September 6, 2013

Oklahoma Water Resources Board
3800 N. Classen Boulevard
Oklahoma City, OK 73118
ATTENTION: Julie Cunningham, Chief Planning and Management Division

RE: TXI Site Specific Water Monitoring and Conservation Plan and 1st Quarterly Report for Mill Creek Facility

Dear Ms. Cunningham:

This letter is to confirm Oklahoma Water Resources Board’s (OWRB’s) acceptance of TXI’s Site Specific Water Monitoring and Conservation Plan (SSWMCP), which was submitted to OWRB on December 28, 2012, as well as its first quarterly monitoring report, which was submitted on June 27, 2013.

As a facility that meets exempt status under 82 O.S. 2001, Section 1020.2.C., which was adopted into law by passage of Senate Bill 597 in 2011, TXI has elected to develop a SSWMCP on a voluntary basis, providing the OWRB with an overview of water management and conservation practices at the site as well as clarification of specific augmentation practices to be employed.

Despite qualifying for exempt status under 82 O.S. 2001, Section 1020.2.C., TXI has proactively engaged throughout the process of developing and implementing regulations and technical guidelines. As with all stakeholders in the process, it is critical that TXI is able to accurately understand all of the applicable requirements. This understanding is necessary to enable us to effectively plan for our operational needs in planning for and regular reporting moving forward. As you will also note from these submittals, as well as consultations that have taken place between TXI and OWRB, TXI has taken the extra step in managing water within the Mill Creek operation.

To date, TXI has taken the following steps to meet the spirit and intent of the regulatory requirements as codified in Title 785, Chapter 30, Subchapter 15 of the Oklahoma Administrative Code:

- December 26, 2012 - Consultation with OWRB for development of SSWMCP
- December 28, 2012 - Submittal of SSWMCP to OWRB
- March 18, 2013 - Consultation with OWRB to discuss implementation of SB597 regulations

We will provide EXCEPTIONAL building materials, SERVICE and solutions so that customers CHOOSE TXI.
• March 28, 2013 - Submittal of follow up letter to OWRB confirming mutual understanding of issues discussed during preceding consultation
• June 5, 2013 - Consultation with OWRB to discuss requirements for first quarterly report
• June 27, 2013 - Submittal of TXI First Quarter Monitoring Report to OWRB

To date, TXI has not received any additional comments, except a response to a follow up letter regarding our March 18th meeting. Based on this, TXI’s understanding is that OWRB is in agreement with the SSWMCP, the format of the First Quarter Monitoring Report as submitted, and all other correspondence that has taken place to date. Unless OWRB has any alternative interpretations or guidance that would otherwise differ from the methodology that TXI has implemented, TXI will proceed within the framework we have demonstrated.

In addition, TXI has elected to move forward in accordance with our SSWMCP, and we are commencing a stream water augmentation program. This program is consistent with regulations outlined under 785:30-15, and with the requirements limiting augmentation credits to times when stream flows are below the 50% exceedance value. TXI is utilizing the USGS StreamStats model of Mill Creek at its crossing with Cyrus Harris Road near Mill Creek, OK.

TXI greatly appreciates the productive and engaged relationship we have developed with OWRB during the regulatory implementation process. If OWRB has any questions, or differing interpretations of any of the summary and information provided in this correspondence, please do not hesitate to let us know so that we may either discuss these issues further, or make appropriate adjustments to continue with our augmentation program and proceed with future quarterly reporting consistently.

Thank you and we look forward to our continued correspondence.

Sincerely,

William Flanigan
Manager
Geology and Mine Services
TXI

Cc: J.D. Strong, Executive Director, OWRB
    Kent Wilkins, Assistant Chief, Planning and Management, OWRB