

Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the last one.

Please acknowledge receipt of the four mails.

Regards,

Asgar A. Khan

<< File: Part-1.pdf >>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:59 PM

Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

The Third one.

<< File: Part-2.pdf >>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:59 PM

EPAHO120001142

Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the second file.
<< File: Part-3.pdf >>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:58 PM
Subject: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

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Regards,

Asgar A. Khan
Contracts Specialist

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<< File: Part-4.pdf >>

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PART B

SECTION 2.0

GENERAL CONDITIONS

CONTRACT SERVICES

EPAHO120001144

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EPAHO120001145

GENERAL CONDITIONS

1. INTERPRETATION

1.1 **Definitions**
For the purpose of the Contract (unless the context otherwise requires), the following expressions shall have the following meanings:

"Call-Off Order" or "COO"	a completed Call-Off Order duly signed by an authorised representative of RasGas, by which any requirement for Ad Hoc Services shall be ordered by RasGas
"Completion Date"	has the meaning given to it in the Form of Agreement
"Contract"	has the meaning given to it in the Form of Agreement
"Effective Date"	has the meaning given to it in the Form of Agreement
"Site"	the location(s) specified in Section 3.0 (Scope of Services) or in any COO as being the place(s) where the Services shall be performed
" Services"	all Services performed pursuant to any COO under this Contract including but not limited to the Services set out in Section 3.0 (Scope of Services) and with respect to Contractor personnel means the Service and performance obligations of such personnel.

Terms defined in the Form of Agreement shall have the same meaning when used in these General Conditions.

1.2 **Headings**
Title headings contained in the Contract are for convenience only and shall not be used in its interpretation.

1.3 **References**

(a) Unless the context otherwise requires, references to Clauses, sub-Clauses and Sections are to the clauses and sub-clauses of and the sections of these General Conditions;
(b) references to Contractor and to its personnel shall include Contractor's employees, agents and any subcontractor approved under Clause 22;
(c) references to parties shall be to the parties hereto;
(d) words importing the singular include the plural and vice versa;
(e) words importing the masculine include the feminine or neuter and vice versa;
(f) words importing persons include individuals, firms, corporations or partnerships and vice versa, as the context or reference to the parties requires;
(g) any list or group of items following the words "including", "includes", "include", "such as" or "consisting of" and such like shall not be interpreted as being definitive and shall in all cases be completed by the expression "but not limited to".

2. EXECUTION OF THE SERVICES

2.1 **Conduct of Services**
The Contractor shall perform all Services continuously and expeditiously and shall complete the Services in accordance with all provisions of the Contract having due regard to any business

EPAHO120001146

critical targets or deadlines specified in the Contract or of which the Contractor has been made aware by RasGas.

2.2 **Time of Essence**
Time is of the essence in the completion of all Services.

2.3 **Time Slippage**
Where it appears any business critical targets or deadlines notified to the Contractor will not be met the Contractor shall notify RasGas as soon as possible. Such notification shall not relieve the Contractor of any of its obligations and the Contractor shall take all appropriate steps to achieve the agreed targets or deadlines including working such additional overtime, engaging such additional personnel and taking such other measures as may be necessary to complete the Services within the scheduled timetable or any approved extension thereto. All costs related to such overtime, additional personnel and other measures shall be borne by the Contractor.

2.4 **Performance of the Services**
The Contractor shall perform the Services in a professional manner at all times in accordance with the Contract using latest, industry-standard technology and sound project management and supervisory practices, and otherwise with all due diligence consistent with best practice in the consulting services industry.

2.5 **Skill and Competence**
The Contractor agrees that it has the required skills, know-how, experience and capacity to perform the Services using appropriately qualified and competent personnel who have been properly trained to carry out the Services including, where relevant, best available health and safety practice.

2.6 **Commencement of Services**
The Services shall commence on the Commencement Date and shall continue until the end of the Period of Maintenance (or any approved revision thereto) unless terminated earlier under Clause 16 (Termination) or any other applicable provision of the Contract.

2.7 **Conformity with Scope and Specifications**
The Services shall conform in all respects with Section 3.0 (Scope of Services) and any further specifications as may be agreed between RasGas and the Contractor and set out in the COO. The Contractor shall use high quality materials, techniques and standards in the supply of the Services and any products or materials supplied to RasGas by the Contractor shall be new and of the best quality and sound workmanship and design if applicable, and shall be fit for the purpose and use specified in, or reasonably to be inferred from, the COO.

2.8 **Knowledge**
The Contractor has carefully examined this Contract and has obtained a full understanding and knowledge of the nature, quality and scope of RasGas' requirements in respect of the Services and of its obligations under this Contract, including information as to the Site, local conditions and facilities and other relevant matters. The Contractor acknowledges that it is fully satisfied as to the correctness and completeness of all documents relating to this Contract and accepts all responsibility for having properly evaluated all costs and contingencies for successfully undertaking and completing the Services, and shall bear any and all consequences resulting from an improper or inadequate evaluation.

2.9 **Property**
The Contractor shall not use any item of RasGas property or equipment without the prior written authority of RasGas. Where RasGas gives its written approval, the Contractor shall ensure such property is treated with appropriate care, kept clean and maintained in good working order. The Contractor shall at all times be responsible for its own property at the Site (including tools and equipment).

2.10 **Inspections**

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RasGas shall be entitled to have access, for the purposes both of inspecting and of observing tests and certificates, to any place where any Services (or part thereof) are being undertaken. Neither failure to inspect or instruct nor any approval given by RasGas shall relieve the Contractor of any of its obligations under the Contract.

2.11 **Independent Contractor**
The Contractor is an independent contractor and nothing in the Contract shall be construed as creating at any time any other relationship between the parties. The Contractor shall at all times have complete control over and full responsibility for its employees, agents and subcontractors. None of them shall be considered, or in any way represent themselves as being, employees of RasGas or be entitled to any benefits supplied by RasGas to its employees.

2.12 **Compliance with laws and regulations**
The Contractor shall at all times comply and ensure that its personnel comply with all applicable laws and regulations relevant to the provision of the Services.

3. Payment Terms and invoicing (Refer to Section 4.0 Compensation)

4. LIABILITY AND INDEMNIFICATION

4.1 Ras Gas shall protect, indemnify, defend and hold Merichem harmless from and against any and all claims, demands (including reasonable attorney's fees), costs, losses, damages, civil penalties and causes of action arise from are caused by or result from the negligence or wilful misconduct of Ras Gas, its subsidiaries, employees or agents involving Ras Gas' production, handling, inspecting, preparing for shipment or loading of the sulfudic caustic, or the presence of extraneous materials in the Sulfudic Caustic transferred hereunder.

Merichem shall protect, indemnify, defend and hold Ras Gas harmless from and against any and all claims, demands, expenses (including reasonable attorney's fees), costs, losses, damages, civil penalties and causes of action which may be made, sustained, incurred or initiated by a person, or persons, including Merichem and its employees, and agents, and any governmental entities, arising from, caused by or resulting in any way from handling by Merichem of the Sulfudic Caustic received pursuant to this agreement, to the extent that such claims, demands, expenses, costs, losses, damages, civil penalties and causes of action arise from are caused by or result from the negligence or wilful misconduct of any environmental law (including without limitation RCRA and CERCLA) by Merichem, its subsidiaries, employees or agents.

Under no circumstances shall either party be liable to the other for incidental, consequential or indirect damages.

4.2 **Consequential Damages**
Neither RasGas nor the Contractor shall bear any liability to the other for loss of profits, loss of business, loss of contracts or other indirect or consequential loss.

***5.0* INSURANCE**

5.1 The Contractor shall ensure that its respective insurers waive all rights of subrogation against the Company, its parents, its subsidiaries and all other indemnities of the Contractor hereunder. For this purpose, the Contractor shall also cause the Company and all other indemnities of the Company to be included as additional insured and covered by the insurance policies described herein.

5.2 The Contractor shall ensure that to the extent of indemnities given by the Contractor hereunder, the Contractor's insurance shall be primary, receiving no contribution from any other insurance arranged by or on behalf of, or available to, the Company. To give effect to the provisions of this Contract the Contractor shall also cause to be waived any clause in the insurance policies that reduces coverage to the extent of coverage by other insurances, if any.

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5.3 All deductibles within and/or liabilities in excess of the indemnities provided under the insurances to be arranged by Contractor shall be for the account of and paid by Contractor, as applicable. The insurance limits mentioned herein are minimum requirements and not limits of Contractor's liability, and they are not to be construed as the Company's consent to limiting the Contractor's financial liability. Approval by Company of any insurer or terms of insurance proposed by Contractor shall not relieve the Contractor from any of his obligations or liabilities under or arising from this Agreement or generally at law.

5.4 The insurances to be arranged by the Contractor shall be the following:

a) **Workmen's Compensation & Employer's Liability (Not applicable)**

b) **General Third Party Liability Insurance (Not applicable)**

c) **Marine Vessels Insurance**

Contractor shall carry, or shall ensure that the marine vessels being employed for the performance of the Services carry, all insurance coverage's as required by law(s) and by the Ras Laffan Port regulations. The required insurances shall include, but not be limited to, the following:

1. Marine Hull Insurance covering Hull and Machinery of the marine vessel including plant and equipment there on full terms and conditions of cover that the insurance market offers, covering the full replacement value of the vessel and the equipment as described above. This insurance should be extended to cover Removal of Wreck and Debris in respect of the vessel, for a minimum of Hull Value but, in any case, not less than US$25,000,000 per occurrence.
2. Protection & Indemnity (P&I) risks coverage for the vessel including seepage and pollution risks for the standard limits provided by the P&I clubs' market. It should however be not less than US$50,000,000 per occurrence. The coverage should include Third Party Liability risks and contractual liability risks connected with the performance of the Services under this Agreement.

The Contractor shall ensure adequacy of all insurances specified herein at all times and shall furnish to Ras Gas, prior to commencement of this Contract, certificates from their insurers or insurance brokers or P&I clubs attesting that appropriate insurance policies have been effected. The Contractor shall make no material alterations to the terms of any insurance without information being given to Ras Gas and in any case shall immediately notify Ras Gas should their insurer make any material alterations thereto.

6. TITLE

6.1 **Good Title**
The Contractor shall, at all times, have good title free and clear of any encumbrances to all products, equipment or materials to be supplied to RasGas in the performance of the Services.

6.2 **Passing of title and risk**
Title to any products, equipment or materials shall pass to Contractor at the time of loading of the inlet flange to the vessel.

7. CONFIDENTIALITY

Confidential Information means all proprietary information which comes into the possession of the Contractor or any of its personnel concerning the technical, financial or business affairs of RasGas including, but not limited to, information relating to its trade secrets, products, processes and business relationships except to the extent that same shall have been published or otherwise made freely available to the public without restriction. In addition, information concerning or relating to this Contract (including information developed by the Contractor in the performance of the Services) shall be presumed to be confidential.

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The Contractor shall not, without RasGas' consent, disclose any Confidential Information to any third party nor use it other than on RasGas' behalf in the performance of the Works and then only to the extent necessary. The Contractor further agrees to take all reasonable and prudent steps to safeguard the Confidential Information including making only such copies, as shall be necessary and restricting access to such documents on a "need to know" basis only.

8. SUSPENSION OF SERVICES (Not applicable)

9. CANCELLATION

9.1 **Notice to cancel**
RasGas shall have the right at any time to cancel the Services, upon Six (6) months written notice to the Contractor.

9.2 **Amount payable on cancellation**
RasGas shall as soon as practicable after any such cancellation, determine (after reference to the Contractor and after such investigation or inquiries as it may think fit) the amount owing and due to the Contractor in respect of Works actually provided up to the date of cancellation in accordance with GAAP. Once determined, RasGas shall notify the Contractor of the relevant amount and the Contractor shall submit an invoice in respect of such amount in accordance with Clause 4 (Payment Terms). For the avoidance of doubt, notice of cancellation hereunder shall not constitute a breach nor entitle the Contractor to any damages, compensation for loss of anticipated profits or Claims.

10. TERMINATION

10.1 **Definition of default**
The Contractor shall be considered in default regardless of the status of the Contract or performance under it, upon the happening of any one of the following events ("Event of Default").

(a) if the Contractor commits a material breach of any of its representations, warranties or other obligations hereunder;
(b) if the Contractor breaches any of its obligations under the Contract or under any COO which, in either case, if RasGas considers is capable of remedy, is not remedied within 60 days of the date of written notice from RasGas requesting such remedy; or
(c) if the Contractor becomes bankrupt or insolvent or commits or suffers any act of bankruptcy or insolvency (other than voluntary liquidation for the purposes of a bona fide amalgamation or reconstruction) or makes any assignment for the benefit of creditors or has a liquidator, administrator, receiver or similar officer appointed over its assets or causes or permits any judgement to be enforceable against it in respect of non-payment of debts.

10.2 **Termination**
If an Event of Default occurs then RasGas may terminate the Contract with immediate effect without thereby releasing the Contractor from any of its obligations or liabilities under the Contract and without prejudice to RasGas's other rights and remedies hereunder and at law.

10.3 **Payment on termination for default**
Where the Contract is terminated, RasGas shall not be liable to pay to the Contractor any amount in respect of the Contract until the Services then in progress have been completed to its satisfaction and only when the costs of execution, completion, damages/penalties for delay in completion (if any) and all other expenses incurred by RasGas, including the costs of any third party RasGas may use to complete the Services, have been ascertained and deducted accordingly.

11. FORCE MAJEURE

11.1 **Definition**
Force Majeure shall mean an event which is neither foreseeable nor preventable and which is entirely outside the direct or indirect control or influence of the Contractor or RasGas including any one or more of the following events:

EPAHO120001150

(a) acts of God including without limitation lightening, flood or unusual or extreme weather;
(b) wars, revolutions, riots, blockades and other unlawful acts against public order;
(c) strikes, lockouts, labour disturbances;
(d) any other event (excluding financial distress), which is neither foreseeable nor preventable by the party claiming Force Majeure.

11.2 **Operation**
Neither RasGas nor the Contractor shall be liable for the performance of its obligations to the extent such performance is prevented by an event of Force Majeure. The party claiming an event of Force Majeure shall promptly notify the other party of such event and any impacted performance under the Contract shall be suspended.

11.3 **Effect**
As regards any delay or failure to perform as a result of Force Majeure:

(a) the party claiming the Force Majeure will take all reasonable steps to bring the circumstances to a close or to find a solution whereby the Contract may be diligently performed despite the event of Force Majeure; and
(b) promptly take such other steps, which the other party reasonably requires in order to reduce the other party's losses or risk of loss.

11.4 **Termination for Force Majeure**
If an event of Force Majeure continues for a period of 120 days or more, the party not claiming Force Majeure shall be entitled to terminate the Contract at any time on giving written notice, such notice to take immediate effect and the relevant provisions of Clause 10 (Termination) shall apply.

12. ENVIRONMENT, HEALTH AND SAFETY ("EHS") – (Not applicable)

13. ALCOHOL AND DRUG POLICY

The Contractor shall be bound by the Company's alcohol and drug policy including, but not limited to, the following excerpt:

The use, possession, distribution or sale of illegal drugs, alcohol or controlled substances and the paraphernalia associated with such on Company's premises including working areas is absolutely prohibited. If a visitor [including Contractor] is in violation of this policy he will be immediately escorted off the premises and reported to the local law enforcement authorities, if appropriate.

Entry onto Company's property is deemed consent to an inspection of person, vehicle and personal effects at any time while on Company's premises. Inspections will be conducted at the discretion of the Company.

14. ASSIGNMENTS AND SUBCONTRACTS

14.1 **Assignment by RasGas**
RasGas may assign the Contract or any interest therein to any affiliate or shareholder or to any of its lenders as required under the terms of any of its loan agreements.

14.2 **Assignment by the Contractor**
The Contractor shall not assign the Contract or any part thereof without the prior written consent of RasGas. Such consent shall not release or relieve the Contractor from any of its obligations or liabilities under the Contract. Contractor may assign any or all of the proceeds due and payable under this contract to any bank or other lending institution with notification to Ras Gas but without further consent of Ras Gas.

14.3 **Subcontracting by the Contractor**
The Contractor shall not subcontract all or any part of the Services or any part of the Contract without prior written approval by RasGas. Notwithstanding approval by RasGas to subcontract all

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or any part of the Services, the Contractor shall remain primarily liable to RasGas for performance of the Contract and primarily liable to RasGas for any default or failure to comply with the terms of the Contract by any subcontractor. The Contractor shall promptly furnish such information about its subcontractors as RasGas may request and, for this purpose, the Contractor shall ensure that disclosure to RasGas is not excluded under the terms of any of its subcontracts. In addition, where the Contractor subcontracts hereunder with any non-Qatari subcontractor, the Contractor shall promptly furnish the required contract details to the Qatar Office of Income Tax. No subcontract shall bind or purport to bind RasGas but every sub-contract shall contain the sub-contractor's consent to RasGas taking assignment from Contractor of the sub-contract.

15. PREFERENCE FOR LOCAL SERVICES

For all Services provided by the Contractor in Qatar, the Contractor shall:

(a) in selecting personnel/subcontractors (including those relating to transportation and/or shipping), select individuals who are nationals of Qatar or companies that are controlled by individuals who are nationals of Qatar, provided that;

(i) the Contractor is reasonably satisfied (on the basis of demonstrated ability, quality, timely performance, workmanship or other relevant criteria) with the ability of such person to perform the relevant Services;
(ii) the cost does not exceed one hundred ten percent (110%) of the cost of equivalent or similar services offered by, or otherwise available from, non-Qatari nationals or companies that are controlled by non-Qatari nationals; and
(iii) the other terms and conditions applicable are otherwise competitive with those available from non-Qatari nationals or companies that are controlled by non-Qatari nationals;

16. NOTICES

Notices shall be in writing and shall be deemed received only when actually delivered by hand, mail, courier or sent by fax, on the day receipt is acknowledged by the receiving party as addressed to the relevant address in the Form of Agreement.

17. PUBLICITY

The Contractor shall neither use nor consent to the use of RasGas' name, logo or trade mark in connection with the Contract in any advertising, marketing or other promotional material or publicity releases or for any similar purpose without the prior written consent of RasGas.

18. GENERAL PROVISIONS

18.1 **Amendments**
This Agreement may not be amended, in whole or in part, except by a written instrument signed by the duly authorized representatives of both parties.

18.2 **Waiver**
No waiver of any provision of this Contract shall be of any force or effect unless such waiver is in writing, is expressly stated to be a waiver of a specified provision of this Contract and is signed by the party to be bound thereby.

18.3 **Language**
The language of the Contract shall be English and all communications between the parties (verbal or written) relating to it, shall be conducted in the English language.

18.4 **Severability**
The invalidity of unenforceability of any provision of the Contract shall in no way affect the validity or enforceability of any other part or provision. Any invalid or unenforceable provision shall be severed from the Contract and the balance of the Contract shall be construed as it was intended and enforced as if the Contract did not contain such invalid or unenforceable provision.

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19. GOVERNING LAW & SETTLEMENT OF DISPUTES

19.1 **Applicable Law:**
This Agreement shall be deemed to have been made in the State of Texas and the rights and obligations of the parties and their respective successors and assigns shall be governed by and determined in accordance with the laws of the state of Texas, without regard to choice of laws principles thereof. The UN Convention on Contracts for the International Sale of Goods shall not apply to this agreement.

19.2 **Settlement of Disputes:**

a) All disputes which, in the opinion of one of the parties as stated an arbitration notice, the parties are unable to resolve by mutual agreement (in good faith and using their reasonable efforts and endeavours to take all steps as may be necessary or desirable to settle any dispute amicably through negotiations and other constructive discussions) shall be exclusively and finally settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce as in force on the effective date of the Agreement except as modified by provisions of this article (Settlement of Disputes).

b) Ras Gas and Merichem shall endeavour to agree on the appointment of a sole arbitrator to agree on the appointment of a sole arbitrator, but, if they fail to so within thirty (30) days of arbitration notice, each of them shall appoint a third arbitrator. If either or both of parties fail to appoint an arbitrator within forty-two (42) days of arbitration notice, such arbitrator or arbitrators shall, at the request of any party, be appointed by the Appointing Authority. If the two arbitrators are appointed but fail to agree on the choice of a third arbitrator within fourteen (14) days of their appointment, the third arbitrator shall be appointed by the Appointing Authority at the request of either Merichem or Ras Gas.

c) The place of arbitration shall be London, England, unless the parties agree otherwise.

d) The arbitration shall be conducted in English, and all arbitrators shall be fluent in English language.

e) The arbitration tribunal shall decide all questions strictly in accordance with the terms of this Agreement and shall give effect to same. The arbitrators shall not be authorised to award special, indirect, incidental, consequential, punitive or exemplary damages.

f) The parties agree that the arbitrators' award shall be binding upon the parties, and that the parties shall give effect to any such award. The parties agree to exclude any appeal right to any court, which would otherwise have jurisdiction in the dispute or out of the award. Either party may, however, make an application to any court have jurisdiction for registration of the award for the arbitral award to be recognized and enforced, including enforcement of any award granting interlocutory relief, against either party and for the obtaining any evidence (whether by discovery of documents, interrogatories, affidavits, or testimony or witnesses, whatever), which the arbitrators direct shall be admitted in the arbitral proceedings.

g) Notwithstanding the other provisions of this article (Settlement of Disputes), any dispute may be referred to settlement by an alternative dispute resolution mechanism or the expert, if the parties to the dispute agree that such alternatives are more appropriate to the circumstances of that dispute.

20. BUSINESS STANDARDS

a) Contractor in performing its obligations under this Contract shall establish and maintain appropriate business standards, procedures and controls. In performing their respective obligations and undertakings under this contract, the Parties shall use all reasonable endeavors to prevent their employees or personnel or contractors from making, receiving, providing or offering any substantial gifts, extravagant entertainment, payments, loans or other considerations to or from the other Party's employees, personnel or contractors.

b) Contractor and Company are aware of a practice (referred to as "Illegal Information Brokering") where certain parties approach contractors, subcontractors or vendors, and offer confidential information or illicit influence in order to obtain business through corruption of

EPAHO120001153

competitive bidding processes. Contractor represents that it has not and will not utilize or participate in Illegal Information Brokering in connection with this Contract.

THIS INDICATES THE END OF THESE TERMS AND CONDITIONS

EPAHO120001154

RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Sunday, March 16, 2008 4:59 AM

Attachments: Part-2.pdf (1 MB)

The Third one.

<<Part-2.pdf>>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:59 PM
Subject: RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Here's the second file.
<< File: Part-3.pdf >>

From: Khan, Asgar A
Sent: Sunday, March 16, 2008 2:58 PM
Subject: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Dear Sirs,

You are hereby invited to submit a tender for subject services, based on the tender documents, which are being sent to you by e-mail.

Please note that Tenderers must submit the fully compliant bid in accordance with the Invitation to Tender documents issued.

Tenderes may submit an "Alternative Bid" in addition to (not instead of) the base compliant Bid.

Alternative Bids should be submitted in a separate envelope (separate Technical and Commercial Bids) clearly marked "ALTERNATIVE TENDER".

Your tender, should be submitted as described in Instructions to Tenderers, on or before 9:00 am on Tuesday,25th March 2008.

Regards,

Asgar A. Khan
Contracts Specialist

Note: Files being sent as Four (4) separate mails due to its size.
Kindly acknowledge receipt of all four (4) mails by return.

EPAHO120001155

<< File: Part-4.pdf >>

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RE: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Sunday, March 16, 2008 4:58 AM

Attachments: Part-3.pdf (2 MB)

Here's the second file.
<<Part-3.pdf>>

From: Khan, Asgar A

Sent: Sunday, March 16, 2008 2:58 PM

Subject: ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

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Regards,

Asgar A. Khan
Contracts Specialist

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<< File: Part-4.pdf >>

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ITT/RG08/L072/08 - Spot Services Contract for Sulfidic Caustic Solution - Receiving & Handling Services and Removal & Transportation Services

Khan, Asgar A [azkhan@rasgas.com.qa]

Sent: Sunday, March 16, 2008 4:57 AM

Attachments: Part-4.pdf (3 MB)

Dear Sirs,

You are hereby invited to submit a tender for subject services, based on the tender documents, which are being sent to you by e-mail.

Please note that Tenderers must submit the fully compliant bid in accordance with the Invitation to Tender documents issued.

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Alternative Bids should be submitted in a separate envelope (separate Technical and Commercial Bids) clearly marked "ALTERNATIVE TENDER".

Your tender, should be submitted as described in Instructions to Tenderers, on or before 9:00 am on Tuesday,25th March 2008.

Regards,

Asgar A. Khan
Contracts Specialist

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Kindly acknowledge receipt of all four (4) mails by return.

<<Part-4.pdf>>

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Greg,

We need to cancel this Tender Bond and have one issued for $20,000

Matt

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Tel (974) 473-8256 / 8185 Facsimile (974) 473-8536

Procurement Department
(Contracts Section)

TO

FACSIMILE MESSAGE

From: Asgar A. Khan Contracts Specialist	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/15/457/08	Date: 13/03/2008

Subject: **Sulfidic Caustic solution Receiving and handling Services and Removal and Transportation Services**
Invitation to Tender No. ITT/RG08/L201/07
Return of Tender Bond

Dear Sir,

Further to the cancellation of the subject tender and the intimation fax Ref.CD/F/15/355/08 dated 26 February 2008, please be advised that we are returning herewith your Tender Bond which will be forwarded to your office today by courier.

We would like to take this opportunity to thank you for the time and efforts expended in tendering for the subject contract and wish your company every success in the future.

Please co-ordinate with your Bank for cancellation of the Bond.

Yours faithfully,

Asgar A. Khan
Contracts Specialist

Cc:

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on ~~4738536~~)

Name: RAMIZ TAFILAJ **Signature:** **Date:** 3-18-08

EPAHO120001160

IBCS Group
944 Glenwood Station Lane, Suite 104
Charlottesville, VA 22901

Fax: (434) 974-5610

Bank Reference Request

Bank name: Bank of America

IBCS client name: CES Environmental Services Inc.

Edmund Scarborough, Individual Surety, has written or been asked to consider writing bonds for the above firm and your bank has been given as a reference.

Please furnish IBCS, Risk / Claims Manager for the Scarborough Bond and Guarantee Program, with the following information:

1. How long has this client above been with your bank? Since 01/01/1999
2. Approximate average bank balance last 6 months? $550,000.00
3. Have there been overdrafts? Float? Returned Checks? No.
4. General Credit Experience: Excellent (Good) Fair Poor None
5. Was Security Pledged (describe)? Yes Real Estate, all bus. assets.
6. Is there an established line of credit? (Yes) No
7. What is the gross amount overall? $500,000. or
8. How much currently in use? $500,000. or
9. How is the line secured? blanket lien on all bus. assets.
10. When does the current line expire? _____
11. Are all loans current? (Yes) No
12. Have any loans been restructured to avoid delinquency (describe)? No.
13. Additional Comments:

Prepared by: _____ on 5/13/2009
(Signature of Bank Representative) (Date)

Printed name and title: JOSE MADRIGAL SR. Vice President
Phone: 888-852-5000 ext 5113

Important! AFFIX DEPOSITORY STAMP HERE OR PRINT THIS DOCUMENT ON BANK LETTERHEAD:

BANK OF AMERICA-EAST HOUSTON
BUSINESS BANKING
12605 EAST FRWY #108
HOUSTON, TX 77015

The IBCS Group Inc.
944 Glenwood Station Lane, Suite 104
Charlottesville, VA 22901

Fax: (434) 974-5610

Supplier: CES Environmental Devices Inc.
Name

4904 Griggs Rd.
Street Address

Houston, TX 77021
City State Zip

Account Name: CES Environmental Devices Inc.

The above captioned company has applied for bonding with our firm. Please be kind enough to give us a credit rating based on the customer. This form is to be transmitted directly to the underwriter and is not to be transmitted through the applicant(s) or any other party.

Thank you.

Years Known: 10years Available Credit: None.

Current Unused Credit: None Past Credit Pay Record: Good

Remarks: Client has working capital line of credit for $500,000.00 currently is fully funded on this line of credit.

By: [signature]
Sr. Vice President.
Title

I hereby authorize you to provide this information and supply the underwriter identified above the information requested. Your response is solely a matter of courtesy for which no responsibility is attached to your institution or any of your officers.

X [signature]
Applicant

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if do not, your application for bonding may be delayed or rejected.

The IBCS Group Inc.

944 Glenwood Station Lane, Suite 104
Charlottesville, VA 22901

Fax: (434) 974-5610

Supplier: _____
Name

_____
Street Address

_____
City State Zip

Account Name: _____

The above captioned company has applied for bonding with our firm. Please be kind enough to give us a credit rating based on the customer. This form is to be transmitted directly to the underwriter and is not to be transmitted through the applicant(s) or any other party.

Thank you.

Years Known: _____ Available Credit: _____

Current Unused Credit:_____ Past Credit Pay Record:_____

Remarks: _____
_____
_____

By: _____

_____
Title

I hereby authorize you to provide this information and supply the underwriter identified above the information requested. Your response is solely a matter of courtesy for which no responsibility is attached to your institution or any of your officers.

X_____
Applicant

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if do not, your application for bonding may be delayed or rejected.

IBCS Group
944 Glenwood Station Lane, Suite 104
Charlottesville, VA 22901

Fax: (434) 974-5610

Bank Reference Request

Bank name: _____ IBCS client name: _____

Edmund Scarborough, Individual Surety, has written or been asked to consider writing bonds for the above firm and your bank has been given as a reference.

Please furnish IBCS, Risk / Claims Manager for the Scarborough Bond and Guarantee Program, with the following information:

1. How long has this client above been with your bank? _____
2. Approximate average bank balance last 6 months? _____
3. Have there been overdrafts? Float? Returned Checks? _____
4. General Credit Experience: Excellent Good Fair Poor None
5. Was Security Pledged (describe)? _____
6. Is there an established line of credit? Yes No
7. What is the gross amount overall? _____
8. How much currently in use? _____
9. How is the line secured? _____
10. When does the current line expire? _____
11. Are all loans current? Yes No
12. Have any loans been restructured to avoid delinquency (describe)? _____
13. Additional Comments:

Prepared by: _____ on _____
(Signature of Bank Representative) (Date)

Printed name and title: _____
Phone: _____

Important! AFFIX DEPOSITORY STAMP HERE OR PRINT THIS DOCUMENT ON BANK LETTERHEAD:

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Facsimile (974) 485 7313

Supply Department

FACSIMILE MESSAGE

From: Asgar A.Khan Head Of Contracts(Ops & Support)	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/E/7/1328/09	Date: 05-May-09

Subject: **Long Term- Sulfidic Caustic Solution Removal & Handling Services**
ITT No. ITT/RG08/L240/08

Dear Sirs,

Reference to the subject tender, you are requested to extend the Tender Bond and Bid validity until **30th June 2009**.

Please confirm your extension of the Bid validity by return fax (+974 485 7313).

In addition, please arrange for the amendment of the Tender Bond extension with the original to be submitted at the following address:-

RasGas Company Limited, RasGas Main Building, Ground Floor, Mail Room, Al-Ahad Street, West Bay, Doha, State of Qatar.

Attn.: Asgar A.Khan, Head of Contracts (Ops & Support)
Contracts Department, Room No.407, RasGas Mannai Tower-Doha

Regards,

Asgar A.Khan
Head Of Contracts(Ops & Support)

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on 485 7313)

Name: _____ **Signature:** _____ **Date:** _____

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1.0 PRICING STRUCTURE

1.1 Compensation listed in the Schedule of Prices herein constitutes full payment of the Contract Sum for all services covered in this Contract and includes, but is not limited to, the furnishing of all technical and professional services, equipment, approved vessels, material, supplies and all operations and items necessary to complete the services described in the Scope of Services of this Contract.

1.2 The Contract Sum shall be derived from the Unit Price/Gallon for the Services performed by the Contractor in accordance with Section 3.0 Scope of Services over the period of three (3) years .

2.0 PRICING CONDITIONS

2.1 Currency of the Contract

2.1.1 The currency of the Contract shall be the United States Dollar (US$) and all compensation and invoices shall be expressed and all payments shall be made in that currency.

2.1.2 Should any expenses, subject to reimbursement by the Company at cost, be incurred and paid by the Contractor in a currency other than the United States Dollar, then such expenses shall be expressed in United States Dollars. Conversion shall be made at the selling rate of such currency as published by the Qatar National Bank on the 25th day of the month, or the last banking day before the 25th day of the month in which the expenses in question were incurred, and the rate used shall be identified in the relevant invoice and the accompanying supporting information.

2.2 Unit Prices Fully Inclusive

Without limitation the Unit Price/Gallon in this Compensation section shall be fully inclusive of but not limited to

- Manpower, necessary tools and equipment, approved vessels and personnel to perform the services
- Required external safety training,
- Standard personal protective equipment (PPE)
- Overheads, on costs and profit.
- Payroll and payroll burden, salary, allowances, bonus, insurance and pension religious or public holidays work, medical and sickness schemes, specialist equipment, safety equipment & protective clothing, accommodation and subsistence, commuter travel or Contractor vehicle provisions.
- Obtaining and maintaining all permits, visas etc.
- All costs associated with leave or leave cycles, hand-over / overlap etc.
- All applicable taxes and disbursements.
- Currency conversion and funding.
- Insurance's.
- Agency or sponsorship fees including local office costs.

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- All costs associated with the execution and satisfactory completion of the Contract and all costs associated with compliance with the Contract obligations in accordance with Section 3.0 Scope of Services.

2.3 Validity of the Unit Price/Gallon

2.3.1 The Unit Prices/Shipment in this Compensation section shall remain fixed and firm for the duration of the Contract, effective the planned date of Commencement of the Services.

2.4 *Basis of Compensation*

2.4.1 Compensation shall be on the basis of gross Gallons inclusive of all services required for that cargo.

2.4.2 No payment will be made for services provided to remedy defects or to remedy any default of the Contractor.

3.0 SCHEDULE OF PRICES

3.1 The fully-inclusive Unit Price for the performance of Receiving and Handling Services is as follows: -

	Description	Unit Price (US$ per US Gallon)
1.	**Sulfidic Caustic Solution Received** **1.1 sodium content above 3%**	$0.495
	1.2 sodium content less than 3% but more than 1%	$0.495
	1.3 sodium content less than 1%	$0.495
	1.4 Average price for either of the three grades above	$0.495

3.2 The fully-inclusive Unit Price for the performance of Removal and Transportation services is as follows: -

	Description	Unit Price (US$ per US Gallon)
1.	**Sulfidic Caustic Solution Transported from Ras Laffan, Qatar to:** **1.1 Houston, United States of America**	$0.785

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4.0 INVOICING

All invoices shall be submitted to RasGas, P.O. Box 24200, Doha-Qatar, for the attention of the Accounting Manager, Finance Department, showing Contract reference number and Contract Title.

Invoicing for Sulfidic Caustic Solution shall be based on the gross gallons as per Section 3.0 Scope of Services, Schedule No. 1. Article 1.1.6 – Measurement. Copies of the analyses showing the concentration of sodium and sulfide sulfur shall be attached to each invoice.

Payment of approved invoices shall be made within forty-five (45) day's from the date of invoice received by RasGas with supporting documentation.

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SECTION 1.0

FORM OF AGREEMENT

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THIS CONTRACT made between

RASGAS COMPANY LIMITED, a company established under the laws of the State of Qatar with a registered address of P.O. Box 24200, Doha, Qatar, for and on behalf of itself or acting as agent for either Ras Laffan Liquefied Natural Gas Company Limited, Ras Laffan Liquefied Natural Gas Company Limited (II), Ras Laffan Liquefied Natural Gas Company Limited (3), Qatar Liquefied Gas Company Limited, Qatar Liquefied Gas Company Limited (II), ExxonMobil Middle East Gas Marketing Limited ("AKG"), and any other entity or project for which RasGas Company Limited may provide services ("**RasGas**" or the "**Company**"), and

(NAME OF CONTRACTOR) a company established under the laws of (INSERT) with registered address (INSERT ADDRESS) (the **"Contractor"**)

entered into by the parties the earlier of (a) the date of the RasGas Letter of Acceptance or (b) the day by which the Contract has been signed by both parties' duly authorized representatives, is effective from _____.

THE PARTIES AGREE AS FOLLOWS;

1. This Contract includes all of the following documents listed, and as they may be amended from time to time. In the event of any inconsistency or contradiction in terms between listed documents, the Section number indicates the order of precedence and determines which document prevails.

   In addition, if Special Terms and Conditions agreed in writing are not merged into Section 2.0 below, then they prevail over Section 2.0.

Section 1.0	Form of Agreement
Section 2.0	General Conditions
Section 3.0	Scope of Services
Section 4.0	Compensation
Section 5.0	Preliminaries & Coordination Procedures / Forms
Section 6.0	Not Used
Section 7.0	Environment, Health and Safety Requirements
Section 8.0	Bonds & Guarantees

2. Any notice by either party to the other concerning the Contract shall be in writing and be deemed received only when actually delivered either by hand or by mail to:

   Contractor at: _____.
   _____
   _____

   Attention: _____

   Company at: RasGas Company Limited
   P.O. Box 24200
   Doha
   State of Qatar

   Attention: Manager, Commercial & Shipping

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In the event of a change of address, prompt notice shall be given by the party concerned to the other.

3. This Contract continues in effect, unless terminated earlier in accordance with its terms, until the Date of Completion of Services; provided, however, that any provisions whose enforceability requires survival (including without limitation warranties and audit rights) shall survive accordingly.

4. The Contractor agrees to deal only with RasGas Company Limited in relation to all matters arising under the Contract, and RasGas Company Limited shall be entitled to enforce this Contract on behalf of itself or any entity for which it acts as agent.

IN WITNESS whereof the parties have signed this Form of Agreement in two originals on the date(s) mentioned below.

For: RASGAS COMPANY LIMITED	**For: CONTRACTOR**
Name:	Name: .....
Signature:	Signature: .....
Position:	Position: .....
Date:	Date: .....

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SECTION 2.0

GENERAL CONDITIONS

CONTRACT SERVICES

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1. INTERPRETATION

1.1 **Definitions**
For the purpose of the Contract (unless the context otherwise requires), the following expressions shall have the following meanings:

"Call-Off Order" or "COO"	a completed Call-Off Order duly signed by an authorised representative of RasGas, by which any requirement for Ad Hoc Services shall be ordered by RasGas
"Completion Date"	has the meaning given to it in the Form of Agreement
"Contract"	has the meaning given to it in the Form of Agreement
"Effective Date"	has the meaning given to it in the Form of Agreement
"Site"	the location(s) specified in Section 3.0 (Scope of Services) or in any COO as being the place(s) where the Services shall be performed
"Services"	all Services performed pursuant to any COO under this Contract including but not limited to the Services set out in Section 3.0 (Scope of Services) and with respect to Contractor personnel means the Service and performance obligations of such personnel.
"Gross Negligence"	means, with respect to a Party hereto, any omission or action committed by the managerial or senior supervisory personnel of such Party, whether intentional or not, that constitutes a reckless disregard for harmful and foreseeable consequences.
"Wilful Misconduct"	means, with respect to a Party hereto, an intentional act or omission committed by the managerial or senior supervisory personnel of such Party, where such Party contemplated such act or omission, and was aware that such act or omission by it would be likely to have harmful and foreseeable consequences.

Terms defined in the Form of Agreement shall have the same meaning when used in these General Conditions.

1.2 **Headings**
Title headings contained in the Contract are for convenience only and shall not be used in its interpretation.

1.3 **References**

(a) Unless the context otherwise requires, references to Clauses, sub-Clauses and Sections are to the clauses and sub-clauses of and the sections of these General Conditions;
(b) references to Contractor and to its personnel shall include Contractor's employees, agents and any subcontractor approved under Clause 22;
(c) references to parties shall be to the parties hereto;
(d) words importing the singular include the plural and vice versa;
(e) words importing the masculine include the feminine or neuter and vice versa;
(f) words importing persons include individuals, firms, corporations or partnerships and vice versa, as the context or reference to the parties requires;
(g) any list or group of items following the words "including", "includes", "include", "such as" or "consisting of" and such like shall not be interpreted as being definitive and shall in all cases be completed by the expression "but not limited to".

2. EXECUTION OF THE SERVICES

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2.1 **Conduct of Services**
The Contractor shall perform all Services continuously and expeditiously and shall complete the Services in accordance with all provisions of the Contract having due regard to any business critical targets or deadlines specified in the Contract or of which the Contractor has been made aware by RasGas.

2.2 **Time of Essence**
Time is of the essence in the completion of all Services.

2.3 **Time Slippage**
Where it appears any business critical targets or deadlines notified to the Contractor will not be met the Contractor shall notify RasGas as soon as possible. Such notification shall not relieve the Contractor of any of its obligations and the Contractor shall take all appropriate steps to achieve the agreed targets or deadlines including working such additional overtime, engaging such additional personnel and taking such other measures as may be necessary to complete the Services within the scheduled timetable or any approved extension thereto. All costs related to such overtime, additional personnel and other measures shall be borne by the Contractor.

2.4 **Performance of the Services**
The Contractor shall perform the Services in a professional manner at all times in accordance with the Contract using latest, industry-standard technology and sound project management and supervisory practices, and otherwise with all due diligence consistent with best practice in the consulting services industry.

2.5 **Skill and Competence**
The Contractor agrees that it has the required skills, know-how, experience and capacity to perform the Services using appropriately qualified and competent personnel who have been properly trained to carry out the Services including, where relevant, best available health and safety practice.

2.6 **Commencement of Services**
The Services shall commence on the Commencement Date and shall continue until the end of the Period of Maintenance (or any approved revision thereto) unless terminated earlier under Clause 16 (Termination) or any other applicable provision of the Contract.

2.7 **Conformity with Scope and Specifications**
The Services shall conform in all respects with Section 3.0 (Scope of Services) and any further specifications as may be agreed between RasGas and the Contractor and set out in the COO. The Contractor shall use high quality materials, techniques and standards in the supply of the Services and any products or materials supplied to RasGas by the Contractor shall be new and of the best quality and sound workmanship and design if applicable, and shall be fit for the purpose and use specified in, or reasonably to be inferred from, the COO.

2.8 **Knowledge**
The Contractor has carefully examined this Contract and has obtained a full understanding and knowledge of the nature, quality and scope of RasGas' requirements in respect of the Services and of its obligations under this Contract, including information as to the Site, local conditions and facilities and other relevant matters. The Contractor acknowledges that it is fully satisfied as to the correctness and completeness of all documents relating to this Contract and accepts all responsibility for having properly evaluated all costs and contingencies for successfully undertaking and completing the Services, and shall bear any and all consequences resulting from an improper or inadequate evaluation.

2.9 **Property**
The Contractor shall not use any item of RasGas property or equipment without the prior written authority of RasGas. Where RasGas gives its written approval, the Contractor shall ensure such property is treated with appropriate care, kept clean and maintained in good working order. The Contractor shall at all times be responsible for its own property at the Site (including tools and equipment).

2.10 **Inspections**

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RasGas shall be entitled to have access, for the purposes both of inspecting and of observing tests and certificates, to any place where any Services (or part thereof) are being undertaken. Neither failure to inspect or instruct nor any approval given by RasGas shall relieve the Contractor of any of its obligations under the Contract.

2.11 **Independent Contractor**
The Contractor is an independent contractor and nothing in the Contract shall be construed as creating at any time any other relationship between the parties. The Contractor shall at all times have complete control over and full responsibility for its employees, agents and subcontractors. None of them shall be considered, or in any way represent themselves as being, employees of RasGas or be entitled to any benefits supplied by RasGas to its employees.

2.12 **Compliance with laws and regulations**
The Contractor shall at all times comply and ensure that its personnel comply with all applicable laws and regulations relevant to the provision of the Services.

3. PAYMENT TERMS AND INVOICING (Refer to Section 4.0 - Compensation)

4. LIABILITY AND INDEMNIFICATION

4.1 Except as otherwise provided in the Contract, the Contractor agrees that it shall:

(a) be liable to RasGas for all losses, costs, legal fees, damages and expenses whatsoever which RasGas may suffer, sustain, pay or incur **("Losses");** and

(b) fully and effectively indemnify RasGas against any and all claims, liens, judgements, awards, remedies, debts, demands, penalties, liabilities, damages, injuries, costs, losses, expenses or causes of action or proceeding of whatever nature including without limitation punitive damages or exemplary damages and all fees associated with any such action or proceeding, and those claims made or enjoyed by administrators (or other insolvency officers), successors, survivors or assigns **("Claims")** which may be brought against or suffered by RasGas or which it may sustain, pay or incur;

as a result of or in connection with the performance, purported performance or non-performance of the Contract by the Contractor, and whether the same results from or in connection with the use by the Contractor of any machinery, tools or equipment belonging to RasGas or from or in connection with the negligence or wilful acts or omissions of RasGas or its agents, employees or other contractors while acting under the direction or control of the Contractor; but excluding any Losses or Claims to the extent that they are suffered, sustained, paid or incurred by reason of the negligence or wilful acts or omissions of RasGas or its agents, employees or other contractors while not acting under the direction or control of the Contractor.

4.2 **Consequential Damages**
Neither RasGas nor the Contractor shall bear any liability to the other for loss of profits, loss of business, loss of contracts or other indirect or consequential loss, except if a Party has committed an act or omission of Gross Negligence or Wilful Misconduct attributable to its managerial or senior supervisory personnel and in no event will a Party be required to release or indemnify the other party for Gross Negligence or Wilful Misconduct attributable to the other Party's managerial or senior supervisory personnel.

5.0 INSURANCE

5.1 The Contractor shall ensure that its respective insurers waive all rights of subrogation against the Company, its parents, its subsidiaries and all other indemnities of the Contractor hereunder. For this purpose, the Contractor shall also cause the Company and all other indemnities of the Company to be included as additional insured and covered by the insurance policies described herein.

5.2 The Contractor shall ensure that to the extent of indemnities given by the Contractor hereunder, the Contractor's insurance shall be primary, receiving no contribution from any other insurance arranged by or on behalf of, or available to, the Company. To give effect to the provisions of this

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Contract the Contractor shall also cause to be waived any clause in the insurance policies that reduces coverage to the extent of coverage by other insurances, if any.

5.3 All deductibles within and/or liabilities in excess of the indemnities provided under the insurances to be arranged by Contractor shall be for the account of and paid by Contractor, as applicable. The insurance limits mentioned herein are minimum requirements and not limits of Contractor's liability, and they are not to be construed as the Company's consent to limiting the Contractor's financial liability. Approval by Company of any insurer or terms of insurance proposed by Contractor shall not relieve the Contractor from any of his obligations or liabilities under or arising from this Agreement or generally at law.

5.4 The insurances to be arranged by the Contractor shall be the following:

a) **Workmen's Compensation & Employer's Liability (Not applicable)**

b) **General Third Party Liability Insurance (Not applicable)**

c) **Marine Vessels Insurance**

Contractor shall carry, or shall ensure that the marine vessels being employed for the performance of the Services carry, all insurance coverage's as required by law(s) and by the Ras Laffan Port regulations. The required insurances shall include, but not be limited to, the following:

1. Marine Hull Insurance covering Hull and Machinery of the marine vessel including plant and equipment there on full terms and conditions of cover that the insurance market offers, covering the full replacement value of the vessel and the equipment as described above. This insurance should be extended to cover Removal of Wreck and Debris in respect of the vessel, for a minimum of Hull Value but, in any case, not less than US$25,000,000 per occurrence.
2. Protection & Indemnity (P&I) risks coverage for the vessel including seepage and pollution risks for the standard limits provided by the P&I clubs' market. It should however be not less than US$50,000,000 per occurrence. The coverage should include Third Party Liability risks and contractual liability risks connected with the performance of the Services under this Agreement.

The Contractor shall ensure adequacy of all insurances specified herein at all times and shall furnish to Ras Gas, prior to commencement of this Contract, certificates from their insurers or insurance brokers or P&I clubs attesting that appropriate insurance policies have been effected. The Contractor shall make no material alterations to the terms of any insurance without information being given to Ras Gas and in any case shall immediately notify Ras Gas should their insurer make any material alterations thereto.

6. TITLE

6.1 **Good Title**
The Contractor shall, at all times, have good title free and clear of any encumbrances to all products, equipment or materials to be supplied to RasGas in the performance of the Services.

6.2 **Passing of title and risk**
Title to any products, equipment or materials shall pass to Contractor at the time of loading of the inlet flange to the vessel.

7. CONFIDENTIALITY

Confidential Information means all proprietary information which comes into the possession of the Contractor or any of its personnel concerning the technical, financial or business affairs of RasGas including, but not limited to, information relating to its trade secrets, products, processes and business relationships except to the extent that same shall have been published or otherwise made freely available to the public without restriction. In addition, information concerning

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or relating to this Contract (including information developed by the Contractor in the performance of the Services) shall be presumed to be confidential.

The Contractor shall not, without RasGas' consent, disclose any Confidential Information to any third party nor use it other than on RasGas' behalf in the performance of the Works and then only to the extent necessary. The Contractor further agrees to take all reasonable and prudent steps to safeguard the Confidential Information including making only such copies, as shall be necessary and restricting access to such documents on a "need to know" basis only.

8. SUSPENSION OF SERVICES (Not applicable)

9. CANCELLATION

9.1 **Notice to cancel**
RasGas shall have the right at any time to cancel the Services, upon Six (6) months written notice to the Contractor.

9.2 **Amount payable on cancellation**
RasGas shall as soon as practicable after any such cancellation, determine (after reference to the Contractor and after such investigation or inquiries as it may think fit) the amount owing and due to the Contractor in respect of Works actually provided up to the date of cancellation in accordance with GAAP. Once determined, RasGas shall notify the Contractor of the relevant amount and the Contractor shall submit an invoice in respect of such amount in accordance with Clause 4 (Payment Terms). For the avoidance of doubt, notice of cancellation hereunder shall not constitute a breach nor entitle the Contractor to any damages, compensation for loss of anticipated profits or Claims.

10. TERMINATION

10.1 **Definition of default**
The Contractor shall be considered in default regardless of the status of the Contract or performance under it, upon the happening of any one of the following events ("Event of Default").

(a) if the Contractor commits a material breach of any of its representations, warranties or other obligations hereunder;
(b) if the Contractor breaches any of its obligations under the Contract or under any COO which, in either case, if RasGas considers is capable of remedy, is not remedied within 60 days of the date of written notice from RasGas requesting such remedy; or
(c) if the Contractor becomes bankrupt or insolvent or commits or suffers any act of bankruptcy or insolvency (other than voluntary liquidation for the purposes of a bona fide amalgamation or reconstruction) or makes any assignment for the benefit of creditors or has a liquidator, administrator, receiver or similar officer appointed over its assets or causes or permits any judgement to be enforceable against it in respect of non-payment of debts.

10.2 **Termination**
If an Event of Default occurs then RasGas may terminate the Contract with immediate effect without thereby releasing the Contractor from any of its obligations or liabilities under the Contract and without prejudice to RasGas's other rights and remedies hereunder and at law.

10.3 **Payment on termination for default**
Where the Contract is terminated, RasGas shall not be liable to pay to the Contractor any amount in respect of the Contract until the Services then in progress have been completed to its satisfaction and only when the costs of execution, completion, damages/penalties for delay in completion (if any) and all other expenses incurred by RasGas, including the costs of any third party RasGas may use to complete the Services, have been ascertained and deducted accordingly.

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11. FORCE MAJEURE

11.1 Definition

Force Majeure shall mean an event which is neither foreseeable nor preventable and which is entirely outside the direct or indirect control or influence of the Contractor or RasGas including any one or more of the following events:

(a) acts of God including without limitation lightening, flood or unusual or extreme weather;
(b) wars, revolutions, riots, blockades and other unlawful acts against public order;
(c) strikes, lockouts, labour disturbances;
(d) any other event (excluding financial distress), which is neither foreseeable nor preventable by the party claiming Force Majeure.

11.2 Operation

Neither RasGas nor the Contractor shall be liable for the performance of its obligations to the extent such performance is prevented by an event of Force Majeure. The party claiming an event of Force Majeure shall promptly notify the other party of such event and any impacted performance under the Contract shall be suspended.

11.3 Effect

As regards any delay or failure to perform as a result of Force Majeure:

(a) the party claiming the Force Majeure will take all reasonable steps to bring the circumstances to a close or to find a solution whereby the Contract may be diligently performed despite the event of Force Majeure; and
(b) promptly take such other steps, which the other party reasonably requires in order to reduce the other party's losses or risk of loss.

11.4 Termination for Force Majeure

If an event of Force Majeure continues for a period of 120 days or more, the party not claiming Force Majeure shall be entitled to terminate the Contract at any time on giving written notice, such notice to take immediate effect and the relevant provisions of Clause 10 (Termination) shall apply.

12. ENVIRONMENT, HEALTH AND SAFETY ("EHS")

Refer Section 7.0 - EHS Requirements

13. ALCOHOL AND DRUG POLICY

The Contractor shall be bound by the Company's alcohol and drug policy including, but not limited to, the following excerpt:

The use, possession, distribution or sale of illegal drugs, alcohol or controlled substances and the paraphernalia associated with such on Company's premises including working areas is absolutely prohibited. If a visitor [including Contractor] is in violation of this policy he will be immediately escorted off the premises and reported to the local law enforcement authorities, if appropriate.

Entry onto Company's property is deemed consent to an inspection of person, vehicle and personal effects at any time while on Company's premises. Inspections will be conducted at the discretion of the Company.

14. ASSIGNMENTS AND SUBCONTRACTS

14.1 Assignment by RasGas

RasGas may assign the Contract or any interest therein to any affiliate or shareholder or to any of its lenders as required under the terms of any of its loan agreements.

14.2 Assignment by the Contractor

The Contractor shall not assign the Contract or any part thereof without the prior written consent of RasGas. Such consent shall not release or relieve the Contractor from any of its obligations or liabilities under the Contract. Contractor may assign any or all of the proceeds due and payable

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under this contract to any bank or other lending institution with notification to Ras Gas but without further consent of Ras Gas.

14.3 **Subcontracting by the Contractor**
The Contractor shall not subcontract all or any part of the Services or any part of the Contract without prior written approval by RasGas. Notwithstanding approval by RasGas to subcontract all or any part of the Services, the Contractor shall remain primarily liable to RasGas for performance of the Contract and primarily liable to RasGas for any default or failure to comply with the terms of the Contract by any subcontractor. The Contractor shall promptly furnish such information about its subcontractors as RasGas may request and, for this purpose, the Contractor shall ensure that disclosure to RasGas is not excluded under the terms of any of its subcontracts. In addition, where the Contractor subcontracts hereunder with any non-Qatari subcontractor, the Contractor shall promptly furnish the required contract details to the Qatar Office of Income Tax. No subcontract shall bind or purport to bind RasGas but every sub-contract shall contain the sub-contractor's consent to RasGas taking assignment from Contractor of the sub-contract.

15. PREFERENCE FOR LOCAL SERVICES

For all Services provided by the Contractor in Qatar, the Contractor shall:

(a) in selecting personnel/subcontractors (including those relating to transportation and/or shipping), select individuals who are nationals of Qatar or companies that are controlled by individuals who are nationals of Qatar, provided that;

(i) the Contractor is reasonably satisfied (on the basis of demonstrated ability, quality, timely performance, workmanship or other relevant criteria) with the ability of such person to perform the relevant Services;
(ii) the cost does not exceed one hundred ten percent (110%) of the cost of equivalent or similar services offered by, or otherwise available from, non-Qatari nationals or companies that are controlled by non-Qatari nationals; and
(iii) the other terms and conditions applicable are otherwise competitive with those available from non-Qatari nationals or companies that are controlled by non-Qatari nationals;

16. PERFORMANCE BOND

16.1 **Form**
The Contractor shall, at its own expense, procure and deliver to RasGas by the date specified in the RasGas letter of acceptance, but in no event later than 10 days after the Effective Date, a Performance Bond issued by a bank registered and operating in Qatar in the form set out in Section 8.0 (Bonds/Guarantees) in the amount of **US $ 870,000/-** only. Where the sums payable to the Contractor hereunder increase as a result of any Change Order under Clause 18, the Contractor shall increase the amount secured by the performance bond by the equivalent percentage increase. For the avoidance of doubt, RasGas' obligation to pay the Contractor shall be suspended at any time the performance bond is not fully compliant herewith.

16.2 **Demand**
RasGas shall be entitled to make demand under the performance bond in accordance with its terms without giving any reasons therefore to the Contractor and the fact that a dispute exists, or Clause 28 has been invoked, shall not prevent RasGas from making a demand.

16.3 **Duration**
The Performance Bond shall remain valid and enforceable until final completion of all Services and any defects liability period referred to in Sub-clause 17.2 as the same may be extended in accordance with the terms of the Contract.

17. NOTICES
Notices shall be in writing and shall be deemed received only when actually delivered by hand, mail, courier or sent by fax, on the day receipt is acknowledged by the receiving party as addressed to the relevant address in the Form of Agreement.

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18. PUBLICITY

The Contractor shall neither use nor consent to the use of RasGas' name, logo or trade mark in connection with the Contract in any advertising, marketing or other promotional material or publicity releases or for any similar purpose without the prior written consent of RasGas.

19. GENERAL PROVISIONS

19.1 **Amendments**
This Agreement may not be amended, in whole or in part, except by a written instrument signed by the duly authorized representatives of both parties.

19.2 **Waiver**
No waiver of any provision of this Contract shall be of any force or effect unless such waiver is in writing, is expressly stated to be a waiver of a specified provision of this Contract and is signed by the party to be bound thereby.

19.3 **Language**
The language of the Contract shall be English and all communications between the parties (verbal or written) relating to it, shall be conducted in the English language.

19.4 **Severability**
The invalidity of unenforceability of any provision of the Contract shall in no way affect the validity or enforceability of any other part or provision. Any invalid or unenforceable provision shall be severed from the Contract and the balance of the Contract shall be construed as it was intended and enforced as if the Contract did not contain such invalid or unenforceable provision.

20. GOVERNING LAW & SETTLEMENT OF DISPUTES

20.1 **Applicable Law:**
The laws of the State of Qatar shall apply to this Contract and to the rights and obligations of the parties.

The parties shall endeavour by consultation and negotiation amicably to resolve in good faith any dispute arising out of or in connection with the validity, performance, interpretation or termination of this Contract, and any and all consequences thereof. Each such dispute shall be duly notified by the claiming party to the other party.

Lacking amicable resolution, the parties shall submit to final and binding arbitration at a forum to be agreed, and lacking agreement on an arbitration forum, either party shall have the right to refer the conflict or dispute to a competent court in the State of Qatar.

20.2 **Settlement of Disputes**:

a) All disputes which, in the opinion of one of the parties as stated an arbitration notice, the parties are unable to resolve by mutual agreement (in good faith and using their reasonable efforts and endeavours to take all steps as may be necessary or desirable to settle any dispute amicably through negotiations and other constructive discussions) shall be exclusively and finally settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce as in force on the effective date of the Agreement except as modified by provisions of this article (Settlement of Disputes).

b) Ras Gas and Contractor shall endeavour to agree on the appointment of a sole arbitrator to agree on the appointment of a sole arbitrator, but, if they fail to so within thirty (30) days of arbitration notice, each of them shall appoint a third arbitrator. If either or both of parties fail to appoint an arbitrator within forty-two (42) days of arbitration notice, such arbitrator or arbitrators shall, at the request of any party, be appointed by the Appointing Authority. If the two arbitrators are appointed but fail to agree on the choice of a third arbitrator within fourteen (14) days of their appointment, the third arbitrator shall be appointed by the Appointing Authority at the request of either Contractor or Ras Gas.

c) The place of arbitration shall be London, England, unless the parties agree otherwise.

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d) The arbitration shall be conducted in English, and all arbitrators shall be fluent in English language.

e) The arbitration tribunal shall decide all questions strictly in accordance with the terms of this Agreement and shall give effect to same. The arbitrators shall not be authorised to award special, indirect, incidental, consequential, punitive or exemplary damages.

f) The parties agree that the arbitrators' award shall be binding upon the parties, and that the parties shall give effect to any such award. The parties agree to exclude any appeal right to any court, which would otherwise have jurisdiction in the dispute or out of the award. Either party may, however, make an application to any court have jurisdiction for registration of the award for the arbitral award to be recognized and enforced, including enforcement of any award granting interlocutory relief, against either party and for the obtaining any evidence (whether by discovery of documents, interrogatories, affidavits, or testimony or witnesses, whatever), which the arbitrators direct shall be admitted in the arbitral proceedings.

g) Notwithstanding the other provisions of this article (Settlement of Disputes), any dispute may be referred to settlement by an alternative dispute resolution mechanism or the expert, if the parties to the dispute agree that such alternatives are more appropriate to the circumstances of that dispute.

21. BUSINESS STANDARDS

a) Contractor in performing its obligations under this Contract shall establish and maintain appropriate business standards, procedures and controls. In performing their respective obligations and undertakings under this contract, the Parties shall use all reasonable endeavors to prevent their employees or personnel or contractors from making, receiving, providing or offering any substantial gifts, extravagant entertainment, payments, loans or other considerations to or from the other Party's employees, personnel or contractors.

b) Contractor and Company are aware of a practice (referred to as "Illegal Information Brokering") where certain parties approach contractors, subcontractors or vendors, and offer confidential information or illicit influence in order to obtain business through corruption of competitive bidding processes. Contractor represents that it has not and will not utilize or participate in Illegal Information Brokering in connection with this Contract.

THIS INDICATES THE END OF THESE TERMS AND CONDITIONS

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SECTION 3.0

SCOPE OF SERVICES

FOR

SULFIDIC CAUSTIC SOLUTION REMOVAL, TRANSPORTATION AND HANDLING SERVICES

EPAHO120001183

INTRODUCTION

RasGas Company Limited:

The LNG Plant Facilities of the RasGas Company Limited (RasGas), hereinafter referred to as Company, is located in Ras Laffan Industrial City – towards the North end of the State of Qatar peninsula.

The Facilities produce liquefied gas for storage and export also produce gas for domestic customers. Currently there are five (5) trains and one gas plant in operation with capacity to produce around 21 MTA of LNG per annum,750 mmscfd gas as well as 140,000 barrels of condensate per day. The Company is in an expansion mode with the additions of two (2) new Trains, one gas plant and the capacity to produce LNG is projected to be around 35 MTA and 2.2 Bscfd gas production as well.

The Onshore Terminal comprises gas and condensate receiving facilities, gas treatment, condensate stabilization, gas liquefaction, sulfur recovery, condensate storage and LNG storage areas – together with port loading jetties, related utility plant and offsite building(s) housing all associated equipment and personnel - providing external and interrelated services.

Purpose of this Contract:

The purpose of the Contract is to provide the Company services to receive, transport, and handle the sulfidic caustic solutions produced in Ras Laffan, Qatar.

The removal and transportation of sulfidic caustic solution must be managed in an environmentally responsible manner, and must be performed at regular intervals as required by the Company. The Company and Contractor appointed independent Surveyor(s) shall oversee the services.

DETAILED SCOPE OF SERVICES

Principal services to be performed by the Contractor are to receive, transport, and handle the sulfidic caustic solutions produced in Ras Laffan, Qatar, pursuant to the following:

1. COMMODITY AND SPECIFICATIONS

1.1 Sulfidic caustic solutions, which are subject to this Contract, shall be those solutions obtained as a result of contacting virgin caustic with light hydrocarbons ("Sulfidic Caustic"). The solutions shall contain a minimum of 1.0% by weight sodium content. The solution shall contain a maximum of 5% by weight sulfide content as $S^{=}$. The solutions shall not contain more than 5% by volume acid oils and hydrocarbons. Company shall ensure that the Sulfidic Caustic solutions will not include free oil, or any extraneous materials not directly associated with Company's process described above.

1.2 Contractor shall accept all shipments with a minimum 1.0% by weight Sodium content, with a sulfide maximum content of 5% by weight as $S^{=}$, and that have no more than 5% by volume acid oils and hydrocarbons. The Sulfidic Caustic solutions will not include free oil, or any extraneous

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materials not directly associated with Company's process described above.

1.3 Sulfidic Caustic solutions that do not meet those specifications described in Articles 1.1 and 1.2 shall be considered "off-specification". Any such "off-specification" shipments shall not be made to Contractor without the prior agreement of Contractor and shall become the subject of a negotiation between Contractor and Company to determine the applicable compensation associated with the "off-specification" product. For the purposes thereof, any increase in compensation shall be justified by Contractor demonstrating a corresponding increase in the cost of processing such off-specification product.

2. CONTRACTOR WARRANTIES

Contractor represents and warrants that it:

(a) has the competence to receive, and handle the Sulfidic Caustic delivered hereunder (the "Services");

(b) has or shall obtain the necessary tools, equipment and personnel to perform the Services outlined hereunder;

(c) shall maintain and use all tools and equipment in accordance with manufacturer's specifications and recommendations and good engineering and operational practices;

(d) has or shall obtain, at its expense, before performing hereunder all the necessary certificates, permits, licenses and authorizations to conduct business and perform the Services required outside of Qatar;

(e) shall perform all Services in accordance with all applicable law;

(f) shall perform all Services in good faith, promptly, with due diligence and competence; and,

(g) fully comprehends the requirements and contingencies for providing the Services outlined herein.

3. TANKER SCHEDULING

The tanker scheduling provisions for the Sulfidic Caustic solutions delivered and received hereunder are specified in **Schedule I**, which is incorporated herein for reference only.

4. DURATION OF THE SERVICES

The proposed duration of the Services shall be for three (3) years from the planned commencement of service date of 01 January 2009 to 31 December 2011.

5. ESTIMATE OF ANTICIPATED QUANTITIES

Company best estimates of quantities during the Contract period are as follows:

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YEAR	QUANTITIES
2009	6 cargoes X 2,500 metric tons per cargo
2010	9 cargoes X 2,500 metric tons per cargo
2011	10 cargoes X 2,500 metric tons per cargo

Depending on the operation conditions and Company experience, the anticipated take off quantity shall be 2,500 metric ton per trip. The foregoing estimates are included to assist in resourcing the Services but Company does not guarantee the quantity, nor the timing of cargoes, throughout the Contract period. All risk in resourcing levels to meet the performance requirements of the Services remains with the Contractor.

During the term of this Contract, Company may elect to deliver to Contractor additional quantities of Sulfidic Caustic on the terms and conditions outlined herein, provided Company issues to Contractor "Rolling 90-Day Sulfidic Caustic Lookahead" written notice outlining the anticipated quantity and required lifting date on a weekly basis, as per Attachment B.

Attachments:

Schedule I - Transportation related procedures
Attachment A - Tanker Nomination Questionnaire
Attachment B - Rolling 90-Day Sulfidic Caustic Lookahead sample (will be provided later)
Attachment C - Tender Response Requirements.

Contractor to also complete and submit the attached EHS Questionnaires alongwith Unpriced Proposal.

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SCHEDULE NO. I

1.1 TRANSPORTATION

1.1.1 Delivery

Terms of this Contract shall be Free On Board (FOB) Ras Laffan, Qatar, as per "Incoterms". Contractor agrees to receive at the loading flange of the receiving tanker's manifold, the Sulfidic Caustic solution, in accordance with the terms and conditions of this Contract.

1.1.2 Title and Risk of Loss

Delivery shall be deemed completed, and title to, risk of loss of and all liability for the Sulfidic Caustic solution, shall pass to Contractor at the receiving flange at the tanker's manifold. Any loss, damage, deterioration, or evaporation to or of the Sulfidic Caustic solution after delivery shall be for the account of Contractor or Contractor's transporter, who shall bear the cost of all such loss, damage, deterioration, or evaporation.

1.1.3 Independent Surveyor

Contractor shall appoint an independent surveyor acceptable to Company, and such acceptance not to be unreasonably withheld. Contractor and Company shall share the costs incurred by the independent surveyor at the load port.

1.1.4 Sampling

During loading, a suitable method shall be used to ensure a representative sample is drawn into a twenty (20) liter container from the vessel's tank at the receiving tanker. The independent surveyor shall arrange for five (5) identical and representative samples to be taken from the suitable container and distributed as per the following table. The parties shall retain the samples for at least ninety (90) days.

	No. of Samples	Sample Size
Contractor	2	1 Liter
Company	1	1 Liter
Ship	1	1 Liter
Independent Surveyor	1	1 Liter

1.1.5 Analysis

The sample delivered to the parties shall be promptly analyzed by Company, so that the specification of the product at the time of custody transfer between Company and Contractor's transporter can be verified.

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1.1.6 Measurement

The quantity of the material delivered by Company to the Contractor shall be determined by volume measurement of the ship's tanks using the ship's certified ullage, trim, and list tables, and shall be verified by the independent surveyor and Company's representative. The independent surveyor's determination of quantity and quality shall, in the absence of fraud or manifest error, be final and binding and shall be used for invoicing purposes.

1.1.7 Resolution and Discrepancies

Contractor and Company agree that if either takes any exception to any of the delivery survey reports with respect to the quantity or quality of the material delivered, they will promptly notify the other party by facsimile, giving complete details of the matter(s) to which they take exception, and work together amicably to resolve the reported discrepancy and cause thereof on a timely basis.

1.1.8 Lifting

Contractor shall provide a vessel that meets the following criteria:

- The vessel must be compatible with Company's berth facilities.
- The vessel must be approved by Company or its designee.
- The vessel has to be acceptable to Ras Laffan Port. Contractor shall ensure that its vessel complies with all applicable port and terminal regulations governing operations within Ras Laffan Port.

Contractor is to provide or arrange for tankers/vessels that have maintained in good working order all equipment necessary to complete the transfer of the material, and the tanker shall provide, as needed, valid certification with regard to registry, classification, and insurance, and other documentation according to International Maritime Organization (IMO) law.

1.2 NOTICES

1.2.1 Ninety (90) Days' Notice

Company shall give Contractor ninety (90) days' notice of the required delivery date.

1.2.2 Thirty (30) Days' Notice

Contractor shall give Company thirty (30) days' notice, with a five (5) days' date range for the nominated tanker/vessel. Within two (2) working days of receipt of such notice, Company shall confirm the date range is acceptable.

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Contractor shall send or cause the vessel owner to send to Company the following information, at least thirty (30) days prior to the first day of the accepted date range:

- The five (5) days' date range to be reduced to three (3) days.
- If applicable, the completed Tanker Questionnaire, attached hereto as **Attachment A.**
- If applicable, previous cargo referencing the relevant pages of the IBC Code Book dated 1998. (Applicable tanks only.)
- If applicable, cleaning agent last used in applicable tanks, if cleaned since the last cargo.
- If applicable, details of other cargo parcels aboard the tanker/vessel while she is alongside at Ras Laffan Port, referencing the relevant pages of the IBC Code Book dated 1998.
- Demurrage Rate on the understanding that allowable laytime shall be twelve (12) hours from the time that Notice of Readiness (NOR) is given and accepted, until the tanker/vessel has her unloading arms disconnected.
- Contractor may provide a substitute tanker if all provisions of this Agreement are met.

1.2.3 Rolling 90-Day Lookahead Notice

Company shall give Contractor this notice of the required delivery date on a weekly basis.

1.2.4 Laytime and Demurrage

The vessel owner to provide Company with notice of the ETA and anticipated NOR to berth at the loading terminal fifteen (15), three (3), two (2), and one (1) days' notice in advance of arrival.

Vessel shall give notice to Company that the tanker is ready to load upon arrival at the customary anchorage of the loading terminal. If the tanker arrives during the accepted date range, Company shall provide berth to the tanker as soon as possible, and laytime shall commence six (6) hours after the NOR has been given and accepted, or after the connection of cargo loading hoses, whichever occurs first. Laytime shall continue until the cargo hoses at the loading terminal have been disconnected.

Total allowed laytime for the loading of the vessel shall be twelve (12) hours. In the case of delays, except where loading is delayed by reason of force majeure, reasons beyond the control of Company, such as, but not limited to, prevention or hindrance due to adverse weather, Contractor, or the tanker, Company shall pay demurrage in US Dollars to Contractor at the applicable rate.

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RasGas Company Limited

Date: 31 March 2009
Ref.: CD/L/4/37/09

CES Environmental Services, Inc.
4904 Griggs Road.,
Houston, Texas 77021, U.S.A.
Tel. No.: +1 281 300 5322
Fax No.: +1 713 676 1676

Attention: **Mr. Ramiz Tafilaj – Vice President International Bussiness**

Subject: **Tender No. ITT/RG08/L240/08**
Long Term-Sulfidic Caustic Solution Removal & Handling Services
Letter of Intent

We are pleased to inform you that, by this Letter of Intent, RasGas, as defined in Section 1.0 of the Form of Agreement hereby intends to award the above referenced Tender to **CES Environmental Services, Inc.**

As such RasGas hereby permits **CES Environmental Services, Inc.** ('Contractor') to proceed with the first lift scheduled for 21 June 2009 as defined in the Tender document requirements.

RasGas internal approval processes for Contracts require RasGas Board approval which would be obtained by end June 2009.

If, however, RasGas fails to secure approval from the RasGas Board, then RasGas will pay all actual reasonable costs incurred by Contractor for the Services provided.

Immediately upon agreement by RasGas Board of the requirements referred herein then RasGas will issue a Notice of Award and commence development of the Contract Documents.

As a result of this Letter of Intent please provide the following Contractual documentation within the next ten (10) working days:-

- Submission of a fully compliant Performance Bond
- Submission of all applicable Insurance requirements as per Contractual conditions

P. O. Box: 24200, Doha - State of Qatar, Tel.: (974) 473 8000 - Facsimile: (974) 473 8480 ص.ب ك ٢٤٢٠٠ الدوحة – قطر – تليفون : ٤٧٣٨٠٠٠ (٩٧٤) ، فاكسيملي : ٤٧٣٨٤٨٠ (٩٧٤)

EPAHO120001190

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Facsimile (974) 472-7149

Supply Department

FACSIMILE MESSAGE

From: Asgar A.Khan Head of Contracts-Ops.	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/18/3099/08	Date: 24 December 2008

Subject: Long Term Sulfidic Solution Removal, Transportation & Handling Services
Tender No. ITT/RG08/L240/08
Tender Addendum No. 1

Dear Sirs,

Further to subject Tender, the Tender Bond is now fixed at **US$ 200,000/-** to be submitted by all Tenderers in original and in format issued with the ITT below, along with their bid submission.

Performance Bond of **US$ 870,000/-** is to be submitted by the successful Contractor within 10 days on award of the Contract.

Please incorporate the above to the Invitation to Tender issued.

All other terms and conditions of this Invitation to Tender remain the same.

Please acknowledge receipt, by return.

Yours faithfully,

Asgar A.Khan
Head of Contracts-Ops.

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on +974-4727149)

Name: _____ **Signature:** _____ **Date:** _____

EPAHO120001191

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Facsimile (974) 472-7149

Supply Department

FACSIMILE MESSAGE

From: Asgar A.Khan Head of Contracts-Ops.	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/E/18/3099/08	Date: 24 December 2008

Subject: Long Term Sulfidic Solution Removal, Transportation & Handling Services
Tender No. ITT/RG08/L240/08
Tender Addendum No. 1

Dear Sirs,

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Facsimile (974) 472-7149

Supply Department

FACSIMILE MESSAGE

From: Asgar A.Khan Head of Contracts-Ops.	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/F/18/3099/08	Date: 24 December 2008

Subject: **Long Term Sulfidic Solution Removal, Transportation & Handling Services**
Tender No. ITT/RG08/L240/08
Tender Addendum No. 1

Dear Sirs,

Further to subject Tender, the Tender Bond is now fixed at **US$ 200,000/-** to be submitted by all Tenderers in original and in format issued with the ITT below, along with their bid submission.

Performance Bond of **US$ 870,000/-** is to be submitted by the successful Contractor within 10 days on award of the Contract.

Please incorporate the above to the Invitation to Tender issued.

All other terms and conditions of this Invitation to Tender remain the same.

Please acknowledge receipt, by return.

Yours faithfully,

Asgar A.Khan
Head of Contracts-Ops.

ACKNOWLEDGEMENT:
(Please acknowledge receipt and fax a copy on +974-4727149)

Name: _____ **Signature:** _____ **Date:** _____

EPAHO120001193

Service Contract
Outline Agreement No. 4600006473
MEK / Toluene Mixture Transport

CES Environmental Services, Inc.

THIS CONTRACT, effective as of July 2, 2008, is entered into by and between CITGO Petroleum Corporation, 4401 HWY 108, Sulphur, Louisiana 70665 ("Shipper") and CES Environmental Services Inc., 4904 Griggs Rd., Houston, Texas 77021 ("Carrier"). Shipper and Carrier, for and in consideration of the mutual covenants set forth herein agree that Carrier shall supply the Service described herein upon the terms and conditions set forth below:

Commodity: 420,000 gallons of Methyl Ethyl Ketone (MEK) / Toluene material from the CITGO Lube and Wax Facility

Description: Transportation of MEK / Toluene from the CITGO Lake Charles Refinery to KMTEX located at 2450 South Gulfway Drive, Port Arthur, Texas 77641

Summary: This contract is for the removal of MEK / Toluene from CITGO Lube and Wax Facility and will include all manifests, permits, labor, equipment, and material for CES to transport the chemicals from the CITGO Lube and Wax Facility to KMTEX.

1.0 Scope Of Work ("Work")

A. (Carrier) will furnish labor, equipment and material at no charge for transportation of MEK / Toluene from CLAW to KMTEX.

B. Carrier will be expected to provide service on an as needed basis for transportation of MEK / Toluene. Any off site spills associated with any transport will be the responsibility of the Carrier and at no cost to CITGO.

C. Carrier's personnel who enter the refinery must be safety certified using a safety program acceptable to the LCMC.

D. Carrier will provide services as needed, during day light hours, 7 days a week.

E. All refinery safety and traffic rules will be followed at all times.

F. Carrier will provide four (4) to five (5) trucks per day, until all MEK / Toluene material is removed, where CES takes title and possession of material FOB, CITGO facility in Lake Charles, LA.

G. Carrier will furnish one employee, to be located on CITGO property, to pull and retain samples on each truck. CES employee will endure material meets the general specifications of the waste.

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H. CES will sign the EPA manifest as the transporter. (Once the material arrives at KMTEX, a KMTEX employee will sign the manifest as having received the material, therefore closing the RCRA loop as far as chain of ownership.) CES shall be the generator of any hazardous waste after processing of the commodities.

2.0 Safety Expectations

A. All personal protective equipment will be furnished by the Carrier including organic respirator.

B. Carrier, at its sole cost and expense, will employ competent and licensed personnel in the operation of equipment. Only qualified personnel who are in compliance with all state and federal regulations and/or laws will be allowed to enter CITGO facility.

C. Carrier will comply at all times with all state and federal regulations covering Carrier's operations including operations within each facility and transportation across public highways.

D. All equipment supplied shall be in good working condition, mechanical condition and appearance. Carrier will also furnish all tires and other parts, supplies and equipment necessary or required for the safe and efficient operation and maintenance of the Equipment and must meet all CITGO and applicable OSHA and ANSI requirements. Any truck or trailer or piece of equipment not meeting these requirements will be promptly removed and replaced with suitable equipment or items at no additional cost to CITGO.

E. Note all safety expectations in attachments Exhibit E - Contractor Drug/Alcohol Requirements, Exhibit F – Southwest Louisiana Contractors Safety Training Requirements, Exhibit J – H2S Monitors.

3.0 Compensation

A. CITGO will receive 60% of the profit from the sale of the material after all expenses have been paid. CES will receive 40% of the profit after expenses. Expenses include, but are not limited to transportation costs, processing costs, lab fees, and storage fees.

4.0 Licenses, ETC.

Carrier, at its sole cost and expense, shall procure and maintain all licenses, permits and tariffs pay all taxes, including receipt taxes, required by local, state or federal authorities associated with the transportation services performed under this contract. Carrier shall comply with all laws and regulations controlling the performance of the transportation service contemplated herein that are applicable to Carrier.

CARRIER HAS BEEN INFORMED THE PRODUCT DOES NOT MEET COMMERCIAL OR CONSUMER SPECIFICATIONS. The Products are being sold on an 'AS IS, WITH ALL FAULTS' basis without any warranty or representation. CARRIER is relying upon its own expertise and not SHIPPER for the inspection, selection and use of the Products. SHIPPER HEREBY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS, GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OF TITLE, MERCHANTABILITY, FITNESS, OR SUITABILITY OF THE PRODUCT FOR A PARTICULAR PURPOSE NOTWITHSTANDING ANY COURSE OF

7/12/04

PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE OR LACK THEREOF INCONSISTENT WITH THIS SECTION.

5.0 Right to Audit

A. Carrier shall maintain and retain during the course of this Contract and retain complete and accurate records of all costs, which are classified as expenses under this Contract for not less than four (4) years after completion of the work or services are completed. Shipper reserves the right to inspect, at any reasonable time, the above stated records by an authorized Shipper representative or any public accounting firm selected by Shipper (see Exhibit H).

B. In the event Shipper utilizes the services of a Public Accounting firm to conduct an audit, a signed Confidentiality Agreement with the firm will be obtained if requested by Carrier.

6.0 Payment Terms and Invoicing

Carrier shall pay CITGO Net 30 days after sale by Carrier of any finished products processed from the Commodities. Carrier shall provide all necessary back-up documentation to show expenses incurred by Carrier as required by section 3 herein. CITGO shall retain a security interest in the Commodities and the proceeds of the sale of any finished products derived from the Commodities until all Commodities have been processed and payments form their finished products are received by CITGO.

Payment will be sent directly to:

CITGO Petroleum Corporation
C/O Randy Woolwine
P.O. Box 1562
Lake Charles, LA 70602

7.0 Contract Term

Carrier and Shipper agree that the term of this contract shall be for full transportation of 420,000 gallons of MEK / Toluene.

Carrier is to be fully operational by July 3,2008.

8.0 Business Review Meetings

Shipper and Carrier will schedule regular review meetings to review specific local issues. The purpose of these meetings include, but are not limited to

a. Review overall progress and status of services provided.
b. Discuss and resolve problems.
c. Review, evaluate performance and expectations.
d. Identify area of potential improvement.
e. Review, discuss areas of mutual business concern.
f. Review, discuss areas of individual business concern.

7/2/08

9.0 Communications

All communications regarding administration of this Contract are to be directed to:

CITGO Petroleum Corporation
Attn: Randy Woolwine
PO Box 600
Lake Charles, LA 70602

Phone: (337) 708-8274
Fax: (337) 708-6298

10.0 Attachments

Exhibit A-1, General Terms and Conditions
Exhibit B-1, Insurance and Indemnity
Exhibit E, Contractor Drug/Alcohol Requirements
Exhibit F, Southwest Louisiana Contractors Safety Training Requirements
Exhibit H, Southwest Louisiana Construction User's Council (SLCUC) PQF / PSM Audit Program
Exhibit J, H2S Monitors
Exhibit Q, Mandatory Background Check

Terms and conditions of the Articles appearing in this Contract Document shall take precedence in the event of an irreconcilable conflict with terms and conditions of any other Contract Document. In the event of any irreconcilable conflict between any of the other Contract Documents, those Contract Documents will have the same priority as the order in which they are listed above. No document, amendment or writing provided by Contractor will cause another Contract Document to supersede these Articles or any other Contract Document, whether in whole or in part, except as provided herein.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed.

CES ENVIRONMENTAL SERVICES, INC.		**CITGO PETROLEUM CORPORATION**	
(Carrier)		**(Shipper)**	
By:	[signature]	By:	
Signature:	Grey Bowman	Signature:	
Title:	VP Finance + Admin	Title:	
Date:	7/2/08	Date:	

7/2/08

CITGO PETROLEUM CORPORATION

(Shipper)

By: _____

Signature: _____

Title: _____

Date: _____

7/2/58

EPAHO120001198

CITGO PETROLEUM CORPORATION

(Shipper)

By: _____

Signature: _____

Title: _____

Date: _____

EPAHO120001199

EXHIBIT A-1
GENERAL TERMS AND CONDITIONS

SCOPE OF RESPONSIBILITY

a. Company. Company responsibility under this Contract shall include the following:
   i. Obtain and maintain the necessary authorizations and permits for the Work that can only be obtained in the name of the Company;
   ii. Provide the interpretations and instructions relating to the Contract Documents and performance of the Work as needed by the Contractor;
   iii. Notify Contractor of any errors, omissions or deficiencies discovered in the Work as soon as possible, and,
   iv. Name the Authorized Company Representative or a Company Field Coordinator (hereinafter called "Company Representative").

b. Contractor. Contractor's responsibility under this Contract shall include the following:
   i. Execute Work in a professional and workmanlike manner, in accordance with the Contract Documents;
   ii. Furnish all materials, supplies and equipment required for completion of the Work except materials, supplies and equipment the Company expressly agrees to provide. Materials should be obtained at the most economical price while considering quality and schedules. If Contractor does not already have best pricing and where Company has competitively priced contracts for specific materials under Outline Agreements, Contractor shall utilize those sources. If materials not already covered by Company's Outline Agreement, at least three bids shall be obtained for those material purchases which individually exceed $5,000. Purchases greater than $25,000 shall be procured by Company or Contractor shall obtain Company's (Procurement Department) prior written approval for purchase by Contractor;
   iii. Ensure that Contractor employees and all subcontractors are fully informed of and comply with Company's procedures, rules, regulations, orders and instructions; and,
   iv. Obtain and maintain all permits and licenses necessary for performance of the Work required to be taken in the name of the Contractor.

2. CONTRACT DOCUMENTS

a. Contract Documents. The Contract Documents are an exclusive statement of the rights and obligations of the Parties under this Contract. All prior agreements, whether oral or written concerning the same subject matter, are terminated and canceled immediately upon execution of this Contract.

b. Complimentary Documents. Contract Documents are complimentary and shall be read together. Terms and conditions of any one Contract Document shall be binding as if written in all Contract Documents.

c. Amendments. All amendments or waivers of any Contract Documents, whether in whole or in part, must be made in writing expressly stating that the intention to modify the Contract and signed by a duly authorized representative of the Contractor and a duly authorized representative of the Company.

3. WORK

a. Scope. Contractor shall provide all labor, supervision, equipment and machinery, materials, tools, supplies, equipment, and facilities reasonably required for performance of the work described by the Contract Documents (the "Work"). The Work may include construction, installation, procurement, engineering, transportation and other services reasonably necessary for proper execution and completion of the Work whether or not the Contract Documents expressly require such services.

b. Performance. Contractor will perform the Work in a safe, expeditious and efficient manner without unauthorized disruption or
interference with Company operations or damages to Company equipment and facilities.

c. Separate Contracts. Company may award separate contracts to others for portions of the project not part of the Work or may elect to perform the portions with Company personnel, at its sole discretion. Contractor will be primarily responsible for coordinating the Work with the work of other contractors or subcontractors through the Authorized Company Representative.

d. Contractor Status. Contractor will be an Independent contractor for all purposes and will have the complete professional, managerial, technical and supervisory responsibility for performance of the Work in compliance with the Contract Documents. Contractor will ensure that Contractor and subcontractor personnel are not exposed to unreasonable hazard from any source. Contractor will immediately give the Company Representative Notice if an unreasonable hazard is suspected or discovered at the Work Site.

e. Inspection and Review. The Company may inspect or review Contractor and subcontractor, vendor or supplier Work, workmanship, materials and equipment at any reasonable time. Contractor will provide safe and proper facilities for Company inspections or reviews. Contractor will immediately correct Work upon receipt of Notice that the Work-is not in compliance with the Contract Documents. Where remedial work cannot reasonably be performed immediately, Contractor will present a plan for correcting the Work within three (3) days after receipt of the Company's Notice that Work does not comply with the Contract Documents. The Company may require Contractor to modify the plan for correcting the Work as reasonably required to satisfy the overall project schedule and Company goals and objectives. Contractor is bound to perform all Work in strict compliance with the terms and conditions of all Contract Documents, notwithstanding Inspection or review by the Company.

f. Contractor Inspection. Whenever any part of the Work depends on work, designs, plans or materials provided by the Company or by third parties, Contractor will review the prior work for defects that will materially and adversely affect Contractor's Work. The applicable standard of review shall be the standard employed by similar contractors in the area where the Work is performed. Contractor will immediately give the Company Representative Notice if any prior defective work is discovered. Contractor shall proceed with the Work only after the defect is corrected or upon receipt of written authorization from the Company.

g. Laws and Regulations. Contractor shall comply with all applicable laws, rules, regulations, ordinances and requirements of federal, state and local government, or regulatory bodies concerning any aspect of the Work including, without limitation, the Fair Labor Standards Act and Executive Orders issued there under, all local, state and federal laws, regulations, ordinances and orders pertaining to safety of persons and property and the environment issued by the U.S. Occupational Health and Safety Administration, the U.S. Department of Labor, the U.S. Coast Guard, the U.S. Environmental Protection Agency, and any other agency of the U.S. government and the laws and regulations of state health and safety agencies. Contractor shall give the Company Representative Notice if it discovers any Contract Document terms or conditions that do not comply with applicable laws, regulations, ordinances or orders. The Contractor will indemnify, defend, and hold the Company harmless from any lawsuit, claim, liability, judgment, loss, expenses or costs, including attorney fees, that may arise out of any actual or alleged breach or violation by Contractor of any common law duty or any federal, state, or local statute, regulation, or ordinance regarding employment, including, by way of example and not limitation, any law regarding the employment of persons below age 18; the eligibility for employment in the United States; the payment and withholding of payroll taxes; and the payment of wages for all hours worked, including the payment of overtime wages as it may be applicable.

h. Change Orders. The following shall apply to all increases, decreases and modifications of the Work.
   i. The Company may revise, increase or decrease the Scope of Work or increase or decrease the time for performance of the Work (hereinafter called a "Change Order") without invalidating the Contract. The Change Order will describe changes in the Scope of the Work or changes in plans, schedules or time for performance of the Work, will provide all information reasonably required to inform the Contractor of increases or decreases in costs, expenses and time required to perform the Work as changed. In the alternative, the Change Order may request that the Contractor propose an adjustment to the Contractor compensation and adjustment to the Contract schedule for performance of the Work;
   ii. No Changes shall be effective unless issued in writing by Change Order signed by the Company's Authorized Representative. The Contractor will not be entitled to additional compensation for costs and expenses connected with preparation of drawings or plans for Changes made prior to Change Order effective date;
   iii. Contractor may give Notice of a claim for additional compensation within ten (10) days after Contractor receives a Change Order by Notice;
   iv. Failure of the Contractor to give Notice of a claim for additional compensation to the Company within the time specified above shall constitute waiver of Contractor's right to additional compensation in connection with the Change Order;
   v. Contractor's Notice of claim for additional compensation will describe the effects on performance and schedule of the Work, delays or extensions of time required and any increases in costs, expenses, and delays or disruptions, including any cumulative costs or expenses, in sufficient detail and specificity to enable the Company to review and analyze the Contractor's claim in a timely manner;
   vi. The Company shall not be liable to the Contractor in contract, tort, equity, or any other cause or form of action for costs, expenses, damages or losses of any kind or character connected with Change Orders except as provided above. Contractor shall not be entitled to compensation for delays, disruptions or extensions connected with Change Orders except as approved by the Company as part of the Notice of claim for additional compensation; and,
   vii. Contractor will not suspend performance of the Work, including any Change Order Work in the event Contractor and Company are unable to agree on appropriate adjustment to the Contract Price or the time for performance of the Work, and will negotiate in good faith for an acceptable Change Order Price and adjustment to the Contract Schedule.

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i. Drawings and Specifications. Contractor shall make no change to, or deviate from drawings and specifications without prior written approval of the authorized Company Representative.

j. Document Review. Contractor shall review all documents, drawing, specifications and instructions for discrepancies and errors. Clarifications and instructions will be requested from the Company before proceeding with the Work. In no case shall the Contractor proceed with the Work in uncertainty. Should the Contractor fail to request clarification or instructions, Contractor shall assume full responsibility for such performance and shall redo, correct or perform the required re-work to the Company's satisfaction at no cost or expense to the Company.

4. SCHEDULE

a. Compliance with Schedules. Time is of the essence for performance of the Work. Contractor shall make all preparations to commence Work immediately upon receiving authorization. All Work will be performed in strict accordance with the Contract Documents. If the Work reasonably requires extension or shortening of the time stipulated for performance, the Parties will make a good faith effort to negotiate a mutually acceptable schedule adjustment for completion. Contractor will add extra personnel, work overtime or extra time or whatever may be required at Contractor's expense and no cost to the Company as required to comply with the Contract schedule. Contractor will make up work that is behind schedule due to rainouts or rain delays or other forms of inclement weather at no additional cost to the Company.

b. Delayed Completion. Contractor will immediately notify the Company in writing if completion of the Work or any portion thereof will be delayed beyond time provided by the Contract Documents.

c. Progress. The Contractor will report progress of the Work to the Company on such frequency and in such detail as the Company may reasonably require.

d. Planning. The Company Representative and the Contractor Representative or their designees will meet as often as the Company may require for progress reports, planning and schedule revisions. The Company will have the right to adjust Work priorities to meet project objectives. Contractor will coordinate the Work with the Company Representative and shall ensure that the Work, including any incidental or support activities, does not interfere with plant operations or work performed by other contractors.

5. PERSONNEL

a. Contractor Representative. Contractor will designate a Representative acceptable to Company ("Contractor Representative") who will be responsible for all aspects of the Work and will have authority to take any reasonable and necessary action for performance of Work.

b. Personnel Requirements. Contractor will provide personnel in required numbers possessing education, experience, ability and skills required to ensure proper and timely performance of the Work. Contractor personnel must possess a working ability to read and understand English, required for safe, efficient and expeditious performance of the Work.

c. Key Personnel. Prior to commencement of the Work, Contractor will submit a list of all Contractor key personnel with qualifications and experience of each. The same information will be submitted for additional or replacement key personnel at least fifteen (15) working days prior to the effective date of a new appointment. Persons designated as Key Personnel in the Contract Documents will not be removed or reassigned before completion of the Work without prior written approval of Company as long as Key Personnel are employed by the Contractor or an affiliate of the Contractor.

d. Discipline. Contractor shall at all times enforce strict discipline and good order among the personnel employed for the Work. Contractor will not assign any unfit unskilled persons to the Work and will remove any persons objectionable to Company for reasonable cause. Reasonable cause includes without limitation, carelessness, incompetence, inefficiency or lack of skill in the assigned trade or field, violation of Company or Contractor rules, failure to follow instructions, misuse or unauthorized disclosure of confidential information or unsafe work practices.

e. Restrictions. Contractor personnel; (i)may only enter designated parts of Company premises, (ii) will be required to use designated gates to enter and leave Company premises and (iii) may be required to display identification badges at all times while on Company premises. Contractor will ensure that Contractor personnel do not tamper with Company equipment. The Contractor will indemnify, defend, and hold the Company harmless from any lawsuit, claim, liability, judgment, loss, expenses or costs, including attorney fees that may arise out of misuse, or abuse of the identification badges, unauthorized presence of Contractor personnel on Company premises, tampering with Company equipment, or use of gates other than designated gates to enter or leave the Company premises.

f. Company Rules and Regulations. Contractor will ensure that all Contractor personnel are fully informed regarding applicable Company work and safety rules and regulations and emergency procedures including, without limitation, warnings and evacuation procedures.

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6. **USE OF LOUISIANA CONTRACTORS, LABOR AND SUPPLIES** [*Applies to Louisiana Contracts only*] [Applies to Work or services provided in Louisiana, goods or materials to be delivered to Louisiana or otherwise subject to Louisiana law]

(a) Rule One. Contractor will use, purchase and contract for goods, materials, services and labor within the spirit and intent of Rule 1 in support of the Louisiana Industrial Tax exemption Program, Enterprise Zone and Quality Jobs Program so that the maximum benefit hereunder may be realized by Company. The Louisiana Board of Commerce and Industry urges manufacturers and contractors to give preference and priority to Louisiana manufactures, vendors, contractors and labor and Company fully supports this effort.

(b) Statutory Employer. Notwithstanding anything to the contrary herein, in all cases where Contractor's employees (defined to include contractor's direct, borrowed, special or statutory employees) are covered by the Louisiana Worker's Compensation Act, La. R.S. 23:1021 et seq, Company and Contractor agree that all work and operations performed by Contractor and its employees pursuant to the Contract are an integral part of and are essential to the ability of Company to generate Company's goods, products and services for purposes of La R.S. 23:1061(A)(1). Furthermore, Company and Contractor agree that Company is the statutory employer of Contractor' employees for the purposes of La. R.S. 23:1061(A)(3). Irrespective of Company's status as the statutory employer or special employer (as defined in La. R.S. 23:1061(c)) of Contractor's employees, Contractor shall remain primarily responsible for the payment of Louisiana workers' compensation benefits to its employees, and shall not be entitled to seek contribution for any such payments from Company.

7. **TERMINATION**

a. Breach. If, for any Work, Contractor:
   i. abandons the Work;
   ii. assigns or sublets any portion of the Work other than as allowed by Article 13;
   iii. is dissolved or reorganized;
   iv. is sold without prior approval of the Company (provided consent will not be unreasonably withheld);
   v. becomes insolvent or adjudicated bankrupt;
   vi. suffers appointment of a receiver on account of insolvency;
   vii. fails to pay labor, materials, supplies or other expenses of performing the Work when due;
   viii. fails to provide a sufficient number of able, appropriately educated, trained, skilled, and experienced personnel within three (3) working days after receipt of Notice of Company's demand;
   ix. fails to remedy or correct ineffective or inefficient Work within three (3) working days after receiving Notice of demand from the Company; or,
   x. fails to perform Contractor's obligations under this Contract within three (3) days after receiving Notice of noncompliance from the Company,

   The Company, at Company's sole discretion and without prejudice to any other right or remedy it may have under this Contract or by law, may immediately terminate the Contract or the affected Work at its sole discretion by Notice to Contractor.

b. At-Will Termination. In addition to the termination on default, Company may, in its sole discretion, terminate the Work and this Contract at any time without cause by Notice to the Contractor.

c. Contractor Obligation on Termination. Upon receipt of Notice of termination, Contractor shall discontinue performance in accordance with the Company's instructions. The Contractor agrees, at the Company's sole discretion, to:
   i. Deliver possession of the Work, including materials, supplies, equipment and scaffolding used or stored on-site or off-site, in transit or on order and all plans, drawings, work papers, and Contractor Work product whether in documentary or machine readable form, and third-party owned construction tools, machinery and facilities used in the Work subject to applicable terms and conditions to the Company; and
   ii. Permit the Company and/or others to complete the Work; and
   iii. Assign to the Company such contracts or subcontracts for the Work as the Company may specify; and
   iv. Execute and deliver any documents the Company may reasonably require and take all actions as may be required to vest all title, rights, and other benefits held by Contractor in connection with performance of the Work in the Company.

d. Company Obligations on Termination. The Company shall reimburse the Contractor for all reasonable and necessary costs of complying with Company instructions for terminating the Work. The Company shall pay Contractor for all portions of the Work that has been properly performed, except when termination based on Contractor default. The Company may withhold payments until the Work is completed in the event of termination based on Contractor default, and Contractor shall be entitled to payment only if the Company is able to complete the Work for the total projected costs or less.

