

ENERGY AND ENVIRONMENTAL SERVICES, INC.

6300 Boucher Drive
Edmond, Oklahoma 73034
Telephone: 800-635-7716

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 7, 2018

To the Shareholders:

Energy and Environmental Services, Inc. (“EES” or “We”) will hold an Annual Meeting of Shareholders (the “Annual Meeting”) on Thursday, June 7, 2018, at 11:00 a.m., CT, at our offices, 6300 Boucher Drive, Edmond, Oklahoma 73034. The Shareholders will meet to consider:

- (1) Electing five directors to serve until the 2019 Annual Meeting of Shareholders;
- (2) Approving the EES 2018 Equity Incentive Plan (the “Plan”); and
- (3) Transacting such other business as may properly come before the meeting or any adjournment.

The record date for the Annual Meeting is April 10, 2018. Only Shareholders of record at the close of business on that date can vote at the Annual Meeting.

We hope you will attend the Annual Meeting. *If you do not plan to attend, we still want you to participate by voting. Please sign and return the enclosed proxy in the envelope provided or follow the Internet or telephone voting procedures described on the proxy form.*

Sincerely,

Troy Todd
Secretary

April 20, 2018

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

June 7, 2018

Energy and Environmental Services, Inc. (“EES” or “We”) welcomes you to our Annual Meeting of Shareholders. We engage in the oilfield chemical, anti-corrosive coatings, and biotech segments. We began in 1991, and our management has over 50 years of experience blending, manufacturing and packaging custom liquids and solid chemicals for the oil and gas and agricultural industries. Additionally, we have expanded to develop innovative products and applications for enzyme system technologies, livestock feed supplements, and specialized anti-corrosive coatings. The Annual Report accompanying this Proxy Statement contains more about our business.

We are furnishing this Proxy Statement to inform our Shareholders about the upcoming Annual Meeting. To encourage Shareholder participation, we are soliciting proxies to be used at the Annual Meeting.

We are mailing this Proxy Statement and the accompanying proxy card to Shareholders beginning April 20, 2018. Shareholders can also access the Proxy Statement and the Annual Report on our website, <https://eesokc.com/investors/>.

General Information

Who Votes. If you hold shares as of the Record Date, April 10, 2018, you may vote at the Annual Meeting. If you hold shares in “street name”, you may vote at the Annual Meeting only if you hold a valid proxy from your broker. On April 10, 2018, we had 47,727,644 shares of common stock issued and outstanding, which were held by 209 Shareholders of record. Each share is entitled to one vote.

How to Vote. You may vote by attending the Annual Meeting in person. If you are unable to attend, you can tell us how to vote your shares by any of the following means

- by completing, executing and returning the proxy or voting instruction form in a timely manner;
- by using a touch-tone telephone and complying with the telephone voting instructions on the voting instruction form for “street name” holders; or
- through the Internet, by complying with the Internet voting instructions on the proxy or voting instruction form.

For shareholders with shares registered in the name of a brokerage firm or bank, most brokerage firms and banks participate in a program for shares held in “street name” that offers telephone and Internet voting options. Shareholders with shares registered directly in their names with Corporate Stock Transfer, Inc. (“CST”), our transfer agent, will also be able to vote using the Internet. If your shares are held in an account at a brokerage firm or bank participating in this program, you may vote those shares by calling the telephone number specified on your proxy or accessing the Internet website address specified on your proxy instead of completing and signing the proxy itself. The giving a telephonic or Internet proxy

will not affect your right to vote in person if you decide to attend the Annual Meeting, by completing, executing and returning the proxy card in a timely manner.

The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. If you are voting by telephone or Internet, you may incur costs for telephonic or electronic access, such as usage charges from telephone companies and Internet access providers.

If you return a signed proxy or voting instruction card, but do not tell us how you want to vote, we shall vote your shares "for" all director nominees and the other proposals as recommended by the Board.

Canceling Your Proxy. You can cancel your proxy at any time before we cast your vote in any of three ways:

- by giving the Secretary a written cancellation;
- by giving a later signed proxy; or
- by voting in person at the Annual Meeting.

Counting the Necessary Votes. Directors are elected by a plurality of votes, which means that the director nominees for the positions to be filled (five positions) receiving the highest number of votes will be elected. To approve our Plan, the Plan must receive a majority vote of the Shareholders present and entitled to vote at the Annual Meeting. If we transact any incidental business at the Annual Meeting, the incidental business must receive a majority vote of the Shareholders present and voting at the Annual Meeting.

Shareholders present and voting do not include Shareholders who abstain from voting. Abstentions are counted as present at the Annual Meeting for purposes of determining whether a quorum exists, but are not counted as voting and thus have no effect on the outcome. Shareholders present and entitled to vote include Shareholders who abstain. A majority of the possible votes is a majority of all Shareholders who could vote if present. Abstentions are counted for these purposes and have the effect of a "no" vote. Proxies submitted by brokers that do not indicate a vote for the proposal (usually because the brokers do not have discretionary voting authority and have not received instructions as to how to vote) are referred to as "broker non-votes". Broker non-votes are not counted as shares present and are not counted in determining whether a proposal is approved by a majority vote of the shares present and voting. Broker non-votes are counted in the total number of outstanding shares entitled to vote and would have the same legal effect as a vote against a proposal that requires an affirmative vote based on the number of outstanding shares entitled to vote.

Incidental Business. Proxies customarily ask for authority to transact other business that may come before the Annual Meeting. Much of this business is procedural, such as a vote on adjournment. Except for the matters set forth in the notice, we do not know of any substantive business to be presented or acted upon at the Annual Meeting. If any matter is presented at the Annual Meeting on which a vote may properly be taken, the designated proxies will cast your vote as they think best unless you otherwise direct.

ITEM 1
ELECTION OF DIRECTORS

The Shareholders will elect five directors at this year’s Annual Meeting. Each director will serve for a one-year term ending at the 2019 Annual Meeting or until he is succeeded by another qualified director who has been elected.

We shall vote your shares as you tell us. If unforeseen circumstances (such as death or disability) make it necessary for the Board to substitute another person for any of the nominees, we will vote your shares for that other person unless you have withheld authority.

All five of the nominees for directors are presently members of the Board of Directors.

The Board of Directors recommends voting “For” the nominees.

Biographical Information

The following table sets forth the name and age of each director nominee and the year he became a director.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Position</u>
Leon Joyce	48	2017	Chairman of the Board and Chief Executive Officer
Todd Jelinek	49	2016	Director and President
Troy Todd	55	2017	Director and Chief Operating Officer
Mark Day	62	2017	Director
James Merrill	50	2017	Director

The Director Nominees. The Board of Directors has nominated five candidates for election. If elected, these nominees will serve one-year terms. A brief summary of each director nominee’s principal occupation, business affiliations and other information follows.

