

R. T. HICKS CONSULTANTS, LTD.

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February 26, 2021

Mr. Mike Bratcher
NMOCD District II
811 S. First St.
Artesia, NM 88210
Via E-Mail

Ms. Victoria Venegas
NMOCD District II
811 S. First St.
Artesia, NM 88210
Via E-Mail

RE – Financial Assurance Cost Estimate
EKG Satellite Containment of Landes Recycling Facility 2RF-134

Dear Ms. Venegas:

On behalf of Solaris Water Midstream LLC, we are pleased to present the cost estimate for closure and reclamation for the above-referenced containment, which provides remote storage of treated produced water from the Landes Recycling Facility.

Reclamation Cost Estimate

The EKG Containment occupies the same space as a previously constructed and lined fresh water “frac pond” of COG Operating. This estimate includes closure and restoration in compliance with the Rule. For the benefit of my clients, Subsection E of 19.15.34.14 is presented below with emphasis added:

*E. Once the operator has closed the recycling containment, the operator shall reclaim the containment’s location to a safe and stable condition that blends with the surrounding **undisturbed** area. Topsoils and subsoils shall be replaced to their original relative positions and contoured so as to achieve erosion control, long-term stability and preservation of surface water flow patterns. The **disturbed** area shall then be reseeded in the first favorable growing season following closure of a recycling containment. The operator shall substantially restore the impacted surface area to the condition that existed prior to the construction of the recycling containment.*

The attached Google Earth image and photographs in the C-147 registration clearly show “the condition that existed prior to the construction...” is a water storage pond. Since the pond excavation and levees existed prior to construction (compaction and lining) of a produced water containment, replacement of topsoil, recontouring and seeding. is not required under Rule 34 and is not included in this cost estimate.

Solaris and Hicks Consultants consulted with the surface landowner, COG Operating LLC, prior to generating this cost estimate. COG is copied on this letter and the C-147 submission to OCD as required by the Rule.

Closure Cost Estimate

ITEM NO.	ITEM DESCRIPTION	UNITS	QTY	UNIT PRICE	TOTAL PRICE Per Rule 34
	EKG Recycle pond				
1	Dirt work/Pond reclamation	1	1	\$40,000.00	\$0.00
2	Liner Removal and Disposal	1	1	\$35,000.00	\$35,000.00
3	Removal of Game Fence	1	1	\$8,200.00	\$8,200.00
4	Re-seed	1	1	\$3,200.00	\$0.00
5	Water	1	1	\$4,000.00	\$0.00
9	Remove Pumps, piping, and equipment	1	1	\$1,500.00	\$1,500.00
11	Assess soil for impacts	1	1	\$2,500.00	\$2,500.00
CONSTRUCTION BID					
ESTIMATE TOTAL					\$47,200.00

Please note that the current cost for closure and reclamation efforts is 60% lower than 12-18 months ago. The cost reduction reflects the impact of a lower oil price and significantly less construction activity in the Permian Basin of New Mexico. Hicks Consultants contends that this facility will be closed in five or ten years when oil and gas activity is similar to current conditions and the cost estimate as shown is fully appropriate for the time of closure.

Please contact me if you have any questions.

Sincerely,
R.T. Hicks Consultants



Randall T. Hicks
Principal

Copy: Solaris Water Midstream LLC
COG Operating, LLC, c/o Cole.clark@conocophillips.com



Please compare this image with the Figures in the registration package.