COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT

RULES & REGULATIONS

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CHAPTER 1 – GENERAL PROVISIONS

SECTION 1.1 – PURPOSE AND APPLICATION OF RULES

RULE 1.1.1 – DEFINITION OF TERMS

a) Texas Water Code and Other Definitions – In the administration of its duties, the Colorado County Groundwater Conservation District (CCGCD) follows the definitions of terms set forth in Appendix A of these Rules, the District Act, and Chapter 36 of the Texas Water Code, as amended.

RULE 1.1.2 – PURPOSE, USE AND EFFECT OF RULES

a) Authority – The Rules of the CCGCD are adopted pursuant to the authority of Section 36.101 Texas Water Code, Act of June 15, 2007, 80th Leg., R.S., Ch. 953, 2007 Tex Gen. Laws (HB 4032) ("District Act" or "Enabling Act") and subsequent amendments, as codified in Chapter 8824 of the Texas Special District Local Laws Code, and other applicable laws in order to establish the general policies and procedures of the District.

b) District Objectives – The District Rules are promulgated under statutory authority to achieve the following objectives as addressed in the District's Management Plan: conserving, preserving, protecting, and recharging groundwater in the District in order to prevent waste of groundwater, prevent pollution, and to control subsidence.

c) Purpose of Rules – The purpose of these Rules is to implement the powers and duties of the District allocated to it through the following: its enabling Act; Chapter 36 of the Texas Water Code as amended; Section 59 of Article XVI, Texas Constitution; and other applicable laws to establish the general policies and procedures of the District. The Rules, contained herein, are the foundation for achieving the goals of the District Management Plan. In order for the District to achieve its purposes, goals and mission, and to strive to assure long term availability of adequate, good-quality groundwater, compliance with District Rules by water well drillers, pump installers, and by District constituents is mandatory.

d) Scope of Rules – The District uses these Rules as guidance in the exercise of powers conferred to it by law and in the accomplishment of the purposes of the law creating the District. These rules shall not be construed as limitations or restrictions on the exercise of any discretion, where it exists; nor shall they be construed to deprive the District or Board of the exercise of any powers, duties or jurisdiction conferred by law; nor shall they be construed to limit or restrict the amount of character or data or information that may be required to be collected for the proper administration of the law creating the District. Chapter 36 of the Texas Water Code and the District's Enabling Act shall guide decisions by the District regarding all matters and issues not specifically encompassed by these Rules.

e) Effective Date of the Rules – After notice and hearing, the Board shall adopt and enforce rules to implement Chapter 36 of the Texas Water Code and the District's Management Plan. Except as otherwise specified, these Rules are effective on the date of adoption by the Board of Directors. Reference to these Rules includes subsequent revisions and amendments. Reference to Texas Water Code, Chapter 36, includes subsequent revisions and are effective upon the effective date.

f) Ignorance of Rules – Ignorance of State laws, enabling legislation or these District Rules is not a defense against non-compliance of these Rules.

RULE 1.1.3 – STRUCTURE OF RULES

a) Amending Rules – The Board may, following notice and hearing, amend these Rules or adopt new rules as warranted.

b) Headings and Captions – The headings and captions contained in these Rules are for reference purposes only and do not affect the meaning or interpretation of these Rules in any way.

c) Wording – A reference to a title, chapter or section without further identification is a reference to a title, chapter or section of the Texas Water Code, as amended. Unless otherwise specified, the past, present and future tense shall each include the other; the masculine, feminine and neuter gender shall each include

the other; and the singular and plural number shall each include the other. The verbs “may,” “can,” “might,” “should,” or “could” are used when an action is optional or may not apply in every case. The verbs “will,” “shall,” or “must” are used when an action is required. The verb “cannot” is used when an action is not allowed or is unachievable.

RULE 1.1.4 – SERVICE OF DOCUMENTS OR NOTICES

a) Filing of Documents —Documents shall be considered filed as of the date received by the District at the District Office for a hand deliver; as of the date reflected by the official United State Postal Service postmark if mailed; and, for e-mail document transfers, as of the date on which the District office computer records receipt; For e-mail document transfers, any transfer complete and received at the District Office after official District business hours will be deemed complete and received on the following business day.

b) Serving of Documents or Notices – 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 or authorized representative’s last known address, or by computer e-mail. Service by mail is complete upon deposit in a post office or other official depository of the United States Postal Service. Service by computer e-mail is complete upon transfer, except that any transfer occurring after official District business hours will be deemed complete and received 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 calendar days will be added to the prescribed period.

c) Computing Time – In computing any period of time prescribed or allowed by these Rules, by order of the Board, or by any applicable statue, the day of the act, event, or default from which the designated period of time begins to run, is not to be included, but the last day of the period so computed is to be included, unless it be a Saturday, Sunday, or legal holiday on which the District is closed, in which event, the period runs until the end of the next day that is neither a Saturday, Sunday, or a legal holiday on which the District office is closed.

d) Time Limits – Applications, requests, or other papers or documents required or permitted to be filed under these Rules must be received for filing at the District, within the time limit, if any, for such filing. The date of receipt and not the date of posting is determinative.

RULE 1.1.5 – EVENTS WHERE RULES ARE DECLARED INVALID

a) Severability – In case any one or more of the provisions contained in these Rules shall for any reason be held to be invalid, illegal, or unenforceable in any respect, or the application thereof to any person or circumstances is held to be invalid, the invalidity, illegality, or unenforceability shall not affect any other Rules or provisions thereof, and these Rules must be construed as if such invalid, illegal or unenforceable rules or provisions had never been contained in these Rules, and to this end the provisions of these Rules are severable.

b) Savings Clause – If any section, sentence, paragraph, clause, or part of these Rules should be held or declared invalid for any reason by a final judgment of the courts of this state or of the United States, such decision or holding shall not affect the validity of the remaining portions of the Rules; and the Board does hereby declare that it would have adopted and promulgated such remaining portions irrespective of the fact that any other sentence, section, paragraph, clause, or part thereof may be declared invalid.

RULE 1.1.6 – REGULATORY COMPLIANCE

a) Precedence of District Rules – Where District Rules and Regulations are more stringent than those of other governmental entities, the District Rules and Regulations shall control, provided the Rules and Regulations are within the scope of the District’s statutory authority and are not otherwise preempted by state or federal law.

SECTION 1.2 – GOVERNING BOARD, DISTRICT STAFF & MEETINGS

RULE 1.2.1 – PURPOSE AND STRUCTURE OF BOARD

a) Mandate of the Board – The District Board determines and carries out District policy and regulates the withdrawal of groundwater within the boundaries of the District for the purpose of conserving, preserving, protecting and recharging the groundwater within the District, and for the purposes of preventing waste of the groundwater within the District, and to exercise its rights, powers, and duties in a way that will effectively and expeditiously accomplish the purposes of the District Act and of Chapter 36, Texas Water Code, as amended, and of Section 59, Article XVI, Texas Constitution. The Board's responsibilities include, but are not limited to, the adoption and enforcement of reasonable rules and other orders.

b) Composition and Configuration of the Board – The Board consists of the members elected and qualified as required by the District Act. The Board will elect one of its members to serve as President, which will preside over Board meetings and proceedings; one to serve as Vice President that will preside in the absence of the President; one to serve as Secretary to keep a true and complete account of all meetings and proceedings of the Board; and, one to serve as Treasurer that will oversee budget and finances. The Board may make other appointments as allowed by Chapter 36, Texas Water Code, as amended. The Board may elect officers annually but must elect officers at the first meeting after the newly elected or re-elected Board members are sworn in, following elections of Directors held in each even numbered year. Members and officers serve until their successors are elected or appointed and sworn in accordance with the District Act and these Rules.

RULE 1.2.2 – GENERAL MANAGER

a) Day-to-Day Operations – The Board may employ a General Manager with the purpose of managing and conducting the day-to-day duties, business, and functions of the District, subject to orders, directions, and control of the Board.

b) Compensation and Appraisal – At least annually, the Board shall determine the compensation to be paid to the General Manager and also determine how the General Manager has fulfilled his responsibilities and whether additional responsibilities should be delegated to him.

RULE 1.2.3 – ADDITIONAL DISTRICT STAFF

a) Office Staffing – The General Manager, with approval of the Board, may employ all persons necessary for the proper handling of business and operation of the District and shall recommend salaries for employees (other than for him/herself). Said salaries must be approved by the Board. Each staff member will be reviewed by the General Manager as necessary.

b) Delegation of Duties – The General Manager may delegate duties as may be necessary to effectively and expeditiously accomplish those duties, provided that no such delegation may relieve the General Manager from the responsibilities under the Texas Water Code, the act creating the District, and the policies, orders and permits promulgated by the Board.

RULE 1.2.4 – MEETINGS

a) Call to Meet – The Board will hold regular meetings at least quarterly on a day and place that the Board may establish from time to time by resolution. All Board meetings, regular and special, will be held according to the Texas Open Meetings Act (Chapter 551 of the Texas Government Code).

b) Special Meetings – At the request of the President or by written request of at least three members, the Board may hold special meetings as required for business of the District.

c) Committees – The President of the Board or his delegated representative, may establish committees for the formulation of policy recommendations to the Board, and appoint the chair and membership of the committees. Committee members serve at the pleasure of the President.

SECTION 1.3 – DISTRICT AUTHORITY AND GUIDELINES

RULE 1.3.1 – DISTRICT AUTHORITY

a) Conferred Powers – The District has the powers and authority conferred upon it by the following: Section 59, Article XVI, Texas Constitution; Chapter 36, Texas Water Code, as amended; District Rules; the District Act, as amended; and other pertinent state law, rules and regulations. This authority includes, but is not limited to, the right to regulate the spacing of water wells and to regulate production of groundwater from the water wells.

RULE 1.3.2 – DISTRICT MANAGEMENT PLAN

a) Purpose – The District Management Plan specifies the acts, procedures, performance, and avoidance necessary to prevent waste, manage the reduction of artesian pressure, or manage the draw-down of the water table. The District shall ensure that its management plan contains goals and objectives consistent with achieving the desired future conditions of the relevant aquifers as adopted during the joint planning process. The District shall use the District Rules and Regulations to implement the Management Plan.
b) Management Plan Review – The District may review the plan annually and must review and readopt the plan with or without revisions at least once every five years. If the Board considers amendments to the plan or a new plan necessary or desirable, after notice and public hearing, amendments to the plan or a new plan will be adopted. A plan, or amended plan, once adopted, remains in effect until the adoption of a new plan.

SECTION 1.4 – RECORDS AND COMMUNICATION

RULE 1.4.1 – DISTRICT RECORDS

a) Public Inspection – All documents, reports, records, and minutes of the District are available for public inspection and copying following the Texas Public Information Act. Upon written application of any person, the District will furnish copies of its public records. A copying charge may be levied pursuant to policies established by the District, in accordance with the Public Information Act. A list of the charges for copies will be furnished by the District.
b) Certified Copies – Requests for certified copies must be in writing. A certification charge and copying charge may be assessed, pursuant to policies established by the Board of Directors.
c) Official Communication – All official business or legal communications with the District and/or the Board of Directors should be addressed to the attention of the General Manager of the District. Legal documents must be in writing and must be delivered by hand, by United States postal service or by other delivery services. All other official communications must be in writing, but may be transmitted by hand delivery, postal delivery, or by electronic mail.

SECTION 1.5 – FEES

RULE 1.5.1 – RIGHT TO ASSESS FEES AND THE FEE SCHEDULE

a) Right to Assess Fees – The District has authorization to assess fees for administrative acts of the District.
b) Fee Schedule – The Board, by resolution or order, shall adopt a fee schedule to apply to all applications, registrations, inspections, and permits that are issued, renewed, or amended, as well as fees for other acts the District performs or fees to cover charges incurred by the District. The fees shall be effective upon adoption of the schedule and are non-refundable unless otherwise specified. A copy of the Fee Schedule may be obtained from the District Office.
c) Amendment of Fee Schedule – The District has the right to amend the fee schedule when conditions warrant.

RULE 1.5.2 – FEE PAYMENT

a) Due Date for Fees – All administrative fees are due at the time of application or registration unless otherwise specified by the Board. Transport fees and production fees shall be paid upon receipt of a fee statement

from the District. The validity of any permit is contingent upon payment of any applicable transport or production fee, and if the fee is not paid within forty-five calendar days of the date of the fee statement, the permit may be cancelled by the Board. The Board, by resolution, may establish procedures for the payment of transport or production fees in installments.

b) Returned Check Fees – The Board may, by resolution, establish a fee for checks returned to the District for insufficient funds, account closed, signature missing, or any other problem causing a check to be returned by the District's depository. This fee will be presented in the District fee schedule.

RULE 1.5.3 – FEE TYPES

a) Production Fees – Production fees, if applicable, shall be based on the amount of groundwater withdrawn. If the producer (permittee) cannot provide satisfactory documentation to the District that the groundwater was used for the purpose designated in the permit, then the producer (permittee) shall default to the highest production fee deemed appropriate by the Board.

b) Transport Fees – In addition to well permit application and other fees, the District shall impose a reasonable fee or surcharge, established by Board resolution or order, for transportation of groundwater out of the District. Such transportation fees and production fees shall be set in accordance with the provisions of Chapter 36 of the Texas Water Code, as amended, or the District's enabling act as appropriate, and shall be based on actual groundwater withdrawn.
    1) The District may impose a reasonable fee or surcharge for an export fee using one of the following methods after public hearing:
        i. a fee negotiated between the District and the transporter; or,
        ii. an amount not to exceed 150 percent of the maximum wholesale water rate charged by the City of Houston
            1. The maximum allowable rate the District may impose for an export fee or surcharge under ii above increases by three percent each calendar year.
            2. The District may use funds obtained from an increase in an export fee under 1) above imposed after January 1, 2024, only for costs related to assessing and addressing impacts associated with groundwater development, including: (i) maintaining operability of wells significantly affected by groundwater development; (ii) developing or distributing alternative water supplies; (iii) conducting aquifer monitoring, data collection, and aquifer science.

c) Inspection and Plan Review Fees – The Board may, by resolution, establish fees for: the inspection of wells, meters, or other inspection activities; development plans, or other plan reviews; special inspection services requested by other entities; or similar services that require significant involvement of District personnel or its agents. Fees may be based on the amount of the District's time and involvement, number of wells, well production, wellbore casing size, size of transporting facilities, or amounts of water exported.

d) Use of Fees – The District may use funds obtained from administrative, production, or export fees collected under a special law governing the District or this chapter for any purpose consistent with the District's approved management plan, including, without limitation, making grants, loans, or contractual payments to achieve, facilitate, or expedite reductions in groundwater pumping or the development or distribution of alternative water supplies or to maintain the operability of wells significantly affected by groundwater development to allow for the highest practicable level of groundwater production while achieving the desired future conditions established under Section 36.108.

SECTION 1.6 – RULEMAKING PROCEDURES

RULE 1.6.1 – APPLICABILITY

a) Applicability – This section applies to rulemaking by the District but does not apply to internal personnel rules or practices, bylaws, statements regarding internal management or organization, or other statements not of general applicability.

RULE 1.6.2 – PUBLIC HEARINGS ON PROPOSED RULES

a) Minimum Hearing Requirements – The Board shall hold at least one public hearing on proposed rules prior to adoption of the proposed rules as final rules.
b) Conduct of the Hearing – The hearing will be conducted with the requirements and procedures as outlined for Rulemaking Hearings in Chapter 8 of these Rules.
c) Notice of Public Hearing – Notice for a public hearing, as it applies to rulemaking, will be consistent with requirements and procedures as outlined in Chapter 8 of these Rules.

RULE 1.6.3 – ADOPTION OF RULES

a) Timing for Adoption of Rules – The Board may adopt proposed rules as final Rules at any time after the completion of the public hearing(s) and after the closing of the record.
b) Availability to the Public – The Board will compile its Rules and make them available for public use and inspection at the District's principal office and on the District's website.

RULE 1.6.4 – PETITION TO CHANGE RULES

a) Eligibility – A person with a real property interest in groundwater may petition the District where the property that gives rise to the real property interest is located to adopt or modify a rule.
b) Procedure – Petitions must be submitted in writing to the District office and must comply with the following requirements:
    i. Each rule requested must be submitted by a separate petition;
    ii. Each petition must be signed and state the name and address of each person signing the petition;
    iii. Each petition must include a brief description of the petitioner's real property interest in groundwater in the District; a brief explanation of the proposed rule; the text of the proposed rule prepared in a manner to indicate the words to be added or deleted from the text of the current rule, if any; and an allegation of injury or inequity that could result from the failure to adopt the proposed rule.
c) Rejection of Petition – The General Manager may reject any petition to comply with the requirements of Subsection b) of this section and shall provide note to the petition of the reason for the rejection.
d) Decision – Not later than the 90th day after the date the District receives the petition, the District shall: (i) deny the petition and provide an explanation for the denial; or (ii) engage in rulemaking consistent with the granted petition.

CHAPTER 2 – REGISTRATION

SECTION 2.1 – REGISTRATION CRITERIA

RULE 2.1.1 – PROCEDURES FOR EXEMPT WELLS

a) Exempt and Non-Exempt Wells – All water wells, including monitoring wells, whether currently capable of producing water or not, in the District are required to be registered with the District on forms approved by the General Manager. Registration applies to all water wells, whether exempt or non-exempt from permitting. After the registration is completed, the District will determine whether the well must be permitted or is exempt from permitting by the District.

b) Registration and Maintenance – Water wells exempted as described in Rule 3.3.2 and Rule 3.3.3 shall be registered with the District and 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 an aquifer to any reservoir not containing groundwater and to prevent the pollution of harmful alteration of the character of the water in any aquifer.

c) Drilling and Servicing Wells – It is considered a violation of these rules for licensed drillers or pump installers to drill or service water wells without the well being registered with the District. Failure to adhere to this rule may result in fines and/or notification to the Texas Department of Licensing and Regulation (TDLR) or any other appropriate agency.

d) Alteration of Wells – Any non-water well, including those permitted by the Railroad Commission, that is then converted into a water well, must be registered with the District.

RULE 2.1.2 – EXCEPTIONS FOR REGISTRATION

a) Test Wells – Test wells that do not utilize a pump test are not required to be registered with the District as long as the well is properly plugged or returned to original conditions. If the test well is converted to another use, that well must be registered with the District prior to conversion. Test wells that do utilize a pump test must be registered with the District prior to drilling.

SECTION 2.2 – REGISTRATION OF EXISTING WELLS

RULE 2.2.1 – COMPULSORY INFORMATION

a) Registrant and Landowner Information – Well registration shall be made in the name of the well owner or property owner on a form or forms approved by the General Manager. The original registration form must be submitted and signed by the owner or an owner's authorized agent, who may be required to provide the District with a notarized authorization from the owner. This agent may be the well driller, lessee or renter of the property or well, a representative with power of attorney, or other appropriate agent. The application pursuant to which registration has been issued is incorporated into the registration and registrations are granted on the basis of, and contingent upon, the accuracy of the information supplied in that application.

b) Completeness – A well cannot be considered registered unless District staff has declared the registration form to be administratively complete. A registration form may be rejected as not administratively complete if the District finds that substantive information required on the registration form or by District staff is missing, false, or incorrect. Applicants submitting incomplete registration forms will be notified by the District within five business days of receipt.

RULE 2.2.2 – PERMIT REQUIREMENT

a) Determination of Status – District staff will review the registration form and determine whether the well meets the exemptions from permitting provided in Chapter 3 of these Rules. Staff will inform the registrant of their determination as soon as practically possible but no later than ten business days of receipt of the completed registration form. No further action needs to be taken by the registrant if the determination is that the well is exempt from permitting. If the staff's determination is that the well is not exempt, the District will inform the registrant of further application information or fees required to proceed with a permit application.

RULE 2.2.3 – COMPLIANCE

a) Registration Deadline – Any water well that has not been plugged (permanently sealed), must be registered with the District within 12 months of the adoption of these rules. This includes, but is not limited to, covered or uncovered wells that are incapable of water production.

b) Violations – It is the responsibility of the well owners to ensure that their water wells are registered with the District. Any existing well that is not registered, whether abandoned or operating, is in violation of District Rules and may subject the well owner to civil penalties as specified in Chapter 36 of the Texas Water Code and Chapter 9 of these Rules. As stated in the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code, all work performed on a well by licensed drillers or pump installers must adhere to District Rules. All wells that fail to be registered within the designated time period will be ineligible for existing and historic use status as described in Section 3.3 of these Rules. Additionally, only wells that have been registered will be afforded protection by the District. District staff can only perform work on a well that is registered with the District.

SECTION 2.3 – REGISTRATION OF NEW WELLS

RULE 2.3.1 – COMPULSORY INFORMATION

a) Registrant and Landowner Information – Well registration shall be made in the name of the well owner or property owner on a form or forms approved by the General Manager. The original application must be submitted and signed by the owner or an owner's authorized agent, who may be required to provide the District with a notarized authorization from the owner. This agent may be the well driller, lessee or renter of the property or well, a representative with power of attorney, or other appropriate agent. The application pursuant to which registration has been issued is incorporated into the registration and registrations are granted on the basis of, and contingent upon, the accuracy of the information supplied in that application.

b) Completeness – A well cannot be considered registered with the District unless District staff has declared the registration form to be administratively complete. The District will not take action on a registration form that is not administratively complete or that has not proceeded in a manner consistent with District Rules. A registration form may be rejected as not administratively complete if the District finds that substantive information required on the form or by District staff is missing, false, or incorrect. Applicants submitting incomplete registration forms will be notified by the District in writing. If a registration form is deemed incomplete, and the applicant has been notified of the missing, false, or incorrect information, then the registrant must submit to the District the information requested by the District within thirty calendar days of written notification, or the registration shall be deemed to have expired.

RULE 2.3.2 – PERMIT REQUIREMENT

a) Determination of Status – District staff will review the registration form and determine whether the well meets the exemptions from permitting provided in Chapter 3 of these Rules. Staff will inform the registrant of their determination as soon as practically possible but no later than ten business days of receipt of the completed registration form. If the staff's determination is that the well is not exempt, the District will inform the registrant of further application information or fees required to proceed with a permit application. Furthermore, if the well is not exempt, no person may drill, equip, complete, or substantially alter the well without first obtaining the appropriate permit or amendments thereto from the District.

RULE 2.3.3 – COMPLIANCE

a) Registration Deadline – All new wells must be registered prior to commencement of drilling.

b) Expiration of Registration – Unless compelling reasons can be provided by the registrant, a registration will expire and be considered null and void by the District if the well is not drilled within six months of the date the registration is approved. The registrant must file a new registration and receive approval from the District before drilling may commence.

c) Violations – It is the responsibility of well owners to ensure that their water wells are registered with the

District, and it is a violation of these rules for a well owner or property owner to drill or have drilled any well without the well registration first being filed with the District. Violation of any Rule is subject to civil penalties as specified in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules. A violation of this Rule occurs on the first day the drilling, equipping, completion, or alteration without appropriate registration begins and continues each day thereafter until the appropriate registration is issued. As stated in the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code, all work performed on a well by licensed drillers or pump installers must adhere to District Rules. It is considered a violation of these Rules for water well drillers or pump installers to work on a water well within the District boundaries that is not registered with the District. Additionally, only wells that have been registered will be afforded protection from offset permitted wells. District staff can only perform work on a well that is registered with the District.

RULE 2.3.4 – WELL DATA

a) State Well Report –The well driller is required to provide the State Well Report, including a complete driller's log, within 60 calendar days of well completion. This requirement applies to wells both exempt and non-exempt from requiring a permit.
b) Wireline Logs – All electric wireline logs acquired from the well must be supplied to the District by the individual, company, or agency that commissioned the log.

SECTION 2.4 – AMMENDING A REGISTERED WELL

RULE 2.4.1 – QUALIFYING EVENTS

a) Need for Amendment – A well that has been registered should be amended if the following situation arises:
    i. There has been a change in the use of the well
    ii. There has been a change in the property lines.
    iii. There has been a change in property ownership.
    iv. There has been a substantive change in the nature of the well. If a well has been altered such that it is capable of producing more than previously, then it may be necessary to apply for a permit. District staff will determine within five business days whether the well will require a permit.
b) Registrant and Landowner Information – Amendments to registered wells shall be made in the name of the well owner or property owner on a form approved by the General Manager. The sworn, original application must be submitted and signed by the owner or an owner's authorized agent.
c) Deadline – Amendments for registered wells should be made on a form supplied by the District and as soon as practically possible but no later than sixty (60) days after the event that necessitated an amendment. Failure to file an amendment to a registration within the time specified is a violation of District Rules and the well owner or operator is subject to civil penalties as specified in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules.
d) Status of Registration – Qualifying events, as noted, do not affect the registration status of the well. Registered wells will remain registered with the District until such time that they are permanently plugged. Requests to withdraw a registration for an existing well will be denied.

CHAPTER 3 – PERMITTING

SECTION 3.1 – ACKNOWLEDGEMENT OF DISTRICT RULES

RULE 3.1.1 – COMPLIANCE

a) Compliance with Rules – Permits are granted in accordance with the provisions of the Rules of the District, and submittal of an administratively complete permit application constitutes acknowledgement of, and agreement to, comply with the Rules and all the permit's terms, provisions, conditions, limitations, and restrictions and any emergency conditions assessed by the District, as amended. This permit confers only the right to operate the permit under the provisions of these Rules, and its terms may be modified or amended pursuant to the provisions of these Rules.

b) Statement of Terms and Rights – Permits by the District to the applicant shall state the terms and provision prescribed by the District. The permitted right to produce shall be limited to the extent of and for stated purpose(s) in the permit.

c) Sworn Statement – The applicant must submit a notarized 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.

SECTION 3.2 – DESIGNATION OF MANAGEMENT ZONES

RULE 3.2.1 – JUSTIFICATION FOR DESIGNATION

a) Purpose of Management Zones – For improved management of the groundwater resources located in the District and because the District determined that conditions in and use of the aquifer differs substantially from one geographic area to another, the District has designated two management zones.

b) Criteria – The thickness and transmissivity of the aquifer vary substantially across the District. Appendix B provides a further explanation as to the change in thickness of the aquifer and provides, in part, the technical justification for the location of the boundary.