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e. Company Rights on Termination. The Company may complete the Work, in whole or in part, by any method the Company may, in its sole discretion, deem appropriate, but will have no obligation to complete the Work.

f. Survival of Terms. The indemnities, guarantees and warranties and obligations of Contractor that are intended to survive termination of the Contract will continue in full force and effect notwithstanding the termination of this Contract by the Company.

g. Suspension. The Company may, at its discretion, suspend Work by Notice to the Contractor. The suspension notice will describe the Work suspended and include an estimate of the duration. Contractor will exercise its best efforts to maintain the ability to resume the suspended Work without expense or delay. The Company will cooperate with Contractor's efforts to maintain the ability to resume the Work, as the parties may in good faith agree.

h. Payments Withheld. (a) The Company may withhold payment in the event any of the following occur.
   i. Contractor is in material default under any terms or conditions of the Contract Documents;
   ii. Reasonably indicated failure of the Contractor to timely pay all Contractor subcontractors, personnel, suppliers, vendors or materialmen (hereinafter called "Suppliers"); or
   iii. Unresolved claims for damage to the Company or other Contractor.

i. The Contractor may be required to certify that all Suppliers have been paid in full or to provide a bond or other assurance for payment as the Company may reasonably require as a prerequisite to payment of any invoice.

j. Payment will not be construed as a waiver of the Company's right to demand refund of overpayments or the Contractor's right to be paid the full Contract Price.

k. The Company may require the Contractor and any of its subcontractors to execute Addenda 1 or 2 to Exhibit C as is appropriate (Copies of which are attached Exhibit C) as precondition for any payment.

l. Retainage.
   i. The Company may withhold payment of retainage after the Work has been completed and accepted by the Company until it reasonably appears that all Suppliers have been fully paid; or
   ii. The Company may condition payment of the retainage upon receipt of a release and waiver of liens and any claims Contractor or Suppliers may have against the Company in the form of the attached addenda to Exhibit C. Contractor may be required to release any lien or encumbrance on Company property against any claim or lien asserted by a Supplier.
   iii. The Company may require the Contractor to furnish performance and payment bonds, or other security such as letters of credit, as the Company may reasonably require should the financial responsibility of the Contractor be materially and adversely affected.

8. PATENTS

a. Information Furnished by the Contractor. Contractor represents and warrants that it is authorized to disclose all information and to use all procedures, techniques, article or devices provided by Contractor in performance of the Work. All information disclosed to Company by Contractor under this Contract will be deemed non-confidential unless covered by an express, specific written confidentiality agreement.

b. Patents. Contractor will not provide any patented article, procedure, method, technique, device or service that requires the payment of any license fee or royalty in addition to the Contract price for the Work without prior written Company consent.

c. Patent Indemnity. Contractor shall indemnify, hold harmless and defend Company from and against all liability, costs or expenses (including attorney fees and court costs) damages, losses, liabilities or judgments for patent or copyright infringement or unauthorized use of trade secrets claims arising out of, incidental to, or in any way connected with any article, procedure, method, or device furnished by Contractor provided that:
   i. Company gives Contractor Notice of any such suit within a reasonable time after the petition is served on the Company; and
   ii. Company gives Contractor reasonable assistance, information and authority for defense of the lawsuit or other claims proceedings.

   Contractor shall bear all costs or expenses of the Company's defense including costs incurred by the Company. Contractor will pay any award, replace infringing or unauthorized materials, equipment or information as required, purchase the right to use infringing or unauthorized materials, equipment or information all as required to prevent interruption of the Company operations. Contractor may select attorney for defense of any patent infringement claim under this clause only after consultation with the Company. The Company may select another attorney that will have the right of full participation in defense of any claim for infringement or unauthorized use arising in connection with this Contract provided that all costs of the attorney will be for the Company's account. Neither Contractor nor the Company will enter into any settlement of claims for infringement or unauthorized use without first receiving written consent of the other if the settlement requires the other to make any monetary payment, be enjoined from any act or to license any patent or other rights. Contractor shall have no indemnity or hold harmless obligation for articles, procedures, methods or devices furnished by the Company or a Company contractor.

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d. Limitation. This Article states Contractor's total responsibility and liability, and Company's sole remedy, for any actual or alleged infringement of any patent or unauthorized use of any procedure, method, or device, or any part thereof, provided by the Contractor or any of its Subcontractors under this Contract.

e. Vendor Indemnity. Contractor will obtain written indemnity, defense and hold harmless agreements from all vendors and suppliers in favor of the Company and Contractor against liability, costs and expenses (including attorneys' fees and court costs) for patent infringement arising out of the use of materials, supplies, and manufactured equipment supplied. Contractor shall immediately inform the Company if any vendor or supplier is unwilling or unable to provide an indemnity and hold harmless as required by this paragraph, and no Purchase Orders may be issued without first having Company's approval. The Company reserves the option to require use of other vendors.

f. Ownership and Use of Work Developments. All rights pertinent to inventions, innovations, development or improvements, including but not limited to patentable items, procedures, processes or concepts made in the course of the Work will be the property of the Company. Contractor shall ensure that all such inventions, innovations, developments and improvements made in the course of the Work are assignable to the Company upon the receipt of Company's written request. The Company shall have a perpetual, fee free license to use all inventions, innovations, developments or improvements, including but not limited to any patentable items, procedures, processes or concepts made in connection with or arising in whole or in part from performance of the Work under this Contract.

9. RECORDS AND AUDITING

a. Records. The Contractor shall maintain accurate records of all accounts, together with supporting or underlying documents and materials pertaining to the performance of Work. Required records include, without limitation, documents reasonably necessary for the confirmation, in accordance with Generally Accepted Auditing Standards, all Contractor reimbursable items under the Contract. Required Contractor's records include, without limitation, invoices, purchase orders, bills of lading, correspondence, instructions, plans, drawings, receipts, vouchers, miscellaneous Work related documents including certification records necessary for evidencing compliance with Company's safety requirements including Contractor's drug and alcohol testing programs. Also included are Contractor's employee payroll records, memoranda and other documentary or machine readable information required to confirm Contractor's request for reimbursement in connection with the Work. In addition, and without limitation, all expenses associated with entertainment and gifts for Contractor personnel or members of their families charged directly or indirectly to the Work shall be made available for inspection and review. For Louisiana Work only, Contractor will maintain accurate records, satisfactory to the Company, of the permanent residency and number of hours worked by all employees in the performance of the Work as necessary to constitute proof of compliance with Article 6 hereof.

b. Access. The books and records, together with the supporting or underlying documents and materials shall, upon request of Company, be made available within a reasonable time period to CITGO Petroleum Corporation, its employees, agents, representatives, contractors or other designees, during normal business hours at the Contractor's office or place of business at no cost or charge to Company. Contractor will cooperate with the Company or its designee and will make available all supporting information related to the Work as required under Generally Accepted Audit Standards to verify compliance with terms and conditions of the Contract Documents.

c. Retention. Contractor shall preserve the accounts and records of the Work for at least two (2)years after the final contract payment is received, or for such longer period as may be required by federal, state or local laws, rules and regulations. [Including without limitation, Rule One of the Louisiana Department of Commerce and Industry. - FOR WORK IN LOUISIANA, if applicable].

d. Exceptions. The following will not be subject to audit under this section to the extent not required to verify compliance with terms and conditions of the Contract Documents: (a) items of compensation determined on a fixed basis such as fixed fees or rates, or where such rates are established as negotiated unit prices, (b) the data used to establish negotiated overhead, fee, profit, or other rates similarly derived and usually expressed in percentages, and (c) contractor process or software.

e. Miscellaneous. Contractor's obligations under this Article shall survive the termination of this Contract.

10. TAXES, LICENSES & FEES

a. Tax Liability. Contractor shall pay all state, federal and other payroll taxes, including contributions and taxes assessed against Contractor and Subcontractor employee's wages earned in connection with the Work and such other taxes as the Contractor may have agreed to pay in the Contract Documents. Contractor will prepare and submit all reports required by governmental authorities.

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b. Subcontractor Tax Liability. Each Subcontractor shall have responsibility and liability for all state, federal and other payroll taxes, including contributions and taxes assessed against employees wages earned in connection with the Work and such other taxes as the subcontractor may have agreed to pay in other Contract Documents.

c. Tax Indemnity. Contractor shall fully indemnify, defend and hold Company harmless against all claims, penalties, interest, cost and expenses (including attorneys' fees and court costs) assessed against Company in connection with failure of Contractor or subcontractor to file required reports and returns or to make the required payments.

11. LIENS

a. Company Property. Contractor shall keep Company's property free of all claims, liens and claims of liens. Contractor shall discharge or bond or otherwise secure against all liens and attachments which are filed in connection with the Work at once and shall indemnify, and save Company, its subsidiaries, joint venturers and affiliates harmless from and against any and all loss, damage injury, liability and claims thereof, expenses, costs (including attorney fees) resulting directly from such liens and attachments.

b. Waiver of Liens. On payment by the Company, Contractor waives and releases any and all suppliers, mechanic's liens or similar rights for payment for services furnished by Contractor in performance under this Contract upon payment by the Company in accordance with the Contract Documents. Subcontractors will also agree to waive and release lien rights as a condition for payment to the Subcontractor. Contractor shall indemnify, defend, and hold the Company harmless from any losses, costs or damages, including reasonable attorney's fees arising from Contractor's failure to obtain subcontractor waivers of lien.

c. Payments Withheld. The Company may withhold payments due the Contractor if a third party makes a claim against the Contractor for nonpayment for wages or salary, materials, supplies or equipment connected with the Work and the Contractor is unable or unwilling to make payment, post the required bond or security, or obtain a release of liens satisfactory to the Company. Failure of Company to withhold Contractor payment will not affect the Contractor's obligation to indemnify and protect Company property as provided in this Article 11.

12. FORCE MAJEURE

a. No Default. Delays in performance of either party will not constitute default or give rise to any claims for damages if caused by a force majeure event. Force majeure events are acts of God, acts of the public enemy, acts of the Government (federal, state or local), or any other cause that could not reasonably have been anticipated and is beyond the control of the affected Party. The cause preventing performance must be removed with all possible dispatch. In no case will either Party be required to settle labor disputes or under terms or conditions which it deems unacceptable.

b. Force Majeure. The Party affected by a force majeure event will give the other Notice thereof promptly. The notice will state the nature of the event and furnish a good faith estimate of the delay.

13. ASSIGNMENT AND SUBCONTRACTS

a. Prohibition. Contractor will not assign or subcontract any rights or delegate any obligations under this Contract without first obtaining written approval of Company. Company's approval of any assignment, delegation, or subcontract will not be unreasonably withheld. Company approval will not relieve Contractor of primary responsibility for performance of the Work nor will it relieve Contractor of the requirement of prior express written Company approval for any future delegation, assignment or subcontract.

b. Subcontracts. Contractor shall bind every subcontractor for benefit of the Company by terms that are the same as the terms of the Contract Documents. Contractor shall be responsible for the acts and omissions of its subcontractors and of all persons employed either directly or indirectly by subcontractors in the same manner as if the person was directly employed by the Contractor.

c. Supervision. Contractor shall maintain proper super-vision of subcontractors at all times.

14. OWNERSHIP AND CONFIDENTIALITY OF DOCUMENTS

a. Confidentiality. All work papers, plans, procedures, licenses, data, drawings, specifications and other technical and commercial information, whether in document form, in machine readable forms, or information acquired by observation or by verbal disclosure received by the Contractor from or on behalf of the Company or prepared by Contractor in connection with the Work (the "Confidential Data") shall be held strictly confidential. Confidential Data shall not be disclosed to or used for the benefit of others without prior written Company approval. All Confidential Data including without limitation commercial analysis, feasibility studies, technical documentation, installation, operation and maintenance manuals, drawings, plans, procedures, tests and reports prepared by the Contractor, that

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are part of the Work that will be delivered to Company at the completion of the Work, termination of the Contract, or at any time the Company requests. Receipt of the Confidential Data by Company may, at the Company's discretion, be a condition precedent to final payment.

b. Exceptions. Confidential Data that the Contractor can show to satisfy any of the following will be exempt from confidentiality and non use described in the preceding paragraph.
   i. was in the public domain at the time of disclosure;
   ii. became part of the public domain by publication or otherwise through no fault of the Contractor;
   iii. was developed by the Contractor and in its possession prior to the disclosure; or,
   iv. was received by the Contractor from a third party who had a lawful right to disclose the same to the recipient and who did not require the recipient to hold the same in confidence.

   Information will not be considered within any of the exceptions described above merely because it is embraced by more general information within one of said exceptions. A combination of features of technical information shall not be considered to be within any of the above exceptions unless the combination itself and its principle of operation are within said exceptions.

c. Knowledge. The Contractor may accumulate knowledge from the Work and from work performed for others. That accumulated knowledge will be used for the benefit of the Company as well as others in the ordinary course of services provided by the Contractor. However, Confidential Data in written, machine readable or any tangible form, or derivative works based in whole or in part on Confidential Data shall not be used for the benefit of, or disclosed to, others without prior written approval of the Company.

d. Disclosure to Contractor Employees. Contractor will disclose Confidential Data to its employees on need to know basis only to those Contractor employees that have a need to know for performance of the Work and have agreed in writing satisfactory to the Company to hold information provided confidential.

e. Ownership. Confidential Data will be the sole and exclusive property of the Company. The Company reserves the right to use all Confidential Data in pursuit of its business without accounting to the Contractor. Software and process concepts and designs developed by the Contractor or adaptations of Software installed in the course of performing the Work at the Contractor's expense or acquired at Contractor's expense and no cost to the Company expense shall be the property of the Contractor and may be used in the Contractor's business without accounting to the Company. The Company shall have a royalty free, nonexclusive license to use concepts, designs, improvements, innovations or inventions made by the Contractor at no cost to the Company, to the extent the same are based in whole or in part on the Work. Contractor will not disclose or use drawings, specifications or plans showing the equipment, materials or software installed in Company facilities in connection with work for or service to others.

f. Software License. Contractor grants Company a non-exclusive license to use the Software supplied to Company hereunder subject to the following restrictions:
   i. Software supplied hereunder will be utilized only on the equipment/hardware with which it was furnished;
   ii. Company may make copies of Software supplied hereunder only to the extent necessary for the efficient use of the Software, and Contractor's copyright notice shall be shown on all copies; and
   iii. Company shall not assign or transfer Software supplied hereunder to any third party except in connection with the sale by Company of the equipment/hardware with which such Software was supplied.

g. Publicity. Contractor shall not, without the prior written consent of Company, use Company's name in connection with any publicity, release, advertisement, or other publication. Such consent must be obtained for each independent request for publicity, release, advertisement, or other publication and will be effective, if granted by Company, only as to that specific request. Furthermore, Contractor shall not disclose that it is performing the Work without prior written consent of the Company.

h. Photographs. No photographs of Company's facilities may be taken by the Contractor without the prior written consent of Company. All photographs of Company facilities will first be given to Company for review and approval before any use thereof by the Contractor. Photographs of Company facilities will not be used in publications without the prior written consent of Company. Copies will be made available to Company at Company's request. Contractor agrees to destroy any or all photographs of Company facilities, and the negatives, of Company facilities on receipt of Company written request.

i. Governmental Disclosure. Contractor may disclose Confidential Data in response to subpoenas or other governmental orders provided the Contractor gives the Company notice thereof in time to allow the Company a reasonable opportunity to resist the subpoenas or orders. Contractor agrees to cooperate in any reasonable manner with Company's legal efforts to avoid disclosure, modify the order or obtain a protective order without additional charge to the Company.

15. CONSTRUCTION AND MAINTENANCE SERVICES

All Construction and Maintenance Services will be subject to the following as well as all other applicable Contract terms and conditions.

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a. Contractor's Understanding. Contractor will ensure that it is fully informed and is satisfied as to the nature and location of the Work, the conformation and structure of the ground, the character, quality and quantity of the materials to be used, the character of temporary equipment and facilities needed preliminary to and during the execution of the Work, the general and local conditions, and all other matters which could in any way affect the Work under this Contract.

b. Work Performance.
   i. Guarantees and Warranties. Contractor guarantees that the Work shall be free from defects in workmanship. Equipment, material and supplies provided for incorporation into the work shall be free of defect and shall comply with all applicable Company specifications and standards and shall not become defective except for normal wear and tear for six months, or longer if specified else where in the Contract Documents.
   ii. Completion of the Work. Contractor shall notify Company Representative in writing when the Work is completed. The Company Representative or his designee shall then inspect the work and shall give the Contractor written notice of any Work that does not conform to any provisions of the Contract Documents within ten (10) working days or such time as may be otherwise specified in the Contract Documents. Acceptance of the Work shall be effective as of the date the Company gives the Contractor Notice of acceptance.
   iii. Vendor, Materials, Parts and Supplies. Contractor will require all Contractor vendors and suppliers to guarantee that all parts, materials and supplies provided by such vendors or suppliers are free of defects. Should a vendor or supplier be unable or unwilling to provide such a guarantee, Contractor will inform the Company Representative and request instructions. A Purchase Order for such parts will be issued only in compliance with Company instructions.
   iv. Contractor Materials, Parts and Supplies. Contractor warrants that any materials, parts and supplies of its own manufacture and all Contractor shop work are free of defects will meet all applicable specifications and will be free of defects when delivered to the Work site.
   v. Parts Warranty Limitation. Unless stated elsewhere in this Agreement, or in applicable specifications, Contractor makes no performance warranty and the effects of corrosion, erosion and normal wear and tear are specifically excluded from the Contractor's warranty.

c. Work Area.
   i. Interference. Contractor shall at all times to avoid (i) interfering in any way with Company operations, or (ii) causing an unreasonable hazard to Company personnel, personnel of other contractors or to the public. The Contractor shall be primarily responsible for providing a safe work place for Contractor personnel, subcontractors, and third parties on the Work Site. Contractor will immediately give the Company Notice of any unsafe or unreasonably hazardous condition on the Work Site that is outside the scope of the Contractor's responsibility or that Contractor is either unable or unwilling to remedy. Contractor shall ensure that all personnel are protected from any unreasonable hazards, including if warranted, causing the Work Site to be evacuated.
   ii. Cooperation. Contractor will cooperate with other contractors as reasonably required for efficient, timely completion of the project; provided that Contractor will always perform the Work in strict compliance with all Contract Documents.

d. Materials, Suppliers and Equipment.
   i. Segregation of Items that are Part of the Work. All materials, supplies and equipment intended to become part of the Work will be stored separately from other materials, supplies and equipment in a manner that is secure, will prevent deterioration and will avoid use of such materials, supplies and equipment for other work without written approval from the Company.
   ii. Receipts. The Company will have exclusive title to all materials, supplies and equipment received on Company premises in connection with the Work. Contractor will receive and account for all materials, suppliers and equipment received to be used in the Work. All materials, supplies and equipment will be inspected visually for compliance with shipping documents, specifications and drawings on receipt. Contractor will report any and all non-conforming items to the Company within twenty-four (24) hours. Contractor will be liable for costs and expenses incurred as result of failure of Contractor to discover and report any non-conforming items.
   iii. Storage. Contractor shall be responsible for ensuring that said materials, supplies and equipment are not improperly used or misappropriated. Contractor will report all theft or misappropriation to the Company immediately upon discovery. Contractor will replace any stolen materials, supplies or equipment in kind at the Contractor's sole cost and without any charge to the Company.
   iv. Marking. Contractor will mark or tag any materials, supplies or equipment with the AFE Identification Number in a manner that will be readily readable immediately upon receipt.
   v. Quality. Contractor will use only materials and supplies that meet or exceed specifications that are made part of this Contract. Materials and supplies that are not subject to specifications under this Contract will be new, of good quality and will meet or exceed good petroleum refining industry practice applicable to such materials and equipment. The Contractor will document the quality of materials, equipment and supplies as required by good industry practice and as the Company may reasonably require.

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e. Safety.
   i. Work Site Safety Precautions. Contractor is responsible for initiating, maintaining and supervising all safety precautions and programs in connection with Work site and for ensuring that the Work areas are free of recognized hazards.
   ii. Safety Precautions. Contractor shall take all reasonable precautions to prevent bodily injury or property damages:
      (a) All persons and property on or adjacent to the Work Site, including walks, pavements, roadways, structures and utilities above and below ground;
      (b) All Work and all materials, supplies and equipment that are connected with the Work, whether in storage, on or off Work Site;
      (c) The Work and materials, supplies and equipment in storage of other contractors working at or adjacent to the Work site; and,
      (d) Notify the Company and receive approval prior to delivering any chemicals to the Work site. Contractor is required to furnish Material Safety Data Sheets (MSDS) for all chemicals to the Company Safety Department.
   iii. Compliance with Laws and Regulations. Contractor shall comply with all federal, state and local laws, regulations, ordinances, rules and lawful orders pertaining to the safety of persons or property, including without limitation regulations issued by the U.S. Occupational Health and Safety Administration, the Department of Labor, the U.S. Coast Guard, and any other agency of the U.S. government and laws and regulations of state health and safety agencies. The Contractor will immediately give notice to the Company if the Contractor discovers any Contract Documents terms or conditions that are not in compliance with laws and regulations. Contractor shall ensure that all Contractor personnel are fully informed about applicable law, rules, ordinances, regulations and orders that require performance of the Work in a non-routine manner.
   iv. Safeguards. Contractor shall erect and maintain, as required by existing conditions and applicable laws, rules and regulations, all reasonable safeguards for safety and protection, including temporary barriers, temporary lighting, posting danger signs and other warnings notifying persons in or adjacent to the Work Site of any hazards.
   v. Explosives. Contractor will give Company prior notice of use or storage of explosives or other similar hazardous materials or equipment, will exercise the utmost care and will carry on under the properly qualified supervision and in conformance with all applicable federal and state rules and regulations.
   vi. Hazardous Substances. Contractor shall immediately inform the Company if any of the Work involves excavation, transportation, storage, handling removal, treatment or disposal of asbestos, toxic substances, hazardous or industrial wastes.
   vii. Debris. Contractor, at all times, shall keep the Work site free from accumulation of scrap material, rubbish or debris. Upon completion of the Work, Contractor shall clean up the area around the site of Work and leave the Work Site in a broom clean, safe condition.
   viii. Emergencies. In any emergency affecting the safety of persons or property, the Contractor shall immediately inform the authorized Company Representative and Emergency Response Authority and take all precautions to protect Contractor personnel from unreasonable hazards and shall not attempt to remedy the emergency condition without prior approval of the Company Emergency Response Authority.

16. ENGINEERING SERVICES

All Engineering Services will be subject to the following as well as other applicable Contract terms and conditions.

a. Contractor's Understanding. Contractor will ensure that it is fully informed, and is satisfied as to, the nature and location of the Work, the conformation and structure of the ground, the character, quality and quantity of the materials to be used, the character of temporary equipment and facilities needed preliminary to and during the execution of the Work, the general and local conditions, and all other matters which could in any way affect the Work under this Contract.
b. Personnel. Only full-time, regular Contractor employees, satisfactory to the Company, shall be assigned to the Work unless prior, written Company approval is obtained.
c. Guarantees and Warranties. Regarding Professional Standards, Contractor warrants that it shall use sound engineering principles and practices in performance of all Work and that it shall ensure that the Work is performed in a professional manner and in compliance with engineering standards applied in the area. All work will be performed in a diligent and efficient manner by technical, managerial and administrative personnel fully qualified by education, ability and experience in their respective disciplines. All Work shall conform to good engineering application of codes, standards, statutes, rules and regulations effective at the time the Work is completed. Contractor shall re-perform, at its costs and expense and no charge or cost to the Company, corrective engineering services necessary to remedy Work that does not comply with these Guarantees and Warranties discovered within one (1) year after the Work is completed. The Company will promptly give written notice of any Work that does not conform to these Guarantees and Warranties. The Company may perform corrective engineering or have corrective engineering performed by

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others at Contractor's cost and expense if the Contractor fails to promptly undertake corrective engineering in accordance with requirements of this Article. Contractor shall promptly reimburse Company for costs and expenses upon receipt of Company's statement. Company's sole remedy, whether in tort or contract, for non-conforming Work will be performance of required corrective engineering at no cost or charge to the Company.

17. CONSULTING SERVICES

All Consulting Services will be subject to the following as well as other applicable Contract terms and conditions. Contractor will carefully examine the nature and physical characteristics of the Work, the character, quality and quantity of materials, equipment and supplies, including without limitation, temporary facilities, local conditions and legal, regulatory, permit and reporting requirements that may affect performance of the Work.

18. ENVIRONMENTAL SERVICES

All Environmental Services will be subject to the following as well as other applicable Contract terms and conditions.

a. Performance Standards. All Environmental Services will be performed in accordance with sound environmental principles and practices and sound professional engineering practices and good industry standards in an efficient and skillful manner by technical, managerial and administrative personnel fully qualified in their respective professional disciplines by education, experience, and ability. All Environmental Services shall conform to applicable codes, standards, statues, rules and regulations.

b. Sample Retention and Handling. At all times, Company shall retain exclusive title to all samples obtained by Contractor under this Agreement. Contractor will handle, store and transport such samples in a professional manner with proper labeling and preservatives. Contractor may reserve return any and all samples in Contractor's possession to the Company at any time. The Work may include lawful disposal of materials such as, but not limited to, samples, drill cuttings, purge water resulting in the course of the Work, or other materials excavated or otherwise to be removed from the site. The Contractor, however, will not be obligated to execute any documents identifying Contractor as the owner or generator of these materials. Company will cooperate with Contractor and execute documents necessary to permit the disposal of the materials.

c. Warranty. Contractor represents and warrants that Contractor and its subcontractors have the present capacity, including but not limited to the proper skill, training, background, licenses and registrations, to perform the Work in a good and workmanlike manner, in strict accordance with all the Contract Documents good engineering practice, industry standards and standards applicable to the consulting engineering profession. Contractor will, at its sole expense with no cost or charge to the Company, perform corrective Environmental Services as may be required to correct any such defective or nonconforming Environmental Services of which Contractor is notified by Company in writing; provided Contractor is notified of such nonconformance within one (1) year of acceptance of the Work.

d. Permits. Contractor shall obtain all permits and licenses necessary for the performance of the Work except permits or licenses the Company is expressly required to obtain in strict accordance with the Contract Documents. Contractor will pay all excise taxes, license fees, occupational assessments or other taxes, fees or assessments that may be payable to any authority by reason of performance of any part of the Work. Contractor's compensation provided for in this Agreement includes an allowance for all such payments unless the contrary is expressly provided in other Contract Documents.

e. Unforeseen Occurrences. Company recognizes that the Environmental Services to be undertaken by Contractor under this Contract involves unknown and unforeseeable conditions and hazards including, but not limited to geologic, hydrological, geotechnical, and environmental, that may vary from the conditions and assumptions upon which the Scope of Work was based. The requirement for prior written approval by Company of a modification to this Contract shall not apply to such unforeseeable conditions and hazards requiring prompt action by Contractor including, but not limited to, test boring and well installation specifications, sampling locations, numbers of samples collected, and health and safety procedures. Company will reimburse Contractor for reasonable costs and expenses incurred in the performance of the Work to abate any such hazards, provided the Contractor promptly gives the Company notice of the work required and support costs and expenses as the Company may reasonably require.

f. Company Provided Documentation. Company shall furnish or cause to be furnished to Contractor all documents and information known to Company that relate to the identity, location, quantity, nature or characteristics of any hazardous waste or other toxic substance at, on, or under Environmental Services job site. Company will also furnish or cause to be furnished documents and other information on surface and subsurface site conditions required by Contractor for proper performance of its Services. Except as expressly provided by other Contract Documents, Company makes no warranty or representation that documents or information provided by the Company are complete, correct or accurate and Contractor shall not be entitled to rely on Company supplied documents and information in performing the Environmental Services under this Contract.

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g. Third Party Property Access. Company will render reasonable assistance and provide available data to Contractor in connection with its performance of the Environmental Services, including providing Contractor with reasonable access to the site. If access to property owned by a third party is required for full performance of Environmental Services, Company shall obtain the permission of the third party for such assess.

19. CONSEQUENTIAL DAMAGES

Except as provided elsewhere by this Exhibit neither Party nor its respective officers, directors, or employees shall be liable to the other in any action for consequential, special, incidental, or indirect damages; loss opportunities; loss of profits; loss of product or punitive damages, whether in contract, tort, strict liability, equity, or by statute, even if such damages or losses may be result of negligence or fault attributable the Party exempted under this Article 19.

20. CONFLICTS OF INTEREST

a. Gifts. Neither Company nor Contractor will pay any salaries, commissions or fees of any kind to employees or officers or any members of their families of the other. Nor shall Company or Contractor dispense favors, gifts or entertainment of greater than token or nominal value to employees of the other or members of their families. Contractor shall maintain records of gifts and entertainment provided Company's employees and shall promptly furnish such records upon request.
b. Contractor Business. Contractor shall disclose all conflicts with Company interests to the Company.
c. Materials Disclosure. Contractor shall immediately disclose to Company any common ownership between Contractor and a material provider through which Contractor sources material under this agreement.

21. EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION

Contractor agrees to comply with all laws, rules, regulations, ordinances and requirements of federal, state and local governmental or regulatory bodies that are applicable to this Contract, including, but not limited to, the provisions contained in the following sections, to the extent that such following sections are applicable to this Contract.

a. Non-Segregated Facilities Requirements. The following provisions apply only if the total Contract price exceeds $10,000. A Certification of Non-segregated Facilities, as required by 41 CFR 60-1.8, shall be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity clause and each party agrees to adopt the clause set forth in 48 CFR 52.222-21 which shall be incorporated into this Contract by reference as if fully set out herein.
b. Equal Employment Opportunity. The following provisions apply only if the total Contract price exceeds $10,000. During the performance of this Contract, Contractor agrees that it will comply with all provisions of Executive Order No. 11246, 41 CFR 60-1.4 and adopt the clause set forth in 48 CFR 42.222-26 which shall be incorporated into this Contract by reference as if fully set out herein.
c. Equal Employment Opportunity Reporting Requirements. The following provisions apply to a Contractor only if Contractor has 50 or more employees and holds contracts, subcontracts or purchase orders amounting to more than $50,000. Contractor will complete and file Government Standard Form 100, Equal Employment Opportunity Employment Information Report EEO-1 (or such other form as may have superseded it), in accordance with the instructions contained therein.
d. Affirmative Action Compliance Programs. The following provisions apply to Contractor only if Contractor has 50 or more employees and holds contracts, subcontracts or purchase orders amounting to more than $50,000:
    i. In compliance with 41 CFR 60-1.40, and in accordance with 41 CFR 60.2 and 41 CFR 60-2.1 through 60-2.32, Contractor shall develop and maintain a written affirmative action compliance program for each of its establishments; and,
    ii. Contractor shall require each of its subcontractors who have 50 or more employees and a subcontract placed hereunder of $50,000 or more to develop and maintain a written affirmative action compliance program for each of its establishments pursuant to the requirements of this section.
e. Employment of Qualified Handicapped Individuals. The following provisions apply if the total Contract price exceeds $1,500. Contractor agrees to comply with Section 503 of the Rehabilitation Act of 1973, Section III of the Rehabilitation Act amendments of 1974, 41 CFR 60-741.4 and to adopt the clause set forth in 48 CFR 52-222-36 which shall be incorporated into this Contract by reference as if fully set out herein.
f. Employment of and Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era. The following provisions apply only if the total Contract price exceeds $10,000. Contractor agrees to comply with Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974 (38 USCS 2012) and 41 CFR 60-250.1, and to adopt the clause set forth in 48 CFR 52.222-35 which shall be collectively incorporated into this Contract by reference as if fully set out herein.

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g. Utilization of Small Business Concerns and Small Disadvantaged Business Concerns. Following provisions apply only if the total Contract price exceeds $10,000.
   i. It is the policy of the United States Government that small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.
   ii. Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns consistent with the efficient operation of this Contract (48 CFR 19.702).
   iii. Contractor agrees to adopt the provisions set forth in 48 CFR 42.219-8 which shall be incorporated into this Contract by reference as if fully set out herein.

h. Utilization of Women-Owned Businesses. The following provisions apply only if the total Contract price exceeds $10,000.
   i. It is the policy of the United States Government that women-owned businesses have the maximum practicable opportunity to participate in the performance of contracts awarded by any Federal agency (Executive Order 12138).
   ii. Contractor agrees to use its best efforts to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this Contract.
   iii. Contractor agrees to adopt the provisions set forth in 48 CFR 42.219-13 which shall be incorporated into this Contract by reference as if fully set out herein.

i. Employment of Aliens. The following provisions apply to Contractor irrespective of the number of employees or the total Contract price. Contractor agrees to comply with the provisions of Section 101 and Section 102 of the Immigration Reform and Control Act of 1986, and all regulations promulgated there under, which shall be incorporated into this Contract by reference as if fully set out herein.

j. Pollution Control and Clean Air and Water. The provisions of this section shall apply only if the Contract price exceeds $100,000. Contractor agrees to use certification set forth in 48 CFR 42.223-1 and adopt the clause set forth in 48 CFR 52.223-2 which shall be incorporated into this Contract by reference as if fully set out herein.

k. Hazardous Material Identification. The following provisions apply only if it is contemplated that this Contract will require the delivery of any hazardous materials as defined in Appendix A of Federal Standard No. 313A. Contractor agrees to adopt the clause set forth in 48 CFR 42.223-3 which shall be incorporated into this Contract by reference as if fully set out herein.

l. Reporting to Company. Contractor agrees to provide the Company a quarterly report of the utilization of Small Business Concerns, Small Disadvantaged Business Concerns, and Women-Owned Businesses and such other reports as shall be requested by the Company in connection with this Contract.

m. Americans with Disabilities Act. Contractor shall comply with all applicable provisions of the Americans with Disabilities Act.

n. Notification Of Employee Rights Concerning Payment Of Union Dues Or Fees. The provisions of this section shall apply only if the Contract price exceeds $100,000.
   i. It is the policy of the United States Government that employees be given notice that they cannot be required to join a union or maintain membership in a union in order to retain their jobs and can object to the use of their payments for certain purposes and can only be required to pay their share of union costs relating to collective bargaining, contract administration, and grievance adjustment. (Executive Order 13201).
   ii. Contractor shall provide such notice to its employees and agrees to use its best efforts to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this Contract.
   iii. Contractor agrees to adopt the provisions set forth in 29 CFR Part 470, which shall be incorporated into this Contract by reference as if fully set out herein.

22. COMPANY RULES

a. Company Rules. Contractor shall ensure that all Contractor and subcontractor personnel comply with all Company safety regulations on Company premises.

b. Notice of Injury. Contractor shall notify the Company as soon as possible (preferably immediately, but within timeframes directed by the local work rules of the applicable CITGO facility) after any injury to a Contractor employee occurring on the Company premises or sustained in performance of the Work in the form and detail as the Company may reasonably require.

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23. SAFETY

Contractor is responsible for initiating, maintaining and supervising all safety precautions and programs in connection with Work site and for ensuring that the Work areas are free of recognized hazards.

24. MISCELLANEOUS

a. Law. This Contract shall be governed by and construed in accordance with the laws of the State where the affected Company property is located, exclusive of any conflict of laws or rules that would mandate application of the laws of another state or country. Contractor agrees that a good faith effort shall be made to resolve any disputes arising between the Parties by mediation or other similar non-binding means of dispute resolution provided that any litigation that results shall be tried in the state or federal court of general jurisdiction for the state where the affected Company property is located.
b. General Construction. This Contract shall be construed without regard to any presumption against the party causing this Contract to be drafted.
c. Captions. The captions used in this Contract are inserted only as a matter of convenience and for reference and in no way define, limit or describe neither the scope of this Contract nor the intent of any of the provisions thereof.
d. Unenforceable Provisions. Any provision of this Contract which is unenforceable shall be ineffective without invalidating the remaining provisions.
e. Non-waiver. Any failure by either party to strictly enforce the terms of the Contract or to exercise any rights acquired hereunder shall not constitute a waiver of such terms or rights and shall not affect the right of the party to enforce or exercise such terms or rights in the future.

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EXHIBIT B-1

INDEMNITY AND INSURANCE
[FOR LOUISIANA WORK ONLY]

INDEMNIFICATION:

1.1 CONTRACTOR agrees to unconditionally **indemnify fully, hold harmless and defend**, at CONTRACTOR's sole expense, COMPANY, its parent, subsidiaries, joint venturers, partners and affiliates and its and their agents, officers, directors stockholders, employees, representatives, successors and assigns (herein collectively referred to as "**COMPANY**") from and against all Liabilities and Damages (as defined in section 1.2) claimed by COMPANY, the CONTRACTOR, and their respective subcontractors or third parties, including but not limited to all the employees of COMPANY, the CONTRACTOR, and their respective subcontractors, arising directly or indirectly out of or in any way connected with the performance or non-performance of this Agreement or the Work or operations covered or contemplated by this Agreement, without regard to the cause or causes thereof, including but not limited to, those caused by the actual or alleged negligence, common law, strict liability, statutory liability, absolute liability, vicarious liability, products liability, gross negligence or willful actions, or otherwise wrongful acts or omissions of CONTRACTOR, CONTRACTOR's subcontractors, COMPANY or their parents, subsidiaries, joint venturers, partners or affiliates and their respective agents, officers, directors, employees, representatives, successors and assigns. This indemnity does not extend to the sole negligence of COMPANY. The obligations contained in this section shall survive the termination of the Agreement.

1.2 The term "Liabilities and Damages" shall mean any and all (i) obligations, (ii) liabilities, (iii) personal and bodily injuries of any person (including, but not limited to death), (iv) damages or loss to any real or personal property, whether owned by COMPANY, CONTRACTOR, their respective subcontractors and/or any third party, including but not limited to (a) buildings, facilities, goods, tools and equipment (b) crude, feedstocks and products, (c) intellectual, confidential or proprietary, (v) damage, loss, contamination or adverse effects on the environment or natural resources, including but not limited to pollution and public and private nuisance, (vi) violation of governmental laws, regulations or
orders (vii) penalties, (viii) actions, (ix) lawsuits, (x) claims and demands, (xi) liens, (xii) losses, (xiii) settlements, (xiv) judgments, orders, directives, injunctions, decrees or awards of any federal, state, local or foreign court, arbitrator, administrative or governmental authority, bureau or agency and (xv) costs, expenses, interest and fees including, but not limited to, those incurred in enforcing this indemnity and/or mitigation of Liabilities and Damages (including, but not limited to, expenses related to attorneys investigators, accountants, consultants, expert witnesses, and arbitration or mediation) relating to the foregoing.

2. INSURANCE:

2.1 CONTRACTOR, at no charge to the COMPANY unless otherwise agreed in the Agreement, shall procure and maintain with reputable insurance companies, acceptable to COMPANY, the insurance coverages set forth below during the performance of the Work and any extensions thereof. CONTRACTOR may not use self-insurance to provide any of the insurance coverages required by this Agreement without the prior, express written agreement of COMPANY.

2.1.1 **Worker's Compensation and Occupational Disease Insurance** in compliance with the laws of all jurisdictions covering all persons at all times while employed or contracted by CONTRACTOR in any work to be performed under this Agreement; naming COMPANY on the Alternate Employer Endorsement. When applicable, such policies shall be endorsed to include full coverage for maritime obligations, including but not limited to, Maritime Employer's Liability, including transportation wages, maintenance and cure, "In Rem" endorsement, United States Longshore and Harbor Worker's Compensation Act, Gulf of Mexico Territorial Extension, Outer Continental Shelf Lands Act, Jones Act including Death on the High Seas Act and Federal Employer's Liability Act and voluntary compensation.

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2.3 Insurance requirements are completely separate from the indemnity obligations described in paragraph 1 of this Exhibit. Insurance limits required herein are minimum limits to be provided by CONTRACTOR and shall not limit the liabilities of the CONTRACTOR under the Agreement.

2.4 Upon receipt of a written request from the COMPANY, the CONTRACTOR shall furnish certificates evidencing such insurance is in full force and effect and providing thirty (30) days' advance written notice to COMPANY in the event of material change, non-renewal or cancellation. Receipt of any certificate of insurance by Company that does not meet the requirements set forth herein does not constitute a waiver of such requirements or acceptance of non-conforming certificates.

2.5 CONTRACTOR shall require any and all of its subcontractors engaged by it in the performance of the Work to procure and to maintain in full force insurance equivalent to the insurance requirement of the CONTRACTOR under this Exhibit during the time that its subcontractor is engaged in performing the Work.

2.6 The COMPANY shall have the right, but not the duty to designate all attorneys retained by the CONTRACTOR or CONTRACTOR's insurance carrier for COMPANY defense under these insurance requirements.

2.7 CONTRACTOR shall require that any insurer issuing a policy or otherwise providing coverage hereunder, including but not limited to Alternate Employer Endorsement or Additional Insured status for the COMPANY, whether held or obtained by CONTRACTOR or its subcontractor and whether or not required by this Agreement, provide the COMPANY with thirty (30) day advance written notice of any material change in, cancellation of, or other non-renewal of coverage or of any intent to do so.

2.8 CONTRACTOR shall require that any insurer issuing a policy or otherwise providing coverage hereunder, whether held or obtained by CONTRACTOR or its subcontractor and whether or not required by this Agreement, expressly waive any right to subrogation against COMPANY or recovery from any amount which the COMPANY may recover from CONTRACTOR or its subcontractor, or any other party, covered or uninsured, or which CONTRACTOR or its subcontractor may recover from any other party, covered or uninsured.

2.9 Whenever in the context of a particular claim, the anti-indemnity provisions of the Longshore and Harbor Workers Compensation Act, 33 USC §905(b), are or may be applicable, the parties expressly agree and intend that the liability insurance provided and carried by the CONTRACTOR shall name and treat COMPANY as an additional named insured, shall be primary with respect to any other insurance available to COMPANY, and shall waive subrogation as to COMPANY or any party to which COMPANY is contractually or legally obligated to provide indemnity.

2.10 **Louisiana Statutory Employer.** Notwithstanding anything to the contrary herein, in all cases where CONTRACTOR's employees (defined to include CONTRACTOR's direct, borrowed, special or statutory employees) are covered by the Louisiana Worker's Compensation Act, La. R.S. 23:1021 et seq, COMPANY and CONTRACTOR agree that all work and operations performed by CONTRACTOR and its employees pursuant to this Agreement are an integral part of and are essential to the ability of COMPANY to generate COMPANY's goods, products and services for purposes of La R.S. 23:1061(A)(1). Furthermore, COMPANY and CONTRACTOR agree that COMPANY is the statutory employer of CONTRACTOR' employees for the purposes of La. R.S. 23:1061(A)(3). Irrespective of COMPANY's status as the statutory employer or special employer (as defined in La. R.S. 23:1061(c)) of CONTRACTOR's employees, CONTRACTOR shall remain primarily responsible for the payment of Louisiana workers' compensation benefits to its employees, and shall not be entitled to seek contribution for any such payments from COMPANY.

Exhibit E
Contractor Drug/Alcohol Policy

Contractor agrees to advise its employees and the employees of its subcontractors and agents that it is the policy of CITGO Petroleum Corporation, Lake Charles Manufacturing Complex (hereafter collectively "COMPANY") that (1) the manufacturer, dispensation or sale, offer to sell, purchase, use, transfer or possession or being under the influence of illegal drugs on COMPANY's premises is prohibited (an employee is "under the influence of illegal drugs" if any detectable amount of illegal drugs is in his system regardless of when or where the drugs entered his system); (2) employees, while on COMPANY's premises, are prohibited from possession, consumption or being under the influence of alcohol ("Under the Influence" means that the employee is affected by alcohol in any detectable manner); (3) entry onto COMPANY's premises constitutes consent to an inspection of the employee and his/her vehicle as personal effects of any kind while entering, on, or leaving COMPANY's premises; (4) any employee who is found in violation of this Policy or who refuses to permit an inspection may be removed and barred from COMPANY's premises, at the discretion of COMPANY. As used herein, "COMPANY's premises" means project site locations in which COMPANY's business is being conducted and COMPANY owned or rented vehicles and/or equipment.

Illegal drug means any drug (a) which is not legally obtainable or (b) which is legally obtainable but has not been legally obtained. The term includes but is not limited to cocaine, opiates, amphetamines, barbiturates, methadone, PCP, benzodiazepine and marijuana. It includes prescribed drugs not legally obtained and prescribed drugs not being used for prescribed purposes. It also includes any substance which a person holds out to another as an illegal drug.

Regarding employees that work on COMPANY's premises, the Contractor agrees to implement a Drug and Alcohol Policy no less stringent than COMPANY's Policy.

Contractor shall defend and hold COMPANY harmless from any suits or claims by its employees relating to enforcement of this provision, whether or not such suit or claims may be based on negligence, fault, or strict liability attributable to COMPANY, its contractors or subcontractors thereof, or employees or invitees of any of the aforelisted.

In order to ensure compliance with COMPANY's prohibition concerning the above substances, Contractor's employees are required as a prerequisite to employment and a condition to continuing employment on COMPANY contracts to cooperate in alcohol and drug urinalysis and blood testing procedures. Such tests will be administered on the following basis:

A. Pre-Employment. Any offer of employment that may be extended to an applicant for work on COMPANY premises is conditioned upon the applicant's successful completion of a substance abuse test. The test results must show an absence of any detectable amount of the illegal substances named above.
B. Post Accident and Near-Miss Incident. Any accident or near-miss incident which results or could reasonably have resulted in an injury requiring treatment by a medical professional or property damage. A near-miss incident is an occurrence that is outside the bounds of normal expectations which exposes personnel to an unusual risk of injury.
C. Reasonable Suspicion or Fitness-For-Duty. When an employee's supervisor has a reasonable suspicion that an employee is intoxicated, using or under the influence of alcohol or drugs and otherwise unfit for duty. "Reasonable suspicion" is a belief based on objective and articulated facts sufficient to lead a prudent supervisor to suspect that the employee is using alcohol or drugs.
D. Routine, Periodic, and Unannounced Testing. At COMPANY's discretion, routine, periodic, and unannounced random testing may be required.

Any person who refuses to submit to a search or request for drug testing by the Contractor, or who is found using, possessing or distributing any of the items named above or who has any detectable amounts of a prohibited drug or substance in his/her system, regardless of when or where the drug entered the system, is subject to disciplinary action up to and including expulsion from and refusal of right to re-enter COMPANY's property.

Contractor shall provide CITGO's Security Manager the names of any individual failing and/or refusing drug/alcohol testing. Notification should occur immediately after determination an employee has violated Contractor's Substance Abuse Program.

The Contractor shall have test results of the substance abuse tests available to COMPANY or their representatives before his employees will be admitted to the project work site of the Contractor on COMPANY premises. COMPANY or its representative may audit the Contractor's test results at any time.

Contractor shall submit his Substance Abuse Program and his testing procedures with his proposal for the contract work.

*Note: The foregoing shall not be applicable to Contractors providing services for pipeline related operations.

EPAHO120001216

Exhibit F
SWLA Contractors Safety Training Requirements

I. **Purpose**

The purpose of this procedure is to provide guidance on the Contractor Safety Training to be required prior to entrance into the CITGO Petroleum Corporation - Lake Charles Manufacturing Complex. This procedure establishes training requirements that will increase Contract Employee awareness and improve all areas of safety.

II. **Scope**

This Contractor Safety Training procedure shall apply to Contract employees who perform work within CITGO Petroleum Corporation - Lake Charles Manufacturing Complex. The only exceptions are clearly outlined in the body of this procedure.

III. **Definitions**

A. Company - The CITGO Petroleum Corporation - Lake Charles Manufacturing Complex includes the Refinery and Lube Plant.

B. Plant Area - For the purpose of this procedure, areas in the plant designated as those areas requiring safety training are as follows:

1. Refinery: The area South of the Administration Building/Annex, West of the Central Control Room East, and the Propylene Fractionation Unit (PFU). This excludes the Laboratory Building, Central Maintenance Shop and the Warehouse.
2. Lube Plant: All areas except the Clockhouse, Warehouse, Central Maintenance Shop, the Administration Building and Laboratory.

C. Certification Card - Laminated plastic, identification picture cards issued by the Safety Training Center (a division of the Safety Council of Southwest Louisiana) showing that the holder has successfully completed the Basic Safety Orientation Program (BSOP).

Or other accepted certification cards from Association of Reciprocal Safety Councils, Inc. are as follows:

ABC Mid Gulf Chapter	Mobile, AL	BSA,BSA1
Austin Safety Training Consortium/Const. Safety & Health, Inc.	Austin, TX	BA,BAR
Contractor Safety Council of the Coastal Bend, Inc.	Corpus Christi, TX	BC, BC1&BC2
Contractor's Safety Council of Brazosport, Inc	Freeport, TX	BB,BBREF
Contractor's Safety Council of East Texas, Inc.	Longville, TX	BE, BER05
Contractors' Safety Council of Texas Mid-Coast, Inc.	Port Lavaca, TX	BL, BLR
Contractor's Safety Council of Texas City	Texas City, TX	BTC,BTCR
Greater New Orleans Industrial Education Council	Kenner, LA	BG, BG1
Houston Areas Contractor Safety Council	Houston, TX	19,19
Industrial Safety Training council (ISTC)	Nederland, TX	09, 09
Kentuckiana Construction Users Council	Louisville, KY	22, 22 Ref.
Panhandle Contractors	Borger, TX	BFPC
Regulatory Training Center	S. Charleston, WV	BWV,BWVR
Ark-La-Tex Safety Council, Inc.	Shreveport, LA	BZ,BZR
Safety Council of the Louisiana Capital Area	Baton Rouge, LA	12,12
Safety Council of Southwest Louisiana	Lake Charles, LA	BLC,GSHO,BLCK
Safety & Health Council of North Carolina	Charlotte, NC	BPR
South Jersey Chemical Mfgrs. Safety Council	West Deptford, NJ	21BOP
Tennessee Valley Training Center	Decatur, AL	20BOP,20BOPR
West Texas Safety Training Center	Midland, TX	BW/BOP BWR/BOP
Wilmington Area Contractor	Wilmington, NC	BCF,BCFR

D. Contractor Employer - For the purpose of this procedure, this includes any company, corporation, or other business entity that employs persons (contract employee) that will enter onto Company premises.

E. Core Contractor – For the purpose of this procedure this includes all personnel employed by any contractor performing routine work in the LCMC on a regular or continual basis.

F. **Background Check[BGC] Requirements:**

All Contractor employees performing work in the Lake Charles Manufacturing Complex must undergo a background check as outlined in Company procedure ADM-387-14.0. Contractor employees are required upon application of new safety council training card/site specific or annual renewal to undergo a background check. This BGC is performed by 1st Advantage and grading is level 4 or better per 1st Advantage Grading Matrix. An agreement between Contractor, the Safety Council Southwest Louisiana and 1st Advantage must be entered into for the BGC to be administered. In the event that Contractor has a reciprocal safety council that performs BGC an agreement must also be entered into locally. This agreement, if reciprocal, is at no added cost to Contractor.

IV. **Procedure - Basic Safety Orientation Program**

EPAHO120001217

A. Training Requirement

Each contract employee shall complete the 4-1/2 hour Basic Safety Orientation Program (BSOP) administered by the Safety Training Center (a division of the Safety Council of Southwest Louisiana) and successfully demonstrate competence as outlined in the course requirements or safety programs of areas listed in Section III-C.

This training shall be required for any contract employee that will perform work, or supervise the performance of work in the "Plant Area". Examples of covered contract employees requiring training are:

1. Maintenance or Construction Contractor Employees who will enter Company premises to perform assigned job tasks within the "Plant Area".
2. Engineering and technical service employees who perform hands-on work or supervise the performance of work inside the "Plant Area".

In addition to the BSOP requirements, **site specific** orientation and training is required for all contract employees through The Southwest Louisiana Safety Council. This training is a **must** for all contract employees prior to entry onto Company premises.

B. Responsibilities

1. Contract Employers
   a. Contract employers shall be responsible for ensuring that each covered contract employee has received the BSOP training and CITGO Site Specific Training.
   b. Contract employers shall maintain records to verify that each covered contract employee has received the BSOP training. These records shall be updated and available for review by Company authorized personnel.
2. Contract Employees
   a. Each covered Contract employee shall posses the certification card issued by the Safety Training Center (a division of the Safety Council of Southwest Louisiana) or other accepted certification cards for entering and while working inside the Company premises.
   b. Contract employees shall present their certification card or Waiver Form when requested by a Company representative.

C. Exceptions

1. Contractor employees performing work that do not have potential to cause harmful affects on a process within a "Plant Area" are exempt from the BSOP training **except for the employees of the "core contractors" regularly working within the Lake Charles Manufacturing Complex**. These contract employees will be issued a Waiver Form by the respective department manager.

   The following are examples (not all inclusive) of contract employees exempt from the BSOP training unless specifically required by CITGO representatives due to special circumstances:
   a. Truck drivers making deliveries; e.g., concrete truck drivers, wax trucks, chemical deliveries, and sulfur trucks.
   b. Water chemical treatment salesmen traveling to "Plant Areas".
   c. Engineers or contractor's management personnel who enter the "Plant Area" to bid, review, or estimate jobs.
   d. Engineering contractors and consultants who enter the "Plant Area" to perform activities that do not affect the process; e.g., inspection, drafting, and design activities.
   e. Contractor or technical service representatives performing work in the Laboratory.
   f. Delivery personnel; e.g., Federal Express, UPS, concession vendors.
   g. AT & T, Canon, and Xerox personnel.
   h. Clerical and/or janitorial personnel.

2. In the event that an emergency plant situation requires a rapid response from a contract employer whose employees have not had this required training, a waiver can be granted by a member of the Company Senior Management Team (SMT), Manager of Construction, Shift Superintendent, and Manager of Health and Safety.
3. The Contractor Training Waiver Form will be completed by the authorizing Company representative. Copies of this form will be routed to the Manager of Security, the Manager of Health and Safety, the Manager of Purchasing and Materials, and the Contract employer. The following conditions apply for the waiver:
   a. This waiver shall only be used for the named emergency and will become invalid at such time as the emergency situation is corrected.
   b. The waiver only relieves the contract employer of the requirement for BSOP training for the emergency while working on Company premises.
   c. Site specific safety training will be required before beginning work.

EPAHO120001218

Southwest Louisiana Construction User's Council (SLCUC)
PQF / PSM Audit Program

CITGO Petroleum Corporation has elected to participate in a mandatory, contractor pre-qualification process administered by the Safety Council of Southwest Louisiana. The program requires all contractors working or desiring to work within the Lake Charles Refinery and Lubes to complete a "web based" Pre Qualification Form (PQF). This "web based" standard form was developed by the Southwest Louisiana Construction User's Council (SLCUC) and will replace the various area industry PQF forms and formats you may be familiar with. The objective of this standardized approach is to reduce duplication of efforts, reduce cost to contractors and owners by having a single PQF accepted by industry, and provide a "lead-in" database for PSM audits to satisfy the requirements of OSHA 1910.119.

All Lake Area Industrial Alliance (LAIA) Plant Managers have agreed to and approved the implementation of this program. After July 1, 2004, CITGO will exclusively use the standardized PQF on file at the Safety Council for contractor qualification. Contractors whose PQF's are not on file in the Safety Council SWLA data base will not be considered for work beginning August 1, 2004.

The PQF will reside on a secure web site operated by the Safety Council SWLA under an agreement with the SLCUC. An annual fee payable to the Safety Council will be required to submit the form. Contractors will complete an electronic copy of the PQF to be placed on the web site under the contractor's name. By using a confidential password, owners may access this information and view the PQF for contractor information. Contractors will have the ability to select the owner(s) they will allow to access the information. Contractors will be required to update the database annually.

Additionally, Process Safety Management Audits will be performed using the PQF as the base document of information. The audits will be conducted by professional auditors under the direction of the Safety Council SWLA under agreement with the SLCUC. Safety Audits will be posted on the web site along with the PQF. Contractors will pay a fee of $1,000 for the audit, which will be required every three (3) years. If owners require additional audits, the cost will be borne by the requesting owners.

An SLCUC Oversight Committee of owners and contractors will monitor performance of the program, plant and contractor compliance with the program, and make changes needed to meet future needs of the owners and contractors. All member contractors of the Safety Council SWLA can access the web page at www.safetycouncilswla.org or can contact Joni Guidry, PQF Program Administrator at 337-436-3354 ext. 25 for further information. Non-member contractors will need to contact Joni Guidry for assistance.

Exhibit J
H2S Monitors

Effective August 1, 2005, all contract employees performing work in the CITGO Petroleum Corporation-Lake Charles Manufacturing Complex (LCMC) defined plant areas will be required to have, as part of their Personal Protective Equipment (PPE), a H2S monitor [See Procedure SIH-397-221, attached]. The monitors *should* be set to alarm at 10 PPM H2S, have audible, visual and internal vibrator alarms, and must be UL approved. Contractors will be required to provide personal H2S monitors to their employees and provide bump test/calibration records to CITGO upon request.

Compliance with this procedure is mandatory. Technical questions regarding this procedure may be addressed to Judy Spears-Safety Specialist at 337-708-6797 [jspears@citgo.com] or Ben Talbot -Safety Supervisor at 337-708-6210 [btalbot@citgo.com]. Commercial questions may be directed to your Procurement representative.

EPAHO120001220

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CITGO Petroleum Corporation
LAKE CHARLES MANUFACTURING COMPLEX

Hydrogen Sulfide (H_2S) Protection		**SIH-397-221**
Original Effective Date: 8/01/2005	Expiration Date: N/A	Rev. No. 0
Superseded Procedure: New	Department: Health & Safety Services	1 of 14

1.0 PURPOSE:

To ensure the health and safety of all personnel that *may* be exposed to hydrogen sulfide (H_2S) at the CITGO Lake Charles Manufacturing Complex (LCMC).

2.0 SCOPE:

2.1 This procedure applies to activities where workers could reasonably be expected to be exposed to liquids containing 100 parts per million (PPM) H_2S, gases containing 10 (PPM) H_2S or a vapor concentration greater than the LCMC exposure limit of 10 PPM.

2.2 It applies to all CITGO Lake Charles Manufacturing Complex employees and contract employees.

2.3 This procedure is to be interpreted as a minimum requirement and *should* it be determined that a more stringent or conservative approach is warranted, additional safety and health protection measures *should* be implemented.

3.0 KEY REQUIREMENTS: (SEE PROCEDURE FOR COMPLETE DETAILS)

- All personnel are required to wear a personal H_2S monitor when entering the defined process area and other identified areas (docks, tank farms, etc.) of the Lake Charles Manufacturing Complex.
- Fresh Air is required for jobs where lines and/or equipment could reasonably contain 100 PPM H_2S in liquids or 10 PPM in gases **unless** the concentration is verified with a calibrated survey instrument to be 10 PPM or less in the *breathing zone*.
- Lines and/or equipment containing 100 PPM or greater H_2S in liquids or 10 PPM or greater in gases must be identified by Operations and Engineering on current process flow diagram (PFD) and a copy of the PFD must be located in the control room for easy reference.
- The Unit Supervisor is responsible for ensuring valves terminating directly to atmosphere which contain H2S equal to or greater than 100 PPM in liquids or 10 PPM in gases are painted Orange.
- The Unit Supervisor is responsible for the installation of ¼ turn ball valves, in addition to existing block valves, on frequently used (at least once per month) drains and bleeders on systems identified on the PFD.
- The Responsible Unit operator (RUO) *shall* assure regulated areas are established when airborne concentrations of H2S are 10 PPM or greater.

Written/Revised By: Judy Spears	Review Period: Three Years
Sponsor: William F. Jones	Title: Manager – Health & Safety Services
Signature: SOF	Current Date of Approval: 6/20/05

4.0 GENERAL:

4.1 Health Effects

4.1.1 Hydrogen Sulfide is a highly toxic gas. At low concentrations, it acts on the eyes, nose, and throat resulting in irritation. At high concentrations, the amount of gas absorbed in the blood stream results in a systemic poisoning acting on the nervous system. Respiratory paralysis and death can occur within seconds.

4.1.2 Hydrogen Sulfide is generally recognized by a characteristically foul, nauseating odor; however, the sense of smell is an ***extremely unreliable*** instrument for detection of H_2S. Prolonged exposure at low concentrations will dull the sense of smell. At moderate to high concentrations the sense of smell is quickly overwhelmed and paralyzed. The odor *may* never be detected.

4.2 Exposure Limits

4.2.1 There is no established OSHA *Permissible Exposure Limit (PEL)* for hydrogen sulfide, although American Conference of Governmental Industrial Hygienists (ACGIH) has an established *PEL* of 10 PPM.

4.2.2 CITGO Lake Charles Manufacturing Complex has adopted 10 PPM as its *Exposure Limit*.

NOTE

If at anytime an employee exceeds or suspects they have exceeded the 10 PPM *exposure limit* (without respiratory protection), they *shall* report to the unit supervisor, shift foreman, or shift supervisor as soon as reasonably possible for further evaluation. This determination can be accomplished through readings received from personal monitors and/or area monitors.

5.0 DEFINITIONS:

5.1 *Area H_2S Monitors* - A fixed device, normally located in a process area, which detects high levels of H_2S and displays a visual and audible warning when needed.

5.2 *Authorized Person* - Any person whose duties require them to enter a *regulated area*. The person must be specifically authorized by CITGO to enter the *regulated area*.

5.3 *Bumping (Bump Test)* - Exposing a personal H_2S alarm to a known concentration of H_2S above the alarm point to make sure it is working properly. This is performed in a controlled fashion using a small quantity of H_2S using the method recommended by the manufacturer.

5.4 *Breathing Zone* - The area within a two (2) foot radius of the mouth and nose.

5.5 *Ceiling Limit* - The maximum concentration to which an employee can be exposed, regardless of the duration.

5.6 *Exposure Limit* – The time weighted concentration to which an employee can be exposed (*breathing zone*) over an 8-hour work shift of a 40-hour work week.

5.7 *Fresh Air* – Breathing air supplied by either SCBA or SAR.

5.8 *H_2S Hazard Potential Area* – Any process unit, tank farm area, dock area, etc. that contains H_2S in a concentration equal to or greater than 100 PPM in liquids, 10 PPM in gases or 10 PPM in the breathing zone.

5.9 *Immediately Dangerous to Life and Health - (IDLH)* - An atmospheric concentration of any toxic, corrosive or asphyxiant substance that poses an immediate threat to life, or would cause irreversible or delayed adverse health effects, or would interfere with an individual's ability to escape from a dangerous atmosphere.

5.10 *Lower Explosive Limit (LEL)* – The lower vapor concentration boundary, for a specific compound or material, within which the vapor-air mixture will propagate a flame (i.e. explode) if ignited.

5.11 *Permissible Exposure Limit (PEL)* – See *Exposure Limit* definition.

5.12 *Personal H_2S Alarms* - A portable electronic device which detects high levels of H_2S and displays three types of warnings; visual, audible, and tactile.

5.13 *Self-Contained Breathing Apparatus (SCBA)* - Respiratory protection through the use of positive pressure *supplied air* with a tight fitting face piece and an air supply that **is** carried by the user.

5.14 *Supplied Air Respirator (SAR)* - Respirator protection through the use of positive pressure *supplied air* with a tight fitting face piece and an air supply that **is not** carried by the user and air is supplied by a hose line system.

5.15 *Regulated Area* - A limited access area established whenever the airborne concentration of H_2S exceeds or can reasonably be expected to exceed the *exposure limits*. Access to the *regulated area shall* be limited to *authorized persons* wearing appropriate personal protective equipment (PPE), i.e., *SCBA*.

5.16 *Upper Explosive Limit (UEL)* – The upper vapor concentration boundary, for a specific compound or material, within which the vapor-air mixture will propagate a flame (i.e. explode) if ignited.

6.0 RESPONSIBILITIES:

6.1 Sponsor: Manager, Health & Safety Services

6.2 Implementation:

6.2.1 **Initiation:** CITGO Supervision

6.2.2 **Performance:** All Employees

6.2.3 **Audit:** Health & Safety Services

7.0 PROCEDURE:

7.1 Hazard Summary:

7.1.1 Health hazard - Excessive exposure to H_2S can cause serious health problems. The average adult male exposure reactions are as follows:

PERCENTAGE IN PROCESS	PARTS PER MILLION (PPM)	EXPOSURE RESULTS, i.e. what happens when you breathe it.
.0000025%	.025 PPM	No odor; detectable by instrument
.0001%	1 PPM	Faint but readily perceptible odor. Smells like rotten eggs.
.001%	10 PPM	8 hour *Permissible Exposure Limit* (ACGIH & CITGO LCMC) Beginning eye irritation
.002%	20 PPM	OSHA *ceiling limit* of exposure Strong unpleasant odor, but not intolerable
.005%	50 PPM	OSHA peak allowed for only 10 minutes Once per day and only if worker has no other H_2S exposure during the remainder of the shift.
.01%	100 PPM	Irritates eyes and throat; Kills sense of smell after 2-15 minutes. OSHA established *IDLH (Immediately Dangerous to Life or Health)* concentration.
.05%	500 PPM	Coughing, collapse and unconsciousness in 0-2 minutes. Depressed respirations and death after 30-60 minutes.
0.1%	1000 PPM	Unconsciousness at once
1.0%	10,000 PPM	Death likely after fairly short exposure, or if unconscious and remain exposed.

7.1.2 Flammability Hazard - H_2S is also a flammable gas with a wide explosive range.

- The *LEL* for H_2S is 4.3% in air.
- The *UEL* for H_2S is 46% in air.

NOTE

Process equipment in sour service often contains Iron Sulfide scale, a substance that ignites spontaneously if exposed to air. For specific precautions to consider before opening equipment that has been in sour service, contact the Health & Safety Services Department.

7.2 Process Stream Analysis and Labeling

7.2.1 Sample points that are reasonably expected to have **ANY** H_2S present in the stream must meet one of the following criteria:

- Be close looped,
- Have testing performed to ensure personnel (*breathing zone*) exposure to H_2S concentrations will be less than 10 PPM (contact the Industrial Hygiene Department), or
- Be required to wear *fresh air* when opening.

7.2.2 All process systems that are reasonably expected of containing H_2S in liquids with 100 PPM or greater or gases with 10 PPM or greater, *shall* be identified by Operations and Engineering, shown on a current process flow diagram (PFD) and placed in the appropriate control room for easy reference. If necessary, a laboratory analysis *shall* be conducted to identify these systems.

7.2.3 The Unit Supervisor responsible for process equipment (e.g. tanks, process vessels, drums, etc.) and process piping that containing H_2S in liquids with 100 PPM or greater or gases with 10 PPM or greater *shall* ensure the valves that terminate directly to the atmosphere are painted orange indicating the presence of H_2S.

7.2.4 Once valves have been established as a potential H_2S exposure sites, *fresh air* must be used when opening these valves; unless the appropriate controls are in place to remove the potential hazard, i.e., Engineering, Administrative, and/or PPE.

NOTE

Always wear *fresh air* on job tasks that *may* be questionable, unless sampling or engineering controls are in place.

7.3 Exposure Control Measures:

7.3.1 Engineering controls and safe work procedures *shall* be used to minimize the amount of H_2S in the *breathing zone*. The feasibility of all the following examples *shall* be considered by Supervision before implementing:

7.3.1.1 Drains, bleeders, and vents *shall* be plugged, capped, or blinded when not in use, except when following standard operating procedures (SOP) for double block applications.

7.3.1.2 Frequently used (at least once a month) drains, bleeders, and vents which handle product streams containing H_2S in liquids with 100 PPM or greater or gases with 10 PPM or greater, ***shall*** be equipped with a quarter turn ball valve in addition to the standard block valve.

These valve locations *shall* be either:

- Hard piped to a closed system
- Routed to a safe remote location via hose or temporary piping and a H_2S *regulated area* established, or
- Required to wear *fresh air* when opening

7.3.1.3 These isolation valves *shall* be positioned based upon prevailing wind patterns i.e. upwind of the drain, bleeder, or vent, whenever feasible (this does not imply that this is an appropriate control to mitigate H_2S exposure). Factors to consider include:

- Frequency of use.
- Adjacent equipment that could obstruct wind.
- Concentration of H_2S in stream.
- Unit history.

7.3.2 Administrative controls and procedures that will provide aid in the acknowledgement of the presence of H_2S *shall* be followed at all times. Some of these controls are:

7.3.2.1 If a unit or area has been designated as an *H_2S hazard potential area*, then personal H_2S monitors *shall* be worn by any person when entering that unit or area (i.e., process units, tank farm, etc).

- Personal alarm setting *shall* be 10 PPM

- If the alarm goes off, the employee is to leave the area immediately, and don *fresh air* before reentering the area
- *Fresh air shall* be worn until the problem is corrected or less than 10 PPM is confirmed by monitoring.
- All personal monitors *shall* have a full function self-test performed before each daily use.
- Personal monitors *shall* be *bump tested* before each weekly use on an automatic test station and logged in the calibration book (See Attachment A).
- If personal monitor fails either the full function self-test or the *bump test* or the monitor needs replacing (i.e. broken, battery life is up), bring to the on-site vendor for repair or replacement.
- Personal H_2S monitors *shall* be:
  - Worn on the front of the body in the *breathing zone*
  - Worn in such a manner to maximize the chances that the auditory alarm will be heard and the vibrating alarm will be felt
  - Worn in such a manner that the sensor is exposed to ambient air in the *breathing zone*, i.e., not covered by jacket, lapel, or slicker suit
  - Secured to the clothing with the suspender clip to minimize chances of damage.

7.3.2.2 Contract companies will be required to provide personal H_2S monitors to their employees and provide *bump test*/calibration records upon request. Personal monitors *should* be set to alarm at 10 PPM H_2S, have audible, visual and internal vibrator alarms, and must be UL approved.

NOTE

Personal H_2S monitors are used to aid the employee in detection of H_2S in areas with potential exposure hazards. The monitors are not to be used for any other purpose (i.e. job task surveys, regulated area boundaries).

7.3.2.3 *Area H_2S monitors shall* be positioned at strategic locations throughout the facility at the most probable release locations. The following guidelines *shall* be evaluated when making the determination.

- All monitor alarm levels *shall* be set as low as practical, with consideration being given for the prevention of excessive alarming.
- The initial (low) level alarm point *shall* be set at a minimum of 10 PPM and no greater than 20 PPM.
- The high level alarm *shall* be set at a minimum of 20 PPM and no greater than 50 PPM.
- Area monitors *shall* be placed, when feasible, at a height between four (4) foot and six (6) foot from grade.

7.3.2.4 The Unit Supervisor/Shift Foreman and Area/Shift Safety Supervisor must be notified in a timely manner, when a personal or an area H_2S monitor goes into alarm. If the alarm is the result of a process upset or equipment failure, an incident report is required.

7.3.2.5 At a minimum, warning signs *shall* be posted around the perimeter of Units, storage tanks, and marine operations which contain or handle products which fall within the perimeter of this procedure.

7.3.2.6 Windsocks, streamers, flags, and smoke tubes are some of the devices that can be used for indicating wind direction. The device *should* be visible by all employees approaching the area of concern.

H_2S Action Chart

Concentration	Exposure Significance	Warning Mechanism	Action
10 PPM in air	CITGO LCMC established *exposure limit*	* *Area H_2S monitor* setting (low end) * Personal H_2S monitor	Operator *shall* don *SCBA* to investigate and/or correct the problem. Create a *regulated area* if H_2S level >10 PPM confirmed.
20 PPM in air	OSHA Ceiling	Area H_2S monitor setting (high end of the low setting)	Operator *shall* don *SCBA* to investigate and/or correct the problem. Create a *regulated area* if H_2S level >10 PPM confirmed.
100 PPM in air	*IDLH (Immediately Dangerous to Life or Health)*	Gas check with MSA Five Star or equivalent wearing *SCBA* to confirm concentration	Requires *SCBA* and a standby or *supplied air* with 5 minute egress bottle and a standby
100 PPM in liquid or 10 PPM in gas	Considered levels of concern per CITGO LCMC	Defined by Engineering through Lab testing	*Operations to continuously identify valves that are potential H_2S exposure sites - valves that terminate directly to atmosphere *shall* be painted orange *Install ¼ turn ball valve for drains, bleeders and vents identified as frequently used (at least once a month). *If at all feasible, hard pipe frequently used locations to a closed system (oily water sewer, flare drum, etc.) *If hard piping is not available for these locations, avoid draining to an open sewer, draining to a slab, using a vacuum truck, or draining to atmosphere at grade. Use a hose to route stream to a safe location for draining and create a *regulated area*. Otherwise, *fresh air* is required.

7.3.3 When performing routine operational tasks involving H_2S equipment, workers *should* avoid venting to atmosphere at grade, draining to the slab, and/or draining to the open sewer whenever feasible. In cases where *sour gas* or *sour liquid* must be vented to grade, workers must take the following precautions to protect downwind personnel:

7.3.3.1 Prior to the task, route the material to a safe location and create an H_2S *regulated area*.

NOTE

In certain situations, a grounded blower(s) near the emission point *may* be required to dilute and disperse the H_2S. For example, a blower *may* be needed to disperse the vapors so that a road closure can be avoided. Blowers cannot be used in concentrations that are above *IDLH* (100 PPM).

7.3.3.2 Monitor the perimeter areas using an H_2S meter, and ensure that all areas greater than or equal to 10 PPM are in an established *regulated area*.

7.3.4 When preparing H_2S containing equipment for maintenance, workers *should* avoid venting without a Scrubber to atmosphere at grade, draining to the slab, using a vacuum truck, and/or draining to an open sewer whenever feasible. Preferred methods for operations to prepare H_2S equipment for maintenance include:

7.3.4.1 Steam and vent to flare.

7.3.4.2 Steam and vent to atmosphere well above grade at safe location giving due consideration for prevailing winds and weather patterns. Remember, H_2S is heavier than air so checks *should* be made to ensure an H_2S potential exposure area is not being created during steaming and venting operations.

7.3.4.3 Drain to a closed sewer

7.3.4.4 Chemical cleaning i.e., circulate the product in a closed system to convert the H_2S to less toxic components.

7.3.4.5 Remove liquid with vacuum truck and scrub exhaust vapors with specially treated charcoal.

NOTE

Operation and maintenance tasks being performed using fresh air shall follow the requirements set forth in SIH-397-106, Fresh Air Work.

7.3.5 Equipment that is to be sent to the Central Maintenance Shops or to parties outside of the Lake Charles Manufacturing Complex (e.g. vendor, disposal firm, etc.) *shall* be decontaminated prior to receipt by the shop or outside party.

7.3.6 When using artificial ventilation on vessels that *may* contain greater than or equal to 10 PPM H_2S, special consideration or established controls must be provided for the ventilation exhaust outlet location, so that personnel adjacent to these areas are not exposed to the exhaust air.

7.3.7 In cases where unusual amounts of liquids containing 100 PPM or greater H_2S must be drained to the sewer. Workers must notify the Shift Supervisor and the Waste Water Treating Plant (WWTP) console operator as soon as feasible.

7.4 Monitoring

7.4.1 In most cases, routine monitoring *shall* be performed by the responsible unit operator. (Example: Monitoring before, during and after decontamination of equipment, and/or for normal maintenance or turnaround activities.)

7.4.2 Monitoring *shall* be performed by the Responsible Unit Operator and/or the Crew Safety Coordinator to:

- Establish and/or verify an H_2S *regulated area* during maintenance activities or work that has the potential for H_2S exposure
- Verify whether equipment has been properly cleared after the line or vessel is opened
- Verify that H_2S air concentrations are below the CITGO established *exposure limits*

NOTE

Monitoring *should* be taken at the employees *breathing zone* to represent a potential inhalation exposure. Area monitoring *may* be taken at other points to verify the presence of H_2S vapors.

7.4.3 Consult the site Industrial Hygienist for questions concerning monitoring methods.

7.5 Establishing a Hydrogen Sulfide *Regulated Area*

7.5.1 *Regulated areas shall* be established for all areas in which the H_2S air concentrations are at or above 10 PPM.

7.5.2 If an area is a "*regulated area*" the following criteria applies:

- The affected area(s) *shall* be demarcated with red "DANGER H_2S" barricade tape.
- The barricade tape requirement *may* be waived by the Health & Safety Services Department if the area already contains appropriate physical barriers (i.e. a room with four walls, floor and ceiling). However, the entrance to the room *shall* still be posted with the required danger tape.
- The *regulated area* boundaries *shall* extend to a point that is below an H_2S concentration of 10 PPM. This *shall* be verified by area monitoring. The *regulated area shall* cover all directions from the source of H_2S exposure.
- Only *authorized persons may* enter the *regulated area*. These persons *shall* wear appropriate respirators and if required, chemical protective clothing.

7.6 Training

7.6.1 Employees who enter process units, tank farms, etc. *shall* be trained on the hazards of H_2S. Training is required prior to initial assignment and annually thereafter. Training *shall* include:

- Physical properties and characteristics of H_2S
- Potential sources of H_2S

- Type of detection methods used at LCMC
- Recognition of a response to the warning signals for H_2S detection systems used in LCMC
- Symptoms of H_2S
- Proper use and maintenance of *fresh air* equipment for work in an H_2S designated area
- Wind direction awareness, routes of egress and assembly areas
- Emergency response procedures for the LCMC
- Locations and use of safety equipment

7.6.2 All employees who wear Personal H_2S Monitors *shall* be trained on the use of the device. Training is required prior to initial assignment.

7.6.3 Visitors and other non-regularly assigned personnel must be briefed on:

- Route(s) of egress
- Emergency assembly areas
- Applicable warning signals, and
- How to respond in the event of an emergency

Visitors and other non-regularly assigned personnel will be allowed in potentially hazardous areas only after being briefed and only in the presence of trained personnel.

8.0 REFERENCES:

8.1 Regulatory:

8.1.1 OSHA 29 CFR 1910.134

8.1.2 API RP 55

8.2 Related Policies/Procedures:

8.2.1 SIH-397-204, Respiratory Protection

8.2.2 SIH-397-106, Fresh Air Work

8.2.3 CSS-112, Hydrogen Sulfide (H_2S)

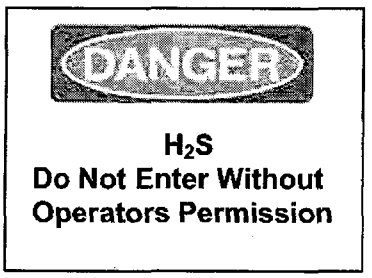
8.3 Forms and Attachments:

8.3.1 Signs & Tape

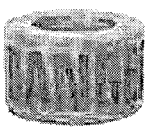
8.3.2 Attachment A - H_2S Monitor Bump Test Log

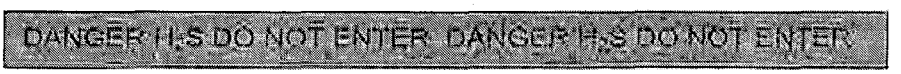
Items can be obtained from the Onsite Vendor Store.

Warning Signs to be posted around the perimeter of Units, Storage Tanks and Marine Operations.



Barricade Tape used when establishing a *Restricted Area*





Attachment A
SIH-397-221
H_2S Monitor
Bump Test Log

Date	Name	Pass	Fail	Comments

Exhibit "Q"
Mandatory Background Checks

Due to the heightened security concerns in our industry, all Contractors who wish to work or are working on the premises of the CITGO Petroleum Corporation-Lake Charles Manufacturing Complex (LCMC), must complete a background investigation that meets one of the following Requirements:

Requirement A:
Contractors entering the CITGO LCMC to perform work or make a delivery, and will do so un-escorted, must have in their possession a valid Transportation Worker Identification Credential (TWIC) card. This card will be recognized in lieu of the criteria outlined in Requirement B, and will satisfy the current background check requirements. With presentation of this card at the Southwest Louisiana Safety Counsel, the CITGO Site Specific Training will be authorized to be administered.

Note: The CITGO LCMC will be required to be compliant with the TWIC requirement as outlined by the Transportation Security Administration (TSA), and to be enforced by the United States Coast Guard (USCG), at some point during 2008 or early 2009. At this time the compliance date for that requirement has not been set. Once that compliance date is published, the facility will require all individuals entering to be compliant and have in their possession a valid TWIC card, at which time Section B will be no longer required or applicable. Given this new regulatory mandate, this is the recommended process. These credentials can be obtained at any TWIC Processing Center located throughout the United States.

Requirement B:
Contractors entering the CITGO LCMC to perform work or make a delivery, and will do so un-escorted, must meet the requirement as outlined in this section in lieu of the TWIC card.

1. Social Security Number (SSN) verification check. Contractor personnel will not be permitted to work at LCMC if the SSN verification check reveals any of the following deficiencies:
    - SSN not a valid number
    - SSN belongs to someone in the social Security Administration deceased database.
    - SSN was issued to another person

2. Verification of U.S. citizenship or lawful residency status. Contractor personnel who do not have valid authorization to work in the United States as described by the DHS I-9 form, will not be assigned to the LCMC premises.

3. Criminal Records Check. Contractor personnel who were convicted of a felony within the most recent seven (7) year period of time are ineligible for assignment to the LCMC premises (First Advantage Grade 4 or lower). Reference: Attachment ADM-387-14.d.2, Background Screening Grading Matrix

4. Driving Records Check. If the job position requires Contractor personnel to operate a motor vehicle on LCMC property, a driving records history check will be conducted.

5. Category I and II as defined by ADM-458-0001 Sections 4.2 and 4.3.

The Southwest Louisiana Safety Council (SWLSC) has entered into an agreement with First Advantage to provide a background screening service that meets CITGO LCMC requirements. Contractor must enter into a "three-way" agreement with the SWLSC and First Advantage in order to proceed with the background screens of their employees. NOTE: Background screenings are done through the SCSWLA via the Contractor's own computer internet without having to go to the SCSWLA location.

Background screening must be completed before the SWLSC will allow an employee to complete training to renew existing or receive a new badge. If Contractor employee comes from an area that already has processed a First Advantage graded background screen and is current, the safety council will transfer the date and location of the screen onto a Lake Charles badge; and the contractor will have access so they can review to determine if the worker meets the CITGO requirements.

EPAHO120001238

Exhibit "Q"
Mandatory Background Checks

It is the Contractor's responsibility to contact the SWLSC at 337-436-3354 or via website at www.safetycouncilswla.org and enter into the program. Contractor employees not processed through the screening process will be denied access to the LCMC Premises.

Questions regarding this requirement shall be addressed to the contract administrator or to the CITGO's Purchasing Department at 337-708-8225.

ADM-387-14.d.2, Background Screening Grading Matrix

If Statement	Record Information	Then
No record is found,		Grade will be sent as a "CLEAR."
The record is a conviction beyond seven years (based upon the disposition date).	Delete all record information	Grade will be sent as a "CLEAR."
The record is a non-conviction (except for adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined).	Delete all record information	Grade will be sent as a "CLEAR."
The charge type is Misdemeanor and is NOT one of the following Misdemeanors where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as "Hit-01"
The charge type is one of the following Misdemeanors where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as "Hit-02"
The charge type is Felony and is NOT one of the following Felonies where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as a "Hit-03"
The charge type is Felony and is NOT one of the following Felonies AND the charge type is one of the Misdemeanors listed below where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as a "Hit-04"

EPAHO120001239

Exhibit "Q"
Mandatory Background Checks

The charge type is <u>one of the following Felonies</u> where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as "Hit-05"
The charge type is <u>one of the following Felonies</u> AND the charge type is <u>one of the following Misdemeanors</u> where the disposition is a conviction, pending, or adjudication withheld, deferred adjudication or any other disposition where an individual must complete some criteria before a final disposition is determined within 7 years based upon the disposition date.	Leave the record information "as is."	Grade will be sent as a "Hit-06"
Reporting if the applicant is subject to various economic-sanctioned programs administered by the Office of Foreign Assets Control, such as specially designated nationals, terrorists, narcotics traffickers, and blocked persons and vessels.	Leave the record information "as-is"	Grade will be sent as a "Hit-07"

Exhibit A – Misdemeanor Charges

Assault
Battery
Bodily Injury
Cruelty to a Juvenile
Deadly Conduct
Disorderly Conduct
Disorderly Person
Escape
Harassment
Resisting Arrest
Resisting Public Officer
Robbery
Terrorist Threats
Throwing a Deadly Missile
Violation of Restraining Order
Weapon

Exhibit B – Felony Charges

A crime involving a severe transportation security incident (i.e. Security incident involving a significant loss of life, environmental damage, transportation system disruption, or economic disruption in a particular area)
Aiding others in terrorism
Aircraft piracy outside the special aircraft jurisdiction of the United States, 49 U.S.C. 46502(b)* aircraft piracy, 49 U.S.C. 46502*
Arson
Assault (including aggravated and or sexual)
Bribery
Burglary (breaking and entering)
Carjacking

EPAHO120001240

Exhibit "Q"
Mandatory Background Checks

Carrying a weapon or explosive aboard aircraft, 49 U.S.C. 46505*
Commission of certain crimes aboard aircraft in flight, 49 U.S.C. 46506*
Computer crimes (hacking, fraud, damage to property)
Conveying false information and threats, 49 U.S.C. 46507*
Credit Card Fraud
Criminal anarchy
Denied or removed under the Immigration and Nationality Act (8 U.S.C. 1182 Et Seq)*
Destruction of an aircraft or aircraft facility, 18 U.S.C. 32*
Drug Offenses
Embezzlement
Espionage
Explosive offenses (devices, fake explosive devices, incendiary devices, dangerous articles, importation, manufacture, distribution, storage)
Extortion
False imprisonment – armed or hostage taking
False personating (peace office, public official)
Forgery and counterfeiting
Fraud (including dishonesty and misrepresentation)
Homicide / murder / manslaughter / including solicitation to murder (excluding negligent manslaughter)
Identify theft
Immigration violations
Improper transportation of hazardous material, 49 U.S.C. 46312*
Interference with air navigation, 49 U.S.C. 46308*
Interference with flight crew members or flight attendants, 49 U.S.C. 46504*
Kidnapping
Lighting violations involving transportation of controlled substances, 49 U.S.C. 46315*
Misprision of treason
Monetary instrument abuse
Perjury and false swearing
Purse snatching
Racketeering and RICO violations
Rape
Robbery
Sedition
Sex Crimes
Smuggling
Tax evasion
Terrorism
Theft-larceny (including felony shoplifting)
Treason
Unlawful entry into an aircraft or airport area that serves air carriers or foreign air carriers contrary to established security requirements, 49 U.S.C. 46314*
Weapons (any offense-carrying a concealed weapon on premises, illegal use, manufacture, store, sell, distribute, discharge, etc.)
Traffic Offenses i.e., traffic homicide, hit and run (excluding dwi/dui convictions)
*United States Code is offered as a reference to the nature of the crime. Similar state laws are also considered disqualifying.

EPAHO120001241

Exhibit "Q"
Mandatory Background Checks

Contractor Background Screening SC Package 02 "Graded" Definition of Grading Codes

At the request of participating plant owners in various petrochemical market areas, local safety councils will add a "graded" score to the current contractor background screening workflow. This will consist of adding grading criteria to the current ***SC package 02***, creating a new package ***SC package 02 "Graded"***, that will produce up to eight different grades, (i.e. 00, 01, 02, 03, 04, 05, 06 or 07). The grading criteria will be applied to each consumer screened with the ***SC Package 02 "Graded"*** and based on the following:

00	An individual who has a clear record, (i.e. no court record found, record found exceeds a 7 year court search or record found is non-conviction).
01	Misdemeanor convictions that are NOT included in the Misdemeanor criteria defined in (Grading Matrix Agreement)
02	Violent misdemeanors as included in the Misdemeanor criteria defined in (Grading Matrix Agreement)
03	Felonies NOT included in the Felony criteria defined in (Grading Matrix Agreement)
04	Both felonies defined in "03" and violent misdemeanors defined in "02".
05	Felonies included in the Felony criteria defined in (Grading Matrix Agreement)
06	Both felonies defined in "05" and violent misdemeanors defined in "02"
07	Patriot Act Search (Prohibited Parties Search)

ADM-458-0001 Sections 4.2 and 4.3

4.2 ***Process Safety Management Category I*** - Direct exposure to a process. Category I shall have a designated color sticker, indicating the date of training on their hard-hat:

4.2.1 Category I training includes the CITGO Refinery Site Specific Video-Test, and regulatory training such as Department of Transportation (DOT), Occupational Safety and Health Administration (OSHA), Department of Natural Resources (DNR), and Unit specific type training.

4.2.2 Meeting any of the following criteria will place the worker in Category:

- Activity requires a safe work permit
- Work directly affects the process due to direct exposure

4.3 ***Process Safety Management Category II*** - Support activity involving in-direct exposure to processes, not directly affect the process itself. Category II shall have a designated color sticker, indicating date of training on their hard-hat:

4.3.1 Category II training consists of the CITGO Refinery Site Specific Video/Test and the Unit Specific Orientation.

4.3.2 Meeting any of the following criteria will place the worker in Category II:

- Work involves activity not affecting the process, such as sketching, visual inspections, vendors entering a process
- Contractor may be unsupervised in work areas
- Work may be performed on equipment that is not part of a process and does not require a safe work permit

EPAHO120001242

IFIC Suretyship since 1904
International Fidelity
INSURANCE COMPANY

24900 Pitkin Rd.
Suite 145
Spring, TX 77386
281-681-3900

AUG 0 2 2008

GENERAL FORM STATUS INQUIRY

CES ENVIRONMENTAL SERVICES, IN
Attn. Gregg Bowman
4904 Griggs Rd.
Houston, TX 77021

Date 07/25/2008

Bond No: HSIFSU0465081 00

Bond Amt: 239,840

Principal: MIL, Ltd dba Myrex Industries
Address: 9119 Weedy Lane
Houston, TX 77093

Contract Price: 239,840
Job Description: Fabrication & Delivery of Oil Procssing Structure including steel,handrails,grading,and stairs.

We are the Surety for the above referenced contractor (Principal), which has provided performance and payment Bonds for the above said contract. We would ask that you take a moment to review the following questionnaire and advise us the current status of this project. You may return this questionnaire to our office via fax. Please note that your response will be treated in confidence and without any responsibility on your part. We thank you in advance for your assistance as it is greatly appreciated.
Please return the completed document to us in the enclosed stamped self-addressed envelope or return it by Fax to 281-681-3903

Sincerely,
INTERNATIONAL FIDELITY INSURANCE CO.

What is the term (duration) of the entire contract? ~~6-8 months~~ 4-5 months

Is this a multi-year contract or renewable contract? ND

If our Contractor's (Principal) contract *has been completed*, please answer the following:

What was the date of completion? ~~4/1/08~~ 8/1/08

What was the acceptance date of the completed contract? ~~4/1/08~~ 8/1/08

What was the final contract price? ~~about 350K~~ 235K

Are you aware of any unpaid laborers, materialmen or subcontractors? ND

If our Contractor's (Principal) contract *has not been completed*, please answer the following:

What percentage of out Contractor's (Principal) contract has been accepted and completed? _____

Revised contract price with change orders? (if applicable) _____

What is the expected completion date of our Contractor's (Principal) work? _____

Is this a multi-year contract or renewable contract? _____

Is the work progressing satisfactorily? _____

Are you aware of any unpaid laborers, materialmen or subcontractors? _____

Comments: _____

Name: Greg Bowman Title: VP of Finance Phone: 713-419-6076

Company: CES Environmental Date 8/22/08 Fax #: _____

CES ENVIRONMENTAL SERVICES, INC.

OIL ANALYSIS PLAN

MARCH 2005

CES ENVIRONMENTAL SERVICES, INC.

OIL ANALYSIS PLAN

INSTRUCTIONS

I. MIXTURES OF USED OIL AND HAZARDOUS WASTE

Used oil generators and handlers (transporter, transfer, processing, rerefining, or off-specification oil burning facility) are responsible for ensuring that used oil is not intentionally mixed with a hazardous waste. If listed hazardous waste (F, K, P, or U wastes) or characteristically hazardous waste does become mixed with used oil, the resulting mixture may have to be managed as hazardous waste. If the resulting mixture is not hazardous, it is managed as a used oil.

- Mixtures of used oil and listed hazardous waste are managed as listed hazardous waste.
- Mixtures of used oil and ignitable-only characteristically hazardous waste are managed as used oil, *unless the resulting mixture exhibits the characteristic of ignitability.* (Flash Point less than 140° F)
- Mixtures of used oil and characteristically hazardous waste are managed as used oil, *unless the resulting mixture exhibits any hazardous characteristic.*
- Mixtures of used oil and nonregulated hazardous waste are managed as used oil.
- Mixtures of used oil and fuel products are managed as used oil.
- Mixtures of used oil with hazardous waste from a CESQG or household are managed as used oil.

Exemption: Used oil is exempt from hazardous waste regulations if the used oil:

- is destined to be recycled (rerefining, reclaiming, processing for reuse as lub oil, or burned for energy);
- is not rendered hazardous by mixing with characteristically hazardous waste; and
- is not mixed with a listed hazardous waste.

Used oil containing more than 1,000 ppm of total halogens is presumed hazardous unless the used oil generator or handler can demonstrate that the used oil was not mixed with listed hazardous waste.

Any mixing or blending of used oil with hazardous waste to bring down the level of a hazardous concentration is considered a hazardous waste treatment activity and may require a hazardous waste permit.

Mixtures of Used Oil with Halogens

A generator must evaluate used oil at the time it is generated. Each used oil handler—transporter, processor/refiner, marketer, and burner—must prove that used oil was not mixed with a listed waste; the proof can be made either by adequate documentation or by testing the used oil. This requirement does not apply to used oil generated by a household do-it-yourselfer or by a CESQG. It also does not apply to a collection center that only accepts household used oil.

The Rebuttable Presumption

Used oil containing more than 1,000 parts per million (ppm) of total halogens is presumed to be mixed with a halogenated listed hazardous waste. This presumption is known as the "rebuttable presumption." To rebut it, a used oil handler must prove that the used oil containing more than 1,000 ppm total halogens does not contain halogenated listed hazardous waste. This proof must be supported either by analytical data or by process knowledge. (The most common halogens are fluorine, chlorine, and bromine.)

Caution: Mixing or blending used oils, or diluting such mixtures to bring the level of halogens down to less than 1,000 ppm is considered a processing activity and requires a hazardous waste treatment permit.

Process Knowledge Versus Analytical Data

There are two general approaches to proving that used oil destined for recycling is not mixed with hazardous waste: analytical testing (described in the subsection titled "Analytical Data") or documented process knowledge.

Documented Process Knowledge

The term "process knowledge" refers to a used oil handler's understanding of the operations and activities that created the used oil at his facility and possible contaminants in the used oil. The word "documented" refers to records of the used oil's origin, use, processes it has undergone, identification of possible contaminants, and other information on used oil activities. If enough documented process knowledge is available to show that mixing did not occur, then the used oil handler may eliminate the cost of analytical testing.

EPAHO120001246

Analytical Data

The Environmental Protection Agency (EPA) recommended test methods for the rebuttable presumption are listed in Table 1. Methods listed in the table are used to determine total halogen content and specific halogens, to demonstrate that used oil has not been mixed with a listed hazardous waste. However, other EPA-approved text methods may be used to demonstrate the analytical results.

- *Total halogen* content can be determined by EPA methods (nonspecific determination) listed in Table 1. If the total halogen content is more than 1,000 ppm, then a more specific test method should be used to determine the level of individual halogenated compounds. The CLOR-D-TECT test used by CES follows SW-846 9077.

- *Specific halogen* content can be determined using one of the methods also listed in Table 1. For example, to determine halogen-containing volatile compounds in used oil, EPA Method 3585 is used for sample preparation, and Method 8260 or 8021 may be used for sample analysis. For analysis of halogenated pesticides, Method 8081A is recommended.

Exemptions

The following used oils are exempt from the rebuttable presumption. In other words, you do not have to prove that they have not been mixed with halogenated listed waste.

- Metal-working oils contaminated with chlorinated paraffins are not subject to the rebuttable presumption, if the used oils are reclaimed through a tolling arrangement. A tolling arrangement is a contract between a processor/re-refiner and a generator stating that the used oil reclaimed is to be returned to the generator. The generator uses the reclaimed oil as a lubricant, cutting oil, or coolant.

- If the used oil is not included in a metal-working tolling arrangement, the presumption may be rebutted if the generator can prove that the source of the total halogen content is chlorinated paraffins and the used oil was not mixed with a chlorinated hazardous waste.

- Used oil from households or a CESQG facility is not subject to the rebuttable presumption.

- Used oil contaminated with chlorofluorocarbons (CFC's) removed from refrigeration units is exempt from the rebuttable presumption when the CFC's are destined for reclamation. However, CFC-contaminated used oils that have been mixed with used oil from sources other than refrigeration units are not exempt from the rebuttable presumption.

EPAHO120001247

TABLE 1: ANALYTICAL METHODS FOR ORGANIC HALOGENS DETERMINATION
(EPA SW-846 METHODS)

Determination	Sample Preparation Method	Sample Analysis Method
Total halogens	N/A	9075, 9076, 9077
Total halogens	5050	9056, 9253
Individual halogens	3585 (liquid organic matrix)	8260 or 8021
Halogenated Pesticides	3580	8081A

Source: EPA Test Methods for Evaluating Solid Waste, Physical Chemical Methods (SW-846), Third Edition

II. USED OIL FUEL SPECIFICATIONS

Used oil to be burned for energy recovery is divided into two classes: (1) on-specification used oil which contains no more than the allowable levels of contaminants shown in Table 2; and (2) off-specification used oil which exceeds the allowable levels.

- On-specification used oil burned for energy recovery is not subject to the used oil management standards so long as (1) the used oil is not mixed with or contaminated by hazardous waste; and (2) it meets the marketer requirements in 40 CFR 279.72-73 (analysis, record retention, and EPA ID No.) and 279.74(b) (on-specification records/tracking).

- A used oil burner may mix off-specification used oil with virgin oil or with on-specification oil; but, if the used oil is mixed to produce on-specification used oil fuel, the burner becomes subject to the standards for a used oil processor and possibly to the marketer requirements.

TABLE 2: SPECIFICATIONS FOR USED OIL BURNED FOR ENERGY RECOVERY

Constituent	Allowable Level
Arsenic	5 ppm maximum
Cadmium	2 ppm maximum
Chromium	10 ppm maximum
Lead	100 ppm maximum
Total Halogens	4,000 ppm maximum
Flash Point	100°F minimum

EPAHO120001248

Total Halogen Content for Used Oil as a Fuel

Used oil burned for energy recovery is subject to the used oil management standards. One requirement concerns total halogen content. If the total halogen content is 1,000 ppm or more, but less than 4,000 ppm, and the used oil handler can successfully prove the used oil was not mixed with listed halogenated hazardous waste (F, K, U, or P), the used oil can be burned as an on-specification fuel for energy recovery, provided all other requirements listed in Table 2 are met. Table 3 shows how total halogen content affects burning used oil as a fuel.

