

Bullwhip Water Solutions, LLC

Bullwhip Recycling Facility

10-26S-28E, Eddy County, NM

Application Package Contents

Note: This Application for a Recycling Facility Registration/Permit is being submitted to the Oil Conservation Division, Artesia District Office for a produced water recycling facility on State Land.

C-147 - Attention: Mike Bratcher

COPIES of all documents, unless otherwise noted, leading with;

1. [ORIGINAL] Cover Letter - Original to Mike Bratcher
2. EXHIBIT 1 – Project Status and Overview
3. EXHIBIT 2 – [ORIGINAL] Form C-147
3. EXHIBIT 3 – Closure Plan
4. EXHIBIT 4 – Site Plan & Diagram
5. EXHIBIT 6 – SLO Applications w/ Metes and Bounds Surveys; 1) Site, 2) Road Access
6. EXHIBIT 7 – Aerial Photo View of Site
7. EXHIBIT 8 – Floodplain Map
(Map derived from FEMA data.)
8. EXHIBIT 9 – Earthquake Map
(USGS map showing earthquakes in region for past 30 years.)
9. EXHIBIT 10 – Project Narrative
10. EXHIBIT 11 – Geological Assessment, Dave Henard, PG
(Site visit and assessment by professional geologist.)
11. EXHIBIT 12 – Map of Existing SLO Lease in Immediate Vicinity
(Believed that Cultural Survey MAY not be required as the area is highly O&G dense.)
12. EXHIBIT 13 - Copy of Letter and Relinquishment form to Curtis Skeen
(To negotiate quitclaim for 2 acres of existing grazing lease.)
13. EXHIBIT 14 – Copy of \$250,000 Reclamation Bond for SLO Business Lease/Site



October 17, 2016

NM Oil Conservation Division
Atresia District Office
811 South 1st Street
Artesia, NM 88210

Attn: Mr. Mike Bratcher, Environmental Specialist

Re: C-147 Recycling Facility Registration and Permitting- Bullwhip Water Recycling Facility

Dear Mike,

Enclosed, please find Bullwhip Water Solutions, LLC's Form C-147 Application for the subject recycling facility registration. This facility required a 2-acre business lease for the subject tract of state land and the various applications for those leases and easements are in the review process at the State Land Office in Santa Fe.

You may recall the discussion we had during the initial project investigation I did when the client originally contacted me last year. During the months that have passed, SOS Consulting assisted Bullwhip Water Solutions (previously operating under 3J Trucking, LLC) with locating a more suitable site than their original plans called for.

For your reference, I've attached a Project Status and Overview that more specifically outlines to entire process that Bullwhip and we on their behalf, have gone through. We took months to prospect land tracts and develop assessments that finally resulting in the selection of a site, located on state lands, just off of Hwy 285 on Whites City Road. Importantly, we have determined through available Office of the State Engineer data that average groundwater depth is 118 feet.

Attached to the application is all necessary supporting documentation including a land survey, map of the project area, a project description and facility diagrams as well as a copy of the necessary bonding and other items provided to obtain a business lease and road access.

If anything further is required, please don't hesitate to contact me at your earliest convenience.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Ben Stone', is written over a white background.

Benjamin E. Stone, Partner
SOS Consulting, LLC

cc: Project File

EXHIBITS 1 - 4

Exhibit 1 – Project Status and Overview

Exhibit 2 – Form C-147

Exhibit 3 – Closure Plan

Exhibit 4 – Site Plan & Diagram

Bullwhip Water Solutions, LLC

10-26S-28E Produced Water Recycling Facility

CURRENT STATUS AND PROJECT OVERVIEW

The Bullwhip Water Recycling Facility has been ongoing for more than one year. Representatives from Bullwhip Water Solutions had contacted the OCD Artesia District Office in the very early stages and offered some information as to the project plans; at that time, the principals of the company were operating under CL Water or Tex-Mex but, during the interim, they decided to form a new company for this project – hence, the formation of Bullwhip Water Solutions, LLC.

Chronology of Events (Descending Order)

10/17/16 – Submittal of Form C-147 Application Package to OCD Artesia District Office for facility registration. *(This package.)*

10/12/16 – FedEx'd NM State Land Office Road Right-of-Way Application. *There is an existing caliche road that will be utilized but the Applicant is required to obtain a ROW for ACCESS to the site.*

10/6/16 – Sent new issue (same document with new dates) Quitclaim Deed and explanation letter to Mr. Curtis Skeen who is the current grazing lessee and must release the 2 acres for a new lease to be issued. *(This new communication to Mr. Skeen was delayed due to the exploration of the P&A well site which would have altered the specific 2 acre we are seeking to be released.)*

10/4/16 – Bullwhip principals made the decision to move forward with the original 2 acre site selection.

9/15/16 – John Winscott, NMSLO commercial resource analyst, called and said he's called for Curtis Skeen and left a message with a son that SOS Consulting would be sending a new quitclaim deed and that SLO was inclined to issue a business lease based on the initial application processing. The son said he would relay the message to Mr. Skeen.

9/14/16 – SOS Consulting received a call from a NMSLO field inspector. Said current 2 acre site looked good BUT, wondered if there was any way we may be able to utilize the existing 2 acre site immediately to the south that has a P&A well marker on it. Said it would be great if we could so as to not incur additional surface disturbance for a new site.

Talked with Bullwhip principals who thought that would be a great idea and would also save investment costs for a new caliche pad.

Current Status and Overview

Bullwhip Recycling Facility

Talked with NMSLO management analyst who was processing the business lease application. He thought it was a great idea also and would hold the application in suspension while we explored to possibilities.

Made several attempts to contact Enterprise Products Company which acquired the existing flowline hook up to the P&A well as part of a larger pipeline right-of-way. Talked with one individual who referred me to another. Let a voicemail for that person and never received a call back. NMSLO m.a. in Santa Fe gave me another contact name for Enterprise leases and ROWs. Emailed that person with a full explanation and called and left a voice mail with the same overview information and what we were seeking. Never got a return call or email.

8/22/16 – Submittal of Business Lease Application Package the NM State Land Office for a lease and right-of-way on the selected 2 acre site.

August, 2016 – Finalized various exhibits and narratives for NMSLO Business Lease Application Package.

8/3/16 – Received full site assessment and geological report from Dave Henard, PG. *(This report is included in the application package.)*

6/2/16 – Curtis Skeen called and said he would not sign a quitclaim to release any leased land until he got something official from the State Land Office.

Reported this development to all interested parties including the NMSLO rep in Santa Fe. We will request SLO to do a compulsory release if necessary but will take an additional 6 months or more.

5/24/16 – Sent Quitclaim Deed and Request Letter to Mr. Curtis Skeen covering the 2 acre site.

5/19/16 – Received the survey documents for the 2 acre site from Matt Norman, NM certified surveyor. *MDN Surveying, LLC.*

March – July, 2016 – Various activities pulling information together; data gathering and exhibit preparation.

3/24/16 – Generated various exhibits with all existing ROWs shown on map, survey and aerial. Sent to interested parties and surveyor.

3/18/16 – Received all documentation from Santa Fe researcher covering all applicable existing rights-of-way for subject section and area of land.

3/9/16 – Contacted Document Imaging Services, Inc. to perform research of State Land Office lease records in Santa Fe. *(Had initially contracted with another individual who after two weeks reported that they could not perform the desired services.)*

Current Status and Overview

Bullwhip Recycling Facility

2/8/16 – Sent prospecting report on several sites with assessments for each area. Also located the **current site** in Section 10, Township 26 South, Range 28 East.

12/7/15 – SOS Consulting proposed to Bullwhip principals that we bring in a professional geologist to assist with site assessments and geological study of final pick to bolster the various applications; approval for this was given the same day. Contacted Dave Henard, PG to assist with the project.

11/12/15 – Conference call with Bullwhip principals to discuss siting; they were particularly interested at various sites located along Hwy 128 and mentioned that back closer to Malaga and perhaps White City Road was also desirable.

November 2015 – February 2016 – Worked on various site locations and assessments with priority given to groundwater depth. Started with assessing Malaga property purchased by principals of Bullwhip or preceding companies. Bullwhip asked SOS Consulting to assist in prospecting given criteria of utility (location, access to roads, area production) of operating a produced water recycling facility. Bullwhip proposed confining search to Hwy 128, then Hwy 285 and finally looking close to White City Road.

9/3/16 – Called Mike Bratcher with OCD, Artesia DO to discuss the project.

August 2015 thru October 2015 – Bullwhip principal contacted me under the name of 3J Trucking of Carlsbad. Beginning of project was focused on assessing Malaga site and information given to or discussed with Mike Bratcher of the Artesia District Office of the NMOCD. Generally, depth to groundwater was in our opinion, a disqualifying factor but, we were willing to discuss the situation and see how risk might be mitigated or lessened to utilize the site. Finally, in October of 2015, recommended that the client look elsewhere and incorporate NMOCD site criteria into search, prioritizing depth to groundwater.

8/15/15 – Initial call from Kevin Wallace, principal of 3J Trucking, LLC for assistance with regulatory requirements and applications to acquire permits to operate a produced water recycling facility.

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 March 31, 2015
EXHIBIT 2

Recycling Facility and/or Recycling Containment

Type of Facility: Recycling Facility Recycling Containment*
Type of action: Permit Registration
 Modification Extension
 Closure Other (explain) _____

* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

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: Bullwhip Water Soultions, LLC (For multiple operators attach page with information) OGRID #: _____
Address: _____
Facility or well name (include API# if associated with a well): Bullwhip Water Recycling Facility No.1
OCD Permit Number: _____ (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr _____ Section 10 Township 26-S Range 28-E County: Eddy
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.
 Recycling Facility:
Location of recycling facility (if applicable): Latitude 32.059698 Longitude -104.0727775 NAD: 1927 1983
Proposed Use: Drilling* Completion* Production* Plugging* *Treated Water sold to NM operators for their specific use.*
**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 Recycling containment Activity permitted under 19.15.17 NMAC explain type _____
 Activity permitted under 19.15.36 NMAC explain type: _____ Other explain _____
 For multiple or additional recycling containments, attach design and location information of each containment
 Closure Report (required within 60 days of closure completion): Recycling Facility Closure Completion Date: _____

3.
 Recycling Containment: (Bermed area around tank battery.)
 Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)
Center of Recycling Containment (if applicable): Latitude _____ Longitude _____ NAD: 1927 1983
 For multiple or additional recycling containments, attach design and location information of each containment
 Lined Liner type: Thickness 40 mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: 10,500 bbl Dimensions: L 200' x W 100' x D 3'
 Recycling Containment Closure Completion Date: _____

4.

Bonding:

Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)

Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ 250,000 (work on these facilities cannot commence until bonding amounts are approved) *Bond has been furnished and according to NM State Land Office requirements.*

Attach closure cost estimate and documentation on how the closure cost was calculated.

5.

Fencing:

Four foot height, four strands of barbed wire evenly spaced between one and four feet

Alternate. Please specify _____

6.

Signs:

12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

Signed in compliance with 19.15.16.8 NMAC

7.

Variations:

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.

8.

Siting Criteria for Recycling Containment

Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria.

General siting

Ground water is less than 50 feet below the bottom of the Recycling Containment.

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

Yes No
 NA

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.

- Written confirmation or verification from the municipality; written approval obtained from the municipality

Yes No
 NA

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division

Yes No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map

Yes No

Within a 100-year floodplain. FEMA map

Yes No

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).

- Topographic map; visual inspection (certification) of the proposed site

Yes No

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; aerial photo; satellite image

Yes No

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.

- NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

Yes No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

Yes No

9.

Recycling Facility and/or Containment Checklist:

Instructions: Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- Design Plan - based upon the appropriate requirements.
- Operating and Maintenance Plan - based upon the appropriate requirements.
- Closure Plan - based upon the appropriate requirements.
- Site Specific Groundwater Data -
- Siting Criteria Compliance Demonstrations -
- Certify that notice of the C-147 (only) has been sent to the surface owner(s)**

10.

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): Ben Stone Title: Agent for Bullwhip Water Solutions, LLC

Signature:  Date: October 14, 2016

e-mail address: ben@sosconsulting.us Telephone: 903-488-9850

11.

OCD Representative Signature: _____ **Approval Date:** _____

Title: _____ **OCD Permit Number:** _____

OCD Conditions _____

Additional OCD Conditions on Attachment

Bullwhip Water Solutions, LLC **10-26S-28E Produced Water Recycling Facility**

CLOSURE PLAN

The following Closure Plan is required and made part of the application to the New Mexico Oil Conservation Division and the New Mexico State Land Office.

Closure Plan Detail

1. Procedure and Protocols

(a) Upon decommissioning of the subject facility, all equipment including any associated tanks and containment vessels, pipes, valves, gauges and pumps, the operator shall test the collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for ***BTEX, TPH, the GRO and DRO combined fraction and chlorides*** to demonstrate that:

- 1) benzene concentration does not exceed 0.2 mg/kg, and;
- 2) total BTEX concentration does not exceed 50 mg/kg, both constituents determined by EPA SW-846 methods 8021B or 8260B, and;
- 3) TPH concentration does not exceed 2500 mg/kg; as determined by EPA method 418.1 or various references in 19.15.x NMAC, and;
- 4) GRO and DRO combined fraction does not exceed 500 mg/kg, both constituents determined by EPA SW-846 method 8015M, and;
- 5) chloride concentration does not exceed 1000 mg/kg, as determined by EPA method 300.1.

The various contaminants will be remediated to the specified levels or background concentration, whichever is greater. Other EPA methods may be approved by the division but are not anticipated to be utilized in this closure or subsequent remediation.

