

**PALO PINTO COUNTY MUNICIPAL
WATER DISTRICT NO. 1
P.O. Box 387
MINERAL WELLS, TEXAS 76068**

April 15, 2005

Mr. Mike Morrison, Chairman
Brazos G Regional Water Planning Group
Brazos River Authority
4600 Cobbs Drive
P.O. Box 7555
Waco, Texas 76714-7555

Re: Palo Pinto County Municipal Water District No. 1

Dear Mr. Morrison:

Initially, I would like to express our appreciation for providing an opportunity to present information concerning the District's water supply circumstance at your January 19, 2005 meeting. Since that time, the District has completed studies of an Off-Channel Reservoir Project. At a board meeting held on April 8, 2005, the District decided to recommend that the Brazos G Regional Water Planning Group (RWPG) include the Off-Channel Reservoir Project as a Water Management Strategy in the 2006 Plan. Additionally, we request that the Turkey Peak Reservoir Project continue to be included as either a Recommended or Alternative Strategy. To expedite the inclusion of the data for the Off-Channel Project in the Region G Plan, we have forwarded a copy of the study to Mr. David Dunn with HDR Engineering, Inc. for his consideration. We would respectfully request that Brazos G RWPG accept the District's recommendation for inclusion of these two Water Management Strategies (District Projects) in the 2006 Brazos G Plan.

Secondly, we are in receipt of your letter dated March 23, 2005 notifying us of the upcoming meeting of the Brazos G Regional Water Planning Group to be held on April 26, 2005. It is our understanding that the Brazos River Authority (BRA) has requested that the 2001 Regional Water Plan be amended to include the Authority's pending System Operations Permit Application (BRA Project) as a Recommended Water Management Strategy. Studies performed for the Region G RWPG have shown that the BRA Project has the potential to adversely affect the water supplies of the District Water Management Strategies and, therefore, the District is currently not supportive of the BRA request to amend the 2001 plan. However, in the spirit of regional cooperation, the District would be willing to support BRA's proposed amendment provided that BRA is willing to enter into an agreement with the District to include provisions that would result in BRA's project not adversely affecting the District's projects. Such provisions would include:

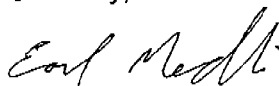
- BRA's support of the District's planned Off-Channel Reservoir Project as a Recommended Water Management Strategy and the Turkey Peak Reservoir Project as either a Recommended or an Alternative Water Management Strategy in the 2006 Plan;
- BRA's support and willingness to not protest the District's Water Rights (or other) Permit Application(s) for these projects at TCEQ; and
- BRA's willingness to eliminate priority calls for any water stored and/or diverted under the District's existing and proposed water rights as associated with these projects.

The District would similarly be opposed to inclusion of the BRA's pending permit application as a Recommended Water Management Strategy in the 2006 Brazos G Regional Water Plan without the BRA's willingness to enter into such an agreement.

We recognize the challenges confronted by and the hard work undertaken through the Brazos G RWPG and would like to express our sincere thanks to all of the member of the planning group.

If you need additional information or have any questions, please do not hesitate to contact us. We have expressed our concerns to the BRA and are hopeful that a mutually satisfactory agreement can be reached regarding these projects.

Sincerely,



Earl Medlin
President, Board of Directors
Palo Pinto County Municipal Water District No. 1

cc: Mr. David Dunn
HDR Engineering

Mr. Ken Choffel
HDR Engineering

Mr. Phil Ford
Brazos River Authority

Mr. Jim Forte
Brazos River Authority

Ms. Teresa Clark (for distribution to Brazos G RWPG Members)
Brazos River Authority