REQUEST FOR PROPOSALS / QUALIFICATIONS FOR WATER TREATMENT TESTING / ENGINEERING Sandoval County's Development Department is requesting Statements of Qualifications from engineering firms to evaluate and determine the most efficient and effective desalination treatment process for the brackish water resource in the Rio Puerco area of Sandoval County, New Mexico. The successful offeror will solicit proposals, evaluate submitted proposals, and select a subcontractor specializing in the treatment of brackish water based on the subcontractor technological credentials, experience, and their proposed method of conducting a treatment test. The purification options will be evaluated based on their respective ability to process the produced water, projected cost of operations and maintenance through the life cycle of the proposed facility, energy efficiency and environmental impact. The identified alternatives from all proposals will be given a preliminary evaluation in order to come up with a short list of the most feasible alternatives deserving of a more detailed evaluation. With this process it is expected that more than one alternative may be obtained. Proposals will be received at Sandoval County Finance Department until 10:00 a.m., November 14, 2008. Copies of the Request for Qualifications/Proposals can be obtained in person at the office of Sandoval County Development Division between the hours of 8:00 am. and 12:00 noon, and 1:00 pm and 5:00 pm. at 711 Camino Del Pueblo, 1st Floor, Bernalillo, NM 87004 or will be e-mailed upon written or telephone request to Dianne Ross at (505) 867-7551. Journal: October 24, 2008

Published on October 24, 2008
June 12th, 2009

Thank you Juan for the letter dated May 26th

As we stated in the meeting we appreciate everything the county has done, we feel we've made great progress thus far. There are a lot of positives regarding our situation.

Since we have the right to appropriate water and we have the water, this creates a great opportunity that is obviously key to the future of Rio West and Sandoval County.

Our joint ventures calls for Recorp to contribute 18,000 acre ft per year of our rights to appropriate and we receive the 1st 18,000 per year. If there is excess water the county has a right of 1st refusal.

When it appeared that we could have potentially more than 18,000 ft, we went forward to file another notice of intent to appropriate. If we gave the joint venture 32,000 acre feet per year instead of 18,000, then we would split our water resource fee 50/50 with the county on the additional water between 18,000-32,000 acre feet. The county will still receive 100% of its revenue from the desal plant and it only applies to water drilled from our property.

When the County approached us with the idea of owning the desal plant, 100 % by themselves in the means of getting financing, we were open to renegotiating an agreement and of course we still are.

It was suggested by Mike Springfield that we be given the debt for our interest in the water and which Mike said “put in the safe guards to assure you of your water needs, it is also a way to pay you for any water that goes to anybody else and would not be considered profit on our side”

We want everyone to profit and work together. We are not taking anything from the county, as a matter of fact, by dedicating the land and working as partners we feel we are helping the county immensely. In return we hope that our agreement and our progress in this matter are resolved with little or no complications.

That being said, this might be the easiest solution:

Commissioner Leonard suggested we work on phase 1 now which is renegotiating the agreement while the county is working on the feasibility study. He feels that we should get this resolved now, so when we get the feasibility study there will be no issue with transitioning into phase 2, which is negotiating with potentially users.

Recorp will be more than happy to dedicate the land to the county after modifying a new agreement to clarify that Recorp receives benefits from our water. We cannot dedicate this site unless we modify our agreement, since it will still leave us joint venture partners.
As far as the easements go we can extend for 5-6 month, but are more than willing to just receive a phone call, when and if the county plans on going to the property.

Look forward to working with you,

David P. Maniatis
10 Dec  OSE visit / brief At OSE in ABQ: visit with and brief to John d’Antonio (State Engineer) Mike Springfield, Rob Sengebush and Dave Jordan
+ 3-4 OSE staff
(Intera), and GB

2008

2 Jan  Water leak Well 6, valve freezes off. Secured flow at 1000 AM. Reported to
NMED

23 Jan  Meeting with ED RTH and County meet with NMED

5-8 Feb KC Trip Meet with UAM. Briefs on legal, design, desal providers (GE and
Koch)

15 Feb  ED meeting Intera, Sandy Spon and GB

21 Feb  ED Const permit Sara Holcomb visit to well sites (const permit, etc.)

2 Apr  PNM Meeting In County Manager’s office: PNM power / cost representatives, Deb
Hays, GB, MS, DR

28 May  Soil Sampling Sampled soils in arroyo where water had flowed from leak (see 2 Jan
above)

Trujillo?)