RULE 3.2.2 – DESCRIPTION OF ASSIGNED MANAGEMENT ZONES

a) Description of Boundary Between Management Zones – The CCGCD shall be composed of two management zones with the boundary between each defined as follows: starting at the easternmost point on CR 260 where it intersects with the Lavaca-Colorado County line, then east to the intersection with FM 155; then north to the intersection of Harmony Rd, then east to the intersection of CR 273, then east to the intersection of CR 212, then north to the intersection of CR 215, then east to the intersection of CR 213, then north to the intersection of CR 210, then northeast for over two miles to the intersection of FM 2434, then east and north to the intersection of Hwy 90, then east to the intersection of Hwy 71 (bypass), then north to the intersection of Schobel Rd, then north and east to the intersection of Brunes Mill Rd, then east to the intersection of FM 109, then north to the intersection of Zimmerscheidt Rd, then east to the intersection of Weishuhn Rd, then north to the intersection of the Austin-Colorado County line. Appendix B shows the location of this boundary.

b) Delineation of Management Zone 1 – MZ 1 shall be all land within the District boundaries to the south and east of the boundary specified in 3.2.2.a.

c) Delineation of Management Zone 2 – MZ 2 shall be all land within the District boundaries to the north and west of the boundary specified in 3.2.2.a.

d) Specification of Management Zone Boundary – The boundary between management zones shall not change because roads have been re-routed, or road names have been altered. The boundary was set using road names and routes at the time the District Rules were amended to include the newly defined management zones. The precise boundary of the management zone shall be at the midline of roads or, if a divided highway, the midpoint of the median.

SECTION 3.3 – PERMIT CRITERIA

RULE 3.3.1 – TYPES OF PERMITS

a) Descriptions – All permits described in these rules shall be classified as being one of the following types: operating; existing and historic use; or transport. These rules do not have a category for a drilling permit. The right to drill is inherent in the operating permit. A new, non-exempt well shall not be drilled without first obtaining the appropriate operating permit. A test well must be registered with the District prior to drilling but may be drilled without a permit. The test well, if non-exempt, must be permitted prior to final completion.

RULE 3.3.2 – WELLS EXEMPTED FROM REQUIRING A PERMIT IN MANAGEMENT ZONE 1

a) Rights of the District – The District has the right to exempt a well from the requirement of obtaining an operating permit or any other permit represented in this chapter, as listed in this rule.
b) Low-Capacity Wells – In MZ 1, any well drilled, completed, and equipped so that it is incapable of producing more than 50,000 gallons per day is exempt from requiring a permit.
c) Mining Use – All wells permitted by the Railroad Commission of Texas under Chapter 134, Natural Resources Code, or for production from such a Chapter 134 well, to the extent the withdrawals are required for mining activities, shall be considered exempt from the requirement of obtaining an operating permit. An entity holding a permit issued by the Railroad Commission of Texas under Chapter 134, Natural Resources Code shall report monthly to the District the following: (i) the total amount of water withdrawn during the month; (ii) the quantity of water necessary for mining activities; and (iii) the quantity of water withdrawn for other purposes. If the usage of the well changes, the well may become subject to requiring a permit. Water usage in support of sand and gravel (aggregate) mining operations is not regulated by the Railroad Commission of Texas and therefore does require a permit.
d) Oil and Gas Well Rig Supply – All wells used solely to supply water for a rig actively engaged in exploration or drilling operations for oil or gas permitted by the Texas Railroad Commission under Title 3 of the Natural Resources Code shall be considered exempt from the requirement of obtaining an operating permit. If the ownership or usage of the well changes, the well may become subject to requiring a permit with spacing requirements as designated in 4.2.1.b.
e) Water Well Rig Supply – Groundwater wells drilled for temporary use to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District shall be considered exempt from the requirement of obtaining an operating permit. The District may require an Operating Permit for or restrict production from a well and assess any appropriate fees if the groundwater withdrawals that were exempt from permitting under Rule 3.3.3 are no longer used for the original assigned purpose. The registration of a well exempt from the requirement of a permit as described in Rule 3.3.3 shall be voided after 180 days unless the registrant shows acceptable cause for why the well has not been completed.
f) Capped Wells – Non-deteriorated wells that have been capped do not require a permit.

RULE 3.3.3 – WELLS EXEMPTED FROM REQUIRING A PERMIT IN MANAGEMENT ZONE 2

a) Rights of the District – The District has the right to exempt a well from the requirement of obtaining operating permits or any other permits represented in this chapter, as listed in this rule.
b) Small-Acreage Wells – In MZ 2, any well located on five acres or more and that is drilled, completed, and equipped so that it is incapable of producing more than 50,000 gallons per day, is exempt from requiring a permit. Any well located on less than five acres and is drilled, completed, and equipped so that it is incapable of producing more than 25,000 gallons per day, is exempt from requiring a permit.
c) Mining Use – All wells permitted by the Railroad Commission of Texas under Chapter 134, Natural Resources Code, or for production from such a Chapter 134 well, to the extent the withdrawals are required for mining activities, shall be considered exempt from the requirement of obtaining an operating permit. An entity holding a permit issued by the Railroad Commission of Texas under Chapter 134, Natural Resources Code shall report monthly to the District the following: (i) the total amount of water withdrawn during the month; (ii) the quantity of water necessary for mining activities; and (iii) the quantity of water withdrawn for

other purposes. If the usage of the well changes, the well may become subject to requiring a permit. Water usage in support of sand and gravel (aggregate) mining operations is not regulated by the Railroad Commission of Texas and therefore does require a permit.

d) Oil and Gas Well Rig Supply – All wells used solely to supply water for a rig actively engaged in exploration or drilling operations for oil or gas permitted by the Texas Railroad Commission under Title 3 of the Natural Resources Code shall be considered exempt from the requirement of obtaining an operating permit. If the ownership or usage of the well changes, the well may become subject to requiring a permit with spacing requirements as designated in 4.2.1.b.
e) Water Well Rig Supply – Groundwater wells drilled for temporary use to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District shall be considered exempt from the requirement of obtaining an operating permit. The District may require an Operating Permit for or restrict production from a well and assess any appropriate fees if the groundwater withdrawals that were exempt from permitting under Rule 3.3.3.e are no longer used for the original assigned purpose. The registration of a well exempt from the requirement of a permit as described in Rule 3.3.3.e shall be voided after 180 days unless the registrant shows acceptable cause for why the well has not been completed.
f) Capped Wells – Non-deteriorated wells that have been capped do not require a permit.

RULE 3.3.4 – WELLS NOT EXEMPTED FROM REQUIRING A PERMIT

a) Requirements – Unless specifically designated in Rule 3.3.2 and Rule 3.3.3 of these rules, all wells will require a permit from the District.

RULE 3.3.5 – ALTERATION OF EXEMPT WELLS

a) Change in Usage – The District will require exempted wells to obtain an operating permit and comply with District Rules regarding that permit if a well previously exempted under Rule 3.3.2 or Rule 3.3.3 is:
    i. Substantially altered in a way that would render the well non-exempt; or
    ii. Used in such a way that would render the well non-exempt.

SECTION 3.4 – OPERATING PERMITS

RULE 3.4.1 – MANAGEMENT ZONE 1 OPERATING PERMIT CLASSIFICATIONS

a) Permit Differentiation – Any well that is not exempt from permitting in MZ 1 will require one of the following classifications of an operating permit, if and to the extent the applicant's desired withdrawals from that well are not authorized by an existing and historic use permit.
    i. Operating Permit Class A – Any non-exempt well or well system that has a maximum pumping rate of 200 gpm or less will require an operating permit of this class. The General Manager will have full authority to grant or deny these permit applications. The General Manager may refer a decision on a Class A permit to the Board of Directors.
    ii. Operating Permit Class B – Any well or well system that is capable of pumping more than 200 gpm, but less than 600 gpm will require an operating permit of this class. Authority to grant or deny these permit applications lies with the Board of Directors. Action on an operating permit of this class must be included as an agenda item posted as part of the Notice of Open Meeting of the CCGCD Board of Directors.
    iii. Operating Permit Class C – Any well or well system that is capable of pumping 600 gpm or more will require an operating permit of this class. A Class C operating permit will require a public hearing with appropriate notice.
b) Motion for Rehearing – Any applicant or affected party may appeal a Class C hearing result by filing, within 20 calendar days of the ruling, a written request for hearing. The District will issue written notice indicating a date and time for a hearing on the application in accordance with the Rules as set forth in Chapter 8.
c) Application Submittal – Applications shall be made for the specific class of operating permit on a District-approved form.

RULE 3.4.2 – MANAGEMENT ZONE 2 OPERATING PERMIT CLASSIFICATIONS

a) Permit Differentiation – Any well that is not exempt from permitting in Management Zone 2 will require one of the following classifications of an operating permit, if and to the extent the applicant's desired withdrawals from that well are not authorized by an existing and historic use permit.
   i. Operating Permit Class A – Any non-exempt well or well system that has a maximum pumping rate of 50 gpm or less will require an operating permit of this class. The General Manager will have full authority to grant or deny these permit applications. The General Manager may refer a decision on a Class A permit to the Board of Directors without need for hearing.
   ii. Operating Permit Class B – Any well or well system that has a maximum pumping rate of more than 50 gpm, but less than 200 gpm will require an operating permit of this class. Authority to grant or deny these permit applications lies with the Board of Directors without need for a hearing. Action on an Operating Permit of this class must be included as an agenda item and posted as part of the Notice of Open Meeting of the CCGCD Board of Directors.
   iii. Operating Permit Class C – Any well or well system that is capable of pumping 200 gpm or more up to 600 gpm will require an operating permit of this class. This permit type will require a public hearing with appropriate notice.
   iv. High-Rate Wells – Wells that are capable of pumping more than 600 gpm are not allowed in Management Zone 2. The Board may consider granting an exception in a public hearing for a well or well system that might produce over 600 gpm if the applicant can adequately demonstrate that there will be no deleterious impact on the aquifer. A well system comprising an aggregated operating permit may exceed the 600-gpm threshold as long as no individual well within that system is capable of producing more than 600 gpm.
b) Re-Designation of Current Permits – Well permits in effect in MZ 2 at the date of the 2025 amended rules, if necessary, shall be changed to the new designation as appropriate per Rule 3.4.2.a. The permit amount and permit expiration shall remain unchanged.
c) Motion for Rehearing – Any applicant or affected party may appeal a Class C hearing result by filing, within 20 calendar days of the ruling, a written request for hearing. The District will issue written notice indicating a date and time for a hearing on the application in accordance with the Rules as set forth in Chapter 8.
d) Application Submittal – Applications shall be made for the specific class of operating permit on a District-approved form.

RULE 3.4.3 – PERMIT APPLICATION INFORMATION

a) Applicant and Landowner – Applications for an operating permit shall be made in the name of the well owner or property owner on a form(s) approved by the District. The original permit application must be submitted, signed, and notarized by the owner or an owner's authorized agent. The owner's authorized agent may be required to provide the District with a notarized authorization from the owner. This agent may be the well driller, lessee, or renter of the property or well, power of attorney, or another appropriate agent. The application should include the name, mailing address, and telephone number of the applicant and the owner of the land on which the well will be located. If the applicant is someone other than the landowner, then documentation must be included that establishes that the applicant has the authority from the landowner to construct and operate a well for the proposed use.
b) Location – The application should include a map that shows the location of the proposed well(s). The map should also include any other structure or location that is or may be connected to the proposed well and associated activities. The map shall depict the boundaries of the tract of land owned or to be used by the applicant. The location may be shown on a topographic map, an ownership map, or a map prepared by a registered professional engineer or registered surveyor. In addition to the map, the location of the well(s) shall be identified by Global Positional System (GPS) latitude and longitude or from latitude-longitude coordinates taken from Google Earth. The application shall be considered not administratively complete if the latitude and longitude coordinates do not match the location indicated on the map.

c) Well Specifications – The permit application should include the proposed well depth, casing size, pump size, pump capacity and the estimated production rate. For a proposed aggregate system, a description of the system and the estimated annual pumpage for the system should be included.
d) Statement of Expected Use – The permit applicant shall indicate the nature and purpose of the proposed use and submit to the District evidence that authenticates the actual intended beneficial use. If applicable, the crop type and the number of cultivated acres being irrigated should be designated for each year of the expected permit cycle. The permit application should include the annual total amount of groundwater requested to be withdrawn and the annual amount of water to be used for each type of use that is specified. Any alternative water sources being used by the applicant should also be stated.
e) Assigned Acreage – The applicant shall supply the total acreage affiliated with or serviced by the proposed well.
f) Groundwater Rights – The applicant may be required to 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 transfer 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 and after the permit has been granted. A permit may be amended or revoked if the groundwater rights or rights to produce are legally transferred to another person/entity. The applicant shall attest to the information required in this rule by a District-approved affidavit form and submit the affidavit with the permit application. All legal documents affecting the authority to produce groundwater on real property in Colorado County are required to be filed with the county deed records in full compliance with Chapter 12 of the Texas Property Code regarding the Recording of Instruments.
g) Adjacent Landowners – The applicant is responsible for providing the names of the adjacent landowners and if possible, their addresses unless District staff waives that responsibility.
h) Waivers – Any waivers from District rules that require signatures from other parties, including affected landowners, must be included with the application for it to be considered administratively complete. This includes, but is not limited to, waivers to the District's minimum spacing requirements.
i) Other Information – The applicant will submit any other information deemed necessary by the District for the evaluation of the application.
j) Closure Plan – The application should include a water well closure plan or a declaration that the applicant will comply with well plugging and capping guidelines set forth in these Rules and will report well closures to the District.
k) Fees – The District will make available to District constituents a fee schedule containing all fees associated with application and operation of an operating permit. Any fee imposed by the District for processing an application shall be delivered to the District with the permit application. This fee is non-refundable. Well owners are also responsible for any production fees associated with a well that has an operating permit.
l) Attestation – All permit applications must be notarized. Applications that fail to be notarized will be considered not administratively complete and will not be considered for permit approval by the Board or General Manager.
m) Completeness – An application may be rejected as not administratively complete if the District finds that substantive information required by the application or District staff is missing, false, or incorrect. District staff will determine if an application is administratively complete, and no action will be taken on an application that is not administratively complete or that has not proceeded in a manner consistent with District Rules. Applicants will be notified by the District if an application is deemed incomplete. After the applicant has been notified, the applicant must submit to the District the information requested within thirty (30) calendar days, or the application shall be deemed to have expired.

RULE 3.4.4 – AGGREGATION OF WITHDRAWAL

a) Development of a Well System – In issuing an operating permit, the authorized withdrawal for a given well may be aggregated with the authorized withdrawal from other non-exempt wells designated by the District.

The geographic location of each well and integrated distribution system will be considered in determining whether to allow aggregation of withdrawal of groundwater. Only non-exempt wells with a common type of usage will be considered for aggregation. The total authorized withdrawal will be assigned to the wells in aggregate, rather than allocating to each well it's pro rata share of estimated production. Hence, a well owner, with multiple water wells that supply a single well system, may apply for an operating permit for the well system and will not be required to apply for a separate operating permit for each individual well.

b) Re-evaluation of Aggregate Permits – If a well within a well system that has been assigned an aggregated permit is not drilled or becomes non-operational after six months, the Board or General Manager, as appropriate, has the right to reduce the permitted amount originally assigned. In a well permitted within a two-well aggregated permit becomes non-operational or is not drilled as planned, the permit shall lose the aggregated permit designation unless a replacement well is drilled within six months.

c) Aggregation with Existing and Historic Wells – Wells with operating permits may be aggregated with wells designated as existing and historic use. These aggregate water systems will be designated as an aggregated operating permit and will not have the advantages of an existing and historic use permitted well. If the District determines that in a given area, the total amount of production from an aquifer is greater than the annual sustainable amount available for withdrawal, the aggregate permit shall be voided and the well(s) will be individually permitted. Any well which previously had existing and historic use status prior to aggregation will regain that status.

d) Use of District Forms – Application to aggregate wells into a single well system must be submitted on a District-approved form by the well owner or owner's authorized agent and accompanied by appropriate District fees, if any. All applications for aggregation must be notarized. Applications that fail to be notarized will not be considered administratively complete and will not be considered for approval by the Board or General Manager.

RULE 3.4.5 – SUPPORTING REPORTS AND PLANS IN MANAGEMENT ZONE 1

a) Criteria – Three-year operating permits may not exceed 1,250 ac-ft/yr on average. If a permittee finds it necessary to exceed this amount or a previously approved greater amount, then the following reports may be required as part of the operating permit or permit amendment approval process:

   i. Hydrogeological Report – This report must be prepared by a qualified person licensed in the State of Texas to prepare such a report. The applicant has the option to have a District hydrologist perform the study at applicant's cost or to commission and pay for their own hydrogeological report. If the applicant chooses to commission their own study, then the applicant will also incur a reasonable associated cost for the District to study that report. The report must be completed in a manner that complies with the guidelines adopted by the District for this purpose and the applicant must not rely solely on reports previously filed with or prepared by the District. Hydrogeological reports required for permit applications shall include the following information as it relates to the well for which an operating permit is being requested: (A) the results of a pumping test; (B) an assessment of the geology at the site of the well; (C) a description of the aquifer that will supply water to the well; (D) an assessment of the area of influence, drawdown, and other pertinent information requested by the District; and, (E) the ultimate planned use of the well and the impacts of that use. The Board shall make the final determination of whether a hydrogeological assessment meets the requirements of this subsection. An application will not be considered administratively complete unless the assessment is approved by the Board.

   ii. Mitigation Plan – This plan shall include but is not limited to the actions and procedures to be taken by the holder of the well permit in the event of the following: (A) pumping causes the water level in any other registered or permitted well to drop to an unacceptable level; (B) pumping from the permitted well causes the water to become objectionable or renders the water unusable to any other registered or permitted well owner; (C) pumping causes the well casing or equipment to be damaged so that the recorded quality or quantity of water cannot be produced by any other registered or permitted well owner; (D) pumping causes springs or any other artesian wells used for beneficial purposes to stop

flowing; and, (E) the reduction of artesian pressure causes an emergency to arise that may threaten human or animal health, safety or welfare. The cost for this study and for District review shall be the responsibility of the applicant.

iii. Water Conservation Plan – The conservation plan should include the following: (A) promotion and encouragement of voluntary conservation measures; (B) promotion and encouragement, installation, and use of water saving devices; (C) promotion and encouragement of water efficient landscape practices; (D) implementation of a conservation-oriented rate structure; (E) financial measures that encourage conservation; (F) distribution of conservation information and other education efforts; (G) provisions for ordinances, regulations or contractual requirements necessary for the permittee to enforce the Conservation Plan; and, (H) other conservation criteria that may be set by the Board (Section 36.1131b). The permittee may revise or amend the conservation plan as necessary with approval by the District. Water irrigation or water management plans that are required by other agencies or government bodies should be submitted to the District as well. The cost for any new study and for District review shall be the responsibility of the applicant.

iv. Drought Contingency Plan (DCP) – Drought contingency plans that are required by other agencies or governmental bodies should be submitted to the district as well. The cost for this study and for District review shall be the responsibility of the applicant.

b) Aquifer Tests – An aquifer test may be required by the District if it is deemed that data from this test is essential to determining possible impacts on aquifer conditions. If an aquifer test is conducted, the results of that test shall be submitted to the District for review.

c) Replacement Well Reports – If the original well that is to be replaced already has the required reports as described in 3.3.4.a above, then such reports will not be required for the replacement well.

RULE 3.4.6 – SUPPORTING REPORTS AND PLANS IN MANAGEMENT ZONE 2

a) Criteria – If a permit applicant requests more than 325 ac-ft of water annually, then the same reports as designated in Rule 3.4.5.a will be required as part of the Operating Permit or permit amendment approval process.

b) Criteria for Aggregate Permits – The need for reports as cited in (a) above for a three-year aggregate permit will be decided on a case-by-case basis. Criteria for evaluation includes, but is not limited to, the number of wells in the system and acreage assigned to the well system.

b) Aquifer Tests – An aquifer test may be required by the District if it is deemed that data from this test is essential to determining possible impacts on aquifer conditions. If an aquifer test is conducted, the results of that test shall be submitted to the District for review.

c) Replacement Well Reports – If the original well that is to be replaced already has the required reports as described in 3.4.5.a above, then such reports will not be required for the replacement well.

RULE 3.4.7 – PERMIT PROVISIONS

a) Maximum Allowable Withdrawal in Management Zone 1 – A well or well system with an approved operating permit may not be operated such that the average total production exceeds, over a three-year period, 10.5 acre-feet of water per contiguous acres owned or operated, or for which a person can show ownership or possession of groundwater rights. The maximum production limit for each well or aggregate well system will be calculated as a three-year rolling average and shall be no greater than the amount specified in the permit or the amended permit.

b) Maximum Allowable Withdrawal in Management Zone 2 – A well or well system with an approved operating permit in Management Zone 2 shall not be operated such that the total annual production exceeds one acre-foot per acre owned or operated, or for which a person can show ownership or possession of groundwater rights.

c) Restrictions on Permit Conditions – In issuing permits, the District shall manage total groundwater production on a long-term basis to achieve an applicable desired future condition and consider: (i) the

modeled available groundwater determined by the Texas Water Development Board; (ii) the Texas Water Development Board's estimate of the current and projected amount of groundwater produced under exemptions granted by District rules and Section 36.117; (iii) the amount of groundwater authorized under permits previously issued by the District; (iv) a reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District; and (v) yearly precipitation and production patterns. If at any time the District receives evidence that an operating well or well system is causing harm to the aquifer or neighboring properties, the Board may, on its own motion, reopen the permit for additional hearings. At the conclusion of the hearing, the Board may revoke, suspend, terminate, cancel, modify or amend the permit in whole or in part as needed to alleviate the harm. If the District determines that the total amount of production from an aquifer is greater than the annual sustainable amount available for withdrawal, production amounts may be decreased proportionally among all permit holders producing from that aquifer, with any necessary reductions being applied first to operating permits and, subsequently, if production is still greater than availability after reducing operating permits by twenty percent (20%), then to historic or existing use permits. The District has authority to amend a permit in order to prevent waste, minimize as far as practicable the drawdown on the water table or the reduction of artesian pressure, or lessen interference between wells. Any such amendment may be applied to new permit applications and to increased use by existing and historic users.

d) Permit Duration – Operating permits are generally effective for a term of three years, unless otherwise stated on the permit. The Board may issue an operating permit with a term longer than three years, but not to exceed five years, when doing so aids the District in the performance of its duties and accomplishing the goals of the Act. The Board may issue an operating permit with a term of less than three years for the purpose of causing the permit to align with a renewal schedule established by the Board or if special circumstances warrant granting a permit of shorter duration. In special circumstances, the Board may issue a one-year permit as a way to determine the possible impact to the aquifer of the permitted well or wells.
e) Cancellation – If the well for which a permit was granted has not been drilled within six months after a permit was granted, the permit shall be cancelled, unless the permit holder can provide a reasonable explanation for the delay and an estimated completion date. Public supply wells are oftentimes delayed beyond the six months drilling requirement for a permit. After six months, these permit holders should supply a timeline for the projected completion of the proposed well.
f) Non-Operational Wells - If a permit or permit renewal has been granted for a well that is incapable of sustained production, the permittee must establish or re-establish operation of the well within six months after the permit or permit renewal was granted, or six months after production has ceased. Failure to establish or re-establish production may result in the permit being cancelled. If a permit is cancelled for this reason, the well owner, well operator, or any other person acting on behalf of the well owner, must file a new administratively complete application for an operating permit.
g) Revocation – The application pursuant to which a permit is 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 or inaccurate information has been supplied is grounds for immediate revocation of the permit.
h) Access to Site – The well site and meter, if applicable, must be available to District representatives for inspection, as put forth in Chapter 9 of these rules, and the permittee agrees to cooperate fully in any reasonable inspection of the well and well site by the District representatives.

RULE 3.4.8 – PERMIT AMENDMENTS AND CHANGES

a) Change in Ownership – Operating permits are granted conditionally and are granted to a specific owner and type of water use. A permit may not be transferred by the holder but must be put forward before the District for approval. Within 90 calendar days after the date of change in ownership of a well or well system, the new owner must notify the District in writing, on a form approved by the District, of the name of the new permit holder. Failure to provide written notice in the appropriate timeframe will cause the permit to lapse

and a new permit application will need to be submitted to the District for approval. Once proof of ownership change is received and provided that the new owner or operator maintains the same type of use of the well, makes no substantive changes to the well, and fulfills any applicable requirements to the District, the General Manager may issue an Operating Permit without Board approval or need for public hearing for the duration of the original permit at a prorated application fee, if any.

b) Major Amendments – Major amendments shall be subject to all the requirements and procedures applicable to issuance of a new permit for a new well. Well changes that require a major amendment application include, but may not be limited to, the following: (i) an increase in the pump capacity of the well; (ii) a change in the boundaries of the property; (iii) a change in the type of use of the water produced; or (iv) an increase in the permitted amount. Applications for a major amendment shall be made on a form(s) approved by the District and must be notarized.

c) Minor Amendments – An application for a minor amendment is required, but not necessarily limited to, the following; (i) a change of the name or address of the well owner without any change in usage or ownership; (ii) a decrease in the previously approved permit amount; or, (iii) adding domestic or livestock use as an additional use to a permitted well and the maximum authorized withdrawal amount or rate is not increased. Minor amendment applications do not need to be notarized and may be granted by the General Manager without notice, hearing or further action by the Board.

d) Replacement Wells – A permittee may apply to re-equip, re-drill, or replace a currently permitted well by filing an application to amend such permit and providing such information as may be required by the General Manager under the following conditions: (i) the replacement well must be drilled on the same tract of land as the original well as defined by the legal description filed with the County Clerk; (ii) the re-equipped, re-drilled, or replacement well complies with all applicable District Rules and Regulations, including issuance of permits and authorizations and payments of all fees and charges; (iii) if a replacement well is drilled, the permittee shall cease production from the well being replaced and immediately comply with any and all well closure and abandonment requirements pursuant to District Rules; (iv) a replacement well should not be drilled more than 100 feet from the original well unless circumstances, approved by the General Manager, warrant a greater distance; and, (v) unless conditions preclude it, the replacement well should not be drilled any closer to an existing well if the replacement well might reasonably interfere with said well. If the conditions above are met, application for a replacement well can be put forth by a minor amendment application. If the above conditions are not met, a new operating permit will be required prior to drilling.

e) District-Initiated Amendments – The District may initiate amending a permit prevent waste and achieve water conservation and minimize the drawdown of the water table or the reduction of artesian pressure. This includes, but is not limited to, enforcing the adopted desired future conditions of the aquifer(s), lessening interference between wells, or controlling and inhibiting subsidence. District-initiated permit amendments are subject to notice and hearing under Section 8.2 of these rules. If the District initiates an amendment to an Operating Permit, the permit as it existed before the permit amendment process shall remain in effect until the conclusion of the permit amendment or renewal process, as applicable.

f) Processing Fees – A processing fee may, if applicable, be required to accompany the amendment application. The processing fee will be published on the District's fee schedule.

g) Appeal of Decision – Any applicant may appeal the Class C hearing ruling by filing, within twenty business days of the ruling, a written request for a hearing before the Board. The Board will hear the applicant's appeal at the next available regular Board meeting, provided sufficient notice can be given prior to the meeting. On the motion of any Board member, and a majority concurrence in the motion, the Board may overrule the action of the General Manager. The General Manager may authorize an applicant for a permit renewal to continue operating under the conditions of the prior permit, subject to any changes necessary under proportional adjustment regulations, these Rules, or the District's Management Plan, for any period in which the renewal application is the subject of a contested case hearing. All permit amendment activities will be reported to the Board by the General Manager at regular Board meetings.

