PUBLIC SERVICE BOARD MEETING
AGENDA ITEM
REGULAR MEETING
Wednesday, December 10, 2025

SUBJECT

Amendment No. 2 to sole source services agreement with for field survey services with AquaterreX LLC

BACKGROUND

This item proposes amendment No. 2 for Phase III with AquaterreX LLC to conduct a field survey for identifying optimal wellbore sites in Hudspeth County. The project will focus on five remaining Areas of Interest (AOIs 5, 6, 7, 8, and 9) that were not included in the initial contract. The scope of work includes on-the-ground surveys using AquaterreX's proprietary technology and licensed hydrogeologists to determine depth to water, estimated flow rate, and water quality. The analytical services are available from only one source because of Contractor's patents on the software and analytics methodology utilized to conduct such geospatial technological services.

The final deliverable will include a report identifying wellbore locations with GPS coordinates, estimated water yields, and analysis to guide future drilling efforts. This survey is a continuation of work previously conducted under a sole source contract.

PRIOR PSB ACTION

- On May 14, 2025, the Public Service Board approved amendment No. 1 to the existing sole source agreement with AquaterreX LLC for an additional $126,000 to implement Phase II of the groundwater project. This phase involved on-site field surveys using proprietary seismic and resistivity equipment to pinpoint optimal wellbore locations and was based on the successful completion of Phase I remote assessments. The initial sole source services agreement was approved pursuant to the President/CEO delegated authority.

UTILITY KPI ALIGNMENT

Total Water Supply

EVALUATION PROCESS

AquaterreX was selected due to its proprietary technology, successful prior performance, and detailed understanding of EPWater's hydrogeologic priorities. The scope of work was collaboratively developed and reflects EPWater's ongoing groundwater exploration strategy.

FINANCIAL IMPLICATIONS

Sufficient funds are available in various accounts. This expenditure is part of the FY2025-26 budget.

PROPOSED ACTION REQUESTED

Consider and approve amendment No. 2 to a sole source Services Agreement with AquaterreX LLC for phase III of the project, pursuant to Section 252.022(a)(7)(A) of the Texas Local Government Code, in the estimated amount of $157,101 to conduct a follow-up field survey for wellbore siting in Hudspeth County and to extend the contract term by an additional year.

SUPPORTING DOCUMENTATION PROVIDED

- AquaterreX Proposal

GROUNDWATER PROPOSAL FOR EL PASO WATER UTILITIES, INC.

