

OVERFLOW ENERGY LLC
P.O. BOX 354
BOOKER, TX 79005

May 17, 2021

NMOCD
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: C-147 RECYCLING FACILITY ONLY PERMIT APPLACATION FOR SANDPOINT RECLAMATION FACILITY, EDDY COUNTY, NEW MEXICO

To Ms. Victoria Venegas,

Atkins Engineering Associates, Inc. (AEA) is pleased to provide this summary letter of the C-147 permit application compiled on behalf of Overflow, LLC OGRID # 292641

Location Setbacks

- 1) Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. **No, the location is in rural Eddy county the nearest municipality is Carlsbad, NM 3.5 miles to the southwest see (Figure 1)**
- 2) Within the area overlying a subsurface mine. **No, the location is not above a subsurface mine according to meta-data provided by EMNRD Registered Mines Map the nearest underground mine is Potash Mine 3.2 miles northeast (see Active Mines attachment)**
- 3) Within an unstable area. **No, BLM meta-data Karst Potential is low (see figure 2)**
- 4) Within a 100-year floodplain. **No, see FEMA map Figure 1**
- 5) Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). **No, see figure 1 sourced from BLM and USGS meta-data**
- 6) Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. **No, see figure 2**
- 7) Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application. **No, there are no wells with in the 500ft setback, source NMOSE iwaters.**
- 8) Within 500 feet of a wetland. **No, registered wetlands within 500ft source USACE and BLM meta-data**
- 9) Depth to groundwater. **see NMOSE Log with lowest static water level of nearby sections**

Recycling Facility Design

The proposed design is a series of aboveground steel bottomed 500bbl tanks within a HDEP lined secondary containment with 150% of the facility volume. Total volume proposed is (10 tanks) X (500bbl) =5000bbl (see site Layout attached)

C-147

Summary Letter, Sandpoint Facility

Attachments

Figure 1: Hydrology Setbacks

Figure 2: Karst and PODs

Figure 3: Site Layout

Appendix A: Parcel Data, Owner info

Appendix B: Well log

Appendix C: Active Mines attachment

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-147
Revised April 3, 2017

Recycling Facility Only

Type of action: ☒ Permit ☒ Registration ☐ Modification ☐ Closure ☐ Other (explain) _____

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: Overflow Energy LLC (For multiple operators attach page with information) OGRID #: 292641
Address: P.O. Box 354 Booker, TX 79005 Facility or well name (include API# if associated with a well): _____
Sandpoint Reclamation Facility
OCD Permit Number: _____ (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr K Section 2 Township 21S Range 28E County: Eddy
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Recycling Facility:**
Location of recycling facility (if applicable): Latitude 32.5152817 Longitude -104.0606537 NAD83
Proposed Use: ☒ Drilling* ☒ Completion* ☒ Production* ☒ Plugging*
**The re-use of produced water may NOT be used until fresh water zones are cased and cemented*
☐ Other, requires permit for other uses. Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.
☒ Fluid Storage
☒ Above ground tanks ☐ Activity permitted under 19.15.17 NMAC explain type _____
☐ Activity permitted under 19.15.36 NMAC explain type: _____ ☐ Other explain _____
☐ Closure Report (required within 60 days of closure completion): ☐ Recycling Facility Closure Completion Date: _____

3.
Variances:
Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.
Check the below box only if a variance is requested:
☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.
If a Variance is requested, it must be approved prior to implementation.

4.
Operator Application Certification:
I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.
Name (Print): LORIAN FEARON Title: VP, DEVELOPMENT
Signature: [Signature] Date: 5-18-21
e-mail address: lfearon@oconsd.com Telephone: 800-658-7032

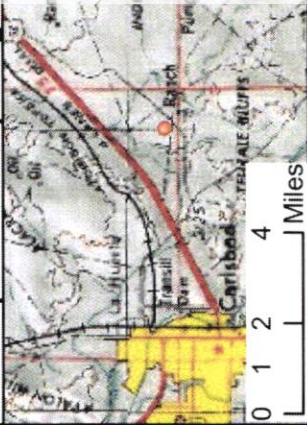
5.
OCD Representative Signature: _____ Approval/Registration Date: _____
Title: _____ OCD Permit Number: _____
☐ OCD Conditions _____
☐ Additional OCD Conditions on Attachment _____

C-147

Summary Letter, Sandpoint Facility

FIGURES

FIGURE 1-
Hydrology Setbacks
Sandpoint Recycling



LEGEND

- Lakes_Playas
- Springs_Seeps
- Streams_Canals
- Flowlines_SENM
- FEMA_Flood_Zones_2011
- TankFarm
- TankFarm_500Buffer



