

December 28, 2012

Mr. Kent Wilkins
Assistant Chief
Planning and Management Division
Oklahoma Water Resources Board
3800 N. Classen Boulevard
Oklahoma City, OK 73118

**Subject: Site Specific Water Management and Conservation Plan
Hanson Aggregates LLC – Mill Creek Quarry, Johnston County, OK**

Dear Mr. Wilkins:

As per our December 27, 2012 consultation discussion with OWRB Staff (yourself, Mr. Christopher R. Neel and Ms. Maria A. Moreno) at OWRB's Office regarding the Site Specific Water Management and Conservation Plan (Management Plan) for Hanson Aggregates' Mill Creek Quarry, enclosed please find the updated Management Plan.

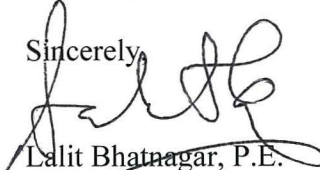
Hanson is submitting this Management Plan after consultation with OWRB in complete conformance with the applicable 82 O.S. 1020.2 requirements and Proposed O.A.R 485:30-15 Rules. The Management Plan will be revised, as needed, pending OWRB's issuance for final O.A.R 485:30-15 rules and/or to accommodate changes at Mill Creek Quarry during the life of the mine to affirmatively maintain "exempt mine" status and to update information as needed.

In addition, Mill Creek Quarry is also subject to the requirements detailed in the signed MOU and H3M Plan with Citizens for the Protection of the Arbuckle-Simpson Aquifer (CPASA). Copies of MOU and H3M Plan are enclosed as part of this Management Plan.

Please also note that Mill Creek Quarry applications are currently pending and it is not a "producing" mine. We will only be submitting Quarterly and Annual Reports indicating that no water use activities on-site until Mill Creek Quarry is permitted and becomes a "producing" mine. It is our understanding from consultation meeting on December 27, 2012 that it will maintain the "exempt mine" status for Mill Creek Quarry for Hanson Aggregates LLC.

Please contact the undersigned at (972) 814-4122 or Hanson Aggregates LLC, 8505 Freeport Parkway, Suite 500, Irving, TX 75063, for any further assistance.

Sincerely,



Lalit Bhatnagar, P.E.
Environmental Manager

Enclosures



HANSON AGGREGATES LLC

“EXEMPT MINE” SITE SPECIFIC WATER MANAGEMENT & CONSERVATION PLAN (“Management Plan”)

Prepared For:

Hanson Aggregates LLC & Predecessor Entities Mill Creek Quarry

**(ODOM Mining Permit Application Submitted 3/30/2007 with 7/28/2011 update; OWRB
Groundwater Use Application 2008-529 (pending); OWRB Surface Water Use Application
2008-10 (pending))**

Mill Creek, Johnston County, OK 74856

Prepared By:

Lalit Bhatnagar, P.E.
Environmental Manager
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**OWRB Consultation Date: 12/27/2012
Management Plan Submittal Date: 12/28/2012**

1.0 Introduction

The Hanson Aggregates LLC's Mill Creek Quarry (hereinafter "Mill Creek Quarry"), located in Johnston County, Oklahoma, is an "exempt mine"¹ for which an initial application has been filed with Oklahoma Department of Mines as of August 1, 2011. Mill Creek Quarry is located in the general area of Tishomingo Anticline (or "Southern Lobe") of the Arbuckle-Simpson Aquifer. Mill Creek Quarry overlies partly over the Arbuckle-Simpson Aquifer Outcrop. Applications for Mining Permit as well as Groundwater Use and Surface Water Use are currently pending with ODOM and OWRB respectively.

Hanson Aggregates' Staff has prepared this Site Specific Water Management & Conservation Plan ("Management Plan") upon consultation with OWRB on December 27, 2012. This Management Plan is prepared in complete conformance with the applicable 82 O.S. 1020.2 requirements and Proposed O.A.R 485:30-15 Rules. The Management Plan will be revised, as needed, pending OWRB's issuance for final O.A.R 485:30-15 rules and/or to accommodate changes at Mill Creek Quarry during the life of the mine to affirmatively maintain "exempt mine" status and to update information as needed.

