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Plans for Regional Water Pipeline Submitted to SAWS

Southwest Texas Water Project would provide alternative water supply to serve more than 100,000 families in San Antonio and surrounding communities

BEXAR COUNTY, Texas (Oct. 22, 2010) – Southwest Texas Water Resources

L.P. (STWR), a Texas-based limited partnership, submitted plans to the San Antonio Water System (SAWS) today for a proposed \$250 million regional water pipeline. The privately-financed project — no taxpayer funds would be required— would provide a long-term additional water supply of 40,000 acre feet per year to the San Antonio metropolitan region, enough water to serve more than 100,000 families per year. The plans were submitted in response to SAWS' Request for Information Regarding the Provision and Delivery of Alternative Water Supplies. SAWS seeks "to supplement and diversify its existing and future water inventory" as part of its fifty-year water management plan.

"The Southwest Texas Water Project is a regional solution to one of the region's greatest challenges — the need for additional sources of water," said Rod Sands, STWR board member and former executive of Silver Ventures and Pace Foods.

"Water users throughout the region often face water restrictions during times of drought, and the federal government is threatening to intervene to protect endangered species in the San Marcos and Comal Springs," added Rodney T. Smith, president and general partner of STWR. "With the population of San Antonio and surrounding areas

expected to reach 2.4 million people by the year 2050 — the economic and environmental health of the region is dependent on a diversified portfolio of water supplies.”

The project would allow farmers and landowners in Uvalde County to lease their excess water — water they are already permitted to pump but do not need — to surrounding communities. Since 1999, water rights holders in Uvalde have pumped only 43 percent of their permitted amounts, leaving a significant surplus of water that many farmers seek to lease to supplement their agriculture businesses. More than 20 Uvalde water rights holders have agreed to provide water to the Southwest Texas Water Project, many of whom traveled to San Antonio today to show support for the project.

“This will provide much-needed cash flow to farmers and bring stability to the agriculture community,” said Maurice Rimkus, an 86 year-old Uvalde farmer. “Thanks to modern irrigation, we in the farming industry are able to conserve much of the water we are permitted to pump. Allowing us to lease this surplus water to communities that need it would be a win-win for the entire region.”

The project would consist of a well field in Uvalde County to pump water from the deep Uvalde Pool of the Edwards Aquifer and transfer it via pipeline to the San Antonio Pool. The Uvalde and San Antonio Pools of the Edwards Aquifer are separated by a natural formation called the Knippa Gap. Water levels in the Uvalde Pool are approximately 200 feet higher (870’ vs. 670’ feet on average) than water levels in Bexar County and, unlike the San Antonio Pool, are rarely subject to drought restrictions.

“This would be the largest economic development project in Uvalde County,” said Linda Gilleland, a farmer’s wife and retired school teacher whose family owns water rights in Uvalde. “Agriculture is dying in Uvalde County. Our community cannot turn its

back on almost 100 permanent jobs and the millions in local tax revenues that will be generated by this project.”

The project requires an exemption to the Edwards Aquifer Act. In 1993, several farmers in Uvalde County, including Rimkus, fought for a state law prohibiting a pipeline from Uvalde to San Antonio. Now that pumping from the Edwards Aquifer is regulated, they have reversed their position and seek to have the law exempted. Rimkus personally wrote a letter to the governor’s office explaining his reversal on the issue.

“I recall your advice (in 1993) that a pipeline is actually in the interest of Uvalde,” Rimkus wrote to Governor Perry’s Legislative Director Ken Armbrister, “With Uvalde protected by EAA’s permit system, I agree. The time has come for Uvalde water right owners to band together to assure that they receive reasonable economic rewards for their unrestricted permits. As you also indicated back then, the prohibition was something that I would eventually come to realize should be removed. You were right. That day has arrived.”

For more information, please visit www.swtexaswaterproject.com.

About STWR

Southwest Texas Water Resources L.P. (STWR) is a Texas-based limited partnership working to preserve a reliable water supply and competitive water rates for all businesses and families that rely on water from the Edwards Aquifer. STWR’s proposed Southwest Texas Water Project will diversify San Antonio’s water supply, enhance water reliability, relieve pressure on the Comal and San Marcos Springs, help address threats of federal intervention due to the Endangered Species Act, and provide an economic boost to Southwest Texas by creating a new water company that constructs and operates a pipeline to move surplus water from the deep Uvalde Pool of the Edwards Aquifer to communities in the San Antonio Pool.

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