

October 22, 2013

Joe Cooper
General Manager
Lost Pines Groundwater Conservation District (LPGCD)
P.O. Box 1027
Smithville, Texas 78957

Re: City of Bastrop & XS Water Company Permit Applications – Well 3

Dear Mr. Cooper:

Recently completed water planning studies have determined that the City of Bastrop's (City) currently available water supplies will be insufficient to provide for future demands. These studies also concluded that development of additional groundwater supplies from the Simsboro aquifer (Simsboro) represents the most cost-effective option for satisfying the City's water needs over the coming decades. The Simsboro provides good quantities of fresh groundwater throughout much of Central Texas; however, test drilling and aquifer testing have shown that the Simsboro contains poor quality water within the City limits. Consequently, the City seeks to develop groundwater supplies from other areas in Bastrop County.

The XS Water Company (XS Water) encompasses over 8,700 acres in Bastrop County, the eastern portion of which overlies a productive, fresh-water portion of the Simsboro. The City is contemplating entering into a water supply agreement with the XS Water, which will allow for the long-term production of groundwater to be used for municipal supplies. As such, the City and the XS Water are submitting applications to register and operate a Well System capable of producing a total aggregate amount of 6,000 acre-feet per year from the Simsboro.

This application submittal pertains to **Well 3** of the four wells comprising the proposed Well System; **enclosed is a check for \$2,400** for the proposed well's application processing fees. It is understood that an annual groundwater production fee of \$9.80 per acre-foot will be assessed by the LPGCD following approval of the permit applications.

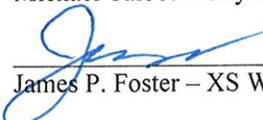
The groundwater production facilities associated with this permit application represents a substantial financial and technical undertaking by a public agency. This project will require the expenditure of a significant amount of time to complete various required tasks including: due diligence evaluations, bond issuance, finalization of facility plans, public bidding and award of the construction contract(s), acquisition of easements for transmission infrastructure, and construction of extensive facilities. For this reason, the applicant requests that special consideration or an exception to policy is granted for the timing of the completion of the proposed well and that the time allowed for construction of the facilities be extended to five years from the date that any issued permits become final.

Thank you for your attention to these applications, and please feel free to contact me or James Bené of R.W. Harden & Associates, Inc. (512-345-2379 – james.bene@rwharden.com) if you have any questions or require additional information.

Sincerely,



Michael Talbot – City of Bastrop



James P. Foster – XS Water Company

LIST OF ENCLOSURES

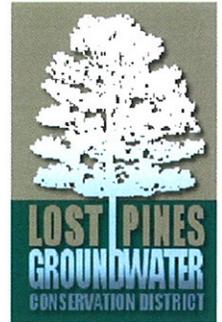
1. WELL REGISTRATION APPLICATION
2. OPERATING PERMIT APPLICATION
3. WELL SPACING AFFIDAVIT
4. WELL LOCATION MAP
5. XS RANCH GROUNDWATER EVALUATION
6. TEST WELL PUMP TEST RESULTS
7. WATER CONSERVATION PLAN
8. DROUGHT CONTINGENCY PLAN
9. MEMORANDUM OF UNDERSTANDING

LOST PINES GROUNDWATER CONSERVATION DISTRICT
Well Drilling Application (Registration/Drilling Permit)

FORM 100

58 54 819
Well Number (Assigned by LPGCD)

Application Date (Date Received by LPGCD)



Return this Form to: LPGCD, PO Box 1027 (908 Loop 230), Smithville, TX 78957
Phone: 512-360-5088 FAX: 512-360-5448 Email: lpgcd@lostpineswater.org

\$25.00 Fee For Returned Checks

SECTION I - APPLICANT

XS Ranch Water Company, LLC Attn: James P. Foster (512) 527-3451
NAME (First, Middle Initial, Last) Phone Number
Street (or PO Box) 300 W. 6th St., Suite 1810
City Austin State TX Zip 78701

SECTION II - DRILLING SITE DESCRIPTION

Physical Description of Proposed Location of Drilling Site.

Well Site: -97.3283°, 30.1591°
County Drilling Site is Located: BASTROP X LEE _____

SECTION III - AUTHORIZATION TO DRILL

Authorization to Drill on Property: Yes X No _____

If Property Owner is different from person shown in section I a notarized letter of authorization to drill from the property owner **must** be attached to this application. **Letter of drilling authorization attached**

SECTION IV - EXEMPTION

Request for Exemption Under Lost Pines Groundwater Conservation District Rule 8.6: *Yes _____ **No X

TYPE OF EXEMPTION CLAIMED:

- _____ A well drilled or equipped that is incapable of producing more than **25,000** gallons of groundwater per day.
- _____ A well used to supply the domestic needs of 10 or fewer households.
- _____ A well to provide drinking water used for feeding livestock and poultry.
- _____ An affidavit is on file with the District stating that production of well shall be limited to less than 25,000 gpd.

