

2RF – 149

**Eddy State Water
Treatment
and Reuse Facility
Application
FA-Closure**

**Solaris Water
Midstream LLC
April 14, 2021**

Venegas, Victoria, EMNRD

From: Teena Robbins <Teena.Robbins@solariswater.com>
Sent: Wednesday, April 14, 2021 12:01 PM
To: Venegas, Victoria, EMNRD; Michael Incerto; r@rthicksconsult.com
Subject: [EXT] RE: 2RF-149 - Eddy State Water Treatment and Reuse Facility

Victoria,

We appreciate you for working through this with us. Solaris would like to move forward with option 2, as stated below:

The total closure cost estimate for the application submitted via email on November 2, 2020, and resubmitted via [OCD.online](#) on March 1, 2021, for 2RF-149 - Eddy State Water Treatment and Reuse Facility consisting of two inground containments in K-2-26S-29E, is for the amount of \$658,975.00

Thank you,

Teena Robbins
Office Manager
Solaris Water Midstream, LLC
(432)203-9024 ofc
(432)425-0718 cell



From: Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>
Sent: Wednesday, April 14, 2021 12:49 PM
To: Teena Robbins <Teena.Robbins@solariswater.com>; Michael Incerto <michael.incerto@solariswater.com>; r@rthicksconsult.com
Subject: RE: 2RF-149 - Eddy State Water Treatment and Reuse Facility

Good morning Teena,

The closure cost estimate you submitted is for the application submitted on October 26, 2020, for two inground containments and one AST. Solaris withdrew that application in November 2020 (see attachment).

On November 2, 2020, Solaris submitted a new application for two inground containments only. That is the version we currently have in the system and doesn't include the closure cost estimate. To move this application forward, Solaris can either:

1. Submit a new closure cost estimate for the proposed facility consisting of two (2) inground containments or;
2. Submit a written statement explicitly stating that the total closure cost estimate for the application submitted via email on November 2, 2020, and resubmitted via [OCD.online](#) on March 1, 2021, for 2RF-149 - Eddy State

Water Treatment and Reuse Facility consisting of two inground containments in K-2-26S-29E, is for the amount of \$658,975.00. In this case, we can approve the application and the existing.

Please let us know how you would like to proceed.

Victoria Venegas • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

811S. First St. | Artesia, NM 88210

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

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



From: Teena Robbins <Teena.Robbins@solariswater.com>
Sent: Tuesday, April 13, 2021 10:38 AM
To: Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>
Subject: [EXT] RE: 2RF-149 - Eddy State Water Treatment and Reuse Facility

Good morning. My apologies for not getting this to you sooner. I've uploaded the financial assurance info to the website along with the original email where it had been submitted so you could have some reference. I've also attached both to this email for convenience. Hopefully this helps resolve any remaining issues with this facility. If not, please let me know.

Thanks again for all your help.

Teena Robbins
Office Manager
Solaris Water Midstream, LLC
(432)203-9024 ofc
(432)425-0718 cell



From: Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>
Sent: Tuesday, April 6, 2021 4:47 PM

To: Michael Incerto <michael.incerto@solariswater.com>; Teena Robbins <Teena.Robbins@solariswater.com>
Cc: r@rthicksconsult.com; Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>; Hernandez, Emily, EMNRD <Emily.Hernandez@state.nm.us>
Subject: 2RF-149 - Eddy State Water Treatment and Reuse Facility

2RF-149 - Eddy State Water Treatment and Reuse Facility

Mr. Incerto,

The OCD has reviewed the amended application submitted by [371643] SOLARIS WATER MIDSTREAM, LLC on 03/21/2021 for the Eddy State Water Treatment and Reuse Facility. The application does not contain a closure cost estimate which is the basis for financial assurance per [19.15.34.15](#) A. NMAC. Please provide this closure cost estimate as soon as possible.

In October 2020, the OCD received a surety bond in the amount of \$660,000.00 to provide financial assurance for the Eddy State containments. However, because we do not have the closure cost estimate, we are unable to approve the bond at this time. The OCD can either retain the bond pending receipt and approval of the estimate, or return the bond to Solaris. Please let us know how you would like to proceed.