RULE 3.4.9 – PERMIT RENEWALS

a) Application Deadline – An administratively complete application to renew a permit should be received by the District prior to fourteen calendar days of the expiration of the permit. If an application to renew a permit is not received during this time, the renewal may be delayed beyond the expiration of the original permit and the permittee may risk operating the well without an approved permit. Any permit renewal received after the expiration date of the permit will not be considered for renewal but will be considered a new permit application and will be acted upon by the District as such, pending payment of the appropriate fees.

b) Attestation – Permit renewals are not required to be notarized, but those seeking permit renewals must attest on the form that the information is true and correct.

c) Duration of Permit – All operating permit renewals are effective for a term of three years from the date designated on the permit, unless otherwise stated on the permit, as stated in Rule 3.4.8.c herein.

d) Processing Fee – The application to renew a permit shall be accompanied by payment of the application processing fee established by the Board, if any.

e) Decision on Renewal Application – Except as provided by Section 3.4.10.a or 3.3.10.e, 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: (i) the application is submitted in a timely manner and accompanied by any required fees in accordance with District rules; and, (ii) the permit holder is not requesting a change related to the renewal that would require a permit amendment under District rules.

f) Factors Impacting Renewal Decision – The District is not required to renew a permit under this section if the applicant: (i) has not provided an administratively complete renewal application form prior to the termination of the permit term; (ii) is delinquent in paying a fee required by the District; (iii) 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, (iv) 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 pursuing a pending enforcement action, the permit remains in effect until the final settlement or adjudication on the matter of the substantive violation.

g) Renewals Requesting or Requiring an Amendment – If the holder of an Operating Permit, in connection with the renewal of a permit or otherwise requests a change that requires an amendment to the permit under District Rules, the permit as it existed before the permit amendment process remains in effect until the later of: (i) the conclusion of the permit amendment or renewal process, as applicable, or (ii) the final settlement or adjudication on the matter of whether the change to the permit requires a permit amendment. If the permit amendment process results in the denial of an amendment, the permit as it existed before the permit amendment process shall be renewed under the Texas Water Code Section 36.114 without penalty, unless Subsection (b) of that section applies to the applicant. The District may initiate an amendment to an operating permit, in connection with the renewal of a permit or otherwise, in accordance with the District's rules. If the District initiates an amendment to an operating permit, the permit as it existed before the permit amendment process shall remain in effect until the conclusion of the permit amendment or renewal process, as applicable.

h) Need for a New Permit – If a permit holder indicates on the renewal application that the pump capacity of the well has been increased such that the class of well has changed or if the permittee indicates that the type of water usage has changed, then no permit renewal shall be issued, and the well owner shall apply for a new permit.

RULE 3.4.10 – REPORTING, MONITORING, AND INSPECTIONS

a) Well Data, Tests, and State Well Report – Individuals, companies, or agencies as appropriate, shall provide records and submit reports to the District regarding the drilling, equipping, and completing of water wells. The State Well Report, which includes a complete driller's log, shall be submitted to the District office within 60 calendar days after drilling the well. Any well logs, pump test data, water level data, water quality data, or any other data pertinent to the well shall be submitted to the District office within 60 calendar days after

completion of the specific well project.

b) Annual Reporting for Metered Wells – On or before January 31st of each year, permittees authorized to produce groundwater and who are required to meter the permitted wells under District Rule 5.1.1 shall file an annual report on a form approved by the District, that contains the following: (i) the name of the permittee; (ii) the permit number; (iii) the meter reading or readings at year end; (iv) the total amount of groundwater produced by each well and well system during the preceding calendar year; (v) the purposes for which the water was used; (vi) the acreage designated for crops, if applicable; and, (vii) any other information requested by the District.

c) Reporting for Non-Metered Wells – On or before January 31st of each year, permittees authorized to produce groundwater who are not required or are specifically exempted by the Board to meter the permitted wells under District Rule 5.1.2, shall file an annual report on a form approved by the District, that contains the following: (i) the name of the permittee; (ii) the permit number; (iii) the total amount of groundwater produced by each well and well system during the preceding calendar year, (iv) the method used for calculating the amount produced; (v) the purpose for which the water was used; (vi) the acreage designated for crops, if applicable; and, (vii) any other information requested by the District.

d) Exemptions for Reporting Usage – The District may establish policies that will exempt small users from having to report annual water usage and will notify these permittees if they are not required to report usage. The District may require periodic usage estimates from these permittees as conditions warrant.

e) Inspections – District employees, Board members, consultants, or other agents of the District may conduct random or periodic inspections of permitted wells for any District purpose. The District shall coordinate and schedule such inspections with the well owner.

RULE 3.4.11 – VIOLATIONS AND PENALTIES

a) Non-Adherence to Rules – For non-exempt wells, it is a violation of these rules for a well-owner or water well driller to drill or have drilled, or have completed, any well without an approved Operating Permit prior to drilling or completion activities. It is also a violation of these rules for a well-owner to produce in excess of the specified withdrawal designated on the permit or to produce beyond the designated duration of the permit. Violations of these Rules subject the well owner or well operator to revocation of the permit and/or civil penalties as specified in Section 36.102 of the Texas Water Code and Chapter 9 of these rules. A violation of this Rule occurs on the first day the drilling, equipping, completion, or alteration without the appropriate permit begins and continues each day thereafter until the appropriate permit is issued.

b) Use of Licensed Services – Only a licensed well driller or licensed pump installer may install, service or alter a well within the boundaries of the CCGCD, unless a landowner drills or constructs a water well on his or her property for personal use. All persons drilling a well or having a well drilled, deepened, or altered shall adhere to the provisions of Chapter 76 of the Texas Administrative Code, prescribing the location of wells and proper drilling, completion, capping and plugging. It is a violation of these Rules to employ someone who is not a licensed well driller or pump installer for the purposes stated above.

c) Permit Revocation – Permits issued under these Rules are subject to penalty or revocation due to waste, deviation from the purposes and terms of the permit, or damage caused to the groundwater or aquifer. After notice and an opportunity for hearing is given, a permit may be revoked, suspended, terminated, cancelled, modified, or amended in whole or in part for cause including, but not limited to the following: (i) violation of terms or conditions of the permit; (ii) obtaining the permit by misrepresentation or failure to disclose relevant facts; (iii) a finding that false or misleading information has been supplied on the application, or, (iv) failure to comply with any applicable Rules, regulations, fee schedule, special provisions, requirements, or orders of the District.

d) Notification – The permittee shall furnish to the District, upon request and within 90 calendar days, any information to determine whether cause exists for revoking, suspending, terminating, canceling, modifying, or amending a permit. In the event of noncompliance, the District will notify the permit owner of the

conditions that may cause revocation of the permit and allow the owner an opportunity to correct any noncompliance.

SECTION 3.5 – EXISITING AND HISTORIC USE PERMITS

RULE 3.5.1 – ELIGIBILITY

a) Requirements – All owners of existing registered, non-exempt wells that were completed and operational prior to the original effective date of these Rules and that produced and used groundwater in any year during the existing and historic use period may apply to the District for an existing and historic use permit.
b) Existing Wells That Do Not Apply for Existing and Historic Use Status – Wells that were present prior to the original adoption date of these rules, but that cannot provide sufficient proof of production during the existing and historic use period are not eligible for an existing and historic use permit. These wells may maintain their existing status but shall apply for an operating permit. This includes but is not limited to wells that were drilled and produced prior to adoption of the original rules but ceased production prior to the designated existing and historic period.
c) Deadline for Application – An existing and historic use permit application was required to be submitted to the District within 15 months from the initial adoption of these rules, which was September 15, 2010, for all existing non-exempt well systems that were drilled and completed prior to the original effective date of these rules, and that wished to claim beneficial use of water during the Existing and Historic Use Period. Applications for Existing and Historic Use Permits will not be accepted nor granted by the District after December 15, 2011, other than for a replacement well for a well that has been granted an Existing and Historic Use Permit, subject to Rule 3.5.10, herein.
d) Permit Lapses – If an Existing and Historic Use Permit renewal is not received prior to the designated expiration date of the permit, the well will lose the existing and historic use designation and must be re-permitted as an Operating Permit.

RULE 3.5.2 – MANAGEMENT ZONE 1 EXISITNG AND HISTORIC USE PERMIT CLASSIFICATIONS

a) Permit Differentiation – Any well that qualifies for existing and historic use status as defined in Section 3.5.1 and is not exempt from requiring a permit will require one of the following classifications of existing and historic use permit.
    i. Existing and Historic Use Permit Class A – Any well that has a maximum pumping rate of 200 gpm or less will require a Class A Existing and Historic Use Permit. The General Manager will have full authority to grant or deny these permit applications.
    ii. Existing and Historic Use Permit Class B – Any well that is capable of pumping more than 200 gpm, but less than 600 gpm will require a Class B Existing and Historic Use Permit. Action on an existing and historic use permit of this class must be included as an agenda item and posted as part of the Notice of Open Meeting of the CCGCD Board of Directors. Any applicant or affected party may appeal the Board's ruling by filing, within 20 calendar days of the ruling, a written request for hearing. The District will issue written notice indicating a date and time for a hearing on the application in accordance with the Rules as set forth in Chapter 8.
    iii. Existing and Historic Use Permit Class C – Any well that is capable of pumping 600 gpm or more will require a Class C Existing and Historic Use Permit. A Class C permit application will require a public hearing.
b) Application – Applications shall be made for the specific type of existing and historic use permit on a District-approved form.

RULE 3.5.3 – MANAGEMENT ZONE 2 EXISTING AND HISTORIC USE PERMIT CLASSIFICATIONS

a) Permit Differentiation – Any well that qualifies for existing and historic use status as defined in Section 3.5.1 within the boundaries of Management Zone 2 and is not exempt from requiring a permit will require one of the following classifications of existing and historic use permit.

i. Existing and Historic Use Permit Class A – Any non-exempt well or well system that has a maximum pumping rate of 50 gpm or less will require a Class A Existing and Historic Use Permit.
ii. Existing and Historic Use Permit Class B – Any well or well system that has a maximum pumping rate of more than 50 gpm, but less than 200 gpm will require a Class B Existing and Historic Use Permit.
iii. Existing and Historic Use Permit Class C – Any well or well system that is capable of pumping 200 gpm or more up to 600 gpm will require a Class C Existing and Historic Use Permit.
iv. High-Rate Wells – Wells that are capable of pumping more than 600 gpm are not allowed in MZ 2. The Board may consider granting an exception in a public hearing for a well that might produce over 600 gpm if the applicant can adequately demonstrate that there will be no deleterious impact on the aquifer. A well system comprising an aggregated operating permit may exceed the 600-gpm threshold if no individual well within that system is capable of producing more than 600 gpm.

b) Re-Designation of Current Permits – Well permits in effect in MZ 2 at the date of the 2025 amended rules, if necessary, shall be changed by the General Manager to the new designation as appropriate per Rule 3.5.3.a. The permit amount and any other conditions of the permit shall remain unchanged.
c) Appeals – Any applicant or affected party may appeal a General Manager or Board ruling by filing, within 20 calendar days of the ruling, a written request for hearing. The District will issue when notice indicating a date and time for a hearing on the application in accordance with the rules as set forth in Chapter 8.
d) Application Submittal – Applications shall be made for the specific class of Existing and Historic Use Permit on a District-approved form.

RULE 3.5.4 – APPLICATION INFORMATION

a) Basic Information – Information that would be supplied on an Operating Permit as specified in Rule 3.4.3 should be included on an application for an Existing and Historic Use Permit to the extent the information exists and is available to the applicant through the exercise of reasonable diligence. For wells drilled as replacements for wells that have an Existing and Historic Use Permit, the application requirements should include the information that would be supplied on an Operating Permit as specified in Rule 3.4.3.
b) Rights – 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 permittee 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 after the permit has been granted. The permit may be amended or revoked if the groundwater rights or rights to produce related to a permit are legally transferred to another person/entity.
c) Historic Information – To the extent the information exists and is available to the applicant through the exercise of reasonable diligence, the applicant shall include the following:
i. Production History – the total amount of groundwater that has been withdrawn and the amount of water that has been used for each specified purpose. A table and/or chart should be included in the application that shows the annual water production history of the well system for at least one year during the existing and historic use period.
ii. Alternative Sources of Water – a listing of any records regarding any alternative water sources that were used by the applicant including but not limited to surface water. If surface water is being supplied by a source, including by not limited to the Lower Colorado River Authority (LCRA), water records should be provided to indicate how much historic use has occurred, including any water records submitted to the Texas Commission on Environmental Quality (TCEQ).
iii. Maximum Historic Use – the maximum amount of annual use during the existing and historic use period.
iv. Crop Information – crop type and acreage of crop irrigated by the well for at least one year during the existing and historic use period, deed and legal description of land previously irrigated by the well including the year irrigated and the deed and legal description for land on which the well is located during the existing and historic use period.
v. Special Programs – documentation regarding enrollment of each tract of land in the United States

Department of Agriculture, Farm Service Agency, Conservation Reserve Program, or other such program or service, for which an existing and historic use permit is sought pursuant to these rules. If landowner is enrolled in a government agency program, including but not limited to the United States Department of Agriculture's Farm Service Agency, the landowner must provide certified copies of any pertinent crop records during the existing and historic use period.

vi. Well Information – information including but not necessarily limited to pump capacity and casing diameter should be supplied regarding the well that has been responsible for the historic use.

vii. Assigned Acreage – the total acreage affiliated with or serviced by the existing well.

d) Adjacent Landowners – The applicant is responsible for supplying the names of the adjacent landowners and if possible, their addresses.

e) Fees – The District will make available to District constituents a fee schedule containing all fees associated with application, and operation of an existing and historic use permit. Any fee imposed by the District for processing an application shall be delivered to the District with the permit application. This fee is non-refundable. Well owners are also responsible for production fees, if any, associated with a well that has an existing and historic use permit.

f) Attestation – All permit applications must be notarized. Applications that fail to be notarized will be considered not administratively complete and will not be considered for permit approval by the Board or General Manager.

g) Completeness – An application may be rejected as not administratively complete if the District finds that substantive information required by the application or District staff is missing, false, or incorrect. District staff will determine if an application is administratively complete, and no action will be taken on an application that is not administratively complete or that has not proceeded in a manner consistent with District Rules. Those submitting applications will be notified by the District in writing if an application is deemed incomplete. After the applicant has been notified in writing, the applicant must submit to the District the information requested within 30 calendar days, or the application shall be deemed to have expired.

h) Verification – The District reserves the right to verify the extent of maximum beneficial use of groundwater prior to the effective date of these rules, claimed by each applicant for an existing or historic use permit. The General Manager shall either recommend the granting of a proposed existing and historic use permit or a denial, in whole or in part, based on the application and information obtained by the District in relation to the use of groundwater by the applicant. The District shall obtain the information on which to base a recommendation either from the applicant or other credible sources. Such credible sources may include, but is not limited to, federal, state or other local agencies or governmental entities.

i) Other Information – The District may ask for any other information that is deemed necessary in order to properly complete and evaluate the application.

RULE 3.5.5 – AGGREGATION OF WITHDRAWAL

a) Existing Well Systems – A permittee having a well or wells, each well having an existing and historic use permit, may be aggregated or combined with additional wells while still retaining an existing and historic use permit for the aggregated system if all of the following provisions are satisfied: (i) the total aggregate withdrawal of groundwater assigned to the aggregated system shall be equal to or less than the combined total of all individual pumpage permits comprising the entire aggregated system; (ii) all individual pumpage permits have an historic use designation; and, (iii) all individual pumpage permits are in compliance with any and all applicable District rules and regulations.

b) Aggregating Operating and Existing and Historic Use Wells – Wells designated as 'existing and historic use' may be aggregated with wells requiring an Operating Permit. These aggregate water systems will be designated as an Aggregated Operating Permit and will not have the advantages of an existing and historic use permitted well or well system. If the District determines that an area is experiencing critical depletion of groundwater as specified in Rule 7.2.3.b, the aggregate permit shall be voided, and the wells will revert to carrying individual permits. Any well which previously had existing and historic use status prior to

aggregation will regain that status.

c) Adding a Replacement Well – A new well, intended to be drilled as a replacement well for a well with 'existing and historic use' status, may be drilled so long as it meets the criteria for a replacement well as set forth in Rule 3.5.10. If production from the original well that is being replaced does not cease, and the permittee does not comply with any and all well closure and abandonment requirements pursuant to District Rules, the aggregate permit will be voided, and separate permits will be considered and issued as appropriate. The original well being replaced will lose 'existing and historic use' status.

d) Use of District Forms – Application to aggregate wells into a single well system must be submitted on a District-approved form by the well owner or owner's authorized agent and accompanied by appropriate District fees, if any. All applications for aggregation must be notarized. Applications that fail to be notarized will be considered administratively incomplete and will not be conserved for approval by the Board or General Manager.

RULE 3.5.6 – SUPPORTING REPORTS AND PLANS

a) Prior Reports and Plans – The District requires access to all hydrogeological reports, aquifer tests, mitigation plans, drought contingency plans, water conservation plans, closure plans, or any other reports that were previously prepared for the well at the time the existing and historic use permit was approved.

RULE 3.5.7 – PERMIT PROVISIONS

a) Maximum Available Withdrawal in Management Zone 1 – A well or well system with an approved existing and historic use permit may not be operated such that the average total production exceeds, over a three-year period, 10.5 acre-feet of water per contiguous acres owned or operated, or for which a person can show ownership or possession of groundwater rights. The maximum production limit for each well or aggregate well system will be calculated as a three-year rolling average and shall be no greater than the amount specified in the permit or the amended permit.

b) Maximum Allowable Withdrawal in Management Zone 2 – A well or well system with an approved operating permit in MZ 2 shall not be operated such that the total annual production exceeds one acre-foot per acre owned or operated, or for which a person can show ownership or possession of groundwater rights.

c) Restrictions on Permit Conditions – In issuing permits, the District shall manage total groundwater production on a long-term basis to achieve an applicable desired future condition and consider: (i) the modeled available groundwater determined by the Texas Water Development Board; (ii) the Texas Water Development Board's estimate of the current and projected amount of groundwater produced under exemptions granted by District rules and Section 36.117; (iii) the amount of groundwater authorized under permits previously issued by the District; (iv) a reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District; and (v) yearly precipitation and production patterns. If at any time the District receives evidence that an operating well or well system is causing harm to the aquifer or neighboring properties, the Board may, on its own motion, reopen the permit for additional hearings. At the conclusion of the hearing, the Board may revoke, suspend, terminate, cancel, modify or amend the permit in whole or in part as needed to alleviate the harm. If the District determines that the total amount of production from an aquifer is greater than the annual sustainable amount available for withdrawal, production amounts may be decreased proportionally among all permit holders producing from that aquifer, with any necessary reductions being applied first to operating permits and, subsequently, if production is still greater than availability after reducing operating permits by twenty percent (20%), then to historic or existing use permits. The District has authority to amend a permit in order to prevent waste, minimize as far as practicable the drawdown on the water table or the reduction of artesian pressure, or lessen interference between wells. Any such amendment may be applied to new permit applications and to increased use by existing and historic users.

d) Specified Withdrawal – Existing and historic use permits are recognition by the District of historic use and shall entitle the permittees to produce or withdraw groundwater in accordance with the production

regulations set forth in these Rules. The quantity that may be withdrawn shall not exceed the maximum historic use demonstrated by the applicant and that approved by the Board. This maximum historic use shall be quantified in the existing and historic use permit and this production shall not exceed the specified amount unless such additional production is authorized by an additional operating permit for the well or wells covered by the existing and historic use permit. If an operating permit is issued to supplement the amount available for withdrawal for an 'existing and historic use' permitted well in Management Zone 2, that operating permit is subject to provisions set forth in Rule 3.4.7.b.

e) Permit Duration – Existing and Historic Use Permits are effective for a term of three years, unless otherwise stated on the permit. The Board may issue an Existing and Historic Use Permit with a term longer than three years, but not to exceed five years, when doing so aids the District in the performance of its duties and accomplishing the goals of the Act. The Board may issue an Existing and Historic Use Permit with a term of less than three years for the purpose of causing the permit to align with a renewal schedule established by the Board. Existing and Historic Use Permits may be renewed as per Rule 3.5.10 of these rules.

f) Cancellation – If the replacement well for which an Existing and Historic Use Permit was granted has not been drilled within six months after a permit was granted, the permit shall be cancelled, unless the permit holder can provide a reasonable explanation for the delay and an estimated completion date. After six months, these permit holders should supply a timeline for the projected completion of the proposed well. An Existing and Historic Use Permit may be cancelled for a replacement well if the original well being replaced has not been plugged according to State and District guidelines.

g) Revocation – The application pursuant to which a permit is 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 or inaccurate information has been supplied is grounds for immediate revocation of the permit. Existing and historic user status may be revoked by the Board for violation of any terms or conditions of the permit, obtaining the permit by misrepresentation or failure to disclose relevant facts, or failure to comply with any applicable rules, regulations, fee schedule, special provisions, requirements, or orders of the District.

h) Access to Site – The well site must be available to District representatives for inspection, as put forth in Chapter 9 of these Rules, and the permittee agrees to cooperate fully in any reasonable inspection of the well and well site by the District representatives.

RULE 3.5.8 – PERMIT CHANGES AND AMENDMENTS

a) Change of Ownership – Existing and Historic Use Permits are granted conditionally and are granted to a specific owner and type of water use. An Existing and Historic Use Permit is not a vested right of the permittee and may not be transferred by the permittee. Within 90 calendar days after the date of change in ownership of a well or well system, the existing or new prospective permit holder must notify the District in writing, on a form approved by the District, of the name and address of the new owner. Failure to provide written notice in the appropriate timeframe will cause the permit to lapse and a new permit application will need to be submitted to the District for approval. The well owner will lose existing and historic use status for this new permit. Once proof of ownership change is received and, provided that the new owner or operator maintains the same type of use of the well, makes no substantive changes to the well, and fulfills any applicable requirements to the District, the General Manager may issue an Operating Permit without Board approval or need for public hearing for the duration of the original permit at a prorated application fee, if any.

b) Major Amendments – Major amendments shall be subject to all the requirements and procedures applicable to the issuance of a new permit for a new well and shall be made on forms approved by the District. Permittees may not apply for an amendment to change the type of use of water produced, increase the permitted amount for the well, or to increase the pump rate of the well since these situations would require the issuance of a standalone or supplemental Operating Permit. A major amendment application may be

required if there is a change in the boundaries of the property.

c) Minor Amendments – Minor amendments applications include the following: a change in the name or address of the well owner without any change in use; a decrease in the maximum authorized withdrawal; or the addition of domestic or livestock use to a permitted well, if beneficial use exists for the additional use, and the maximum authorized withdrawal amount or rate is not increased. Minor amendments may be granted by the General Manager without notice, hearing, or further action by the Board.

d) District-Initiated Amendments -- The District may initiate amending a permit to prevent waste and achieve water conservation and minimize the drawdown of the water table or the reduction of artesian pressure. This includes, but is not limited to, enforcing the adopted desired future conditions of the aquifer lessening interference between wells, or controlling and inhibiting subsidence. District-initiated permit amendments are subject to notice and hearing as specified in Rule 8.2.2. If the District initiates an amendment to an existing and historic use permit, the permit as it existed before the permit amendment process shall remain in effect until the conclusion of the permit amendment or renewal process, as applicable.

e) Replacement Wells – Should a permittee desire to replace a well with an Existing and Historic Use Permit, the permittee shall adhere to Rule 3.5.10.

f) Processing Fees – A processing fee may, if applicable, be required to accompany the amendment application. The processing fee will be published on the District's fee schedule.

g) Appeal of Decision – Any applicant may appeal the General Manager's ruling by filing, within 20 calendar days of the ruling, a written request for a hearing before the Board. The Board will hear the applicant's appeal at the next available regular Board meeting. On the motion of any Board member, and a majority concurrence in the motion, the Board may overrule the action of the General Manager. The General Manager may authorize an applicant for a permit renewal to continue operating under the conditions of the prior permit, subject to any changes necessary under proportional adjustment regulations, these rules, or the District's Management Plan, for any period in which the renewal application is the subject of a contested case hearing. All permit amendment activities will be reported to the Board by the General Manager at regular Board meetings.

