PINEYWOODS GROUNDWATER CONSERVATION DISTRICT

DISTRICT RULES

Revised November 9, 2026

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RULES OF THE PINEYWOODS

GROUNDWATER CONSERVATION DISTRICT

Effective as of February 10, 2025

In accordance with Section 59 of Article 16 of the Texas Constitution, Chapter 8847 of the Texas Special District Local Laws Code, and Chapter 36 of the Texas Water Code, the Pineywoods Groundwater Conservation District adopts the following Rules as the Rules of the District. Each rule as worded below herein has been in effect since date of passage and as may be amended.

The Rules, regulations, and modes of procedure contained below are and have been adopted for the purposes of achieving the goals of the District Act and the Management Plan, prevent waste, and protect rights of owners of interest in groundwater while simplifying procedure, avoiding delays, saving expense, and facilitating the administration of the groundwater laws of the State and the Rules of this District. To the end that these objectives be attained, these Rules shall be so construed.

These Rules may be used as guides in the exercise of discretion, where discretion is vested. However, under no circumstances and in no particular case shall they, or any of them, be construed as a limitation or restriction upon the exercise of any discretion of the Board, where such exist; nor shall they in any event be construed to deprive the Board of an exercise of powers, duties and jurisdiction conferred by law, nor to limit or restrict the amount and character of data or information which may be required for the proper administration of the law. Any reference to the Texas Water Code includes the section referenced and any subsequent amendments.

RULE 1 – DEFINITIONS AND CONCEPTS

1.1 Unless the context indicates a contrary meaning, the words hereinafter defined shall have the following meaning in these Rules:

(a) “Beneficial use” means:

(1) agricultural, gardening, domestic, stock raising, municipal, mining, manufacturing, industrial, commercial, recreational, or pleasure purposes;

(2) exploring for, producing, handling, or treating oil, gas, sulfur, or other minerals; or

(3) any other purposes that is useful and beneficial to the user and approved by the Board.

(b) The “Board” shall mean the Board of Directors of the Pineywoods Groundwater Conservation District, consisting of seven (7) Board members.

(c) “District Act” means acts of the 77th Legislature (2001), Chapter 313, H.B. 2572, Chapter 8847 of the Texas Special District Local Laws Code, and the non-conflicting of provisions of Chapter 36, Texas Water Code, as same may be amended.

(d) “District Office or Offices” shall mean the location or locations as may be established by resolution of the Board.

(e) “District” shall mean Pineywoods Groundwater Conservation District.

(f) “Domestic Use” means the use of water at a single-family household to support domestic activities including drinking, washing, and sanitation. Domestic use does not include use for any commercial purpose or at any commercial establishment. Domestic use does not include a use at any commercial establishment with a single-family household.

(g) “Drilling” includes drilling, equipping, or completing wells or modifying the size of wells or well pumps to change pumpage volume.

(h) “Drilling Permit” means a permit issued by the District allowing a water well to be drilled.

(i) “Fee or Fees” means the amount required to be paid as established by the Board of Directors.

(j) “Groundwater” means water percolating below the surface of the earth.

(k) “Hearing Body” means the Board, any committee of the Board, or a hearing examiner at any hearing held under the authority of the District Act.

(l) “Hearing Examiner” means a person appointed by the Board to conduct a hearing or other proceeding.

(m)“Hearing Rules and Procedures” means the rules and procedures for hearings adopted by the Board for hearings and other proceedings of the District, as they may be supplemented or amended from time to time.

(n) “Operator” shall mean the person who operates a well.

(o) “Operating Permit” means a permit issued by the District for a water well, allowing groundwater to be withdrawn from a water well for a designated period.

(p) “Owner” shall mean and include any person that has the right to produce water from the land either by ownership, contract, lease or easement

(q) “Person” shall mean any individual, partnership, firm, or corporation, limited liability company, or other legal entity.

(r) “Rules” shall mean these Rules of the District and the Hearing Rules and Procedures as they may be supplemented or amended from time to time.

(s) “Waste” means any one or more of the following:

(1) withdrawal of groundwater from a groundwater reservoir at a rate and in an amount that causes or threatens to cause intrusion into the reservoir of water unsuitable for agricultural, gardening, domestic, or stock raising purposes;

(2) the flowing or producing of wells from a groundwater reservoir if the water produced is not used for a beneficial purpose;

(3) escape of groundwater from a groundwater reservoir to any other reservoir or geologic strata not containing groundwater;

(4) pollution or harmful alteration of groundwater in a groundwater reservoir by saltwater or by other deleterious matter from another stratum or from the surface of the ground;

(5) willfully or negligently causing, suffering, or allowing groundwater to escape into any river, creek, natural watercourse, depression, lake reservoir, drain, sewer, street, highway, road, or road ditch, or onto any land other than that of the owner of the well unless such discharge is authorized by permit, rule, or order issued by the commission under Chapter 26, Texas Water Code; groundwater released on well startup or well development in order to improve water quality shall not constitute waste as defined above.

(6) groundwater pumped for irrigation that escapes as irrigation tailwater onto land other than that of the owner of the well unless permission has been granted by the occupant of the land receiving the discharge; or

(7) for water produced from an artesian well, “waste” has the meaning assigned by Section 11.205, Texas Water Code.

(t) “Well” or “Water Well” shall mean and include any artificial excavation constructed for the purpose of producing groundwater including a test well constructed for the purpose of determining the location, quality or quantity of groundwater.

(1) “Abandoned or deteriorated well” shall mean a well, as defined by these rules, or any other well which allows surface inflow or infiltration and/or that is causing, or is likely to cause, pollution of groundwater in the District and includes a well which is not in use and/or compliance with applicable laws regarding proper installation, including Rules and Licensing and Regulation, Rules and Regulations of the Texas Commission on Environmental Quality, Rules and Regulations of any state of federal agency of competent jurisdiction and laws of the state of Texas is presumed to be abandoned or deteriorated.

(u) “Exempt Well” shall mean any well for which the District is prohibited to require a permit under the District Act, Texas Water Code §36.117 or the District Rules. Exempt wells include wells used solely for domestic or agriculture use or for

providing water for livestock or poultry that is either drilled, completed, or equipped so that it is incapable of producing more than 25,000 gallons per day and certain wells for hydrocarbon production. Wells to supply water for a subdivision of land for which plat approval is required by law or regulation are not exempt. For all purposes herein, an Exempt Well shall be exempt from permitting requirements and production fees but shall not be exempt from pre-registration or registration requirements.

(v) "Monitor Well," means any well used for the sampling or measurement of any chemical or physical property of subsurface strata or their contained fluids.

(w) "Remediation Well" means any well used to produce contaminated water from a subsurface strata pursuant to a plan approved by the Texas Commission on Environmental Quality or other agency with applicable jurisdiction.

(x) "Accurately metered" shall mean use of a properly calibrated and functioning water meter, meeting the American Water Works Association (AWWA) standards for the line size, pressures, and flow, installed according to the manufacturer's specifications, or other metering or measuring device approved by the District.

(y) "Open Loop Geothermal Well" – Groundwater drawn from an aquifer through one well, passed through the heat pump's heat exchanger, and discharged to the same aquifer through a second well at a distance from the first.

(z) "Closed Loop Geothermal Well"- 16 TAC Chapter 76 Part 4 (14), "A vertical closed system well used to circulate water, and other fluids or gases through the earth as a heat source or heat sink".

(aa) "Brackish, Salt or Brine water" – groundwater is considered brackish if, at the time of production from a well, the groundwater had a total dissolved solids concentration of not less than 3,000 milligrams per liter (§15.153(f), Texas Water Code).

1.2 The definitions contained in Texas Water Code Section 36.001 shall also be included to the extent that they are used in these Rules.

1.3 Purpose of Rules. The Rules are the foundation for achieving the goals of the District Act and Management Plan.

1.4 Use and Effect of Rules. The District uses these Rules as guides in the exercise of the powers conferred by law and in the accomplishment of the purposes of the District Act and Management Plan.

1.5 Amendment of Rules. The Board may, following notice and hearing, amend these Rules or adopt new Rules from time to time.

1.6 Headings and Caption. The section and other headings and captions contained in these Rules are for reference purposes only. They do not affect the meaning or interpretation of these Rules in any way.

1.7 Construction. A reference to a title, chapter or section without further identification is a reference to a title, chapter or section of the Water Code, Construction of words and phrases are governed by the Code Construction Act, Subchapter B, Chapter 311, Government Code.

1.8 Method of Service under these Rules. Except as otherwise expressly provided in these Rules, any notice or documents required by these Rules to be served or delivered may be delivered to the recipient, or the recipient's authorized representative, in person, by agent, by courier receipted delivery, by certified mail sent to the recipient's last known address, by e-mail, or by fax document transfer to the recipient's current fax number. Service by mail is complete upon deposit in a post office or other official depository of the United States Postal Service. Service by telephonic document transfer is complete upon transfer, except that any transfer occurring after 5:00 p.m. will be deemed complete on the following business day. If service or delivery is by mail, and the recipient has the right, or is required, to do some act within a prescribed time after service, three days will be added to the prescribed period. Where service by one of more methods has been attempted and failed, the service is complete upon notice publication in a general circulated newspaper in Angelina or Nacogdoches County.

1.9 Severability. If any one or more of the provisions contained in these Rules are for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability may not affect any other Rules or provisions of these Rules, and these Rules must be construed as if such invalid, illegal or unenforceable Rules or provision had never been contained in these Rules.

1.10 Burden of Proof: In all matters regarding applications for permits, exceptions, and other matters for which District approval is required, the burden shall be upon the applicant or other persons seeking a permit, exception, or other authority to establish that all conditions, criteria, standards, or prerequisites have been met.

RULE 2 – WASTE

(a) Groundwater shall not be produced within, or used within or without the District, in such a manner or under such conditions as to constitute waste as defined in Rule 1 hereof.

(b) Any person producing or using groundwater shall use every possible precaution, in accordance with the most approved methods, to stop and prevent waste of such water.

(c) No person shall pollute or harmfully alter the character of a groundwater reservoir of the District by means of salt water or other deleterious matter admitted from other stratum or strata or from the surface of the ground.

(d) No person shall commit waste as that term is defined by Rule 1.1 (s).