Leon Joyce became Chief Executive Officer in January 2018, and served as President from April 2017 to January 2018. Mr Joyce became a Director in June 2017. He joined us in 2007 as a sales and marketing representative in Oklahoma, Kansas and Colorado and became national accounts manager in 2011, Business Development Manager in 2013, Vice President of Sales in 2015, and Senior Vice President in November 2016. Mr. Joyce attended Marymount College and Benedictine College.

Todd Jelinek became President in January 2018 and was Chief Executive Officer from April 2017 to January 2018. He joined us in 2012 as our Research & Development Director and became Executive Vice President and a Director in September 2016. Mr. Jelinek has over 22 years’ experience in research and development in the areas of biotechnology, pharmaceutical and environmental sciences. He has a Bachelor of Science in microbiology and a minor in chemistry from South Dakota State University.

Troy Todd became Chief Operating Officer in April 2017 and a Director in June 2017. He joined us in 2001 as a coating technician and became inventory/procurement manager in 2007, Manager of Solid Chemical in 2010, Manager of the

Chemical Division in 2011, Director of Operations for EES in 2014, and Vice President of Operations in November 2016. Mr. Todd has an Associate degree in business management from Oklahoma State University.

Mark Day became a Director in June 2017. He is the co-owner and President of Opeco, Inc. a closely held sales and distribution company with over 40 employees in seven locations in five states. Before forming Opeco in 1984, he worked in various capacities with Bethlehem Steel. Mr. Day holds a Bachelor of Science degree in business education from the University of Wyoming.

James Merrill became a Director in October 2017. He has served as the Chief Financial Officer of Flogistix, LP since 2014. From 2006 to 2014, he was the CFO or Controller for GMX Resources, Inc., a small cap, publicly held oil and gas exploration and production company. GMX Resources was reorganized in a Chapter 11 bankruptcy in 2013 and 2014. Mr. Merrill has over 15 years' experience with publicly traded companies either in a controller or CFO position. Upon graduating from college, Mr. Merrill spent eight years with Deloitte & Touche in the firm's audit practice. He is a certified public accountant and has a Bachelor of Arts in finance and accounting from the University of Oklahoma.

ITEM 2
APPROVAL OF THE EES 2018 EQUITY INCENTIVE PLAN

General

EES's Board of Directors has adopted the EES 2018 Equity Incentive Plan (the "*Plan*"), subject to shareholder approval. The adoption was based on the recommendation of the Board of Directors. The Board recognizes the value of stock incentives in motivating superior performance, encouraging and providing for the acquisition of an ownership interest in EES by participants, and enabling us to attract and retain the services of a management team responsible for our long-term financial success as well as non-employee directors to provide governance oversight and stewardship. The Plan requests authorization for the issuance of up to 5,000,000 shares of common stock.

Description of the 2018 Equity Incentive Plan

The following is a summary of the material terms of the Plan. The full text of the Plan is attached as Exhibit A to this Proxy Statement.

Administration. Under the Plan, the Compensation Committee (the "*Committee*") of the Board may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, deferred stock units, other forms of stock-based compensation and cash awards to officers and other employees of EES and its subsidiaries. The number of grantees may vary from year to year, but we anticipate a relatively broad distribution of awards among our employees. The Committee administers the Plan and its determinations are binding upon all persons participating in the Plan.

Available Shares. The maximum number of shares of EES's common stock that may be issued under the Plan is 5,000,000. We currently have no outstanding stock options or other shares subject to issuance under outstanding awards. Shares of stock subject to options or share-settled stock appreciation rights are deducted from the Plan share reserve based on the gross number of shares of stock exercised, and the shares of stock subject to an award that are retained by us or tendered to us to pay the exercise price or withholding taxes shall not become available again for issuance under the Plan. Any shares repurchased by us in the open market shall not increase the number of shares available for issuance under the Plan. Any shares of stock subject to an award, which for any reason are cancelled, cash-settled, terminated or otherwise settled without issuance of any shares of stock shall again be available for awards under the Plan.

The shares may be unissued shares or treasury stock. If there is a stock split, stock dividend, recapitalization, spinoff, exchange or other similar corporate transaction or event affecting our common stock, the Committee will make appropriate adjustments in the number of shares issuable in the future and in the number of shares and price under all outstanding grants made before the event.

Any shares of stock subject to options or stock appreciation rights are counted against the maximum share limitation as one share of stock for every subject share of stock. Any shares of stock subject to awards other than options or stock appreciation rights are counted against the maximum share limitation as two shares of stock for every subject share of stock.

Limitations. The maximum number of shares of common stock that may be issued under the Plan in any fiscal year to any one employee may not exceed 5% of the aggregate number of shares of common stock that may be issued under the Plan. The sum of any cash compensation and the grant date fair value of Awards granted under the Plan to a non-employee director as compensation for services during any calendar year may not exceed \$50,000.

Minimum Vesting Requirement. Equity-based Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided, the Committee may grant equity-based Awards without regard to the foregoing minimum vesting requirement with respect to a maximum of 5% of the available share reserve authorized for issuance under the Plan. Subject to this limitation, no award under the Plan that is based on performance criteria may be based on performance over a period of less than one year. No award under the Plan that is solely conditioned on continued employment or the passage of time may provide for vesting in less than pro rata annual installments over three years from the date of the award. The foregoing restrictions do not apply to the Committee's discretion to provide accelerated exercisability or vesting of any Award, including in cases of retirement, death, disability or Change-in-Control, in the terms of the Award or otherwise.

Grants Under the Plan

Stock Options for Employees. The Committee may grant employees nonqualified options and options qualifying as incentive stock options. The option price of either a nonqualified stock option or an incentive stock option will be the fair market value of the common stock on the date of grant. Options qualifying as incentive stock options must meet certain requirements of the Internal Revenue Code (the "Code"). The Committee determines the methods of payment upon exercising an option, which may include paying the option price in cash, or withholding shares otherwise issuable on exercise of the option, or delivering other shares of common stock. The Committee will fix the term of each option, but the term may not exceed ten years from the date of grant. The Committee will determine when each option is exercisable. Options may be made exercisable in installments. Other than in connection with a change in capitalization (as described above), the exercise price of a stock option may not be reduced. Stock options may not be granted under the Plan in consideration for the delivery of EES common stock in payment of the exercise price or tax withholding under any other stock option, i.e., no "reloads". Unless otherwise provided by the Committee at the time of grant, if the employment of an optionholder is involuntarily terminated within one year of a change-in-control of EES (as defined in the Plan), then all outstanding options of the employee become immediately exercisable.

