

Aquifer Group scientists identify major aquifer recharge and surface water restoration “Banks” critical for Texas future

Aquifer Group is part of Texas’ first comprehensive public-private water infrastructure partnership

March 2007 (2) - Austin, Texas –Aquifer Group, LLC is structured to locate, design, finance, develop, construct, operate and maintain prolific aquifer recharge, surface water restoration projects throughout rural areas of Texas. As a sustainable groundwater reserve is developed recovery wellfields, treatment and supporting delivery canals and other infrastructure will be added to enhance environmental flows, improve drought preparedness and provide dependable sustainable water resources for the State’s growing water demand.

“Aquifer Group harvests safe, sustainable, natural water supplies through the responsible restoration and conservation of global ground and surface water resources...”

Aquifer Group was founded in response to the growing global gap between additional sustainable water resources and the government’s ability to fund them. Aquifer Group is the first U.S. owned company with the capabilities to locate lost aquifer recharge and surface water restoration opportunities prolific enough to support the Company’s private-sector solutions of development and investment to complete public water recovery and delivery infrastructure.

Aquifer Group scientists in association with international water engineering firm, **CH2M Hill**, and **other industry leaders** have conducted exploration of large rural watersheds located throughout Texas and portions of Oklahoma and New Mexico. Preliminary findings indicate significant opportunities to restore groundwater levels, reactivate certain spring flows and increase environmental flows in creeks and rivers.

Currently, Aquifer Group is focusing on two types of water restoration projects through our **Texas Strategic Water Conservation Reserve Proposal**: **1) Strategic Water “Banks”** providing non-curtable and sustainable Recharge Recovery Credits for recovery during time of drought or critical need; and in support: **2) Active Storage Reserves** providing near market restored recharge and traditional aquifer recharge and storage (ASR) facilities for banking and retention of water rights or treated effluent.

Strategic Water “Banks”

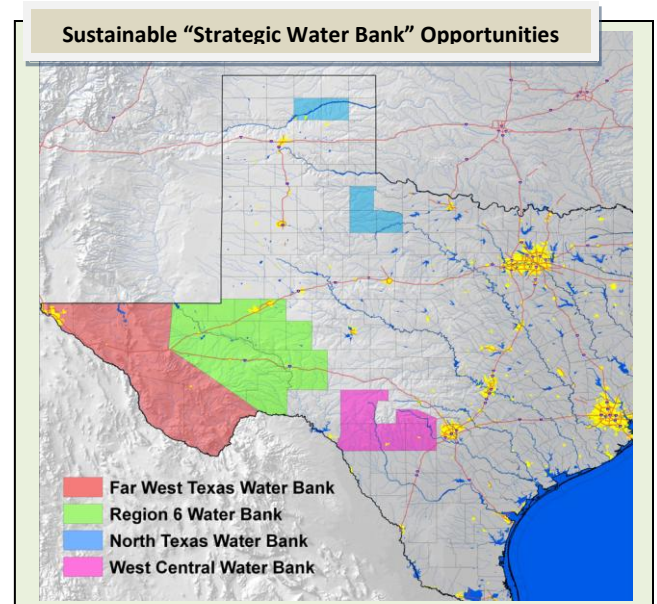
By using proven, proprietary technologies and our history

of large water project construction AG identified four sequential **Strategic Water “Bank”** restoration projects located over rock or alluvial type aquifers in south, west and northwestern portions of Texas.

Early indications suggest that within 10 to 20 years reserves totaling 20 million acre-feet of sustainable Recharge Recovery Credits and producing 1 to 3 million acre-feet of renewed environmental flows could be created to reduce the impact of **Texas Water Development (TWDB) Board’s** predicted 8 million acre-foot water deficit before 2060.

Aquifer Group’s proven **Integrated Resource, Runoff, Recharge, Reserve and Recovery (IR5) Technology** has identified 40 to 50 lost recharge clusters that may be capable of restoration. A cluster contains 5 to 10 individual recharge sites each capable of annually diverting 2,000 to 50,000 acre-feet of excess surface water into groundwater storage. Additional IR5 surveys located approximately 30 million acres of promising brush remediation sites with the potential to restore significant surface water runoff for diversion into recharge or to restore environmental flows.