RULE 3 – PERMIT AND REGISTRATION REQUIRED

3.1 No person shall drill, modify, complete, change type of use, plug, abandon, or alter the size of a well within the District without first registering or permitting the well with the District.

No new water well shall be drilled in the District, without first receiving a well registration or well permit from the District.

All well drillers and well owners intending to drill a new well(s) shall contact the District prior to drilling the well, and the District will assist the applicant to determine if:

(a) the well will be an exempt well and a registration application must be submitted to the District; or

(b) the well is a non-exempt well and a permit application must be submitted to the District.

Administratively complete well registration and permit applications shall be submitted to and approved by the District, prior to drilling any well within the District's boundaries.

3.2 The District staff will review the application for registration and make a preliminary determination on whether the well meets the requirements, exclusions, or exemptions.

3.3 No permit shall be required for the drilling of wells exempt by Texas Water Code §36.117 or Rule 1.1 (u). Regardless of whether a permit is required, all wells must be installed consistent with 16 Texas Administrative Code §76.100 (Technical Requirements – Locations and Standards of Completion for Wells).

3.4 Exempted Wells shall be registered with the District before drilling. All exempt wells shall be equipped and maintained so as to conform to the District's Rules requiring installation of casing, pipe and fittings to prevent the escape of groundwater from a groundwater reservoir to any reservoir not containing groundwater and to prevent the pollution or harmful alteration of the character of the water in any groundwater reservoir. Forms for registrations and applications for permits shall be provided by the District.

3.5 Any existing operational well not exempt under Rule 1.1 (u), in existence prior to effective date of these Rules is considered grandfathered and will automatically be granted an operating permit upon completion of the well validation procedure as provided in Rule 13. These grandfathered wells will not be assessed a registration or permit fee if the procedure is completed by January 1, 2003 and the owner or operator provides all the information requested by the District. Said grandfathering is only for the

initial term of the permit. The volume allowed by the permit will be determined by past or planned production of the well.

3.6 A water well used solely to supply water for a rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Texas Railroad Commission is exempt from District Fees provided the person holding the permit is responsible for drilling and operating the water well and it is located on the same lease or field associated with the drilling rig. These rig supply wells shall be plugged within eighteen (18) months of the rig being removed from the property. The well owner may obtain one (1) extension of twelve (12) months to plug the well, if the well owner submits a written request to the District prior to the expiration of the eighteen (18) months. The written request must establish a good cause for the extension. The District's General Manager has the discretion to grant the extension. Before the water well is plugged, and while the well is not in use, the well must be capped. All capped and plugged wells must meet regulatory standards adopted by the Texas Department of Licensing and Regulations. The licensed well driller will submit a copy of the state plugging report to the District once it is plugged. The District's employees or agents may inspect any well to insure compliance with the District rules.

If the landowner wishes to keep the rig supply water well for a beneficial use, the following actions must take place before the transfer of the well can be completed:

(1) The pump must be removed from the well casing and properly capped.
(2) The District will be notified in writing that the landowner desires to take control of the water well.

3.7 A well for temporary use to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District. An exemption for such a well may not exceed 180 days without an extension granted by the District.

3.8 A well-exempted under provision Rule 1.1 (u) above must be permitted and comply with all District Rules if:

(1) the purpose of the well is no longer solely to supply water for a rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas; or

(2) the withdrawals are no longer necessary for mining activities or are greater than the amount necessary for mining activities specified in the permit issued by the Railroad Commission of Texas under Chapter 134, Natural Resources Code.

3.9 All permits are granted subject to these rules, orders of the Board, and the laws of the State of Texas. In addition to any special provisions or other

requirements incorporated into the permit, each permit issued must contain the following standard permit provisions:

(a) This permit is granted in accordance with the provisions of the Rules of the District, and acceptance of this permit constitutes an acknowledgment and agreement that the permittee will comply with the Rules of the District.

(b) This permit confers only the right to operate and its terms may be modified or amended. To protect the permit holder from the illegal use by a new landowner, within 10 days after the date of sale, the operating permit holder must notify the District in writing the name of the new owner of a permitted well. Any person who becomes the owner of a currently permitted well must, within 20 calendar days from the date of the change in ownership, file an application for a permit amendment to affect a transfer of the permit.

(c) The operation of the well for the authorized withdrawal must be conducted in a non-wasteful manner.

(d) Withdrawals from all non-exempt wells and wells exempt pursuant to Rule 1.1 (u) shall be accurately metered and the quantity of groundwater produced shall be reported to the District quarterly. All wells capable of providing more than 25,000 gallons per day are required to be metered and report production, unless otherwise exempt under § 36.117, Texas Water Code.

(e) The well site must be accessible to District representatives for inspection, and the permittee agrees to cooperate fully in any reasonable inspection of the well and well site by the District representatives.

(f) The application pursuant to which this permit has been issued is incorporated in the permit, and the permit is granted on the basis of, and contingent upon, the accuracy of the information supplied in that application. A finding that false information has been supplied is grounds for immediate revocation of the permit.

(g) Violation of a permit’s terms, conditions, requirements, or special provisions is punishable by civil penalties as provided by the District Rules and by law.

(h) The permit may also contain provisions relating to the means and methods of transportation of water produced within the District.

3.10 Except as provided below, a permit is not required for a Monitor Well or a Remediation Well. A copy of the Driller's Report must be filed with the District within (60) sixty days of completion. If the use of Monitor Well or Remediation Well is changed to produce non-contaminated water, it then becomes subject to the permitting or registration requirements of these Rules depending upon use and volume.

3.11 GEOTHERMAL LOOPS

(a) Application and fee must be submitted to the Pineywoods Groundwater Conservation District (PGCD) office for approval. The District will charge a one-time administrative fee of *$50* for the drilling application for the borehole and /or a series of boreholes. A drilling log shall be filed with the State of Texas and PGCD. A file will be maintained in the PGCD district offices of the drilling and equipping.

(b) The closed loop geothermal system shall be designed and installed by a licensed installer. The design shall be submitted to PGCD prior to inspection. The installer shall notify the district prior to installation.

(c) A licensed water well driller shall drill the boreholes. The driller shall notify the district prior to drilling.

(d) A district representative shall be allowed on the property to inspect the drilling of the borehole, installation and sealing of the closed loop piping, if the district determines it is necessary.

(e) Construction of the borehole will follow TDLR regulation described in Technical Standards Chapter 76.100 (F) (6) of the TDLR rules: “The annular space of a closed loop geothermal well used to circulate water or other fluids shall be backfilled to the total depth with impervious bentonite or similar material, closed loop injection well where there is no water or only one zone of water is encountered you may use sand, gravel or drill cuttings to back fill up to ten (10) feet from the surface. The top ten (10) feet shall be filled with impervious bentonite or similar materials and meets the standards pursuant to Texas Commission on Environmental Quality 30 TAC, Chapter 331.”

(f) Spacing: Any borehole shall be located a minimum horizontal distance of fifty (50) feet from any watertight sewage and liquid-waste collection facility, and a minimum horizontal distance of fifty (50) feet from the nearest property line.

3.12 An open loop geothermal well system is prohibited within the Pineywoods Groundwater Conservation District.

RULE 4 – FEES AND REPORTS

In accordance with HB 2572 and Section 36.205 of the Texas Water Code, the Board adopts a production fee of $0.025 per 1000 gallons for all nonexempt wells, except wells used for Domestic use or providing water to livestock or poultry which are not capable of producing more than 100,000 gallons per day. The fee is payable on water produced on or after September 30, 2016. Operators of nonexempt wells shall provide payment to the District each

quarter. Payment shall be due within thirty (30) days of the last day of March, June, September, and December with their quarterly reports. Operators shall provide monthly or quarterly production records to document payment amount. The payment shall be accompanied by the report form specified by the Board or made when an invoice is received from the District.

4.1 In accordance with Section 36.122 of the Texas Water Code the District adopts a transfer fee of:

a) A fee negotiated between the District and the transporter, or
b) A rate not to exceed the greater of 20 cents for each thousand gallons or 50% of and in addition to the production fee for water transported out of the District.
c) The maximum allowable rate the District may impose for an export fee or surcharge may be increased by three percent each calendar year.
d) The District may use export fees as provided under sections 36.122 and 36.207 of the Texas Water Code.

4.2 Each application for a permit to drill a well shall be accompanied by the fee or fees as established herein or by resolution of the Board.

4.3 Each day that a payment remains unpaid after it is due shall constitute a separate violation of these Rules. A late payment charge equal to one percent per month following the due date shall be assessed on past due production fees.

4.4 An entity holding a permit issued by the Railroad Commission of Texas under Chapter 134, Natural Resources Code, that authorized the drilling of a water well shall accurately meter each water well and report monthly to the District:

(a) the total amount of water withdrawn during the month;
(b) the quantity of water necessary for mining activities;
(c) the quantity of water withdrawn for other purposes;

Multiple wells in the same well field may provide the information described in a-c above in aggregate for all water wells within the well field or separately for each well.

4.5 Owners of wells subject to the production fees described above are excepted from paying production fees if the annual production from the well is less than 1,250,000 gallons per year. Owners of wells excepted from paying production fee under this provision must still report production from the well quarterly; such reports must include all production for the previous 3 calendar months and be received by the District within 30 days of the last day of the end of each quarter of the calendar year.

RULE 5 – ISSUANCE OF PERMITS

5.1 Every person who drills a water well after the effective date of these Rules, other than an Exempt Well, must file an Application for Permit on a form approved by the Board. Each permit application must be accompanied by the fee.

5.2 Drilling Permit Requirement: The well owner, well operator, or any other person acting on behalf of the well owner must obtain a drilling permit from the District prior to drilling a new water well other than an exempt well, developing a well field or perforating an existing well.

5.3 Operating Permit Requirement: Within 14 days after the completion of a new water well, reworking, or re-equipping of an existing water well as provided in Rule 5.10 below, the well owner or well operator must file a completed operating permit application.

5.4 Permit Applications: Each original application for a water well drilling permit, operating permit, transport permit, and permit amendment requires a separate application and payment of the associated fee. Application forms will be provided by the District and furnished to the applicant upon request.