(b) The operator shall notify the division of its results on form C-141 or its future equivalent. Additional delineation may be performed pending a review of the results by NMOCD.

(c) If the operator or the division determines that a release has occurred, then the operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, ***as appropriate***.

- 1) Notification – The operator will report any unauthorized release of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixtures of those chemicals or contaminants that occur during drilling, producing, storing, disposing, injecting, transporting, servicing or processing and to establish reporting procedures.

Closure Plan

Bullwhip Recycling Facility

2) Remediation – The operator will conduct operations to abate pollution of subsurface water so that ground water of the state that has a background concentration of 10,000 mg/l or less TDS is either remediated or protected for use as domestic, industrial and agricultural water supply, and will remediate or protect those segments of surface waters that are gaining because of subsurface-water inflow for uses designated in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC; and will abate surface-water pollution so that surface waters of the state are remediated or protected for designated or attainable uses as defined in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC (WQCC).

(d) If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (3) of Subsection C of 19.15.17.13 NMAC, then the operator shall construct a division-prescribed soil cover; recontour and re-vegetate the site. The division-prescribed soil cover, recontouring and re-vegetation requirements shall comply with applicable subsections of 19.15.17.13 NMAC.

2. Waste Removal - Disposal Facility Name and Permit Number

The waste (liner and any excavated contaminated soil) shall be transferred an NMOCD authorized solid waste disposal facility.

3. Soil Backfill and Cover Design Specifications

(a) The soil cover for closures where the operator has removed the remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

(b) The operator shall construct and contour the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

4. Re-Vegetation Plan

The operator shall substantially restore and re-vegetate the impacted area's surface in accordance with Paragraph (5) of Subsection H of 19.15.17.13 NMAC.

This plan will effectively prevent erosion, and protect fresh water, human health and the environment.

(a) The first growing season after the operator closes a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit or below-grade tank including access roads, the operator shall seed or plant the disturbed areas.

(b) The operator shall accomplish seeding by drilling on the contour whenever practical or by other division-approved methods. The operator shall obtain vegetative cover that equals 70% of the native perennial vegetative cover (un-impacted by overgrazing, fire or other intrusion damaging to native vegetation) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. During the two growing seasons that prove viability, there shall be no artificial irrigation of the vegetation.

Closure Plan

Bullwhip Recycling Facility

- (c) The operator shall repeat seeding or planting until it successfully achieves the required vegetative cover.
- (d) When conditions are not favorable for the establishment of vegetation, such as periods of drought, the division may allow the operator to delay seeding or planting until soil moisture conditions become favorable or may require the operator to use additional cultural techniques such as mulching, fertilizing, irrigating, fencing or other practices.
- (e) The operator shall notify the division when it has seeded or planted and when it successfully achieves re-vegetation.

5. Site Reclamation Plan

- (a) Once the operator has closed any area associated with a closed-loop system, pit, trench or below-grade tank, the operator shall reclaim the location, drying pad location, below-grade tank location or trench location and all areas associated with the closed-loop system, pit, trench or below-grade tank including associated access roads to a safe and stable condition that blends with the surrounding undisturbed area. The operator shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Paragraph (5) of Subsection H of 19.15.17.13 NMAC.
- (b) The operator may propose an alternative to the re-vegetation requirement if the operator demonstrates that the proposed alternative effectively prevents erosion, and protects fresh water, human health and the environment. The proposed alternative shall be agreed upon by the surface owner. The operator shall submit the proposed alternative, with written documentation that the surface owner agrees to the alternative, to the division for approval.

Summary and Conclusion

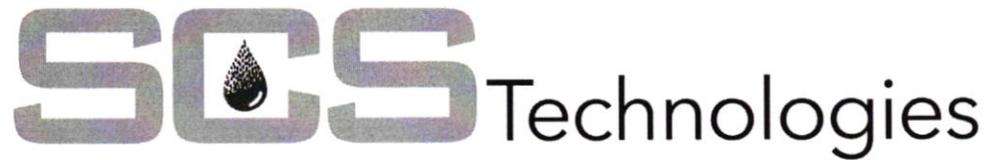
Bullwhip Water Solutions, LLC seeks approval for its plan contained herein, to responsibly close and otherwise remediate any release of regulated fluids, hydrocarbons or chlorides. All wastes will be excavated and disposed of at an NMOCD licensed waste disposal facility. Further, Bullwhip Water Solutions will continue operations at the site with appropriate housekeeping guidelines in place and will notify the NMOCD and submit complete and accurate paperwork for any events requiring such.

At whatever point in the future the site is to be decommissioned while still operated by Bullwhip Water Solutions, a new C-144 and/or other required forms shall be submitted to NMOCD. Until that time, the operator will maintain a clean and well kept site for safe operations, protection of underground sources of drinking water and the environment, public health and esthetics.

Associated costs for closure are shown on next page.

Prepared and submitted by:

**Ben Stone, Partner
SOS Consulting, LLC
Agent for Bullwhip Water Solutions, LLC
October 14, 2016**



July 19, 2016

Re: General Site Clean Up

To: Bullwhip Water Solutions LLC.

Thank you for the opportunity for SCS Technologies to bid on your upcoming project. We are pleased to submit the following quote for your consideration.

SCS will move 17 Frac Tanks and 1, 750bbl Gun Barrel from site to Carlsbad NM.
SCS will remove 100'x200'x3' pit liner, remove burn, remove caliche and turn soil.
SCS will bring top soil in if needed and plant grass seed to return site back to original.

*If any water is left in tank's or gun barrel it will have to be disposed of at a rate of \$2.00 per barrel. Amount of water to be determined at site.

*This is a not to exceed Quote.

The rate quoted in this proposal is firm for 30 days and does not include any local, state, or federal taxes that may apply.

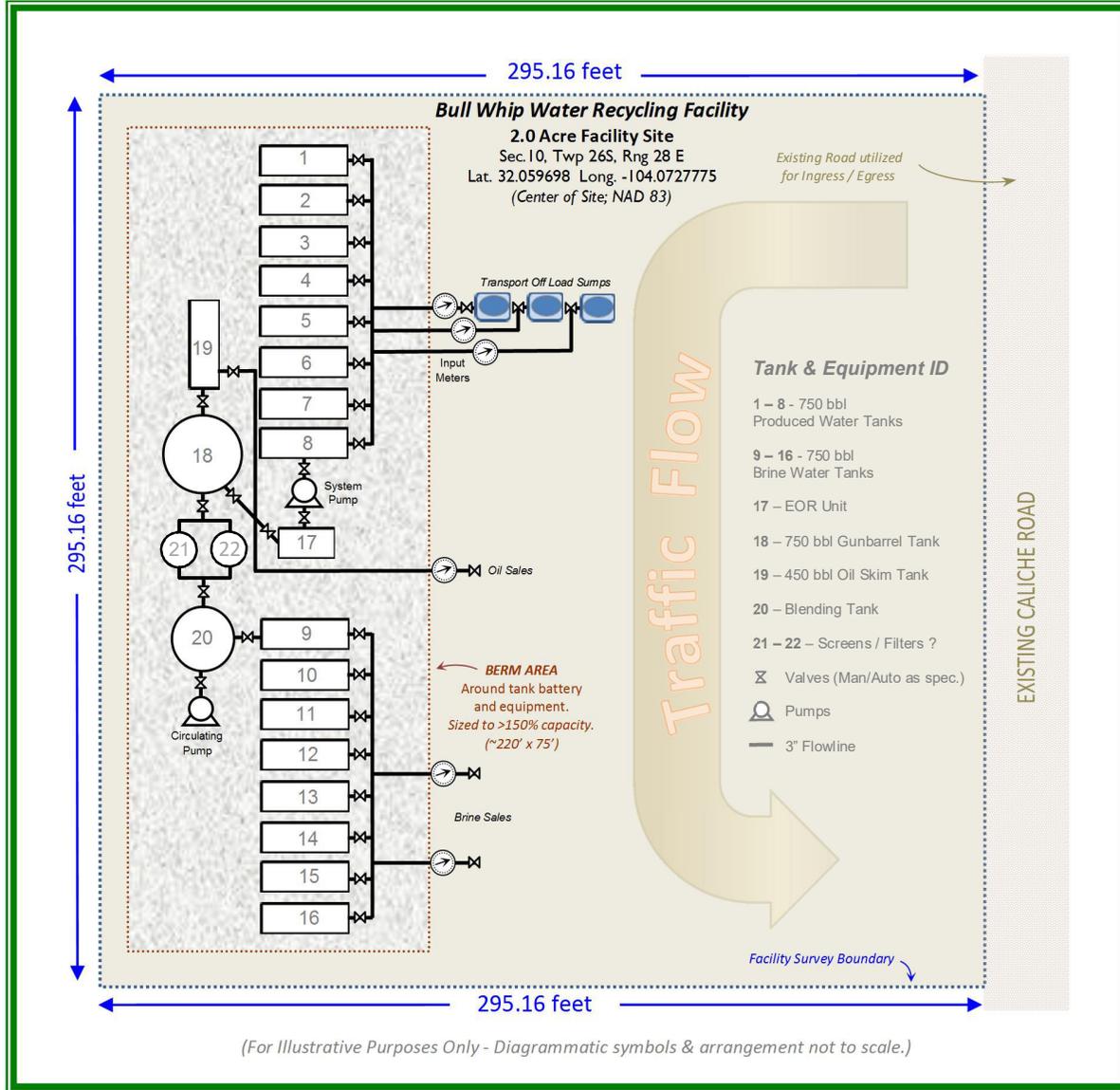
Change Orders will be charged on a T&M Basis and only with a signed work order.

Total: \$51,000.00

If there are any questions or concerns, please contact me at [432-312-9944](tel:432-312-9944).

Bull Whip Water Recycling Facility - Diagram on 2.0 Acre Easement

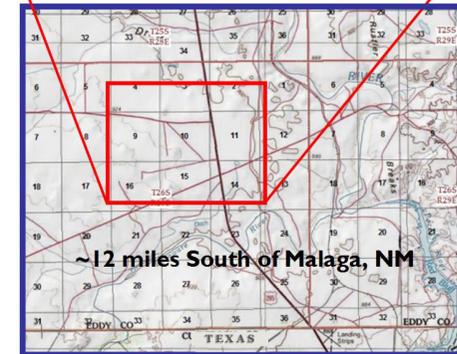
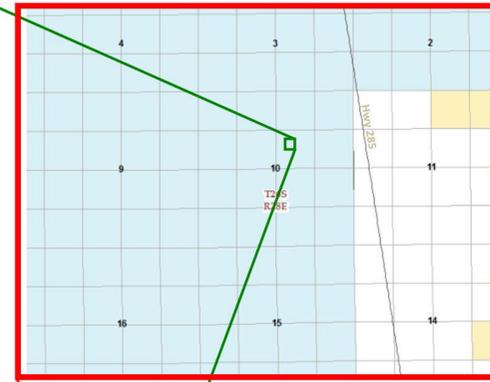
(Attachment to NMSLO Application for Business Lease.)



(For Illustrative Purposes Only - Diagrammatic symbols & arrangement not to scale.)

BULL WHIP WATER SOLUTIONS, LLC

Section 10, T-26S, R-28E



Eddy County, New Mexico

EXHIBITS 5 - 8

Exhibit 5 – Metes and Bounds Surveys

- a) Facility Site** (As contained in Business Lease application)
- b) Road Access** (As contained in Road Right-of-Way application)

Exhibit 6 – Aerial (Satellite) Photo of Site

Exhibit 7 – Floodplain Map

Exhibit 8 – Earthquake Map

EXHIBIT 5

10
Years of
Quality Service



Oil & Gas Accounting - Regulatory Processing Assistance - Oil Field Technical Assistance

August 22, 2013

New Mexico State Land Office
Commercial Resources Division
310 Old Santa Fe Trail
Santa Fe, NM 87501

Attn: Mr. John Winscott, Management Analyst, Commercial Leasing

***Re: Business Lease Application for a Produced Water Recycling Facility Site
Located on 2 Acres of State Land in Eddy County, New Mexico***

Dear John,

Enclosed, please find Bullwhip Water Solutions, LLC's application for a *business lease* to provide a site for a produced water recycling facility.

As we've discussed the project on the telephone a couple of time, I believe you're generally aware of the situation. Beyond the technical and operational considerations, particular to this application and the subject 2 acres, I'd like to point out the effort we had made to come to agreeable terms with the currently grazing lessee, Mr. Curtis Skeen - actually, the lease is in his mother's name, Ms. Martha Skeen. Our hope is that as this application progresses, Mr. Skeen can at some point be notified that the quitclaim should rightly be approved. Our understanding is that he will agree to sign off on the quitclaim deed once he received some official communication to that effect.

I believe all else is in order for a complete application and approval of a business lease. One question we do have pertains to a possible cultural resources survey of the subject tract. I'm thinking that since the proposed lies in an area already heavily populated with oil and gas facilities, perhaps the area has been adequately covered in previous surveys. With respect to the ARMS review, my understanding from one of our previous conversations is that State Land Office personnel will perform that at their convenience.

Application requirements have changed considerably with the current Commissioner so I hope that I have everything covered however; we could appreciate your consideration in helping us to understand what other information may be needed.

We believe this much needed facility will provide good revenue to the State of New Mexico and its beneficiaries. If anything further is required, please don't hesitate to contact me at your earliest convenience.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Ben Stone', is written over a white background.