Stock Options of Acquired Companies. The Committee may also grant stock options in replacement of or upon assumption of options previously issued by companies acquired by EES by merger or stock purchase. Any options so replaced or assumed may have the same terms including exercise price as the options so replaced or assumed. Any such options shall not count against the share reserve limits.

Stock Appreciation Rights. The Committee may grant a stock appreciation right (a "SAR") in conjunction with an option granted under the Plan or separately from any option. Each SAR granted in tandem with an option may be exercised only to the extent that the

corresponding option is exercised, and the SAR terminates upon termination or exercise of the corresponding option. SAR's granted separately from options may be granted on such terms and conditions as the Committee establishes; however, the term of each SAR may not exceed ten years from the date of grant. If an employee exercises a SAR, the employee will generally receive a payment equal to the excess of the fair market value at the time of exercise of the shares with respect to which the SAR is being exercised over the price of the shares as fixed by the Committee at the time the SAR was granted. The price fixed by the Committee at the time the SAR was granted will be the fair market value of the common stock on the date of grant. Payment may be made in cash, in shares of EES common stock, or any combination of cash and shares as the Committee determines. Other than in connection with a change in capitalization (as described above), the exercise price of a stock appreciation right may not be reduced. Unless otherwise provided by the Committee at the time of grant, if the employment of an SAR holder is involuntarily terminated within one year of a change-in-control (as defined in the Plan) of EES, then all outstanding SARs of the employee become immediately exercisable.

Restricted Stock. The Committee may grant awards of restricted stock to employees under the Plan. The Committee will establish restrictions on the shares, which may include restrictions relating to continued employment and EES financial performance. The Committee may issue restricted stock awards without any cash payment by the employee, or with such cash payment as the Committee determines. Unless otherwise provided by the Committee at the time of grant, if the employment of a restricted stock/unit holder is involuntarily terminated within one year of a change-in-control of EES (as defined in the Plan), all restrictions for the employee lapse. The Committee has the right to waive any restrictions.

Other Stock-Based and Cash Awards. The Committee may grant other stock-based awards and other cash awards to participants under the Plan, which may be based in whole or in part by reference to, or otherwise based on the fair market value of EES common stock, on such terms as the Committee determines. The awards may include restricted stock units, which may be settled in common stock or otherwise, performance share awards which are the subject of one or more performance criteria, and deferred stock units, which entitle the participant to receive shares (or cash or other property if so determined by the Committee) at a future time. The performance criteria may be calculated on an absolute or relative basis, and may be based on stock price, earnings, earnings per share, growth in earnings per share, total shareholder return, achievement of annual operating profit plans, operating income performance, return on equity performance, return on capital, sales growth, expense or working capital targets, margin improvement, cash flow, or other objective or subjective performance goals as the Committee determines. The Committee may make appropriate provision for the effect of a change-in-control (as defined in the Plan) on restricted stock units, deferred stock units, and performance-based awards; however, acceleration of vesting may only occur following an involuntary termination of employment.

Treatment of Dividends and Dividend Equivalents on Unvested Awards. EES will pay no dividends or dividend equivalents with respect to options or stock appreciation rights. Notwithstanding any other provision of the Plan to the contrary, with respect to any award that provides for or includes a right to dividends or dividend equivalents, if dividends are declared during the period that an equity award is outstanding, the dividends (or dividend

equivalents) shall either (a) not be paid or credited with respect to the award or (b) be accumulated but remain subject to vesting requirements to the same extent as the applicable award and shall only be paid when the vesting requirements are satisfied.

Director Participation. Non-employee directors may receive awards under the Plan upon approval by the Board of Directors. With respect to awards to the directors, all rights, powers and authorities vested in the Committee under the Plan are instead to be exercised by the independent members of the Board. The sum of any cash compensation and the grant date fair value of equity awards granted under the Plan to a non-employee director as compensation for services during any calendar year may not exceed \$50,000.

Tax Withholding. The Committee may permit an employee to satisfy applicable Federal, state and local tax withholding requirements through the delivery to EES of previously-acquired shares of common stock or by having shares otherwise issuable under the Plan withheld by EES.

Impact of a Change in Control. Unless the Committee otherwise provides at the time of grant, upon a change-of-control (as defined in the Plan), if the employment of the holder of a stock-based award is involuntarily terminated within 12 months following the change-of-control, then the holder's outstanding options and stock appreciation rights shall become immediately exercisable and all restrictions with respect to restricted stock and restricted stock units shall lapse.

No Repricing of Stock Options or Stock Appreciation Rights. Subject to the adjustment provisions set forth in the Plan, the Committee will not, other than in connection with a change of control, take any of the following actions without the approval of shareholders: reduce the exercise price of any previously granted option or stock appreciation right; cancel any previously granted option or stock appreciation right in exchange for another option or stock appreciation right with a lower exercise price; or cancel any previously granted option or stock appreciation right in exchange for cash or another award if the exercise price of the option or stock appreciation right exceeds the fair market value of a share of common stock on the date of the cancellation.

Other Information. Except as the Committee permits, awards under the Plan are not transferable except by will or under the laws of descent and distribution; any permitted transfer must be for zero consideration. Unless terminated by action of the Board, the Plan will continue in effect until March 31, 2028, but awards granted before that date will continue in effect until they expire in accordance with their original terms. The Board may also amend the Plan as it deems advisable. Amendments which (a) materially modify the requirements for participation in the Plan, (b) increase the number of shares of EES common stock subject to issuance under the Plan (except in connection with an equitable adjustment), (c) change the minimum exercise price for stock options as provided in the Plan, (d) eliminate the prohibitions on repricing and reloads, or (e) extend the term of the Plan, must be submitted to shareholders for approval. No amendment or termination shall adversely affect in any material respect the rights of any participant with respect to a previously granted award without the written consent of the participant.

Federal Income Tax Consequences

Federal income tax consequences to us and our employees of awards under the Plan are complex and subject to change. The following discussion only summarizes the general Federal income tax rules currently applicable to the Plan and does not describe state, local, or foreign tax consequences.

With respect to incentive stock options, if the holder of an option does not dispose of the shares acquired upon exercise of the option within one year from the transfer of the shares to the employee, or within two years from the date the option to acquire the shares is granted, then for Federal income tax purposes (a) the optionee will not recognize any income at the time of exercise of the option; (b) the excess of the fair market value of the shares as of the date of exercise over the option price will constitute an “item of adjustment” for purposes of the alternative minimum tax; and (c) the difference between the option price and the amount realized upon the sale of the shares by the optionee will be treated as a long-term capital gain or loss. EES will not be allowed a deduction for Federal income tax purposes in connection with the granting of an incentive stock option or the issuance of shares under the incentive option.

