



ADDENDUM NO. 3
BRACKISH GROUNDWATER DESALINATION CLASS I
UIC TEST INJECTION WELL
SAWS Job No. 10-8615
Solicitation No. B-11-026-DD

To Respondent:

This Addendum will be considered part of the Contract Documents and is issued to change, amplify, add to, delete from, or otherwise explain the Contract Documents dated September, 2011. Where provisions of this Addendum differ from those of the original Contract Documents, this Addendum will take precedence and govern. Respondents are hereby notified that they will incorporate this Addendum into their Proposals, and it will be construed that the Contractor's Proposal will reflect with full knowledge all items, changes, and modifications to the Contract Documents herein specified. Respondents will specifically acknowledge receipt of this Addendum.

General Clarifications

1. A non-mandatory Pre-Proposal Conference was held on October 26, 2011. Minutes from the meeting are attached and are considered part of this Addendum.
2. How many swabbing passes were needed in the well before water quality samples could be taken – any guidance from TCEQ? Allow two days swabbing to obtain a representative water sample from the formation.

Contract Documents and Specifications

1. Invitation to Competitive Sealed Proposals, remove the first sentence of Paragraph 5 and REPLACE with the following:

“Sealed Proposals will be received by the Contract Administration Division, 2800 U.S. Hwy 281 North, Customer Center Building, Suite 171, San Antonio, Texas 78212 until **10:00 a.m. (local prevailing time), November 14, 2011.**”

2. Supplementary Instructions to Respondents, on Page SIR-3, remove Section iii. Price and REPLACE with the following:

“The Proposal with the lowest price total will receive 25 of the available thirty (30) points. All other proposals will receive a percentage of the 25 points based on a comparison with the lowest priced proposal.



Example:

Proposal	Amount	Calculation	Points Earned
A	450,000	$(250,000/450,000) \times 25$	14
B	300,000	$(250,000/300,000) \times 25$	20.75
C	250,000	$(250,000/250,000) \times 25$	25

The remaining five (5) points will be available for proposals that meet or are less than the estimated construction cost. The points will be distributed as follows:

- >15% below the estimated construction cost = five (5) points
- 14.99% - 11% below the estimated construction cost= four (4) points
- 10.99% -7% below the estimated construction cost = three (3) points
- 6.99% - 3% below the estimated construction cost = two (2) points
- 2.99 % or 0% below the estimated construction cost = one (1) point”

3. Section 02000, Injection Well Drilling and Testing, Part 1, Paragraph 1.3.A.11. remove Paragraph 1.3.A.11. and REPLACE with the following:

“11. Pick up a monel drill collar or gyro survey and trip into the hole to circulate and condition the hole prior to running the casing. Notify the TCEQ of the casing and cementing schedules. Run a multi-shot directional survey while pulling out of the hole.”

4. Section 02000, Injection Well Drilling and Testing, Part 3, Paragraph 3.3.B.2. remove Paragraph 3.3.B.2 and REPLACE with the following:

“4. Derrick and 300,000-pound (minimum) hook load with 300,000-pound (minimum) setback.”

5. Section 02000, Injection Well Drilling and Testing, Part 3, Paragraph 3.3.G.8. remove Paragraph 1.3.A.11. and REPLACE with the following:

“8. Pick up a monel drill collar or gyro survey and trip into the hole to circulate and condition the hole prior to running the casing. Notify the TCEQ of the casing and cementing schedules. Run a multi-shot directional survey while pulling out of the hole.”

6. Section 02000, Injection Well Drilling and Testing, Part 3, Paragraph 3.3.K.4. remove the last sentence (added in Addendum No. 2) and REPLACE with the following:

“All coring samples shall be analyzed by Core Laboratories, 6316 Windfern Road, Houston, TX 77040, 713-328-2673 and the cost to analyze the core samples shall be borne by the Contractor.”

Questions & Answers

1. Question: It states that the rig for the Injection Well needs to have a rating of 350,000# and 1,000 horsepower on the draw works. Our company can provide rigs with 275,000# hook loads and 700 horsepower which we feel is capable of handling this project. We would be interested in bidding but would need approval that these requirements are satisfied before adding additional time to this proposal. Will this requirement be lowered to meet the size of equipment our company can offer to this project?