August 28, 2025

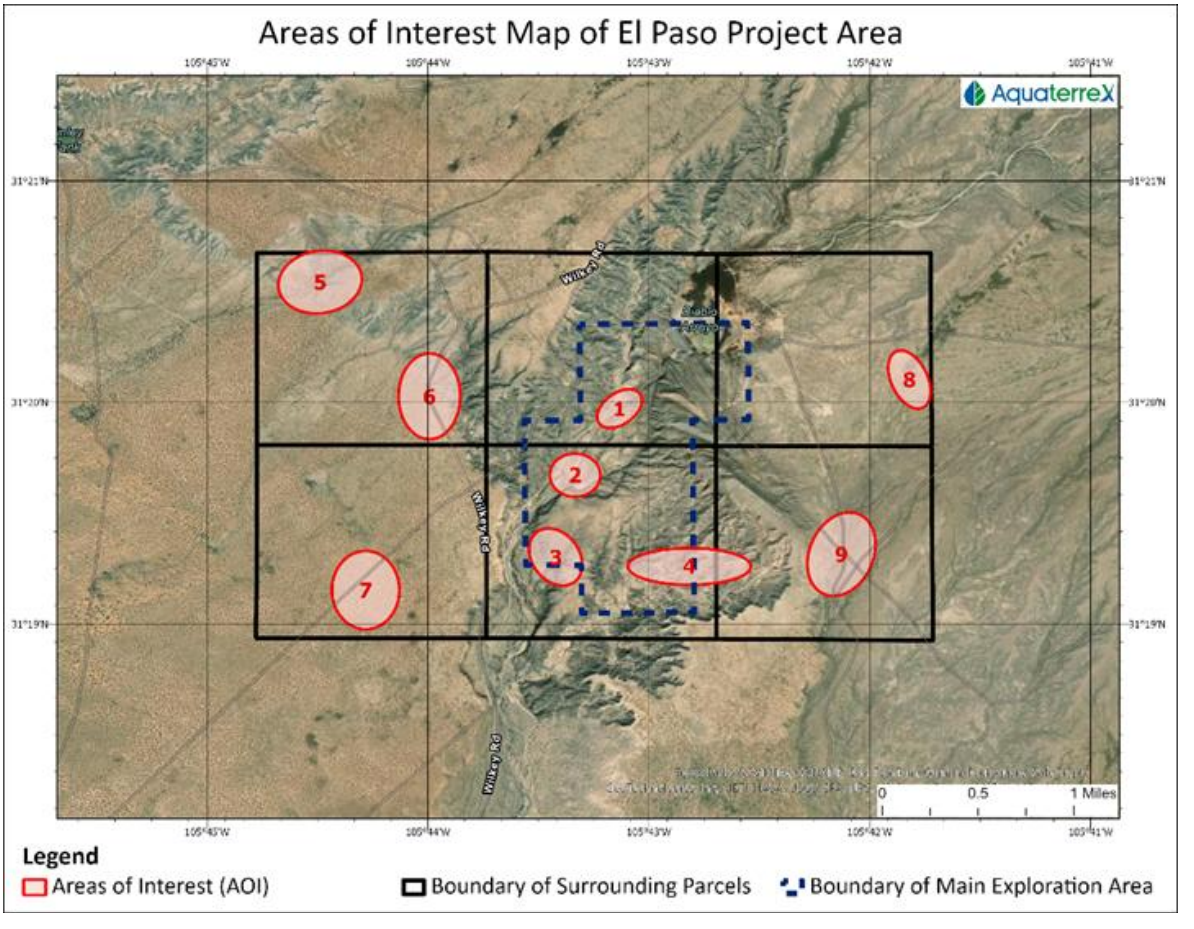
CONFIDENTIAL

AquaterreX, LLC
7901 4th St. N
Suite 300
St. Petersburg, FL 33702
info@aquaterrex.com
www.aquaterrex.com

Groundwater Proposal for El Paso Water Utilities, Inc.

Overview

This proposal is for a follow-on project for El Paso Water Utilities, Inc. After completion of the contract to locate wellbore sites in Hudspeth County (contract MC00001172), during a meeting with CEO John E. Balliew on August 14th, AquaterreX was requested to propose a project to site wellbores in the remaining Areas of Interest not surveyed in the initial project. There are five Areas of Interest included in this proposal: AOIs 5, 6, 7, 8, 9 as shown in the map below.



It is understood that EPWU will need to obtain certain permits to allow a field survey to be completed in the territory surrounding the currently leased land. The expectation is that these permits will be received in September.

This proposal will survey the five remaining AOIs and site at least five well bores. AquaterreX (ATX) will deploy its site survey team, which includes a senior hydrogeologist licensed by the Texas Board of Professional Geoscientists. They will employ two sets of patented instrumentation and a third set to precisely locate bore sites. The final report will pinpoint the bore sites via GPS coordinates; estimate the