0 145 290 580
Feet
Scale: 1:3,413

32.5152817,-104.0606537

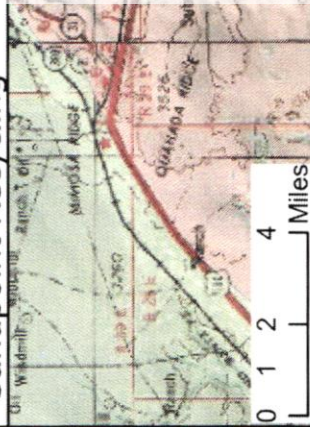
JOB No. sandpoi_env_20

DATE FIELD: 2/07/2020 DRAWN LCM

DATE DRAWN: 5/10/2021 REVIEW JAV



FIGURE 2-
Karst and NMOSE PODs
Sandpoint Recycling



LEGEND

TankFarm

TankFarm_500Buffer

OSE_Points_of_Diversion

BLM Karst Potential

High

Low

Medium



0 1,000 2,000 4,000
Feet
Scale: 1:29,802

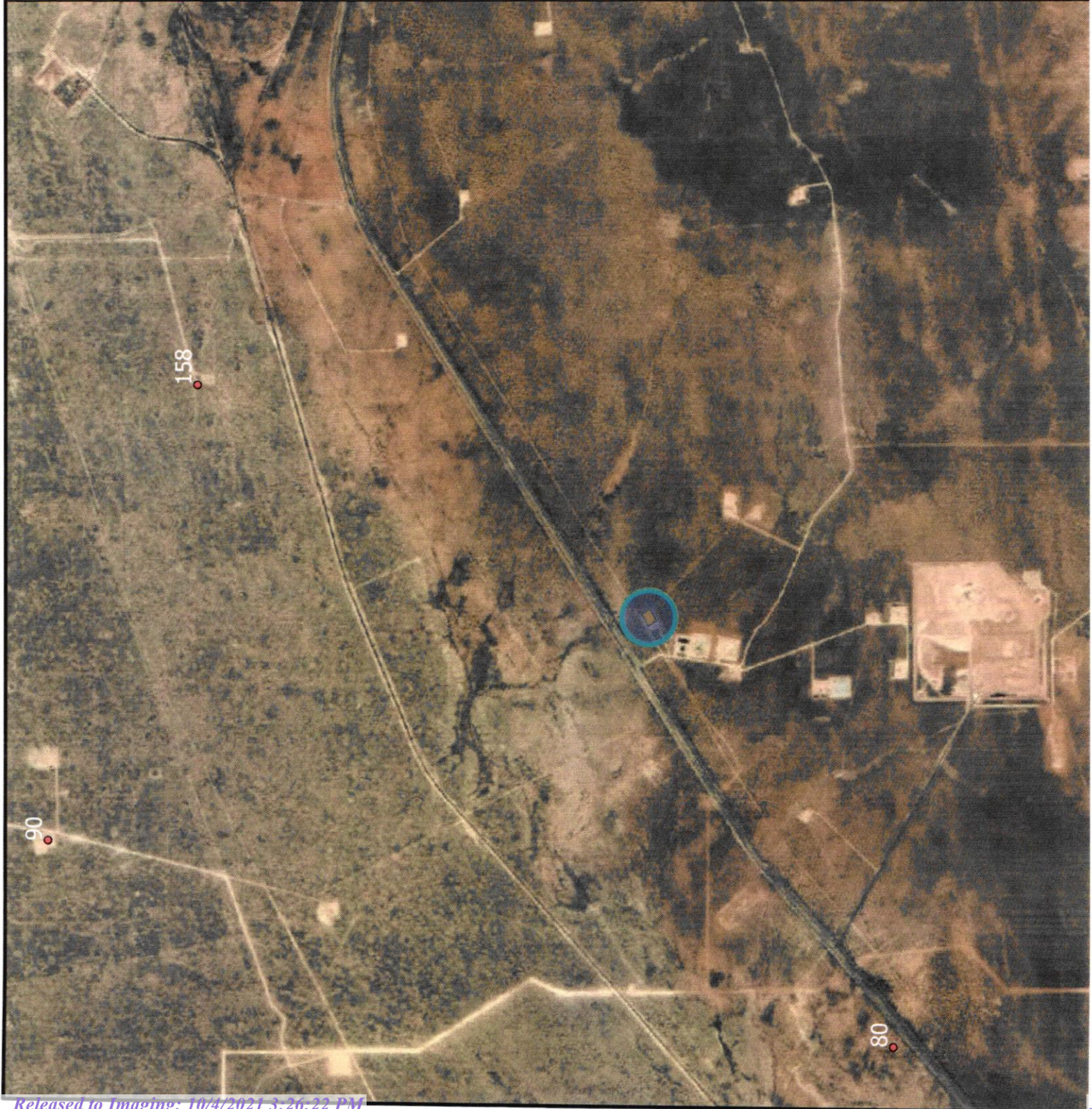
32.5152817,-104.0606537

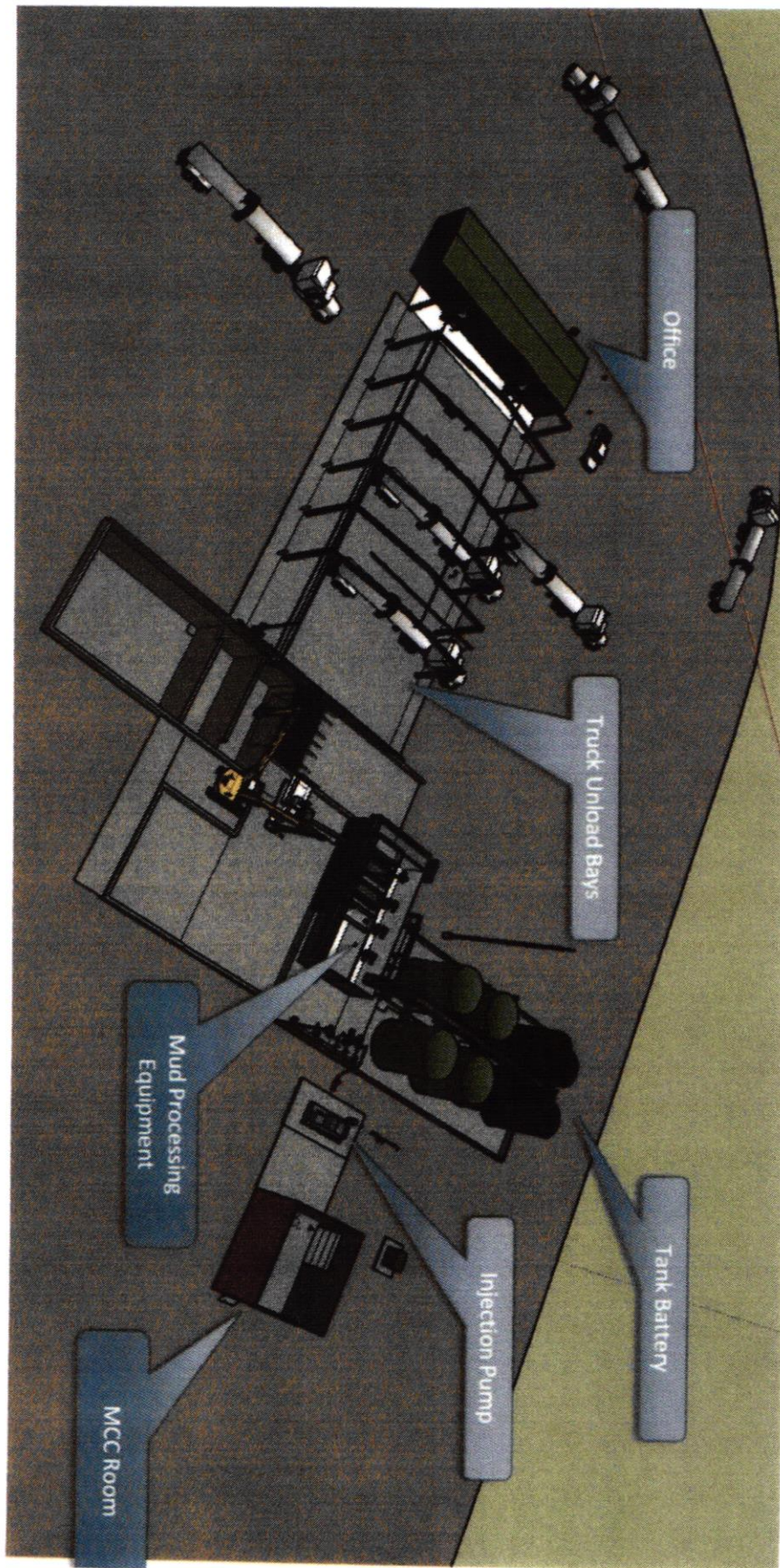
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DATE FIELD: 2/07/2020 DRAWN LCM

DATE DRAWN: 5/10/2021 REVIEW JAV

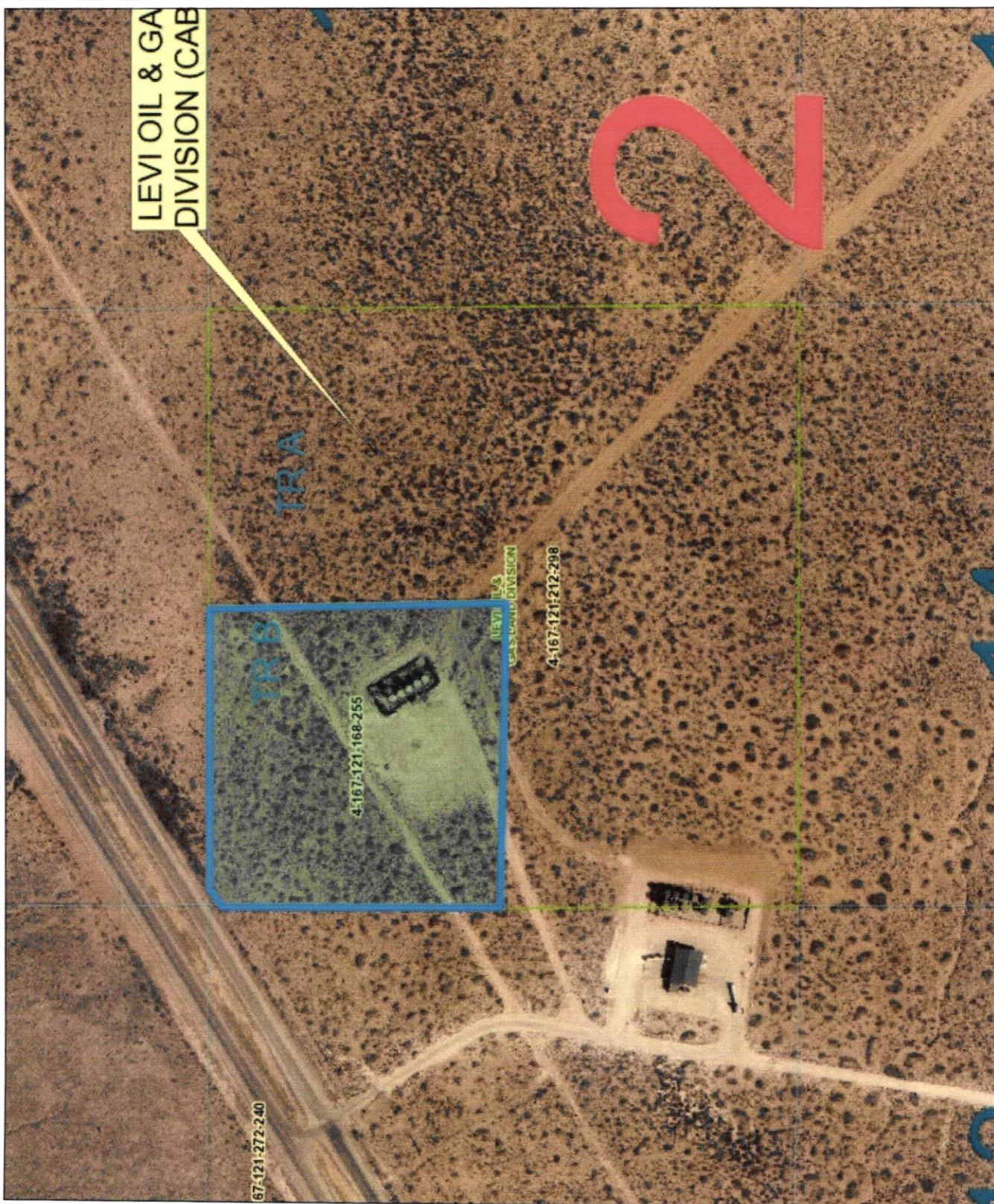
Atkins
ENGINEERING ASSOCIATES





C-147

Summary Letter, Sandpoint Facility



This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

Enter Map Title...
Web Print: 05/17/2021



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2-1959
22-

Revised May 1993

IMPORTANT — READ INSTRUCTIONS ON BACK BEFORE FILLING OUT THIS FORM.

Declaration of Owner of Underground Water Right

Eddy County

BASIN NAME

Declaration No. C-3266 Date received April 27, 2005

STATEMENT

1. Name of Declarant Winston Ballard
 Mailing Address 1819-2 North Canal
 County of Eddy, State of New Mexico
2. Source of water supply shallow
 (artesian or shallow water aquifer)
3. Describe well location under one of the following subheadings:
 a. SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 4 Twp. 21S Rge. 28E N.M.P.M., in
 b. Tract No. _____ of Map No. _____ of the _____
 c. X = _____ feet, Y = _____ feet, N.M. Coordinate System _____ Zone _____
 in the _____ Grant.
 On land owned by Winston Ballard / Private
4. Description of well: date drilled 1890 driller _____ depth 260 feet.
 outside diameter of casing _____ inches; original capacity _____ gal. per min.; present capacity _____
 gal. per min.; pumping lift _____ feet; static water level 80 feet (above) (below) land surface;
 make and type of pump windmill
 make, type, horsepower, etc., of power plant _____
 Fractional or percentage interest claimed in well _____
5. Quantity of water appropriated and beneficially used 3 acft per Annu
 for watering of livestock (acre feet per acre) (acre feet per annum) purposes.
6. Acreage actually irrigated 0 acres, located and described as follows (describe only lands actually irrigated):

Subdivision	Sec.	Twp.	Range	Acres Irrigated	Owner

(Note: location of well and acreage actually irrigated must be shown on plat on reverse side.)

7. Water was first applied to beneficial use _____ month _____ day _____ year 1890 and since that time has been used fully and continuously on all of the above described lands or for the above described purposes except as follows: _____

8. Additional statements or explanations _____

John R. D Antonio, Jr., P.E.
State Engineer



Roswell Office
1900 WEST SECOND STREET
ROSWELL, NM 88201

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER**

Trn Nbr: 352252
File Nbr: C 03266

Feb. 16, 2006

WINSTON BALLARD
1819 2 N CANAL
CARLSBAD, NM 88220

Greetings:

Enclosed is your copy of Declaration of Owner of the Water Right numbered above, which has been accepted for filing.

Under New Mexico Law, a Declaration is only a statement of declarant's claim. Acceptance for filing does not constitute approval or rejection of the claim.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Stapleton", is written over the typed name.

Mike Stapleton
(505) 622-6521

Enclosure
cc: Santa Fe Office

declare

Venegas, Victoria, EMNRD

From: Venegas, Victoria, EMNRD
Sent: Monday, October 4, 2021 2:53 PM
To: 'Lori Hearon'; 'Elizabeth Valenzuela'
Cc: Enviro, OCD, EMNRD
Subject: 2RF-163 - SANDPOINT RECLAMATION FACILITY ID fVV2122451442
Attachments: C-147 2RF-163 SANDPOINT RECLAMATION FACILITY 10.04.2021.pdf

2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#). Registration Approved.