RULE 3.5.9 – PERMIT RENEWAL

a) Application Deadline – An administratively complete application to renew permits should be received by the District prior to 14 calendar days of the expiration of the permit. If an application to renew a permit is not received during this time, the renewal may be delayed beyond the expiration of the original permit and the permittee may risk operating the well without an approved permit. Any permit renewal received after the expiration date of the permit will not be considered for renewal. This shall result in the loss of 'Existing and Historic Use' status. Once the appropriate permit fee, if any, is submitted, the renewal application supplied can be considered as a new Operating Permit application.

b) Attestation – Permit renewals are not required to be notarized, but those seeking permit renewals must attest on the form that the information is true and correct.

c) Duration of Permit – Existing and historic use renewals are effective for a term of three years, unless otherwise stated on the permit. The Board may issue an existing or historic use permit with a term longer than three years, but not to exceed five years, when doing so aids the District in the performance of its duties and accomplishing the goals of the Act. The Board may issue an existing or historic use permit with a term of less than three years for the purpose of causing the permit to align with a renewal schedule established by the Board. The permit term will be shown on the permit.

d) Processing Fee – The application to renew an existing or historic use permit shall be accompanied by payment of the application processing fee established by the Board, if any.

e) Change in Purpose of Use – If an applicant for renewal of an existing and historic use permit is requesting a change in the use of all or any portion of the water authorized under the permit, then a new operating permit will be required for the amount of water sought for the new purpose before production of the well for the new purpose can commence. If a change in purpose of use is granted for all of the water authorized

under the existing and historic use permit, the well will lose its historic use status but will keep its existing well status. If a change in purpose of use is granted for only a portion of water authorized under the existing and historic use permit, the well will retain existing well status and its historic use status for the amount that continues to be authorized for the original purpose.

f) Change in Production – If there is a request to increase production of the well, a supplemental operating permit must be acquired for the incremental increase above what has been approved for the original existing and historic use permit. If the new permit is approved, the well will retain existing well status and its historic use status for the amount originally approved in the existing and historic use permit.

g) Decision on Renewal Application – Except as provided by Section 3.5.9.h, the District shall without a hearing, renew or approve an application to renew an existing and historic use permit before the date on which the permit expires, provided that: (i) the application is submitted in a timely manner and accompanied by any required fees in accordance with District rules; and, (ii) the permit holder is not requesting a change related to the renewal that would require a permit amendment under District rules.

h) Factors Impacting Renewal Decision – The District is not required to renew a permit under this section if the applicant: (i) has not provided an administratively complete renewal application form prior to the termination of the permit term; (ii) is delinquent in paying a fee required by the District; (iii) 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 for a final adjudication; or (iv) 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 under Section 3.5.9.h (iii), the permit remains in effect until the final settlement or adjudication on the matter of the substantive violation.

i) Renewals Requesting or Requiring an Amendment – If the holder of an Existing and Historic Use Permit, in connection with the renewal of a permit or otherwise requests a change that requires an amendment to the permit under District Rules, the permit as it existed before the permit amendment process remains in effect until the later of: (i) the conclusion of the permit amendment or renewal process, as applicable, or (ii) the final settlement or adjudication on the matter of whether the change to the permit requires a permit amendment. If the permit amendment process results in the denial of an amendment, the permit as it existed before the permit amendment process shall be renewed under the Texas Water Code Section 36.114 without penalty, unless Subsection (b) of that section applies to the applicant. The District may initiate an amendment to an Existing and Historic Use Permit, in connection with the renewal of a permit or otherwise, in accordance with the District's rules. If the District initiates an amendment to an Existing and Historic Use Permit, the permit as it existed before the permit amendment process shall remain in effect until the conclusion of the permit amendment or renewal process, as applicable.

j) Need for a New Permit – If a permit holder indicates on the renewal application that the pump capacity of the well has been increased or if the permittee indicates that the type of water usage has changed, then no permit renewal shall be issued, and the well owner shall apply for an Operating Permit.

RULE 3.5.10 – REPLACEMENT

a) Status – If a well with an Existing and Historic Use Permit becomes non-operational, or experiences a marked reduction in pump rate, the well owner or operator may apply for an Existing and Historic Use Permit for a replacement well. This permit application will only be considered under the following conditions: (i) the replacement well must be drilled on the same tract of land as the original well as defined by the legal description filed with the County Clerk; (ii) the re-equipped, re-drilled, or replacement well complies with all applicable District Rules and Regulations, including issuance of permits and authorizations and payments of all fees and charges; (iii) the permittee will adhere to Rule 3.5.11.c below; (iv) a replacement well should not be drilled more than 100 feet from the original well unless circumstances approved by the General Manager warrant a greater distance; and, (v) unless conditions preclude it, the replacement well should not be drilled any closer to an existing well if the replacement well might reasonably interfere with said well. If the above conditions are not met, a new operating permit will be required prior to drilling. if the type of

expected water usage is the same. Other than spacing requirements, the replacement well must adhere to District rules including screening and well construction requirements.

b) Permit Amount – The well will only be permitted for an amount equal to or less than the original existing and historic use permit. If the permittee wants additional water, then the well owner or operator will need to apply for a supplemental operating permit for the excess amount.

c) Original Well – An Existing and Historic Use Permit will only be granted on the condition that the original well adheres to any and all well closure and abandonment requirements pursuant to District Rules. Before the application for a replacement well will be considered, the well owner or operator must show evidence that the well has been plugged or provide a notarized attestation that the well will be plugged prior to the drilling of the replacement well. Failure to plug the original well will void the permit and the permittee must apply for a new permit per Rule 3.4.1 or 3.4.2 as appropriate.

RULE 3.5.11 – REPORTING, MONITORING, AND INSPECTIONS

a) Well Data, Tests, and State Well Report – Individuals, companies, or agencies as appropriate, shall provide records and submit reports to the District regarding the drilling, equipping, and completing of water wells. The State Well Report, which includes a complete driller's log, shall be submitted to the District office within 60 calendar days after drilling of the well. Any well logs, pump test data, water level data, water quality data, or any other data pertinent to the well shall be submitted to the District office within 60 calendar days after completion of the specific well project.

b) Annual Reporting for Metered Wells –On or before January 31st of each year, permittees authorized to produce groundwater and who are required to meter the permitted wells under District Rule 5.1.1 shall file an annual report on a form approved by the District, that contains the following: (i) the name of the permittee; (ii) the permit number; (iii) the meter reading or readings at year end; (iv) the total amount of groundwater produced by each well and well system during the preceding calendar year; (v) the purposes for which the water was used: (vi) the acreage designated for crops, if applicable; and, (vii) any other information requested by the District.

c) Reporting for Non-Metered Wells – On or before January 31st of each year, permittees authorized to produce groundwater who are not required or are specifically exempted by the Board to meter the permitted wells under District Rule 5.1.1, shall file an annual report on a form approved by the District, that contains the following: (i) the name of the permittee; (ii) the permit number; (iii) the total amount of groundwater produced by each well and well system during the preceding calendar year, (iv) the method used for calculating the amount produced; (v) the purpose for which the water was used; and, (vi) any other information requested by the District.

d) Exemptions for Reporting Usage – The District may establish policies that will exempt small users from having to report annual water usage and will notify these permittees if they are not required to report usage. The District may require periodic usage estimates from these permittees as conditions warrant.

e) Inspections – District employees, Board members, consultants, or other agents of the District may conduct random or periodic inspections of permitted wells for any District purpose. The District shall coordinate and schedule such inspections with the well owner.

RULE 3.5.12 – VIOLATIONS AND PENALTIES

a) Non-Adherence to Rules – For non-exempt wells, it is a violation of these rules for a well owner or well operator to produce in excess of the specified withdrawal designated on the permit or to produce beyond the designated duration of the permit. Violation of these rules is subject to revocation of the permit and/or civil penalties as specified in Section 36.102 of the Texas Water Code and Chapter 9 of these rules.

b) Failure to File – It is a violation for an owner of an existing well to fail to file an application for an Existing and Historic Use Permit within 12 months of the adoption of these Rules. A violation of this rule shall preclude the owner from making any future claim or application to the District for existing and historic use under these rules. The well owner or operator shall then not operate the well or well system unless such

owner or operator obtains an Operating Permit as set out under current rules.

c) Use of Licensed Services – Only a licensed well driller or licensed pump installer may install, service or alter a well within the boundaries of the CCGCD, unless a landowner drills or constructs a water well on his or her property for personal use. All persons drilling a well or having a well drilled, deepened, or altered shall adhere to the provisions of Chapter 76 of the Texas Administrative Code, prescribing the location of wells and proper drilling, completion, capping and plugging. It is a violation of these Rules to employ someone who is not a licensed well driller or pump installer for the purposes stated above.

d) Permit Revocation – Permits issued under these rules are subject to penalty or revocation due to waste, deviation from the purposes and terms of the permit, or damage caused to the groundwater or aquifer. After notice and an opportunity for hearing is given, a permit may be revoked, suspended, terminated, cancelled, modified, or amended in whole or in part for cause including, but not limited to the following: (i) violation of terms or conditions of the permit; (ii) obtaining the permit by misrepresentation or failure to disclose relevant facts; (iii) a finding that false or misleading information has been supplied on the application, or, (iv) failure to comply with any applicable rules, regulations, fee schedule, special provisions, requirements, or orders of the District.

d) Notification – The permittee shall furnish to the District, upon request and within 90 calendar days, any information to determine whether cause exists for revoking, suspending, terminating, canceling, modifying, or amending a permit. In the event of noncompliance, the District will notify the permit owner of the conditions that may cause revocation of the permit and allow the owner an opportunity to correct any non-compliance.

SECTION 3.6 – TRANSPORT PERMITS

RULE 3.6.1 – REQUIREMENTS

a) Tie to Operating Permit – The District shall not issue a Transport Permit, unless the well(s) that the Transport Permit applicant seeks to transport from has an underlying Operating Permit(s), or amendment thereto, that authorizes the Transport Permit applicant to produce or withdraw the quantity of groundwater to be transferred outside of the boundaries of the District. The application for a Transport Permit shall identify the Operating Permit(s) issued by the District that the applicant requests the District include in the Transport Permit and for which the maximum quantity of water available for transfer outside of the boundaries of the District shall be determined.

b) Restrictions on Denial of Permit – The District shall not deny a permit under this Section based on the fact that the applicant seeks to transfer groundwater outside the boundaries of the District, but shall restrict a Transport Permit by limiting the annual production of groundwater for transport outside of the boundaries of the District to a quantity of water based on the ability to maintain the desired future condition of the aquifer from which the groundwater will be withdrawn.

c) Standards not Specified – Except for exceptions stated in Rule 3.6.3 of these rules, groundwater produced from within the District may not be transported outside the District's boundaries unless the Board has issued the well owner or operator a Transport Permit. The CCGCD has the right to issue permits that authorize the withdrawal of a specified amount of groundwater from a water-well for a specific use and a designated period for transportation out of the District. The requirements of this rule are applicable without regard to the manner the water is transferred out of the District. Transport Permits must meet the same standards as for an Operating Permit as described in Section 3.4 of these District Rules unless otherwise specified, the District may not impose more restrictive permit conditions on transporters than the District imposes on existing in-District users.

RULE 3.6.2 – RESTRICTIONS ON THE DISTRICT

a) Use of Export Revenues – The District is prohibited from using revenues obtained through Rule 3.6.4.e (fees or surcharges for export of water out of the District) to prohibit the transfer of groundwater outside of the District. The District is not prohibited from using the same revenues for paying expenses related to

enforcement of District Rules and Chapter 36 of the Texas Water Code as amended.

b) Prohibition of Export – The District shall adopt rules as necessary to implement this section but may not adopt rules expressly prohibiting the export of groundwater.

RULE 3.6.3 – EXCEPTIONS TO TRANSPORT PERMIT REQUIREMENTS

a) Incidental Use – The export of groundwater from the District for incidental use is not considered to be an export of groundwater. Incidental use is considered to be beneficial use of water that is of a minor nature. Transport of water outside the District by a permittee, with a type of permit other than a Transport Permit, which totals five percent (5%) or less, but in no case more than five acre-feet of the permittee's annual permitted pumpage is considered incidental use.

b) Boundary Situations for Exempt Wells – The export of groundwater for an agricultural operation or domestic use, which would otherwise qualify as an exempt well under the definition of these rules, that overlaps or is adjacent to or in near proximity to the District boundary is not considered to be an export of groundwater.

c) Agricultural Use – A Transport Permit is not required for irrigation wells that service contiguous acreage outside the boundaries of the District.

d) Public Water Systems – A Transport Permit is not required for the transportation of groundwater that is used within the existing contiguous service area of an existing retail public utility that straddles the District boundary line.

d) Manufacturing – A transport permit is not required for the transportation of groundwater that is part of a manufactured product.

RULE 3.6.4 – APPLICATION INFORMATION

a) Reference to Operating Permits – The application should reference the permitted wells that will provide the water to be transported outside the District boundaries.

b) Location of Facilities – The application should include a map of the location of the proposed gathering and receiving areas for the water to be exported. If a pipeline is to be used as a mode of transport, the map should show the proposed route of the pipeline.

c) Notification – The applicant should provide to the District all names and addresses of landowners within one-half mile of the gathering facilities and, if applicable, the pipeline that will exist within the bounds of the District.

d) Usage – The permittee must provide to the District evidence of the actual use of the water to be exported. This would entail a contract or agreement with an end user for the water. Unless this contract or agreement is provided, the application will not be considered administratively complete.

e) Fees – Any fee imposed by the District for processing a Transport Permit application may not exceed fees that the District imposes for processing other applications. These fees shall be delivered to the District with the permit application and are non-refundable. Well owners are also responsible for any production fees, as applicable, associated with a well that has an Operating Permit. In addition to processing and production fees, a fee or surcharge for transport of water out of the District may be imposed as set forth by the District's Enabling Act and as put forth in Rule 1.5.3.b.

f) Completeness – An application may be rejected as not administratively complete if the District finds that substantive information required by the application or District staff is missing, false, or incorrect. District staff will determine if an application is administratively complete, and no action will be taken on an application that is not administratively complete or that has not proceeded in a manner consistent with District rules. Applicants will be notified by the District in writing if an application is deemed incomplete. After the applicant has been notified in writing, the applicant must submit to the District the information requested within thirty calendar days, or the application shall be deemed to have expired.

RULE 3.6.5 – SUPPORTING REPORTS AND PLANS IN MANAGEMENT ZONE 1

a) Criteria – Transport Permits that do not exceed exporting more than 1,250 ac-ft of water out of the District

annually from MZ 1 do not require the additional reports cited below. If a permit applicant requests 1,250 ac-ft or more to be exported annually out of the District from MZ 1, then the following reports may be required as part of the Transport Permit approval process:

i. Hydrogeological Report – If the Transport Permit specifies exporting more than 1,250 ac-ft/yr of water out of the District from Management Zone 1, then a hydrogeological report must be prepared by a qualified person licensed in the State of Texas to prepare such a report. The applicant has the option to have a District hydrologist perform the study at applicant's cost or to commission and pay for their own hydrogeological report. If the applicant chooses to commission their own study, then the applicant will also incur a reasonable associated cost for the District to study that report. The report must be completed in a manner that complies with the guidelines adopted by the District for this purpose and the applicant must not rely solely on reports previously filed with or prepared by the District. Hydrogeological reports required for a transport permit application shall include the following information: (A) an assessment of the geology at the site of the water withdrawal point(s); (B) a description of the aquifer that will supply water to the well; (C) an assessment of the area of influence, drawdown, and any other pertinent information requested by the District; (D) impacts on subsidence; (E) impact of pumping on existing permit holders and other groundwater users within the District. The Board shall make the final determination of whether a hydrogeological assessment meets the requirements of this subsection. An application for a transport permit will not be considered to be administratively complete unless the required hydrogeological assessment is approved by the Board.

ii. Mitigation Plan – Should the requirements for a hydrogeological report be triggered, then an applicant shall submit a proposed plan to mitigate any adverse impacts of the proposed export on groundwater users within the District.

iii. Water Conservation Plan – Should the requirements for a hydrogeological report be triggered, then an applicant shall submit a separate Water Conservation Plan that is applicable to the area and to the jurisdiction where the transported water will be delivered and put to beneficial use. The Water Conservation Plan should include as a minimum the items listed in Rule 3.4.5.a.

iv. Drought Contingency Plan (DCP) – Should the requirements for a hydrogeological report be triggered, then an applicant shall report any DCP that is required by other agencies or governmental bodies to the District. The cost for District review shall be the responsibility of the applicant.

b) Regional Water Plans – If applicable, the Transport Permit submittal should include a description of how the proposed export is addressed in any approved regional water plan(s).

RULE 3.6.6 – SUPPORTING REPORTS AND PLANS IN MANAGEMENT ZONE 2

a) Criteria – Transport Permits that do not exceed exporting more than 325 ac-ft of water out of the District annually from MZ 2 do not require the additional reports cited below. If a permit applicant requests 325 ac-ft or more to be exported annually out of the District from MZ 2, then the following reports may be required as part of the Transport Permit approval process.

i. Hydrogeological Report – If the Transport Permit specifies exporting more than 325 ac-ft/yr of water out of the District from Management Zone 2, then a hydrogeological report must be prepared by a qualified person licensed in the State of Texas to prepare such a report. The applicant has the option to have a District hydrologist perform the study at applicant's cost or to commission and pay for their own hydrogeological report. If the applicant chooses to commission their own study, then the applicant will also incur a reasonable associated cost for the District to study that report. The report must be completed in a manner that complies with the guidelines adopted by the District for this purpose and the applicant must not rely solely on reports previously filed with or prepared by the District. Hydrogeological reports required for a transport permit application shall include the following information: (1) an assessment of the geology at the site of the water withdrawal point(s); (2) a description of the aquifer that will supply water to the well; (3) an assessment of the area of influence, drawdown, and any other pertinent information requested by the District; (4) impacts on subsidence;

(5) impact of pumping on existing permit holders and other groundwater users within the District. The Board shall make the final determination of whether a hydrogeological assessment meets the requirements of this subsection. An application for a transport permit will not be considered to be administratively complete unless the required hydrogeological assessment is approved by the Board.

ii. Mitigation Plan – Should the requirements for a hydrogeological report be triggered, then an applicant shall submit a proposed plan to mitigate any adverse impacts of the proposed export on groundwater users within the District.

iii. Water Conservation Plan – Should the requirements for a hydrogeological report be triggered, then an applicant shall submit a separate Water Conservation Plan that is applicable to the area and to the jurisdiction where the transported water will be delivered and put to beneficial use. The Water Conservation Plan should include as a minimum the items listed in Rule 3.4.5.a.

iv. Drought Contingency Plan (DCP) – Should the requirements for a hydrogeological report be triggered, then an applicant shall report any Drought Contingency Plan that is required by other agencies or governmental bodies to the District. The cost for District review shall be the responsibility of the applicant.

b) Regional Water Plans – If applicable, the Transport Permit submittal should include a description of how the proposed export is addressed in any approved regional water plan(s).

RULE 3.6.7 – HEARINGS AND DISTRICT CONSIDERATION

a) Hearing Procedures – Applicants for transport permits are subject to the hearing procedures provided by the appropriate Rules of Chapter 8.

b) Decision on Application – In determining whether to issue a permit to transfer groundwater out of the District, the Board shall consider the provisions and requirements of the Texas Water Code, as amended, and of these rules, and the following information: (i) availability of groundwater in the District and in the proposed receiving area; (ii) availability of feasible and practicable alternative supplies to the applicant and in the proposed receiving area; (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 groundwater and aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District; (v) the indirect costs and economic and social impacts associated with the proposed transfer of water from the District; (vi) the approved regional and state water plan, if one has been approved for the receiving area, and the certified District management plan, if one has been approved for the receiving area; (vii) other facts and considerations necessary by the District's Board for the protection of the public health and welfare and conservation and management of groundwater resources in the District; (viii) the applicant's water conservation plan and whether the applicant has agreed to prevent waste and achieve water conservation and, if any subsequent user of the water is a municipality or entity providing retail water services, the water conservation plan, and agreement to prevent waste and achieve water conservation, of that municipality or entity shall also be provided; (ix) the location of the well and rates of withdrawal; and, (x) the period of time for which the permit is sought.

RULE 3.6.8 – PERMIT PROVISIONS

a) Compliance with Rules – This permit is granted in accordance with the provisions of the Rules of this District, and acceptance of the permit constitutes acknowledgement of, and agreement to, comply with the Rules and all of the permit's terms, provisions, conditions, limitations, and restrictions and any emergency conditions assessed by the District. This permit confers only the right to operate the permit under the provisions of these Rules, and its terms may be modified or amended pursuant to the provisions of these rules.

b) Additional Provisions – In addition to conditions provided by Section 36.1131, Texas Water Code, as amended, the permit shall specify: (i) the amount of water that may be transferred out of the District annually; and (ii) the period for which the water may be transferred.

c) Access to Site – In addition to well site availability, a District representative shall be allowed access to all other facilities involved in the transport of water outside the District.
d) Maximum Allowable Transport – The maximum annual transport of water cannot exceed the maximum allowable annual average production of a well or well system as specified in Rule 3.4.7.a and 3.4.7.b. No water may be transferred from wells that have an Existing and Historic Use Permit since transport of water would constitute a new type/place of use and therefore require an Operating Permit.
e) Permit Duration – The period specified by the transport permit shall be as follows:
    i. Three years if construction of a conveyance system has not been initiated prior to the issuance of the permit.
    ii. Thirty years if construction of a conveyance system has been initiated prior to the issuance of a permit.
    iii. The three-year period specified above shall automatically be extended to thirty years if construction of a conveyance system is begun before the expiration of such three-year period.
    iv. For the purposes of this section, construction of a conveyance system has been initiated when the permittee has completed construction of at least 10% of the portion of the conveyance facilities located within the District that will be used to convey the maximum annual quantity of groundwater permitted for transport outside of the boundaries of the District.
f) District Review – The District may periodically review the amount of water that may be transferred under the Transfer Permit and may limit the amount if additional factors warrant the limitation. This review may not take place more frequently than the period provided for the review or renewal of regular permits issued by the District. In its determination of whether to renew a permit issued under this section, the District shall consider relevant and current data for the conservation of groundwater resources and shall consider the permit in the same manner it would consider any other permit in the District.

RULE 3.6.9 – PRODUCTION AND EXPORT FEES FOR EXEMPT WELLS

a) Water Transport from Exempt Wells – Except as specified in 36.117 of the Texas Water Code, groundwater from an exempt well may not be transported outside the District boundaries. A well may not be used to provide groundwater to be transported beyond District boundaries unless that well has a valid, District-approved Operating Permit.
b) Exceptions – Water from exempt wells may not be charged an export fee in comparable situations to non-exempt wells as expressed in District Rule 3.6.3.a and 3.6.3.b.

RULE 3.6.10 – PERMIT CHANGES AND AMENDMENTS

a) Modification of Transfer – It is a violation of these rules to transfer any amount of water in excess of the amount or withdrawal rate specified in the Transport Permit issued by the District, or by any means or route not authorized by a Transport Permit issued by the District. A written, sworn application for an amendment to a Transport Permit must be filed and the amendment granted before any deviation in the Transport Permit occurs. The applicant must give reasons for the need to make a change or changes, demonstrate why the originally authorized terms and conditions in the Transport Permit have proven inadequate and shall provide sufficient supportive documentation.
b) Action – The General Manager shall prepare a notice to be given of the application for amendment, which notice shall be given as in the original application, and a hearing conducted in the manner prescribed for permit issuance.

RULE 3.6.11 – REPORTING, MONITORING, AND INSPECTIONS

a) Monthly Reporting – On or before the 10th of each month, a permittee authorized to transport groundwater outside of the District boundaries shall file a report with the District specifying the total amount of groundwater produced and the amount transported outside of the District boundaries during the preceding month. The report shall be filed on a form obtained from and approved by the District.
b) Failure to Report – If a permittee authorized to transport groundwater outside of the District does not file a

complete monthly report within the allotted time, the permittee is subject to civil penalties as outlined in Section 36.102 of the Texas Water Code and/or Chapter 9 of these Rules. Failure to complete the report and payment of any fine or penalty does not alleviate the applicant of their responsibility to submit the report.

RULE 3.6.12 – VIOLATIONS AND PENALTIES

a) Rights – The permitted right to transport groundwater out of the District shall be limited to the extent of and for stated purpose(s) in the permit.

b) Causes for Permit Revocation – Transport Permits issued under these Rules are subject to penalty or revocation due to waste, deviation from the purposes and terms of the permit, or damage caused to the groundwater or aquifers. After notice and an opportunity for hearing is given, a permit may be revoked, suspended, terminated, canceled, modified, or amended in whole or in part for cause including, but not limited to the following: (i) violation of terms or conditions of the permit; (ii) obtaining the permit by misrepresentation or failure to disclose relevant facts; (iii) a finding that false or misleading information has been supplied on the application, or, (iv) failure to comply with any applicable rules, regulations, fee schedule, special provisions, requirements, or orders of the District.

c) Violations – It is a violation of these Rules to transport groundwater beyond the boundaries of the District without first obtaining a Board-approved Transport Permit application, to transport an amount in excess of the specified amount on the permit or to transport beyond the designated duration of the permit. Violation of these Rules subjects the permittee to revocation of the permit and/or civil penalties as specified in Section 36.102 of the Texas Water Code and/or Chapter 9 of these Rules. A violation of this Rule occurs on the first day the transport without the appropriate permit begins and continues each day thereafter until the appropriate permit is issued.