The application for a permit shall be in writing and sworn to, and shall include the following:

a) the name and mailing address of the applicant and the owner of the land on which the well will be located;
b) if the applicant is other than the owner of the property, documentation establishing the applicable authority to construct and operate a well for the proposed use;
c) a location map of all existing wells within a quarter (1/4) mile radius of the proposed well or the existing well to be modified;
d) a map from the county appraisal District indicating the location of the proposed well or the existing well to be modified, the subject property, and adjacent owners' physical addresses and mailing addresses;
e) notice of any application to the responsible State Agency to obtain or modify a Certificate of Convenience and Necessity to provide water or wastewater service with water obtained pursuant to the requested permit;
f) a statement of the nature and purpose of the proposed use and the amount of water to be used for each purpose.
g) a declaration that the applicant will comply with the District's Rules and all groundwater use permits and plans promulgated pursuant to the District's Rules.
h) a water conservation plan or a declaration that the applicant will comply with the Management Plan.

i) the location of each well and the estimated rate at which water will be withdrawn;

j) a water well closure plan or a declaration that the applicant will comply with all District well plugging and capping guidelines and report closure to the Commission.

k) a hydrogeological report addressing the area of influence, draw down, recovery time, and other pertinent information required by the District shall be required for the following:

(1) Requests to drill a well with an annual maximum capacity equal to or more than 50 million gallons per year in aggregate and include all casings 10 inches and larger.

(2) Requests to modify to increase production or production capacity of a Public Water Supply, Municipal, Commercial, Industrial, Agricultural or Irrigation well with an outside casing diameter greater than 6 5/8 inches.

The well must be equipped (or tested at a rate equal to or greater than the rate necessary) for its ultimate planned use and the hydrogeologic report must address the impacts of that use. The report must include hydrogeologic information addressing and specifically related to the proposed water pumpage levels at the proposed pumpage site intended for the proposed well or for the proposed transporting of water outside the District. Applicants may not rely solely on reports previously filed with or prepared by the District. Cost incurred by the District to have the hydrogeological report reviewed by a licensed hydrogeologist may be passed through as part of the application fee to be paid by the applicant.

l) Non-exempt agricultural wells are exempted from sections d), e), h), j), and k) requirements.

m) the applicant must provide evidence that they have the legal authority to produce the groundwater associated with the land surface and the permit application. The applicant must also provide any documents that transfers that right to own, control, or produce the groundwater rights to another person/entity that are associated with the land surface and the permit application. A permit may be amended or revoked if the groundwater rights or right to produce are legally transferred to another person/entity. The applicant shall attest to the information required in this rule by a District-provided affidavit form and submit the affidavit with the permit application. All legal documents affecting the legal authority to produce groundwater on real property in Angelina and Nacogdoches counties are required to be filed with the applicable county deed records in full compliance with Chapter 12 of the Texas Property Code regarding the recording of instruments;

5.5 Transfer Permit Requirement: The well owner, well operator, or any other person acting on behalf of the well owner must obtain a transfer permit prior to transferring groundwater produced from within the District outside the District's boundaries.

A groundwater transfer permit is not required for transferring groundwater that is:

a) part of a product manufactured in the District. Water that is bottled is not considered to be a product manufactured for this exclusion;
b) used on property that straddles the District boundary line; or
c) used by a retail public utility to provide retail water utility service, as defined by Section 13.002, Water Code, in a service area located in a county adjacent to the District.

5.6 Notice of Permit Hearing: The District's Board of Directors authorizes the District's General Manager to approve and issue any production permit applications requesting less than 15 million gallons annually. All permit applications for 15 million gallons annually or more require Board approval. Once the District has received a completed original application for a water well drilling permit, operating permit, a transport permit, or a permit amendment and associated fees the General Manager will issue written notice indicating a date and time for a hearing on the application in accordance with these Rules. The District may schedule as many applications at one hearing as deemed necessary.

5.7 Drilling Permits: Unless specified otherwise by the Board or these Rules, drilling permits are effective for a term ending 120 calendar days after the date the permit application was received.

5.8 a) Operating Permit Term: Unless specified otherwise by the Board or these Rules, operating permits are effective for five (5) years. Notwithstanding the period specified above, the District may periodically review the amount of water that may be transferred under the permit and may limit the amount.

b) Operating Permit Renewal:

The District shall, without a hearing, renew or approve an application to renew an operating permit before the date on which the permit expires, provided that:

(1) the permit renewal application is submitted in a timely manner and accompanied by any required fees in accordance with District rules; and
(2) the permit holder is not requesting a change related to the renewal that would require a permit amendment under District rules.

The District is not required to renew a permit under this section if the applicant:

(1) is delinquent in paying a fee required by the District;
(2) is subject to a pending enforcement action for a substantive violation of a district permit, order, or rule that has not been settled by agreement with the district or a final adjudication; or

(3) has not paid a civil penalty or has otherwise failed to comply with an order resulting from a final adjudication of a violation of a district permit, order, or rule.

If the District is not required to renew a permit as stated above, the permit remains in effect until the final settlement or adjudication on the matter of the substantive violation.

5.9 Effect of Acceptance of Permit: Acceptance of the permit by the person to whom it is issued constitutes acknowledgment of and agreement to comply with all of the terms, provisions, conditions, limitations, and restrictions.

5.10 Reworking and Replacing a Well:

a) An existing well may be reworked or re-equipped in a manner that will not change the permitted well status. A change in the permitted well status will require an operating permit amendment.

b) A permit must be applied for if a party wishes to replace an existing well with a replacement well.

c) A replacement well, in order to be considered such, must be drilled within fifteen feet of the existing well.

d) The location of the old well (the well being replaced) shall be protected in accordance with the spacing Rules of the District until the replacement well is drilled and tested. The landowner or his/her agent must within 120 days of the issuance of the permit declare in writing to the District which one of these two wells he desires to produce. If the landowner does not notify the District of his/her choice within this 120 days, then it will be conclusively presumed that the new well is the well he/her desires to retain. Immediately after determining which well is retained for production, the other well shall be:

(1) Properly equipped in such a manner that it cannot produce more than 25,000 gallons of water a day; or

(2) Closed in accordance with applicable state law and regulation Section 756.002, Texas Health and Safety Code

(3) Violation of such Article is made punishable by a fine as provided by law.

A permit to rework, re-equip, re-drill or replace an existing well may be granted by the Board without notice or hearing so long as the production capacity of the new well does not exceed the capacity of the existing well.

5.11 Emergency Authorization:

Any person, who has a Permit or Certificate of Registration from the District to Operate a well, may apply to the District for emergency authorization to drill and operate a replacement well as set forth below. The emergency must meet all of the following conditions:

(a) The “emergency” must present an imminent threat to the public health and safety or to an agricultural activity, must be explained to the satisfaction of the District and include any documentation requested by the District.

(b) Neither the emergency authorization nor an applicant for a permit to drill the well has been denied.

(c) A completed application as required by these Rules must be sent by telecopy or hand delivery within three (3) business days after notifications of the emergency conditions is given.

(d) All application fees must be paid within 7 days of the emergency notifications.

(e) Such other information as requested has been received by the District.

(f) The well must comply with all the other provisions for a replacement well as specified in Rule 5.10

5.12 Before granting or denying a drilling and/or operating permit for a well, or permit amendment under §36.1146, the District shall consider whether:

(1) the application conforms to the requirements prescribed by these Rules and Chapter 36, Texas Water Code, and is accompanied by the prescribed fees, and is therefore Administratively Complete;

(2) the applicant violated the District’s Rules and Chapter 36, Texas Water Code, prior to submitting its application to the District by either drilling or operating a well(s) without a permit;

(3) the proposed use of water unreasonably affects existing groundwater and surface water resources, existing permit holders, or wells that are registered with the District and exempt from the requirement to obtain a permit District rules;

(4) the proposed use of water is dedicated to an actual beneficial use and whether sufficient evidence of an intended actual beneficial use is presented, including evidence of legal obligation to provide water to end users, as applicable;

(5) the proposed use of water is consistent with the District's Certified Water Management Plan and adopted Desired Future Conditions;

(6) the applicant has agreed to avoid waste and achieve water conservation;

(7) the applicant has agreed that reasonable diligence will be used to protect groundwater quality and that the applicant will follow well plugging guidelines at the time of well closure;

(8) would not be otherwise contrary to the public welfare; and

(9) this section does not apply to the renewal of an operating permit issued under §36.1145.

5.13 Permits and permit amendments may be issued subject to the Rules promulgated by the District and subject to terms and provisions with reference to the drilling, equipping, completion, or alteration, or operation of, or production of groundwater from, wells or pumps that may be necessary to prevent waste and achieve water conservation, minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, lessen interference between wells, or control and prevent subsidence.

5.14 Changes in the amount or rate of withdrawal or use of groundwater under a District permit may not be made without the prior approval of a permit amendment issued by the District.

5.15 SIGNIFICANT AQUIFER IMPACT GROUNDWATER PUMPING PROJECTS

(a) An entity with a groundwater production well(s) permitted in the District for any aquifer after March 23, 2026, for 1,500 to 4,000 acre-feet/year from a well or group of wells shall install and maintain one (1) monitor well. If the permitted production is more than a total of 4,000 acre-feet/year, then the entity shall install one additional monitoring well for every 3,000 acre-feet/acre/year of permitted production. The monitoring well(s) shall be within 50 feet of the subject property boundaries, the location of which are subject to approval by the District. Within 30 days following completion of the monitoring well(s), the District will record baseline static water level (BSWL) within the wells prior to permittee's commencement of groundwater production.

(b) On such Significant Aquifer Impact Projects located within the District, as described above, at the beginning of each month following initiation of groundwater pumpage, the District will record the static water level in each of the monitor wells. If at any time following the determination of the BSWL the average static level in all monitoring wells falls 50 feet below the BSWL for three (3) consecutive months, the District shall temporarily suspe\nd a pumping permit or reduce the permitted production amount until such time that the water level rises back to or above the BSWL, as a condition of the permit.

(c) If at any time during the permitted activities the average static level in all monitoring wells falls 75 feet below the BSWL, the District shall suspend the permitted pumping throughout the remainder of the permit period BSWL, as a condition of the permit.

(d) If the permitted production is in the Wilcox Aquifer and all of the sands screened are below a depth of 1,500 feet, then (b) and (c), above, apply only when the total permitted production for the entity is 4,000 acre-feet/year or more. The monitoring wells required in (a) above apply to these wells.