In addition, Mill Creek Quarry is also subject to the requirements detailed in the signed MOU and H3M Plan with Citizens for the Protection of the Arbuckle-Simpson Aquifer (CPASA). Copies of MOU and H3M Plan are enclosed as part of this Management Plan.

2.0 Characterization of Area, Plot Plan

Please refer to attached Figure 1 for further details regarding (A) Location of the initial mining pit; (B) Location(s) of the processing facilities; and (C) Location(s) collection, settling and retention impoundments. These impoundments will be constructed from the native materials.

3.0 Facility layout; water flow diagram

Mill Creek Quarry will utilize diffuse stormwater, groundwater and surface water from Mill Creek by collecting it in the on-site impoundments for Dust Suppression and Rock Washing operations in a closed loop system. Please refer to attached Figure 1 for further details regarding (A) All water collection, settling and retention impoundments; (B) Direction of all major water flow between the impoundments; (C) Facility can augment stream water in Mill Creek via unnamed tributaries through PW 001 and is shown. Additional stream water augmentation points may be added in the future as needed; (D) Potential groundwater recharge points are planned; and (E) The water at the mine site could be consumptively used anywhere on the property. Please refer to Figures 1 and 2 for further details regarding approximate locations and quantities of consumptive use.

4.0 Water Budget; anticipated flow of water into and out of mine site

Please refer to attached Figure 2 for further details regarding (A) Water flow entry and exit points; (B) Groundwater; (C) Mine pit water; (D) Stream water; (E) Precipitation runoff; (F) Evaporation; and (G) Augmentation.

¹ Pursuant to 82 O.S. 1020.2.C.

5.0 Water rights information

Mill Creek Quarry will utilize water from various sources. Given the long life of Davis Quarry, additional Water Rights may be added or other sources of water may be added during the life of mine.

Following is the additional information:

- (A) Permit or application number – 2008-529 and 2008-10;
- (B) Entity name – Hanson Aggregates LLC and predecessor entities;
- (C) Permitted amount – Since Mill Creek Quarry is an “exempt mine” per 82 O.S. 1020.2, Mill Creek Quarry is entitled to consumptively use groundwater portion of the mine pit upto the amount equal to equal proportionate share of maximum annual yield of the groundwater basin or subbasin for the dedicated acres. In addition 2008-529 is requesting 312.56 and 2008-10 is requesting 839 Acre-feet; and
- (D) Dedicated acres – 1562.80 Acres more or less overlying the Arbuckle-Simpson Aquifer.

6.0 Consumptive use of pit water

Please refer to Figure 2 showing the estimate of consumptive use of water at Mill Creek Quarry. This estimate is derived from the guidelines to estimate consumptive use of water set forth in OAR 485:30-15 and MOU & H3M Plan.

7.0 Determination of water amounts

Mill Creek Quarry will monitor or make a reasonable estimate of various water inflow and outflows to develop a reasonable estimate of consumptive use at the facility. Methods used may change over time. Following are the additional details:

- (A) Groundwater that enters the pit – All diversions will be gauged or metered per MOU and H3M Plan;
- (B) Surface water that enters the pit – On-site rain gage will be maintained on-site and monitored. Hanson may choose to monitor precipitation from the nearest publically available Mesonet station. SCS or other engineering method will be used to estimate amount of surface water that enters the pit;
- (C) Water that is diverted from the pit – All diversions will be gauged or metered per MOU and H3M Plan;
- (D) Disposition of the water from the pit – Mill Creek Quarry will utilize water in a closed loop system from impoundments F01 and F02 for dust suppression and rock washing;
- (E) Consumptive use of the water from the pit - Mill Creek Quarry will utilize water in a closed loop system from impoundments F01 and F02 for dust suppression and rock washing. Amount of water used for dust suppression, evaporation, groundwater recharge, stream augmentation; and rock washing will be monitored/measured or reasonably estimated (as per MOU and H3M Plan) to develop Consumptive use of water from the pit;
- (F) Water diverted from a stream or pond – All diversions will be gauged or metered per MOU and H3M Plan;
- (G) Groundwater pumped from water wells - All diversions will be gauged or metered per MOU and H3M Plan;
- (H) Water discharged to a stream – There is only one (1) stream augmentation location at Mill