* If Exemption Is Claimed, Please Continue to Section VIII

**If No Exemption Is Claimed, Please Complete Sections V, VI, VII, and IX

LOST PINES GROUNDWATER CONSERVATION DISTRICT

Well Drilling Application (Registration/Drilling Permit)

SECTION V – PURPOSE FOR WATER USE: NON-EXEMPT ONLY

Type of Well: Municipal. Please see additional description of proposed well in "XS Ranch Well Registration Information" under Tab 1.

List Proposed Usage of Water Produced from Well and the Amount of Usage.

Use Public Supply (City of Bastrop) Amount used 525,960,000 gallons/yr.

Use _____ Amount used _____ gallons/yr.

Will this well be used to export water outside the boundaries of LPGCD? Yes _____ No X

If yes to question above: Gallons/yr. _____

Maximum Annual Withdrawl: _____ Gal/yr.

Proposed rate at which water will be withdrawn: 1,000 gallons/min.

List CCN # of entity to benefit from water: 11198

Number of L.U.E. to be utilized by water usage: 2,887

SECTION VI – Beneficial Use: NON-EXEMPT ONLY

Please state beneficial use of well: (Attach letter if more space is necessary)

The water will be used by the City of Bastrop for municipal use in Bastrop County.

SECTION VII – Plans: NON-EXEMPT ONLY

Please attach copies of the following Schedules or Logs, if available:

Well Closure Plan or Declaration X Alternative Supply Plan _____ Conservation Plan X

AQUIFER IMPACT See Groundwater Report Under Tab 5

All supporting information for this Well Drilling Application is located under Tab 1.

LOST PINES GROUNDWATER CONSERVATION DISTRICT

Well Drilling Application (Registration/Drilling Permit)

SECTION VIII – Affidavit of Exemption

Water Wells Capable of Producing More Than 25,000 GPD

I hereby certify that this well is exempt under the following provisions:

1. The well is used solely for agricultural and/or domestic use and is capable of producing more than 25,000 gallons per day;
2. Such well is registered with the District; and
3. The owner signs an affidavit with the District agreeing that such well will not actually produce more than 25,000 gallons on any day.
4. If such a well produces more than 25,000 gallons on any day, it must comply with the District's permitting requirements unless they are waived by the Board.

I agree to comply with the District's requirements as stated above and certify that this well will not produce more than 25,000 gallons per day on any day.



Signature of Well Owner

OCTOBER 21, 2013
Date Submitted

SECTION IX – AFFIRMATION AND EXECUTION

I certify that all statements and information in this application are true and correct.



Signature of Applicant

THE STATE OF TEXAS
COUNTY OF Bastrop

This instrument was acknowledged before me on SEE ATTACHED

By _____

(NOTARY SEAL)

Notary Signature

Can be notarized by any Notary of your choice, at the LPGCD Office, or General Manager can do the notary when he measures your well.

ACKNOWLEDGMENT

State of California
County of SAN FRANCISCO)

On OCTOBER 21, 2013 before me, SYLVIA YEE TAM, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared JAMES P. FOSTER,
who proved to me on the basis of satisfactory evidence to be the person ~~(s)~~ whose name ~~(s)~~ is/~~are~~
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity ~~(ies)~~, and that by his/~~her/their~~ signature ~~(s)~~ on the instrument the
person ~~(s)~~, or the entity upon behalf of which the person ~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sylvia Yee Tam (Seal)

XS RANCH WELL REGISTRATION INFORMATION – WELL 3

Rule 4.2 Well Registration Application

B. An applicant for registration of a new well shall provide the following information:

- (1) the name, address, and phone number of the applicant, and the name, address and phone number of the Owner and the owner of the land on which the well is located, if different from the applicant;

Applicant:

**XS Ranch Water Company, LLC
Attn: James P. Foster
300 W. 6th St., Suite 1810
Austin, TX 78701**

Landowner:

**XS Ranch Fund VI, LP
Attn: James P. Foster
300 W. 6th St., Suite 1810
Austin, TX 78701**

Applicant:

**The City of Bastrop
Attn: Michael Talbot
1311 Chestnut St.
Austin, TX 78701**

- (2) if the applicant is different from the Owner or the owner of the land on which the well is located, documentation of the applicant's authority to construct and operate a well on the property for the proposed use;

The Owner confirms that it has authorized the applicant to drill and construct a well on the property for the proposed use. A notarized authorization letter is included under Tab 1.