(e) If existing permits are amended to trigger the Significant Aquifer Impact Project's thresholds in this rule, then the existing and amended permits for the

wells/well system shall comply with this rule.

(f) This rule shall be a permit condition for qualifying wells in order to achieve the adopted Desired Future Conditions, as required by Chapter 36 of the Texas Water Code.

(g) Whether a permit(s) is associated with a Significant Aquifer Impact Project shall be determined by the District. A Significant Aquifer Impact Project may include different well owners/permittees. Well owners/permittees/permit applicants may not divide a Significant Aquifer Impact Groundwater Pumping Project into smaller projects to avoid the District's Significant Aquifer Impact Groundwater Pumping Project rules.

(h) The District may require that the monitoring well(s) be equipped with automated pressure transducers that utilize cellular and satellite telemetry to transmit water level measurement data directly to the District. The pressure transducer(s) shall be calibrated for accuracy at least annually, with a calibration verification submitted to the District.

(i) This rule does not apply to a retail public water utility if the water is used to provide for its service needs within its service area within the District.

5.16 Monitoring Wells

If the District requires permittees to provide a well(s) for monitoring purposes to the District, permittees shall, at permittee's expense, install, maintain, report, and allow District access and inspection of the monitoring well(s) in accordance with the monitoring well criteria and standards adopted by the Board, which may also be adopted in a separate guidance document.

Monitoring wells shall be required for permits for power generation and/or data/computing centers, at permittee's expense, which shall be equipped with automated pressure transducers that utilize cellular and satellite telemetry to transmit water level measurement data directly to the District. The location and specifications of the monitoring well(s) shall be approved by the District. The pressure transducer(s) shall be calibrated for accuracy at least annually, with a calibration verification submitted to the District. The monitoring well(s) may also be required for water quality testing.

RULE 6 – REQUIREMENT OF DRILLERS LOG, CASING AND PUMP DATA

(a) Complete records shall be kept and reports thereof made to the District concerning the drilling, maximum production potential, equipping and completion of all wells drilled. Such records shall include an accurate driller's log, any electric log which shall have been made, and such additional data concerning the description of the well, its potential, hereinafter referred to as "maximum rate of production" and its actual equipment and rate of discharge permitted by said equipment as may be required by the Board. Such records shall be filed with the District Board within 60 days after completion of the well.

(b) The well driller shall deliver either in person, by fax, email, or send by first-class mail, a photocopy of the State Well Report to the District within 60 days from the completion or cessation of drilling, deepening, or otherwise altering a well.

(c) No person shall produce water from any well hereafter drilled and equipped within the District, except that necessary to the drilling and testing of such well and equipment, unless or until the District has been furnished an accurate driller's log, any electric log which shall have been made, and a registration of the well correctly furnishing all available information required on the forms furnished by the District.

(d) All completed well reports shall include the gallons per minute (gpm) from a pump test completed on the well, as equipped, before an operating permit will be issued. If a pump is not installed and the well is capped, no permit shall be issued until the pumping capacity can be determined when a pump is installed.

RULE 7 – WELL SPACING AND PRODUCTION REQUIREMENTS:

To minimize as far as practicable the drawdown of the water table and the reduction of artesian pressure, to control subsidence, to prevent interference between wells, to prevent degradation of water quality, and to prevent waste, the District will enforce well spacing and production acreage requirements on all new wells in the District permitted after March 23, 2026.

Rule 7.1 MINIMUM SPACING OF WELLS

(a) Distance Requirements:

(1) **Non-Exempt Wells**

Non-exempt wells shall not be drilled nearer than one hundred fifty (150) feet from the nearest property line and shall be located at the minimum distance from sources of potential contamination as described in 16 TAC Chapter 76.100 (a) (1) (2) (3) and (b) (1) (2) and shall meet all other standards as described in 16 TAC Chapter 76. The Board may grant exceptions from this requirement.

(2) **Exempt Wells**

An exempt well shall not be drilled nearer than fifty (50) feet from any property line provided the well is located at the minimum distance from sources of potential contamination as described in 16 TAC Chapter 76.100 (a) (1) (2) (3) and (b) (1) (2) and meets all other standards as described in 16 TAC Chapter 76. The Board may grant exceptions from this requirement.

(3) In the interest of protecting life and for the purpose of preventing waste, preventing overlapping cones of depression resulting from production rates and preventing confiscation of property, the Board reserves the right to limit the number of wells on a tract of land or

require a minimum distance between wells.

Spacing of new non-exempt wells permitted in the District after March 23, 2026, shall be spaced two foot per one gallon per minute (2 ft / gpm) of production capacity from other permitted or registered wells in the District.

All new permitted wells and exempt rig supply wells after March 23, 2026, must comply with well spacing rules.

(4) Subdivision of property:

(i) In applying this rule and applying every special rule with relation to spacing in all of the subterranean water zones and/or reservoirs underlying the confines of this District, no subdivision of property made subsequent to the adoption of the original spacing rule will be considered in determining whether or not any property is being confiscated within the terms of such spacing rule, and no subdivision of property will be regarded in applying such spacing rule or in determining the matter of confiscation if such subdivision took place subsequent to the promulgation and adoption of the original spacing rule.

(ii) Any subdivision of property creating a tract of such size and shape that it is necessary to obtain an exception to the spacing rule before a well can be drilled thereon is a voluntary subdivision and not entitled to a permit to prevent confiscation of property if it were either, (a) segregated from a larger tract in contemplation of water resource development, or (b) segregated by fee title conveyance from a larger tract after the spacing rule became effective and the voluntary subdivision rule attached.

(b) MAXIMUM ALLOWABLE PRODUCTION

(1) If an administratively complete operating permit application for a new non-exempt well or a permit amendment application to increase use of an existing non-exempt well is submitted to the District after March 23, 2026, the maximum groundwater production limit shall not exceed 2.0 acre-feet/acre/year for contiguous groundwater rights owned or controlled.

(A) The authorized withdrawal amount of groundwater is stated in each well permit as the rate of production, which authorizes a maximum gpm production, not to exceed a specified number of acre-feet of groundwater production each year.

(B) The permitted groundwater production capacity is also subject to the well spacing requirements herein.

(C) This requirement also applies to applications to amend a permit by increasing the annual production amount or change

the use of the permit. If an existing permit is amended to increase the annual production amount or change the use, then the entire permit must meet the production acreage rule.

(2) The maximum well pumping capacity denoted in gallons per minute does not mean that the well is authorized by the District to pump that maximum capacity. The authorized amount of water to be produced annually by a permittee is not tied to the pump size. The authorized withdrawal amount of groundwater is stated in each well permit as the rate of production, which authorizes a maximum gpm production, not to exceed a specified number of acre-feet of groundwater production each year.

(3) If an amendment to increase the annual production is received for any well, whether it was initially required to comply with the production based acreage rule or not, the permit holder must comply with the production based acreage requirement in this rule for the new maximum annual production amount.

(4) In regulating the production of groundwater based on tract size or acreage, the District may consider the service needs or service area of a retail public utility in place of the required maximum allowable production. **Therefore, this rule does not apply to a retail public water utility if the water is used to provide for its service needs within its service area within the District.**

(c) Change in Use of Well:

Any well existing at the date of enactment of this Rule must comply with the provisions of this rule if after the date of enactment of this rule the ultimate use of the water produced from the well is changed in whole or in part such that the water produced from the well annually is increased. Ultimate use of the water shall be defined as domestic, municipal, industrial, agricultural, or irrigation use.

RULE 8 – EXCEPTION TO SPACING RULE

(a) In order to protect vested property rights, to prevent waste, to prevent confiscation of property, or to protect correlative rights, the Board may grant exception to the above spacing regulations. This rule shall not be construed so as to limit the power of the Board, and the powers stated are cumulative only of all other powers possessed by the Board.

(b) If an exception to such spacing regulations for a **non-exempt well** is desired, application therefore shall be submitted by the applicant in writing to the Board at its District office on forms furnished by the District. The application shall be accompanied by a plat or sketch, drawn to scale of one (1) inch equaling one thousand (1000) feet. The plat or sketch shall show thereon the

property lines in the immediate area and shall show accurately to scale all wells within a quarter mile of the proposed well site. The application shall also contain the names of all property owners adjoining the tract on which the well is to be located and the ownership of the wells within a quarter mile of the proposed location. Such application and plat shall be certified by some person actually acquainted with the facts who shall state that all the facts therein are true and correct. All Public Water Supply Wells shall be completed by a registered professional engineer licensed in the State of Texas.

(c) If an exception to such spacing regulations for an **exempt well** is requested, application therefore shall be submitted by the applicant or driller in writing to the District on forms furnished by the District. The application shall be accompanied by a plat or sketch showing the property lines of the tract where the proposed well is to be located as well as all adjacent property and all other wells within 100 feet of the proposed well. The application shall also contain the names and addresses of all adjacent property owners and owners of wells within 100 feet of the proposed well. The plat or sketch shall be verified as being true and correct by someone familiar with the factual assertions contained therein.

(d) Such exception may be granted ten (10) days after written notice has been given to the applicant and all adjoining owners and all well owners within a quarter mile of the proposed location, and after a public hearing at which all interested parties may appear and be heard, and after the Board has decided that an exception should be granted. Provided, however, that if all such owners execute a waiver in writing stating that they do not object to the granting of such exception, the Board may thereupon proceed to decide upon the granting or refusing of such application without notice of hearing except to the applicant. The applicant may also waive notice or hearing or both.

RULE 9 – PLACE OF DRILLING WELL

After an application for a well permit has been granted, the well, if drilled, must be drilled within fifty feet of the location specified in the permit so long as that location does not violate any spacing requirements in these rules. If the well should be commenced or drilled at a different location, the drilling or operation of such well may be enjoined by the Board pursuant to Chapter 36, Texas Water Code, as amended. The District shall have the right to confirm reported distances and inspect the wells or well locations.