CHAPTER 4 – OPERATIONS

SECTION 4.1 – COMPLIANCE AND AUTHORITY

RULE 4.1.1 – PROVISIONS

a) Authority – The requirements of this chapter are based on the District's statutory authority to regulate the spacing of water wells and the production of groundwater in order to minimize the drawdown of the water table or the reduction of artesian pressure, to control subsidence, to prevent interference between wells, to prevent degradation of water quality, or to prevent waste. All permitted wells are required to meet the well spacing and production regulations set forth in this chapter.

b) Use of Licensed Services – It shall be unlawful for any person to act as, or to offer to perform services as a well driller or pump installer without first obtaining a license pursuant to the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code. Only a licensed well driller or licensed pump installer may install, service or alter a well within the boundaries of the CGCD, unless a person drills or constructs a water well on his property for his own use. It is a violation of these Rules to employ someone who is not a licensed well driller or pump installer for the purposes stated above.

c) Compliance with Code – All new wells must comply with the spacing and location requirements set forth under the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code, unless a written variance is granted by the Texas Department of Licensing and Regulation (TDLR) and a copy of the variance is forwarded to the District by the applicant or registrant and approved by the District Board. It is considered a violation of these Rules for a well owner, well operator, water well driller, or pump installer to drill a new well that does not comply with District regulations regarding registration and permitting requirements, spacing and location requirements or completion requirements. Should there be evidence of non-compliance, the District may notify the TDLR regarding the infraction and will cooperate with that agency in any further investigation regarding the matter. Also, the District has the right, as set forth in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules, to assess a civil penalty for violation of these Rules.

d) Radius of Drilling – After an application for a new well permit and/or registration has been granted, the well, if drilled, must be drilled within one hundred feet of the location specified but not closer to any existing registered well unless conditions give no alternative.

SECTION 4.2 – SPACING REQUIREMENTS

RULE 4.2.1 – SPACING FROM OTHER WELLS

a) Adjacent Wells – Pending collection of additional hydrogeologic and other scientific data, the spacing of new, non-exempt wells from any registered well shall be as follows: (i) for new wells projected to make 1,000 gallons per minute or less, one foot of spacing for every gallon per minute (gpm) of production; and, (ii) for new wells projected to make more than 1,000 gpm, 1,000 feet plus an additional one half (½) foot of spacing for every gpm above 1,000.

RULE 4.2.2 – TRACT SIZE AND SPACING FROM PROPERTY LINES

a) Minimum Acreage Tract Size – No well, exempt or non-exempt, may be drilled on properties of less than one acre unless sufficient safeguards from potential contamination from sewer and effluent lines and tanks have been approved by the Texas State Department of Licensing and Regulation. The District will cooperate with appropriate State agencies and Colorado County officials to ensure that proposed new wells will be drilled in compliance with current minimum tract sizes or other tract or lot requirements or restrictions imposed by Colorado County, if applicable.

b) Distance from Property Lines – Any new well, exempt or non-exempt, must adhere to state guidelines as put forth by the Texas Department of Licensing and Regulation (TDLR). New wells may be placed 50 feet or more from a property line with minimum well construction requirements met. If any new well is drilled

within 50 feet, but no less than five feet from a property line, the annular space must be three inches larger than the outside diameter of the casing and pressure cemented or grouted from 100 feet back to the surface or from the top of the water production zone, whichever is shallower. The driller must comply with all other appropriate regulations put forth by the TDLR. If there is a new division of property, then the new property lines shall also be a minimum of 50 feet from any existing wells unless otherwise approved by the District.

RULE 4.2.3 – SPACING FROM HAZARDOUS AREAS

a) Areas of Contamination – A well shall be located a minimum horizontal distance of 150 feet from any concentrated sources of potential contamination, such as, but not limited to, existing or proposed livestock or poultry yards, cemeteries, pesticide mixing/loading facilities, and privies. A well must be located a minimum horizontal distance of 100 feet from a dry litter poultry facility.
b) Septic System Absorption Fields – A well shall be located a minimum horizontal distance of 100 feet from an existing or proposed septic system absorption field or a septic systems spray area.
c) Water-Tight Sewage and Liquid-Waste Collection Facilities – A well must be located a minimum horizontal distance of 50 feet from any water-tight sewage facility or liquid-waste collection facility.
d) Sewage Treatment and Waste Disposal Sites – No well may be located within 500 of a sewage treatment plant, solid waste disposal site, or land irrigated by sewage plant effluent.
e) Sewage Wet Well, Sewage Pumping Station and Drainage Containing Waste – No well may be located within 300 feet of a sewage wet well, sewage pumping station, or a drainage ditch that contains industrial waste discharges or wastes form sewage treatment systems.

RULE 4.2.4 – FLOOD-PRONE AREAS

a) Optimal Location – A well must be located at a site not generally subject to flooding unless no reasonable alternative exists. If it must be placed in a flood-prone area, the well must be completed according to Rule 4.3.2.a.

RULE 4.2.5 – EXCEPTIONS

a) Right to Apply for Exception – An applicant may apply for an exception to spacing requirements represented in Section 4.2.1 of these Rules. If the applicant obtains a written waiver from each affected well owner or landowner stating that the owner is agreeable to the applicant's proposed well location, then the Board may grant the exception. If no waivers are obtained, then the applicant must show through clear and convincing evidence that the new well location will not adversely affect adjacent wells. If evidence is satisfactory, the Board may enter special orders or add special permit conditions, increasing or decreasing spacing requirements.
b) Adherence to State Rules – The District may not grant an exception that conflicts with statutes of the Texas Department of Licensing and Regulation or any other state agency.
c) Spacing Exceptions to Landowner's Wells – A landowner may apply for a waiver for an exception to spacing requirements for wells located on that landowner's property. In order to protect potential new owners of property, all property owners involved in either requesting a waiver or those who are willing to accept a waiver for spacing requirements must ensure that these waivers be filed in the Colorado County property records.
d) Granted Exceptions – If the Board grants an exception to the spacing requirements for a proposed new well, that well must still be completed in accordance and in compliance with the standards of the Texas Water Well Drillers and Water Well Pump Installers Rules.
e) Adjacent Property Owners – Providing an applicant can show, through clear and convincing evidence, good cause why a new well should be allowed to be drilled closer than the required spacing of 50 feet from an adjoining property line, the issue of spacing requirements will be considered during the permitting process. If the Board, after considering the evidence presented, determines to grant a permit or an exception to drill a well that does not meet the spacing requirements, the Board may limit the production of the well to ensure

no injury is done to the groundwater or aquifer.

f) Existing and Historic Use Well – A well in existence on or before the effective dates of the original set of Rules is exempt from the spacing requirements set forth in these Rules.

g) Replacement Wells – Replacement wells must maintain the same use and be drilled with no alteration to casing size or pump capacity from the original well. If a replacement well is drilled within 50 feet of the original well and the original well is no longer capable of producing, then the replacement well is exempt from spacing requirements set forth in Rule 4.2.1c. However, unless conditions preclude it, the replacement well should not be drilled any closer to an existing well if the replacement well might reasonably interfere with said well. Unless the original well is permanently plugged, the new well is not considered a replacement well and must be treated as such, including the requirement for a permit, if appropriate.

h) Special Permits – A water well authorized under a permit issued by the Railroad Commission of Texas under Chapter 134, Natural Resources Code shall be considered exempt, as per Rule 3.2.2e of these Rules and shall therefore be treated by the same spacing rules as other exempt wells.

SECTION 4.3 – COMPLETIONS AND RE-COMPLETIONS

RULE 4.3.1 – STANDARDS

a) Compliance – All wells, including wells that encounter undesirable water or constituents, must be completed in accordance with the well completion standards set forth under the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code. Water well drillers and pump installers are subject to and must comply with all the District Rules of the Colorado County Groundwater Conservation District.

b) Screening Restrictions for Management Zone 1 – Class C wells may not be screened within the first 200 feet from the land surface unless a waiver on screening restrictions is granted per Rule 4.3.1.c. Class A and B wells are not constrained by screening restrictions unless it is determined that the aquifer conditions warrant.

c) Waiver on Screening Restrictions for Management Zone 1 – The screening requirements for new Class C wells may be modified by the Board if the applicant demonstrates that groundwater of suitable quality for the applicant's type of use cannot be reasonably obtained at depths greater than 200 feet from the land surface and the applicant provides appropriate hydrogeological data to support the applicant's request.

d) Screening Restrictions for Management Zone 2 – Plans for Class B and Class C wells in MZ 2 should consider the impact the potential screened interval may have on surrounding wells. It is required that Class B and Class C Permit applications in MZ 2 provide the anticipated screening interval. During review of the permit application, the Board will review whether the planned screened interval may have a significantly adverse impact on the aquifer. If so, the board may require screening at a different interval in order to minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, to control subsidence, or to prevent interference between wells.

RULE 4.3.2 – PROTECTION FROM FLOOD WATERS

a) Seal and Casing Requirements – Wells in flood-prone areas must be completed with a water-tight sanitary well seal and a steel casing extending a minimum of 36 inches above ground level and 24 inches below the ground surface.

RULE 4.3.3 – PROCEDURES

a) Registration Amendment – Any improvement, alteration or maintenance of a well or well system that causes a substantive change in the nature of the well requires that the well registration be amended to reflect the changes. Amendments for registered wells should be made on a form supplied by the District and as soon as practically possible but no later than 60 calendar days after the event which necessitated an amendment. If a well has been altered such that it is capable of producing more than previously or for a different use, then it may be necessary to apply for a permit. District staff will determine within five business days whether

the well will require a permit.

b) Permitting of a Well – A well will require a permit for any of the following:
If the improvement, alterations, maintenance or repair render an exempt well to become non-exempt at any time, then the well owner or operator must apply for an operating permit.
If the owner or operator of the well wishes to replace an existing permitted well with a replacement well, immediately upon completion of a replacement well, the old permitted well shall be: (i) plugged and abandoned in accordance with current Water Well Driller's Rules, Chapter 76; or, (ii) properly equipped in such a manner that it falls into the definition of an exempt well.

c) Emergency Conditions – An emergency replacement or reworking of a well may be performed, with notice to the District afterward, so long as there is no change to the use, rate or amount of withdrawal. Consistent with Rule 2.3.4, the State Well Report as well as any electric logs that may have been run, must be filed with the District within 60 calendar days. The well must be re-registered with the District within 14 calendar days and may require the well to be re-permitted.

d) Remediation of Commingling – If undesirable commingling or loss of water is occurring and the well cannot be economically re-completed within the applicable rules, then the casing in the well shall be cemented and perforated in a manner that will prevent the commingling or loss of water. If such a well has no casing, then the well shall be cased and cemented or plugged in a manner that will prevent such commingling or loss of water.

e) Right to Compel Remediation – The Board of Directors may direct the landowner or operator of a well to take steps to prevent the commingling of undesirable water and fresh water, or the unwanted loss of water or pollution through the wellbore. The cost of this remediation shall be borne by the well owner.

SECTION 4.4 – ABANDONED, OPEN AND UNCOVERED WELLS

RULE 4.4.1 – REGISTRATION

a) Responsibility – An owner or lessee of land on which an open or uncovered well or an abandoned well is located must register the well within the District.

b) Classification of Non-Registered Wells – Any well not registered with the District shall be classified as abandoned.

RULE 4.4.2 – CAPPING OPEN OR UNCOVERED WELLS

a) Justifications and Requirements – The District may require a well to be capped to prevent waste, prevent pollution, or prevent further deterioration of well casing. The well must remain capped until such time as the conditions that led to the capping requirement are eliminated. If well pump equipment is removed from a well and the well will be re-equipped at a later date, the well must be capped, provided however that the casing is not in a deteriorated condition that would permit co-mingling of water strata, in which case the well must be plugged.

b) Compliance Standards and Specifications – At a minimum, open or uncovered wells must be capped in accordance with the Rules and in accordance with the standards set forth in the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Chapter 76, Texas Administrative Code. The owner or lessee shall keep the well capped with a water-tight covering capable of sustaining weight of at least four hundred (400) pounds except when the well is in actual use. The covering for a capped well must be constructed with a water-tight seal to prevent entrance of surface pollutants into the well itself, either through the wellbore or well casing.

c) Refusal to Cap Well – If an owner, lessee or operator of a well fails or refuses to close or cap a well in compliance with this section or a Board order 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 onto the land and cap the well safely and securely. Reasonable expenses incurred by the District in closing or capping a well will be assessed to the well owner or operator. Additionally, the District has the right to assess a civil penalty as provided for in Section 36.102 of the Texas Water Code and

Chapter 9 of these rules.

RULE 4.4.3 – PLUGGING OF ABANDONED WELLS

a) Responsibility of Plugging – It is the responsibility of the landowner to see that an abandoned well is plugged in order to prevent pollution of groundwater and to prevent injury to persons and animals. If not already registered, the well to be abandoned must be registered prior to, or in conjunction with, well plugging.

b) Compliance Standards of Well Abandonment – All abandoned wells must be plugged in accordance with standards set forth in the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Chapter 76, Texas Administrative Code. If an owner or a lessee fails to plug an abandoned well in compliance with this section or a Board order, District staff, or any person, company, or entity employed by the District, may go onto the land and plug the well safely and securely.

c) Notification – With the exception of Rule 4.4.3.d, the District does not require prior notification of plans to plug a well. The District must receive a copy of the State Plugging Report within 30 days of completion of plugging operations.

d) Prior Notification – If a well is being plugged for reasons of poor water quality or suspected water contamination, the well owner or well operator shall notify the General Manager, in writing, of plans to plug the well. Within ten calendar days, the District will respond whether water samples are required to be taken prior to commencement of plugging operations. Any water quality sampling or analysis shall be done at the well owner's expense. It is a violation of these Rules for any water well driller or pump installer to plug an abandoned well with water quality concerns without District consent.

e) Detection of Unclosed Well – When an uncovered, deteriorated, or abandoned well is found by District personnel or brought to the District's attention, a letter will be sent to the owner of the property upon which the open or uncovered, deteriorated, or abandoned well exists, notifying the property owner of his responsibility to cap or plug the well. The property owner will also be provided with information on the proper closing of abandoned wells.

f) Deadline to Comply – The property owner will be given 180 calendar days in which to comply with an order to plug a well. The property owner will also be notified that a Well Plugging Form must be filed with the Texas Department of Licensing and Regulation (TDLR) within 30 calendar days after the well is plugged. A copy of the completed form must also be sent to the District by the property owner or agent.

g) Inspection – Once the property owner has notified the District that the well has been closed (capped or plugged), the District may inspect that well to ensure compliance. District personnel may inspect well closures on a random basis.

h) Failure to Comply – Should the property owner fail to respond within the 180 calendar days, refuse to cap or plug the well, or fail to submit the Well Plugging Form within 180 calendar days, the District Manager shall send a letter notifying the well owner or operator that he is in violation of District Rules and is therefore subject to a fine for each day the violation continues. An invoice assessing the cumulative amount of the fine will be sent to the well owner or operator. If the fine is not paid and the well is not closed within 30 calendar days of receipt of the invoice, the District may instruct its attorney to bring legal proceedings to cause the open or uncovered, deteriorated, or abandoned well to be brought into compliance with the District Rules, and to seek a judgment for the amount of the unpaid fine, which may place a lien on the land on which the well is located. The lien, if filed, will only be removed upon proper well closure and payment of the assessed fine.

i) Emergency Provision to Close a Well – The District has the right to enter the premises and close a well before the 180-day notice passes if it is deemed that the well constitutes a potential danger to the aquifer or others.

j) District Contribution to Closing a Well – A property owner may request reimbursement for the cost of closing a well. The District may reimburse up to 50% of the cost of the closure not to exceed $300, with proper cost documentation submitted to the District. This money can only be reimbursed if the well closure is performed by a Texas Department of Licensing and Regulation (TDLR) approved individual. This money is available

on a first-come first-served basis until the allocated budget money for well closures is depleted for the year. Lack of District funds does not preclude the landowner's responsibility, both under the State of Texas' Water Well Drillers and Pump Installers Rules and the District's Rules, to cap or plug the open or uncovered, deteriorated, or abandoned well.

k) Copies – A copy of any plugging report required by the Texas Department of Licensing and Regulation (TDLR) shall be submitted to the District within 30 days of completion of operations.

SECTION 4.5 – PROHIBITION OF PRODUCTION

RULE 4.5.1 – COURT ORDERS

a) Wells Prohibited from Withdrawing Groundwater – The District may, upon court orders, implement procedures to ensure that a well does not continue production. A red-tag shall be placed on the well in such a way that the well cannot continue operation without interfering or tampering with the red-tag. The presence of a red-tag on a well is an indication by the District that the well is not to be produced. A well may be red-tagged when, but not limited to, the following cases:
   i. No application has been made for a permit to drill a new water well which is not exempted; or
   ii. No application has been made for an operating permit to withdraw groundwater from an existing well that is not exempted from the requirement that a permit be obtained in order to lawfully withdraw groundwater; or
   iii. The Board has denied, canceled or revoked an operating permit.

b) Tampering with a Red-Tag – The action or actions of tempering with, altering, damaging, or removing a red-tag, or in any other way violating the integrity of the red-tag, or pumping of groundwater from a well that has been red-tagged constitutes a violation of these Rules and subjects the person performing such action(s), as well as any well owner or primary operator who does not prevent such action(s) or who authorizes or allows such action(s), to such penalties as provided by Section 36.102 of the Texas Water Code and Chapter 9 of these District Rules.

CHAPTER 5 – MONITORING WELL PERFORMANCE

SECTION 5.1 – OVERSIGHT OF PRODUCTION

RULE 5.1.1 – METERING NON-EXEMPT WELLS

a) Equipment – All permitted wells except those exempted in Rule 5.1.2 below or granted an exception by the Board, shall be equipped with a functioning water meter, meeting American Water Works Association (AWWA) standards for line size, pressures, and flows.

b) Downtime – Reasonable periods of downtime for repair or replacement of meters is permitted, and the permittee may estimate the amount of water used during these periods. Water meters may be removed for repairs and the well kept operational provided that the District is notified prior to removal, and the repairs are completed within 90 days. The readings of the meter must be recorded prior to removal and again upon reinstallation. The annual pumpage report must include an estimate of groundwater withdrawal during the period when the meter was not installed and operating.

c) Aggregate Withdrawal – Each well that is a member of an aggregate system is to be measured; however, where wells are permitted in the aggregate, one water meter may be used for the aggregate well system, if the water meter is installed so as to measure the groundwater production from all wells covered by the aggregate system. The District must give approval for installation of aggregate metering.

d) Subsidies for Meter Installation – Well owners of existing wells (i.e. wells that were in place prior to the implementation of these rules), may be eligible for a partial rebate of the cost of a meter after the meter has been installed should District funding be available. The rebate shall only be granted with an approved copy of an invoice presented to the General Manager. Lack of availability of these funds does not preclude the well owner or well operator's responsibility toward installing a meter.

e) Violations – Failure to show proof of installation of a metering device within 90 calendar days of Board approval of a permit that is required by District Rule to install such a device, may result in revocation of the permit or civil penalties as put forth in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules. If the well requiring a meter is drilled after 90 calendar days of approval, the meter must be installed at the time the well is completed.

f) Meter Upkeep – It is the responsibility of the well owner to ensure that a flow meter is properly installed, maintained and functioning on the permitted well, where one is required.

RULE 5.1.2 – WATER METER EXCEPTIONS

a) Class A and B Wells – In Management Zone 1, non-exempt wells designated as Class A or B do not require a meter unless the Board has sufficient cause to require one. In Management Zone 2, non-exempt wells designated as Class A do not require a meter unless the Board has sufficient cause to require one.

b) Low Production Wells – If sufficient evidence is presented to the Board that a Class C well, or a Class B well in Management Zone 2, will only produce minor amounts of water, the Board may exempt the well owner or operator from the requirement of installing a meter.

c) Board Discretion – The Board of the CCGCD may mandate that a well owner install a meter on a well or well system that might otherwise not require one for any of the following reasons: the permittee is not regularly reporting annual water usage reports as required; the reported pumpage is considered inaccurate; the area is deemed to be particularly sensitive to pumping which may cause appreciable changes in aquifer water levels; or, the pumpage exceeded expected amounts. The Board has the discretion to require a meter for other reasons not listed above but should not be arbitrary in determining these meter requirements.

d) Voluntary Metering of Low-Rate Permitted Wells – If an owner or operator of a non-exempt well that is not required by these District Rules to be metered wishes to voluntarily install a meter, the District may at its discretion, make rebate money available on a first come-first serve basis.

RULE 5.1.3 – METERING EXEMPT WELLS

a) Obligation – Unless cause exists to believe that an exempt well is not being used or produced in a manner that was specified to the District, there is no obligation for an owner or operator of an exempt well to monitor the production of that well.
b) Voluntary Metering of Exempt Wells – If an owner or operator of an exempt wishes to voluntarily install a meter, the District may at its discretion make rebate money available on a first come-first serve basis. If the well owner or operator decides to install a metering device, the District encourages the owner or operator to submit production results to the District in order to add to the District's database.

SECTION 5.2 – VERIFICATION

RULE 5.2.1 – VERIFICATION OF WATER MEASUREMENTS

a) Calibration of Water Meter – The General Manager may require the well owner or operator to test and calibrate, at the well owner's expense, the water meter or alternative measuring method or device for each permitted well. The well owner or operator must then provide the District with a certification in affidavit form of the test results and accuracy of the calibrations on a form provided by, or in a format approved by, the General Manager.
b) Random Investigations – At the District's expense and at any time, the District may also undertake random investigations for the purpose of verifying water measurement methods or devices and readings, acquiring data for alternative calculations of groundwater withdrawal, estimating the capability of a well, determining water levels, and acquiring such other information as may be helpful to the District in carrying out its goals.
c) Accuracy Requirements – If the District's verification reveals that a water measuring method is not within an accuracy of plus or minus five percent (+/- 5%), the District may require a permittee to reimburse the District for its cost of verification and require the permittee to undertake immediate repair, replacement, or correction of the water measurement method or device.

RULE 5.2.2 – VIOLATIONS AND PENALTIES

a) Violations – False reporting or logging of water measurements or meter readings, intentionally tampering with or disabling a meter, or similar actions to avoid accurate reporting of groundwater use and pumpage shall constitute a violation of these Rules.
b) Red-Tagging Water Meters – If the permittee refused to reimburse the District for cost of verification or does not immediately correct inaccurate water measuring methods as specified in Rule 5.2.1c, the General Manager has authority to red-tag the water meter or similar device. Tampering with, altering, damaging, or removing a water meter red tag shall constitute a violation of these Rules.
c) Penalties – Anyone violating the rules as specified in a) and b) above shall be subject to civil penalties as provided for in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules.

SECTION 5.3 – WATER-LEVEL MONITORING

RULE 5.3.1 – NEW WELLS

a) Completion of New Wells – Once drilling operations have ended, the driller shall obtain an initial water-level measurement. This measurement should be accompanied by an accurate measurement of land elevation at the exact site of the well. The method and instrument used to determine the land elevation should also be provided. Supplying this information to the Texas Department of Licensing and Regulation (TDLR), the Texas Water Development Board (TWDB), or any subsequent agency is sufficient to adhere to this rule unless the District specifically requests that the information be supplied directly. Unless good cause can be shown, failure to provide an accurate location, elevation, and water-level measurement for any new well drilled is a violation of these Rules and may subject the driller to civil penalties as stated in Section 36.102 of the Texas State Water Code and Chapter 9 of these Rules. As stated in the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code, all work performed on a well by licensed drillers or pump installers must adhere to District Rules.

RULE 5.3.2 – MONITORING NON-EXEMPT WELLS

a) Obligation – Any new or existing non-exempt well may be required to submit to (or responsible for) periodic monitoring of water level. Failure to submit the well for water-level monitoring shall subject the well owner or operator to civil penalties as stated in Section 36.102 of the Texas State Water Code and Chapter 9 of these Rules.

RULE 5.3.3 – MONITORING EXEMPT WELLS

a) Obligation – Unless cause exists to believe that an exempt well is not being used or produced in a manner that was specified to the District, there is no obligation for an owner or operator of an exempt well to monitor the production of that well.

b) District Water-Level Monitor Network – The District may solicit well owners or operators to be part of the District's water-level monitoring network. Owners and operators of wells may request to become part of the District's water-level monitoring program. If it is deemed that an area of the District is under-represented in monitor wells and the District cannot solicit volunteers to submit wells for periodic monitoring, the District may require that a well owner or operator submit to compulsory water level monitoring of their exempt well.

CHAPTER 6 – ACTIONS ON WASTE AND PROMOTING CONSERVATION

SECTION 6.1 – GROUNDWATER WASTE AND POLLUTION

RULE 6.1.1 – PREVENTION OF WASTE

a) Beneficial Use – Use of groundwater in accordance with the District Rules is for a beneficial purpose as defined in Appendix A of these Rules.
b) Defining Waste – Groundwater shall not be produced within, or used within or outside the District, in such a manner or under such conditions as to constitute waste as defined in Chapter 36 of the Texas Water Code or Appendix A in these Rules. Water shall not be produced from a deteriorated well.

RULE 6.1.2 – POLLUTION

a) Contamination of Groundwater – No person shall pollute or harmfully alter the character of the groundwater aquifers of the District by operating or constructing a well in a manner that causes or allows the introduction of saltwater pollutants or other deleterious matter from another stratum, from the surface of the ground, or from the operation of a well.
b) Parameter of Groundwater Contamination – As established by the Board of this District and as clearly defined in Appendix A of these Rules, pollution or contamination of groundwater constitutes waste and shall be treated as such by the District.

RULE 6.1.3 – BOARD ACTION REGARDING WASTE

a) Orders to Prevent Waste or Pollution – After providing notice to affected parties and the opportunity for a hearing, the Board may adopt orders to prohibit or prevent waste or pollution. If the factual basis for the orders is disputed, the Board shall direct that an evidentiary hearing be conducted prior to entry of the order. If the Board determines that an emergency exists requiring the immediate entry of an order to prohibit waste or pollution and protect the public health, safety and welfare, it may enter a temporary order without notice and hearing provided, however, that the temporary order shall continue in effect for the lesser of 15 calendar days or until a hearing can be conducted.
b) Declaration of an Aquifer Emergency Warning – When the concentration of total dissolved solids (TDS) increases above safe drinking water standards in any groundwater well within the District and/or other contamination or hazardous conditions affecting groundwater quality exists, an Aquifer Emergency Warning may be declared by the Board of Directors.
c) District Action on an Aquifer Emergency Warning – During an Aquifer Emergency Warning, the District may:
    i. Initiate further detailed analysis to determine whether significant changes have occurred in the water quality;
    ii. Encourage permittees and other water users within the District to identify and implement measures to conserve water and reduce groundwater pumpage; and,
    iii. Encourage the interconnection of public and private water systems to prevent health hazards and localized water shortages or depletion.