With respect to the grant of options which are not incentive stock options, the person receiving an option will recognize no income on receipt. Upon the exercise of the option, the optionee will recognize ordinary income in the amount of the difference between the option price and the fair market value of the shares on the date the option is exercised. Subject to Section 162(m) of the Code, EES generally will receive an equivalent deduction at that time.

With respect to restricted stock awards and other stock awards, an amount equal to the fair market value of the EES shares distributed to the employee (in excess of any purchase price paid by the employee) will be includable in the employee’s gross income at the time of receipt unless the award is not transferable and subject to a substantial risk of forfeiture as defined in Section 83 of the Code (a “*Forfeiture Restriction*”). If an employee receives an award subject to a Forfeiture Restriction, the employee may elect to include in gross income the fair market value of the award. Without an election, the employee will include in gross income the fair market value of the award subject to a Forfeiture Restriction on the earlier of the date the restrictions lapse or the date the award becomes transferable. Subject to Section 162(m) of the Code, EES generally is entitled to a deduction at the time and in the amount that the income is included in the gross income of an employee.

With respect to restricted stock units, deferred stock units, performance shares and stock appreciation rights, the amount of any cash (or the fair market value of any common stock) received will be subject to ordinary income tax in the year of vesting or distribution of the stock or cash and, subject to Section 162(m) of the Code, EES generally will be entitled to a deduction for that amount.

Section 162(m) of the Code generally places a \$1 million limit on the amount of compensation a company can deduct in any one year for certain executive officers. Previous law provided an exemption from the limitation for performance-based compensation. The exemption from the deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017; consequently, compensation paid to certain executive officers in excess of \$1 million may not be deductible unless it

qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

The terms of the Plan and each award are intended to comply with Section 409A of the Code, which imposes specific restrictions on non-qualified deferred compensation arrangements. All awards under the Plan that are intended to be exempt from Section 409A of the Code will be interpreted, administered and construed to comply or preserve the exemption.

New Plan Benefits

Awards granted under the 2018 Equity Incentive Plan will be subject to the Committee's discretion, and the Committee has not determined future awards or who might receive them. The Committee expects to make decisions about equity awards in December of each year. As a result, the benefits that will be awarded under the Plan are not currently determinable.

Vote Required

The favorable vote of the holders of a majority of the outstanding shares of EES's common stock present in person or represented by proxy at the meeting and entitled to vote at the annual meeting is required for approval of the Plan. If shareholders do not approve the Plan, we believe our future ability to issue stock-based awards will be limited, adversely affecting our business.

Your Board of Directors recommends voting "For" this proposal

OTHER INFORMATION ABOUT DIRECTORS, OFFICERS AND CERTAIN SHAREHOLDERS

Stock Ownership of Management and Certain Shareholders

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of April 10, 2018, by (a) each director and nominee, (b) each NEO in the Summary Compensation Table, (c) each person that we know or believe to own beneficially five percent or more of the Common Stock, and (d) all directors and NEOs as a group. Unless indicated otherwise, each person has sole voting and dispositive power with respect to the shares.

<u>Name of Director, Executive Officer, or Shareholders Holding 5% or More</u>	<u>Beneficial Ownership⁽¹⁾</u>	
	<u>Number of Shares</u>	<u>Percent</u>
Melvin Smith Revocable Trust Vickie Smith, Trustee 602 Carlyon Avenue SE Olympia, WA 98501	13,250,000	27.8%
Leon Joyce	1,250,050	2.6%
Todd Jelinek	1,281,300	2.7%
Troy Todd	1,250,000	2.6%
Mark Day	5,000	*
George Shaw 17504 Cranbrook Rd. Edmond, OK 73015	4,071,600	8.5%
Scott Shaw 6500 NW Grand Blvd., #139 Oklahoma City, OK 73116	3,643,780	7.6%
All directors and named executive officers as a group (5 persons)	3,786,350	7.9%

* Less than one percent.

(1) Disclosures regarding “beneficial ownership” are made as that term is defined under Federal securities laws.

Corporate Governance

Board Composition, Meetings and Committees. Our Board of Directors is currently composed of five directors, two of whom are independent.

In 2017, the full Board met twice with all directors attending. The Board acted four times by written consent during the year. Management also periodically conferred with directors between meetings regarding our affairs.

In 2017, the Board had not yet delegated its functions to any standing committees, such as audit, compensation, nominating or other similar committees. In March of this year, the Board created an Audit Committee and a Compensation Committee. It does not

anticipate the creation of other standing committees at this time. The task of nominating directors is undertaken by the full Board.

The newly formed Audit Committee is composed of Mr. Merrill (Chair) and Mr. Day. After terminating our registration under the Securities Exchange Act of 1934 (the “Exchange Act”) in 2011, we stopped auditing our financial statements. We intend to register under the Exchange Act and will resume financial audits. The Audit Committee will oversee our progress toward audited financial statements by independent auditors. Its duties will include: (a) recommending the selection of independent auditors, (b) reviewing the scope of the audit to be conducted by them, as well as the results of their audit, (c) reviewing our financial reporting and accounting standards and principles followed, (d) evaluating our internal controls, and (e) overseeing our risk management program.

The newly formed Compensation Committee is composed of Mr. Day (Chair) and Mr. Merrill. The Compensation Committee will recommend to the Board the compensation levels, including bonus amounts, of the executive officers and will monitor other employee benefits.

The Board has not established a formal process for considering director recommendations from Shareholders. The Board will, however, consider shareholder recommendations if received in ample time before the preparation and release of its annual proxy materials. For consideration, a recommendation would typically be submitted by the January 1st preceding the annual meeting. The Bylaws provide an alternative procedure for Shareholders to nominate director candidates by giving us advance notice.

Director Compensation. During 2017, the directors were not compensated for their service. In 2018, we will begin compensating our outside directors \$500 per Board meeting and \$350 for Committee meetings. We also reimburse all ordinary and necessary expenses, including travel expense, incurred in the conduct of our business.

Director Insurance and Indemnity. We maintain directors’ and officers’ liability insurance policies covering our directors and officers in the course of their service. Our bylaws provide for mandatory indemnification and advancement to hold our directors and executive officers harmless in the event claims are made against them in the course of their service.