RULE 10 – RIGHT TO INSPECT AND TEST WELLS

Any authorized officer, employee, agent, or representative of the District shall have the right at all reasonable times to enter upon lands upon which a well or wells may be located within the boundaries of the District, to inspect such well or wells and to read, or interpret any meter, weir box or other instrument for the purpose of measuring production of water from said well or wells; and any authorized officer, employee, agent, or representative of the District shall have

the right at all reasonable times to enter upon any lands upon which a well or wells may be located within the boundaries of the District for the purposes of testing the pump and the power unit of the well or wells and of making any other reasonable and necessary inspections and tests that may be required or necessary for the information or the enforcement of the Rules and regulations of the District. The operation of any well may be enjoined by the Board immediately upon the refusal to permit the gathering of information as above provided from such well.

The District shall have the right to install or to require the installation of necessary metering equipment in order to determine well production capacity and monthly production rates.

RULE 11 – OPEN WELLS TO BE CAPPED

(a) At a minimum, open or uncovered wells must be capped in accordance with the requirements of the TCEQ, the Texas Department of Licensing and Regulation's Water Well Drillers and Pump Installers Program, and the District Rules and Well Construction Standards. The owner or lessee shall keep the well permanently closed or capped with a watertight covering capable of sustaining weight of at least 400 pounds, except when the well is in actual use. The covering for a capped well must be constructed with a watertight seal to prevent entrance of surface pollutants into the well itself, either through the well bore or well casing.

(b) Unless granted an exception by the General Manager or Board, all abandoned wells that are not capped in accordance with Rule 11(a) must be closed or capped in accordance with the requirements of the TCEQ, the Texas Department of Licensing and Regulation's Water Well Drillers and Pump Installers Program, District Rule 11, and other applicable Rules and Well Construction Standards adopted by the Board of Directors. Prior to closing or capping a well, the District Well Construction Standards require as a minimum, registration of the well with the District, a site inspection by District staff, submission to the District for review and approval a Close and Abandonment Plan by the owner or the well driller, and payment of the Well Abandonment Fee. The General Manager may require the well owner to take a water sample and have a water quality analysis conducted as part of or prior to the closing or capping operation at the well owner's expense.

(c) In accordance with 16 TAC Chapter 76.70, Texas Water Well Drillers Rules, within 60 days of completing the plugging of a well located within the District, the well driller shall provide the District a copy of the Plugging Report.

(d) If the owner or lessee fails or refuses to close or cap the well in compliance with this Rule and District standards within ten (10) days after being requested to do so in writing by an officer, agent, or

employee of the District, then, upon Board approval, any person, firm. or corporation employed by the District may go on the land (pursuant to Texas Water Code Chapter 36.118) and close or cap the well safely and securely.

(e) Reasonable expenses incurred by the District in closing or capping a well constitute a lien on the land on which the well is located. The District shall perfect the lien by filing in the deed records of the county where the well is located an affidavit, executed by any person conversant with the facts, stating the following:

(1) The existence of the well;

(2) The legal description of the property on which the well is located;

(3) The approximate location of the well on the property;

(4) The failure or refusal of the owner or lessee, after notification, to close the well within ten (10) days after the notification;

(5) The closing of the well by the District, or by an authorized agent, representative, or employee of the District; and

(6) The expense incurred by the District in closing the well.

(f) Wells closed or capped pursuant to this section may be physically sealed and red tagged to indicate that the District has sealed the well. The District may take other action as necessary to preclude operation of the well or to identify unauthorized operation of the well.

RULE 12 – GENERAL RULES OF PROCEDURE FOR HEARING

All hearings whether conducted by the Board or before a Hearings Examiner shall be conducted in accordance with the Hearing Rules and Procedures as adopted by the Board and as they may be amended from time to time.

RULE 13 – WELL VALIDATION

In order to provide for the “grandfathering” of existing non-exempt water wells, a certification of validation for a well can be issued only after the location of the well and the wellhead equipment of the well has been determined by field survey by District personnel, and/or designated agents acting for the District. A well owner or agent may apply to the District for validation. The costs to the well owner or the well owner’s agent shall be set by the Board. The Board on its own initiative may cause to be issued a validation certificate for wells drilled and equipped

within the District for which the landowner or his agent has not applied for a Permit or for wells not otherwise properly permitted, provided that such wells were not drilled, equipped and operated (pumped) in such a manner as to violate any other Rules and regulations of the District. To the extent available, the well owner shall provide all of the information required in Rules 6 and 5.4 and as may otherwise be requested by the District. It is the intent of the District to utilize the information collected hereunder to establish a historic use for each well validated.

RULE 14 – TRANSFER OF GROUNDWATER OUT OF THE DISTRICT

(a) Purpose. In recognition of the fact that the transfer of groundwater resources from the District for use outside of the District impacts residents and property owners of the District differently than use within the District, and in order to manage and conserve groundwater resources within the District, and provide reasonable protection of the public health and welfare of residents and property owners of the District, a groundwater transfer permit is required to produce groundwater from within the District's boundaries and to transfer such groundwater for use outside the District.

(b) Scope. A groundwater transfer permit is required for production of any water from a well within the District, all or part of which is regularly transported for use outside the District. A groundwater transfer permit shall be obtained prior to commencing construction of wells or other facilities utilized to transfer groundwater from the District. Water wells to be used for the transfer of water outside of the District shall be subject to all other requirements of the District, including all application and permitting requirements applicable to drilling and operating permits.

(c) Exceptions. A groundwater transfer permit is not required for transfers of groundwater from the District in the following cases:

(1) Transfers of groundwater from the District that were occurring on or before March 14, 2002 to the extent the production or transportation capacity of facilities used to produce or transfer groundwater from the District are not increased over the capacity of such facilities that were existing or permitted by the District on or before March 14, 2002.

(2) Transfers of groundwater from the District which are incidental to beneficial use within the District.

(3) A retail public utility as defined by Section 13.002, Water Code, is not required to obtain a permit to transfer groundwater out of the District if:

a. the source of the water is one or more wells located within the district; and
b. the water is used by the retail public utility to provide retail water utility service, as defined by Section 13.002, Water Code, in a service area located in a county adjacent to the District.

(d) Application. An application for groundwater transfer permit shall be filed in the District office by the owner of the groundwater rights or owner or operator of the production facilities. The following information shall be provided:

(1) The name and mailing address of the applicant and the owner of the land on which the well is or will be located;

(2) If the applicant is other than the owner of the property, documentation establishing the applicable authority to construct and operate a well for the proposed use;

(3) A statement of the nature and purpose of the proposed use and the amount of water to be used for each purpose;

(4) A water conservation plan;

(5) A declaration that the applicant will comply with the District's management plan;

(6) The location of each well and the estimated rate at which water will be withdrawn;

(7) A water well closure plan or a declaration that the applicant will comply with well plugging guidelines and report closure to the Board.

(8) A drought contingency plan;

(9) Data showing the availability of water in the District and in the proposed receiving area during the period for which water supply is requested, including the location of the proposed receiving area for the water to be transported;

(10) Alternate sources of supply that might be utilized by the applicant, and the feasibility and the practicability of utilizing such supplies;

(11) The amount and purposes of use in the proposed receiving area for which water is intended;

(12) The projected effect of the proposed transfer on aquifer conditions, depletion, subsidence, the adopted Desired Future Conditions, and existing permit holders or other groundwater users within the District;

(13) The indirect costs and economic and social impacts associated with the proposed transfer of water from the District.

(14) Proposed plan of the applicant to effectively mitigate adverse hydrogeologic, social or economic impacts of the effects of the proposed transfer of water from the District on existing permit holders, other

groundwater users within the District, and the adopted Desired Future Conditions;

(15) How the proposed transfer is addressed in the approved regional water plan and certified District management plan;

(16) The names and addresses of the property owners within one-half (1/2) mile of the location of the well(s) from which water to be transported is to be produced, and the location of any wells on those properties.

(17) The time schedule for construction and/or operation of the well.

(18) Construction and operation plans for the proposed facility, including, but not limited to:

I. A technical description of the proposed well(s) and production facility, including depth of the well, the casing diameter, type and setting, the perforated interval, and the size of pump.

II. A technical description of the facilities to be used for transportation of water.

(19) If the water is to be used by someone other than the applicant, a signed contract between the applicant and the user or users.

(20) Additional information that may be required by the District.

(21) A hydrogeological report addressing the area of influence, draw down, recovery time, and other pertinent information required by the District shall be required for the following:

(1) Requests to drill a well with an annual maximum capacity equal to or more than 50 million gallons per year in aggregate and include all casings 10 inches and larger.

The well must be equipped (or tested at a rate equal to or greater than the rate necessary) for its ultimate planned use and the hydrogeologic report must address the impacts of that use. The report must include hydrogeologic information addressing and specifically related to the proposed water pumpage levels at the proposed pumpage site intended for the proposed well or for the proposed transporting of water outside the District. Applicants may not rely solely on reports previously filed with or prepared by the District. Cost incurred by the District to have the hydrogeological report reviewed by a licensed hydrogeologist may be passed through as part of the application fee to be paid by the applicant.

(22) if and when the water is to be resold to others, provide a description of the applicant's service area, metering, leak detection and repair program for its water storage, delivery and distribution system, drought or

emergency water management plan, and information on each subsequent customer's water demands, including population and customer data, water use data, water supply system data, alternative water supply, water conservation measures and goals, conjunctive use, and the means for implementation and enforcement of all applicable rules, plans, and goals.

(e) Application Processing Fee. An application processing fee, sufficient to cover all reasonable and necessary costs to the District of processing the application, will be charged. The application must be accompanied by the Fee. If the fee is determined by the General Manager or the Board to be insufficient to cover anticipated costs of processing the application, the applicant may be required to post a deposit in an amount determined by the General Manager or the Boards representative to be sufficient to cover anticipated processing cost. As costs are incurred by the District in processing the application, those costs may be reimbursed from funds deposited by the applicant. The applicant shall be provided a monthly accounting of billings against the application processing deposit. Any funds remaining on deposit after the conclusion of application processing shall be returned to the applicant. If initially deposited funds are determined by the General Manager to be insufficient to cover costs incurred by the District in processing the application, an additional deposit may be required. If the applicant fails to deposit funds as required by the District, the application may be dismissed.