Benjamin E. Stone, Partner
SOS Consulting, LLC
cc: Project File



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

**Application for a Business Lease to Construct and/or Operate a Frac Pond,
Multi-Well Fluid Management Pit or Recycling Containment and Facility**

**INFORMATION SHEET REGARDING PRODUCED WATER
AND HYDRAULIC FRACTURING FLUIDS**

Special Considerations for Operation on State Trust Lands:

The State Land Office is dedicated to generating revenue to support New Mexico's public schools and institutions while ensuring the long-term health and productivity of the land. In keeping with this ongoing commitment we have evaluated the operations of containments, pits or ponds involving produced water and/or fracturing fluids. In the following two areas the NMSLO requires precautions in addition to compliance with the regulations set forth by the New Mexico Oil Conservation Division as well as all other federal, state and local requirements.

- 1. Design and Construction Specifications** In addition to compliance with all federal, state and local regulations Lessee shall
 - a. use factory welded seams whenever possible for the primary and secondary liners; and
 - b. use wildlife netting for all open containments, pits or ponds.

- 2. Surface Operations** In addition to compliance with all federal, state and local regulations
 - a. Lessee shall remove all surface trash and debris caused by their operations from the Leased Premises and shall keep such premises free and clear of such trash and debris. "Surface trash and debris" means all nonoperation and/or nonessential equipment resulting from the operations permitted pursuant to this Lease and includes, but is not limited to, garbage, rubbish, junk or scrap.
 - b. Lessor requires that a fence be present from the time the liner is installed in the pit through the satisfaction of closure and site reclamation requirements and the terms of the lease. Fencing shall be maintained with the intent to keep persons, livestock and wildlife out of the pit. The type of fence used shall be specific to the class of livestock in the area (either a site perimeter fence or pit fence). All fences shall be braced or constructed in such a manner as to keep wires tight with no sagging between posts. The Lessor will inspect and, if necessary, notify the Lessee of necessary repairs or requirements for maintaining the required condition of all fences associated with this Lease.
 - c. All releases and spills over one half barrel shall be reported to the Lessor within forty-eight (48) hours. All major and minor releases shall be treated and cleaned up pursuant to OCD regulations. All spills over one half barrel and less than five barrels shall be treated and cleaned up to the reasonable satisfaction of Lessor.



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

APPLICATION CHECKLIST

When submitting your application for a **frac pond, multi-well fluid management pit or recycling containment facility** please use the following list to ensure you have included all necessary documentation with your application packet. Incomplete applications will not be processed.

- Application Form – completed, signed and notarized, labeled Exhibit 1 .
- Metes and Bounds Survey – refer to survey criteria, labeled Exhibit 2 .
- Copy of Access Survey, labeled Exhibit 3 .
- Site Plan – showing placement of improvements, labeled Exhibit 4 .
- List of Equipment and Improvements (*if extra space needed*), labeled Exhibit 5 .
- Close-out Plan, labeled Exhibit 9 .
- T&E Reports (*if required*), labeled Exhibit _____.
- A.R.M.S. Survey or Cultural Survey, labeled Confidential Exhibit _____.
- Copy of NMOCD Forms (*i.e. C-144, C-147, etc., if applicable*), labeled Exhibit 10 .
- Copy of the Environmental Assessment (*if conducted by BLM or otherwise required by an outside agency*), labeled Exhibit _____.
- Contacted NMSLO Commercial Resources Division to determine what forms will be required to obtain consent or partial relinquishment from existing surface lessee(s).
- \$50 Application Fee.*

If you have any questions regarding the application procedure please contact the Commercial Resources Division at (505) 827-5724.

* Please make checks payable to “*Commissioner of Public Lands*”. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

**APPLICATION FOR A BUSINESS LEASE TO CONSTRUCT/OPERATE
A FRAC POND, MULTI-WELL FLUID MANAGEMENT PIT OR
RECYCLING CONTAINMENT AND FACILITY**

To: Commissioner of Public Lands
Attn: Commercial Resources Division
P.O. Box 1148, Santa Fe, New Mexico 87504
310 Old Santa Fe Trail, Santa Fe, New Mexico 87501

New Lease No. _____
(assigned by NMSLO)
Existing Lease No. _____

I, Bullwhip Water Solutions, LLC State of New Mexico,
(Name of the legal entity, or if applying as an individual, the personal name) *(State of incorporation)*

a citizen over the age of twenty-one years (or a corporation authorized to do business in New Mexico) do hereby make application for a business lease upon the following described lands, or such portion thereof as may be available for leasing, situated in the County of Eddy, State of New Mexico. I submit herewith a \$50.00 non-refundable application processing fee upon the following described lands:

DESCRIPTION OF LAND *(Enter amount of acreage in each Quarter Quarter Subdivision.)**

<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>	<u>ALIQUOT (Subdivision)</u>	<u>ACRES</u>
26 South	28 East	10	SW/4 NE/4	2.0

Attach a metes and bounds survey with legal description when submitting the application.

*Please give general location or address of property if applicable:

1/2 mile west of Hwy 285 on White City Road, turn left (south) to facility site; approximately 12 miles south of Malaga, NM.

1. Please check the box that matches the lease term you are requesting:

- 5-year lease.
- Long-term "bid lease". Enter the number of lease years requested: _____

A "bid lease" means a business lease entered into by the Commissioner after the public advertisement and public auction required by the Enabling Act. If you are requesting a "bid lease" please indicate the number lease years you are requesting.

2. State the proposed access to the site. *(Please note that a separate right-of-way easement must be obtained for any access over state trust lands.)*

From Malaga, NM - continue on Hwy 285 south approximately 12 miles to White City Road and turn right (west). Go approximately 1/2 mile to existing caliche road on left (south). Site location is 260 feet off blacktop road.

3. The primary proposed use is for:

- | | | | | | |
|-------------------------------------|-------------------------------------|--------------------------|----------|-------------------------------------|------------------|
| <input type="checkbox"/> | Fresh Water Only Frac Pond; | <input type="checkbox"/> | Existing | <input type="checkbox"/> | New Construction |
| <input type="checkbox"/> | Multi-Well Fluid Management Pit; | <input type="checkbox"/> | Existing | <input type="checkbox"/> | New Construction |
| <input checked="" type="checkbox"/> | Recycling Containment and Facility; | <input type="checkbox"/> | Existing | <input checked="" type="checkbox"/> | New Construction |

4. The secondary proposed use includes: *(Please list all additional uses to be performed on the land.)*

5. Will this operation include facilities for recycling of produced water? Yes No

6. If this application is part of a larger project that will involve additional state trust lands and other instruments besides this lease please provide a summary of the project.

7. Will there be multiple operators using this facility? Yes No

8. Are there any existing improvements on the land: (If so, give type and description):
No.

9. List all improvements and equipment you intend to place on the land and the approximate value of same, and attach a "Site Plan" showing improvements to be constructed and their location on the trust land: *(A separate sheet may be attached with this information.)*

Primary components of facility will include approximately 20 tanks of various capacities (generally 500 bbls and larger), connecting pipes, valves and other plumbing, pumps, filter and screen assemblies, truck off load equipment and related items. A small equipment house for electronic monitoring and control equipment. All fluid tanks will be contained in an earthen berm lined with 40 mil hpdm liner or better. The facility will be fenced to prevent livestock entry.

10. Estimated completion of improvements installation (month day, year): December 15, 2016

11. If you are required to file any permitting documents with the New Mexico Oil Conservation Division regarding this facility please provide a copy with the application.

12. Cultural Resource Protection

Please indicate that you (Applicant) have read the **T&E and Cultural Resources Notice to Applicants** and that you understand and agree to abide by the terms and conditions set forth therein. Yes No

An Archaeological Survey is strongly recommended. If no survey is provided an Archaeological Records Management Section Inspection (ARMS Inspection) in accordance with NMAC 4.10.15.9 is required. If the ARMS Inspection is not provided by the applicant, the Land Office will provide the ARMS Inspection in the order applications are received.

An Archaeological Survey is attached with a cover page labeled Confidential Exhibit ____: Yes No

An ARMS Inspection is attached with a cover page labeled Confidential Exhibit ____: Yes No

The Applicant would like the NMSLO to provide the ARMS Inspection: Yes No

13. Shape files are required with all applications.

Please indicate if shape files for this project are available: Yes No

If yes, the NMSLO lease analyst will request the files from the applicant shape file custodian listed here:

MDN Surveying, LLC; Matt Norman, PLS; mdnsurveying@hotmail.com
(Enter the contact name and email address.)

14. If this application is part of a larger project involving federal land please provide a copy of the Environmental Assessment prepared by BLM.

15. If there is an existing surface lessee you will be required to furnish a “*Partial General Relinquishment*” or “*Consent to Lease Land Currently Leased*” granting permission to lease trust land under existing lease. **Please contact the Commercial Resources Division to verify you are using the proper form and obtain contact information for the existing lessee.**

16. Please attach your proposed “Close-out Plan.” You may be required to post a bond to assure reclamation of the site. You will also be required to remove all your improvements upon termination of the lease.

17. Please provide contact information for the application process and the field contact for operations at the site.

Required Applicant Contact Information

Applicant Contact: Ben Stone, Agent

Applicant Phone #: 903-488-9850

Applicant Email: ben@sosconsulting.us

Required Field Contact Information

Field Contact: Keith Lance

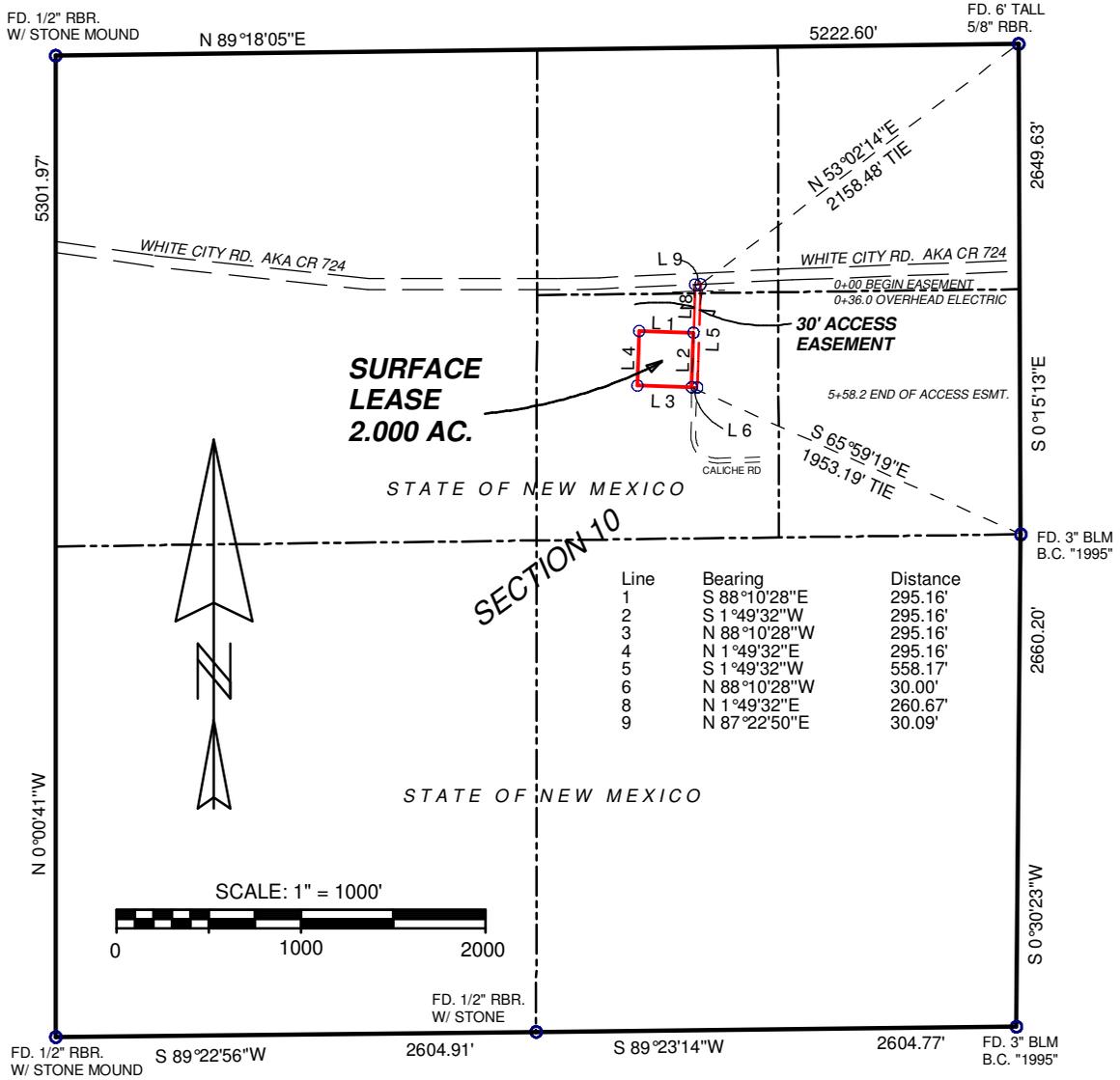
Field Phone #: 505-771-8808

Field Email: kplance9@gmail.com

Physical Correspondence Address: 1950 County Road 2331, Como, TX 75431

Affirmation on the following page.

