

APPLICATION DEFICIENCIES

This applies to each and every application to drill a water well that was submitted to the District by either Pine Bliss, LLC and Redtown Ranch Holding, LLC.

1. The Permit Application form requires: "... a map from the County Appraisal District indicating the subject property and the location of the proposed well..."

Deficiency: These maps were not included. Further, the maps that were submitted are of such a small scale as to be useless for the intended purpose. Maps should be sent that show the sites of all of the wells and including the well designation.

2. The landowner is shown as Pine Bliss, LLC or Redtown Ranch Holdings, LLC. However, the signature of the applicant is Kyle Bass as the applicant.

Deficiency: The applications should be signed in the name of the landowner shown in Part I of the application.

3. Part III of the application requires a statement of the proposed use of the groundwater. The applications state that the use will be "wholesale".

Deficiency: The uses as defined in Texas Water Code Section 36.001(9) should be stated for each application.

4. The Applications state that the casings size will be 16 inches in diameter. While a "Groundwater Availability Study" was submitted for each set of applications, it does not constitute a hydrology report as required.

Deficiency: Hydrology reports must be submitted that address the factors listed in District Rule 5.4(k). The report must also address the cumulative effect of all of the wells, which includes "modeled available groundwater" and "desired future conditions" as set out in Section H of the District's Groundwater Management Plan. Also, the report should specify the place of use and address the current Regional Plan.

5. The District Schedule of Fees includes:

"Certain wells are subject to additional studies, engineering reports and other administrative permitting procedures or

requirements. All reasonable costs incurred by the District are to be reimbursed by the well owner. These fees will be determined by the General Manager or District Board of Directors."

In my capacity as General Manager, I have determined that it is reasonable to require you to deposit with the District, to be held in escrow, the sum of \$30,000.00. As the District incurs expenses relating to these applications, it will make a withdrawal from the escrow account to pay those costs. The applicant will be provided with reports to show such withdrawals. You will be required to make additional deposits should the cost exceed the amount of the deposited. Any amount remaining after the conclusion of this matter will be refunded.