RULE 6.1.4 – VIOLATIONS AND PENALTIES

a) Violations – A violation of these Rules will have occurred if it is found that a well owner, well operator or other responsible individual, is contaminating, polluting or wasting groundwater.
b) Penalties – Should it be deemed that a violation as specified in a) above has occurred, notification will be provided to TCEQ, TWDB or other appropriate oversight agencies and the CCGCD will cooperate fully in any ensuing investigation. The District also reserves the right to enforce a penalty for the violation as provided for in Section 36.102 of the Texas Water Code and Chapter 9 of these Rules.

SECTION 6.2 – CONSERVATION

RULE 6.2.1 – POLICIES

a) Implementation – The District may implement conservation policies through various program initiatives including public education, technical assistance, special programs, through grants and loans, from support by various local, state and federal programs, industries, foundations, non-profit organizations, public and private individuals, corporations, partnerships, and other interests groups that will further the District's goals of cost-effective water conservation, pollution prevention, and waste prevention of the District's water resources.

b) Submission of Plan to Other Agencies – Each permittee who is required to prepare, adopt and implement a water conservation plan by another agency of the State of Texas or by any water wholesale provided shall submit a copy of that plan to the District for the District's files in order to assist the District in monitoring the success of water conservation efforts within the District.

CHAPTER 7 – DROUGHTS AND DECLARATION OF A CRITICAL GROUNDWATER DEPLETION AREA (CGDA)

SECTION 7.1 – PLAN FOR DROUGHT CONDITONS

RULE 7.1.1 – PURPOSE

a) Statement of Purpose – The District will have available procedures intended to preserve and prolong the availability of water during drought conditions to the extent possible.

b) District Responsibilities – The District may develop and make available guidelines and procedures for the benefit of well owners, well operators and water users within the District regarding groundwater availability and use during drought conditions. These guidelines will be available on the District web site. District staff will be responsible for disseminating information on these guidelines and procedures to constituents.

RULE 7.1.2 – IMPLEMENTATION

a) Designation of Conditions – The District shall define and declare a drought and its specific stages by using either the Palmer Drought Severity Index or the Drought Severity Classification Table put forth by the National Drought Mitigation Center. These two classifications are presented in the table below along with associated possible impacts.

Drought Severity Classification	Possible Impacts	Palmer Drought Index Classifications	
D0	Going into drought: short-term dryness slowing planting, growth of crops or pastures. Coming out of drought: some lingering water deficits; pastures or crops not fully recovered.	-1.0 to -1.99	Mild drought
D1	Some damage to crops, pastures; streams, reservoirs, or wells low, some water shortages developing or imminent; voluntary water-use restrictions requested.	-2.0 to -2.99	Moderate drought
D2	Crop or pasture losses likely; water shortages common; water restrictions imposed.	-3.0 to -3.99	Severe drought
D3	Major crop/pasture losses; widespread water shortages or restrictions.	-4.0 to -4.99	Extreme drought
D4	Exceptional and widespread crop/pasture losses; shortages of water in reservoirs, streams, and wells creating water emergencies.	-5.0 or less	Exceptional drought

b) Declaration of Drought Classifications – When conditions warrant a drought severity classification of D2 through D4, the District will issue a public warning that will be published on the front page of the District's web site or stated regularly on the District's Facebook page.

c) Drought Mitigation – All drought mitigation plans will be addressed when the District designates a Category One Critical Groundwater Depletion Area. Board powers for this eventuality are outlined in Rule 7.2.2.

RULE 7.1.3 – OTHER AGENCY PLANS

a) Submission to the District – Each permittee who is required by another agency or political subdivision of the state to maintain a drought management plan shall submit a copy of the plan to the District in order to assist the District in monitoring the success of drought management efforts within the District.

SECTION 7.2 – CRITICAL GROUNDWATER DEPLETION AREA (CGDA)

RULE 7.2.1 – DECLARATION OF A CRITICAL GROUNDWATER DEPLETION STUDY AREA

a) Definition – Prior to a possible CGDA designation, the District may designate a study area. This designation will alert registered well owners that the District is undertaking studies of a defined area to determine if factors have occurred or will likely occur that may cause the designation of a CGDA.
b) Impact on Well Owners – The designation of a study area by the District requires no hearing and no action on the part of registered well owners within the boundaries of the study area. The notification is intended to be for the purpose of apprising well owners of the District's ongoing studies and/or review of conditions.
c) Duration – The study area designation will remain in place until such time that the Board deems it unnecessary or until there is a full declaration of a CGDA.
d) Notice – In order to alert District constituents of a Critical Groundwater Depletion Study Area designation, the District may provide notice on their website and/or Facebook account.

RULE 7.2.2 – DECLARATION OF A CGDA

a) Indicators – The Board may declare an area a CGDA if there is compelling evidence of any of the following:
    i. Significant sustained drawdown of the water table;
    ii. A significant reduction of artesian pressure;
    iii. Detection of an area of an aquifer which may indicate a groundwater (or aquifer) mining situation (a non-sustainable yield); and/or,
    iv. Local climate indicators, such as the Palmer Hydrological Drought Severity Index or the Drought Severity Classification Table put forth by the National Drought Mitigation Center, indicate severe and sustained dry conditions.
b) Public Notice and Hearings – Prior to establishing a CGDA, the District will make groundwater data available and invite public comment. A public hearing will be held prior to declaration of a CGDA.
c) CGDA Categories – A CGDA will be classified into one of the following categories:
    i. Category One – This classification will be assigned to an area experiencing critical depletion of groundwater due to climatic events where the ability of the aquifer to provide sustainable yields at normal usage rates is seriously impaired.
    ii. Category Two – This classification will be assigned to an area experiencing critical depletion of groundwater due to pumpage that has caused or will shortly cause the groundwater or aquifer to fall below sustainable yield on a long-term or permanent basis. This condition is not primarily caused by but could be exacerbated by short-term climatic conditions.

RULE 7.2.3 – PROCEDURES AFTER DECLARATION OF A CGDA

a) Public Notification – Once a CGDA is declared and delineated, the area shall be given a unique name or number for identification purposes and all registered well owners in the area will be notified either individually or through public media. Notification of pertinent Board decisions related to a CGDA will be made to all registered well and landowners within the CGDA by published notice in a local newspaper of general circulation and/or on the District's website and Facebook page.
b) Board Powers – When the Board declares and delineates a CGDA, the Board may require or mandate any or all of the following:
    i. A percentage reduction in groundwater usage first toward those wells with Operating Permits and if necessary, wells with Existing and Historic Use Permits;
    ii. An increase in well spacing requirements.
c) Monitoring Pumpage – Owners or operators of permitted wells within the CGDA that are required to report usage (per Rule 3.4.10, 3.5.11, and/or 3.6.11) shall provide the District with reports on the amount of water produced from each well under permit in CGDA on forms provided by the District on a schedule determined by the Board. For any well owner or operator of a permitted well within the CGDA that does not have an

approved flow meter or other measuring device, the Board has the right and authority to require, at owner's expense, that a District approved metering device be installed on that well. If the Board has not required metering devices on wells, production volume reports shall be provided by accurate estimates such as recording duration of pumpage and the well output capacity (gpm).

d) Request for Change in Water Allocation – Owners or operators of permitted wells within the CGDA may request a temporary change in water allocation through petition to the Board. Decisions on such requests will be made consistent with prudent groundwater and aquifer management, the effect on other well owners in the CGDA, and the degree of necessity for the request.
e) Violation and Penalty – If it is determined that a well owner or well operator has violated any of the rules mandated during a CGDA, the District has the right to assess a civil penalty as provided for in Section 36.102 of the Texas Water Code and Chapter 9 of these rules.

CHAPTER 8 – HEARINGS

SECTION 8.1 – DISTRICT HEARINGS

RULE 8.1.1 – TYPES OF HEARINGS

a) Permit Hearings – Where mandated by rule, the District will hold hearings involving permit matters, in which the rights, duties, or privileges of a party are determined after notice and an opportunity for an adjudicative hearing. The subject matter of these hearings will include operating permits, existing and historic use permits, transport permits, test well permits, permit renewals or amendments, and permit revocations or suspensions.

b) Rulemaking Hearings – The District will hold hearings involving rulemaking matters of general applicability that implement, interpret, or prescribe the law or District policy, or that describe the procedure or practice requirements of the District. The subject matter of these hearings will include consideration of amendments to the District's Management Plan and the District's Rules and Regulations.

c) Other Matters – A public hearing may be held on any matter within the jurisdiction of the Board if the Board determines a hearing to be in the public interest, or necessary to effectively carry out the duties and responsibilities of the District, including, but not limited to a hearing on a Critical Groundwater Depletion Area (CGDA).

SECTION 8.2 – PERMIT HEARINGS

RULE 8.2.1 – APPLICATION PROCESSING

a) Acting on a Completed Application – The District shall promptly consider and act on each administratively complete application for a permit. An administratively complete application requires information set forth in accordance with Sections 36.113, 35.1131, Texas Water Code and the District's Rules and the permit application. If within, 60 days after the date an administratively complete application is submitted, the application has not been acted on or set for a hearing on a specific date, the applicant may petition the District court of the county where the land is located for a writ of mandamus of compel the District to act on the application or set a date for a hearing on the application, as appropriate.

b) Fees – The District may assess fees to permit applicants for administrative acts of the District relating to a permit application. Fees set by the District may not unreasonably exceed the cost to the District of performing the administrative function for which the fee is charged.

c) Incomplete Applications – An application will expire if the information requested in the application is not provided to the District within 90 calendar days of the District informing the applicant that the application is incomplete.

RULE 8.2.2 – NOTICE

a) Notice of Permit Hearing – If the General Manager or Board schedules a hearing on an application for a permit or permit amendment, the General Manager or Board shall give notice of the hearing as provided by this section. The notice must include the following: the name of the applicant; the address or approximate location of the well or proposed well; a brief explanation of the proposed permit or permit amendment, including any requested amount of groundwater, the purpose of the proposed use, and any change in use; the time, date and location of the hearing; and, any other information the General Manager or Board considers relevant and appropriate.

b) Timing of Notice – Not later than the tenth day before the date of a hearing, the General Manager or Board shall: post notice in a place readily accessible to the public at the District office; provide notice to the County Clerk's office of each county in the District and/or post notice on the District's website; and, provide notice to the following: (i) the applicant at the time the application is submitted; (ii) by regular mail, facsimile, or electronic mail to any person who has requested notice under Rule 8.2.2c; and, (iii) by regular mail to any other person entitled to receive notice under the Rules of the District.

c) Parties Eligible to Receive Notice – For all Class C permit applications, the District shall make a reasonable

effort to notify landowners that are within one half mile of the proposed well location that a permit hearing is scheduled. In the case that there are multiple landowners for a single property, the District will prioritize contacting the largest stakeholder of the property or the stakeholder that lives locally. For Class B permit applications, the District shall make a reasonable effort to notify potentially affected landowners that a Board of Directors meeting is scheduled where the permit application will be considered. For Class A permit applications, the General Manager shall make a reasonable effort to notify potentially affected landowners prior to making a decision on the permit application.

d) Request for Notice – A person may request notice from the District of a hearing on a permit or a permit amendment application. The request must be in writing and is effective for the remainder of the calendar year in which the request is received by the District. To receive notice of a hearing in a later year, a person must submit a new request. An affidavit of an officer or employee of the District establishing attempted service by first class mail or e-mail to the person in accordance with the information provided by the person is proof that notice was provided by the District.

e) Failure to Provide Notice – Failure to provide notice to those who requested it under Rule 8.2.2.d does not invalidate an action taken by the District at the hearing.

RULE 8.2.3 – SCHEDULING

a) Hearing Date – For applications requiring a hearing, the initial hearing shall be held within 35 days after the setting date, and the District shall act on the application within 60 days after the date the final hearing on the application is concluded.

b) Time and Place – Hearings may be scheduled during the District's regular business hours, Monday through Friday of each week, except District holidays or at a time consistent with typically scheduled District Board meetings. All permit hearings will be held at the District Office. However, the Board may from time-to-time change or schedule additional dates, times, and places for permit hearings by resolution adopted at a regular Board meeting. The General Manager is instructed by the Board to schedule hearings involving permit matters at such dates, times, and places set forth above for permit hearings.

c) Multiple Applications – The General Manager may schedule as many applications at one hearing as the General Manager deems appropriate.

RULE 8.2.4 – PROCEDURES

a) Designation of a Presiding Officer – A hearing must be conducted by a quorum of the Board or by an individual to whom the Board has delegated in writing the responsibility to preside as a Hearing Examiner over the hearings or matters related to the hearing, or the State Office of Administrative Hearings under Section 36.416. The Board President or the Hearing Examiner shall serve as the presiding officer at the hearing unless another Director has been designated.

b) Responsibilities of the Presiding Officer – The presiding officer may: (i) convene the hearing at the time and place specified in the notice; (ii) set any necessary additional hearing dates; (iii) designated the parties regarding a contested application; (iv) establish the order for the presentation of evidence; (v) administer oaths to all persons presenting testimony; (vi) examine persons presenting testimony; (vii) ensure that information and testimony are introduced as conveniently and expeditiously as possible without prejudicing the rights of any part; (viii) prescribe reasonable time limits for testimony and the presentation of evidence; (ix) exercise the procedural rules adopted herein; and (x) determine how to apportion among the parties the costs related to: (A) a contract for the services of a presiding officer; and (B) the preparation of the official hearing record.

c) Hearing Registration – The District may require each person who participates in a hearing to submit a hearing registration form stating the following: (i) the person's name; (ii) the person's address; and, (iii) whom the person represents, if the person is not there in the person's individual capacity. The District may allow any person registered to speak, including the General Manager or a District employee, to provide comments at a hearing on an uncontested application, consistent with these Rules.

d) Written Testimony and Evidence – The presiding officer may allow testimony to be submitted in writing and may require that written testimony be sworn to. The presiding officer shall admit evidence that is relevant to an issue at the hearing and may exclude evidence that is irrelevant, immaterial, or unduly repetitious. Submittal of written testimony and evidence should follow the procedures as described in Rule 8.2.10.

e) Recording the Hearing – The presiding officer shall prepare and keep a record of each hearing in the form of an audio or video recording or a court reporter transcription. On the request of a party to a contested hearing, the presiding officer shall have the hearing transcribed. The presiding officer may assess any transcription costs against the party that requested the transcription or among the parties to the hearing. The presiding officer may exclude a party from further participation in a hearing for failure to pay in a timely manner costs assessed against that party under this subsection. The presiding officer may not exclude a party from further participation in a hearing as provided by this subsection if the parties have agreed that the costs assessed against that party will be paid by another party. If a hearing is uncontested, the presiding officer may substitute minutes or its report as designated in Rule 8.2.11a below, as a method of recording the hearing.

f) Continuance – The presiding officer may continue a hearing from time to time and from place to place without providing notice. If the presiding officer continues a hearing without announcing at the hearing the time, date, and location of the continued hearing, the presiding officer must provide notice of the continued hearing by regular mail to the parties.

g) Consolidated Hearing on Applications – The District shall process applications from a single applicant under consolidated notice and hearing procedures on written request by the applicant if the District requires a separate permit or permit amendment application for the following: (i) drilling, equipping, operating, or completing a well or substantially altering the size of a well or well pump under Section 36.113, Texas Water Code; (ii) the spacing of water wells or the production of groundwater under Section 36.116, Texas Water Code; or (iii) transferring groundwater out of the District under Section 36.122, Texas Water Code. The District is not required to use consolidated notice and hearing procedures to process separate permit or permit amendment applications from a single applicant if the Board cannot adequately evaluate one application until it has acted on another application.

d) Hearings Conducted by State Office of Administrative Hearings – If the District contracts with the State Office of Administrative Hearings to conduct a hearing, the hearing shall be conducted as provided by Subchapters C, D and F, Chapter 2001, Government Code.

e) Alternative Dispute Resolution – The District may use alternative dispute resolution procedures in the manner provided for governmental bodies under Chapter 2009, Government Code. The District may authorize the presiding officer, at the presiding officer's discretion, to issue an order at any time before the Board takes final actions on a permit application that: (i) refers parties of a contested hearing to an alternative dispute resolution procedure on any matter at issue in the hearing; (ii) determines how the costs of the procedure shall be apportioned among the parties; and, (iii) appoints an impartial third party as provided by Section 2009.053, Government Code, to facilitate that procedure.

RULE 8.2.5 – INFORMAL HEARINGS

a) Informal Hearings – Permit hearings may be conducted informally when, in the judgment of the Board or Hearing Examiner, 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.

b) Agreement of Parties – If, during an informal proceeding, all parties reach a negotiated or agreed settlement that, in the judgment of the Board or Hearing Examiner, settles the facts or issues in controversy, the proceeding will be considered an uncontested case and the Board or Hearing Examiner will summarize the evidence and make findings of fact and conclusions of law based on the existing record and any other evidence submitted by the parties at the hearing.

RULE 8.2.6 – CONTESTED CASES

a) Written Notice of Intent – Any person who intends to contest a permit application must provide written notice of that intent to the District prior to the day of the hearing. If the Board of Directors intends to contest a permit application, the Board of Directors must provide the applicant written notice of that intent prior to the day of the hearing. If no notice of intent to contest is received prior to the day of the hearing, the General Manager, as instructed by the Board of Directors, may cancel the hearing and the Board will consider the permit at the next regular Board meeting as an uncontested permit application. The Board may then issue a written order to grant the application; grant the application with special conditions; or deny the application.

b) Preliminary Hearing – The Board shall schedule a preliminary hearing to hear a request for a contested case hearing filed in accordance with Rule 8.2.6.a herein. The preliminary hearing may be conducted by: (i) a quorum of the board; (ii) an individual to whom the Board has delegated in writing the responsibility to preside as a hearing examiner over the hearing or matters related to the hearing; or (iii) the State Office of Administration Hearings under Section 36.416.

c) Standing – Following a preliminary hearing, the Board shall determine whether any person requesting the contested case hearing has standing to make that request and whether a justiciable issue related to the application has been raised. The Board shall limit party status on a contested case hearing to persons who have personal justiciable interest related to a legal right, duty, privilege, power, or economic interest that is within the District's regulatory authority and affected by a permit or permit amendment application, not including persons who have an interest common to members of the public. If the Board determines that no person who requested a contested case hearing had standing or that no justiciable issues were raised, the Board may take any action authorized under Subsection (a).

d) Demand for Contested Case Hearing – An applicant may, not later than the 20th day after the date the Board issues an order granting the application, demand a contested case hearing if the order: (i) includes special conditions that were not part of the application as finally submitted; or (ii) grants a maximum amount of groundwater production that is less than the amount requested in the application.

e) Uncontested Case – Any case not declared a contested case under this provision is an uncontested case and the Board or Hearing Examiner will summarize the evidence, make findings of fact and conclusions of law, and make appropriate recommendations to the Board.

f) Hearings Under the State Office of Administrative Hearings (SOAH)
   i. If the District contracts with SOAH to conduct a hearing, the hearing shall be conducted as provided by Subchapters C, D, and F, Chapter 2001, Government Code. The District may adopt rules for a hearing conducted under this section that are consistent with the procedural rules of the State Office of Administrative Hearings.
   ii. If requested by the applicant or other party to a contested case, the District shall contract with SOAH to conduct the hearing. The applicant or other party must request the hearing before SOAH not later than the 14th day before the date the evidentiary hearing is scheduled to begin. The hearing must be held in Travis County or at the District office or regular meeting location of the Board, unless the Board provides for hearings to be held at a different location. The District shall choose the location.
   iii. The party requesting the hearing before SOAH shall pay all costs associated with the contract for the hearing and shall deposit with the district an amount sufficient to pay the contract amount before the hearing begins. At the conclusion of the hearing, the District shall refund any excess money to the paying party. All other costs may be assessed as authorized by this chapter or District Rules.
   iv. An administrative law judge who conducts a contested case hearing shall consider applicable District Rules or policies in conducting the hearing, but the District deciding the case may not supervise the administrative law judge.
   v. The District shall provide the administrative law judge with a written statement of applicable rules or policies.
   vi. The District may not attempt to influence the finding of facts or the administrative law judge's application of the law in a contested case except by proper evidence and legal argument.

vii. In proceedings for a permit application or amendment in which the District has contracted with SOAH for a contested case hearing, the Board has the authority to make a final decision on consideration of a proposal for decision issued by an administrative law judge consistent with Section 2001.058, Government Code.
viii. The Board may change a finding of fact or conclusion of law made by the administrative law judge, or may vacate or modify an order issued by the administrative judge, only if the board determines: (1) that the administrative law judge did not properly apply or interpret applicable law, District Rules, written policies under Section 36.416(e), Texas Water Code, or proper administrative decisions; (2) that a prior administrative decision on which the administrative law judge relied is incorrect or should be changed; or, (3) that a technical error in a finding of fact should be changed.
ix. A final decision issued by the Board under this section must be in writing and must either adopt the proposed findings of fact and conclusions of law as proposed by the administrative law judge or include revised findings of fact and conclusions of law consistent with (viii) above.
x. Notwithstanding any other law, the Board shall issue a final decision under this section not later than the 180th day after the date of receipt of the final proposal for decision from the State Office of Administrative Hearings. The deadline may be extended if all parties agree to the extension.
xi. Notwithstanding any other law, if a motion for rehearing is filed and granted by the Board under Rule 8.2.11.c, the Board shall make a final decision on the application not later than the 90th day after the date of the decision by the Board that was subject to the motion for rehearing.
xii. The Board is considered to have adopted a final order on the 181st day after the date the administrative law judge issued the final proposal for decision if the Board has not issued a final decision by: (A) adopting the findings of fact and conclusions of law as proposed by the administrative law judge; or (B) issuing revised findings of fact and conclusions of law as provided by (viii) above.
xiii. A proposal for decision adopted under (xii) above is final, immediately appealable, and not subject to a request for rehearing.

RULE 8.2.7 – PRE-HEARING CONFERENCE

a) Pre-hearing Conference – A pre-hearing conference may be held to consider any matter that may expedite the contested case hearing or otherwise facilitate the hearing process. Matters that may be considered at a pre-hearing conference include, but are not limited to, the following: (i) the designation of the parties; (ii) the formulation and simplification of issues; (iii) the necessity or desirability of amending applications or other pleadings; (iv) the possibility of making admissions or stipulations; (v) the scheduling of discovery; (vi) the identification of and specification of the number of witnesses; (vii) the filing and exchange of prepared testimony and exhibits; and, (viii) the procedure at the hearing. A pre-hearing conference may be held at a date, time, and place stated in a separate notice, and may be continued from time to time and place to place, at the discretion of the Board or Hearing Examiner.

RULE 8.2.8 – DESIGNATED PARTIES

a) Designation of Parties – Parties to a hearing will be designated on the first day of hearing or at such other time as the Board or Hearing Examiner determines. The presiding officer shall determine a party's right to participate in a hearing before a referral of the case the State Office of Administrative Hearings, if applicable. The Board of Directors and any person specifically named in a matter are automatically designated parties. Persons other than the automatic parties must, in order to be admitted as a party, appear at the proceeding in person or by representative and seek to be designated. The Board or Hearing Examiner may limit participation in a hearing on a contested application to persons who have a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest that is within the District's regulatory authority and affected by a permit or permit amendment application, not including persons who have an interest common to members of the public. After parties are designated, no other person may be admitted

as a party unless, in the judgment of the Board or Hearing Examiner, there exists good cause and the hearing will not be unreasonably delayed.

b) Rights of Designated Parties – Subject to the direction and orders of the Board or 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 Board or 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 Board or Hearing Examiner as evidence.

d) Furnishing Copies of the 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 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 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) Agreements in Writing – No agreement between parties or their representatives affecting any pending matter will be considered by the Board or Hearing Examiner unless it is in writing, signed, and filed as part of the record, or unless it is announced at the hearing and entered as in the record.

RULE 8.2.9 – DISCOVERY

a) Governance – Discovery will be conducted upon such terms and conditions, and at such times and places, as directed by the Board or Hearing Examiner. Unless specifically modified by these Rules or by order of the Board or 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 Board or Hearing Examiner.

b) Discovery Sanctions – If the Board or Hearing Examiner finds a party is abusing the discovery process in seeking, responding to, or resisting discovery, the Board or Hearing Examiner may: (i) suspend processing of the application for a permit if the applicant is the offending party; (ii) disallow any further discovery of any kind or a particular kind by the offending party; (iii) rule that particular facts be regarded as established against the offending party for the purposes of the proceeding, in accordance with the claim of the party obtaining the discovery ruling; (iv) limit the offending party’s participation in the proceeding; (v) disallow the offending party’s presentation of evidence on issues that were the subject of the discovery request; and, (vi) recommend to the Board that the hearing be dismissed with or without prejudice.