SECTION 10, TOWNSHIP 26 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO



DESCRIPTION

A CERTAIN TRACT OF LAND ON STATE OF NEW MEXICO LANDS SITUATE WITHIN SECTION 10, T26S, R28E, N.M.P.M., EDDY COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF THE TRACT HEREIN DESCRIBED WITHIN THE SW/4 NE/4 OF SAID SECTION 10, WHENCE THE EAST 1/4 CORNER OF SECTION 10, BEING A 3" BLM BRASS CAP, BEARS S65°59'19"E, 1953.19 FEET AND RUNNING THENCE AS THE DESCRIBED SURFACE LEASE;
 N88°10'28"W, 295.16 FEET TO THE SOUTHWEST CORNER; THENCE, N1°49'32"E, 295.16 FEET TO THE NORTHWEST CORNER; THENCE, S88°10'28"E, 295.16 FEET TO THE NORTHEAST CORNER; THENCE, S1°49'32"W, 295.16 FEET TO THE SOUTHEAST CORNER AND POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED AND CONTAINING 2.000 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SECTION 10:
 SW/4 NE/4 2.000 ACRES OR 320 SQ. RODS

TOGETHER WITH A 30' FOOT WIDE ACCESS EASEMENT CROSSING STATE LAND WITHIN SECTION 10, T26S, R28E, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

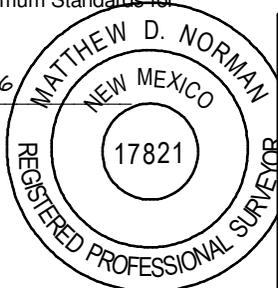
BEGINNING AT POINT ON THE SOUTHERLY RIGHT-OF-WAY OF WHITE CITY ROAD AKA CR 724 WHENCE A FOUND 6' TALL 5/8" REBAR AT THE NORTHEAST CORNER OF SECTION 10 BEARS N53°02'14"E, 2158.48 FEET, AND RUNNING THENCE AS AN EASEMENT:
 S1°49'32"W, 558.17 FEET TO THE SOUTHEAST CORNER OF SAID EASEMENT; THENCE, N88°10'28"W, 30.00 FEET TO THE SOUTHWEST CORNER OF SAID EASEMENT; THENCE, N1°49'32"E, 555.83 FEET TO THE NORTHWEST CORNER LYING ON THE SOUTHERLY RIGHT-OF-WAY OF WHITE CITY ROAD; THENCE FOLLOWING SAID RIGHT-OF-WAY N87°22'50"E, 30.09 FEET TO THE POINT OF BEGINNING AND TERMINUS OF SAID EASEMENT. CONTAINING 0.384 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SECTION 10:
 NW/4 NE/4 2.89 RODS OR 0.033 ACRES
 SW/4 NE/4 30.86 RODS OR 0.351 ACRES

SURVEYORS CERTIFICATE:

I, Matthew D. Norman, a New Mexico registered Professional Land Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plat meet the Minimum Standards for Surveying in New Mexico.

Matthew D. Norman 5-19-16
 Matthew D. Norman, P.S. 17821 Date



NOTE: BASIS OF BEARINGS ARE GRID "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE GROUND

TEX - MEX WATER SOLUTIONS, LLC

SURVEY OF A SURFACE LEASE AND ACCESS EASEMENT CROSSING STATE LAND IN SECTION 10, T26S, R28E, N.M.P.M., EDDY COUNTY, NEW MEXICO

DATE OF FIELD SURVEY: MAY 3, 2016

FILE NAME: T262810.ZAK

MDN SURVEYING LLC

1104 ELGIN RD.
 CARLSBAD, NM 88220

EXHIBIT 5 (cont.)

10
Years of
Quality Service



Oil & Gas Accounting - Regulatory Processing Assistance - Oil Field Technical Assistance

October 12, 2016

New Mexico State Land Office
Rights-of-Way Section
310 Old Santa Fe Trail
Santa Fe, NM 87501

Attn: Mr. Nick Jaramillo, Management Analyst

Re: Road Right-of-Way for Access for Bullwhip Water Solutions, LLC's Recycling Facility.

Dear Nick,

Enclosed, please find Bullwhip Water Solution, LLC's applications for the subject road right-of-way. I'd like to point out that this will be for **access** to their pending development of a water recycling facility also on State Lands and the application for a business lease is already under review by the Commercial Resources Section of the State Land Office. For your reference, it has already been assigned the number BL-2399 and will be named the Bullwhip Water Recycling Facility.

In the application, I indicated that Bullwhip has bonding and a copy of a \$250,000 reclamation bond has been filed with the SLO. Also, I checked a reduction or waiver of bonding as this right-of-way for **access is for an existing road**. I believe the bond should be more than adequate however; as the road is in use by others in the area, I don't believe Bullwhip having access on an existing road to its facility should encumber them with the full road construction or reclamation amounts. Bullwhip intends for this to be a relatively long term endeavor but, the road may well still exist and be in use at whatever point in the future that Bullwhip may decide to decommission the facility. Two final points; we will defer the ARMS inspection to SLO and shape files are available. Secondly, the road encompasses 33.75 rods – calculated at \$10 per rod per 20 feet (for existing roads) + \$1 per additional foot of width = \$20 per rod for a 30 foot easement. With the 1-5 year factor, I have calculated this to be an annual rental fee of \$419.11; obviously we'll use your calculation if it differs.

Further, I have included an authorization letter from Bullwhip authorizing me to act on their behalf in all permitting and regulatory matters.

Finally, I have attached an SOS Consulting check for the application fee. Bullwhip Water Solutions, LLC requests that they be billed for the annual rental amount for each of the 5 years.

If anything further is required, please don't hesitate to contact me at your earliest convenience.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Ben Stone', is written over a white background.

Ben Stone, Partner
SOS Consulting, LLC

cc: Project File



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

APPLICATION FOR RIGHT-OF-WAY EASEMENT

Dear Commissioner:

Bullwhip Water Solutions, LLC
(Name of Applicant)
914 E. Taos, Hobbs, NM 88240
(Street Address, City, State, Zip Code)
Ben Stone, SOS Consulting, Agent, 903-488-9850
(Contact Name, Phone Number)

Keith Lance
(Designated Field Contact Name)

(Field Contact Phone Number)
kplance9@gmail.com
(Field Contact Email Address)

hereby applies for a right-of-way easement for the construction and location of a road
(road is existing, ROW is for access)

(Provide detailed information regarding the type of line; electrical, telecommunications, pipeline, road or facility. Provide O.D. for pipelines)

If a pipeline is applied for, please check the following: Buried Surface _____ P.S.I.

Project Name: Bullwhip Water Recycling Facility

It is requested that the right-of-way be 30 (must correspond with survey plat) feet wide as indicated on the attached two copies of survey maps or plats shown in red the survey centerline and length of the right-of-way measured in rods. The legal description of the proposed right-of-way is described in aliquot 40-acre tracts (qtr. /qtr. breakdown) with a description of rods and acres shown in each aliquot part and a total of rods and acres included in the proposed right-of-way. Permission to survey is included with this application. The survey was completed within twelve months of this application, and the proposed right-of-way has been staked and flagged. **Failure to do so will result in an additional application fee.**

It is requested that the right-of-way be for a term of 5 years. (Term may not exceed 35 years.)

In accordance with 19.2.10.18, one of the following is enclosed to cover payment for damages that might occur to the state land improvements of a surface lessee: (A bond may be in the form of a Surety Bond, Cash Bond, or a Letter of Credit.)

- Single bond in the amount of \$500.00
- Right-of-way blanket bond in the amount of \$2,500.00
- Blanket right-of-way bond of \$2,500.00 is currently on file with the State Land Office
- A Mega bond, number _____ is currently on file with the State Land Office
- A waiver of property damage bond by the surface lessee is enclosed.
- Applicant requests that the bond amount for damages to the trust lands be reduced or waived by the Commissioner.

Cultural Resource Protection:

Please indicate that you (Applicant) have read the **T&E and Cultural Resources Notice to Applicants** and that you understand and agree to abide by the terms and conditions set forth therein. Yes No

An Archaeological Survey is strongly recommended. If no survey is provided an Archaeological Records Management Section Inspection (ARMS Inspection) in accordance with NMAC 4.10.15.9 is required. If the ARMS Inspection is not provided by the applicant, the Land Office will provide the ARMS Inspection in the order applications are received.

An Archaeological Survey is attached with a cover page labeled: Yes No
Confidential Exhibit _____.

An ARMS Inspection is attached with a cover page labeled: Yes No
Confidential Exhibit _____.

The Applicant would like the NMSLO to provide the ARMS Inspection: Yes No

Shape Files:

Shape Files are required with all applications.

Shape Files for this project are available: Yes No

If yes, the NMSLO lease analyst will contact you at the address you provide:

Applicant Shape File Custodian (email contact information): Matt Norman, surveyor
mdnsurveying@hotmail.com

Pursuant to New Mexico State Land Office fee schedule, enclosed is a check in the amount of \$Please bill applicant
for existing road 33.75 rods (16.5 feet) at \$20.00 for existing road (20'+10') per rod, plus **\$250.00** application fee.

** When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.*

Applicant

By: 

Title: Agent for Bullwhip Water Solutions, LLC

Agents name and address:
(*Letter of Authorization attached*)

Ben Stone, SOS Consulting, LLC

P.O. Box 300

Como, TX 75431

Phone number 903-488-9850

Email Address ben@sosconsulting.us

ACKNOWLEDGMENT FOR CORPORATIONS

STATE OF TEXAS)
) ss.
COUNTY OF HOPKINS)

The foregoing instrument was acknowledged before me this _____ day of _____ 20____, by _____, _____
(Name of Officer) *(Title of Officer)*

of _____, a _____
(Name of Corporation Acknowledging) *(State of Incorporation)*

corporation, on behalf of said corporation.

My Commission Expires:

NOTARY PUBLIC

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF TEXAS)
)ss.
COUNTY OF HOPKINS)

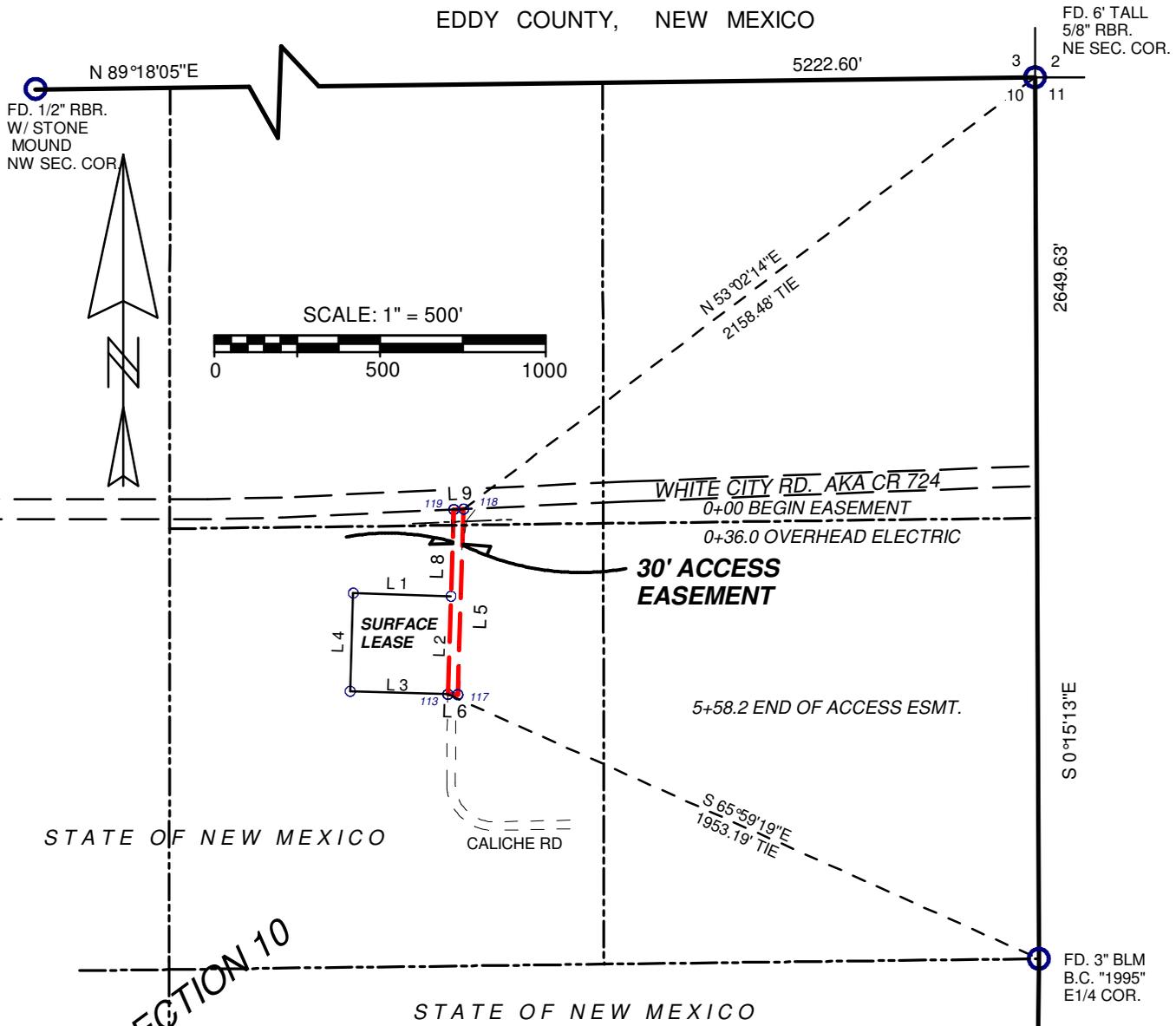
The foregoing instrument was acknowledged before me this _____ 12 TH day of _____
OCTOBER 20 16, by BEN STONE, AGENT FOR BULLWHIP, _____

My Commission Expires:

NOTARY PUBLIC

SECCION 10, TOWNSHIP 26 SOUTH, RANGE 28 EAST, N.M.P.M.