Director Communication. Shareholders may send communications to the Board (and to individual directors) through Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 6300 Boucher Drive, Edmond, Oklahoma 73034, and telephone 800-635-7716. He will forward to the directors all communications that, in his judgment, are appropriate for consideration by the directors.

Code of Ethics

We have adopted a Code of Ethics that applies to our directors, management and employees. The latest copy of our Code of Ethics is available under the heading “Governance” on our web site at <https://eesokc.com/investors/>. We intend to disclose future amendments to certain provisions of our Code of Ethics, or waivers of those provisions, at the same location on our web site.

Executive Compensation

The following table sets forth the compensation paid or accrued to the Chief Executive Officer, the President, and the Vice President of Operations (they are sometimes called the “*named executive officers*” or “*NEOs*”) for services performed in 2017.

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Annual Compensation</u>		<u>Other Annual Compensation(\$)</u>
		<u>Salary (\$)</u>	<u>Bonus(\$)⁽¹⁾</u>	
Leon Joyce Chief Executive Officer	2017	\$106,605	\$5,000	-
Todd Jelinek President	2017	\$65,000	\$5,000	-
Troy Todd Vice President of Operations	2017	\$56,555	\$5,000	-

(1) Based solely on the Board’s discretion, bonuses are paid to the employees.

(2) We have a 401K program for employees, but do not match contributions.

Employment Agreements

We have entered into written employment agreements with each of the Named Executive Officers. These employment agreements provide for “at will” employment. The agreements define the rights and responsibilities of each party, including the rights and responsibilities upon termination of employment. Upon involuntary termination for death or disability, for voluntary terminations by the executive officer, for terminations by EES with or without cause, the executive officer receives only his accrued compensation (including accrued vacation) through the termination date. For terminations after a change in control or for good reason, the executive officer will receive compensation through the end of the employment year and an additional six months’ compensation. “Good reason” is defined as the executive officer’s termination after a reduction in compensation, an assignment of duties inconsistent with his office, or an assignment of duties in an office more than ten miles from his present office. The agreements prohibit the executive officer from disclosing our confidential information or business practices or engaging directly or indirectly in competition with us. The executive officer is also prohibited from competing against us or soliciting our clients for two years after his employment terminates.

Outstanding Equity Awards at Year-End

We have not granted any stock options or other equity awards to the named executive officers, and there were no outstanding options or awards as of December 31, 2017.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions

We own 50% of Vortex Oilfield Products, LLC (“*Vortex*”), which was formed in 2017 to market and distribute pump barrels coated with our anti-corrosive Enduro-Bond® coating. The other 50% owner is Daxon Investments, LLC (“*Daxon*”), which is 50% owned and managed by our director, Mark Day. Mr. Day and Leon Joyce are the managers of Vortex. Under the arrangement, Vortex buys the pump barrels and has contracted with us for an exclusive ten-year term to coat the pump barrels at our standard pricing. Once coated, Vortex will distribute the pump barrels through direct sales and sales representatives. Vortex has contracted with Opeco, Inc., which is also partially owned and managed by Mr. Day. Under the distribution agreement, Opeco will purchase the coated pump barrels from Vortex and distribute them within the states of Oklahoma, Arkansas, Kansas, Alabama, Mississippi, McCook County, Nebraska, certain counties in northern Louisiana, and certain counties in northern and eastern Texas and the Texas panhandle. Opeco will realize a 10% discount on products purchased by it for resale.

We entered into these arrangements in 2017, but spend most of the year testing the product coating to ensure proper performance. Our direct investment in 2017 was approximately \$2,000 plus time and materials in product testing. We have invested approximately \$15,000 in 2018 year-to-date. Daxon has invested like amounts. Opeco bought \$6,000 in pump barrels from Vortex in 2017. We are only now ramping up production. We anticipate that our contributions to Vortex, payments received for product coating, and product purchase payments from and sales commissions to Opeco will increase significantly in 2018.

We have a distribution agreement with Opeco for the sale of our coating products. The agreement covers the same territory as the Vortex distribution agreement described above. Opeco receives a 10% sales commission on coating sales within the territory and may buy coating products from us at a 20% discount for resale. In 2017, we paid Opeco \$11,600 for sales under the agreement. Opeco purchased \$29,000 of coatings from us in 2017.

We believe that these arrangements are appropriate and the payments are reasonable and equal to or less than amounts that would be payable to an unaffiliated third party for comparable service.

Related Person Transactions Policy and Procedures

We have a corporate policy for the identification, review, consideration and approval or ratification of “related person transactions”. For purposes of our policy only, a “related-person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants involving an amount that exceeds \$10,000. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A related person is any executive officer, director, or more than 5% shareholder, including any of their immediate family members, and any entity owned or controlled by those persons. The Board has adopted a written policy covering relating party transactions.

OTHER INFORMATION ABOUT THE ANNUAL MEETING

Other Matters Coming Before the Meeting

As of the date of this Proxy Statement, we know of no business to come before the Annual Meeting other than that referred to above. Our rules of conduct for the Annual Meeting prohibit the introduction of substantive matters not previously presented to the Shareholders in a proxy statement. As to other business, such as procedural matters that may come before the meeting, the person or persons holding proxies will vote those proxies in the manner they believe to be in the best interests of us and our Shareholders.

Shareholder Proposals for the Next Annual Meeting

Any shareholder proposal intended for inclusion in our Proxy Statement for the 2019 Annual Meeting must be received at our offices, 6300 Boucher Drive, Edmond, Oklahoma 73034, no later than March 1, 2019. Any shareholder proposals received after this date will be considered untimely.

Shareholders who intend to present a proposal at the 2019 Annual Meeting without including the proposal in our Proxy Statement, or who propose to nominate a person for election as a director at the 2019 Annual Meeting, are required to provide notice of the proposal or nomination, containing the information required by our Bylaws, to us no more than 120 days or less than 90 days before the one-year anniversary of the 2018 Annual Meeting.

Additional Information

We bear the cost of soliciting proxies. Our officers and regular employees may solicit proxies by further mailings, personal conversations, or by telephone, facsimile or other electronic transmission. They will do so without compensation other than their regular compensation.

Our Annual Report and past newsletters are available without charge to any Shareholder, upon request, by calling 800-635-7716 or writing to Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 6300 Boucher Drive, Edmond, Oklahoma 73034.

By Order of the Board of Directors

Troy Todd
Secretary

April 20, 2018

EXHIBIT A

EES 2018 EQUITY INCENTIVE PLAN

Section 1 NAME AND PURPOSE

1.1 *Name.* The name of the plan is the EES 2018 Equity Incentive Plan (the “*Plan*”).