TABLE 3: TOTAL HALOGEN CONTENT FOR USED OIL AS A FUEL

Total Halogens	Hazardous Waste or Used Oil?	May be Burned in an ...
Less than 1,000 ppm	Used oil	On-specification unit[1]
From 1,000 to less than 4,000 ppm	Used oil (if hazardous waste presumption successfully rebutted)	On-specification unit[1]
More than 4,000 ppm	Used oil (if hazardous waste presumption successfully rebutted)	Off-specification unit or undergone further processing to be burned in an on-specification unit

[1] *If all other requirements shown in Table 2 have been met.*

Approved Test Methods for Used Oil Fuel Specifications

Table 4 includes some of the EPA-recommended SW-846 test methods to determine used oil specification levels. However, other EPA-approved test methods may be used to demonstrate the analytical results.

EPAHO120001249

TABLE 4: SOME ANALYTICAL METHODS FOR USED OIL FUEL SPECIFICATIONS

DETERMINATION	METHODS	
	Sample Preparation	Sample Analysis
Multi-element analysis including arsenic, cadmium, chromium, and lead	3051	6010A, 6020
Arsenic	3051	7060A, 7061A, 7062
Cadmium	3051	7130, 7131A
Chromium	3051	7190, 7191
Lead	3051	7420, 7421

SOURCE: EPA Test Methods for Evaluating Solid Waste, Physical/Chemical Methods (SW-846), Third Edition

III. USED OIL CONTAINING PCB's

PCB's (polychlorinated biphenyls) are man-made organic chemicals that range in consistency from heavy, oily liquids to waxy solids. They are used for their cooling properties because they only boil at high temperature and do not readily react with other chemicals.

Used oil containing PCB's can be burned for energy recovery, but only in combustion units that thermally degrade the PCB's; for example, rotary kilns, cement kilns, liquid injection incinerators, and high-temperature boilers.

The regulations you have to follow depend on the concentration of PCB's in the used oil.

From 2 ppm to Less Than 50 ppm

Used oil that is to be burned for energy recovery is presumed to contain 2 ppm or more PCB's unless the person generating the used oil can document, by testing or process knowledge, that the oil contains no detectable PCB's.

Used oil containing between 2 ppm and less than 50 ppm of PCB's that is to be burned for energy recovery is subject to the following regulations:

- The used oil management standards; and
- 40 CFR 761.20(e)—Federal regulations implementing the Toxic Substances Control Act (TSCA); includes requirements on marketing, burning, testing, and record keeping.

EPAHO120001250

Less Than 2 ppm

Used oil that is to be burned for energy recovery and contains less than 2 ppm PCB's is not regulated under TSCA but under 40 CFR Part 279.

Used oil management standards – the Federal and State laws and regulations that apply to all used oil handlers.

- 40 CFR Part 279, Federal regulations on management of used oil;
- 30 TAC Chapter 324, State regulations on used oil recycling (adoption of 40 CFR Part 279);
- THSC Chapter 371, State law on collection, management, and recycling of used oil.

From 2 ppm to Less Than 50 ppm

Under 40 CFR 761.20(e), used oil containing from 2 ppm to less than 50 ppm of PCB's being sent to energy recovery may be burned in qualified incinerators as defined in 40 CFR 761.3 which includes industrial furnaces and boilers as identified in 40 CFR 260.10 and 40 CFR 279.61(a)(1) and (2). This includes industrial furnaces and boilers identified in 260.10.

EPAHO120001251

Sample ID No. _____ CES Lab

LAB RECORD FOR DOCUMENTATION THAT USED OIL IS NOT MIXED WITH A LISTED HAZARDOUS WASTE AND/OR USED OIL SPECIFICATION HAS BEEN MET

1. Source of sample/generator: _____
   Location of sample: _____

2. Date of Sample: _____

3. Sample Name/Generator ID: _____

4. Existing sample analysis or process knowledge that states or lists halogen content and that the used oil is not mixed with a listed hazardous waste.

   _____
   _____
   _____

5. If sample analyses will be used to determine halogen content,

   A. Describe sampling method used to obtain representative sample to be analyzed:

   _____
   _____

   B. Describe the frequency of sampling to be performed:

   _____
   _____

   C. Analysis will be performed on-site at CES Environmental Services (YES ☐), or off-site at _____,
   and at what frequency _____.

   D. The method used to analyze used oil for the parameter specified in Section 279.53 (***Rebuttable Presumption for Used Oil*** – Determine whether the total halogen content is above or below 1,000 ppm) (e.g., CLOR-D-TECT 1,000 chlorine halogen test kit conforms to EPA SW-846 Method 9077), and CLOR-D-TECT ☐; Other ☐ Specify: _____:

   _____
   _____
   _____.

E. The type of information that will be used to determine the halogen content of the used oil (Results of CLOR-D-TECT ☐; or other (e.g., applying knowledge of halogen content of the used oil in light of the materials or processes used): _____
_____
_____.

NOTE: If greater than 1,000 ppm total halogens, it is presumed to be a hazardous waste because it was mixed with halogenated hazardous waste listed in Subpart D of 261 unless analytical methods from SW-846 shows oil does not contain significant concentrations of halogenated hazardous constituents listed in Appendix VIII of 261.

6. If the used oil is on-specification used oil (fuel), then

A. Specify if

(a) sample analysis, or

(b) other information was used to make this determination:
_____
_____

B. If sample analysis was used to make this determination, then

(a) the sampling method must be either Appendix I, Part 261, Method, or _____.

(b) equivalent under Section 260.20 or 260.21, and

(c) the oil must be sampled and analyzed prior to any processing/re-refining.
_____
_____

C. State the frequency of sampling: _____
_____

D. Location of analysis:

☐ On-site: (CES Environmental Services), or
☐ Off-site: _____

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E. Define the method used to analyze used oil for the parameters in Section 279.72 (Refers to 279.11 Used Oil Specifications (Metals and Flash)):

_____

_____, and

the type of information that will be used to make the on-specification used oil fuel determination:

_____

_____

7. Describe the procedures to assure listed hazardous wastes are not mixed with the used oil received:

_____

_____

8. Procedures for handling a shipment of contaminated used oil:

_____

_____

_____

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Sample ID No. _____ CES Lab

LAB RECORD FOR DOCUMENTATION THAT USED OIL IS
NOT HAZARDOUS BASED ON HAZARDOUS CHARACTERISTIC

1. Source of Sample/Generator: _____
   Location of Sample: _____

2. Date of Sample: _____

3. Sample Name (Generator ID): _____

4. Does oil mixture exhibit the characteristic of ignitability?

   YES ☐ (Flash Point less than 140° F)
   NO ☐

If 'NO', state source of information:

Testing ☐: _____
Process Knowledge: _____
_____
_____

5. Does oil mixture exhibit a pH value?

   YES ☐; Value: _____
   NO ☐: _____
   _____

6. Does oil mixture exhibit a characteristic of reactivity?

   YES ☐; Describe: _____
   NO ☐; Source (Testing ☐; Process Knowledge ☐)
   _____
   _____

7. Does oil mixture exhibit a toxicity characteristic?

   YES ☐; Describe: _____
   NO ☐; Source (Testing ☐; Process Knowledge ☐)
   _____
   _____

Used Oil to be Burned for Energy Recovery

1. Does the used oil contain no detectable PCB's?
   YES ☐; Type of Test: _____, or

   Process Knowledge ☐: _____
   _____
   _____

2. Does used oil contain less than 2 ppm PCB's?

   YES ☐; Type of Test: _____. or

   Process Knowledge ☐: _____
   _____
   _____

3. Does used oil contain from 2 ppm to less than 50 ppm PCB's?

   YES ☐; Type of Test: _____, or

   Process Knowledge ☐: _____

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Rules for marketers of used oil which will be burned for energy recovery are in 40 CFR Part 279, particularly Subpart H, and this section. Marketers must register their used oil activities if they have not previously registered their specific used oil activities with the commission and the EPA. Marketers must register, through the commission, using the EPA Form 8700-12 and a commission form. Mail registration forms to the Texas Natural Resource Conservation Commission, Used Oil Recycling Program, P.O. Box 13087, Austin, Texas 78711-3087.

Adopted July 14, 1999 Effective August 8, 1999

§324.15. Spills.

See Chapter 327 of this title (relating to Spill Prevention and Control), particularly §327.4(b)(2) of this title (relating to Reportable Quantities).

Adopted July 14, 1999 Effective August 8, 1999

§324.16. Polychlorinated Biphenyls (PCBs).

Per 40 CFR 279 (Table 1), the rules for burning used oil containing PCBs shall be as in 40 CFR 761.20(e).

Adopted July 14, 1999 Effective August 8, 1999

§324.21. Suspension or Revocation of Registration.

(a) The commission may suspend or revoke a registration for:

(1) failure to maintain complete and accurate records;

(2) alteration of any record, except justified and documented corrections;

(3) delivery of used oil to an unregistered entity;

(4) failure to comply with this rule or an order issued by the commission;

(5) failure to submit required reports;

(6) failure to maintain financial assurance; or

(7) failure to reasonably perform the used oil activities for which the registration was issued.

Standard Test Method for Total Nitrogen Inorganic Material by Modified KJELDAHL Method.

[47 FR 22098, May 21, 1982, as amended at 49 FR 29067, July 18, 1984; 49 FR 36648, Sept. 19, 1984; 53 FR 10391, Mar. 31, 1988; 53 FR 12524, Apr. 15, 1988; 53 FR 21641, June 9, 1988; 57 FR 13323, Apr. 16, 1992; 59 FR 33697, June 30, 1994; 60 FR 34465, July 3, 1995; 63 FR 35439, June 29, 1998; 64 FR 33759, June 24, 1999]

Subpart B--Manufacturing, Processing, Distribution in Commerce, and Use of PCBs and PCB Items

Sec. 761.20 Prohibitions and exceptions.

Except as authorized in Sec. 761.30, the activities listed in paragraphs (a) and (d) of this section are prohibited pursuant to section 6(e)(2) of TSCA. The requirements set forth in paragraph (c) of this section and subpart F of this part concerning export and import of PCBs and PCB Items for disposal are established pursuant to section 6(e)(1) of TSCA. Subject to any exemptions granted pursuant to section 6(e)(3)(B) of TSCA, the activities listed in paragraphs (b) and (c) of this section are prohibited pursuant to section (6)(e)(3)(A) of TSCA. In addition, the Administrator hereby finds, under the authority of section 12(a)(2) of TSCA, that the manufacture, processing, and distribution in commerce of PCBs at concentrations of 50 ppm or greater and PCB Items with PCB concentrations of 50 ppm or greater present an unreasonable risk of injury to health

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within the United States. This finding is based upon the well-documented human health and environmental hazard of PCB exposure, the high probability of human and environmental exposure to PCBs and PCB Items from manufacturing, processing, or distribution activities; the potential hazard of PCB exposure posed by the transportation of PCBs or PCB Items within the United States; and the evidence that contamination of the environment by PCBs is spread far beyond the areas where they are used. In addition, the Administrator hereby finds, for purposes of section 6(e)(2)(C) of TSCA, that any exposure of human beings or the environment to PCBs, as measured or detected by any scientifically acceptable analytical method, may be significant, depending on such factors as the quantity of PCBs involved in the exposure, the likelihood of exposure to humans and the environment, and the effect of exposure. For purposes of determining which PCB Items are totally enclosed, pursuant to section 6(e)(2)(C) of TSCA, since exposure to such Items may be significant, the Administrator further finds that a totally enclosed manner is a manner which results in no exposure to humans or the environment to PCBs. The following activities are considered totally enclosed: distribution in commerce of intact, nonleaking electrical equipment such as transformers (including transformers used in railway locomotives and self-propelled cars), capacitors, electromagnets, voltage regulators, switches (including sectionalizers and motor starters), circuit breakers, reclosers, and cable that contain PCBs at any concentration and processing and distribution in commerce of PCB Equipment containing an intact, nonleaking PCB Capacitor. See paragraph (c)(1) of this section for provisions allowing the distribution in commerce of PCBs and PCB Items.

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(a) No persons may use any PCB, or any PCB Item regardless of concentration, in any manner other than in a totally enclosed manner within the United States unless authorized under Sec. 761.30, except that:

(1) An authorization is not required to use those PCBs or PCB Items which consist of excluded PCB products as defined in Sec. 761.3.

(2) An authorization is not required to use those PCBs or PCB Items resulting from an excluded manufacturing process or recycled PCBs as defined in Sec. 761.3, provided all applicable conditions of Sec. 761.1(f) are met.

(3) An authorization is not required to use those PCB Items which contain or whose surfaces have been in contact with excluded PCB products as defined in Sec. 761.3.

(4) An authorization is not required to use sewage sludge where the uses are regulated at parts 257, 258, and 503 of this chapter. No person may blend or otherwise dilute PCBs regulated for disposal, including PCB sewage sludge and sewage sludge not used pursuant to parts 257, 258, and 503 of this chapter, for purposes of use or to avoid disposal requirements under this part. Except as explicitly provided in subpart D of this part, no person may dispose of regulated PCB wastes including, but not limited to, PCB remediation waste, PCB bulk product waste, PCBs, and PCB industrial sludges, into treatment works, as defined in Sec. 503.9(aa) of this chapter.

(b) No person may manufacture PCBs for use within the United States or manufacture PCBs for export from the United States without an exemption, except that: an exemption is not required for PCBs manufactured in an excluded manufacturing process as defined in Sec. 761.3, provided all applicable conditions of Sec. 761.1(f) are met.

(c) No persons may process or distribute in commerce any PCB, or any PCB Item regardless of concentration, for use within the United States or for export from the United States without an exemption, except that an exemption is not required to process or distribute in commerce PCBs or PCB Items resulting from an excluded manufacturing process as defined in Sec. 761.3, or to process or distribute in commerce recycled PCBs as defined in Sec. 761.3, or to process or distribute in commerce excluded PCB products as defined in Sec. 761.3, provided that all applicable conditions of Sec. 761.1(f) are met. In addition, the activities described in paragraphs (c) (1) through (5) of this section may

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also be conducted without an exemption, under the conditions specified therein.

(1) PCBs at concentrations of 50 ppm or greater, or PCB Items with PCB concentrations of 50 ppm or greater, sold before July 1, 1979 for purposes other than resale may be distributed in commerce only in a totally enclosed manner after that date.

(2) Any person may process and distribute in commerce for disposal PCBs at concentrations of [ge]50 ppm, or PCB Items with PCB concentrations of [ge]50 ppm, if they comply with the applicable provisions of this part.

(i) Processing activities which are primarily associated with and facilitate storage or transportation for disposal do not require a TSCA PCB storage or disposal approval.

(ii) Processing activities which are primarily associated with and facilitate treatment, as defined in Sec. 260.10 of this chapter, or disposal require a TSCA PCB disposal approval unless they are part of an existing approval, are part of a self-implementing activity under Sec. 761.61(a) or Sec. 761.79 (b) or (c), or are otherwise specifically allowed under subpart D of this part.

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(iii) With the exception of provisions in Sec. 761.60 (a)(2) and (a)(3), in order to meet the intent of Sec. 761.1(b), processing, diluting, or otherwise blending of waste prior to being introduced into a disposal unit for purposes of meeting a PCB concentration limit shall be done in accordance with a TSCA PCB disposal approval or comply with the requirements of Sec. 761.79.

(iv) Where the rate of delivering liquids or non-liquids into a PCB disposal unit is an operating parameter, this rate shall be a condition of the TSCA PCB disposal approval for the unit when an approval is required.

(3) PCBs and PCB Items may be exported for disposal in accordance with the requirements of subpart F of this part.

(4) PCBs, at concentrations of less than 50 ppm, or PCB Items, with concentrations of less than 50 ppm, may be processed and distributed in commerce for purposes of disposal.

(5) Decontaminated materials. Any person may distribute in commerce equipment, structures, or other liquid or non-liquid materials that were contaminated with PCBs [ge]50 ppm, including those not otherwise authorized for distribution in commerce under this part, provided that one of the following applies:

(i) The materials were decontaminated in accordance with a TSCA PCB disposal approval issued under subpart D of this part, with Sec. 761.79, or with applicable EPA PCB spill cleanup policies in effect at the time of the decontamination.

(ii) If not previously decontaminated, the materials now meet an applicable decontamination standard in Sec. 761.79(b).

(d) The use of waste oil that contains any detectable concentration of PCB as a sealant, coating, or dust control agent is prohibited. Prohibited uses include, but are not limited to, road oiling, general dust control, use as a pesticide or herbicide carrier, and use as a rust preventative on pipes.

(e) In addition to any applicable requirements under 40 CFR part 279, subparts G and H, marketers and burners of used oil who market (process or distribute in commerce) for energy recovery, used oil containing any quantifiable level of PCBs are subject to the following requirements:

(1) Restrictions on marketing. Used oil containing any quantifiable level of PCBs (2 ppm) may be marketed only to:

(i) Qualified incinerators as defined in 40 CFR 761.3.

(ii) Marketers who market off-specification used oil for energy recovery only to other marketers who have notified EPA of their used oil management activities, and who have an EPA identification number where an identification number is required by 40 CFR 279.73. This would include persons who market off-specification used oil who are subject to the requirements at 40 CFR part 279 and the notification requirements of 40 CFR 279.73.

(iii) Burners identified in 40 CFR 279.61(a)(1) and (2). Only burners in the automotive industry may burn used oil generated from automotive sources in used oil-fired space heaters provided the provisions of 40 CFR 279.23 are met. The Regional Administrator may grant a variance for a boiler that does not

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meet the 40 CFR 279.61(a)(1) and (2) criteria after considering the criteria listed in 40 CFR 260.32 (a) through (f). The applicant must address the relevant criteria contained in 40 CFR 260.32 (a) through (f) in an application to the Regional Administrator.

(2) Testing of used oil fuel. Used oil to be burned for energy recovery is presumed to contain quantifiable levels (2 ppm) of PCB

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unless the marketer obtains analyses (testing) or other information that the used oil fuel does not contain quantifiable levels of PCBs.

(i) The person who first claims that a used oil fuel does not contain quantifiable level (2 ppm) PCB must obtain analyses or other information to support that claim.

(ii) Testing to determine the PCB concentration in used oil may be conducted on individual samples, or in accordance with the testing procedures described in Sec. 761.60(g)(2). However, for purposes of this part, if any PCBs at a concentration of 50 ppm or greater have been added to the container or equipment, then the total container contents must be considered as having a PCB concentration of 50 ppm or greater for purposes of complying with the disposal requirements of this part.

(iii) Other information documenting that the used oil fuel does not contain quantifiable levels (2 ppm) of PCBs may consist of either personal, special knowledge of the source and composition of the used oil, or a certification from the person generating the used oil claiming that the oil contains no detectable PCBs.

(3) Restrictions on burning. (i) Used oil containing any quantifiable levels of PCB may be burned for energy recovery only in the combustion facilities identified in paragraph (e)(1) of this section when such facilities are operating at normal operating temperatures (this prohibits feeding these fuels during either startup or shutdown operations). Owners and operators of such facilities are ``burners'' of used oil fuels.

(ii) Before a burner accepts from a marketer the first shipment of used oil fuel containing detectable PCBs (2 ppm), the burner must provide the marketer a one-time written and signed notice certifying that:

(A) The burner has complied with any notification requirements applicable to ``qualified incinerators'' (Sec. 761.3) or to ``burners'' regulated under 40 CFR part 279, subpart G.

(B) The burner will burn the used oil only in a combustion facility identified in paragraph (e)(1) of this section and identify the class of burner he qualifies.

(4) Recordkeeping requirements. The following recordkeeping requirements are in addition to the recordkeeping requirements for marketers found in 40 CFR 279.72(b), 279.74(a), (b) and (c), and 279.75, and for burners found in 40 CFR 279.65 and 279.66.

(i) Marketers. Marketers who first claim that the used oil fuel contains no detectable PCBs must include among the records required by 40 CFR 279.72(b) and 279.74(b) and (c), copies of the analysis or other information documenting his claim, and he must include among the records required by 40 CFR 279.74(a) and (c) and 279.75, a copy of each certification notice received or prepared relating to transactions involving PCB-containing used oil.

(ii) Burners. Burners must include among the records required by 40 CFR 279.65 and 279.66, a copy of each certification notice required by paragraph (e)(3)(ii) of this section that he sends to a marketer.

(Sec. 6, Pub. L. 94-469, 90 Stat. 2020, (15 U.S.C. 2605)

[44 FR 31542, May 31, 1979. Redesignated at 47 FR 19527, May 6, 1982, and amended at 49 FR 25241, June 20, 1984; 49 FR 28190, July 10, 1984; 49 FR 44638, Nov. 8, 1984; 53 FR 12524, Apr. 15, 1988; 53 FR 24220, June 27, 1988; 58 FR 15435, Mar. 23, 1993; 58 FR 34205, June 23, 1993; 60 FR 34465, July 3, 1995; 61 FR 11106, Mar. 18, 1996; 63 FR 35439, June 29, 1998; 64 FR 33760, June 24, 1999]

Sec. 761.30 Authorizations.

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feed to include items regulated by the U.S. Department of Agriculture or the Food and Drug Administration as human food or animal feed; this includes direct additives. Food or feed is excluded from this definition if it is used or stored in private homes.

Process means the preparation of a chemical substance or mixture, after its manufacture, for distribution in commerce:

(1) In the same form or physical state as, or in a different form or physical state from, that in which it was received by the person so preparing such substance or mixture, or

(2) As part of an article containing the chemical substance or mixture.

Qualified incinerator means one of the following:

(1) An incinerator approved under the provisions of Sec. 761.70. Any level of PCB concentration can be destroyed in an incinerator approved under Sec. 761.70.

(2) A high efficiency boiler which complies with the criteria of Sec. 761.71(a)(1), and for which the operator has given written notice to the appropriate EPA Regional Administrator in accordance with the notification requirements for the burning of mineral oil dielectric fluid under Sec. 761.71(a)(2).

(3) An incinerator approved under section 3005(c) of the Resource Conservation and Recovery Act (42 U.S.C. 6925(c)) (RCRA).

(4) Industrial furnaces and boilers which are identified in 40 CFR 260.10 and 40 CFR 279.61 (a)(1) and (2) when operating at their normal operating temperatures (this prohibits feeding fluids,

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above the level of detection, during either startup or shutdown operations).

Quantifiable Level/Level of Detection means 2 micrograms per gram from any resolvable gas chromatographic peak, i.e. 2 ppm.

RCRA means the Resource Conservation and Recovery Act (40 U.S.C. 6901 et seq.).

Recycled PCBs means those PCBs which appear in the processing of paper products or asphalt roofing materials from PCB-contaminated raw materials. Processes which recycle PCBs must meet the following requirements:

(1) There are no detectable concentrations of PCBs in asphalt roofing material products leaving the processing site.

(2) The concentration of PCBs in paper products leaving any manufacturing site processing paper products, or in paper products imported into the United States, must have an annual average of less than 25 ppm with a 50 ppm maximum.

(3) The release of PCBs at the point at which emissions are vented to ambient air must be less than 10 ppm.

(4) The amount of Aroclor PCBs added to water discharged from an asphalt roofing processing site must at all times be less than 3 micrograms per liter ([mu]g/L) for total Aroclors (roughly 3 parts per billion (3 ppb)). Water discharges from the processing of paper products must at all times be less than 3 micrograms per liter ([mu]g/L) for total Aroclors (roughly 3 ppb), or comply with the equivalent mass-based limitation.

(5) Disposal of any other process wastes at concentrations of 50 ppm or greater must be in accordance with subpart D of this part.

Research and development (R&D) for PCB disposal means demonstrations for commercial PCB disposal approvals, pre-demonstration tests, tests of major modifications to previously approved PCB disposal technologies, treatability studies for PCB disposal technologies which have not been approved, development of new disposal technologies, and research on

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storage facility. The date of transfer of interim status or final approval shall be the date the EPA Regional Administrator (or Director, National Program Chemicals Division) provides written approval of the transfer. EPA will provide a final written decision within 90 days of receipt of the complete new or amended application. The Agency will approve the transfer if the following conditions are met:

(1) The transferee has established financial assurance for closure pursuant to paragraph (g) of this section using a mechanism effective as of the date of final approval so that there will be no lapse in financial assurance for the transferred facility.

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(2) The transferor or transferee has resolved any deficiencies (e.g., technical operations, closure plans, cost estimates, etc.) the Agency has identified in the transferor's application.

(k) States and the Federal Government. States and the Federal Government are exempt from the requirements of paragraphs (f) and (g) of this section.

(Sec. 6, Pub. L. 94-469, 90 Stat. 2020 (15 U.S.C. 2605)

[44 FR 31542, May 31, 1979. Redesignated at 47 FR 19527, May 6, 1982, and amended at 47 FR 37359, Aug. 8, 1982; 49 FR 28191, July 10, 1984; 53 FR 12524, Apr. 15, 1988; 54 FR 52746, Dec. 21, 1989; 55 FR 695, Jan. 8, 1990; 55 FR 26205, June 27, 1990; 58 FR 15809, Mar. 24, 1993; 58 FR 34205, June 23, 1993; 58 FR 59374, Nov. 9, 1993; 63 FR 35439, 35452, June 29, 1998]

Sec. 761.70 Incineration.

This section applies to facilities used to incinerate PCBs required to be incinerated by this part.

(a) Liquid PCBs. An incinerator used for incinerating PCBs shall be approved by an EPA Regional Administrator or the Director, National Programs Chemical Division pursuant to paragraph (d) of this section. Requests for approval of incinerators to be used in more than one region must be submitted to the Director, National Programs Chemical Division, except for research and development involving less than 500 pounds of PCB material (see Sec. 761.60(i)(2)). Requests for approval of incinerators to be used in only one region must be submitted to the appropriate Regional Administrator. The incinerator shall meet all of the requirements specified in paragraphs (a) (1) through (9) of this section, unless a waiver from these requirements is obtained pursuant to paragraph (d)(5) of this section. In addition, the incinerator shall meet any other requirements which may be prescribed pursuant to paragraph (d)(4) of this section.

(1) Combustion criteria shall be either of the following:

(i) Maintenance of the introduced liquids for a 2-second dwell time at 1200 deg.C (<plus-minus>100 deg.C) and 3 percent excess oxygen in the stack gas; or

(ii) Maintenance of the introduced liquids for a 1\1/2\ second dwell time at 1600 deg.C(<plus-minus>100 deg.C) and 2 percent excess oxygen in the stack gas.

(2) Combustion efficiency shall be at least 99.9 percent computed as follows:

Combustion efficiency = [Cco<INF>2</INF> / (Cco<INF>2</INF> + Cco)]100

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where

Cco<INF>2</INF>=Concentration of carbon dioxide.
Cco=Concentration of carbon monoxide.

(3) The rate and quantity of PCBs which are fed to the combustion system shall be measured and recorded at regular intervals of no longer than 15 minutes.

(4) The temperatures of the incineration process shall be continuously measured and recorded. The combustion temperature of the incineration process shall be based on either direct (pyrometer) or indirect (wall thermocouple-pyrometer correlation) temperature readings.

(5) The flow of PCBs to the incinerator shall stop automatically whenever the combustion temperature drops below the temperatures specified in paragraph (a)(1) of this section.

(6) Monitoring of stack emission products shall be conducted:

(i) When an incinerator is first used for the disposal of PCBs under the provisions of this regulation;

(ii) When an incinerator is first used for the disposal of PCBs after the incinerator has been modified in a manner which may affect the characteristics of the stack emission products; and

(iii) At a minimum such monitoring shall be conducted for the following parameters:

(a) O<INF>2</INF>; (b) CO; (c) CO<INF>2</INF>; (d) Oxides of Nitrogen (NO<INF>x</INF>); (e) Hydrochloric Acid (HCl); (f) Total Chlorinated Organic Content (RCl); (g) PCBs; and (h) Total Particulate Matter.

(7) At a minimum monitoring and recording of combustion products and incineration operations shall be conducted for the following parameters whenever the incinerator is incinerating PCBs:

(i) O<INF>2</INF>; (ii) CO; and (iii) CO<INF>2</INF>. The monitoring for O<INF>2</INF> and CO shall be continuous. The monitoring for CO<INF>2</INF> shall be periodic, at a frequency specified by the Regional Administrator or Director, National Programs Chemical Division.

(8) The flow of PCBs to the incinerator shall stop automatically when any

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one or more of the following conditions occur, unless a contingency plan is submitted by the incinerator owner or operator and approved by the Regional Administrator or Director, National Programs Chemical Division. The contingency plan indicates what alternative measures the incinerator owner or operator would take if any of the following conditions occur:

(i) Failure of monitoring operations specified in paragraph (a)(7) of this section;

(ii) Failure of the PCB rate and quantity measuring and recording equipment specified in paragraph (a)(3) of this section; or

(iii) Excess oxygen falls below the percentage specified in paragraph (a)(1) of this section.

(9) Water scrubbers shall be used for HCl control during PCB incineration and shall meet any performance requirements specified by the appropriate EPA Regional Administrator or the Director, National Programs Chemical Division. Scrubber effluent shall be monitored and shall comply with applicable effluent or pretreatment standards, and any other State and Federal laws and regulations. An alternate method of HCl control may be used if the alternate method has been approved by the Regional Administrator or the Director, National Programs Chemical Division. (The HCl neutralizing capability of cement kilns is considered to be an alternate method.)

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(b) Nonliquid PCBs. An incinerator used for incinerating nonliquid PCBs, PCB Articles, PCB Equipment, or PCB Containers shall be approved by the appropriate EPA Regional Administrator or the Director, National Programs Chemical Division pursuant to paragraph (d) of this section. Requests for approval of incinerators to be used in more than one region must be submitted to the Director, National Programs Chemical Division except for research and development involving less than 500 pounds of PCB material (see Sec. 761.60(i)(2)). Requests for approval of incinerators to be used in only one region must be submitted to the appropriate Regional Administrator. The incinerator shall meet all of the requirements specified in paragraphs (b)(1) and (2) of this section unless a waiver from these requirements is obtained pursuant to paragraph (d)(5) of this section. In addition, the incinerator shall meet any other requirements that may be prescribed pursuant to paragraph (d)(4) of this section.

(1) The mass air emissions from the incinerator shall be no greater than 0.001g PCB/kg of the PCB introduced into the incinerator.

(2) The incinerator shall comply with the provisions of paragraphs (a)(2), (3), (4), (6), (7), (8)(i) and (ii), and (9) of this section.

(c) Maintenance of data and records. All data and records required by this section shall be maintained in accordance with Sec. 761.180, Records and monitoring.

(d) Approval of incinerators. Prior to the incineration of PCBs and PCB Items the owner or operator of an incinerator shall receive the written approval of the Agency Regional Administrator for the region in which the incinerator is located, or the Director, National Programs Chemical Division. Approval from the Director, National Programs Chemical Division may be effective in all ten EPA regions. Such approval shall be obtained in the following manner:

(1) Application. The owner or operator shall submit to the Regional Administrator or the Director, National Programs Chemical Division an application which contains:

(i) The location of the incinerator;

(ii) A detailed description of the incinerator including general site plans and design drawings of the incinerator;

(iii) Engineering reports or other information on the anticipated performance of the incinerator;

(iv) Sampling and monitoring equipment and facilities available;

(v) Waste volumes expected to be incinerated;

(vi) Any local, State, or Federal permits or approvals; and

(vii) Schedules and plans for complying with the approval requirements of this regulation.

(2) Trial burn. (i) Following receipt of the application described in paragraph (d)(1) of this section, the Regional Administrator or the Director, National

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Programs Chemical Division shall determine if a trial burn is required and notify the person who submitted the report whether a trial burn of PCBs and PCB Items must be conducted. The Regional Administrator or the Director, National Programs Chemical Division may require the submission of any other information that the Regional Administrator or the Director, National Programs Chemical Division finds to be reasonably necessary to determine the need for a trial burn. Such other information shall be restricted to the types of information required in paragraphs (d)(1)(i) through (vii) of this section.

(ii) If the Regional Administrator or the Director, National Programs Chemical Division determines that a trial burn must be held, the person who submitted the report described in paragraph (d)(1) of

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this section shall submit to the Regional Administrator or the Director, National Programs Chemical Division a detailed plan for conducting and monitoring the trial burn. At a minimum, the plan must include:

(A) Date trial burn is to be conducted;

(B) Quantity and type of PCBs and PCB Items to be incinerated;

(C) Parameters to be monitored and location of sampling points;

(D) Sampling frequency and methods and schedules for sample analyses; and

(E) Name, address, and qualifications of persons who will review analytical results and other pertinent data, and who will perform a technical evaluation of the effectiveness of the trial burn.

(iii) Following receipt of the plan described in paragraph (d)(2)(ii) of this section, the Regional Administrator or the Director, National Programs Chemical Division will approve the plan, require additions or modifications to the plan, or disapprove the plan. If the plan is disapproved, the Regional Administrator or the Director, National Programs Chemical Division will notify the person who submitted the plan of such disapproval, together with the reasons why it is disapproved. That person may thereafter submit a new plan in accordance with paragraph (d)(2)(ii) of this section. If the plan is approved (with any additions or modifications which the Regional Administrator or the Director, National Programs Chemical Division may prescribe), the Regional Administrator or the Director, National Programs Chemical Division will notify the person who submitted the plan of the approval. Thereafter, the trial burn shall take place at a date and time to be agreed upon between the Regional Administrator or the Director, National Programs Chemical Division and the person who submitted the plan.

(3) Other information. In addition to the information contained in the report and plan described in paragraphs (d)(1) and (2) of this section, the Regional Administrator or the Assistant Administrator for Prevention, Pesticides and Toxic Substances may require the owner or operator to submit any other information that the Regional Administrator or the Assistant Administrator for Prevention, Pesticides and Toxic Substances finds to be reasonably necessary to determine whether an incinerator shall be approved.

Note: The Regional Administrator will have available for review and inspection an Agency manual containing information on sampling methods and analytical procedures for the parameters required in Sec. 761.70(a)(3), (4), (6), and (7) plus any other parameters he/she may determine to be appropriate. Owners or operators are encouraged to review this manual prior to submitting any report required in Sec. 761.70.

(4) Contents of approval. (i) Except as provided in paragraph (d)(5) of this section, the Regional Administrator or the Director, National Programs Chemical Division may not approve an incinerator for the disposal of PCBs and PCB Items unless he finds that the incinerator meets all of the requirements of paragraphs (a) and/or (b) of this section.

(ii) In addition to the requirements of paragraphs (a) and/or (b) of this section, the Regional Administrator or the Director, National Programs Chemical Division may include in an approval any other requirements that the Regional Administrator or the Director, National Programs Chemical Division finds are necessary to ensure that operation of the incinerator does not present an unreasonable risk of injury to health or the environment from

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PCBs. Such requirements may include a fixed period of time for which the approval is valid.

(5) Waivers. An owner or operator of the incinerator may submit

evidence to the Regional Administrator or the Director, National Programs Chemical Division that operation of the incinerator will not present an unreasonable risk of injury to health or the enviroment from PCBs, when one or more of the requirements of paragraphs (a) and/or (b) of this section are not met. On the basis of such evidence and any other available information, the Regional Administrator or the Director, National Programs Chemical Division may in his/her discretion find that any requirement of paragraphs (a) and (b) of this section is not necessary to protect against such a risk, and may waive the requirements in any approval for that incinerator. Any finding and waiver under this paragraph must be stated in writing and included as part of the approval.

(6) Persons approved. An approval will designate the persons who own and who are authorized to operate the incinerator, and will apply only to such persons, except as provided in paragraph (d)(8) of this section.

(7) Final approval. Approval of an incinerator will be in writing and signed by the Regional Administrator or the Director, National Programs Chemical Division. The approval will state all requirements applicable to the approved incinerator.

(8) Transfer of property. Any person who owns or operates an approved incinerator must notify EPA at least 30 days before transferring ownership in the incinerator or the property it stands upon, or transferring the right to operate the incinerator. The transferor must also submit to EPA, at least 30 days before such transfer, a notarized affidavit signed by the transferee which states that the transferee will abide by the transferor's EPA incinerator approval. Within 30 days of receiving such notification and affidavit, EPA will issue an amended approval substituting the transferee's name for the transferor's name, or EPA may require the transferee to apply for a new incinerator approval. In the latter case, the transferee must abide by the transferor's EPA approval until EPA issues the new approval to the transferee.

(Sec. 6, Pub. L. 94-469, 90 Stat. 2020 (15 U.S.C. 2605)

[44 FR 31542, May 31, 1979. Redesignated at 47 FR 19527, May 6, 1982, and amended at 48 FR 13185, Mar. 30, 1983; 49 FR 28191, July 10, 1984; 53 FR 12524, Apr. 15, 1988; 58 FR 15809, Mar. 24, 1993; 63 FR 35439, June 29, 1998]

Sec. 761.71 High efficiency boilers.

(a) To burn mineral oil dielectric fluid containing a PCB concentration of [ge]50 ppm, but <500 ppm:

(1) The boiler shall comply with the following criteria:

(i) The boiler is rated at a minimum of 50 million BTU hours.

(ii) If the boiler uses natural gas or oil as the primary fuel, the carbon monoxide concentration in the stack is [le]50 ppm and the excess oxygen is at least 3 percent when PCBs are being burned.

(iii) If the boiler uses coal as the primary fuel, the carbon monoxide concentration in the stack is [le]100 ppm and the excess oxygen is at least 3 percent when PCBs are being burned.

(iv) The mineral oil dielectric fluid does not comprise more than 10 percent (on a volume basis) of the total fuel feed rate.

(v) The mineral oil dielectric fluid is not fed into the boiler unless the boiler is operating at its normal operating temperature (this prohibits feeding these fluids during either start up or shut down operations).

(vi) The owner or operator of the boiler:

(A) Continuously monitors and records the carbon monoxide concentration and excess oxygen percentage in the stack gas while burning mineral oil dielectric fluid; or

(B) If the boiler will burn <30,000 gallons of mineral oil dielectric fluid per year, measures and records the carbon monoxide concentration and excess oxygen percentage in the stack gas at regular intervals of no longer than 60 minutes while burning mineral oil dielectric fluid.

(vii) The primary fuel feed rates, mineral oil dielectric fluid feed rates, and total quantities of both primary fuel and mineral oil dielectric fluid fed

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to the boiler are measured and recorded at regular intervals of no longer than 15 minutes while burning mineral oil dielectric fluid.

(viii) The carbon monoxide concentration and the excess oxygen percentage are checked at least once every hour that mineral oil dielectric fluid is burned. If either measurement falls below the levels specified in this section, the flow of mineral oil dielectric fluid to the boiler shall be stopped immediately.

(2) Thirty days before any person burns mineral oil dielectric fluid in the boiler, the person gives written notice to the EPA Regional Administrator for the EPA Region in which the boiler is located and that the notice contains the following information:

(i) The name and address of the owner or operator of the boiler and the address of the boiler.

(ii) The boiler rating in units of BTU/hour.

(iii) The carbon monoxide concentration and the excess oxygen percentage in the stack of the boiler when it is operated in a manner similar to the manner in which it will be operated when mineral oil dielectric fluid is burned.

(iv) The type of equipment, apparatus, and procedures to be used to control the feed of mineral oil dielectric fluid to the boiler and to monitor and record the carbon monoxide concentration and excess oxygen percentage in the stack.

(3) When burning mineral oil dielectric fluid, the boiler must operate at a level of output no less than the output at which the measurements required under paragraph (a)(2)(iii) of this section were taken.

(4) Any person burning mineral oil dielectric fluid in a boiler obtains the following information and retains the information for 5 years at the boiler location:

(i) The data required to be collected under paragraphs (a)(1)(vi) and (vii) of this section.

(ii) The quantity of mineral oil dielectric fluid burned in the boiler each month.

(b) To burn liquids, other than mineral oil dielectric fluid, containing a PCB concentration of [ge]50 ppm, but <500 ppm:

(1) The boiler shall comply with the following criteria:

(i) The boiler is rated at a minimum of 50 million BTU/hour.

(ii) If the boiler uses natural gas or oil as the primary fuel, the carbon monoxide concentration in the stack is [le]50 ppm and the excess oxygen is at least 3 percent when PCBs are being burned.

(iii) If the boiler uses coal as the primary fuel, the carbon monoxide concentration in the stack is [le]100 ppm and the excess oxygen is at least 3 percent when PCBs are being burned.

(iv) The waste does not comprise more than 10 percent (on a volume basis) of the total fuel feed rate.

(v) The waste is not fed into the boiler unless the boiler is

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Generator means any person, by site, whose act or process produces hazardous waste identified or listed in Part 261 of this chapter or whose act first causes a hazardous waste to become subject to regulation.

Ground water means water below the land surface in a zone of saturation.

Hazardous waste means a hazardous waste as defined in § 261.3 of this chapter.

Hazardous waste constituent means a constituent that caused the Administrator to list the hazardous waste in Part 261, Subpart D, of this chapter, or a constituent listed in Table 1 of § 261.24 of this chapter.

Hazardous waste management unit is a contiguous area of land on or in which hazardous waste is placed, or the largest area in which there is significant likelihood of mixing hazardous waste constituents in the same area. Examples of hazardous waste management units include a surface impoundment, a waste pile, a land treatment area, a landfill cell, an incinerator, a tank and its associated piping and underlying containment system and a container storage area. A container alone does not constitute a unit; the unit includes containers and the land or pad upon which they are placed.

In operation refers to a facility which is treating, storing, or disposing of hazardous waste.

Inactive portion means that portion of a facility which is not operated after the effective date of Part 261 of this chapter. (See also "active portion" and "closed portion".)

Incinerator means any enclosed device that:

(1) Uses controlled flame combustion and neither meets the criteria for classification as a boiler, sludge dryer, or carbon regeneration unit, nor is listed as an industrial furnace; or

(2) Meets the definition of infrared incinerator or plasma arc incinerator.

Incompatible waste means a hazardous waste which is unsuitable for:

(1) Placement in a particular device or facility because it may cause corrosion or decay of containment materials (e.g., container inner liners or tank walls); or

(2) Commingling with another waste or material under uncontrolled conditions because the commingling might produce heat or pressure, fire or explosion, violent reaction, toxic dusts, mists, fumes, or gases, or flammable fumes or gases.

(See Part 265, Appendix V, of this chapter for examples.)

Individual generation site means the contiguous site at or on which one or more hazardous wastes are generated. An individual generation site, such as a large manufacturing plant, may have one or more sources of hazardous waste but is considered a single or individual generation site if the site or property is contiguous.

Industrial furnace means any of the following enclosed devices that are integral components of manufacturing processes and that use thermal treatment to accomplish recovery of materials or energy:

(1) Cement kilns

(2) Lime kilns

(3) Aggregate kilns

(4) Phosphate kilns

(5) Coke ovens

(6) Blast furnaces

(7) Smelting, melting and refining furnaces (including pyrometallurgical devices such as cupolas, reverberator furnaces, sintering machine, roasters, and foundry furnaces)

(8) Titanium dioxide chloride process oxidation reactors

(9) Methane reforming furnaces

(10) Pulping liquor recovery furnaces

(11) Combustion devices used in the recovery of sulfur values from spent sulfuric acid

(12) Halogen acid furnaces (HAFs) for the production of acid from halogenated hazardous waste generated by chemical production facilities where the furnace is located on the site of a chemical production facility, the acid product has a halogen acid content of at least 3%, the acid product is used in a manufacturing process, and, except for hazardous waste burned as fuel, hazardous waste fed to the furnace has a minimum halogen content of 20% as-generated.

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(13) Such other devices as the Administrator may, after notice and comment, add to this list on the basis of one or more of the following factors:

(i) The design and use of the device primarily to accomplish recovery of material products;

(ii) The use of the device to burn or reduce raw materials to make a material product;

(iii) The use of the device to burn or reduce secondary materials as effective substitutes for raw materials, in processes using raw materials as principal feedstocks;

(iv) The use of the device to burn or reduce secondary materials as ingredients in an industrial process to make a material product;

(v) The use of the device in common industrial practice to produce a material product; and

(vi) Other factors, as appropriate.

Infrared incinerator means any enclosed device that uses electric powered resistance heaters as a source of radiant heat followed by an afterburner using controlled flame combustion and which is not listed as an industrial furnace.

Inground tank means a device meeting the definition of "tank" in § 260.10 whereby a portion of the tank wall is situated to any degree within the ground, thereby preventing visual inspection of that external surface area of the tank that is in the ground.

Injection well means a well into which fluids are injected. (See also "underground injection".)

Inner liner means a continuous layer of material placed inside a tank or container which protects the construction materials of the tank or container from the contained waste or reagents used to treat the waste.

Installation inspector means a person who, by reason of his knowledge of the physical sciences and the principles of engineering, acquired by a professional education and related practical experience, is qualified to supervise the installation of tank systems.

International shipment means the transportation of hazardous waste into or out of the jurisdiction of the United States.

Landfill means a disposal facility or part of a facility where hazardous waste is placed in or on land and which is not a pile, a land treatment facility, a surface impoundment, an underground injection well, a salt dome formation, a salt bed formation, an underground mine, a cave, or a corrective action management unit.

Landfill cell means a discrete volume of a hazardous waste landfill which uses a liner to provide isolation of wastes from adjacent cells or wastes. Examples of landfill cells are trenches and pits.

Land treatment facility means a facility or part of a facility at which hazardous waste is applied onto or incorporated into the soil surface; such facilities are disposal facilities if the waste will remain after closure.

Leachate means any liquid, including any suspended components in the liquid, that has percolated through or drained from hazardous waste. RCRA 266

Leak-detection system means a system capable of detecting the failure of either the primary or secondary containment structure or the presence of a release of hazardous waste or accumulated liquid in the secondary containment structure. Such a system must employ operational controls (e.g., daily visual inspections for releases into the secondary containment system of above-ground tanks) or consist of an interstitial monitoring device designed to detect continuously and automatically the failure of the primary or secondary containment structure or the presence of a release of hazardous waste into the secondary containment structure.

Liner means a continuous layer of natural or man-made materials, beneath or on the sides of a surface impoundment, landfill, or landfill cell, which restricts the downward or lateral escape of hazardous waste, hazardous waste constituents, or leachate.

Management or *hazardous waste management* means the systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of hazardous waste.

Manifest means the shipping document EPA form 8700–22 and, if necessary, EPA form 8700–22A, originated and signed by the generator in accordance with the instructions included in the Appendix to Part 262.

Manifest document number means the U.S. EPA twelve digit identification number assigned to the generator plus a unique five digit document number assigned to the Manifest by the generator for recording and reporting purposes.

Mining overburden returned to the mine site means any material overlying an economic mineral deposit which is removed to gain access to that deposit and is then used for reclamation of a surface mine.

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Subpart B—Definitions

§ 260.10 Definitions.

When used in parts 260 through 266, 268, and 270 through 273 of this chapter, the following terms have the meanings given below:

Above ground tank means a device meeting the definition of "tank" in § 260.10 and that is situated in such a way that the entire surface area of the tank is completely above the plane of the adjacent surrounding surface and the entire surface area of the tank (including the tank bottom) is able to be visually inspected.

Act or *RCRA* means the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. section 6901 *et seq.*

Active life of a facility means the period from the initial receipt of hazardous waste at the facility until the Regional Administrator receives certification of final closure.

Active portion means that portion of a facility where treatment, storage, or disposal operations are being or have been conducted after the effective date of Part 261 of this chapter and which is not a closed portion. (See also "closed portion" and "inactive portion".)

Administrator means the Administrator of the Environmental Protection Agency, or his designee.

Ancillary equipment means any device including, but not limited to, such devices as piping, fittings, flanges, valves, and pumps, that is used to distribute, meter, or control the flow of hazardous waste from its point of generation to a storage or treatment tank(s), between hazardous waste storage and treatment tanks to a point of disposal onsite, or to a point of shipment for disposal off-site.

Aquifer means a geologic formation, group of formations, or part of a formation capable of yielding a significant amount of ground water to wells or springs.

Authorized representative means the person responsible for the overall operation of a facility or an operational unit (i.e., part of a facility), e.g., the plant manager, superintendent or person of equivalent responsibility.

Battery means a device consisting of one or more electrically connected electrochemical cells which is designed to receive, store, and deliver electric energy. An electrochemical cell is a system consisting of an anode, cathode, and an electrolyte, plus such connections (electrical and mechanical) as may be needed to allow the cell to deliver or receive electrical energy. The term battery also includes an intact, unbroken battery from which the electrolyte has been removed.

Boiler means an enclosed device using controlled flame combustion and having the following characteristics:

(1)(i) The unit must have physical provisions for recovering and exporting thermal energy in the form of steam, heated fluids, or heated gases; and

(ii) The unit's combustion chamber and primary energy recovery sections(s) must be of integral design. To be of integral design, the combustion chamber and the primary energy recovery section(s) (such as waterwalls and superheaters) must be physically formed into one manufactured or assembled unit. A unit in which the combustion chamber and the primary energy recovery section(s) are joined only by ducts or connections carrying flue gas is not integrally designed; however, secondary energy recovery equipment (such as economizers or air preheaters) need not be physically formed into the same unit as the combustion chamber and the primary energy recovery section. The following units are not precluded from being boilers solely because they are not of integral design: process heaters (units that transfer energy directly to a process stream), and fluidized bed combustion units; and

(iii) While in operation, the unit must maintain a thermal energy recovery efficiency of at least 60 percent, calculated in terms of the recovered energy compared with the thermal value of the fuel; and

(iv) The unit must export and utilize at least 75 percent of the recovered energy, calculated on an annual basis. In this calculation, no credit shall be given for recovered heat used internally in the same unit. (Examples of internal use are the preheating of fuel or combustion air, and the driving of induced or forced draft fans or feedwater pumps); or

(2) The unit is one which the Regional Administrator has determined, on a case-by-case basis, to be a boiler, after considering the standards in § 260.32.

Carbon regeneration unit means any enclosed thermal treatment device used to regenerate spent activated carbon.

Certification means a statement of professional opinion based upon knowledge and belief.

Closed portion means that portion of a facility which an owner or operator has closed in accordance with the approved facility closure plan and all applicable closure requirements. (See also "active portion" and "inactive portion".)

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section. A used **oil** burner is a facility where used **oil** not meeting the specification requirements in Sec. 279.11 is burned for energy recovery in devices identified in Sec. 279.61(a). Facilities burning used **oil** for energy recovery under the following conditions are not subject to this Subpart:

(1) The used **oil** is burned by the generator in an on-site space heater under the provisions of Sec. 279.23; or

(2) The used **oil** is burned by a processor/re-refiner for purposes of processing used **oil**, which is considered burning incidentally to used **oil** processing.

(b) Other applicable provisions. Used **oil** burners who conduct the following activities are also subject to the requirements of other applicable provisions of this part as indicated below.

(1) Burners who generate used **oil** must also comply with subpart C of this part;

(2) Burners who transport used **oil** must also comply with subpart E of this part;

(3) Except as provided in Sec. 279.61(b), burners who process or re-refine used **oil** must also comply with subpart F of this part;

(4) Burners who direct shipments of off-specification used **oil** from their facility to a used **oil** burner or first claim that used **oil** that is to be burned for energy recovery meets the used **oil** fuel specifications set forth in Sec. 279.11 must also comply with subpart H of this part; and

(5) Burners who dispose of used **oil**, including the use of used **oil** as a dust suppressant, must comply with subpart I of this part.

(c) Specification fuel. This subpart does not apply to persons burning used **oil** that meets the used **oil** fuel specification of Sec. 279.11, provided that the burner complies with the requirements of subpart H of this part.

[57 FR 41612, Sept. 10, 1992, as amended at 58 FR 26426, May 3, 1993]

Sec. 279.61 Restrictions on burning.

(a) Off-specification used **oil** fuel may be burned for energy recovery in only the following devices:

(1) Industrial furnaces identified in Sec. 260.10 of this chapter;

(2) Boilers, as defined in Sec. 260.10 of this chapter, that are identified as follows:

(i) Industrial boilers located on the site of a facility engaged in a manufacturing process where substances are transformed into new products, including the component parts of products, by mechanical or chemical processes;

(ii) Utility boilers used to produce electric power, steam, heated or cooled air, or other gases or fluids for sale; or

(iii) Used **oil**-fired space heaters provided that the burner meets the provisions of Sec. 279.23; or

(3) Hazardous waste incinerators subject to regulation under subpart O of parts 264 or 265 of this chapter.

(b)(1) With the following exception, used **oil** burners may not process used **oil** unless they also comply with the requirements of subpart F of this part.

(2) Used **oil** burners may aggregate off-specification used **oil** with virgin **oil** or on-specification used **oil** for purposes of burning, but may not aggregate for purposes of producing on-specification used **oil**.

Sec. 279.62 Notification

(a) Identification numbers. Used **oil** burners which have not

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CES Environmental Services, Inc.

DRIVER DISPATCH LIST

Darrin Raymond (713) 689-4243	Javier Rodriguez (713) 417-0573	Chris Saylor (713) 825-8326
~~Abreu, Wilfrido~~	Carrillo, Rudy	~~Mendoza, Juan~~
Berry, Noah	~~Denton, Willy~~	Sittig, Brent
~~Bozeman, Donald~~	Espinal, Jose	Wood, Brad
~~Dominguez, Jose~~	~~Frias, Juan~~	
~~Garza, Alfredo~~	~~Gonzales, Joe~~	
~~Hall, Albert~~	~~Henry, Robert~~	
~~Hickman, Robert~~	Hernandez, Joe	
~~Mata, Benjamin~~	~~Lawrence, Greg~~	
~~Morales, Rolando~~	~~Rodriguez, Bobby~~	
~~Resendez, Luis~~	~~Salazar, Roland~~	
~~Rosales, Candido~~	~~Sanders, Preston~~	
~~Salazar, Alfonso~~	Semien, Peter	
~~Sanchez, Omar~~	Soto, Andres	
~~Sanfilippo, Sergio~~	~~Tucker, Derek~~	
~~Taylor, Matthew~~	Vandenberg, David	
~~West, Perry~~	~~Villalta, Francisco~~	
~~Woodard, Irvin~~		

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

Please understand, we believe the vast majority of our employees are loyal to the company. These steps are intended to protect you and your livelihood. We need your help to identify the "bad actors" that are putting the livelihood of all other employees at risk for their own selfish purposes.

In order to address these concerns, we are going to employ the services of a professional investigation firm to conduct interviews. If you are selected to be interviewed, please cooperate. You may have knowledge, that when combined with other information, will help us identify the individuals who are trying to harm the company.

We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE _____ TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/11/08 TIME: 8:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 9:10

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/01/08 TIME: 0800

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 8:00 A.M.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Jennifer Rust

DATE 10-1-08 TIME: 8:04 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Kim Harmon

DATE 10/1/08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 8:45 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Avi Balagan

DATE 10/1/08 TIME: 8:41

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: _____

Joe A. Gonzalez

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Benjamin Mata

DATE 10/01/08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 0733

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 0600

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Donald Bozman

DATE 10-1-08 TIME: 0600

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Robert Hickman

DATE 09-30-08 TIME: 1830

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE P Wart

DATE 9-30-08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 9/30/06 TIME: 12:15pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 7:00 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 7:30

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Alan O Salazar

DATE 10-01-08 TIME: 06:00

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 09/30/08 TIME: 1800

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 9/30/08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10.1.09 TIME: 7:37 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jose Dominguez

DATE 10 01 08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE _____ TIME: _____

Preston Sanders ...
I believe read form
and quit

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 10 25

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE J Sanchez

DATE 9/1/08 TIME: 17:30

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Rolando Morales

DATE 10-1-08 TIME: 6:45 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10-02-01 TIME: 7:30 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-2-08 TIME: 10:30 AM.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10-2-08 TIME: 12:00

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Francis R Villalta

DATE 10-02-08 TIME: 6:30 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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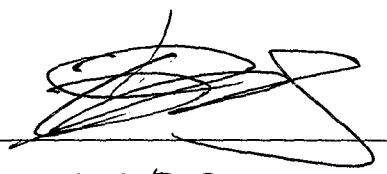
EMPLOYEE SIGNATURE 

DATE 10-3-08 TIME: 6:00 pm

~~Hattie~~ Milton

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Milton C Terry III

DATE 10-1-08 TIME: 16:10

Balch

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Michael S. Balch

DATE 10/2/08 TIME: 7:25 a.m.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 17:25

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 5:55

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Jack Dyer

DATE ~~01~~ 01/10/2008 TIME: 6:30 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Andres Soto

DATE 10-1-08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/01/08 TIME: 5:45 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jose Ramirez

DATE 9-1-08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Glenn Tracy Hazlewood

DATE 10/1/08 TIME: 11:40

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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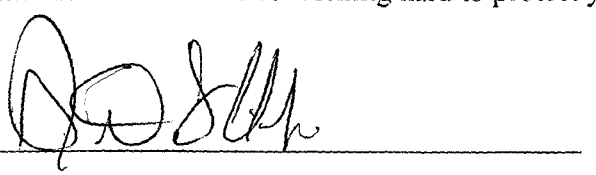
EMPLOYEE SIGNATURE 

DATE 10-1-08 TIME: 8:05

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Remi L. Cantu

DATE 10-1-08 TIME: 2:30pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Henry Gonzalez

DATE 10-1-08 TIME: 2:30

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Elvia Montoya

DATE 09-1-08 TIME: 2:30

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE J. Carlos Navarro

DATE 10-01-08 TIME: 7:20 AM.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 7:30 Am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Arthur Nickerson

DATE 10-1-08 TIME: 7:30 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE L Booiko

DATE 10 01 08 TIME: 8 50

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Richard Olson

DATE 10/1/08 TIME: 8:37a

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-09 TIME: 0840

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10·01·08 TIME: 8 45

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Loran Thomas

DATE 10-1-08 TIME: 8:45

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Gary Peterson Gary Peterson

DATE 10-1-08 TIME: 07:55

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE Marlin Moser

DATE 10/1/08 TIME: 8:00am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10/6/08 TIME: 7:45 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 8:00 A.M.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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EMPLOYEE SIGNATURE Marlin Moser

DATE 10-1-08 TIME: 0700

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Edgar Silva

DATE 10/1/2008 TIME: 7:01 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Damion Williams

DATE 10/01/08 TIME: 7:31 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 9/30/2008 TIME: 8:16 P.M.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jose Luis Torres

DATE 9.30.08 TIME: 9:16. PM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jose A Encinia

DATE 9-30-08 TIME: 8:16

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4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

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EMPLOYEE SIGNATURE Jorge Tara

DATE 9-30-08 TIME: 8:16 PM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Marcus W. Cooper J.

DATE 10/1/08 TIME: 8:01 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Sergio Torres

DATE 10-1-08 TIME: 08:00

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Crecencio Padron

DATE 10-1-08 TIME: 08 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Armando Rodriguez

DATE 10-1-08 TIME: 08 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Joaquin Alvarez

DATE 10-1-08 TIME: 8:00 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/4/12 TIME: 8:00

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Kristi Edwards

DATE 10/1/08 TIME: 7:36 Am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE [signature]

DATE 10·01·08 TIME: 7:51a

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10/1/08 TIME: 4:00 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 9-30-08 TIME: 6:30 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Rolando Soto

DATE 9-30-08 TIME: 6:30 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Juan M Morales

DATE 9/30/08 TIME: _____

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jose Pedroza

DATE 9/30/08 TIME: 6:30 pm

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4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Craig Davis

DATE 9-30-08 TIME: 6:27 p.m.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Cody Hampton

DATE 9/30/08 TIME: 6:30 pm

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Godefroy Gbery

DATE 09/30/08 TIME: 6:30 PM

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4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

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Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 9/30/08 TIME: 6:30 pm

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Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 6:30 A.M.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

CES Environmental has experienced a series of events which suggest that someone or a small group of individuals is engaged in activities designed to cause harm to the company. These actions have caused financial loss to CES including significant professional fees (consultants and lawyers) and significant time and energy (at all levels of the company) to respond to these concerns.

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EMPLOYEE SIGNATURE _____

DATE 10-1-08 TIME: 7:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Bobby Boston

DATE 10-01-08 TIME: 7:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

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EMPLOYEE SIGNATURE J. M. Moser

DATE 10-1-08 TIME: 6:30 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-1-06 TIME: 06:45

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Shannon G.

DATE 10-01-08 TIME: 6:45 AM

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Danny Johnson

DATE 10/1/08 TIME: 7:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Bruce Howard

DATE 10/1/08 TIME: 7:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Joel B. Campbell

DATE 10/1/05 TIME: 7:05

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Jorge E Ortiz

DATE 10-1-08 TIME: 7:15 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE Sergio Corona

DATE 10-1-08 TIME: 7:11

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

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EMPLOYEE SIGNATURE Jose D. Luna

DATE 10-01-08 TIME: 7:15 am.

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

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We appreciate your hard work and dedication. We're working hard to protect you.

EMPLOYEE SIGNATURE José M. González

DATE 10-01-06 TIME: 7:00 am

CES Environmental Services, Inc.

4904 Griggs Road
Houston, TX 77021
Tel. (713) 676-1460
Fax. (713) 676-1676

From: Matt Bowman, Greg Bowman, Marlin Moser

To: All Employees

Subject: Investigation

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EMPLOYEE SIGNATURE _____

DATE 10-01-08 TIME: 7 am

TOYOTA
FINANCIAL SERVICES

L5

Commercial Finance Group
P.O. Box 3457
Torrance, CA 90510-3457
U.S. (800) 541-2315
Local (310) 965-7500
Fax (800) 532-1424

May 12, 2009

CES ENVIROMENTAL SERVICES INC
4904 GRIGGS
HOUSTON, TX 77021

—

Attention Accounts Payable:

Dear Customer,

Thank you for choosing Toyota Financial Services to meet your financing needs. Enclosed for your records is a fully executed copy of your new financing agreement.

For your convenience, our hours of operation are Monday through Friday 6:00AM to 5:00PM Pacific Time.

If we may be of any assistance in the future, please do not hesitate to contact our Customer Services Department at (800) 541-2315.

Sincerely,

TOYOTA FINANCIAL SERVICES

RECEIVED
BY.....

cc: **TOYOTALIFT OF HOUSTON**

SS

TOYOTA FINANCIAL SERVICES is a service mark of TOYOTA MOTOR CREDIT CORPORATION, a California Corporation

TOYOTA FINANCIAL SERVICES SM

SALES/USE TAX NOTIFICATION

71898 / 84821

SUPPLEMENT NO. 1 LEASE DATE: 04/22/2009

LESSEE NAME AND ADDRESS OF PRINCIPAL OFFICE

CES ENVIRONMENTAL SERVICES INC

4904 Griggs Rd.
Houston, TX 77021

LESSOR NAME AND ADDRESS OF PRINCIPAL OFFICE

TOYOTALIFT OF HOUSTON
7110 North Freeway
HOUSTON, TX 77076

ADDRESS OF LOCATION OF EQUIPMENT

4904 Griggs Harris
Houston TX 77021

City: Houston **County:** Harris **State:** TX

# OF UNITS	YEAR	MAKE	MODEL	NEW/USED	DELIVERY DATE
1	2004	Toyota	7FDU80	USED	4-27-09

SERIAL NUMBERS
60363

☑ **Not Tax Exempt (sales taxes will be included in periodic payment)**

☐ **Upfront Tax Jurisdiction**

- ☐ Upfront taxes included in financed amount
- ☐ Upfront taxes not included in financed amount and paid separately

☐ **Direct Pay** Certificate Number _____

☐ **Single Article Tax** Certificate Number _____

☐ **Partially Exempt** Certificate Number _____

☐ **Tax Exempt** (copy of certificate attached) Certificate Number _____

☐ **Other** _____

Notice: Unless Lessee submits a valid tax exemption certificate evidencing Lessee's tax exempt status for this transaction, the transaction will be treated as taxable for sales/use tax purposes, and Lessee will be responsible for applicable sales/use taxes pursuant to Section 7 (Taxes) of the Lease Agreement.

Lessee: CES ENVIRONMENTAL SERVICES INC

By: _____ Title: Operations Date: 4-28-09

Lessor: TOYOTALIFT OF HOUSTON

By: _____ Title: Sr Vice President Date: 4/28/09

EPAHO120001373

71898 / 84821

EQUIPMENT SCHEDULE TO MASTER LEASE AGREEMENT

TOYOTA FINANCIAL SERVICES

EQUIPMENT SCHEDULE NO. 1 SCHEDULE DATE: 04/22/2009

This Equipment Schedule is executed pursuant to, and incorporates by reference the terms and conditions of, that certain Master Lease Agreement dated as of 04/22/2009 (the "Master Lease Agreement"), between TOYOTALIFT OF HOUSTON and CES ENVIRONMENTAL SERVICES INC ("Lessee"), and the items of equipment described below constitute the "Equipment" referred to in Section 1 thereof. This Equipment Schedule, incorporating by reference the terms and conditions of the Master Lease Agreement, constitutes a separate instrument of lease between TOYOTALIFT OF HOUSTON ("Lessor") and Lessee; and is hereinafter sometimes referred to as the "Lease". Capitalized terms used herein without definition shall have the meaning given them in the Master Lease Agreement.

Lessee confirms to Lessor that the Equipment has been received, inspected and determined to be in compliance with all applicable specifications and is hereby accepted for all purposes of the Lease as of 4-28-09 (the "Delivery Date").

	Street	City	State	ZIP Code	County
Billing Address:	4904 Griggs	Houston	TX	77021	Harris
Equipment Location:	4904 Griggs	Houston	TX	77021	Harris

Type of Operating Conditions: Clean

☐ The Monthly Payment includes the Maintenance Payment.
☑ The Monthly Payment does not include the Maintenance Payment.

PER ITEM OF EQUIPMENT

Lease Term (in months)	First Payment Due Date	Monthly Payment (includes the Lease Payment but not applicable taxes)	Security Deposit	Allowed Annual Operating Hours	Overtime Usage Fee (per hour)
36	05/24/2009	$1,301.99	$0.00	2496	$2.60

EQUIPMENT DESCRIPTION

No. of Units	Make	Model	New/Used	Serial Nos.	Attachments
1	Toyota	7FDU80	USED	60363	Side Shifter, 96 Inch-Forks, 180-V-Mast, Hosing, 5863 hours

1. **TERM AND RENT**. The Lease Term for the Equipment shall commence on the First Payment Due Date specified above and continue, unless sooner terminated as provided in the Lease, for the number of months in the Lease Term specified above. Lessee shall pay rent for use of the Equipment (the "Lease Payment") to Lessor, and shall pay the aggregate Lease Payments for the Lease Term and any other amounts payable under the Lease. The Lease Payment shall be due and payable hereunder each month on the same day of the month as in the First Payment Due Date. In the event the Delivery Date specified above occurs prior to the First Payment Due Date, rent for such partial first month ("Interim Rent") shall be due by Lessee to Lessor, in the amount of 1/30th of the Lease Payment per day. Interim Rent shall be payable on the First Payment Due Date. All terms and conditions under the Lease apply to any such partial first month. If any Lease Payment is received by Lessor more than ten (10) days after its scheduled due date, Lessee shall pay Lessor a late charge equal to five percent (5%) of the Lease Payment amount (or such lesser amount as is the maximum amount allowable under applicable law). If any Lease Payment made by Lessee is returned to Lessor due to non-sufficient funds, Lessee shall pay Lessor a returned payment fee.
Lessee acknowledges that **Toyota Motor Credit Corporation ("TMCC") is not providing any maintenance services to Lessee and is furthermore not responsible for any obligations of the Lessor under any maintenance agreement or arrangement between Lessee and Lessor or other servicing entity. TMCC's only obligation to Lessee in connection with the Maintenance Payments (as defined in the Notice of Assignment and Maintenance Collection Agreement executed in connection herewith by Lessee, Lessor and TMCC) is to forward the Maintenance Payments received from Lessee to Lessor or its designated servicing entity. Neither TMCC nor any employee of TMCC is an agent of the Lessor or any designated servicing entity, and neither TMCC nor any employee of TMCC is authorized to waive or alter any term or condition of any maintenance service agreement or arrangement. The Maintenance Payment amount (if applicable) is determined by Lessor and agreed by Lessee.**

2. **HOLDOVER**. If Lessee fails to return the Equipment by the end of the Lease Term, the Lease will convert to a month-to-month lease, terminable on thirty (30) days' written notice by either party to the other, at a monthly rental payment equal to 100% of the prorata monthly installment of the Lease Payment payable during the last billing period of the Lease Term ("Month-to-Month Payment"). The terms and conditions of the Lease shall continue to be applicable, and Lessee shall continue to pay the Month-to-Month Payment until the Equipment is received by Lessor.

3. **REDELIVERY**. Upon the termination or expiration of the Lease Term, Lessee shall deliver to Lessor on such date, freight prepaid, such Equipment, at an address designated by Lessor. Lessee shall provide, at its expense, transit insurance relating to such redelivery in an amount equal to the replacement value of such Equipment, and Lessor shall be named as sole loss payee on all such policies of insurance. Lessee shall cause: (a) the Supplier's representative or other qualified person acceptable to Lessor to de-install such Equipment in accordance with the Supplier's specifications and pack such Equipment properly and in accordance with the Supplier's recommendations; and (b) such Equipment to be transported in a manner consistent with the Supplier's recommendations and practices.

4. **RETURN CONDITIONS**. Lessee shall, at its expense, cause the Equipment to be returned in Safe Operating Condition. As used herein, "Safe Operating Condition" shall mean the Equipment, when loaded to its rated capacity, (a) has no missing or broken components or accessories; (b) starts under its own power and idles; (c) does not leak oil, water, fuel, or any other fluids; (d) moves through its normal speed ranges in both forward and reverse; (e) steers normally right and left in both forward and reverse; (f) is able to stop by means of service brakes in a safe distance in both forward and reverse; (g) lifts, lowers, and tilts normally and without hydraulic oil leaks; and (h) any equipped attachments perform all of their required functions. In addition to being in Safe Operating Condition, the Equipment will have: (a) serviceable tires with remaining

EPAHO120001374

tread and without chunking or flat spots; and (b) an operational horn, parking brake, and lights. If the Equipment is not returned in Safe Operating Condition, Lessor will bill Lessee for Lessor's then-normal charge for any repairs necessary to place the Equipment in Safe Operating Condition, regardless of whether Lessor performs such repairs, and Lessee will pay such bill within thirty (30) days of receipt thereof.

5. **MAINTENANCE RECORDS.** If requested by Lessor, Lessee shall also deliver all Equipment-related records and other data including, but not limited to, all records of maintenance and any maintenance and repair manuals. Upon delivery, such Equipment shall be in compliance with all applicable federal, state and local laws, and health and safety guidelines. Lessee shall be responsible for the cost of all repairs, alterations, inspections, appraisals, storage charges and other related costs necessary to cause such Equipment to be in full compliance with the terms of the Lease.

6. **USE AND MAINTENANCE PROVISIONS.** In addition to the provisions of Section 5 of the Lease, Lessee agrees that the Equipment shall be used only for Lessee's estimate of the annual number of hours of operation of the Equipment ("Allowed Annual Operating Hours") and the type of operating conditions under which the Equipment will be used ("Type of Operating Conditions") stated above. If the Equipment is operated annually for more hours than the Allowed Annual Operating Hours, based on the data reflected in the Equipment's hour meter or other similar mechanical device, Lessor shall bill Lessee an Overtime Usage Fee stated above for each hour in excess of the Allowed Annual Operating Hours. Lessee will pay such bill within thirty (30) days of receipt thereof. In the case of a broken, disabled, or removed hour meter or similar mechanical device, the hours of use will be extrapolated based on recorded usage during a prior three (3) month period, or, if such period is less than three (3) months, then during such lesser period. Lessee agrees that the Equipment will not be used for personal, family, or household purposes, or for farming or agricultural operations. Lessee will keep the Equipment in a covered area when not in use. Lessee shall only allow operation of the Equipment by competent, fully-trained-in-use employees or contractors of Lessee. Lessee agrees to only operate the Equipment within its rated capacity, and to ensure that the Equipment is operated with all manufacturer's safety equipment, such as the driver's overhead guard and/or load backrest extension, as installed or attached to the Equipment as delivered.

7. **INSURANCE REQUIREMENTS.** Lessee will provide and pay for all-risk insurance, acceptable to Lessor, insuring against physical damage loss or damage to the Equipment in an amount satisfactory to Lessor. Lessee will also provide and pay for public bodily injury and property damage liability insurance against loss caused by or arising from Lessee's possession, use, or operation of the Equipment. The minimum limits for such liability insurance shall be not less than One Million Dollars per occurrence, and Two Million Dollars aggregate. If Lessee fails to insure the Equipment as required hereunder or upon Lessor's receipt of a notice of cancellation or notice of change reducing the required insurance coverage, Lessor will have the right, but not the obligation, to obtain insurance to protect Lessor's interests under the Lease, with the entire cost of the insurance plus a reasonable profitbeing borne by Lessee, and due upon demand by Lessor.

Lessor is hereby authorized to insert such factually correct information as is necessary to complete this Equipment Schedule, including (without limitation) the date of acceptance, First Payment Due Date, and the rental payment amount(s).

LESSOR: TOYOTALIFT OF HOUSTON

By: _____

Name: Jim Flowers

Title: Sr. Vice President and General Manager

Address: 7110 North Freeway

Houston, TX 77076

LESSEE: CES ENVIRONMENTAL SERVICES INC

By: _____

Name: Steve Strecker

Title: Operations

Address: 14904 Gregg's Rd

Houston, TX 77021

EPAHO120001375

MASTER LEASE AGREEMENT

TOYOTA FINANCIAL SERVICES

Date: 04/22/2009 Dealer No.: 70341 Agreement No.: LA71898

LESSOR – LEGAL NAME AND ADDRESS	LESSEE – LEGAL NAME, DBA AND ADDRESS
TOYOTALIFT OF HOUSTON 7110 North Freeway HOUSTON TX 77076	CES ENVIRONMENTAL SERVICES INC 4904 Griggs Rd. Houston TX 77021 JURISDICTION OF ORGANIZATION: TX ☐ Sole Proprietorship ☐ Partnership ☐ Limited Liability Partnership ☐ Limited Liability Company ☑ Corporation ☐ Other: _____ COUNTY: Harris

RECEIVED
MAY 01 2009
COMMERCIAL FINANCE

THIS MASTER LEASE AGREEMENT ("Lease") is effective as of the date specified on the signature page hereof, between the lessor identified above and its successors and assigns (collectively, "Lessor") and the lessee specified above, its successors and permitted assigns (collectively, "Lessee"); and in consideration of the mutual promises contained herein and such other adequate consideration, the parties hereto agree to the following terms and conditions:

1. **LEASE.** Lessor hereby leases to Lessee the property (together with all parts, replacements, repairs, additions, accessions and accessories incorporated therein and/or affixed thereto, and all related operating manuals, maintenance records and similar information, the "Equipment") described in each Equipment Schedule executed pursuant to this Lease (each, a "Schedule").

2. **TERM; RENTAL.** The term of lease hereunder (the "Lease Term") shall be as set forth on the Schedule with respect to the Equipment described therein. Lessee's execution of a Schedule shall constitute acceptance by Lessee of the Equipment described therein. Lessee shall pay Lessor rent for the Equipment during the Lease Term as specified on the Schedule. All payments of rent shall be made to Lessor at the payment address specified by Lessor, or by such other manner as Lessor may designate in writing. If any rent or other amount payable under this Lease is not received when due, Lessor is entitled to collect, and Lessee agrees to pay upon demand, the lesser of the late charge specified in the Schedule or the maximum allowable late charge including interest permitted by applicable law.

3. **INTENT, TITLE AND LIENS.** The parties intend and agree that: (a) The Equipment shall remain personal property, and Lessor's title thereto shall not be impaired, notwithstanding its being affixed to any real property. (b) This Lease constitutes a true "lease" and a "finance lease" as such terms are defined in the Uniform Commercial Code ("UCC") under Article 2A and not a sale or retention of security interest. (c) Title to the Equipment shall at all times remain in Lessor, and Lessee shall acquire no interest therein other than a leasehold interest. If, notwithstanding the express intent of the parties, a court determines that this Lease is not a true lease, (1)(A) in order to secure Lessee's prompt payment and performance of its obligations (both now existing and hereafter arising) under this Lease, Lessee hereby grants to Lessor a first priority security interest in the following (whether now existing or hereafter created): the Equipment and all replacements, substitutions, accessions, and proceeds (cash and non-cash; but with no power of sale), including the proceeds of all insurance policies, thereof; and (B) in addition to all of its other rights and remedies under this Lease, Lessor shall have all of the rights and remedies of a perfected secured party under the UCC; and (2) the obligation to pay rent, to the extent constituting the payment of interest, shall be at an interest rate that is equal to the lesser of the maximum lawful rate permitted by applicable law or the effective interest rate used by Lessor in calculating such amounts. (d) Lessee shall (1) maintain the Equipment free from all claims, liens, encumbrances, attachments, rights of others and legal processes ("Liens") of creditors of Lessee or other persons claiming by, through or under Lessee; (2) defend, at its own expense, Lessor's title to the Equipment from such Liens; and (3) notify Lessor immediately upon knowledge of any Lien.

4. **PURCHASE AND ACCEPTANCE; DISCLAIMER.** Lessee acknowledges and agrees that: (a)(1) Lessor did not select, manufacture or supply the Equipment; (2) Lessor acquired the Equipment from the manufacturer or vendor of the Equipment (the "Supplier") in connection with the Lease; (3) Lessee selected the Supplier and directed Lessor to acquire the Equipment from the Supplier; (4) Lessee is entitled to the promises and warranties provided to Lessor by the Supplier in connection with the purchase agreement relating to the Equipment; and (5) Lessee may communicate with the Supplier and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies; (b) Lessor shall have no responsibility for delay or failure of Supplier to fill the order for the Equipment; and (c) **THE EQUIPMENT IS LEASED HEREUNDER "AS IS", AND LESSOR HAS NOT MADE, AND HEREBY DISCLAIMS LIABILITY FOR, AND LESSEE HEREBY WAIVES ALL RIGHTS AGAINST LESSOR RELATING TO, ANY AND ALL WARRANTIES, REPRESENTATIONS OR OTHER OBLIGATIONS OF ANY KIND WITH RESPECT TO THE EQUIPMENT, EITHER EXPRESS OR IMPLIED, ARISING BY APPLICABLE LAW OR OTHERWISE, INCLUDING (1) *MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OR PURPOSE*, (2) COURSE OF DEALING OR USAGE OR TRADE OR (3) COMPLIANCE WITH APPLICABLE LAW, TITLE OR FREEDOM FROM LIENS, TRADEMARK, PATENT OR COPYRIGHT INFRINGEMENT, AND LATENT DEFECTS (WHETHER OR NOT DISCOVERABLE).** Lessee hereby waives any claim against Lessor for any indirect, incidental or consequential damages to or losses resulting from any matter whatsoever. So long as no default has occurred, (A) all assignable warranties made by the Supplier to Lessor are hereby assigned to Lessee for and during the term of this Lease and Lessee agrees to resolve all such claims directly with the Supplier, and (B) Lessee's possession and use of the Equipment shall not be interfered with by Lessor or anyone rightfully claiming an interest through Lessor. Any such claim shall not affect in any manner the unconditional obligation of Lessee to make rent payments hereunder. All expenses incurred in connection with Lessor's purchase of the Equipment (including shipment, delivery and installation) shall be the responsibility of Lessee and shall be paid upon demand. If Lessee shall, for reasonable cause, refuse to accept delivery of any item of the Equipment, Lessee will be assigned all rights and shall assume all obligations as purchaser of the Equipment.

5. **USE AND MAINTENANCE.** (a) Lessee shall (1) use the Equipment solely in the United States and in the conduct of its business, for the purpose for which the Equipment was designed, in a careful and proper manner; (2) operate, maintain, service and repair the Equipment, and maintain all records and other materials relating thereto, in accordance and consistent with (A) all applicable maintenance and operating manuals or service agreements, (B) all applicable insurance policies, (C) as required pursuant to the terms of any applicable warranties of the Supplier, (D) all applicable laws, and (E) the prudent practice of other similar companies in the same business as Lessee (but to no lesser standard than that employed by Lessee for comparable equipment owned or leased by it); (3) cause the Equipment to be in at least the same condition as when delivered to Lessee hereunder (excepting ordinary wear and tear resulting despite Lessee's compliance with the terms hereof); (4) provide written notice to Lessor prior to any change of the location of any Equipment; and (5) without Lessor's prior written consent, not attach or incorporate the Equipment to or in any other property. (b) Lessee will replace any parts of the Equipment which become worn out, lost, damaged beyond repair or otherwise unfit for use, by new or reconditioned replacement parts which are free and clear of all Liens, and have a value, utility and remaining useful life at least equal to the parts replaced. Title to all parts, improvements and additions to the Equipment immediately shall vest in Lessor, without cost to Lessor, or any further action, and such parts, improvements and additions shall be deemed incorporated in the Equipment and subject to the terms of this Lease as if originally leased hereunder. Except as provided in this Section, Lessee shall not detach or otherwise remove any parts from, or make any material alterations to, the

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Equipment. (c) Lessee shall afford Lessor access to the premises where the Equipment is located for the purpose of inspecting such Equipment and all applicable records at any reasonable time during normal business hours.

6. **FEES AND TAXES.** Lessee shall report, pay when due, reimburse Lessor (on an after-tax basis) for, and indemnify and hold Lessor harmless from, all fees, taxes, assessments and all other charges or withholdings of any nature (together with any penalties, fines or interest thereon), arising at any time, upon or relating to the Equipment or this Lease or the purchase, ownership, delivery, leasing, possession, operation, transfer, use or return or other disposition of the Equipment, or based upon the lease payments, or other receipts with respect to any Lease, whether the same be assessed to Lessor or Lessee, except for any taxes based upon Lessor's net income ("Taxes and Fees"). Without limiting the foregoing, Lessee shall be liable for all sales, use, property, excise, privilege, gross receipts, value-added and other taxes, fees, fines or other charges of any nature whatsoever, including any penalties or interest on any of the above, imposed by any governmental authority. Lessor will file all returns and remit all personal property taxes applicable to the Equipment and Lessor will bill Lessee for such charges. Lessor may also bill Lessee an estimated amount for the remaining Taxes and Fees at the expiration or termination of the Lease. Lessee agrees to pay such bills within thirty (30) days of receipt thereof. Upon request by Lessor, Lessee shall provide Lessor with proof of payment of Taxes and Fees paid by Lessee. Lessee agrees to notify Lessor immediately of any changes to the tax status of Lessee or the Equipment during the Lease Term, including but not limited to changes to exemption status or location. Adjustments to tax billings from Lessor to Lessee as a result of such change shall be made on a prospective basis only. Lessor is not obligated to contest or apply for any refund or abatement of any Taxes and Fees.

7. **INDEMNITY.** Lessee shall indemnify, defend and save Lessor, its agents, employees, successors and assigns harmless from any and all liability, claims, allegations, damages, or losses (any of the foregoing, a "Claim"), on an after-tax basis, including reasonable counsel fees and other legal expenses, arising out of this Lease or the Equipment, including without limitation, (a) the acquisition, rejection, ownership, selection, possession, leasing, operation (regardless of where, how and by whom operated), control, use, condition (including but not limited to latent and other defects, whether or not discoverable by Lessee or any purchaser or other user of the Equipment), maintenance, delivery and return of the Equipment, (b) any claim in tort for negligence or strict liability, and any claim for patent, trademark or copyright infringement, or any environmental damage, or any criminal or terrorist act, and (c) all matters relating to the waiver and disclaimer in Section 4.

8. **INSURANCE.** Unless otherwise specified in a Schedule, Lessee will at its own expense maintain physical damage and liability insurance insuring the Equipment. All such insurance shall (a) be in amounts, with companies, against such risks, and in such form as is acceptable to, or specified by, Lessor from time to time, and (b) provide that (1) Lessor shall receive at least thirty (30) days' advance notice of any material change in, or cancellation of, such policy, and (2) name Lessor as an additional insured (but without responsibility for premiums) and sole loss payee. Lessee shall furnish Lessor with evidence of such coverage satisfactory to Lessor. The proceeds of such casualty insurance payable as a result of loss of or damage to any item of Equipment shall be applied to Lessee's obligations as set forth in Section 9.

9. **LOSS AND DAMAGE.** Lessee assumes the entire risk of loss of or damage to the Equipment from all causes during the Lease Term and thereafter until redelivery to Lessor. In the event of loss or damage to any item of Equipment, Lessee shall notify Lessor thereof. Lessee shall, at its expense, repair all damage to the Equipment other than a Total Loss so as to cause it to be in the condition and repair required by this Lease. In the event of a Total Loss, Lessee shall pay to Lessor, on the next rent payment date following the Total Loss, the rent due on that date plus all unpaid rental as may be allocated to such item for the balance of the Lease Term, discounted to present value at the discount factor of 0% (unless otherwise specified in a Schedule), plus the value of such item of Equipment expected at the end of the Lease Term (as determined by Lessor in its sole discretion), plus all other amounts payable hereunder with respect thereto. A "Total Loss" shall be deemed to have occurred upon (a) the actual or constructive total loss of any item of Equipment, (b) the loss, disappearance, theft or destruction, or damage to any item of Equipment that is uneconomical to repair or renders it unfit for normal use, or (c) the condemnation, confiscation, requisition, seizure, forfeiture or other taking of title to or use of any item of Equipment or the imposition of any Lien thereon by any governmental authority.

10. **PERFORMANCE BY LESSOR OF LESSEE'S OBLIGATIONS.** In the event Lessee fails to comply with any provision of this Lease, Lessor shall have the right, but shall not be obligated, to effect such compliance on behalf of Lessee. In such event, all monies expended by and all expenses of Lessor in effecting such compliance shall be deemed to be additional rent, and shall be paid with interest at the maximum allowable interest rate to Lessor at the time of the next monthly rent payment. Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact (which power shall be deemed coupled with an interest) to execute, endorse and deliver any documents and checks or drafts relating to or received in payment for any loss or damage under the policies of insurance required by this Lease, but only to the extent that the same relates to the Equipment. Lessee will take such further action as Lessor may reasonably request in furtherance of Lessor's rights under this Lease. Lessee irrevocably authorizes Lessor to file UCC financing statements ("UCCs") and other filings with respect to the Equipment and any other collateral. Without Lessor's prior written consent, Lessee agrees not to file any corrective or termination statements or partial releases with respect to any UCCs filed by Lessor pursuant to this Lease.

11. **COVENANTS AND WARRANTIES OF LESSEE.** (a) Lessee agrees as follows: this Lease is non-cancellable for the full Lease Term; its obligations under this Lease, including, without limitation, the obligation to pay rent, are absolute and unconditional, and shall continue without abatement and regardless of any right of setoff, counterclaim or defense, or inability to use the Equipment or any part thereof because of any reason whatsoever, including, but not limited to, war, act of God, governmental regulation, strike, loss, damage, destruction, obsolescence, failure of or delay in delivery, failure of the Equipment properly to operate, claims against the Supplier, termination by operation of law, or any other cause. (b) Lessee agrees to furnish promptly to Lessor Lessee's annual financial statement, and such interim financial statements, as Lessor may require. (c) Lessee represents and warrants to Lessor that: this Lease has been duly authorized; no provision of this Lease is inconsistent with Lessee's organizational documents, or any agreement or other instrument to which Lessee is a party or by which Lessee or its property may be bound or affected; and is valid and binding against Lessee, and enforceable against it in accordance with the terms of this Lease. (d) Lessee shall provide written notice to Lessor thirty (30) days prior to any change in Lessee's legal name, or jurisdiction or form of organization.

12. **DEFAULT.** A default shall be deemed to have occurred upon the occurrence of any of the following: (a) non-payment of any scheduled rent on the due date; (b) non-payment of any other amount under this Lease within five (5) days after it is due; (c) failure to maintain, use or operate the Equipment in compliance with applicable law; (d) failure to obtain, maintain and comply with the insurance coverages required under this Lease; (e) any transfer of the Equipment, any part thereof or any interest therein by Lessee (unless otherwise permitted herein), or the existence of any Lien that is prohibited by this Lease; (f) default by Lessee under any other obligation to Lessor or its affiliates which entitles the other party to exercise remedies; (g) default by Lessee under any other material obligation to a third party, which default has been declared; (h) an inaccuracy in any representation or any breach of warranty by Lessee in any financial statement or other document provided pursuant hereto, including any omission of any substantial contingent or unliquidated liability or claim against Lessee; (i) the commencement of any bankruptcy, insolvency, receivership or similar proceeding by or against Lessee or any of its properties or business (unless, if involuntary, the proceeding is dismissed with sixty (60) days of the filing thereof) or the rejection of this Lease in any such proceeding; (j) the failure by Lessee generally to pay its debts as they become due or its admission in writing of its inability to pay the same; (k) Lessee shall (1) cease to do business as a going concern, liquidate or dissolve, or (2) sell, transfer or other dispose of all or substantially all of its assets or property; (l) there occurs a default or anticipatory repudiation under any guaranty executed in connection with this Lease; or (m) breach by Lessee of any other covenant, condition or agreement that continues for thirty (30) days after Lessor's written notice to Lessee (but such notice and cure period will not be applicable unless such breach is curable by practicable means within such notice period). The occurrence of a default with respect to any Schedule shall, at the sole discretion of Lessor, constitute a default with respect to any or all Schedules to which it is then a party. Notwithstanding anything to the contrary set forth herein, Lessor may exercise all rights and remedies hereunder independently with respect to each Schedule.

13. **REMEDIES.** If a default occurs, Lessor may, at its option, at any time exercise any one or more of the following remedies: (a) proceed to enforce performance of the applicable covenants and terms of this Lease

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or to recover damages for the breach thereof; (b) stop delivery of, or require Lessee to assemble and return (in the condition and manner required by the applicable Schedule) or make available for repossession by Lessor, any or all items of Equipment; (c) sell, lease or otherwise dispose of any items of Equipment with or without notice at one or more public or private dispositions (ten (10) days advance notice shall be sufficient for all purposes); (d) regardless of whether Lessor has recovered the Equipment, or if so recovered, has elected to retain any or all of the Equipment, or dispose of the Equipment by sale, lease or otherwise, recover as liquidated damages for the loss of a bargain due to Lessee's default and not as a penalty (1) all accrued and unpaid rent and all other amounts payable hereunder with respect thereto, (2) all remaining rentals that would otherwise have been payable during the balance of the Lease Term, (3) incidental damages, (4) compensation for loss or impairment of the value of the Equipment expected at the end of the Lease Term (as determined by Lessor in its sole discretion), and/or (5) profit; and upon a default, all of the foregoing amounts shall become immediately due and payable to Lessor, to the extent permitted by UCC-2A, any other provision of the UCC or other applicable law and taking into account all applicable discounting (using the discount factor specified on the Schedule) and credits (Lessee in all cases being liable for any deficiencies) required thereby; (e) recover from Lessee all reasonable costs and expenses, including without limitation any incidental expenses and legal fees and expenses incurred by Lessor as a result of Lessee's default hereunder, less any credits due Lessee pursuant to applicable law; and (f) with or without notice to Lessee, cancel this Lease without prejudice to Lessor's rights in respect of obligations then accrued and remaining unsatisfied. In addition to, and not in limitation of, the foregoing, Lessor may also avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity (including specific performance), or in bankruptcy or insolvency proceedings, including, without limitation, under UCC-2A, or any other provision of the UCC. Lessee hereby waives notice of, or hearing with respect to, Lessor's retaking the Equipment. All remedies of Lessor hereunder are cumulative and may, to the extent permitted by law, be exercised concurrently or separately. The exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of Lessor to exercise and no delay in exercising any right or remedy shall operate as a waiver thereof or modify the terms of this Lease.

14. **ASSIGNMENT.** LESSOR MAY, WITHOUT LESSEE'S CONSENT, ASSIGN, DELEGATE OR TRANSFER THIS LEASE OR ANY EQUIPMENT, ANY RENT, OR ANY OTHER SUMS DUE OR TO BECOME DUE HEREUNDER, AND IN SUCH EVENT LESSOR'S ASSIGNEE OR TRANSFEREE SHALL HAVE ALL THE RIGHTS, POWERS, PRIVILEGES AND REMEDIES OF LESSOR HEREUNDER. LESSEE HEREBY ACKNOWLEDGES NOTICE THAT LESSOR MAY ASSIGN THIS LEASE, AND UPON SUCH ASSIGNMENT LESSEE AGREES NOT TO ASSERT, AS AGAINST LESSOR'S ASSIGNEE, ANY DEFENSE, SETOFF, RECOUPMENT, CLAIM OR COUNTERCLAIM, WHETHER ARISING UNDER THIS LEASE OR OTHERWISE. LESSEE AGREES THAT ANY SUCH ASSIGNMENT SHALL NOT MATERIALLY CHANGE LESSEE'S DUTIES OR OBLIGATIONS UNDER THE LEASE NOR MATERIALLY INCREASE LESSEE'S RISKS OR BURDENS. **LESSEE SHALL NOT ASSIGN, DELEGATE OR OTHERWISE CONVEY THIS LEASE OR ANY INTEREST HEREUNDER AND SHALL NOT ENTER INTO ANY SUBLEASE OF THE EQUIPMENT, AND ANY ATTEMPTED ASSIGNMENT, DELEGATION, CONVEYANCE OR SUBLEASE BY LESSEE SHALL BE VOID AT LESSOR'S OPTION.**

15. **MISCELLANEOUS.** (a) THIS LEASE SHALL BE BINDING WHEN ACCEPTED IN WRITING BY LESSOR IN THE STATE OF CALIFORNIA AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. LESSEE (1) CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE STATE OF CALIFORNIA over any action or proceeding to enforce or defend any matter arising out of or related to this Lease, (2) waives, to the fullest extent Lessee may effectively do so, the defense of an inconvenient forum to the maintenance of any such action or proceeding, (3) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment, or in any other manner provided by law, and (4) **TO THE EXTENT PERMITTED BY LAW, EXPRESSLY WAIVES ITS RIGHT TO JURY TRIAL (WHICH WAIVER WAS MADE AFTER HAVING RECEIVED ADVICE OF ITS OWN COUNSEL).** (b) This Lease and each Schedule constitute the entire agreement between the parties with respect to the subject matter hereof and shall not be rescinded, amended or modified in any manner except by a document in writing executed by both parties. (c) No provision of this Lease which may be deemed unenforceable shall in any way invalidate any other provision or provisions of this Lease, all of which shall remain in full force and effect. (d) This Lease shall be binding upon the parties, and inure to the benefit of (to the extent permitted hereunder) their successors and assigns. (e) The indemnities and obligations of Lessee provided in Sections 3, 4, 6, 7 and 13 and all of Lessor's related rights shall survive and continue in full force and effect notwithstanding the termination or cancellation of this Lease. (f) All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, personally delivered, delivered by overnight courier service, sent by facsimile transmission (with confirmation of receipt) or sent by certified mail, return receipt requested, addressed to the other party at its respective address stated herein or at such other address as such party shall from time to time designate in writing to the other party; and shall be effective from the date of receipt. (g) This Lease and the Schedule may be executed in counterparts. Photocopies or facsimile transmissions of signatures shall be deemed original signatures and shall be fully binding on the parties to the same extent as original signatures. (h) Only that executed counterpart marked "Original" shall be the "chattel paper" original (as defined in the UCC) of this Lease. (i) Lessee hereby authorizes Lessor to insert in this Lease and/or the Schedule, identification data pertaining to the Equipment, dates and other omitted factual matters (including the effective date). (j) There is no restriction (either express or implied) on any disclosure or dissemination of the tax treatment or tax structure of the transactions contemplated by this Lease or any documents executed in connection herewith. Further, each party hereto acknowledges that it has no proprietary rights to any tax matter or tax idea or to any element of the transaction structure contemplated by this Lease; and each party hereto (and any employee, representative or agent of any party hereto) may disclose to any and all persons (without limitation of any kind), the Federal tax treatment and Federal tax structure of the transaction contemplated by this Lease. This provision is intended to cause the transaction contemplated by this Lease to be treated as not having been offered under conditions of confidentiality for purposes of Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations promulgated under Section 6011 of the Internal Revenue Code of 1986 (the "Code") and Section 6111 of the Code and the Treasury Regulations promulgated thereunder; and shall be construed in a manner consistent with such purpose.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Master Lease Agreement as of the date set forth below.

LESSOR: TOYOTALIFT OF HOUSTON

By: _____

Name: Jim Flowers

Title: Sr. Vice President and General Manager

Address: 7110 North Freeway

Houston, TX 77076

LESSEE: CES ENVIRONMENTAL SERVICES INC

By: _____

Name: Steve Strader

Title: Operations

Address: 4904 Gregg-s Rd

Date: 4-22-09

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NOTICE OF ASSIGNMENT AND MAINTENANCE COLLECTION AGREEMENT FOR EQUIPMENT SCHEDULE

TOYOTA FINANCIAL SERVICES

CES ENVIRONMENTAL SERVICES INC ("Lessee") hereby acknowledges that TOYOTALIFT OF HOUSTON ("Lessor") has assigned to Toyota Motor Credit Corporation ("TMCC"), all of its rights (but none of its obligations) under that certain Equipment Schedule No. 1 dated as of 04/22/2009 (the "Schedule"), executed pursuant to that certain Master Lease Agreement dated as of 04/22/2009 (the "Master Lease Agreement"), each between Lessor and Lessee. The Schedule, incorporating by reference the terms and conditions of the Master Lease Agreement, constitutes a separate instrument of lease and is hereinafter collectively referred to as the "Lease". The assignment acknowledged herein includes but is not limited to all of Lessor's rights to be paid all lease payments and other sums due and to become due under the Lease and, if applicable, the guarantee(s) (solely to the extent related to the Schedule) and purchase option. Accordingly, all payments due under the Lease, guarantee(s) (solely to the extent related to the Schedule) and purchase option are now to be made directly to TMCC at the following address, unless otherwise specified by TMCC:

TOYOTA MOTOR CREDIT CORPORATION
PO BOX 2431
CAROL STREAM, IL 60132

The assignment in no way affects the Lessor's obligations, if any, under the Lease (or any related maintenance agreement), as the Lessor remains obligated to perform those obligations.

This Notice further confirms that all the Equipment described in the Schedule has been delivered and accepted by Lessee at the location(s) specified, and that the Lessee's obligation to pay the lease payments and other sums under the Lease is absolute and unconditional. The Lessee further confirms that it has no offsets, defenses or counterclaims with regard to the Equipment, the Lease or the obligations to make payments thereunder.