Good afternoon Ms. Hearon,
NMOCED has reviewed the facility registration submitted by [292641] OVERFLOW ENERGY, LLC on September 24, 2021 for 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) in Unit Letter K, Section 02, Township 21S, Range 28E, Eddy County, New Mexico. The registration is approved with the following conditions of approval:

- The 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) registration expires on September 24, 2026.
- Water reuse and recycling from 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) is not limited to wells owned and operated by [292641] OVERFLOW ENERGY, LLC. This is a commercial recycling facility.
- The Total Maximum Closure Cost estimate for 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) consisting of ten (10) steel bottomed 500 bbl tanks, provided in the application in the amount of \$203,066.00, satisfies the requirements of NMAC 19.15.34.15.A.(1).
- The financial assurance bond should be mailed to the Oil Conservation Division; ATTN: Karen Collins, Bonding and Compliance; 1220 South St Frances Drive; Santa Fe, NM 87505. OCD will notify you when the bond has been received and approved.
- [292641] OVERFLOW ENERGY, LLC. will continue to operate, maintain and close the 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) in accordance with 19.15.34 NMAC, to include, but is not limited to, detailed inspection records, garbage disposal/containment oil and monthly C-148 report (even if there is no activity).
- [292641] OVERFLOW ENERGY, LLC shall notify OCD when construction of 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) commences.

A copy of this electronic communication will be saved in the facility file 2RF-163 - SANDPOINT RECLAMATION FACILITY ID [fVV2122451442](#) on OCD Imaging.

Please let me know if you have any further questions or concerns.

Regards,

Victoria Venegas • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

811S. First St. | Artesia, NM 88210

(575) 909-0269 | Victoria.Venegas@state.nm.us

<http://www.emnrd.state.nm.us/OCD/>



District I
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State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-147
Revised April 3, 2017

Recycling Facility Only

Type of action: ☒ Permit ☒ Registration ☐ Modification ☐ Closure ☐ Other (explain) _____

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Sandpoint Reclamation Facility
OCD Permit Number: 2RF-163 (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr K Section 2 Township 21S Range 28E County: Eddy
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

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☒ **Recycling Facility:**
Location of recycling facility (if applicable): Latitude 32.5152817 Longitude -104.0606537 NAD83
Proposed Use: ☒ Drilling* ☒ Completion* ☒ Production* ☒ Plugging*
**The re-use of produced water may NOT be used until fresh water zones are cased and cemented*
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☒ Fluid Storage
☒ Above ground tanks ☐ Activity permitted under 19.15.17 NMAC explain type _____
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4.
Operator Application Certification:
I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.
Name (Print): LORIAN HEARON Title: VP, DEVELOPMENT
Signature: [Signature] Date: 5-18-21
e-mail address: lhearon@oconsd.com Telephone: 800-658-7032

5.
OCD Representative Signature: Victoria Venegas Approval/Registration Date: 10/04/2021
Title: Environmental Specialist OCD Permit Number: 2RF-163
☒ OCD Conditions _____ FACILITY ID FVV2122451442
☒ Additional OCD Conditions on Attachment

Closure Cost Estimate

September 16, 2021

PREPARED FOR:

PRODUCTION WASTE SOLUTIONS, LLC
PO Box 627
ANDREWS, TEXAS 79714
PHONE: (218) 779-3892

OVERFLOW ENERGY, LLC
723 HIGHWAY 15 WEST INDUSTRIAL ROAD,
BOOKER, TX 79005
PHONE: (806) 650-2216

SITE LOCATION:

LATITUDE: 32.515300°
LONGITUDE: -104.060606°
EDDY COUNTY, NEW MEXICO

PREPARED BY:



500 MOSELEY ROAD
CROSS ROADS, TEXAS 76227
PHONE: (940) 387-0805
FAX: (940) 387-0830

Closure Cost Estimate

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PROFESSIONAL ENGINEER CERTIFICATION

"I, Scott L. Graves, a registered professional engineer in the State of New Mexico, certify that this closure cost estimate was prepared by me or under my direct supervision, and that the data and facts stated herein are true, correct, and complete to the best of my knowledge."



Scott L. Graves, PE

Professional Engineer License:

New Mexico

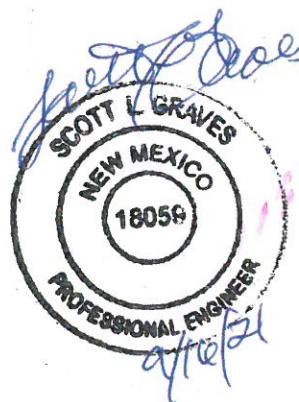
State

18059

Professional License No.

9/16/21

Date



LIST OF ASSUMPTIONS

The following assumptions were used to develop this closure cost estimate:

- The facility is in compliance with the conditions of its permit.
 - Nothing associated with the facility or its operations is to remain on-site.
 - None of the operator's equipment or facilities are available to assist in the closure. All closure activities will be completed by a third-party contractor.
 - The facility will be closed in accordance with the permit. All waste will be disposed at authorized off-site commercial waste disposal facilities, all excavated areas will be backfilled, and the site will be contoured and revegetated to as close to its original state as possible.
 - The facility closure occurs at a time when all waste storage areas are 100% full of waste, and that 10% of the waste consists of basic sediment and water (BS&W). The waste will be disposed at the following authorized off-site facilities:
 - Saltwater will be disposed at the San Mateo Stebbins Water Management, LLC SWD facility (API 30-015-45535), located off Hobbs Highway, Carlsbad, New Mexico (1 mile away)
 - BS&W, Solids, and contaminated soil will be disposed at the Sandpoint Landfill facility, located at 164 Landfill Road, Carlsbad, New Mexico (3 miles away)
 - Fill dirt is to be purchased for backfilling purposes.
 - Steel tanks and pipes will be recycled, and equipment, controls, and oil have value; therefore, no disposal costs have been accounted for these items. In addition, no salvage revenue from the sale of these items has been assessed.
 - A 10% contingency factor has been included in this estimate.
 - Unit prices used in this estimate are based on professional judgment, and previous experience with similar projects.
-

CLOSURE COST ESTIMATE
Production Waste Solutions, LLC

TABLE 1: WASTE VOLUMES						
Description	Dimensions (ft)	Volume (bbl)	Saltwater (bbl)	BS&W (bbl)	Solids (yd³)	Contaminated Soil (yd³)
Unloading Bay	40 x 30 x 1	--	--	--	44	58
Building	12.5 x 8.5 x 9	--	--	--	--	5
Tank Containment	150 x 75 x 3	--	--	--	467	542
Processing Tank	15.5 Ø x 24	750	675	75	--	--
Processing Tank	15.5 Ø x 24	750	675	75	--	--
Processing Tank	15.5 Ø x 24	750	675	75	--	--
Separated Water Tank	15.5 Ø x 16	500	450	50	--	--
Separated Water Tank	15.5 Ø x 16	500	450	50	--	--
Sale Oil Tank	15.5 Ø x 16	500	--	50	--	--
Unloading Bay	60 x 40 x 1	--	--	--	89	116
Solids Roll-Off Box	23 x 8 x 4.5	96	--	--	20	9
Shaker/Unloading Tank	45 x 8.5 x 8	500	450	50	--	18
Tank Containment	115 x 55 x 3	--	--	--	272	305
Solids Roll-Off Box	23 x 8 x 4.5	96	--	--	20	9
Centrifuge	1.5 Ø x 6	1	--	1	--	--
Heater	20 x 10 x 8	6	--	6	--	10
Processing Tank	15.5 Ø x 24	750	675	75	--	--
Processing Tank	15.5 Ø x 24	750	675	75	--	--
Unloading Tank	21.5 Ø x 16	1,000	900	100	--	--
Unloading Tank	21.5 Ø x 16	1,000	900	100	--	--
Unloading Tank	21.5 Ø x 16	1,000	900	100	--	--
Unloading Tank	21.5 Ø x 16	1,000	900	100	--	--
Separated Water Tank	15.5 Ø x 16	500	450	50	--	--
Clean Water Tank	15.5 Ø x 16	500	450	50	--	--
Sale Oil Tank	15.5 Ø x 16	500	--	50	--	--
Sale Oil Tank	15.5 Ø x 16	500	--	50	--	--
Wash Water	--	184	184	--	--	--
Total Volumes		12,133	9,409	1,182	912	1,072

Notes:

1. The Contaminated Soil estimate accounts for a 30% expansion factor.
2. The Processing Tanks, Separated Water Tanks, Shaker/Unloading Tank, Unloading Tanks, and Clean Water Tank are assumed to be 100% full, and include: Saltwater - 90% and BS&W - 10%.
3. The Solids Roll-Off Box is assumed to be 100% full, and includes: Solids - 100%.
4. The Centrifuge and Heater are assumed to be 100% full, and include: BS&W - 100%.
5. The Sale Oil Tanks are assumed to be 100% full, and include: Oil - 90% and BS&W - 10%.
6. The Wash Water includes the estimated amount of water needed to wash all of the concrete structures, equipment, and tanks.

CLOSURE COST ESTIMATE
Production Waste Solutions, LLC

TABLE 2: EQUIPMENT & LABOR COSTS	
Description	Cost Per Hour
Vacuum Truck (110 bbl) & Operator	\$87.00
Dump Truck (20 yd ³) & Operator	\$85.00
Front-end Loader & Operator	\$78.00
4-Man Crew w/ Tool Truck	\$164.00
3- Man Crew w/ Washing Equipment & Water Truck	\$129.00
Backhoe w/ Hydraulic Hammer & Operator	\$90.00
Dozer & Operator	\$138.00
Excavator w/ Tank Cutting Attachment & Operator	\$328.00
Motor Grader & Operator	\$103.00

TABLE 3: WASTE LOADING & TRANSPORTATION COST				
Description	Saltwater (bbl)	BS&W (bbl)	Solids (yd³)	Contaminated Soil (yd³)
Waste Quantity	9,409	1,182	912	1,072
Distance to Disposal Site (miles)	1	3	3	3
Round Trip Time Per Load (hours)	1	1	1	1
Number of Trips	86	11	46	54
Cost	\$7,482.00	\$957.00	\$7,498.00	\$8,802.00
Total Cost				\$24,739.00
Notes:				
1. The Round Trip Time Per Load includes an assumed average truck speed of 50 mph, and an assumed average waste loading/unloading time of 0.25 hr.				
2. The Saltwater and BS&W will be transported by a 110 bbl vacuum truck.				
3. The Solids and Contaminated Soil will be loaded by a front-end loader, and transported by a 20 yd ³ dump truck.				
4. Assumption: metal will be recycled, and oil will be refined; therefore, no transportation costs or revenue from the sale of these materials are accounted.				