EDDY COUNTY, NEW MEXICO



Line	Bearing	Distance	Point #	Northing	Easting
1	S 88°10'28"E	295.16'	113	385438.01	622222.21
2	S 1°49'32"W	295.16'	117	385437.06	622252.19
3	N 88°10'28"W	295.16'	118	385994.82	622269.97
4	N 1°49'32"E	295.16'	119	385993.44	622239.92
5	S 1°49'32"W	558.17'			
6	N 88°10'28"W	30.00'			
8	N 1°49'32"E	260.67'			
9	N 87°22'50"E	30.09'			

DESCRIPTION

A 30' FOOT WIDE ACCESS EASMENT CROSSING STATE LAND WITHIN SECTION 10, T26S, R28E, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT POINT ON THE SOUTHERLY RIGHT-OF-WAY OF WHITE CITY ROAD AKA CR 724 WHENCE A FOUND 6' TALL 5/8" REBAR AT THE NORTHEAST CORNER OF SECTION 10 BEARS N53°02'14"E, 2158.48 FEET, AND RUNNING THENCE AS AN EASEMENT: S1°49'32"W, 558.17 FEET TO THE SOUTHEAST CORNER OF SAID EASEMENT; THENCE, N88°10'28"W, 30.00 FEET TO THE SOUTHWEST CORNER OF SAID EASEMENT; THENCE, N1°49'32"E, 555.83 FEET TO THE NORTHWEST CORNER LYING ON THE SOUTHERLY RIGHT-OF-WAY OF WHITE CITY ROAD; THENCE FOLLOWING SAID RIGHT-OF-WAY N87°22'50"E, 30.09 FEET TO THE POINT OF BEGINNING AND TERMINUS OF SAID EASEMENT. CONTAINING 0.384 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SECTION 10:
 NW/4 NE/4 2.89 RODS OR 0.033 ACRES
 SW/4 NE/4 30.86 RODS OR 0.351 ACRES

SURVEYORS CERTIFICATE:

I, Matthew D. Norman, a New Mexico registered Professional Land Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plat meet the Minimum Standards for Surveying in New Mexico.

NOTE: BASIS OF BEARINGS ARE GRID " NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE GROUND COORDINATES ARE NEW MEXICO STATE PLANE

Matthew D. Norman
 Matthew D. Norman, P.S. 17821 Date 10-10-16



BULLWHIP WATER SOLUTIONS, LLC

SURVEY OF A 30' ACCESS EASEMENT
 CROSSING STATE LAND IN SECTION 10, T26S, R28E, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

DATE OF FIELD SURVEY: MAY 3, 2016 FILE NAME: T262810D.ZAK

MDN SURVEYING LLC
 1104 ELGIN RD.
 CARLSBAD, NM 88220

SHEET 1 OF 1



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

RECLAMATION BOND FOR COMMERCIAL LEASES

File with:

New Mexico State Land Office
Commercial Resources Division
310 Old Santa Fe Trail, Santa Fe, NM 87501
P.O. Box 1148, Santa Fe, NM 87504-1148

BOND NO. E063544

(For use of Surety Company)

BOND NO. _____

(For use of NMSLO)

EFFECTIVE DATE: 9/15/2016

LEASE NO. BL-2399

KNOW ALL PERSONS BY THESE PRESENTS:

Lessee Name: BULLWHIP WATER SOLUTIONS, LLC
Lessee's Address: PO BOX 3246
State in which Lessee is Organized: NEW MEXICO

Surety Name: GREAT AMERICAN INSURANCE COMPANY
Surety Business Address: 301 EAST 4TH STREET,
CINCINNATI, OH 45202
State in which Surety is Organized: OHIO

WHEREAS, Lessee, authorized to do business in the State of New Mexico, and Surety, authorized by the Superintendent of Insurance to do business in the State of New Mexico, pursuant to the Commissioner of Public Land's authority to manage state trust land and leases in Sections 19-2-1 and 19-2-2 NMSA 1978, are jointly and severally firmly bound to the State of New Mexico's State Land Office ("NMSLO"), or its successor, for payment in the amount of **two hundred fifty thousand dollars (\$250,000)**.

WHEREAS, Lessee holds a Recycling Containment and Recycling Facility Business Lease with NMSLO, and has installed or will install a recycling containment and recycling facility on the state trust land described in and covered by said NMSLO Lease No. BL-2399 ("the Lease"), located in Section 10, Township 26SOUTH, Range 28 EAST, N.M.P.M., EDDY County, New Mexico ("the Lease Land").

WHEREAS, the construction and operation of Lessee's recycling containment and recycling facility will cause surface and subsurface impacts to the Lease Land.

WHEREAS, Lessee and Surety expressly agree, under this Bond obligation, to cause and ensure compliance with all performance requirements of the Lease, as well as the proper removal of improvements, remediation, reclamation and restoration of the Lease Land, including but not limited to the requirements of Lease Paragraphs 13 and 14, any and all performance requirements,

costs, fees, rent, fines in the Lease, 19.2.9 NMAC, 19.15.34 NMAC (including but not limited to 19.15.34.14 "Closure and Site Reclamation Requirements For Recycling Containments"), and any other applicable rules or laws ("Obligations"). Lessee and Surety further expressly agree that the Obligations of this Bond also include any costs, fees (including reasonable attorney's fees) incurred by NMSLO in enforcing any Obligations covered by this Bond, including the collection and forfeiture of this Bond. Additionally, Lessee and Surety expressly agree that the Obligations of this Bond also include any damages to the surface of the Lease Land, livestock, water, crops, tangible improvements or surface improvements suffered by reason of Lessee's operations on the Lease Land by NMSLO or under any state lease, permit, right-of-way or easement heretofore or hereafter executed by the Commissioner of Public Lands.

WHEREAS, Lessee and Surety agree to complete or make good and sufficient recompense, satisfaction or payment to NMSLO, for all Obligations under this Bond.

THEN AND IN THAT EVENT, this Bond and obligation shall be null and void; otherwise, and in default of complete compliance with any and all of said Obligations, this Bond shall remain in full force and effect.

PROVIDED, HOWEVER, that thirty (30) days after receipt by NMSLO's Commercial Resources Division of written notice of cancellation from the Surety, the obligation of the Surety shall terminate as to any Obligations placed and arising on or from the Lease or Lease Land after the said 30-day period, but shall continue in effect, notwithstanding said notice, as to Obligations placed or arising on or from the Lease or Lease Land before the 31st day after receipt of said notice; under such circumstances, the determination of what Obligations were placed and arising on or from the Lease or Lease Land as of the 31st day after receipt of said notice shall be made exclusively by NMSLO. The liability of Surety on this Bond shall not expire upon the termination of the Lease, but shall remain in full force and effect until released in writing by the Commissioner of Public Lands. The term of this bond shall be a minimum of five (5) years, unless released in writing earlier by the Commissioner of Public Lands.

Signed and sealed this 15TH day of SEPTEMBER, 20 16.

PRINCIPAL Signature

Valerie Aber
SURETY Signature

Printed Name and Title

VALERIE ABER ATTORNEY-IN-FACT
Printed Name and Title

Street Address

301 E 4TH STREET
Street Address

City, State and Zip Code

CINCINNATI, OHIO 45202
City, State and Zip Code

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

[Acknowledgement on the following page.]

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS:

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____ to me known to be the person(s) described in and who executed the same as (his, her, their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My Commission Expires Notary Public name Notary signature
(Notary seal)

ACKNOWLEDGMENT FORM FOR CORPORATION:

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that s/he is _____ of _____ and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My Commission Expires Notary Public name Notary signature
(Notary seal)

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY:

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this 15TH day of SEPTEMBER, 20 16, before me personally appeared
VALERIE ABER to me personally known, who, being by me duly
sworn, did say that s/he is ATTORNEY-IN-FACT of
GREAT AMERICAN INSURANCE COMPANY and that this instrument was signed and sealed
on behalf of said corporation by authority of its board of directors, and acknowledged said
instrument to be the free act and deed of said corporation.

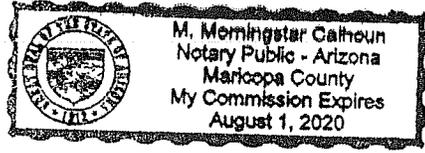
IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this
certificate first above written.

AUGUST 1, 2020
My Commission Expires

M. MORNINGSTAR CALHOUN
Notary Public name

M. Morningstar Calhoun
Notary signature

(Notary seal)



(Note: Corporate surety attach power of attorney.)

APPROVED this _____ day of _____, 20 _____.

COMMISSIONER OF PUBLIC LANDS

GREAT AMERICAN INSURANCE COMPANY®

Administrative Office: 301 E 4TH STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by this power of attorney is not more than one

Bond No. E063544

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute on behalf of the said Company, as surety, the specific bond, undertaking or contract of suretyship referenced herein; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below. The bond number on this Power of Attorney must match the bond number on the bond to which it is attached or it is invalid.

Name	Address	Limit of Power
Valerie Aber	2424 W Missouri Ave Phoenix, AZ 85015-2205	\$250000---

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 15th day of September, 2016
Attest GREAT AMERICAN INSURANCE COMPANY



Atty L C B

Assistant Secretary

David C. Kitchin

Divisional Senior Vice President

STATE OF OHIO, COUNTY OF HAMILTON - ss:

DAVID C. KITCHIN (877-377-2405)

On this 15th day of September, 2016, before me personally appeared DAVID C. KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is a Divisional Senior Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument; that he knows the seal of the said Company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.



Susan A. Kohorst
Notary Public, State of Ohio
My Commission Expires 05-18-2020

Susan A Kohorst

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated June 9, 2008.

RESOLVED: That the Divisional President, the several Divisional Senior Vice Presidents, Divisional Vice Presidents and Divisional Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract of suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, STEPHEN C. BERHA, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of June 9, 2008 have not been revoked and are now in full force and effect.

Signed and sealed this 15th day of September, 2016



Atty L C B

Assistant Secretary

SOS Consulting, LLC

Oil & Gas Accounting - Regulatory Processing Assistance - Oil Field Technical Assistance
P.O. Box 300 Como, Texas 75431 903-488-9850 Info@sosconsulting.us www.sosconsulting.us

1447

88-197/1119

PAY TO THE ORDER OF

COMM

OWNER of PUBLIC LANDS

DATE

10/12/20

* 250.00 *

Two hu



FOR Bullwhip Recycling Facility SLO ROAD ROW App Fee

Benjamin J. [Signature]
SOS CONSULTING, LLC - Authorized Signature

APPROVED
Ben , 11:20:36, 12/10/2016

APPROVED
Ben , 11:20:36, 12/10/2016

⑈001447⑈ ⑆111901975⑆ 1070184⑈

ARS
Security Features
Embossed in Ink

MP

October 11, 2016

Bullwhip Water Solutions, LLC
914 E. Taos
Hobbs, NM 88240

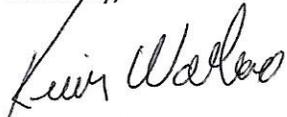
Re: Authorized Agent

To Whom It May Concern:

Please be advised that Mr. Ben Stone of SOS Consulting, LLC is hereby authorized to file applications, generate exhibits pertaining thereto, sign and submit notarized documents pertaining to the same and to generally act on behalf of Bullwhip Water Solutions, LLC in all matters pertaining to applying for and receiving permits for various activities regulated by various regulatory agencies including: New Mexico Oil Conservation Division, New Mexico State Land Office, the Bureau of Land Management and others that may become necessary in the course of obtaining required permits, rights-of-way or various other instruments.

His authority extends to permitting or other regulatory matters and is not an officer of the corporation.

Sincerely,

A handwritten signature in black ink that reads "Kevin Wallace". The signature is written in a cursive, flowing style.

Kevin Wallace, President
Bullwhip Water Solutions, LLC

EXHIBIT 6

Bullwhip Water Solutions, LLC

**Bullwhip Recycling Facility
Eddy County, New Mexico**

**Aerial w/ Survey Overlay (Approximate)
ULSTR: G-10-26S-28E**



(Note: Boundary location in this view is approximate and intended as a visual guideline. Positioning was derived by overlaying the surveyor's exact boundary in relation to the section lines on the survey documents. Imagery tilt and true north were not factored in.)