Maintenance Collection. To the extent that: (a) Lessee has indicated to TMCC that it maintains a separate Maintenance Service Agreement with the Lessor setting forth certain maintenance obligations to be performed by Lessor on Lessee's behalf (the "Maintenance Agreement"); and (b) Lessee has requested that it be allowed to make its lease payments along with the payments due under the Maintenance Agreement ("Maintenance Payments") in one combined monthly payment (the "Monthly Payment"), TMCC agrees that it will accept and collect on behalf of Lessor the Monthly Payment under the terms and conditions set forth herein. Lessee hereby agrees that it will pay its Monthly Payment to TMCC. Lessee specifically directs TMCC, and TMCC agrees, to remit the Maintenance Payment portion of the Monthly Payment to Lessor or such other servicing entity designated by Lessor in writing. TMCC agrees to issue periodic billing statements to Lessee directing payment of the Maintenance Payments to TMCC, which the parties acknowledge may be consolidated with TMCC's billing of Lessee for the obligations due and owing by Lessee to TMCC under the Lease. It is expressly understood that the Maintenance Payment is not a lease payment and it is not a payment due under the Lease. Lessee acknowledges that **TMCC is not providing any maintenance services to Lessee and is furthermore not responsible for any obligations of the Lessor under the Maintenance Agreement. TMCC's only obligation to Lessee in connection with this Maintenance Collection Agreement is to forward the Maintenance Payments received from Lessee to Lessor. Neither TMCC nor any employee of TMCC is an agent of the Lessor and they are not authorized to waive or alter any term or condition of the Maintenance Service Agreement.** There are no rights conferred to TMCC in this Agreement to enforce the terms of the Maintenance Agreement. The parties agree (i) that Lessor shall maintain all right, title and interest in and to all payments of the Lessee arising from the Maintenance Agreement; and (ii) that TMCC is authorized to apply, in its sole discretion, the Lessee's payment to any sums due and owing by Lessee under the Lease and/or the Maintenance Agreement.

Lessor and Lessee hereby hold TMCC harmless against any claim, suit, action, proceeding, judgment, loss, liability or expense (including without limitation, attorneys' fees and costs) arising out of or based upon: (a) any breach of any agreement, representation or warranty contained herein; (b) any taxes, assessments or penalties imposed on TMCC by virtue of its agreement to remit to Lessor the Maintenance Payments it receives from Lessee; (c) any loss, damage or injury to property, persons, services or equipment resulting from or in connection with the Lessor's obligations under the Maintenance Agreement; or (d) Lessor's or Lessee's failure to fully and timely comply with any applicable laws and regulations relating to the Lease or Maintenance Agreement.

In the event of any claim by Lessee that the Lessor has failed to perform its maintenance obligations under the Maintenance Agreement, Lessee shall provide written notice thereof to Lessor and TMCC, but Lessee shall pursue any such remedies solely against Lessor. **LESSEE RECOGNIZES AND ACKNOWLEDGES THAT ANY FAILURE ON THE PART OF LESSOR TO HONOR ITS OBLIGATIONS UNDER THE MAINTENANCE AGREEMENT SHALL NOT BE A DEFENSE TO ITS OBLIGATION TO MAKE THE PAYMENTS DUE AND OWING TMCC UNDER THE LEASE.**

Like Kind Exchange Notice. You are hereby notified that Toyota Motor Credit Corporation has assigned its rights in agreements (but not its obligations) to purchase and sell the Equipment (if leased under a true lease) to TQI Exchange, LLC as qualified intermediary, as part of a Section 1031 like kind exchange program.

Accepted and Agreed:

LESSOR: TOYOTALIFT OF HOUSTON

By: _____

Name: Jim Flowers

Title: Sr. Vice President and General Manager

LESSEE: CES ENVIRONMENTAL SERVICES INC

By: _____

Name: Stan Stricker

Title: Operations

TOYOTA MOTOR CREDIT CORPORATION

By: _____

Name: _____

Title: _____

17001 (12/08)

71898 / 84821

RIDER TO EQUIPMENT SCHEDULE
PURCHASE OPTION

TOYOTA FINANCIAL SERVICES

RIDER NO. 1 **TO EQUIPMENT SCHEDULE NO.** 1

To and part of Equipment Schedule No. 1 dated 04/22/2009 (the "Schedule"), executed pursuant to that certain Master Lease Agreement dated 04/22/2009 (the "Lease"), each between TOYOTALIFT OF HOUSTON, its successors and assigns ("Lessor"), and CES ENVIRONMENTAL SERVICES INC, its successors and permitted assigns ("Lessee").

As used herein, "Equipment" shall mean the Equipment described on this Schedule.

PURCHASE OPTION. Provided that no default has then occurred under the Lease, Lessee shall have the option to purchase, upon the expiration of the original Lease Term or any renewal term (if applicable), for a purchase price of $ 4,540.00 per item of Equipment, together with all taxes and charges upon sale. Lessee may elect to exercise the option by giving irrevocable written notice to Lessor not less than thirty (30) days before expiration of the original Lease Term or any renewal term (if applicable). Notwithstanding anything to the contrary set forth in the Schedule, Lessee's obligations to return the Equipment in Safe Operating Condition (Section 5) shall not be enforced if Lessee has elected to exercise its option to purchase the Equipment.

LESSOR: TOYOTALIFT OF HOUSTON

By: _____

Name: Jim Flowers

Title: Sr. Vice President and General Manager

LESSEE: CES ENVIRONMENTAL SERVICES INC

By: _____

Name: _____

Title: Operations

16200 (01/08)

TOYOTA FINANCIAL SERVICES

SURVEY REPORT

PREPARE SEPARATE REPORT FOR EACH GROUP OF EQUIPMENT WHERE MATERIAL DIFFERENCES IN APPLICATION APPLY.
CHECK ALL APPLICABLE BOXES AND/OR FILL IN BLANKS.

DEALER TOYOTA LIFT OF HOUSTON DATE OF SURVEY 4-14-09

ADDRESS 7110 NORTH FREEWAY (STREET) HOUSTON (CITY) TX (STATE) 77076 (ZIP)

CUSTOMER CES ENVIRONMENTAL SERVICES INC.
4904 GRIGGS ROAD

ADDRESS (STREET) HOUSTON (CITY) TEXAS (STATE) 77021 (ZIP)

LOCATION OF EQUIPMENT _____ DEPARTMENT _____

TYPE OF OPERATION

INDUSTRY

- [X] Warehousing
- [ ] Heavy Mfg.
- [ ] Light Mfg.
- [ ] Agricultural
- [ ] Paper Products
- [ ] Printing/Publishing
- [ ] Textile
- [ ] Plastic
- [ ] Food
- [ ] Other (Explain) _____
- [ ] Lumber/Wood Products
- [ ] Stone/Clay/Glass
- [ ] Primary Metals
- [ ] Stevedoring
- [ ] Chemical
- [ ] Foundry
- [ ] Rubber
- [ ] Freezer

PRODUCT HANDLED _____

USED INDOORS 5 %

FLOOR TYPE
- [X] Concrete
- [ ] Steel
- [ ] Tile
- [ ] Wood
- [ ] Wood Block
- [ ] Other _____

SURFACE
- [X] Smooth
- [ ] Rutted
- [ ] Cracks
- [ ] Potholes

USED OUTDOORS 95%

YARD TYPE
- [ ] Dirt
- [ ] Cinder
- [ ] Crushed Stone
- [X] Asphalt 20%
- [X] Concrete 80%
- [ ] Other _____

SURFACE
- [X] Smooth
- [ ] Rutted
- [ ] Cracks
- [ ] Potholes

OPERATING CONDITIONS
- [X] Clean
- [ ] Acid
- [ ] Alkali
- [ ] Brine
- [ ] Excessive Heat
- [ ] Freezer
- [ ] Explosive
- [ ] Abrasive
- [ ] Cooler
- [ ] Lint
- [ ] Dust
- [ ] Humid
- [ ] Corrosive

Time in Freezer _____ % Freezer Temperature _____ °

FLOOR/YARD EXPOSURES (F for Floor, Y for Yard)

Dry	F, Y	Dunnage	
Clean	F, Y	Grease	
Wet		Oil	
Sawdust		Metal	
String		Glass	
Wire		Sand	

OPERATING AREA
- [ ] Trailer
- [ ] Box Cars
- [ ] Dockboards
- [ ] Dock Levelers
- [ ] Railroad Tracks

Housekeeping
- [ ] Good
- [ ] Fair
- [ ] Poor

Aisle Width
Main _____
Inter _____

Ramps
Rise N/A Length _____ Surface _____

Low Stacking Time 90 %
High Stacking Time _____ %
Running Time 10 %
100 %
Length of Avg. Run 100 Ft.
Avg. Load 8000 #
Max. Load 12000 #
Max. Load Time 30 %
Load Size _____
L 20 W 8 H 7
Door Opening
H 24 W 20

SEVERITY OF OPERATION

Rough Usage
- [ ] Tires
- [ ] High Cycle
- [ ] Pushing Static Load
- [ ] Attachment
- [ ] Other _____

DRIVERS

Number 12

- [X] Trained
- [ ] Assigned
- [ ] Incentive

Supervision: [X] Good [ ] Fair [ ] Poor

DUTY CYCLE OF PROPOSED EQUIPMENT

Days Per Week 6

Running Hours Per Shift 1 X 4 2 X 4 3 _____

Estimated Annual Running Hours 2000

Is Work Seasonal? [ ] Yes [X] No

DISTANCE & TIME FROM SERVICING DEALER

Round Trip Travel Time 30 MINUTES

Round Trip Mileage 18

DEALER TOYOTA LIFT OF HOUSTON
BY TOM HAMILTON DATE 4-14-09
TITLE TERRITORY MANAGER

CUSTOMER CES ENVIRONMENTAL SERVICES INC.
BY _____ DATE 4-14-09
TITLE VP

16218 (09/04)

EPAHO120001381

TOYOTALIFT OF HOUSTON
DOGGETT EQUIPMENT SERVICES GROUP

7110 North Freeway, Houston, Texas 77076
Ph: 713-675-7000 or 800-300-4618
Fax: 713-675-4921

To:	CES Environmental Services Inc. 4904 Griggs Road Houston, TX 77021	Date: Our Ref:	Arril 8, 2009 240604U
Attn:	Steve Stricker	Phone: Fax:	(713) 676-1460 (713) 6761676

We respectfully submit this quotation for a **2004 Reconditioned Toyota** Forklift Truck:

Toyota, World's #1 Manufacturer of Forklift Trucks!

Toyota Model 7FDU80, Pneumatic Tires, Diesel Powered Quality Engineered Forklift Truck as described in the enclosed literature with the following specifications:

System of Active Stability (SAS)

SAS is an electronic control system that can detect and respond to changes in forklift operation. SAS reacts through three key systems:

1. **Active Control Rear Stabilizer**
Helps reduce the possibility of tipover when a forklift takes a corner too sharp or too fast. When it senses instability, SAS instantly locks the rear axle to widen the forklift's support area and increase lateral stability.
2. **Active Mast Function Controller**
Provides features that help operators handle loads at high heights. The forward tilt is limited whenever a load is lifted past a preset mast height. Also, dependent on the forks' height, the reverse tilt speed is governed to help prevent the load from becoming unstable.
3. **Automatic Fork Leveling**
Allows operators to handle loads safer and easier by positioning the mast forks horizontally with just the push of a button, as the mast is being tilted forward.

Mast

Toyota wide-view **2-stage mast**. Toyota pioneered wide-view mast with all-roller design has excellent forward vision, assuring greater productivity and less operator fatigue. Lift cylinders protected by mast channels to reduce expensive cylinder repairs. Central hydraulic power system with 3-section valve standard. Mast specifications:

Lift Height - **180**"
Overall Lowered Height – 140.2"
Free Lift - 4.9" with standard Load Backrest

EPAHO120001382

Lifting Capacity	**Basic Capacity - 17,500 lbs.** @ 24" load center **Actual Capacity**, based on the quoted specifications, - **15,500 lbs.** @ 24" load center to 180" MFH with Sideshifter
Tilt	6 degrees forward and 10 degrees backwards
Carriage	ITA Hook-type, 67" Carriage
Forks	**Forks 2.5"x6"x96" Class IV**
Load Backrest	54" high standard
Attachments	**67" Cascade Sideshifter with Single Internal Hosing (Class IV)**
Speeds	Travel Speed - 15 MPH Lift Speed - 86.7 FPM
Engine	Toyota Model 13Z Industrial Diesel Engine 6 cylinder, overhead valve, 281 cu. in. displacement, 89 HP @ 2200 RPM Cyclone air cleaner with snorkel air intake mounted in overhead guard post. Clogged air cleaner warning light
Transmission	Powershift Automatic, 2 speed forward, 2 speed reverse standard. A ***Spin-on Transmission Filter*** **for Longer Transmission Life is Standard**
Drive Axle	***Planetary Type*** for Greater Performance at the Wheels
Steering	Hydrostatic Power Assisted with Memory Tilt Steering Wheel
Additional Equipment	**Backup Alarm** **Fire Extinguisher (Including Bracket)** **Rear Combination Lights** **Rear View Mirrors - Left & Right** **Strobe Light (Yellow)** **Recovered Seat** **New Paint** **Air Tires** **Approx. 5875 Hours** **90 Day Warranty**

Other	Full Floating Power Train to reduce engine vibration to the driver.
Outstanding	Integral Operator's Overhead Guard
Toyota	**Two (2) Protected Forward Driving Lights**
Features	Hour Meter
	Anti Restart Ignition Switch
	Unit meets OSHA standards
	Underwriters Laboratory (U.L.) Approved

Total Purchase Price.....$45,400.00 Plus Tax

Financing And Maintenance Several financing options are available at competitive rates through Toyota Motor Credit Corporation. Financing is subject to credit approval and documentation as required by lessor. Rates are per truck and are subject to change.

36 Month Residual Lease

1. **36-Month Residual Lease Contract.** Total monthly payments of **$1,302.07** plus applicable taxes.

2. **Residual Purchase Price Option of $4,540.00 at End of Lease**

Terms & Conditions

Payment: Residual Lease
F.O.B.: Delivered

Conditions subject to change to those in effect at time of delivery.
Prices are exclusive of any sales or use taxes now in force or which may be made effective in the future by any federal, state, or local governments.
Subject to availability of Equipment at time of order
Subject to Two Day Inspection Approval by Customer.

Sincerely,
ToyotaLift of Houston

By: _____
Name: Tom Hamilton
Title: Territory Manager

Accepted:
CES Environmental Services Inc.

By: Steve Stricker
Name: Steve Stricker
Title: VP
Date: 4-24-09

024

APPLICATION FOR TEXAS CERTIFICATE OF TITLE

→ SHADED AREAS ARE TO BE COMPLETED BY THE SELLER ←

→ TYPE OR PRINT NEATLY IN INK ←

TAX OFFICE USE ONLY

Tax Collector _____ County _____

Date _____ Transaction Number _____

County Use Only

1. Vehicle Identification Number	2. Year	3. Make	4. Body Style
WTM98303	1998	WICH	FRAC

5. Model	6. Odometer Reading (No tenths)	7. Empty Weight	8. Carrying Capacity (lbs.)	9. Tonnage

☐ SPV $ _____

☐ Appraisal Value $ _____

10. Trailer Type ☐ Semi ☐ Full	11. Plate No.	12. Vehicle Unit No.

13. Applicant's/Additional Applicant's Social Security Numbers (See * below) or Federal Tax ID Number

14. Applicant's/Owner's Name(s) CES Environmental

Address 1404 Griggs Rd.

City, State, Zip Code Houston TX 77021 County Name

14a. Registrant's Name

(Renewal Notice Recipient)

Address

City, State, Zip Code County Name

☐ Statement of Fact for Non-Disclosure, VTR-171, Attached.

14b. Vehicle Physical Location

City, State, Zip Code

15. Previous Owner's Name Basic Energy

Address PO Box 10460

City, State, Zip Code Midland TX 79702

15a. GDN - Dealer Use Only

THIS MOTOR VEHICLE IS SUBJECT TO THE FOLLOWING FIRST LIEN

16. 1st Lien Date	1st Lienholder Name Address City, State, Zip Code	16a. Additional Lien(s)? ☐ YES (If additional liens are to be recorded, attach Form VTR-267.)

17. **FOR CORRECTED TITLE, CHECK REASON(S)** ☐ Change in Vehicle Description ☐ Year ☐ Make ☐ Body Style ☐ VIN ☐ Other ☐ No Change in Ownership Lien ☐ Add Lien ☐ Remove Lien ☐ Odometer Brand ☐ Odometer Reading

18. **ODOMETER DISCLOSURE** - FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE UPON TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I, _____, state that the odometer now reads _____ (no tenths).

** (Name of Seller/Agent)

THE MILEAGE SHOWN IS ☐ **A** - Actual Mileage ☐ **N** - Not Actual Mileage WARNING - ODOMETER DISCREPANCY ☐ **X** - Mileage Exceeds Mechanical Limits

** IF NO SELLER/AGENT, TITLE APPLICANT SHOULD CHECK ONE OF THE 3 BOXES ABOVE UNLESS NUMBER 6 INDICATES "EXEMPT."

MOTOR VEHICLE TAX STATEMENT

19. CHECK ONLY IF APPLICABLE

☐ I hold Motor Vehicle Retailer's (Rental) Permit No. _____ and will satisfy the minimum tax liability (V.A.T.S., Tax Code, §152.046 [c]).

☐ I am a Dealer or Lessor and qualify to take the Fair Market Value Deduction (V.A.T.S., Tax Code, §152.002 [c]).

20. DESCRIPTION OF VEHICLE TRADED IN (if any)	Year	Make	Vehicle Identification Number	20a. ADDITIONAL TRADE - INS? (Y/N)

21. SALES AND USE TAX COMPUTATION

☐ (a) **Sales Price ($ _____ rebate has been deducted)** $ 3250.00

(b) Less Trade - In Amount, Describe in Item 20 Above $ ( )

(c) For Dealers/Lessors/Rental ONLY - Fair Market Value Deduction, Describe in Item 20 Above $ ( )

(d) *Taxable Amount (Item a. minus Item b./Item c.)* $

(e) 6.25% Tax on Taxable Amount (Multiply Item d. by .0625) $

(f) Late Tax Payment Penalty ☐ 5% or ☐ 10% $

(g) *Tax Paid to* _____ (STATE) $

(h) AMOUNT OF TAX AND PENALTY DUE (Item e. plus Item f. minus Item g.) $

☐ $90 New Resident Tax - (Previous State) _____

☐ *$5 Even Trade Tax*

☐ $10 Gift Tax

☐ $65 Rebuilt Salvage Fee

☐ *2.5% Emissions Fee (Diesel Vehicles 1996 and Older > 14,000 lbs)* _____

☐ 1% Emissions Fee (Diesel Vehicles 1997 and Newer > 14,000 lbs) _____

☐ Exemption claimed under the Motor Vehicle Sales and Use Tax Law because _____

☐ $28 or $33 APPLICATION FEE FOR CERTIFICATE OF TITLE (Contact your County Tax Assessor-Collector for the correct fee.)

I HEREBY CERTIFY THAT ALL STATEMENTS IN THIS DOCUMENT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

22. Claudia Castrellon — Signature of SELLER, DONOR, OR TRADER | **Claudia Castrellon** PRINTED NAME (Same as signature) | Date

23. _____ Signature of *PURCHASER, DONEE, OR TRADER* | *PRINTED NAME* (Same as signature) | Date

RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT (MARRIED PERSONS)

WE, THE PERSONS WHOSE SIGNATURES APPEAR HEREIN, HEREBY AGREE THAT THE OWNERSHIP OF THE VEHICLE DESCRIBED ON THIS APPLICATION FOR TITLE, SHALL FROM THIS *DAY FORWARD BE HELD JOINTLY, AND IN THE EVENT OF DEATH OF EITHER OF THE PERSONS* NAMED IN THE AGREEMENT, THE OWNERSHIP OF THE VEHICLE SHALL VEST IN THE SURVIVOR.

NON-MARRIED PERSONS ARE REQUIRED TO EXECUTE A RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT FOR A MOTOR VEHICLE, FORM VTR-122.

_____ SIGNATURE Date

_____ SIGNATURE Date

WARNING: Transportation Code, §501.155, provides that falsifying information on title transfer documents is a third-degree felony offense punishable by not more than ten (10) years in prison or not more than one (1) year in a community correctional facility. In addition to imprisonment, a fine of up to $10,000 may also be imposed.

* **NOTE:** Transportation Code, §501.0235, REQUIRES that the applicant's social security number be provided when applying for a certificate of title. If the applicant does not have a social security Number, Form VTR-171, Statement of Fact for Non-disclosure of a Social Security Number, must accompany this application. This information is requested for owner identification purposes.

Form-130-U (Rev. 8/2006)

220

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of Three thousand two hundred fifty and no/100
Dollars ($3250.00) and other valuable consideration the undersigned (SELLER) does herby sell and transfer unto CES Environmental Svc. (BUYER) his right, title and interest in and to the following vehicle or item of equipment: 1998 WICHITA Portable Frac Tank
VIN-WTM98044

Lot# 220 sold in Auction # 09-0224 Sequin

The SELLER hereby warrants that he is the lawful owner of said vehicle or item of equipment; that it is free from all liens and encumbrances; that he has the right to sell the same.

SELLER x Claudia Castrellon

BY x

RECEIVED
BY:

SUBSCRIBED AND SWORN TO BEFORE ME THIS 24 DAY OF February, 20 09

Notary Public for the STATE of Texas
My Commission Expires: August 16, 2009

DEANDA WELCH
Notary Public, State of Texas
My Commission Expires
August 16, 2009

220

APPLICATION FOR TEXAS CERTIFICATE OF TITLE

→ SHADED AREAS ARE TO BE COMPLETED BY THE SELLER ←

→ TYPE OR PRINT NEATLY IN INK ←

TAX OFFICE USE ONLY

Tax Collector _____ County _____

Date _____ Transaction Number _____

County Use Only

1. Vehicle Identification Number	2. Year	3. Make	4. Body Style
WJM98044	1998	WICH	FRAC

☐ SPV $ _____

5. Model	6. Odometer Reading (Miles)	7. Empty Weight	8. Carrying Capacity (lbs.)	9. Tonnage

☐ Appraisal Value $ _____

10. Trailer Type ☐ Semi ☐ Full	11. Plate No.	12. Vehicle Unit No.

13. Applicant's/Additional Applicant's Social Security Numbers (See * below) or Federal Tax ID Number

14. Applicant's/Owner's Name(s) CES Environmental Services

Address 4904 Griggs Rd.

City, State, Zip Code Houston TX 77021 County Name

14a. Registrant's Name

(Renewal Notice Recipient)

Address

City, State, Zip Code County Name

☐ Statement of Fact for Non-Disclosure, VTR-171, Attached.

14b. Vehicle Physical Location

City, State, Zip Code

15. Previous Owner's Name Basic Energy

Address PO Box 10460

City, State, Zip Code Midland TX 79702

15a. GDN - Dealer Use Only

THIS MOTOR VEHICLE IS SUBJECT TO THE FOLLOWING FIRST LIEN

16. *1st Lien Date*	*1st Lienholder Name* Address City, State, Zip Code	16a. *Additional Lien(s)?* ☐ **YES** (If additional liens are to be recorded, attach Form VTR-267.)

17. **FOR CORRECTED TITLE, CHECK REASON(S)** ☐ Change in Vehicle Description ☐ Year ☐ Make ☐ Body Style ☐ Other ☐ VIN ☐ No Change in Ownership Lien ☐ Add Lien ☐ Remove Lien ☐ Odometer Brand ☐ Odometer Reading

18. **ODOMETER DISCLOSURE** - FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE UPON TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I, _____ **, state that the odometer now reads _____ (no tenths).

** (Name of Seller/Agent)

THE MILEAGE SHOWN IS ☐ **A** - Actual Mileage ☐ **N** - Not Actual Mileage WARNING - ODOMETER DISCREPANCY ☐ **X** - Mileage Exceeds Mechanical Limits

** IF NO SELLER/AGENT, TITLE APPLICANT SHOULD CHECK ONE OF THE 3 BOXES ABOVE UNLESS NUMBER 6 INDICATES "EXEMPT."

MOTOR VEHICLE TAX STATEMENT

19. CHECK ONLY IF APPLICABLE

☐ I hold Motor Vehicle Retailer's (Rental) Permit No. _____ and will satisfy the minimum tax liability (V.A.T.S., Tax Code, §152.046 [c]).

☐ I am a Dealer or Lessor and qualify to take the Fair Market Value Deduction (V.A.T.S., Tax Code, §152.002 [c]).

20. DESCRIPTION OF VEHICLE TRADED IN *(if any)*	Year	Make	Vehicle Identification Number	20a. ADDITIONAL TRADE - INS? (Y/N)

21. SALES AND USE TAX COMPUTATION

☐ (a) **Sales Price ($ _____ rebate has been deducted)**	$ 3250.00	☐ $90 New Resident Tax - (Previous State) _____
(b) Less Trade - In Amount, Describe in Item 20 Above	$ ( )	☐ $5 Even Trade Tax
(c) For Dealers/Lessors/Rental ONLY - Fair Market Value Deduction, Describe in Item 20 Above	$ ( )	☐ $10 Gift Tax
		☐ $65 Rebuilt Salvage Fee
(d) *Taxable Amount (Item a. minus Item b./Item c.)*	$	☐ *2.5% Emissions Fee (Diesel Vehicles 1996 and Older > 14,000 lbs)* _____
(e) 6.25% Tax on Taxable Amount (Multiply Item d. by .0625)	$	☐ 1% Emissions Fee (Diesel Vehicles 1997 and Newer > 14,000 lbs) _____
(f) Late Tax Payment Penalty ☐ 5% or ☐ 10%	$	☐ Exemption claimed under the Motor Vehicle Sales and Use Tax Law because
(g) Tax Paid to _____ (STATE)	$	_____
(h) AMOUNT OF TAX AND PENALTY DUE (Item e. plus Item f. minus Item g.)	$	☐ $28 or $33 APPLICATION FEE FOR CERTIFICATE OF TITLE (Contact your County Tax Assessor-Collector for the correct fee.)

I HEREBY CERTIFY THAT ALL STATEMENTS IN THIS DOCUMENT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

22. _____ **Claudia Castrellon** _____

Signature of SELLER, DONOR, OR TRADER PRINTED NAME (Same as signature) Date

23. _____ _____ _____

Signature of *PURCHASER, DONEE, OR TRADER* *PRINTED NAME* (Same as signature) Date

RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT (MARRIED PERSONS)

WE, THE PERSONS WHOSE SIGNATURES APPEAR HEREIN, HEREBY AGREE THAT THE OWNERSHIP OF THE VEHICLE DESCRIBED ON THIS APPLICATION FOR TITLE, SHALL FROM THIS DAY *FORWARD BE HELD JOINTLY, AND IN THE EVENT OF DEATH OF EITHER OF THE PERSONS* NAMED IN THE AGREEMENT, THE OWNERSHIP OF THE VEHICLE SHALL VEST IN THE SURVIVOR.

NON-MARRIED PERSONS ARE REQUIRED TO EXECUTE A RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT FOR A MOTOR VEHICLE, FORM VTR-122.

_____ SIGNATURE _____ Date

_____ SIGNATURE _____ Date

WARNING: Transportation Code, §501.155, provides that falsifying information on title transfer documents is a third-degree felony offense punishable by not more than ten (10) years in prison or not more than one (1) year in a community correctional facility. In addition to imprisonment, a fine of up to $10,000 may also be imposed.

* **NOTE:** Transportation Code, §501.0235, REQUIRES that the applicant's social security number be provided when applying for a certificate of title. If the applicant does not have a social security Number, Form VTR-171, Statement of Fact for Non-disclosure of a Social Security Number, must accompany this application. This information is requested for owner identification purposes.

Form-130-U (Rev. 8/2006)

221

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of Three thousand two hundred fifty dollars
Dollars ($ 3250.00) and other valuable consideration the undersigned (SELLER) does herby sell and transfer unto CES Environmental (BUYER) his right, title and interest in and to the following vehicle or item of equipment: 1997 WICHITA Portable Frac Tank
VIN-97180

Lot# 221 sold in Auction # 09-0224 Sequin

The SELLER hereby warrants that he is the lawful owner of said vehicle or item of equipment; that it is free from all liens and encumbrances; that he has the right to sell the same.

SELLER x Claudia Castrellon

BY x _____

SUBSCRIBED AND SWORN TO BEFORE ME THIS 24 DAY OF February, 2009

Deanda Welch

Notary Public for the STATE of Texas

My Commission Expires: August 16, 2009

DEANDA WELCH
Notary Public, State of Texas
My Commission Expires
August 16, 2009

(221)

APPLICATION FOR TEXAS CERTIFICATE OF TITLE

→ SHADED AREAS ARE TO BE COMPLETED BY THE SELLER ←

→ TYPE OR PRINT NEATLY IN INK ←

TAX OFFICE USE ONLY

Tax Collector _____ County _____

Date _____ Transaction Number _____

County Use Only

1. Vehicle Identification Number	2. Year	3. Make	4. Body Style
97180	1997	WICH	TRAC

☐ SPV $ _____

5. Model	6. Odometer Reading	7. Empty Weight	8. Carrying Capacity (lbs.)	9. Tonnage
	198[illegible]			

☐ Appraisal Value $ _____

10. Trailer Type	11. Plate No.	12. Vehicle Unit No.
☐ Semi ☐ Full		

13. Applicant's/Additional Applicant's Social Security Numbers (See * below) or Federal Tax ID Number

14. Applicant's/Owner's Name(s) CES Environmental Svc.

Address 4904 Briggs Rd.

City, State, Zip Code Houston TX. 77021 County Name

14a. Registrant's Name

(Renewal Notice Recipient)

Address

City, State, Zip Code County Name

☐ Statement of Fact for Non-Disclosure, VTR-171, Attached.

14b. Vehicle Physical Location

City, State, Zip Code

15. Previous Owner's Name Basic Energy

Address PO Box 10460

City, State, Zip Code Midland TX 79702

15a. GDN - Dealer Use Only

THIS MOTOR VEHICLE IS SUBJECT TO THE FOLLOWING FIRST LIEN

16. 1st Lien Date	1st Lienholder Name Address City, State, Zip Code	16a. Additional Lien(s)? ☐ **YES** (If additional liens are to be recorded, attach Form VTR-267.)

17. **FOR CORRECTED TITLE, CHECK REASON(S)** ☐ Change in Vehicle Description ☐ VIN ☐ Year ☐ Make ☐ Body Style ☐ Other ☐ No Change in Ownership Lien ☐ Add Lien ☐ Remove Lien ☐ Odometer Brand ☐ Odometer Reading

18. **ODOMETER DISCLOSURE** - FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE UPON TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I, _____, state that the odometer now reads _____ (no tenths).

** (Name of Seller/Agent)

THE MILEAGE SHOWN IS ☐ **A** - Actual Mileage ☐ **N** - Not Actual Mileage WARNING - ODOMETER DISCREPANCY ☐ **X** - Mileage Exceeds Mechanical Limits

** IF NO SELLER/AGENT, TITLE APPLICANT SHOULD CHECK ONE OF THE 3 BOXES ABOVE UNLESS NUMBER 6 INDICATES "EXEMPT."

MOTOR VEHICLE TAX STATEMENT

19. CHECK ONLY IF APPLICABLE

☐ I hold Motor Vehicle Retailer's (Rental) Permit No. _____ and will satisfy the minimum tax liability (V.A.T.S., Tax Code, §152.046 [c]).

☐ I am a Dealer or Lessor and qualify to take the Fair Market Value Deduction (V.A.T.S., Tax Code, §152.002 [c]).

20. DESCRIPTION OF VEHICLE TRADED IN (if any)	Year	Make	Vehicle Identification Number	20a. ADDITIONAL TRADE - INS? (Y/N)

21. SALES AND USE TAX COMPUTATION

☐	(a) **Sales Price ($_____ rebate has been deducted)**	$ 3250 00	☐ $90 New Resident Tax - (Previous State) _____
	(b) Less Trade - In Amount, Describe in Item 20 Above	$ ( )	☐ $5 Even Trade Tax
	(c) For Dealers/Lessors/Rental ONLY - Fair Market Value Deduction, Describe in Item 20 Above	$ ( )	☐ $10 Gift Tax
			☐ $65 Rebuilt Salvage Fee
	(d) Taxable Amount (Item a. minus Item b./Item c.)	$	☐ 2.5% Emissions Fee (Diesel Vehicles 1996 and Older > 14,000 lbs) _____
	(e) 6.25% Tax on Taxable Amount (Multiply Item d. by .0625)	$	☐ 1% Emissions Fee (Diesel Vehicles 1997 and Newer > 14,000 lbs) _____
	(f) Late Tax Payment Penalty ☐ 5% or ☐ 10%	$	☐ Exemption claimed under the Motor Vehicle Sales and Use Tax Law because
	(g) Tax Paid to _____ (STATE)	$	_____
	(h) AMOUNT OF TAX AND PENALTY DUE (Item e. plus Item f. minus Item g.)	$	☐ $28 or $33 APPLICATION FEE FOR CERTIFICATE OF TITLE (Contact your County Tax Assessor-Collector for the correct fee.)

I HEREBY CERTIFY THAT ALL STATEMENTS IN THIS DOCUMENT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

22. Claudia Castrellon — Claudia Castrellon — _____

Signature of SELLER, DONOR, OR TRADER | PRINTED NAME (Same as signature) | Date

23. _____ — _____ — _____

Signature of PURCHASER, DONEE, OR TRADER | PRINTED NAME (Same as signature) | Date

RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT (MARRIED PERSONS)

WE, THE PERSONS WHOSE SIGNATURES APPEAR HEREIN, HEREBY AGREE THAT THE OWNERSHIP OF THE VEHICLE DESCRIBED ON THIS APPLICATION FOR TITLE, SHALL FROM THIS DAY FORWARD BE HELD JOINTLY, AND IN THE EVENT OF DEATH OF EITHER OF THE PERSONS NAMED IN THE AGREEMENT, THE OWNERSHIP OF THE VEHICLE SHALL VEST IN THE SURVIVOR.

NON-MARRIED PERSONS ARE REQUIRED TO EXECUTE A RIGHTS OF SURVIVORSHIP OWNERSHIP AGREEMENT FOR A MOTOR VEHICLE, FORM VTR-122.

_____ SIGNATURE — _____ Date

_____ SIGNATURE — _____ Date

WARNING: Transportation Code, §501.155, provides that falsifying information on title transfer documents is a third-degree felony offense punishable by not more than ten (10) years in prison or not more than one (1) year in a community correctional facility. In addition to imprisonment, a fine of up to $10,000 may also be imposed.

* **NOTE:** Transportation Code, §501.0235, REQUIRES that the applicant's social security number be provided when applying for a certificate of title. If the applicant does not have a social security Number, Form VTR-171, Statement of Fact for Non-disclosure of a Social Security Number, must accompany this application. This information is requested for owner identification purposes.

Form-130-U (Rev. 8/2006)

EPAHO120001389

224

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of Three thousand two hundred fifty and no-
Dollars ($ 3250.00) and other valuable consideration the undersigned
(SELLER) does herby sell and transfer unto CES Environmental
(BUYER) his right, title and interest in and to the following vehicle or item of
equipment: 1998 WICHITA Portable Frac Tank
VIN-WTM98303

Lot# 224 sold in Auction # 09-0224 Seguin

The SELLER hereby warrants that he is the lawful owner of said vehicle or item of equipment; that it is free from all liens and encumbrances; that he has the right to sell the same.

SELLER x _____

BY x Claudia Castrellon

Claudia Castrellon

SUBSCRIBED AND SWORN TO BEFORE ME THIS 24 DAY OF February, 2009

Deanda Welch

Notary Public for the STATE of Texas

My Commission Expires: August 16, 2009

DEANDA WELCH
Notary Public, State of Texas
My Commission Expires
August 16, 2009

713-736-2335 Parent-

Rout
113122655

Acct
0331996

Robyn R. Hurlin
Attorney at Law
→ Parenting

Fax
713 697
5903

Jane White
BOA

314-46606788

to please
call her.

Steve
Downpayment
20,000
for tanks Boilers
Mis. Equi.
P.A.

Depco Power Systems, Inc.
8123 Hillsboro Avenue
Houston, TX 77029
http://www.depco.net
Ph: 713-675-6100
Fax: 713-675-6600

SALES ORDER

L3

ORDER NUMBER: 0013893
ORDER DATE: 9/18/2008
SALESPERSON: Ben Lukish
CUSTOMER NO: 0000429

SOLD TO:
CES Environment Services
4904 Griggs Road
Houston, TX 77021

SHIP TO:
,

CONFIRM TO:
Steve Stricker

CUSTOMER P.O.	SHIP VIA	SHIP TERMS	PMT TERMS
	CUST P/U		Prepaid

ITEM NUMBER	UNIT	ORDERED	SHIPPED	BACK ORDER	PRICE	AMOUNT
CT3208G-U	EACH	1.00	0.00	0.00	19,000.00	19,000.00
Cat 3208 Genset - Used			WHSE: 000			
serial# 5YF00888						

Net Order:	19,000.00
Less Discount:	0.00
Freight:	0.00
Sales Tax:	0.00
Order Total:	**19,000.00**

#111

L2

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Customer Proposal Letter

Steven K. Stricker
957 Mill Rd
Angleton, Tx 77515
713-676-1460
sstricker@cesenviromental.com
Steve Stricker

Steve Stricker, thank you for the opportunity to earn your business. We look forward to working with you on your business needs. Please accept the following proposal.

VEHICLE

Make Peterbilt Model 335 Year 2007 Stock Number P668281

Additional Vehicle and Accessories Description — To be delivered on or about 11/21/2008

2007 Peterbilt 335, Cummins 315 HP, Eaton 8 LL trans, 20K fronts, 40K rears.
Manitex 30102 30 Ton, 102' Main Boom, 26'-46' Jib. Total Reach 157'
Truck has 7,393 Total Miles on it

Quantity	1	Total
Truck Price per Unit	$189,250.00	$189,250.00
F.E.T. (Factory & Dealer Paid)	$0.00	$0.00
Net Sales Price	$189,250.00	$189,250.00
Optional Extended Warranty(ies)	($250.00)	($250.00)
State Sales Tax		
License, License Transfer, Registration Fee	$83.00	$83.00
Documentary Fee	$250.00	$250.00
Administration Fee		
Vehicle Inventory Tax		
Additional Taxes		
Tire Recycling Program		
Battery Disposal Fee		
Out of State Vehicle Fee		
Total Sales Price	$189,333.00	$189,333.00
Trade Allowance		$0.00*

* See DISCLAIMER below

Sales Representative — signature — Coleman, Gerald 26 (printed name)

Purchaser — signature — Steve Stricker (printed name)

Owner (title) — 11-7-08 (date)

Accepted by Sales Manager or General Manager — signature — printed name

Quote good until 12/4/2008

Note: The above Customer Proposal is a quotation only. Sale terms subject to approval of Sales Manager of Dealer.

DISCLAIMER: Any order based on this Proposal subject to Customer executing Dealer's standard form Retail Purchase Order incorporating above terms. Any documentary fees, state tax, title, registration and license fees subject to adjustment and change. Actual F.E.T. to be paid by Dealer, subject to adjustment. Any F.E.T. variance will be responsibility of Dealer. Manufacturer has reserved the right to change the price to Dealer of any vehicle not currently in Dealer's stock, without notice to Dealer. If Quoted Vehicle(s) not currently in Dealer's stock, Dealer reserves right to change Quotation Total to reflect any price increases from Manufacturer. This Proposal is based upon Dealer's current and expected inventory, which is subject to change. Dealer not obligated to retain any specific vehicles in stock, nor maintain any specific inventory level. Dealer shall not be obligated to fulfill Proposal in event quoted vehicle(s) not in stock or available within requested delivery schedule at time Proposal accepted. Dealer shall not be liable for any delay in providing or inability to provide Quoted Vehicle(s), where such inability or delay is due, in whole or in part, to any cause beyond the reasonable control of Dealer or is without the gross negligence or intended misconduct of Dealer. Above listed Trade Value based upon current appraisal of Trade Vehicle(s). Dealer may adjust Trade Value of Trade Vehicle(s) to reflect changes in condition and/or mileage of Trade Vehicle(s) between date of current appraisal and acceptance of this Proposal by Customer.

RTC Q-300-4/06

Printed on 11/4/2008 at 10:33 AM.

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

L 4 #270

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☐ New ☑ F.E.T. Applicable
☑ Used ☐ F.E.T. Exempt

Make	Trailer	Series	N16046
Year	2008	Body Type	
Color	SILVER	Trim	
Serial #	1S9T7422780017041		
Stock #	E101152		
To be delivered on or about	1/23/2008		

Date 01/23/2008

Steven K. Stricker
Customer's Name

Street	City	State	Zip
957 Mill Rd	Angleton	Tx	77515

SS# or Fed Id#	Business Phone	Fax
396-52-2090	713-676-1460	713.676.1676

Purchaser's Name

Street	City	State	Zip

SS# or Fed Id#	Business Phone	Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in _____ County.

LIENHOLDER INFORMATION

Date of Lien 01/23/2008
Lien Holder Paccar Financial Corp
PO Box 2144
Denton, TX 76202
8007277979

Draft Through

Sales Price	85,773.00
Factory Paid F.E.T.	0.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	0.00
Optional Factory Extended Warranties	0.00
Sub-Total	85,773.00
*Dealer Paid F.E.T. **	*10,092.00*
Local Taxes	0.00
License, Transfer, Title, Registration Fee	105.80
Dealer's Inventory Tax	0.00
Documentary Fee	0.00
Total Cash Delivered Price	95,970.80
Total Down Payment	4,800.00
Contract in Transit	91,170.80

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	4,800.00
◄	4,800.00

*See Trade-in details on page 4

A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS AND PERFORMING SERVICES RELATING TO THE CLOSING OF A SALE. A DOCUMENTARY FEE MAY NOT EXCEED *$50.00 FOR A MOTOR VEHICLE CONTRACT OR A REASONABLE AMOUNT AGREED TO* BY THE PARTIES FOR A HEAVY COMMERCIAL VEHICLE CONTRACT. THIS NOTICE IS REQUIRED BY LAW.

AGREED: _____

*SUBJECT TO ADJUSTMENT – FINAL F.E.T. MAY VARY.
ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

NOTICE: THE FOLLOWING ARE IMPORTANT PROVISIONS OF THIS ORDER
THIS ORDER CANCELS AND SUPERCEDES ANY PRIOR AGREEMENTS AND, AS OF THE DATE HEREOF, COMPRISES THE COMPLETE AND EXCLUSINVE STATEMENT OF THE TERMS OF THE AGREEMENT BETWEEN THE PARTIES.

IF ANY REPRESENTATIONS, SPECIFICATIONS OR OTHER AGREEMENTS ARE RELIED UPON BY CUSTOMER, THEY MUST BE IN WRITING AND SPECIFICALLY IDENTIFIED AND REFERENCED IN THIS ORDER; OTHERWISE, THEY WILL NOT BE BINDING ON OR ENFORCEABLE AGAINST SELLER.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

The Dealer's Inventory Tax charge is intended to reimburse the dealer for ad valorem taxes on its motor vehicle inventory. The charge, which is paid by the dealer to the county tax assessor-collector, is not a tax imposed on a consumer by the government, and is not required to be charged by the dealer to the consumer.

Customer, by the execution of this Order, offers to purchase the motor vehicle described above upon the terms and conditions contained herein. Customer acknowledges that Customer has read the terms and conditions of this Order and has received a true copy of this Order.

This Order consists of this Page, as well as Pages 2 through 3, which are initialed for identification, and only those other documents, which are specifically identified and referenced in this Order.

_____ 1-23-08
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001396

#211

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☐ New ☑ F.E.T. Applicable
☑ Used ☐ F.E.T. Exempt

Make	Trailer	Series	N16046
Year	2008	Body Type	
Color	SILVER	Trim	
Serial #	1S9T7422980017042		
Stock #	E101153		
To be delivered on or about	1/23/2008		

Date 01/22/2008

Steven K. Stricker
Customer's Name

Street	City	State	Zip
957 Mill Rd	Angleton	Tx	77515

SS# or Fed Id#	Business Phone	Fax
396-52-2090	713-676-1460	713.676.1676

Purchaser's Name

Street	City	State	Zip

SS# or Fed Id#	Business Phone	Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in _____ County.

LIENHOLDER INFORMATION

Date of Lien 01/23/2008
Lien Holder Paccar Financial Corp
PO Box 2144
Denton, TX 76202
8007277979

Draft Through

Sales Price	85,773.00
Factory Paid F.E.T.	0.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	0.00
Optional Factory Extended Warranties	0.00
Sub-Total	85,773.00
Dealer Paid F.E.T. *	10,092.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	105.80
Dealer's Inventory Tax	0.00
Documentary Fee	0.00
Total Cash Delivered Price	95,970.80
Total Down Payment	4,800.00
Contract in Transit	91,170.80

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	4,800.00
◄	4,800.00

*See Trade-in details on page 4

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AGREED: _____

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ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

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1-23-08
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001397

#4003

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☑ F.E.T. Applicable
☐ Used ☐ F.E.T. Exempt

Make	Peterbilt	Series	388
Year	2008	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPWD09X98D769484		
Stock #	P769484		
To be delivered on or about	1/25/2008		

Includes:
Wet Kit
Chrome Caps and Nutcovers

Date 01/14/2008

Steven K. Stricker
Customer's Name

957 Mill Rd | Angleton | Tx | 77515
Street | City | State | Zip

396-52-2090 | 713-676-1460 | 713.676.1676
SS# or Fed Id# | Business Phone | Fax

Purchaser's Name

Street | City | State | Zip

SS# or Fed Id# | Business Phone | Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angleton County.

LIENHOLDER INFORMATION

Date of Lien 1-14-08
Lien Holder Paccar Financial Corp.
P.O. Box 2144
Denton, Tx 76202-2144
800.727.7979

Draft Through

Sales Price	101,197.00
Factory Paid F.E.T.	10,736.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	10,736.00
Optional Factory Extended Warranties	0.00
Sub-Total	111,933.00
Dealer Paid F.E.T. *	630.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	78.00
Dealer's Inventory Tax	0.00
Documentary Fee	250.00
Total Cash Delivered Price	112,891.00
Total Down Payment	0.00
Unpaid Cash Balance Due on Delivery	112,891.00

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	0.00
◄	0.00

*See Trade-in details on page 4

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AGREED: _____

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(X) _____ 1-14-08
Customer's Signature Date

OFFER RECEIVED BY: _____ 1/14/08
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001398

2002

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☐ Used ☑ F.E.T. Applicable ☐ F.E.T. Exempt

Make	Peterbilt	Series	388
Year	2008	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPWD09X78D769483		
Stock #	P769483		
To be delivered on or about	1/25/2008		

Includes:	
Wet Kit	
Chrome caps & nutcovers	
Sales Price	101,197.00
Factory Paid F.E.T.	10,736.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	10,736.00
Optional Factory Extended Warranties	0.00
Sub-Total	111,933.00
Dealer Paid F.E.T. *	630.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	78.00
Dealer's Inventory Tax	0.00
Documentary Fee	250.00
Total Cash Delivered Price	112,891.00
Total Down Payment	0.00
Unpaid Cash Balance Due on Delivery	112,891.00

Date 01/14/2008

Steven K. Stricker
Customer's Name

957 Mill Rd	Angleton	Tx	77515
Street	City	State	Zip
396-52-2090	713-676-1460	713.676.1676	
SS# or Fed Id#	Business Phone	Fax	

Purchaser's Name

Street	City	State	Zip
SS# or Fed Id#	Business Phone	Fax	

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angelton County.

LIENHOLDER INFORMATION

Date of Lien 01/14/2008
Lien Holder Paccar Financial Corp.
P.O. Box 2144
Denton, Tx 76202-2144
800.727.7979

Draft Through

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	0.00
◄	0.00

*See Trade-in details on page 4

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AGREED: X _____

*SUBJECT TO ADJUSTMENT – FINAL F.E.T. MAY VARY.
ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

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X _____ 1-14-08
Customer's Signature Date

OFFER RECEIVED BY: _____ 1-14-08
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001399

2004

L1

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☑ F.E.T. Applicable
☐ Used ☐ F.E.T. Exempt

Make	Peterbilt	Series	384
Year	2009	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPVD09X69D784389		
Stock #	P784389		
To be delivered on or about	10/15/2008		

Date 10/08/2008

Steven K. Stricker
Customer's Name

957 Mill Rd | Angleton | Tx | 77515
Street | City | State | Zip

396-52-2090 | 713-676-1460 | 713.676.1676
SS# or Fed Id# | Business Phone | Fax

Key Equipment Finance, Inc.
Purchaser's Name

3075 Highland Pkwy, 7th Floor | Downers Grove | Il | 60515
Street | City | State | Zip

888-357-9457 | 866-256-2230
SS# or Fed Id# | Business Phone | Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angleton County.

Includes:	
Wet Kit	
Sales Price	101,016.00
Factory Paid F.E.T.	10,409.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	10,409.00
Optional Factory Extended Warranties	0.00
Sub-Total	111,425.00
Dealer Paid F.E.T. *	684.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	78.00
Dealer's Inventory Tax	0.00
Documentary Fee	50.00
Total Cash Delivered Price	112,237.00
Total Down Payment	0.00
Unpaid Cash Balance Due on Delivery	112,237.00

LIENHOLDER INFORMATION

Date of Lien
Lien Holder
Draft Through

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	0.00
◄----------	0.00

*See Trade-in details on page 4

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AGREED: _____

*SUBJECT TO ADJUSTMENT – FINAL F.E.T. MAY VARY.
ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

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***Customer, by the execution of this Order, offers to purchase the motor vehicle* described above upon the terms and conditions contained herein. Customer acknowledges that Customer has read the terms and conditions of this Order and has received a true copy of this Order.**

This Order consists of this Page, as well as Pages 2 through 3, which are initialed for identification, and only those other documents, which are specifically identified and referenced in this Order.

_____
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001400

#2005

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☑ F.E.T. Applicable
☐ Used ☐ F.E.T. Exempt

Make	Peterbilt	Series	384
Year	2009	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPVD09X29D784390		
Stock #	P784390		
To be delivered on or about	10/17/2008		

INCLUDES:
Wet Kit

Date 10/08/2008

Steven K. Stricker
Customer's Name

957 Mill Rd | Angleton | Tx | 77515
Street | City | State | Zip

396-52-2090 | 713-676-1460 | 713.676.1676
SS# or Fed Id# | Business Phone | Fax

Key Equipment Finance, Inc.
Purchaser's Name

3075 Highland Pkwy, 7th Floor | Downers Grove | Il | 60515
Street | City | State | Zip

888-357-9457 | 866-256-2230
SS# or Fed Id# | Business Phone | Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angelton County.

LIENHOLDER INFORMATION

Date of Lien
Lien Holder

Sales Price	101,016.00
Factory Paid F.E.T.	10,409.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	10,409.00
Optional Factory Extended Warranties	0.00
Sub-Total	111,425.00
Dealer Paid F.E.T. *	684.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	78.00
Dealer's Inventory Tax	0.00
Documentary Fee	50.00
Total Cash Delivered Price	112,237.00
Total Down Payment	0.00
Unpaid Cash Balance Due on Delivery	112,237.00

Draft Through

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	0.00
◄----------	0.00

*See Trade-in details on page 4

A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS AND PERFORMING SERVICES RELATING TO THE CLOSING OF A SALE. A DOCUMENTARY FEE MAY NOT EXCEED $50.00 FOR A MOTOR VEHICLE CONTRACT OR A REASONABLE AMOUNT AGREED TO BY THE PARTIES FOR A HEAVY COMMERCIAL VEHICLE CONTRACT. THIS NOTICE IS REQUIRED BY LAW.

AGREED: _____

*SUBJECT TO ADJUSTMENT -- FINAL F.E.T. MAY VARY.
ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

NOTICE: THE FOLLOWING ARE IMPORTANT PROVISIONS OF THIS ORDER
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THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

The Dealer's Inventory Tax charge is intended to reimburse the dealer for ad valorem taxes on its motor vehicle inventory. The charge, which is paid by the dealer to the county tax assessor-collector, is not a tax imposed on a consumer by the government, and is not required to be charged by the dealer to the consumer.

Customer, by the execution of this Order, offers to purchase the motor vehicle described above upon the terms and conditions contained herein. Customer acknowledges that Customer has read the terms and conditions of this Order and has received a true copy of this Order.

This Order consists of this Page, as well as Pages 2 through 3, which are initialed for identification, and only those other documents, which are specifically identified and referenced in this Order.

_____
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001401

2026

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☑ F.E.T. Applicable
☐ Used ☐ F.E.T. Exempt

Make	Peterbilt	Series	384
Year	2009	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPVD09X49D784391		
Stock #	P784391		
To be delivered on or about	10/17/2008		

Date 10/08/2008

Steven K. Stricker
Customer's Name

957 Mill Rd	Angleton	Tx	77515
Street	City	State	Zip
396-52-2090	713-676-1460	713.676.1676	
SS# or Fed Id#	Business Phone	Fax	

Key Equipment Finance, Inc.
Purchaser's Name

3075 Highland Pkwy, 7th Floor	Downers Grove	Il	60515
Street	City	State	Zip
	888-357-9457	866-256-2230	
SS# or Fed Id#	Business Phone	Fax	

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angelton County.

INCLUDES:	
Wet Kit	
Sales Price	101,016.00
Factory Paid F.E.T.	10,409.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	10,409.00
Optional Factory Extended Warranties	0.00
Sub-Total	111,425.00
Dealer Paid F.E.T. *	684.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	78.00
Dealer's Inventory Tax	0.00
Documentary Fee	50.00
Total Cash Delivered Price	112,237.00
Total Down Payment	0.00
Unpaid Cash Balance Due on Delivery	112,237.00

LIENHOLDER INFORMATION

Date of Lien

Lien Holder

Draft Through

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	0.00
◄	0.00

*See Trade-in details on page 4

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_____
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001402

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

ADDITIONAL TERMS AND CONDITIONS

___ DISCLAIMER OF CONSEQUENTIAL DAMAGES: In the event of any civil action by Purchaser against Dealer or Manufacturer, Customer shall not be entitled to recover any consequential damages as defined in the Uniform Commercial Code, as enacted in the state where Dealer is located, including but not limited to, loss of profits and down time.

___ WARNING: Air Leaf with tracking rod suspension, which has a ride height approximately 2.4 inches higher than that of the low air leaf suspension is generally not suitable for high cube/low frame height applications. Customer should verify its height requirements and specify the low air leaf suspension when a lower frame height is required.

___ ANY WARRANTIES ON THE PRODUCT(S) SOLD HEREBY ARE THOSE MADE BY MANUFACTURER. ANY PRINTED MANUFACTURER'S WARRANTY DELIVERED TO CUSTOMER WITH SAID PRODUCT(S) IS A CONTRACT SOLELY BETWEEN MANUFACTURER AND CUSTOMER AND IS NOT A PART OF THE SALE OR BARGAIN BETWEEN CUSTOMER AND DEALER. EXCEPT FOR ANY SUCH WARRANTY MADE BY MANUFACTURER, SAID PRODUCT(S) ARE SOLD ON AN "AS IS, WHERE IS" BASIS, IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTAABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EACH OF WHICH ARE EXPRESSLY DISCLAIMED.

___ If initialed, Customer has requested Dealer to have certain modifications performed on the Product, prior to its delivery to Customer using a third party contractor to perform such modifications. Dealer has agreed to do so, and has included the cost of such modifications in its sales price for the Product, conditioned upon the express understanding and agreement of Customer that such modifications shall be subject to the terms and conditions of the Modifications Rider, which is attached hereto and incorporated herein for all purposes.

___ PLACEMENT OF ANY CUSTOMER'S DEPOSIT INTO DEALER'S ACCOUNT SHALL NOT MEAN THAT DEALER HAS ACCEPTED THIS ORDER. THIS ORDER SHALL NOT BECOME BINDING UPON DEALER, UNTIL ACCEPTED BY DEALER'S AUTHORIZED REPRESENTATIVE. A LIST OF AUTHORIZED REPRESENTATIVES MAY BE OBTAINED, BY REQUEST SENT TO THE ADDRESS LISTED HEREIN.

1. **Parties to Order; Definitions.** As used in this Order, the terms: (a) "Dealer" shall mean the authorized Dealer to whom this Order is addressed and who shall become a party hereto only by its acceptance hereof; (b) "Customer" shall mean the party executing this Order as such on the face hereof; (c) "Manufacturer" shall mean the Corporation that manufactured the Product, it being understood by Customer and Dealer that Dealer is in no respect the agent of Manufacturer, that Dealer and Customer are the sole parties to this Order and that reference to Manufacturer herein is for the purpose of explaining generally certain contractual relationships existing between Dealer and Manufacturer with respect to the Product; (d) "Product" or "Products" shall mean the new and/or used vehicle or vehicles or other products, which are being purchased by Customer, as set forth in this Order.

2. **Changes by Manufacturer; Effect on Order.** Manufacturer has reserved the right to change the price to Dealer of new motor vehicles without notice, in the event the price to Dealer of motor vehicles of the series and style ordered hereunder is changed by Manufacturer prior to delivery of the new motor vehicle ordered hereunder to Customer, Dealer reserves the right to change, the cash delivered price of such motor vehicle to Customer accordingly. If such cash delivered price is increased by Dealer, Customer may, if dissatisfied there with, cancel this Order, in which event if a motor vehicle has been traded in as a part of the consideration for such motor vehicle, such used motor vehicle shall be returned to Customer upon payment of a reasonable charge for storage and repairs (if any) or, it such used motor vehicle has been previously sold by Dealer, the amount received therefor, less a selling commission of 15% and any expense incurred in storing, insuring, conditioning or advertising said used motor vehicle for sale, shall be returned to Customer.

3. **Reappraisal of Used Motor Vehicle.** If the used motor vehicle which has been traded in as a part of the consideration for the motor vehicle ordered hereunder is not to be delivered to Dealer until delivery to Customer of such motor vehicle, the used motor vehicle shall be reappraised at that time and such reappraised value shall determine the allowance made for such used motor vehicle. If such reappraised value is lower than the original allowance therefor shown on the front of this Order, Customer may, if dissatisfied therewith, cancel this Order, provided, however, that such right to cancel is exercised prior to the delivery of the motor vehicle ordered hereunder to the Customer and surrender of the used motor vehicle to Dealer.

4. **Delivery of Used Motor Vehicle by Customer; Customer Warranty of Title.** Customer agrees to deliver to Dealer satisfactory evidence of title to any used motor vehicle traded in as a part of the consideration for the motor vehicle ordered hereunder at the time of delivery of such used motor vehicle to Dealer. Customer warrants any such used motor vehicle to be his property and free and clear of all liens and encumbrances except as otherwise noted herein.

5. **Refusal of Acceptance of Motor Vehicle; Rights of Dealer.** Unless this Order shall have been cancelled by Customer under and in accordance with the provisions of paragraph 2 or 3 above, Dealer shall have the right, upon failure or refusal of Customer to accept delivery of any product ordered hereunder and to comply with the terms of this Order, or upon the existence of circumstances, which provide Dealer with a reasonable basis for believing Customer intends to breach its obligations under this Order, to exercise any and/or all of the following remedies: cancel this Order; retain any cash deposit made by Customer; in the event a used motor vehicle has been traded in as a part of the consideration for the product ordered hereunder, sell such used motor vehicle and reimburse itself out of the proceeds of such sale for the expenses specified in Paragraph 2 above and for such other expenses and losses as Dealer may incur or suffer as a result of such failure or refusal by Customer; and, take such other action and pursue such other remedies as are allowed by law.

6. **Changes in Design by Manufacturer.** Manufacturer has reserved the right to change the design of any new motor vehicle, chassis, accessories or parts thereof at any time without notice and without obligation to make the same or any similar change, in any motor vehicle, chassis, accessories or parts thereof previously purchased by or shipped to Dealer or being manufactured or sold in accordance with Dealer's Orders. Correspondingly, in the event of any such change by Manufacturer, Dealer shall have the right, but no obligation to Customer, to make the same or any similar change, in any motor vehicle, chassis, accessories or parts thereof covered by this Order either before or subsequent to delivery thereof to Customer.

7. **Delay or Failure in Delivery; Limitation of Dealer Liability.** Dealer shall not be liable for failure to deliver or delay in delivering any product covered by this Order where such failure or delay is due, in whole or in part, to any cause beyond the reasonable control or is without the gross negligence or intended misconduct of Dealer.

8. **Liability for taxes.** The price for the product specified on the face of this Order includes reimbursement for Federal Excise taxes, but does not include sales taxes or occupational taxes based on sales volume, (Federal, State or Local) unless expressly so stated. Customer assumes and agrees to pay, unless prohibited by law, any such sales or use of occupational taxes imposed on or applicable to the transaction covered by this Order, regardless of which party may have primary tax liability thereof.

Customer Initial _____

EPAHO120001403

9. **Execution of Other Documents; Further Action.** Customer, before, at the time of delivery of the product covered by this Order, or thereafter, will execute such other forms of agreement or documents or instruments or corrective filings as may be required by the terms and conditions of payment indicated on the front of this Order and will use all commercially reasonable efforts to do or cause such other things as may be reasonably necessary or desirable to be done to effect the provisions and purposes of this Order.

10. **Request for List of Dealer's Authorized Representatives.** Customer, to request a list of Dealer's Authorized Representatives, should contact: Rush Truck Centers, P.O. Box 34630, San Antonio, TX 78265-4630, Attention: Customer Service. Customer, in making a request, should specify the dealership location, which is the subject of the request. Or visit the Website of Dealer's parent corporation, Rush Enterprises, Inc., at www.rush-enterprises.com.

11. **Execution and Delivery by Facsimile Transmission.** If this Order or any document executed in connection with this Order is delivered by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen (a "fax"), such execution and delivery shall be considered valid, binding and effective for all purposes as an original document. Additionally, the signature of any party on this Order transmitted by way of a facsimile machine shall be considered for all purposes as an original signature. Any such faxed document shall be considered to have the same binding legal effect as an original document. At the request of Dealer, any faxed document shall be re-executed by Customer in an original form.

12. ***Fees and Expenses of Actions.*** If any legal action (an "Action"), is commenced by Dealer, including an Action for declaratory relief, to enforce or interpret the terms of this Order, or any document or instrument executed in connection with or pursuant to this Order, or involving any controversy or claim between or among the parties to this Order, whether sounding in contract, tort or statute, whether through arbitration, probate, bankruptcy, receivership or other judicial or administrative proceeding, Dealer shall, if Dealer prevails in such Action, be entitled to recover reasonable attorney's fees, paralegal costs, expert witness and consulting expert fees and costs, and other expenses, costs and necessary disbursements incurred by Dealer in the investigation, preparation, pursuit or defense of any claim asserted by any party in such Action (including allocated costs for in-house legal services), in addition to any other relief to which Dealer may be otherwise entitled, at law or hereunder, in the amount determined by the fact-finder(s) or arbitrator(s)

13. **Gender and Number.** Unless otherwise required by context, the genders shall include each other and the singular shall include the plural and the plural the singular.

14. **Headings, Etc.** Headings, table of contents, captions, titles and marginal notations are for convenience only and shall not limit or restrict the interpretation or construction of the passage(s) to which such headings, table of contents, captions, titles and notations may relate.

15. **Governing Law; Jurisdiction and Venue; Performance.** Except to the extent that the laws of the United States may apply or otherwise control this Order, the rights and obligations of the parties hereunder shall be governed by, construed and interpreted in accordance with the laws of the State in which Dealer is located, without regard to conflict of law principals. The County where Dealer's dealership is located shall be the proper place of venue to enforce payment under the performance of this Order.

16. **Waiver.** No waiver of any term of this Order shall be valid unless it is in writing and signed by Dealer's Authorized Representative. The failure of Dealer at any time or times to require performance of any provision hereof shall in no manner affect the right to enforce the same. No waiver by Dealer of any condition contained in this Order, or of the breach of any term, provision, representation, warranty or covenant contained in this Order, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or as a waiver of any other condition or of the breach of any other term, provision, representation, warranty or covenant.

17. **Customer's Deposit.** Any Customer's Deposit shall only be refunded, at the request of Customer if this Order has not been accepted within three (3) business days. Once accepted, any Customer's Deposit shall not be refunded except due to Dealer's failure to deliver the Product.

18. **Title; Security Interest and Lien.** Title to any Product shall pass to Customer, only when Customer has paid all amounts due from Customer for the purchase of the Product. Notwithstanding the foregoing, should Customer be deemed to have acquired title to the Product by law, at any time when Customer has not paid the entire amount due for the purchase of the Product, or any check delivered by Customer in payment of the purchase price of the Product, is returned to Dealer, unpaid for any reason, Dealer shall have a purchase money security interest in and/or lien against the Product and shall be entitled to take any action and file any documents to perfect its security interest in and/or lien against the Product. In such event, Customer hereby irrevocably appoints Dealer as its agent and attorney in fact, coupled with an interest, to execute any documents or statements in behalf of Customer.

19. **Attachments. If checked, attached to this Order and made a part hereof are the following:**

___ **Modifications Rider;**

___ **Detailed Truck Specifications;**

___ _____;

___ _____.

WARNING: Contains Freon (CFC 12) and manufactured with 1,1,1 Trichloroethane (methyl chloroform) substances which harm public health and environment by destroying ozone in the atmosphere.

Customer Initial _____

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

From Greg
Unit 2002

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☑ New ☑ F.E.T. Applicable
☐ Used ☐ F.E.T. Exempt

Make	Peterbilt	Series	388
Year	2008	Body Type	
Color	L3781 VIPER RED	Trim	
Serial #	1XPWD09X78D769483		
Stock #	P769483		
To be delivered on or about	1/25/2008		

Includes:
Wet Kit
Chrome caps & nutcovers

Date 01/14/2008

Steven K. Stricker
Customer's Name

Street	City	State	Zip
957 Mill Rd	Angleton	Tx	77515

SS# or Fed Id#	Business Phone	Fax
396-52-2090	713-676-1460	713.676.1676

Purchaser's Name

Street	City	State	Zip

SS# or Fed Id#	Business Phone	Fax

Coleman, Gerald 26
By Salesman

Truck Will be Titled in Angelton County.

LIENHOLDER INFORMATION

Date of Lien 01/14/2008
Lien Holder Paccar Financial Corp.
P.O. Box 2144
Denton, Tx 76202-2144
800.727.7979

Draft Through

Sales Price	101,197.00		
Factory Paid F.E.T.	10,736.00		
F.E.T. Tire Credit	0.00		
Total Factory Paid F.E.T.	10,736.00		
Optional Factory Extended Warranties	0.00		
Sub-Total	111,933.00		
Dealer Paid F.E.T. *	630.00		
Local Taxes	0.00	Total Used Vehicle Allowance *	0.00
License, Transfer, Title, Registration Fee	78.00	Less Total Balance Owed	0.00
Dealer's Inventory Tax	0.00	Total Net Allowance on Used Vehicle(s)	0.00
Documentary Fee	250.00	Deposit or Credit Balance	0.00
Total Cash Delivered Price	112,891.00	Cash with Order	0.00
Total Down Payment	0.00	<.....	0.00
Unpaid Cash Balance Due on Delivery	112,891.00	*See Trade-in details on page 4	

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AGREED: (X) _____

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ANY F.E.T. VARIANCE RESPONSIBILITY OF DEALER

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(X) _____ 1-14-08
Customer's Signature Date

OFFER RECEIVED BY: _____ 1-14-08
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001405

From Greg
unit 271

Rush Truck Center, Houston
10200 North Loop East
Houston, TX 77029
713-691-4511

Retail Sales Order

SALES ORDER

Please enter my order for the following:
☐ New ☑ F.E.T. Applicable
☑ Used ☐ F.E.T. Exempt

Make	Trailer	Series	N16046
Year	2008	Body Type	
Color	SILVER	Trim	
Serial #	1S9T7422980017042		
Stock #	E101153		
To be delivered on or about	1/23/2008		

Date 01/22/2008

Steven K. Stricker
Customer's Name

957 Mill Rd	Angleton	Tx	77515
Street	City	State	Zip
396-52-2090	713-676-1460	713.676.1676	
SS# or Fed Id#	Business Phone	Fax	

Purchaser's Name

Street	City	State	Zip
SS# or Fed Id#	Business Phone	Fax	

Coleman, Gerald 26
By Salesman

Truck Will be Titled in _____ County.

Sales Price	85,773.00
Factory Paid F.E.T.	0.00
F.E.T. Tire Credit	0.00
Total Factory Paid F.E.T.	0.00
Optional Factory Extended Warranties	0.00
Sub-Total	85,773.00
Dealer Paid F.E.T. *	10,092.00
Local Taxes	0.00
License, Transfer, Title, Registration Fee	105.80
Dealer's Inventory Tax	0.00
Documentary Fee	0.00
Total Cash Delivered Price	95,970.80
Total Down Payment	4,800.00
Contract in Transit	91,170.80

LIENHOLDER INFORMATION

Date of Lien 01/23/2008
Lien Holder Paccar Financial Corp
PO Box 2144
Denton, TX 76202
8007277979

Draft Through

Total Used Vehicle Allowance *	0.00
Less Total Balance Owed	0.00
Total Net Allowance on Used Vehicle(s)	0.00
Deposit or Credit Balance	0.00
Cash with Order	4,800.00
◄	4,800.00

*See Trade-in details on page 4

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_____ 1-23-08
Customer's Signature Date

OFFER RECEIVED BY: _____
SALES REPRESENTATIVE Date

OFFER ACCEPTED BY: _____
AUTHORIZED REPRESENTATIVE Date

EPAHO120001406

STE
Stainless
TANK &
EQUIPMENT

801 4th Street
Beloit, WI 53511
608 368 9663 tel
608 368 9665 fax

www.stainlesstanker.com

From Greg.

October 24, 2007

GES Environmental Services
4904 Griggs Rd
Houston, TX 77021

Attention Steve Stricker,

Dear Steve,

In confirmation of our phone conversation, enclosed is the specification NK-3687 on the 6500 gallon one compartment DOT-407 ASME non-insulated transport tank.

Your net price including federal excise tax is $95,865.00 per tank FOB Beloit Wisconsin.

I am sure you are aware of the volatile pricing on stainless. The above quote is based on $2.18 for 304 stainless steel. You will be subject to a stainless steel surcharge increase or decrease, dependent on the market volatility.

This price does not include any State or Local taxes and is good for a period of thirty days.

Our manufacturing lead time is about 10-15 weeks from the time we receive your order. Terms are net cash on completion of each tank.

Thank you for giving us the opportunity to quote on your needs and feel free to call me if you have any questions at 608-368-9663 ext 224.

Very truly yours

Paul E. Krueger

Nancy Dilly
920-960-7393

OCT-24-2007(WED) 06:11 STAINLESS TANK & EQUIPMENT (FAX)608 368 9665 P.001/006

EPAHO120001407

STE
Stainless
TANK &
EQUIPMENT

801 4th Street
Beloit, WI 53511
608 368 9663 tel
608 368 9665 fax

www.stainlesstanker.com

October 23, 2007 NK-3687

ST&E SPECIFICATIONS FOR 6,500 GALLON DOT-407 ASME
STRAIGHT BORE TYPE 304-2B STAINLESS STEEL
NON-INSULATED TRANSPORT TANK
PREPARED FOR CES ENVIROMENTAL SERVICES

1. Capacity	6,500 Gallons with 3% overage
2. Compartments	Single
3. Shape	Round Straight Bore with 2 1/2" pitch to rear
4. Products	Classified
5. Maximum Product Weight	13 pounds per gallon
6. Product Temperture	170° degrees F maximum termperature
7. Code	DOT-407 ASME
8. Working Pressure	25 PSI with 40 PSI test & Full Vacuum
9. Tank Shell & Finish	8 gauge type 304-2B stainless steel
10. Tank Head	3/16" thick ASME flanged & dished heads #4 finish outside
11. Inside Weld Finish	All inside welds ground snag free with 12" wide section on bottom ground flush for drainage
12. Baffles	None
13. Heat Section	None
14. Manhole	Four 20" diameter 316 stainless full opening chemical type manholes with 6 hold-downs, Buna-N gasket & hinge pin at front located at center of tank, front, rear, and at bottom of rear head flush with bottom of tank for drainage.

OCT-24-2007(WED) 06:11 STAINLESS TANK & EQUIPMENT (FAX)608 368 9665 P.002/006

EPAHO120001408

15. Clean Outs	None
16. Vents	Girard DOT-407 pressure vent set at 25 PSI located in center spill dam
17. Rings	10 gauge 304 stainless fully welded to inner tank
18. Bolsters	10 gauge 304 stainless steel
19. Frame	304 stainless sub frame
20. Insulation	None
21. Saddle Sheet	Stainless steel at fifth wheel plate
22. Outer Jacket	None
23. Outer Heads	None
24. Spill Dam	Stainless steel sides at front, center & rear Manhole
25. Spill Dam Hose	Two 1 ½" diameter Tigerflex drain hoses located one per side at each spill dam.
26. Roll Over	Stainless steel integral part of spill dam
27. Wrapper Top Back Up	None
28. Wrapper lap back up	None
29. Walkway	12" wide aluminum grip strut on curbside 9" above centerline of tank full length with hand rail between spill dams and to front rollover.
30. Ladder	One 16" stainless steel ladder with safety side rails located on curb side center manhole
31. Fenders	Aluminum on front with stainless supports under fender, hose trough to act as rear fenders.
32. Rear Light Box	Stainless steel bolt on
33. Lights & Wiring	Truck-Lite lights with wire harness system & center directional lights & 1 ½" stainless tube from front ring to front of running gear and work light at curb side rear running gear frame
34. Connector	7 way electric & air nose box located below centerline of front head

35. Mud Flaps	Heavy-duty Black anti-sail at front & rear with stainless supports.
36. Bumper	4" x 8" stainless steel DOT split channel type & 4" x 4" stainless steel underride guard
37. Tire Carrier	None
38. Landing Gear	2 speed, heavy-duty Jost leg with sand shoes with crank on curbside & stainless steel frame
39. Upper Fifth Wheel	Heavy-duty bolted adjustable plate
40. Hose Carrier	Two 24" wide x 6" high stainless steel hose trough x 21' long with drain hose at rear in bottom mounted one per side with stainless supports
4l. Suspension	Hutch CH 9700 -3 leaf spring suspension with stainless steel frame
42. Axles	22,500# capacity 5" round Rockwell TN-4671-Q axle with TN spindle x 71.5" track
43. Brakes	16 ½" x 7 non-asbestos S-Cam air & Haldex auto slacks
44. Wheels	10 stud Hub Pilot Unimount hub with outboard drums
45. Wheel Seals	Stemco Oil
46. Anti-Skid	Spring brakes & equipment to meet l2l standards with WABCO anti-skid. Run air lines in 1 ½" stainless tube.
47. Hubdometer	None
48. Rims	24.5 x 8.5 tubeless 10 hole Unimount Steel disc – painted white
49. Tires	285/75R24.5 x l4 ply Goodyear G-314 radial tires
50. Government Seals	On all openings
51 Emergency Valve	6" stainless steel disc & stem air to open / spring To close butterfly valve
52. Emergency Valve Oper	Air control lever located at rear with remote air control lever at street side front fender

53. Outlet Valve	4" stainless steel disc & stem lever butterfly valve
54. Valve Gaskets	EPDM
55. Outlet Fitting	4" stainless Quick coupler with stainless cap & plastic covered cable
56. Piping	Emergency valve to outlet valve at Rear of tank
57. Thermometer	None
58. Outside Weld Finish	All outside welds discoloration removed
59. Calibration	Theoretical in 1" increments
60. Paint	Prime & paint all mild steel parts DuPont Imron gray
61. Tractor	48" Fifth Wheel
62. Weight Laws	80,000# GVW 42' Oal Tank States of Operation: Federal Weight Laws
63. Flip Signs	Four stainless steel "DOT" flip sign holders
64. Rear loading Line	None
65. Primary	8" diameter stainless ball float with 3" air operated Butterfly valve in front manhole cover. With air toggle switch at secondary and rear
66. Secondary	6" ball float & ¾" stainless ball valve at bottom located curbside front with elbow to vacuum pump at landing gear.
67. Vacuum Pump & Frame	430 CFM Wittig air cooled pump RFL100 Vacuum pump coupled to a hydraulic motor Mounted behind landing gear with ¾" pressure and 1" return hydraulics to front
68. Level Indicator	8" ball level indicator located in rear head with indicator on curb side
69. Cabinets	Two stainless steel 18"H x 26"D x 30" W mounted on each side ahead of running gear frame with stainless doors & moonlite springs

70. Document Holder	Betts PS-1 curbside ladning gear frame
71. Pressure Gauge	Two 4" pressure / vacuum gauge at front secondary on curbside
72. Conspicuity	Red - White conspicuity tape both sides & rear.
73. Vent Line	2" ball valve at front top of tank to curb side rear of tank with 2" ball valve, quick coupler & dust cap

CUSTOMER APPROVAL DATED 10-26-07

NOTE: Any changes to the above specifications must be made in writing to STAINLESS TANK AND EQUIPMENT CO

Laboratory Orders

Kingwood Family Medicine, PA
22999 HWY 59 N, STE 128
KINGWOOD, TX 77339-4449
Phone: (281)348-3335 Fax: (281)348-3368

Order Date: March 05, 2009
Ordered By: Michelle E Legall, MD
Provider UPIN:

Patient: Bowman, Greg A
Acct#: BOWGRE0001
DOB: 08/20/1963
Gender: M

Address: 20702 Kings Crown Ct
Humble, TX 77346
Phone Number: (713)419-6076

Insurance	Group#:	Policy#:	Policy Holder:
1. AETNA HMO -	376895	BBP5PR8A	Bowman, Greg A
2.			
3.			

Laboratory Test Descriptions	CPT Code	ICD Code	In-House	STAT
General health panel (comprehensive metabolic, CBC, TSH)	80050	794.8 Nonspecific abnormality on liver f	☐	☐
Lipid panel (total cholesterol, HDL, triglycerides)	80061	V77.91 Screening for hyperlipidemia	☐	☐

Present this order to Quest

Please arrive fasting, nothing to eat or drink after midnight

Signature

CPT® is a registered trademark of the American Medical Association

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Simple Interest Contract Amortization Report
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02/25/2009

FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-3002469-000
COMMENCEMENT DATE: 05/15/2007
INCOME START DATE: 05/15/2007
EQUIPMENT COST: 74,665.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.9127172%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
05/15/2007	0.00	0.00	0.00	74,665.00
06/15/2007	1,510.82	492.34	1,018.48	73,646.52
07/15/2007	1,510.82	485.62	1,025.20	72,621.32
08/15/2007	1,510.82	478.86	1,031.96	71,589.36
09/15/2007	1,510.82	472.06	1,038.76	70,550.60
10/15/2007	1,510.82	465.21	1,045.61	69,504.99
11/15/2007	1,510.82	458.31	1,052.51	68,452.48
12/15/2007	1,510.82	451.37	1,059.45	67,393.03
FISCAL 2007	10,575.74	3,303.77	7,271.97	
01/15/2008	1,510.82	444.38	1,066.44	66,326.59
02/15/2008	1,510.82	437.35	1,073.47	65,253.12
03/15/2008	1,510.82	430.27	1,080.55	64,172.57

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		90-3002469		
04/15/2008	1,510.82	423.15	1,087.67	63,084.90
05/15/2008	1,510.82	415.98	1,094.84	61,990.06
06/15/2008	1,510.82	408.76	1,102.06	60,888.00
07/15/2008	1,510.82	401.49	1,109.33	59,778.67
08/15/2008	1,510.82	394.18	1,116.64	58,662.03
09/15/2008	1,510.82	386.81	1,124.01	57,538.02
10/15/2008	1,510.82	379.40	1,131.42	56,406.60
11/15/2008	1,510.82	371.94	1,138.88	55,267.72
12/15/2008	1,510.82	364.43	1,146.39	54,121.33
FISCAL 2008	18,129.84	4,858.14	13,271.70	
01/15/2009	1,510.82	356.87	1,153.95	52,967.38
02/15/2009	1,510.82	349.26	1,161.56	51,805.82
03/15/2009	1,510.82	341.60	1,169.22	50,636.60
04/15/2009	1,510.82	333.89	1,176.93	49,459.67
05/15/2009	1,510.82	326.13	1,184.69	48,274.98
06/15/2009	1,510.82	318.32	1,192.50	47,082.48
07/15/2009	1,510.82	310.46	1,200.36	45,882.12
08/15/2009	1,510.82	302.54	1,208.28	44,673.84
09/15/2009	1,510.82	294.58	1,216.24	43,457.60
10/15/2009	1,510.82	286.56	1,224.26	42,233.34
11/15/2009	1,510.82	278.48	1,232.34	41,001.00
12/15/2009	1,510.82	270.36	1,240.46	39,760.54
FISCAL 2009	18,129.84	3,769.05	14,360.79	
01/15/2010	1,510.82	262.18	1,248.64	38,511.90
02/15/2010	1,510.82	253.94	1,256.88	37,255.02
03/15/2010	1,510.82	245.66	1,265.16	35,989.86
04/15/2010	1,510.82	237.31	1,273.51	34,716.35

CONTRACT NUMBER: 090-3002469-000
COMMENCEMENT DATE: 05/15/2007
INCOME START DATE: 05/15/2007
EQUIPMENT COST: 74,665.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.9127172%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
05/15/2010	1,510.82	228.92	1,281.90	33,434.45
06/15/2010	1,510.82	220.46	1,290.36	32,144.09
07/15/2010	1,510.82	211.96	1,298.86	30,845.23
08/15/2010	1,510.82	203.39	1,307.43	29,537.80
09/15/2010	1,510.82	194.77	1,316.05	28,221.75
10/15/2010	1,510.82	186.09	1,324.73	26,897.02
11/15/2010	1,510.82	177.36	1,333.46	25,563.56
12/15/2010	1,510.82	168.56	1,342.26	24,221.30
FISCAL 2010	18,129.84	2,590.60	15,539.24	

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		90-3002469		
01/15/2011	1,510.82	159.71	1,351.11	22,870.19
02/15/2011	1,510.82	150.80	1,360.02	21,510.17
03/15/2011	1,510.82	141.84	1,368.98	20,141.19
04/15/2011	1,510.82	132.81	1,378.01	18,763.18
05/15/2011	1,510.82	123.72	1,387.10	17,376.08
06/15/2011	1,510.82	114.58	1,396.24	15,979.84
07/15/2011	1,510.82	105.37	1,405.45	14,574.39
08/15/2011	1,510.82	96.10	1,414.72	13,159.67
09/15/2011	1,510.82	86.77	1,424.05	11,735.62
10/15/2011	1,510.82	77.38	1,433.44	10,302.18
11/15/2011	1,510.82	67.93	1,442.89	8,859.29
12/15/2011	1,510.82	58.42	1,452.40	7,406.89
FISCAL 2011	18,129.84	1,315.43	16,814.41	
01/15/2012	1,510.82	48.84	1,461.98	5,944.91
02/15/2012	1,510.82	39.20	1,471.62	4,473.29
03/15/2012	1,510.82	29.50	1,481.32	2,991.97
04/15/2012	1,510.82	19.73	1,491.09	1,500.88
05/15/2012	1,510.82	9.94	1,500.88	0.00
FISCAL 2012	7,554.10	147.21	7,406.89	
Totals For 090-3002469-000	90,649.20	15,984.20	74,665.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2202096-000
COMMENCEMENT DATE: 12/15/2005
INCOME START DATE: 12/15/2005
EQUIPMENT COST: 34,477.63
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0235096%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/15/2005	0.00	0.00	0.00	34,477.63
FISCAL 2005	0.00	0.00	0.00	
01/15/2006	699.47	230.53	468.94	34,008.69
02/15/2006	699.47	227.39	472.08	33,536.61
03/15/2006	699.47	224.23	475.24	33,061.37
04/15/2006	699.47	221.06	478.41	32,582.96
05/15/2006	699.47	217.86	481.61	32,101.35
06/15/2006	699.47	214.64	484.83	31,616.52
07/15/2006	699.47	211.40	488.07	31,128.45
08/15/2006	699.47	208.13	491.34	30,637.11
09/15/2006	699.47	204.85	494.62	30,142.49
10/15/2006	699.47	201.54	497.93	29,644.56

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11/15/2006	699.47	198.21	501.26	29,143.30
12/15/2006	699.47	194.86	504.61	28,638.69
FISCAL 2006	8,393.64	2,554.70	5,838.94	
01/15/2007	699.47	191.49	507.98	28,130.71
02/15/2007	699.47	188.09	511.38	27,619.33
03/15/2007	699.47	184.67	514.80	27,104.53
04/15/2007	699.47	181.23	518.24	26,586.29
05/15/2007	699.47	177.76	521.71	26,064.58
06/15/2007	699.47	174.27	525.20	25,539.38
07/15/2007	699.47	170.76	528.71	25,010.67
08/15/2007	699.47	167.23	532.24	24,478.43
09/15/2007	699.47	163.67	535.80	23,942.63
10/15/2007	699.47	160.09	539.38	23,403.25
11/15/2007	699.47	156.48	542.99	22,860.26
12/15/2007	699.47	152.85	546.62	22,313.64
FISCAL 2007	8,393.64	2,068.59	6,325.05	
01/15/2008	699.47	149.19	550.28	21,763.36
02/15/2008	699.47	145.52	553.95	21,209.41
03/15/2008	699.47	141.81	557.66	20,651.75
04/15/2008	699.47	138.08	561.39	20,090.36
05/15/2008	699.47	134.33	565.14	19,525.22
06/15/2008	699.47	130.55	568.92	18,956.30
07/15/2008	699.47	126.75	572.72	18,383.58
08/15/2008	699.47	122.92	576.55	17,807.03
09/15/2008	699.47	119.06	580.41	17,226.62
10/15/2008	699.47	115.18	584.29	16,642.33
11/15/2008	699.47	111.27	588.20	16,054.13

CONTRACT NUMBER: 090-2202096-000
COMMENCEMENT DATE: 12/15/2005
INCOME START DATE: 12/15/2005
EQUIPMENT COST: 34,477.63
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0235096%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/15/2008	699.47	107.34	592.13	15,462.00
FISCAL 2008	8,393.64	1,542.00	6,851.64	
01/15/2009	699.47	103.38	596.09	14,865.91
02/15/2009	699.47	99.40	600.07	14,265.84
03/15/2009	699.47	95.39	604.08	13,661.76
04/15/2009	699.47	91.35	608.12	13,053.64
05/15/2009	699.47	87.28	612.19	12,441.45
06/15/2009	699.47	83.19	616.28	11,825.17
07/15/2009	699.47	79.07	620.40	11,204.77

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		90-2202096 AMORT		
08/15/2009	699.47	74.92	624.55	10,580.22
09/15/2009	699.47	70.74	628.73	9,951.49
10/15/2009	699.47	66.54	632.93	9,318.56
11/15/2009	699.47	62.31	637.16	8,681.40
12/15/2009	699.47	58.05	641.42	8,039.98
FISCAL 2009	8,393.64	971.62	7,422.02	
01/15/2010	699.47	53.76	645.71	7,394.27
02/15/2010	699.47	49.44	650.03	6,744.24
03/15/2010	699.47	45.09	654.38	6,089.86
04/15/2010	699.47	40.72	658.75	5,431.11
05/15/2010	699.47	36.31	663.16	4,767.95
06/15/2010	699.47	31.88	667.59	4,100.36
07/15/2010	699.47	27.42	672.05	3,428.31
08/15/2010	699.47	22.92	676.55	2,751.76
09/15/2010	699.47	18.40	681.07	2,070.69
10/15/2010	699.47	13.85	685.62	1,385.07
11/15/2010	699.47	9.26	690.21	694.86
12/15/2010	699.47	4.61	694.86	0.00
FISCAL 2010	8,393.64	353.66	8,039.98	
Totals For 090-2202096-000	41,968.20	7,490.57	34,477.63	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2215469-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 57,100.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1583344%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
04/01/2006	0.00	0.00	0.00	57,100.00
05/01/2006	1,793.48	388.20	1,405.28	55,694.72
06/01/2006	1,793.48	378.65	1,414.83	54,279.89
07/01/2006	1,793.48	369.03	1,424.45	52,855.44
08/01/2006	1,793.48	359.34	1,434.14	51,421.30
09/01/2006	1,793.48	349.59	1,443.89	49,977.41
10/01/2006	1,793.48	339.78	1,453.70	48,523.71
11/01/2006	1,793.48	329.89	1,463.59	47,060.12
12/01/2006	1,793.48	319.94	1,473.54	45,586.58
FISCAL 2006	14,347.84	2,834.42	11,513.42	
01/01/2007	1,793.48	309.93	1,483.55	44,103.03
02/01/2007	1,793.48	299.84	1,493.64	42,609.39
03/01/2007	1,793.48	289.68	1,503.80	41,105.59
04/01/2007	1,793.48	279.46	1,514.02	39,591.57
05/01/2007	1,793.48	269.17	1,524.31	38,067.26
06/01/2007	1,793.48	258.80	1,534.68	36,532.58

EPAHO120001420

07/01/2007	1,793.48	248.37	1,545.11	34,987.47
08/01/2007	1,793.48	237.87	1,555.61	33,431.86
09/01/2007	1,793.48	227.29	1,566.19	31,865.67
10/01/2007	1,793.48	216.64	1,576.84	30,288.83
11/01/2007	1,793.48	205.92	1,587.56	28,701.27
12/01/2007	1,793.48	195.13	1,598.35	27,102.92
FISCAL 2007	21,521.76	3,038.10	18,483.66	
01/01/2008	1,793.48	184.26	1,609.22	25,493.70
02/01/2008	1,793.48	173.32	1,620.16	23,873.54
03/01/2008	1,793.48	162.31	1,631.17	22,242.37
04/01/2008	1,793.48	151.22	1,642.26	20,600.11
05/01/2008	1,793.48	140.05	1,653.43	18,946.68
06/01/2008	1,793.48	128.81	1,664.67	17,282.01
07/01/2008	1,793.48	117.49	1,675.99	15,606.02
08/01/2008	1,793.48	106.10	1,687.38	13,918.64
09/01/2008	1,793.48	94.63	1,698.85	12,219.79
10/01/2008	1,793.48	83.08	1,710.40	10,509.39
11/01/2008	1,793.48	71.45	1,722.03	8,787.36
12/01/2008	1,793.48	59.74	1,733.74	7,053.62
FISCAL 2008	21,521.76	1,472.46	20,049.30	
01/01/2009	1,793.48	47.95	1,745.53	5,308.09
02/01/2009	1,793.48	36.09	1,757.39	3,550.70
03/01/2009	1,793.48	24.14	1,769.34	1,781.36

CONTRACT NUMBER: 090-2215469-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 57,100.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1583344%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
04/01/2009	1,793.48	12.12	1,781.36	0.00
FISCAL 2009	7,173.92	120.30	7,053.62	
Totals For 090-2215469-000	64,565.28	7,465.28	57,100.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2160331-000
COMMENCEMENT DATE: 08/01/2005
INCOME START DATE: 08/01/2005
EQUIPMENT COST: 187,620.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.5985224%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
08/01/2005	0.00	0.00	2,580.28	187,620.00
09/01/2005	3,768.31	1,188.03	2,596.62	185,023.38
10/01/2005	3,768.31	1,171.69	2,613.06	182,410.32
11/01/2005	3,768.31	1,155.25	2,629.61	179,780.71
12/01/2005	3,768.31	1,138.70	2,646.26	177,134.45
FISCAL 2005	17,719.50	4,653.67	13,065.83	
01/01/2006	3,768.31	1,122.05	2,663.02	174,471.43
02/01/2006	3,768.31	1,105.29	2,679.88	171,791.55
03/01/2006	3,768.31	1,088.43	2,696.85	169,094.70
04/01/2006	3,768.31	1,071.46	2,713.92	166,380.78
05/01/2006	3,768.31	1,054.39	2,731.11	163,649.67
06/01/2006	3,768.31	1,037.20	2,748.40	160,901.27

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		90-2160331		
07/01/2006	3,768.31	1,019.91	2,765.81	158,135.46
08/01/2006	3,768.31	1,002.50	2,783.32	155,352.14
09/01/2006	3,768.31	984.99	2,800.94	152,551.20
10/01/2006	3,768.31	967.37	2,818.68	149,732.52
11/01/2006	3,768.31	949.63	2,836.53	146,895.99
12/01/2006	3,768.31	931.78	2,854.49	144,041.50
FISCAL 2006	45,427.95	12,335.00	33,092.95	
01/01/2007	3,768.31	913.82	2,872.56	141,168.94
02/01/2007	3,768.31	895.75	2,890.75	138,278.19
03/01/2007	3,768.31	877.56	2,909.06	135,369.13
04/01/2007	3,768.31	859.25	2,927.48	132,441.65
05/01/2007	3,768.31	840.83	2,946.01	129,495.64
06/01/2007	3,768.31	822.30	2,964.67	126,530.97
07/01/2007	3,768.31	803.64	2,983.44	123,547.53
08/01/2007	3,768.31	784.87	3,002.33	120,545.20
09/01/2007	3,768.31	765.98	3,021.34	117,523.86
10/01/2007	3,768.31	746.97	3,040.48	114,483.38
11/01/2007	3,768.31	727.83	3,059.73	111,423.65
12/01/2007	3,768.31	708.58	3,079.10	108,344.55
FISCAL 2007	45,444.33	9,747.38	35,696.95	
01/01/2008	3,768.31	689.21	3,098.60	105,245.95
02/01/2008	3,768.31	669.71	3,118.22	102,127.73
03/01/2008	3,768.31	650.09	3,137.97	98,989.76
04/01/2008	3,768.31	630.34	3,157.84	95,831.92
05/01/2008	3,768.31	610.47	3,177.83	92,654.09
06/01/2008	3,768.31	590.48	3,197.95	89,456.14
07/01/2008	3,768.31	570.36	3,218.20	86,237.94

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Contract Amortization Report

CONTRACT NUMBER: 090-2160331-000
COMMENCEMENT DATE: 08/01/2005
INCOME START DATE: 08/01/2005
EQUIPMENT COST: 187,620.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.5985224%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
08/01/2008	3,768.31	550.11	3,238.58	82,999.36
09/01/2008	3,768.31	529.73	3,259.09	79,740.27
10/01/2008	3,768.31	509.22	3,279.73	76,460.54
11/01/2008	3,768.31	488.58	3,300.49	73,160.05
12/01/2008	3,768.31	467.82	3,321.39	69,838.66
FISCAL 2008	45,462.01	6,956.12	38,505.89	
01/01/2009	3,768.31	446.92	3,342.42	66,496.24
02/01/2009	3,768.31	425.89	3,363.59	63,132.65
03/01/2009	3,768.31	404.72	3,384.89	59,747.76

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04/01/2009	3,768.31	383.42	3,406.32	56,341.44
05/01/2009	3,768.31	361.99	3,427.89	52,913.55
06/01/2009	3,768.31	340.42	3,449.59	49,463.96
07/01/2009	3,768.31	318.72	3,471.44	45,992.52
08/01/2009	3,768.31	296.87	3,493.42	42,499.10
09/01/2009	3,768.31	274.89	3,515.54	38,983.56
10/01/2009	3,768.31	252.77	3,537.80	35,445.76
11/01/2009	3,768.31	230.51	3,560.20	31,885.56
12/01/2009	3,768.31	208.11	3,582.75	28,302.81
FISCAL 2009	45,481.08	3,945.23	41,535.85	
01/01/2010	3,768.31	185.56	3,605.43	24,697.38
02/01/2010	3,768.31	162.88	3,628.26	21,069.12
03/01/2010	3,768.31	140.05	3,651.24	17,417.88
04/01/2010	3,768.31	117.07	3,674.36	13,743.52
05/01/2010	3,768.31	93.95	3,697.62	10,045.90
06/01/2010	3,768.31	70.69	3,721.04	6,324.86
07/01/2010	3,768.31	47.27	3,744.58	2,580.28
FISCAL 2010	26,540.00	817.47	25,722.53	
Totals For 090-2160331-000	226,098.60	38,478.60	187,620.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2205165-000
COMMENCEMENT DATE: 08/01/2006
INCOME START DATE: 08/01/2006
EQUIPMENT COST: 69,950.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1666708%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
08/01/2006	0.00	0.00	0.00	69,950.00
09/01/2006	1,423.92	476.05	947.87	69,002.13
10/01/2006	1,423.92	469.60	954.32	68,047.81
11/01/2006	1,423.92	463.10	960.82	67,086.99
12/01/2006	1,423.92	456.56	967.36	66,119.63
FISCAL 2006	5,695.68	1,865.31	3,830.37	
01/01/2007	1,423.92	449.98	973.94	65,145.69
02/01/2007	1,423.92	443.35	980.57	64,165.12
03/01/2007	1,423.92	436.68	987.24	63,177.88
04/01/2007	1,423.92	429.96	993.96	62,183.92
05/01/2007	1,423.92	423.20	1,000.72	61,183.20
06/01/2007	1,423.92	416.39	1,007.53	60,175.67
07/01/2007	1,423.92	409.53	1,014.39	59,161.28
08/01/2007	1,423.92	402.63	1,021.29	58,139.99
09/01/2007	1,423.92	395.68	1,028.24	57,111.75
10/01/2007	1,423.92	388.68	1,035.24	56,076.51

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11/01/2007	1,423.92	381.63	1,042.29	55,034.22
12/01/2007	1,423.92	374.54	1,049.38	53,984.84
FISCAL 2007	17,087.04	4,952.25	12,134.79	
01/01/2008	1,423.92	367.40	1,056.52	52,928.32
02/01/2008	1,423.92	360.21	1,063.71	51,864.61
03/01/2008	1,423.92	352.97	1,070.95	50,793.66
04/01/2008	1,423.92	345.68	1,078.24	49,715.42
05/01/2008	1,423.92	338.34	1,085.58	48,629.84
06/01/2008	1,423.92	330.95	1,092.97	47,536.87
07/01/2008	1,423.92	323.51	1,100.41	46,436.46
08/01/2008	1,423.92	316.03	1,107.89	45,328.57
09/01/2008	1,423.92	308.49	1,115.43	44,213.14
10/01/2008	1,423.92	300.90	1,123.02	43,090.12
11/01/2008	1,423.92	293.25	1,130.67	41,959.45
12/01/2008	1,423.92	285.56	1,138.36	40,821.09
FISCAL 2008	17,087.04	3,923.29	13,163.75	
01/01/2009	1,423.92	277.81	1,146.11	39,674.98
02/01/2009	1,423.92	270.01	1,153.91	38,521.07
03/01/2009	1,423.92	262.16	1,161.76	37,359.31
04/01/2009	1,423.92	254.25	1,169.67	36,189.64
05/01/2009	1,423.92	246.29	1,177.63	35,012.01
06/01/2009	1,423.92	238.28	1,185.64	33,826.37
07/01/2009	1,423.92	230.21	1,193.71	32,632.66

CONTRACT NUMBER: 090-2205165-000
COMMENCEMENT DATE: 08/01/2006
INCOME START DATE: 08/01/2006
EQUIPMENT COST: 69,950.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1666708%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
08/01/2009	1,423.92	222.08	1,201.84	31,430.82
09/01/2009	1,423.92	213.90	1,210.02	30,220.80
10/01/2009	1,423.92	205.67	1,218.25	29,002.55
11/01/2009	1,423.92	197.38	1,226.54	27,776.01
12/01/2009	1,423.92	189.03	1,234.89	26,541.12
FISCAL 2009	17,087.04	2,807.07	14,279.97	
01/01/2010	1,423.92	180.63	1,243.29	25,297.83
02/01/2010	1,423.92	172.17	1,251.75	24,046.08
03/01/2010	1,423.92	163.65	1,260.27	22,785.81
04/01/2010	1,423.92	155.07	1,268.85	21,516.96
05/01/2010	1,423.92	146.43	1,277.49	20,239.47
06/01/2010	1,423.92	137.74	1,286.18	18,953.29
07/01/2010	1,423.92	128.99	1,294.93	17,658.36
08/01/2010	1,423.92	120.18	1,303.74	16,354.62
09/01/2010	1,423.92	111.30	1,312.62	15,042.00
10/01/2010	1,423.92	102.37	1,321.55	13,720.45
11/01/2010	1,423.92	93.38	1,330.54	12,389.91