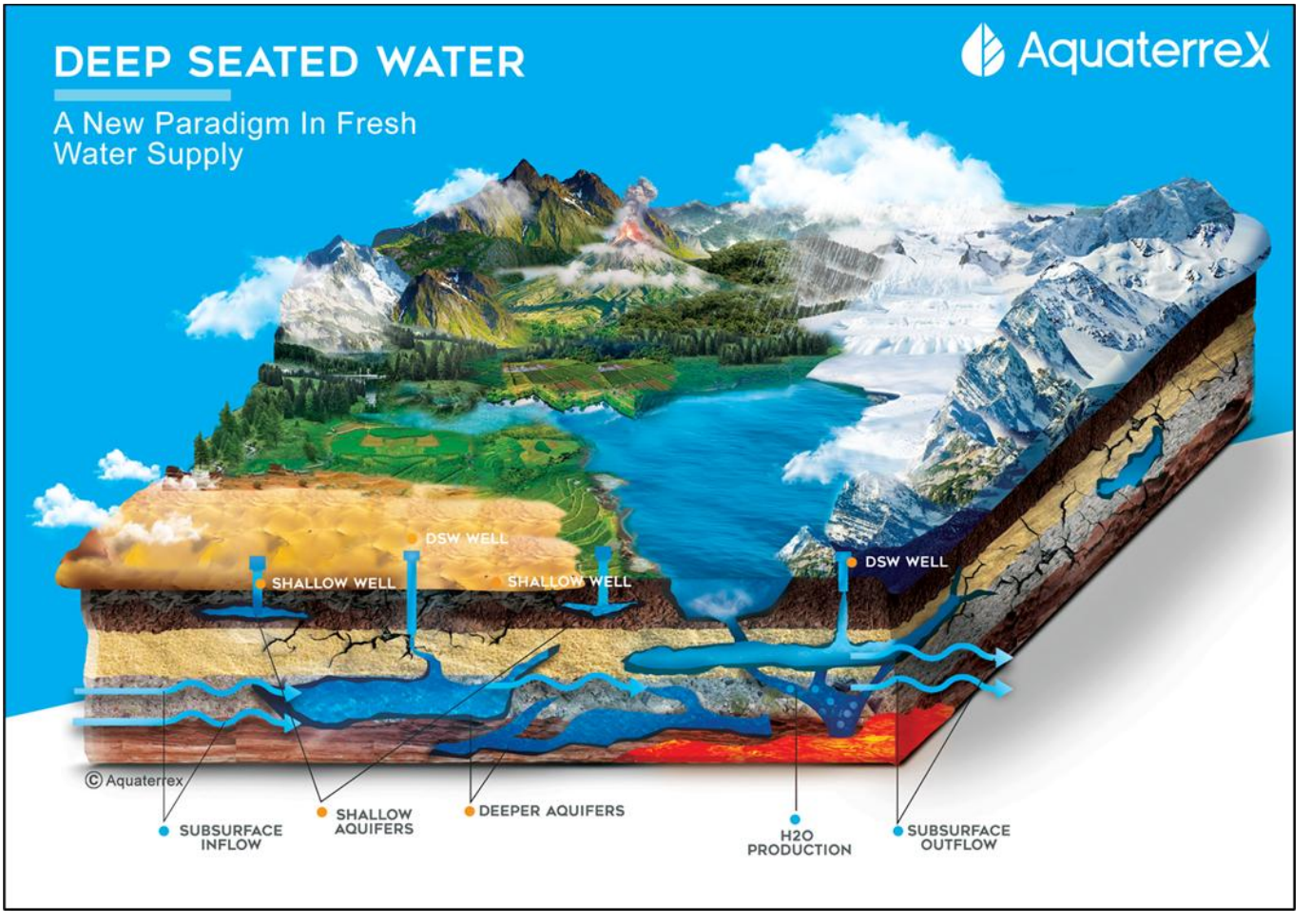
depth to water; the thickness of the water-bearing strata; the estimated flow rates and salinity. Thus, EPWU will know what to expect before expending large sums of money for drilling as well as to avoid drilling dry holes or low-flow wells.

We understand EPWU will contract the driller to complete the wells. We request that EPWU consider having AquaterreX monitor the drilling process as consultants to ensure the wells are completed based on our findings as well as to full professional standards.