EXHIBITS 7 - 8

Exhibit 7 – 100-Year Floodplain Map

Exhibit 8 – Earthquake Map (30 years)

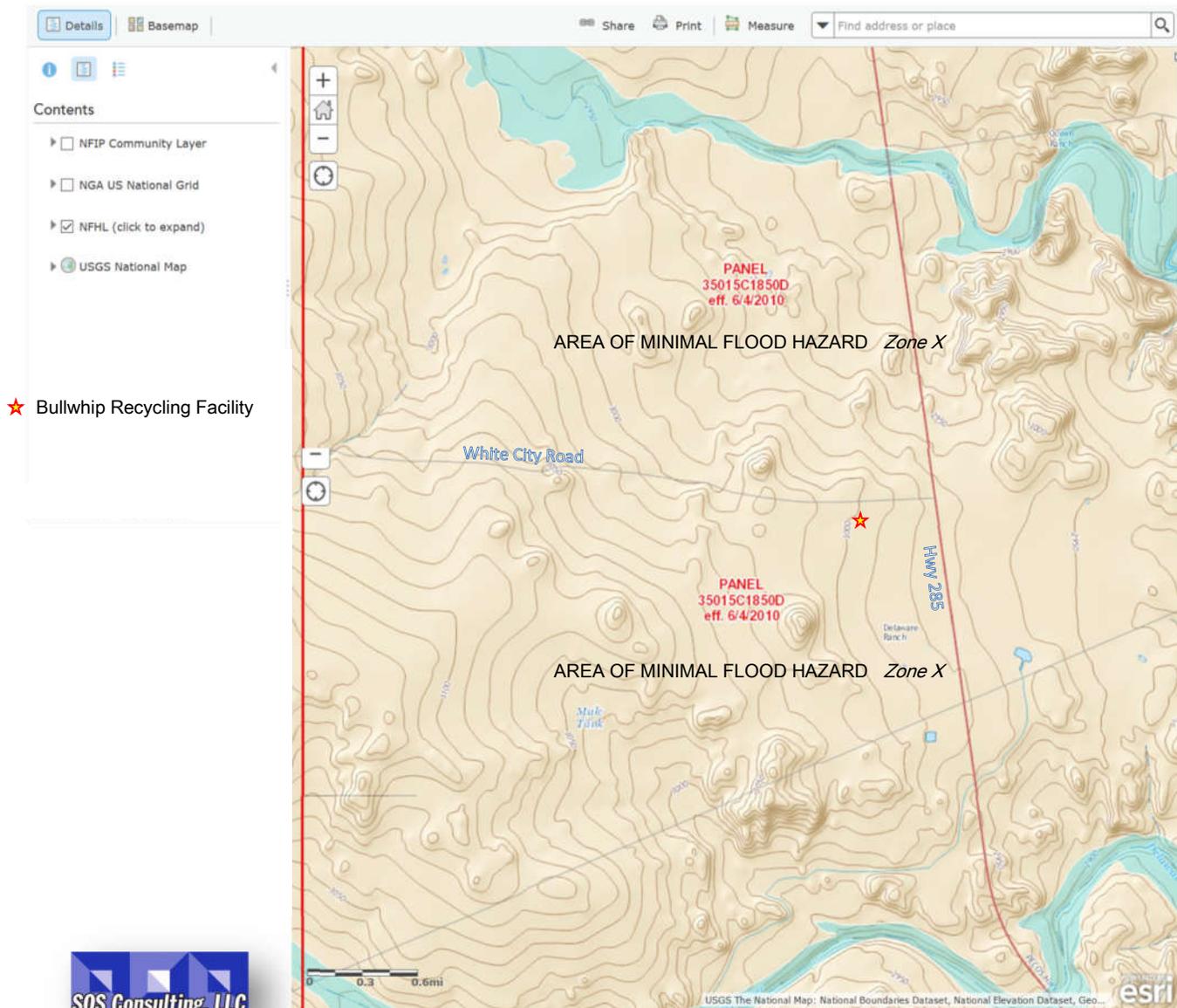
Bullwhip Water Solutions, LLC

**Bullwhip Recycling Facility
Eddy County, New Mexico**

100-YEAR FLOODPLAIN

Map data available through the FEMA website indicates that the proposed facility site is not in within the 100-year floodplain area. The site is 95 feet or greater in elevation above the Black River to the north and the Delaware River to the south.

Home ▾ FEMA's National Flood Hazard Layer (Official)



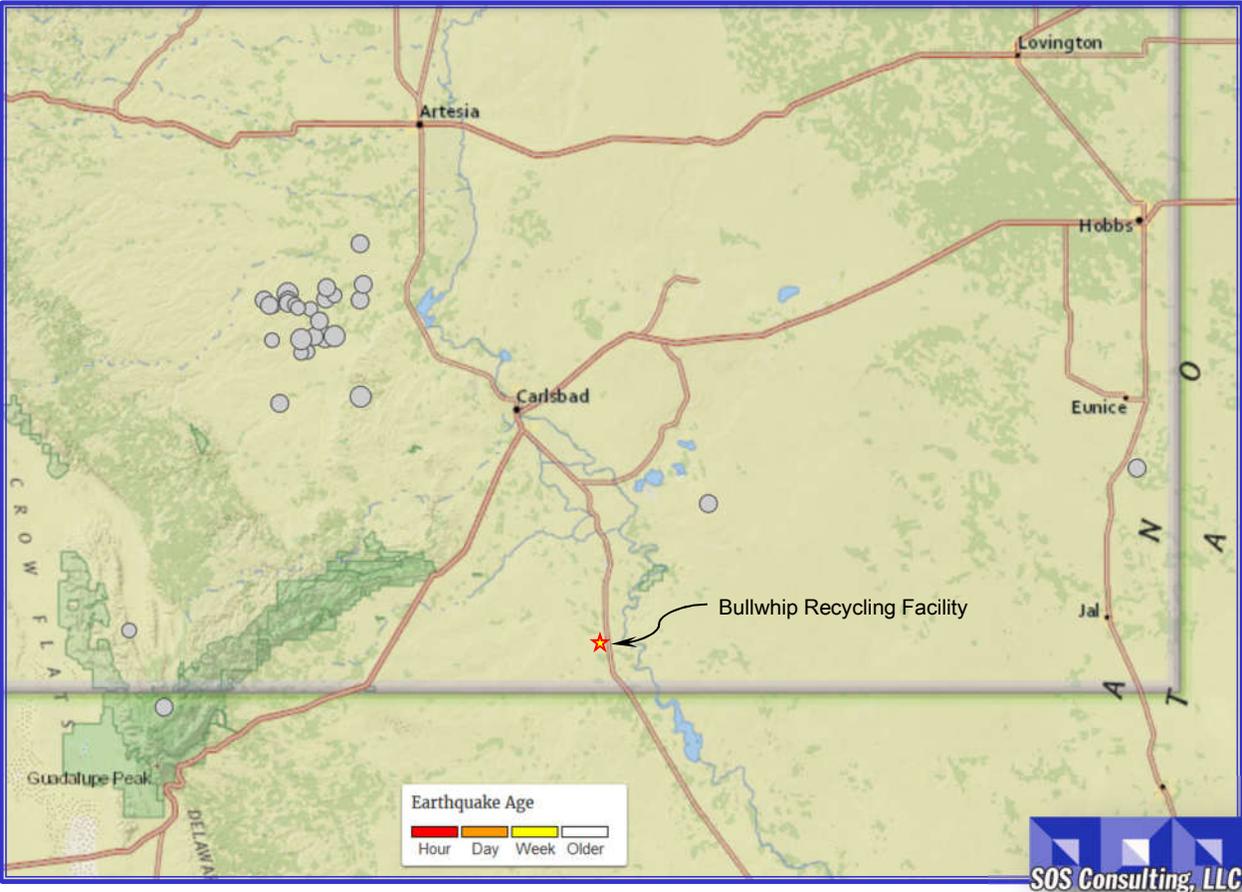
★ Bullwhip Recycling Facility

Bullwhip Water Solutions, LLC

**Bullwhip Recycling Facility
Eddy County, New Mexico**

EARTHQUAKES in REGION

Map and other data available through the USGS website indicate that 30 earthquakes have occurred in this region of the country since 1996. The largest earthquake in the search results was a 4.1 magnitude. The closest was a 3.1 magnitude on March 18, 2012 located approximately 18 miles to the northeast. There was no reported damage to any infrastructure or to any oil and gas assets. The risk of an earthquake having any impact to the proposed facility is negligible.



EXHIBITS 9 - 10

Exhibit 9 – Project Narrative

Exhibit 10 – Geologic Assessment

Dave Henard, PG

Bullwhip Water Solutions, LLC **Bullwhip Recycling Facility**

*Section 10, Township 26 South, Range 28 East
Eddy County, New Mexico*

Project Description and Operational Overview

The Bullwhip Recycling Facility will comprise up to twenty (20) 500 barrel tanks; eight tanks will contain incoming produced water and eight will contain fully processed and recycled water with the remaining large volume tanks utilized for incoming separation (gun barrel) and process fluid holding. Additionally, there will be a few smaller processing tanks, screen and filter assemblies, electro-flocculation units, pumps, meters, valves and plumbing to effectively recycle produced water to a quality usable brine water product for various oilfield operations.

The primary objectives of the recycling process and this facility are to:

- ✓ Remove oil
- ✓ Remove suspended solids
- ✓ Prevent scale formation and bio-fouling
- ✓ Reduce dissolved solids
- ✓ Reduce disposal volumes

The 2 acre site will be situated on state land among other existing oil and gas facility sites. New Mexico Office of the State Engineer database indicates minimum depth to groundwater in the immediate vicinity to be 100 feet and an average depth is 118 feet. The area receives an average of 13.7 inches of rainfall annually. There are no streams, rivers, playas or other surface water within 1 mile of the site. (Note: The Black River is approximately 1.5 miles to the north and the Delaware River is just over 2 miles to the south of the site; both are greater than 95 feet down elevation.) There are no residences or public buildings within 1000 feet. The site meets all other siting criteria as specified by NMAC 19.15.34.11. The site will be bladed and caliche padding added as needed for tank and equipment placement. No excavation will take place for the construction of the facility.

Approval of the application for the business lease will allow the NMOCD permitted facility to recycle as much 4000 barrels of produced water every 48 hours; over 700,000 barrels every year. This operation will be a significant benefit to area operators by providing an option to unload an abundance of produced water as well as a source for mixable base water for active and post production operations. The citizens of the state will benefit as the operation represents a step towards reducing the impact of freshwater requirements for oil and gas operations.

Revenue to the State of New Mexico will be enhanced by the construction of the system.

Bullwhip Recycling Facility
Project Description and Operational Overview
Page 2

The site is located just off the south side of White City Road approximately one-half mile west of U.S. Highway 285. To access to the site from Carlsbad, NM travel south out of town on Hwy 285 to Malaga, NM. Continue on Hwy 285 south approximately 12 miles to White City Road and turn right (west). Go approximately 1/2 mile to existing caliche road on left (south). Site location is 260 feet off blacktop road. Revenue to the State of New Mexico will be enhanced by the construction of the system.

The proposed facility's tank battery will be bermed to a height of 3 feet around all tanks and equipment contain a volume greater than or equal to 125% of the combined tank volumes. The system (well, tanks, pumps, pipeline and associated equipment) will be regularly monitored and maintained and personnel will be onsite a minimum of twice per day. Telemetry will include visual annunciators and audible alarms and text messages sent to the operator. Pursuant to the OCD permits and NMAC releases will be promptly reported and cleaned up.

The 2 acre site will have a five-foot, five-strand barbed wire fence on the north, west and south sides. The east side is bordered by an existing caliche road and will remain open for access by trucks and personnel. As the bermed area is technically not a pit (emergency containment and will remain dry), it is not required nor essential to prevent access by livestock or other animals.

There will be a small control house (dog house) that will contain various controls, monitoring equipment and other instrumentation. Loads will be monitored and manifests will be required of all users. In addition to the standard telemetrics for full/overflow alarms, video surveillance will be active 24/7. Site operations personnel will visit a minimum of twice per day and will actively manage housekeeping and routine maintenance. Once implemented, the site will require few upgrades or repairs however those efforts and procedures will occur as necessary. The facility will be built to strict equipment and safety standards allowing operations for a minimum 30-year lifespan.

Project Snapshot Diagrams

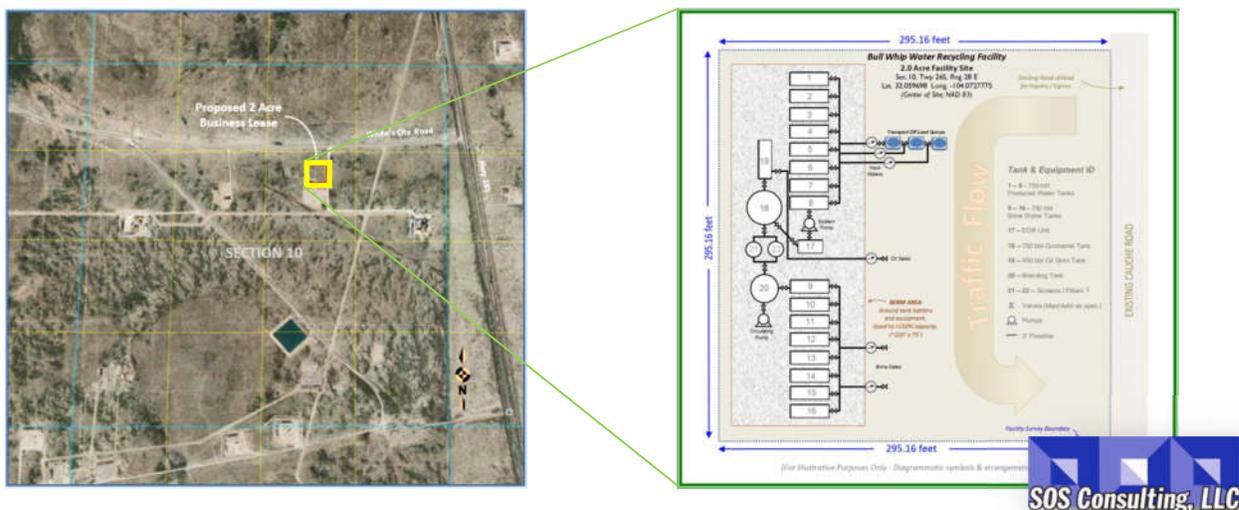


EXHIBIT 10

Geologic Assessment

Dave Henard, PG

August 3, 2016

A site visit on July 14, 2016 found the surface of the ground to be stable and in no way had been compromised by excavations or any mining. The area was inspected to provide information on any subsurface mining or surface excavations that may have compromised the integrity of the site. Nothing was found that would compromise site stability. No surface structures were observed within a mile of site except oil and gas wellhead and production equipment.

GENERAL – The recycling facility will be located in southern New Mexico Chihuahuan Desert. The Chihuahuan Desert is one of the largest deserts in the world covering an area of 200,000 square miles of Mexico, Texas, Arizona and New Mexico. In New Mexico the Chihuahuan Desert covers an area bounded by Texas to the south and east; Interstate 40 to the north and Arizona to the west.