TABLE 4: WASTE DISPOSAL COST				
Description	Saltwater (bbl)	BS&W (bbl)	Solids (yd³)	Contaminated Soil (yd³)
Waste Quantity	9,409	1,182	912	1,072
Cost Per Unit	\$0.50	\$10.00	\$30.00	\$30.00
Cost Per Waste	\$4,705.00	\$11,820.00	\$27,360.00	\$32,160.00
Total Cost				\$76,045.00
Notes:				
1. Assumption: metal will be recycled, and oil will be refined; therefore, no disposal costs or revenue from the sale of these materials are accounted.				

CLOSURE COST ESTIMATE
Production Waste Solutions, LLC

TABLE 5: TANK & BUILDING DEMOLITION COST					
Description	Material	Dismantle (hr)	Clean (hr)	Cut-Up (hr)	Cost
Building	Steel	--	--	1	\$328.00
Processing Tank	Steel	2	4	4	\$2,156.00
Processing Tank	Steel	2	4	4	\$2,156.00
Processing Tank	Steel	2	4	4	\$2,156.00
Separated Water Tank	Steel	2	3	3	\$1,699.00
Separated Water Tank	Steel	2	3	3	\$1,699.00
Sale Oil Tank	Steel	2	3	3	\$1,699.00
Solids Roll-Off Box	Steel	--	1	--	\$129.00
Shaker/Unloading Tank	Steel	1	2	--	\$422.00
Solids Roll-Off Box	Steel	--	1	--	\$129.00
Centrifuge	Steel	1	1	--	\$293.00
Heater	Steel	1	1	--	\$293.00
Processing Tank	Steel	2	4	4	\$2,156.00
Processing Tank	Steel	2	4	4	\$2,156.00
Unloading Tank	Steel	3	5	5	\$2,777.00
Unloading Tank	Steel	3	5	5	\$2,777.00
Unloading Tank	Steel	3	5	5	\$2,777.00
Unloading Tank	Steel	3	5	5	\$2,777.00
Separated Water Tank	Steel	2	3	3	\$1,699.00
Clean Water Tank	Steel	2	3	3	\$1,699.00
Sale Oil Tank	Steel	2	3	3	\$1,699.00
Sale Oil Tank	Steel	2	3	3	\$1,699.00
Total Cost					\$35,375.00

Notes:

1. The tank dismantling will be provided by the 4-Man Crew and their associated equipment.
2. The tank cleaning will be provided by the 3-Man Crew and their associated equipment. The cleaning equipment will include power-washing wands that can clean 100 yd²/hr. The cleaning equipment will have a pressure rating of 3000 psi and a flow rate of 4 gpm. A minimum of 1 hr. is accounted.
3. The tank cut-up will be provided by the Excavator w/ Tank Cutting Attachment.
4. The Building and Solids Roll-Off Boxes do not require dismantling; therefore, no dismantling costs are accounted.
5. The Building does not require cleaning; therefore, no cleaning costs are accounted.
6. The Solids Roll-Off Boxes, Shaker/Unloading Tank, Centrifuge, and Heater will be recycle as-is; therefore, no cut-up costs are accounted.

CLOSURE COST ESTIMATE
Production Waste Solutions, LLC

TABLE 6: CONCRETE DEMOLITION COST						
Description	Dimensions (ft)	Area (yd²)	Clean (hr)	Volume (yd³)	Demolition (hr)	Cost
Unloading Bay	40 x 30 x 1	133	1	44	7	\$759.00
Tank Containment	150 x 75 x 3	289	3	467	78	\$7,407.00
Unloading Bay	60 x 40 x 1	267	1	89	15	\$1,479.00
Tank Containment	115 x 55 x 3	816	8	272	45	\$5,082.00
Total Cost						\$14,727.00
Notes: 1. The concrete cleaning will be provided by the 3-Man Crew and their associated equipment. The concrete cleaning equipment will include power-washing wands for vertical surfaces that can clean 100 yd ² /hr. and wheel-mounted power washers for horizontal surfaces that can clean 300 yd ² /hr. The concrete cleaning equipment will have a pressure rating of 3000 psi and a flow rate of 4 gpm. 2. All concrete slabs are assumed to be 1-foot thick. 3. The Backhoe with Hydraulic Hammer will be used to demolish the concrete structures at a rate of 6 yd ³ /hr.						

TABLE 7: CONTAMINATED SOIL EXCAVATION COST			
Description	Volume (yd³)	Excavation (hr)	Cost
Unloading Bay	45	1	\$138.00
Building	4	1	\$138.00
Tank Containment	417	4	\$552.00
Unloading Bay	89	1	\$138.00
Solids Roll-Off Box	7	1	\$138.00
Shaker/Unloading Tank	14	1	\$138.00
Tank Containment	235	2	\$276.00
Solids Roll-Off Box	7	1	\$138.00
Heater	8	1	\$138.00
Total Cost			\$1,794.00
Notes: 1. The Dozer will be used to excavate to a depth of 1-foot beneath all concrete structures at a rate of 100 yd ³ /hr. A minimum of 1 hr. is accounted.			

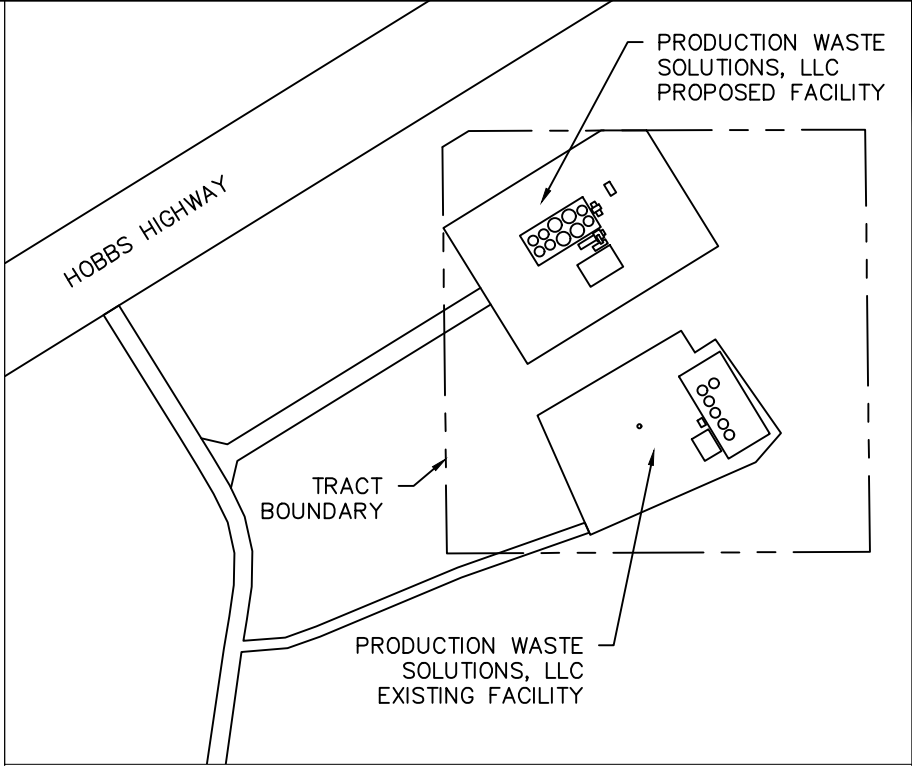
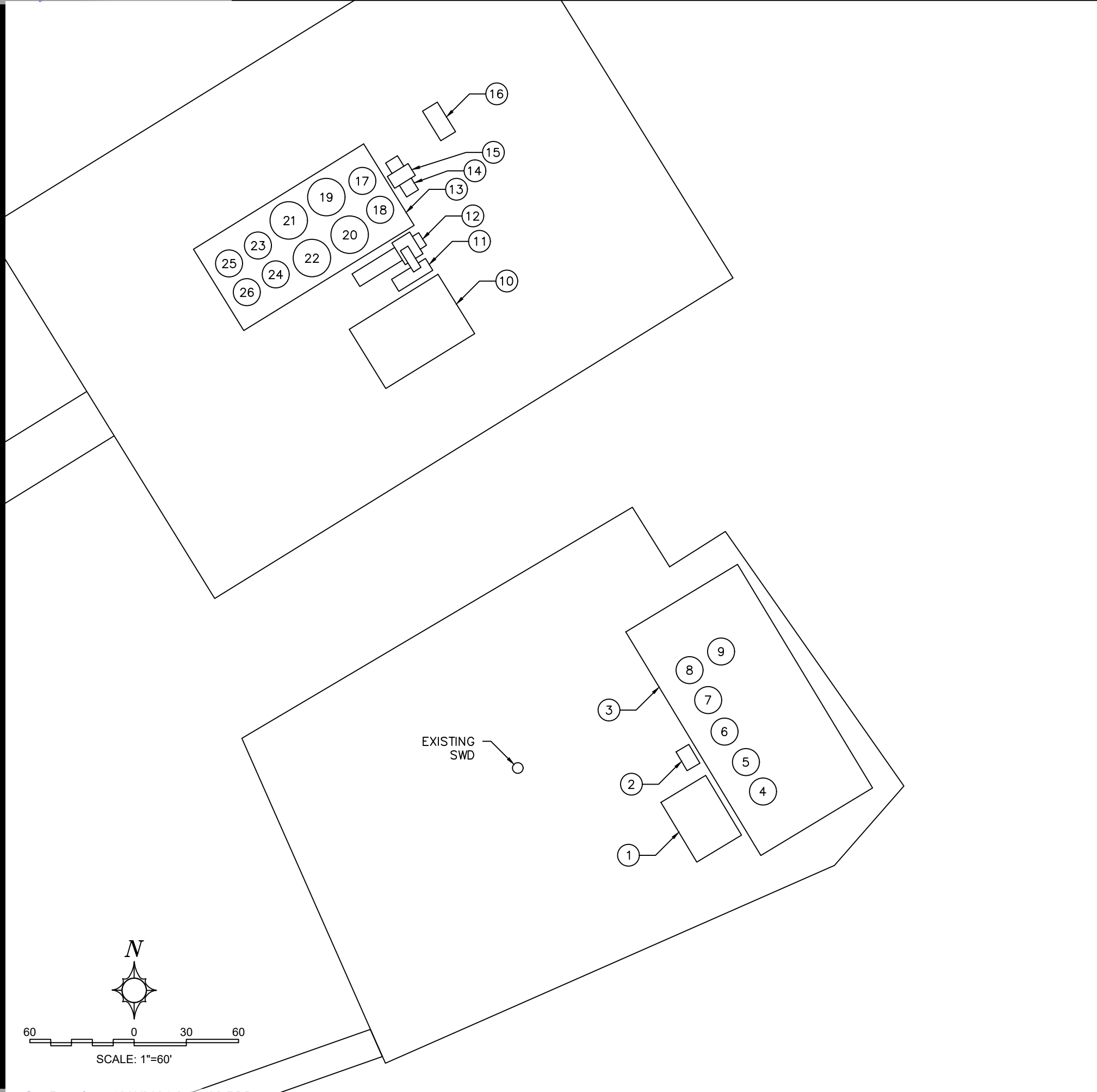
TABLE 8: FILL SOIL COST			
Description	Volume (yd³)	Price (\$/yd³)	Cost
Fill Soil	2,129	\$12.00	\$25,548.00
Total Cost			\$25,548.00