(f) Notice. Within 30 days following a determination by the District that the application is complete, notice of the application shall be mailed by the applicant to all property owners within one-half mile of the property upon which the well(s) is to be located and published in a newspaper of general circulation within the District. The District will provide the notice to the applicant for mailing and publication. Notice shall include at least the following information:

(1) the name and address of the applicant;

(2) the date the application was filed;

(3) the time and place of the hearing;

(4) the location of the proposed well(s) from which water to be transported is to be produced;

(5) A description of the production facility; and

(6) A brief summary of the information in the application.

(g) Hearing. If requested by the applicant, any affected person opposed to the application having a justifiable interest, or the General Manager, a contested case public hearing shall be conducted in accordance with provisions of the Texas Administrative Procedure Act, Gov't Code- 2001, et seq. and Texas

Water Code section 36.418 If not requested by any party, the public hearing on the application may be conducted by the Board at a regular or special meeting.

(h) Permit

(1) The permit to transfer groundwater out of the District may be issued as a consolidated permit authorizing drilling, production, and transfer of water from the District. Whether issued as a consolidated permit or separately, the requirements for a permit to transfer groundwater out of the District are cumulative with all other permits or other requirements of the District.

(2) In determining whether to issue a permit to transfer groundwater out of the District, Board shall consider, in addition to all other factors applicable to issuance of a drilling and operating permit from the District:

I. The availability of water in the District and in the proposed receiving area during the period for which the water supply is requested;

II. The availability of feasible and practicable alternative supplies to the applicant;

III. The amount and purposes of use for which water is needed in the proposed receiving area;

IV. The projected effect of the proposed transfer on aquifer conditions, depletion, subsidence, the adopted Desired Future Conditions, and effects on existing permit holders or other groundwater users within the District;

V. The indirect cost and economic and social impacts associated with the proposed receiving area;

VI. The approved regional water plan and certified District management plan; and,

VII. Other facts and considerations necessary by the Board for protection of the public health and welfare and conservation and management of natural resources in the District.

(3) If it determines to issue a permit to transfer groundwater out of the District, the Board may limit the permit as warranted by consideration of those factors identified above. In addition to conditions identified by Texas Water Code – 36.1131, the permit to transfer water out of the District shall specify:

I. The amount of water that may be transferred out of the District;

II. The period for which the water may be transferred, which shall be:
   (i) at least three years if construction of a conveyance system has not been

   initiated prior to the issuance of the permit, and shall be automatically extended to the terms 30 years if construction of a conveyance system is begun before the expiration of the initial term; or
   (ii) at least 30 years if construction of a conveyance system has been initiated prior to the issuance of the permit;

III. Reporting requirements, including but not limited

   i. to flow meter installation, testing, and regulation calibration,
   ii. submission of production reports to the District,
   iii. separate meter requirements for exported water from non-exported permitted water;

IV. Monitoring or reporting requirements determined to be appropriate; All monitoring wells are to be accessible to District staff and,

V. Mitigation plan to maintain the operability of wells significantly affected by the groundwater development and to achieve the applicable adopted Desired Future Conditions;

VI. Such other terms and provisions with reference to the drilling, equipping, completion, or alterations of wells or pumps that may be necessary to conserve the groundwater, prevent waste, minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, lessen interference between wells, or control and prevent subsidence.

VII. Periodic review and permit limitations based on aquifer conditions.

V. That it may be cancelled if the required production and transfer fees are not paid when due.

RULE 15 – ENFORCEMENT

In accordance with the Texas Water Code, 36.102, the District may enforce Chapter 36 of the Texas Water Code and its Rules by injunction, mandatory injunction or other appropriate remedy in a court of competent jurisdiction. The Board adopts civil penalties for breach of Chapter 36 of the Texas Water Code and any rule of the District. Civil penalties shall not exceed $25,000 per day per

violation, and each day of a continuing violation shall constitute a separate violation of the Rules.

RULE 16 – HEARINGS

RULE 16.1 TYPES OF HEARINGS: The District conducts two general types of hearings: hearings involving permit matters, in which the rights, duties, or privileges of a party are determined after an opportunity for an adjudicated hearing, and rulemaking hearings involving matters of general applicability that implement, interpret, or prescribe the law or District policy, or that describes the procedure or practice requirements of the District. Any matter designated for hearing before the Board may be referred by the Board for hearing before a Hearing Examiner. The person presiding at the hearing may be referred to below as the "Presiding Officer." For a hearing before the Board, the president, vice president, or other person presiding at the meeting will be the Presiding Officer.

a) **Permit Hearings:**
   1) Permit Applications, Amendments and Revocations: The District will hold hearings on water well drilling permits, operating permits, permit renewals or amendments and permit revocations or suspensions. Hearings involving permit matters may be scheduled before a Hearing Examiner.
   2) Hearings on Motions for Rehearing: Motions for rehearing will be heard by the Board pursuant to Rule 16.7.B.

b) **Rule-making Hearings:**
   1) District Management Plan: At its discretion, the Board may hold a hearing to consider adoption of a new District Management Plan.
   2) Other Matters: A public hearing may be held on any matter within the jurisdiction of the Board, if the Board deems a hearing to be in the public interest, or necessary to effectively carry out the duties and responsibilities of the District.
   3) General Procedures: The Presiding Officer will conduct the rulemaking hearing in the manner the Presiding Officer deems most appropriate to obtain all relevant information pertaining to the subject of the hearing as conveniently, inexpensively, and expeditiously as possible.
   4) Submission of Documents: Any interested person may submit written statements, protests or comments, briefs, affidavits, exhibits, technical reports, or other documents relating to the subject of the hearing. Such documents must be submitted no later than the time of the hearing, as stated in the notice of hearing given in accordance with Rule 16.2 provided however, the Presiding Officer may grant additional time for the submission of documents.

5) A person with a real property interest in groundwater located within the District's jurisdictional boundaries may petition the District to adopt a rule or modify a rule of the District.

(a) A petition submitted under Rule 16.1(b)(5) shall be made on the Petition to Adopt or Modify Rules form adopted and prescribed by the Board and must include the following information:

(1) the text of the proposed rule or rule modification;

(2) a written explanation of the proposed rule or rule modification's intended purpose;

(3) proof that the person submitting the petition has a real property interest in groundwater located within the District's jurisdictional boundaries; and

(4) the full name of the person submitting the petition and the person's contact information, including phone number, physical address, mailing address, and email address, if any.

(b) If a person is unable to comply with any procedures required under this Rule, then the person must submit to the District, on the same day that the person submits a petition under this Rule, a written explanation as to why compliance with the required procedure(s) is not possible and must submit a written request that the Board waive the specific procedure(s) at issue. Upon receipt of a written explanation and request as described herein, the Board may, at its sole discretion, waive any procedure set forth under this Rule. A petition may be denied for failure to comply with the requirements under this Rule.

(c) Within 90 days after submission of a petition, the Board shall consider the petition and shall either:

(1) deny the petition and provide an explanation for the denial; or

(2) engage in rulemaking consistent with the granted petition.

(d) The petitioner shall reimburse the District for any costs incurred by the District to provide notice of a rulemaking hearing under Rule 16.2.

Rule 16.2 NOTICE AND SCHEDULING OF HEARINGS; The Board or General Manager, as instructed by the Board, is responsible for giving notice of all hearings in the following manner:

a) Notice of the hearing will be published at least once in a newspaper of general circulation in the District. The date of publication may not be less than ten (10) calendar days before the date set for the hearing.

b) A copy of the notice will be posted at the county courthouse in which the well is or will be located and in the place where notices are usually posted. The date of posting may not be less than ten (10) calendar days before the date of the hearing.

c) In addition to the notices required above, when a hearing involves an operating permit matter, notice of the date, time, and location of the hearing will be given to the applicant at least ten (ten) calendar days before the hearing

d) Any person having interest in the subject matter of a hearing or hearings may receive written notice of such hearing or hearings by request, in writing addressed to the District. The request will identify with as much specificity as possible the hearing or hearings of which written notice is requested. The request remains valid for a period of one year from the date of the request, after which time a new request must be submitted. Failure to provide written notice under this section does not invalidate any action taken by the Board.

e) Hearings may be scheduled during the District's regular business, Monday through Friday of each week, except District holidays. A copy of the notice will be posted at the county courthouse in which the well is or will be located and in the place where notices are usually posted. The date of the posting may not be less than ten (10) days before the hearing.

RULE 16.3 GENERAL PROCEDURES:

a) **Authority of Presiding Officer:** The Presiding Officer may conduct the hearing

or other proceeding in the manner the Presiding Officer deems most appropriate for the particular proceeding. The Presiding Officer has the authority to:

1) set hearing dates, other than the initial hearing date for permit matters set in accordance with Rule 16.2(e).
2) convene the hearing at the time and place specified in the notice for public hearing;
3) establish the jurisdiction of the District concerning the subject matter under consideration;
4) rule on motions and on the admissibility of evidence and amendments to pleadings, the Texas Rules of Civil Evidence shall apply.
5) designate and align parties and establish the order for presentation of evidence;
6) administer oaths to all persons presenting testimony;
7) examine witnesses;
10) ensure that information and testimony are introduced as conveniently and expeditiously as possible, without prejudicing the rights of any party to the proceeding;
11) conduct public hearings in an orderly manner in accordance with these rules;
12) recess any hearing from time to time and place to place;
13) reopen the record of a hearing for additional evidence when necessary to make the record more complete; and
14) exercise any other appropriate powers necessary or convenient to effectively carry out the responsibilities of Presiding Officer.

b) Appearance Representative Capacity: Any interested person may appear in person or may be represented by counsel, engineer, or other representative provided the representative is fully authorized to speak and act for the principal. Such person or representative may present evidence, exhibits, or testimony, or make an oral presentation in accordance with the procedures applicable to the particular proceeding. Any partner may appear on behalf of the partnership. A duly authorized officer or agent of a public or private corporation, political subdivision, governmental agency, municipality, association, firm, or other entity may appear for the entity. A fiduciary may appear on behalf of a trust, or estate. A person appearing in a representative capacity may be required to prove proper authority.

c) Appearance by Applicant or Movant: The applicant, movant or party requesting the hearing or other proceeding or a representative should be present at the hearing or other proceeding. Failure to so appear may be grounds for withholding consideration of a matter and dismissal without prejudice or may require the rescheduling or continuance of the hearing or other proceeding if the presiding officer deems it necessary in order to fully develop the record.

d) Reporting: Hearings and other proceedings will be recorded on audio cassette tape or, at the discretion of the Presiding Officer, may be recorded by a certified shorthand reporter. The District will not prepare transcripts of hearings or other proceedings recorded on audio cassette tape on District equipment for the public, but the District will arrange access to the recording. Subject to availability of space, any party may, at their own expense, may arrange for a reporter to

record or transcribe the hearing or other proceeding or for recording of the hearing or other proceeding.
The cost of reporting or transcribing a permit hearing may be assessed in accordance with Rule 16.5(b). If a proceeding other than a permit hearing is recorded by a reporter, and a copy of the transcript of testimony is ordered by any person, the testimony will be transcribed and the original transcript filed with the papers of the proceeding at the expense of the person requesting the transcript of testimony. Copies of the transcript of testimony of any hearing or other proceeding thus reported may be purchased from the reporter. Upon the timely request of any party, or at the discretion of the Hearing Examiner, the Hearing Examiner may assess reporting and transcription costs to one or more of the parties. The Hearing Examiner must consider the following factors in assessing reporting and transcription costs:

1) the party who requested the transcript;
2) the financial ability of the party to pay the costs;
3) the extent to which the party participated in the hearing;
4) the relative benefits to the various parties of having a transcript
5) the budgetary constraints of a governmental entity participating in the proceeding;
6) any other factor that is relevant to a just and reasonable assessment of costs.