About AquaterreX

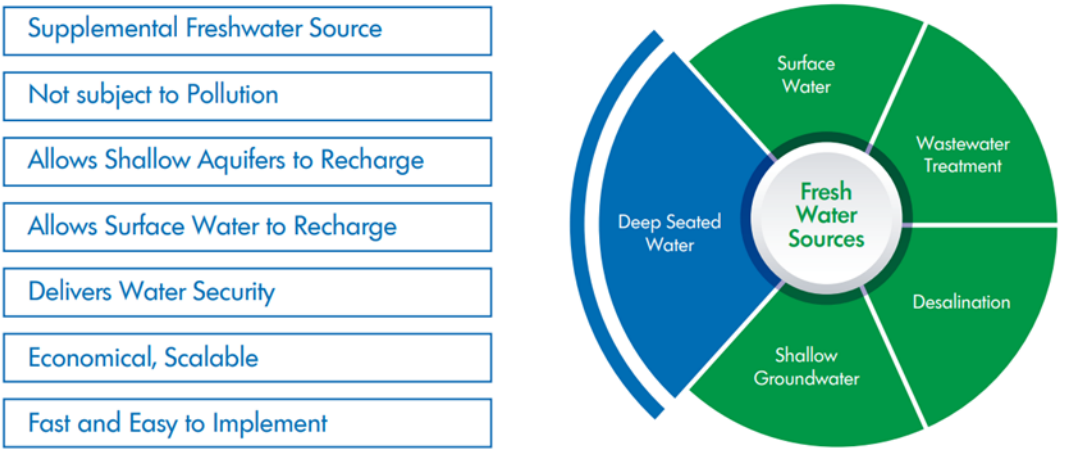
AquaterreX, LLC is a technology company focused on locating groundwater, especially "Where others say there is none." We use a unique combination of data to conduct Multicomponent Geospatial Analyses that includes geologic, hydrologic, atmospheric and other data using proprietary algorithms to pinpoint additional fresh water sources. Our success rate is over 90% and is now approaching 100%.

We specialize in finding Deep Seated Water. That is, high-quality groundwater, typically sourced from deeper aquifers that are located below the often overdrawn shallow aquifers. Our approach mitigates any environmental impacts and concerns. Deep aquifers are supplied from local catchment basins and subsurface inflows across basin boundaries. Because Deep Seated Water is found deeper than the shallow aquifers, it is less impacted by abrupt changes in the regional hydrological (rainfall/climate) cycles. In addition, there are vast amounts of water. The U.S. National Groundwater Association estimates that there are 22.6 million cubic kilometers of groundwater in the upper two kilometers of the earth's crust. That is enough water to supply Earth for over 6,000 years at today's global consumption rates. AquaterreX is the only company employing this combination of technology to locate and bring to the surface this source of fresh water.



Deep Seated Water (DSW)

There are sustainable sources of water that collect and recharge in the deeper aquifers from vast drainage basins through subsurface inflows and outflows. With our technology, we are able to locate the near-surface underground fractures, channels and pathways to deeper aquifers so that we can reach this water economically without drilling wells many hundreds of meters deep. In fact, this technology has been used to drill over 1,500 successful water wells on four continents, with a focus on arid or drought-affected regions where they had practically given up on finding water.