Creek Quarry. Since the Davis Quarry uses water in a closed loop system, the amount of any water discharged to a stream is expected to be minimal. Stream augmentation, if deemed necessary by Hanson for credits against amount of consumptive use of pit water, will include that any water pumped to a stream will be monitored or measured as per MOU and H3M Plan. Hanson intends to install stream gage at Mill Creek and stream augmentation credits will be recorded creditable stream augmentation credits using calculations/methods similar to OAR 785:30-15-5(a) and MOU and H3M Plan;

(I) Water recharged to the aquifer – Recharge features are planned and will be put in place in conformance with MOU and H3M Plan. Recharge calculations, if deemed necessary by Hanson for credits against amount of consumptive use of pit water, will include use of a staff gage or other comparable measuring device and calculations similar to OAR 785:30-15-5(b)(4). One time water balance demonstration will be made prior to accrual of groundwater augmentation credits as per OAR785:30-15-5(b)(2). In addition, MOU and H3M Plan will also be followed.

(J) Precipitation at the mine site – Rain gage or nearest publically available Mesonet data or other comparable method;

(K) Evaporation from all surface water – nearest publically available Mesonet data with lake or pan evaporation or other comparable method will be used; and

(L) Water obtained from other sources, such as municipalities, rural water districts, or other entities – Any water obtained from other sources will be monitored or estimated.

8.0 Implementation & Reporting

Initial Consultation Meeting with OWRB – 12/27/2012

Submittal of Management Plan to OWRB – 12/28/2012

Implement the Management Plan at Mill Creek Quarry – 1/1/2013. Most, if not all the work, outlined in this Management Plan will be undertaken upon issuance of all permits and actual on-site operations by Hanson subject to applicable requirements, MOU and H3M Plan.

Quarterly Monitoring Reports – 6/30/2013 for Q1-2013; End of the following quarter.

Annual Monitoring Reports – March 31st of the following year.

Memorandum of Understanding

This Memorandum of Understanding (this "MOU") was prepared jointly by Hanson Aggregates LLC ("Hanson") and the Citizens for the Protection of Arbuckle-Simpson Aquifer ("CPASA"), (herein sometimes collectively referred to as "Parties") to express their understanding as to the present state of their discussions regarding Hanson's proposed mining operation in Johnston County, Oklahoma.

RECITALS

Hanson owns and operates mines for the purpose of producing aggregate material for sale to the construction industry. Hanson entered into an agreement to develop, subject to controlling law, a quarry operation on approximately 3,500 acres (the "Quarry") in Johnston County. The Quarry, in part, overlies a portion of the Tishomingo Anticline of the Arbuckle Simpson Aquifer (the "ASA"). The Parties note that the Hunton Anticline of the ASA is designated by the EPA as a Sole Source Aquifer ("SSA"). The Parties further note that SB 288 designates the entire ASA as a sensitive sole source groundwater basin or subbasin (the "SSS Basin").

CPASA is a grassroots citizens organization whose purposes are to: (1) Preserve and protect the springs and waterways of the ASA; (2) Promote understanding of these important water sources through education and community action; (3) Prevent threats of these water sources by waste, pollution or transfer to other areas through formal protests, testimony and other efforts; and (4) Cooperate with citizens and groups promoting similar missions. Accordingly, this MOU with Hanson, in light of Hanson's goals stated herein, fulfills CPASA's purposes.