- (3) a statement of the nature and purposes of the proposed use of water from the well;

The water is to be used by the City of Bastrop for municipal supplies.

- (4) a description of the well's location;

The following table lists the geographic coordinates of the proposed well location:

Well	Longitude	Latitude
Well 1	97.3223	30.1790
Well 2	97.3241	30.1705
Well 3	97.3283	30.1591
Well 4	97.3196	30.1575

(5) the proposed total depth of the well;

The following table lists the anticipated depth of the proposed well as estimated through evaluation of data collected during test drilling on the XS Ranch. The final well depth will be determined through interpretation of formation samples and geophysical logs recorded during the initial stages of construction of the well.

<i>Well</i>	<i>Estimated Depth (Feet)</i>
Well 3	585

(6) the proposed depth of the screened intervals;

It is expected that the well will screen approximately 150 feet of aquifer sediments. The following lists the anticipated screen interval depth of the proposed well as estimated through evaluation of data collected during test drilling on the XS Ranch. The final screen length and depth will be determined through interpretation of formation samples and geophysical logs recorded during the initial stages of construction of the well.

<i>Well</i>	<i>Top Depth (Feet)</i>	<i>Base Depth (Feet)</i>
Well 3	435	585

(7) the casing size;

It is anticipated that the well will be constructed with a maximum surface casing diameter of 12 inches. The final casing size will be selected through analysis of the site-specific hydrogeologic data collected during initial stages of the well's construction.

(8) the pump size;

It is anticipated that a pump capable of producing a maximum of 1,000 gallons per minute will be installed in the well. The pump is expected to be operated by a motor rated at approximately 150 horsepower. The permanent pumping equipment utilized will be selected through analysis of the site-specific aquifer testing data collected during acceptance testing of the well.

(9) a signed affidavit by the applicant for registration that the location complies with the spacing requirements of Rule 8.2 or evidence that the applicant has applied for a variance under Rule 8.3; and;

A signed affidavit of compliance with well spacing requirements is included under Tab 3.

(10) a registration fee if one has been established under Rule 2.3.

A check in the amount of \$2,400 is included with this permit submittal for the registration fee.

Fee breakdown:

\$200 per inch of casing

12 diameter inches per well x \$200 = \$2,400

Authorization to Construct and Operate Well 3

The owner of the land on which the proposed well will be drilled is:

XS Ranch Fund VI, LP
300 W. 6th St., Suite 1810
Austin, TX 78701
512-527-3451

XS Ranch Fund VI, LP confirms that it has authorized the permit applicant, XS Ranch Water Company, LLC, to construct and operate Well 3 on its property as described in the well registration and operating permit applications being submitted by XS Ranch Water Company, LLC to the Lost Pines Groundwater Conservation District.



Signature

James P. Foster (President)
Printed Name and Title

OCTOBER 21, 2013
Date

NOTARY PUBLIC SIGNATURE AND SEAL: (SEE ATTACHED)

ACKNOWLEDGMENT

State of California
County of SAN FRANCISCO)

On OCTOBER 21, 2013 before me, SYLVIA YEE TAM, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared JAMES P. FOSTER
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Sylvia Yee Tam (Seal)

XS RANCH OPERATING PERMIT APPLICATION INFORMATION – WELL 3

Rule 5.1 Operating Permit Application

B. The application form shall require the applicant to provide the following information:

(1) a copy of the completed registration form for the well;

A copy of the completed well registration form is included under Tab 1. Additional information pertaining to the proposed well is provided in supplemental documents also included under Tab 1.

(2) a location map or property plat drawn on a scale that adequately details the proposed well site by latitude and longitude or by GPS coordinates, and the location of other registered or permitted wells within 5,000 feet of the location of the proposed well;

The proposed well is to be operated as part of a Well System. A map showing the location of the proposed well site, other proposed wells comprising the Well System, and all permitted and registered wells within 5,000 feet of the proposed well sites is included under Tab 4. A 2,500 foot offset included on the map shows the required spacing from other registered/permitted wells based on the proposed maximum production rate of well.

(3) the maximum instantaneous production rate requested (in gallons per minute);

The maximum anticipated instantaneous production rate of the proposed well is approximately 1,000 gallons per minute.