Bullwhip site looking north toward US 285

Geologic Assessment

Dave Henard, PG

Page 2

SOILS- Andisol desert soils cover the Bullwhip site. Top soils are unconsolidated, brown in color, sandy silts. Top soils typically extend 1-3 feet below surface. Below top soils a leached zone is present where caliche forms. Caliche forms in desert environments by in situ leaching of overburden and consists almost entirely of calcium carbonate. Calcareous material is derived by a large source of limestone rock that outcrops to the west of location. Where caliche is consolidated it is often called “hard pan” by farmers or “nature’s concrete” by construction workers.

Desert vegetation of creosote bushes dominates landscape at the site. Very dry spring and summer have dried out and turned vegetation gray.



Bullwhip site looking southeast

Geologic Assessment

Dave Henard, PG

Page 3

Typical desert animals as jack-rabbits, coyotes, birds and snakes were not observed during site visit on July 14, 2016.

The site visit found the day temperature of sunny and 107 degrees F. Rainfall for this area would generally not exceed 7 inches per year. Easterly winds prevail throughout the year and can exceed 50 miles per hour during the spring and fall seasons.

TERRAIN- The Bullwhip site and surrounding area is flat surface grade at an elevation of approximately 3022 feet above sea level. Regionally the area gently dips 3.5 miles to the east to an elevation of 2915 feet above sea level. The only apparent drainage is along White City Road right of way to US 285.

Natural drainage patterns are found 1.1 miles to the north along Red Bluff Draw and over 3 miles to the south to the Delaware River and 3.5 miles east to the Pecos River. No arroyos or other water courses or floodplains are located within ½ mile of location.

SUBSURFACE- Below top soil profiles deposits of Quaternary Period alluvium is present. The alluvial deposits are generally a result of basin fill or bolson deposits. The source of these deposits is from uplands located to the west of the basin. The alluvium generally consists of unconsolidated interbedded sands, silts, clays and conglomerates. The vertical extent of alluvial deposits varies from 170 feet to 250 feet below ground surface to unconformity between Quaternary age deposits and Permian age rocks.

The importance of the alluvial deposits is the source of groundwater for the area. Ranchers in the area use groundwater for cattle in the area. No formal groundwater studies were found for this area and it is undetermined as to whether groundwater source is local or is hydraulically connected to older limestones 15 miles to the northwest. However, it is apparent that hydraulic gradient direction would be to the east into the Pecos River Valley.

New Mexico Office of the State Engineer reports an average depth of water at 118 feet below ground surface. The shallowest water measurement was 100 feet below ground surface with maximum water depths were measured at 120 feet below ground surface. Report reveals two water wells formerly existed in Section 10, T26S-R28E. The wells were reported to have been completed to depths of 150 feet and 200 feet below ground surface. The wells are reported to be abandoned and well file has been closed. The nearest active well is located approximately 1 mile northeast of location in Section 3, T26S-R28E. The well is reported to be completed at 250 feet below ground surface with depth to water at 100 feet below ground surface.

Geologic Assessment

Dave Henard, PG

Page 4



New Mexico Office of the State Engineer Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)

(NAD83 UTM in meters) (In feet)

POD Number	POD Sub-Code	basin	County	Q Q Q				X	Y	Depth Well	Depth Water	Water Column
				64	16	4	Sec Tws Rng					
C 01668	ED			3	3	12	26S 28E	589957	3546554*	250	100	150
C 02160	ED			4	1	2	14 26S 28E	589243	3546044*	300	120	180
C 02160 S	ED			1	1	2	14 26S 28E	589043	3546244*	300	120	180
C 02160 S2	ED			1	1	2	14 26S 28E	589043	3546244*	300	120	180
C 02160 S3	ED			2	2	1	14 26S 28E	588834	3546241*	300	120	180
C 02160 S4	ED			2	2	1	14 26S 28E	588834	3546241*	300	120	180
C 02160 S5	ED			1	1	1	14 26S 28E	588225	3546237*	300	120	180
C 02160 S6	ED			3	3	1	14 26S 28E	588232	3545635*	300	120	180
C 02160 S7	ED			3	3	1	22 26S 28E	586638	3543998*	300	120	180
C 02160 S8	ED			2	3	3	12 26S 28E	590056	3546653*	200	120	80
C 02160 S9	ED			3	3	2	02 26S 28E	589020	3548868*	300	120	180
C 02477	CUB ED			1	1	03	26S 28E	586687	3549347*	150		
C 02478	CUB ED			2	1	05	26S 28E	583848	3549325*	100		
C 02479	CUB ED			4	4	10	26S 28E	587909	3546534*	200		
C 02480	CUB ED			4	4	10	26S 28E	587909	3546534*	150		
C 02481	CUB ED			1	1	14	26S 28E	588326	3546138*	200		
C 02894	C ED			2	2	3	12 26S 28E	590458	3547061*	240		
C 02924	C ED			1	3	2	11 26S 28E	589032	3547451*			

Average Depth to Water: **118 feet**

Minimum Depth: **100 feet**

Maximum Depth: **120 feet**

Record Count: 18

PLSS Search:

Township: 26S Range: 28E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

Geologic Assessment

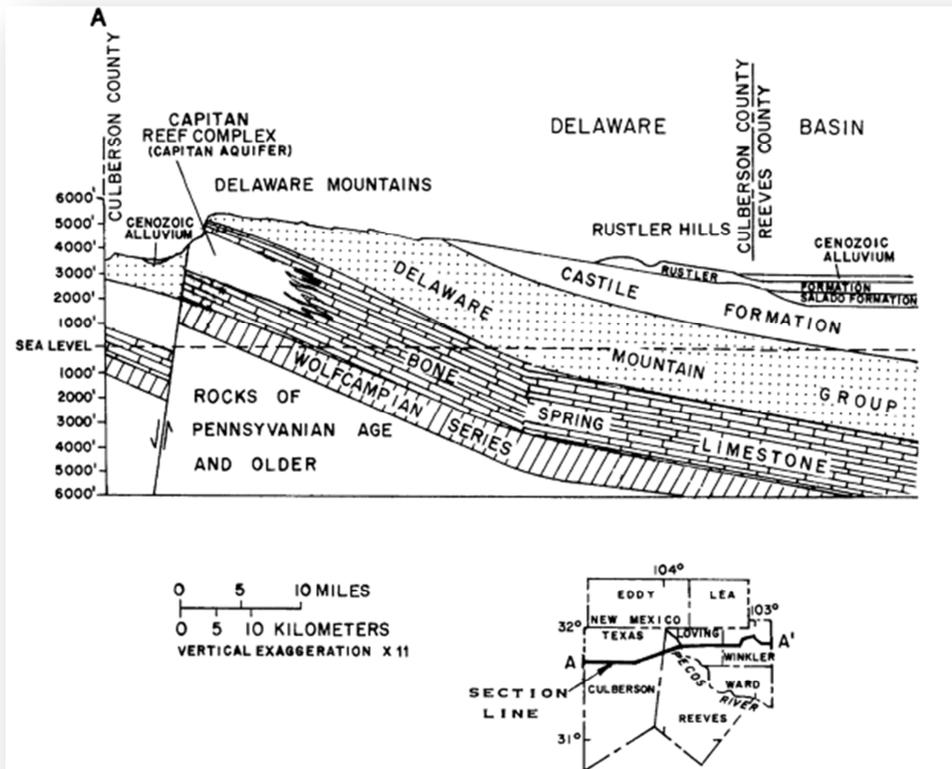
Dave Henard, PG

Page 5

SUBSURFACE (Cont.)

The unconformity at the base of the alluvial deposits exposes the Castile Formation of Permian Age rocks. The Castile Formation consists of interbedded anhydrites and salt beds. The Castile Formation has been solution mined in Carlsbad and east of Loving, NM to produce salt and brine water. No mining operation is present in the area of the location.

The importance of the Permian Age rock for the area is accumulation in producible quantities of oil and gas. Below the Castile, the Bone Springs, Wolfcamp and Avalon series are present as oil and gas reservoirs. These formations mainly consist of sandstone, shales and limestone rock. Abrupt changes in permeability and porosity has made commercial production limited in the past. More recently, horizontal drilling and fracturing technology has provided a rejuvenation of oil and gas activity for this area. At present, exploration in this area is among the most active in the U.S. Since 2007, oil production has increased by 49% to approximately 1.3 million barrels per day in this section of the Delaware Basin.



The Bullwhip recycling facility will provide a much needed service for handling produced water from oil and gas production in this southeastern part of the Delaware Basin. Produced water can be recycled to be used for drilling, completion and workover for the industry.

EXHIBITS 11 - 13

Exhibit 11 – Map of Existing SLO Leases

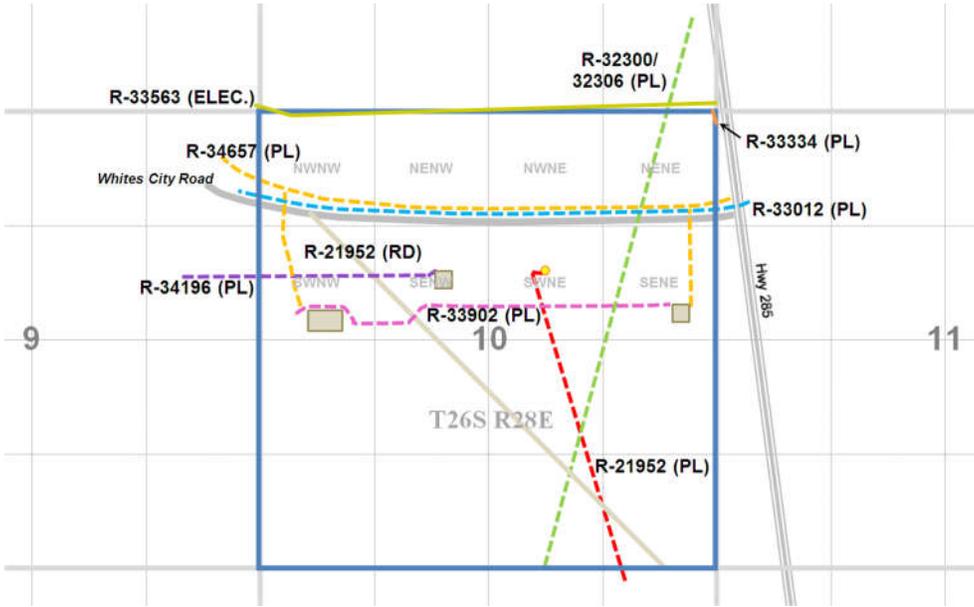
Exhibit 12 – Quitclaim Deed to Curtis Skeen

Exhibit 13 – Copy of \$250,000 Reclamation Bond

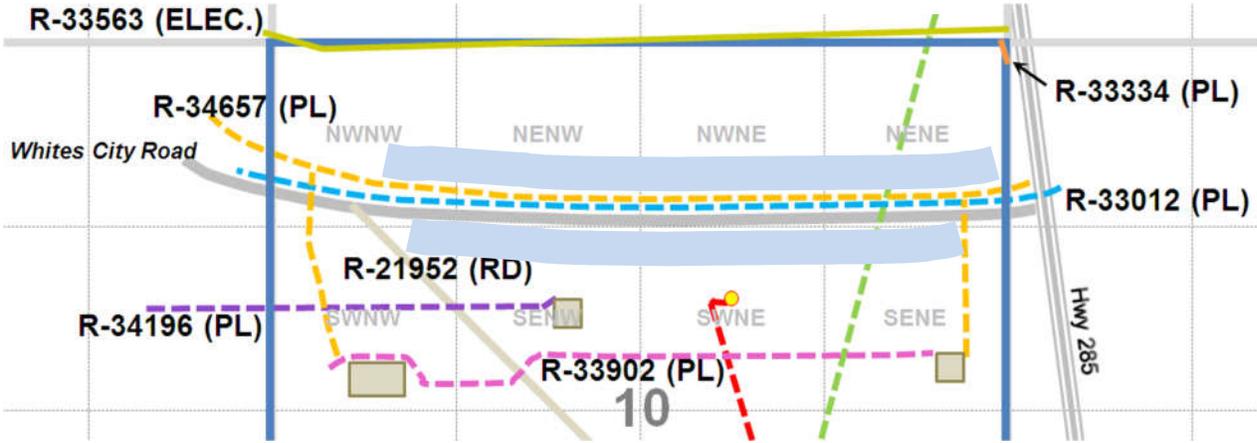
Bullwhip Water Solutions, LLC

White City Road Recycling Facility

PLAT SHOWING ALL EXISTING NM STATE LAND OFFICE RIGHTS-OF-WAY



The blue-shaded areas show areas generally open for surface business leasing. On north side, set back off road 200 feet to miss the two E/W pipelines running along the north side of the road. (You could also go farther to the north as the land is completely open from surface leases excepting, the grazing lease.



Bullwhip Water Solutions, LLC

White City Road Recycling Facility

(SAME INFO AS PREVIOUS PAGE WITH PHOTO OVERLAY FOR REFERENCE.)