Hanson desires to work with CPASA and other groups to achieve a broad objective of implementing the sustainable management of the ASA under SB 288. Based on this desire, the Parties enter into this MOU to meet the Parties' common goal of protecting springs and streams in the SSS Basin while permitting development, and to address potential controversies relating to: (1) any uncertainty stemming from the completed, but unapproved, ASA Study conducted by the Oklahoma Water Resources Board ("OWRB"), (2) the future development of a Maximum Annual Yield ("MAY") and an Equal Proportionate Share ("EPS") for the ASA, (3) the future development of regulatory processes by which to implement SB 288, (4) the interests of several groups, including, among others, CPASA, the Chickasaw Nation and the Choctaw Nation, the OWRB and other federal agencies, toward a resolution of issues related to the water from the ASA and Mill Creek; (5) the regulatory and political uncertainty surrounding pit water, which resulted in a lengthy consideration period for Hanson's pending applications before Oklahoma state regulatory agencies; and (6) the concerns relating to stream water and groundwater resources appurtenant to mining operations. The Parties agree that, although all the parties have been diligent in working together in good faith, the date of this executed MOU is unequivocally the earliest date that the collaborative process undertaken by the Parties may proceed with the permitting process and collaborative work on the Hanson Quarry Monitoring, Management and Mitigation Plan (the "H3M Plan") discussed below.

Hanson, in conjunction with its operation of the Quarry, anticipates that some presently unknown quantity of groundwater may infiltrate from the ASA into Hanson's proposed mining pit(s). "Pit

water" jurisdiction has been the subject of litigation, appeals and legislative action for the past several years in Oklahoma. At this time pit water remains unregulated, however, the Parties anticipate that it will be subject to new regulation during Hanson's development and operation of the Quarry. For the reasons expressly stated herein, Hanson desires to enter into this MOU.

To that end, the Parties attach hereto an outline of the H3M Plan (the "Outline Plan") as Exhibit "A", which Exhibit is made a part of this MOU. The Parties understand that the Outline Plan is a work in progress and will be refined and adjusted based on the future discussions. The Parties understand that these discussions and the H3M Plan are subject to change in the legal framework.

Based upon the foregoing, the Parties understand as follows:

A. Potential Sources of Supply

Groundwater

1. Hanson will modify its pending application 2008-529 or refile an application for a groundwater use permit to be limited to 0.2 acre-feet per acre of Quarry land overlying the ASA, which may be taken from any appropriate points of diversion and may include, among other points, groundwater collecting in Hanson's quarry pit(s). The amount permitted to be used by Hanson shall be adjusted to the final EPS upon OWRB approval of a MAY determination. It is anticipated by the Parties that Hanson may elect in the future to dedicate more land overlying the ASA if additional groundwater is needed to operate the Quarry. Hanson agrees that the initial temporary permit application, any future permit application or amendment relating to its Quarry operations shall be limited by the EPS, and that the terms of the Outline Plan shall be a condition to Hanson's groundwater use permit application, as well as any future applications for groundwater use permits.

Stream Water (Mill Creek)

2. Hanson will modify the pending application 2008-10 or refile an application for a stream water use permit to withdraw water from Mill Creek and other points of diversion to expressly state that its withdrawal of water from Mill Creek will not be taken from the "base flow" of Mill Creek. The H3M Plan will define the term "base flow" of Mill Creek. The surface water may be taken from any appropriate points of diversion and may include, among other points, groundwater collecting in Hanson's Quarry pit(s). The attached Outline Plan shall be a condition to Hanson's stream water use permit application, as well as any future applications for stream water use permits.

Pit Water

3. The Parties acknowledge that more groundwater may infiltrate into the Quarry pit(s) or flow into the Quarry pit from diffuse surface water runoff than Hanson is permitted to divert from any source. Such quantities may exceed the total volume of all permitted diversions Hanson may obtain. The Parties acknowledge and agree that the diffuse surface water runoff and any direct rainfall interception is not subject to OWRB permitting. The Parties will address pit water use and accounting in the Outline Plan. Hanson's use and management of pit water shall be in accordance with the H3M Plan.

