

April 30, 2008

Calif. Regional Water Quality Control Board
Central Valley Region
415 Knollcrest Drive, Suite 100
Redding, California, 96002

Attention: James C. Pedri, PE

Re: Roney Land & Cattle Co, Inc.'s Comment
regarding Tentative Waste Discharge Requirements
Pine Creek Gravel Operation Tehama County,
Tentative Order #R5-2008-XXXX

Dear Mr. Pedri:

I represent Roney Land & Cattle Co., Inc. (hereafter "Roney"). This letter is intended as Roney's comments regarding the tentative order referenced above which sets forth the proposed requirements for waste discharge water at the Pine Creek gravel mine operation in Tehama County. Roney was referred to as a "discharger" in the tentative order.

Your records should reflect that Roney and Basic Resources, Inc. entered into a lease on June 18, 2003 and that 7/11 Materials, Inc. (herein 7/11) is a permitted assignee of Basic Resources, Inc. as allowed under the lease and is currently the Operator of the Pine Creek gravel mine.

The Tehama County Board of Supervisors have conditionally revoked Use Permit #94-2 under the terms of which the Pine Creek gravel mine is operated. Unless an acceptable Amended Reclamation Plan is filed, the Permit will be revoked. May 15, 2008 is the date presently scheduled for adoption of an Amended Reclamation Plan prepared and submitted in December 2007 to the County by 7/11 as the Operator of the mine.

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Roney as owner is prohibited from submitting a conflicting reclamation plan amendment under order of an arbitration panel selected in accordance with the alternate dispute resolution provisions of the June 18, 2008 lease agreement. That arbitration is not completed at this time and Roney is not prohibited from making these comments.

The provisions of the Amended Reclamation Plan recently submitted by 7/11 provide that there will be no water discharge off the mine site. According to the Plan, surface waters and storm water will be diverted to the settling pond which is located on the westerly area of the site. The maps that describe surface water flow which are submitted as Exhibits 1 and 4 to the Plan disclose that the existing ephemeral drainage will be diverted by proposed drainage channels carrying surface and storm water to the settling pond. There are three (3) existing areas of ephemeral drainage to be mined according to the Plan.

This Plan was duly submitted by Tehama County to the State of California Department of Conservation, Office of Mine Reclamation for review and comment. Tehama County has in turn duly responded to the State comments and has set forth certain conditions and requirements to be complied with by the Operator before mining is to start. Tehama County's responses are to become part of the final Reclamation Plan. Included in the conditions set forth by Tehama County are that the mine Operator have a Registered Civil Engineer prepare a drainage study that calculates the annual onsite and offsite flows that under the proposed Plan will be captured in the reclaimed mine areas and stored in the water storage area (the settling pond). The study is to include all drainage and tributaries that drain into the existing ephemeral drainage and the potential for overflow from Pine Creek being captured on site. The County also requires the Civil Engineer to certify that the storage area will have adequate storage capacity with three (3) feet of freeboard to handle the annual drainage of the study area along with a 20 year, 24 hour event that could inundate the site. The County requirements are that if the studies are not considered sufficient no mining will occur.

Roney cannot say with certainty that the requirements of Tehama County described

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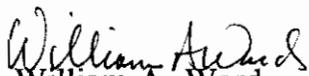
above will be part of and augment the final version of an Amended Reclamation Plan. As of this writing, I am informed that 7/11 representatives are engaged in an effort to dissuade the County from imposing some or all of the above requirements. Roney is not involved in those efforts by 7/11.

Nonetheless, it is self evident that if, as the Operator proposes in the Reclamation Plan, all surface and storm water is to be kept on the site and stored in the settling pond along with water used in the gravel operation, a question arises of whether or not the containment structure will be adequate, or instead, whether a high risk of harm exists for damage to the lands directly downstream from the pond.

Roney believes that the findings of the Water Quality Control Board remain incomplete until and unless accompanied by a qualified opinion and study of the hydrological factors created by implementation of the mine Operator's plan to retain all water on site, including surface and storm water. Of necessity, this will require a study of the flows entering and exiting the site to quantify what would be expected to be accumulated in the earthen storage structure as well as a study of the structure itself to ensure that it will contain the anticipated volume and flow of water.

Respectfully,

LAW OFFICE OF WILLIAM A. WARD
A Professional Corporation


William A. Ward

WAW:lm

c: Roney Land & Cattle Co., Inc.
Arthur Wylene, Tehama County Counsel
George Robson, Tehama County Planning Department