CLOSURE COST ESTIMATE
Production Waste Solutions, LLC

TABLE 9: DISTURBED AREA RESTORATION COST					
Description	Volume (yd³)	Backfill (hr)	Area (yd²)	Grade (hr)	Cost
Unloading Bay	116	1	133	1	\$241.00
Building	5	1	12	1	\$241.00
Tank Containment	1,084	11	1,250	1	\$1,621.00
Unloading Bay	232	2	267	1	\$379.00
Solids Roll-Off Box	18	1	20	1	\$241.00
Shaker/Unloading Tank	36	1	43	1	\$241.00
Tank Containment	610	6	703	1	\$931.00
Solids Roll-Off Box	18	1	20	1	\$241.00
Heater	10	1	22	1	\$241.00
Total Cost					\$4,377.00
<u>Notes:</u>					
1. The Dozer will be used to backfill the disturbed areas at a rate of 100 yd ³ /hr.					
2. The Motor Grader will be used to grade the disturbed areas at a rate of 9,000 yd ² /hr. A minimum of 1 hr. is accounted.					

TABLE 10: SOIL SAMPLING COSTS		
Description	Quantity	Cost
Soil Samples	10	\$2,000.00
Total Cost		\$2,000.00
<u>Notes:</u>		
1. The unit cost for soil samples is estimated to be \$200/sample.		

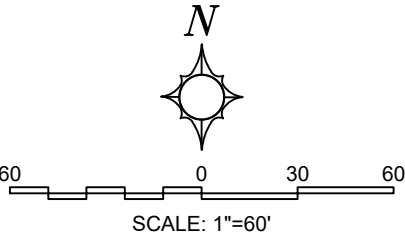
TABLE 11: TOTAL COSTS	
Description	Cost
Waste Loading & Transportation Cost	\$24,739.00
Waste Disposal Cost	\$76,045.00
Tank & Building Demolition Cost	\$35,375.00
Concrete Demolition Cost	\$14,727.00
Contaminated Soil Excavation Cost	\$1,794.00
Fill Soil Cost	\$25,548.00
Disturbed Area Restoration Cost	\$4,377.00
Soil Sampling Cost	\$2,000.00
Contingency (10%)	\$18,461.00
Total Maximum Closure Cost	\$203,066.00



EXPANDED VIEW
SCALE: 1"=300'



PROPOSED PRODUCTION WASTE SOLUTIONS, LLC EQUIPMENT				
#	DESCRIPTION	DIMENSIONS	MATERIAL	VOLUME
1	UNLOADING BAY	40'x30'x1'	CONCRETE	--
2	BUILDING	12.5'x8.5'x9'	STEEL	--
3	TANK CONTAINMENT	150'x75'x3'	CONCRETE	--
4	PROCESSING TANK	15.5'Øx24'	STEEL	750 BBL
5	PROCESSING TANK	15.5'Øx24'	STEEL	750 BBL
6	PROCESSING TANK	15.5'Øx24'	STEEL	750 BBL
7	SEPARATED WATER TANK	15.5'Øx16'	STEEL	500 BBL
8	SEPARATED WATER TANK	15.5'Øx16'	STEEL	500 BBL
9	SALE OIL TANK	15.5'Øx16'	STEEL	500 BBL
10	UNLOADING BAY	60'x40'x1'	CONCRETE	--
11	SOLIDS ROLL-OFF BOX	23'x8'x4.5'	STEEL	96 BBL
12	SHAKER/UNLOADING TANK	45'x8.5'x8'	STEEL	500 BBL
13	TANK CONTAINMENT	115'x55'x3'	CONCRETE	--
14	SOLIDS ROLL-OFF BOX	23'x8'x4.5'	STEEL	96 BBL
15	CENTRIFUGE	1.5'Øx6'	STEEL	1 BBL
16	HEATER	20'x10'x8'	STEEL	6 BBL
17	PROCESSING TANK	15.5'Øx16'	STEEL	500 BBL
18	PROCESSING TANK	15.5'Øx24'	STEEL	750 BBL
19	UNLOADING TANK	21.5'Øx16'	STEEL	1000 BBL
20	UNLOADING TANK	21.5'Øx16'	STEEL	1000 BBL
21	UNLOADING TANK	21.5'Øx16'	STEEL	1000 BBL
22	UNLOADING TANK	21.5'Øx16'	STEEL	1000 BBL
23	SEPARATED WATER TANK	15.5'Øx16'	STEEL	500 BBL
24	CLEAN WATER TANK	15.5'Øx16'	STEEL	500 BBL
25	SALE OIL TANK	15.5'Øx16'	STEEL	500 BBL
26	SALE OIL TANK	15.5'Øx16'	STEEL	500 BBL



500 Moseley Road
Cross Roads, Texas 76227
Phone (940) 387-0805
www.kje-us.com



FACILITY SCHEMATIC DIAGRAM
CLOSURE COST ESTIMATE
PRODUCTION WASTE SOLUTIONS, LLC & OVERFLOW ENERGY, LLC
EDDY COUNTY, NEW MEXICO

DATE:09/13/2021
VERSION: 1.0
THIS DRAWING
IS FOR PERMIT
PURPOSES
ONLY.

REVISIONS:

SHEET:
A1

PURCHASE AND SALE AGREEMENT

This *Purchase and Sale Agreement* (the "Agreement") is made and entered into this 7th day of July 2021, by and between **Levi Oil and Gas, LLC** ("Levi"), whose address is P.O. Box 568, Artesia, New Mexico 88211-0568, and **Sandpoint SWD, LLC** ("Sandpoint"), whose address is P.O. Box 568, Artesia, New Mexico 88211-0568, sometimes jointly hereinafter referred to as "Seller," on the one hand, and **Production Waste Solutions, LLC** ("Buyer"), whose address is P.O. Box 627, Andrews, Texas 79714. Seller and Buyer are sometimes referred to herein as the "Parties", or singularly as a "Party."

RECITALS:

A. Levi is the owner of the following described real property located in Eddy County, New Mexico:

The surface estate of Tract B of the Levi Oil & Gas Land Division, which is part of Section 2, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which survey is filed in Cabinet 7, Slide 589, of the records of Eddy County, New Mexico.

The surface estate of the land described above and all easements, rights-of-way, and other appurtenances associated therewith are referred to herein as the "Real Property".

B. Sandpoint owns an interest in that certain disposal well known as the Sand Point State No. 1 Well, which is located on the Real Property, 2,673 feet from the north line and 1,650 feet from the west line of Section 2, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico (the "Well"). The Well and all of the tanks, flowlines, pumps, and other equipment associated with Well and located on the Real Property are collectively referred to herein as the "Disposal Facility." Judah Oil, LLC ("Judah"), a company affiliated with Seller, is the operator of the Disposal Facility.

C. Seller desires to sell to Buyer and Buyer desires to purchase from Seller the Real Property and all of Seller's right, title and interest in and to the Disposal Facility (said Real Property and Disposal Facility are collectively referred to herein as the "Subject Assets"). Seller also desires to transfer the operating rights to the Disposal Facility from Judah to Overflow Energy, LLC ("Overflow"), an company affiliated with Buyer, and Buyer desires to have Overflow become the Operator of the Disposal Facility.

Now therefore, for and in consideration of the agreements, covenants, conditions, and representations contained in this Agreement, Seller and Buyer agree as follows:

1. Sale. Subject to the terms and provisions contained in this Agreement. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller the Subject Assets.

2. Purchase Price. As consideration for the Subject Assets, Buyer agrees to pay to Seller One Hundred Seventy-Five Thousand Dollars (\$175,000.00) (the "Purchase Price").

3. Title.

3.1 Levi warrants that, as of the date of the closing of this transaction, it will convey the Real Property to Buyer with special warranty covenants, free of any liens or other encumbrances, but subject to valid and existing easements, rights-of-way, restrictive covenants, and patent reservations of record in Eddy County, New Mexico, and all easements and rights of way in open view that affect the Real Property

3.2 Seller covenants and warrants not to encumber, sell, or otherwise dispose of the Subject Assets during the term of this Agreement.

3.3 Buyer shall, at its expense, satisfy itself regarding Seller's title to the Subject Assets.

4. Condition of Subject Assets. Seller makes no representation regarding the condition of the Subject Assets, and prior to the closing of this transaction, Buyer shall, at its expense, satisfy itself regarding the condition of the Subject Assets, including without limitation the surface and subsurface environmental condition of the Real Estate and the environmental condition of the other Subject Assets. Seller shall not be obligated or required to repair, replace, modify, rebuild, rewire, clean, remediate or otherwise fix or change any portion of the Subject Assets, regardless of their condition at the time of the closing. **EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN SECTION 3.1 ABOVE, SELLER EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, AND WITHOUT LIMITATION OF THE FOREGOING, THE SUBJECT ASSETS SHALL BE CONVEYED WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AS TO QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, PRODUCTIVENESS, OR HABITABILITY OF THE PROPERTY, OR ANY OTHER MATTER AND SHALL BE SOLD "AS IS" AND WITH ALL FAULTS. BUYER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT, THE SUBJECT ASSETS FOR ALL PURPOSES AND SATISFIED ITSELF AS TO ITS PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF**

**HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS, AND OTHER
MAN MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE
MATERIALS.**

5. Closing and Title Documents.

5.1 The closing for this sales transaction (the "Closing") shall be held on or before July 10, 2021, on such date and at such time during normal business hours as shall be agreed upon by the Parties (the "Closing Date"). The effective date of the sale shall be July 1, 2021 (the "Effective Date").