Savings Clause

4. Nothing herein shall preclude Hanson from acquiring water via raw water purchases from third parties.

B. Procedure

The Parties understand that going forward, Hanson shall supplement or refile its OWRB and Oklahoma Department of Mines ("ODOM") applications as conditioned by the attached Outline Plan and the finalized H3M Plan upon its completion. The applications - groundwater, stream water, and mining, will proceed in the regulatory approval and issuance process simultaneously. In general the Parties will work toward achieving the following milestones understanding that the following dates are estimations only: (1) MOU and Outline Plan agreed to by the Parties prior to March 31, 2011; (2) Hanson participated at Water Day at the Capitol on March 9, 2011; (3) contact other parties for review and approval of the MOU prior to April 15, 2011; (4) public outreach meeting to be held prior to April 15, 2011; (5) public notice on applications initiated by April 30, 2011; (6) permits issued by June 30, 2011; (7) for the purpose of convening the H3MTP and the Committee (each defined in the Outline Plan), Hanson shall convene an initial meeting of the Parties within ninety (90) days from the latest date that the following permits are issued by the appropriate regulatory agency and are not subject to appellate review: stream water, groundwater use and mining Permits. The H3MTP shall finalize the H3M Plan within one (1) year from the initial H3MTP meeting; (8) Hanson's installation of the monitoring infrastructure at least one (1) year prior to commencement of Hanson's use of water (as provided in the Outline Plan); and (9) Hanson will provide at least one (1) year notice to the Parties of its intent to commence Hanson's use of water (as provided in the Outline Plan). Hanson can undertake activities on the Quarry site to install infrastructure and use limited quantities of water pursuant to temporary or term water permits.

C. Collaboration

The Parties understand that a collaborative effort in water monitoring, management and mitigation rests in the use of good faith efforts by all involved. To this end, Hanson will undertake a community informational presentation as described in the Outline Plan with the Parties' support and involvement and all the Parties agree to work in good faith to implement

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this MOU. These activities will be more fully developed in the Outline Plan. The Parties understand that the conditions and responsibilities placed upon Hanson by the MOU, the Outline Plan, and the H3M Plan will not place the Quarry in a commercially adverse situation compared to similar mining operations in the ASA.

The Parties agree that Hanson will proceed with its present or refiled stream water and groundwater applications before the OWRB, and the mining permit application before the ODOM. The Parties further understand that the Outline Plan will be made a condition of any permit issued by the OWRB or the ODOM as the result of Hanson's applications, that such permits will be conditioned upon the finalization of the H3M plan discussed in this MOU and that such final H3M Plan will administratively become a condition of any final or modified permits issued by the OWRB or the ODOM.

The Parties understand that they will support Hanson's permit applications to the OWRB and the ODOM relating to commencing and maintaining quarry operations. Further, Hanson hereby expresses its support for the repeal of the pit water exemption from OWRB regulation found in 82 O.S. §1020.2.

Further, the Parties express that this MOU is not a binding contract but rather an expression of mutual intent and interests. In light of this expression, the Parties understand that nothing included herein gives rise to a claim or cause of action and that their mutual interests are well served by the OWRB and the ODOM issuing permits that include the Outline Plan and the H3M Plan as specific and regulatory enforceable conditions to the OWRB and ODOM-issued permits.

3-15-11

The Parties have signed below as an acknowledgement that this MOU sets forth their understanding with regard to the matters set forth hereinabove as of the date of their signatures.