Thank you,

Victoria Venegas • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

811S. First St. | Artesia, NM 88210

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

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R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Since 1996

October 26, 2020
REVISED 10/26/2020

Ms. Lucas Kamat
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Via E-Mail

RE – Financial Assurance Cost Estimate
Eddy State Containments, Eddy County

Dear Ms. Lucas Kamat

On behalf of Solaris Water Midstream LLC, we are pleased to present this revised cost estimate for closure and reclamation of the two containments.

Closure Cost Estimate

Sampling beneath the containments (AST and in-ground) in accordance with Subsection C of 19.15.34.14 Rule is required. The sampling program would include an EM survey at a cost about \$6500. The EM survey would identify any high salinity soil beneath the liner and levee of the in-ground containment. EM evaluation of the nearby pasture would provide a baseline to compare findings. Sampling below the liners of the in-ground containment would occur in areas wherever the EM survey suggests high salinity plus a minimum 5-point composite sample. Sampling would also include a 5-point composite sample beneath the liner of the AST Containment in conformance with the Rule. The sampling program with laboratory analysis would cost less than \$5,000. Thus, the total cost of closure is about \$11,500

In Ground Containment Reclamation Cost Estimate

The three attached bids provide the cost for reclamation. Removal and disposal/recycling of the liner system would be conducted by Mustang-Extreme Environmental Services or a similar contractor. The cost for this work element is \$199,230. MEES installed the liner system at the groundwater storage pond and they are familiar of the level of effort required to remove and dispose/recycle the liner system.

The second cost estimate if from Stephenson Dirt Contracting, the contractor who built the Eddy state Containment. Note that the work elements in their \$420,000 estimate conform to the requirements of the Rule shown in yellow above.

The estimate for removal of fencing is \$17,745.00 and was provided by the installation contractor. Thus, the total cost estimate to meet the mandates of Rule 34 is:

Civil & Seeding Closure	\$420,000.00
Fencing Closure	\$17,745.00
Liner Closure	\$199,230.00
Total	\$636,975.00

AST Containment Reclamation Cost

Thus, the “closure cost” does not include reclamation and revegetation to the condition that existed prior to construction – because construction of the AST is on the existing pad for the Eddy State SWD.

For AST Containments, we understand the “Closure cost” should include the cost of disassembly and removal of the AST Containment. Based upon conversations with numerous AST Containment contractors, the cost of disassembly and removal is \$10,500, which is half the total cost of setup and lining.

Existing Bond

The total cost of closure and reclamation is \$658,975. Solaris working with OCD to create the appropriate paperwork (a division-prescribed form) to cause the existing \$1.2MM bond with the State Land Office to also satisfy the paperwork requirements of OCD. I indicate this is a paperwork problem because the existing bond for reclamation of the site in accordance with the stipulations of the SLO lease. Thus, it meets the criteria of Rule 34 for being payable to the state of New Mexico. The existing bond states the following with emphasis added:

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.

Thus, the bond per the Rule is in place, albeit on a form prescribed by the SLO. Solaris is working on creating the appropriate form.

Sincerely,
R.T. Hicks Consultants



Randall T. Hicks
Principal

Copy: Solaris Water Midstream LLC

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Since 1996

October 9, 2020

Ms. Lucas Kamat
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Via E-Mail

RE – Financial Assurance Cost Estimate
Eddy State Containments, Eddy County

Dear Ms. Lucas Kamat

On behalf of Solaris Water Midstream LLC, we are pleased to present the cost estimate for closure and reclamation of the containment.

Closure Cost Estimate

Sampling beneath the containment in accordance with Subsection C of 19.15.34.14 Rule is required. The sampling program would include an EM survey at a cost about \$6500. The EM survey would identify any high salinity soil beneath the liner and levee. EM evaluation of the nearby pasture would provide a baseline to compare findings. Sampling below the liner would occur in areas wherever the EM survey suggests high salinity. Sampling would also include a 5-point composite sample in conformance with the Rule. The sampling program with laboratory analysis would cost less than \$5,000. Thus, the total cost of closure is about \$11,500

Reclamation Cost Estimate

The three attached bids provide the cost for reclamation. Removal and disposal/recycling of the liner system would be conducted by Mustang-Extreme Environmental Services or a similar contractor. The cost for this work element is \$199,230. MEES installed the liner system at the groundwater storage pond and they are familiar of the level of effort required to remove and dispose/recycle the liner system.

