

JUNE/JULY 2007

Funds authorized

The Lake Columbia project was authorized \$39,174,600 in the most recent session of the Texas Legislature. The funding was part of a larger package for water projects in Texas.

The funds are in addition to the previously committed \$15,735,000 from the Texas Water Development Board.

New board members

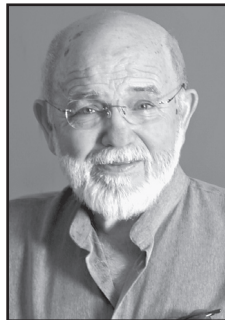
Governor Perry appointed and the Texas Senate has confirmed the appointment of two new members to the ANRA Board of Directors.

Greg James of Nacogdoches was appointed to replace James Raney of Nacogdoches, whose term had expired.



Greg James

Louis Bronaugh of Lufkin was appointed to replace Carl Ray Polk of Lufkin, whose term had expired.



Louis Bronaugh

ANRA deeply appreciates the service and insights both Mr. Raney and Mr. Polk provided during their terms and looks forward to Mr. James and Mr. Bronaugh beginning their service to the Angelina and Neches river basins.

Environmental impacts of pipeline alternatives to Lake Columbia

The delivered cost of water using resources of Toledo Bend is more than 3 times more expensive than the cost of water from the Lake Columbia project.

The expense is due to the 86.4-mile pipeline to bring water from Toledo Bend.

A report commissioned by the EPA in 2003 indicated that the Toledo Bend alternative would have temporary and minor environmental impact. A closer look at that conclusion paints a different picture. The pipeline would follow highways but could not be built within the right of way. This means that an 80-foot to 100-foot wide construction easement would have to be acquired. The permanent easement would need to be between 40 feet and 50 feet in width.

Between 12 and 14 miles of the pipeline right of way would pass through the Sabine National Forest. The Sabine National Forest lists Red Cockaded woodpecker habitat as well as Bald Eagle habitat within its boundaries. A look at a map of the proposed route indicates it would pass through numerous creeks and wetlands as well as an additional 70 miles of privately owned forests, all of which will need to be clear cut.

Study shows construction will not impact hydro electric generation

During the public comment period for the 404 permit application, there were comments indicating that the construction of the Lake Columbia project would have significant impacts on the ability to generate power at the Sam Rayburn reservoir dam.

The results of a recently commissioned study indicates the opposite is true. "The hydro power generated at Lake Sam Rayburn was determined by the model for each of these runs. For the full authorization (Run 3) simulations, there were some slight changes in the amount of hydro power generated at Sam Rayburn.

The cumulative hydro power generated for the 57-year simulation period dropped by 172 MW-hr, or about 0.01%.

Differences occurred in 4 years of the simulations with a maximum yearly difference of about 0.27%.

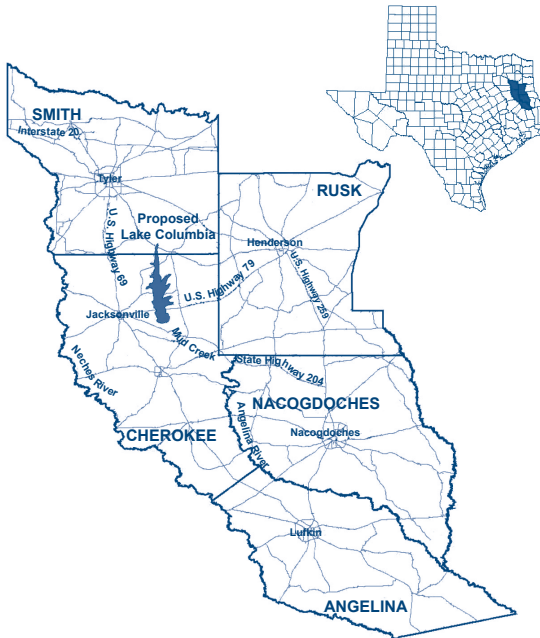
In summary Lake Columbia, when constructed and operated as authorized, will not have a significant impact to the hydropower generating capability of Lake Sam Rayburn."

FAQ

Will ANRA buy my mineral rights along with the surface?

At this time, ANRA does not intend to purchase mineral rights.

With the technologies available in horizontal and directional drilling, it appears that reasonable alternative drilling methods exist for the mineral owners that would allow them to develop their mineral interest while at the same time allow the surface to be used as the surface owner plans, (reservoir).



Lake Columbia Participants

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| City of Alto | City of New London |
| Afton Grove WSC | City of New Summerfield |
| City of Arp | North Cherokee WSC |
| Blackjack WSC | City of Rusk |
| Caro WSC | Rusk Rural WSC |
| Cherokee County | Stryker Lake WSC |
| Jackson WSC | Temple-Inland, Inc. |
| City of Jacksonville | City of Troup |
| City of Nacogdoches | City of Whitehouse |

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