



## UTILITIES DEPARTMENT

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July 3, 2015

David Catanach, Chairman  
New Mexico Oil Conservation Commission  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Case 15284

Dear Mr. Catanach:

In April of 2014, The City of Hobbs was contacted by representatives of Linn Operating, LP and Tabula Rasa Partners concerning using water from the City of Hobbs water distribution system for a Water Flood Project east of the City of Hobbs (Sections 29-32; T18S; R39E).

After review, it has been determined that this project will provide the City of Hobbs an opportunity to extend the City's existing water distribution system and provide potable water service and fire protection to areas of the City and residents that would benefit from these added services and resources immediately. The project will also improve revenues to the City's Enterprise Fund with little to no cost to the City or the rate payers. There is currently sufficient water capacity in our system to adequately and fully serve the needs of this project. Parties have agreed to engineer, design, and construct approximately 3,300 foot of 12 inch C-900 water main on the south side of Sanger Street and extending eastward with all the necessary valves, hydrants, check valves, air gap/backflow protection, meters, etc. All construction method and materials shall conform to the City's specifications and standards. In addition, all required rights-of-way and permitting will be provided by Linn Operating, LP and Tabula Rasa Partners and they have agreed to pay the City's commercial outside-city water rates for use of the water. Usage of the City's water shall be temporary and permitted for no more than two years, unless extended by mutual agreement for good and sufficient cause.

Reclaimed wastewater or grey water sources were discussed and examined during the planning efforts for this project. The City's fresh water source was deemed more economically feasible at this time since the City's current Reclaimed Water Distribution System is more than four miles from the project site and several years from being extended into this area pursuant to the City's Master Plan. In addition, the 360,000 gallons per day required by the project is insufficient to justify or interest the City in accelerating this construction schedule. Please contact me if you have any questions or require additional information.

Sincerely,

Tim Woomer, Utilities Director

cc: Mr. Bob Sutherland, Tabula Rasa Partners, LLC