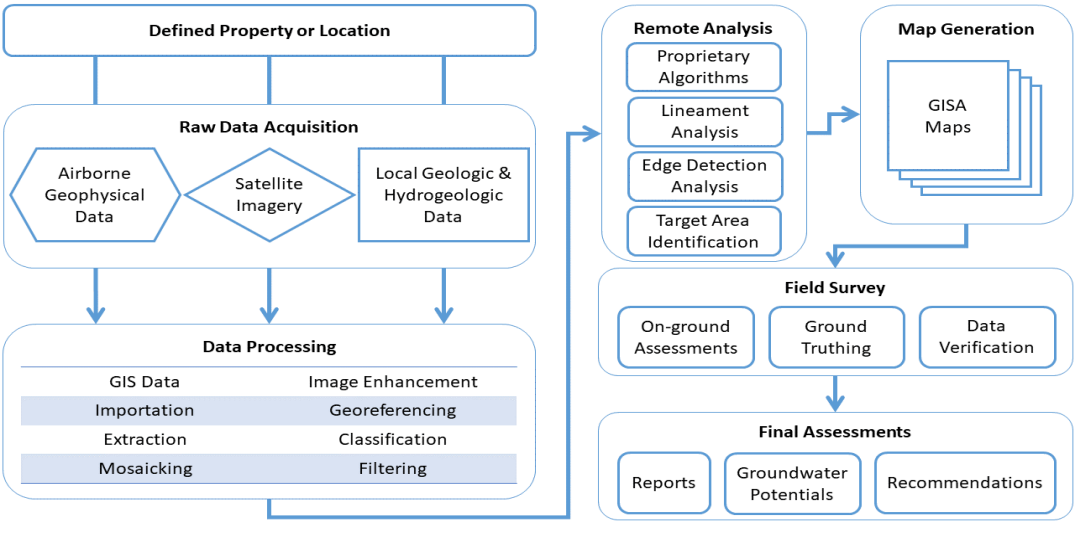


Deep Seated Water is the Missing Piece for any water strategy

Contamination-free water supply and management have become a major challenge for nations, communities, and enterprises. Many water strategies focus on conservation, rather than additional supply. Other solutions such as desalination and wastewater treatment are potential answers for some, but they also come with trade-offs such as high cost, high energy usage, long planning periods, and toxic waste. Deep Seated Water is located almost everywhere on the planet, and it can be added to the mix of solutions as a supplemental freshwater source that is not subject to pollution, is fast and easy to implement, and is economical and scalable. In addition, tapping Deep Seated Water allows both surface water and shallow aquifer sources to recharge, making the total system more environmentally sustainable.

AquaterreX employs a proven multi-step process to rapidly pinpoint the optimal access point for a water bore. Each step entails highly specialized applications using GIS software, proprietary algorithms and patented instrumentation. A schematic of our process is below.

PROCESS PHASES ILLUSTRATED

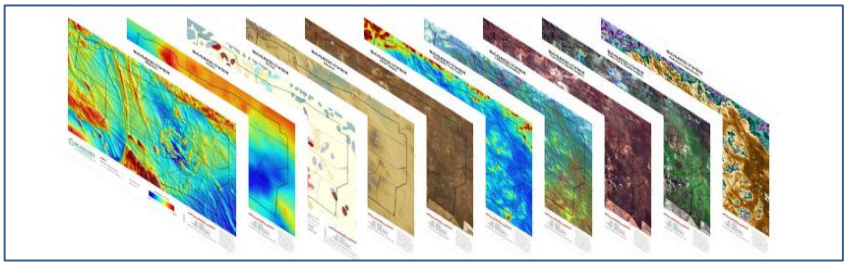


PROJECT PHASES

The locating and extraction of deep seated water is a technical process that spans several different fields of science and engineering technology. There are two basic phases in addition to drilling the wells.

Phase I: The acquisition of remotely sensed geospatial data acquired via satellites and existing airborne geophysical surveys. This includes satellite imagery, magnetic, gravity, gamma-ray (radiometric), and digital elevation datasets.

The processing, integration, and analysis of these data sets along with geological, hydrological, atmospheric and historical data in geographic information systems (GIS) software with proprietary techniques developed by AquaterreX. These unique methodologies allow for the detection of shallow and deep groundwater systems, and result in identified areas of interest for field surveys.