Through a combination of private equity from investors, consortiums and arranged debt, AG uses: 1) sophisticated brush remediation techniques to reduce evapotranspiration; 2) restores lost aquifer recharge conduits to divert excess surface water into storage within the groundwater system; 3) combination well field and Aquifer Storage and Recovery (ASR) facilities to recover groundwater; 4) desalination, and treatment plants to blend recharged groundwater + existing high-quality groundwater rights + marginal or brackish groundwater; and, 5) transportation of large amounts of pristine water via pipes, canals and certain rivers to Texas water markets who are increasingly experiencing critical water deficits.

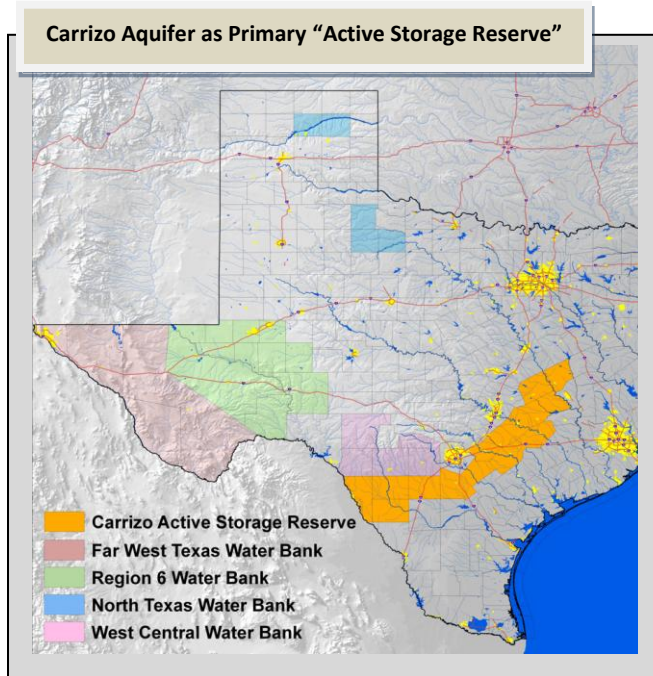


Active Storage Reserves

Aquifer Group has identified a number of important restorable natural recharge opportunities with geologically associated traditional aquifer storage and recovery (ASR) well fields within the outcrop of the Carrizo Aquifer in South and South-Central Texas. These groundwater recharge, storage and recovery structures are conveniently located

near major water markets along Interstate 35 from Laredo to north of Georgetown, Texas. Additional IR5 investigations may prove similar opportunities stretching northward along the Carrizo to the Dallas-Ft. Worth Area.

As Aquifer Group’s “**Active Storage Reserve**”, combinations of natural recharge and ASR development are used to prevent loss of LCRA and other owned water rights. As an active resource, the Carrizo sand’s apparent ability to filter and/or reduce biological contaminants may be capitalized on by storing excess floodwaters, excess water rights and treated wastewater effluent for recovery to support the area’s growth and before tapping into AG **Strategic Reserve Banks**.



As a primary water rights restorer, the Company contracts or partners with local, state and federal agencies to replace critical water supplies lost to evaporation, evapotranspiration, erosion, sediment and siltation. Aquifer Group water reserve, recovery and transportation models are entirely compatible with environmental, wildlife, fishery, ranching and recreational requirements

Aquifer Group is teaming with **Texas Tech University**, various **Texas Agencies** and **private investors** to provide a new and sustainable resource of high-quality water supplies which would be marketed through partnerships with existing **Texas River Authorities** and others.

We anticipate funding, user fees and guarantees would be provided by the **State of Texas**, certain **Texas River Authorities** and targeted municipal water markets. Critical sponsorships and operating alliances would include various **Texas agencies**.

Aquifer Group will award a 10 year **Strategic Reserve Banks** contract to construct the estimated \$1 billion dollars of natural recharge structures and conduct associated brush remediation projects to **Brocksch Construction**.

Additional construction contracts are expected to follow for the construction of associated recharge and aquifer storage and recovery (ASR) well fields along the **Carrizo Aquifer Active Storage Reserve**.