HANSON AGGREGATES LLC

CITIZENS FOR THE PROTECTION
OF THE ARBUCKLE-SIMPSON
AQUIFER



Name: Philip Holland

Title: VP/GM, Hanson Aggregates -

Date: March 28, 2011

South Region

Name: Ann Atch

Title: President

Date: 3/17/11

3-15-11

Exhibit "A"

To The MOU Dated 28th day of March, 2011

Outline of H3M Plan

The Parties, in an effort to further describe their understanding as to their discussions to date in regard to the H3M Plan, hereby express the following as its Outline Plan as discussed in the Memorandum of Understanding ("MOU") (of which this Exhibit "A" is made a part) between the Parties dated the 28th day of March, 2011.

Permit Issuance

1. The Parties support issuance of Hanson's Stream Water, Groundwater Use and Mining Permits (collectively, the "Permits") with the Conditions described in this Outline Plan. Initial issuance of these Permits shall specifically include the Condition that prior to Hanson's use of water, except as provided in paragraph 4 below, and as further defined in this Outline Plan, Hanson shall develop a final H3M Plan with H3MTP approval, inclusive of all provisions of this Outline Plan and such Plan shall be administratively made "Conditions" of the Permits.
2. Hanson shall provide the OWRB and CPASA with at least one (1) year notice prior to the commencement of Hanson's use of water, except as provided in paragraph 4.
3. Actual stream water and groundwater monitoring shall commence no later than one (1) year prior to the commencement of Hanson's use of water, except as provided in paragraph 4.
4. The Parties acknowledge and agree that the MOU and this Outline Plan relate only to the issues directly pertaining to Hanson's use of water at the Quarry. Accordingly, other activities such as general site infrastructure development including, but not limited to, the construction of roads, railroads, ponds, electricity/utility, plant and the installation of pumps, that do not involve water use are not governed or affected by the MOU or this Outline Plan. Further, the Parties understand that Hanson will need a minimal amount of water during its site development phase for dust suppression or other incidental activities and that the conditional water permits that Hanson applies for will allow Hanson to acquire/divert/appropriate a minimal amount of water for this purpose. Finally, the Parties acknowledge and agree that Hanson may pursue temporary permits for such minimal quantities of water necessary for pre-operational site development notwithstanding whether the H3M Plan has been approved.

Collaboration & Community Involvement

5. Hanson, with the support of the Parties, will convene an informational meeting prior to the start of public notice for any of the stream water, groundwater and mining permit application(s). This meeting will be held at a suitable venue near or over the Arbuckle-Simpson Aquifer ("ASA") for the purposes of outlining Hanson's proposed Quarry operation and H3M Plan, which promotes the sustainable management of the ASA while permitting development.
6. The Parties shall establish a Community Advisory Committee (the "Committee") and a Technical Panel ("H3MTP"). The Parties shall each have one person representing the respective Party on the Committee. The composition of the H3MTP shall include, at a minimum, one (1) representative from the OWRB, the Chickasaw Nation, the Choctaw Nation, Hanson and CPASA. These representatives shall be deemed the original members. Additional organizational entities may join the H3MTP on the unanimous consent of the original members. No original member may be excluded from the H3MTP, but any added member may be removed on the unanimous consent of the original members. The H3MTP shall have a total of 3 votes – Hanson (1 vote); OWRB (1 vote); and all other members (1 vote).
7. For the purposes of convening the H3MTP and the Committee, Hanson shall convene an initial meeting of the Parties within ninety (90) days from the latest date that the following permits are issued by the appropriate regulatory agency and are not subject to appellate review: stream water, groundwater use and mining Permits. The H3MTP shall finalize the H3M Plan within one (1) year from the initial H3MTP meeting.
8. The Committee shall meet as may be requested by one or more members, but no less than yearly, and shall discuss and make written recommendations to Hanson with respect to those concerns it has relating to issues directly pertaining to Hanson's use of water at the Quarry and any associated hydrological impacts that may require mitigation or other remedial action. The primary mission of the Committee is to serve in an advisory capacity to address community concerns directly related to water use and the H3M Plan. Hanson agrees to address community concerns in a reasonable and timely manner.
9. The H3MTP shall meet as may be requested by one or more members after thirty (30) days notice that includes providing the reason for the meeting and pertinent technical data, but no less than yearly, and shall discuss its duties and make written recommendations to Hanson with respect to those concerns it has relating strictly to issues contemplated by the H3M Plan. The primary mission of the H3MTP is to provide a scientific forum for technical review of the collected monitoring data and for formulating and approving the final H3M Plan.

