

NM1 - ____67____

**Transfer of
Permit
NMOCD-ACO
201811**

Nov. 1, 2021

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN RE NGL WASTE SERVICES, LLC
SWD PERMIT NM1-67**

NMOCD-ACO- 201811

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.2.9 NMAC, the Director of the Oil Conservation Division ("OCD") and NGL Water Solutions Permian, LLC (OGRID #372338) ("Operator") enter into this Agreed Compliance Order ("Order").

1. OCD is charged with the administration and enforcement of the Act and the rules and regulations established by the Oil Conservation Commission ("OCC").

2. The OCD has jurisdiction to regulate Operator's wells and facilities in the state of New Mexico.

3. NGL Water Waste Services LLC ("NGL Water Waste") is the operator of record for a surface waste management facility authorized by SWD PERMIT No. NM1-67 (the "South Ranch Facility"). The South Ranch Facility is located in Lea County, New Mexico – Section 27, Township T-26S, Range R-36E.

4. The South Ranch Facility is subject to the rules found at 19.15.36 NMAC – *Surface Waste Management Facilities*.

5. On November 1, 2021, NGL Water Waste requested that Permit No. NM1-67 (the "Permit") be transferred to Operator. Operator and NGL Water Waste, as of the date hereof, are both affiliates of NGL Water Solutions LLC.

6. NGL Water Waste has provided all the information required by 19.15.36.12(E) NMAC in connection with its transfer request. In connection with its proposed transfer, NGL Water Waste has also requested the release of the existing financial assurance ("FA") in the amount of four million dollars (\$4,218,853) that the OCD currently holds in connection with the South Ranch Facility.

7. As of the date hereof, both NGL Water Waste and the Operator affirm that there are no infrastructure, construction, or other surface disturbances at the South Ranch Facility pursuant to the Permit and that no such activities are currently planned.

8. Operator has requested that it be permitted to delay providing substitute FA for the South Ranch Facility as required under OCC's rules and the Permit, until such time as it or its successors and assigns decides to initiate development of the South Ranch Facility.

9. Failure to provide substitute FA violates 19.15.36.11 NMAC and means that no activities can occur under the Permit.

10. OCD has evaluated NGL Water Waste's request and has decided to approve the requested transfer.

11. To resolve the violation of 19.15.36.11 described in paragraph 9, Operator agrees to the following conditions, which are binding upon the Operator and any successors or assigns following the transfer:

a. After the effective date of this Order, no development, construction, or other activities may occur under the Permit until replacement FA has been provided to and accepted by the OCD in the amount that reflects the Facility's estimated closure and post closure, as required by 19.15.36.11(B) NMAC.

b. That such replacement FA shall be based on an updated cost estimate prepared by the Operator, prepared not earlier than three months before Operator wishes to resume activities under the Permit, and that such estimate has been submitted to and approved by the OCD; and

c. Notwithstanding, OCD's willingness to access delay provisions of replacement FA, the Operator will have full responsibility for the Facility, up to and including any closure costs.

d. Operator shall comply with all other applicable requirements of 19.15.36 NMAC or other conditions of the permit.

12. This Order does not expire until either Permit has expired per its terms, been cancelled, or the Operator provides the replacement FA. OCD reserves the right to take any other actions in connection with the Facility or Permit, otherwise authorized by law.

13. If Operator complies with this Order, OCD will not bring an enforcement action for failure to have the requisite FA in place for the Facility, provided however that nothing in this Order shall prevent OCD from bringing an enforcement action for other violations of the Act or its regulations.

14. If Operator fails to comply with any condition of this Order, Operator shall pay a stipulated penalty of \$2,500.00 for each day of noncompliance with each of the conditions above.

15. Operator shall pay a stipulated penalty no later than thirty (30) days after receipt of written demand by OCD.

16. If Operator fails to pay the stipulated penalty, it shall pay interest on the civil or stipulated penalty or unpaid portion thereof until paid in full at a rate of 8.75 percent.

17. Operator consents to the relief specified in this Order and waives the right of review of this Order by the Oil Conservation Commission or any district court.

18. The persons executing this Order represent that they have the requisite authority to bind their respective parties, and such representation shall be legally sufficient evidence of their actual or apparent authority.

19. This Order may be executed in counterpart.

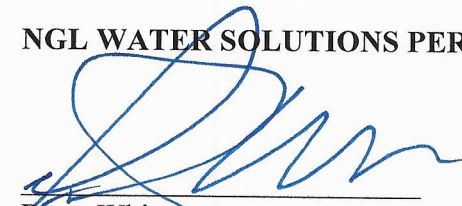
OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 11/01/2021

NGL WATER SOLUTIONS PERMIAN, LLC



Doug White
Executive Vice President
doug.white@nglep.com
(720) 213-1579

Date: 11/1/2021

October 20, 2021,

Adrienne Sandoval
Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: ***Permit Transfer NM1-67 NGL Waste Services, LLC***

Director Sandoval,

NGL Waste Services, LLC requests to place Permit NM1-67 on inactive status and transfer the Permit to NGL Water Solutions Permian, LLC.

Regarding Permit NM1-67, since its approval on May 19, 2021, no actions have been taken to construct, or otherwise develop the permitted facility, nor do any such intentions presently exist. Unless and until development of the permit is contemplated, NGL Waste Services, LLC seeks to place the Permit on inactive status for purposes of releasing the financial assurance until NGL Water Solutions Permian, LLC intends to develop the Permit, at which time it would re-furnish the requisite financial assurance to the Division to activate the Permit and pursue development.

Regarding the transferee entity, NGL Water Solutions Permian, LLC is controlled by its 100%-member, NGL Water Solutions, LLC. The officers of NGL Water Solutions Permian, LLC are:

H. Michael Krimbill, CEO
Linda Bridges, CFO
Kurstion McMurray, EVP, GC & Secretary
Doug White, EVP

Please advise of any questions you or your team may have regarding this matter.

Thank you,


<s> Matthias Sayer

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

CONDITIONS

Action 105696

CONDITIONS

Operator: NGL WATER SOLUTIONS PERMIAN, LLC 865 North Albion Street Denver, CO 80220	OGRID: 372338
	Action Number: 105696
	Action Type: [C-137] Non-Fee SWMF Submittal (SWMF NON-FEE SUBMITTAL)

CONDITIONS

Created By	Condition	Condition Date
bjones	The conditions of approval are recognized in the attached ACO.	5/10/2022