



August 15, 2013

Mr. Tyler Hahn,
Chevron North America Exploration and Production Company
1400 Smith
Houston, Tx. 77002

RE: Mabee Plant and U.S. Patent No. 8,505,332

Dear Mr. Hahn:

I am writing to outline the chronology of meetings and conversations with various Chevron representatives about our concerns that Chevron might be incorporating Pilot Energy Solutions LLC's proprietary technology in its Mabee plant.

In August 2007 Pilot Energy Solutions and Chevron began discussions about processing the recycle CO₂ gas at Mabee for NGL extraction, using Pilot technology (the "Mabee Plant"). During these discussions Pilot and Chevron executed a Confidentiality Agreement in 2008, and again in 2009. Subsequently, Pilot shared drawings, process simulations, heat and material balances, preliminary cost estimates, and made multiple visits to the Mabee Plant site. During 2007-2008 we attended several meetings with Chevron personnel, including Matthew Passmore, Julie Huff, Stan Shitaku, and Alan Hein. In November 2007 and again in April 2008, Pilot made formal proposals to build a plant, at its sole cost, to third-party process the CO₂ recycle gas at the Mabee recompression station. Chevron's continuing evaluation of the Pilot proposals included a field trip to our plant in Wyoming in Chevron's corporate plane, to allow Chevron personnel to further evaluate our proprietary process and speak to the operations staff. During this period there were also a number of meetings with Chevron to discuss the possibility of using Pilot's technology at Chevron's Reinecke field. All discussions were suspended until July 2009, when Aubrey Arms, (Facilities Engineer, CO₂ team), contacted Pilot. Ms. Arms asked Pilot for an updated evaluation, based on the most current flow and composition data for the Mabee facility. Pilot promptly provided this information to Ms. Arms. Other than addressing a few additional technical questions about the Mabee Plant proposal, we had no additional discussions until May 2010 when we received an email from Ms. Arms telling us that Chevron had a "two year plan" and that no final decision would be made on the Mabee Plant until 2012. In August 2010 we received a follow-up email from Ms. Arms letting us know that Chevron was still evaluating Pilot's technology and its processing proposal for the Mabee Plant. In response we offered to explore the possibility of alternative deal structures including a third party arrangement or a joint venture with Chevron for the Mabee Plant. We did not receive a response from either Chevron or Ms. Arms.

In January 2012, Pilot learned through several industry contacts, familiar with our technology, that Chevron was building the Mabee Plant and that it appeared the Plant was going to use

Pilot's technology. This information prompted us to look up the Mabee Plant's air permit application at the TCEQ (Texas Commission for Environmental Quality) to review the plant design. Based on this information, I contacted Rick Sweeney, then Manager of the Midland office. I suggested to Mr. Sweeney that because of the turnover in Chevron's Houston office they might not be aware that Pilot had previously disclosed its proprietary process under a confidentiality agreement and that Chevron may be using that technology at the Mabee Plant. Mr. Sweeney asked me a few questions about the technology and said he would check into the matter. We did not hear back from Mr. Sweeney.

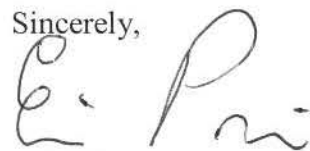
Naomi Baker, Pilot's Director of Operations and Engineering, received a call from Allen Hein on February 14, 2012. During the call Ms. Baker reiterated Pilot's concern that Chevron may have used Pilot's proprietary, patent pending technology at its Mabee Plant. Mr. Hein asked what protected technology Pilot believed Chevron was using. Ms. Baker did not have a copy of the patent application at the time of the call and she could not give specifics. She did however, remind Mr. Hein that he was involved in several of the meetings where the technology was discussed, and also participated in the field trip to Wyoming which toured the operating plant employing the technology. Ms. Baker suggested Pilot and Chevron sit down together and discuss Pilot's patent application and go over Chevron's Mabee Plant drawings. We have not heard from Chevron.

In meetings with Chevron, we had disclosed that the process in question was patent pending and was covered under our confidentiality agreements. On August 13, 2013 U.S. Patent No. 8,505,332 ("the '332 Patent") was issued from the United States Patent and Trademark Office to Pilot. The '332 Patent covers the technology disclosed to Chevron in Pilot's proposals for the Mabee Plant.

Pilot would like to schedule a meeting to go over the '332 Patent and compare it to the technology used by Chevron at the Mabee Plant. If it is determined Chevron is not using Pilot's technology, we will be happy to drop the matter.

We would like to schedule the suggested meeting within the next few days. Please feel free to call me at my office (281.260.4081) or cell phone (713.715.8785) to discuss a meeting time and location.

Sincerely,



Eric Prim
President
Pilot Energy Solutions