

February 12, 2007

Mr. Curt Temple
Planning Director
Lincoln County
105 Kansas City Road
Ruidoso, New Mexico 88345

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Re: High Mesa R.V. Ranch

Dear Mr. Temple:

This is a follow up to my letter, dated November 8, 2006, regarding the referenced subdivision. This office issued a negative opinion because the developer failed to provide sufficient information regarding the longevity of Alto Lakes Water Corporation's (ALWC) water supply.

On January 24, 2007, our office received additional documents from ALWC regarding their water supply. A staff memorandum providing the specific comments and recommendations is attached for your information.

The matter has now been resolved to the satisfaction of this office, and accordingly, a positive opinion can be issued. However, please note that future submittals involving ALWC or any proposed water provider must be accompanied with a formal Geohydrologic Report, appropriate water budget and adequate water rights. This positive opinion in no way is a determination of future water availability proposals made by ALWC.

If you have any questions, please call Julie Valdez at 505-827-6790.

Sincerely,

John W. Longworth, P.E.
Water Use & Conservation/Subdivision Review Bureau Chief

Encl.

cc: OSE Water Rights Division, Roswell Office
OSE Hydrology Bureau

DATE: February 07, 2007
TO: John W. Longworth
FROM: Julie Valdez
SUBJECT: ALWC water availability

Introduction

On January 24, 2006 I meet with Roy Reynolds (President of ALWC), Neil Blandford (Consultant for DBS) and Doug Rappuhn (Hydrologist for OSE) to discuss ALWC's 40 Year Water Plan and their ability to provide water to High Mesa RV Ranch Subdivision. Mr. Reynolds provided our agency with additional information that amends ALWC's 40 Year Water Plan. On February 02, 2007, ALWC's consultant submitted pump test data and 2 separate Theis simulations to our Hydrology Bureau for review.

Summary

Alto Lakes Water Company (ALWC) is described as a private water supply system that currently has 1189 service connections that includes both residential and commercial operations. ALWC's has estimated their current water demand as 0.168 acre-feet per annum per connection (55,000 gallons per connection) for residential and small commercial operations (excluding golf course). ALWC is expected to have an additional 800 residential connections within the next 20 years and has estimated the average use per connection as 0.184 afa (60,000 gallons per connection). The total water demand for residential and small commercial operation is estimated at 347 afa for the next 40 years. The water demand for the Alto Lakes golf course is currently 200 acre-feet per annum and is expected to remain constant over the next 40 years. Therefore, ALWC's has estimated their total water demand at full build out to be 547 acre-feet per annum. The estimated future water demand is based on relatively low water use per lot estimates, which can be achievable if the water use at the golf course remains at 200 acre-feet per annum and ALWC maintains an aggressive water conservation program.

ALWC is currently permitted to diverted 614 acre-feet per annum of which, 56 acre-feet per annum is limited to irritation only. In 2004 ALWC implemented a water conservation plan that included a new rate structure and penalties for excess water use. Over the last 6 years ALWC has divert the following amount of water:

| | |
|------|----------------------------|
| 2006 | 392.09 acre-feet per annum |
| 2005 | 409.86 acre-feet per annum |
| 2004 | 407.97 acre-feet per annum |
| 2003 | 518.14 acre-feet per annum |
| 2002 | 405.49 acre-feet per annum |
| 2001 | 469.93 acre-feet per annum |

ALWC has demonstrated a reduction in water use for the calendar year 2006. While the reduction is likely in part to the conservation effort, it should be noted that the Ruidoso area experienced heavy rainfall in late 2006, which may have contributed to a lower water use in 2006. Therefore, at this time this office cannot determine if the decline in water use is solely

due to the newly implemented conservation measures or if seasonally occupancy and climate conditions contributed to the decline.

Pump test data and 2 separate Theis simulations were submitted to our Hydrology Bureau for review. The Hydrology Bureau's review conclude the following:

- The Theis Model's simulated the 40-year effects of ALWC main production wells. The results demonstrated a 40-year groundwater availability (550 acre-feet per annum) and well viability.
- The 40-year effects from wells within a half-mile radius of ALWC had no significant impact on the ALWC production wells.
- Sparse groundwater data (historical and recent) suggested that recharge occurs in some of ALWC's wells.

Conclusion

ALWC is currently permitted to diverted 614 acre-feet per annum and has estimated a water demand of 547 acre-feet per annum over the next 40 years. The estimated water demand is based on low domestic and small commercial water use that is achievable, as long as, water use in the golf course does not exceed 200 acre-feet per annum and ALWC maintains an aggressive water conservation program.

According to our Hydrology Bureau the aquifer will be able to supply 550 acre-feet per annum of water to ALWC. Therefore, it is the my opinion that ALWC will be able to supply High Mesa RV Ranch with approximately 3 acre-feet per annum of water without any significant impact to the local aquifer. Therefore, a positive opinion should be issued.

It should be noted that, the recommended positive opinion is only for High Mesa RV Ranch and does not constitute any future comments from the OSE regarding any future commitments made by ALWC. Should ALWC commit to any additional customers, additional water resources will be necessary over the next 40 years to supply current and future commitments. If ALWC commits to additional customers, an official geohydrologic report must be submitted for review.