5.2 At the Closing, Seller shall:

(a) Cause Levi to execute and deliver to Buyer a special warranty deed conveying the Real Estate to Buyer, which shall be in the same form and contain the same terms and provisions as the Special Warranty Deed that is attached hereto and made a part hereof as Exhibit "A";

(b) Cause Sandpoint to execute and deliver to Buyer an assignment and bill of sale conveying Seller's interest in the Disposal Facility to Buyer, which shall be in the same form and contain the same terms and provisions as the Assignment of Disposal Well and Bill of Sale that is attached hereto and made a part hereof as Exhibit "B";

(c) Cause Judah to execute and deliver to Buyer a transfer of operating rights to Overflow prepared on the approved governmental form; and

(d) Execute and deliver such other and further documents and forms as may be necessary to affect the legal transfer of the Subject Assets to Buyer.

5.3 At the Closing, upon receipt of the items described above in Section 5.2, Buyer shall pay the Purchase Price to Seller in good funds. Buyer shall also provide to Seller any and all evidence that Seller may require to prove that Buyer has satisfied all governmental requirements to be the operator of the Well and the Disposal Facility.

5.4 If any of the following events occur:

(a) Buyer discovers a material defect in Seller's title to the Subject Assets, and Seller is not able or is unwilling to cure such defect in title prior to the Closing, or

(b) Buyer discovers a material environmental problem or other material issue with the condition of the Subject Assets, and Seller is not able or is unwilling to cure such problem prior to the Closing, or

(c) On the Closing Date, the Subject Assets are not in as good a condition as their condition as of the date of this Agreement, normal wear and tear excepted, and such change in condition is a material change, or

(d) Buyer discovers a boundary line problem associated with the Real Property, and Seller is not able or is unwilling to cure such boundary line problem prior to the Closing, or

(e) On or before the Closing Date, condemnation proceedings are instituted against all or any portion of the Subject Assets, or

(f) Seller breaches any material term, provision, covenant, or representation contained in this Agreement and is not able or is unwilling to cure such breach prior to the Closing.

Buyer shall not be obligated to close this sales transaction and may terminate this Agreement by giving written notice to Seller. In the event of any such termination, Buyer shall have no liability or further obligation hereunder to Seller, and Seller shall have no liability or further obligation hereunder to Buyer.

5.5 If Buyer fails or refuses to close this transaction as provided in this Agreement, unless Buyer's failure or refusal to close this transaction is for one or more of the reasons set forth in Section 5.4 above, Seller shall have the right to terminate this Agreement. In the event of any such termination, Seller shall have no liability or further obligation hereunder to Buyer.

6. Taxes. The ad valorem taxes assessed against the Real Property for the year 2021 shall be prorated between the parties based upon the amount of the ad valorem taxes assessed in 2020. Seller represents that the ad valorem taxes for all prior years have been paid in full.

7. Inspection of the Subject Assets. Upon providing Seller with a twenty-four hour prior written notice of the date and time, during regular business hours, that Buyer desires to inspect the Subject Assets, Buyer shall have the right, on such date and time, to enter the Real Estate to inspect the Subject Assets. In the event that Buyer desires to conduct any tests or inspections that requiring drilling, dismantling, or other physical disturbance of the Subject Assets, Buyer must obtain prior written approval from Seller, and Buyer agrees to repair, to Seller's satisfaction, any damage to the Subject Assets resulting from any such tests or inspections. Buyer also agrees to be responsible for and indemnify Seller from and against any other property damage and/or personal injury or other liabilities, claims, fines, or costs, including without limitation, attorneys' fees and court costs, resulting from any entry onto the Real Estate and/or any tests or inspections conducted by or on behalf of Buyer. Buyer shall provide Seller with the results of any and all tests and inspections of the Subject Assets in writing.

8. Assumption of Duties and Obligations. Upon the Closing of this transaction, Buyer shall assume, bear, pay, perform, and be responsible for all of the costs, expenses, liabilities, and/or obligations arising out of or in connection with or related to the ownership and/or operation of the Subject Assets before, on, or after the Effective Date, including, without limitation, any and all of the covenants, requirements, liabilities, duties and obligations of Seller, express or implied, arising out of, in connection with, under, by virtue of, or related to any applicable contract, agreement, permit, statute, rule, regulation or order of any governmental authority. Such assumed obligations shall include, without limitation, any and all obligations to plug and abandon the Well and to remediate and restore lands.

9. Indemnification of Seller, et al. AFTER THE CLOSING OF THIS TRANSACTION, BUYER SHALL INDEMNIFY AND SAVE SELLER AND ITS MEMBERS, MANAGERS, AGENTS, EMPLOYEES, AND AFFILIATED COMPANIES, INCLUDING JUDAH OIL, LLC, HARMLESS FROM ANY CLAIM, DAMAGE, OR LOSS, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS OF LITIGATION, ARISING FROM THE OWNERSHIP, USE, CONDITION, OR OCCUPATION OF THE SUBJECT ASSETS. BUYER SPECIFICALLY AGREES TO INDEMNIFY AND HOLD SELLER AND ITS MEMBERS, MANAGERS, AGENTS, EMPLOYEES, AND AFFILIATED COMPANIES, INCLUDING JUDAH OIL, LLC, HARMLESS FROM AND AGAINST ANY CLAIMS, ACTIONS, CAUSES OF ACTIONS, DEMANDS, RIGHTS, COSTS, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS, FINES, FEES, EXPENSES OR COMPENSATION WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ARISING OUT OF THE PRIOR, CURRENT, OR FUTURE PHYSICAL, AND/OR ENVIRONMENTAL CONDITION OF THE SUBJECT ASSETS, INCLUDING WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES. BUYER HEREBY WAIVES AND RELEASES SELLER AND ITS MEMBERS, MANAGERS, AGENTS, EMPLOYEES, AND AFFILIATED COMPANIES, INCLUDING JUDAH OIL, LLC, OF AND FROM ANY CLAIMS, ACTIONS, CAUSES OF ACTIONS, DEMANDS, RIGHTS, DAMAGES, COSTS, EXPENSES OR COMPENSATION WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH BUYER NOW HAS OR WHICH MAY ARISE IN THE FUTURE ON ACCOUNT OF, OR IN ANY WAY GROWING OUT OF, OR CONNECTED WITH THE PHYSICAL OR ENVIRONMENTAL CONDITION OF SUBJECT ASSETS OR ANY LAW OR REGULATION APPLICABLE TO IT, INCLUDING WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES. FOR THE PURPOSES OF THIS AGREEMENT, "ENVIRONMENTAL LIABILITIES" SHALL MEAN ANY CLAIMS, DAMAGES, LIABILITIES, LOSSES, CAUSES OF ACTION, COSTS AND EXPENSES RELATED TO OR ARISING FROM (i) ANY BREACH OR VIOLATION OF ANY FEDERAL, STATE, LOCAL OR MUNICIPAL LAW, STATUTE, ORDER, RULE, REGULATION, OR DECREE RELATING TO THE POLLUTION, PROTECTION, RESTORATION, OR REMEDIATION OF OR PREVENTION OF HARM TO THE ENVIRONMENT

OR NATURAL RESOURCES, OR THE PROTECTION OF HUMAN HEALTH OR SAFETY AS SUCH RELATES TO EXPOSURE TO HAZARDOUS MATERIALS (AS HEREINAFTER DEFINED) OR RELEASES (AS HEREINAFTER DEFINED) (COLLECTIVELY, AN "ENVIRONMENTAL LAW") AND (ii) ANY RELEASE, SPILL, LEAK, EMISSION, INJECTION OR DISPERSAL INTO THE ENVIRONMENT (INCLUDING, WITHOUT LIMITATION, SOIL, AIR, SURFACE OR GROUND WATER, AND SURFACE) INTO OR OUT OF ANY PROPERTY (A "RELEASE"), INCLUDING THE MOVEMENT OF SUBSTANCES, CHEMICALS OR WASTES THAT ARE DEFINED AS "HAZARDOUS", "TOXIC", "RADIOACTIVE", A "POLLUTANT", A "CONTAMINANT", "PETROLEUM" OR "OIL" OR OTHER WORDS OF SIMILAR MEANING AND EFFECT UNDER ANY ENVIRONMENTAL LAW RELATING TO POLLUTION, WASTE, HUMAN HEALTH AND SAFETY OR THE ENVIRONMENT ("HAZARDOUS MATERIALS") THROUGH THE AIR, SOIL, SURFACE WATER, GROUNDWATER OR PROPERTY.

10. Additional Provisions.

10.1 This Agreement is binding upon and shall inure to the benefit of the Parties, their heirs, legal representatives, successors, and assigns.

10.2 All understandings and agreements heretofore made between the Parties respecting this transaction are merged in this Agreement and the instruments executed in connection herewith, and this Agreement and such instruments shall be the sole and only evidence of the agreement or agreements existing between the parties respecting the Subject Assets.

10.3 Time shall be of the essence in the performance of all of the terms, provisions, and conditions of this Agreement.

10.4 All representations, covenants, agreements, indemnities, waivers, and warranties herein contained shall survive the closing of the transaction contemplated hereby.

10.5 If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

10.6 Sandpoint shall be compensated for hydrocarbons in the oil tank as of the Effective Date. Sandpoint has the option to take said hydrocarbons in kind. The agreed to volume in the oil tank shall be the amount reported to the NMOCDC for the closing volume of day before Effective Date.

10.7 Buyer agrees to accept from Levi or Judah, up to 240 barrels of produced

water per day for so long as the Disposal Facility is operational. The charge to take the produced water shall be \$0.50 (fifty cents) per barrel. This price shall stay in effect for twenty-four (24) months after the Effective Date and then is subject to increase no more often than annually, but the price shall not be increased more than 10% annually after said twenty-four (24) month period. Buyer shall not be obligated to receive water from Levi/Judah should the Disposal Facility become incapable of accepting produced water for disposal. Buyer agrees to notify Levi immediately should the Disposal Facility become incapable of accepting produced water for disposal with a specific statement of the reason said Disposal Facility is inoperable and the plans, if any, to bring the Disposal Facility back into operation and timeline for the same. Should the Disposal Facility subsequently return to operation, then Buyer's obligation hereunder shall resume.

Executed by the Parties as of the day and year first above written, but effective for all purposes as of the Effective Date.

SELLER**Levi Oil and Gas, LLC**By: 

Name: James B. Campanella

Title: Member

BUYER**Production Waste Solutions, LLC**By: 

Name: DUANE SKIPPER

Title: MEMBER

Sandpoint SWD, LLCBy: 

Name: James B. Campanella

Title: Member

EXHIBIT "A"

SPECIAL WARRANTY DEED

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **Levi Oil and Gas, LLC** ("Grantor"), whose address is P.O. Box 568, Artesia, New Mexico 88211-0568, grants, conveys, and assigns to **Production Waste Solutions, LLC** ("Grantee"), whose address is P.O. Box 627, Andrews, Texas 79714, the surface estate only of the following described property located in Eddy County, New Mexico (the "Property"):

Tract B of the Levi Oil & Gas Land Division, which is part of Section 2, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, which survey is filed in Cabinet 7, Slide 589, of the records of Eddy County, New Mexico, including all easements, rights-of-way, and other appurtenances associated with said property.

with special warranty covenants, but subject to all valid and existing easements, rights-of-way, restrictive covenants, and patent reservations of record in Eddy County, New Mexico, and all easements and rights of way in open view.

