

NEW MEXICO *True* ECONOMIC DEVELOPMENT

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Governor Martinez Announces Homegrown Manufacturing Company Expanding

*PESCO Will Create Up To 180 New Jobs, Invest More Than \$7.5
million*

Farmington, N.M. – Today, Governor Susana Martinez announced homegrown manufacturing company, PESCO, will expand operations and create up to 180 new jobs bringing their total headcount in San Juan County to over 550. The company also plans to invest more than \$7.5 million in expanding their main facility by 20,000 square feet. This expansion is being supported by New Mexico's closing fund, LEDA.

"I'm so proud to see another world-class homegrown manufacturing leader expand in New Mexico," said Governor Susana Martinez. "Since 2011, we have worked hard to make New Mexico a great place to for our homegrown companies to thrive and create jobs in our communities - today, we're seeing those efforts pay off."

PESCO's core business is manufacturing process equipment for the oil and gas industry. They sell equipment in North Dakota, Colorado, Texas and New Mexico.

PESCO's expansion will enable the company to build new reactor units for BayoTech, a homegrown New Mexico start-up, for the chemical and agriculture industries. The new units will diversify PESCO's operations, add new jobs, and contribute to New Mexico's innovation economy.

"PESCO is a homegrown success story and an industry leader and I'm thrilled to see their continued growth and success," said Economic Development Secretary Matt Geisel. "By expanding their manufacturing facility and creating more well-paying jobs, PESCO is expanding their impact on the local economy and helping New Mexicans find good jobs."

New Mexico will invest up to \$2.35 million in Local Economic Development Act (LEDA) funds in the expansion. San Juan County will act as the fiscal agent for the LEDA award. LEDA helps

recruit new businesses to our state while helping those already here grow and thrive. PESCO also leveraged LEDA to successfully add 170 jobs, in 2017.

"We are proud to be a thriving manufacturing company here in the great state of New Mexico, and we very much appreciate the incredible support we have received from our state leaders and agencies including Governor Martinez, Secretary Geisel and the staff at the Economic Development Department," said PESCO President and CEO Kyle Rhodes. "PESCO has become a leader in process equipment in the Western United States and is able to compete head to head with large companies from Denver to Houston. The quality of our workforce, which is 70% Native American, is exceptional including our outstanding engineers and our fabricators that are second to none. We put out some of the best engineered and highest quality units in the industry, and our customers know it. Our future is bright, as we look to expand, partnering with BayoTech, another New Mexico company, to bring technology developed in our state in innovative products to the chemical and agricultural industries worldwide."

"San Juan County is extremely excited to be partnering with PESCO on this expansion," said San Juan County Commission Chair, Margaret McDaniel. "The LEDA funds will not only expand their facility, but also create excellent economic-based manufacturing jobs here in the county. A real win-win. As a homegrown, hometown company, we know how much PESCO cares about our community. We congratulate PESCO on new growth and wish future success for many years to come."

"PESCO's manufacturing expertise allows BayoTech to focus on developing our core technology and expanding our market," said BayoTech CEO Justin Eisenach. "This allows for profitable sales growth and greater economic activity centering around skilled manufacturing job creation, economic diversification and acceleration of New Mexico's innovation ecosystem."

BayoTech spun out of Sandia National Labs and is the first homegrown startup to receive funding from the Catalyst Fund, which was established by Governor Susana Martinez in 2017. The Catalyst Fund is a \$40 million partnership between the State Investment Council and private-sector investors with the goal of investing in early-stage technology companies.

Since 2011, Governor Martinez has bolstered economic development tools, cut taxes and fees 61 times, and rolled back unnecessary regulations and red tape to create a business-friendly environment in New Mexico. In 2012, Governor Martinez signed into law a major tax reform package that expanded the Consumables Gross Receipts Tax Deduction for Manufacturers, tackling a problem known as tax pyramiding. In 2013, Governor Martinez signed into law the New Mexico Jobs Package, which reduced the tax rate on businesses by 26%. Governor Martinez also implemented single sales factor apportionment, which ended the practice of punishing businesses that export their goods from New Mexico. Governor Martinez also established the Catalyst Fund, Innovation Vouchers, the SBIR Matching Grant, and the Credit Enhancement Program to help homegrown New Mexico technology startups grow and thrive. As a result of these tools, reforms, and investments, New Mexico continues to recruit global and national companies while helping those already established here grow and thrive.

About PESCO

Since 1970, Process Equipment and Service Company (PESCO) has been creating custom solutions for the demands of the on-shore oil and natural gas industries. They excel in the engineering, design and manufacturing of new production equipment; refurbishment of used

production equipment; and provide field services that take advantage of their long-time expertise in upstream production operations. Learn more at www.pescoinc.biz.

About BayoTech Inc.

Founded in July 2015 by experienced entrepreneurs and industry executives who set out to revolutionize the chemical reactor industry, BayoTech is the world's first modular, scalable, and rapidly deployable platform for the production of hydrogen and nitrogen fertilizer for the agricultural and industrial markets. For more information please visit www.bayotech.us.

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