Gauging, Metering and Monitoring

10. All water diversions, including from waters collecting within the Quarry pit, shall be gauged or metered utilizing reliable devices that provide accurate information. The accuracy of such devices shall be checked periodically, in a manner and as scheduled, by the H3MTP. Data resulting from all gauging and metering shall be made available to the H3MTP in a format and within a time frame found reasonable by the H3MTP.
11. Hanson will establish, in consultation with and subject to the H3MTP's approval, a stream water monitoring system on Mill Creek as it relates to providing water to the Quarry property that Hanson may now own or lease, or may acquire, lease or obtain access to in the future. This monitoring system will have the following purposes: (1) to provide data to assist in establishing the "base flow" of Mill Creek, (2) to assist in determining impacts to stream water, if any, resulting from Hanson's Quarry operations and its H3M Plan; and (3) to prescribe Hanson's site specific impact mitigation program. Actual monitoring shall commence no later than one (1) year prior to the commencement of Hanson's use of water except as described in paragraph 4 above.
12. Hanson will establish, in consultation with and subject to the H3MTP's approval, a groundwater monitoring system for the ASA located within Hanson's property that it may now own or lease, or may acquire, lease or obtain access to in the future. This monitoring system will have the purpose of establishing impacts, if any, to the springs and streams, resulting from Hanson's Quarry operations and to prescribe Hanson's site-specific impact mitigation program. Actual monitoring shall commence no later than one (1) year prior to the commencement of Hanson's use of water except as described in paragraph 4 above.

Storage

13. Hanson shall establish off-stream storage at the Quarry location of sufficient quantities to provide, in its reasonable estimate, a reliable supply of water to allow for continuous mining operations. Off-stream storage can and will be adjusted as necessary by Hanson. This is a business and operational decision.

Pit Water

14. Because it is anticipated by the Parties that Hanson may encounter groundwater, diffuse surface water runoff and direct rainfall infiltration (collectively referred to as "Pit Water") in its Quarry pits, Hanson's consumption of the groundwater portion of the Pit Water shall count against its permitted groundwater and stream water use. For purposes of the H3M plan, "consumptive use" shall include beneficial uses, evaporative losses, and any other use of water that causes it to be

lost to the local water system; provided, that any use of water for purposes of an approved mitigation activity shall not be considered "consumption." The Parties acknowledge and agree that the diffuse surface water runoff and any direct rainfall interception is not subject to OWRB permitting and such use shall not be considered "consumption". Moreover, in accounting for the diversion, groundwater consumption from the pit shall first be charged against Hanson's groundwater permit before being charged against its stream water permit unless otherwise provided in the final H3M Plan.

Accounting

15. A system to account for water entering the Quarry mining pit(s) (from groundwater, diffuse water and stream water) and water leaving the Quarry pit (consumed in the pit or diverted) will be established and implemented by Hanson, subject to H3MTP review and approval, and Hanson shall provide documentation and other appropriate evidence to the H3MTP for such purposes.

