

Rancho del Lago, Inc.
P.O. Box 2202
Canyon Lake, Texas 78133-0009
Phone (830) 935-2807
Fax (830) 935-2729
February 8, 2007

Blanco-Perdernalles Groundwater Conservation District
P.O. Box 1516
Johnson City, Texas 78636
Attn: Ronald G. Fieseler

Re: Rancho del Lago, Inc. (the "Permitee")
Water Operating Permit, registration # 200040078 (the "Permit")
Rockin J Ranch Subdivision, Blanco County, Texas

Dear Mr. Fieseler:

We hereby request a three (3) year extension of the Permit originally issued on March 16, 2006. This request is made subject to the following stipulations, all of which we acknowledge will be relied upon by the Blanco-Perdernalles Groundwater Conservation District (the "District") as a basis for granting the requested extension:

- (1) our continuing compliance of all rules and regulations of the District;
- (2) our acknowledgement and agreement that the District may continue to conduct multiple aquifer and water quality tests and to monitor the wells described in the Permit (the "Wells") as is deemed reasonably necessary by the District; and
- (3) our voluntary efforts to use only the water necessary for the intended purposes of the Permit in order to promote water conservation.

Of the 185,000,000 gallons which may be produced from the Wells according to the Permit, we will strive to utilize 130,000,000 or less gallons the first year, 150,000,000 gallons or less the second year, and 180,000,000 gallons or less the third year.

If you have any questions or wish to discuss this matter further with me, please call me at the phone number listed above.

Yours truly,


Lee R. Roper, President

Blanco – Pedernales Groundwater Conservation District

MEMORANDUM

Date: February 8, 2007

To: Board of Directors

From: Ron Fieseler

Re: Rockin' J Ranch Subdivision Operating Permit Renewal

I have received the attached letter from Rancho del Lago, Inc., permit holder for the Rockin' J Ranch Subdivision asking for a 3 year renewal of their operating permit for wells 57-61-6J1, 57-61-6J2, 57-61-6J3, 57-61-6JA, 57-61-6JE, 57-61-6JF, and 57-61-9JG (the last well was previously referred to as 57-61-6JG) at a production rate of 185,000,000 gallons per year. This permit was approved by the Board on March 16, 2006 for one year. The permit also required the permittee to provide District staff access to their wells for additional monitoring and testing. . The wells are located on the Rockin' J Ranch Subdivision about 2 miles south of Blanco and east of US 281.

Under District Rule 3.5.A, the General Manager shall automatically renew the permit at the end of the permit term unless he determines that the permit holder is not in compliance with permit conditions or District Rules. For wells within a Critical Groundwater Depletion Area, the District must consider conditions within the CGDA before renewing the permit.

I have renewed the permit, as provided in Rule 3.5.A, after consideration of the following factors:

1. During the past 11 months since the issuance of the original operating permit, I have found no violations by the permittee of either the provisions of the one year permit or of District Rules.
2. The wells are not located within a CGDA.

I offer the following comments and observations about the permittee, which may be of interest to the Board of Directors and the public:

1. District staff has been provided keys or combinations to all wells and pump houses and have been allowed to measure water levels at any time and under any weather or pumping conditions.
2. The permittee has cooperated with two aquifer tests conducted by myself and Paul Babb. We conducted a 38 hour+ aquifer test and another test which was cut short due to a failure in the electrical control box on the pumping well.