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12/01/2010	1,423.92	84.32	1,339.60	11,050.31
FISCAL 2010	17,087.04	1,596.23	15,490.81	
01/01/2011	1,423.92	75.20	1,348.72	9,701.59
02/01/2011	1,423.92	66.02	1,357.90	8,343.69
03/01/2011	1,423.92	56.78	1,367.14	6,976.55
04/01/2011	1,423.92	47.48	1,376.44	5,600.11
05/01/2011	1,423.92	38.11	1,385.81	4,214.30
06/01/2011	1,423.92	28.68	1,395.24	2,819.06
07/01/2011	1,423.92	19.19	1,404.73	1,414.33
08/01/2011	1,423.92	9.59	1,414.33	0.00
FISCAL 2011	11,391.36	341.05	11,050.31	
Totals For 090-2205165-000	85,435.20	15,485.20	69,950.00	

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Simple Interest Contract Amortization Report
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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2218352-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 114,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1585600%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
04/01/2006	0.00	0.00	2,805.63	114,000.00
05/01/2006	3,580.69	775.06	2,824.70	111,175.30
06/01/2006	3,580.69	755.99	2,843.91	108,331.39
07/01/2006	3,580.69	736.78	2,863.24	105,468.15
08/01/2006	3,580.69	717.45	2,882.71	102,585.44
09/01/2006	3,580.69	697.98	2,902.31	99,683.13
10/01/2006	3,580.69	678.38	2,922.04	96,761.09
11/01/2006	3,580.69	658.65	2,941.91	93,819.18
12/01/2006	3,580.69	638.78	2,961.91	90,857.27
FISCAL 2006	31,607.43	5,659.07	25,948.36	
01/01/2007	3,580.69	618.78	2,982.04	87,875.23
02/01/2007	3,580.69	598.65	3,002.32	84,872.91

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03/01/2007	3,580.69	578.37	3,022.73	81,850.18
04/01/2007	3,580.69	557.96	3,043.28	78,806.90
05/01/2007	3,580.69	537.41	3,063.97	75,742.93
06/01/2007	3,580.69	516.72	3,084.80	72,658.13
07/01/2007	3,580.69	495.89	3,105.78	69,552.35
08/01/2007	3,580.69	474.91	3,126.89	66,425.46
09/01/2007	3,580.69	453.80	3,148.15	63,277.31
10/01/2007	3,580.69	432.54	3,169.56	60,107.75
11/01/2007	3,580.69	411.13	3,191.10	56,916.65
12/01/2007	3,580.69	389.59	3,212.80	53,703.85
FISCAL 2007	43,219.17	6,065.75	37,153.42	
01/01/2008	3,580.69	367.89	3,234.64	50,469.21
02/01/2008	3,580.69	346.05	3,256.63	47,212.58
03/01/2008	3,580.69	324.06	3,278.78	43,933.80
04/01/2008	3,580.69	301.91	3,301.07	40,632.73
05/01/2008	3,580.69	279.62	3,323.51	37,309.22
06/01/2008	3,580.69	257.18	3,346.11	33,963.11
07/01/2008	3,580.69	234.58	3,368.86	30,594.25
08/01/2008	3,580.69	211.83	3,391.76	27,202.49
09/01/2008	3,580.69	188.93	3,414.82	23,787.67
10/01/2008	3,580.69	165.87	3,438.04	20,349.63
11/01/2008	3,580.69	142.65	3,461.41	16,888.22
12/01/2008	3,580.69	119.28	3,484.95	13,403.27
FISCAL 2008	43,240.43	2,939.85	40,300.58	
01/01/2009	3,580.69	95.74	3,508.64	9,894.63
02/01/2009	3,580.69	72.05	3,532.49	6,362.14
03/01/2009	3,580.69	48.20	3,556.51	2,805.63

CONTRACT NUMBER: 090-2218352-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 114,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1585600%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
FISCAL 2009	10,813.63	215.99	10,597.64	
Totals For 090-2218352-000	128,904.84	14,904.84	114,000.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2198598-000
COMMENCEMENT DATE: 11/15/2005
INCOME START DATE: 11/15/2005
EQUIPMENT COST: 53,600.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0235912%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
11/15/2005	0.00	0.00	0.00	53,600.00
12/15/2005	1,087.42	358.39	729.03	52,870.97
FISCAL 2005	1,087.42	358.39	729.03	
01/15/2006	1,087.42	353.51	733.91	52,137.06
02/15/2006	1,087.42	348.61	738.81	51,398.25
03/15/2006	1,087.42	343.67	743.75	50,654.50
04/15/2006	1,087.42	338.69	748.73	49,905.77
05/15/2006	1,087.42	333.69	753.73	49,152.04
06/15/2006	1,087.42	328.65	758.77	48,393.27
07/15/2006	1,087.42	323.57	763.85	47,629.42
08/15/2006	1,087.42	318.47	768.95	46,860.47
09/15/2006	1,087.42	313.32	774.10	46,086.37
10/15/2006	1,087.42	308.15	779.27	45,307.10
11/15/2006	1,087.42	302.94	784.48	44,522.62
12/15/2006	1,087.42	297.69	789.73	43,732.89

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FISCAL 2006	13,049.04	3,910.96	9,138.08	
01/15/2007	1,087.42	292.41	795.01	42,937.88
02/15/2007	1,087.42	287.10	800.32	42,137.56
03/15/2007	1,087.42	281.75	805.67	41,331.89
04/15/2007	1,087.42	276.36	811.06	40,520.83
05/15/2007	1,087.42	270.94	816.48	39,704.35
06/15/2007	1,087.42	265.48	821.94	38,882.41
07/15/2007	1,087.42	259.98	827.44	38,054.97
08/15/2007	1,087.42	254.45	832.97	37,222.00
09/15/2007	1,087.42	248.88	838.54	36,383.46
10/15/2007	1,087.42	243.27	844.15	35,539.31
11/15/2007	1,087.42	237.63	849.79	34,689.52
12/15/2007	1,087.42	231.95	855.47	33,834.05
FISCAL 2007	13,049.04	3,150.20	9,898.84	
01/15/2008	1,087.42	226.23	861.19	32,972.86
02/15/2008	1,087.42	220.47	866.95	32,105.91
03/15/2008	1,087.42	214.67	872.75	31,233.16
04/15/2008	1,087.42	208.84	878.58	30,354.58
05/15/2008	1,087.42	202.96	884.46	29,470.12
06/15/2008	1,087.42	197.05	890.37	28,579.75
07/15/2008	1,087.42	191.09	896.33	27,683.42
08/15/2008	1,087.42	185.10	902.32	26,781.10
09/15/2008	1,087.42	179.07	908.35	25,872.75
10/15/2008	1,087.42	172.99	914.43	24,958.32

CONTRACT NUMBER: 090-2198598-000
COMMENCEMENT DATE: 11/15/2005
INCOME START DATE: 11/15/2005
EQUIPMENT COST: 53,600.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0235912%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
11/15/2008	1,087.42	166.88	920.54	24,037.78
12/15/2008	1,087.42	160.72	926.70	23,111.08
FISCAL 2008	13,049.04	2,326.07	10,722.97	
01/15/2009	1,087.42	154.53	932.89	22,178.19
02/15/2009	1,087.42	148.29	939.13	21,239.06
03/15/2009	1,087.42	142.01	945.41	20,293.65
04/15/2009	1,087.42	135.69	951.73	19,341.92
05/15/2009	1,087.42	129.33	958.09	18,383.83
06/15/2009	1,087.42	122.92	964.50	17,419.33
07/15/2009	1,087.42	116.47	970.95	16,448.38
08/15/2009	1,087.42	109.98	977.44	15,470.94
09/15/2009	1,087.42	103.44	983.98	14,486.96
10/15/2009	1,087.42	96.86	990.56	13,496.40
11/15/2009	1,087.42	90.24	997.18	12,499.22
12/15/2009	1,087.42	83.57	1,003.85	11,495.37
FISCAL 2009	13,049.04	1,433.33	11,615.71	

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01/15/2010	1,087.42	76.86	1,010.56	10,484.81
02/15/2010	1,087.42	70.10	1,017.32	9,467.49
03/15/2010	1,087.42	63.30	1,024.12	8,443.37
04/15/2010	1,087.42	56.46	1,030.96	7,412.41
05/15/2010	1,087.42	49.56	1,037.86	6,374.55
06/15/2010	1,087.42	42.62	1,044.80	5,329.75
07/15/2010	1,087.42	35.64	1,051.78	4,277.97
08/15/2010	1,087.42	28.60	1,058.82	3,219.15
09/15/2010	1,087.42	21.52	1,065.90	2,153.25
10/15/2010	1,087.42	14.40	1,073.02	1,080.23
11/15/2010	1,087.42	7.19	1,080.23	0.00
FISCAL 2010	11,961.62	466.25	11,495.37	
Totals For 090-2198598-000	65,245.20	11,645.20	53,600.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2209893-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 117,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1584964%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
04/01/2006	0.00	0.00	0.00	117,500.00
05/01/2006	3,690.62	798.85	2,891.77	114,608.23
06/01/2006	3,690.62	779.19	2,911.43	111,696.80
07/01/2006	3,690.62	759.40	2,931.22	108,765.58
08/01/2006	3,690.62	739.47	2,951.15	105,814.43
09/01/2006	3,690.62	719.41	2,971.21	102,843.22
10/01/2006	3,690.62	699.21	2,991.41	99,851.81
11/01/2006	3,690.62	678.87	3,011.75	96,840.06
12/01/2006	3,690.62	658.39	3,032.23	93,807.83
FISCAL 2006	29,524.96	5,832.79	23,692.17	
01/01/2007	3,690.62	637.78	3,052.84	90,754.99
02/01/2007	3,690.62	617.02	3,073.60	87,681.39

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03/01/2007	3,690.62	596.12	3,094.50	84,586.89
04/01/2007	3,690.62	575.08	3,115.54	81,471.35
05/01/2007	3,690.62	553.90	3,136.72	78,334.63
06/01/2007	3,690.62	532.58	3,158.04	75,176.59
07/01/2007	3,690.62	511.11	3,179.51	71,997.08
08/01/2007	3,690.62	489.49	3,201.13	68,795.95
09/01/2007	3,690.62	467.73	3,222.89	65,573.06
10/01/2007	3,690.62	445.81	3,244.81	62,328.25
11/01/2007	3,690.62	423.75	3,266.87	59,061.38
12/01/2007	3,690.62	401.54	3,289.08	55,772.30
FISCAL 2007	44,287.44	6,251.91	38,035.53	
01/01/2008	3,690.62	379.18	3,311.44	52,460.86
02/01/2008	3,690.62	356.67	3,333.95	49,126.91
03/01/2008	3,690.62	334.00	3,356.62	45,770.29
04/01/2008	3,690.62	311.18	3,379.44	42,390.85
05/01/2008	3,690.62	288.20	3,402.42	38,988.43
06/01/2008	3,690.62	265.07	3,425.55	35,562.88
07/01/2008	3,690.62	241.78	3,448.84	32,114.04
08/01/2008	3,690.62	218.34	3,472.28	28,641.76
09/01/2008	3,690.62	194.73	3,495.89	25,145.87
10/01/2008	3,690.62	170.96	3,519.66	21,626.21
11/01/2008	3,690.62	147.03	3,543.59	18,082.62
12/01/2008	3,690.62	122.94	3,567.68	14,514.94
FISCAL 2008	44,287.44	3,030.08	41,257.36	
01/01/2009	3,690.62	98.68	3,591.94	10,923.00
02/01/2009	3,690.62	74.26	3,616.36	7,306.64
03/01/2009	3,690.62	49.68	3,640.94	3,665.70

CONTRACT NUMBER: 090-2209893-000
COMMENCEMENT DATE: 04/01/2006
INCOME START DATE: 04/01/2006
EQUIPMENT COST: 117,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1584964%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
04/01/2009	3,690.62	24.92	3,665.70	0.00
FISCAL 2009	14,762.48	247.54	14,514.94	
Totals For 090-2209893-000	132,862.32	15,362.32	117,500.00	

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Contract Amortization Report

CONTRACT NUMBER: 090-2230870-000
COMMENCEMENT DATE: 07/01/2006
INCOME START DATE: 07/01/2006
EQUIPMENT COST: 42,433.42
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 9.4179156%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
07/01/2006	0.00	0.00	0.00	42,433.42
08/01/2006	1,357.64	333.03	1,024.61	41,408.81
09/01/2006	1,357.64	324.99	1,032.65	40,376.16
10/01/2006	1,357.64	316.88	1,040.76	39,335.40
11/01/2006	1,357.64	308.71	1,048.93	38,286.47
12/01/2006	1,357.64	300.48	1,057.16	37,229.31
FISCAL 2006	6,788.20	1,584.09	5,204.11	
01/01/2007	1,357.64	292.19	1,065.45	36,163.86
02/01/2007	1,357.64	283.82	1,073.82	35,090.04
03/01/2007	1,357.64	275.40	1,082.24	34,007.80
04/01/2007	1,357.64	266.90	1,090.74	32,917.06
05/01/2007	1,357.64	258.34	1,099.30	31,817.76
06/01/2007	1,357.64	249.71	1,107.93	30,709.83
07/01/2007	1,357.64	241.02	1,116.62	29,593.21
08/01/2007	1,357.64	232.26	1,125.38	28,467.83
09/01/2007	1,357.64	223.42	1,134.22	27,333.61

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10/01/2007	1,357.64	214.52	1,143.12	26,190.49
11/01/2007	1,357.64	205.55	1,152.09	25,038.40
12/01/2007	1,357.64	196.51	1,161.13	23,877.27
FISCAL 2007	16,291.68	2,939.64	13,352.04	
01/01/2008	1,357.64	187.40	1,170.24	22,707.03
02/01/2008	1,357.64	178.21	1,179.43	21,527.60
03/01/2008	1,357.64	168.95	1,188.69	20,338.91
04/01/2008	1,357.64	159.63	1,198.01	19,140.90
05/01/2008	1,357.64	150.22	1,207.42	17,933.48
06/01/2008	1,357.64	140.75	1,216.89	16,716.59
07/01/2008	1,357.64	131.20	1,226.44	15,490.15
08/01/2008	1,357.64	121.57	1,236.07	14,254.08
09/01/2008	1,357.64	111.87	1,245.77	13,008.31
10/01/2008	1,357.64	102.09	1,255.55	11,752.76
11/01/2008	1,357.64	92.24	1,265.40	10,487.36
12/01/2008	1,357.64	82.31	1,275.33	9,212.03
FISCAL 2008	16,291.68	1,626.44	14,665.24	
01/01/2009	1,357.64	72.30	1,285.34	7,926.69
02/01/2009	1,357.64	62.21	1,295.43	6,631.26
03/01/2009	1,357.64	52.04	1,305.60	5,325.66
04/01/2009	1,357.64	41.80	1,315.84	4,009.82
05/01/2009	1,357.64	31.47	1,326.17	2,683.65
06/01/2009	1,357.64	21.06	1,336.58	1,347.07

CONTRACT NUMBER: 090-2230870-000
COMMENCEMENT DATE: 07/01/2006
INCOME START DATE: 07/01/2006
EQUIPMENT COST: 42,433.42
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 9.4179156%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
07/01/2009	1,357.64	10.57	1,347.07	0.00
FISCAL 2009	9,503.48	291.45	9,212.03	
Totals For 090-2230870-000	48,875.04	6,441.62	42,433.42	

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Contract Amortization Report

CONTRACT NUMBER: 090-2230871-000
COMMENCEMENT DATE: 11/01/2006
INCOME START DATE: 11/01/2006
EQUIPMENT COST: 39,917.36
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 9.4822716%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
11/01/2006	0.00	0.00	0.00	39,917.36
12/01/2006	1,278.34	315.42	962.92	38,954.44
FISCAL 2006	1,278.34	315.42	962.92	
01/01/2007	1,278.34	307.81	970.53	37,983.91
02/01/2007	1,278.34	300.14	978.20	37,005.71
03/01/2007	1,278.34	292.42	985.92	36,019.79
04/01/2007	1,278.34	284.62	993.72	35,026.07
05/01/2007	1,278.34	276.77	1,001.57	34,024.50
06/01/2007	1,278.34	268.86	1,009.48	33,015.02
07/01/2007	1,278.34	260.88	1,017.46	31,997.56
08/01/2007	1,278.34	252.84	1,025.50	30,972.06
09/01/2007	1,278.34	244.74	1,033.60	29,938.46

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10/01/2007	1,278.34	236.57	1,041.77	28,896.69
11/01/2007	1,278.34	228.34	1,050.00	27,846.69
12/01/2007	1,278.34	220.04	1,058.30	26,788.39
FISCAL 2007	15,340.08	3,174.03	12,166.05	
01/01/2008	1,278.34	211.68	1,066.66	25,721.73
02/01/2008	1,278.34	203.25	1,075.09	24,646.64
03/01/2008	1,278.34	194.76	1,083.58	23,563.06
04/01/2008	1,278.34	186.19	1,092.15	22,470.91
05/01/2008	1,278.34	177.56	1,100.78	21,370.13
06/01/2008	1,278.34	168.86	1,109.48	20,260.65
07/01/2008	1,278.34	160.10	1,118.24	19,142.41
08/01/2008	1,278.34	151.26	1,127.08	18,015.33
09/01/2008	1,278.34	142.36	1,135.98	16,879.35
10/01/2008	1,278.34	133.38	1,144.96	15,734.39
11/01/2008	1,278.34	124.33	1,154.01	14,580.38
12/01/2008	1,278.34	115.21	1,163.13	13,417.25
FISCAL 2008	15,340.08	1,968.94	13,371.14	
01/01/2009	1,278.34	106.02	1,172.32	12,244.93
02/01/2009	1,278.34	96.76	1,181.58	11,063.35
03/01/2009	1,278.34	87.42	1,190.92	9,872.43
04/01/2009	1,278.34	78.01	1,200.33	8,672.10
05/01/2009	1,278.34	68.53	1,209.81	7,462.29
06/01/2009	1,278.34	58.97	1,219.37	6,242.92
07/01/2009	1,278.34	49.33	1,229.01	5,013.91
08/01/2009	1,278.34	39.62	1,238.72	3,775.19
09/01/2009	1,278.34	29.83	1,248.51	2,526.68
10/01/2009	1,278.34	19.97	1,258.37	1,268.31

CONTRACT NUMBER: 090-2230871-000
COMMENCEMENT DATE: 11/01/2006
INCOME START DATE: 11/01/2006
EQUIPMENT COST: 39,917.36
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 9.4822716%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
11/01/2009	1,278.34	10.03	1,268.31	0.00
FISCAL 2009	14,061.74	644.49	13,417.25	
Totals For 090-2230871-000	46,020.24	6,102.88	39,917.36	

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Contract Amortization Report

CONTRACT NUMBER: 090-2230872-000
COMMENCEMENT DATE: 09/01/2006
INCOME START DATE: 09/01/2006
EQUIPMENT COST: 24,975.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.6244756%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
09/01/2006	0.00	0.00	0.00	24,975.00
10/01/2006	513.90	179.50	334.40	24,640.60
11/01/2006	513.90	177.09	336.81	24,303.79
12/01/2006	513.90	174.67	339.23	23,964.56
FISCAL 2006	1,541.70	531.26	1,010.44	
01/01/2007	513.90	172.23	341.67	23,622.89
02/01/2007	513.90	169.78	344.12	23,278.77
03/01/2007	513.90	167.31	346.59	22,932.18
04/01/2007	513.90	164.82	349.08	22,583.10
05/01/2007	513.90	162.31	351.59	22,231.51
06/01/2007	513.90	159.78	354.12	21,877.39
07/01/2007	513.90	157.23	356.67	21,520.72
08/01/2007	513.90	154.67	359.23	21,161.49
09/01/2007	513.90	152.09	361.81	20,799.68
10/01/2007	513.90	149.49	364.41	20,435.27
11/01/2007	513.90	146.87	367.03	20,068.24

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12/01/2007	513.90	144.23	369.67	19,698.57
FISCAL 2007	6,166.80	1,900.81	4,265.99	
01/01/2008	513.90	141.57	372.33	19,326.24
02/01/2008	513.90	138.90	375.00	18,951.24
03/01/2008	513.90	136.20	377.70	18,573.54
04/01/2008	513.90	133.49	380.41	18,193.13
05/01/2008	513.90	130.76	383.14	17,809.99
06/01/2008	513.90	128.00	385.90	17,424.09
07/01/2008	513.90	125.23	388.67	17,035.42
08/01/2008	513.90	122.43	391.47	16,643.95
09/01/2008	513.90	119.62	394.28	16,249.67
10/01/2008	513.90	116.79	397.11	15,852.56
11/01/2008	513.90	113.93	399.97	15,452.59
12/01/2008	513.90	111.06	402.84	15,049.75
FISCAL 2008	6,166.80	1,517.98	4,648.82	
01/01/2009	513.90	108.16	405.74	14,644.01
02/01/2009	513.90	105.25	408.65	14,235.36
03/01/2009	513.90	102.31	411.59	13,823.77
04/01/2009	513.90	99.35	414.55	13,409.22
05/01/2009	513.90	96.37	417.53	12,991.69
06/01/2009	513.90	93.37	420.53	12,571.16
07/01/2009	513.90	90.35	423.55	12,147.61
08/01/2009	513.90	87.31	426.59	11,721.02

CONTRACT NUMBER: 090-2230872-000
COMMENCEMENT DATE: 09/01/2006
INCOME START DATE: 09/01/2006
EQUIPMENT COST: 24,975.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.6244756%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
09/01/2009	513.90	84.24	429.66	11,291.36
10/01/2009	513.90	81.15	432.75	10,858.61
11/01/2009	513.90	78.04	435.86	10,422.75
12/01/2009	513.90	74.91	438.99	9,983.76
FISCAL 2009	6,166.80	1,100.81	5,065.99	
01/01/2010	513.90	71.75	442.15	9,541.61
02/01/2010	513.90	68.58	445.32	9,096.29
03/01/2010	513.90	65.38	448.52	8,647.77
04/01/2010	513.90	62.15	451.75	8,196.02
05/01/2010	513.90	58.91	454.99	7,741.03
06/01/2010	513.90	55.64	458.26	7,282.77
07/01/2010	513.90	52.34	461.56	6,821.21
08/01/2010	513.90	49.02	464.88	6,356.33
09/01/2010	513.90	45.68	468.22	5,888.11
10/01/2010	513.90	42.32	471.58	5,416.53
11/01/2010	513.90	38.93	474.97	4,941.56
12/01/2010	513.90	35.52	478.38	4,463.18

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FISCAL 2010	6,166.80	646.22	5,520.58	
01/01/2011	513.90	32.08	481.82	3,981.36
02/01/2011	513.90	28.61	485.29	3,496.07
03/01/2011	513.90	25.13	488.77	3,007.30
04/01/2011	513.90	21.61	492.29	2,515.01
05/01/2011	513.90	18.08	495.82	2,019.19
06/01/2011	513.90	14.51	499.39	1,519.80
07/01/2011	513.90	10.92	502.98	1,016.82
08/01/2011	513.90	7.31	506.59	510.23
09/01/2011	513.90	3.67	510.23	0.00
FISCAL 2011	4,625.10	161.92	4,463.18	
Totals For 090-2230872-000	30,834.00	5,859.00	24,975.00	

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CONTRACT NUMBER: 090-2239563-000
COMMENCEMENT DATE: 09/01/2006
INCOME START DATE: 09/01/2006
EQUIPMENT COST: 54,811.80
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4498540%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
09/01/2006	0.00	0.00	0.00	54,811.80
10/01/2006	1,729.00	385.96	1,343.04	53,468.76
11/01/2006	1,729.00	376.50	1,352.50	52,116.26
12/01/2006	1,729.00	366.98	1,362.02	50,754.24
FISCAL 2006	5,187.00	1,129.44	4,057.56	
01/01/2007	1,729.00	357.39	1,371.61	49,382.63
02/01/2007	1,729.00	347.73	1,381.27	48,001.36
03/01/2007	1,729.00	338.00	1,391.00	46,610.36
04/01/2007	1,729.00	328.21	1,400.79	45,209.57
05/01/2007	1,729.00	318.35	1,410.65	43,798.92
06/01/2007	1,729.00	308.41	1,420.59	42,378.33
07/01/2007	1,729.00	298.41	1,430.59	40,947.74

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08/01/2007	1,729.00	288.34	1,440.66	39,507.08
09/01/2007	1,729.00	278.19	1,450.81	38,056.27
10/01/2007	1,729.00	267.97	1,461.03	36,595.24
11/01/2007	1,729.00	257.69	1,471.31	35,123.93
12/01/2007	1,729.00	247.33	1,481.67	33,642.26
FISCAL 2007	20,748.00	3,636.02	17,111.98	
01/01/2008	1,729.00	236.89	1,492.11	32,150.15
02/01/2008	1,729.00	226.39	1,502.61	30,647.54
03/01/2008	1,729.00	215.81	1,513.19	29,134.35
04/01/2008	1,729.00	205.15	1,523.85	27,610.50
05/01/2008	1,729.00	194.42	1,534.58	26,075.92
06/01/2008	1,729.00	183.61	1,545.39	24,530.53
07/01/2008	1,729.00	172.73	1,556.27	22,974.26
08/01/2008	1,729.00	161.77	1,567.23	21,407.03
09/01/2008	1,729.00	150.74	1,578.26	19,828.77
10/01/2008	1,729.00	139.63	1,589.37	18,239.40
11/01/2008	1,729.00	128.43	1,600.57	16,638.83
12/01/2008	1,729.00	117.16	1,611.84	15,026.99
FISCAL 2008	20,748.00	2,132.73	18,615.27	
01/01/2009	1,729.00	105.81	1,623.19	13,403.80
02/01/2009	1,729.00	94.38	1,634.62	11,769.18
03/01/2009	1,729.00	82.87	1,646.13	10,123.05
04/01/2009	1,729.00	71.28	1,657.72	8,465.33
05/01/2009	1,729.00	59.61	1,669.39	6,795.94
06/01/2009	1,729.00	47.85	1,681.15	5,114.79
07/01/2009	1,729.00	36.02	1,692.98	3,421.81
08/01/2009	1,729.00	24.09	1,704.91	1,716.90

CONTRACT NUMBER: 090-2239563-000
COMMENCEMENT DATE: 09/01/2006
INCOME START DATE: 09/01/2006
EQUIPMENT COST: 54,811.80
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4498540%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
09/01/2009	1,729.00	12.10	1,716.90	0.00
FISCAL 2009	15,561.00	534.01	15,026.99	
Totals For 090-2239563-000	62,244.00	7,432.20	54,811.80	

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Contract Amortization Report

CONTRACT NUMBER: 090-2242802-000
COMMENCEMENT DATE: 10/01/2006
INCOME START DATE: 10/01/2006
EQUIPMENT COST: 39,730.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5717836%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
10/01/2006	0.00	0.00	0.00	39,730.00
11/01/2006	1,255.50	283.80	971.70	38,758.30
12/01/2006	1,255.50	276.86	978.64	37,779.66
FISCAL 2006	2,511.00	560.66	1,950.34	
01/01/2007	1,255.50	269.87	985.63	36,794.03
02/01/2007	1,255.50	262.83	992.67	35,801.36
03/01/2007	1,255.50	255.73	999.77	34,801.59
04/01/2007	1,255.50	248.59	1,006.91	33,794.68
05/01/2007	1,255.50	241.40	1,014.10	32,780.58
06/01/2007	1,255.50	234.16	1,021.34	31,759.24
07/01/2007	1,255.50	226.86	1,028.64	30,730.60
08/01/2007	1,255.50	219.51	1,035.99	29,694.61
09/01/2007	1,255.50	212.11	1,043.39	28,651.22
10/01/2007	1,255.50	204.66	1,050.84	27,600.38
11/01/2007	1,255.50	197.15	1,058.35	26,542.03
12/01/2007	1,255.50	189.59	1,065.91	25,476.12

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FISCAL 2007	15,066.00	2,762.46	12,303.54	
01/01/2008	1,255.50	181.98	1,073.52	24,402.60
02/01/2008	1,255.50	174.31	1,081.19	23,321.41
03/01/2008	1,255.50	166.59	1,088.91	22,232.50
04/01/2008	1,255.50	158.81	1,096.69	21,135.81
05/01/2008	1,255.50	150.98	1,104.52	20,031.29
06/01/2008	1,255.50	143.09	1,112.41	18,918.88
07/01/2008	1,255.50	135.14	1,120.36	17,798.52
08/01/2008	1,255.50	127.14	1,128.36	16,670.16
09/01/2008	1,255.50	119.08	1,136.42	15,533.74
10/01/2008	1,255.50	110.96	1,144.54	14,389.20
11/01/2008	1,255.50	102.78	1,152.72	13,236.48
12/01/2008	1,255.50	94.55	1,160.95	12,075.53
FISCAL 2008	15,066.00	1,665.41	13,400.59	
01/01/2009	1,255.50	86.26	1,169.24	10,906.29
02/01/2009	1,255.50	77.91	1,177.59	9,728.70
03/01/2009	1,255.50	69.49	1,186.01	8,542.69
04/01/2009	1,255.50	61.02	1,194.48	7,348.21
05/01/2009	1,255.50	52.49	1,203.01	6,145.20
06/01/2009	1,255.50	43.90	1,211.60	4,933.60
07/01/2009	1,255.50	35.24	1,220.26	3,713.34
08/01/2009	1,255.50	26.52	1,228.98	2,484.36
09/01/2009	1,255.50	17.75	1,237.75	1,246.61

CONTRACT NUMBER: 090-2242802-000
COMMENCEMENT DATE: 10/01/2006
INCOME START DATE: 10/01/2006
EQUIPMENT COST: 39,730.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5717836%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
10/01/2009	1,255.50	8.89	1,246.61	0.00
FISCAL 2009	12,555.00	479.47	12,075.53	
Totals For 090-2242802-000	45,198.00	5,468.00	39,730.00	

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CONTRACT NUMBER: 090-2243376-000
COMMENCEMENT DATE: 10/01/2006
INCOME START DATE: 10/01/2006
EQUIPMENT COST: 49,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5718076%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
10/01/2006	0.00	0.00	0.00	49,000.00
11/01/2006	1,548.44	350.02	1,198.42	47,801.58
12/01/2006	1,548.44	341.45	1,206.99	46,594.59
FISCAL 2006	3,096.88	691.47	2,405.41	
01/01/2007	1,548.44	332.83	1,215.61	45,378.98
02/01/2007	1,548.44	324.15	1,224.29	44,154.69
03/01/2007	1,548.44	315.40	1,233.04	42,921.65
04/01/2007	1,548.44	306.60	1,241.84	41,679.81
05/01/2007	1,548.44	297.73	1,250.71	40,429.10
06/01/2007	1,548.44	288.79	1,259.65	39,169.45
07/01/2007	1,548.44	279.79	1,268.65	37,900.80
08/01/2007	1,548.44	270.73	1,277.71	36,623.09

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09/01/2007	1,548.44	261.61	1,286.83	35,336.26
10/01/2007	1,548.44	252.41	1,296.03	34,040.23
11/01/2007	1,548.44	243.16	1,305.28	32,734.95
12/01/2007	1,548.44	233.83	1,314.61	31,420.34
FISCAL 2007	18,581.28	3,407.03	15,174.25	
01/01/2008	1,548.44	224.44	1,324.00	30,096.34
02/01/2008	1,548.44	214.98	1,333.46	28,762.88
03/01/2008	1,548.44	205.46	1,342.98	27,419.90
04/01/2008	1,548.44	195.87	1,352.57	26,067.33
05/01/2008	1,548.44	186.20	1,362.24	24,705.09
06/01/2008	1,548.44	176.47	1,371.97	23,333.12
07/01/2008	1,548.44	166.67	1,381.77	21,951.35
08/01/2008	1,548.44	156.80	1,391.64	20,559.71
09/01/2008	1,548.44	146.86	1,401.58	19,158.13
10/01/2008	1,548.44	136.85	1,411.59	17,746.54
11/01/2008	1,548.44	126.77	1,421.67	16,324.87
12/01/2008	1,548.44	116.61	1,431.83	14,893.04
FISCAL 2008	18,581.28	2,053.98	16,527.30	
01/01/2009	1,548.44	106.38	1,442.06	13,450.98
02/01/2009	1,548.44	96.08	1,452.36	11,998.62
03/01/2009	1,548.44	85.71	1,462.73	10,535.89
04/01/2009	1,548.44	75.26	1,473.18	9,062.71
05/01/2009	1,548.44	64.74	1,483.70	7,579.01
06/01/2009	1,548.44	54.14	1,494.30	6,084.71
07/01/2009	1,548.44	43.46	1,504.98	4,579.73
08/01/2009	1,548.44	32.71	1,515.73	3,064.00
09/01/2009	1,548.44	21.89	1,526.55	1,537.45

CONTRACT NUMBER: 090-2243376-000
COMMENCEMENT DATE: 10/01/2006
INCOME START DATE: 10/01/2006
EQUIPMENT COST: 49,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5718076%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
10/01/2009	1,548.44	10.99	1,537.45	0.00
FISCAL 2009	15,484.40	591.36	14,893.04	
Totals For 090-2243376-000	55,743.84	6,743.84	49,000.00	

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Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2251431-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 200,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.2750812%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2006	0.00	0.00	0.00	200,000.00
FISCAL 2006	0.00	0.00	0.00	
01/01/2007	4,081.66	1,379.18	2,702.48	197,297.52
02/01/2007	4,081.66	1,360.54	2,721.12	194,576.40
03/01/2007	4,081.66	1,341.78	2,739.88	191,836.52
04/01/2007	4,081.66	1,322.89	2,758.77	189,077.75
05/01/2007	4,081.66	1,303.86	2,777.80	186,299.95
06/01/2007	4,081.66	1,284.71	2,796.95	183,503.00
07/01/2007	4,081.66	1,265.42	2,816.24	180,686.76
08/01/2007	4,081.66	1,246.00	2,835.66	177,851.10
09/01/2007	4,081.66	1,226.44	2,855.22	174,995.88
10/01/2007	4,081.66	1,206.75	2,874.91	172,120.97
11/01/2007	4,081.66	1,186.93	2,894.73	169,226.24
12/01/2007	4,081.66	1,166.97	2,914.69	166,311.55
FISCAL 2007	48,979.92	15,291.47	33,688.45	

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01/01/2008	4,081.66	1,146.87	2,934.79	163,376.76
02/01/2008	4,081.66	1,126.63	2,955.03	160,421.73
03/01/2008	4,081.66	1,106.25	2,975.41	157,446.32
04/01/2008	4,081.66	1,085.73	2,995.93	154,450.39
05/01/2008	4,081.66	1,065.07	3,016.59	151,433.80
06/01/2008	4,081.66	1,044.27	3,037.39	148,396.41
07/01/2008	4,081.66	1,023.33	3,058.33	145,338.08
08/01/2008	4,081.66	1,002.24	3,079.42	142,258.66
09/01/2008	4,081.66	981.00	3,100.66	139,158.00
10/01/2008	4,081.66	959.62	3,122.04	136,035.96
11/01/2008	4,081.66	938.09	3,143.57	132,892.39
12/01/2008	4,081.66	916.41	3,165.25	129,727.14
FISCAL 2008	48,979.92	12,395.51	36,584.41	
01/01/2009	4,081.66	894.59	3,187.07	126,540.07
02/01/2009	4,081.66	872.61	3,209.05	123,331.02
03/01/2009	4,081.66	850.48	3,231.18	120,099.84
04/01/2009	4,081.66	828.20	3,253.46	116,846.38
05/01/2009	4,081.66	805.76	3,275.90	113,570.48
06/01/2009	4,081.66	783.17	3,298.49	110,271.99
07/01/2009	4,081.66	760.42	3,321.24	106,950.75
08/01/2009	4,081.66	737.52	3,344.14	103,606.61
09/01/2009	4,081.66	714.46	3,367.20	100,239.41
10/01/2009	4,081.66	691.24	3,390.42	96,848.99
11/01/2009	4,081.66	667.86	3,413.80	93,435.19

CONTRACT NUMBER: 090-2251431-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 200,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.2750812%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2009	4,081.66	644.32	3,437.34	89,997.85
FISCAL 2009	48,979.92	9,250.63	39,729.29	
01/01/2010	4,081.66	620.62	3,461.04	86,536.81
02/01/2010	4,081.66	596.75	3,484.91	83,051.90
03/01/2010	4,081.66	572.72	3,508.94	79,542.96
04/01/2010	4,081.66	548.52	3,533.14	76,009.82
05/01/2010	4,081.66	524.16	3,557.50	72,452.32
06/01/2010	4,081.66	499.62	3,582.04	68,870.28
07/01/2010	4,081.66	474.92	3,606.74	65,263.54
08/01/2010	4,081.66	450.05	3,631.61	61,631.93
09/01/2010	4,081.66	425.01	3,656.65	57,975.28
10/01/2010	4,081.66	399.79	3,681.87	54,293.41
11/01/2010	4,081.66	374.40	3,707.26	50,586.15
12/01/2010	4,081.66	348.84	3,732.82	46,853.33
FISCAL 2010	48,979.92	5,835.40	43,144.52	

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01/01/2011	4,081.66	323.10	3,758.56	43,094.77
02/01/2011	4,081.66	297.18	3,784.48	39,310.29
03/01/2011	4,081.66	271.08	3,810.58	35,499.71
04/01/2011	4,081.66	244.80	3,836.86	31,662.85
05/01/2011	4,081.66	218.34	3,863.32	27,799.53
06/01/2011	4,081.66	191.70	3,889.96	23,909.57
07/01/2011	4,081.66	164.88	3,916.78	19,992.79
08/01/2011	4,081.66	137.87	3,943.79	16,049.00
09/01/2011	4,081.66	110.67	3,970.99	12,078.01
10/01/2011	4,081.66	83.29	3,998.37	8,079.64
11/01/2011	4,081.66	55.72	4,025.94	4,053.70
12/01/2011	4,081.66	27.96	4,053.70	0.00
FISCAL 2011	48,979.92	2,126.59	46,853.33	
Totals For 090-2251431-000	244,899.60	44,899.60	200,000.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2253332-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 147,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0000256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2006	0.00	0.00	0.00	147,500.00
FISCAL 2006	0.00	0.00	0.00	
01/01/2007	2,990.77	983.34	2,007.43	145,492.57
02/01/2007	2,990.77	969.95	2,020.82	143,471.75
03/01/2007	2,990.77	956.48	2,034.29	141,437.46
04/01/2007	2,990.77	942.92	2,047.85	139,389.61
05/01/2007	2,990.77	929.27	2,061.50	137,328.11
06/01/2007	2,990.77	915.52	2,075.25	135,252.86
07/01/2007	2,990.77	901.69	2,089.08	133,163.78
08/01/2007	2,990.77	887.76	2,103.01	131,060.77
09/01/2007	2,990.77	873.74	2,117.03	128,943.74
10/01/2007	2,990.77	859.63	2,131.14	126,812.60

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11/01/2007	2,990.77	845.42	2,145.35	124,667.25
12/01/2007	2,990.77	831.12	2,159.65	122,507.60
FISCAL 2007	35,889.24	10,896.84	24,992.40	
01/01/2008	2,990.77	816.72	2,174.05	120,333.55
02/01/2008	2,990.77	802.23	2,188.54	118,145.01
03/01/2008	2,990.77	787.64	2,203.13	115,941.88
04/01/2008	2,990.77	772.95	2,217.82	113,724.06
05/01/2008	2,990.77	758.16	2,232.61	111,491.45
06/01/2008	2,990.77	743.28	2,247.49	109,243.96
07/01/2008	2,990.77	728.30	2,262.47	106,981.49
08/01/2008	2,990.77	713.21	2,277.56	104,703.93
09/01/2008	2,990.77	698.03	2,292.74	102,411.19
10/01/2008	2,990.77	682.74	2,308.03	100,103.16
11/01/2008	2,990.77	667.36	2,323.41	97,779.75
12/01/2008	2,990.77	651.87	2,338.90	95,440.85
FISCAL 2008	35,889.24	8,822.49	27,066.75	
01/01/2009	2,990.77	636.27	2,354.50	93,086.35
02/01/2009	2,990.77	620.58	2,370.19	90,716.16
03/01/2009	2,990.77	604.78	2,385.99	88,330.17
04/01/2009	2,990.77	588.87	2,401.90	85,928.27
05/01/2009	2,990.77	572.86	2,417.91	83,510.36
06/01/2009	2,990.77	556.74	2,434.03	81,076.33
07/01/2009	2,990.77	540.51	2,450.26	78,626.07
08/01/2009	2,990.77	524.18	2,466.59	76,159.48
09/01/2009	2,990.77	507.73	2,483.04	73,676.44
10/01/2009	2,990.77	491.18	2,499.59	71,176.85
11/01/2009	2,990.77	474.51	2,516.26	68,660.59

CONTRACT NUMBER: 090-2253332-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 147,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0000256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2009	2,990.77	457.74	2,533.03	66,127.56
FISCAL 2009	35,889.24	6,575.95	29,313.29	
01/01/2010	2,990.77	440.85	2,549.92	63,577.64
02/01/2010	2,990.77	423.85	2,566.92	61,010.72
03/01/2010	2,990.77	406.74	2,584.03	58,426.69
04/01/2010	2,990.77	389.51	2,601.26	55,825.43
05/01/2010	2,990.77	372.17	2,618.60	53,206.83
06/01/2010	2,990.77	354.71	2,636.06	50,570.77
07/01/2010	2,990.77	337.14	2,653.63	47,917.14

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		90-2253332		
08/01/2010	2,990.77	319.45	2,671.32	45,245.82
09/01/2010	2,990.77	301.64	2,689.13	42,556.69
10/01/2010	2,990.77	283.71	2,707.06	39,849.63
11/01/2010	2,990.77	265.67	2,725.10	37,124.53
12/01/2010	2,990.77	247.50	2,743.27	34,381.26
FISCAL 2010	35,889.24	4,142.94	31,746.30	
01/01/2011	2,990.77	229.21	2,761.56	31,619.70
02/01/2011	2,990.77	210.80	2,779.97	28,839.73
03/01/2011	2,990.77	192.27	2,798.50	26,041.23
04/01/2011	2,990.77	173.61	2,817.16	23,224.07
05/01/2011	2,990.77	154.83	2,835.94	20,388.13
06/01/2011	2,990.77	135.92	2,854.85	17,533.28
07/01/2011	2,990.77	116.89	2,873.88	14,659.40
08/01/2011	2,990.77	97.73	2,893.04	11,766.36
09/01/2011	2,990.77	78.44	2,912.33	8,854.03
10/01/2011	2,990.77	59.03	2,931.74	5,922.29
11/01/2011	2,990.77	39.48	2,951.29	2,971.00
12/01/2011	2,990.77	19.77	2,971.00	0.00
FISCAL 2011	35,889.24	1,507.98	34,381.26	
Totals For 090-2253332-000	179,446.20	31,946.20	147,500.00	

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Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2253332-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 147,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0000256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2006	0.00	0.00	0.00	147,500.00
FISCAL 2006	0.00	0.00	0.00	
01/01/2007	2,990.77	983.34	2,007.43	145,492.57
02/01/2007	2,990.77	969.95	2,020.82	143,471.75
03/01/2007	2,990.77	956.48	2,034.29	141,437.46
04/01/2007	2,990.77	942.92	2,047.85	139,389.61
05/01/2007	2,990.77	929.27	2,061.50	137,328.11
06/01/2007	2,990.77	915.52	2,075.25	135,252.86
07/01/2007	2,990.77	901.69	2,089.08	133,163.78
08/01/2007	2,990.77	887.76	2,103.01	131,060.77
09/01/2007	2,990.77	873.74	2,117.03	128,943.74
10/01/2007	2,990.77	859.63	2,131.14	126,812.60

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11/01/2007	2,990.77	845.42	2,145.35	124,667.25
12/01/2007	2,990.77	831.12	2,159.65	122,507.60
FISCAL 2007	35,889.24	10,896.84	24,992.40	
01/01/2008	2,990.77	816.72	2,174.05	120,333.55
02/01/2008	2,990.77	802.23	2,188.54	118,145.01
03/01/2008	2,990.77	787.64	2,203.13	115,941.88
04/01/2008	2,990.77	772.95	2,217.82	113,724.06
05/01/2008	2,990.77	758.16	2,232.61	111,491.45
06/01/2008	2,990.77	743.28	2,247.49	109,243.96
07/01/2008	2,990.77	728.30	2,262.47	106,981.49
08/01/2008	2,990.77	713.21	2,277.56	104,703.93
09/01/2008	2,990.77	698.03	2,292.74	102,411.19
10/01/2008	2,990.77	682.74	2,308.03	100,103.16
11/01/2008	2,990.77	667.36	2,323.41	97,779.75
12/01/2008	2,990.77	651.87	2,338.90	95,440.85
FISCAL 2008	35,889.24	8,822.49	27,066.75	
01/01/2009	2,990.77	636.27	2,354.50	93,086.35
02/01/2009	2,990.77	620.58	2,370.19	90,716.16
03/01/2009	2,990.77	604.78	2,385.99	88,330.17
04/01/2009	2,990.77	588.87	2,401.90	85,928.27
05/01/2009	2,990.77	572.86	2,417.91	83,510.36
06/01/2009	2,990.77	556.74	2,434.03	81,076.33
07/01/2009	2,990.77	540.51	2,450.26	78,626.07
08/01/2009	2,990.77	524.18	2,466.59	76,159.48
09/01/2009	2,990.77	507.73	2,483.04	73,676.44
10/01/2009	2,990.77	491.18	2,499.59	71,176.85
11/01/2009	2,990.77	474.51	2,516.26	68,660.59

CONTRACT NUMBER: 090-2253332-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 147,500.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.0000256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2009	2,990.77	457.74	2,533.03	66,127.56
FISCAL 2009	35,889.24	6,575.95	29,313.29	
01/01/2010	2,990.77	440.85	2,549.92	63,577.64
02/01/2010	2,990.77	423.85	2,566.92	61,010.72
03/01/2010	2,990.77	406.74	2,584.03	58,426.69
04/01/2010	2,990.77	389.51	2,601.26	55,825.43
05/01/2010	2,990.77	372.17	2,618.60	53,206.83
06/01/2010	2,990.77	354.71	2,636.06	50,570.77
07/01/2010	2,990.77	337.14	2,653.63	47,917.14

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		90-2253332		
08/01/2010	2,990.77	319.45	2,671.32	45,245.82
09/01/2010	2,990.77	301.64	2,689.13	42,556.69
10/01/2010	2,990.77	283.71	2,707.06	39,849.63
11/01/2010	2,990.77	265.67	2,725.10	37,124.53
12/01/2010	2,990.77	247.50	2,743.27	34,381.26
FISCAL 2010	35,889.24	4,142.94	31,746.30	
01/01/2011	2,990.77	229.21	2,761.56	31,619.70
02/01/2011	2,990.77	210.80	2,779.97	28,839.73
03/01/2011	2,990.77	192.27	2,798.50	26,041.23
04/01/2011	2,990.77	173.61	2,817.16	23,224.07
05/01/2011	2,990.77	154.83	2,835.94	20,388.13
06/01/2011	2,990.77	135.92	2,854.85	17,533.28
07/01/2011	2,990.77	116.89	2,873.88	14,659.40
08/01/2011	2,990.77	97.73	2,893.04	11,766.36
09/01/2011	2,990.77	78.44	2,912.33	8,854.03
10/01/2011	2,990.77	59.03	2,931.74	5,922.29
11/01/2011	2,990.77	39.48	2,951.29	2,971.00
12/01/2011	2,990.77	19.77	2,971.00	0.00
FISCAL 2011	35,889.24	1,507.98	34,381.26	
Totals For 090-2253332-000	179,446.20	31,946.20	147,500.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2254077-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 25,903.14
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5573464%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2006	0.00	0.00	0.00	25,903.14
FISCAL 2006	0.00	0.00	0.00	
01/01/2007	639.17	184.72	454.45	25,448.69
02/01/2007	639.17	181.48	457.69	24,991.00
03/01/2007	639.17	178.21	460.96	24,530.04
04/01/2007	639.17	174.93	464.24	24,065.80
05/01/2007	639.17	171.62	467.55	23,598.25
06/01/2007	639.17	168.28	470.89	23,127.36
07/01/2007	639.17	164.92	474.25	22,653.11
08/01/2007	639.17	161.54	477.63	22,175.48
09/01/2007	639.17	158.14	481.03	21,694.45
10/01/2007	639.17	154.71	484.46	21,209.99
11/01/2007	639.17	151.25	487.92	20,722.07
12/01/2007	639.17	147.77	491.40	20,230.67
FISCAL 2007	7,670.04	1,997.57	5,672.47	

EPAHO120001457

01/01/2008	639.17	144.27	494.90	19,735.77
02/01/2008	639.17	140.74	498.43	19,237.34
03/01/2008	639.17	137.18	501.99	18,735.35
04/01/2008	639.17	133.60	505.57	18,229.78
05/01/2008	639.17	130.00	509.17	17,720.61
06/01/2008	639.17	126.37	512.80	17,207.81
07/01/2008	639.17	122.71	516.46	16,691.35
08/01/2008	639.17	119.03	520.14	16,171.21
09/01/2008	639.17	115.32	523.85	15,647.36
10/01/2008	639.17	111.58	527.59	15,119.77
11/01/2008	639.17	107.82	531.35	14,588.42
12/01/2008	639.17	104.03	535.14	14,053.28
FISCAL 2008	7,670.04	1,492.65	6,177.39	
01/01/2009	639.17	100.22	538.95	13,514.33
02/01/2009	639.17	96.37	542.80	12,971.53
03/01/2009	639.17	92.50	546.67	12,424.86
04/01/2009	639.17	88.60	550.57	11,874.29
05/01/2009	639.17	84.68	554.49	11,319.80
06/01/2009	639.17	80.72	558.45	10,761.35
07/01/2009	639.17	76.74	562.43	10,198.92
08/01/2009	639.17	72.73	566.44	9,632.48
09/01/2009	639.17	68.69	570.48	9,062.00
10/01/2009	639.17	64.62	574.55	8,487.45
11/01/2009	639.17	60.53	578.64	7,908.81

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2254077-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 25,903.14
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.5573464%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2009	639.17	56.40	582.77	7,326.04
FISCAL 2009	7,670.04	942.80	6,727.24	
01/01/2010	639.17	52.24	586.93	6,739.11
02/01/2010	639.17	48.06	591.11	6,148.00
03/01/2010	639.17	43.84	595.33	5,552.67
04/01/2010	639.17	39.60	599.57	4,953.10
05/01/2010	639.17	35.32	603.85	4,349.25
06/01/2010	639.17	31.02	608.15	3,741.10
07/01/2010	639.17	26.68	612.49	3,128.61
08/01/2010	639.17	22.31	616.86	2,511.75
09/01/2010	639.17	17.91	621.26	1,890.49
10/01/2010	639.17	13.48	625.69	1,264.80
11/01/2010	639.17	9.02	630.15	634.65
12/01/2010	639.17	4.52	634.65	0.00
FISCAL 2010	7,670.04	344.00	7,326.04	

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Totals For 090-2254077-000	30,680.16	4,777.02	25,903.14

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SUMMARY

Customer No.	75-804583
Invoice No.	0910001296
Obligation(s)	0000000307
Statement Date:	01/08/09
Due Date:	01/18/09

Due	Past Due	This Period	Total Due
Principal	0.00	3,225.63	3,225.63
Interest	0.00	6,776.04	6,776.04
Total	0.00	10,001.67	10,001.67

Amount Enclosed
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CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

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YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 18, 2009.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0910001296	Due Date 01/18/09	Total Due 10,001.67

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
307	7.000	10/18/04	1,280,000.00	10/18/24

Date	Transaction Description	Activity	Balance
	Starting Balance		1,127,558.72
	Previous Principal Due	3,424.25	
	Previous Interest Due	6,577.42	
12/18/08	Principal Payment	3,424.25-	1,124,134.47
12/18/08	Interest Payment	6,577.42-	
	Int 014 days @ 7.0000	3,060.15	
	Int 017 days @ 7.0000	3,715.89	
01/18/09	Principal Due	3,225.63	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,225.63	3,225.63
INTEREST	0.00	6,776.04	6,776.04
TOTAL	0.00	10,001.67	10,001.67

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Commercial Loan Invoice

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SUMMARY

Customer No.	75-804583
Invoice No.	0810092632
Obligation(s)	0000000349
Statement Date:	12/22/08
Due Date:	01/01/09

Due	Past Due	This Period	Total Due
Principal	0.00	3,445.02	3,445.02
Interest	0.00	5,824.64	5,824.64
Total	0.00	9,269.66	9,269.66

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
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YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 01, 2009.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810092632	Due Date 01/01/09	Total Due 9,269.66

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
349	7.250	12/29/06	1,008,364.00	01/01/22

Date	Transaction Description	Activity	Balance
	Starting Balance		936,589.90
	Previous Principal Due	3,611.09	
	Previous Interest Due	5,658.57	
12/01/08	Principal Payment	3,611.09-	932,978.81
12/01/08	Interest Payment	5,658.57-	
	Int 031 days @ 7.2500	5,824.64	
01/01/09	Principal Due	3,445.02	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	3,445.02	3,445.02
INTEREST	0.00	5,824.64	5,824.64
TOTAL	0.00	9,269.66	9,269.66

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SUMMARY

Customer No.	75-804583
Invoice No.	0910001572
Obligation(s)	0000000273
Statement Date:	01/11/09
Due Date:	01/11/09

Due	Past Due	This Period	Total Due
Principal	0.00	2,177.70	2,177.70
Interest	0.00	86.20	86.20
Total	0.00	2,263.90	2,263.90

Amount Enclosed
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YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 11, 2009.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0910001572	Due Date 01/11/09	Total Due 2,263.90

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
273	5.250	06/11/02	150,000.00	06/11/09

Date	Transaction Description	Activity	Balance
	Starting Balance		17,931.17
	Previous Principal Due	2,160.74	
	Previous Interest Due	103.16	
12/11/08	Principal Payment	2,160.74-	15,770.43
12/11/08	Interest Payment	103.16-	
	Int 021 days @ 7.0000	63.52	
01/01/09	Rate Chg - 5.25000000		
	Int 010 days @ 5.2500	22.68	
01/11/09	Principal Due	2,177.70	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	2,177.70	2,177.70
INTEREST	0.00	86.20	86.20
TOTAL	0.00	2,263.90	2,263.90

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SUMMARY

Customer No.	75-804583
Invoice No.	0810091051
Obligation(s)	0000000398
Statement Date:	12/17/08
Due Date:	01/01/09

Due	Past Due	This Period	Total Due
Principal	0.00	5,136.32	5,136.32
Interest	0.00	4,954.55	4,954.55
Total	0.00	10,090.87	10,090.87

Amount Enclosed

AUTO DEBIT

CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

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YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 01, 2009.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810091051	Due Date 01/01/09	Total Due 10,090.87

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
398	7.390	06/27/07	850,000.00	07/01/17

Date	Transaction Description	Activity	Balance
	Starting Balance		783,837.70
	Previous Principal Due	5,263.74	
	Previous Interest Due	4,827.13	
12/01/08	Principal Payment	5,263.74-	778,573.96
12/01/08	Interest Payment	4,827.13-	
	Int 031 days @ 7.3900	4,954.55	
01/01/09	Principal Due	5,136.32	

	PAST DUE	THIS PERIOD	TOTAL DUE
PRINCIPAL	0.00	5,136.32	5,136.32
INTEREST	0.00	4,954.55	4,954.55
TOTAL	0.00	10,090.87	10,090.87

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SUMMARY

Customer No.	75-804583
Invoice No.	0810091924
Obligation(s)	0000000414
Statement Date:	12/21/08
Due Date:	01/01/09

Due	Past Due	This Period	Total Due
Interest	0.00	2,115.55	2,115.55
Total	0.00	2,115.55	2,115.55

Amount Enclosed
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CES ENVIRONMENTAL SERVICES
INC
4904 GRIGGS RD
HOUSTON TX 77021-3208

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DALLAS TX 75266-0576

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YOUR CHECKING ACCOUNT WILL BE DEBITED FOR THE TOTAL OF THIS INVOICE ON JANUARY 01, 2009.

IMPORTANT INFORMATION

A late fee will be assessed in accordance with the terms of your note if full payment is not made promptly.

Excess payment amounts will be applied to your principal balance.

FOR QUESTIONS PLEASE CALL: 1.888.852.5000

ACTIVITY SINCE YOUR LAST STATEMENT

CES ENVIRONMENTAL SERVICES	Customer No. 75-804583	Invoice No. 0810091924	Due Date 01/01/09	Total Due 2,115.55

OBLIGATION NO.	RATE	NOTE DATE	ORIG/RENEWAL AMOUNT	MATURITY
414	3.250	03/12/08	680,680.00	01/01/09

Date	Transaction Description	Activity	Balance
	Starting Balance		680,000.00
	Previous Interest Due	2,379.18	
10/29/08	Rate Chg - 4.00000000		
12/01/08	Interest Payment	2,379.18-	
	Int 015 days @ 4.0000	1,133.33	
12/16/08	Rate Chg - 3.25000000		
	Int 016 days @ 3.2500	982.22	

	PAST DUE	THIS PERIOD	TOTAL DUE
INTEREST	0.00	2,115.55	2,115.55
TOTAL	0.00	2,115.55	2,115.55

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2255962-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 38,125.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1567084%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2006	0.00	0.00	0.00	38,125.00
FISCAL 2006	0.00	0.00	0.00	
01/01/2007	775.90	259.15	516.75	37,608.25
02/01/2007	775.90	255.63	520.27	37,087.98
03/01/2007	775.90	252.10	523.80	36,564.18
04/01/2007	775.90	248.54	527.36	36,036.82
05/01/2007	775.90	244.95	530.95	35,505.87
06/01/2007	775.90	241.34	534.56	34,971.31
07/01/2007	775.90	237.71	538.19	34,433.12
08/01/2007	775.90	234.05	541.85	33,891.27
09/01/2007	775.90	230.37	545.53	33,345.74
10/01/2007	775.90	226.66	549.24	32,796.50

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05/01/2008	540.20	77.69	462.51	10,506.35
06/01/2008	540.20	74.42	465.78	10,040.57
07/01/2008	540.20	71.12	469.08	9,571.49
08/01/2008	540.20	67.80	472.40	9,099.09
09/01/2008	540.20	64.45	475.75	8,623.34
10/01/2008	540.20	61.08	479.12	8,144.22
11/01/2008	540.20	57.69	482.51	7,661.71
12/01/2008	540.20	54.27	485.93	7,175.78
FISCAL 2008	6,482.40	871.60	5,610.80	
01/01/2009	540.20	50.83	489.37	6,686.41
02/01/2009	540.20	47.36	492.84	6,193.57
03/01/2009	540.20	43.87	496.33	5,697.24
04/01/2009	540.20	40.35	499.85	5,197.39
05/01/2009	540.20	36.81	503.39	4,694.00
06/01/2009	540.20	33.25	506.95	4,187.05
07/01/2009	540.20	29.66	510.54	3,676.51
08/01/2009	540.20	26.04	514.16	3,162.35
09/01/2009	540.20	22.40	517.80	2,644.55
10/01/2009	540.20	18.73	521.47	2,123.08
11/01/2009	540.20	15.04	525.16	1,597.92
12/01/2009	540.20	11.32	528.88	1,069.04
FISCAL 2009	6,482.40	375.66	6,106.74	
01/01/2010	540.20	7.57	532.63	536.41

CONTRACT NUMBER: 090-2263788-000
COMMENCEMENT DATE: 02/01/2007
INCOME START DATE: 02/01/2007
EQUIPMENT COST: 17,112.60
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4996756%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
02/01/2010	540.20	3.79	536.41	0.00
FISCAL 2010	1,080.40	11.36	1,069.04	
Totals For 090-2263788-000	19,447.20	2,334.60	17,112.60	

EPAHO120001466

11/01/2007	775.90	222.93	552.97	32,243.53
12/01/2007	775.90	219.17	556.73	31,686.80
FISCAL 2007	9,310.80	2,872.60	6,438.20	
01/01/2008	775.90	215.38	560.52	31,126.28
02/01/2008	775.90	211.57	564.33	30,561.95
03/01/2008	775.90	207.74	568.16	29,993.79
04/01/2008	775.90	203.88	572.02	29,421.77
05/01/2008	775.90	199.99	575.91	28,845.86
06/01/2008	775.90	196.07	579.83	28,266.03
07/01/2008	775.90	192.13	583.77	27,682.26
08/01/2008	775.90	188.16	587.74	27,094.52
09/01/2008	775.90	184.17	591.73	26,502.79
10/01/2008	775.90	180.15	595.75	25,907.04
11/01/2008	775.90	176.10	599.80	25,307.24
12/01/2008	775.90	172.02	603.88	24,703.36
FISCAL 2008	9,310.80	2,327.36	6,983.44	
01/01/2009	775.90	167.92	607.98	24,095.38
02/01/2009	775.90	163.78	612.12	23,483.26
03/01/2009	775.90	159.62	616.28	22,866.98
04/01/2009	775.90	155.43	620.47	22,246.51
05/01/2009	775.90	151.22	624.68	21,621.83
06/01/2009	775.90	146.97	628.93	20,992.90
07/01/2009	775.90	142.69	633.21	20,359.69
08/01/2009	775.90	138.39	637.51	19,722.18
09/01/2009	775.90	134.06	641.84	19,080.34
10/01/2009	775.90	129.69	646.21	18,434.13
11/01/2009	775.90	125.30	650.60	17,783.53

FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2255962-000
COMMENCEMENT DATE: 12/01/2006
INCOME START DATE: 12/01/2006
EQUIPMENT COST: 38,125.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.1567084%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
12/01/2009	775.90	120.88	655.02	17,128.51
FISCAL 2009	9,310.80	1,735.95	7,574.85	
01/01/2010	775.90	116.43	659.47	16,469.04
02/01/2010	775.90	111.94	663.96	15,805.08
03/01/2010	775.90	107.43	668.47	15,136.61
04/01/2010	775.90	102.89	673.01	14,463.60
05/01/2010	775.90	98.31	677.59	13,786.01
06/01/2010	775.90	93.71	682.19	13,103.82
07/01/2010	775.90	89.07	686.83	12,416.99

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		90-2255962		
08/01/2010	775.90	84.40	691.50	11,725.49
09/01/2010	775.90	79.70	696.20	11,029.29
10/01/2010	775.90	74.97	700.93	10,328.36
11/01/2010	775.90	70.20	705.70	9,622.66
12/01/2010	775.90	65.41	710.49	8,912.17
FISCAL 2010	9,310.80	1,094.46	8,216.34	
01/01/2011	775.90	60.58	715.32	8,196.85
02/01/2011	775.90	55.72	720.18	7,476.67
03/01/2011	775.90	50.82	725.08	6,751.59
04/01/2011	775.90	45.89	730.01	6,021.58
05/01/2011	775.90	40.93	734.97	5,286.61
06/01/2011	775.90	35.93	739.97	4,546.64
07/01/2011	775.90	30.90	745.00	3,801.64
08/01/2011	775.90	25.84	750.06	3,051.58
09/01/2011	775.90	20.74	755.16	2,296.42
10/01/2011	775.90	15.61	760.29	1,536.13
11/01/2011	775.90	10.44	765.46	770.67
12/01/2011	775.90	5.23	770.67	0.00
FISCAL 2011	9,310.80	398.63	8,912.17	
Totals For 090-2255962-000	46,554.00	8,429.00	38,125.00	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2259251-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 265,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.9361472%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
01/01/2007	0.00	0.00	0.00	265,000.00
02/01/2007	5,365.15	1,752.57	3,612.58	261,387.42
03/01/2007	5,365.15	1,728.67	3,636.48	257,750.94
04/01/2007	5,365.15	1,704.62	3,660.53	254,090.41
05/01/2007	5,365.15	1,680.42	3,684.73	250,405.68
06/01/2007	5,365.15	1,656.05	3,709.10	246,696.58
07/01/2007	5,365.15	1,631.52	3,733.63	242,962.95
08/01/2007	5,365.15	1,606.82	3,758.33	239,204.62
09/01/2007	5,365.15	1,581.97	3,783.18	235,421.44
10/01/2007	5,365.15	1,556.95	3,808.20	231,613.24
11/01/2007	5,365.15	1,531.76	3,833.39	227,779.85
12/01/2007	5,365.15	1,506.41	3,858.74	223,921.11
FISCAL 2007	59,016.65	17,937.76	41,078.89	
01/01/2008	5,365.15	1,480.89	3,884.26	220,036.85
02/01/2008	5,365.15	1,455.20	3,909.95	216,126.90
03/01/2008	5,365.15	1,429.35	3,935.80	212,191.10

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04/01/2008	5,365.15	1,403.32	3,961.83	208,229.27
05/01/2008	5,365.15	1,377.12	3,988.03	204,241.24
06/01/2008	5,365.15	1,350.74	4,014.41	200,226.83
07/01/2008	5,365.15	1,324.19	4,040.96	196,185.87
08/01/2008	5,365.15	1,297.47	4,067.68	192,118.19
09/01/2008	5,365.15	1,270.57	4,094.58	188,023.61
10/01/2008	5,365.15	1,243.49	4,121.66	183,901.95
11/01/2008	5,365.15	1,216.23	4,148.92	179,753.03
12/01/2008	5,365.15	1,188.79	4,176.36	175,576.67
FISCAL 2008	64,381.80	16,037.36	48,344.44	
01/01/2009	5,365.15	1,161.17	4,203.98	171,372.69
02/01/2009	5,365.15	1,133.37	4,231.78	167,140.91
03/01/2009	5,365.15	1,105.38	4,259.77	162,881.14
04/01/2009	5,365.15	1,077.21	4,287.94	158,593.20
05/01/2009	5,365.15	1,048.85	4,316.30	154,276.90
06/01/2009	5,365.15	1,020.30	4,344.85	149,932.05
07/01/2009	5,365.15	991.57	4,373.58	145,558.47
08/01/2009	5,365.15	962.64	4,402.51	141,155.96
09/01/2009	5,365.15	933.53	4,431.62	136,724.34
10/01/2009	5,365.15	904.22	4,460.93	132,263.41
11/01/2009	5,365.15	874.72	4,490.43	127,772.98
12/01/2009	5,365.15	845.02	4,520.13	123,252.85

CONTRACT NUMBER: 090-2259251-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 265,000.00
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 7.9361472%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
FISCAL 2009	64,381.80	12,057.98	52,323.82	
01/01/2010	5,365.15	815.13	4,550.02	118,702.83
02/01/2010	5,365.15	785.04	4,580.11	114,122.72
03/01/2010	5,365.15	754.75	4,610.40	109,512.32
04/01/2010	5,365.15	724.25	4,640.90	104,871.42
05/01/2010	5,365.15	693.56	4,671.59	100,199.83
06/01/2010	5,365.15	662.67	4,702.48	95,497.35
07/01/2010	5,365.15	631.57	4,733.58	90,763.77
08/01/2010	5,365.15	600.26	4,764.89	85,998.88
09/01/2010	5,365.15	568.75	4,796.40	81,202.48
10/01/2010	5,365.15	537.03	4,828.12	76,374.36
11/01/2010	5,365.15	505.10	4,860.05	71,514.31
12/01/2010	5,365.15	472.96	4,892.19	66,622.12
FISCAL 2010	64,381.80	7,751.07	56,630.73	
01/01/2011	5,365.15	440.60	4,924.55	61,697.57
02/01/2011	5,365.15	408.03	4,957.12	56,740.45
03/01/2011	5,365.15	375.25	4,989.90	51,750.55
04/01/2011	5,365.15	342.25	5,022.90	46,727.65

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		90-2259251		
05/01/2011	5,365.15	309.03	5,056.12	41,671.53
06/01/2011	5,365.15	275.59	5,089.56	36,581.97
07/01/2011	5,365.15	241.93	5,123.22	31,458.75
08/01/2011	5,365.15	208.05	5,157.10	26,301.65
09/01/2011	5,365.15	173.94	5,191.21	21,110.44
10/01/2011	5,365.15	139.61	5,225.54	15,884.90
11/01/2011	5,365.15	105.05	5,260.10	10,624.80
12/01/2011	5,365.15	70.27	5,294.88	5,329.92
FISCAL 2011	64,381.80	3,089.60	61,292.20	
01/01/2012	5,365.15	35.23	5,329.92	0.00
FISCAL 2012	5,365.15	35.23	5,329.92	
Totals For 090-2259251-000	321,909.00	56,909.00	265,000.00	

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FLEET BUSINESS LEASING

Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2259256-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 34,193.13
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4998256%

DATE DUE	PRINCIPAL BALANCE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL
01/01/2007	34,193.13	0.00	0.00	0.00
02/01/2007	33,355.94	1,079.39	242.20	837.19
03/01/2007	32,512.82	1,079.39	236.27	843.12
04/01/2007	31,663.72	1,079.39	230.29	849.10
05/01/2007	30,808.61	1,079.39	224.28	855.11
06/01/2007	29,947.44	1,079.39	218.22	861.17
07/01/2007	29,080.17	1,079.39	212.12	867.27
08/01/2007	28,206.76	1,079.39	205.98	873.41
09/01/2007	27,327.16	1,079.39	199.79	879.60
10/01/2007	26,441.33	1,079.39	193.56	885.83
11/01/2007	25,549.23	1,079.39	187.29	892.10
12/01/2007	24,650.81	1,079.39	180.97	898.42
FISCAL 2007		11,873.29	2,330.97	9,542.32
01/01/2008	23,746.03	1,079.39	174.61	904.78
02/01/2008	22,834.84	1,079.39	168.20	911.19
03/01/2008	21,917.19	1,079.39	161.74	917.65
04/01/2008	20,993.04	1,079.39	155.24	924.15

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05/01/2008 930.69	20,062.35	1,079.39	148.70
06/01/2008 937.28	19,125.07	1,079.39	142.11
07/01/2008 943.92	18,181.15	1,079.39	135.47
08/01/2008 950.61	17,230.54	1,079.39	128.78
09/01/2008 957.34	16,273.20	1,079.39	122.05
10/01/2008 964.12	15,309.08	1,079.39	115.27
11/01/2008 970.95	14,338.13	1,079.39	108.44
12/01/2008 977.83	13,360.30	1,079.39	101.56
FISCAL 2008 11,290.51		12,952.68	1,662.17
01/01/2009 984.76	12,375.54	1,079.39	94.63
02/01/2009 991.73	11,383.81	1,079.39	87.66
03/01/2009 998.76	10,385.05	1,079.39	80.63
04/01/2009 1,005.83	9,379.22	1,079.39	73.56
05/01/2009 1,012.96	8,366.26	1,079.39	66.43
06/01/2009 1,020.13	7,346.13	1,079.39	59.26
07/01/2009 1,027.36	6,318.77	1,079.39	52.03
08/01/2009 1,034.63	5,284.14	1,079.39	44.76
09/01/2009 1,041.96	4,242.18	1,079.39	37.43
10/01/2009 1,049.34	3,192.84	1,079.39	30.05
11/01/2009 1,056.77	2,136.07	1,079.39	22.62
12/01/2009 1,064.26	1,071.81	1,079.39	15.13

CONTRACT NUMBER: 090-2259256-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 34,193.13
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4998256%

DATE DUE	PRINCIPAL BALANCE	PAYMENT	RESIDUAL AND INTEREST
PRINCIPAL			
FISCAL 2009 12,288.49		12,952.68	664.19
01/01/2010 1,071.81	0.00	1,079.39	7.58
FISCAL 2010 1,071.81		1,079.39	7.58
Totals For 090-2259256-000 34,193.13		38,858.04	4,664.91

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2259256-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 34,193.13
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4998256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
01/01/2007	0.00	0.00	0.00	34,193.13
02/01/2007	1,079.39	242.20	837.19	33,355.94
03/01/2007	1,079.39	236.27	843.12	32,512.82
04/01/2007	1,079.39	230.29	849.10	31,663.72
05/01/2007	1,079.39	224.28	855.11	30,808.61
06/01/2007	1,079.39	218.22	861.17	29,947.44
07/01/2007	1,079.39	212.12	867.27	29,080.17
08/01/2007	1,079.39	205.98	873.41	28,206.76
09/01/2007	1,079.39	199.79	879.60	27,327.16
10/01/2007	1,079.39	193.56	885.83	26,441.33
11/01/2007	1,079.39	187.29	892.10	25,549.23
12/01/2007	1,079.39	180.97	898.42	24,650.81
FISCAL 2007	11,873.29	2,330.97	9,542.32	

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01/01/2008	1,079.39	174.61	904.78	23,746.03
02/01/2008	1,079.39	168.20	911.19	22,834.84
03/01/2008	1,079.39	161.74	917.65	21,917.19
04/01/2008	1,079.39	155.24	924.15	20,993.04
05/01/2008	1,079.39	148.70	930.69	20,062.35
06/01/2008	1,079.39	142.11	937.28	19,125.07
07/01/2008	1,079.39	135.47	943.92	18,181.15
08/01/2008	1,079.39	128.78	950.61	17,230.54
09/01/2008	1,079.39	122.05	957.34	16,273.20
10/01/2008	1,079.39	115.27	964.12	15,309.08
11/01/2008	1,079.39	108.44	970.95	14,338.13
12/01/2008	1,079.39	101.56	977.83	13,360.30
FISCAL 2008	12,952.68	1,662.17	11,290.51	
01/01/2009	1,079.39	94.63	984.76	12,375.54
02/01/2009	1,079.39	87.66	991.73	11,383.81
03/01/2009	1,079.39	80.63	998.76	10,385.05
04/01/2009	1,079.39	73.56	1,005.83	9,379.22
05/01/2009	1,079.39	66.43	1,012.96	8,366.26
06/01/2009	1,079.39	59.26	1,020.13	7,346.13
07/01/2009	1,079.39	52.03	1,027.36	6,318.77
08/01/2009	1,079.39	44.76	1,034.63	5,284.14
09/01/2009	1,079.39	37.43	1,041.96	4,242.18
10/01/2009	1,079.39	30.05	1,049.34	3,192.84
11/01/2009	1,079.39	22.62	1,056.77	2,136.07
12/01/2009	1,079.39	15.13	1,064.26	1,071.81

CONTRACT NUMBER: 090-2259256-000
COMMENCEMENT DATE: 01/01/2007
INCOME START DATE: 01/01/2007
EQUIPMENT COST: 34,193.13
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4998256%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
FISCAL 2009	12,952.68	664.19	12,288.49	
01/01/2010	1,079.39	7.58	1,071.81	0.00
FISCAL 2010	1,079.39	7.58	1,071.81	
Totals For 090-2259256-000	38,858.04	4,664.91	34,193.13	

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FLEET BUSINESS LEASING
Simple Interest
Contract Amortization Report

CONTRACT NUMBER: 090-2263788-000
COMMENCEMENT DATE: 02/01/2007
INCOME START DATE: 02/01/2007
EQUIPMENT COST: 17,112.60
DOWN PAYMENT: 0.00
SIMPLE INT RATE: 8.4996756%

DATE DUE	PAYMENT	RESIDUAL AND INTEREST	PRINCIPAL	PRINCIPAL BALANCE
02/01/2007	0.00	0.00	0.00	17,112.60
03/01/2007	540.20	121.21	418.99	16,693.61
04/01/2007	540.20	118.24	421.96	16,271.65
05/01/2007	540.20	115.25	424.95	15,846.70
06/01/2007	540.20	112.24	427.96	15,418.74
07/01/2007	540.20	109.21	430.99	14,987.75
08/01/2007	540.20	106.16	434.04	14,553.71
09/01/2007	540.20	103.08	437.12	14,116.59
10/01/2007	540.20	99.99	440.21	13,676.38
11/01/2007	540.20	96.87	443.33	13,233.05
12/01/2007	540.20	93.73	446.47	12,786.58
FISCAL 2007	5,402.00	1,075.98	4,326.02	
01/01/2008	540.20	90.57	449.63	12,336.95
02/01/2008	540.20	87.38	452.82	11,884.13
03/01/2008	540.20	84.18	456.02	11,428.11
04/01/2008	540.20	80.95	459.25	10,968.86

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Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   _____ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   _____ Yes _____ No

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   _____ Yes _____ No
   If "Yes", attach a copy

4. How long has your company been in business? _____ Years.

5. How long has your company been handling this type of material? _____ Years.

6. Does your Company provide technical support for this product?
   _____ Yes _____ No
   If "Yes", please attach detailed description of the technical support.

7. Does your Company have an environmental audit program?
   _____ Yes _____ No
   If "Yes", attach a copy.

8. Does your Company have more than one outlet for this material?
   _____ Yes _____ No
   If "Yes", please describe them.

9. How many other companies supply you with a similar product?

* See Attached *

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   Yes

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, this material is not a waste.
   Yes

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   Yes
   If "Yes", attach a copy.
   CES Environmental Services, Inc. strictly adheres to Title 40 of the Code of Federal Regulations (parts 260-265 and 266-299) and to Title 30 of the Texas Administrative Code on Environmental Quality. Both documents can be found online. Further, CES has a number of large customers that insist on environmentally friendly practices and require audits on a regular basis.

4. How long has your company been in business? 9 Years

5. How long has your company been handling this type of material? 6 Years

6. Does your company provide technical support for this product? Yes

   If "Yes", please attach detailed description of the technical support.
   CES Environmental Services, Inc. employs a Research and Development Manager whose specialty is phenolics, cresylic acids, and related products (see attached resume). CES also employs a Chemical Engineer who provides technical support (see attached resume). Finally, the Product Sales Manager has fifteen years experience in the caustic business and created the attached powerpoint for product sales training.

7. Does your company have an environmental audit program? Yes

   If "Yes", attach a copy. Attached

8. Does your company have more than one outlet for this material? Yes

If "Yes", please describe them.

Wastewater neutralization, pulp and paper processing, specific gravity modification, caustic scrubbing (as a substitute for fresh caustic),and uses in the mining industry.

9. How many other companies supply you with similar product?

More than 15

SECTION 4.0

COMPENSATION

EPAHO120001480

1.0 PRICING STRUCTURE

1.1 Compensation listed in the Schedule of Prices herein constitutes full payment of the Contract Sum for all services covered in this Contract and includes, but is not limited to, the furnishing of all technical and professional services, equipment, material, supplies and all operations and items necessary to complete the services described in the Scope of Services of this Contract.

1.2 The Contract Sum shall be derived from the Unit Price/Gallon for the Services performed by the Contractor in accordance with Section 3.0 Scope of Services over the period of three (3) months plus an extension option for a further period of three (3) months, if applicable.

2.0 PRICING CONDITIONS

2.1 Currency of the Contract

2.1.1 The currency of the Contract shall be the United States Dollar (US$) and all compensation and invoices shall be expressed and all payments shall be made in that currency.

2.1.2 Should any expenses, subject to reimbursement by the Company at cost, be incurred and paid by the Contractor in a currency other than the United States Dollar, then such expenses shall be expressed in United States Dollars. Conversion shall be made at the selling rate of such currency as published by the Qatar National Bank on the 25th day of the month, or the last banking day before the 25th day of the month in which the expenses in question were incurred, and the rate used shall be identified in the relevant invoice and the accompanying supporting information.

2.2 Unit Prices Fully Inclusive

Without limitation the Unit Price/Gallon in this Compensation section shall be fully inclusive of but not limited to

- Manpower, necessary tools and equipment and personnel to perform the services
- Required external safety training,
- Standard personal protective equipment (PPE)
- Overheads, on costs and profit.
- Payroll and payroll burden, salary, allowances, bonus, insurance and pension religious or public holidays work, medical and sickness schemes, specialist equipment, safety equipment & protective clothing, accommodation and subsistence, commuter travel or Company vehicle provisions.
- Obtaining and maintaining all permits, visas etc.
- All costs associated with leave or leave cycles, hand-over / overlap etc.
- All applicable taxes and disbursements.
- Currency conversion and funding.
- Insurance's.
- Agency or sponsorship fees including local office costs.

EPAHO120001481

- All costs associated with the execution and satisfactory completion of the Contract and all costs associated with compliance with the Contract obligations in accordance with Section 3.0 Scope of Services.

2.3 Validity of the Unit Price/Gallon

2.3.1 The Unit Prices/Shipment in this Compensation section shall remain fixed and firm for the removal / transportation / receipt / handling of one (1) cargo, effective the planned date of Commencement of the Services.

2.4 Basis of Compensation

2.4.1 Compensation shall be on the basis of gross Gallons inclusive of all services required for that cargo.

2.4.2 No payment will be made for services provided to remedy defects or to remedy any default of the Contractor.

3.0 SCHEDULE OF PRICES

3.1 The fully-inclusive Unit Price for the performance of Scope A – Receiving and Handling Services is as follows: -

	Description	Unit Price (US$ per US Gallon)
1.	**Sulfidic Caustic Solution Received**	
	1.1 sodium content above 3%	$ 0.67
	1.2 sodium content less than 3% but more than 1%	$ 0.67
	1.3 sodium content less than 1%	$ 0.67

3.2 The fully-inclusive Unit Price for the performance of Scope B – Removal and Transportation services is as follows: -

	Description	Unit Price (US$ per US Gallon)
1.	**Sulfidic Caustic Solution Transported from Ras Laffan, Qatar to:**	
	1.1 Houston, United States of America	$ 1.62

Note: When the need arises, and not limited to when extending the contract for a further period of three (3) months, for the lifting of one (1) additional cargo of similar size, RasGas and Contractor will address cost fluctuations, resulting from inflation and extra ordinary events, in keeping with historical practices, such that neither party shall be disadvantaged.

RasGas reserve the right to award to split the two scopes between one or more Contractors.

EPAHO120001482

4.0 INVOICING

Invoicing for Sulfidic Caustic Solution shall be based on the gross gallons as per Section 3.0 Scope of Services, Schedule No. 1 Article 1.1.6 – Measurement. Copies of the analyses showing the concentration of sodium and sulfide sulfur shall be attached to each invoice.

Payment of invoices shall be made within forty-five (45) day's from the date of invoice received by RasGas. All invoices shall be submitted to RasGas, P.O. Box 24200, Doha-Qatar, for the attention of the Accounting Manager, Finance Group, showing Contract reference number and Contract Title.

EPAHO120001483

TENDER INFORMATION SHEET

Numbers in brackets refer to items in the Instructions To Tenderers

ITT NUMBER AND TITLE (1.0) :	TENDER CLOSING DATE/TIME (5.2) :
ITT/RG08/L072/08 **Spot Services for Sulfidic Caustic Solution Receiving & Handling Services and Removal & Transportation Services**	GRGG **0900 hours on : 25 / Mar / 08**
COMPOSITION OF INVITATION TO TENDER PACKAGE (2.0) : **PART A** Section 1.0 - Instructions To Tenderers Section 2.0 - Form of Tender Section 3.0 - Form of Tender Bond **PART B** Section 1.0 - Form of Agreement Section 2.0 - General Conditions Section 3.0 - Scope Section 4.0 - Compensation Section 5.0 - Preliminaries & Coordination Procedures Section 6.0 - Not Used Section 7.0 - Environmental, Health & Safety Req. Section 8.0 - Bonds & Guarantees	**TENDER VALIDITY (6.0) :** 90 calendar days from the above Tender Closing Date / Time **COMPOSITION OF THE TENDER RESPONSE TO BE AS FOLLOWS (7.1, 7.2 & 7.6) :** The tender shall be submitted in two sealed envelopes/packages. **Envelope 1** : To be marked **ONLY** as follows :- **ITT/RG08/L072/08** **SEALED TENDER - DO NOT OPEN** **UNPRICED RESPONSE** **Tenderer Name** and shall contain in ONE ORIGINAL + 1 COPY:- - the signed original Form of Tender - the original Tender Bond **(if applicable, see 7.9)** - confirmation of permission to trade in Qatar - Qatar Registration/Name of Sponsor - any technical proposals / responses required by the Invitation To Tender (ITT)
ACKNOWLEDGEMENTS AND ENQUIRIES TO BE SENT TO (3.0 & 4.1 AND 7.10) : RasGas Company Limited PO Box 24200 Doha State of Qatar Attention: Asgar A. Khan M&P Warehouse, Room 216A, RasGas Site Facsimile Number : (+974) 473 8536 / 473 8513	**Envelope 2** : To be marked **ONLY** as follows :- **ITT/RG08/L072/08** **SEALED TENDER - DO NOT OPEN** **PRICED RESPONSE** **Tenderer Name** and shall contain in ONE ORIGINAL + 2 COPIES:- - the priced Compensation section of the ITT **ONLY**
ADDRESS FOR SUBMISSION OF TENDER (5.1) :- *Please use Attachment 3 - Envelope Label for Tender Submission.* RasGas Company Limited Ras Gas Main Building, Ground Floor P. O. Box 24200 West Bay, Doha State of Qatar Attn: LTC Secretary	Any alternative tender or variances from the fully compliant tender shall be submitted as separate technical and commercial bids in sealed envelopes marked as above but each must also be clearly marked with "ALTERNATIVE TENDER". **TENDER BOND (7.9) :** Refer to Clause 9.0 - NOTE ON TENDER BOND of Part A, Section 1.0 - Instructions to Tenderer

EPAHO120001484

FORM OF TENDER

RasGas Company Limited
PO Box 24200
Doha, State of Qatar

Attention: LTC Secretary

REF: **Invitation To Tender Number: ITT/RG08/L072/08**

ITT Title: Spot Services for Sulfidic Caustic Solution Receiving & Handling Services and Removal & Transportation Services

Dear Sirs,

We refer to your Invitation To Tender and having carefully examined the documents therein, hereby offer to provide the Work in conformity with these documents, including the following Tender Addenda issued during the tender period *(list each Tender Addendum number and date)*;

for the rates and prices detailed in our tender response for PART B Section 4.0 and in accordance with our other tender responses submitted as required by the Invitation To Tender package.

We agree to abide by this tender (and all our attached submissions) for the period stipulated under "Tender Validity" in the Attachment to PART A Section 1.0 of the Invitation To Tender package (or such period as may be required under a Tender Addendum).

Yours faithfully,

For: CES Environmental Services, Inc.

Name: Ramiz Tafilaj

Signature:

Position: Vice President International Business

Date: 3/24/2008

EPAHO120001485

FORM OF TENDER BOND

1. The undersigned **(1)** ..... (hereinafter referred to as the "Guarantor"), established at **(2)** ..... represented by **(3)** ..... , have taken notice of the tender ref. **(4) ITT/RG08/L072/08** (hereinafter referred to as the "Tender") submitted by **(5)** ..... (hereinafter referred to as the "Tenderer"), whose registered office is at **(6)** ..... to RasGas Company Limited (hereinafter referred to as the "Company"), a company registered under the laws of the State of Qatar, with its registered office at Post Office Box 24200, Doha, State of Qatar.

2. The Guarantor hereby guarantees the due performance by the Tenderer of the Tenderer's obligations under the Tender documents.

3. If the Tenderer fails to comply with any of its obligations under the Tender documents, or if the Tenderer withdraws the Tender within the period of validity of the Tender, or if the Tenderer fails after receipt from the Company of notice of award to enter into a Contract with the Company, then the Guarantor hereby irrevocably undertakes on behalf of the Tenderer to pay to the Company on first demand any sum or sums not exceeding **(7) US $ 20,000/- (United States Dollars Twenty Thousand Only)** (if Tenderer is bidding only for Scope A) **OR US$ 35,000/- (United States Dollars Thirty Five Thousand Only)** (if Tenderer is bidding only for Scope B) **OR US $ 55,000/- (United States Dollars Fifty Five Thousand Only)** (if Tenderer is bidding for both the Scopes A and B).

4. Each demand by the Company for payment under this guarantee shall be made in writing to the following address:

   (8) .....

   The Guarantor shall promptly notify the Company of any changes in the above address.

5. Each demand under paragraph 4 above shall indicate the breach of the Tenderer's obligations as notified to the Tenderer by the Company.

6. The Guarantor shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection by the Tenderer. The Guarantor shall not require the Company to justify the breach indicated in its demand for payment, nor shall the Guarantor have any recourse against the Company in respect of any payment made hereunder.

7. No alteration in the terms of the Tender made by agreement between the Tenderer and the Company shall in any way release the Guarantor from all or any part of its liabilities under this guarantee.

8. The Guarantor shall pay any sum demanded by the Company hereunder within fifteen (15) calendar days after the date of receipt of the Company's demand.

9. This guarantee shall remain valid until **(9)** .....and in the event that the Tenderer is notified of the award of the Contract to it by the Company this guarantee shall in addition be valid until signature of the Contract by the Tenderer and the Company.

10. Terms in capital letters shall have the meaning ascribed to them in the Invitation To Tender documents.

EPAHO120001486

11. This guarantee shall be interpreted in accordance with the laws of the State of Qatar and any proceedings for enforcement shall be brought before the competent court of the State of Qatar.

12. The Guarantor represents that this guarantee has been established in such form and with such content that it is fully and freely enforceable against the Guarantor in the manner provided in paragraph 11 above.

(Date) .....

[Common Seal of Signature of Guarantor or such other formality as may be required under the law to render a unilateral promise binding on the Guarantor]

(1) - **Name of the Bank**

(2) - **Address of the Bank**

(3) - **Guarantor officer's name and position**

(4) - **Invitation To Tender number**

(5) - **The name of the Tenderer**

(6) - **Address of the office of the Tenderer**

(7) - **The amount of the Tender Bond as stipulated in PART A Section 1.0 of the Invitation To Tender package**

(8) - **The Bank address for notices**

(9) - **Date corresponding to the tender validity as stipulated in PART A Section 1.0 Attachment 1/3 of the Invitation To Tender package plus fifteen (15) calendar days**

EPAHO120001487

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   _____ Yes _____ No

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, that this material is not a waste.
   _____ Yes _____ No

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   _____ Yes _____ No
   If "Yes", attach a copy

4. How long has your company been in business? _____ Years.

5. How long has your company been handling this type of material? _____ Years.

6. Does your Company provide technical support for this product?
   _____ Yes _____ No
   If "Yes", please attach detailed description of the technical support.

7. Does your Company have an environmental audit program?
   _____ Yes _____ No
   If "Yes", attach a copy.

8. Does your Company have more than one outlet for this material?
   _____ Yes _____ No
   If "Yes", please describe them.

9. How many other companies supply you with a similar product?

* See Attached *

Attachment – "C"

RASGAS

TENDER RESPONSE REQUIREMENTS

(SULPHIDIC CAUSTIC)

1. Will your company's use of this material be considered beneficial reuse and not disposal?
   Yes

2. Documentation is attached demonstrating that under the environmental laws and regulations that are applicable to your company, this material is not a waste.
   Yes

3. Does your company subscribe to a set of governing principles regarding environmental stewardship, such as the Responsible Care program?
   Yes
   If "Yes", attach a copy.
   CES Environmental Services, Inc. strictly adheres to Title 40 of the Code of Federal Regulations (parts 260-265 and 266-299) and to Title 30 of the Texas Administrative Code on Environmental Quality. Both documents can be found online. Further, CES has a number of large customers that insist on environmentally friendly practices and require audits on a regular basis.

4. How long has your company been in business? 9 Years

5. How long has your company been handling this type of material? 6 Years

6. Does your company provide technical support for this product? Yes

   If "Yes", please attach detailed description of the technical support.
   CES Environmental Services, Inc. employs a Research and Development Manager whose specialty is phenolics, cresylic acids, and related products (see attached resume). CES also employs a Chemical Engineer who provides technical support (see attached resume). Finally, the Product Sales Manager has fifteen years experience in the caustic business and created the attached powerpoint for product sales training.

7. Does your company have an environmental audit program? Yes

   If "Yes", attach a copy. Attached

8. Does your company have more than one outlet for this material? Yes

If "Yes", please describe them.

Wastewater neutralization, pulp and paper processing, specific gravity modification, caustic scrubbing (as a substitute for fresh caustic),and uses in the mining industry.

9. How many other companies supply you with similar product?

More than 15

بنك الدوحة
DOHA BANK

DB-LG-202-30-09-29 **PAGE: 1/2** *01ST FEBRUARY, 2009*

RASGAS COMPANY LIMITED
POST OFFICE BOX 24200
DOHA, STATE OF QATAR.

TENDER BOND DB-LG-202-30-09-29 FOR USD.200,000.00

1. THE UNDERSIGNED DOHA BANK, (HEREINAFTER REFERRED TO AS THE "GUARANTOR"), ESTABLISHED AT GRAND HAMAD AVENUE, P. O. BOX 3818, DOHA, QATAR AND REPRESENTED BY MANAGER, TRADE FINANCE, HAVE TAKEN NOTICE OF THE TENDER REF. ITT/RGO8/L240/08 (HEREINAFTER REFERRED TO AS THE "TENDER") SUBMITTED BY **CES ENVIRONMENTAL SERVICES, INC.** (HEREINAFTER REFERRED TO AS THE "TENDERER"), WHOSE REGISTERED OFFICE IS AT 4904 GRIGGS ROAD HOUSTON TX 77021 TO **RASGAS COMPANY LIMITED** (HEREINAFTER REFERRED TO AS THE "COMPANY") A COMPANY REGISTERED UNDER THE LAWS OF THE STATE OF QATAR, WITH ITS REGISTERED OFFICE AT POST OFFICE BOX 24200, DOHA, STATE OF QATAR

2. THE GUARANTOR HEREBY GUARANTEES THE ENFORCEABILITY OF THE TENDER BOND IN ACCORDANCE WITH TERMS HEREUNDER.

3. IF THE TENDERER FAILS TO COMPLY WITH ANY OF ITS OBLIGATIONS UNDER THE TENDER DOCUMENTS, OR IF THE TENDERER WITHDRAWS THE TENDER WITHIN THE PERIOD OF VALIDITY OF THE TENDER, OR IF THE TENDERER FAILS AFTER RECEIPT FROM THE COMPANY OF NOTICE OF AWARD TO ENTER INTO A CONTRACT WITH THE COMPANY, THEN THE GUARANTOR HEREBY IRREVOCABLY UNDERTAKES ON BEHALF OF THE TENDERER TO PAY TO THE COMPANY ON FIRST DEMAND ANY SUM OR SUMS NOT EXCEEDING **USD.200,000.00 (U.S. DOLLARS TWO HUNDRED THOUSAND ONLY),** PROVIDED THAT THE REQUEST IS RECEIVED WITHIN WORKING HOURS AND THE VALIDITY OF THE GUARANTEE I.E. **15TH MAY, 2009** AFTER WHICH DATE THIS GUARANTEE WILL BECOME NULL AND VOID.

4. EACH DEMAND BY THE COMPANY FOR PAYMENT UNDER THE GUARANTEE SHALL BE MADE IN WRITING TO THE FOLLOWING ADDRESS.
DOHA BANK, GRAND HAMAD AVENUE, P.O.BOX 3818, DOHA, QATAR.

THE GUARANTOR SHALL PROMPTLY NOTIFY THE COMPANY OF ANY CHANGES IN THE ABOVE ADDRESS.

5. EACH DEMAND UNDER PARAGRAPH 4 ABOVE SHALL INDICATE THE BREACH OF THE TENDERER'S OBLIGATION AS NOTIFIED TO THE TENDER BY THE COMPANY.

Cont. on Page2..

شارع حمد الكبير ص.ب: ٣٨١٨ الدوحة. قطر س.ت رقم ٧١١٥ هاتف: ٤٤٥٦٦٠٠ +٩٧٤ فاكس: ٤٤٥٦٨٥٣ +٩٧٤ تلكس: ٤٥٣٤ سويفت: DOHBNK DH DOHBQAQA
GRAND HAMAD AVENUE P.O. BOX: 3818 DOHA QATAR C.R. NO: 7115 TEL: +974-4456600 FAX: +974-4456853 TLX: 4534 DOHBNK DH SWIFT: DOHBQAQA
E-MAIL : dohabank@qatar.net.qa WEB SITE: www.dohabank.com.qa

EPAHO120001491

بنك الدوحة
DOHA BANK

6. THE GUARANTOR SHALL MAKE PAYMENT HEREUNDER ON FIRST DEMAND WITHOUT RESTRICTION OR CONDITIONS AND NOTWITHSTANDING ANY OBJECTION BY THE TENDERER. THE GUARANTOR SHALL NOT REQUIRE COMPANY TO JUSTIFY THE BREACH INDICATED IN ITS DEMAND FOR PAYMENT, NOR SHALL THE GUARANTOR HAVE ANY RECOURSE AGAINST THE COMPANY IN RESPECT OF ANY PAYMENTS MADE HEREUNDER.

7. NO ALTERATION IN THE TERMS OF THE TENDER MADE BY AGREEMENT BETWEEN THE TENDERER AND THE COMPANY SHALL IN ANY WAY RELEASE THE GUARANTOR FROM ALL OR ANY PART OF ITS LIABILITIES UNDER THIS GUARANTEE.

8. THE GUARANTOR SHALL PAY THE SUM OF THIS TENDER BOND ON DEMANDED BUT NOT EXCEEDING **USD.200,000.00 (U.S. DOLLARS TWO HUNDRED THOUSAND ONLY)** BY THE COMPANY HEREUNDER WITHIN FIFTEEN (15) CALENDAR DAYS AFTER THE DATE OF RECEIPT OF THE COMPANY'S DEMAND. PROVIDED THAT THE REQUEST IS RECEIVED WITHIN WORKING HOURS AND THE VALIDITY OF THE GUARANTEE I.E. **15TH MAY, 2009** AFTER WHICH DATE THIS LG WILL BECOME NULL AND VOID.

9. THIS GUARANTEE SHALL REMAIN VALID UNTIL **15TH MAY, 2009**, AND IN THE EVENT THAT THE TENDERER IS NOTIFIED OF THE AWARD OF THE CONTRACT TO IT BY THE COMPANY THIS GUARANTEE SHALL IN ADDITION BE VALID UNTIL SIGNATURE OF THE CONTRACT BY THE TENDERER AND THE COMPANY. IF THE TENDERING/CONTRACT CONDITIONS CALL FOR THE PROVISION OF A PERFORMANCE BOND THEN THE SUCCESSFUL TENDER SHALL ENSURE THAT THEIR BOND AND TENDER VALIDITY REMAINS VALID UNTIL SUBMISSION AND ACCEPTANCE BY RASGAS COMPANY LIMITED OF A FULLY COMPLIANT PEFORMANCE BOND, PROVIDED THAT THE REQUEST IS RECEIVED WITHIN WORKING HOURS AND THE VALIDITY OF THE GUARANTEE I.E. **15TH MAY, 2009** AFTER WHICH DATE THIS LG WILL BECOME NULL AND VOID.