In any proceeding where the assessment of reporting or transcription costs is an issue, a recommendation regarding the assessment of costs must be included in the Hearing Examiner's report to the Board.

e) Continuance: The Presiding Officer may continue hearings or other proceedings from time to time and from place to place without the necessity of publishing, serving, mailing or otherwise issuing a new notice. If a hearing or other proceeding is continued and a time and place (other than the District Office) for the hearing or other proceeding to reconvene are not publicly announced at the hearing or other proceeding by the Presiding Officer before it is recessed, a notice of any further setting of the hearing or other proceeding will be delivered at a reasonable time to all parties, persons who have requested notice of the hearing pursuant to Rule 16.2(d) and any other person the Presiding Officer deems appropriate, but it is not necessary to post at the county courthouses or publish a newspaper notice of the new setting.
A continuance may not exceed the time limit for the issuance of a final decision under Section 36.4165, Texas Water Code.

f) Filing of Documents Time Limit: Applications, motions, exceptions, communications, requests, briefs or other papers and documents required to be filed under these rules or by law must be received in hand at the District Office within the time limit, if any, set by these Rules or by the Presiding Officer for filing. Mailing within the time period is insufficient if the submissions are not actually received by the District within the time limit.

g) **Computing ~~line~~ time:** In computing any period of time specified by these Rules, by a Presiding Officer, by Board orders, or by law, the day of the act,

event, or default after which the designated period of time begins to run is not included, but the last day of the period computed is included, unless the last day is a Saturday, Sunday or legal holiday as determined by the Board, in which case the period runs until the end of the next day which is neither a Saturday, Sunday nor a legal holiday.

h) Affidavit: Whenever the making of an affidavit by a party to a hearing or other proceeding is necessary, it may be made by the party or the party's representative or counsel. This rule does not dispense with the necessity of an affidavit being made by a party when expressly required by statute.

i) Broadening the Issues: No person will be allowed to appear in any hearing or other proceeding that in the opinion of the Presiding Officer is for the sole purpose of unduly broadening the issues to be considered in the hearing or other proceeding.

j) Conduct and Decorum: Every person, party, representative, witness, and other participant in a proceeding must conform to ethical standards of conduct and must exhibit courtesy and respect for all other participants. No person may engage in any activity during a proceeding that interferes with the orderly conduct of District business. If in the judgment of the Presiding Officer, a person is acting in violation of this provision, the Presiding Officer will first warn the person to refrain from engaging in such conduct. Upon further violation by the same person, the Presiding Officer may exclude that person from the proceeding for such time and under such conditions as the Presiding Officer deems necessary.

RULE 16.4 UNCONTESTED PERMIT HEARINGS PROCEDURES:

a) Written Notice of Intent to Contest: Any person who intends to contest a permit application must provide written notice of that intent to the District office at least five calendar days prior to the date of the hearing. If no notice of intent to contest is received five calendar days prior to the hearing, the General Manager, as instructed by the Board, will cancel the hearing and the Directors will consider the permit at the next regular board meeting.

b) Informal Hearings: Permit hearings may be conducted informally when, in the judgment of the Presiding Officer, the conduct of a proceeding under informal procedures will save time or cost to the parties, lead to a negotiated or agreed settlement of facts or issues in controversy, and not prejudice the rights of any party.

c) Agreement of Parties: If, during an informal proceeding, all parties reach a negotiated or agreed settlement and it is either reduced to writing or stated into the record, which settles the facts or issues in controversy, the proceeding will be considered an uncontested case and an order will be issued accordingly.

d) Decision to Proceed as Uncontested or Contested Case: If the parties do not reach a negotiated or agreed settlement of the issues in controversy or if any party contests a staff recommendation, the Presiding Officer will declare the case

to be contested and convene a prehearing conference as set forth in Rule 16.5 (a). The Presiding Officer may also recommend issuance of a temporary permit for a period not to exceed four months, with any special provisions deemed necessarily, for the purpose of completing the contested case process.

RULE 16.5 CONTESTED PERMIT HEARINGS PROCEDURES:

a) **Prehearing Conference:** A prehearing conference may be held to consider any matter which may expedite the hearing or otherwise facilitate the hearing process.

b) **Rights of Designated Parties**: Subject to the direction and orders of the Hearing Examiner, parties have the right to conduct discovery, present a direct case, cross-examine witnesses, make oral and written arguments, obtain copies of all documents filed in the proceeding, receive copies of all notices issued by the District concerning the proceeding, and otherwise fully participate in the proceeding.

c) **Persons Not Designated Parties:** At the discretion of the Hearing Examiner, persons not designated as parties to a proceeding may submit comments or statements, orally or in writing. Comments or statements submitted by non-parties may be included in the record, but may not be considered by the Hearing Examiner as evidence.

d) Furnishing Copies of Pleadings: After parties have been designated, a copy of every pleading, request, motion, or reply filed in the proceeding must be provided by the author to every other party or the party's representative. A certification of this fact must accompany the original instrument when filed with the District. Failure to provide copies may be grounds for withholding consideration of the pleading or the matters set forth therein.

e) Interpreters for Deaf Parties and Witnesses: If a party or subpoenaed witness in a contested case is deaf, the District must provide an interpreter whose qualifications are approved by the State Commission for the Deaf and Hearing Impaired to interpret the proceedings for that person. "Deaf person" means a person who has a hearing impairment, whether or not the person also has a speech impairment, that inhibits the person's comprehension of the proceedings or communication with others.

f) Discovery: For good cause shown, discovery will be conducted upon such terms and conditions, and at such times and places, as directed by the Hearing Examiner. Unless specifically modified by these rules or by order of the Hearing Examiner, discovery will be governed by, and subject to the limitations set forth in the Texas Rules of Civil Procedure. In addition to the forms of discovery authorized under the Texas Rules of Civil Procedure, the parties may exchange informal requests for information, either by agreement or by order of the Hearing Examiner. If the Hearing Examiner finds a party is abusing the discovery process in seeking, responding to, or resisting discovery, the Hearing Examiner may take such action as may be appropriate including recommending to the Board that the hearings are dismissed with or without prejudice.

g) Ex Parte Communications: The hearing Examiner may not communicate, directly or indirectly, in connection with any issue of fact or law with any agency, person, party, or their representatives, except on notice and opportunity for all parties to participate. This provision does not prevent communications with staff who is not directly involved in the hearing to utilize the special skills and knowledge of the District to evaluate the evidence.

h) Evidence: The Hearing Examiner is the sole judge of the relevance and materiality of the evidence. Except as modified by these, The Texas Rules of Civil Evidence govern the admissibility and introduction of evidence, however, evidence not admissible under the Texas Rules of Civil Evidence may be admitted if it is of the type commonly relied upon by reasonably prudent persons in the conduct of their affairs. In addition, evidence may be stipulated by agreement of all parties.

i) Written Testimony: When a proceeding will be expedited and the interest of the parties will not be prejudiced substantially, testimony may be received in written form. The written testimony of a witness, either in narrative or question and answer form, may be admitted into evidence upon the witnesses being sworn and identifying the testimony as a true and accurate record of what the testimony would be if given orally. The witness will be subject to clarifying questions and to cross examination, and the prepared testimony will be subject to objections. The witness must be made available for cross-examination during the hearing.

Rule 16.6 CONCLUSION OF THE HEARING; Proposal for Decision

a) **Closing the Record; Final Report:** At the conclusion of the presentation of evidence and any oral argument, the Hearing Examiner may either close the record or keep it open and allow the submission of additional evidence, exhibits, briefs, or proposed findings and conclusions from one or more of the parties. No additional evidence, exhibits, briefs, or proposed findings and conclusions may be filed unless permitted or requested by the Hearing Examiner. After the record is closed, the Hearing Examiner will prepare a report to the Board. The report must include a summary of the evidence, together with the Hearing Examiner's findings and conclusions and recommendations for action. Upon completion and issuance of the Hearing Examiner's report, a copy must be submitted to the Board and delivered to each party to the proceeding. In a contested case, delivery to the parties must be by certified mail.

b) Exceptions to the Hearing Examiner's Report; Reopening the Record: Prior to Board action any party in a contested case may file written exceptions to the Hearing Examiner's report, and any party in an uncontested case may request an opportunity to make an oral presentation of exceptions to the Board. Upon review of the report and exceptions, the Hearing Examiner may reopen the record for the purpose of developing additional evidence, or may deny the exceptions and

submit the report and exceptions to the Board. The Board may, at any time and in any case, remand the matter to the Hearing Examiner for further proceedings.

c) Time for Board Action on Certain Permit Matters: In the case of hearings involving new permit applications, original applications for existing wells, or applications for permit renewals or amendments, the Hearing Examiner's report should be submitted, and the Board should act, within 60 calendar days after the close of the hearing record.