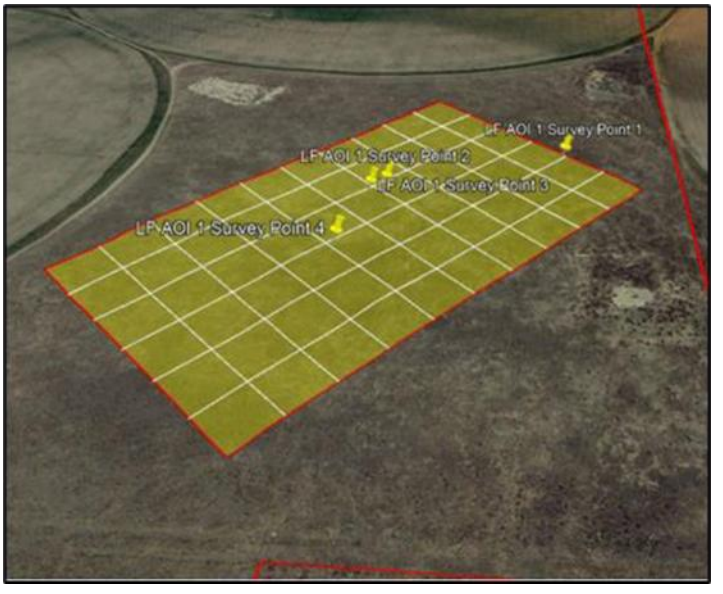


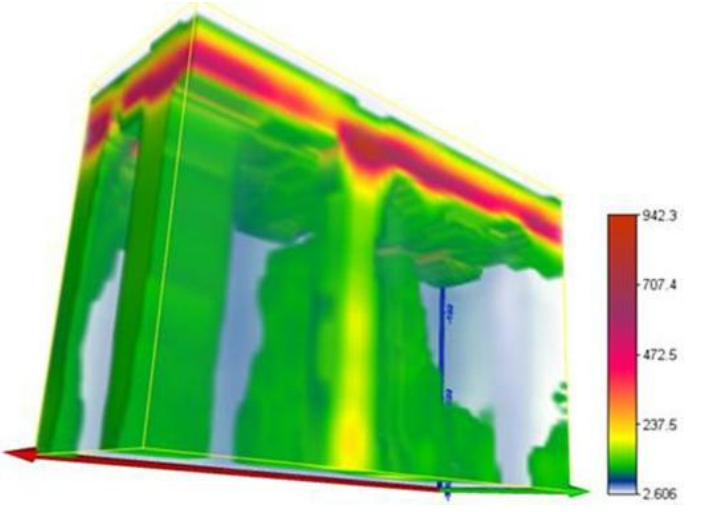
NOTE: PHASE I HAS BEEN COMPLETED FOR THIS PROJECT.

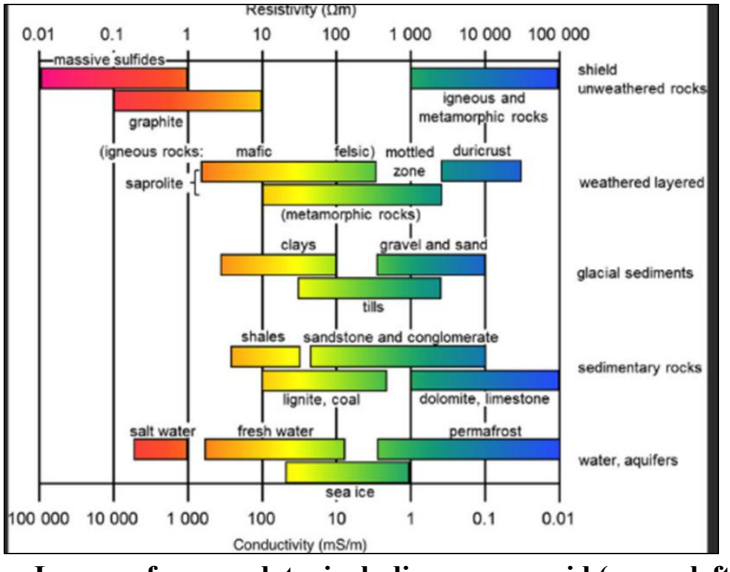
Phase II: On-site, on-the-ground survey by an AquaterreX hydrogeologist team.