The second cost estimate is from Stephenson Dirt Contracting, the contractor who built the Eddy state Containment. Note that the work elements in their \$420,000 estimate conform to the requirements of the Rule shown in yellow above.

The estimate for removal of fencing is \$17,745.00 and was provided by the installation contractor. Thus, the total cost estimate to meet the mandates of Rule 34 is:

Civil & Seeding Closure	\$420,000.00
Fencing Closure	\$17,745.00
Liner Closure	\$199,230.00
Total	\$636,975.00

October 9, 2020

Page 2

Existing Bond

Attached is an existing bond for reclamation of the site in accordance with the stipulations of the SLO lease. This \$1.2 MM bond states the following with emphasis added:

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.

Thus, we maintain that the existing \$1.2MM bond clearly meets the requirements of Rule 34. Solaris Water Midstream will proceed with lining the containment and intends to begin filling the containment soon thereafter as the design/construction stated in the registration package complies with the Rule and previously approved variances. Please contact me if you have any questions.

Sincerely,
R.T. Hicks Consultants



Randall T. Hicks
Principal

Copy: Solaris Water Midstream LLC

Stephenson Dirt Contracting, LLC
4995 S. I-30 Frontage Road
Mt. Pleasant, Texas 75455
903-524-2225

PROPOSAL

October 6, 2020

Eddy State Recycling Facility

To: Cascade Services

Stephenson Dirt proposes to grade, drain and remediate the Eddy State Pond for the operator to the following specifications per the NMOCD rule 19.15.34.14

blend 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.

PROPOSAL PRICE \$420,000

Price good for 30 days only. No more than two mobilization. Will need Four control points for GPS. Water must be available on site. No ripping or hammering or rock excavation. If water is encountered on site, additional costs will incur. If existing topsoil is not suitable a price will be given for import topsoil. Utilities that conflict with the excavation or stabilization (or within 12" of it) are to be relocated by others prior to scheduling our work. This bid does not include location existing utilities and does not include conforming if the design conflicts with the existing facilities. No Testing.

Thanks,

Jeremy McDowell-Project Manager/Estimator

Exclusions: No lab or field testing. No hand grading. Safety fences and/or temporary fences, or barricades. All disconnects, relocation, removal or capping of existing utilities. No bracing or shoring. No excavation for curbs, gutters, sidewalks, etc. No cleanup of other contractors' excess materials. No cushion sand. No seeding or fertilizing. No backfill behind retaining walls.

Fax: 903-524-2227

Email: stephendirt@yahoo.com

Website: <http://www.stephendirtcontracting.com>

Enerlift Solutions LLC
 DBA Prime Fence Company
 PO Box 53190
 Midland, TX 798710

817-597-8030
 brandon@primefenceco.com



Estimate

CUSTOMER

Solaris Midstream

PROJECT

Removal and Disposal Quote
 Fencing Portion

DATE	ACTIVITY	QUANTITY	RATE	TOTAL
10/7/2020	Mobilization	1	\$975.00	\$975.00
	Tearout of game fencing, removal and haul off from site	4500	\$3.51	\$15,795.00
	Demob	1	\$975.00	\$975.00
	Includes labor, equipment, materials and tax (new construction/improvements- taxes paid on materials at point of purchase)			

TOTAL: \$17,745.00

Add \$15 per hole if rock drilling equipment needed to drill post holes

Additional footage will be charged at LF price

Based on the current environment for wood, steel and aluminum products, there could be significant market fluctuations that may require adjustments to quoted prices

If any additional skidsteer work is needed for clearing or leveling ground, this will be charged at agreed rate

If hydrovac work is needed for digging post holes or locating hazards, this will be charged at daily rate +hourly agreed rate

Survey and staking done by others



Quote
#203357
10/5/2020

Eddy State Water Treatment and Reuse Facility-Liner
Removal and Disposal

Job Site Address
Solaris Midstream
Carlsbad NM 88220

Ordered By	Exp. Close	Est. Project Start Date	Sales Rep
Solaris Midstream : Todd Carpenter	8/6/2020		Ross Hayward

Notes:

Thank you for the opportunity to provide pricing for this project!

* Applicable state and local taxes will be added to the invoice.