RULE 16.7 FINAL DECISION; APPEAL:
a) Board Action: After the record is closed and the matter is submitted to the Board, the Board may then take the matter under advisement, continue it from day to day, reopen or rest the matter, refuse the action sought or grant the same in whole or part, or take any other appropriate action. The Board action takes effect at the time order or other written decision is signed and is not affected by a motion for rehearing.
b) Requests for Rehearing: Any decision of the Board on a matter may be appealed by requesting a rehearing before the Board within 20 Calendar days of the Board's decision. Such a rehearing request must be filed at the District office in writing and must state clear and concise grounds for the request. Such a rehearing request is mandatory with respect to any decision or action of the Board before any appeal may be brought. The Board's decision is final if no request for rehearing is made within the specified time, or upon the Board's denial of the request for rehearing, or upon rendering a decision after a rehearing. If the rehearing request is granted by the Board, the date of the rehearing will be within 45 calendar days thereafter, unless otherwise agreed to by the parties to the proceeding. The failure of the Board to grant or deny the request for rehearing before the 91st day of submission will be deemed to be a denial of the request.

Rule 17 JOINT PLANNING IN MANAGEMENT AREA AND ENFORCEMENT OF DESIRED FUTURE CONDITIONS

This District shall comply with the Joint Management and Desired Future Condition requirements in §36.108, et seq., Water Code and Title 31 of the Texas Administrative Code, Chapter 356.

Rule 17.1 ACTIONS BASED ON AQUIFER RESPONSE TO PUMPING

(a) The District shall utilize its existing well monitoring program, to access aquifer levels in the District and the effects caused by groundwater production to enforce the District's adopted Desired Future Conditions of the aquifers and to conserve and preserve groundwater availability and protect groundwater users and groundwater ownership and rights. The District shall, if applicable, use the Texas Water Development Board's collected data for incorporation.

(b) The District shall adopt threshold average aquifer drawdown amounts that will be used to initiate groundwater management responses that will be implemented to enforce the District's adopted Desired Future Conditions of the aquifers and to conserve and preserve groundwater availability and protect groundwater users and

groundwater ownership and rights.

(c) **Standard Actions to Enforce DFCs**

Prior to approaching the initial adopted DFC Threshold, the District shall follow the below-listed actions to monitor aquifer levels; regulate, educate, and promote water conservation; and enforce the Desired Future Conditions of the aquifers;

(1) monitor groundwater production reports, with District onsite confirmation if deemed necessary, as appropriate;

(2) permit and register wells according to District Rules;

(3) monitor groundwater production and/or aquifer level fluctuations in adjoining GCDs and outlying counties coordinating responses as needed with adjoin GCDs;

(4) prepare an annual report on groundwater production and aquifer fluctuation trends and changes;

(d) The District shall initially adopt three threshold average aquifer drawdown levels to act as triggers to provide for increased levels of District regulatory responses based on the change in three (3) consecutive years average aquifer drawdown levels across the District an aquifer. The District shall monitor how rapidly each threshold is achieved and amend or add new thresholds as improved hydrological assessment data becomes available. The initial DFC threshold levels are: Level 1, Level 2, and Level 3. Each level will be based on an average of three (3) consecutive years immediately prior to reaching the trigger. The District-approved methodology to calculate the District-wide average aquifer drawdown and the protocol to measure static water levels shall be guided by the District's hydrologist for continued advancements in best management practices.

(1) **DFC Threshold Level 1**: If Threshold Level 1 is reached, additional study and monitoring may be undertaken as appropriate at such timed as the average aquifer drawdown on a District-wide basis, calculated with a District-approved methodology for an aquifer, is greater than **65 percent** of the average aquifer drawdown amounts adopted as a DFC for that aquifer identified in the District's Management Plan. The following District actions shall occur to enforce the Desired Future Condition of the aquifers and to conserve and preserve groundwater availability and protect property rights of landowners and groundwater users:

(A) Adopt a Study Area(s) for an Aquifer(s): Based on the best available science, the District may designate Study Areas for portions of an aquifer within the District that are experiencing significant drawdowns of the aquifer levels, which may be caused by concentrated groundwater pumping, and develop additional hydrological data and analysis of the causes of the drawdown and hydrological trends developing and make recommendations for appropriate action;

(B) Monitor aquifer levels;

(C) Monitor groundwater production reports, with District onsite confirmation if deemed necessary, as appropriate;

(D) Monitor groundwater production and/or aquifer fluctuations in adjoining GCDs and outlying counties;

(E) Prepare an annual report on groundwater production and aquifer fluctuations;

(F) If DFC Threshold Level 1 is exceeded, the District may perform studies to provide additional information on the hydrogeology in the area. The results may be used to improve Groundwater Availability Models and other methodologies used to analyze monitoring and pumping data and predict future aquifer response and groundwater availability.

(2) **DFC Threshold Level 2**: If DFC Threshold Level 2 is reached, a District review of the Management Plan, Rules and Regulations may be initiated at such time as the average aquifer drawdown over the District calculated with a District-approved methodology for an aquifer is greater than **80 percent** of the average aquifer drawdown amounts adopted as a DFC for that aquifer identified in the District's Management Plan. The following District actions shall occur to enforce the Desired Future Condition of the aquifers and to conserve and preserve groundwater availability and protect property rights of landowners and groundwater users:

(A) Consider Adoption of Depletion Management Zone(s) for the Aquifer(s): Based on the best available science, the District may designate Depletion Management Zones in areas of the District that are experiencing significant drawdowns of the aquifer levels, which may be caused by concentrated groundwater pumping. Within designated Depletion Management Zones, the District may adopt appropriate production limitations to alleviate the substantial stress on the aquifer(s). Management strategies within the designated Depletion Management Zones may include, but are not limited to, a reduction in groundwater production of existing and future permits and increased will spacing requirements. Amendments to permits due to Depletion Management Zone(s) curtailment will be subject to permit hearing procedures in Section 14 of the District's Rules.

(B) Monitor aquifer levels;

(C) Monitor groundwater production reports, with District onsite confirmation if deemed necessary, as appropriate;

(D) Monitor groundwater production and/or aquifer fluctuations in adjoining GCDs and outlying counties;

(E) Prepare an annual report on groundwater production and aquifer

fluctuations;

(F) If DFC Threshold Level 2 is exceeded, the District shall reevaluate the monitoring program, pumping inventory and response of the aquifers to pumping, both inside and outside of the District. Revisions to the DFCs could be considered as part of the Joint Planning Process of the Groundwater Management Area 11. The District shall conduct a public hearing to discuss the status of the aquifer or aquifers and develop a response plan focused on achieving the District's goals and objectives, including not exceeding the DFCs. The response plan should be completed within 6 months after the first public hearing and should be available to the public through the District's website.

(3) **DFC Threshold Level 3**: If DFC Threshold Level 3 is reached, the Board shall consider amendments to the Management Plan, Rules and Regulations at such time as the average aquifer drawdown over the District for an aquifer, calculated with a district approved methodology, is greater than **90 percent** of the average aquifer drawdown amounts adopted as a DFC for that aquifer in the District's Management Plan. The following District actions shall occur to enforce the Desired Future Conditions of the aquifers and to conserve and preserve groundwater availability and protect groundwater users and groundwater ownership and rights:

(A) Consider Adoption of Depletion Management Zone(s) for the Aquifer(s). Based on the best available science, the District may designate Depletion Management Zones in areas of the District that are experiencing significant drawdowns of the aquifer levels, which may be caused by concentrated groundwater pumping. Within designated Depletion Management Zones, the District may adopt specific production limitations to alleviate the substantial stress on the aquifer(s). Management strategies within the designated Depletion Management Zones may include, but are not limited to, a reduction in groundwater production of existing and future permits and increased well spacing requirements. Amendments to permits due to Depletion Management Zone(s) curtailment will be subject to permit hearing procedures in Section 14 of the District's Rules.

(B) Monitor aquifer levels;

(C) Monitor groundwater production reports, with District onsite confirmation if deemed necessary, as appropriate;

(D) Monitor groundwater production and/or aquifer fluctuations in adjoining GCDs and outlying counties;

(E) Prepare an annual report on groundwater production and aquifer fluctuations;

(F) Curtailment of groundwater production as average aquifer drawdown amounts reach 90 percent of DFC or it's trending to exceed DFC. The

District shall curtail groundwater production under DFC Threshold Level 3 as follows:

i. All groundwater production shall be reduced at the same time.

ii. Groundwater production shall be reduced based on a pro rata formula to be determined by the Board by the time the DFC Threshold Level 3 is reached.

iii. In promulgating any rules limiting groundwater production to enforce the adopted desired future conditions, the District may preserve existing use registered or permitted by the District before March 23, 2026, to the maximum extent practicable.

iv. In order to preserve existing use prior to March 23 2026, water wells that were registered/ permitted before March 23, 2026, will either not be curtailed or curtailed at a lesser pro rata share than wells registered/permitted after March 23, 2026, in order to achieve the adopted desired future conditions.

v. Reductions to groundwater production will be based on actual production amounts and will be based on the maximum production from a well or aggregate of wells that has been put to beneficial use in any permitted year.

vi. Singled permitted wells will be reduced based on the production from the single well. Wells permitted in aggregate will be reduced in aggregate.

vii. The groundwater production reduction formula may be increased or decreased by the Board, based on the aquifer response to achieve the District's adopted DFCs.

viii. Groundwater production from registered exempt wells cannot be reduced by the Board, per existing law at the time of the adoption of this rule.

ix. Permitting New Wells after Curtailment. New wells will be permitted pursuant to District Rules, including but not limited to Sections 6 and 7. The permit amount will be immediately reduced by the total amount of curtailments that have already occurred. Upon completion and equipping of the well, the permit holder has one (1) year to provide evidence of beneficial use, which will then become the basis for the curtailment amount, pursuant to (G)(iv) above.

x. If Threshold Level 3 is exceeded, the District shall conduct a public hearing to discuss the status of the aquifer or aquifers and develop a response plan focused on achieving the district's goals and objectives, including not exceeding the DFCs. The response

plan should be completed within six (6) months after the first public hearing and should be available to the public through the District's website.

Groundwater reductions that result from entering DFC Threshold Level 3 may be reinstated if aquifer levels rise and the average drawdown amount is less than 90% of the adopted DFC.

End of District Rules