This Special Warranty Deed is made subject to the following additional terms and provisions:

1. *Assumption of Obligations and Duties and Compliance with Laws and Regulations.* Grantee assumes and agrees to properly discharge all of Grantor's duties, obligations, responsibilities, and burdens associated with the Property, and Grantee covenants and agrees to comply with all valid local, state and federal laws, rules, and regulations with regard to the Property, including without limitation, the proper remediation and restoration of the Property as may be now or hereafter required by governmental order, rule, regulation, law, or ordinance or by contractual agreement. **GRANTEE SHALL INDEMNIFY AND SAVE GRANTOR HARMLESS FROM ANY FINE, FEE, PENALTY, ASSESSMENT, CLAIM, DAMAGE, AND/OR LOSS, INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS OF LITIGATION, OR OTHER LIABILITY ARISING FROM GRANTEE'S FAILURE TO PROPERLY ASSUME AND DISCHARGE GRANTOR'S DUTIES, OBLIGATIONS, RESPONSIBILITIES AND BURDENS ASSOCIATED WITH THE PROPERTY, INCLUDING, WITHOUT LIMITATION, COMPLIANCE WITH ALL LOCAL, STATE, AND FEDERAL ORDERS, LAWS, ORDINANCES, RULES, AND REGULATIONS AND CONTRACTUAL AGREEMENTS PERTAINING TO THE PROPERTY.**

2. Condition of Property and Warranties. Grantee agrees that it is accepting the Property based upon its own inspection and examination of the Property without reliance upon any representation, statement or warranty, express or implied, made by or on behalf of Grantor as to merchantability, habitability, quality, condition, or fitness for any particular purpose. **EXCEPT FOR THE SPECIAL WARRANTY OF TITLE, GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, AND WITHOUT LIMITATION OF THE FOREGOING, THE PROPERTY IS CONVEYED WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AS TO QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, PRODUCTIVENESS, OR HABITABILITY OF THE PROPERTY, OR ANY OTHER MATTER AND SHALL BE SOLD "AS IS" AND WITH ALL FAULTS.**

3. Environmental Provision. Grantee acknowledges that it has investigated the Property and has satisfied itself as to the surface and subsurface environmental condition of the Property and accepts the Property in its current condition with any and all environmental problems located in or on or associated with the Property. **GRANTEE ASSUMES AND AGREES TO INDEMNIFY, DEFEND, PROTECT, AND HOLD GRANTOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, COSTS, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS, FINES, FEES, EXPENSES OR COMPENSATION, OR ANY OTHER LIABILITY WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ARISING OUT OF THE CURRENT, PAST, OR FUTURE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS, AND/OR OTHER MAN MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE MATERIALS ("NORM"). GRANTEE HEREBY WAIVES AND RELEASES GRANTOR OF AND FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, DAMAGES, COSTS, EXPENSES, OR COMPENSATION, OR ANY OTHER LIABILITY WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH GRANTEE NOW HAS OR WHICH MAY ARISE IN THE FUTURE ON ACCOUNT OF OR IN ANY WAY GROWING OUT OF OR CONNECTED WITH THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS, AND OTHER MAN MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE MATERIALS, OR ANY LAW OR REGULATION APPLICABLE TO IT.**

4. Purchase and Sale Agreement. This conveyance is made subject to the terms and conditions of the Purchase and Sale Agreement dated July __, 2021, between Grantor and Grantee, including without limitation all indemnifications, waivers, representations, and warranties contained therein.

Dated this 9th day of July, 2021, but made effective as of July 1, 2021.

GRANTOR:**Levi Oil and Gas, LLC**By: [Signature]

Name: James B. Campanella

Title: Member

GRANTEE:**Production Waste Solutions, LLC**By: [Signature]

Name: DUWANE SKIPPER

Title: Member

STATE OF NEW MEXICO)

COUNTY OF EDDY)

This instrument was acknowledged before me on 7th day of July, 2021, by James B. Campanella, as a member of Levi Oil and Gas, LLC.

My commission expires:

April 29, 2023

[Signature]
Notary Public

STATE OF TEXAS)COUNTY OF UPSOMB)

OFFICIAL SEAL
FELICIA K. BOWEN
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: 04/29/23

This instrument was acknowledged before me on July 6, 2021, by DUWANE SKIPPER, as Member of Production Waste Solutions, LLC.

My commission expires:

JUN 25, 2024

[Signature]
Notary Public

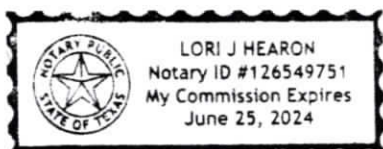


EXHIBIT "B"

ASSIGNMENT OF DISPOSAL WELL AND BILL OF SALE

This *Assignment of Disposal Well and Bill of Sale* (the "Assignment") is made and entered into this 2 day of July 2021, by and between **Sandpoint SWD, LLC** ("Assignor"), whose address is P.O. Box 568, Artesia, New Mexico 88211-0568, and **Production Waste Solutions, LLC** ("Assignee"), whose address is P.O. Box 627, Andrews, Texas 79714.

RECITALS:

A. Assignor owns an interest in that certain disposal well known as the Sand Point State No. 1 Well, which is located 2,673 feet from the north line and 1,650 feet from the west line of Section 2, Township 21 South, Range 28 East, N.M.P.M., Eddy County, New Mexico (the "Well") and the tanks, flowlines, pumps, and other equipment used in connection with Well (the Well and all such equipment and personal property used in connection with the Well are collectively referred to herein as the "Disposal Facility." All lands used in connection with the Disposal Facility are referred to herein as the "Lands."

B. Assignee desires to purchase Assignor's interest in the Disposal Facility.

Therefore, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor grants, conveys, and assigns to Assignee all of Assignor's right, title, and interest in and to the following (the "Subject Property"):

- (a) The Disposal Facility; and
- (b) The permits, rights-of-way, easements, and agreements associated with the Disposal Facility to the extent that they are assignable.

This Assignment is made subject to the following additional terms and provisions:

1. Effective Date. The effective date of this Assignment shall be July 1, 2021.
2. Assumption of Obligations and Duties and Compliance with Laws and Regulations. Assignee shall assume and properly discharge all of Assignor's duties, obligations, responsibilities, and burdens associated with the Subject Property, and Assignee covenants and agrees to comply with all valid local, state, and federal laws, rules, regulations, and orders with regard to the Subject Property, including without limitation, the proper plugging and abandoning of the Well and the proper remediation and restoration of the Land. **ASSIGNEE SHALL INDEMNIFY AND SAVE**

ASSIGNOR HARMLESS FROM ANY FINE, FEE, PENALTY, ASSESSMENT, CLAIM, DAMAGE, AND LOSS, INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS OF LITIGATION, OR OTHER LIABILITY ARISING FROM ASSIGNEE'S FAILURE TO PROPERLY ASSUME AND DISCHARGE ASSIGNOR'S DUTIES, OBLIGATIONS, RESPONSIBILITIES, AND BURDENS ASSOCIATED WITH THE SUBJECT PROPERTY, INCLUDING, WITHOUT LIMITATION, COMPLIANCE WITH THE TERMS OF ALL PERMITS, EASEMENTS, RIGHTS-OF-WAY, AND OTHER AGREEMENTS ASSOCIATED WITH THE SUBJECT PROPERTY AND LOCAL, STATE, AND FEDERAL LAWS, RULES, REGULATIONS, AND ORDERS PERTAINING TO THE SUBJECT PROPERTY AND THE LANDS.

3. *Condition of Property and Warranties.* Assignee agrees that it is accepting the Subject Property and the Lands based upon its own inspection and examination of the Subject Property and the Lands and its own examination of the title to the Subject Property and without reliance upon any representation, statement or warranty, express or implied, made by or on behalf of Assignor as to title, merchantability, habitability, quality, condition, or fitness for any particular purpose. ASSIGNOR GIVES NO WARRANTY OR REPRESENTATION ON THE SUBJECT PROPERTY OR THE LANDS, EXPRESS OR IMPLIED, AS TO TITLE, DESCRIPTION, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, PRODUCTIVENESS, HABITABILITY, VALIDITY OF PERMITS, RIGHTS-OF-WAY, EASEMENTS, OR OTHER AGREEMENTS, OR ANY OTHER MATTER, AND THE SUBJECT PROPERTY IS BEING SOLD "AS IS" AND WITH ALL FAULTS.

4. *Environmental Provision.* Assignee acknowledges that it has investigated the Subject Property and the Land and has satisfied itself as to the surface and subsurface environmental condition of the Subject Property and the Land and accepts the Subject Property and the Land in their current condition with any and all environmental problems associated with said property. ASSIGNEE ASSUMES AND AGREES TO INDEMNIFY, DEFEND, PROTECT, AND HOLD ASSIGNOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTIONS, DEMANDS, RIGHTS, COSTS, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COSTS, FINES, FEES, EXPENSES OR COMPENSATION, OR ANY OTHER LIABILITY WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ARISING OUT OF THE CURRENT, PAST, OR FUTURE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE SUBJECT PROPERTY AND THE LAND. ASSIGNEE HEREBY WAIVES AND RELEASES ASSIGNOR OF AND FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, DAMAGES, COSTS, EXPENSES, OR COMPENSATION, OR ANY OTHER LIABILITY WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH ASSIGNEE NOW HAS OR WHICH MAY ARISE IN THE FUTURE ON ACCOUNT OF OR IN ANY

WAY GROWING OUT OF OR CONNECTED WITH THE OF THE SUBJECT PROPERTY AND THE LAND, INCLUDING WITHOUT LIMITATION THE ENVIRONMENTAL CONDITION, OR ANY LAW, RULE, STATUTE, REGULATION, OR ORDER APPLICABLE TO IT.