Answer: A 300,000# rig is acceptable; see modifications as identified in the “Contract Documents and Specifications” above. The concern about the 700 HP pump is that the circulation rate at pressure will not provide enough annular velocity to efficiently clean the 17-1/2-inch hole. If the Contractor can provide supporting data that the 700 HP pump is capable of cleaning the 17-1/2-inch hole, this requirement may be reevaluated during the review of the submitted bid documents, at no additional cost to the Owner. If the Contractor submits Price Proposal that does not meet the Contract Documents and Specifications, they do so at their own risk.

2. Question: Because of the size limitations required for the rig (1,000 HP and 350,000 #) there is concern from our company that there may be a rig availability issue and with the 105 days to complete the project (there may be a several weeks to months waiting time to secure a rig for this project) it is possible that the project cannot be completed on time. Would a 300,000# rig with 700 HP be sufficient? And if not, how flexible is SAWS with extending the start date to accommodate a rigs schedule.

Answer: SAWS is not flexible on extending the anticipated Notice-to-Proceed date of January 2012. See discussion in the response to “Questions & Answers” above.

3. Question: If the existing road surface from the County road to the temporary road becomes damaged, whose responsibility is it to maintain it or get it repaired?

Answer: The Contractor shall take preventative measures to avoid damaging any existing items and is responsible for replacing all items to existing or better conditions. This effort is subsidiary to all other work.

4. Question: Could the due date be moved to November 11th to allow more time to gather numbers needed for this proposal?

Answer: See modifications to the Invitation to Competitive Sealed Proposals, as identified in the “Contract Documents and Specifications” above.

5. Question: Do we need to install a BOP on the “driven to refusal” conductor casing?

Answer: The decision of whether to use a BOP on the conductor casing is left to the Contractor.

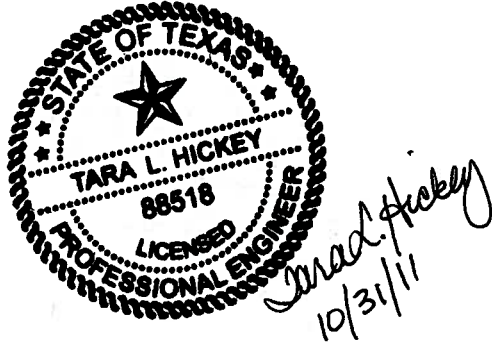


6. Question: Can we put a rotating head on the conductor and then install the BOP on the 13 3/8" surface casing?
Answer: The decision of whether to use a rotating head on the conductor casing is left to the Contractor.
7. Question: 16.6lb cement seems excessive; can we use 15.6lb neat cement for all tail cement?
Answer: The weight of the cement is specified in the Texas Commission on Environmental Quality General Permit as 16.6 ppg. Unless field conditions warrant, the cement will be 16.6 ppg.
8. Question: Pay Item Part 2. 2. – Drill 12.25" pilot hole and then ream later; Scope in Specification 02000 1.3.8 says to just drill the reamed hole (17.5") – which is it?
Answer: A 12-1/4-inch pilot hole will be drilled to obtain quality open-hole logs. Once logged, the 12-1/4-inch hole will be opened to 17-1/2 inches.
9. Question: Specification 02000 1.3. 11. Tells us to run a Monel collar to run the directional survey. Can we just do it like the other two strings and not run the Monel? Can we trade for a gyro survey?
Answer: As long as the deviation of the hole is maintained as outlined in the specifications, either the Monel collar or the gyro can be used.
10. Specifications require a 30' core barrel and all required cores are 30'; can we use a 20' barrel?
Answer: The length of the core is specified in the Texas Commission on Environmental Quality General Permit as 30 feet and therefore is required to be 30 feet.
11. Question: Specification 02000 1.3. 41. requires a color video to 4,900'...in mudded hole? Can we eliminate it or do a televiewer when we log?
Answer: The color video is requested by the Owner and it is the responsibility of the Contractor to provide a quality video as specified.
12. Question: Please confirm that SAWS is willing and/or able to award a contract for this project assuming favorable pricing is received and qualification met in the event only one proposal is received.
Answer: Completion of the Class I UIC Test Injection Well under Solicitation B-11-026-DD is very important to the overall development of the SAWS Brackish Groundwater Desalination Program. In the event SAWS receives only one proposal, management will consider all options to determine how or if the receipt of the one proposal would impact the overall Brackish Groundwater Desalination Program schedule.