1.2 *Purpose of Plan.* The purpose of the Plan is to foster and promote the long-term financial success of the Company and increase shareholder value by (a) motivating superior performance by means of stock incentives, (b) encouraging and providing for the acquisition of an ownership interest in the Company by Participants, and (c) enabling the Company to attract and retain the services of a management team responsible for the long-term financial success of the Company.

Section 2 DEFINITIONS

2.1 *Definitions.* Whenever used herein, the following terms shall have the respective meanings set forth below:

(a) “*Award*” means any Option, Stock Appreciation Right, Restricted Stock, Other Stock-Based Award or cash granted under the Plan, including Awards combining two or more types of Awards in a single grant.

(b) “*Board*” means the Board of Directors of the Company.

(c) “*Code*” means the Internal Revenue Code of 1986, as amended.

(d) “*Committee*” means the Compensation Committee of the Board, or its successor, or other committee of the Board to which the Board delegates power to act under the provisions of the Plan.

(e) “*Company*” means Energy and Environmental Services, Inc., a Colorado corporation (and any successor) and its Subsidiaries.

(f) “*Eligible Director*” means a person who is serving as a member of the Board and who is not an Employee.

(g) “*Employee*” means any employee of the Company or any of its Subsidiaries.

(h) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

(i) “*Fair Market Value*” means, on any date, the closing price of the Stock as reported on the OTC Market (or on such other recognized market or quotation system on which the trading prices of the Stock are traded or quoted at the relevant time) on that date. If there are no Stock transactions reported on the system on that date, Fair Market Value means the closing price on the immediately preceding date on which Stock transactions were so reported.

(j) “*Option*” means the right to purchase Stock at a stated price for a specified period. For purposes of the Plan, an Option may be either (i) an Incentive Stock Option within the meaning of Section 422 of the Code, or (ii) a Nonstatutory Stock Option.

(k) “*Other Stock-Based Award*” means an award of a share of Stock or units of common stock, including restricted stock units and deferred stock units, to a Participant subject to such terms as the Committee may determine.

(l) “*Participant*” means any Employee, Eligible Director or consultant (a non-employee who performs bona fide services for the Company) designated by the Committee to participate in the Plan.

(m) “*Plan*” means the EES 2018 Equity Incentive Plan, as in effect from time to time.

(n) “*Restricted Stock*” shall mean a share of Stock granted to a Participant subject to such restrictions as the Committee may determine.

(o) “*Stock*” means the Common Stock of the Company, par value \$0.00001 per share.

(p) “*Stock Appreciation Right*” means the right, subject to such terms and conditions as the Committee may determine, to receive an amount in cash or Stock equal to the excess of (i) the Fair Market Value, as of the date the Stock Appreciation Right is exercised, of the number shares of Stock covered by the Stock Appreciation Right being exercised over (ii) the aggregate exercise price of the Stock Appreciation Right.

(q) “*Subsidiary*” means any corporation or partnership in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock of the corporation or of the capital interest or profits interest of the partnership.

2.2 *Gender and Number.* Except when otherwise indicated by the context, words in the masculine gender used in the Plan includes the feminine gender, the singular includes the plural, and the plural includes the singular.

Section 3 ELIGIBILITY AND PARTICIPATION

The only persons eligible to participate in the Plan are those Participants selected by the Committee.

Section 4 POWERS OF THE COMMITTEE

4.1 *Committee Members.* The Plan is administered by the Committee, which is composed of one or more members of the Board. Each Committee member shall satisfy the requirements for a “non-employee director” for purposes of Rule 16b-3 under the Exchange Act.

4.2 *Power to Grant.* The Committee determines the Participants to whom Awards are granted, the type or types of Awards to be granted, and the terms and conditions of the Awards. The Committee may establish different terms and conditions for different types of Awards, for different Participants receiving the same type of Awards, and for the same Participant for each Award the Participant may receive, whether or not granted at different times.

4.3 *Administration.* The Committee is responsible for the administration of the Plan. The Committee, by majority action, is authorized to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the Plan in order to carry out its provisions and purposes. Determinations,

interpretations, or other actions made or taken by the Committee under the provisions of the Plan are final, binding, and conclusive for all purposes and upon all persons.

4.4 *Delegation by Committee.* The Committee may, at any time and from time to time, (a) delegate to one or more of its members all or any of its responsibilities and powers, including the responsibilities and authority described under Sections 4.2 and 4.3, and (b) grant authority to Employees or designate Employees of the Company to execute documents on behalf of the Committee or to otherwise assist the Committee in the administration and operating of the Plan.

Section 5

STOCK SUBJECT TO PLAN

5.1 *Number.* The number of shares of Stock subject to Awards under the Plan after the date the Plan is approved by Company shareholders may not exceed 5,000,000 shares of Stock. The shares to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock, not reserved for any other purpose. Any shares of Stock subject to Options or Stock Appreciation Rights are counted against the maximum share limitation of this Section 5.1 as one share of Stock for every share of Stock subject thereto. Any shares of Stock subject to Awards other than Options or Stock Appreciation Rights are counted against the maximum share limitation of this Section 5.1 as two shares of Stock for every share of Stock subject thereto.

Stock issued under Awards granted in assumption, substitution or exchange for previously granted awards of a company acquired by the Company do not reduce the shares available under the Plan. Available Stock under a shareholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards under the Plan and do not reduce the Plan's share reserve (subject to applicable stock exchange listing requirements).

5.2 *Limitations.* The maximum number of shares of Stock with respect to which Awards may be granted to any one Participant under the Plan in any calendar year is 5% of the aggregate number of shares of Stock available for Awards under Section 5.1. The sum of any cash compensation and the grant date fair value of Awards (as determined in accordance with FASB Topic 718 or any successor thereto) granted under the Plan to an Eligible Director as compensation for services as an Eligible Director during any calendar year may not exceed \$50,000. Section 10.5 contains additional limitations on Awards.

5.3 *Availability of Stock Not Issued under Awards.* Any shares of Stock subject to an Award, which for any reason are cancelled, cash-settled, terminated or otherwise settled without the issuance of any Stock shall again be available for Awards under the Plan. Notwithstanding the foregoing, shares of Stock subject to Options or share-settled Stock Appreciation Rights are deducted from the Plan share reserve based on the gross number of shares of Stock exercised and not deducted based on the net number of shares of Stock delivered. The shares of Stock subject to an Award that are tendered to the Company or retained by the Company to pay the exercise price or withholding taxes are deducted from the Plan share reserve and shall not become available again for issuance under the Plan.