10. TERMS IN CAPITAL LETTERS SHALL HAVE THE MEANING ASCRIBED TO THEM IN THE INVITATION TO TENDER DOCUMENTS.

11. THIS GUARANTEE SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF QATAR AND ANY PROCEEDINGS FOR ENFORCEMENT SHALL BE BROUGHT BEFORE THE COMPETENT COURT OF THE STATE OF QATAR.

12. THE GUARANTOR REPRESENTS THAT THIS GUARANTEE HAS BEEN ESTABLISHED IN SUCH FORM AND WITH SUCH CONTENT THAT IT IS FULLY AND FREELY ENFORCEABLE AGAINST THE GUARANTOR IN THE MANNER PROVIDED IN PARAGRAPH 11 ABOVE.

YOURS FAITHFULLY,

AUTHORISED SIGNATURE ***AUTHORISED SIGNATURE***

DOHBQAQA :سويفت DOHBNK DH ٤٥٣٤ :تلكس ٨٧١-٤٤٥٦٨٥٣ :فاكس ٩٧٤ ٤٤٥٦٦٠٠٠ هاتف ٧١١٥ ص.ب ٣٨١٨ الدوحة، قطر شارع حمد الكبير
GRAND HAMAD AVENUE P.O. BOX: 3818 DOHA QATAR C.R. NO: 7115 TEL: +974-4456060 FAX: +974-4456853 T.X: 4534 DOHBNK DH SWIFT: DOHBQAQA
E-MAIL : dohabank@qatar.net.qa WEB SITE: www.dohabank.com.qa

Bank of America

Assignment of Deposit Account for a Cash Secured Letter of Credit

Letter of Credit Applicant Legal Name	Letter of Credit Requested Amount
CES Environmental Services Inc.	$ 200,000 00
Letter of Credit Beneficiary Name	**Letter of Credit Application Date**
Doha Bank	January 26, 2009

The undersigned Grantor (jointly and severally if more than one) hereby assigns, pledges and grants a security interest to Bank of America, N.A. (the "Bank") in all right, title and interest of the Undersigned in and to the deposit account maintained by the Undersigned with the Bank and described as follows:

Bank of America Deposit Account Number:	(b) (6) [redacted]		
Account Type:	☒ **Certificate of Deposit**	☐ **Time Deposit**	☐ **Savings Deposit**

together with all interest and other income earned thereon, all additions thereto and renewals, substitutions or replacements thereof (collectively hereinafter, the "Account" as security and collateral for (a) the prompt payment of all indebtedness, liabilities and obligations of the Undersigned to the Bank of every kind and nature whatsoever, including, without limitation, the reimbursement obligation of the above referenced Letter of Credit Applicant arising under the Application and Agreement for the above described Letter of Credit as may be modified, amended or renewed from time to time, and such other indebtedness, liabilities and obligations to the Bank which are direct, indirect, contingent, primary, secondary, alone, jointly with others, due, to become due, future advances, now existing, hereafter created, principal, interest, expense payments, liquidation costs, and attorney's fees and expenses (collectively, the "Obligations"); and (b) the performance of all of the terms, conditions and provisions of any note, security agreement, pledge agreement, guaranty agreement, mortgage, deed of trust, loan agreement, hypothecation agreement, indemnity agreement, letter of credit application and agreement, assignment, or any other documentpreviously, simultaneously or hereafter executed and delivered by the Undersigned and/or any other party, singly or jointly with another party or parties, evidencing, securing, guarantying or in connection with any of the Obligations (collectively, the "Loan Documents").

The Undersigned hereby consents that at any time and from time to time and with or without consideration, the Bank may, without notice to or further consent of the Undersigned and without in any manner affecting, impairing, lessening or releasing this Assignment of Deposit (this "Assignment"), renew, extend, change the manner, time, place and terms of payment of, sell, exchange, release, surrender, realize upon, modify, waive, grant indulgences with respect to and otherwise deal with in any manner: (a) all or any part of the Obligations; (b) any of the Loan Documents; (c) all or any part of any property at any time securing all or any part of the Obligations; and (d) any party (including, without limitation, the Undersigned), at any time primarily or secondarily liable for all or any part of the Obligations.

In the event any of the Obligations are not paid when and as due and payable (whether by acceleration, declaration, extension or otherwise) or upon occurrence of a default under any of the Loan Documents, or upon the maturity of such Account, if such Account consists in whole or in part of a time deposit, the Bank may and is hereby irrevocably authorized to withdraw any and all funds and moneys now or hereafter on deposit to the Account at such times and in such amounts as the Bank in its sole discretion shall determine. Bank may in its discretion either (i) hold such funds or any portion thereof subject to the terms hereof, or (ii) apply such funds or any portion thereof to the Obligations in such order and manner as the Bank may elect. The Bank may at any time or from time to time take any and all actions with respect to the Account (and the funds and moneys or portions thereof deposited thereto) as authorized herein, by law and by the terms of any of the Loan Documents.

IN WITNESS **WHEREOF**, and intending to create an instrument executed under seal, the Undersigned has duly executed this Assignment under seal as of the 28 day of January, 2009.

Grantor: CES Environmental Services, Inc.

By: [signature] (President) (SEAL)

Indebtedness ID	Loan/Account #	Deposit Account Balance	Deposit Account Maturity Date

References in shaded area are for Bank's use only and do not limit the applicability of this document to any particular loan or item.

00-05-2796NSBW 09-2003

RASGAS COMPANY LTD

Attn: Finance Department
CES Environmental Services, Inc.
PO Box 77021
UNITED STATES OF AMERICA, USA
USA

Remittance Advice

Document / Date
1500696 / 13.01.2009
Your Telephone number
07136761460
Your Fax number
07136761676
Your account with us
105529

We have settled the items listed below with RasGas payment reference 9017 , subject to the goods and services supplied and the invoices / credit notes being in order.

Document	Your_document	Doc_date	Deductions	Currency	Gross_amount
1900993	52548	22.12.2008	0.00	USD	552,041.37
Sum total			0.00	USD	552,041.37

All invoices should be sent to Attn: Accounts Payable. Invoices sent to any other address will delay payment beyond the normal terms.

Federal Reference #

Payment Transfer to:

Bank Name: Bank of America
Branch: ABA No : 026009593
Bank Account (b) (6) [redacted]

Please check your bank details

Street: 12605 East Freeway, Ste 108
City:Huston, TX 77015
Bank Swift code:BOFAUS3N

RasGas Company Limited
P. O. Box 24200, Doha, State of Qatar
Facsimile (974) 472-7149

Supply Department

FACSIMILE MESSAGE

From: Ummer Kunnumal Contracts Analyst	To: CES Environmental Services, Inc. Country: Houston, Texas Attention: Mr.Ramiz Tafilaj Fax No: + 713 676 1676 No of Pages Including Cover: 1
Reference No: CD/E/7/3101/08	Date: 24 December 2008

Subject: Sulfidic Caustic Solution Receiving & Handling Services and Removal & Transportation Services
Contract No. CT/RG08/L247/08.

ENVELOPE LABEL

SEALED TENDER

RasGas Company Limited
Ras Gas Main Building, Ground Floor
P. O. Box 24200
West Bay, Doha
State of Qatar

Attn: LTC Secretary

PRICED RESPONSE

TENDER NO.: ITT/RG08/L240/08

Tenderer Name: _____

DO NOT OPEN

SEALED TENDER

RasGas Company Limited
Ras Gas Main Building, Ground Floor
P. O. Box 24200
West Bay, Doha
State of Qatar

Attn: LTC Secretary

UNPRICED RESPONSE

TENDER NO.: ITT/RG08/L240/08

Tenderer Name: _____

DO NOT OPEN

EPAHO120001496

PART A

SECTION 2.0

FORM OF TENDER

EPAHO120001497

FORM OF TENDER

RasGas Company Limited
PO Box 24200
Doha, State of Qatar

Attention: LTC Secretary

REF: Invitation To Tender Number: ITT/RG08/L240/08

ITT Title: Long Term Sulfidic Caustic Solution Removal, Transportation & Handling Services

Dear Sirs,

We refer to your Invitation To Tender and having carefully examined the documents therein, hereby offer to provide the Work in conformity with these documents, including the following Tender Addenda issued during the tender period *(list each Tender Addendum number and date)*;

for the rates and prices detailed in our tender response for PART B Section 4.0 and in accordance with our other tender responses submitted as required by the Invitation To Tender package.

We agree to abide by this tender (and all our attached submissions) for the period stipulated under "Tender Validity" in the Attachment to PART A Section 1.0 of the Invitation To Tender package (or such period as may be required under a Tender Addendum).

Yours faithfully,

For: .....

Name: .....

Signature: .....

Position: .....

Date: .....

EPAHO120001498

Bank of America

Assignment of Deposit Account for a Cash Secured Letter of Credit

Letter of Credit Applicant Legal Name **CES Environmental Services, Inc.**	Letter of Credit Requested Amount **$ 200,000.00**
Letter of Credit Beneficiary Name	Letter of Credit Application Date **1/23/09**

The undersigned Grantor (jointly and severally if more than one) hereby assigns, pledges and grants a security interest to Bank of America, N.A. (the "Bank) in all right, title and interest of the Undersigned in and to the deposit account maintained by the Undersigned with the Bank and described as follows:

Bank of America Deposit Account Number:			
Account Type:	☐ **Certificate of Deposit**	☐ **Time Deposit**	☐ **Savings Deposit**

together with all interest and other income earned thereon, all additions thereto and renewals, substitutions or replacements thereof (collectively hereinafter, the "Account" as security and collateral for (a) the prompt payment of all indebtedness, liabilities and obligations of the Undersigned to the Bank of every kind and nature whatsoever, including, without limitation, the reimbursement obligation of the above referenced Letter of Credit Applicant arising under the Application and Agreement for the above described Letter of Credit as may be modified, amended or renewed from time to time, and such other indebtedness, liabilities and obligations to the Bank which are direct, indirect, contingent, primary, secondary, alone, jointly with others, due, to become due, future advances, now existing, hereafter created, principal, interest, expense payments, liquidation costs, and attorney's fees and expenses (collectively, the "Obligations"); and (b) the performance of all of the terms, conditions and provisions of any note, security agreement, pledge agreement, guaranty agreement, mortgage, deed of trust, loan agreement, hypothecation agreement, indemnity agreement, letter of credit application and agreement, assignment, or any other documentpreviously, simultaneously or hereafter executed and delivered by the Undersigned and/or any other party, singly or jointly with another party or parties, evidencing, securing, guarantying or in connection with any of the Obligations (collectively, the "Loan Documents").

The Undersigned hereby consents that at any time and from time to time and with or without consideration, the Bank may, without notice to or further consent of the Undersigned and without in any manner affecting, impairing, lessening or releasing this Assignment of Deposit (this "Assignment"), renew, extend, change the manner, time, place and terms of payment of, sell, exchange, release, surrender, realize upon, modify, waive, grant indulgences with respect to and otherwise deal with in any manner: (a) all or any part of the Obligations; (b) any of the Loan Documents; (c) all or any part of any property at any time securing all or any part of the Obligations; and (d) any party (including, without limitation, the Undersigned), at any time primarily or secondarily liable for all or any part of the Obligations.

In the event any of the Obligations are not paid when and as due and payable (whether by acceleration, declaration, extension or otherwise) or upon occurrence of a default under any of the Loan Documents, or upon the maturity of such Account, if such Account consists in whole or in part of a time deposit, the Bank may and is hereby irrevocably authorized to withdraw any and all funds and moneys now or hereafter on deposit to the Account at such times and in such amounts as the Bank in its sole discretion shall determine. Bank may in its discretion either (i) hold such funds or any portion thereof subject to the terms hereof, or (ii) apply such funds or any portion thereof to the Obligations in such order and manner as the Bank may elect. The Bank may at any time or from time to time take any and all actions with respect to the Account (and the funds and moneys or portions thereof deposited thereto) as authorized herein, by law and by the terms of any of the Loan Documents.

IN WITNESS **WHEREOF,** and intending to create an instrument executed under seal, the Undersigned has duly executed this Assignment under seal as of the 23 day of January , 20 09 .

Grantor: _____

By: _____ (SEAL)

Tradeline CIF ID	LC Instrument #	Deposit Account Balance	Deposit Account Maturity Date
References in shaded area are for Bank's use only and do not limit the applicability of this document to any particular loan or item.			

Bank of America

Application and Agreement for Standby Letter of Credit
TO: Bank of America, N.A. ("Bank of America")

For Bank of America Use Only
L/C No.

A. Application.

1. **CES Environmental Services, Inc.** ("Applicant") requests Bank of America to issue an irrevocable standby letter of credit ("Letter of Credit") as follows:

☒ Full text teletransmission ☐ Airmail with brief preliminary teletransmission advice ☐ Airmail ☐ Courier

2. Applicant Address:

4904 Griggs Rd
Houston TX, 77021

3. For Account of (Name and address, if different from Applicant):

4. Advising Bank:

5. In favor of (Beneficiary Name and Address):

Doha Bank
Doha, State of Qatar

6. Amount: **Two Hundred Thousand United States Dollars** ($200,000.00
(in words and figures)

Currency **US Dollar**
(if left blank, U.S. Dollars)

Expiration Date. Drafts to be drawn on and presented at Bank of America's Address set forth in the Letter of Credit on or before: **05/15/2009**

☒ If this box is marked, Applicant authorizes Bank of America to effect payment of any sums due under this Application and Agreement by means of debiting Applicant's account with Bank of America set forth below. This authorization does not effect the obligation of Applicant to pay such sums when due, if there are insufficient funds in such account to make such payment when due, or if Bank of America fails to debit the account, and this authorization does not affect any setoff rights of Bank of America at law or in equity. Applicant's account number with Bank of America is (b) (6) .

7. Available by drafts drawn at sight on Bank of America when accompanied by the following documentation:
   a. The original Letter of Credit.
   b. The signed statement of the Beneficiary worded as follows (state wording that is to appear in the statement accompanying the draft; specify if such wording must be exact):

8. Special Instructions: **Please contact one of the following upon perfection of the LC: Matt Bowman (713-826-1329), Greg Bowman (713-419-6076) or Ramiz Tafilaj (281-300-5322). Ramiz Tafilaj will pickup Tender Bond at Doha Bank upon notification.**

Name of Applicant
CES Environmental Services, Inc

By: Title
Greg Bowman **Vice President**

Name of Applicant (if any, co-signing with the Applicant above)

By: Title President

(WHERE SPECIMEN SIGNATURES OF THE APPLICANT NAMED ABOVE ARE NOT ON FILE WITH BANK OF AMERICA, THE FOLOWING SIGNATURE VERIFICATION IS REQUIRED.)

The above signature of an officer, partner or agent of each Applicant indicated above confirms to that on file with us and such officer, partner or agent is fully authorized to sign this Agreement for such Applicant.

By: BANK (Full Name) (Bank Address)

Authorized Signature/Title (Specimen signature of the signer must be on file with Bank of America)

05-35-0521NSBW 05-2006

FOR OFFICE USE ONLY

☐ Trade Operations _____ Mail Code# _____

COMMISSION ☐ Per Standard Fee Schedule ☐ Other _____ ☐ Charge Banking C
☐ Charge Directly ☐ Commissions and Charges only ☐ Drawings, Commissions and Ch

APPROVING OFFICER (Printed Name) PHONE #

OFFICER TELEPHONE # FAX #

DDA APPLICANT A/C #

APPROVING BANK OFFICER SIGNATURE

OFFICER – INTEROFFICE ADDRESS

OFFICER NUMBER AND COST CENTER NUMBER

Bank of America

B. Agreement.

In consideration of Bank of America's issuing the Letter of Credit at the request of Applicant, Applicant agrees to the following:

1. Applicant Payments.

(a) Applicant shall pay Bank of America, on demand, all amounts paid by Bank of America under or in respect of the Letter of Credit.

(b) On each fee payment date, so long as any undrawn amount of the Letter of Credit remains available, Applicant shall pay Bank of America a Letter of Credit fee. The fee payment date(s) shall be the date(s) as Applicant and Bank of America may agree, or in the absence of such agreement, the fee payment date shall be the date on which Bank of America issues the Letter of Credit. The fee shall be at such rate per annum as Applicant and Bank of America may agree or, in the absence of such agreement, at the rate customarily charged by Bank of America at the time such fee is payable, based upon Applicant's creditworthiness, as determined by Bank of America in its sole discretion. The applicable Letter of Credit fee shall be calculated and payable on the undrawn amount of the Letter of Credit as of each fee payment date, and shall be for the period commencing on such fee payment date and ending on the day preceding the next fee payment date (or the expiration date of the Letter of Credit, as the case may be), both dates inclusive. The Letter of Credit fee will be computed on the basis of a 360-day year and actual days elapsed. Bank of America shall not be required to refund any portion of the Letter of Credit fee paid for any period during which (a) the Letter of Credit expires or otherwise terminates or (b) the undrawn amount of the Letter of Credit is reduced by drawings or by amendment.

(c) Applicant shall pay Bank of America, on demand, commissions and fees for amendments to, payments under, extensions of or cancellation of the Letter of Credit, and other services in the amounts Applicant and Bank of America may agree or, in the absence of such agreement, in the amounts customarily charged by Bank of America on the date of Bank of America's demand.

(d) All payments and deposits of any kind by Applicant under this Application and Agreement, including prepayments, shall be made at the banking center or office Bank of America may designate from time to time. Bank of America shall have no obligation to pay Applicant interest on any such payment, prepayment or deposit made by Applicant under this Application and Agreement.

(e) (i) All payments and deposits by Applicant under this Application and Agreement shall be in the currency in which the Letter of Credit is payable, except that Bank of America may, at its option, require payments and deposits by Applicant under this Application and Agreement to be made in U.S. Dollars if the Letter of Credit is payable in a foreign currency.

(ii) The amount of each payment and each deposit by Applicant under this Application and Agreement in U.S. Dollars for a Letter of Credit payable in a foreign currency shall be determined by converting the relevant amount to U.S. Dollars at the Conversion Rate in effect:

(A) with respect to each payment under Section 1(a) of this Agreement, on the date the payment is made by Bank of America under or in respect of the Letter of Credit; and

(B) with respect to each payment not falling under the preceding clause (A) and each deposit, on the date of Bank of America's demand for such payment or deposit.

(iii) If a U.S. Dollar deposit by Applicant under this Application and Agreement for a Letter of Credit payable in a foreign currency becomes less than the U.S. Dollar equivalent of the undrawn amount of the Letter of Credit because of any variation in rates of exchange, Applicant shall deposit with Bank of America, on demand, additional amounts in U.S. Dollars so that the total amount deposited by Applicant under this Application and Agreement is not less than the U.S. Dollar equivalent of the undrawn amount of the Letter of Credit, determined by using the Conversion Rate on the date of Bank of America's latest demand.

(iv) "Conversion Rate" means the rate quoted by Bank of America for the purchase from Bank of America of the relevant foreign currency with U.S. Dollars.

(f) Applicant shall reimburse or compensate Bank of America, on demand, for all costs incurred, losses suffered and payments made by Bank of America which are applied or allocated by Bank of America to the Letter of Credit (as determined by Bank of America) by reason of any and all present or future reserve, capital, deposit, assessment or similar requirements against (or against any class of or change in or in the amount of) assets or liabilities of, or commitments or extensions of credit by, Bank of America.

(g) Applicant shall pay interest, on demand, on any amount not paid when due under this Application and Agreement from the due date until payment in full at a rate per annum equal to the rate of interest publicly announced from time to time by Bank of America as its prime rate, plus three percentage points (not to exceed the maximum rate permitted by applicable law). The prime rate is set by Bank of America based on various factors, including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some credits. Bank of America may price credit at, above or below the prime rate. Any change in Bank of America's prime rate shall take effect at the opening of business on the day specified in Bank of America's public announcement of a change in Bank of America's prime rate. Interest will be computed on the basis of a 360-day year and actual days elapsed.

2. Deposit Events. Upon the occurrence of any of the following events, Applicant shall deposit with Bank of America, on demand (except that such demand shall not be required in the event of an occurrence described in (b) below) and as cash security for Applicant's obligations to Bank of America under this Application and Agreement, an amount equal to the undrawn amount of the Letter of Credit:

(a) Applicant defaults under any provision of this Application and Agreement;

(b) Any bankruptcy or similar proceeding is commenced with respect to Applicant;

(c) Any default occurs under any other agreement involving the borrowing of money or the extension of credit under which Applicant may be obligated as borrower, installment purchaser or guarantor, if such default consists of the failure to pay any indebt-edness when due or if such default permits or causes the acceleration of any indebtedness or the termination of any commitment to lend or to extend credit;

(d) Applicant or any of its affiliates defaults on any other obligation to Bank of America;

(e) In the opinion of Bank of America, any material adverse change occurs in Applicant's business, operations, financial condition or ability to perform its obligations under this Application and Agreement;

(f) Any guarantee of Applicant's obligations under this Application and Agreement terminates, is revoked or its validity is contested by the guarantor, or any of the events set forth in (b) through (e) above occur with respect to the guarantor rather than the Applicant; or

(g) Any court order, injunction or other legal process is issued restraining or seek-ing to restrain drawing or payment under the Letter of Credit.

3. Charge to Accounts. If Bank of America is unable to debit the account, if any, specified on the Application, Applicant authorizes Bank of America to charge any of Applicant's accounts with Bank of America, or any affiliate of Bank of America, for all amounts then due and payable to Bank of America under this Application and Agreement.

4. Indemnities.

(a) Applicant will indemnify and hold Bank of America (such term to include for purposes of this Section 4 affiliates of Bank of America and its affiliates' officers, directors, employees and agents) harmless from and against (i) all loss or damage arising out of the issuance by Bank of America, or any other action taken by any such indemnified party in connection with the Letter of Credit including any loss or damage arising in whole or in part from the negligence of the party seeking indemnification, but excluding any loss or damage resulting from the gross negligence or willful misconduct of the party seeking indemnification, and (ii) all costs and expenses (including reasonable attorneys' fees and allocated costs of in-house counsel and legal expenses) of all claims or legal proceedings arising out of the issuance by Bank of America of the Letter of Credit or incident to the collection of amounts owed by Applicant hereunder or the enforcement of the rights of Bank of America hereunder, including, without limitation, legal proceedings related to any court order, injunction, or other process or decree restraining or seeking to restrain Bank of America from paying any amount under the Letter of Credit. Additionally, Applicant will indemnify and hold Bank of America harmless from and against all claims, losses, damages, suits, costs or expenses (including reasonable attorneys' fees and allocated c of in-house counsel, and legal expenses) arising out of Applicant's failure to timely pr licenses or comply with applicable laws, regulations or rules, or any other conduct or failure of Applicant relating to or affecting the Letter of Credit.

(b) If any award, judgment or order is given or made for the payment of any am due under this Application and Agreement and such award, judgment or order is expr in a currency other than the currency required under this Application and Agreement, Applicant shall indemnify Bank of America against and hold Bank of America harml from all loss and damage incurred by Bank of America as a result of any variation in r of exchange between the date of such award, judgment or order and the date of payme (or, in the case of partial payments, the date of each partial payment thereof) in the re currency

(c) Each of these indemnities shall constitute an obligation separate and indepe from the other obligations contained in this Application and Agreement, shall give ris separate and independent cause of action, shall apply irrespective of any indulgence granted by Bank of America from time to time, and shall continue in full force and eff notwithstanding any award, judgment or order for a liquidated sum in respect of an ar due under this Application and Agreement.

5. Governing Law and Rules. The Letter of Credit will be subject to, and perform under the Letter of Credit by Bank of America, its correspondents, and the beneficiary be governed by, the rules of the "International Standby Practices 1998" ("ISP98") or s later revision as may be published by the Institute of International Banking Law & Pra subject to applicable laws. The Letter of Credit and this Application and Agreement s be governed by and construed under the laws of the state in the United States where B of America issues the Letter of Credit, without reference to that state's provisions reg conflicts of laws, to the jurisdiction of which the parties hereto submit. If the Letter of Credit is not issued in any state, the law of the State of California will govern.

6. Applicant Status. The word "Applicant" in this Application and Agreement refe each signer (other than Bank of America) of this Application and Agreement. If this Application and Agreement is signed by more than one Applicant, their obligations un this Application and Agreement shall be joint and several.

7. Representations and Warranties. Applicant represents and warrants to Bank o America that it has the authority to enter into this Application and Agreement and tha Agreement will not violate or conflict with any of the provisions of its constituent documents or any other agreement or undertaking to which it is a party or to which it bound.

8. Miscellaneous.

(a) No delay, extension of time, renewal, compromise or other indulgence whicl occur or be granted by Bank of America shall impair the rights and powers of Bank of America hereunder. Bank of America shall not be deemed to have waived any of its ri hereunder, unless Bank of America shall have signed such waiver in writing.

(b) Any notice from Bank of America to Applicant shall be sent to the address o Applicant set forth on the Application and shall be effective upon receipt by Applican Any notice from Applicant to Bank of America shall be sent to the address of Bank of America specified by Bank of America to Applicant and shall be effective upon receip Bank of America.

(c) Each provision of this Application and Agreement shall be interpreted in suc manner as to be effective and valid under applicable law, but if any provision of this Application and Agreement shall be prohibited by or invalid under applicable law, suc provision shall be ineffective only to the extent of such prohibition or invalidity, withc invalidating the remainder of such provision or the remaining provisions of this Application and Agreement.

(d) Any and all payments made to Bank of America hereunder shall be made fre clear of and without deduction for any present or future taxes, levies, imposts, deducti charges or withholdings, and all liabilities with respect thereto, excluding income or franchise taxes imposed by the United States and any political subdivisions thereof (su nonexcluded taxes being herein called "Taxes"). If Applicant shall be required by law deduct any Taxes from or in respect of any sum payable hereunder, (i) the sum payabl shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8(d)), B of America shall receive an amount equal to the sum Bank of America would have rec had no such deductions been made, (ii) Applicant shall make such deductions, and (iii Applicant shall pay the full amount deducted to the relevant authority in accordance w applicable law. Applicant will indemnify Bank of America for the full amount of Taxe (including, without limitation, any Taxes imposed by any jurisdiction on amounts pay under this Section 8(d)) paid by Bank of America and any liability (including penalties interest and expenses) arising therefrom or with respect thereto, whether or not such T were correctly or legally asserted. This indemnification shall be made within 30 days f the date Bank of America makes written demand therefor. Within 30 days after the dat any payment of Taxes, Applicant will furnish to Bank of America the original or a cert copy of a receipt evidencing payment thereof.

(e) This Application and Agreement shall be binding upon Applicant, its success and assigns, and shall inure to the benefit of Bank of America, its successors, transfere and assigns; provided that any assignment by Applicant of any of its rights or obligatic under this Application and Agreement without the prior written consent of Bank of America shall be void.

(f) Unless the Applicant has specified in the Application that the wording of the Letter of Credit must be exact, Applicant understands that the final form of the Letter c Credit may vary from the wording specified in the Application, and Applicant authoriz Bank of America to make such changes, not materially inconsistent with the Applicati which Bank of America deems necessary or appropriate. Applicant understands that th risk to Applicant is greater if Applicant requests a standby letter of credit which requir only a draft, rather than a standby letter of credit which requires supporting documenta

(g) In the event of any change or modification, with the consent of Applicant, wh consent may be given by any means of submission acceptable to Bank of America, including, without limitation, computer, facsimile or telex, relative to the Letter of Cre or any instrument called for hereunder, including any waiver made or in good faith believed by Bank of America to have been made by Applicant of any term hereof or th noncompliance of any such instruments with the terms of the Letter of Credit, this Application and Agreement shall be binding upon Applicant with regard to the Letter c Credit as so changed or modified, and to any action taken by Bank of America or any c correspondents relative thereto. No term or provision of this Application and Agreeme can be changed orally, but only in a writing and signed by Applicant and Bank of Ame

(h) Bank of America assumes no liability or responsibility for the consequences arising out of delay and/or loss in transit of any message, letter or documentation, or fo delay, mutilation or other error arising in the transmission of any teletransmission. In n event shall Bank of America be liable for any special, indirect, consequential or exemp damages.

(i) If Applicant includes in the Application any language describing events or conditions that would not be possible for Bank of America to verify solely from the documents required to be presented under the Letter of Credit, Applicant acknowledge and agrees that Bank of America has no obligation to verify compliance with such requirements.

NOTICE OF FINAL AGREEMENT. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND M NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOU OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE N UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This Application and Agreement is executed by Applicant on _____.

Bank of America

Application and Agreement for Standby Letter of Credit
TO: Bank of America, N.A. ("Bank of America")

For Bank of America Use Only
L/C No.

A. Application.

1. CES Environmental Services, Inc. ("Applicant") requests Bank of America to issue an irrevocable standby letter of credit ("Letter of Credit") as follows:

☒ Full text teletransmission ☐ Airmail with brief preliminary teletransmission advice ☐ Airmail ☐ Courier

2. Applicant Address:
4904 Griggs Rd
Houston TX
77021

3. For Account of (Name and address, if different from Applicant):

4. Advising Bank:

5. In favor of (Beneficiary Name and Address):
Doha Bank
Doha, State of Qatar

6. Amount: Two Hundred Thousand United States Dollars ($200,000.00)
(in words and figures)

Currency: US Dollar
(if left blank, U.S. Dollars)

Expiration Date. Drafts to be drawn on and presented at Bank of America's Address set forth in the Letter of Credit on or before: 05/15/2009

☐ If this box is marked, Applicant authorizes Bank of America to effect payment of any sums due under this Application and Agreement by means of debiting Applicant's account with Bank of America set forth below. This authorization does not effect the obligation of Applicant to pay such sums when due, if there are insufficient funds in such account to make such payment when due, or if Bank of America fails to debit the account, and this authorization does not affect any setoff rights of Bank of America at law or in equity.
Applicant's account number
with Bank of America 005772224533 .

7. Available by drafts drawn at sight on Bank of America when accompanied by the following documentation:
a. The original Letter of Credit.
b. The signed statement of the Beneficiary worded as follows (state wording that is to appear in the statement accompanying the draft; specify if such wording must be exact):

8. Special Instructions: **Please contact one of the following upon perfection of the LC: Matt Bowman (713-826-1329), Greg Bowman (713-419-6076) or Ramiz Tafilaj (281-300-5322). Ramiz Tafilaj will pickup Tender Bond at Doha Bank upon notification.**

B. Agreement.

In consideration of Bank of America's issuing the Letter of Credit at the request of Applicant, Applicant agrees to the following:

1. Applicant Payments.

(a) Applicant shall pay Bank of America, on demand, all amounts paid by Bank of America under or in respect of the Letter of Credit.

(b) On each fee payment date, so long as any undrawn amount of the Letter of Credit remains available, Applicant shall pay Bank of America a Letter of Credit fee. The fee payment date(s) shall be the date(s) as Applicant and Bank of America may agree, or in the absence of such agreement, the fee payment date shall be the date on which Bank of America issues the Letter of Credit. The fee shall be at such rate per annum as Applicant and Bank of America may agree or, in the absence of such agreement, at the rate customarily charged by Bank of America at the time such fee is payable, based upon Applicant's creditworthiness, as determined by Bank of America in its sole discretion. The applicable Letter of Credit fee shall be calculated and payable on the undrawn amount of the Letter of Credit as of each fee payment date, and shall be for the period commencing on such fee payment date and ending on the day preceding the next fee payment date (or the expiration date of the Letter of Credit, as the case may be), both dates inclusive. The Letter of Credit fee will be computed on the basis of a 360-day year and actual days elapsed. Bank of America shall not be required to refund any portion of the Letter of Credit fee paid for any period during which (a) the Letter of Credit expires or otherwise terminates or (b) the undrawn amount of the Letter of Credit is reduced by drawings or by amendment.

(c) Applicant shall pay Bank of America, on demand, commissions and fees for amendments to, payments under, extensions of or cancellation of the Letter of Credit, and other services in the amounts Applicant and Bank of America may agree or, in the absence of such agreement, in the amounts customarily charged by Bank of America on the date of Bank of America's demand.

(d) All payments and deposits of any kind by Applicant under this Application and Agreement, including prepayments, shall be made at the banking center or office Bank of America may designate from time to time. Bank of America shall have no obligation to pay Applicant interest on any such payment, prepayment or deposit made by Applicant under this Application and Agreement.

(e) (i) All payments and deposits by Applicant under this Application and Agreement shall be in the currency in which the Letter of Credit is payable, except that Bank of America may, at its option, require payments and deposits by Applicant under this Application and Agreement to be made in U.S. Dollars if the Letter of Credit is payable in a foreign currency.

(ii) The amount of each payment and each deposit by Applicant under this Application and Agreement in U.S. Dollars for a Letter of Credit payable in a foreign currency shall be determined by converting the relevant amount to U.S. Dollars at the Conversion Rate in effect:

(A) with respect to each payment under Section 1(a) of this Agreement, on the date the payment is made by Bank of America under or in respect of the Letter of Credit; and

(B) with respect to each payment not falling under the preceding clause (A) and each deposit, on the date of Bank of America's demand for such payment or deposit.

(iii) If a U.S. Dollar deposit by Applicant under this Application and Agreement for a Letter of Credit payable in a foreign currency becomes less than the U.S. Dollar equivalent of the undrawn amount of the Letter of Credit because of any variation in rates of exchange, Applicant shall deposit with Bank of America, on demand, additional amounts in U.S. Dollars so that the total amount deposited by Applicant under this Application and Agreement is not less than the U.S. Dollar equivalent of the undrawn amount of the Letter of Credit, determined by using the Conversion Rate on the date of Bank of America's latest demand.

(iv) "Conversion Rate" means the rate quoted by Bank of America for the purchase from Bank of America of the relevant foreign currency with U.S. Dollars.

(f) Applicant shall reimburse or compensate Bank of America, on demand, for all costs incurred, losses suffered and payments made by Bank of America which are applied or allocated by Bank of America to the Letter of Credit (as determined by Bank of America) by reason of any and all present or future reserve, capital, deposit, assessment or similar requirements against (or against any class of or change in or in the amount of) assets or liabilities of, or commitments or extensions of credit by, Bank of America.

(g) Applicant shall pay interest, on demand, on any amount not paid when due under this Application and Agreement from the due date until payment in full at a rate per annum equal to the rate of interest publicly announced from time to time by Bank of America as its prime rate, plus three percentage points (not to exceed the maximum rate permitted by applicable law). The prime rate is set by Bank of America based on various factors, including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some credits. Bank of America may price credit at, above or below the prime rate. Any change in Bank of America's prime rate shall take effect at the opening of business on the day specified in Bank of America's public announcement of a change in Bank of America's prime rate. Interest will be computed on the basis of a 360-day year and actual days elapsed.

2. Deposit Events. Upon the occurrence of any of the following events, Applicant shall deposit with Bank of America, on demand (except that such demand shall not be required in the event of an occurrence described in (b) below) and as cash security for Applicant's obligations to Bank of America under this Application and Agreement, an amount equal to the undrawn amount of the Letter of Credit:

(a) Applicant defaults under any provision of this Application and Agreement;

(b) Any bankruptcy or similar proceeding is commenced with respect to Applicant;

(c) Any default occurs under any other agreement involving the borrowing of money or the extension of credit under which Applicant may be obligated as borrower, installment purchaser or guarantor, if such default consists of the failure to pay any indebtedness when due or if such default permits or causes the acceleration of any indebtedness or the termination of any commitment to lend or to extend credit;

(d) Applicant or any of its affiliates defaults on any other obligation to Bank of America;

(e) In the opinion of Bank of America, any material adverse change occurs in Applicant's business, operations, financial condition or ability to perform its obligations under this Application and Agreement;

(f) Any guarantee of Applicant's obligations under this Application and Agreement terminates, is revoked or its validity is contested by the guarantor, or any of the events set forth in (b) through (e) above occur with respect to the guarantor rather than the Applicant; or

(g) Any court order, injunction or other legal process is issued restraining or seeking to restrain drawing or payment under the Letter of Credit.

3. Charge to Accounts. If Bank of America is unable to debit the account, if any, specified on the Application, Applicant authorizes Bank of America to charge any of Applicant's accounts with Bank of America, or any affiliate of Bank of America, for all amounts then due and payable to Bank of America under this Application and Agreement.

4. Indemnities.

(a) Applicant will indemnify and hold Bank of America (such term to include for purposes of this Section 4 affiliates of Bank of America and its affiliates' officers, directors, employees and agents) harmless from and against (i) all loss or damage arising out of the issuance by Bank of America, or any other action taken by any such indemnified party in connection with the Letter of Credit including any loss or damage arising in whole or in part from the negligence of the party seeking indemnification, but excluding any loss or damage resulting from the gross negligence or willful misconduct of the party seeking indemnification, and (ii) all costs and expenses (including reasonable attorneys' fees and allocated costs of in-house counsel and legal expenses) of all claims or legal proceedings arising out of the issuance by Bank of America of the Letter of Credit or incident to the collection of amounts owed by Applicant hereunder or the enforcement of the rights of Bank of America hereunder, including, without limitation, legal proceedings related to any court order, injunction, or other process or decree restraining or seeking to restrain Bank of America from paying any amount under the Letter of Credit. Additionally, Applicant will indemnify and hold Bank of America harmless from and against all claims, losses, damages, suits, costs or expenses (including reasonable attorneys' fees and allocated costs of in-house counsel, and legal expenses) arising out of Applicant's failure to timely procure lice comply with applicable laws, regulations or rules, or any other conduct or failure of Applicant relating to or affecting the Letter of Credit.

(b) If any award, judgment or order is given or made for the payment of any a due under this Application and Agreement and such award, judgment or order is ex in a currency other than the currency required under this Application and Agreemer Applicant shall indemnify Bank of America against and hold Bank of America harm from all loss and damage incurred by Bank of America as a result of any variation i exchange between the date of such award, judgment or order and the date of payme the case of partial payments, the date of each partial payment thereof) in the require currency.

(c) Each of these indemnities shall constitute an obligation separate and indep from the other obligations contained in this Application and Agreement, shall give r separate and independent cause of action, shall apply irrespective of any indulgence by Bank of America from time to time, and shall continue in full force and effect notwithstanding any award, judgment or order for a liquidated sum in respect of an due under this Application and Agreement.

5. Governing Law and Rules.

(a) The Letter of Credit will be subject to and governed by the most current ve effect on the date the Letter of Credit is issued, of the International Chamber of Com publication "International Standby Practices", except as Applicant may otherwise ir the Application and as Bank of America may otherwise agree within the text of the Credit as issued. The Letter of Credit will also be subject to, and this Application a Agreement will be governed by, the laws of the state in the United States where Ban America issues the Letter of Credit; provided, however, that, with respect to the Let Credit, Bank of America may agree, on Applicant's request, to specify in the Letter Credit, a different state's laws as the governing law. In any event, each choice of law be without reference to the chosen state's provisions regarding conflicts of laws.

(b) Applicant and Bank of America agree, to the extent permitted under applic law, to waive any right to a trial by jury in any action or proceeding with respect to dispute or controversy under this Application and Agreement and hereby agree that action or proceeding will be tried before a judge without a jury.

6. Applicant Status. The word "Applicant" in this Application and Agreement r each signer (other than Bank of America) of this Application and Agreement. If this Application and Agreement is signed by more than one Applicant, their obligations this Application and Agreement shall be joint and several.

7. Representations and Warranties. Applicant represents and warrants to Bank America that it has the authority to enter into this Application and Agreement and t Agreement will not violate or conflict with any of the provisions of its constituent documents or any other agreement or undertaking to which it is a party or to which i bound.

8. Miscellaneous.

(a) No delay, extension of time, renewal, compromise or other indulgence whi occur or be granted by Bank of America shall impair the rights and powers of Bank America hereunder. Bank of America shall not be deemed to have waived any of its hereunder, unless Bank of America shall have signed such waiver in writing.

(b) Any notice from Bank of America to Applicant shall be deemed given whe mailed, postage paid, or when delivered to a courier, fee paid by shipper, addressed Applicant at the address furnished by Applicant to Bank of America pursuant to this Application, or when confirmed by electronic confirmation to Bank of America as h been delivered via facsimile or other teletransmission. Any notice from Applicant t of America shall be effective upon receipt by Bank of America.

(c) Each provision of this Application and Agreement shall be interpreted in s manner as to be effective and valid under applicable law, but if any provision of this Application and Agreement shall be prohibited by or invalid under applicable law, s provision shall be ineffective only to the extent of such prohibition or invalidity, wit invalidating the remainder of such provision or the remaining provisions of this App and Agreement.

(d) Any and all payments made to Bank of America hereunder shall be made f clear of and without deduction for any present or future taxes, levies, imposts, deduc charges or withholdings, and all liabilities with respect thereto, excluding income or franchise taxes imposed by the United States and any political subdivisions thereof (nonexcluded taxes being herein called "Taxes"). If Applicant shall be required by la deduct any Taxes from or in respect of any sum payable hereunder, (i) the sum payal be increased as may be necessary so that after making all required deductions (inclu deductions applicable to additional sums payable under this Section 8(d)), Bank of A shall receive an amount equal to the sum Bank of America would have received had deductions been made, (ii) Applicant shall make such deductions, and (iii) Applican pay the full amount deducted to the relevant authority in accordance with applicable Applicant will indemnify Bank of America for the full amount of Taxes (including, v limitation, any Taxes imposed by any jurisdiction on amounts payable under this Se 8(d)) paid by Bank of America and any liability (including penalties, interest and exp arising therefrom or with respect thereto, whether or not such Taxes were correctly o asserted. This indemnification shall be made within 30 days from the date Bank of A makes written demand therefor. Within 30 days after the date of any payment of Tax Applicant will furnish to Bank of America the original or a certified copy of a receip evidencing payment thereof.

(e) This Application and Agreement shall be binding upon Applicant, its succe and assigns, and shall inure to the benefit of Bank of America, its successors, transfe and assigns; provided that any assignment by Applicant of any of its rights or obligat under this Application and Agreement without the prior written consent of Bank of A shall be void.

(f) Unless the Applicant has specified in the Application that the wording of th of Credit must be exact, Applicant understands that the final form of the Letter of Cr may vary from the wording specified in the Application, and Applicant authorizes Ba America to make such changes, not materially inconsistent with the Application, wh Bank of America deems necessary or appropriate. Applicant understands that the risk Applicant is greater if Applicant requests a standby letter of credit which requires on draft, rather than a standby letter of credit which requires supporting documentation.

(g) In the event of any change or modification, with the consent of Applicant, v consent may be given by any means of submission acceptable to Bank of America, including, without limitation, computer, facsimile or telex, relative to the Letter of C any instrument called for hereunder, including any waiver made or in good faith beli Bank of America to have been made by Applicant of any term hereof or the noncomp of any such instruments with the terms of the Letter of Credit, this Application and Agreement shall be binding upon Applicant with regard to the Letter of Credit as so or modified, and to any action taken by Bank of America or any of its correspondents relative thereto. No term or provision of this Application and Agreement can be char orally, but only in a writing and signed by Applicant and Bank of America.

(h) Bank of America assumes no liability or responsibility for the consequence arising out of delay and/or loss in transit of any message, letter or documentation, or delay, mutilation or other error arising in the transmission of any teletransmission. In event shall Bank of America be liable for any special, indirect, consequential or exem damages.

(i) If Applicant includes in the Application any language describing events or conditions that would not be possible for Bank of America to verify solely from the documents required to be presented under the Letter of Credit, Applicant acknowled agrees that Bank of America has no obligation to verify compliance with such requir

NOTICE OF FINAL AGREEMENT. THIS WRITTEN AGREEMENT REPRE THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This Application and Agreement is executed by Applicant on 1/26/09

EPAHO120001504

Name of Applicant
CES Environmental Services, Inc

By: Title
Greg Bowman **VP Finance and Admin**

Name of Applicant (if any, co-signing with the Applicant above)

By: Title
Matt Bowman **President**

(WHERE SPECIMEN SIGNATURES OF THE APPLICANT NAMED ABOVE ARE NOT ON FILE WITH BANK OF AMERICA, THE FOLOWING SIGNATURE VERIFICATION IS REQUIRED.)

The above signature of an officer, partner or agent of each Applicant indicated above confirms to that on file with us and such officer, partner or agent is fully authorized to sign this Agreement for such Applicant.

By: BANK (Full Name) (Bank Address)

Authorized Signature/Title (Specimen signature of the signer must be on file with Bank of America)

00-35-0521NSBW 05-2007

FOR OFFICE USE ONLY

☐ Trade Operations _____ Mail Code# _____

COMMISSION ☐ Per Standard Fee Schedule ☐ Other _____ ☐ Charge Banki
☐ Charge Directly ☐ Commissions and Charges only ☐ Drawings, Commissions an

APPROVING OFFICER (Printed Name) PHONE #

OFFICER TELEPHONE # FAX #

DDA APPLICANT A/C #

APPROVING BANK OFFICER SIGNATURE

OFFICER – INTEROFFICE ADDRESS

OFFICER NUMBER AND COST CENTER NUMBER

Bank of Ame

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Attachment "C"

RASGAS

Tender Response Requirements

Question 2

Documentation Demonstrating this Material is not a Waste

For complete listings of all regulations, visit http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=30&pt=1&ch=335 and http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200121

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TCEQ REGULATORY GUIDANCE

Waste Permits Division
RG-240 • August 2006

Can I Recycle Some of My Industrial or Hazardous Wastes?

Purpose. The purpose of this document is to assist those who recycle industrial or hazardous waste or who are thinking about doing so. Please note the glossary of terms used in this document on page 5.

Regulatory References. The regulations that govern industrial and hazardous waste recycling are fairly complex. Texas regulations can be found on the TCEQ's web site at **www.tceq.state.tx.us** under the link "Rules, Policy & Legislation." Environmental regulations in Texas are codified in Title 30 of the Texas Administrative Code (30 TAC), while federal regulations are codified in Code of Federal Regulations, Title 40 (40 CFR). The federal regulations are available on the Environmental Protection Agency's (EPA) web site at **www.epa.gov**.

If you decide to recycle an industrial or hazardous waste, you should carefully review the following rules for the regulations that apply to your recycling activity:

- 30 TAC Section 335.1 (Definitions) (131)
- 30 TAC Chapter 335, Subchapter H (Standards for the Management of Specific Wastes and Specific Types of Facilities)
- 30 TAC Section 335.17 (Special Definitions for Recyclable Materials and Nonhazardous Recyclable Materials)
- 30 TAC Section 335.24 (Requirements for Recyclable Materials and Nonhazardous Recyclable Materials)
- 40 CFR Section 261.2 (Definition of Solid Waste)
- 40 CFR Section 261.4 (Exclusions)
- 40 CFR Section 261.6 (Requirements for Recyclable Materials)
- 40 CFR Section 266 (Standards for the Management of Specific Hazardous Wastes and Specific Types of Hazardous Waste Management Facilities)

Recycling Nonhazardous Industrial Waste. In general, the recycling of nonhazardous industrial waste is subject to significantly less regulation than is the recycling of hazardous waste (which can come from either industrial or nonindustrial sources). For an explanation of terms, see the glossary section at the end of this document. In most cases, the recycling of *non*hazardous industrial waste is subject only to the following requirements of 30 TAC Sections 335.4 (General Prohibitions) and 335.6 (Notification Requirements). The specific regulations for recycling nonhazardous industrial waste can be found in 30 TAC Section 335.24(h).

Certain *non*hazardous industrial wastes can be directly applied to land. Under 30 TAC Section 335.1(131)(H), the waste may not even be a waste at all (see the table on pages 3–4, "Is My Material a Waste or Recyclable?"). If a *non*hazardous industrial waste is legitimately recycled by land application, it is generally *not* subject to the deed recordation. To be sure, consult the requirements of 30 TAC Section 335.5 (Deed Recordation).

In most cases, facilities that recycle only *non*hazardous industrial wastes are not subject to permitting requirements. However, there are exceptions (see 30 TAC Section 335.24(i)). Those facilities that recycle nonhazardous industrial wastes that are "combustible" or pose a significant threat to human health and the environment may be subject to certain financial assurance requirements (see 30 TAC Section 335.24(j)).

Inherently Waste-Like Materials. Some wastes are designated by the EPA as inherently waste-like. That means that there are very few, if any, ways that such wastes can be legitimately recycled, and that they are always considered to be wastes that are subject to stringent regulations on how they can be managed. Inherently waste-like materials can be identified by their EPA hazardous waste numbers. Those numbers are F020, F022, F023, F026, F028, and in some cases F021.

Notification Requirements. Generators of industrial waste that will be recycled must notify the TCEQ 90 days before they begin recycling their waste. This is true whether the waste is recycled on-site or off-site.

The TCEQ is an equal opportunity/affirmative action employer. The agency does not allow discrimination on the basis of race, color, religion, national origin, sex, disability, age, sexual orientation, or veteran status. In compliance with the Americans with Disabilities Act, this document may be requested in alternate formats by contacting the TCEQ at 512/239-0028, fax 239-4488, or 1-800-RELAY-TX (TDD), or by writing PO Box 13087, Austin TX 78711-3087. We authorize you to use or reproduce any original material contained in this publication – that is, any material we did not obtain from other sources. Please acknowledge the TCEQ as your source. Printed on recycled paper.

Notification is easy to accomplish and is done in one of two ways. The traditional way is by completing and returning form TCEQ-0525, "Generator Notification Form for Recycling Hazardous or Industrial Waste." Form TCEQ-0525 can be obtained from the TCEQ web site at **www.tceq.state.tx.us** under the link "Forms and Publications."

The other way to notify the TCEQ is to do so electronically by using the State of Texas Environmental Electronic Reporting System (STEERS). For more information on how to notify the TCEQ using STEERS, consult the TCEQ web site at **www.tceq.state.tx.us/goto/steers/overview**, or call the STEERS help line at 512-239-6925.

Facilities that receive and recycle industrial or hazardous waste must notify the TCEQ 90 days before their recycling operation starts. Notification can be done by completing form TCEQ-0524, "Notification Form for Receiving and Recycling Hazardous or Industrial Waste" and mailing it to the TCEQ's Industrial and Hazardous Waste Permits Section at the address on the form. Form TCEQ-0524 is available on the TCEQ web site.

For both the generator of wastes that are recycled and for those who recycle the wastes, subsequent notifications to the TCEQ are required if there are substantial changes in the composition of the recycled material or the method of recycling.

Permits. Facilities that receive and then recycle industrial or hazardous waste for recycling may need a permit to store those materials if the materials are not immediately placed into the recycling process. According to 30 TAC Section 335.24(e), the recycling activity itself does not require a permit.

Generators, receivers, and recyclers of materials that will be recycled that are considered to be "nonwastes" are *not* required to notify the TCEQ. Materials that are not wastes are subject only to Texas Water Code Section 26.121 and 30 TAC Section 335.4. (**NOTE:** According to 30 TAC Section 335.1(131)(I), the TCEQ has the right to challenge claims that a material is exempt or partially exempt from regulation as a waste).

Using the Table, "Is My Material a Waste or Recyclable?" The table on pages 3–4 summarizes the regulations that apply to recycling industrial and hazardous waste. However, this table is only intended as guidance and does *not* replace the recycling rules. Both the generator and recycler are responsible for properly determining whether a recycling material is a waste. Therefore, it is very important for all parties to ensure that the recycling material is being properly handled not only by the generator, but also by the recycler and the end user.

To use the table:

- Look in the column under "My Material Is..." to identity which material is to be recycled.
- Read across to the column under "Which means that it is a waste if it..." in order to determine under what conditions the material will be considered a waste.
- Read across to the column under "However, it is not a waste if it..." to see whether there are any circumstances under which the material would be a nonwaste.

For example, suppose that you have a material that is recycled by burning to recover energy. Looking in the column under "My Material Is ... ," we find the word "Burned." Looking across to the right we find the column headed "Which means that it is a waste if it ... ," where we find that the material is regulated as a waste. However, if we read further to the right under the column "However, it is not a waste if it ... ," we see that the material is not regulated as a waste if it meets one of the conditions listed there—for an example, if the material meets the comparable fuel criteria found in 40 Code of Federal Regulations (CFR) Section 261.38.

A few final points about the table:

- In the interest of brevity, the table does not include rarely encountered exemptions, for example, the exemption for byproduct material, source material, or special nuclear material as defined in 30 TAC Section 336.2.
- The TCEQ periodically updates 30 TAC Chapter 335 to incorporate the latest additions and changes in the state and federal recycling rules. It also periodically updates this guidance document to reflect those additions and changes.
- Because the recycling rules are subject to change, you are advised to check both 30 TAC Section 335.1(Definitions)(131) and 40 CFR Section 261.4 for the latest updates to the list of exemptions. If you have questions about the recycling rules for industrial and hazardous wastes, please contact the TCEQ at 512/239-6412.

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Table: Is My Material a Waste or Recyclable?

My material is ...	Which means that it is a waste if it...	However, it is not waste if it...
Applied to the land	Is used to make a product that is applied to or placed on the land (the resulting product is also considered a waste)	Is either a commercial chemical product whose normal and intended use is to be applied to or placed on the land or if the waste meets the criteria of Section 335.1(131)(H)
	Is applied to or placed on the land	
Burned	Is burned to recover energy	Is a fuel identified as a commercial chemical product whose normal and recognized use is as a fuel (for example, gasoline), if it meets the comparable fuel requirements found in 40 CFR Section 261.38, or if it meets the criteria for being a fuel/cutter stock found in the Fuels Peer Review Document
	Is used to produce a fuel (the resulting fuel is also regulated as a waste)	
	Is contained in a fuel (the resulting fuel is also regulated as a waste)	
Reclaimed (processed to recover a usable product, or regenerated)	Is a spent material (a material that has been used, and as a result of contamination, can no longer serve the purpose for which it was intended)	Is a pulping liquor reclaimed in a pulping liquor recovery furnace and then reused in the pulping process (unless accumulated speculatively), or it is a wood-preserving solution reclaimed and reused for its original intended purpose, or it is a wood-preserving wastewater that has been reclaimed and is reused to treat wood
	Is a "sludge" (which means a liquid, solid, or semi-solid) from either a wastewater treatment plant (other than an effluent) or an air pollution control device	Is a "sludge" which is not a listed hazardous waste and it is reclaimed, or if it is a residue from the treatment of K061 listed waste and meets specific requirements set forth in 40 CFR Section 261.4(a)(11)
	Is a "by-product"	Is a "by-product" that is not a listed hazardous waste
	Is a scrap metal/printed circuit board	Is either a scrap metal as defined in 30 TAC Section 335.17(9) or a printed circuit board,
	Is used or reused as an ingredient in an industrial process to make a product	Is a commercial chemical product
	Is then returned to the original process which generated it	Is an activity which meets the requirements for tanks; enclosure; combustion; speculative accumulation; and product usage found in 40 CFR Section 261.4(a)(8)
Accumulated speculatively	Is not a commercial chemical product	A commercial chemical product
An inherently waste-like material	Is a listed hazardous waste F020, F022, F023, F026, or F028	No exceptions exist
	Is a listed hazardous waste F021	Is used as an ingredient to make a product at the site at which it was generated [see 40 CFR Section 261.2(d)(1)]
A halogenated material	Is fed into a halogen acid furnace	Is a brominated material that meets the criteria found in 40 CFR Section 261.2(d)(2)
Used as an ingredient in an industrial process to make a product	Is reclaimed; used in a manner constituting disposal; used to produce products applied to the land; burned for energy recovery; used to produce a fuel; contained in fuels; accumulated speculatively; or inherently waste-like	Meets the terms of the exemptions found in 30 TAC Section 335.1(131)(F)(i), one of which is that the material not be reclaimed before being used

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My material is ...	Which means that it is a waste if it...	However, it is not waste if it...
Used as an effective substitute for a commercial chemical product	Is reclaimed; used in a manner constituting disposal; used to produce products applied to the land; burned for energy recovery; used to produce a fuel; contained in fuels; accumulated speculatively; or inherently waste-like	Meets the terms of the exemptions found in 30 TAC Section 335.1(131)(F)(ii) 133 (typographical error)
A raw material feedstock used in the original process that generated it without being reclaimed	Is reclaimed; used in a manner constituting disposal; used to produce products applied to the land; burned for energy recovery; used to produce a fuel; contained in fuels; accumulated speculatively; or is inherently waste-like	Is in compliance with 30 TAC Section(131)(F)(iii)
A secondary material reclaimed and returned to the original production process in which it was generated and reused in that process	Is used in a manner constituting disposal; used to produce products applied to the land; burned for energy recovery; used to produce a fuel; contained in fuels; accumulated speculatively; or is inherently waste-like	Is in compliance with 30 TAC Section (131)(F)(iv)
A coking by-product waste such as those with EPA hazardous waste numbers K060, K087, K141- K145, and K147- K148	Is not in compliance with 40 CFR Section 261.4(a)(10)	Is in compliance with 40 CFR Section 261.4(a)(10)
A spent sulfuric acid used to produce virgin sulfuric acid	Is accumulated speculatively	Is not accumulated speculatively and is used to make virgin sulfuric acid
A used nonwastewater splash condenser dross from the treatment of K061 listed waste in a high temperature metal recovery unit	Is not in compliance with the terms of 40 CFR Section 261.4(a)(11)	Is in compliance with the terms of 40 CFR Section 261.4(a)(11)
A nonwastewater splash condenser dross from the treatment of K061 listed hazardous waste in high temperature metal recovery unit	Is not in compliance with 40 CFR Section 261.4(a)(11)	Is in compliance with 40 CFR Section 261.4(a)(11)
An oil-bearing hazardous secondary material, a petrochemical recovered oil, or a spent caustic solution from a petrochemical refining operation	Is not in compliance with 40 CFR Section 261.4(a)(12), Section 261.4(a)(18), or Section 261.4(a)(19) respectively	Is in compliance with 40 CFR Section 261.4(a)(12), Section 261.4(a)(18), or Section 261.4(a)(19) respectively.

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Obtaining Forms. Notification forms TCEQ-0524 and -0525 can be obtained by following the "Forms" link on the TCEQ web site; by contacting TCEQ Publications at 512/239-0028 (voice) or 512/239-4488 (fax); or by writing to TCEQ Publications, MC-195, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087.

For More Information. More information on what is a waste and on recycling industrial and hazardous waste in general can be obtained from:

- 30 TAC Section 335.1 and Section 335.17 (copies of these rules are available on the TCEQ web site at **www.tceq.state.tx.us/rules/**);
- 40 CFR Section 261.2 and Section 261.4(a), April 4, 1983, *Federal Register* (waste definition proposed) and January 4, 1985, *Federal Register* (waste definition published); and
- RCRA Online at **www.epa.gov/rcraonline.**

If you have questions, please contact the TCEQ's Industrial and Hazardous Waste Permits Section, at 512-239-6412.

Glossary of Terms. The following brief explanations are provided here for your convenience. These brief explanations do not take the place of any full, formal definitions in state rules or federal regulations.

accumulated speculatively—If, during the calendar year, starting January 1, 75% or more of the recycling material accumulated at the start of the year is not recycled, the material is "speculatively accumulated."

by-product—A material that is not one of the primary products of a production process and is not solely or separately produced by the production process.

deed recordation—The act of amending a deed to property to reflect the disposal of a waste on that property (deed recordation requirements are found in 30 TAC Section 335.5).

hazardous waste—Any waste identified or listed by the EPA as being hazardous in 40 CFR Section 261.3.

hazardous waste numbers—Alphanumeric characters that designate a waste as being hazardous.

industrial source—Any source of waste that is an industrial waste.

industrial waste (also known by its official name of "industrial solid waste")—A waste resulting from or incidental to any process of industry or manufacturing or agricultural operation, which may include hazardous waste.

nonindustrial source—Any source of waste that is not an industrial source (see industrial waste).

nonwaste—A material that is not a waste (an example of which is a commercial chemical product being used for a legitimate purpose).

permit—A written document issued by the TCEQ which, by its conditions, may authorize the permittee to construct, install, modify, or operate a specified waste storage, processing, or disposal facility in accordance with specified limitations.

reclaimed—A material is reclaimed if it is processed to recover a usable product or if it is regenerated.

recycled—A material is recycled if it is used, reused, or reclaimed.

recycling material—A material intended for recycling.

scrap metal—Bits and pieces of metal parts (such as bars, turnings, rods, sheets, wires) or metal pieces that may be combined with bolts or soldering (such as in radiators, scrap automobiles, railroad boxcars, and so on) which when worn or superfluous can be recycled.

spent material—A material that has been used, and as a result of contamination, can no longer serve the purpose for which it was intended.

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[1] These materials are governed by the provisions of §335.24(h) only.

[2] Except as provided in 40 CFR §261.4(a)(17) for mineral processing secondary materials.

(E) Materials that are identified by the administrator of the EPA as inherently waste-like materials under 40 CFR §261.2(d) are solid wastes when they are recycled in any manner.

(F) Materials are not solid wastes when they can be shown to be recycled by being:

(i) used or reused as ingredients in an industrial process to make a product, provided the materials are not being reclaimed;

(ii) used or reused as effective substitutes for commercial products;

(iii) returned to the original process from which they were generated, without first being reclaimed or land disposed. The material must be returned as a substitute for feedstock materials. In cases where the original process to which the material is returned is a secondary process, the materials must be managed such that there is no placement on the land. In cases where the materials are generated and reclaimed within the primary mineral processing industry, the conditions of the exclusion found at 40 CFR §261.4(a)(17) apply rather than this provision; or

(iv) secondary materials that are reclaimed and returned to the original process or processes in which they were generated where they are reused in the production process provided:

(I) only tank storage is involved, and the entire process through completion of reclamation is closed by being entirely connected with pipes or other comparable enclosed means of conveyance;

(II) reclamation does not involve controlled flame combustion (such as occurs in boilers, industrial furnaces, or incinerators);

(III) the secondary materials are never accumulated in such tanks for over 12 months without being reclaimed; and

(IV) the reclaimed material is not used to produce a fuel, or used to produce products that are used in a manner constituting disposal.

(G) Except for materials described in subparagraph (H) of this paragraph, the following materials are solid wastes, even if the recycling involves use, reuse, or return to the original process, as described in subparagraph (F) of this paragraph:

<<Prev Rule Next Rule>>

Texas Administrative Code

TITLE 30 ENVIRONMENTAL QUALITY
PART 1 TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
CHAPTER 335 INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE
SUBCHAPTER A INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE IN GENERAL
RULE §335.1 Definitions

In addition to the terms defined in Chapter 3 of this title (relating to Definitions), the following words and terms, when used in this chapter, have the following meanings.

(1) Aboveground tank--A device meeting the definition of tank in this section and that is situated in such a way that the entire surface area of the tank is completely above the plane of the adjacent surrounding surface and the entire surface area of the tank (including the tank bottom) is able to be visually inspected.

(2) Act--Texas Health and Safety Code, Chapter 361.

(3) Active life--The period from the initial receipt of hazardous waste at the facility until the executive director receives certification of final closure.

(4) Active portion--That portion of a facility where processing, storage, or disposal operations are being or have been conducted after November 19, 1980, and which is not a closed portion. (See also "closed portion" and "inactive portion.")

(5) Activities associated with the exploration, development, and protection of oil or gas or geothermal resources--Activities associated with:

(A) the drilling of exploratory wells, oil wells, gas wells, or geothermal resource wells;

(B) the production of oil or gas or geothermal resources, including:

(i) activities associated with the drilling of injection water source wells that penetrate the base of usable quality water;

(ii) activities associated with the drilling of cathodic protection holes associated with the cathodic protection of wells and pipelines subject to the jurisdiction of the commission to regulate the production of oil or gas or geothermal resources;

(iii) activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants;

(iv) activities associated with any underground natural gas storage facility, provided the terms "natural gas" and "storage facility" shall have the meanings set out in the Texas Natural Resources Code, §1.173;

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(v) activities associated with any underground hydrocarbon storage facility, provided the terms "hydrocarbons" and "underground hydrocarbon storage facility" shall have the meanings set out in the Texas Natural Resources Code, §91.201; and

(vi) activities associated with the storage, handling, reclamation, gathering, transportation, or distribution of oil or gas prior to the refining of such oil or prior to the use of such gas in any manufacturing process or as a residential or industrial fuel;

(C) the operation, abandonment, and proper plugging of wells subject to the jurisdiction of the commission to regulate the exploration, development, and production of oil or gas or geothermal resources; and

(D) the discharge, storage, handling, transportation, reclamation, or disposal of waste or any other substance or material associated with any activity listed in subparagraphs (A) - (C) of this paragraph, except for waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants if that waste is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency in accordance with the Federal Solid Waste Disposal Act, as amended (42 United States Code, §§6901 *et seq.).*

(6) Administrator--The administrator of the United States Environmental Protection Agency or his designee.

(7) Ancillary equipment--Any device that is used to distribute, meter, or control the flow of solid waste or hazardous waste from its point of generation to a storage or processing tank(s), between solid waste or hazardous waste storage and processing tanks to a point of disposal on site, or to a point of shipment for disposal off site. Such devices include, but are not limited to, piping, fittings, flanges, valves, and pumps.

(8) Aquifer--A geologic formation, group of formations, or part of a formation capable of yielding a significant amount of groundwater to wells or springs.

(9) Area of concern--Any area of a facility under the control or ownership of an owner or operator where a release to the environment of hazardous wastes or hazardous constituents has occurred, is suspected to have occurred, or may occur, regardless of the frequency or duration.

(10) Authorized representative--The person responsible for the overall operation of a facility or an operation unit (i.e., part of a facility), e.g., the plant manager, superintendent, or person of equivalent responsibility.

(11) Battery--As defined in §335.261 of this title (relating to Universal Waste Rule).

(12) Boiler--An enclosed device using controlled flame combustion and having the following characteristics:

(A) the unit must have physical provisions for recovering and exporting thermal energy in the form of steam, heated fluids, or heated gases;

(B) the unit's combustion chamber and primary energy recovery section(s) must be of integral design. To be of integral design, the combustion chamber and the primary energy recovery section(s)

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(such as waterwalls and superheaters) must be physically formed into one manufactured or assembled unit. A unit in which the combustion chamber and the primary energy recovery section(s) are joined only by ducts or connections carrying flue gas is not integrally designed; however, secondary energy recovery equipment (such as economizers or air preheaters) need not be physically formed into the same unit as the combustion chamber and the primary energy recovery section. The following units are not precluded from being boilers solely because they are not of integral design:

(i) process heaters (units that transfer energy directly to a process stream); and

(ii) fluidized bed combustion units;

(C) while in operation, the unit must maintain a thermal energy recovery efficiency of at least 60%, calculated in terms of the recovered energy compared with the thermal value of the fuel; and

(D) the unit must export and utilize at least 75% of the recovered energy, calculated on an annual basis. In this calculation, no credit shall be given for recovered heat used internally in the same unit. (Examples of internal use are the preheating of fuel or combustion air, and the driving of induced or forced draft fans or feedwater pumps); or

(E) the unit is one which the executive director has determined, on a case-by-case basis, to be a boiler, after considering the standards in §335.20 of this title (relating to Variance To Be Classified as a Boiler).

(13) Captive facility--A facility that accepts wastes from only related (within the same corporation) off-site generators.

(14) Captured facility--A manufacturing or production facility that generates an industrial solid waste or hazardous waste that is routinely stored, processed, or disposed of on a shared basis in an integrated waste management unit owned, operated by, and located within a contiguous manufacturing complex.

(15) Captured receiver--A receiver that is located within the property boundaries of the generators from which it receives waste.

(16) Carbon regeneration unit--Any enclosed thermal treatment device used to regenerate spent activated carbon.

(17) Certification--A statement of professional opinion based upon knowledge and belief.

(18) Class 1 wastes--Any industrial solid waste or mixture of industrial solid wastes which because of its concentration, or physical or chemical characteristics, is toxic, corrosive, flammable, a strong sensitizer or irritant, a generator of sudden pressure by decomposition, heat, or other means, or may pose a substantial present or potential danger to human health or the environment when improperly processed, stored, transported, or disposed of or otherwise managed, as further defined in §335.505 of this title (relating to Class 1 Waste Determination).

(19) Class 2 wastes--Any individual solid waste or combination of industrial solid waste which cannot be described as hazardous, Class 1, or Class 3 as defined in §335.506 of this title (relating to Class 2 Waste Determination).

(20) Class 3 wastes--Inert and essentially insoluble industrial solid waste, usually including, but not

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limited to, materials such as rock, brick, glass, dirt, and certain plastics and rubber, etc., that are not readily decomposable, as further defined in §335.507 of this title (relating to Class 3 Waste Determination).

(21) Closed portion--That portion of a facility which an owner or operator has closed in accordance with the approved facility closure plan and all applicable closure requirements. (See also "active portion" and "inactive portion.")

(22) Closure--The act of permanently taking a waste management unit or facility out of service.

(23) Commercial hazardous waste management facility--Any hazardous waste management facility that accepts hazardous waste or polychlorinated biphenyl compounds for a charge, except a captured facility or a facility that accepts waste only from other facilities owned or effectively controlled by the same person.

(24) Component--Either the tank or ancillary equipment of a tank system.

(25) Confined aquifer--An aquifer bounded above and below by impermeable beds or by beds of distinctly lower permeability than that of the aquifer itself; an aquifer containing confined groundwater.

(26) Consignee--The ultimate treatment, storage, or disposal facility in a receiving country to which the hazardous waste will be sent.

(27) Container--Any portable device in which a material is stored, transported, processed, or disposed of, or otherwise handled.

(28) Containment building--A hazardous waste management unit that is used to store or treat hazardous waste under the provisions of §335.152(a)(19) or §335.112(a)(21) of this title (relating to Standards).

(29) Contaminant--Includes, but is not limited to, "solid waste," "hazardous waste," and "hazardous waste constituent" as defined in this subchapter; "pollutant" as defined in Texas Water Code (TWC), §26.001, and Texas Health and Safety Code (THSC), §361.401; "hazardous substance" as defined in THSC, §361.003; and other substances that are subject to the Texas Hazardous Substances Spill Prevention and Control Act, TWC, §§26.261 - 26.267.

(30) Contaminated medium/media--A portion or portions of the physical environment to include soil, sediment, surface water, groundwater or air, that contain contaminants at levels that pose a substantial present or future threat to human health and the environment.

(31) Contingency plan--A document setting out an organized, planned, and coordinated course of action to be followed in case of a fire, explosion, or release of hazardous waste or hazardous waste constituents which could threaten human health or the environment.

(32) Control--To apply engineering measures such as capping or reversible treatment methods and/or institutional measures such as deed restrictions to facilities or areas with wastes or contaminated media which result in remedies that are protective of human health and the environment when combined with appropriate maintenance, monitoring, and any necessary further corrective action.

(33) Corrosion expert--A person who, by reason of his knowledge of the physical sciences and the

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principles of engineering and mathematics, acquired by a professional education and related practical experience, is qualified to engage in the practice of corrosion control on buried or submerged metal piping systems and metal tanks. Such a person must be certified as being qualified by the National Association of Corrosion Engineers or be a registered professional engineer who has certification or licensing that includes education and experience in corrosion control on buried or submerged metal piping systems and metal tanks.

(34) Decontaminate--To apply a treatment process(es) to wastes or contaminated media whereby the substantial present or future threat to human health and the environment is eliminated.

(35) Designated facility--A Class 1 or hazardous waste treatment, storage, or disposal facility which has received a United States Environmental Protection Agency permit (or a facility with interim status) in accordance with the requirements of 40 Code of Federal Regulations (CFR) Parts 270 and 124; a permit from a state authorized in accordance with 40 CFR Part 271 (in the case of hazardous waste); a permit issued in accordance with §335.2 of this title (relating to Permit Required) (in the case of nonhazardous waste); or that is regulated under §335.24(f), (g), or (h) of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials) or §335.241 of this title (relating to Applicability and Requirements) and that has been designated on the manifest by the generator in accordance with §335.10 of this title (relating to Shipping and Reporting Procedures Applicable to Generators of Hazardous Waste or Class 1 Waste and Primary Exporters of Hazardous Waste). If a waste is destined to a facility in an authorized state which has not yet obtained authorization to regulate that particular waste as hazardous, then the designated facility must be a facility allowed by the receiving state to accept such waste. Designated facility also means a generator site designated on the manifest to receive its waste as a return shipment from a facility that has rejected the waste in accordance with §335.12(e) of this title (relating to Shipping Requirements Applicable to Owners or Operators of Cont'd...

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Treatment, Storage, or Disposal Facilities).

(36) Destination facility--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(37) Dike--An embankment or ridge of either natural or man-made materials used to prevent the movement of liquids, sludges, solids, or other materials.

(38) Dioxins and furans (D/F)--Tetra, penta, hexa, hepta, and octa-chlorinated dibenzo dioxins and furans.

(39) Discharge or hazardous waste discharge--The accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, or dumping of waste into or on any land or water.

(40) Disposal--The discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste (whether containerized or uncontainerized) into or on any land or water so that such solid waste or hazardous waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including groundwaters.

(41) Disposal facility--A facility or part of a facility at which solid waste is intentionally placed into or on any land or water, and at which waste will remain after closure. The term "disposal facility" does not include a corrective action management unit into which remediation wastes are placed.

(42) Drip pad--An engineered structure consisting of a curbed, free-draining base, constructed of non-earthen materials and designed to convey preservative kick-back or drippage from treated wood, precipitation, and surface water run-on to an associated collection system at wood preserving plants.

(43) Elementary neutralization unit--A device which:

(A) is used for neutralizing wastes which are hazardous only because they exhibit the corrosivity characteristic defined in 40 Code of Federal Regulations (CFR) §261.22, or are listed in 40 CFR Part 261, Subpart D, only for this reason; or is used for neutralizing the pH of non-hazardous industrial solid waste; and

(B) meets the definition of tank, tank system, container, transport vehicle, or vessel as defined in this section.

(44) United States Environmental Protection Agency (EPA) acknowledgment of consent--The cable

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sent to EPA from the United States Embassy in a receiving country that acknowledges the written consent of the receiving country to accept the hazardous waste and describes the terms and conditions of the receiving country's consent to the shipment.

(45) United States Environmental Protection Agency (EPA) hazardous waste number--The number assigned by the EPA to each hazardous waste listed in 40 Code of Federal Regulations (CFR) Part 261, Subpart D and to each characteristic identified in 40 CFR Part 261, Subpart C.

(46) United States Environmental Protection Agency (EPA) identification number--The number assigned by the EPA or the commission to each generator, transporter, and processing, storage, or disposal facility.

(47) Essentially insoluble--Any material, which if representatively sampled and placed in static or dynamic contact with deionized water at ambient temperature for seven days, will not leach any quantity of any constituent of the material into the water in excess of current United States Public Health Service or United States Environmental Protection Agency limits for drinking water as published in the *Federal Register.*

(48) Equivalent method--Any testing or analytical method approved by the administrator under 40 Code of Federal Regulations §260.20 and §260.21.

(49) Existing portion--That land surface area of an existing waste management unit, included in the original Part A permit application, on which wastes have been placed prior to the issuance of a permit.

(50) Existing tank system or existing component--A tank system or component that is used for the storage or processing of hazardous waste and that is in operation, or for which installation has commenced on or prior to July 14, 1986. Installation will be considered to have commenced if the owner or operator has obtained all federal, state, and local approvals or permits necessary to begin physical construction of the site or installation of the tank system and if either:

(A) a continuous on-site physical construction or installation program has begun; or

(B) the owner or operator has entered into contractual obligations--which cannot be canceled or modified without substantial loss--for physical construction of the site or installation of the tank system to be completed within a reasonable time.

(51) Explosives or munitions emergency--A situation involving the suspected or detected presence of unexploded ordnance, damaged or deteriorated explosives or munitions, an improvised explosive device, other potentially explosive material or device, or other potentially harmful military chemical munitions or device, that creates an actual or potential imminent threat to human health, including safety, or the environment, including property, as determined by an explosives or munitions emergency response specialist. These situations may require immediate and expeditious action by an explosives or munitions emergency response specialist to control, mitigate, or eliminate the threat.

(52) Explosives or munitions emergency response--All immediate response activities by an explosives and munitions emergency response specialist to control, mitigate, or eliminate the actual or potential threat encountered during an explosives or munitions emergency, subject to the following:

(A) an explosives or munitions emergency response includes in-place render-safe procedures, treatment or destruction of the explosives or munitions and/or transporting those items to another

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location to be rendered safe, treated, or destroyed;

(B) any reasonable delay in the completion of an explosives or munitions emergency response caused by a necessary, unforeseen, or uncontrollable circumstance will not terminate the explosives or munitions emergency; and

(C) explosives and munitions emergency responses can occur on either public or private lands and are not limited to responses at hazardous waste facilities.

(53) Explosives or munitions emergency response specialist--An individual trained in chemical or conventional munitions or explosives handling, transportation, render-safe procedures, or destruction techniques, including United States Department of Defense (DOD) emergency explosive ordnance disposal, technical escort unit, and DOD-certified civilian or contractor personnel; and, other federal, state, or local government, or civilian personnel similarly trained in explosives or munitions emergency responses.

(54) Extrusion--A process using pressure to force ground poultry carcasses through a decreasing-diameter barrel or nozzle, causing the generation of heat sufficient to kill pathogens, and resulting in an extruded product acceptable as a feed ingredient.

(55) Facility--Includes:

(A) all contiguous land, and structures, other appurtenances, and improvements on the land, used for storing, processing, or disposing of municipal hazardous waste or industrial solid waste. A facility may consist of several treatment, storage, or disposal operational units (e.g., one or more landfills, surface impoundments, or combinations of them);

(B) for the purpose of implementing corrective action under §335.167 of this title (relating to Corrective Action for Solid Waste Management Units), all contiguous property under the control of the owner or operator seeking a permit for the treatment, storage, and/or disposal of hazardous waste. This definition also applies to facilities implementing corrective action under Texas Water Code, §7.031 (Corrective Action Relating to Hazardous Waste).

(56) Final closure--The closure of all hazardous waste management units at the facility in accordance with all applicable closure requirements so that hazardous waste management activities under Subchapter E of this chapter (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) and Subchapter F of this chapter (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) are no longer conducted at the facility unless subject to the provisions in §335.69 of this title (relating to Accumulation Time).

(57) Food-chain crops--Tobacco, crops grown for human consumption, and crops grown for feed for animals whose products are consumed by humans.

(58) Freeboard--The vertical distance between the top of a tank or surface impoundment dike, and the surface of the waste contained therein.

(59) Free liquids--Liquids which readily separate from the solid portion of a waste under ambient temperature and pressure.

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(60) Generator--Any person, by site, who produces municipal hazardous waste or industrial solid waste; any person who possesses municipal hazardous waste or industrial solid waste to be shipped to any other person; or any person whose act first causes the solid waste to become subject to regulation under this chapter. For the purposes of this regulation, a person who generates or possesses Class 3 wastes only shall not be considered a generator.

(61) Groundwater--Water below the land surface in a zone of saturation.

(62) Hazardous industrial waste--Any industrial solid waste or combination of industrial solid wastes identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency in accordance with the Resource Conservation and Recovery Act of 1976, §3001 (42 United States Code, §6921). The administrator has identified the characteristics of hazardous wastes and listed certain wastes as hazardous in 40 Code of Federal Regulations Part 26l. The executive director will maintain in the offices of the commission a current list of hazardous wastes, a current set of characteristics of hazardous waste, and applicable appendices, as promulgated by the administrator.

(63) Hazardous substance--Any substance designated as a hazardous substance under 40 Code of Federal Regulations Part 302.

(64) Hazardous waste--Any solid waste identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 United States Code, §§6901 *et seq.*

(65) Hazardous waste constituent--A constituent that caused the administrator to list the hazardous waste in 40 Code of Federal Regulations (CFR) Part 261, Subpart D or a constituent listed in Table 1 of 40 CFR §261.24.

(66) Hazardous waste management facility--All contiguous land, including structures, appurtenances, and other improvements on the land, used for processing, storing, or disposing of hazardous waste. The term includes a publicly- or privately-owned hazardous waste management facility consisting of processing, storage, or disposal operational hazardous waste management units such as one or more landfills, surface impoundments, waste piles, incinerators, boilers, and industrial furnaces, including cement kilns, injection wells, salt dome waste containment caverns, land treatment facilities, or a combination of units.

(67) Hazardous waste management unit--A landfill, surface impoundment, waste pile, industrial furnace, incinerator, cement kiln, injection well, container, drum, salt dome waste containment cavern, or land treatment unit, or any other structure, vessel, appurtenance, or other improvement on land used to manage hazardous waste.

(68) In operation--Refers to a facility which is processing, storing, or disposing of solid waste or hazardous waste.

(69) Inactive portion--That portion of a facility which is not operated after November 19, 1980. (See also "active portion" and "closed portion.")

(70) Incinerator--Any enclosed device that:

(A) uses controlled flame combustion and neither meets the criteria for classification as a boiler,

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sludge dryer, or carbon regeneration unit, nor is listed as an industrial furnace; or

(B) meets the definition of infrared incinerator or plasma arc incinerator.

(71) Incompatible waste--A hazardous waste which is unsuitable for:

(A) placement in a particular device or facility because it may cause corrosion or decay of containment materials (e.g., container inner liners or tank walls); or

(B) commingling with another waste or material under uncontrolled conditions because the commingling might produce heat or pressure, fire or explosion, violent reaction, toxic dusts, mists, fumes, or gases, or flammable fumes or gases.

(72) Individual generation site--The contiguous site at or on which one or more solid waste or hazardous wastes are generated. An individual generation site, such as a large manufacturing plant, may have one or more sources of solid waste or hazardous waste, but is considered a single or individual generation site if the site or property is contiguous.

(73) Industrial furnace--Includes any of the following enclosed devices that use thermal treatment to accomplish recovery of materials or energy:

(A) cement kilns;

(B) lime kilns;

(C) aggregate kilns;

(D) phosphate kilns;

(E) coke ovens;

(F) blast furnaces;

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(G) smelting, melting, and refining furnaces (including pyrometallurgical devices such as cupolas, reverberator furnaces, sintering machines, roasters, and foundry furnaces);

(H) titanium dioxide chloride process oxidation reactors;

(I) methane reforming furnaces;

(J) pulping liquor recovery furnaces;

(K) combustion devices used in the recovery of sulfur values from spent sulfuric acid;

(L) halogen acid furnaces for the production of acid from halogenated hazardous waste generated by chemical production facilities where the furnace is located on the site of a chemical production facility, the acid product has a halogen acid content of at least 3.0%, the acid product is used in a manufacturing process, and, except for hazardous waste burned as fuel, hazardous waste fed to the furnace has a minimum halogen content of 20% as generated; and

(M) other devices the commission may list, after the opportunity for notice and comment is afforded to the public.

(74) Industrial solid waste--Solid waste resulting from or incidental to any process of industry or manufacturing, or mining or agricultural operation, which may include hazardous waste as defined in this section.

(75) Infrared incinerator--Any enclosed device that uses electric powered resistance heaters as a source of radiant heat followed by an afterburner using controlled flame combustion and which is not listed as an industrial furnace.

(76) Inground tank--A device meeting the definition of tank in this section whereby a portion of the tank wall is situated to any degree within the ground, thereby preventing visual inspection of that external surface area of the tank that is in the ground.

(77) Injection well--A well into which fluids are injected. (See also "underground injection.")

(78) Inner liner--A continuous layer of material placed inside a tank or container which protects the construction materials of the tank or container from the contained waste or reagents used to treat the waste.

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(79) Installation inspector--A person who, by reason of his knowledge of the physical sciences and the principles of engineering, acquired by a professional education and related practical experience, is qualified to supervise the installation of tank systems.

(80) International shipment--The transportation of hazardous waste into or out of the jurisdiction of the United States.

(81) Lamp--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(82) Land treatment facility--A facility or part of a facility at which solid waste or hazardous waste is applied onto or incorporated into the soil surface and that is not a corrective action management unit; such facilities are disposal facilities if the waste will remain after closure.

(83) Landfill--A disposal facility or part of a facility where solid waste or hazardous waste is placed in or on land and which is not a pile, a land treatment facility, a surface impoundment, an injection well, a salt dome formation, a salt bed formation, an underground mine, a cave, or a corrective action management unit.

(84) Landfill cell--A discrete volume of a solid waste or hazardous waste landfill which uses a liner to provide isolation of wastes from adjacent cells or wastes. Examples of landfill cells are trenches and pits.

(85) Leachate--Any liquid, including any suspended components in the liquid, that has percolated through or drained from solid waste or hazardous waste.

(86) Leak-detection system--A system capable of detecting the failure of either the primary or secondary containment structure or the presence of a release of solid waste or hazardous waste or accumulated liquid in the secondary containment structure. Such a system must employ operational controls (e.g., daily visual inspections for releases into the secondary containment system of aboveground tanks) or consist of an interstitial monitoring device designed to detect continuously and automatically the failure of the primary or secondary containment structure or the presence of a release of solid waste or hazardous waste into the secondary containment structure.

(87) Licensed professional geoscientist--A geoscientist who maintains a current license through the Texas Board of Professional Geoscientists in accordance with its requirements for professional practice.

(88) Liner--A continuous layer of natural or man-made materials, beneath or on the sides of a surface impoundment, landfill, or landfill cell, which restricts the downward or lateral escape of solid waste or hazardous waste, hazardous waste constituents, or leachate.

(89) Management or hazardous waste management--The systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of solid waste or hazardous waste.

(90) Manifest--The waste shipping document, United States Environmental Protection Agency (EPA) Form 8700-22, originated and signed by the generator or offeror, that will accompany and be used for tracking the transportation, disposal, treatment, storage, or recycling of shipments of hazardous wastes or Class 1 industrial solid wastes. The form used for this purpose is the EPA Form 8700-22, obtainable from any printer registered with the EPA.

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(91) Manifest tracking number--The alphanumeric identification number (i.e., a unique three-letter suffix preceded by nine numerical digits), which is pre-printed on the manifest by a registered source.

(92) Military munitions--All ammunition products and components produced or used by or for the Department of Defense (DOD) or the United States Armed Services for national defense and security, including military munitions under the control of the DOD, the United States Coast Guard, the United States Department of Energy (DOE), and National Guard personnel. The term "military munitions":

(A) includes confined gaseous, liquid, and solid propellants, explosives, pyrotechnics, chemical and riot control agents, smokes, and incendiaries used by DOD components, including bulk explosives and chemical warfare agents, chemical munitions, rockets, guided and ballistic missiles, bombs, warheads, mortar rounds, artillery ammunition, small arms ammunition, grenades, mines, torpedoes, depth charges, cluster munitions and dispensers, demolition charges, and devices and components thereof; and

(B) includes non-nuclear components of nuclear devices, managed under DOE's nuclear weapons program after all required sanitization operations under the Atomic Energy Act of 1954, as amended, have been completed; but

(C) does not include wholly inert items, improvised explosive devices, and nuclear weapons, nuclear devices, and nuclear components thereof.

(93) Miscellaneous unit--A hazardous waste management unit where hazardous waste is stored, processed, or disposed of and that is not a container, tank, surface impoundment, pile, land treatment unit, landfill, incinerator, boiler, industrial furnace, underground injection well with appropriate technical standards under Chapter 331 of this title (relating to Underground Injection Control), corrective action management unit, containment building, staging pile, or unit eligible for a research, development, and demonstration permit or under Chapter 305, Subchapter K of this title (relating to Research, Development, and Demonstration Permits).

(94) Movement--That solid waste or hazardous waste transported to a facility in an individual vehicle.

(95) Municipal hazardous waste--A municipal solid waste or mixture of municipal solid wastes which has been identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency.

(96) Municipal solid waste--Solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; including garbage, rubbish, ashes, street cleanings, dead animals, abandoned automobiles, and all other solid waste other than industrial waste.

(97) New tank system or new tank component--A tank system or component that will be used for the storage or processing of hazardous waste and for which installation has commenced after July 14, 1986; except, however, for purposes of 40 Code of Federal Regulations (CFR) §264.193(g)(2) (incorporated by reference at §335.152(a)(8) of this title (relating to Standards)) and 40 CFR §265.193(g)(2) (incorporated by reference at §335.112(a)(9) of this title (relating to Standards)), a new tank system is one for which construction commences after July 14, 1986. (See also "existing tank system.")

(98) Off-site--Property which cannot be characterized as on-site.

(99) Onground tank--A device meeting the definition of tank in this section and that is situated in such

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a way that the bottom of the tank is on the same level as the adjacent surrounding surface so that the external tank bottom cannot be visually inspected.

(100) On-Site--The same or geographically contiguous property which may be divided by public or private rights-of-way, provided the entrance and exit between the properties is at a cross-roads intersection, and access is by crossing, as opposed to going along, the right-of-way. Noncontiguous properties owned by the same person but connected by a right-of-way which he controls and to which the public does not have access, is also considered on-site property.

(101) Open burning--The combustion of any material without the following characteristics:

(A) control of combustion air to maintain adequate temperature for efficient combustion;

(B) containment of the combustion-reaction in an enclosed device to provide sufficient residence time and mixing for complete combustion; and

(C) control of emission of the gaseous combustion products. (See also "incineration" and "thermal treatment.")

(102) Operator--The person responsible for the overall operation of a facility.

(103) Owner--The person who owns a facility or part of a facility.

(104) Partial closure--The closure of a hazardous waste management unit in accordance with the applicable closure requirements of Subchapters E and F of this chapter (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities; and Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) at a facility that contains other active hazardous waste management units. For example, partial closure may include the closure of a tank (including its associated piping and underlying containment systems), landfill cell, surface impoundment, waste pile, or other hazardous waste management unit, while other units of the same facility continue to operate.

(105) PCBs or polychlorinated biphenyl compounds--Compounds subject to 40 Code of Federal Regulations Part 761.

(106) Permit--A written permit issued by the commission which, by its conditions, may authorize the permittee to construct, install, modify, or operate a specified municipal hazardous waste or industrial solid waste treatment, storage, or disposal facility in accordance with specified limitations.

(107) Personnel or facility personnel--All persons who work at, or oversee the operations of, a solid waste or hazardous waste facility, and whose actions or failure to act may result in noncompliance with the requirements of this chapter.

(108) Pesticide--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(109) Petroleum substance--A crude oil or any refined or unrefined fraction or derivative of crude oil which is a liquid at standard conditions of temperature and pressure.

(A) Except as provided in subparagraph (C) of this paragraph for the purposes of this chapter, a

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"petroleum substance" shall be limited to a substance in or a combination or mixture of substances within the following list (except for any listed substance regulated as a hazardous waste under the federal Solid Waste Disposal Act, Subtitle C (42 United States Code (USC), §§6921, *et seq.)*) and which is liquid at standard conditions of temperature (20 degrees Centigrade) and pressure (1 atmosphere):

(i) basic petroleum substances--i.e., crude oils, crude oil fractions, petroleum feedstocks, and petroleum fractions;

(ii) motor fuels--a petroleum substance which is typically used for the operation of internal combustion engines and/or motors (which includes, but is not limited to, stationary engines and engines used in transportation vehicles and marine vessels);

(iii) aviation gasolines--i.e., Grade 80, Grade 100, and Grade 100-LL;

(iv) aviation jet fuels--i.e., Jet A, Jet A-1, Jet B, JP-4, JP-5, and JP-8;

(v) distillate fuel oils--i.e., Number 1-D, Number 1, Number 2-D, and Number 2;

(vi) residual fuel oils--i.e., Number 4-D, Number 4-light, Number 4, Number 5-light, Number 5-heavy, and Number 6;

(vii) gas-turbine fuel oils--i.e., Grade O-GT, Grade 1-GT, Grade 2-GT, Grade 3-GT, and Grade 4-GT;

(viii) illuminating oils--i.e., kerosene, mineral seal oil, long-time burning oils, 300 oil, and mineral colza oil;

(ix) lubricants--i.e., automotive and industrial lubricants;

(x) building materials--i.e., liquid asphalt and dust-laying oils;

(xi) insulating and waterproofing materials--i.e., transformer oils and cable oils; and

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(xii) used oils--See definition for "used oil" in this section.

(B) For the purposes of this chapter, a "petroleum substance" shall include solvents or a combination or mixture of solvents (except for any listed substance regulated as a hazardous waste under the federal Solid Waste Disposal Act, Subtitle C (42 USC, §§6921, *et seq.)*) and which is liquid at standard conditions of temperature (20 degrees Centigrade) and pressure (1 atmosphere) i.e., Stoddard solvent, petroleum spirits, mineral spirits, petroleum ether, varnish makers' and painters' naphthas, petroleum extender oils, and commercial hexane.

(C) The following materials are not considered petroleum substances:

(i) polymerized materials, i.e., plastics, synthetic rubber, polystyrene, high and low density polyethylene;

(ii) animal, microbial, and vegetable fats;

(iii) food grade oils;

(iv) hardened asphalt and solid asphaltic materials--i.e., roofing shingles, roofing felt, hot mix (and cold mix); and

(v) cosmetics.

(110) Pile--Any noncontainerized accumulation of solid, nonflowing solid waste or hazardous waste that is used for processing or storage, and that is not a corrective action management unit or a containment building.

(111) Plasma arc incinerator--Any enclosed device using a high intensity electrical discharge or arc as a source of heat followed by an afterburner using controlled flame combustion and which is not listed as an industrial furnace.

(112) Post-closure order--An order issued by the commission for post-closure care of interim status units, a corrective action management unit unless authorized by permit, or alternative corrective action requirements for contamination commingled from Resource Conservation and Recovery Act and solid waste management units.

(113) Poultry--Chickens or ducks being raised or kept on any premises in the state for profit.

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(114) Poultry carcass--The carcass, or part of a carcass, of poultry that died as a result of a cause other than intentional slaughter for use for human consumption.

(115) Poultry facility--A facility that:

(A) is used to raise, grow, feed, or otherwise produce poultry for commercial purposes; or

(B) is a commercial poultry hatchery that is used to produce chicks or ducklings.

(116) Primary exporter--Any person who is required to originate the manifest for a shipment of hazardous waste in accordance with the regulations contained in 40 Code of Federal Regulations Part 262, Subpart B, which are in effect as of November 8, 1986, or equivalent state provision, which specifies a treatment, storage, or disposal facility in a receiving country as the facility to which the hazardous waste will be sent and any intermediary arranging for the export.

(117) Processing--The extraction of materials, transfer, volume reduction, conversion to energy, or other separation and preparation of solid waste for reuse or disposal, including the treatment or neutralization of solid waste or hazardous waste, designed to change the physical, chemical, or biological character or composition of any solid waste or hazardous waste so as to neutralize such waste, or so as to recover energy or material from the waste or so as to render such waste nonhazardous, or less hazardous; safer to transport, store or dispose of; or amenable for recovery, amenable for storage, or reduced in volume. The transfer of solid waste for reuse or disposal as used in this definition does not include the actions of a transporter in conveying or transporting solid waste by truck, ship, pipeline, or other means. Unless the executive director determines that regulation of such activity is necessary to protect human health or the environment, the definition of processing does not include activities relating to those materials exempted by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 United States Code, §§6901 *et seq.*, as amended.

(118) Publicly-owned treatment works (POTW)--Any device or system used in the treatment (including recycling and reclamation) of municipal sewage or industrial wastes of a liquid nature which is owned by a state or municipality (as defined by the Clean Water Act, §502(4)). The definition includes sewers, pipes, or other conveyances only if they convey wastewater to a POTW providing treatment.

(119) Qualified groundwater scientist--A scientist or engineer who has received a baccalaureate or post-graduate degree in the natural sciences or engineering, and has sufficient training and experience in groundwater hydrology and related fields as may be demonstrated by state registration, professional certifications, or completion of accredited university courses that enable that individual to make sound professional judgments regarding groundwater monitoring and contaminant fate and transport.

(120) Receiving country--A foreign country to which a hazardous waste is sent for the purpose of treatment, storage, or disposal (except short-term storage incidental to transportation).

(121) Regional administrator--The regional administrator for the United States Environmental Protection Agency region in which the facility is located, or his designee.

(122) Remediation--The act of eliminating or reducing the concentration of contaminants in contaminated media.

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(123) Remediation waste--All solid and hazardous wastes, and all media (including groundwater, surface water, soils, and sediments) and debris, which contain listed hazardous wastes or which themselves exhibit a hazardous waste characteristic, that are managed for the purpose of implementing corrective action requirements under §335.167 of this title (relating to Corrective Action for Solid Waste Management Units) and Texas Water Code, §7.031 (Corrective Action Relating to Hazardous Waste). For a given facility, remediation wastes may originate only from within the facility boundary, but may include waste managed in implementing corrective action for releases beyond the facility boundary under §335.166(5) of this title (relating to Corrective Action Program) or §335.167(c) of this title.

(124) Remove--To take waste, contaminated design or operating system components, or contaminated media away from a waste management unit, facility, or area to another location for treatment, storage, or disposal.

(125) Replacement unit--A landfill, surface impoundment, or waste pile unit:

(A) from which all or substantially all the waste is removed; and

(B) that is subsequently reused to treat, store, or dispose of hazardous waste. "Replacement unit" does not apply to a unit from which waste is removed during closure, if the subsequent reuse solely involves the disposal of waste from that unit and other closing units or corrective action areas at the facility, in accordance with an approved closure plan or United States Environmental Protection Agency or state approved corrective action.

(126) Representative sample--A sample of a universe or whole (e.g., waste pile, lagoon, groundwater) which can be expected to exhibit the average properties of the universe or whole.

(127) Run-off--Any rainwater, leachate, or other liquid that drains over land from any part of a facility.

(128) Run-on--Any rainwater, leachate, or other liquid that drains over land onto any part of a facility.

(129) Saturated zone or zone of saturation--That part of the earth's crust in which all voids are filled with water.

(130) Shipment--Any action involving the conveyance of municipal hazardous waste or industrial solid waste by any means off-site.

(131) Sludge dryer--Any enclosed thermal treatment device that is used to dehydrate sludge and that has a maximum total thermal input, excluding the heating valve of the sludge itself, of 2,500 British thermal units per pound of sludge treated on a wet-weight basis.

(132) Small quantity generator--A generator who generates less than 1,000 kilograms of hazardous waste in a calendar month.