RULE 8.2.10 – TESTIMONY AND EVIDENCE

a) Decision on Application – When deciding whether or not to issue a permit and in setting the terms of the permit, the Board must consider whether the application conforms to the requirements prescribed by Chapter 36 of the Texas Water Code, as amended, and the District Rules. Before granting or denying an operating permit, the District shall also consider whether: (i) the proposed use of water unreasonably affects existing groundwater and surface water resources, existing permit holders, and/or existing exempt wells; (ii) the proposed use and/or the historic use of water is dedicated to any beneficial use; (iii) the proposed use and/or historic use of water is consistent with the District’s certified management plan; (iv) the applicant has agreed to avoid waste and achieve water conservation; and, (v) 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. Also, if an application for a permit or an amendment to a permit under Section 36.113 of the Texas Water Code, as amended, proposes the transfer of groundwater outside of the District's boundaries, the District may also consider the provisions in Section 3.4 of these Rules in determining whether to grant or deny the permit or permit amendment.

b) Subpoenas – The Board or Hearing Examiner may issue subpoenas to compel the testimony of any person that is necessary, helpful, or appropriate to the hearing and for the production of books, papers, documents, or tangible things, in the manner provided in the Texas Rules of Civil Procedure.

c) Swearing Witnesses – The Board or Hearing Examiner will administer the oath in a manner calculated to impress the witness with the importance and solemnity of the promise to adhere to the truth.

d) 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 witness 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 objection. On the motion of a party to the hearing, the presiding officer may exclude written testimony if the person who submits the testimony is not available for cross-examination by phone, a deposition before the hearing, or other reasonable means.

e) Supplement to Testimony – Provided that the Board has not acted on the application, the presiding officer may allow a person who testifies at the hearing to supplement the testimony given at the hearing by filing additional written materials with the presiding officer not later than the tenth day after the date of the hearing. A person who files additional written material with the presiding officer under this subsection must also provide the material, not later than the tenth day after the date of the hearing, to any person who provided comments on an uncontested application or any party to a contested hearing. A person who receives additional written material under this subsection may file a response to the material with the presiding officer not later than the tenth day after the date the material was received.

f) Admissibility of Evidence – Except as modified by these Rules, 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.

g) Requirements for Exhibits – Exhibits of a documentary character must be sized to not unduly encumber the files and records of the District. All exhibits must be numbered and, except for maps and drawings, may not exceed 8-1/2 by 11 inches in size.

h) Introduction of Copies of Exhibits – Each exhibit offered must be tendered for identification and placed in the record. Copies must be furnished to the Board or Hearing Examiner and to each of the parties, unless the Board or Hearing Examiner rules otherwise.

i) Excluding Exhibits – In the event an exhibit has been identified, objected to, and excluded, it may be withdrawn by the offering party. If withdrawn, the exhibit will be returned, and the offering party waives all objections to the exclusion of the exhibit. If not withdrawn, the exhibit will be included in the record for the purpose of preserving the objection to excluding the exhibit.

j) Abstracts of Documents – When documents are numerous, the Board or Hearing Examiner may receive in evidence only those that are representative and may require the abstracting of relevant data from the documents and the presentation of the abstracts in the form of an exhibit. Parties have the right to examine the documents from which the abstracts are made.

k) Documents in District Files – Extrinsic evidence of authenticity is not required as a condition precedent to admissibility of documents maintained in the files and records of the District.

l) Official Notice – The Board or Hearing Examiner may take official notice of all facts judicially cognizable. In addition, official notice may be taken of generally recognized facts within the area of the District's specialized knowledge.

m) Oral Arguments – At the discretion of the Board or Hearing Examiner, oral arguments may be heard at the conclusion of the presentation of evidence. Reasonable time limits may be prescribed. The Board or Hearing Examiner may require or accept written briefs in lieu of, or in addition to, oral arguments. When the matter is presented to the Board for final decision, further oral arguments may be heard by the Board.

n) Ex Parte Communications – The Board and the Hearing Examiner, if appointed, may not communicate, directly or indirectly, in connection with any issue of fact or law with any agency, person, party, or representative, except with notice and opportunity for all parties to participate. This provision does not prevent communications with staff not directly involved in the hearing to utilize the special skills and knowledge of the agency in evaluating the evidence.

RULE 8.2.11 – CONCLUSION OF THE HEARING

a) Proposal for Decision – For a contested case, the presiding officer shall submit a proposal for decision to the Board not later than the 30th calendar day after the date the evidentiary hearing is concluded. The proposal for decision must include a summary of the subject matter of the hearing, a summary of the evidence or public comments received; and the presiding officer's recommendations for Board action on the subject matter of the hearing. The presiding officer or General Manager shall provide a copy of the proposal for decision to the applicant and to each person who provided comments and each designated party. A party who receives a copy of the report as distributed by the presiding officer or General Manager may submit to the Board written exceptions to the proposal for decision. If the hearing was conducted by a quorum of the Board and if the presiding officer prepared a record of the hearing from an audio or video recording or from a court reporter transcription, then the presiding officer shall determine whether to prepare and submit a report to the Board under this section.

b) Board Action – The Board shall consider the proposal for decision at a final hearing. Additional evidence may not be presented during a final hearing. The parties may present oral argument at a final hearing to summarize the evidence, present legal argument, or argue an exception to the proposal for decision. A final hearing may be continued as provided by Rule 8.2.4. The Board shall act on a permit or permit amendment application not later than the 60th calendar day after the date the final hearing on the application is concluded. The Board shall ensure a decision on a permit or permit amendment application is timely rendered in accordance with the provisions set forth in Chapter 36 of the Texas Water Code. In deciding whether or not to issue an operating permit, existing and historic use permit and/or transport permit, and in setting the terms of the permit, the Board will consider whether the application is consistent with the goals, regulations and laws as presented in Chapter 36 of the Texas Water Code, the District Act, the District's Rules and Certified Management Plan. The Board will not consider an application that is not accompanied with the appropriate prescribed fee.

c) Requests for Rehearing and/or Finding and Conclusions – An applicant in a contested or uncontested hearing or a party to a contested hearing may administratively appeal a decision of the Board on a permit or permit amendment application by making a request in writing to the Board. A party seeking to appeal a decision by the Board must request written findings of fact and conclusions of law not later than the 20th calendar day after the date of the Board's decision unless the Board issued findings of fact and conclusion of law as part of the final decision. On receipt of a timely written request, the Board shall make written findings of fact and conclusions of law regarding a decision of the Board on a permit or permit amendment application. The Board shall provide certified copies of the findings of fact and conclusions of law to the person who requested them, and to each person who provided comments and each designated party, not later than the 35th calendar day after the date the Board receives the request. A party to a contested hearing may request a rehearing not later than the 20th calendar day after the date the Board issues the findings of fact and conclusions of law. A request for rehearing must be filed in the District office and must state the grounds for the request. If the original hearing was a contested hearing, the party requesting a rehearing must provide copies of the request to all parties to the hearing. If the Board grants a request for rehearing,

the Board shall schedule the rehearing not later than the 45th calendar day after the date the request is granted. The failure of the Board to grant or deny a request for rehearing before the 91st calendar day after the date the request is submitted is a denial of the request. The Board shall consolidate requests for rehearing filed by multiple parties to the contested case hearing, but only one rehearing may be considered per matter.

d) Decision – A decision by the Board on a permit or permit amendment application is final: (i) if a request for rehearing is not filed before the specified expiration time; or (ii) if a request for rehearing is filed on time, on the date and: (1) the Board denies the request for rehearing; or, (2) the Board renders a written decision after rehearing. An applicant or a party to a contested hearing may file a suit against the District under Section 36.251 of the Texas Water Code to appeal a decision on a permit or permit amendment application not later than the sixtieth (60th) calendar day after the date on which the decision becomes final. An applicant or a party to a contested hearing may not file suit against the District under Section 36.251 if a request for rehearing was not filed on time.

SECTION 8.3 – RULEMAKING HEARINGS

RULE 8.3.1 – GENERAL PROCEDURES

a) Amending District Rules and Management Plan – The Board may, following notice and hearing, amend these Rules or adopt new Rules from time to time.

RULE 8.3.2 – NOTICE

a) Notice of Rulemaking Hearing – If the General Manager or Board schedules a rulemaking hearing, the General Manager or Board shall give notice of the hearing as provided by this section. The notice must include the following: (i) the time, date, and location of the rulemaking hearing; (ii) a brief explanation of the subject of the rulemaking hearing; and (iii) a location or internet site at which a copy of the proposed rules may be reviewed or copied.

b) Timing of Notice – Not later than the 20th calendar day before the date of a rulemaking hearing, the General Manager or Board shall: (i) post notice in a place readily accessible to the public at the District office; (ii) provide notice to the County Clerk of each county in the District; (iii) publish notice in one or more newspapers of general circulation in the county or counties in which the District is located; (iv) provide notice by mail or electronic mail to any person who has requested notice under Rule 8.3.2.c; and, (v) make available a copy of all proposed rules at a place accessible to the public during normal business hours and, if the District has a website, post an electronic copy on a generally accessible internet site.

c) Request for Notice – A person may submit to the District a written request for notice of a rulemaking hearing. A request is effective for the remainder of the calendar year in which the request is received by the District. To receive notice of a rulemaking hearing in a later year, a person must submit a new request. An affidavit of an officer or employee of the District establishing attempted service by first class mail, facsimile, or e-mail to the person in accordance with the information provided by the person is proof that notice was provided by the District.

d) Failure to Provide Notice – Failure to provide notice under Rule 8.3.2.c does not invalidate an action taken by the District at a rulemaking hearing.

RULE 8.3.3 – PROCEDURES

a) Authority of the Presiding Officer – The presiding officer will conduct the rulemaking hearing in the manner the presiding officer determines most appropriate to obtain all relevant information pertaining to the subject of the hearing as conveniently, inexpensively, and expeditiously as possible. The presiding officer may follow guidelines of “Robert’s Rules of Order,” 10th Edition, General Henry M. Robert, 2000 Revised Edition, or as amended.

b) Hearing Registration – The District may require each person who participates in a rulemaking hearing to

submit a hearing registration form stating the following: the person's name; the person's address; and whom the person represents, if the person is not at the hearing in the person's individual capacity.

c) Recording the Hearing – The presiding officer shall prepare and keep a record of each rulemaking hearing in the form of an audio or video recording or a court reporter transcription.

d) Informal Procedures – The District may use an informal conference or consultation to obtain the opinions and advice of interested persons about contemplated rules and may appoint advisory committees of experts, interested parties, or public representatives to advice the District about contemplated rules.

RULE 8.3.4 – EMERGENCY RULES

a) Imminent Peril – A Board may adopt an emergency rule without prior notice or hearing, or with an abbreviated notice and hearing, if the Board: (i) finds that a substantial likelihood of imminent peril to the public health, safety, or welfare, or requirement of state or federal law, requires adoption of a rule on less than 20 calendar-days' notice; and, (ii) prepares a written statement of the reasons for its finding.

b) Time in Effect – A rule adopted under this section may not be effective for longer than 90 calendar days unless notice of a hearing on the final rules is given not later than the 90th calendar day after the date the rule is adopted, in which case the rule is effective for an additional 90 calendar days.

c) Adoption of the Rule – A rule adopted under this section must be adopted at a meeting held as provided by Chapter 551, Government Code.

RULE 8.3.5 – TESTIMONY AND EVIDENCE

a) 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. Unless the presiding officer grants additional time, all 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 8.3.2.b.

b) Oral Presentations – Any person desiring to testify on the subject of the hearing must so indicate on the registration form provided at the hearing. The presiding officer establishes the order of testimony and may limit the number of times a person may speak, the time period for oral presentations, and the time period for raising questions. In addition, the presiding officer may limit or exclude cumulative, irrelevant, or unduly repetitious presentations.

RULE 8.3.6 – CONCLUSION OF THE HEARING

a) Closing the Record – At the conclusion of the testimony, and after the receipt of all documents, the presiding officer may either close the record, or keep it open for a specified period to allow the submission of additional information or written comments. If the presiding officer is a Hearing Examiner, the Hearing Examiner must, after the record is closed, prepare a report to the Board. The report must include a summary of the subject of the hearing and the public comments received, together with the Hearing Examiner's recommendations for action. Upon completion and issuance of the Hearing Examiner's report, a copy must be submitted to the Board. Any interested person who provides a written request will be notified when the report is complete and furnished a copy of the report.

b) Exceptions to the Report – Any interested person may make exceptions to the final report submitted to the Board and the Board may reopen the record if necessary.

c) Decision – 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 conclusion of the meeting and is not affected by a motion for rehearing.

d) Request for Re-hearing – 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 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 within 90 days of submission will be deemed to be a denial of the request.

SECTION 8.4 – CRITICAL GROUNDWATER DEPLETON AREA HEARINGS

RULE 8.4.1 – NOTICE

a) Conduct of Hearing – All hearings regarding Critical Groundwater Depletion Areas (CGCA) must abide by the requirements of the Open Meetings Act.

b) Affected Parties – A copy of the notice must be provided to each landowner, well owner, well operator and known groundwater right holder in the proposed CGDA or notice of hearing must be published at least once in a newspaper of general circulation in the District. The notice must describe the proposed management area in such a way that each landowner, well owner, well operator and known groundwater right holder in the proposed management area can recognize their inclusion.

c) Request for Notice – A person may submit to the District a written request for notice of a CGDA hearing. A request is effective for the remainder of the calendar year in which the request is received by the District. To receive notice of a rulemaking hearing in a later year, a person must submit a new request. An affidavit of an officer or employee of the District establishing attempted service by first class mail or e-mail to the person in accordance with the information provided by the person is proof that the notice was provided by the District.

CHAPTER 9 – INVESTIGATION AND ENFORCEMENT

SECTION 9.1 – INVESTIGATION

RULE 9.1.1 – NOTICE AND ACCESS TO PROPERTY

a) Access to Property – Board members and District employees and agents are entitled to access all property within the District at any reasonable time to carry out investigations and inspections necessary to ensure adherence of the District Rules.

b) Notice – Prior to entering a property for the purpose of investigation or inspection, the person seeking access must first make a reasonable attempt to give notice in writing, in person, or by telephone to the owner, lessee, or operator, agent, or employee of the well owner or lessee. Information contained in any application or other information on file with the District may be used to contact a person concerning entry upon the property. Notice is not required if prior permission is granted to enter without notice.

c) Conduct of Investigator – Investigations and inspections shall be conducted at reasonable times and shall be consistent with all applicable rules and regulations concerning safety, internal security, and fire protection. The persons conducting such investigations shall identify themselves and present District identification upon request by the owner, operator, lessee, management in residence, or person in charge.

d) Restricting Access to Property – Inhibiting or prohibiting access to any Board member or District employee or agent who is attempting to conduct an investigation under the District Rules constitutes a violation and subjects the person who is inhibiting or prohibiting access as well as any other person who authorizes or allows such action, to the penalties set forth in the Texas Water Code Chapter 36.102.

RULE 9.1.2 – RESPONSE TO PROTEST OR COMPLAINT

a) Citation – The Board, either on its own motion or upon receipt of sufficient written protest or complaint, may at any time, after due notice to all interested parties, cite any person owning or operating a well within the District, or any person in the District violating the Act, these Rules, or an Order of the Board. Under the citation, that person is ordered to appear before the Board in a public hearing and said person is required to show cause why an enforcement action should not be initiated or why his operating authority or permit should not be suspended, cancelled, or otherwise restricted and limited, for failure to abide by the terms and provision of the permit, these Rules, or the Act.

SECTION 9.2 – ENFORCEMENT

RULE 9.2.1 – ACTS ON VIOLATIONS

a) Powers of the Board – If it appears that a person has violated, is violating, or is threatening to violate any provision of the District Rules or of any regulation, permit, or other order of the District, the Board of Directors may institute and conduct a suit in the name of the District for enforcement of rules through the provisions of Chapter 36.102 of the Texas Water Code.

RULE 9.2.2 – EXCEPTIONS TO DISTRICT RULES

a) Power to Grant an Exception – In order to accomplish the purposes, set forth in these rules, the Board may grant exceptions to District rules. This rule, and all other rules of the District, shall not be construed so as to limit the discretionary power of the Board, and the powers stated are cumulative of all other powers possessed by the Board.

b) Filing for an Exception – Any person, firm, corporation, association of persons, or other entity desiring an exception to any Rule shall file a written application with the District office which includes: (i) a statement regarding the nature of the exception requested; (ii) the justification for granting the exception; (iii) any information that the applicant deems appropriate in support of the application for an exception; and (iv) a listing of adjacent landowners and affected parties; and (v) all waivers signed by affected parties and landowners whose property borders that of the applicant.

c) Waiver – If all such affected parties 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 or hearing except to the applicant. The applicant may also waive notice or hearing, or both.

d) Notice and Hearing – Assuming Rule 9.2.2.c does not apply, then all applicants for exceptions and affected parties may be subject to public hearings pursuant to Section 8.2.

RULE 9.2.3 – SEALING OF WELLS

a) Authority to Act – The District may seal wells that are prohibited by the rule, Board orders or court judgment from withdrawing groundwater within the District.

b) Grounds for Action – This authorization to seal a well or to take other appropriate action to prohibit the withdrawal of groundwater extends to, but is not limited to, the following circumstances in which: (i) a permit has been granted, but the applicable fees have not been paid within the time period provided for payment; (ii) representations have been made by the well owner or operator that no groundwater is to be withdrawn from a well during a particular period; (iii) no application has been made for a permit to withdraw groundwater from an existing well that is not excluded or exempted from the requirement that a permit be obtained in order to lawfully withdraw groundwater; (iv) the Board has denied, cancelled, or revoked a permit; (v) permit conditions have not been met; (vi) a well was illegally drilled by an unlicensed driller; or (vii) a threat of, or potential for, contamination to the aquifer exists.

c) Red-Tagging – For any well that has been sealed by the District, a red-tag shall be placed on the well in such a way that the well cannot continue operation without interfering or tampering with the red-tag. The presence of a red tag is an indication by the District to the well owner, well operator or responsible party that the well is not to be produced.

d) Tampering – The action or actions of tampering with, altering, damaging, or removing a red-tag, or in any other way violating the integrity of the red-tag, or pumping of groundwater from a well that has been red-tagged constitutes a violation of these Rules and subjects the person performing such action(s), as well as any well owner or primary operator who does not prevent such action(s) or who authorizes or allows such action(s), to such penalties as provided by Section 36.102 of the Texas Water Code and Chapter 9 of these Rules.

RULE 9.2.4 – PENALTIES FOR LATE PAYMENT

a) Late Payment Fee – Failure to make complete and timely payments of a fee will automatically result in a late payment penalty of at least ten percent of the amount not paid. The payment fee plus the late payment fee must be made within 30 calendar days following the date the payment is due. If payment is not received in the designated timeframe, the Board may declare the permit void. Should the permittee show due cause as to why the payment was late, the Board or General Manager has the discretion to waive the late payment fee.

b) Loss of Installment Payment Option – The option of making payment of a production or export fee in installments may be made available by the District in order to avoid causing cash flow problems for permittees. Any permittee who, two or more times during the permit term, makes late payment of fee installments, will be required to pay production and export fees during the following two years as an annual payment upon permit issuance, without an installment payment option.

c) Unauthorized Use of the Well – After a permit is declared void for failure to make payment of a production or transport fee, all enforcement mechanisms provided by this rule and the Act shall be available to prevent unauthorized use of the well and may be initiated by the General Manager without further authorization from the Board.

RULE 9.2.5 – FAILURE TO REPORT PUMPAGE AND/OR TRANSPORTED VOLUMES

a) Failure to Report – The accurate reporting and timely submission of pumpage and/or exported volumes is necessary for the proper management of water resources. Failure of the permittee to submit complete,

accurate, and timely pumpage, export and water quality reports, as required by Rules 3.4.10.b, 3.5.11.b, and 3.6.11.a of these Rules, may result in forfeiture of the permit, civil penalties, or payment of increased meter reading and inspection fees as a result of District inspections to obtain current and accurate pumpage and/or exported volumes and water quality reports.

b) Inhibiting Meter Reading – For wells that require metering, permittees must ensure that meters are installed and maintained in a manner that allows unimpeded inspection by District staff or consultants. Failure may result in a fine and/or revocation of the permit.

c) Failure to Allow Well Monitoring – All non-exempt wells are subject to periodic measurements of water level in the well by District staff or consultants. Staff will work with well owners to ensure that there is minimal disruption in the well operation. Refusal to allow monitoring of water levels may result in a fine and/or revocation of the permit.

RULE 9.2.6 – ADVERSE IMPACT MITIGATION

a) Interference with Other Wells – The Board may request the water well owner or operator who is negatively impacting an existing registered water well to enter into discussions or formal mediation to address the negative impact. In the absence of an agreed upon recommendation (for example, a mitigation contract or plan) between a water well owner that unreasonably affects an existing registered or permitted water well owner, and the affected well owner, the Board may on its own motion amend the permit (Rule 3.4.8.e or 3.5.8.d) or otherwise impose pumping restrictions or conditions, and/or civil penalties upon the well owner adversely affecting existing registered or permitted water wells, as necessary, to address adverse impacts. The Board shall take into consideration the presence of area wells that existed prior to a new well being drilled when reviewing potential mitigation actions.

b) Complaints – The Board may also consider any complaints received in writing concerning negative impacts of any wells upon an existing registered water well within the District. The Board shall consider all registered and permitted wells in the area when assessing the complaint.

c) Supporting Documentation – Any complaints filed by registered or permitted water well owners complaining about unreasonable effects by another water well owner shall indicate the amount of expense incurred, when the negative impact occurred, and shall be accompanied by either actual invoices or by written estimate from a licensed water well driller, pump installer, or certified engineer.

RULE 9.2.7 – CIVIL PENALTIES

a) Enforcement – The District may enforce these Rules by injunction or other appropriate remedy in a court of competent jurisdiction.

b) Rights to Assess Civil Penalties – The Board may assess reasonable civil penalties for breach of any rule of the District not to exceed $10,000 per day per violation, and each day of continuing violation constitutes a separate violation. In determining the necessity for injunctive relief or other appropriate remedy and the amount of the penalty the District shall consider: (i) the seriousness of the violation, including the nature, circumstances, extend, and gravity of the prohibited act and the hazard created to the health, safety, or economic welfare of the public, or pollution of the groundwater; (ii) the economic harm to property or environment caused by the violation; (iii) the history of previous violations; (iv) the amount necessary to deter future violations; (v) the efforts to correct the violation; and, (vi) any other matter that justice may require.

c) Notice of Violation – Once the District discovers that its rules have been violated, District staff may first send a notice of violation to the violator. The notice will include the corrective steps that must be taken and the date upon which the violation must be corrected. If the violation is not remedied by the date in the District's initial communication, further notification may be sent by the District staff informing the violator of the time and place to appear before the Board, the penalty that could be assessed, and the date that the penalty will begin to be assessed. If the violation requires immediate remedial action, the District staff may take appropriate measures, including but not limited to seeking an immediate injunction against the violator.

d) Initial Penalties – The Board may assess the following initial minimum penalties for the listed rule violations. The Board may set reasonable penalties for other rule violations that are not listed. The District will work with the violator to ensure that compliance is reached. A list of common potential violations and recommended penalty assessments are provided in the table below.

Violation	Initial Minimum Penalty
Failure to permit a well according to District Rules	$250
Failure to register a well according to District Rules	$250
Performing work on a well not registered with the District	$250
Failure to install a meter on a permitted well where required by the Board or District Rules	$250
Exceeding permitted pumpage (5% - 20%)	$250
Exceeding permitted pumpage (>20%)	$500
Failure to provide annual water usage	$250
Use of groundwater that constitutes waste	$500
Falsification of records or permit applications	$1000
Failure to properly plug or cover an abandoned well	$250
Failure to adhere to rules and restrictions mandated by a District designated CGDA	$5000

If the violator is not cooperative or does not make reasonable progress toward compliance within a Board-determined timeframe, the Board may assess the penalty for every day that the violation is unresolved. For the second incidence of any offense, the listed initial minimum penalty may be doubled, and the third incidence may be tripled, up to a maximum fine of $10,000 per day.

e) Civil Penalties Recovered – All civil penalties recovered by the District shall be paid to the Colorado County Groundwater Conservation District.

f) Jurisdiction – A penalty under this section may be enforced by complaints filed in the appropriate court of jurisdiction in Colorado County.

g) Further Penalties – A penalty under this section is in addition to any other penalty provided by the law of this State and may be enforced by complaints filed in a court of competent jurisdiction in Colorado County, Texas.

h) Recovery of Fees – If the District prevails in any suit to enforce its Rules, the District may, in the same action, recover attorney's fees, costs for expert witnesses, and other costs incurred by the District before the court. The amount of the attorney's fees shall be fixed by the court.

CHAPTER 10 – GROUNDWATER MANAGEMENT AREAS

SECTION 10.1 – MANAGEMENT AREA

RULE 10.1.1 - JOINT PLANNING IN MANAGEMENT AREA

a) Management Plan Distribution – Upon completion and approval of the District's comprehensive Management Plan, as required by §36.1071 and §36.1072, Texas Water Code, the District shall forward a copy of the new or revised Management Plan to the other groundwater districts in its Texas Commission on Environmental Quality designated Management Area. The Board shall consider the plans of the other districts individually and shall compare them to other management plans then in force in the Management Area.

b) Annual Meeting – The presiding officer, or the presiding officer's designee, of the District shall meet at least annually to conduct joint planning with the other districts in the Management Area and to review the management plans and accomplishments for the Management Area, and proposals to adopt new or amend existing desired future conditions. In reviewing the management plans, the districts shall consider:
   i. the goals of each management plan and its impact on planning throughout the Management Area;
   ii. the effectiveness of the measures established by each management plan for conserving and protecting groundwater and preventing waste, and the effectiveness of these measures in the Management Area generally;
   iii. any other matters that the boards consider relevant to the protection and conservation of groundwater and the prevention of waste in the Management Area; and,
   iv. the degree to which each management plan achieves the desired future conditions established during the joint planning process.

