

MEMORANDUM OF UNDERSTANDING

BORDERPLEX DIGITAL ASSETS, LLC

WHEREAS, global electricity consumption could triple by 2050 and the Western interconnect does not have sufficient existing and planned generation resources with a potential shortfall of nearly 3GW by 2028;

WHEREAS, a coalition representing New Mexico and Colorado has been awarded \$41 million from the U.S. Economic Development Administration to advance the region's quantum information technology sector as one of twelve Tech Hubs selected nationwide, and the New Mexico Economic Development Department has launched the New Mexico Quantum Technologies Award Pilot Program;

WHEREAS, data centers will be needed in the region to support this quantum Tech Hub;

WHEREAS, BorderPlex Digital Assets, LLC ("BPD") seeks to be a first mover in the development of critical infrastructure and related projects in New Mexico to support the state's economic growth;

WHEREAS, these projects will involve the development, improvement, and construction of power and water infrastructure (collectively, the "Infrastructure") to support the development and construction of data center, manufacturing, industrial, and similar campuses (each, a "Campus," and collectively, the "Campuses");

WHEREAS, the Infrastructure and Campuses will attract and require billions of dollars of capital and generate a substantial number of new jobs for the state;

WHEREAS, the Campuses will include multiple sites that contain data centers and industrial and manufacturing facilities that will need electricity and water for their operations;

WHEREAS, BPD may own and operate the data centers and industrial and manufacturing facilities at the Campuses or lease space to other companies that own and operate data centers or industrial and manufacturing facilities, resulting in several tenants who would use the Infrastructure at the Campuses;

WHEREAS, the Infrastructure will include the development and construction of a large micro-grid system that BPD intends to eventually sell to local public utilities—which will rely on power generated from hydrogen, natural gas and renewable energy (possibly including nuclear energy in the future)—and other infrastructure that will include energy storage facilities, brackish water wells, water treatment and desalination facilities, and connections, pipelines, roads, and other facilities needed to service such micro-grid, storage facilities, water wells, and water treatment and desalination sites;

WHEREAS, BPD intends to contribute to carbon neutrality within the state, where commercially reasonable, by using technology at the Campuses that will significantly reduce carbon intensity at each Campus, including, but not limited to, technologies for the creation of carbon black, carbon capture, or other mitigation and decarbonization methods;

WHEREAS, the New Mexico Bureau of Geology and Mineral Resources reviewed data available for seventeen regions to explore deep brackish water potential, and the New Mexico Environment Department then published in its Strategic Water Supply Feasibility Study that the Mesilla Basin (located near Santa Teresa, New Mexico) and the Albuquerque Basin are two of the three most promising aquifers for developing brackish water resources;

WHEREAS, BPD data centers and manufacturing sites would be potential end-users of such brackish water, with no intended discharge for treated deep brackish water;

WHEREAS, the State of New Mexico—by and through the Office of the Governor, the New Mexico Environment Department, the New Mexico Economic Development Department, the Department of Energy Minerals & Natural Resources, and the New Mexico Office of the State Engineer (collectively, the “State of New Mexico”)—desires the development and construction of the Infrastructure and Campuses, consistent with all applicable laws, to support New Mexico’s population and the growth of the state’s economy and existing utilities;

WHEREAS, BPD and the State of New Mexico both desire to move forward with plans for development of the Infrastructure and Campuses to, consistent with all applicable laws, provide additional capacity and deliver long term outcomes for the State of New Mexico and its citizens;

WHEREAS, BPD plans to apply for any necessary permits for the Infrastructure (including air quality permits and water discharge permits needed for the water facilities) in 2025, and intends to construct the Infrastructure and Campuses in 2025 and 2026 to commence operations before the end of 2026 (the “Proposed Timeline”); and

WHEREAS, this Memorandum of Understanding is being entered into in good faith by BPD and the State of New Mexico to pursue all actions necessary to accomplish their shared goals.

NOW THEREFORE, BE IT

RESOLVED, that the State of New Mexico intends to seek and support reasonable and appropriate policies, rules, regulations, appropriations, and legislation to make the Infrastructure available for the successful development and construction of the Campuses; and

FURTHER RESOLVED, that the State of New Mexico supports the development and construction of reliable low-carbon electricity generation using micro-grids constructed within the state; and

FURTHER RESOLVED, that the State of New Mexico understands and agrees BPD or the operator of the micro-grid facility will not be considered a public utility under New Mexico law as long as it only provides power to itself or its tenants; provided that, if BDP offers electricity to the general public or connects to a portion of the grid operated by a public utility, then it may become subject to regulations and other statutory requirements applicable to public utilities or it may elect to seek to form a rural electric cooperative; and

FURTHER RESOLVED, that the State of New Mexico supports the position that electricity generated from natural gas and nuclear resources developed for a micro-grid system may also qualify as a “zero carbon resource” as this term is defined under New Mexico law; provided that, such power generation resources either emit no carbon dioxide into the atmosphere or reduce methane emitted into the atmosphere in an amount equal to no less than one-tenth of the tons of carbon dioxide emitted into the atmosphere as a result of electricity production, and it is the State of New Mexico’s position that such electricity generation resources may include mitigation and decarbonization systems and technologies; and

FURTHER RESOLVED, that in the event it is determined that electricity generated for BDP’s micro-grid cannot or does not qualify as a “zero-carbon resource,” but such electricity is otherwise able to provide reliable and affordable low-carbon electricity to the grid for the benefit of New Mexicans, the State of New Mexico will both support the use of any existing provision under New Mexico law that allows such

electricity to be connected to the grid and support the issuance of new policies or legislation that would allow for connection to the grid beyond the year 2050; and

FURTHER RESOLVED, that the State of New Mexico intends to timely process any applications for the transfer of valid water rights or the drilling of brackish wells as necessary to accommodate the Infrastructure and Campuses, consistent with applicable laws; and

FURTHER RESOLVED, that the State of New Mexico intends to support any reasonable and appropriate legislation, rules, regulations, or policies needed for the development and operation of water treatment and desalination facilities for the Mesilla and Albuquerque Basins; and

FURTHER RESOLVED, that the State of New Mexico intends to support the lawful creation of a subsidy for the costs associated with using, drilling for, treating, and desalinating brackish water for economic development projects, and/or contribute state funds to a pilot desalination and water treatment project in Santa Teresa, New Mexico in furtherance of the research and work done by New Mexico State University in the Feasibility Study for Santa Teresa published October 31, 2023; and

FURTHER RESOLVED, that the State of New Mexico's Department of Transportation will develop specifications for the use of captured carbon in pavement designs for road construction; and

FURTHER RESOLVED, that the State of New Mexico, through its Economic Development Department, will provide incentives for the Infrastructure in line with current New Mexico legislation that provides for a gross receipts tax share or reduction to help offset costs for construction, provide incentives under the Local Economic Development Act, provide other state statutory incentives, and assist BPD with any applicable Industrial Revenue Bond applications through the appropriate counties for the selected sites; and

FURTHER RESOLVED, that the State of New Mexico will use reasonable efforts to timely process all applications and approvals for the Infrastructure and Campuses that are correctly completed, requested, and filed by BPD or its contractors; and that the State of New Mexico intends to dedicate sufficient staff (including staff at applicable agencies) to timely process applications and approvals for the Infrastructure and Campuses.

Adopted and approved this 25 day of February 2025.

BorderPlex Digital Assets, LLC

By:

Name:

Title:


Governor Michelle Lujan Grisham
New Mexico Governor