(133) Solid waste--

(A) Any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant or air pollution control facility, and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, municipal, commercial, mining, and agricultural operations,

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and from community and institutional activities, but does not include:

(i) solid or dissolved material in domestic sewage, or solid or dissolved material in irrigation return flows, or industrial discharges subject to regulation by permit issued in accordance with Texas Water Code, Chapter 26 (an exclusion applicable only to the actual point source discharge that does not exclude industrial wastewaters while they are being collected, stored, or processed before discharge, nor does it exclude sludges that are generated by industrial wastewater treatment);

(ii) uncontaminated soil, dirt, rock, sand, and other natural or man-made inert solid materials used to fill land if the object of the fill is to make the land suitable for the construction of surface improvements. The material serving as fill may also serve as a surface improvement such as a structure foundation, a road, soil erosion control, and flood protection. Man-made materials exempted under this provision shall only be deposited at sites where the construction is in progress or imminent such that rights to the land are secured and engineering, architectural, or other necessary planning have been initiated. Waste disposal shall be considered to have occurred on any land which has been filled with man-made inert materials under this provision if the land is sold, leased, or otherwise conveyed prior to the completion of construction of the surface improvement. Under such conditions, deed recordation shall be required. The deed recordation shall include the information required under §335.5(a) of this title (relating to Deed Recordation of Waste Disposal), prior to sale or other conveyance of the property;

(iii) waste materials which result from activities associated with the exploration, development, or production of oil or gas or geothermal resources, as those activities are defined in this section, and any other substance or material regulated by the Railroad Commission of Texas in accordance with the Natural Resources Code, §91.101, unless such waste, substance, or material results from activities associated with gasoline plants, natural gas, or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants and is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, 42 United States Code, §§6901 *et seq.*, as amended; or

(iv) a material excluded by 40 Code of Federal Regulations (CFR) §261.4(a)(1) - (21), as amended through July 24, 2002 (67 FR 48393), subject to the changes in this clause, or by variance granted under §335.18 of this title (relating to Variances from Classification as a Solid Waste) and §335.19 of this title (relating to Standards and Criteria for Variances from Classification as a Solid Waste). For the purposes of the exclusion under 40 CFR §261.4(a)(16), 40 CFR §261.38 is adopted by reference as amended through July 10, 2000 (65 FR 42292), and is revised as follows, with "subparagraph (A)(iv) under the definition of 'Solid Waste' in 30 TAC §335.1" meaning "subparagraph (A)(iv) under the definition of 'Solid Waste' in §335.1 of this title (relating to Definitions)":

(I) in the certification statement under 40 CFR §261.38(c)(1)(i)(C)(4), the reference to "40 CFR §261.38" is changed to "40 CFR §261.38, as revised under subparagraph (A)(iv) under the definition of 'Solid Waste' in 30 TAC §335.1," and the reference to "40 CFR §261.28(c)(10)" is changed to "40 CFR §261.38(c)(10)";

(II) in 40 CFR §261.38(c)(2), the references to "§260.10 of this chapter" are changed to "§335.1 of this title (relating to Definitions)," and the reference to "parts 264 or 265 of this chapter" is changed to "Chapter 335, Subchapter E of this title (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) or Chapter 335, Subchapter F of this title (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities)";

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(III) in 40 CFR §261.38(c)(3) - (5), the references to "parts 264 and 265, or §262.34 of this chapter" are changed to "Chapter 335, Subchapter E of this title (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) and Chapter 335, Subchapter F of this title (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities), or §335.69 of this title (relating to Accumulation Time)";

(IV) in 40 CFR §261.38(c)(5), the reference to "§261.6(c) of this chapter" is changed to "§335.24 (e) and (f) of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials)";

(V) in 40 CFR §261.38(c)(7), the references to "appropriate regulatory authority" and "regulatory authority" are changed to "executive director";

(VI) in 40 CFR §261.38(c)(8), the reference to "§262.11 of this chapter" is changed to "§335.62 of this title (relating to Hazardous Waste Determination and Waste Classification)";

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(VII) in 40 CFR §261.38(c)(9), the reference to "§261.2(c)(4) of this chapter" is changed to §335.1 (133)(D)(iv) " of this title (relating to Definitions)"; and

(VIII) in 40 CFR §261.38(c)(10), the reference to "implementing authority" is changed to "executive director."

(B) A discarded material is any material which is:

(i) abandoned, as explained in subparagraph (C) of this paragraph;

(ii) recycled, as explained in subparagraph (D) of this paragraph;

(iii) considered inherently waste-like, as explained in subparagraph (E) of this paragraph; or

(iv) a military munition identified as a solid waste in 40 CFR §266.202.

(C) Materials are solid wastes if they are abandoned by being:

(i) disposed of;

(ii) burned or incinerated; or

(iii) accumulated, stored, or processed (but not recycled) before or in lieu of being abandoned by being disposed of, burned, or incinerated.

(D) Except for materials described in subparagraph (H) of this paragraph, materials are solid wastes if they are "recycled" or accumulated, stored, or processed before recycling as specified in this subparagraph. The chart referred to as Table 1 indicates only which materials are considered to be solid wastes when they are recycled and is not intended to supersede the definition of solid waste provided in subparagraph (A) of this paragraph.

(i) Used in a manner constituting disposal. Materials noted with an asterisk in Column 1 of Table 1 are solid wastes when they are:

(I) applied to or placed on the land in a manner that constitutes disposal; or

(II) used to produce products that are applied to or placed on the land or are otherwise contained in

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products that are applied to or placed on the land (in which cases the product itself remains a solid waste). However, commercial chemical products listed in 40 CFR §261.33 are not solid wastes if they are applied to the land and that is their ordinary manner of use.

(ii) Burning for energy recovery. Materials noted with an asterisk in Column 2 of Table 1 are solid wastes when they are:

(I) burned to recover energy; or

(II) used to produce a fuel or are otherwise contained in fuels (in which cases the fuel itself remains a solid waste). However, commercial chemical products, which are listed in 40 CFR §261.33, not listed in §261.33, but that exhibit one or more of the hazardous waste characteristics, or will be considered nonhazardous waste if disposed, are not solid wastes if they are fuels themselves and burned for energy recovery.

(iii) Reclaimed. Materials noted with an asterisk in Column 3 of Table 1 are solid wastes when reclaimed (except as provided under 40 CFR §261.4(a)(17)). Materials without an asterisk in Column 3 of Table 1 are not solid wastes when reclaimed.

(iv) Accumulated speculatively. Materials noted with an asterisk in Column 4 of Table 1 are solid wastes when accumulated speculatively.

Attached Graphic

(E) Materials that are identified by the administrator of the EPA as inherently waste-like materials under 40 CFR §261.2(d) are solid wastes when they are recycled in any manner.

(F) Materials are not solid wastes when they can be shown to be recycled by being:

(i) used or reused as ingredients in an industrial process to make a product, provided the materials are not being reclaimed;

(ii) used or reused as effective substitutes for commercial products;

(iii) returned to the original process from which they were generated, without first being reclaimed or land disposed. The material must be returned as a substitute for feedstock materials. In cases where the original process to which the material is returned is a secondary process, the materials must be managed such that there is no placement on the land. In cases where the materials are generated and reclaimed within the primary mineral processing industry, the conditions of the exclusion found at 40 CFR §261.4(a)(17) apply rather than this provision; or

(iv) secondary materials that are reclaimed and returned to the original process or processes in which they were generated where they are reused in the production process provided:

(I) only tank storage is involved, and the entire process through completion of reclamation is closed by being entirely connected with pipes or other comparable enclosed means of conveyance;

(II) reclamation does not involve controlled flame combustion (such as occurs in boilers, industrial furnaces, or incinerators);

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(III) the secondary materials are never accumulated in such tanks for over 12 months without being reclaimed; and

(IV) the reclaimed material is not used to produce a fuel, or used to produce products that are used in a manner constituting disposal.

(G) Except for materials described in subparagraph (H) of this paragraph, the following materials are solid wastes, even if the recycling involves use, reuse, or return to the original process, as described in subparagraph (F) of this paragraph:

(i) materials used in a manner constituting disposal, or used to produce products that are applied to the land;

(ii) materials burned for energy recovery, used to produce a fuel, or contained in fuels;

(iii) materials accumulated speculatively; or

(iv) materials deemed to be inherently waste-like by the administrator of the EPA, as described in 40 CFR §261.2(d)(1) and (2).

(H) With the exception of contaminated soils which are being relocated for use under §350.36 of this title (relating to Relocation of Soils Containing Chemicals of Concern for Reuse Purposes) and other contaminated media, materials that will otherwise be identified as nonhazardous solid wastes if disposed of are not considered solid wastes when recycled by being applied to the land or used as ingredients in products that are applied to the land, provided these materials can be shown to meet all of the following criteria:

(i) a legitimate market exists for the recycling material as well as its products;

(ii) the recycling material is managed and protected from loss as will be raw materials or ingredients or products;

(iii) the quality of the product is not degraded by substitution of raw material/product with the recycling material;

(iv) the use of the recycling material is an ordinary use and it meets or exceeds the specifications of the product it is replacing without treatment or reclamation, or if the recycling material is not replacing a product, the recycling material is a legitimate ingredient in a production process and meets or exceeds raw material specifications without treatment or reclamation;

(v) the recycling material is not burned for energy recovery, used to produce a fuel, or contained in a fuel;

(vi) the recycling material can be used as a product itself or to produce products as it is generated without treatment or reclamation;

(vii) the recycling material must not present an increased risk to human health, the environment, or waters in the state when applied to the land or used in products which are applied to the land and the material, as generated:

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(I) is a Class 3 waste under Subchapter R of this chapter (relating to Waste Classification), except for arsenic, cadmium, chromium, lead, mercury, nickel, selenium, and total dissolved solids; and

(II) for the metals listed in subclause (I) of this clause:

(-a-) is a Class 2 or Class 3 waste under Subchapter R of this chapter; and

(-b-) does not exceed a concentration limit under §312.43(b)(3), Table 3 of this title (relating to Metal Limits); and

(viii) with the exception of the requirements under §335.17(a)(8) of this title (relating to Special Definitions for Recyclable Materials and Nonhazardous Recyclable Materials):

(I) at least 75% (by weight or volume) of the annual production of the recycling material must be recycled or transferred to a different site and recycled on an annual basis; and

(II) if the recycling material is placed in protective storage, such as a silo or other protective enclosure, at least 75% (by weight or volume) of the annual production of the recycling material must be recycled or transferred to a different site and recycled on a biennial basis.

(I) Respondents in actions to enforce the industrial solid waste regulations who raise a claim that a certain material is not a solid waste, or is conditionally exempt from regulation, must demonstrate that there is a known market or disposition for the material, and that they meet the terms of the exclusion or exemption. In doing so, they must provide appropriate documentation (such as contracts showing that a second person uses the material as an ingredient in a production process) to demonstrate that the material is not a waste, or is exempt from regulation. In addition, owners or operators of facilities claiming that they actually are recycling materials must show that they have the necessary equipment to do so and that the recycling activity is legitimate and beneficial.

(J) Materials that are reclaimed from solid wastes and that are used beneficially are not solid wastes and hence are not hazardous wastes under 40 CFR §261.3(c) unless the reclaimed material is burned for energy recovery or used in a manner constituting disposal.

(K) Other portions of this chapter that relate to solid wastes that are recycled include §335.6 of this title (relating to Notification Requirements), §§335.17 - 335.19 of this title, §335.24 of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials), and Subchapter H of this chapter (relating to Standards for the Management of Specific Wastes and Specific Types of Facilities).

(134) Sorbent--A material that is used to soak up free liquids by either adsorption or absorption, or both. Sorb means to either adsorb or absorb, or both.

(135) Spill--The accidental spilling, leaking, pumping, emitting, emptying, or dumping of solid waste or hazardous wastes or materials which, when spilled, become solid waste or hazardous wastes into or on any land or water.

(136) Staging pile--An accumulation of solid, non-flowing remediation waste, as defined in this section, that is not a containment building and that is used only during remedial operations for temporary storage at a facility. Staging piles must be designated by the executive director according to the requirements of 40 Code of Federal Regulations §264.554, as adopted by reference under §335.152

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(a) of this title (relating to Standards).

(137) Storage--The holding of solid waste for a temporary period, at the end of which the waste is processed, disposed of, recycled, or stored elsewhere.

(138) Sump--Any pit or reservoir that meets the definition of tank in this section and those troughs/trenches connected to it that serve to collect solid waste or hazardous waste for transport to solid waste or hazardous waste treatment, storage, or disposal facilities; except that as used in the landfill, surface impoundment, and waste pile rules, "sump" means any lined pit or reservoir that serves to collect liquids drained from a leachate collection and removal system or leak detection system for subsequent removal from the system.

(139) Surface impoundment or impoundment--A facility or part of a facility which is a natural topographic depression, man-made excavation, or diked area formed primarily of earthen materials (although it may be lined with man-made materials), which is designed to hold an accumulation of liquid wastes or wastes containing free liquids, and which is not an injection well or a corrective action management unit. Examples of surface impoundments are holding, storage, settling, and aeration pits, ponds, and lagoons.

(140) Tank--A stationary device, designed to contain an accumulation of solid waste which is constructed primarily of non-earthen materials (e.g., wood, concrete, steel, plastic) which provide structural support.

(141) Tank system--A solid waste or hazardous waste storage or processing tank and its associated ancillary equipment and containment system.

(142) TEQ--Toxicity equivalence, the international method of relating the toxicity of various dioxin/furan congeners to the toxicity of 2,3,7,8-tetrachlorodibenzo-p-dioxin.

(143) Thermal processing--The processing of solid waste or hazardous waste in a device which uses elevated temperatures as the primary means to change the chemical, physical, or biological character or composition of the solid waste or hazardous waste. Examples of thermal processing are incineration, molten salt, pyrolysis, calcination, wet air oxidation, and microwave discharge. (See also "incinerator" and "open burning.")

(144) Thermostat--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(145) Totally enclosed treatment facility--A facility for the processing of hazardous waste which is directly connected to an industrial production process and which is constructed and operated in a manner which prevents the release of any hazardous waste or any constituent thereof into the environment during processing. An example is a pipe in which acid waste is neutralized.

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Title 40: Protection of Environment
PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE
Subpart A—General

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§ 261.2 Definition of solid waste.

(a)(1) A *solid waste* is any discarded material that is not excluded by §261.4(a) or that is not excluded by variance granted under §§260.30 and 260.31.

(2) A *discarded material* is any material which is:

(i) *Abandoned,* as explained in paragraph (b) of this section; or

(ii) *Recycled,* as explained in paragraph (c) of this section; or

(iii) Considered *inherently waste-like,* as explained in paragraph (d) of this section; or

(iv) *A military munition* identified as a solid waste in 40 CFR 266.202.

(b) Materials are solid waste if they are *abandoned* by being:

(1) Disposed of; or

(2) Burned or incinerated; or

(3) Accumulated, stored, or treated (but not recycled) before or in lieu of being abandoned by being disposed of, burned, or incinerated.

(c) Materials are solid wastes if they are *recycled* —or accumulated, stored, or treated before recycling— as specified in paragraphs (c)(1) through (4) of this section.

(1) *Used in a manner constituting disposal.* (i) Materials noted with a "*" in Column 1 of Table 1 are solid wastes when they are:

(A) Applied to or placed on the land in a manner that constitutes disposal; or

(B) Used to produce products that are applied to or placed on the land or are otherwise contained in products that are applied to or placed on the land (in which cases the product itself remains a solid waste).

(ii) However, commercial chemical products listed in §261.33 are not solid wastes if they are applied to the land and that is their ordinary manner of use.

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(2) *Burning for energy recovery.* (i) Materials noted with a "*" in column 2 of Table 1 are solid wastes when they are:

(A) Burned to recover energy;

(B) Used to produce a fuel or are otherwise contained in fuels (in which cases the fuel itself remains a solid waste).

(ii) However, commercial chemical products listed in §261.33 are not solid wastes if they are themselves fuels.

(3) *Reclaimed.* Materials noted with a "*" in column 3 of Table 1 are solid wastes when reclaimed (except as provided under §261.4(a)(17)). Materials noted with a "—"in column 3 of Table 1 are not solid wastes when reclaimed.

(4) *Accumulated speculatively.* Materials noted with a "*" in column 4 of Table 1 are solid wastes when accumulated speculatively.

Table 1

	Use constituting disposal (§261.2(c)(1))	**Energy recovery/ fuel (§261.2(c)(2))**	**Reclamation (§261.2(c)(3)) (except as provided in 261.4(a)(17) for mineral processing secondary materials)**	**Speculative accumulation (§261.2(c)(4))**
	1	2	3	4
Spent Materials	(*)	(*)	(*)	(*)
Sludges (listed in 40 CFR Part 261.31 or 261.32	(*)	(*)	(*)	(*)
Sludges exhibiting a characteristic of hazardous waste	(*)	(*)	—	(*)
By-products (listed in 40 CFR 261.31 or 261.32)	(*)	(*)	(*)	(*)
By-products exhibiting a characteristic of hazardous waste	(*)	(*)	—	(*)
Commercial	(*)	(*)	—	—

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chemical products listed in 40 CFR 261.33				
Scrap metal other than excluded scrap metal (see 261.1(c)(9))	(*)	(*)	(*)	(*)

Note: The terms "spent materials," "sludges," "by-products," and "scrap metal" and "processed scrap metal" are defined in §261.1.

(d) *Inherently waste-like materials.* The following materials are solid wastes when they are recycled in any manner:

(1) Hazardous Waste Nos. F020, F021 (unless used as an ingredient to make a product at the site of generation), F022, F023, F026, and F028.

(2) Secondary materials fed to a halogen acid furnace that exhibit a characteristic of a hazardous waste or are listed as a hazardous waste as defined in subparts C or D of this part, except for brominated material that meets the following criteria:

(i) The material must contain a bromine concentration of at least 45%; and

(ii) The material must contain less than a total of 1% of toxic organic compounds listed in appendix VIII; and

(iii) The material is processed continually on-site in the halogen acid furnace via direct conveyance (hard piping).

(3) The Administrator will use the following criteria to add wastes to that list:

(i)(A) The materials are ordinarily disposed of, burned, or incinerated; or

(B) The materials contain toxic constituents listed in appendix VIII of part 261 and these constituents are not ordinarily found in raw materials or products for which the materials substitute (or are found in raw materials or products in smaller concentrations) and are not used or reused during the recycling process; and

(ii) The material may pose a substantial hazard to human health and the environment when recycled.

(e) *Materials that are not solid waste when recycled.* (1) Materials are not solid wastes when they can be shown to be recycled by being:

(i) Used or reused as ingredients in an industrial process to make a product, provided the materials are not being reclaimed; or

(ii) Used or reused as effective substitutes for commercial products; or

(iii) Returned to the original process from which they are generated, without first being reclaimed or land disposed. The material must be returned as a substitute for feedstock materials. In cases where the original process to which the material is returned is a secondary process, the materials must be managed such that there is no placement on the land. In cases where the materials are generated and reclaimed within the primary mineral processing industry, the conditions of the exclusion found at §261.4 (a)(17) apply rather than this paragraph.

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(2) The following materials are solid wastes, even if the recycling involves use, reuse, or return to the original process (described in paragraphs (e)(1) (i) through (iii) of this section):

(i) Materials used in a manner constituting disposal, or used to produce products that are applied to the land; or

(ii) Materials burned for energy recovery, used to produce a fuel, or contained in fuels; or

(iii) Materials accumulated speculatively; or

(iv) Materials listed in paragraphs (d)(1) and (d)(2) of this section.

(f) *Documentation of claims that materials are not solid wastes or are conditionally exempt from regulation.* Respondents in actions to enforce regulations implementing subtitle C of RCRA who raise a claim that a certain material is not a solid waste, or is conditionally exempt from regulation, must demonstrate that there is a known market or disposition for the material, and that they meet the terms of the exclusion or exemption. In doing so, they must provide appropriate documentation (such as contracts showing that a second person uses the material as an ingredient in a production process) to demonstrate that the material is not a waste, or is exempt from regulation. In addition, owners or operators of facilities claiming that they actually are recycling materials must show that they have the necessary equipment to do so.

[50 FR 664, Jan. 4, 1985, as amended at 50 FR 33542, Aug. 20, 1985; 56 FR 7206, Feb. 21, 1991; 56 FR 32688, July 17, 1991; 56 FR 42512, Aug. 27, 1991; 57 FR 38564, Aug. 25, 1992; 59 FR 48042, Sept. 19, 1994; 62 FR 6651, Feb. 12, 1997; 62 FR 26019, May 12, 1997; 63 FR 28636, May 26, 1998; 64 FR 24513, May 11, 1999; 67 FR 11253, Mar. 13, 2002; 71 FR 40258, July 14, 2006]

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Title 40: Protection of Environment

PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE
Subpart A—General

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§ 261.4 Exclusions.

(a) *Materials which are not solid wastes.* The following materials are not solid wastes for the purpose of this part:

(1)(i) Domestic sewage; and

(ii) Any mixture of domestic sewage and other wastes that passes through a sewer system to a publicly-owned treatment works for treatment. "Domestic sewage" means untreated sanitary wastes that pass through a sewer system.

(2) Industrial wastewater discharges that are point source discharges subject to regulation under section 402 of the Clean Water Act, as amended.

[*Comment:* This exclusion applies only to the actual point source discharge. It does not exclude industrial wastewaters while they are being collected, stored or treated before discharge, nor does it exclude sludges that are generated by industrial wastewater treatment.]

(3) Irrigation return flows.

(4) Source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 *et seq.*

(5) Materials subjected to in-situ mining techniques which are not removed from the ground as part of the extraction process.

(6) Pulping liquors (*i.e.,* black liquor) that are reclaimed in a pulping liquor recovery furnace and then reused in the pulping process, unless it is accumulated speculatively as defined in §261.1(c) of this chapter.

(7) Spent sulfuric acid used to produce virgin sulfuric acid, unless it is accumulated speculatively as defined in §261.1(c) of this chapter.

(8) Secondary materials that are reclaimed and returned to the original process or processes in which they were generated where they are reused in the production process provided:

(i) Only tank storage is involved, and the entire process through completion of reclamation is closed by being entirely connected with pipes or other comparable enclosed means of conveyance;

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(ii) Reclamation does not involve controlled flame combustion (such as occurs in boilers, industrial furnaces, or incinerators);

(iii) The secondary materials are never accumulated in such tanks for over twelve months without being reclaimed; and

(iv) The reclaimed material is not used to produce a fuel, or used to produce products that are used in a manner constituting disposal.

(9)(i) Spent wood preserving solutions that have been reclaimed and are reused for their original intended purpose; and

(ii) Wastewaters from the wood preserving process that have been reclaimed and are reused to treat wood.

(iii) Prior to reuse, the wood preserving wastewaters and spent wood preserving solutions described in paragraphs (a)(9)(i) and (a)(9)(ii) of this section, so long as they meet all of the following conditions:

(A) The wood preserving wastewaters and spent wood preserving solutions are reused on-site at water borne plants in the production process for their original intended purpose;

(B) Prior to reuse, the wastewaters and spent wood preserving solutions are managed to prevent release to either land or groundwater or both;

(C) Any unit used to manage wastewaters and/or spent wood preserving solutions prior to reuse can be visually or otherwise determined to prevent such releases;

(D) Any drip pad used to manage the wastewaters and/or spent wood preserving solutions prior to reuse complies with the standards in part 265, subpart W of this chapter, regardless of whether the plant generates a total of less than 100 kg/month of hazardous waste; and

(E) Prior to operating pursuant to this exclusion, the plant owner or operator prepares a one-time notification stating that the plant intends to claim the exclusion, giving the date on which the plant intends to begin operating under the exclusion, and containing the following language: "I have read the applicable regulation establishing an exclusion for wood preserving wastewaters and spent wood preserving solutions and understand it requires me to comply at all times with the conditions set out in the regulation." The plant must maintain a copy of that document in its on-site records until closure of the facility. The exclusion applies so long as the plant meets all of the conditions. If the plant goes out of compliance with any condition, it may apply to the appropriate Regional Administrator or state Director for reinstatement. The Regional Administrator or state Director may reinstate the exclusion upon finding that the plant has returned to compliance with all conditions and that the violations are not likely to recur.

(10) EPA Hazardous Waste Nos. K060, K087, K141, K142, K143, K144, K145, K147, and K148, and any wastes from the coke by-products processes that are hazardous only because they exhibit the Toxicity Characteristic (TC) specified in section 261.24 of this part when, subsequent to generation, these materials are recycled to coke ovens, to the tar recovery process as a feedstock to produce coal tar, or mixed with coal tar prior to the tar's sale or refining. This exclusion is conditioned on there being no land disposal of the wastes from the point they are generated to the point they are recycled to coke ovens or tar recovery or refining processes, or mixed with coal tar.

(11) Nonwastewater splash condenser dross residue from the treatment of K061 in high temperature metals recovery units, provided it is shipped in drums (if shipped) and not land disposed before recovery.

(12) (i) Oil-bearing hazardous secondary materials (i.e., sludges, byproducts, or spent materials) that are generated at a petroleum refinery (SIC code 2911) and are inserted into the petroleum refining process (SIC code 2911—including, but not limited to, distillation, catalytic cracking, fractionation, or thermal cracking units (i.e., cokers)) unless the material is placed on the land, or speculatively accumulated before being so recycled. Materials inserted into thermal cracking units are excluded under this paragraph, provided that the coke product also does not exhibit a characteristic of hazardous waste. Oil-bearing hazardous secondary materials may be inserted into the same petroleum refinery where they

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are generated, or sent directly to another petroleum refinery, and still be excluded under this provision. Except as provided in paragraph (a)(12)(ii) of this section, oil-bearing hazardous secondary materials generated elsewhere in the petroleum industry (i.e., from sources other than petroleum refineries) are not excluded under this section. Residuals generated from processing or recycling materials excluded under this paragraph (a)(12)(i), where such materials as generated would have otherwise met a listing under subpart D of this part, are designated as F037 listed wastes when disposed of or intended for disposal.

(ii) Recovered oil that is recycled in the same manner and with the same conditions as described in paragraph (a)(12)(i) of this section. Recovered oil is oil that has been reclaimed from secondary materials (including wastewater) generated from normal petroleum industry practices, including refining, exploration and production, bulk storage, and transportation incident thereto (SIC codes 1311, 1321, 1381, 1382, 1389, 2911, 4612, 4613, 4922, 4923, 4789, 5171, and 5172.) Recovered oil does not include oil-bearing hazardous wastes listed in subpart D of this part; however, oil recovered from such wastes may be considered recovered oil. Recovered oil does not include used oil as defined in 40 CFR 279.1.

(13) Excluded scrap metal (processed scrap metal, unprocessed home scrap metal, and unprocessed prompt scrap metal) being recycled.

(14) Shredded circuit boards being recycled provided that they are:

(i) Stored in containers sufficient to prevent a release to the environment prior to recovery; and

(ii) Free of mercury switches, mercury relays and nickel-cadmium batteries and lithium batteries.

(15) Condensates derived from the overhead gases from kraft mill steam strippers that are used to comply with 40 CFR 63.446(e). The exemption applies only to combustion at the mill generating the condensates.

(16) Comparable fuels or comparable syngas fuels (i.e., comparable/syngas fuels) that meet the requirements of §261.38.

(17) Spent materials (as defined in §261.1) (other than hazardous wastes listed in subpart D of this part) generated within the primary mineral processing industry from which minerals, acids, cyanide, water, or other values are recovered by mineral processing or by beneficiation, provided that:

(i) The spent material is legitimately recycled to recover minerals, acids, cyanide, water or other values;

(ii) The spent material is not accumulated speculatively;

(iii) Except as provided in paragraph (a)(17)(iv) of this section, the spent material is stored in tanks, containers, or buildings meeting the following minimum integrity standards: a building must be an engineered structure with a floor, walls, and a roof all of which are made of non-earthen materials providing structural support (except smelter buildings may have partially earthen floors provided the secondary material is stored on the non-earthen portion), and have a roof suitable for diverting rainwater away from the foundation; a tank must be free standing, not be a surface impoundment (as defined in 40 CFR 260.10), and be manufactured of a material suitable for containment of its contents; a container must be free standing and be manufactured of a material suitable for containment of its contents. If tanks or containers contain any particulate which may be subject to wind dispersal, the owner/operator must operate these units in a manner which controls fugitive dust. Tanks, containers, and buildings must be designed, constructed and operated to prevent significant releases to the environment of these materials.

(iv) The Regional Administrator or State Director may make a site-specific determination, after public review and comment, that only solid mineral processing spent material may be placed on pads rather than tanks containers, or buildings. Solid mineral processing spent materials do not contain any free liquid. The decision-maker must affirm that pads are designed, constructed and operated to prevent significant releases of the secondary material into the environment. Pads must provide the same degree of containment afforded by the non-RCRA tanks, containers and buildings eligible for exclusion.

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(A) The decision-maker must also consider if storage on pads poses the potential for significant releases via groundwater, surface water, and air exposure pathways. Factors to be considered for assessing the groundwater, surface water, air exposure pathways are: The volume and physical and chemical properties of the secondary material, including its potential for migration off the pad; the potential for human or environmental exposure to hazardous constituents migrating from the pad via each exposure pathway, and the possibility and extent of harm to human and environmental receptors via each exposure pathway.

(B) Pads must meet the following minimum standards: Be designed of non-earthen material that is compatible with the chemical nature of the mineral processing spent material, capable of withstanding physical stresses associated with placement and removal, have run on/runoff controls, be operated in a manner which controls fugitive dust, and have integrity assurance through inspections and maintenance programs.

(C) Before making a determination under this paragraph, the Regional Administrator or State Director must provide notice and the opportunity for comment to all persons potentially interested in the determination. This can be accomplished by placing notice of this action in major local newspapers, or broadcasting notice over local radio stations.

(v) The owner or operator provides notice to the Regional Administrator or State Director providing the following information: The types of materials to be recycled; the type and location of the storage units and recycling processes; and the annual quantities expected to be placed in land-based units. This notification must be updated when there is a change in the type of materials recycled or the location of the recycling process.

(vi) For purposes of paragraph (a)(7) of this section, mineral processing spent materials must be the result of mineral processing and may not include any listed hazardous wastes. Listed hazardous wastes and characteristic hazardous wastes generated by non-mineral processing industries are not eligible for the conditional exclusion from the definition of solid waste.

(18) Petrochemical recovered oil from an associated organic chemical manufacturing facility, where the oil is to be inserted into the petroleum refining process (SIC code 2911) along with normal petroleum refinery process streams, provided:

(i) The oil is hazardous only because it exhibits the characteristic of ignitability (as defined in §261.21) and/or toxicity for benzene (§261.24, waste code D018); and

(ii) The oil generated by the organic chemical manufacturing facility is not placed on the land, or speculatively accumulated before being recycled into the petroleum refining process. An "associated organic chemical manufacturing facility" is a facility where the primary SIC code is 2869, but where operations may also include SIC codes 2821, 2822, and 2865; and is physically co-located with a petroleum refinery; and where the petroleum refinery to which the oil being recycled is returned also provides hydrocarbon feedstocks to the organic chemical manufacturing facility. "Petrochemical recovered oil" is oil that has been reclaimed from secondary materials (i.e., sludges, byproducts, or spent materials, including wastewater) from normal organic chemical manufacturing operations, as well as oil recovered from organic chemical manufacturing processes.

(19) Spent caustic solutions from petroleum refining liquid treating processes used as a feedstock to produce cresylic or naphthenic acid unless the material is placed on the land, or accumulated speculatively as defined in §261.1(c).

(20) Hazardous secondary materials used to make zinc fertilizers, provided that the following conditions specified are satisfied:

(i) Hazardous secondary materials used to make zinc micronutrient fertilizers must not be accumulated speculatively, as defined in §261.1 (c)(8).

(ii) Generators and intermediate handlers of zinc-bearing hazardous secondary materials that are to be incorporated into zinc fertilizers must:

(A) Submit a one-time notice to the Regional Administrator or State Director in whose jurisdiction the

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exclusion is being claimed, which contains the name, address and EPA ID number of the generator or intermediate handler facility, provides a brief description of the secondary material that will be subject to the exclusion, and identifies when the manufacturer intends to begin managing excluded, zinc-bearing hazardous secondary materials under the conditions specified in this paragraph (a)(20).

(B) Store the excluded secondary material in tanks, containers, or buildings that are constructed and maintained in a way that prevents releases of the secondary materials into the environment. At a minimum, any building used for this purpose must be an engineered structure made of non-earthen materials that provide structural support, and must have a floor, walls and a roof that prevent wind dispersal and contact with rainwater. Tanks used for this purpose must be structurally sound and, if outdoors, must have roofs or covers that prevent contact with wind and rain. Containers used for this purpose must be kept closed except when it is necessary to add or remove material, and must be in sound condition. Containers that are stored outdoors must be managed within storage areas that:

(*1*) Have containment structures or systems sufficiently impervious to contain leaks, spills and accumulated precipitation; and

(*2*) Provide for effective drainage and removal of leaks, spills and accumulated precipitation; and

(*3*) Prevent run-on into the containment system.

(C) With each off-site shipment of excluded hazardous secondary materials, provide written notice to the receiving facility that the material is subject to the conditions of this paragraph (a)(20).

(D) Maintain at the generator's or intermediate handlers's facility for no less than three years records of all shipments of excluded hazardous secondary materials. For each shipment these records must at a minimum contain the following information:

(*1*) Name of the transporter and date of the shipment;

(*2*) Name and address of the facility that received the excluded material, and documentation confirming receipt of the shipment; and

(*3*) Type and quantity of excluded secondary material in each shipment.

(iii) Manufacturers of zinc fertilizers or zinc fertilizer ingredients made from excluded hazardous secondary materials must:

(A) Store excluded hazardous secondary materials in accordance with the storage requirements for generators and intermediate handlers, as specified in paragraph (a)(20)(ii)(B) of this section.

(B) Submit a one-time notification to the Regional Administrator or State Director that, at a minimum, specifies the name, address and EPA ID number of the manufacturing facility, and identifies when the manufacturer intends to begin managing excluded, zinc-bearing hazardous secondary materials under the conditions specified in this paragraph (a)(20).

(C) Maintain for a minimum of three years records of all shipments of excluded hazardous secondary materials received by the manufacturer, which must at a minimum identify for each shipment the name and address of the generating facility, name of transporter and date the materials were received, the quantity received, and a brief description of the industrial process that generated the material.

(D) Submit to the Regional Administrator or State Director an annual report that identifies the total quantities of all excluded hazardous secondary materials that were used to manufacture zinc fertilizers or zinc fertilizer ingredients in the previous year, the name and address of each generating facility, and the industrial process(s) from which they were generated.

(iv) Nothing in this section preempts, overrides or otherwise negates the provision in §262.11 of this chapter, which requires any person who generates a solid waste to determine if that waste is a hazardous waste.

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(v) Interim status and permitted storage units that have been used to store only zinc-bearing hazardous wastes prior to the submission of the one-time notice described in paragraph (a)(20)(ii)(A) of this section, and that afterward will be used only to store hazardous secondary materials excluded under this paragraph, are not subject to the closure requirements of 40 CFR Parts 264 and 265.

(21) Zinc fertilizers made from hazardous wastes, or hazardous secondary materials that are excluded under paragraph (a)(20) of this section, provided that:

(i) The fertilizers meet the following contaminant limits:

(A) For metal contaminants:

Constituent	Maximum Allowable Total Concentration in Fertilizer, per Unit (1%) of Zinc (ppm)
Arsenic	0.3
Cadmium	1.4
Chromium	0.6
Lead	2.8
Mercury	0.3

(B) For dioxin contaminants the fertilizer must contain no more than eight (8) parts per trillion of dioxin, measured as toxic equivalent (TEQ).

(ii) The manufacturer performs sampling and analysis of the fertilizer product to determine compliance with the contaminant limits for metals no less than every six months, and for dioxins no less than every twelve months. Testing must also be performed whenever changes occur to manufacturing processes or ingredients that could significantly affect the amounts of contaminants in the fertilizer product. The manufacturer may use any reliable analytical method to demonstrate that no constituent of concern is present in the product at concentrations above the applicable limits. It is the responsibility of the manufacturer to ensure that the sampling and analysis are unbiased, precise, and representative of the product(s) introduced into commerce.

(iii) The manufacturer maintains for no less than three years records of all sampling and analyses performed for purposes of determining compliance with the requirements of paragraph (a)(21)(ii) of this section. Such records must at a minimum include:

(A) The dates and times product samples were taken, and the dates the samples were analyzed;

(B) The names and qualifications of the person(s) taking the samples;

(C) A description of the methods and equipment used to take the samples;

(D) The name and address of the laboratory facility at which analyses of the samples were performed;

(E) A description of the analytical methods used, including any cleanup and sample preparation methods; and

(F) All laboratory analytical results used to determine compliance with the contaminant limits specified in this paragraph (a)(21).

(22) Used cathode ray tubes (CRTs)

(i) Used, intact CRTs as defined in §260.10 of this chapter are not solid wastes within the United States unless they are disposed, or unless they are speculatively accumulated as defined in §261.1(c)(8) by CRT collectors or glass processors.

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(ii) Used, intact CRTs as defined in §260.10 of this chapter are not solid wastes when exported for recycling provided that they meet the requirements of §261.40.

(iii) Used, broken CRTs as defined in §260.10 of this chapter are not solid wastes provided that they meet the requirements of §261.39.

(iv) Glass removed from CRTs is not a solid waste provided that it meets the requirements of §261.39 (c).

(b) *Solid wastes which are not hazardous wastes.* The following solid wastes are not hazardous wastes:

(1) Household waste, including household waste that has been collected, transported, stored, treated, disposed, recovered (e.g., refuse-derived fuel) or reused. "Household waste" means any material (including garbage, trash and sanitary wastes in septic tanks) derived from households (including single and multiple residences, hotels and motels, bunkhouses, ranger stations, crew quarters, campgrounds, picnic grounds and day-use recreation areas). A resource recovery facility managing municipal solid waste shall not be deemed to be treating, storing, disposing of, or otherwise managing hazardous wastes for the purposes of regulation under this subtitle, if such facility:

(i) Receives and burns only

(A) Household waste (from single and multiple dwellings, hotels, motels, and other residential sources) and

(B) Solid waste from commercial or industrial sources that does not contain hazardous waste; and

(ii) Such facility does not accept hazardous wastes and the owner or operator of such facility has established contractual requirements or other appropriate notification or inspection procedures to assure that hazardous wastes are not received at or burned in such facility.

(2) Solid wastes generated by any of the following and which are returned to the soils as fertilizers:

(i) The growing and harvesting of agricultural crops.

(ii) The raising of animals, including animal manures.

(3) Mining overburden returned to the mine site.

(4) Fly ash waste, bottom ash waste, slag waste, and flue gas emission control waste, generated primarily from the combusion of coal or other fossil fuels, except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(5) Drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy.

(6)(i) Wastes which fail the test for the Toxicity Characteristic because chromium is present or are listed in subpart D due to the presence of chromium, which do not fail the test for the Toxicity Characteristic for any other constituent or are not listed due to the presence of any other constituent, and which do not fail the test for any other characteristic, if it is shown by a waste generator or by waste generators that:

(A) The chromium in the waste is exclusively (or nearly exclusively) trivalent chromium; and

(B) The waste is generated from an industrial process which uses trivalent chromium exclusively (or nearly exclusively) and the process does not generate hexavalent chromium; and

(C) The waste is typically and frequently managed in non-oxidizing environments.

(ii) Specific wastes which meet the standard in paragraphs (b)(6)(i) (A), (B), and (C) (so long as they do

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not fail the test for the toxicity characteristic for any other constituent, and do not exhibit any other characteristic) are:

(A) Chrome (blue) trimmings generated by the following subcategories of the leather tanning and finishing industry; hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(B) Chrome (blue) shavings generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(C) Buffing dust generated by the following subcategories of the leather tanning and finishing industry; hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue.

(D) Sewer screenings generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(E) Wastewater treatment sludges generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(F) Wastewater treatment sludges generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; and through-the-blue.

(G) Waste scrap leather from the leather tanning industry, the shoe manufacturing industry, and other leather product manufacturing industries.

(H) Wastewater treatment sludges from the production of TiO_2 pigment using chromium-bearing ores by the chloride process.

(7) Solid waste from the extraction, beneficiation, and processing of ores and minerals (including coal, phosphate rock, and overburden from the mining of uranium ore), except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(i) For purposes of §261.4(b)(7) beneficiation of ores and minerals is restricted to the following activities; crushing; grinding; washing; dissolution; crystallization; filtration; sorting; sizing; drying; sintering; pelletizing; briquetting; calcining to remove water and/or carbon dioxide; roasting, autoclaving, and/or chlorination in preparation for leaching (except where the roasting (and/or autoclaving and/or chlorination)/leaching sequence produces a final or intermediate product that does not undergo further beneficiation or processing); gravity concentration; magnetic separation; electrostatic separation; flotation; ion exchange; solvent extraction; electrowinning; precipitation; amalgamation; and heap, dump, vat, tank, and in situ leaching.

(ii) For the purposes of §261.4(b)(7), solid waste from the processing of ores and minerals includes only the following wastes as generated:

(A) Slag from primary copper processing;

(B) Slag from primary lead processing;

(C) Red and brown muds from bauxite refining;

(D) Phosphogypsum from phosphoric acid production;

(E) Slag from elemental phosphorus production;

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(F) Gasifier ash from coal gasification;

(G) Process wastewater from coal gasification;

(H) Calcium sulfate wastewater treatment plant sludge from primary copper processing;

(I) Slag tailings from primary copper processing;

(J) Fluorogypsum from hydrofluoric acid production;

(K) Process wastewater from hydrofluoric acid production;

(L) Air pollution control dust/sludge from iron blast furnaces;

(M) Iron blast furnace slag;

(N) Treated residue from roasting/leaching of chrome ore;

(O) Process wastewater from primary magnesium processing by the anhydrous process;

(P) Process wastewater from phosphoric acid production;

(Q) Basic oxygen furnace and open hearth furnace air pollution control dust/sludge from carbon steel production;

(R) Basic oxygen furnace and open hearth furnace slag from carbon steel production;

(S) Chloride process waste solids from titanium tetrachloride production;

(T) Slag from primary zinc processing.

(iii) A residue derived from co-processing mineral processing secondary materials with normal beneficiation raw materials or with normal mineral processing raw materials remains excluded under paragraph (b) of this section if the owner or operator:

(A) Processes at least 50 percent by weight normal beneficiation raw materials or normal mineral processing raw materials; and,

(B) Legitimately reclaims the secondary mineral processing materials.

(8) Cement kiln dust waste, except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(9) Solid waste which consists of discarded arsenical-treated wood or wood products which fails the test for the Toxicity Characteristic for Hazardous Waste Codes D004 through D017 and which is not a hazardous waste for any other reason if the waste is generated by persons who utilize the arsenical-treated wood and wood products for these materials' intended end use.

(10) Petroleum-contaminated media and debris that fail the test for the Toxicity Characteristic of §261.24 (Hazardous Waste Codes D018 through D043 only) and are subject to the corrective action regulations under part 280 of this chapter.

(11) Injected groundwater that is hazardous only because it exhibits the Toxicity Characteristic (Hazardous Waste Codes D018 through D043 only) in §261.24 of this part that is reinjected through an underground injection well pursuant to free phase hydrocarbon recovery operations undertaken at petroleum refineries, petroleum marketing terminals, petroleum bulk plants, petroleum pipelines, and petroleum transportation spill sites until January 25, 1993. This extension applies to recovery operations in existence, or for which contracts have been issued, on or before March 25, 1991. For groundwater

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returned through infiltration galleries from such operations at petroleum refineries, marketing terminals, and bulk plants, until [insert date six months after publication]. New operations involving injection wells (beginning after March 25, 1991) will qualify for this compliance date extension (until January 25, 1993) only if:

(i) Operations are performed pursuant to a written state agreement that includes a provision to assess the groundwater and the need for further remediation once the free phase recovery is completed; and

(ii) A copy of the written agreement has been submitted to: Waste Identification Branch (5304), U.S. Environmental Protection Agency, 1200 Pennsylvania Ave., NW., Washington, DC 20460.

(12) Used chlorofluorocarbon refrigerants from totally enclosed heat transfer equipment, including mobile air conditioning systems, mobile refrigeration, and commercial and industrial air conditioning and refrigeration systems that use chlorofluorocarbons as the heat transfer fluid in a refrigeration cycle, provided the refrigerant is reclaimed for further use.

(13) Non-terne plated used oil filters that are not mixed with wastes listed in subpart D of this part if these oil filters have been gravity hot-drained using one of the following methods:

(i) Puncturing the filter anti-drain back valve or the filter dome end and hot-draining;

(ii) Hot-draining and crushing;

(iii) Dismantling and hot-draining; or

(iv) Any other equivalent hot-draining method that will remove used oil.

(14) Used oil re-refining distillation bottoms that are used as feedstock to manufacture asphalt products.

(15) Leachate or gas condensate collected from landfills where certain solid wastes have been disposed, provided that:

(i) The solid wastes disposed would meet one or more of the listing descriptions for Hazardous Waste Codes K169, K170, K171, K172, K174, K175, K176, K177, K178 and K181 if these wastes had been generated after the effective date of the listing;

(ii) The solid wastes described in paragraph (b)(15)(i) of this section were disposed prior to the effective date of the listing;

(iii) The leachate or gas condensate do not exhibit any characteristic of hazardous waste nor are derived from any other listed hazardous waste;

(iv) Discharge of the leachate or gas condensate, including leachate or gas condensate transferred from the landfill to a POTW by truck, rail, or dedicated pipe, is subject to regulation under sections 307(b) or 402 of the Clean Water Act.

(v) As of February 13, 2001, leachate or gas condensate derived from K169–K172 is no longer exempt if it is stored or managed in a surface impoundment prior to discharge. As of November 21, 2003, leachate or gas condensate derived from K176, K177, and K178 is no longer exempt if it is stored or managed in a surface impoundment prior to discharge. After February 26, 2007, leachate or gas condensate derived from K181 will no longer be exempt if it is stored or managed in a surface impoundment prior to discharge. There is one exception: if the surface impoundment is used to temporarily store leachate or gas condensate in response to an emergency situation (e.g., shutdown of wastewater treatment system), provided the impoundment has a double liner, and provided the leachate or gas condensate is removed from the impoundment and continues to be managed in compliance with the conditions of this paragraph (b)(15)(v) after the emergency ends.

(16) Sludges resulting from the treatment of wastewaters (not including spent plating solutions) generated by the copper metallization process at the International Business Machines Corporation (IBM) semiconductor manufacturing facility in Essex Junction, VT, are exempt from the F006 listing, provided

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that:

(i) IBM provides the Agency with semi-annual reports (by January 15 and July 15 of each year) detailing constituent analyses measuring the concentrations of volatiles, semi-volatiles, and metals using methods presented in part 264, appendix IX of this chapter of both the plating solution utilized by, and the rinsewaters generated by, the copper metallization process;

(ii) IBM provides the agency with semi-annual reports (by January 15 and July 15 of each year), through the year 2004, or when IBM has achieved its facility-wide goal of a 40% reduction in greenhouse gas emissions from a 1995 base year (when normalized to production), whichever is first, that contain the following:

(A) Estimated greenhouse gas emissions, and estimated greenhouse gas emission reductions. Greenhouse gas emissions will be reported in terms of total mass emitted and mass emitted normalized to production; and

(B) The number of chemical vapor deposition chambers used in the semiconductor manufacturing production line that have been converted to either low flow C_2F_6or NF_3during the reporting period and the number of such chambers remaining to be converted to achieve the facility goal for global warming gas emission reductions.

(iii) No significant changes are made to the copper metallization process such that any of the constituents listed in 40 CFR part 261, appendix VII as the basis for the F006 listing are introduced into the process.

(17) Solid waste that would otherwise meet the definition of low-level mixed wastes (LLMW) pursuant to §266.210 of this chapter that is generated at the Ortho-McNeil Pharmaceutical, Inc. (OMP Spring House) research and development facility in Spring House, Pennsylvania and treated on-site using a bench-scale high temperature catalytic oxidation unit is not a hazardous waste provided that:

(i) The total volume of LLMW generated and treated is no greater than 50 liters/year, (ii) OMP Spring House submits a written report to the EPA Region III office once every six months beginning six months after June 27, 2005, that must contain the following:

(A) Analysis demonstrating the destruction and removal efficiency of the treatment technology for all organic components of the wastestream,

(B) Analysis demonstrating the capture efficiencies of the treatment technology for all radioactive components of the wastestream and an estimate of the amount of radioactivity released during the reporting period,

(C) Analysis (including concentrations of constituents, including inorganic constituents, present and radioactivity) of the wastestream prior to and after treatment,

(D) Volume of the wastestream being treated per batch, as well as a total for the duration of the reporting period, and

(E) Final disposition of the radioactive residuals from the treatment of the wastestream.

(iii) OMP Spring House makes no significant changes to the design or operation of the high temperature catalytic oxidation unit or the wastestream.

(iv) This exclusion will remain in affect for 5 years from June 27, 2005.

(18) By-products resulting from the production of automobile air bag gas generants at the Autoliv ASP Inc. facility in Promontory Utah, (Autoliv) are exempt from the D003 listing, for a period of five years from May 9, 2001, provided that:

(i) The by-product gas generants are processed on-site in Autoliv's Metal Recovery Furnace (MRF).

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(A) By-product gas generants must only be fed to the MRF when it is operating in conformance with the State of Utah, Division of Air Quality's Approval Order DAQE–549–97.

(B) Combustion gas temperature must be maintained below 400 degrees Fahrenheit at the baghouse inlet.

(ii) Prior to processing in the MRF, the by-product gas generants are managed in accordance with the requirements specified in 40 CFR 262.34.

(iii) The Autoliv facility and the MRF are operated and managed in accordance with the requirements of 40 CFR Part 265, Subparts B, C, D, E, G, H, I, and O.

(iv) Residues derived from the processing of by-product gas generants in the MRF are managed in accordance with the requirements specified in 40 CFR Parts 262 and 268.

(v) The following testing of the MRF's stack gas emissions is conducted:

(A) An initial test shall be conducted within 30 operating days of starting feed of by-product gas generants to the MRF. EPA may extend this deadline, at the request of Autoliv, when good cause is shown. The initial test shall consist of three duplicate runs sampling for:

(*1*) Particulate matter using Method 5 as specified in 40 CFR Part 60, Appendix A.

(*2*) The metals Aluminum, Arsenic, Barium, Beryllium, Boron, Cadmium, Chromium, Cobalt, Copper, Lead, and Nickel using Method 29 as specified in 40 CFR Part 60, Appendix A.

(*3*) Polychlorinated di-benzo dioxins and furans using Method 23 0023A as specified in 40 CFR Part 60, Appendix A.

(*4*) Carbon monoxide using Method 10 as specified in 40 CFR Part 60, Appendix A.

(B) After the initial test is completed, an annual stack test (12 months from the previous initial stack test) of the MRF shall be conducted. The annual tests shall consist of three duplicate runs using Method 29 and Method 5 as specified in 40 CFR Part 60, Appendix A.

(C) Testing shall be conducted while by-product gas generants are fed to the MRF at no less than 90% of the planned maximum feed rate, and with the MRF operating parameters within normal ranges.

(D) Initial stack testing results and additional project performance data and information, including the quantity of by-product gas generants processed and the operating parameter values during the test runs, will be submitted by Autoliv to the State of Utah and EPA within 60 days of the completion of the initial stack test.

(E) Annual stack test results and additional project performance data and information, including the quantity of by-product gas generants processed and the operating parameter values during the test runs, will be submitted by Autoliv to EPA and the State of Utah within 60 days of the completion of the annual test.

(vi) Combustion gas discharged to the atmosphere from the MRF meets the following limits:

(A) Dioxin emissions do not exceed 0.4 ng per dry standard cubic meter on a toxicity equivalent quotient (TEQ) basis corrected to 7% Oxygen.

(B) Combined lead and cadmium emissions do not exceed 240 ug per dry standard cubic meter corrected to 7% Oxygen.

(C) Combined arsenic, beryllium, and chromium emissions do not exceed 97 ug per dry standard cubic meter corrected to 7% Oxygen.

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(D) Particulate matter emissions do not exceed 34 mg per dry standard cubic meter corrected to 7% Oxygen.

(E) If the limits specified in paragraphs (b)(18)(vi)(A) through (D) of this section are exceeded, Autoliv shall discontinue feeding gas generants to the MRF until such time as Autoliv can demonstrate to EPA and the state of Utah satisfaction that the MRF combustion gas emissions can meet the limits specified in paragraphs (b)(18)(vi) (A) through (D) of this section

(vii) No by-product gas generants or other pyrotechnic wastes generated off-site will be received at the Autoliv facility in Promontory, Utah or processed in the MRF unless otherwise allowed by law (permit or regulation).

(viii) Autoliv will provide EPA and the state of Utah with semi-annual reports (by January 30 and July 30 of each year).

(A) The semi-annual reports will document the amounts of by-product gas generants processed during the reporting period.

(B) The semi-annual reports will provide a summary of the MRF Operating Record during the reporting period, including information on by-product gas generant composition, average feed rates, upset conditions, and spills or releases.

(ix) No significant changes are made to the operating parameter production values of Autoliv's production of air bag gas generants such that any of the constituents listed in appendix VIII of this part are introduced into the process.

(x) Autoliv reports to the EPA any noncompliance which may endanger health or the environment orally within 24 hours from the time Autoliv becomes aware of the circumstances, including:

(A) Any information of a release, discharge, fire, or explosion from the MRF, which could threaten the environment or human health.

(B) The description of the occurrence and its cause shall include:

(*1*) Name, address, and telephone number of the facility;

(*2*) Date, time, and type of incident;

(*3*) Name and quantity of material(s) involved;

(*4*) The extent of injuries, if any;

(*5*) An assessment of actual or potential hazards to the environment and human health, and

(*6*) Estimated quantity and disposition of recovered material that resulted from the incident.

(C) A written notice shall also be provided within five days of the time Autoliv becomes aware of the circumstances. The written notice shall contain a description of the non-compliance and its cause; the period of noncompliance including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance. The EPA may waive the five day written notice requirement in favor of a written report within fifteen days.

(xi) Notifications and submissions made under paragraph (b)(18) of this section shall be sent to the Regional Assistant Administrator for the Office of Partnerships and Regulatory Assistance, U.S. EPA, Region 8 and the Executive Secretary of the Utah Solid and Hazardous Waste Control Board.

(c) Hazardous wastes which are exempted from certain regulations. A hazardous waste which is generated in a product or raw material storage tank, a product or raw material transport vehicle or

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vessel, a product or raw material pipeline, or in a manufacturing process unit or an associated non-waste-treatment-manufacturing unit, is not subject to regulation under parts 262 through 265, 268, 270, 271 and 124 of this chapter or to the notification requirements of section 3010 of RCRA until it exits the unit in which it was generated, unless the unit is a surface impoundment, or unless the hazardous waste remains in the unit more than 90 days after the unit ceases to be operated for manufacturing, or for storage or transportation of product or raw materials.

(d) *Samples.* (1) Except as provided in paragraph (d)(2) of this section, a sample of solid waste or a sample of water, soil, or air, which is collected for the sole purpose of testing to determine its characteristics or composition, is not subject to any requirements of this part or parts 262 through 268 or part 270 or part 124 of this chapter or to the notification requirements of section 3010 of RCRA, when:

(i) The sample is being transported to a laboratory for the purpose of testing; or

(ii) The sample is being transported back to the sample collector after testing; or

(iii) The sample is being stored by the sample collector before transport to a laboratory for testing; or

(iv) The sample is being stored in a laboratory before testing; or

(v) The sample is being stored in a laboratory after testing but before it is returned to the sample collector; or

(vi) The sample is being stored temporarily in the laboratory after testing for a specific purpose (for example, until conclusion of a court case or enforcement action where further testing of the sample may be necessary).

(2) In order to qualify for the exemption in paragraphs (d)(1) (i) and (ii) of this section, a sample collector shipping samples to a laboratory and a laboratory returning samples to a sample collector must:

(i) Comply with U.S. Department of Transportation (DOT), U.S. Postal Service (USPS), or any other applicable shipping requirements; or

(ii) Comply with the following requirements if the sample collector determines that DOT, USPS, or other shipping requirements do not apply to the shipment of the sample:

(A) Assure that the following information accompanies the sample:

(*1*) The sample collector's name, mailing address, and telephone number;

(*2*) The laboratory's name, mailing address, and telephone number;

(*3*) The quantity of the sample;

(*4*) The date of shipment; and

(*5*) A description of the sample.

(B) Package the sample so that it does not leak, spill, or vaporize from its packaging.

(3) This exemption does not apply if the laboratory determines that the waste is hazardous but the laboratory is no longer meeting any of the conditions stated in paragraph (d)(1) of this section.

(e) *Treatability Study Samples.* (1) Except as provided in paragraph (e)(2) of this section, persons who generate or collect samples for the purpose of conducting treatability studies as defined in section 260.10, are not subject to any requirement of parts 261 through 263 of this chapter or to the notification requirements of Section 3010 of RCRA, nor are such samples included in the quantity determinations of §261.5 and §262.34(d) when:

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(i) The sample is being collected and prepared for transportation by the generator or sample collector; or

(ii) The sample is being accumulated or stored by the generator or sample collector prior to transportation to a laboratory or testing facility; or

(iii) The sample is being transported to the laboratory or testing facility for the purpose of conducting a treatability study.

(2) The exemption in paragraph (e)(1) of this section is applicable to samples of hazardous waste being collected and shipped for the purpose of conducting treatability studies provided that:

(i) The generator or sample collector uses (in "treatability studies") no more than 10,000 kg of media contaminated with non-acute hazardous waste, 1000 kg of non-acute hazardous waste other than contaminated media, 1 kg of acute hazardous waste, 2500 kg of media contaminated with acute hazardous waste for each process being evaluated for each generated waste stream; and

(ii) The mass of each sample shipment does not exceed 10,000 kg; the 10,000 kg quantity may be all media contaminated with non-acute hazardous waste, or may include 2500 kg of media contaminated with acute hazardous waste, 1000 kg of hazardous waste, and 1 kg of acute hazardous waste; and

(iii) The sample must be packaged so that it will not leak, spill, or vaporize from its packaging during shipment and the requirements of paragraph A or B of this subparagraph are met.

(A) The transportation of each sample shipment complies with U.S. Department of Transportation (DOT), U.S. Postal Service (USPS), or any other applicable shipping requirements; or

(B) If the DOT, USPS, or other shipping requirements do not apply to the shipment of the sample, the following information must accompany the sample:

(*1*) The name, mailing address, and telephone number of the originator of the sample;

(*2*) The name, address, and telephone number of the facility that will perform the treatability study;

(*3*) The quantity of the sample;

(*4*) The date of shipment; and

(*5*) A description of the sample, including its EPA Hazardous Waste Number.

(iv) The sample is shipped to a laboratory or testing facility which is exempt under §261.4(f) or has an appropriate RCRA permit or interim status.

(v) The generator or sample collector maintains the following records for a period ending 3 years after completion of the treatability study:

(A) Copies of the shipping documents;

(B) A copy of the contract with the facility conducting the treatability study;

(C) Documentation showing:

(*1*) The amount of waste shipped under this exemption;

(*2*) The name, address, and EPA identification number of the laboratory or testing facility that received the waste;

(*3*) The date the shipment was made; and

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(4) Whether or not unused samples and residues were returned to the generator.

(vi) The generator reports the information required under paragraph (e)(2)(v)(C) of this section in its biennial report.

(3) The Regional Administrator may grant requests on a case-by-case basis for up to an additional two years for treatability studies involving bioremediation. The Regional Administrator may grant requests on a case-by-case basis for quantity limits in excess of those specified in paragraphs (e)(2) (i) and (ii) and (f)(4) of this section, for up to an additional 5000 kg of media contaminated with non-acute hazardous waste, 500 kg of non-acute hazardous waste, 2500 kg of media contaminated with acute hazardous waste and 1 kg of acute hazardous waste:

(i) In response to requests for authorization to ship, store and conduct treatability studies on additional quantities in advance of commencing treatability studies. Factors to be considered in reviewing such requests include the nature of the technology, the type of process (e.g., batch versus continuous), size of the unit undergoing testing (particularly in relation to scale-up considerations), the time/quantity of material required to reach steady state operating conditions, or test design considerations such as mass balance calculations.

(ii) In response to requests for authorization to ship, store and conduct treatability studies on additional quantities after initiation or completion of initial treatability studies, when: There has been an equipment or mechanical failure during the conduct of a treatability study; there is a need to verify the results of a previously conducted treatability study; there is a need to study and analyze alternative techniques within a previously evaluated treatment process; or there is a need to do further evaluation of an ongoing treatability study to determine final specifications for treatment.

(iii) The additional quantities and timeframes allowed in paragraph (e)(3) (i) and (ii) of this section are subject to all the provisions in paragraphs (e) (1) and (e)(2) (iii) through (vi) of this section. The generator or sample collector must apply to the Regional Administrator in the Region where the sample is collected and provide in writing the following information:

(A) The reason why the generator or sample collector requires additional time or quantity of sample for treatability study evaluation and the additional time or quantity needed;

(B) Documentation accounting for all samples of hazardous waste from the waste stream which have been sent for or undergone treatability studies including the date each previous sample from the waste stream was shipped, the quantity of each previous shipment, the laboratory or testing facility to which it was shipped, what treatability study processes were conducted on each sample shipped, and the available results on each treatability study;

(C) A description of the technical modifications or change in specifications which will be evaluated and the expected results;

(D) If such further study is being required due to equipment or mechanical failure, the applicant must include information regarding the reason for the failure or breakdown and also include what procedures or equipment improvements have been made to protect against further breakdowns; and

(E) Such other information that the Regional Administrator considers necessary.

(f) *Samples Undergoing Treatability Studies at Laboratories and Testing Facilities.* Samples undergoing treatability studies and the laboratory or testing facility conducting such treatability studies (to the extent such facilities are not otherwise subject to RCRA requirements) are not subject to any requirement of this part, part 124, parts 262–266, 268, and 270, or to the notification requirements of Section 3010 of RCRA provided that the conditions of paragraphs (f) (1) through (11) of this section are met. A mobile treatment unit (MTU) may qualify as a testing facility subject to paragraphs (f) (1) through (11) of this section. Where a group of MTUs are located at the same site, the limitations specified in (f) (1) through (11) of this section apply to the entire group of MTUs collectively as if the group were one MTU.

(1) No less than 45 days before conducting treatability studies, the facility notifies the Regional Administrator, or State Director (if located in an authorized State), in writing that it intends to conduct treatability studies under this paragraph.

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(2) The laboratory or testing facility conducting the treatability study has an EPA identification number.

(3) No more than a total of 10,000 kg of "as received" media contaminated with non-acute hazardous waste, 2500 kg of media contaminated with acute hazardous waste or 250 kg of other "as received" hazardous waste is subject to initiation of treatment in all treatability studies in any single day. "As received" waste refers to the waste as received in the shipment from the generator or sample collector.

(4) The quantity of "as received" hazardous waste stored at the facility for the purpose of evaluation in treatability studies does not exceed 10,000 kg, the total of which can include 10,000 kg of media contaminated with non-acute hazardous waste, 2500 kg of media contaminated with acute hazardous waste, 1000 kg of non-acute hazardous wastes other than contaminated media, and 1 kg of acute hazardous waste. This quantity limitation does not include treatment materials (including nonhazardous solid waste) added to "as received" hazardous waste.

(5) No more than 90 days have elapsed since the treatability study for the sample was completed, or no more than one year (two years for treatability studies involving bioremediation) have elapsed since the generator or sample collector shipped the sample to the laboratory or testing facility, whichever date first occurs. Up to 500 kg of treated material from a particular waste stream from treatability studies may be archived for future evaluation up to five years from the date of initial receipt. Quantities of materials archived are counted against the total storage limit for the facility.

(6) The treatability study does not involve the placement of hazardous waste on the land or open burning of hazardous waste.

(7) The facility maintains records for 3 years following completion of each study that show compliance with the treatment rate limits and the storage time and quantity limits. The following specific information must be included for each treatability study conducted:

(i) The name, address, and EPA identification number of the generator or sample collector of each waste sample;

(ii) The date the shipment was received;

(iii) The quantity of waste accepted;

(iv) The quantity of "as received" waste in storage each day;

(v) The date the treatment study was initiated and the amount of "as received" waste introduced to treatment each day;

(vi) The date the treatability study was concluded;

(vii) The date any unused sample or residues generated from the treatability study were returned to the generator or sample collector or, if sent to a designated facility, the name of the facility and the EPA identification number.

(8) The facility keeps, on-site, a copy of the treatability study contract and all shipping papers associated with the transport of treatability study samples to and from the facility for a period ending 3 years from the completion date of each treatability study.

(9) The facility prepares and submits a report to the Regional Administrator, or state Director (if located in an authorized state), by March 15 of each year, that includes the following information for the previous calendar year:

(i) The name, address, and EPA identification number of the facility conducting the treatability studies;

(ii) The types (by process) of treatability studies conducted;

(iii) The names and addresses of persons for whom studies have been conducted (including their EPA

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identification numbers);

(iv) The total quantity of waste in storage each day;

(v) The quantity and types of waste subjected to treatability studies;

(vi) When each treatability study was conducted;

(vii) The final disposition of residues and unused sample from each treatability study.

(10) The facility determines whether any unused sample or residues generated by the treatability study are hazardous waste under §261.3 and, if so, are subject to parts 261 through 268, and part 270 of this chapter, unless the residues and unused samples are returned to the sample originator under the §261.4(e) exemption.

(11) The facility notifies the Regional Administrator, or State Director (if located in an authorized State), by letter when the facility is no longer planning to conduct any treatability studies at the site.

(g) *Dredged material that is not a hazardous waste.* Dredged material that is subject to the requirements of a permit that has been issued under 404 of the Federal Water Pollution Control Act (33 U.S.C.1344) or section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1413) is not a hazardous waste. For this paragraph (g), the following definitions apply:

(1) The term *dredged material* has the same meaning as defined in 40 CFR 232.2;

(2) The term *permit* means:

(i) A permit issued by the U.S. Army Corps of Engineers (Corps) or an approved State under section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1344);

(ii) A permit issued by the Corps under section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1413); or

(iii) In the case of Corps civil works projects, the administrative equivalent of the permits referred to in paragraphs (g)(2)(i) and (ii) of this section, as provided for in Corps regulations (for example, see 33 CFR 336.1, 336.2, and 337.6).

[45 FR 33119, May 19, 1980]

Editorial Note: ForFederal Registercitations affecting §261.4, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

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Title 40: Protection of Environment
PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE
Subpart A—General

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§ 261.6 Requirements for recyclable materials.

(a)(1) Hazardous wastes that are recycled are subject to the requirements for generators, transporters, and storage facilities of paragraphs (b) and (c) of this section, except for the materials listed in paragraphs (a)(2) and (a)(3) of this section. Hazardous wastes that are recycled will be known as "recyclable materials."

(2) The following recyclable materials are not subject to the requirements of this section but are regulated under subparts C through O of part 266 of this chapter and all applicable provisions in parts 270 and 124 of this chapter:

(i) Recyclable materials used in a manner constituting disposal (40 CFR part 266, subpart C);

(ii) Hazardous wastes burned for energy recovery in boilers and industrial furnaces that are not regulated under subpart O of part 264 or 265 of this chapter (40 CFR part 266, subpart H);

(iii) Recyclable materials from which precious metals are reclaimed (40 CFR part 266, subpart F);

(iv) Spent lead-acid batteries that are being reclaimed (40 CFR part 266, subpart G).

(v) U.S. Filter Recovery Services XL waste (40 CFR part 266, subpart O).

(3) The following recyclable materials are not subject to regulation under parts 262 through parts 266 or parts 268, 270 or 124 of this chapter, and are not subject to the notification requirements of section 3010 of RCRA:

(i) Industrial ethyl alcohol that is reclaimed except that, unless provided otherwise in an international agreement as specified in §262.58:

(A) A person initiating a shipment for reclamation in a foreign country, and any intermediary arranging for the shipment, must comply with the requirements applicable to a primary exporter in §§262.53, 262.56 (a)(1)–(4), (6), and (b), and 262.57, export such materials only upon consent of the receiving country and in conformance with the EPA Acknowledgment of Consent as defined in subpart E of part 262, and provide a copy of the EPA Acknowledgment of Consent to the shipment to the transporter transporting the shipment for export;

(B) Transporters transporting a shipment for export may not accept a shipment if he knows the shipment does not conform to the EPA Acknowledgment of Consent, must ensure that a copy of the EPA Acknowledgment of Consent accompanies the shipment and must ensure that it is delivered to the

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facility designated by the person initiating the shipment.

(ii) Scrap metal that is not excluded under §261.4(a)(13);

(iii) Fuels produced from the refining of oil-bearing hazardous waste along with normal process streams at a petroleum refining facility if such wastes result from normal petroleum refining, production, and transportation practices (this exemption does not apply to fuels produced from oil recovered from oil-bearing hazardous waste, where such recovered oil is already excluded under §261.4(a)(12);

(iv)(A) Hazardous waste fuel produced from oil-bearing hazardous wastes from petroleum refining, production, or transportation practices, or produced from oil reclaimed from such hazardous wastes, where such hazardous wastes are reintroduced into a process that does not use distillation or does not produce products from crude oil so long as the resulting fuel meets the used oil specification under §279.11 of this chapter and so long as no other hazardous wastes are used to produce the hazardous waste fuel;

(B) Hazardous waste fuel produced from oil-bearing hazardous waste from petroleum refining production, and transportation practices, where such hazardous wastes are reintroduced into a refining process after a point at which contaminants are removed, so long as the fuel meets the used oil fuel specification under §279.11 of this chapter; and

(C) Oil reclaimed from oil-bearing hazardous wastes from petroleum refining, production, and transportation practices, which reclaimed oil is burned as a fuel without reintroduction to a refining process, so long as the reclaimed oil meets the used oil fuel specification under §279.11 of this chapter.

(4) Used oil that is recycled and is also a hazardous waste solely because it exhibits a hazardous characteristic is not subject to the requirements of parts 260 through 268 of this chapter, but is regulated under part 279 of this chapter. Used oil that is recycled includes any used oil which is reused, following its original use, for any purpose (including the purpose for which the oil was originally used). Such term includes, but is not limited to, oil which is re-refined, reclaimed, burned for energy recovery, or reprocessed.

(5) Hazardous waste that is exported to or imported from designated member countries of the Organization for Economic Cooperation and Development (OECD) (as defined in §262.58(a)(1)) for purpose of recovery is subject to the requirements of 40 CFR part 262, subpart H, if it is subject to either the Federal manifesting requirements of 40 CFR Part 262, to the universal waste management standards of 40 CFR Part 273, or to State requirements analogous to 40 CFR Part 273.

(b) Generators and transporters of recyclable materials are subject to the applicable requirements of parts 262 and 263 of this chapter and the notification requirements under section 3010 of RCRA, except as provided in paragraph (a) of this section.

(c)(1) Owners and operators of facilities that store recyclable materials before they are recycled are regulated under all applicable provisions of subparts A though L, AA, BB, and CC of parts 264 and 265, and under parts 124, 266, 268, and 270 of this chapter and the notification requirements under section 3010 of RCRA, except as provided in paragraph (a) of this section. (The recycling process itself is exempt from regulation except as provided in §261.6(d).)

(2) Owners or operators of facilities that recycle recyclable materials without storing them before they are recycled are subject to the following requirements, except as provided in paragraph (a) of this section:

(i) Notification requirements under section 3010 of RCRA;

(ii) Sections 265.71 and 265.72 (dealing with the use of the manifest and manifest discrepancies) of this chapter.

(iii) Section 261.6(d) of this chapter.

(d) Owners or operators of facilities subject to RCRA permitting requirements with hazardous waste management units that recycle hazardous wastes are subject to the requirements of subparts AA and

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BB of part 264 or 265 of this chapter.

[50 FR 49203, Nov. 29, 1985, as amended at 51 FR 28682, Aug. 8, 1986; 51 FR 40637, Nov. 7, 1986; 52 FR 11821, Apr. 13, 1987; 55 FR 25493, June 21, 1990; 56 FR 7207, Feb. 21, 1991; 56 FR 32692, July 17, 1991; 57 FR 41612, Sept. 10, 1992; 59 FR 38545, July 28, 1994; 60 FR 25541, May 11, 1995; 61 FR 16309, Apr. 12, 1996; 61 FR 59950, Nov. 25, 1996; 62 FR 26019, May 12, 1997; 63 FR 24968, May 6, 1998; 63 FR 42185, Aug. 6, 1998; 66 FR 28085, May 22, 2001; 71 FR 40259, July 14, 2006]

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ENVIRONMENTAL PROTECTION AGENCY (EPA)

40 CFR Part 261

[FRL-4606-6]

Clarification of the Regulatory Determination for Wastes From the Exploration, Development and Production of Crude Oil, Natural Gas and Geothermal Energy

58 FR 15284

DATE: Monday, March 22, 1993

ACTION: Clarification.

SUMMARY: This document provides additional clarification of the Resource Conservation and Recovery Act (RCRA) Regulatory Determination for Oil and Gas and Geothermal Exploration, Development and Production Wastes dated June 29, 1988 (53 FR 25446; July 6, 1988). This document clarifies the regulatory status of wastes generated by the crude oil reclamation industry, service companies, gas plants and feeder pipelines, and crude oil pipelines. Since this document only further clarifies the status of these wastes under the RCRA Subtitle C hazardous waste exemption discussed in EPA's 1988 Regulatory Determination, and does not alter the scope of the current exemption in any way, comments are not being solicited by the Agency on this notice.

FOR FURTHER INFORMATION CONTACT: For general information on the scope of the RCRA Subtitle C exemption for wastes from the exploration, development and production of crude oil, natural gas and geothermal energy, contact the RCRA/Superfund hotline at (800) 424-9346 (toll free) or (703) 412-9810. For technical information, contact Mike Fitzpatrick, U.S. Environmental Protection Agency OS-323W, 401 M Street, SW., Washington, DC 20460; phone (703) 308-8411.

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I. Introduction

In the Solid Waste Disposal Act Amendments of 1980 (Pub. L. 94-580), Congress amended the Resource Conservation and Recovery Act (RCRA) to add sections 3001 (b)(2)(A), and 8002(m). Section 3001(b)(2)(A) exempted drilling fluids, produced waters, and other wastes associated with exploration, development, and production of crude oil, natural gas and geothermal energy from regulation as hazardous wastes. Section 8002(m) required the Administrator to complete a Report to Congress on these wastes and provide an opportunity for public comment. The Administrator was also required by section 3001 (b)(2)(A) to make a determination no later than six months after completing the Report to Congress as to whether hazardous waste regulations under RCRA Subtitle C were warranted for these wastes.

EPA's Report to Congress was transmitted to Congress on December 28, 1987. In the process of preparing the Report to Congress, the Agency found it necessary to define the scope of the exemption for the purpose of determining which wastes were considered "wastes from the exploration, development or production of crude oil, natural gas or geothermal energy." Based upon statutory language and legislative history, the Report to Congress identified several criteria used in making such a determination. In particular, for a waste to be exempt from regulation as hazardous waste under RCRA Subtitle C, it must be associated with operations to locate or remove oil or gas from the ground or to remove impurities from such substances and it must be intrinsic to and uniquely associated with oil and gas exploration, development or production operations (commonly referred to simply as exploration and production or E&P); the waste must not be generated by transportation or manufacturing operations.

Transportation of oil and gas can be for short or long distances. For crude oil, "transportation" is defined in the Report to Congress and the subsequent Regulatory Determination as beginning after transfer of legal custody of the oil from the producer to a carrier (i.e., pipeline or trucking concern) for transport to a refinery or, in the absence of custody transfer, after the initial separation of the oil and water at the primary field site. For natural gas, "transportation" is defined as

beginning after dehydration and purification at a gas plant, but prior to transport to market. To accurately determine the scope of the exemption, the reader is referred to the December 28, 1987, Report to Congress, Management of Wastes from the Exploration, Development, and Production of Crude Oil, Natural Gas, and Geothermal Energy (NTIS # PB88-146212) for the specific application of the criteria.

The Agency's Regulatory Determination was published in the Federal Register on July 6, 1988 (53 FR [Page 15285] 25446). The Regulatory Determination included a list of example wastes that generally are exempt and a list of example wastes that generally are not exempt. Neither of these lists was intended to be a complete itemization of all possible exempt or non-exempt wastes. Also, because definitions of the terms used in these lists vary, the criteria identified in the Report to Congress

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remain the authoritative source for determining the scope of the exemption. The reader is referred to the July 6, 1988, notice for detailed background on all aspects of the Regulatory Determination.

Since 1987, the terms uniquely associated and intrinsic have been used as interchangeable synonyms in various documents in reference to oil and gas wastes qualifying for the exemption from Subtitle C regulation. (For simplicity's sake, when referring to exempt wastes, this notice combines the use of these two terms into the single term uniquely associated.) A simple rule of thumb for determining the scope of the exemption is whether the waste in question has come from down-hole (i.e., brought to the surface during oil and gas E&P operations) or has otherwise been generated by contact with the oil and gas production stream during the removal of produced water or other contaminants from the product (e.g., waste demulsifiers, spent iron sponge). If the answer to either question is yes, the waste is most likely considered exempt.

Since the Agency's Regulatory Determination, numerous requests have been received for determination, on a site-specific basis, of the regulatory status of wastes not itemized in the Regulatory Determination's list of examples. Many of these requests have dealt with broad categories of similar wastes (e.g., crude oil reclaimer wastes, service company wastes, pipeline wastes). Today's notice responds to the many requests for clarification of the scope of the exemption.

II. Clarification of the Scope of the Oil and Gas Exemption

A. Crude Oil Reclamation Industry

The crude oil reclamation industry recovers marketable crude oil and other hydrocarbons from produced water, crude oil tank bottoms and other oily wastes that are generated by the

production of crude oil and natural gas. In general, the marketable crude oil is recovered from the waste materials by simple thermal and/or physical processes (e.g., heat and gravity separation). Occasionally, demulsifiers may be added to produced waters from which crude oil cannot be separated with heat and settling timealone. The typical residual materials left after removal of the crude oil by the reclaimers are also produced water and tank bottom solids. These residuals will often exhibit the same characteristics as the parent waste, although the concentrations of some constituents may vary from those in the parent.

In September 1990, the crude oil reclamation industry requested that the Agency provide an interpretation of the language in the 1988 Regulatory Determination pertaining to RCRA Subtitle C coverage of wastes from crude oil and tank bottom reclaimers. (The list of "non-exempt" wastes in the Regulatory Determination included "liquid and solid wastes generated by crude oil and tank bottom reclaimers.") In particular, they requested that EPA clarify whether any wastes generated by crude oil reclaimers are included within the oil and gas exemption, particularly those originating from the crude oil itself, such as produced water and the other extraneous materials in crude oil, otherwise known as basic sediment and water (BS&W).

In April 1991, the Agency responded to the request with a

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letter that included broad guidance on the status of wastes from the crude oil reclamation industry. (A copy of the letter is included in the docket to this notice.) EPA explained that the inclusion of "liquid and solid wastes" from crude oil reclamation on the list of non-exempt wastes contained in the Regulatory Determination was intended to refer only to those non-E&P wastes generated by reclaimers (e.g., waste solvents from cleaning reclaimers' equipment) and was not intended to refer to wastes remaining from the treatment of exempt wastes originally generated by the exploration, development or production of crude oil or natural gas.

EPA's basis for this position is several-fold. First, the Agency has consistently taken the position that wastes derived from the treatment of an exempt waste, including any recovery of product from an exempt waste, generally remain exempt from the requirements of RCRA Subtitle C. Treatment of, or product recovery from, E&P exempt wastes prior to disposal does not negate the exemption. [The same principle applies to exempt mining and mineral processing wastes. See, 54 FR at 36621 (Sept. 1, 1989).] For example, waste residuals (e.g., BS&W) from the on-site or off-site process of recovering crude oil from tank bottoms obtained from crude oil storage facilities at primary field operations (i.e., operations at or near the wellhead) are exempt from RCRA Subtitle C because the crude oil storage tank bottoms at primary field operations are exempt. In effect,

reclaimers are conducting a specialized form of waste treatment in which valuable product is recovered and removed from waste uniquely associated with E&P operations. In addition, in many cases, product recovery or treatment reduces the volume and overall toxicity of the waste and thereby contributes to the Agency's policy and goals for waste minimization and treatment of waste prior to disposal.

EPA further notes that the off-site transport of exempt waste from a primary field site for treatment, reclamation, or disposal does not negate the exemption. The change of custody criterion (which is discussed in the Report to Congress) for the purpose of defining transportation refers to the transport of product (crude oil, natural gas) and does not apply to exempt wastes moving off-site for treatment or disposal since these wastes were generated by the exploration, development or production operations and not by the transportation process. Thus, the off-site transport and/or sale of exempt oil-field wastes to crude oil reclaimers for treatment does not terminate the exempt status either of the wastes or the residuals from a reclamation process applied to these wastes.

However, there are solid and liquid wastes from reclamation operations that are not exempt from RCRA Subtitle C. These are wastes which the Agency intended to refer to in its example within the 1988 Regulatory Determination. Generally, these reclaimer wastes are derived from non-exempt oilfield wastes or otherwise contain materials that are not uniquely associated with exploration, development or production operations. An example would be waste solvents generated from the solvent cleaning of tank trucks that are used to transport oilfield tank bottoms. Such wastes would not be exempt from Subtitle C because the use of cleaning solvents is not uniquely associated with the production of crude oil.

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Generally, crude oil reclaimer wastes that are derived from exempt oilfield wastes (e.g., produced water, BS&W) are not subject to the Subtitle C waste management requirements of RCRA. Such wastes, however, remain subject to any applicable state solid waste management requirements. Moreover, this exemption from RCRA Subtitle C requirements may not apply if the crude oil reclaimer wastes are combined with other wastes that are subject to RCRA Subtitle C requirements. [Page 15286]

B. Service Companies

Oil and gas service companies are those companies hired by the principal operating company to, among other things, supply materials for use at a drilling or production site or provide a service to be performed. Some of the activities of service companies take place on-site while others may take place off-site. Examples of the types of activities that may take place

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off-site are product formulation, transport of materials, laboratory analysis, and waste handling and disposal.

The 1988 Regulatory Determination stated that "oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids" are not covered by the oil and gas E&P exemption. The Agency intended this statement to identify those wastes, including unused and discarded product materials, generated by service companies that are not uniquely associated with primary field operations. (Primary field operations occur at or near the wellhead or gas plant and include only those operations necessary to locate and recover oil and gas from the ground and to remove impurities.) Similar to the reference to crude oil reclamation wastes, the Agency did not intend to imply that under no circumstances will a service company ever generate a RCRA Subtitle C-exempt waste. For example, if a service company generates spent acid returns from a well work-over, the waste is exempt since the waste acid in this case came from down-hole and was part of primary field operations.

EPA is aware that some confusion exists in various segments of the industry with regard to the scope of the exemption from RCRA Subtitle C for solid wastes not uniquely associated with oil and gas exploration and production. One common belief is that any wastes generated by, in support of, or intended for use by the oil and gas E&P industry (including most service company wastes) are exempt. This is not the case; in fact, only wastes generated by activities uniquely associated with the exploration, development or production of crude oil or natural gas at primary field operations (i.e., wastes from down-hole or wastes that have otherwise been generated by contact with the production stream during the removal of produced water or other contaminants from the product) are exempt from regulation under RCRA Subtitle C regardless of whether they are generated on-site by a service company or by the principal operator. In other words, wastes generated by a service company (e.g., unused frac or stimulation fluids and waste products) that do not meet the basic criteria listed in the Report to Congress (i.e., are not uniquely associated with oil and gas E&P operations) are not exempt from Subtitle C under the oil and gas exemption, just as wastes generated by a principal operator that do not meet these criteria are not exempt from coverage by RCRA Subtitle C.

The 1988 Regulatory Determination also stated that "vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste" is not included within the exemption (emphasis added). The unstated corollary to this is that vacuum truck and drum rinsate from trucks and drums transporting or containing exempt wastes is exempt, provided that the trucks or

drums only contain E&P-related exempt wastes and that the water or fluid used in the rinsing is not subject to RCRA Subtitle C (i.e., is itself non-hazardous). This is consistent with the general policy principle that certain wastes derived exclusively from RCRA Subtitle C-exempt wastes remain exempt from RCRA Subtitle C.

C. Crude Oil Pipelines

Crude oil is produced from the ground through a system of one or more wells in an oilfield. The oil and any related produced water typically is directed to a series of tanks known as a tank battery where the water and oil separate naturally due to gravity; sometimes, separation is enhanced by the use of heat. Most water is separated from the oil at the tank battery. The volume of oil produced is then metered prior to a change in custody or ownership of the oil and/or its transportation off-site.

In the case of crude oil, all production-related activities occur as part of primary field operations at or near the wellhead. Wastes generated as part of the process of transporting products away from primary field operations are not exempt. Generally, for crude oil production, a custody transfer of the oil (i.e., the product) or, in the absence of custody transfer, the end point of initial product separation of the oil and water, will define the end point of primary field operations and the beginning of transportation. Only wastes generated before the end point of primary field operations are exempt. In this context, the term end point of initial product separation means the point at which crude oil leaves the last vessel, including the stock tank, in the tank battery associated with the well or wells. The purpose of the tank battery is to separate the crude oil from the produced water and/or gas. The movement of crude oil by pipeline or other means after the point of custody transfer or initial product separation is not part of primary field operations.

Therefore, any waste generated by the transportation or handling of the crude oil (product) after custody transfer or, in the absence of custody transfer, after the end point of initial product separation of the oil and water, is not within the scope of the exemption. Examples of non-exempt wastes resulting from transportation include transportation pipeline pigging wastes, contaminated water and snow resulting from spills from transportation pipelines or other forms of transport of the product, and soils contaminated from such spills. It should be noted that the hydrocarbon-bearing soils identified in the 1987 Report to Congress and listed in the 1988 Regulatory Determination as being exempt are limited to those hydrocarbon-bearing soils that occur at oil or gas E&P sites or result from spills of exempt waste. As discussed above, the exempt status of wastes generated by primary field operations and

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transported off-site for treatment or disposal is not affected by custody transfer.

D. Gas Plants and Feeder Pipelines

Natural gas is produced from the ground through a system of one or more wells in a gas field. Some water may be separated from the gas at the wellhead, but due to economy of scale, the gas from several wells is generally commingled and sent to a central gas plant where additional water and other impurities are removed. The ownership, or custody, of the natural gas commonly changes hands between the wellhead and the gas plant, yet the removal of impurities from the gas at a gas plant is still a necessary part of the production process for natural gas.

For natural gas, primary field operations (as defined in the 1987 Report to Congress) include those production-related activities at or near the wellhead and at the gas plant (regardless of whether or not the gas plant is at or near the wellhead) but prior to transport of the natural gas from the gas plant to market. Because the movement of the natural gas between the wellhead and the gas plant is considered a necessary part of the production operation, uniquely associated wastes derived from the production stream along the gas plant feeder pipelines (e.g., produced water, gas condensate) are considered exempt wastes, even if a change of custody of the natural gas has occurred between [Page 15287] the wellhead and the gas plant. Some wastes generated at this production stage may not be uniquely associated with the natural gas production stream and are, therefore, not exempt (e.g., pump lube oil, waste mercury from meters and gauges). Similarly, soils contaminated by spills of wastes that are not uniquely associated with production operations, such as soils contaminated by mercury from gauges, are not exempt wastes.

Wastes generated at compressor stations and facilities located along the transportation and distribution network downstream from the gas plant or at the market end of the transportation system are not covered by the E&P exemption. These wastes are not uniquely associated with oil or gas exploration and production and are not exempt.

In addition, wastes generated by non-production related activities (i.e., manufacturing) that may occur at a gas plant are not exempt. These non-exempt manufacturing activities include operations that go beyond the removal of impurities from the raw gas and the physical separation of the gas into its component fractions. Manufacturing activities would be those that are similar to petrochemical plant operations, such as the cracking and reforming of the molecular structures of the various gas fractions and the addition of odorants or other substances. The end point of the scope of the exemption.for natural gas is in the

gas plant once manufacturing begins or, if no manufacturing occurs, at the point at which the natural gas leaves the gas plant for transportation to market.

It should be noted that the production of elemental sulfur from hydrogen sulfide gas at a gas plant is considered treatment of an exempt waste (i.e., the hydrogen sulfide gas is a uniquely associated waste). This waste treatment process reduces the volume and/or toxicity of the exempt waste and produces a

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saleable product. As such, this process is similar to crude oil reclamation and any residual waste derived from the hydrogen sulfide remains exempt.

Finally, wastes uniquely associated with operations to recover natural gas from underground gas storage fields are covered by the exemption just as if the gas were being produced for the first time. This is because operations to store and retrieve natural gas from natural underground formations, as well as the types of wastes generated, are virtually identical to those involved with the production of natural gas for the first time, although the volume of wastes generated by natural gas storage and retrieval is typically smaller than the volume generated by the initial production. In effect, in the context of the E&P exemption, the storage of natural gas in natural underground formations returns the gas to the beginning point of the production process.

III. Administrative Procedure Act Requirements

Today's notice is issued without request for public comment since it does not revise, amend, repeal, change, or otherwise alter any EPA regulation, nor constitute a change to EPA's 1988 Regulatory Determination regarding oil and gas exploration and production wastes. This notice merely provides further clarification of EPA's statements regarding the scope of the exemption for oil and gas wastes. Thus, EPA does not believe that today's notice constitutes an action for which notice and comment is required under the Administrative Procedure Act (APA).

To the extent today's notice is covered by APA requirements, EPA believes that it is merely interpreting the scope of the existing RCRA statutory exclusion for oil and gas wastes, for which notice and comment is not ordinarily required. Alternatively, EPA believes it has good cause under Section 553(b) of the APA to publish this notice without opportunity for comment. EPA has already received substantial comment regarding the scope of the oil and gas exemption in response to its 1987 Report to Congress, and further comment on the issue is unnecessary, particularly since EPA is not altering its position from that which the Agency announced in the 1988 Regulatory Determination.

IV. EPA RCRA Docket

The EPA RCRA docket is located at: United States Environmental Protection Agency, RCRA Information Center, room M2427, 401 M Street, SW., Washington, DC 20460.

The RCRA Information Center is open from 9:00 to 4:00 Monday through Friday, except for federal holidays. The public must make an appointment to review docket materials. Call the docket at (202) 260-9327 for appointments. Copies cost $.15 per page.

The following documents related to the July 6, 1988 regulatory determination are available for inspection in docket number F-88-OGRA-FFFFF.

-- Report to Congress on Management of Wastes from the Exploration, Development, and Production of Crude Oil, Natural Gas, and Geothermal Energy;

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-- All supporting documentation for the regulatory determination, including public comments on the Report to Congress and EPA response to comments, and

-- Transcripts from the public hearings on the Report to Congress.

All supporting documentation for this Federal Register Notice are available for inspection in docket number F-93-OGRC-FFFFF.

Dated: March 11, 1993.

Richard J. Guimond,

Assistant Surgeon General, USPHS. Acting Assistant Administrator.

[FR Doc. 93-6153 Filed 3-19-93; 8:45 am]

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TITLE 16	ECONOMIC REGULATION
PART 1	RAILROAD COMMISSION OF TEXAS
CHAPTER 3	OIL AND GAS DIVISION
RULE §3.8	**Water Protection**

(a) The following words and terms when used in this section shall have the following meanings, unless the context clearly indicates otherwise.

(1) Basic sediment pit--Pit used in conjunction with a tank battery for storage of basic sediment removed from a production vessel or from the bottom of an oil storage tank. Basic sediment pits were formerly referred to as burn pits.

(2) Brine pit--Pit used for storage of brine which is used to displace hydrocarbons from an underground hydrocarbon storage facility.

(3) Collecting pit--Pit used for storage of saltwater prior to disposal at a tidal disposal facility, or pit used for storage of saltwater or other oil and gas wastes prior to disposal at a disposal well or fluid injection well. In some cases, one pit is both a collecting pit and a skimming pit.

(4) Completion/workover pit--Pit used for storage or disposal of spent completion fluids, workover fluids and drilling fluid, silt, debris, water, brine, oil scum, paraffin, or other materials which have been cleaned out of the wellbore of a well being completed or worked over.

(5) Drilling fluid disposal pit--Pit, other than a reserve pit, used for disposal of spent drilling fluid.

(6) Drilling fluid storage pit--Pit used for storage of drilling fluid which is not currently being used but which will be used in future drilling operations. Drilling fluid storage pits are often centrally located among several leases.

(7) Emergency saltwater storage pit--Pit used for storage of produced saltwater for limited period of time. Use of the pit is necessitated by a temporary shutdown of disposal well or fluid injection well and/or associated equipment, by temporary overflow of saltwater storage tanks on a producing lease or by a producing well loading up with formation fluids such that the well may die. Emergency saltwater storage pits may sometimes be referred to as emergency pits or blowdown pits.

(8) Flare pit--Pit which contains a flare and which is used for temporary storage of liquid hydrocarbons which are sent to the flare during equipment malfunction but which are not burned. A flare pit is used in conjunction with a gasoline plant, natural gas processing plant, pressure maintenance or repressurizing plant, tank battery, or a well.

(9) Fresh makeup water pit--Pit used in conjunction with drilling rig for storage of water used to make up drilling fluid.

(10) Gas plant evaporation/retention pit--Pit used for storage or disposal of cooling tower blowdown, water condensed from natural gas, and other wastewater generated at gasoline plants, natural gas processing plants, or pressure maintenance or repressurizing plants.

(11) Mud circulation pit--Pit used in conjunction with drilling rig for storage of drilling fluid currently being used in drilling operations.

(12) Reserve pit--Pit used in conjunction with drilling rig for collecting spent drilling fluids; cuttings, sands, and silts; and wash water used for cleaning drill pipe and other equipment at the well site. Reserve pits are sometimes referred to as slush pits or mud pits.

(13) Saltwater disposal pit--Pit used for disposal of produced saltwater.

(14) Skimming pit--Pit used for skimming oil off saltwater prior to disposal of saltwater at a tidal disposal facility, disposal well, or fluid injection well.

(15) Washout pit--Pit located at a truck yard, tank yard, or disposal facility for storage or disposal of oil and gas waste residue washed out of trucks, mobile tanks, or skid-mounted tanks.

(16) Water condensate pit--Pit used in conjunction with a gas pipeline drip or gas compressor station for storage or disposal of fresh water condensed from natural gas.

(17) Generator--Person who generates oil and gas wastes.

(18) Carrier--Person who transports oil and gas wastes generated by a generator. A carrier of another person's oil and gas wastes may be a generator of his own oil and gas wastes.

(19) Receiver--Person who stores, handles, treats, reclaims, or disposes of oil and gas wastes generated by a generator. A receiver of another person's oil and gas wastes may be a generator of his own oil and gas wastes.

(20) Director--Director of the Oil and Gas Division or his staff delegate designated in writing by the director of the Oil and Gas Division or the commission.

(21) Person--Natural person, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity.

(22) Affected person--Person who, as a result of the activity sought to be permitted, has suffered or may suffer actual injury or economic damage other than as a member of the general public.

(23) To dewater--To remove the free water.

(24) To dispose--To engage in any act of disposal subject to regulation by the commission including, but not limited to, conducting, draining, discharging, emitting, throwing, releasing, depositing, burying, landfarming, or allowing to seep, or to cause or allow any such act of disposal.

(25) Landfarming--A waste management practice in which oil and gas wastes are mixed with or applied to the land surface in such a manner that the waste will not migrate off the landfarmed area.

(26) Oil and gas wastes--Materials to be disposed of or reclaimed which have been generated in connection with activities associated with the exploration, development, and production of oil or gas or geothermal resources, as those activities are defined in paragraph (30) of this subsection, and materials to be disposed of or reclaimed which have been generated in connection with activities associated with the solution mining of brine. The term "oil and gas wastes" includes, but is not limited to, saltwater,

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other mineralized water, sludge, spent drilling fluids, cuttings, waste oil, spent completion fluids, and other liquid, semiliquid, or solid waste material. The term "oil and gas wastes" includes waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants unless that waste is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency pursuant to the federal Solid Waste Disposal Act, as amended (42 United States Code §6901 et seq.).

(27) Oil field fluids--Fluids to be used or reused in connection with activities associated with the exploration, development, and production of oil or gas or geothermal resources, fluids to be used or reused in connection with activities associated with the solution mining of brine, and mined brine. The term "oil field fluids" includes, but is not limited to, drilling fluids, completion fluids, surfactants, and chemicals used to detoxify oil and gas wastes.

(28) Pollution of surface or subsurface water--The alteration of the physical, thermal, chemical, or biological quality of, or the contamination of, any surface or subsurface water in the state that renders the water harmful, detrimental, or injurious to humans, animal life, vegetation, or property, or to public health, safety, or welfare, or impairs the usefulness or the public enjoyment of the water for any lawful or reasonable purpose.

(29) Surface or subsurface water--Groundwater, percolating or otherwise, and lakes, bays, ponds, impounding reservoirs, springs, rivers, streams, creeks, estuaries, marshes, inlets, canals, the Gulf of Mexico inside the territorial limits of the state, and all other bodies of surface water, natural or artificial, inland or coastal, fresh or salt, navigable or nonnavigable, and including the beds and banks of all watercourses and bodies of surface water, that are wholly or partially inside or bordering the state or inside the jurisdiction of the state.

(30) Activities associated with the exploration, development, and production of oil or gas or geothermal resources--Activities associated with:

(A) the drilling of exploratory wells, oil wells, gas wells, or geothermal resource wells;

(B) the production of oil or gas or geothermal resources, including:

(i) activities associated with the drilling of injection water source wells that penetrate the base of usable quality water;

(ii) activities associated with the drilling of cathodic protection holes associated with the cathodic protection of wells and pipelines subject to the jurisdiction of the commission to regulate the production of oil or gas or geothermal resources;

(iii) activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants;

(iv) activities associated with any underground natural gas storage facility, provided the terms "natural gas" and "storage facility" shall have the meanings set out in the Texas Natural Resources Code, §91.173;

(v) activities associated with any underground hydrocarbon storage facility, provided the terms "hydrocarbons" and "underground hydrocarbon storage facility" shall have the meanings set out in the Texas Natural Resources Code, §91.201; and

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(vi) activities associated with the storage, handling, reclamation, gathering, transportation, or distribution of oil or gas prior to the refining of such oil or prior to the use of such gas in any manufacturing process or as a residential or industrial fuel;

(C) the operation, abandonment, and proper plugging of wells subject to the jurisdiction of the commission to regulate the exploration, development, and production of oil or gas or geothermal resources; and

(D) the discharge, storage, handling, transportation, reclamation, or disposal of waste or any other substance or material associated with any activity listed in subparagraphs (A)-(C) of this paragraph, except for waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants if that waste is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency pursuant to the federal Solid Waste Disposal Act, as amended (42 United States Code §6901, et seq.).

(31) Mined brine--Brine produced from a brine mining injection well by solution of subsurface salt formations. The term "mined brine" does not include saltwater produced incidentally to the exploration, development, and production of oil or gas or geothermal resources.

(32) Brine mining pit--Pit, other than a fresh mining water pit, used in connection with activities associated with the solution mining of brine. Most brine mining pits are used to store mined brine.

(33) Fresh mining water pit--Pit used in conjunction with a brine mining injection well for storage of water used for solution mining of brine.

(34) Inert wastes--Nonreactive, nontoxic, and essentially insoluble oil and gas wastes, including, but not limited to, concrete, glass, wood, metal, wire, plastic, fiberglass, and trash.

(35) Coastal zone--The area within the boundary established in Title 31, Texas Administrative Code, §503.1 (Coastal Management Program Boundary).

(36) Coastal management program (CMP) rules--The enforceable rules of the Texas Coastal Management Program codified at Title 31, Texas Administrative Code, Chapters 501, 505, and 506.