5.4 *Equitable Adjustments.* Upon any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares, or other similar corporate transaction or event, (a) the aggregate number of shares of Stock available for Awards under Section 5.1, (b) the number of shares and exercise price with respect to Options and the number, prices and dollar value of other Awards and/or (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria

with respect thereto), are appropriately adjusted by the Committee, whose determination is conclusive.

5.5 *Treatment of Dividends and Dividend Equivalents on Unvested Awards.* Dividends and dividend equivalents shall not be paid with respect to Options or Stock Appreciation Rights. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that provides for or includes a right to dividends or dividend equivalents, if dividends are declared during the period that an equity Award is outstanding, the dividends (or dividend equivalents) shall either (a) not be paid or credited with respect to the Award or (b) be accumulated but remain subject to vesting requirements to the same extent as the applicable Award and shall only be paid when the vesting requirements are satisfied.

Section 6 STOCK OPTIONS

6.1 *Grant of Options.* The Committee determines when Options may be granted to Participants. Options granted under the Plan may be of two types: Incentive Stock Options and Nonstatutory Stock Options. The Committee has complete discretion in determining the number of Options, if any, to be granted to a Participant. Each Option is evidenced by an Option agreement that specifies the type of Option granted, the exercise price, the duration of the Option, the number of shares of Stock to which the Option pertains, the exercisability (if any) of the Option upon death, retirement, disability or termination of employment, and such other terms and conditions not inconsistent with the Plan, as the Committee determines. Options may also be granted in replacement of or upon assumption of options previously issued by companies acquired by the Company by merger or stock purchase, and any options so replaced or assumed shall have the same terms including exercise price as the options so replaced or assumed; any such options do not count against the limits established in Section 5.1.

6.2 *Option Price.* Nonstatutory Stock Options and Incentive Stock Options granted under the Plan must have an exercise price that is not less than the Fair Market Value on the date the Option is granted.

6.3 *Exercise of Options.* Options awarded to a Participant under the Plan are exercisable when and under such restrictions and conditions as the Committee may impose, subject to the Committee's right to accelerate the exercisability of such Option in its discretion. Notwithstanding the foregoing, no Option may be exercisable more than ten years after the date on which it is granted.

6.4 *Payment.* The Committee shall establish procedures governing the exercise of Options, which require that written notice of exercise be given and that the Option price be paid in full in cash or cash equivalents, including by personal check, at the time of exercise or under any arrangement that the Committee approves. The Committee may, in its discretion, permit a Participant to make payment (a) by tendering, either by actual delivery of shares or by attestation, shares of Stock already owned by the Participant valued at its Fair Market Value on the date of exercise, or (b) by electing to have the Company retain Stock that would otherwise be issued on exercise of the Option, valued at its Fair Market Value on the date of exercise. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Company shall deliver to the Participant a certificate or certificates representing the acquired shares of Stock. The Committee may permit a Participant to elect to pay the exercise price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the

entire exercise price and any required tax withholding resulting from the exercise. The Committee may approve other methods of payment.

6.5 *Incentive Stock Options.* Notwithstanding anything in the Plan to the contrary, no term of this Plan relating to Incentive Stock Options is interpreted, amended or altered, nor is any discretion or authority granted under the Plan to be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of any affected Participant, to cause any Incentive Stock Option previously granted to fail to qualify for the Federal income tax treatment afforded under Section 421 of the Code. No more than 50% of the aggregate number of shares of Stock available for grant may be subject to Incentive Stock Options.

6.6 *No Repricing.* Other than under Section 5.4, the Committee shall not without the approval of the Company's shareholders (a) lower the exercise price of an Option or Stock Appreciation Right, (b) cancel an Option or Stock Appreciation Right when the exercise price per share exceeds the Fair Market Value of one share in exchange for cash or another Award (other than in connection with a Change of Control), or (c) take any other action with respect to an Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Stock is listed.

6.7 *No Reload Grants.* Options shall not be granted under the Plan in consideration for the delivery of Stock to the Company in payment of the exercise price and/or tax withholding obligation under any other Option.

Section 7 DIRECTOR AWARDS

7.1 *Director Awards.* Any Award or formula for granting an Award under the Plan made to Eligible Directors must be approved by the Board. With respect to awards to the directors, all rights, powers and authorities vested in the Committee under the Plan shall instead be exercised by the Board. Certain limitations on Director Awards are set forth in Section 5.2.

Section 8 STOCK APPRECIATION RIGHTS

8.1 *SAR'S in Tandem with Options.* Stock Appreciation Rights may be granted to Participants in tandem with any Option granted under the Plan, either at or after the time of the grant of the Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee determines. Each Stock Appreciation Right shall only be exercisable to the extent that the corresponding Option is exercisable, and shall terminate upon termination or exercise of the corresponding Option. Upon the exercise of any Stock Appreciation Right, the corresponding Option shall terminate.

8.2 *Other Stock Appreciation Rights.* Stock Appreciation Rights may also be granted to Participants separately from any Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee determines.

8.3 *Limitations.* The provisions of Sections 6.2, 6.3, 6.6 and 6.7 of the Plan also apply to Stock Appreciation Rights.

Section 9 RESTRICTED STOCK

9.1 *Grant of Restricted Stock.* The Committee may grant Restricted Stock to Participants at such times and in such amounts, and subject to such other terms and conditions not inconsistent with the Plan as it determines. Each grant of Restricted Stock is subject to restrictions, which may relate to continued employment with the Company, performance of the Company, or other restrictions, as the Committee determines. Each grant of Restricted Stock is evidenced by a written agreement setting forth the terms of the Award.

9.2 *Removal of Restrictions.* The Committee may accelerate or waive the restrictions in whole or in part at any time in its discretion.

Section 10 OTHER STOCK-BASED AND CASH AWARDS

10.1 *General.* The Committee may grant Awards of Stock and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, shares of stock. Such other stock-based awards are in the form, and dependent on the conditions, as the Committee determines, including the right to receive or vest with respect to, one or more shares of Stock (or the equivalent cash value of the Stock) upon the completion of a specified period of service, the occurrence of an event, and/or the attainment of performance objectives. Such other stock-based awards may include the awards referenced in Sections 10.2 and 10.3.

10.2 *Restricted Stock Units.* Restricted Stock Units represent an unfunded and unsecured obligation of the Company. Settlement of a Restricted Stock Unit upon expiration of the deferral or vesting period may be made in Stock or otherwise as the Committee determines.