5. *Terms and Provisions of Agreements.* This assignment and the interests assigned herein are made specifically subject to the terms and provisions of the permits, rights-of-way, easements, and other agreements assigned by Assignor to Assignee. This conveyance is made subject to the terms and conditions of the Purchase and Sale Agreement dated July ___, 2021, between Assignor and Assignee, including without limitation all indemnifications, waivers, representations, and warranties contained therein.

6. *Covenant to Accept Produced Water from Assignor.* Assignee agrees to accept from Assignor's affiliated companies, Levi Oil and Gas, LLC and Judah Oil, LLC, up to 240 barrels of produced water per day for so long as the Disposal Facility is operational. The charge to Levi/Judah shall be \$0.50 (fifty cents) per barrel. This price shall stay in effect for twenty-four (24) months after the Effective Date and then is subject to increase no more often than annually, but the price shall not be increased more than 10% annually after said twenty-four (24) month period. Assignee shall not be obligated to receive water from Levi/Judah should the Disposal Facility become incapable of accepting produced water for disposal. Assignee agrees to notify Levi/Judah immediately should the Disposal Facility become incapable of accepting produced water for disposal with a specific statement of the reason said Disposal Facility is inoperable and the plans, if any, to bring the Disposal Facility back into operation and timeline for the same. Should the Disposal Facility subsequently return to operation, then Assignee's obligation hereunder shall resume.

7. *Miscellaneous Provisions.* This assignment is binding upon and shall inure to the benefit of the parties, their successors, and assigns. This Assignment is made by Assignor without warranties of whatever nature or kind, but with full substitution and subrogation of Assignee in and to all covenants and warranties previously given by other parties or made in respect of the interests granted herein or any part thereof.


Dated this 2th day of July, 2021, but made effective as of the Effective Date.


ASSIGNOR:

Sandpoint SWD, LLC

ASSIGNEE:

Production Waste Solutions, LLC

By: 
 Name: James B. Campanella
 Title: Member

By: 
 Name: DUWANE SKIPPER
 Title: MEMBER

STATE OF NEW MEXICO)
 :
 COUNTY OF EDDY)

This instrument was acknowledged before me on July 7th, 2021, by James B. Campanella, as a member of Sandpoint SWD, LLC.

My commission expires:

April 29, 2023


 Notary Public



OFFICIAL SEAL
 FELICIA K. BOWEN

NOTARY PUBLIC - STATE OF NEW MEXICO

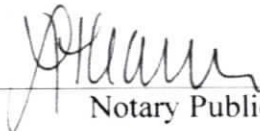
My Commission Expires: 04/29/23

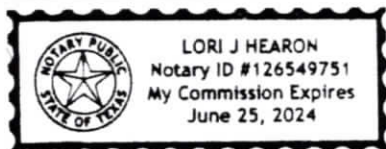
STATE OF TEXAS)
 :
 COUNTY OF UPSCOMB)

This instrument was acknowledged before me on July 6, 2021, by DUWANE SKIPPER, as MEMBER of Production Waste Solutions, LLC.

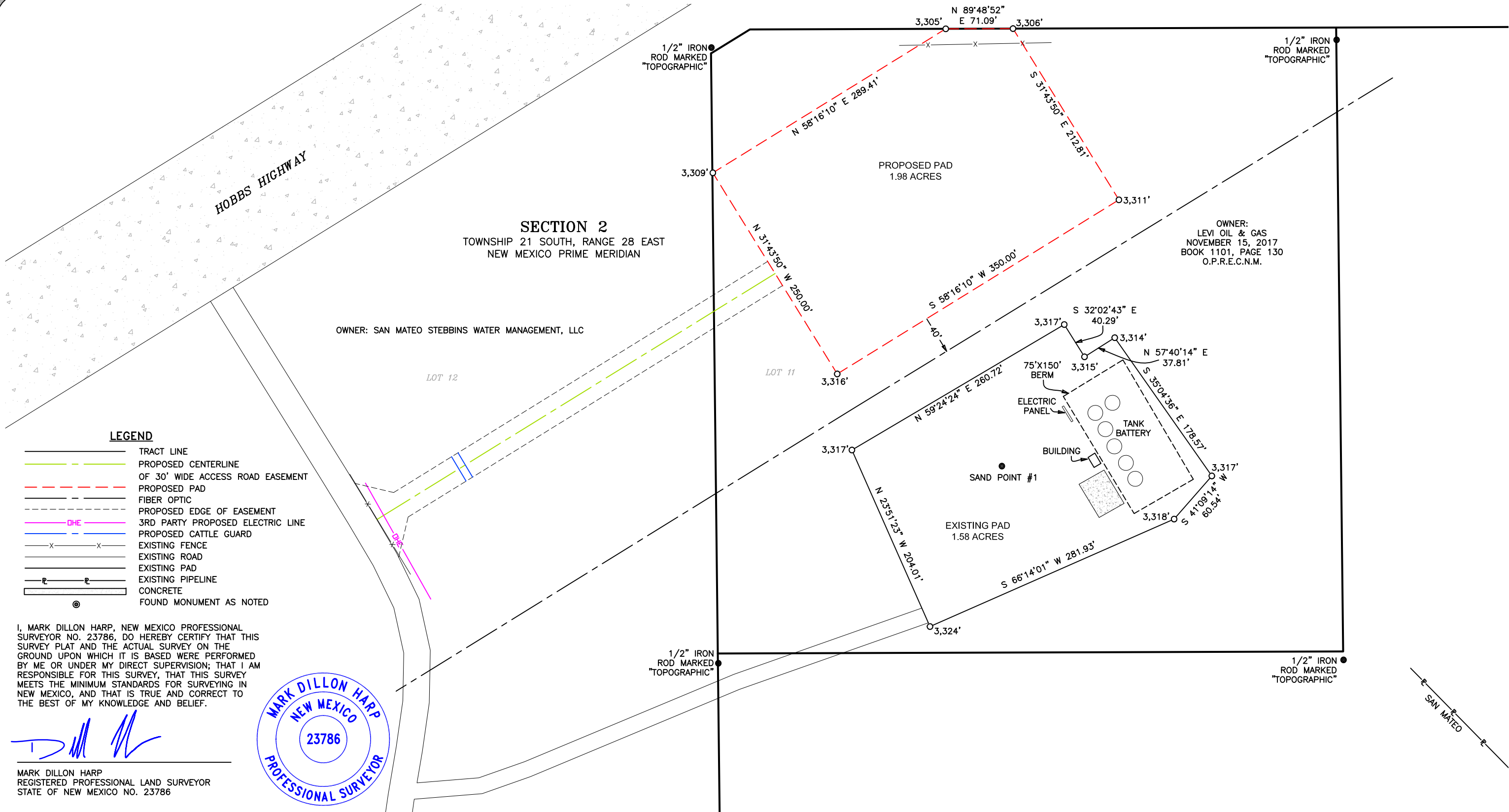
My commission expires:

JUNE 25, 2024

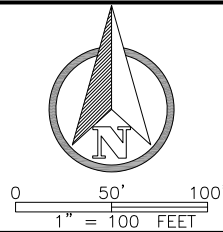

 Notary Public



LORI J HEARON
 Notary ID #126549751
 My Commission Expires
 June 25, 2024



DATE: 09/20/2021
DRAWN BY: AW/RR
CHECKED BY: AI
FIELD CREW: RE
PROJECT NO: 2021081110
SCALE: 1" = 100'
SHEET: 1 OF 1
REVISION: NO



GENERAL NOTES

- ALL BEARINGS, DISTANCES, AND COORDINATE VALUES SHOWN HEREON ARE GRID VALUES AND ARE BASED ON THE NEW MEXICO STATES PLANE COORDINATE SYSTEM OF 1983, EAST ZONE 3001, U.S. SURVEY FEET.

EXHIBIT OF:
A LEASE FLOW DIAGRAM FOR:
**OVERFLOW ENERGY AND
PRODUCTION WASTE SOLUTIONS**
SAND POINT

SITUATED IN SECTION 2, TOWNSHIP 21 SOUTH, RANGE 28 EAST,
NEW MEXICO PRIME MERIDIAN, EDDY COUNTY, NEW MEXICO



OVERFLOW ENERGY
111 S. MAIN
BOOKER, TX 79005



PRODUCTION WASTE SOLUTIONS
145 COMMERCE DR. ANDREWS, TX 79714



550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPE Firm 17957 | TBPLS Firm 10193887
www.fscinc.net
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FACILITY INSPECTIONS & MAINTENANCE PLAN

A. Facility Inspections

The facility operating equipment, pits, pads, storage areas, and safe work environment issues will be inspected at a minimum of once per day during working operations. The proposed inspections shall be performed by the facility manager. Inspections shall be conducted by visual assessment and monitoring of all electrical and mechanical components, presence of non-authorized and unusual noises or discharges of waste materials. If any discrepancies are identified or observed, the facility manager shall use the Routine Visual Inspection Log Form to document the findings, and immediately correct the problems. See Attachment P for the Routine Visual Inspection Log Form.

The facility perimeter will be inspected at a minimum of once per week. The proposed inspection shall be performed by the facility manager or designated personnel. Inspections shall be conducted by visually assessing the access road, gate, and fencing for the presence of non-authorized site access points and any developed surface discharges of waste materials. If any discrepancies are identified or observed, the facility manager shall use the Routine Visual Inspection Log Form to document the findings, and immediately correct the problems.

B. Facility Maintenance

Equipment and facility maintenance will be performed on an as needed basis, to ensure proper safe operating conditions and to prevent discharges of waste materials. Any proposed maintenance work shall be performed by facility staff under the facility manager's supervision.

C. Storm Water Pollution Prevention Plan (SWPPP)

The Storm Water Pollution Prevention Plan (SWPPP) shall be used for routine inspections, maintenance, and monitoring activities required during rain events.

D. Spill Prevention, Control, and Countermeasure (SPCC) Plan

The Spill Prevention, Control, and Countermeasure (SPCC) Plan shall be used for routine inspections, maintenance, and monitoring activities of secondary containments and material holding areas.

September 14, 2021

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 51808

CONDITIONS

Operator: OVERFLOW ENERGY, LLC P.O. Box 354 Booker, TX 79005	OGRID: 292641
	Action Number: 51808
	Action Type: [C-147] Water Recycle Short (C-147S)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	NMOCD has reviewed the facility registration submitted by [292641] OVERFLOW ENERGY, LLC on September 24, 2021 for 2RF-163 - SANDPOINT RECLAMATION FACILITY ID IVV2122451442 in Unit Letter K, Section 02, Township 21S, Range 28E, Eddy County, New Mexico. The registration is approved with conditions of approval.	10/4/2021