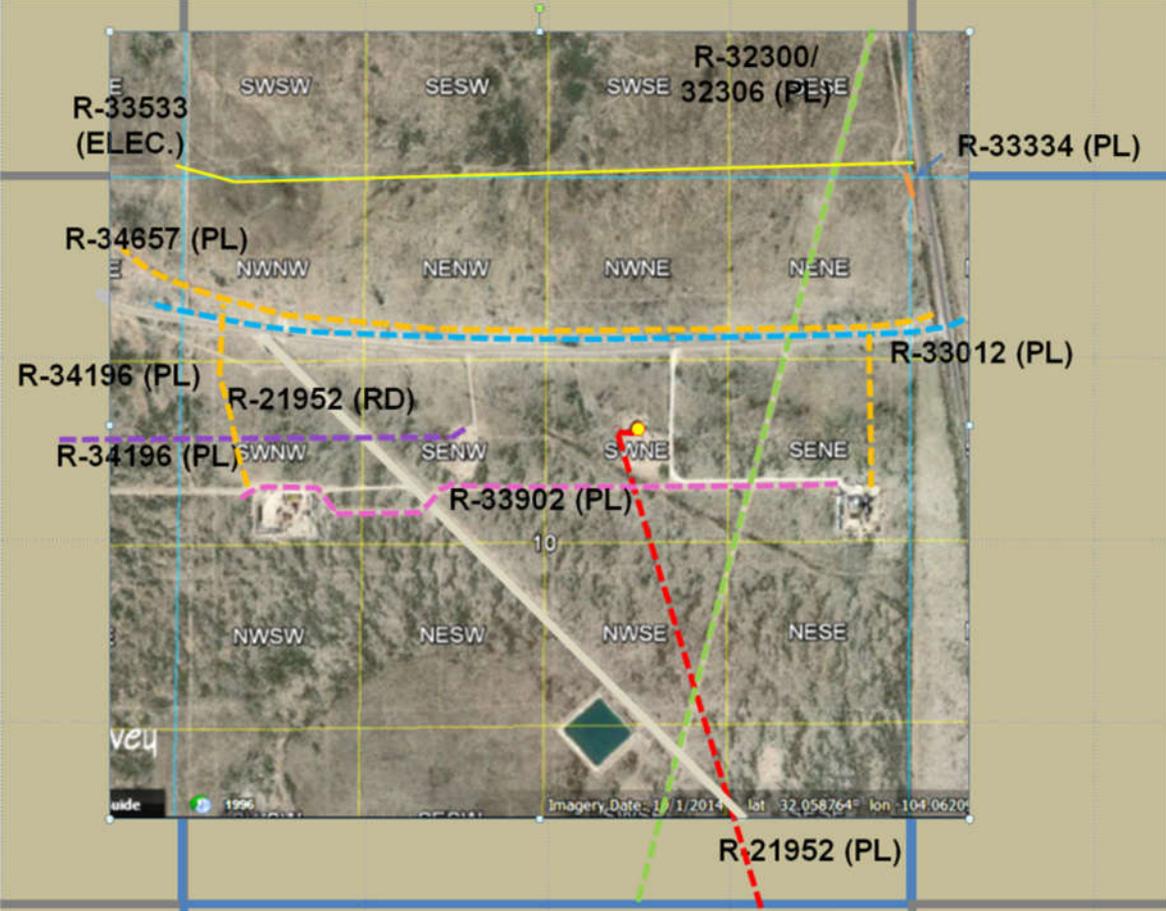


EXHIBIT 12

10
Years of
Quality Service



Oil & Gas Accounting - Regulatory Processing Assistance - Oil Field Technical Assistance

October 6, 2016

Mr. Curtis Skeen
301 S. Canyon St.
Carlsbad, NM 88220

Re: Quitclaim Deed for 2 acres required by Bullwhip Water Solutions, LLC

Dear Mr. Skeen,

Thank you for taking the time to do this.

The business lease application for Bullwhip Water Solutions water recycling facility on the subject 2 acres is continuing processing through the New Mexico State Land Office. The SLO representative is John Winscott and he indicated to me that he attempted to notify you by phone and left a message with your son for you to please agree to and release of the 2 acres currently held by your [mother's] grazing lease No.GT-2975.

I understand that you'll be acting on your mother's behalf as the current grazing lease is in her name. I'd like to point out that on the enclosed General Relinquishment, Release and Quitclaim Deed, there are 3 separate portions; one of which should best suit the situation.

I think that since the lease does not use a ranch name or other corporate entity that you'll either be using the "Personal Acknowledgement" or the "Acknowledgement by Attorney-In-Fact" with the latter being the most likely in my opinion.

I assume you're authorized to sign on your mother's behalf so the Attorney-In-Fact would work well. If however; you or your mother want for her to sign this herself, she'd obviously use the Personal option.

In any case, please date and sign in the appropriate blanks IN FRONT of a Notary Public.

Upon completion and notarization, make yourself a copy and return the original signed document to me in the enclosed, self-addressed and stamped envelope.

Please don't hesitate to contact me if you have any questions.

Thank you and best regards,

A handwritten signature in blue ink, appearing to read 'Ben Stone', is written over a white background.

Ben Stone, Partner
Agent for Bullwhip Water Solutions, LLC



September 20, 2016

Denise Gallegos
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: BullWhip Water Solutions, LLC.
Bond Number: E063544

Dear Denise,

Please acknowledge your acceptance in writing of the above captioned bond.

Sincerely,

A handwritten signature in black ink, appearing to read "K Wallace", is written over the signature line.

Kevin Wallace

Cc: Hector Baeza
Leavell Insurance, Inc.



**Aubrey Dunn, Commissioner of Public Lands
State of New Mexico**

RECLAMATION BOND FOR COMMERCIAL LEASES

File with:

New Mexico State Land Office
Commercial Resources Division
310 Old Santa Fe Trail, Santa Fe, NM 87501
P.O. Box 1148, Santa Fe, NM 87504-1148

BOND NO. E063544

(For use of Surety Company)

BOND NO. _____

(For use of NMSLO)

EFFECTIVE DATE: 9/15/2016

LEASE NO. BL-2399

KNOW ALL PERSONS BY THESE PRESENTS:

Lessee Name: BULLWHIP WATER SOLUTIONS, LLC

Lessee's Address: PO BOX 3246

State in which Lessee is Organized: NEW MEXICO

Surety Name: GREAT AMERICAN INSURANCE COMPANY

Surety Business Address: 301 EAST 4TH STREET,
CINCINNATI, OH 45202

State in which Surety is Organized: OHIO

WHEREAS, Lessee, authorized to do business in the State of New Mexico, and Surety, authorized by the Superintendent of Insurance to do business in the State of New Mexico, pursuant to the Commissioner of Public Land's authority to manage state trust land and leases in Sections 19-2-1 and 19-2-2 NMSA 1978, are jointly and severally firmly bound to the State of New Mexico's State Land Office ("NMSLO"), or its successor, for payment in the amount of **two hundred fifty thousand dollars (\$250,000)**.

WHEREAS, Lessee holds a Recycling Containment and Recycling Facility Business Lease with NMSLO, and has installed or will install a recycling containment and recycling facility on the state trust land described in and covered by said NMSLO Lease No. BL-2399 ("the Lease), located in Section 10, Township 26SOUTH, Range 28 EAST N.M.P.M., EDDY County, New Mexico ("the Lease Land").

WHEREAS, the construction and operation of Lessee's recycling containment and recycling facility will cause surface and subsurface impacts to the Lease Land.

WHEREAS, Lessee and Surety expressly agree, under this Bond obligation, to cause and ensure compliance with all performance requirements of the Lease, as well as the proper removal of improvements, remediation, reclamation and restoration of the Lease Land, including but not limited to the requirements of Lease Paragraphs 13 and 14, any and all performance requirements,

costs, fees, rent, fines in the Lease, 19.2.9 NMAC, 19.15.34 NMAC (including but not limited to 19.15.34.14 "Closure and Site Reclamation Requirements For Recycling Containments"), and any other applicable rules or laws ("Obligations"). Lessee and Surety further expressly agree that the Obligations of this Bond also include any costs, fees (including reasonable attorney's fees) incurred by NMSLO in enforcing any Obligations covered by this Bond, including the collection and forfeiture of this Bond. Additionally, Lessee and Surety expressly agree that the Obligations of this Bond also include any damages to the surface of the Lease Land, livestock, water, crops, tangible improvements or surface improvements suffered by reason of Lessee's operations on the Lease Land by NMSLO or under any state lease, permit, right-of-way or easement heretofore or hereafter executed by the Commissioner of Public Lands.

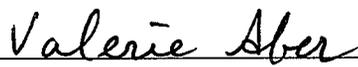
WHEREAS, Lessee and Surety agree to complete or make good and sufficient recompense, satisfaction or payment to NMSLO, for all Obligations under this Bond.

THEN AND IN THAT EVENT, this Bond and obligation shall be null and void; otherwise, and in default of complete compliance with any and all of said Obligations, this Bond shall remain in full force and effect.

PROVIDED, HOWEVER, that thirty (30) days after receipt by NMSLO's Commercial Resources Division of written notice of cancellation from the Surety, the obligation of the Surety shall terminate as to any Obligations placed and arising on or from the Lease or Lease Land after the said 30-day period, but shall continue in effect, notwithstanding said notice, as to Obligations placed or arising on or from the Lease or Lease Land before the 31st day after receipt of said notice; under such circumstances, the determination of what Obligations were placed and arising on or from the Lease or Lease Land as of the 31st day after receipt of said notice shall be made exclusively by NMSLO. The liability of Surety on this Bond shall not expire upon the termination of the Lease, but shall remain in full force and effect until released in writing by the Commissioner of Public Lands. The term of this bond shall be a minimum of five (5) years, unless released in writing earlier by the Commissioner of Public Lands.

Signed and sealed this 15TH day of SEPTEMBER, 20 16.


PRINCIPAL Signature


SURETY Signature

Kevin L. Wallace manager
Printed Name and Title

VALERIE ABER ATTORNEY-IN-FACT
Printed Name and Title

13927 LAMOSA
Street Address

301 E 4TH STREET
Street Address

Hobbs NM 88242
City, State and Zip Code

CINCINNATI, OHIO 45202
City, State and Zip Code

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

[Acknowledgement on the following page.]

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS:

STATE OF NEW MEXICO)

COUNTY OF LEA) ss.

On this 20th day of SEPTEMBER, 2016, before me personally appeared

KEVIN L. WALLACE to me known to be the person(s) described in and who executed the same as (his, her, their) free act and deed.

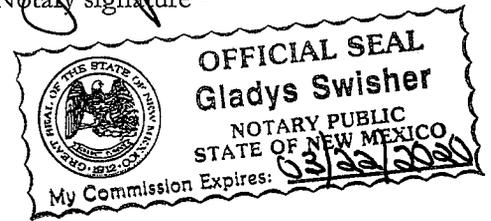
IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

03/22/2020
My Commission Expires

(Notary seal)

GLADYS SWISHER
Notary Public name

Gladys Swisher
Notary signature



ACKNOWLEDGMENT FORM FOR CORPORATION:

STATE OF NEW MEXICO)

COUNTY OF LEA) ss.

On this 20th day of SEPTEMBER, 2016, before me personally appeared

KEVIN L. WALLACE, to me personally known, who, being by me duly sworn, did say that s/he is MANAGING MEMBER of BULLWHIP LLC and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

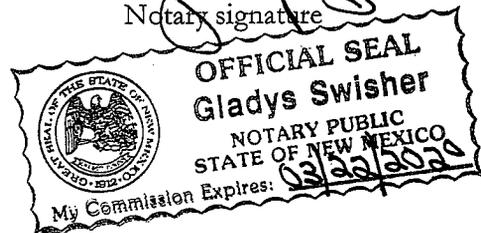
IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

03/22/2020
My Commission Expires

(Notary seal)

GLADYS SWISHER
Notary Public name

Gladys Swisher
Notary signature



ACKNOWLEDGMENT FORM FOR CORPORATE SURETY:

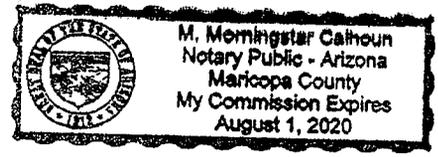
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this 15TH day of SEPTEMBER, 20 16, before me personally appeared
VALERIE ABER to me personally known, who, being by me duly
sworn, did say that s/he is ATTORNEY-IN-FACT of
GREAT AMERICAN INSURANCE COMPANY and that this instrument was signed and sealed
on behalf of said corporation by authority of its board of directors, and acknowledged said
instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this
certificate first above written.

AUGUST 1, 2020 M. MORNINGSTAR CALHOUN M. Morningstar Calhoun
My Commission Expires Notary Public name Notary signature

(Notary seal)



(Note: Corporate surety attach power of attorney.)

APPROVED this _____ day of _____, 20_____.

COMMISSIONER OF PUBLIC LANDS

GREAT AMERICAN INSURANCE COMPANY®

Administrative Office: 301 E 4TH STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by
this power of attorney is not more than one

Bond No. E063544

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Ohio, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute on behalf of the said Company, as surety, the specific bond, undertaking or contract of suretyship referenced herein; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below. The bond number on this Power of Attorney must match the bond number on the bond to which it is attached or it is invalid.

Name	Address	Limit of Power
Valerie Aber	2424 W Missouri Ave Phoenix, AZ 85015-2205	\$250000---

IN WITNESS WHEREOF the GREAT AMERICAN INSURANCE COMPANY has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 15th day of September, 2016
Attest GREAT AMERICAN INSURANCE COMPANY



Steph L C. B.

Assistant Secretary

David C. Kitchin

Divisional Senior Vice President

DAVID C. KITCHIN (877-377-2405)

STATE OF OHIO, COUNTY OF HAMILTON - ss:

On this 15th day of September, 2016, before me personally appeared DAVID C. KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is a Divisional Senior Vice President of the Bond Division of Great American Insurance Company, the Company described in and which executed the above instrument; that he knows the seal of the said Company; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.



Susan A. Kohorst
Notary Public, State of Ohio
My Commission Expires 05-18-2020

Susan A. Kohorst

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company by unanimous written consent dated June 9, 2008.

RESOLVED: That the Divisional President, the several Divisional Senior Vice Presidents, Divisional Vice Presidents and Divisional Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract of suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, STEPHEN C. BERAHA, Assistant Secretary of Great American Insurance Company, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of June 9, 2008 have not been revoked and are now in full force and effect.

Signed and sealed this 15th day of September, 2016



Steph L C. B.

Assistant Secretary