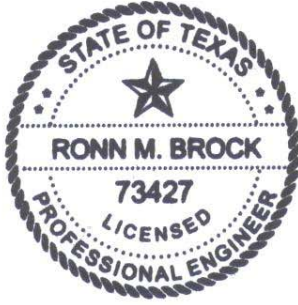


ACKNOWLEDGEMENT BY RESPONDENT

Each Respondent is requested to acknowledge receipt of this Addendum No. 3 by his/her signature affixed hereto and to file same as an attachment to his/her Proposal.



Tara L. Hickey, P.E.
SAIC Energy, Environment & Infrastructure, LLC



Ronn M. Brock, P.E. 73427 October 31, 2011

Ronn M. Brock, P.E.

Subsurface Technology Group

This P.E. Seal is specifically limited to the designs presented in the Contract Documents dated September, 2011 that were performed under the direct supervision of the Engineer signing hereof, and does not incorporate or relate to any work or design performed by others. Engineer makes no representations and has no liability hereof as to any work or designs or specifications performed by others.

The undersigned acknowledges receipt of this Addendum No. 3 and the Proposal submitted herewith is in accordance with the information and stipulation set forth.

Date

Signature of Respondent

END OF ADDENDUM

**Pre-Submittal Meeting
Class I UIC Test Injection Well
October 26, 2011; 10.00 a.m.**

SAWS Attendees

Diana Dwyer
Kevin Morrison

Subsurface Attendees

Ronn Brock, P.E.

SAIC Attendees

Tara Hickey, P.E.

Hydro Resources Fred Rothauge- GM, Grant Snyder, P.G.

Non-Mandatory pre-submittal meeting. Submittals are due on November 4, 2011.

Diana Dwyer discussed:

- The evaluation criteria to be used in ranking submitted proposals.
- Each Component of the Contractor submittal.
- All questions need to be in writing and directed to Diana Dwyer. She is the point of contact and will direct the questions to the appropriate SAWS or SAIC team member. Questions are due by 4:00 p.m. October 27, 2011.
- List of SMWB subcontractors that may be used for the project and is available in Addendum No. 1, which is provided on the SAWS website.
- Contractors can contact Marisol directly to obtain additional information or assistance in meeting the SMWB contracting requirements

Tara Hickey discussed:

- Measurement and Payment based on the salinity of the Upper Edwards.
- The Contractor will be paid under either Part 2 or Part 3 of the Price Proposal, depending on the salinity of the water encountered in the Upper Edwards Formation.
- Representatives from the Texas Water Development Board and the Texas Commission on Environmental Quality could visit the drill site.
- The Contractor would be responsible for obtaining and having the recovered core samples analyzed by Core Laboratories.

General Questions:

- When will the actual drilling occur? SAWS intends to issue the Authorization to Proceed January 2012.
- Could the horsepower requirements for the rig be reconsidered? Hydro has questioned whether a rig that has sufficient hook load, but horsepower of 750 would be allowable. Ronn Brock will discuss this question with the Subsurface engineering team.
- How many swabbing passes were needed in the well before water quality samples could be taken – any guidance from TCEQ? Subsurface will look into this issue because it impacts time on the rig – possibly adding a couple of more days.
- Could the Contractor install a rig supply well? This will be allowed and is discussed in Addendum No. 1.

Well Site Visit

- Contractors, the SAIC team, and SAWS drove the access route for equipment.
- Contractors were provided an opportunity to see the test injection well site location staked in the field.