(37) Coastal natural resource area (CNRA)--One of the following areas defined in Texas Natural Resources Code, §33.203: coastal barriers, coastal historic areas, coastal preserves, coastal shore areas, coastal wetlands, critical dune areas, critical erosion areas, gulf beaches, hard substrate reefs, oyster reefs, submerged land, special hazard areas, submerged aquatic vegetation, tidal sand or mud flats, water in the open Gulf of Mexico, and water under tidal influence.

(38) Coastal waters--Waters under tidal influence and waters of the open Gulf of Mexico.

(39) Critical area--A coastal wetland, an oyster reef, a hard substrate reef, submerged aquatic vegetation, or a tidal sand or mud flat as defined in Texas Natural Resources Code, §33.203.

(40) Practicable--Available and capable of being done after taking into consideration existing technology, cost, and logistics in light of the overall purpose of the activity.

(b) No pollution. No person conducting activities subject to regulation by the commission may cause or

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allow pollution of surface or subsurface water in the state.

(c) Exploratory wells. Any oil, gas, or geothermal resource well or well drilled for exploratory purposes shall be governed by the provisions of statewide or field rules which are applicable and pertain to the drilling, safety, casing, production, abandoning, and plugging of wells.

(d) Pollution control.

(1) Prohibited disposal methods. Except for those disposal methods authorized for certain wastes by paragraph (3) of this subsection, subsection (e) of this section, or §3.98 of this title (relating to Standards for Management of Hazardous Oil and Gas Waste), or disposal methods required to be permitted pursuant to §3.9 of this title (relating to Disposal Wells) (Rule 9) or §3.46 of this title (relating to Fluid Injection into Productive Reservoirs) (Rule 46), no person may dispose of any oil and gas wastes by any method without obtaining a permit to dispose of such wastes. The disposal methods prohibited by this paragraph include, but are not limited to, the unpermitted discharge of oil field brines, geothermal resource waters, or other mineralized waters, or drilling fluids into any watercourse or drainageway, including any drainage Cont'd...

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Attachment "C"

RASGAS

Tender Response Requirements

Question 2

Documentation Demonstrating this Material is not a Waste

For complete listings of all regulations, visit http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=30&pt=1&ch=335 and http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200121

TCEQ REGULATORY GUIDANCE

Waste Permits Division
RG-240 • August 2006

Can I Recycle Some of My Industrial or Hazardous Wastes?

Purpose. The purpose of this document is to assist those who recycle industrial or hazardous waste or who are thinking about doing so. Please note the glossary of terms used in this document on page 5.

Regulatory References. The regulations that govern industrial and hazardous waste recycling are fairly complex. Texas regulations can be found on the TCEQ's web site at **www.tceq.state.tx.us** under the link "Rules, Policy & Legislation." Environmental regulations in Texas are codified in Title 30 of the Texas Administrative Code (30 TAC), while federal regulations are codified in Code of Federal Regulations, Title 40 (40 CFR). The federal regulations are available on the Environmental Protection Agency's (EPA) web site at **www.epa.gov**.

If you decide to recycle an industrial or hazardous waste, you should carefully review the following rules for the regulations that apply to your recycling activity:

- 30 TAC Section 335.1 (Definitions) (131)
- 30 TAC Chapter 335, Subchapter H (Standards for the Management of Specific Wastes and Specific Types of Facilities)
- 30 TAC Section 335.17 (Special Definitions for Recyclable Materials and Nonhazardous Recyclable Materials)
- 30 TAC Section 335.24 (Requirements for Recyclable Materials and Nonhazardous Recyclable Materials)
- 40 CFR Section 261.2 (Definition of Solid Waste)
- 40 CFR Section 261.4 (Exclusions)
- 40 CFR Section 261.6 (Requirements for Recyclable Materials)
- 40 CFR Section 266 (Standards for the Management of Specific Hazardous Wastes and Specific Types of Hazardous Waste Management Facilities)

Recycling Nonhazardous Industrial Waste. In general, the recycling of nonhazardous industrial waste is subject to significantly less regulation than is the recycling of hazardous waste (which can come from either industrial or nonindustrial sources). For an explanation of terms, see the glossary section at the end of this document. In most cases, the recycling of *non*hazardous industrial waste is subject only to the following requirements of 30 TAC Sections 335.4 (General Prohibitions) and 335.6 (Notification Requirements). The specific regulations for recycling nonhazardous industrial waste can be found in 30 TAC Section 335.24(h).

Certain *non*hazardous industrial wastes can be directly applied to land. Under 30 TAC Section 335.1(131)(H), the waste may not even be a waste at all (see the table on pages 3–4, "Is My Material a Waste or Recyclable?"). If a *non*hazardous industrial waste is legitimately recycled by land application, it is generally *not* subject to the deed recordation. To be sure, consult the requirements of 30 TAC Section 335.5 (Deed Recordation).

In most cases, facilities that recycle only *non*hazardous industrial wastes are not subject to permitting requirements. However, there are exceptions (see 30 TAC Section 335.24(i)). Those facilities that recycle nonhazardous industrial wastes that are "combustible" or pose a significant threat to human health and the environment may be subject to certain financial assurance requirements (see 30 TAC Section 335.24(j)).

Inherently Waste-Like Materials. Some wastes are designated by the EPA as inherently waste-like. That means that there are very few, if any, ways that such wastes can be legitimately recycled, and that they are always considered to be wastes that are subject to stringent regulations on how they can be managed. Inherently waste-like materials can be identified by their EPA hazardous waste numbers. Those numbers are F020, F022, F023, F026, F028, and in some cases F021.

Notification Requirements. Generators of industrial waste that will be recycled must notify the TCEQ 90 days before they begin recycling their waste. This is true whether the waste is recycled on-site or off-site.

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Table: Is My Material a Waste or Recyclable?

My material is ...	Which means that it is a waste if it...	However, it is not waste if it...
Applied to the land	Is used to make a product that is applied to or placed on the land (the resulting product is also considered a waste)	Is either a commercial chemical product whose normal and intended use is to be applied to or placed on the land or if the waste meets the criteria of Section 335.1(131)(H)
	Is applied to or placed on the land	
Burned	Is burned to recover energy	Is a fuel identified as a commercial chemical product whose normal and recognized use is as a fuel (for example, gasoline), if it meets the comparable fuel requirements found in 40 CFR Section 261.38, or if it meets the criteria for being a fuel/cutter stock found in the Fuels Peer Review Document
	Is used to produce a fuel (the resulting fuel is also regulated as a waste)	
	Is contained in a fuel (the resulting fuel is also regulated as a waste)	
Reclaimed (processed to recover a usable product, or regenerated)	Is a spent material (a material that has been used, and as a result of contamination, can no longer serve the purpose for which it was intended)	Is a pulping liquor reclaimed in a pulping liquor recovery furnace and then reused in the pulping process (unless accumulated speculatively), or it is a wood-preserving solution reclaimed and reused for its original intended purpose, or it is a wood-preserving wastewater that has been reclaimed and is reused to treat wood
	Is a "sludge" (which means a liquid, solid, or semi-solid) from either a wastewater treatment plant (other than an effluent) or an air pollution control device	Is a "sludge" which is not a listed hazardous waste and it is reclaimed, or if it is a residue from the treatment of K061 listed waste and meets specific requirements set forth in 40 CFR Section 261.4(a)(11)
	Is a "by-product"	Is a "by-product" that is not a listed hazardous waste
	Is a scrap metal/printed circuit board	Is either a scrap metal as defined in 30 TAC Section 335.17(9) or a printed circuit board,
	Is used or reused as an ingredient in an industrial process to make a product	Is a commercial chemical product
	Is then returned to the original process which generated it	Is an activity which meets the requirements for tanks; enclosure; combustion; speculative accumulation; and product usage found in 40 CFR Section 261.4(a)(8)
Accumulated speculatively	Is not a commercial chemical product	A commercial chemical product
An inherently waste-like material	Is a listed hazardous waste F020, F022, F023, F026, or F028	No exceptions exist
	Is a listed hazardous waste F021	Is used as an ingredient to make a product at the site at which it was generated [see 40 CFR Section 261.2(d)(1)]
A halogenated material	Is fed into a halogen acid furnace	Is a brominated material that meets the criteria found in 40 CFR Section 261.2(d)(2)
Used as an ingredient in an industrial process to make a product	Is reclaimed; used in a manner constituting disposal; used to produce products applied to the land; burned for energy recovery; used to produce a fuel; contained in fuels; accumulated speculatively; or inherently waste-like	Meets the terms of the exemptions found in 30 TAC Section 335.1(131)(F)(i), one of which is that the material not be reclaimed before being used

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Obtaining Forms. Notification forms TCEQ-0524 and -0525 can be obtained by following the "Forms" link on the TCEQ web site; by contacting TCEQ Publications at 512/239-0028 (voice) or 512/239-4488 (fax); or by writing to TCEQ Publications, MC-195, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087.

For More Information. More information on what is a waste and on recycling industrial and hazardous waste in general can be obtained from:

- 30 TAC Section 335.1 and Section 335.17 (copies of these rules are available on the TCEQ web site at **www.tceq.state.tx.us/rules/**);
- 40 CFR Section 261.2 and Section 261.4(a), April 4, 1983, *Federal Register* (waste definition proposed) and January 4, 1985, *Federal Register* (waste definition published); and
- RCRA Online at **www.epa.gov/rcraonline.**

If you have questions, please contact the TCEQ's Industrial and Hazardous Waste Permits Section, at 512-239-6412.

Glossary of Terms. The following brief explanations are provided here for your convenience. These brief explanations do not take the place of any full, formal definitions in state rules or federal regulations.

accumulated speculatively—If, during the calendar year, starting January 1, 75% or more of the recycling material accumulated at the start of the year is not recycled, the material is "speculatively accumulated."

by-product—A material that is not one of the primary products of a production process and is not solely or separately produced by the production process.

deed recordation—The act of amending a deed to property to reflect the disposal of a waste on that property (deed recordation requirements are found in 30 TAC Section 335.5).

hazardous waste—Any waste identified or listed by the EPA as being hazardous in 40 CFR Section 261.3.

hazardous waste numbers—Alphanumeric characters that designate a waste as being hazardous.

industrial source—Any source of waste that is an industrial waste.

industrial waste (also known by its official name of "industrial solid waste")—A waste resulting from or incidental to any process of industry or manufacturing or agricultural operation, which may include hazardous waste.

nonindustrial source—Any source of waste that is not an industrial source (see industrial waste).

nonwaste—A material that is not a waste (an example of which is a commercial chemical product being used for a legitimate purpose).

permit—A written document issued by the TCEQ which, by its conditions, may authorize the permittee to construct, install, modify, or operate a specified waste storage, processing, or disposal facility in accordance with specified limitations.

reclaimed—A material is reclaimed if it is processed to recover a usable product or if it is regenerated.

recycled—A material is recycled if it is used, reused, or reclaimed.

recycling material—A material intended for recycling.

scrap metal—Bits and pieces of metal parts (such as bars, turnings, rods, sheets, wires) or metal pieces that may be combined with bolts or soldering (such as in radiators, scrap automobiles, railroad boxcars, and so on) which when worn or superfluous can be recycled.

spent material—A material that has been used, and as a result of contamination, can no longer serve the purpose for which it was intended.

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TITLE 30	ENVIRONMENTAL QUALITY
PART 1	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
CHAPTER 335	INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE
SUBCHAPTER A	INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE IN GENERAL
RULE §335.1	**Definitions**

In addition to the terms defined in Chapter 3 of this title (relating to Definitions), the following words and terms, when used in this chapter, have the following meanings.

(1) Aboveground tank--A device meeting the definition of tank in this section and that is situated in such a way that the entire surface area of the tank is completely above the plane of the adjacent surrounding surface and the entire surface area of the tank (including the tank bottom) is able to be visually inspected.

(2) Act--Texas Health and Safety Code, Chapter 361.

(3) Active life--The period from the initial receipt of hazardous waste at the facility until the executive director receives certification of final closure.

(4) Active portion--That portion of a facility where processing, storage, or disposal operations are being or have been conducted after November 19, 1980, and which is not a closed portion. (See also "closed portion" and "inactive portion.")

(5) Activities associated with the exploration, development, and protection of oil or gas or geothermal resources--Activities associated with:

(A) the drilling of exploratory wells, oil wells, gas wells, or geothermal resource wells;

(B) the production of oil or gas or geothermal resources, including:

(i) activities associated with the drilling of injection water source wells that penetrate the base of usable quality water;

(ii) activities associated with the drilling of cathodic protection holes associated with the cathodic protection of wells and pipelines subject to the jurisdiction of the commission to regulate the production of oil or gas or geothermal resources;

(iii) activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants;

(iv) activities associated with any underground natural gas storage facility, provided the terms "natural gas" and "storage facility" shall have the meanings set out in the Texas Natural Resources Code, §1.173;

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(v) activities associated with any underground hydrocarbon storage facility, provided the terms "hydrocarbons" and "underground hydrocarbon storage facility" shall have the meanings set out in the Texas Natural Resources Code, §91.201; and

(vi) activities associated with the storage, handling, reclamation, gathering, transportation, or distribution of oil or gas prior to the refining of such oil or prior to the use of such gas in any manufacturing process or as a residential or industrial fuel;

(C) the operation, abandonment, and proper plugging of wells subject to the jurisdiction of the commission to regulate the exploration, development, and production of oil or gas or geothermal resources; and

(D) the discharge, storage, handling, transportation, reclamation, or disposal of waste or any other substance or material associated with any activity listed in subparagraphs (A) - (C) of this paragraph, except for waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants if that waste is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency in accordance with the Federal Solid Waste Disposal Act, as amended (42 United States Code, §§6901 *et seq.).*

(6) Administrator--The administrator of the United States Environmental Protection Agency or his designee.

(7) Ancillary equipment--Any device that is used to distribute, meter, or control the flow of solid waste or hazardous waste from its point of generation to a storage or processing tank(s), between solid waste or hazardous waste storage and processing tanks to a point of disposal on site, or to a point of shipment for disposal off site. Such devices include, but are not limited to, piping, fittings, flanges, valves, and pumps.

(8) Aquifer--A geologic formation, group of formations, or part of a formation capable of yielding a significant amount of groundwater to wells or springs.

(9) Area of concern--Any area of a facility under the control or ownership of an owner or operator where a release to the environment of hazardous wastes or hazardous constituents has occurred, is suspected to have occurred, or may occur, regardless of the frequency or duration.

(10) Authorized representative--The person responsible for the overall operation of a facility or an operation unit (i.e., part of a facility), e.g., the plant manager, superintendent, or person of equivalent responsibility.

(11) Battery--As defined in §335.261 of this title (relating to Universal Waste Rule).

(12) Boiler--An enclosed device using controlled flame combustion and having the following characteristics:

(A) the unit must have physical provisions for recovering and exporting thermal energy in the form of steam, heated fluids, or heated gases;

(B) the unit's combustion chamber and primary energy recovery section(s) must be of integral design. To be of integral design, the combustion chamber and the primary energy recovery section(s)

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(such as waterwalls and superheaters) must be physically formed into one manufactured or assembled unit. A unit in which the combustion chamber and the primary energy recovery section(s) are joined only by ducts or connections carrying flue gas is not integrally designed; however, secondary energy recovery equipment (such as economizers or air preheaters) need not be physically formed into the same unit as the combustion chamber and the primary energy recovery section. The following units are not precluded from being boilers solely because they are not of integral design:

(i) process heaters (units that transfer energy directly to a process stream); and

(ii) fluidized bed combustion units;

(C) while in operation, the unit must maintain a thermal energy recovery efficiency of at least 60%, calculated in terms of the recovered energy compared with the thermal value of the fuel; and

(D) the unit must export and utilize at least 75% of the recovered energy, calculated on an annual basis. In this calculation, no credit shall be given for recovered heat used internally in the same unit. (Examples of internal use are the preheating of fuel or combustion air, and the driving of induced or forced draft fans or feedwater pumps); or

(E) the unit is one which the executive director has determined, on a case-by-case basis, to be a boiler, after considering the standards in §335.20 of this title (relating to Variance To Be Classified as a Boiler).

(13) Captive facility--A facility that accepts wastes from only related (within the same corporation) off-site generators.

(14) Captured facility--A manufacturing or production facility that generates an industrial solid waste or hazardous waste that is routinely stored, processed, or disposed of on a shared basis in an integrated waste management unit owned, operated by, and located within a contiguous manufacturing complex.

(15) Captured receiver--A receiver that is located within the property boundaries of the generators from which it receives waste.

(16) Carbon regeneration unit--Any enclosed thermal treatment device used to regenerate spent activated carbon.

(17) Certification--A statement of professional opinion based upon knowledge and belief.

(18) Class 1 wastes--Any industrial solid waste or mixture of industrial solid wastes which because of its concentration, or physical or chemical characteristics, is toxic, corrosive, flammable, a strong sensitizer or irritant, a generator of sudden pressure by decomposition, heat, or other means, or may pose a substantial present or potential danger to human health or the environment when improperly processed, stored, transported, or disposed of or otherwise managed, as further defined in §335.505 of this title (relating to Class 1 Waste Determination).

(19) Class 2 wastes--Any individual solid waste or combination of industrial solid waste which cannot be described as hazardous, Class 1, or Class 3 as defined in §335.506 of this title (relating to Class 2 Waste Determination).

(20) Class 3 wastes--Inert and essentially insoluble industrial solid waste, usually including, but not

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principles of engineering and mathematics, acquired by a professional education and related practical experience, is qualified to engage in the practice of corrosion control on buried or submerged metal piping systems and metal tanks. Such a person must be certified as being qualified by the National Association of Corrosion Engineers or be a registered professional engineer who has certification or licensing that includes education and experience in corrosion control on buried or submerged metal piping systems and metal tanks.

(34) Decontaminate--To apply a treatment process(es) to wastes or contaminated media whereby the substantial present or future threat to human health and the environment is eliminated.

(35) Designated facility--A Class 1 or hazardous waste treatment, storage, or disposal facility which has received a United States Environmental Protection Agency permit (or a facility with interim status) in accordance with the requirements of 40 Code of Federal Regulations (CFR) Parts 270 and 124; a permit from a state authorized in accordance with 40 CFR Part 271 (in the case of hazardous waste); a permit issued in accordance with §335.2 of this title (relating to Permit Required) (in the case of nonhazardous waste); or that is regulated under §335.24(f), (g), or (h) of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials) or §335.241 of this title (relating to Applicability and Requirements) and that has been designated on the manifest by the generator in accordance with §335.10 of this title (relating to Shipping and Reporting Procedures Applicable to Generators of Hazardous Waste or Class 1 Waste and Primary Exporters of Hazardous Waste). If a waste is destined to a facility in an authorized state which has not yet obtained authorization to regulate that particular waste as hazardous, then the designated facility must be a facility allowed by the receiving state to accept such waste. Designated facility also means a generator site designated on the manifest to receive its waste as a return shipment from a facility that has rejected the waste in accordance with §335.12(e) of this title (relating to Shipping Requirements Applicable to Owners or Operators of Cont'd...

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TITLE 30 ENVIRONMENTAL QUALITY

PART 1 TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 335 INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE

SUBCHAPTER A INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE IN GENERAL

RULE §335.1 Definitions

Treatment, Storage, or Disposal Facilities).

(36) Destination facility--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(37) Dike--An embankment or ridge of either natural or man-made materials used to prevent the movement of liquids, sludges, solids, or other materials.

(38) Dioxins and furans (D/F)--Tetra, penta, hexa, hepta, and octa-chlorinated dibenzo dioxins and furans.

(39) Discharge or hazardous waste discharge--The accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, or dumping of waste into or on any land or water.

(40) Disposal--The discharge, deposit, injection, dumping, spilling, leaking, or placing of any solid waste or hazardous waste (whether containerized or uncontainerized) into or on any land or water so that such solid waste or hazardous waste or any constituent thereof may enter the environment or be emitted into the air or discharged into any waters, including groundwaters.

(41) Disposal facility--A facility or part of a facility at which solid waste is intentionally placed into or on any land or water, and at which waste will remain after closure. The term "disposal facility" does not include a corrective action management unit into which remediation wastes are placed.

(42) Drip pad--An engineered structure consisting of a curbed, free-draining base, constructed of non-earthen materials and designed to convey preservative kick-back or drippage from treated wood, precipitation, and surface water run-on to an associated collection system at wood preserving plants.

(43) Elementary neutralization unit--A device which:

(A) is used for neutralizing wastes which are hazardous only because they exhibit the corrosivity characteristic defined in 40 Code of Federal Regulations (CFR) §261.22, or are listed in 40 CFR Part 261, Subpart D, only for this reason; or is used for neutralizing the pH of non-hazardous industrial solid waste; and

(B) meets the definition of tank, tank system, container, transport vehicle, or vessel as defined in this section.

(44) United States Environmental Protection Agency (EPA) acknowledgment of consent--The cable

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sent to EPA from the United States Embassy in a receiving country that acknowledges the written consent of the receiving country to accept the hazardous waste and describes the terms and conditions of the receiving country's consent to the shipment.

(45) United States Environmental Protection Agency (EPA) hazardous waste number--The number assigned by the EPA to each hazardous waste listed in 40 Code of Federal Regulations (CFR) Part 261, Subpart D and to each characteristic identified in 40 CFR Part 261, Subpart C.

(46) United States Environmental Protection Agency (EPA) identification number--The number assigned by the EPA or the commission to each generator, transporter, and processing, storage, or disposal facility.

(47) Essentially insoluble--Any material, which if representatively sampled and placed in static or dynamic contact with deionized water at ambient temperature for seven days, will not leach any quantity of any constituent of the material into the water in excess of current United States Public Health Service or United States Environmental Protection Agency limits for drinking water as published in the *Federal Register.*

(48) Equivalent method--Any testing or analytical method approved by the administrator under 40 Code of Federal Regulations §260.20 and §260.21.

(49) Existing portion--That land surface area of an existing waste management unit, included in the original Part A permit application, on which wastes have been placed prior to the issuance of a permit.

(50) Existing tank system or existing component--A tank system or component that is used for the storage or processing of hazardous waste and that is in operation, or for which installation has commenced on or prior to July 14, 1986. Installation will be considered to have commenced if the owner or operator has obtained all federal, state, and local approvals or permits necessary to begin physical construction of the site or installation of the tank system and if either:

(A) a continuous on-site physical construction or installation program has begun; or

(B) the owner or operator has entered into contractual obligations--which cannot be canceled or modified without substantial loss--for physical construction of the site or installation of the tank system to be completed within a reasonable time.

(51) Explosives or munitions emergency--A situation involving the suspected or detected presence of unexploded ordnance, damaged or deteriorated explosives or munitions, an improvised explosive device, other potentially explosive material or device, or other potentially harmful military chemical munitions or device, that creates an actual or potential imminent threat to human health, including safety, or the environment, including property, as determined by an explosives or munitions emergency response specialist. These situations may require immediate and expeditious action by an explosives or munitions emergency response specialist to control, mitigate, or eliminate the threat.

(52) Explosives or munitions emergency response--All immediate response activities by an explosives and munitions emergency response specialist to control, mitigate, or eliminate the actual or potential threat encountered during an explosives or munitions emergency, subject to the following:

(A) an explosives or munitions emergency response includes in-place render-safe procedures, treatment or destruction of the explosives or munitions and/or transporting those items to another

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location to be rendered safe, treated, or destroyed;

(B) any reasonable delay in the completion of an explosives or munitions emergency response caused by a necessary, unforeseen, or uncontrollable circumstance will not terminate the explosives or munitions emergency; and

(C) explosives and munitions emergency responses can occur on either public or private lands and are not limited to responses at hazardous waste facilities.

(53) Explosives or munitions emergency response specialist--An individual trained in chemical or conventional munitions or explosives handling, transportation, render-safe procedures, or destruction techniques, including United States Department of Defense (DOD) emergency explosive ordnance disposal, technical escort unit, and DOD-certified civilian or contractor personnel; and, other federal, state, or local government, or civilian personnel similarly trained in explosives or munitions emergency responses.

(54) Extrusion--A process using pressure to force ground poultry carcasses through a decreasing-diameter barrel or nozzle, causing the generation of heat sufficient to kill pathogens, and resulting in an extruded product acceptable as a feed ingredient.

(55) Facility--Includes:

(A) all contiguous land, and structures, other appurtenances, and improvements on the land, used for storing, processing, or disposing of municipal hazardous waste or industrial solid waste. A facility may consist of several treatment, storage, or disposal operational units (e.g., one or more landfills, surface impoundments, or combinations of them);

(B) for the purpose of implementing corrective action under §335.167 of this title (relating to Corrective Action for Solid Waste Management Units), all contiguous property under the control of the owner or operator seeking a permit for the treatment, storage, and/or disposal of hazardous waste. This definition also applies to facilities implementing corrective action under Texas Water Code, §7.031 (Corrective Action Relating to Hazardous Waste).

(56) Final closure--The closure of all hazardous waste management units at the facility in accordance with all applicable closure requirements so that hazardous waste management activities under Subchapter E of this chapter (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) and Subchapter F of this chapter (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) are no longer conducted at the facility unless subject to the provisions in §335.69 of this title (relating to Accumulation Time).

(57) Food-chain crops--Tobacco, crops grown for human consumption, and crops grown for feed for animals whose products are consumed by humans.

(58) Freeboard--The vertical distance between the top of a tank or surface impoundment dike, and the surface of the waste contained therein.

(59) Free liquids--Liquids which readily separate from the solid portion of a waste under ambient temperature and pressure.

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(60) Generator--Any person, by site, who produces municipal hazardous waste or industrial solid waste; any person who possesses municipal hazardous waste or industrial solid waste to be shipped to any other person; or any person whose act first causes the solid waste to become subject to regulation under this chapter. For the purposes of this regulation, a person who generates or possesses Class 3 wastes only shall not be considered a generator.

(61) Groundwater--Water below the land surface in a zone of saturation.

(62) Hazardous industrial waste--Any industrial solid waste or combination of industrial solid wastes identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency in accordance with the Resource Conservation and Recovery Act of 1976, §3001 (42 United States Code, §6921). The administrator has identified the characteristics of hazardous wastes and listed certain wastes as hazardous in 40 Code of Federal Regulations Part 261. The executive director will maintain in the offices of the commission a current list of hazardous wastes, a current set of characteristics of hazardous waste, and applicable appendices, as promulgated by the administrator.

(63) Hazardous substance--Any substance designated as a hazardous substance under 40 Code of Federal Regulations Part 302.

(64) Hazardous waste--Any solid waste identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 United States Code, §§6901 *et seq.*

(65) Hazardous waste constituent--A constituent that caused the administrator to list the hazardous waste in 40 Code of Federal Regulations (CFR) Part 261, Subpart D or a constituent listed in Table 1 of 40 CFR §261.24.

(66) Hazardous waste management facility--All contiguous land, including structures, appurtenances, and other improvements on the land, used for processing, storing, or disposing of hazardous waste. The term includes a publicly- or privately-owned hazardous waste management facility consisting of processing, storage, or disposal operational hazardous waste management units such as one or more landfills, surface impoundments, waste piles, incinerators, boilers, and industrial furnaces, including cement kilns, injection wells, salt dome waste containment caverns, land treatment facilities, or a combination of units.

(67) Hazardous waste management unit--A landfill, surface impoundment, waste pile, industrial furnace, incinerator, cement kiln, injection well, container, drum, salt dome waste containment cavern, or land treatment unit, or any other structure, vessel, appurtenance, or other improvement on land used to manage hazardous waste.

(68) In operation--Refers to a facility which is processing, storing, or disposing of solid waste or hazardous waste.

(69) Inactive portion--That portion of a facility which is not operated after November 19, 1980. (See also "active portion" and "closed portion.")

(70) Incinerator--Any enclosed device that:

(A) uses controlled flame combustion and neither meets the criteria for classification as a boiler,

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sludge dryer, or carbon regeneration unit, nor is listed as an industrial furnace; or

(B) meets the definition of infrared incinerator or plasma arc incinerator.

(71) Incompatible waste--A hazardous waste which is unsuitable for:

(A) placement in a particular device or facility because it may cause corrosion or decay of containment materials (e.g., container inner liners or tank walls); or

(B) commingling with another waste or material under uncontrolled conditions because the commingling might produce heat or pressure, fire or explosion, violent reaction, toxic dusts, mists, fumes, or gases, or flammable fumes or gases.

(72) Individual generation site--The contiguous site at or on which one or more solid waste or hazardous wastes are generated. An individual generation site, such as a large manufacturing plant, may have one or more sources of solid waste or hazardous waste, but is considered a single or individual generation site if the site or property is contiguous.

(73) Industrial furnace--Includes any of the following enclosed devices that use thermal treatment to accomplish recovery of materials or energy:

(A) cement kilns;

(B) lime kilns;

(C) aggregate kilns;

(D) phosphate kilns;

(E) coke ovens;

(F) blast furnaces;

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TITLE 30 ENVIRONMENTAL QUALITY

PART 1 TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 335 INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE

SUBCHAPTER A INDUSTRIAL SOLID WASTE AND MUNICIPAL HAZARDOUS WASTE IN GENERAL

RULE §335.1 Definitions

(G) smelting, melting, and refining furnaces (including pyrometallurgical devices such as cupolas, reverberator furnaces, sintering machines, roasters, and foundry furnaces);

(H) titanium dioxide chloride process oxidation reactors;

(I) methane reforming furnaces;

(J) pulping liquor recovery furnaces;

(K) combustion devices used in the recovery of sulfur values from spent sulfuric acid;

(L) halogen acid furnaces for the production of acid from halogenated hazardous waste generated by chemical production facilities where the furnace is located on the site of a chemical production facility, the acid product has a halogen acid content of at least 3.0%, the acid product is used in a manufacturing process, and, except for hazardous waste burned as fuel, hazardous waste fed to the furnace has a minimum halogen content of 20% as generated; and

(M) other devices the commission may list, after the opportunity for notice and comment is afforded to the public.

(74) Industrial solid waste--Solid waste resulting from or incidental to any process of industry or manufacturing, or mining or agricultural operation, which may include hazardous waste as defined in this section.

(75) Infrared incinerator--Any enclosed device that uses electric powered resistance heaters as a source of radiant heat followed by an afterburner using controlled flame combustion and which is not listed as an industrial furnace.

(76) Inground tank--A device meeting the definition of tank in this section whereby a portion of the tank wall is situated to any degree within the ground, thereby preventing visual inspection of that external surface area of the tank that is in the ground.

(77) Injection well--A well into which fluids are injected. (See also "underground injection.")

(78) Inner liner--A continuous layer of material placed inside a tank or container which protects the construction materials of the tank or container from the contained waste or reagents used to treat the waste.

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(79) Installation inspector--A person who, by reason of his knowledge of the physical sciences and the principles of engineering, acquired by a professional education and related practical experience, is qualified to supervise the installation of tank systems.

(80) International shipment--The transportation of hazardous waste into or out of the jurisdiction of the United States.

(81) Lamp--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(82) Land treatment facility--A facility or part of a facility at which solid waste or hazardous waste is applied onto or incorporated into the soil surface and that is not a corrective action management unit; such facilities are disposal facilities if the waste will remain after closure.

(83) Landfill--A disposal facility or part of a facility where solid waste or hazardous waste is placed in or on land and which is not a pile, a land treatment facility, a surface impoundment, an injection well, a salt dome formation, a salt bed formation, an underground mine, a cave, or a corrective action management unit.

(84) Landfill cell--A discrete volume of a solid waste or hazardous waste landfill which uses a liner to provide isolation of wastes from adjacent cells or wastes. Examples of landfill cells are trenches and pits.

(85) Leachate--Any liquid, including any suspended components in the liquid, that has percolated through or drained from solid waste or hazardous waste.

(86) Leak-detection system--A system capable of detecting the failure of either the primary or secondary containment structure or the presence of a release of solid waste or hazardous waste or accumulated liquid in the secondary containment structure. Such a system must employ operational controls (e.g., daily visual inspections for releases into the secondary containment system of aboveground tanks) or consist of an interstitial monitoring device designed to detect continuously and automatically the failure of the primary or secondary containment structure or the presence of a release of solid waste or hazardous waste into the secondary containment structure.

(87) Licensed professional geoscientist--A geoscientist who maintains a current license through the Texas Board of Professional Geoscientists in accordance with its requirements for professional practice.

(88) Liner--A continuous layer of natural or man-made materials, beneath or on the sides of a surface impoundment, landfill, or landfill cell, which restricts the downward or lateral escape of solid waste or hazardous waste, hazardous waste constituents, or leachate.

(89) Management or hazardous waste management--The systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery, and disposal of solid waste or hazardous waste.

(90) Manifest--The waste shipping document, United States Environmental Protection Agency (EPA) Form 8700-22, originated and signed by the generator or offeror, that will accompany and be used for tracking the transportation, disposal, treatment, storage, or recycling of shipments of hazardous wastes or Class 1 industrial solid wastes. The form used for this purpose is the EPA Form 8700-22, obtainable from any printer registered with the EPA.

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(91) Manifest tracking number--The alphanumeric identification number (i.e., a unique three-letter suffix preceded by nine numerical digits), which is pre-printed on the manifest by a registered source.

(92) Military munitions--All ammunition products and components produced or used by or for the Department of Defense (DOD) or the United States Armed Services for national defense and security, including military munitions under the control of the DOD, the United States Coast Guard, the United States Department of Energy (DOE), and National Guard personnel. The term "military munitions":

(A) includes confined gaseous, liquid, and solid propellants, explosives, pyrotechnics, chemical and riot control agents, smokes, and incendiaries used by DOD components, including bulk explosives and chemical warfare agents, chemical munitions, rockets, guided and ballistic missiles, bombs, warheads, mortar rounds, artillery ammunition, small arms ammunition, grenades, mines, torpedoes, depth charges, cluster munitions and dispensers, demolition charges, and devices and components thereof; and

(B) includes non-nuclear components of nuclear devices, managed under DOE's nuclear weapons program after all required sanitization operations under the Atomic Energy Act of 1954, as amended, have been completed; but

(C) does not include wholly inert items, improvised explosive devices, and nuclear weapons, nuclear devices, and nuclear components thereof.

(93) Miscellaneous unit--A hazardous waste management unit where hazardous waste is stored, processed, or disposed of and that is not a container, tank, surface impoundment, pile, land treatment unit, landfill, incinerator, boiler, industrial furnace, underground injection well with appropriate technical standards under Chapter 331 of this title (relating to Underground Injection Control), corrective action management unit, containment building, staging pile, or unit eligible for a research, development, and demonstration permit or under Chapter 305, Subchapter K of this title (relating to Research, Development, and Demonstration Permits).

(94) Movement--That solid waste or hazardous waste transported to a facility in an individual vehicle.

(95) Municipal hazardous waste--A municipal solid waste or mixture of municipal solid wastes which has been identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency.

(96) Municipal solid waste--Solid waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities; including garbage, rubbish, ashes, street cleanings, dead animals, abandoned automobiles, and all other solid waste other than industrial waste.

(97) New tank system or new tank component--A tank system or component that will be used for the storage or processing of hazardous waste and for which installation has commenced after July 14, 1986; except, however, for purposes of 40 Code of Federal Regulations (CFR) §264.193(g)(2) (incorporated by reference at §335.152(a)(8) of this title (relating to Standards)) and 40 CFR §265.193(g)(2) (incorporated by reference at §335.112(a)(9) of this title (relating to Standards)), a new tank system is one for which construction commences after July 14, 1986. (See also "existing tank system.")

(98) Off-site--Property which cannot be characterized as on-site.

(99) Onground tank--A device meeting the definition of tank in this section and that is situated in such

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a way that the bottom of the tank is on the same level as the adjacent surrounding surface so that the external tank bottom cannot be visually inspected.

(100) On-Site--The same or geographically contiguous property which may be divided by public or private rights-of-way, provided the entrance and exit between the properties is at a cross-roads intersection, and access is by crossing, as opposed to going along, the right-of-way. Noncontiguous properties owned by the same person but connected by a right-of-way which he controls and to which the public does not have access, is also considered on-site property.

(101) Open burning--The combustion of any material without the following characteristics:

(A) control of combustion air to maintain adequate temperature for efficient combustion;

(B) containment of the combustion-reaction in an enclosed device to provide sufficient residence time and mixing for complete combustion; and

(C) control of emission of the gaseous combustion products. (See also "incineration" and "thermal treatment.")

(102) Operator--The person responsible for the overall operation of a facility.

(103) Owner--The person who owns a facility or part of a facility.

(104) Partial closure--The closure of a hazardous waste management unit in accordance with the applicable closure requirements of Subchapters E and F of this chapter (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities; and Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) at a facility that contains other active hazardous waste management units. For example, partial closure may include the closure of a tank (including its associated piping and underlying containment systems), landfill cell, surface impoundment, waste pile, or other hazardous waste management unit, while other units of the same facility continue to operate.

(105) PCBs or polychlorinated biphenyl compounds--Compounds subject to 40 Code of Federal Regulations Part 761.

(106) Permit--A written permit issued by the commission which, by its conditions, may authorize the permittee to construct, install, modify, or operate a specified municipal hazardous waste or industrial solid waste treatment, storage, or disposal facility in accordance with specified limitations.

(107) Personnel or facility personnel--All persons who work at, or oversee the operations of, a solid waste or hazardous waste facility, and whose actions or failure to act may result in noncompliance with the requirements of this chapter.

(108) Pesticide--Has the definition adopted under §335.261 of this title (relating to Universal Waste Rule).

(109) Petroleum substance--A crude oil or any refined or unrefined fraction or derivative of crude oil which is a liquid at standard conditions of temperature and pressure.

(A) Except as provided in subparagraph (C) of this paragraph for the purposes of this chapter, a

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"petroleum substance" shall be limited to a substance in or a combination or mixture of substances within the following list (except for any listed substance regulated as a hazardous waste under the federal Solid Waste Disposal Act, Subtitle C (42 United States Code (USC), §§6921, *et seq.)*) and which is liquid at standard conditions of temperature (20 degrees Centigrade) and pressure (1 atmosphere):

(i) basic petroleum substances--i.e., crude oils, crude oil fractions, petroleum feedstocks, and petroleum fractions;

(ii) motor fuels--a petroleum substance which is typically used for the operation of internal combustion engines and/or motors (which includes, but is not limited to, stationary engines and engines used in transportation vehicles and marine vessels);

(iii) aviation gasolines--i.e., Grade 80, Grade 100, and Grade 100-LL;

(iv) aviation jet fuels--i.e., Jet A, Jet A-1, Jet B, JP-4, JP-5, and JP-8;

(v) distillate fuel oils--i.e., Number 1-D, Number 1, Number 2-D, and Number 2;

(vi) residual fuel oils--i.e., Number 4-D, Number 4-light, Number 4, Number 5-light, Number 5-heavy, and Number 6;

(vii) gas-turbine fuel oils--i.e., Grade O-GT, Grade 1-GT, Grade 2-GT, Grade 3-GT, and Grade 4-GT;

(viii) illuminating oils--i.e., kerosene, mineral seal oil, long-time burning oils, 300 oil, and mineral colza oil;

(ix) lubricants--i.e., automotive and industrial lubricants;

(x) building materials--i.e., liquid asphalt and dust-laying oils;

(xi) insulating and waterproofing materials--i.e., transformer oils and cable oils; and

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(xii) used oils--See definition for "used oil" in this section.

(B) For the purposes of this chapter, a "petroleum substance" shall include solvents or a combination or mixture of solvents (except for any listed substance regulated as a hazardous waste under the federal Solid Waste Disposal Act, Subtitle C (42 USC, §§6921, *et seq.)*) and which is liquid at standard conditions of temperature (20 degrees Centigrade) and pressure (1 atmosphere) i.e., Stoddard solvent, petroleum spirits, mineral spirits, petroleum ether, varnish makers' and painters' naphthas, petroleum extender oils, and commercial hexane.

(C) The following materials are not considered petroleum substances:

(i) polymerized materials, i.e., plastics, synthetic rubber, polystyrene, high and low density polyethylene;

(ii) animal, microbial, and vegetable fats;

(iii) food grade oils;

(iv) hardened asphalt and solid asphaltic materials--i.e., roofing shingles, roofing felt, hot mix (and cold mix); and

(v) cosmetics.

(110) Pile--Any noncontainerized accumulation of solid, nonflowing solid waste or hazardous waste that is used for processing or storage, and that is not a corrective action management unit or a containment building.

(111) Plasma arc incinerator--Any enclosed device using a high intensity electrical discharge or arc as a source of heat followed by an afterburner using controlled flame combustion and which is not listed as an industrial furnace.

(112) Post-closure order--An order issued by the commission for post-closure care of interim status units, a corrective action management unit unless authorized by permit, or alternative corrective action requirements for contamination commingled from Resource Conservation and Recovery Act and solid waste management units.

(113) Poultry--Chickens or ducks being raised or kept on any premises in the state for profit.

(114) Poultry carcass--The carcass, or part of a carcass, of poultry that died as a result of a cause other than intentional slaughter for use for human consumption.

(115) Poultry facility--A facility that:

(A) is used to raise, grow, feed, or otherwise produce poultry for commercial purposes; or

(B) is a commercial poultry hatchery that is used to produce chicks or ducklings.

(116) Primary exporter--Any person who is required to originate the manifest for a shipment of hazardous waste in accordance with the regulations contained in 40 Code of Federal Regulations Part 262, Subpart B, which are in effect as of November 8, 1986, or equivalent state provision, which specifies a treatment, storage, or disposal facility in a receiving country as the facility to which the hazardous waste will be sent and any intermediary arranging for the export.

(117) Processing--The extraction of materials, transfer, volume reduction, conversion to energy, or other separation and preparation of solid waste for reuse or disposal, including the treatment or neutralization of solid waste or hazardous waste, designed to change the physical, chemical, or biological character or composition of any solid waste or hazardous waste so as to neutralize such waste, or so as to recover energy or material from the waste or so as to render such waste nonhazardous, or less hazardous; safer to transport, store or dispose of; or amenable for recovery, amenable for storage, or reduced in volume. The transfer of solid waste for reuse or disposal as used in this definition does not include the actions of a transporter in conveying or transporting solid waste by truck, ship, pipeline, or other means. Unless the executive director determines that regulation of such activity is necessary to protect human health or the environment, the definition of processing does not include activities relating to those materials exempted by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 United States Code, §§6901 *et seq.*, as amended.

(118) Publicly-owned treatment works (POTW)--Any device or system used in the treatment (including recycling and reclamation) of municipal sewage or industrial wastes of a liquid nature which is owned by a state or municipality (as defined by the Clean Water Act, §502(4)). The definition includes sewers, pipes, or other conveyances only if they convey wastewater to a POTW providing treatment.

(119) Qualified groundwater scientist--A scientist or engineer who has received a baccalaureate or post-graduate degree in the natural sciences or engineering, and has sufficient training and experience in groundwater hydrology and related fields as may be demonstrated by state registration, professional certifications, or completion of accredited university courses that enable that individual to make sound professional judgments regarding groundwater monitoring and contaminant fate and transport.

(120) Receiving country--A foreign country to which a hazardous waste is sent for the purpose of treatment, storage, or disposal (except short-term storage incidental to transportation).

(121) Regional administrator--The regional administrator for the United States Environmental Protection Agency region in which the facility is located, or his designee.

(122) Remediation--The act of eliminating or reducing the concentration of contaminants in contaminated media.

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(123) Remediation waste--All solid and hazardous wastes, and all media (including groundwater, surface water, soils, and sediments) and debris, which contain listed hazardous wastes or which themselves exhibit a hazardous waste characteristic, that are managed for the purpose of implementing corrective action requirements under §335.167 of this title (relating to Corrective Action for Solid Waste Management Units) and Texas Water Code, §7.031 (Corrective Action Relating to Hazardous Waste). For a given facility, remediation wastes may originate only from within the facility boundary, but may include waste managed in implementing corrective action for releases beyond the facility boundary under §335.166(5) of this title (relating to Corrective Action Program) or §335.167(c) of this title.

(124) Remove--To take waste, contaminated design or operating system components, or contaminated media away from a waste management unit, facility, or area to another location for treatment, storage, or disposal.

(125) Replacement unit--A landfill, surface impoundment, or waste pile unit:

(A) from which all or substantially all the waste is removed; and

(B) that is subsequently reused to treat, store, or dispose of hazardous waste. "Replacement unit" does not apply to a unit from which waste is removed during closure, if the subsequent reuse solely involves the disposal of waste from that unit and other closing units or corrective action areas at the facility, in accordance with an approved closure plan or United States Environmental Protection Agency or state approved corrective action.

(126) Representative sample--A sample of a universe or whole (e.g., waste pile, lagoon, groundwater) which can be expected to exhibit the average properties of the universe or whole.

(127) Run-off--Any rainwater, leachate, or other liquid that drains over land from any part of a facility.

(128) Run-on--Any rainwater, leachate, or other liquid that drains over land onto any part of a facility.

(129) Saturated zone or zone of saturation--That part of the earth's crust in which all voids are filled with water.

(130) Shipment--Any action involving the conveyance of municipal hazardous waste or industrial solid waste by any means off-site.

(131) Sludge dryer--Any enclosed thermal treatment device that is used to dehydrate sludge and that has a maximum total thermal input, excluding the heating valve of the sludge itself, of 2,500 British thermal units per pound of sludge treated on a wet-weight basis.

(132) Small quantity generator--A generator who generates less than 1,000 kilograms of hazardous waste in a calendar month.

(133) Solid waste--

(A) Any garbage, refuse, sludge from a waste treatment plant, water supply treatment plant or air pollution control facility, and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, municipal, commercial, mining, and agricultural operations,

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and from community and institutional activities, but does not include:

(i) solid or dissolved material in domestic sewage, or solid or dissolved material in irrigation return flows, or industrial discharges subject to regulation by permit issued in accordance with Texas Water Code, Chapter 26 (an exclusion applicable only to the actual point source discharge that does not exclude industrial wastewaters while they are being collected, stored, or processed before discharge, nor does it exclude sludges that are generated by industrial wastewater treatment);

(ii) uncontaminated soil, dirt, rock, sand, and other natural or man-made inert solid materials used to fill land if the object of the fill is to make the land suitable for the construction of surface improvements. The material serving as fill may also serve as a surface improvement such as a structure foundation, a road, soil erosion control, and flood protection. Man-made materials exempted under this provision shall only be deposited at sites where the construction is in progress or imminent such that rights to the land are secured and engineering, architectural, or other necessary planning have been initiated. Waste disposal shall be considered to have occurred on any land which has been filled with man-made inert materials under this provision if the land is sold, leased, or otherwise conveyed prior to the completion of construction of the surface improvement. Under such conditions, deed recordation shall be required. The deed recordation shall include the information required under §335.5(a) of this title (relating to Deed Recordation of Waste Disposal), prior to sale or other conveyance of the property;

(iii) waste materials which result from activities associated with the exploration, development, or production of oil or gas or geothermal resources, as those activities are defined in this section, and any other substance or material regulated by the Railroad Commission of Texas in accordance with the Natural Resources Code, §91.101, unless such waste, substance, or material results from activities associated with gasoline plants, natural gas, or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants and is a hazardous waste as defined by the administrator of the United States Environmental Protection Agency in accordance with the federal Solid Waste Disposal Act, 42 United States Code, §§6901 *et seq.*, as amended; or

(iv) a material excluded by 40 Code of Federal Regulations (CFR) §261.4(a)(1) - (21), as amended through July 24, 2002 (67 FR 48393), subject to the changes in this clause, or by variance granted under §335.18 of this title (relating to Variances from Classification as a Solid Waste) and §335.19 of this title (relating to Standards and Criteria for Variances from Classification as a Solid Waste). For the purposes of the exclusion under 40 CFR §261.4(a)(16), 40 CFR §261.38 is adopted by reference as amended through July 10, 2000 (65 FR 42292), and is revised as follows, with "subparagraph (A)(iv) under the definition of 'Solid Waste' in 30 TAC §335.1" meaning "subparagraph (A)(iv) under the definition of 'Solid Waste' in §335.1 of this title (relating to Definitions)":

(I) in the certification statement under 40 CFR §261.38(c)(1)(i)(C)(4), the reference to "40 CFR §261.38" is changed to "40 CFR §261.38, as revised under subparagraph (A)(iv) under the definition of 'Solid Waste' in 30 TAC §335.1," and the reference to "40 CFR §261.28(c)(10)" is changed to "40 CFR §261.38(c)(10)";

(II) in 40 CFR §261.38(c)(2), the references to "§260.10 of this chapter" are changed to "§335.1 of this title (relating to Definitions)," and the reference to "parts 264 or 265 of this chapter" is changed to "Chapter 335, Subchapter E of this title (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) or Chapter 335, Subchapter F of this title (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities)";

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(III) in 40 CFR §261.38(c)(3) - (5), the references to "parts 264 and 265, or §262.34 of this chapter" are changed to "Chapter 335, Subchapter E of this title (relating to Interim Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities) and Chapter 335, Subchapter F of this title (relating to Permitting Standards for Owners and Operators of Hazardous Waste Treatment, Storage, or Disposal Facilities), or §335.69 of this title (relating to Accumulation Time)";

(IV) in 40 CFR §261.38(c)(5), the reference to "§261.6(c) of this chapter" is changed to "§335.24 (e) and (f) of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials)";

(V) in 40 CFR §261.38(c)(7), the references to "appropriate regulatory authority" and "regulatory authority" are changed to "executive director";

(VI) in 40 CFR §261.38(c)(8), the reference to "§262.11 of this chapter" is changed to "§335.62 of this title (relating to Hazardous Waste Determination and Waste Classification)";

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(VII) in 40 CFR §261.38(c)(9), the reference to "§261.2(c)(4) of this chapter" is changed to §335.1 (133)(D)(iv) " of this title (relating to Definitions)"; and

(VIII) in 40 CFR §261.38(c)(10), the reference to "implementing authority" is changed to "executive director."

(B) A discarded material is any material which is:

(i) abandoned, as explained in subparagraph (C) of this paragraph;

(ii) recycled, as explained in subparagraph (D) of this paragraph;

(iii) considered inherently waste-like, as explained in subparagraph (E) of this paragraph; or

(iv) a military munition identified as a solid waste in 40 CFR §266.202.

(C) Materials are solid wastes if they are abandoned by being:

(i) disposed of;

(ii) burned or incinerated; or

(iii) accumulated, stored, or processed (but not recycled) before or in lieu of being abandoned by being disposed of, burned, or incinerated.

(D) Except for materials described in subparagraph (H) of this paragraph, materials are solid wastes if they are "recycled" or accumulated, stored, or processed before recycling as specified in this subparagraph. The chart referred to as Table 1 indicates only which materials are considered to be solid wastes when they are recycled and is not intended to supersede the definition of solid waste provided in subparagraph (A) of this paragraph.

(i) Used in a manner constituting disposal. Materials noted with an asterisk in Column 1 of Table 1 are solid wastes when they are:

(I) applied to or placed on the land in a manner that constitutes disposal; or

(II) used to produce products that are applied to or placed on the land or are otherwise contained in

products that are applied to or placed on the land (in which cases the product itself remains a solid waste). However, commercial chemical products listed in 40 CFR §261.33 are not solid wastes if they are applied to the land and that is their ordinary manner of use.

(ii) Burning for energy recovery. Materials noted with an asterisk in Column 2 of Table 1 are solid wastes when they are:

(I) burned to recover energy; or

(II) used to produce a fuel or are otherwise contained in fuels (in which cases the fuel itself remains a solid waste). However, commercial chemical products, which are listed in 40 CFR §261.33, not listed in §261.33, but that exhibit one or more of the hazardous waste characteristics, or will be considered nonhazardous waste if disposed, are not solid wastes if they are fuels themselves and burned for energy recovery.

(iii) Reclaimed. Materials noted with an asterisk in Column 3 of Table 1 are solid wastes when reclaimed (except as provided under 40 CFR §261.4(a)(17)). Materials without an asterisk in Column 3 of Table 1 are not solid wastes when reclaimed.

(iv) Accumulated speculatively. Materials noted with an asterisk in Column 4 of Table 1 are solid wastes when accumulated speculatively.

Attached Graphic

(E) Materials that are identified by the administrator of the EPA as inherently waste-like materials under 40 CFR §261.2(d) are solid wastes when they are recycled in any manner.

(F) Materials are not solid wastes when they can be shown to be recycled by being:

(i) used or reused as ingredients in an industrial process to make a product, provided the materials are not being reclaimed;

(ii) used or reused as effective substitutes for commercial products;

(iii) returned to the original process from which they were generated, without first being reclaimed or land disposed. The material must be returned as a substitute for feedstock materials. In cases where the original process to which the material is returned is a secondary process, the materials must be managed such that there is no placement on the land. In cases where the materials are generated and reclaimed within the primary mineral processing industry, the conditions of the exclusion found at 40 CFR §261.4(a)(17) apply rather than this provision; or

(iv) secondary materials that are reclaimed and returned to the original process or processes in which they were generated where they are reused in the production process provided:

(I) only tank storage is involved, and the entire process through completion of reclamation is closed by being entirely connected with pipes or other comparable enclosed means of conveyance;

(II) reclamation does not involve controlled flame combustion (such as occurs in boilers, industrial furnaces, or incinerators);

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(I) is a Class 3 waste under Subchapter R of this chapter (relating to Waste Classification), except for arsenic, cadmium, chromium, lead, mercury, nickel, selenium, and total dissolved solids; and

(II) for the metals listed in subclause (I) of this clause:

(-a-) is a Class 2 or Class 3 waste under Subchapter R of this chapter; and

(-b-) does not exceed a concentration limit under §312.43(b)(3), Table 3 of this title (relating to Metal Limits); and

(viii) with the exception of the requirements under §335.17(a)(8) of this title (relating to Special Definitions for Recyclable Materials and Nonhazardous Recyclable Materials):

(I) at least 75% (by weight or volume) of the annual production of the recycling material must be recycled or transferred to a different site and recycled on an annual basis; and

(II) if the recycling material is placed in protective storage, such as a silo or other protective enclosure, at least 75% (by weight or volume) of the annual production of the recycling material must be recycled or transferred to a different site and recycled on a biennial basis.

(I) Respondents in actions to enforce the industrial solid waste regulations who raise a claim that a certain material is not a solid waste, or is conditionally exempt from regulation, must demonstrate that there is a known market or disposition for the material, and that they meet the terms of the exclusion or exemption. In doing so, they must provide appropriate documentation (such as contracts showing that a second person uses the material as an ingredient in a production process) to demonstrate that the material is not a waste, or is exempt from regulation. In addition, owners or operators of facilities claiming that they actually are recycling materials must show that they have the necessary equipment to do so and that the recycling activity is legitimate and beneficial.

(J) Materials that are reclaimed from solid wastes and that are used beneficially are not solid wastes and hence are not hazardous wastes under 40 CFR §261.3(c) unless the reclaimed material is burned for energy recovery or used in a manner constituting disposal.

(K) Other portions of this chapter that relate to solid wastes that are recycled include §335.6 of this title (relating to Notification Requirements), §§335.17 - 335.19 of this title, §335.24 of this title (relating to Requirements for Recyclable Materials and Nonhazardous Recyclable Materials), and Subchapter H of this chapter (relating to Standards for the Management of Specific Wastes and Specific Types of Facilities).

(134) Sorbent--A material that is used to soak up free liquids by either adsorption or absorption, or both. Sorb means to either adsorb or absorb, or both.

(135) Spill--The accidental spilling, leaking, pumping, emitting, emptying, or dumping of solid waste or hazardous wastes or materials which, when spilled, become solid waste or hazardous wastes into or on any land or water.

(136) Staging pile--An accumulation of solid, non-flowing remediation waste, as defined in this section, that is not a containment building and that is used only during remedial operations for temporary storage at a facility. Staging piles must be designated by the executive director according to the requirements of 40 Code of Federal Regulations §264.554, as adopted by reference under §335.152

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Title 40: Protection of Environment

PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE
Subpart A—General

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§ 261.2 Definition of solid waste.

(a)(1) A *solid waste* is any discarded material that is not excluded by §261.4(a) or that is not excluded by variance granted under §§260.30 and 260.31.

(2) A *discarded material* is any material which is:

(i) *Abandoned,* as explained in paragraph (b) of this section; or

(ii) *Recycled,* as explained in paragraph (c) of this section; or

(iii) Considered *inherently waste-like,* as explained in paragraph (d) of this section; or

(iv) *A military munition* identified as a solid waste in 40 CFR 266.202.

(b) Materials are solid waste if they are *abandoned* by being:

(1) Disposed of; or

(2) Burned or incinerated; or

(3) Accumulated, stored, or treated (but not recycled) before or in lieu of being abandoned by being disposed of, burned, or incinerated.

(c) Materials are solid wastes if they are *recycled*—or accumulated, stored, or treated before recycling—as specified in paragraphs (c)(1) through (4) of this section.

(1) *Used in a manner constituting disposal.* (i) Materials noted with a "*" in Column 1 of Table 1 are solid wastes when they are:

(A) Applied to or placed on the land in a manner that constitutes disposal; or

(B) Used to produce products that are applied to or placed on the land or are otherwise contained in products that are applied to or placed on the land (in which cases the product itself remains a solid waste).

(ii) However, commercial chemical products listed in §261.33 are not solid wastes if they are applied to the land and that is their ordinary manner of use.

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(2) *Burning for energy recovery.* (i) Materials noted with a "*" in column 2 of Table 1 are solid wastes when they are:

(A) Burned to recover energy;

(B) Used to produce a fuel or are otherwise contained in fuels (in which cases the fuel itself remains a solid waste).

(ii) However, commercial chemical products listed in §261.33 are not solid wastes if they are themselves fuels.

(3) *Reclaimed.* Materials noted with a "*" in column 3 of Table 1 are solid wastes when reclaimed (except as provided under §261.4(a)(17)). Materials noted with a "—"in column 3 of Table 1 are not solid wastes when reclaimed.

(4) *Accumulated speculatively.* Materials noted with a "*" in column 4 of Table 1 are solid wastes when accumulated speculatively.

Table 1

	Use constituting disposal (§261.2(c)(1))	**Energy recovery/ fuel (§261.2(c)(2))**	**Reclamation (§261.2(c)(3)) (except as provided in 261.4(a)(17) for mineral processing secondary materials)**	**Speculative accumulation (§261.2(c)(4))**
	1	2	3	4
Spent Materials	(*)	(*)	(*)	(*)
Sludges (listed in 40 CFR Part 261.31 or 261.32	(*)	(*)	(*)	(*)
Sludges exhibiting a characteristic of hazardous waste	(*)	(*)	—	(*)
By-products (listed in 40 CFR 261.31 or 261.32)	(*)	(*)	(*)	(*)
By-products exhibiting a characteristic of hazardous waste	(*)	(*)	—	(*)
Commercial	(*)	(*)	—	—

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chemical products listed in 40 CFR 261.33				
Scrap metal other than excluded scrap metal (see 261.1(c)(9))	(*)	(*)	(*)	(*)

Note: The terms "spent materials," "sludges," "by-products," and "scrap metal" and "processed scrap metal" are defined in §261.1.

(d) *Inherently waste-like materials.* The following materials are solid wastes when they are recycled in any manner:

(1) Hazardous Waste Nos. F020, F021 (unless used as an ingredient to make a product at the site of generation), F022, F023, F026, and F028.

(2) Secondary materials fed to a halogen acid furnace that exhibit a characteristic of a hazardous waste or are listed as a hazardous waste as defined in subparts C or D of this part, except for brominated material that meets the following criteria:

(i) The material must contain a bromine concentration of at least 45%; and

(ii) The material must contain less than a total of 1% of toxic organic compounds listed in appendix VIII; and

(iii) The material is processed continually on-site in the halogen acid furnace via direct conveyance (hard piping).

(3) The Administrator will use the following criteria to add wastes to that list:

(i)(A) The materials are ordinarily disposed of, burned, or incinerated; or

(B) The materials contain toxic constituents listed in appendix VIII of part 261 and these constituents are not ordinarily found in raw materials or products for which the materials substitute (or are found in raw materials or products in smaller concentrations) and are not used or reused during the recycling process; and

(ii) The material may pose a substantial hazard to human health and the environment when recycled.

(e) *Materials that are not solid waste when recycled.* (1) Materials are not solid wastes when they can be shown to be recycled by being:

(i) Used or reused as ingredients in an industrial process to make a product, provided the materials are not being reclaimed; or

(ii) Used or reused as effective substitutes for commercial products; or

(iii) Returned to the original process from which they are generated, without first being reclaimed or land disposed. The material must be returned as a substitute for feedstock materials. In cases where the original process to which the material is returned is a secondary process, the materials must be managed such that there is no placement on the land. In cases where the materials are generated and reclaimed within the primary mineral processing industry, the conditions of the exclusion found at §261.4 (a)(17) apply rather than this paragraph.

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(2) The following materials are solid wastes, even if the recycling involves use, reuse, or return to the original process (described in paragraphs (e)(1) (i) through (iii) of this section):

(i) Materials used in a manner constituting disposal, or used to produce products that are applied to the land; or

(ii) Materials burned for energy recovery, used to produce a fuel, or contained in fuels; or

(iii) Materials accumulated speculatively; or

(iv) Materials listed in paragraphs (d)(1) and (d)(2) of this section.

(f) *Documentation of claims that materials are not solid wastes or are conditionally exempt from regulation.* Respondents in actions to enforce regulations implementing subtitle C of RCRA who raise a claim that a certain material is not a solid waste, or is conditionally exempt from regulation, must demonstrate that there is a known market or disposition for the material, and that they meet the terms of the exclusion or exemption. In doing so, they must provide appropriate documentation (such as contracts showing that a second person uses the material as an ingredient in a production process) to demonstrate that the material is not a waste, or is exempt from regulation. In addition, owners or operators of facilities claiming that they actually are recycling materials must show that they have the necessary equipment to do so.

[50 FR 664, Jan. 4, 1985, as amended at 50 FR 33542, Aug. 20, 1985; 56 FR 7206, Feb. 21, 1991; 56 FR 32688, July 17, 1991; 56 FR 42512, Aug. 27, 1991; 57 FR 38564, Aug. 25, 1992; 59 FR 48042, Sept. 19, 1994; 62 FR 6651, Feb. 12, 1997; 62 FR 26019, May 12, 1997; 63 FR 28636, May 26, 1998; 64 FR 24513, May 11, 1999; 67 FR 11253, Mar. 13, 2002; 71 FR 40258, July 14, 2006]

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Title 40: Protection of Environment

PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE
Subpart A—General

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§ 261.4 Exclusions.

(a) *Materials which are not solid wastes.* The following materials are not solid wastes for the purpose of this part:

(1)(i) Domestic sewage; and

(ii) Any mixture of domestic sewage and other wastes that passes through a sewer system to a publicly-owned treatment works for treatment. "Domestic sewage" means untreated sanitary wastes that pass through a sewer system.

(2) Industrial wastewater discharges that are point source discharges subject to regulation under section 402 of the Clean Water Act, as amended.

[*Comment:* This exclusion applies only to the actual point source discharge. It does not exclude industrial wastewaters while they are being collected, stored or treated before discharge, nor does it exclude sludges that are generated by industrial wastewater treatment.]

(3) Irrigation return flows.

(4) Source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 *et seq.*

(5) Materials subjected to in-situ mining techniques which are not removed from the ground as part of the extraction process.

(6) Pulping liquors (*i.e.,* black liquor) that are reclaimed in a pulping liquor recovery furnace and then reused in the pulping process, unless it is accumulated speculatively as defined in §261.1(c) of this chapter.

(7) Spent sulfuric acid used to produce virgin sulfuric acid, unless it is accumulated speculatively as defined in §261.1(c) of this chapter.

(8) Secondary materials that are reclaimed and returned to the original process or processes in which they were generated where they are reused in the production process provided:

(i) Only tank storage is involved, and the entire process through completion of reclamation is closed by being entirely connected with pipes or other comparable enclosed means of conveyance;

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(ii) Reclamation does not involve controlled flame combustion (such as occurs in boilers, industrial furnaces, or incinerators);

(iii) The secondary materials are never accumulated in such tanks for over twelve months without being reclaimed; and

(iv) The reclaimed material is not used to produce a fuel, or used to produce products that are used in a manner constituting disposal.

(9)(i) Spent wood preserving solutions that have been reclaimed and are reused for their original intended purpose; and

(ii) Wastewaters from the wood preserving process that have been reclaimed and are reused to treat wood.

(iii) Prior to reuse, the wood preserving wastewaters and spent wood preserving solutions described in paragraphs (a)(9)(i) and (a)(9)(ii) of this section, so long as they meet all of the following conditions:

(A) The wood preserving wastewaters and spent wood preserving solutions are reused on-site at water borne plants in the production process for their original intended purpose;

(B) Prior to reuse, the wastewaters and spent wood preserving solutions are managed to prevent release to either land or groundwater or both;

(C) Any unit used to manage wastewaters and/or spent wood preserving solutions prior to reuse can be visually or otherwise determined to prevent such releases;

(D) Any drip pad used to manage the wastewaters and/or spent wood preserving solutions prior to reuse complies with the standards in part 265, subpart W of this chapter, regardless of whether the plant generates a total of less than 100 kg/month of hazardous waste; and

(E) Prior to operating pursuant to this exclusion, the plant owner or operator prepares a one-time notification stating that the plant intends to claim the exclusion, giving the date on which the plant intends to begin operating under the exclusion, and containing the following language: "I have read the applicable regulation establishing an exclusion for wood preserving wastewaters and spent wood preserving solutions and understand it requires me to comply at all times with the conditions set out in the regulation." The plant must maintain a copy of that document in its on-site records until closure of the facility. The exclusion applies so long as the plant meets all of the conditions. If the plant goes out of compliance with any condition, it may apply to the appropriate Regional Administrator or state Director for reinstatement. The Regional Administrator or state Director may reinstate the exclusion upon finding that the plant has returned to compliance with all conditions and that the violations are not likely to recur.

(10) EPA Hazardous Waste Nos. K060, K087, K141, K142, K143, K144, K145, K147, and K148, and any wastes from the coke by-products processes that are hazardous only because they exhibit the Toxicity Characteristic (TC) specified in section 261.24 of this part when, subsequent to generation, these materials are recycled to coke ovens, to the tar recovery process as a feedstock to produce coal tar, or mixed with coal tar prior to the tar's sale or refining. This exclusion is conditioned on there being no land disposal of the wastes from the point they are generated to the point they are recycled to coke ovens or tar recovery or refining processes, or mixed with coal tar.

(11) Nonwastewater splash condenser dross residue from the treatment of K061 in high temperature metals recovery units, provided it is shipped in drums (if shipped) and not land disposed before recovery.

(12) (i) Oil-bearing hazardous secondary materials (i.e., sludges, byproducts, or spent materials) that are generated at a petroleum refinery (SIC code 2911) and are inserted into the petroleum refining process (SIC code 2911—including, but not limited to, distillation, catalytic cracking, fractionation, or thermal cracking units (i.e., cokers)) unless the material is placed on the land, or speculatively accumulated before being so recycled. Materials inserted into thermal cracking units are excluded under this paragraph, provided that the coke product also does not exhibit a characteristic of hazardous waste. Oil-bearing hazardous secondary materials may be inserted into the same petroleum refinery where they

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are generated, or sent directly to another petroleum refinery, and still be excluded under this provision. Except as provided in paragraph (a)(12)(ii) of this section, oil-bearing hazardous secondary materials generated elsewhere in the petroleum industry (i.e., from sources other than petroleum refineries) are not excluded under this section. Residuals generated from processing or recycling materials excluded under this paragraph (a)(12)(i), where such materials as generated would have otherwise met a listing under subpart D of this part, are designated as F037 listed wastes when disposed of or intended for disposal.

(ii) Recovered oil that is recycled in the same manner and with the same conditions as described in paragraph (a)(12)(i) of this section. Recovered oil is oil that has been reclaimed from secondary materials (including wastewater) generated from normal petroleum industry practices, including refining, exploration and production, bulk storage, and transportation incident thereto (SIC codes 1311, 1321, 1381, 1382, 1389, 2911, 4612, 4613, 4922, 4923, 4789, 5171, and 5172.) Recovered oil does not include oil-bearing hazardous wastes listed in subpart D of this part; however, oil recovered from such wastes may be considered recovered oil. Recovered oil does not include used oil as defined in 40 CFR 279.1.

(13) Excluded scrap metal (processed scrap metal, unprocessed home scrap metal, and unprocessed prompt scrap metal) being recycled.

(14) Shredded circuit boards being recycled provided that they are:

(i) Stored in containers sufficient to prevent a release to the environment prior to recovery; and

(ii) Free of mercury switches, mercury relays and nickel-cadmium batteries and lithium batteries.

(15) Condensates derived from the overhead gases from kraft mill steam strippers that are used to comply with 40 CFR 63.446(e). The exemption applies only to combustion at the mill generating the condensates.

(16) Comparable fuels or comparable syngas fuels (i.e., comparable/syngas fuels) that meet the requirements of §261.38.

(17) Spent materials (as defined in §261.1) (other than hazardous wastes listed in subpart D of this part) generated within the primary mineral processing industry from which minerals, acids, cyanide, water, or other values are recovered by mineral processing or by beneficiation, provided that:

(i) The spent material is legitimately recycled to recover minerals, acids, cyanide, water or other values;

(ii) The spent material is not accumulated speculatively;

(iii) Except as provided in paragraph (a)(17)(iv) of this section, the spent material is stored in tanks, containers, or buildings meeting the following minimum integrity standards: a building must be an engineered structure with a floor, walls, and a roof all of which are made of non-earthen materials providing structural support (except smelter buildings may have partially earthen floors provided the secondary material is stored on the non-earthen portion), and have a roof suitable for diverting rainwater away from the foundation; a tank must be free standing, not be a surface impoundment (as defined in 40 CFR 260.10), and be manufactured of a material suitable for containment of its contents; a container must be free standing and be manufactured of a material suitable for containment of its contents. If tanks or containers contain any particulate which may be subject to wind dispersal, the owner/operator must operate these units in a manner which controls fugitive dust. Tanks, containers, and buildings must be designed, constructed and operated to prevent significant releases to the environment of these materials.

(iv) The Regional Administrator or State Director may make a site-specific determination, after public review and comment, that only solid mineral processing spent material may be placed on pads rather than tanks containers, or buildings. Solid mineral processing spent materials do not contain any free liquid. The decision-maker must affirm that pads are designed, constructed and operated to prevent significant releases of the secondary material into the environment. Pads must provide the same degree of containment afforded by the non-RCRA tanks, containers and buildings eligible for exclusion.

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(A) The decision-maker must also consider if storage on pads poses the potential for significant releases via groundwater, surface water, and air exposure pathways. Factors to be considered for assessing the groundwater, surface water, air exposure pathways are: The volume and physical and chemical properties of the secondary material, including its potential for migration off the pad; the potential for human or environmental exposure to hazardous constituents migrating from the pad via each exposure pathway, and the possibility and extent of harm to human and environmental receptors via each exposure pathway.

(B) Pads must meet the following minimum standards: Be designed of non-earthen material that is compatible with the chemical nature of the mineral processing spent material, capable of withstanding physical stresses associated with placement and removal, have run on/runoff controls, be operated in a manner which controls fugitive dust, and have integrity assurance through inspections and maintenance programs.

(C) Before making a determination under this paragraph, the Regional Administrator or State Director must provide notice and the opportunity for comment to all persons potentially interested in the determination. This can be accomplished by placing notice of this action in major local newspapers, or broadcasting notice over local radio stations.

(v) The owner or operator provides notice to the Regional Administrator or State Director providing the following information: The types of materials to be recycled; the type and location of the storage units and recycling processes; and the annual quantities expected to be placed in land-based units. This notification must be updated when there is a change in the type of materials recycled or the location of the recycling process.

(vi) For purposes of paragraph (a)(7) of this section, mineral processing spent materials must be the result of mineral processing and may not include any listed hazardous wastes. Listed hazardous wastes and characteristic hazardous wastes generated by non-mineral processing industries are not eligible for the conditional exclusion from the definition of solid waste.

(18) Petrochemical recovered oil from an associated organic chemical manufacturing facility, where the oil is to be inserted into the petroleum refining process (SIC code 2911) along with normal petroleum refinery process streams, provided:

(i) The oil is hazardous only because it exhibits the characteristic of ignitability (as defined in §261.21) and/or toxicity for benzene (§261.24, waste code D018); and

(ii) The oil generated by the organic chemical manufacturing facility is not placed on the land, or speculatively accumulated before being recycled into the petroleum refining process. An "associated organic chemical manufacturing facility" is a facility where the primary SIC code is 2869, but where operations may also include SIC codes 2821, 2822, and 2865; and is physically co-located with a petroleum refinery; and where the petroleum refinery to which the oil being recycled is returned also provides hydrocarbon feedstocks to the organic chemical manufacturing facility. "Petrochemical recovered oil" is oil that has been reclaimed from secondary materials (i.e., sludges, byproducts, or spent materials, including wastewater) from normal organic chemical manufacturing operations, as well as oil recovered from organic chemical manufacturing processes.

(19) Spent caustic solutions from petroleum refining liquid treating processes used as a feedstock to produce cresylic or naphthenic acid unless the material is placed on the land, or accumulated speculatively as defined in §261.1(c).

(20) Hazardous secondary materials used to make zinc fertilizers, provided that the following conditions specified are satisfied:

(i) Hazardous secondary materials used to make zinc micronutrient fertilizers must not be accumulated speculatively, as defined in §261.1 (c)(8).

(ii) Generators and intermediate handlers of zinc-bearing hazardous secondary materials that are to be incorporated into zinc fertilizers must:

(A) Submit a one-time notice to the Regional Administrator or State Director in whose jurisdiction the

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(v) Interim status and permitted storage units that have been used to store only zinc-bearing hazardous wastes prior to the submission of the one-time notice described in paragraph (a)(20)(ii)(A) of this section, and that afterward will be used only to store hazardous secondary materials excluded under this paragraph, are not subject to the closure requirements of 40 CFR Parts 264 and 265.

(21) Zinc fertilizers made from hazardous wastes, or hazardous secondary materials that are excluded under paragraph (a)(20) of this section, provided that:

(i) The fertilizers meet the following contaminant limits:

(A) For metal contaminants:

Constituent	Maximum Allowable Total Concentration in Fertilizer, per Unit (1%) of Zinc (ppm)
Arsenic	0.3
Cadmium	1.4
Chromium	0.6
Lead	2.8
Mercury	0.3

(B) For dioxin contaminants the fertilizer must contain no more than eight (8) parts per trillion of dioxin, measured as toxic equivalent (TEQ).

(ii) The manufacturer performs sampling and analysis of the fertilizer product to determine compliance with the contaminant limits for metals no less than every six months, and for dioxins no less than every twelve months. Testing must also be performed whenever changes occur to manufacturing processes or ingredients that could significantly affect the amounts of contaminants in the fertilizer product. The manufacturer may use any reliable analytical method to demonstrate that no constituent of concern is present in the product at concentrations above the applicable limits. It is the responsibility of the manufacturer to ensure that the sampling and analysis are unbiased, precise, and representative of the product(s) introduced into commerce.

(iii) The manufacturer maintains for no less than three years records of all sampling and analyses performed for purposes of determining compliance with the requirements of paragraph (a)(21)(ii) of this section. Such records must at a minimum include:

(A) The dates and times product samples were taken, and the dates the samples were analyzed;

(B) The names and qualifications of the person(s) taking the samples;

(C) A description of the methods and equipment used to take the samples;

(D) The name and address of the laboratory facility at which analyses of the samples were performed;

(E) A description of the analytical methods used, including any cleanup and sample preparation methods; and

(F) All laboratory analytical results used to determine compliance with the contaminant limits specified in this paragraph (a)(21).

(22) Used cathode ray tubes (CRTs)

(i) Used, intact CRTs as defined in §260.10 of this chapter are not solid wastes within the United States unless they are disposed, or unless they are speculatively accumulated as defined in §261.1(c)(8) by CRT collectors or glass processors.

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(ii) Used, intact CRTs as defined in §260.10 of this chapter are not solid wastes when exported for recycling provided that they meet the requirements of §261.40.

(iii) Used, broken CRTs as defined in §260.10 of this chapter are not solid wastes provided that they meet the requirements of §261.39.

(iv) Glass removed from CRTs is not a solid waste provided that it meets the requirements of §261.39 (c).

(b) *Solid wastes which are not hazardous wastes.* The following solid wastes are not hazardous wastes:

(1) Household waste, including household waste that has been collected, transported, stored, treated, disposed, recovered (e.g., refuse-derived fuel) or reused. "Household waste" means any material (including garbage, trash and sanitary wastes in septic tanks) derived from households (including single and multiple residences, hotels and motels, bunkhouses, ranger stations, crew quarters, campgrounds, picnic grounds and day-use recreation areas). A resource recovery facility managing municipal solid waste shall not be deemed to be treating, storing, disposing of, or otherwise managing hazardous wastes for the purposes of regulation under this subtitle, if such facility:

(i) Receives and burns only

(A) Household waste (from single and multiple dwellings, hotels, motels, and other residential sources) and

(B) Solid waste from commercial or industrial sources that does not contain hazardous waste; and

(ii) Such facility does not accept hazardous wastes and the owner or operator of such facility has established contractual requirements or other appropriate notification or inspection procedures to assure that hazardous wastes are not received at or burned in such facility.

(2) Solid wastes generated by any of the following and which are returned to the soils as fertilizers:

(i) The growing and harvesting of agricultural crops.

(ii) The raising of animals, including animal manures.

(3) Mining overburden returned to the mine site.

(4) Fly ash waste, bottom ash waste, slag waste, and flue gas emission control waste, generated primarily from the combusion of coal or other fossil fuels, except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(5) Drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy.

(6)(i) Wastes which fail the test for the Toxicity Characteristic because chromium is present or are listed in subpart D due to the presence of chromium, which do not fail the test for the Toxicity Characteristic for any other constituent or are not listed due to the presence of any other constituent, and which do not fail the test for any other characteristic, if it is shown by a waste generator or by waste generators that:

(A) The chromium in the waste is exclusively (or nearly exclusively) trivalent chromium; and

(B) The waste is generated from an industrial process which uses trivalent chromium exclusively (or nearly exclusively) and the process does not generate hexavalent chromium; and

(C) The waste is typically and frequently managed in non-oxidizing environments.

(ii) Specific wastes which meet the standard in paragraphs (b)(6)(i) (A), (B), and (C) (so long as they do

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not fail the test for the toxicity characteristic for any other constituent, and do not exhibit any other characteristic) are:

(A) Chrome (blue) trimmings generated by the following subcategories of the leather tanning and finishing industry; hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(B) Chrome (blue) shavings generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(C) Buffing dust generated by the following subcategories of the leather tanning and finishing industry; hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue.

(D) Sewer screenings generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(E) Wastewater treatment sludges generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; retan/wet finish; no beamhouse; through-the-blue; and shearling.

(F) Wastewater treatment sludges generated by the following subcategories of the leather tanning and finishing industry: Hair pulp/chrome tan/retan/wet finish; hair save/chrome tan/retan/wet finish; and through-the-blue.

(G) Waste scrap leather from the leather tanning industry, the shoe manufacturing industry, and other leather product manufacturing industries.

(H) Wastewater treatment sludges from the production of TiO_2 pigment using chromium-bearing ores by the chloride process.

(7) Solid waste from the extraction, beneficiation, and processing of ores and minerals (including coal, phosphate rock, and overburden from the mining of uranium ore), except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(i) For purposes of §261.4(b)(7) beneficiation of ores and minerals is restricted to the following activities; crushing; grinding; washing; dissolution; crystallization; filtration; sorting; sizing; drying; sintering; pelletizing; briquetting; calcining to remove water and/or carbon dioxide; roasting, autoclaving, and/or chlorination in preparation for leaching (except where the roasting (and/or autoclaving and/or chlorination)/leaching sequence produces a final or intermediate product that does not undergo further beneficiation or processing); gravity concentration; magnetic separation; electrostatic separation; flotation; ion exchange; solvent extraction; electrowinning; precipitation; amalgamation; and heap, dump, vat, tank, and in situ leaching.

(ii) For the purposes of §261.4(b)(7), solid waste from the processing of ores and minerals includes only the following wastes as generated:

(A) Slag from primary copper processing;

(B) Slag from primary lead processing;

(C) Red and brown muds from bauxite refining;

(D) Phosphogypsum from phosphoric acid production;

(E) Slag from elemental phosphorus production;

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(F) Gasifier ash from coal gasification;

(G) Process wastewater from coal gasification;

(H) Calcium sulfate wastewater treatment plant sludge from primary copper processing;

(I) Slag tailings from primary copper processing;

(J) Fluorogypsum from hydrofluoric acid production;

(K) Process wastewater from hydrofluoric acid production;

(L) Air pollution control dust/sludge from iron blast furnaces;

(M) Iron blast furnace slag;

(N) Treated residue from roasting/leaching of chrome ore;

(O) Process wastewater from primary magnesium processing by the anhydrous process;

(P) Process wastewater from phosphoric acid production;

(Q) Basic oxygen furnace and open hearth furnace air pollution control dust/sludge from carbon steel production;

(R) Basic oxygen furnace and open hearth furnace slag from carbon steel production;

(S) Chloride process waste solids from titanium tetrachloride production;

(T) Slag from primary zinc processing.

(iii) A residue derived from co-processing mineral processing secondary materials with normal beneficiation raw materials or with normal mineral processing raw materials remains excluded under paragraph (b) of this section if the owner or operator:

(A) Processes at least 50 percent by weight normal beneficiation raw materials or normal mineral processing raw materials; and,

(B) Legitimately reclaims the secondary mineral processing materials.

(8) Cement kiln dust waste, except as provided by §266.112 of this chapter for facilities that burn or process hazardous waste.

(9) Solid waste which consists of discarded arsenical-treated wood or wood products which fails the test for the Toxicity Characteristic for Hazardous Waste Codes D004 through D017 and which is not a hazardous waste for any other reason if the waste is generated by persons who utilize the arsenical-treated wood and wood products for these materials' intended end use.

(10) Petroleum-contaminated media and debris that fail the test for the Toxicity Characteristic of §261.24 (Hazardous Waste Codes D018 through D043 only) and are subject to the corrective action regulations under part 280 of this chapter.

(11) Injected groundwater that is hazardous only because it exhibits the Toxicity Characteristic (Hazardous Waste Codes D018 through D043 only) in §261.24 of this part that is reinjected through an underground injection well pursuant to free phase hydrocarbon recovery operations undertaken at petroleum refineries, petroleum marketing terminals, petroleum bulk plants, petroleum pipelines, and petroleum transportation spill sites until January 25, 1993. This extension applies to recovery operations in existence, or for which contracts have been issued, on or before March 25, 1991. For groundwater

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returned through infiltration galleries from such operations at petroleum refineries, marketing terminals, and bulk plants, until [insert date six months after publication]. New operations involving injection wells (beginning after March 25, 1991) will qualify for this compliance date extension (until January 25, 1993) only if:

(i) Operations are performed pursuant to a written state agreement that includes a provision to assess the groundwater and the need for further remediation once the free phase recovery is completed; and

(ii) A copy of the written agreement has been submitted to: Waste Identification Branch (5304), U.S. Environmental Protection Agency, 1200 Pennsylvania Ave., NW., Washington, DC 20460.

(12) Used chlorofluorocarbon refrigerants from totally enclosed heat transfer equipment, including mobile air conditioning systems, mobile refrigeration, and commercial and industrial air conditioning and refrigeration systems that use chlorofluorocarbons as the heat transfer fluid in a refrigeration cycle, provided the refrigerant is reclaimed for further use.

(13) Non-terne plated used oil filters that are not mixed with wastes listed in subpart D of this part if these oil filters have been gravity hot-drained using one of the following methods:

(i) Puncturing the filter anti-drain back valve or the filter dome end and hot-draining;

(ii) Hot-draining and crushing;

(iii) Dismantling and hot-draining; or

(iv) Any other equivalent hot-draining method that will remove used oil.

(14) Used oil re-refining distillation bottoms that are used as feedstock to manufacture asphalt products.

(15) Leachate or gas condensate collected from landfills where certain solid wastes have been disposed, provided that:

(i) The solid wastes disposed would meet one or more of the listing descriptions for Hazardous Waste Codes K169, K170, K171, K172, K174, K175, K176, K177, K178 and K181 if these wastes had been generated after the effective date of the listing;

(ii) The solid wastes described in paragraph (b)(15)(i) of this section were disposed prior to the effective date of the listing;

(iii) The leachate or gas condensate do not exhibit any characteristic of hazardous waste nor are derived from any other listed hazardous waste;

(iv) Discharge of the leachate or gas condensate, including leachate or gas condensate transferred from the landfill to a POTW by truck, rail, or dedicated pipe, is subject to regulation under sections 307(b) or 402 of the Clean Water Act.

(v) As of February 13, 2001, leachate or gas condensate derived from K169–K172 is no longer exempt if it is stored or managed in a surface impoundment prior to discharge. As of November 21, 2003, leachate or gas condensate derived from K176, K177, and K178 is no longer exempt if it is stored or managed in a surface impoundment prior to discharge. After February 26, 2007, leachate or gas condensate derived from K181 will no longer be exempt if it is stored or managed in a surface impoundment prior to discharge. There is one exception: if the surface impoundment is used to temporarily store leachate or gas condensate in response to an emergency situation (e.g., shutdown of wastewater treatment system), provided the impoundment has a double liner, and provided the leachate or gas condensate is removed from the impoundment and continues to be managed in compliance with the conditions of this paragraph (b)(15)(v) after the emergency ends.

(16) Sludges resulting from the treatment of wastewaters (not including spent plating solutions) generated by the copper metallization process at the International Business Machines Corporation (IBM) semiconductor manufacturing facility in Essex Junction, VT, are exempt from the F006 listing, provided

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(A) By-product gas generants must only be fed to the MRF when it is operating in conformance with the State of Utah, Division of Air Quality's Approval Order DAQE–549–97.

(B) Combustion gas temperature must be maintained below 400 degrees Fahrenheit at the baghouse inlet.

(ii) Prior to processing in the MRF, the by-product gas generants are managed in accordance with the requirements specified in 40 CFR 262.34.

(iii) The Autoliv facility and the MRF are operated and managed in accordance with the requirements of 40 CFR Part 265, Subparts B, C, D, E, G, H, I, and O.

(iv) Residues derived from the processing of by-product gas generants in the MRF are managed in accordance with the requirements specified in 40 CFR Parts 262 and 268.

(v) The following testing of the MRF's stack gas emissions is conducted:

(A) An initial test shall be conducted within 30 operating days of starting feed of by-product gas generants to the MRF. EPA may extend this deadline, at the request of Autoliv, when good cause is shown. The initial test shall consist of three duplicate runs sampling for:

(*1*) Particulate matter using Method 5 as specified in 40 CFR Part 60, Appendix A.

(*2*) The metals Aluminum, Arsenic, Barium, Beryllium, Boron, Cadmium, Chromium, Cobalt, Copper, Lead, and Nickel using Method 29 as specified in 40 CFR Part 60, Appendix A.

(*3*) Polychlorinated di-benzo dioxins and furans using Method 23 0023A as specified in 40 CFR Part 60, Appendix A.

(*4*) Carbon monoxide using Method 10 as specified in 40 CFR Part 60, Appendix A.

(B) After the initial test is completed, an annual stack test (12 months from the previous initial stack test) of the MRF shall be conducted. The annual tests shall consist of three duplicate runs using Method 29 and Method 5 as specified in 40 CFR Part 60, Appendix A.

(C) Testing shall be conducted while by-product gas generants are fed to the MRF at no less than 90% of the planned maximum feed rate, and with the MRF operating parameters within normal ranges.

(D) Initial stack testing results and additional project performance data and information, including the quantity of by-product gas generants processed and the operating parameter values during the test runs, will be submitted by Autoliv to the State of Utah and EPA within 60 days of the completion of the initial stack test.

(E) Annual stack test results and additional project performance data and information, including the quantity of by-product gas generants processed and the operating parameter values during the test runs, will be submitted by Autoliv to EPA and the State of Utah within 60 days of the completion of the annual test.

(vi) Combustion gas discharged to the atmosphere from the MRF meets the following limits:

(A) Dioxin emissions do not exceed 0.4 ng per dry standard cubic meter on a toxicity equivalent quotient (TEQ) basis corrected to 7% Oxygen.

(B) Combined lead and cadmium emissions do not exceed 240 ug per dry standard cubic meter corrected to 7% Oxygen.

(C) Combined arsenic, beryllium, and chromium emissions do not exceed 97 ug per dry standard cubic meter corrected to 7% Oxygen.

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vessel, a product or raw material pipeline, or in a manufacturing process unit or an associated non-waste-treatment-manufacturing unit, is not subject to regulation under parts 262 through 265, 268, 270, 271 and 124 of this chapter or to the notification requirements of section 3010 of RCRA until it exits the unit in which it was generated, unless the unit is a surface impoundment, or unless the hazardous waste remains in the unit more than 90 days after the unit ceases to be operated for manufacturing, or for storage or transportation of product or raw materials.

(d) *Samples.* (1) Except as provided in paragraph (d)(2) of this section, a sample of solid waste or a sample of water, soil, or air, which is collected for the sole purpose of testing to determine its characteristics or composition, is not subject to any requirements of this part or parts 262 through 268 or part 270 or part 124 of this chapter or to the notification requirements of section 3010 of RCRA, when:

(i) The sample is being transported to a laboratory for the purpose of testing; or

(ii) The sample is being transported back to the sample collector after testing; or

(iii) The sample is being stored by the sample collector before transport to a laboratory for testing; or

(iv) The sample is being stored in a laboratory before testing; or

(v) The sample is being stored in a laboratory after testing but before it is returned to the sample collector; or

(vi) The sample is being stored temporarily in the laboratory after testing for a specific purpose (for example, until conclusion of a court case or enforcement action where further testing of the sample may be necessary).

(2) In order to qualify for the exemption in paragraphs (d)(1) (i) and (ii) of this section, a sample collector shipping samples to a laboratory and a laboratory returning samples to a sample collector must:

(i) Comply with U.S. Department of Transportation (DOT), U.S. Postal Service (USPS), or any other applicable shipping requirements; or

(ii) Comply with the following requirements if the sample collector determines that DOT, USPS, or other shipping requirements do not apply to the shipment of the sample:

(A) Assure that the following information accompanies the sample:

(*1*) The sample collector's name, mailing address, and telephone number;

(*2*) The laboratory's name, mailing address, and telephone number;

(*3*) The quantity of the sample;

(*4*) The date of shipment; and

(*5*) A description of the sample.

(B) Package the sample so that it does not leak, spill, or vaporize from its packaging.

(3) This exemption does not apply if the laboratory determines that the waste is hazardous but the laboratory is no longer meeting any of the conditions stated in paragraph (d)(1) of this section.

(e) *Treatability Study Samples.* (1) Except as provided in paragraph (e)(2) of this section, persons who generate or collect samples for the purpose of conducting treatability studies as defined in section 260.10, are not subject to any requirement of parts 261 through 263 of this chapter or to the notification requirements of Section 3010 of RCRA, nor are such samples included in the quantity determinations of §261.5 and §262.34(d) when:

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(4) Whether or not unused samples and residues were returned to the generator.

(vi) The generator reports the information required under paragraph (e)(2)(v)(C) of this section in its biennial report.

(3) The Regional Administrator may grant requests on a case-by-case basis for up to an additional two years for treatability studies involving bioremediation. The Regional Administrator may grant requests on a case-by-case basis for quantity limits in excess of those specified in paragraphs (e)(2) (i) and (ii) and (f)(4) of this section, for up to an additional 5000 kg of media contaminated with non-acute hazardous waste, 500 kg of non-acute hazardous waste, 2500 kg of media contaminated with acute hazardous waste and 1 kg of acute hazardous waste:

(i) In response to requests for authorization to ship, store and conduct treatability studies on additional quantities in advance of commencing treatability studies. Factors to be considered in reviewing such requests include the nature of the technology, the type of process (e.g., batch versus continuous), size of the unit undergoing testing (particularly in relation to scale-up considerations), the time/quantity of material required to reach steady state operating conditions, or test design considerations such as mass balance calculations.

(ii) In response to requests for authorization to ship, store and conduct treatability studies on additional quantities after initiation or completion of initial treatability studies, when: There has been an equipment or mechanical failure during the conduct of a treatability study; there is a need to verify the results of a previously conducted treatability study; there is a need to study and analyze alternative techniques within a previously evaluated treatment process; or there is a need to do further evaluation of an ongoing treatability study to determine final specifications for treatment.

(iii) The additional quantities and timeframes allowed in paragraph (e)(3) (i) and (ii) of this section are subject to all the provisions in paragraphs (e) (1) and (e)(2) (iii) through (vi) of this section. The generator or sample collector must apply to the Regional Administrator in the Region where the sample is collected and provide in writing the following information:

(A) The reason why the generator or sample collector requires additional time or quantity of sample for treatability study evaluation and the additional time or quantity needed;

(B) Documentation accounting for all samples of hazardous waste from the waste stream which have been sent for or undergone treatability studies including the date each previous sample from the waste stream was shipped, the quantity of each previous shipment, the laboratory or testing facility to which it was shipped, what treatability study processes were conducted on each sample shipped, and the available results on each treatability study;

(C) A description of the technical modifications or change in specifications which will be evaluated and the expected results;

(D) If such further study is being required due to equipment or mechanical failure, the applicant must include information regarding the reason for the failure or breakdown and also include what procedures or equipment improvements have been made to protect against further breakdowns; and

(E) Such other information that the Regional Administrator considers necessary.

(f) *Samples Undergoing Treatability Studies at Laboratories and Testing Facilities.* Samples undergoing treatability studies and the laboratory or testing facility conducting such treatability studies (to the extent such facilities are not otherwise subject to RCRA requirements) are not subject to any requirement of this part, part 124, parts 262–266, 268, and 270, or to the notification requirements of Section 3010 of RCRA provided that the conditions of paragraphs (f) (1) through (11) of this section are met. A mobile treatment unit (MTU) may qualify as a testing facility subject to paragraphs (f) (1) through (11) of this section. Where a group of MTUs are located at the same site, the limitations specified in (f) (1) through (11) of this section apply to the entire group of MTUs collectively as if the group were one MTU.

(1) No less than 45 days before conducting treatability studies, the facility notifies the Regional Administrator, or State Director (if located in an authorized State), in writing that it intends to conduct treatability studies under this paragraph.

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identification numbers);

(iv) The total quantity of waste in storage each day;

(v) The quantity and types of waste subjected to treatability studies;

(vi) When each treatability study was conducted;

(vii) The final disposition of residues and unused sample from each treatability study.

(10) The facility determines whether any unused sample or residues generated by the treatability study are hazardous waste under §261.3 and, if so, are subject to parts 261 through 268, and part 270 of this chapter, unless the residues and unused samples are returned to the sample originator under the §261.4(e) exemption.

(11) The facility notifies the Regional Administrator, or State Director (if located in an authorized State), by letter when the facility is no longer planning to conduct any treatability studies at the site.

(g) *Dredged material that is not a hazardous waste.* Dredged material that is subject to the requirements of a permit that has been issued under 404 of the Federal Water Pollution Control Act (33 U.S.C.1344) or section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1413) is not a hazardous waste. For this paragraph (g), the following definitions apply:

(1) The term *dredged material* has the same meaning as defined in 40 CFR 232.2;

(2) The term *permit* means:

(i) A permit issued by the U.S. Army Corps of Engineers (Corps) or an approved State under section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1344);

(ii) A permit issued by the Corps under section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1413); or

(iii) In the case of Corps civil works projects, the administrative equivalent of the permits referred to in paragraphs (g)(2)(i) and (ii) of this section, as provided for in Corps regulations (for example, see 33 CFR 336.1, 336.2, and 337.6).

[45 FR 33119, May 19, 1980]

Editorial Note: ForFederal Registercitations affecting §261.4, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

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facility designated by the person initiating the shipment.

(ii) Scrap metal that is not excluded under §261.4(a)(13);

(iii) Fuels produced from the refining of oil-bearing hazardous waste along with normal process streams at a petroleum refining facility if such wastes result from normal petroleum refining, production, and transportation practices (this exemption does not apply to fuels produced from oil recovered from oil-bearing hazardous waste, where such recovered oil is already excluded under §261.4(a)(12);

(iv)(A) Hazardous waste fuel produced from oil-bearing hazardous wastes from petroleum refining, production, or transportation practices, or produced from oil reclaimed from such hazardous wastes, where such hazardous wastes are reintroduced into a process that does not use distillation or does not produce products from crude oil so long as the resulting fuel meets the used oil specification under §279.11 of this chapter and so long as no other hazardous wastes are used to produce the hazardous waste fuel;

(B) Hazardous waste fuel produced from oil-bearing hazardous waste from petroleum refining production, and transportation practices, where such hazardous wastes are reintroduced into a refining process after a point at which contaminants are removed, so long as the fuel meets the used oil fuel specification under §279.11 of this chapter; and

(C) Oil reclaimed from oil-bearing hazardous wastes from petroleum refining, production, and transportation practices, which reclaimed oil is burned as a fuel without reintroduction to a refining process, so long as the reclaimed oil meets the used oil fuel specification under §279.11 of this chapter.

(4) Used oil that is recycled and is also a hazardous waste solely because it exhibits a hazardous characteristic is not subject to the requirements of parts 260 through 268 of this chapter, but is regulated under part 279 of this chapter. Used oil that is recycled includes any used oil which is reused, following its original use, for any purpose (including the purpose for which the oil was originally used). Such term includes, but is not limited to, oil which is re-refined, reclaimed, burned for energy recovery, or reprocessed.

(5) Hazardous waste that is exported to or imported from designated member countries of the Organization for Economic Cooperation and Development (OECD) (as defined in §262.58(a)(1)) for purpose of recovery is subject to the requirements of 40 CFR part 262, subpart H, if it is subject to either the Federal manifesting requirements of 40 CFR Part 262, to the universal waste management standards of 40 CFR Part 273, or to State requirements analogous to 40 CFR Part 273.

(b) Generators and transporters of recyclable materials are subject to the applicable requirements of parts 262 and 263 of this chapter and the notification requirements under section 3010 of RCRA, except as provided in paragraph (a) of this section.

(c)(1) Owners and operators of facilities that store recyclable materials before they are recycled are regulated under all applicable provisions of subparts A though L, AA, BB, and CC of parts 264 and 265, and under parts 124, 266, 268, and 270 of this chapter and the notification requirements under section 3010 of RCRA, except as provided in paragraph (a) of this section. (The recycling process itself is exempt from regulation except as provided in §261.6(d).)

(2) Owners or operators of facilities that recycle recyclable materials without storing them before they are recycled are subject to the following requirements, except as provided in paragraph (a) of this section:

(i) Notification requirements under section 3010 of RCRA;

(ii) Sections 265.71 and 265.72 (dealing with the use of the manifest and manifest discrepancies) of this chapter.

(iii) Section 261.6(d) of this chapter.

(d) Owners or operators of facilities subject to RCRA permitting requirements with hazardous waste management units that recycle hazardous wastes are subject to the requirements of subparts AA and

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