203357



Quote
 #203357
 10/5/2020

Eddy State Water Treatment and Reuse Facility-Liner
 Removal and Disposal

Job Site Address
 Solaris Midstream
 Carlsbad NM 88220

Ordered By	Exp. Close	Est. Project Start Date	Sales Rep
Solaris Midstream : Todd Carpenter	8/6/2020		Ross Hayward

Item Details:

Quantity	Units	Item	Rate	Amount
687,000	Each	9044-services-Liner Removal(***) Liner Removal(***) Geotextile Removal and disposal per SF	\$0.145	\$99,615.00
687,000	Each	9044-services-Liner Removal(***) Liner Removal(***) Liner Removal and disposal per SF	\$0.145	\$99,615.00

Subtotal	\$199,230.00
Tax (7.646%)	\$0.00
Total	\$199,230.00





Stephanie Garcia Richard
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. SUR0061637
(For use of Surety Company)

BOND NO. _____
(For use of NMSLO)

EFFECTIVE DATE: August 26, 2020

LEASE NO. **BL-2834**

KNOW ALL PERSONS BY THESE PRESENTS:

Lessee Name: Solaris Water Midstream, LLC
Lessee's Address: 907 Tradewinds Blvd., Suite B, Midland TX 79706
State in which Lessee is Organized: Delaware

Surety Name: Argonaut Insurance Company
Surety Business Address: PO Box 460911 San Antonio, TX 78246
State in which Surety is Organized: Illinois

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 **one million two hundred and ten thousand dollars (\$1,210,000)**.

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-2834** ("the Lease"), located in Section 2, Township 26S, Range 29E, 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 26th day of August, 2020 .

PRINCIPAL Signature

Printed Name and Title

Street Address

City, State and Zip Code

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

Jessica Richmond

SURETY Signature

Jessica Richmond, Attorney in fact

Printed Name and Title

PO Box 469011

Street Address

San Antonio, TX 78246

City, State and Zip Code

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 Texas)

) ss.

COUNTY OF Harris)

On this 26th day of August, 2020, before me personally appeared

Jessica Richmond to me personally known, who, being by me duly sworn,

did say that s/he is Attorney in Fact of

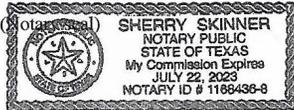
Argonaut Insurance Company and that this instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

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

July 22, 2023
My Commission Expires

Sherry Skinner
Notary Public name

Sherry Skinner
Notary signature



(Note: Corporate surety attach power of attorney.)

APPROVED this _____ day of _____, 20____.

COMMISSIONER OF PUBLIC LANDS

Argonaut Insurance Company
Deliveries Only: 225 W. Washington, 24th Floor
Chicago, IL 60606
United States Postal Service: P.O. Box 469011, San Antonio, TX 78246

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Philip N. Bair, Joyce A. Johnson, Janie Cermeno, Jessica Richmond, Brian R. Welch

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$85,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 8th day of May, 2017.



Argonaut Insurance Company

by: _____

Joshua C. Betz, Senior Vice President

STATE OF TEXAS
COUNTY OF HARRIS SS:

On this 8th day of May, 2017 A.D., before me, a Notary Public of the State of Texas, in and for the County of Harris, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Harris, the day and year first above written.



Kathleen M. Mueb

(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 26th day of August, 2020.



James Bluzard

James Bluzard, Vice President-Surety

THIS DOCUMENT IS NOT VALID UNLESS THE WORDS ARGO POWER OF ATTORNEY ARE IN BLUE. IF YOU HAVE QUESTIONS ON AUTHENTICITY OF THIS DOCUMENT CALL (210) 321 - 8400.

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
(File with Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico 87505)

Surety Bond for Recycling Facility/Containment ("Bond")

KNOW ALL MEN BY THESE PRESENTS:

Name of Operator ("Operator"): Solaris Water Midstream, LLC

Operator's Address: 9811 Katy Freeway, Suite 700, Houston, Texas 77024

State in which Operator is Organized: Delaware

Operator's OGRID Number: 371643_

Name of Surety Company ("Surety"): Argonaut Insurance Company

Surety Company's Business Address: P. O. Box 469011, San Antonio, TX 78246

Bond Number: SUR0061643

Effective Date: October 27, 2020

Required Financial Assurance ("Financial Assurance"): Six Hundred Sixty Thousand and NO/100 (\$660,000)

WHEREAS, Operator, 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 NMSA 1978, Section 70-2-12, as may be amended from time to time, are, jointly and severally, firmly bound to the State of New Mexico's Energy, Minerals and Natural Resources Department ("Department"), or its successor, for payment of the amount of the Financial Assurance indicated above.