(4) the maximum annual production amount requested (in gallons per year and acre feet per year) for each purpose;

The proposed well is to be operated as part of a Well System that will produce groundwater for municipal use by the City of Bastrop. It is requested that the production from the proposed well be aggregated with the other proposed wells comprising the Well System. The Well System will produce a maximum annual production amount of approximately 1,955,103,480 gallons per year (6,000 acre-feet per year). The portion of the total annual production that will be produced by the proposed well is approximately 525,960,000 gallons per year (1,614.1 acre-feet per year)

(5) if the application requests a total maximum annual production amount of 200 acre-feet or greater, the results of a 36-hour pump test of a test well performed in accordance with procedures approved by the District, unless the General Manager waives this requirement in writing;

A temporary test well was completed in the Simsboro aquifer in the eastern portion of the XS Ranch in March 2013. The well was screened across the majority of the productive sands between 480 to 580 feet in depth. A submersible test pump capable of producing approximately 400 gallons per minute was installed in the well. Once the test was initiated, periodic adjustments to the discharge assembly were made such that a 400 gpm pumping rate was maintained throughout the test. Measurements of well bore water levels are provided under Tab 5.

Concerns regarding the stability of the bore hole limited the duration of the test to 7.5 hours (5.5 hours pumping and 2 hours recovery); however, the results obtained indicate the hydraulic parameters at the site are consistent with values obtained from production wells in the nearby Camp Swift area, as well as the hydraulic parameters applied to the TWDB Groundwater Availability Model (GAM). The applicant is herein providing assurance that a 36-hour pump test will be conducted using the proposed well and that the results will be provided to the District. As such, the applicant requests that the General Manager postpone the 36-hour testing requirement and allow test results to be submitted at a later date.

- (6) the location of the use of the water;

The water will be used by the City of Bastrop for public supplies in Bastrop County.

- (7) information describing how the amount of water requested addresses an existing or projected water supply need;

In general, the City of Bastrop's current groundwater supplies are insufficient to meet future municipal demands. The proposed well will comprise a portion of the Well System that will be used to produce 6,000 acre-feet per year to reduce the supply shortfalls predicted for the City of Bastrop.

- (8) if the applicant is not the End User of the water, then: (a) if the applicant has identified an End User, the identity of the End User and a description of the applicant's regulatory, statutory, contractual or other legal obligation to address the End User's water supply need, or (b), if the applicant has not identified the End User, a statement that the End User has not been identified;

The applicants intend to enter into a groundwater supply agreement. A Memorandum of Understanding between the City of Bastrop and XS Ranch Water Company, LLC is included under Tab 9.

- (9) the applicant's water conservation plan, and, if the applicant is different from the End User, the End User's water conservation plan, if available;

The applicant's water conservation plan is included under Tab 7. The End User of the water will be the City of Bastrop. The City of Bastrop has adopted a water conservation plan (included under Tab 7) meeting requirements contained in the Texas Administrative Code, Chapter 288. The water conservation plan was approved by the Texas Commission of Environmental Quality and was adopted on May 10th, 2010.

- (10) the applicant's drought contingency plan, and, if the applicant is different from the End User, the End User's drought contingency plan, if available;

The applicant's drought contingency plan is included under Tab 8. The End User of the water will be the City of Bastrop. The City of Bastrop's most recently adopted drought contingency plan is also included under Tab 8.

- (11) a water well closure plan or a declaration that the applicant will comply with well plugging guidelines and report closure to the TCEQ;

The applicant will comply with all well plugging guidelines and will report all well closures to the TCEQ.

- (12) for new wells, an Operating Permit application fee if one has been established under Rule 2.3; and

The applicant affirms that payment of an Operating Permit fee in the amount of \$9.80 per acre-foot will be provided to the District.

- (13) any other information deemed necessary by the District to comply with the requirements of Texas Water Code chapter 36, its enabling statutes, and general law.

If requested by the District, the applicant will submit additional information as needed to comply with the requirements Chapter 36 of the Texas Water Code.

Affidavit of Compliance with Well Spacing Rules for Well 3

XS Ranch Water Company, LLC (the applicant) affirms that the proposed location of Well 3 conforms to the spacing requirements outlined in Rule 8.2 of the Lost Pines Groundwater Conservation District rules and regulations. Specifically, Well 3 will be located at least 100 feet from the nearest property line and at least 2,500 feet from other registered and/or permitted wells completed in the same aquifer unit.



Signature

James P. Foster (President)
Printed Name and Title

OCTOBER 21, 2013
Date