30 May  Engineering meeting At Boyle Engineering ABQ: Intera, County and Boyle regarding
capabilities for Desal

8 Jul  Project discussion At NMED ABQ: Andy Edmondson, MS, DR, GB, regarding content /
format of RFP

10 July  Discharge Permit At NMED ABQ: Sand Spon, Intera (RS and CA) GB

22 Aug  Laguna Pueblo Discussed instrumenting well on Laguna for well test: Intera, GB,
Tribal Government

1 Oct  Began well flow test

Other meetings, etc.

Informal monthly (except Jul 08), meetings have been held with project team members and subsequently opened up to
local community and development representatives to inform them of current status, plans, progress and objectives of
the Puerco water project. Included have been members of the Laguna Pueblo Government, City of Rio Rancho, Town of
Bernalillo, County’s geological and engineering contractors, Recorp / Developer and their contractor engineers, other
area developers (to include AMREP, King Ranch, Quail Ranch, Rancho Grande, Breezy Point). Data and plans have been
exchanged so all are kept in the loop and up to date. These meetings are held at the Court House, except for the last
meeting which was a site visit to the wells. Format is pretty much open forum; there are not minutes kept, and it has
never had a closed meeting or non-open session.

Just to be clear on one point: there is only one development agreement between the County and anyone relating to
development. This is between the County and Aperion. All attendees at these meetings are fully aware of this fact.

Other publicity regarding the project has appeared in the on-line newspaper called the New Mexico Independent (see
www.newmexicoindependent.com ). At least 2 articles by Joel Gay have appeared which addressed the project in whole
or in part. They were dated 2 May 08, Tapping into hidden resources; and 25 July 08, Atrisco strikes brackish gold,
mentions Sandoval County. The Sandoval Signpost, a monthly newspaper published “It’s a Gusher!” on the front page of
their Aug 07 issue.

Also, I’ll try to send some of the political cartoons on the subject that have been published in the last couple of years.
Trever does a pretty good job, and he have come away pretty well in his cartoons (published in the Journal on the
editorial pages).
Sorry this took so long to get to you. I hope it helps. Call me on questions you may have. Hope you have a good weekend. Mine is starting a little late.

Guy Bralley
Water Resources Administrator
Sandoval County Development
505-771-7953 Office
505-362-6902 Cell
505-771-7184 FAX
BACKGROUND:

The County's desalination project in the Rio Puerco Basin is crucial to the wellbeing and prosperity of our entire region far into the future. Sandoval County has invested considerable funds – in excess of $6 million – for exploration, drilling, water studies and testing. We currently have a pilot plant in use to help determine the best, most efficient technology to purify and clean the brackish water for, ultimate use by residents and businesses. Results of past tests show there is a substantial amount of brackish water that, when treated, can help meet the needs of residents and businesses. The County has filed notices of intent with the State Engineer to pump up to 83,000 acre feet of brackish water from joint water claims that Sandoval County has on land owned by the King Ranch, the State Land Office, and Recorp, a Scottsdale, AZ-based developer that owns land for the proposed 11,600 acre Rio West master-planned development.

RESPONSES:

Under the terms of our April and July 2007 agreements with Recorp, the County and the developer are to share costs and ownership, on a 66/34 percent basis, of that portion of the project located on Recorp property. Those agreements provide Recorp with up to 18,000 acre feet of water annually for its master-planned development. Sandoval County, in turn, will receive up to 32,000 additional acre feet under a joint water claim with Recorp for regional use.

Sandoval County has been meeting our part of those agreements with Recorp. We have performed as agreed and we fully expect the developer to do likewise. We have made sizeable investments into the joint project, as required by those agreements.

We are now reviewing our options to assure our taxpayers' investments are fully protected. While the options available to us cover a broad range, we hope to resolve the issues in a manner that will allow us to continue our working relationship with Recorp in a friendly, mutually beneficial manner as originally intended.