TERRATHERM
a Cascade Company
TerraTherm, Inc.
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November 30, 2016

VIA US MAIL AND EMAIL

Ms. Naomi Alvarado
Contracting Officer
772 ESS/PKG
772 D Enterprise Sourcing Squadron
2261 Hughes Ave., Suite 163
Lackland AFB, TX 78236-9861
Email: Naomi.alvarado@us.af.mil

Re: Contract No. FA8903-09-D-8572, Task Order No. 0002 ("Prime Contract")
Former Williams Air Force Base (AFB) Site ST012 ("Site")

Dear Ms. Alvarado:

As you know, TerraTherm, Inc. ("TerraTherm") subcontracted with AMEC Environment & Infrastructure, Inc. ("AMEC") to perform steam enhanced extraction ("SEE") services at the Site in support of the above-referenced Prime Contract with the United States Air Force ("Air Force"). I am writing regarding two contractual compliance issues.

First, since my last letter to you on October 24, 2016, AMEC still has not paid TerraTherm for all of the work TerraTherm performed at the Site. As of this writing, TerraTherm has outstanding billings totaling $ $849,861.41.

AMEC's failure to pay the outstanding amount due is a direct violation of the subcontract which requires AMEC to pay TerraTherm within seven (7) days of AMEC's receipt of payment from the Air Force, or no later than forty-five (45) days after TerraTherm's invoice submission. While TerraTherm's entitlement to payment is long overdue in any event, please confirm that the Air Force has paid AMEC for the SEE services that have been performed to-date. We have had

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difficulty obtaining any information from AMEC as it has failed to respond to numerous requests from TerraTherm and its counsel.

Second, on June 23, 2016, after TerraTherm had begun decommissioning at the Site and had almost completely dismantled the SEE system, AMEC issued a SWO to TerraTherm. Under the parties' subcontract, the SWO to TerraTherm expired after 90 days.

Since the expiration of the SWO, TerraTherm has made numerous requests to remove its remaining equipment from the Site. Yet, again in direct violation of the subcontract, AMEC has ignored TerraTherm's requests to remove its equipment from the Site, preventing TerraTherm from returning leased equipment and from utilizing equipment on other projects, resulting in mounting costs. AMEC's improper extension of the SWO in violation of the subcontract and without TerraTherm's consent has negatively impacted TerraTherm's ability to conduct ongoing business. Furthermore, given the SEE system has been essentially dismantled, AMEC and the Air Force could not restart SEE activities without reconstructing the SEE system and essentially beginning the mobilization process all over again, it does not make sense for AMEC to require TerraTherm's equipment to remain at the Site during this period of work stoppage under the prime contract. As a result, TerraTherm requests that the Air Force authorize TerraTherm to immediately access the Site to remove its equipment.

Thank you for your assistance with this matter.

Sincerely,

John M. Bierschenk

John Bierschenk, President, TerraTherm, Inc.

cc: Judith C. Pierce-Wales (AMEC) (via email)
Carolyn d'Almeida (EPA) (via email)