Base Flow and Mitigation

16. It is anticipated that "base flow" for the strict purposes of allowing stream water diversion from Mill Creek on Hanson's Quarry site will be established by the OWRB in the context of the OWRB's approval of a regular permit for the appropriation of stream water or groundwater. To that end, the H3MTP shall make a recommendation to the OWRB as to the base flow once sufficient monitoring data has been acquired from the metering and monitoring regimes above referred to. H3MTP shall finalize the initial minimum base flow estimate for allowing stream water diversion within one (1) year from the initial H3MTP meeting. H3MTP shall specifically take into account minimizing the use or diversion of groundwater for this base flow diversion estimate.
17. In consultation with and subject to the approval of the H3MTP, Hanson shall establish, implement and maintain a site-specific impact mitigation program as follows:
 - a. Diversion of water from Mill Creek shall cease when the flow of Mill Creek reaches the base flow as identified in paragraph 16 above.
 - b. For the purposes of mitigation, OWRB's final EPS shall be deemed protective of springs and streams. No mitigation is required if the total groundwater diversion (from wells and the groundwater portion of the pit water) is below the EPS.
 - c. The H3MTP, using the monitoring data and its expertise, shall estimate for each unit of water used by Hanson in every instance of mitigation (Mill Creek flow augmentation and/or aquifer recharge) what quantity is likely to restore the natural flows in Mill Creek or the groundwater in ASA.

Hanson shall receive a credit on its various diversions and use permits for conducting mitigation. The H3MTP shall develop an accounting system as to which permits are credited based upon predicted, or observed (when data is available) increases in surface water and/or ground water, unless and until H3MTP develops an alternate accounting system based strictly upon available technical information, mitigation credits will be credited at the rate of 1:1.

- d. Subject to paragraph e. below, to the extent Hanson has diverted groundwater in excess of the EPS, Hanson shall augment the flow of Mill Creek or the groundwater in the ASA by discharging water from the Quarry mining pit(s) or its storage to Mill Creek or to a point(s)/area(s) of aquifer recharge at a location(s) identified by the H3MTP. Hanson shall consult with the H3MTP regarding the most beneficial ways that mitigation can be implemented based on the factors then observed.
- e. Hanson's obligation to mitigate may be modified by drought conditions, and the impact of drought conditions on the mitigation plan shall be considered by the H3MTP. The H3MTP shall recommend alternatives to mitigation in times of drought and Hanson commits to making commercially reasonable efforts to comply with the H3MTP's recommendations.

Definitions

As used in this Outline Plan, the following terms shall be defined as follows:

18. "Conditions" means those terms or requirements that are intended by the Parties to become the obligations of Hanson in the final stream water and/or groundwater permits issued by the OWRB and mining permit issued by the ODOM, and it is the Parties' intent that upon the occurrence of "Condition" in this Outline Plan, then the term or requirement preceding or following "Condition" is intended to become a condition of such stream water, groundwater and mining permits as it appears in the respective permit.

REC'D MAR 23 2011



the Chickasaw Nation

Division of Commerce

Bill Anoatubby, Governor
Jefferson Keel, Lt. Governor

March 17, 2011

Hanson Aggregates, LLC
300 E. John Carpenter Frwy.
Suite 1645
Irving, TX 75062
c/o Philip Holland

Dear Mr. Holland:

The proposed Memorandum of Understanding and H3M Plan Outline are the culmination of several months of discussion between CPASA and Hanson. Counsel for the Chickasaw Nation, working in consultation with the Choctaw Nation, have been invited to engage in this process and have participated in the CPASA-Hanson discussions. Based on that participation, counsel has briefed leadership within both tribal nations and believes that the resulting product represents an excellent step forward on the subject matter. As Hanson and CPASA conduct their respective internal decision making processes, the Nations are likewise considering—in light of their governmental and proprietary interests and water resources—how they may participate in the relationships contemplated by the attached documents. Such question, though, relates not to the substantive provisions of the current documents, which are sound, but to certain procedural matters and the intergovernmental relationship between the Nations and the Oklahoma Water Resources Board. *i.e.*, appropriate management of the state-tribal intergovernmental interest in the relevant water resources. We will continue to work with counsel for CPASA and Hanson as that process moves forward and appreciate being kept apprised of CPASA's and Hanson's internal decisionmaking processes, as well.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Phillips".

Chris Phillips
Assistant General Counsel
The Chickasaw Nation
Division of Commerce