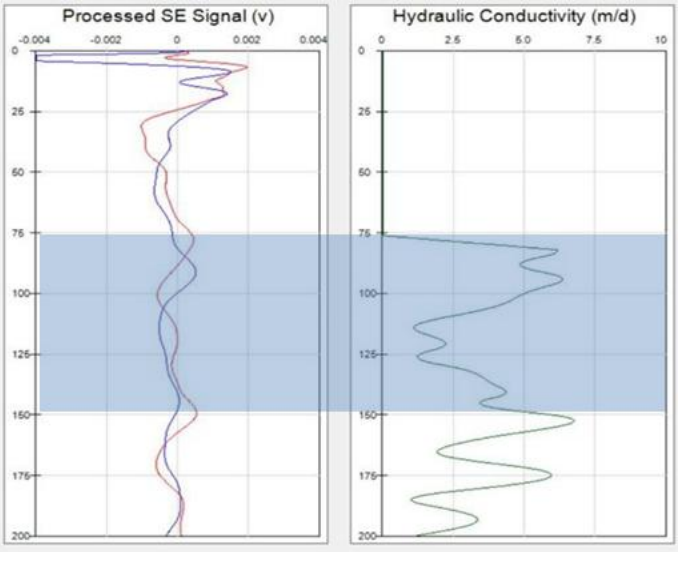
A field survey is conducted to verify and validate the findings of the remote analysis, allowing for the accurate identification of exact locations for bore sites. This includes the deployment of two patented seismic and electro-resistivity measurement devices to map underground structures and locate water and a third device to measure freshness.

The combination of remote analysis and on-ground survey information takes the guesswork out of finding water.









Images of survey data, including survey grid (upper left), 3D anomaly image (upper right), resistivity of geologic materials (lower left), graph of a deep seismic sounding (lower right)

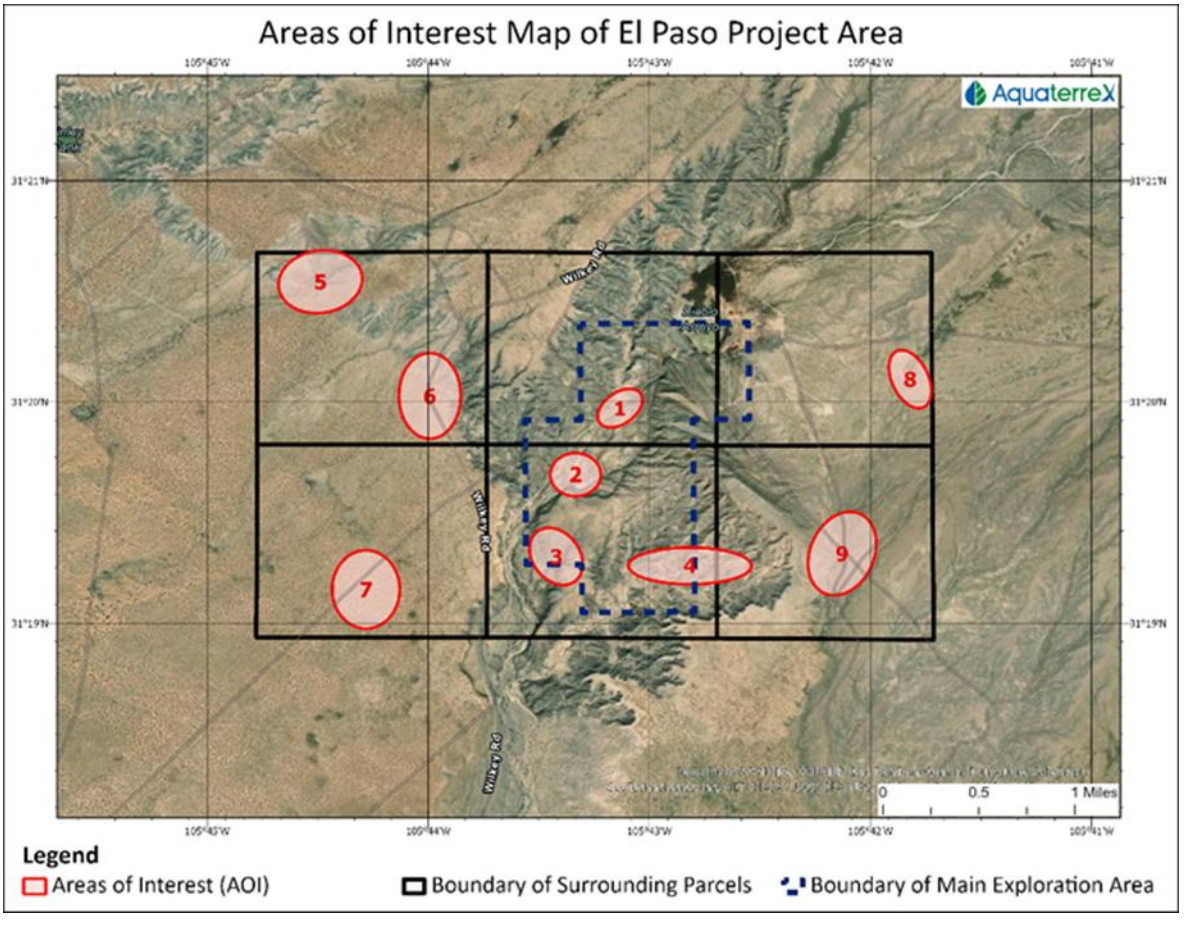
The second phase will provide the following:

1. Depth of well
2. Thickness of water-bearing strata
3. Estimated flow rate
4. Freshness based on resistivity data

More information about AquaterreX can found at www.aquaterrex.com

Project Parameters

This project will encompass the Study Area as pictured and described in the image below. All analyses will be contained within these boundaries. The ultimate product of this proposal is to site five or more wellbores with the best possibility for large flows of sustainable water in Areas of Interest 5, 6, 7, 8, 9.



Study Area will focus on AOIs 5, 6, 7, 8, 9. AOIs 1-4 have already been assessed.

Proposal

Field Survey (Phase II)

This phase involves an on-site survey using two different sets of patented seismic equipment and a third device to estimate general water freshness. This specialized instrumentation will estimate the depth of each well; the thickness of the water strata; the estimated water flow rate at different depths; and the freshness of the water.

The ultimate objective is to site productive wells to produce abundant water. Of course, the determining factor will be the hydrogeology of the underground aquifers and other data included in our analysis.

We estimate it will take three to five days of on-site field work for each Area of Interest to ultimately select and pinpoint the bore sites. An additional three to four weeks of analysis and report completion will also be necessary.

A full report, including maps and supporting data, will be delivered at the end of Phase II.

Cost of Field Survey: $157,101

Terms

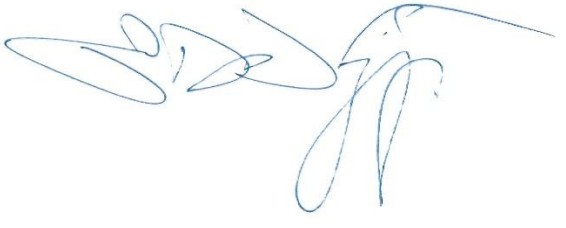
The total cost of the project is $157,101.

The terms for this phase of the project are as follows:

1. Payment of $60,000 due upon the start of the project.
2. Payment of $60,000 due upon the completion of Phase II field work.
3. Payment of $37,101 after the delivery of the final report.
4. Funds may be sent via wire transfer or ACH.

It is our pleasure to submit this proposal. Thank you for the opportunity to work with you. We look forward to your response.

Sincerely,



James D. D'Arezzo
President
AquaterreX, LLC