WHEREAS, Operator has or may enter into the collection, treatment, storage, recycling, or re-use of produced water in Sections 2, Township 26S, Range 29E, NMPM, Eddy County, New Mexico

WHEREAS, Surety has been advised that Operator has requested this Bond as security for Operator's compliance with all laws, rules, and orders, as they exist now or may exist in the future, applicable to such activities, including, but not limited to, proper operation, closing and remediation of the Facility (collectively, the "Obligations").

THEN AND IN THAT EVENT, this 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.

Solaris Water Midstream, LLC
OPERATOR

By: 
Signature

President
Title

Argonaut Insurance Company
SURETY

By: 
Signature*

Philip N. Bair
Attorney-in-Fact
Title

*Include Power of Attorney or other instrument authorizing signature

APPROVED BY:

Oil Conservation Division of New Mexico

By _____

Date _____

INDIVIDUAL ACKNOWLEDGMENT: (If dba, must read – Example: John Doe dba ABC Services)

State of New Mexico
County of _____

This instrument was acknowledged before me on this _____ day of _____ 20 _____

by _____
(Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY

State of ~~New Mexico~~ Texas
County of Harris

This instrument was acknowledged before me on this 29th day of October
20 20

by Amanda Brooch Resident of _____
(Name of Person Signing Document) (Title)

Solaris Water Midstream, LLC
(Name of Operator)

Amanda Ann LeBlanc

Notary Public

SEAL

My Commission Expires:

4/22/2022



SURETY ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF HARRIS

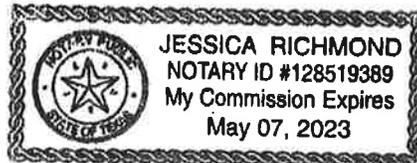
Before me, the undersigned authority, a Notary Public in and for said State and County, on this day personally appeared Philip N. Bair, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, as the Attorney-in-Fact for ARGONAUT INSURANCE COMPANY acknowledged to me that he subscribed the name of ARGONAUT INSURANCE COMPANY hereto as Surety and his own name as Attorney-in-Fact, and executed the same for the purposes and consideration therein expressed, and in the capacity therein set forth.

Given under my hand and seal of office this the 27th day of October, 2020.



Jessica Richmond, Notary Public

in and for STATE OF TEXAS



Argonaut Insurance Company
Deliveries Only: 225 W. Washington, 24th Floor
Chicago, IL 60606

United States Postal Service: P.O. Box 469011, San Antonio, TX 78246

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Philip N. Bair, Joyce A. Johnson, Janie Cermeno, Jessica Richmond, Brian R. Welch

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$85,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 8th day of May, 2017.



Argonaut Insurance Company

by: _____

Joshua C. Betz, Senior Vice President

STATE OF TEXAS
COUNTY OF HARRIS SS:

On this 8th day of May, 2017 A.D., before me, a Notary Public of the State of Texas, in and for the County of Harris, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Harris, the day and year first above written.



Kathleen M. Meeks

(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 27th day of October, 2020



James Bluzard

James Bluzard, Vice President-Surety



November 02, 2020

Dear Customer,

The following is the proof-of-delivery for tracking number: 771928503984

Delivery Information:

Status:	Delivered	Delivered To:	Mailroom
Signed for by:	S.MARTINEZ	Delivery Location:	
Service type:	FedEx Priority Overnight		SANTA FE, NM,
Special Handling:	Deliver Weekday	Delivery date:	Oct 30, 2020 10:25

Shipping Information:

Tracking number:	771928503984	Ship Date:	Oct 29, 2020
		Weight:	1.0 LB/0.45 KG

Recipient:		Shipper:	
SANTA FE, NM, US,		Houston, TX, US,	

Reference HELEN - BONDING

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

Thank you for choosing FedEx