10.3 *Performance Shares.* Performance shares are awards the grant, issuance, retention, vesting and/or settlement of which is subject to the satisfaction of one or more of the performance criteria established by the Committee. The performance criteria may be calculated on an absolute or relative basis, and may be based on stock price, earnings, earnings per share, growth in earnings per share, total shareholder return, achievement of annual operating profit plans, operating income performance, return on equity performance, return on capital, sales growth, expense or working capital targets, margin improvement, cash flow, or any other objective or subjective performance goals, as the Committee determines.

10.4 *Deferred Stock Units.* Deferred Stock Units entitle the Participant to receive shares of Stock (or the equivalent value in cash or other property if so determined by the Committee) at a future time as the Committee determines or as determined by the Participant within guidelines established by the Committee in the case of voluntary deferral elections.

10.5 *Cash Awards.* The Committee is also authorized to grant to a Participant cash Awards based on the terms and conditions as the Committee determines.

10.6 *Minimum Vesting Requirement.* Notwithstanding any other provision of the Plan to the contrary, equity-based Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided, the Committee may grant equity-based Awards without regard to the foregoing minimum vesting requirement with respect to a maximum of 5% of the available share reserve authorized for issuance under the Plan. Subject to the foregoing, no Award based on performance criteria shall vest or be based on performance over a period of less than one year, and no Award that is solely conditioned on continued employment or the passage of time shall provide for vesting in less than pro rata annual installments over three years from the date of Award.

The foregoing restrictions do not restrict the Committee's discretion to provide for accelerated exercisability or vesting of any Award, including in cases of retirement, death, disability, or Change-in-Control, in the terms of the Award or otherwise.

Section 11 AMENDMENT, MODIFICATION, AND TERMINATION OF PLAN

11.1 *General.* The Board may from time to time amend, modify or terminate the provisions of the Plan, subject to the provisions of this Section 11.1. The Board may not change the Plan in a manner which would prevent outstanding Incentive Stock Options granted under the Plan from being Incentive Stock Options without the written consent of the optionees concerned. Furthermore, the Board may not make any amendment which would (a) materially modify the requirements for participation in the Plan, (b) increase the number of shares of Stock subject to Awards under the Plan under Section 5.1 (other than under Section 5.4), (c) change the minimum exercise price for stock options as provided in Section 6.2, (d) eliminate the prohibitions in Sections 6.6 and 6.7, or (e) extend the term of the Plan, in each case without the approval of a majority of the outstanding shares of Stock entitled to vote. No amendment or modification may adversely affect in any material respect the rights of any Participant with respect to a previously granted Award without the written consent of the Participant.

11.2 *Termination of Plan.* No further Awards may be granted under the Plan after March 31, 2028, or such earlier date as the Board determines.

Section 12 MISCELLANEOUS PROVISIONS

12.1 *Nontransferability of Awards.* Except as otherwise provided by the Committee, Awards under the Plan are not transferable, except by will or by the laws of descent and distribution. To the extent the Committee permits a transfer of Awards, the transfer shall be for zero consideration.

12.2 *Beneficiary Designation.* Each Participant under the Plan may name any beneficiary or beneficiaries (who may be named contingent or successively) to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of the Participant's death. Each designation revokes all prior designations by the same Participant, is in a form prescribed by the Committee, and is effective only when filed in writing with the Company. Without such designation, Awards outstanding at death may be exercised by the Participant's surviving spouse, if any, or otherwise by the Participant's estate.

12.3 *No Guarantee of Employment or Participation.* Nothing in the Plan shall interfere with or limit the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary. No Employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards.

12.4 *Tax Withholding.* The Company shall have the power to withhold, or require a Participant or Eligible Director to remit to the Company, an amount sufficient to satisfy Federal, state, and local withholding tax requirements on any Award under the Plan, and the Company may defer issuance of Stock until the requirements are satisfied. The Committee may, in its discretion, permit a Participant to elect, subject to the conditions as the Committee shall impose, (a) to have shares of Stock otherwise issuable under the Plan withheld by the Company or (b) to deliver to the Company previously acquired shares of Stock, in each case having a Fair Market Value sufficient to

satisfy all or part of the Participant's estimated total Federal, state and local tax obligation associated with the transaction.

12.5 *Change of Control.* Unless otherwise provided by the Committee at the time of grant, if a Triggering Event for a Participant shall occur within the 12-month period beginning with a Change of Control of the Company, then, for the Participant, all outstanding options and stock appreciation rights shall become immediately exercisable and all restrictions with respect to Restricted Stock shall lapse. The Committee may make appropriate provision for the effect of a Change of Control on Restricted Stock Units, Deferred Stock Units and performance-based Awards; however, any acceleration may occur only after a Triggering Event. "*Triggering Event*" means the involuntary termination of employment of a Participant with the Company. "*Change of Control*" means:

(a) The acquisition (other than from the Company) by any person, entity or "group", within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (excluding any acquisition or holding by (i) the Company or its subsidiaries or (ii) any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors;

(b) Individuals who, as of this date, constitute the Board (the "*Incumbent Board*"), over a period of thirty-six consecutive months, cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director after this date whose election, or nomination for the election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board are, for purposes of this Plan, considered a member of the Incumbent Board;

(c) Consummation of a reorganization, merger or consolidation, or sale or other disposition of substantially all of the assets of the Company (a "*Business Combination*"), in each case, unless following the Business Combination, the persons who were the beneficial owners of outstanding voting securities of the Company immediately before the Business Combination beneficially own directly or indirectly more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the Company resulting from the Business Combination (including a company which, as a result of the transaction, owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries), in substantially the same proportions as their ownership, immediately before the Business Combination, of the outstanding voting securities of the Company; or

(d) The complete liquidation or dissolution of the Company.

12.6 *Clawback.* All Awards are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (a) any clawback or similar policy adopted by the Board or Committee as in effect from time to time and (b) applicable law.

12.7 *Agreements with Company.* An Award under the Plan is subject to such terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant are reflected in the form of written or electronic document as is determined by the Committee or its designee.

12.8 *Company Intent.* The Company intends that the Plan comply in all respects with Rule 16b-3 under the Exchange Act, and any ambiguities or inconsistencies in the construction of the

Plan shall be interpreted to give effect to such intention. If any provision of the Plan or an Award contravenes any regulations promulgated under Section 409A of the Code or could cause an Award to be subject to interest and penalties under Section 409A of the Code, the provision of the Plan or any Award shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

12.9 *Requirements of Law.* The granting of Awards and the issuance of shares of Stock are subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required.

12.10 *Effective Date.* The Plan is effective upon its adoption by the Board subject to approval by the Company's shareholders at the 2018 annual shareholders' meeting.

12.11 *Governing Law.* The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Oklahoma.