SECTION 10.2 – DESIRED FUTURE CONDITIONS (DFC)

RULE 10.2.1 - ADOPTION PROCESS OF DESIRED FUTURE CONDITIONS

a) Consideration of Factors – Not later than May 1, 2021, and every five years thereafter, the districts shall consider groundwater availability models and other data or information for the management area and shall propose for adoption desired future conditions for the relevant aquifers within the management area. Before voting on the proposed desired future conditions of the aquifers under the districts shall consider:
   i. aquifer uses or conditions within the management area, including conditions that differ substantially from one geographic area to another;
   ii. the water supply needs, and water management strategies included in the state water plan;
   iii. hydrological conditions, including for each aquifer in the management area the total estimated recoverable storage as provided by the Texas Water Development Board, and the average annual recharge, inflows, and discharge;
   iv. other governmental impacts, including impacts on spring flow and other interactions between groundwater and surface water;
   v. the impact of subsidence;
   vi. socioeconomic impacts reasonably expected to occur;
   vii. the impact on the interests and rights in private property, including ownership and the rights of management area landowners and their lessees and assigns in groundwater as recognized under Section 36.002.
   viii. the feasibility of achieving the desired future condition; and
   ix. any other information relevant to the specific desired future conditions.

b) Defining a DFC – After considering and documenting the factors described by Subsection (a) and other relevant scientific and hydrogeological data, the District may establish different desired future conditions for: (i) each aquifer, subdivision of an aquifer, or geologic strata located in whole or in part within the boundaries of the management area; or, (ii) each geographic area overlying an aquifer in whole or in part;

or, (iii) subdivisions of an aquifer within the boundaries of the management area.

c) Balance of Considerations – The desired future conditions must provide a balance between the highest practicable level of groundwater production and the conservation, preservation, protection, recharging, and prevention of waste of groundwater and control of subsidence in the management area. This subsection does not prohibit the establishment of DFCs that provide for the reasonable long-term management of groundwater resources consistent with the management goals under Section 36.107(a).

d) Preliminary Approval and Public Comment – The DFC proposed must be approved by a two-thirds vote of all the district representatives for distribution to the districts in the management area. A period of not less than 90 days for public comments begins on the day the proposed DFC are mailed to the districts. During the public comment period and after posting notice as required by Section 36.063, each district shall hold a public hearing on any proposed DFC relevant to that district. During the public comment period, the district shall make available in its office a copy of the proposed DFC and any supporting materials, such as the documentation of factors considered, and groundwater availability model run results. After the close of the public comment period, the District shall compile for consideration at the next joint planning meeting a summary of relevant comments received, any suggested revisions to the proposed DFC, and the basis for the revisions; and any supporting materials, including new or revised groundwater availability model run results. This information compiled and submitted to the district representatives must be made available on a generally accessible internet website maintained on behalf of the management area for not less than 30 days.

e) Adoption and Report – After each district has submitted to the district representatives the information required under (d) above and made the information available of the required period time under (d) above, the district representatives shall reconvene for a joint planning meeting to review information required under (d) above, consider any district's suggested revisions to the proposed DFC, receive public comment, and finally adopt the DFC for the management area. The DFC must be approved by a resolution adopted by a two-thirds vote of all the district representatives not later than January 5, 2022. Subsequent desired future conditions must be proposed and finally adopted by the district representatives before the end of each successive five-year period after that date. The district representatives shall produce a DFC explanatory report for the management area and submit to the development board and each district in the management area proof that notice was posted for the joint planning meeting, a copy of the resolution, and a copy of the explanatory report. The report must: identify each DFC; provide the policy and technical justification for each DFC; include documentation that the factors under Subsection (c) were considered by the districts and a discussion of how the adopted DFC impact each factor; list other DFC considered, if any, and the reasons why those options were not adopted; and discuss reasons why recommendations made by advisory committees and relevant public comments received by the districts during the public comment period or at the joint planning meeting were or were not incorporated into the DFC.

f) District Resolution and Notice – After a district receives notification from the Texas Water Development Board that the DFC resolution and explanatory report are administratively complete, the District shall adopt the applicable DFC in the resolution and report. Except as provided by this section, a joint meeting under this section must be held in accordance with Chapter 551, Government Code. Each district shall comply with Chapter 552, Government Code. The district representatives may elect one district to be responsible for providing the notice of a joint meeting that this section would otherwise require of each district in the management area. Notice of a joint meeting must be provided at least 10 days before the date of the meeting by: providing notice to the Secretary of State; providing notice to the county clerk of each county located wholly or partly in a district that is located wholly or partly in the management area; and, posting notice at a place readily accessible to the public at the district office of each district located wholly or partly in the management area. The Secretary of State and the county clerk of each county shall post notice of the meeting in the manner provided by Section 551.053, Government Code. Notice of the meeting must include: the date, time and location of the meeting; a summary of any action proposed to be taken; the name of each district located wholly or partly in the management area; and, the name, telephone number,

and address of one or more persons to whom questions, requests for additional information, or comments may be submitted. The failure or refusal of one or more districts to post notice for a joint meeting does not invalidate an action taken at the joint meeting.

RULE 10.2.2 - PETITION OF DESIRED FUTURE CONDITIONS TO TCEQ

a) Timing and Criteria for Petition – Not later than the 120th day after the date on which a District adopts a desired future condition (DFC) under Section 36.108(d-4), Texas Water Code, an affected person may file a petition with the District requiring that the District contract with the State Office of Administrative Hearings (SOAH) to conduct a hearing appealing the reasonableness of the DFC. The petition must provide evidence that the Districts did not establish a reasonable DFC of the groundwater resources in the management area.

b) District Response to Petition – Not later than the 10th day after receiving a petition described by Subsection (a), the District shall submit a copy of the petition to the Texas Water Development Board (TWDB).

c) TWDB Response to Petition – On receipt of the petition from the District, the TWDB shall commence:
   i. An administrative review to determine whether the DFC established by the District meets the criteria in Section 36.108(d), Texas Water Code; and,
   ii. A Study containing scientific and technical analysis of the DFC, including consideration of: (A) the hydrology of the aquifer; (B) the explanatory report provided to TWDB under Section 36.108(d-3), Texas Water Code; (C) the factors described under Section 36.108(d); and, (D) any relevant groundwater availability models, published studies, estimates of total recoverable storage capacity, average annual amounts of recharge, inflows, and discharge of groundwater; or information provided in the petition or available to the TWDB.

d) Timing of Response to Petition – TWDB must complete and deliver to SOAH a study described by Subsection (c)(ii) not later than the 120th day after the date TWDB receives a copy of the petition.

e) Acknowledgement of Reports and Availability of Expert Witnesses – For the purposes of a hearing conducted under Subsection (a):
   i. SOAH shall consider the study described by Subsection (c)(ii) and the DFC explanatory report submitted to TWDB under Section 36.108(d-3), Texas Water Code, to be part of the administrative record; and
   ii. TWDB shall make available relevant staff as expert witnesses if requested by the office or a party to the hearing.

f) District Contract with SOAH – Not later than the 60th day after receiving a petition under Subsection (a), the District shall:
   i. Contract with SOAH to conduct the contested case hearing requested under Subsection (a); and
   ii. Submit to SOAH a copy of any petitions related to the hearing requested under Subsection (a) and received by the District.

g) Hearing Guidelines – A hearing under Subsection (a) must be held:
   i. At a location described by Section 36.403(c), Texas Water Code; and,
   ii. In accordance with Chapter 2001, Government Code, and the rules of SOAH.

h) Mediation Assistance – During the period between the filing of the petition and the delivery of the study described by Subsection (e)(i), the District may seek the assistance of the Center for Public Policy Dispute Resolution, the TWDB, or another alternative dispute resolution system to mediate the issues raised in the petition. If the District and the petitioner cannot resolve the issues raised in the petition, the office will proceed with a hearing as described by this section.

i) Rules for Notice and Hearings – The District may adopt rules for notice and hearings conducted under this section that are consistent with the procedural rules of SOAH. In accordance with rules adopted by the District and SOAH, the District shall provide:
   i. General notice of the hearing; and,

ii. Individual notice of the hearing to: (1) the petitioner; (2) any person who has requested notice; (3) each nonparty district and regional water planning group located in the same management area as the District named in the petition; (4) TWDB; and, (5) the Texas Commission on Environmental Quality (TCEQ).

j) Prehearing Conference – Before a hearing conducted under this section, SOAH shall hold a prehearing conference to determine preliminary matters, including:
   i. Whether the petition should be dismissed for failure to state a claim on which relief can be granted;
   ii. Whether a person seeking to participate in the hearing is an affected person who is eligible to participate; and,
   iii. Which affected persons shall be named as parties to the hearing.

k) Responsibility of Costs for Hearing – The petitioner shall pay the costs associated with the contract for the hearing under this section. The petitioner shall deposit with the District an amount sufficient to pay the contract amount before the hearing begins. After the hearing, SOAH may assess costs to one or more of the parties participating in the hearing and the District shall refund any excess money to the petitioner. SOAH shall consider the following in apportioning costs of the hearing:
   i. The party who requested the hearing;
   ii. The party who prevailed in the hearing;
   iii. The financial ability of the party to pay the costs;
   iv. The extent to which the party participated in the hearing; and,
   v. Any other factor relevant to a just and reasonable assessment of costs.

l) District Decision – On receipt of the administrative law judge's findings of fact and conclusions of law in a proposal for decision, including a dismissal of a petition, the District shall issue a final order stating the District's decision on the contested matter and the District's findings of fact and conclusions of law. The District may change a finding of fact or conclusion of law made by the administrative law judge or may vacate or modify an order issued by the administrative law judge, as provided by Section 2001.058(d), Government Code.

m) District Vacates or Modifies SOAH Decision – If the District vacates or modifies the proposal for decision, the District shall issue a report describing in detail the District's reasons for disagreement with the administrative law judge's findings of fact and conclusions of law. The report shall provide the policy, scientific, and technical justifications for the District's decision.

n) Finding of an Unreasonable DFC – If the District in its final order finds that a DFC is unreasonable, not later than the 60th day after the date of the final order, the districts in the same management area as the District that received the petition shall reconvene in a joint planning meeting for the purpose of revising the DFC. The districts in the management area shall follow the procedures in Section 36.108 to adopt new DFC applicable to the District that received the petition.

o) Impact on Other Districts – A final order by the District finding that a DFC is unreasonable does not invalidate the adoption of a DFC by a district that did not participate as a party in the hearing conducted under this section.

p) Consolidation of Hearings – The administrative law judge may consolidate hearings requested under this section that affect two or more Districts. The administrative law judge shall prepare separate findings of fact and conclusions of law for each District included as a party in a multidistrict hearing.

q) Judicial Appeal of Desired Future Conditions
   i. A final District order issued under Section 36.1083 may be appealed to a District Court with jurisdiction over any part of the territory of the District that issued the order. An appeal under this subsection must be filed with the District Court not later than the 45th day after the date the District issues the final order. The case shall be decided under the substantial evidence standard of review as provided by Section 2001.174, Government Code. If the court finds that a DFC is unreasonable, the court shall strike the DFC and order the districts in the same management area as the District that received the petition to reconvene not later than the 60th day after the date of the court order in a joint planning meeting for the

purpose of revising the DFC. The districts in the management area shall follow the procedures in Section 36.108 to adopt new DFC applicable to the District that received the petition.

ii. A court's finding under this section does not apply to a DFC that is not a matter before the court.

RULE 10.2.3 - MANAGEMENT AREA JOINT CONTRACTS

a) Beneficial Joint Studies and Contracts – Districts located within the same Management Areas or in adjacent Management Areas may contract to jointly conduct studies or research, or to construe projects, under terms and conditions that the districts consider beneficial. These joint efforts may include studies of groundwater availability and quality, aquifer modeling, and the interaction of groundwater and surface water; educational programs; the purchase and sharing of equipment; and the implementation of projects to make groundwater available, including aquifer recharge, brush control, weather modification, desalination, regionalization, and treatment of conveyance facilities.

RULE 10.2.4 - MANAGEMENT AREA PUBLIC NOTICE

a) Notice of Meetings

i. Except as provided by Subsections (ii) and (iii), notice of meetings of the Board shall be given as set forth in the Open Meetings Act, Chapter 551, Government Code. Neither failure to provide notice of a regular meeting nor an insubstantial defect in notice of any meeting shall affect the validity of any action taken at the meeting.

ii. At least 10 days before a hearing under Section 36.108(d-2) or a meeting at which a district will adopt a desired future condition (DFC) under Section 36.108(d-4), the Board must post notice that includes: (1) the proposed DFC and a list of any other agenda items; (2) the date, time, and location of the meeting or hearing; (3) the name, telephone number, and address of the person to whom questions or requests for additional information may be submitted; (4) the names of the other districts in the District's management area; and (5) information on how the public may submit comments.

iii. Except as provided by Subsection (ii), notice of a hearing described by Subsection (ii), must be provided in the manner prescribed for a rulemaking hearing under Section 36.101(d).

RULE 10.2.5 - MANAGEMENT AREA MODELED AVAILABLE GROUNDWATER

a) Modeled Available Groundwater

i. The Texas Water Development Board shall require the districts in a management area to submit to the Texas Water Development Board not later than the 60th day after the date on which the districts adopted desired future conditions under Section 36.108(d-3): (1) the desired future conditions adopted under Section 36.108(d-3); (2) proof that notice was posted for the joint planning meeting; and, (3) the desired future conditions explanatory report.

ii. The Texas Water Development Board shall provide each district and regional water planning group located wholly or partly in the management area with the modeled available groundwater in the management area based upon the desired future conditions adopted by the districts.

APPENDIX A – DEFINITIONS

- Abandoned Well – a well that is not in use. A well is considered to be in use in the following cases:
  - the well is not deteriorated and contains the casing, pump, and pump column in good condition;
  - the well is not a deteriorated well which has been capped;
  - the water from the well has been put to an authorized beneficial use, as defined by the Texas Water Code; or
  - the well is used in the normal course and scope and with the intensity and frequency of other similar users in the general community.[1]
- Acre-foot – the amount of water necessary to cover one acre of land one foot deep. It is equivalent to 325,851 gallons of water.
- Act – the enabling legislation that created the Colorado County Groundwater Conservation District.
- Affected Person – as it applies to groundwater management areas, it is as defined by 36.1082 Texas Water Code.
- Aggregation – multiple wells treated together as one system rather than as a series of individual wells. A well owner can apply for an operating or existing and historic use permit for multiple wells which supply a single well system rather than being required to obtain separate operating or existing and historic use permits for each individual well.
- Aquifer Emergency Warning – a public notification issued by the CCGCD Board in which the concentration of total dissolved solids increases above safe drinking water standards in any groundwater well within the District and/or other contamination or hazardous conditions affecting groundwater quality exists.
- Beneficial Use – use of groundwater for any of the following:
  - agricultural, gardening, domestic, stock raising, municipal, mining, manufacturing, industrial, commercial, or recreational, or pleasure purposes;
  - exploring for, producing, handling, or treating oil, gas, sulfur, or other minerals; or
  - any other purpose that is useful and beneficial to the user and does not meet the definition of waste as defined by District Rules and Chapter 36 of the Texas Water Code.[2]
- Board – the Board of Directors of the Colorado County Groundwater Conservation District.
- Capped Well – a well that is closed or capped with a covering capable of preventing surface pollutants from entering the well and sustaining weight of at least 400 pounds and constructed in such a way that the covering cannot be easily removed by hand.[1]
- Casing – a watertight pipe, which is installed in an excavated or drilled hole, temporarily or permanently, to maintain the hole sidewalls against caving, advance the borehole, and in conjunction with cementing and/or bentonite grouting, to confine the ground waters to their respective zones of origin, and to prevent surface contaminant infiltration.[1]
- Closed Well – see Capped Well.
- Commercial Use – a well used to supply water to properties or establishments which are in business to provide goods or services or repairs and which use water in those processes or incidental to the maintenance of the property or establishment including landscape irrigation; or a well used to supply water to the business establishment primarily for employees and customer sanitary purposes.[3]
- Contested Case – a situation whereby a party has an opposing position to the Board, the General Manager, or another party regarding the issuance of a permit.
- Critical Groundwater Depletion Area (CGDA) – a designation assigned by the Board where there is compelling evidence that the aquifer is in a precarious and possibly dangerous situation from the influence of pumpage and/or severe climatic conditions. Within a CGDA, the Board has special powers to limit groundwater production and usage in order to alleviate the effects of the conditions that caused the designation to occur.

- Desired Future Conditions (DFC) – a quantitative description, adopted in accordance with Section 36.108, Texas Water Code, of the desired condition of the groundwater resources in a management area at one or more specified future times.
- Deteriorated Well – a well that, the condition of which will cause or is likely to cause waste of groundwater in the District.
- District – the Colorado County Groundwater Conservation District (CCGCD) unless otherwise indicated.
- Domestic Use – the use of water not delivered through a public water system, for personal hygiene needs or for household purposes such as drinking, bathing, heating, cooking, or cleaning in a residence, including pleasure uses, landscape irrigation, and non-commercial gardening use so long as no more than 50% of the garden product is sold or leased.[2]
- Exempt Wells – wells that are exempt from the requirements to obtain a permit.[3]
- Existing and Historic Use Period – the time period ten years prior to the adoption of the first rules of the Colorado County Groundwater Conservation District.
- Existing and Historic Use Permit – permission by the CCGCD to operate any non-exempt, existing well that produced water for at least a year, during the existing and historic use period.
- Existing Well – any well drilled into the aquifer prior to the effective date of these original rules (September 15, 2010).
- Fee Schedule – a Board-approved listing of all applicable fees and charges by the District.
- General Manager – an individual employed by the District who is responsible to the Board and that is in charge of the day-to-day operations of the District.
- Groundwater – water percolating below the surface of the earth.[2]
- Hearing Examiner – the person appointed by the Board to conduct a hearing or other proceeding.
- Historic Use – production and beneficial use of groundwater from the aquifer during the existing and historic use period.
- Industrial Use – the use of water integral to the production of primary good and/or services provided by industrial, manufacturing or commercial facilities and used primarily in the building, production, manufacturing, or alteration of a product or goods, or a well used to wash, cleanse, cool, or heat such goods or products; does not include agricultural use.[3]
- Irrigation – the supply of water to dry land by artificial means in order to vitalize or make fertile the land with the intent of growing crops. Watering of lawns and gardens is typically NOT part of this definition.
- LCRA – Lower Colorado River Authority
- Livestock Use – the use of water for open-range watering of livestock. Irrigation of pastureland for livestock is NOT included in this definition.
- Management Plan – a document adopted by the District which specifies the acts, procedures, performance and avoidance necessary to prevent waste, the reduction of artesian pressure, or the draw-down of the water table. District Rules and Regulations area used to implement the Management Plan.
- Management Zone (MZ) – A designated area that has different rules assigned to it than other areas in the same jurisdiction.
- Modeled Available Groundwater (MAG) -- the amount of water that the executive administrator determines may be produced on an average annual basis to achieve a desired future condition established under Section 36.108.
- Maximum Historic Use – the amount of groundwater from the aquifer as determined by the District that an applicant for an Existing and Historic Use Permit is authorized to withdraw. This amount is equal to the most applicable of the following:
    - for an applicant who has beneficial use during the Existing and Historic Use Period for a full calendar year, the applicant's actual maximum beneficial use of groundwater from the aquifer excluding waste during any one full calendar year of the Existing and Historic Use Period; or,

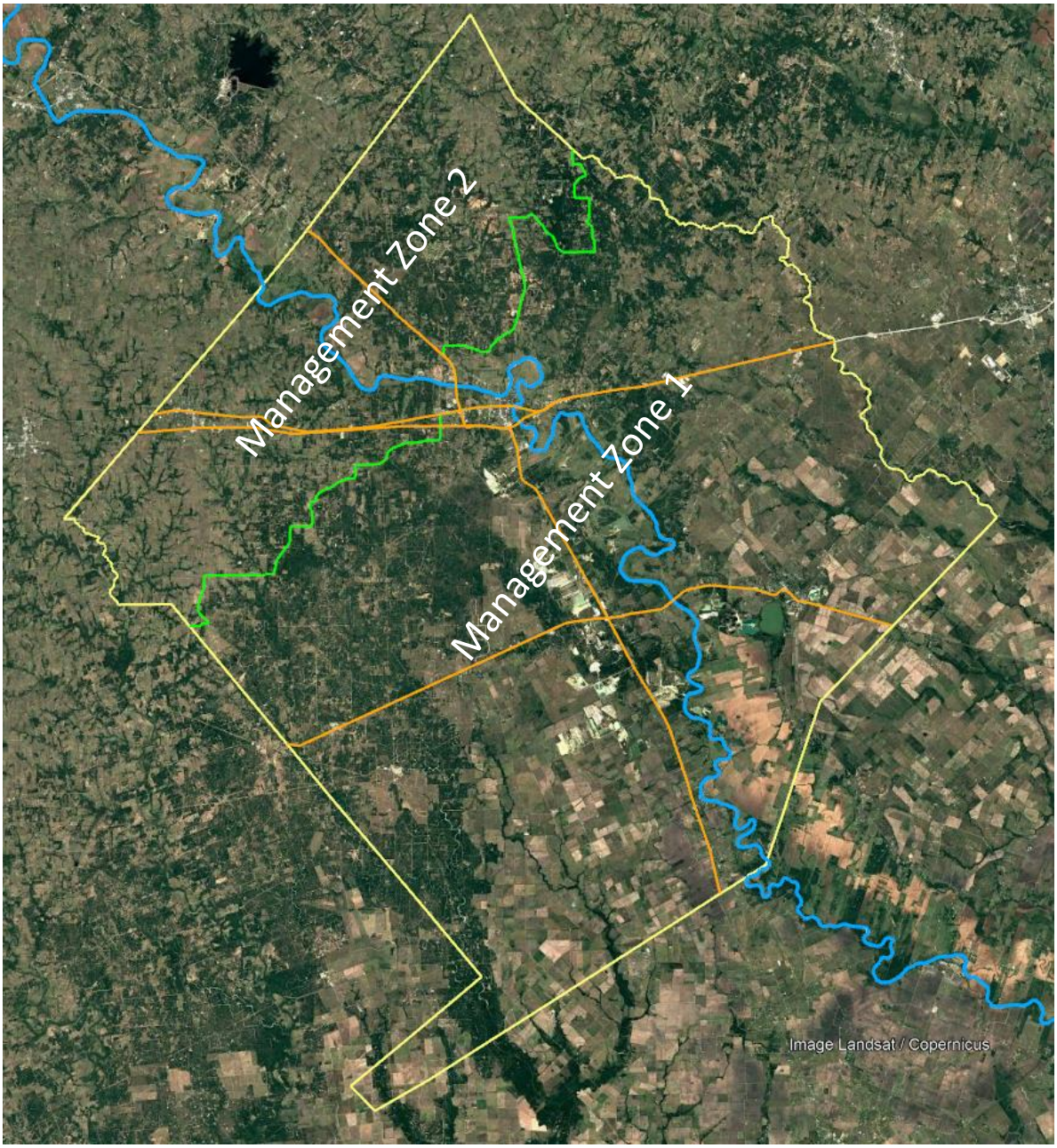
- for an applicant who has beneficial use during the Existing and Historic Use Period, but whose well has not been in operation for a full calendar year during the Existing and Historic Use Period, the applicant's extrapolated maximum beneficial use will be determined as follows: the amount of groundwater that would normally have been placed to beneficial use without waste by the applicant for the last 365 days during the Existing and Historic Use Period for the applied for purpose had the applicant's activities been commenced and in operation for the full final calendar year during the Existing and Historic Use Period.

- Metering – the act of using a measuring device that can accurately record the amount of groundwater produced during a measured time.
- Mining Use – use of water for mining processes, including hydraulic use, drilling, washing sand and gravel, and oil field re-pressuring.[4]
- Monitoring – the act of periodically checking the status of water in a well. This may include measuring the water level in a well for the purpose of noting changes in the water table or taking water samples for laboratory analyses to determine if contaminants are present.
- Municipal Use – use of potable water within a community or municipality and its environs for domestic, recreational, commercial, or industrial purposes or for the watering of golf courses, parks, or the use of reclaimed water in lieu of potable water for the preceding purposes or the application of municipal sewage effluent on land pursuant to Texas Water Code, Chapter 36, permitting.[4]
- New Well – any well drilled and in operation after the effective date of these original rules (September 15, 2010).
- Non-exempt Wells – a well required to obtain a permit for the production of groundwater from within the District.
- Operating Permit – a right granted by the groundwater District to drill and/or operate a non-exempt well for the purposes of producing water for the usage and the amounts specified by the District.
- Permit Class – a classification of operating permit or existing and historic permit based upon the pumpage capability of the well. Permit classes have differing approval criteria.
- Permit Hearing – a hearing conducted by the District regarding the rights, duties and/or privileges of a party requesting a permit that may be issued by the District.
- Plugging a Well – a process that renders a well permanently sealed such that it can no longer be used or operated.
- Public Water Supply – a system that provides water for human consumption as defined by the rules of the Texas Commission on Environmental Quality.
- Red-Tag – a physical tag placed on a well or its equipment in a manner such that operation of the well is not possible unless the tag is removed, broken or otherwise tampered with. The tag is placed on the well in situations where further pumping of groundwater or operation of the well or continuing with other District regulated activities is not permitted by the District. Red tag can also be used to describe the act of placing the tag on the well or equipment.
- Registration – basic information provided to the groundwater District by the well or landowner or well owner's assigned agent, usually containing information about the well use and capacity, well location, and property information. This information will help determine whether wells will require a permit and provides spacing protection from offset production.
- Replacement Well – a new well drilled to replace a well that has ceased production. The well must be drilled in the immediate vicinity of the original well be used for the same purpose and be capable of producing no more than the original operating well.
- Rulemaking Hearing – a hearing conducted by the District to consider matters involving general applicability that implement, interpret, or prescribe the law or District policy, or that prescribe the procedure or practice requirements of the District including adoption of or amendment to the District Management Plan and/or Rules and Regulations.

- Rules – the rules of the District.
- SOAH – State Office of Administrative Hearings.
- TCEQ – Texas Commission on Environmental Quality
- Transport Permit – a right granted by the groundwater District to transfer or transport water outside the boundaries of the District beyond what is considered incidental quantities.[3]
- TWDB – Texas Water Development Board
- Waste – any one of the following:
    - 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 agriculture, gardening, domestic, or stock raising purposes;
    - The flowing or producing of wells from a groundwater reservoir if the water produced is not used for a beneficial purpose;
    - Escape of groundwater from a groundwater reservoir to any other reservoir or geologic strata that does not contain groundwater;
    - Pollution or harmful alteration of groundwater in a groundwater reservoir by saltwater or by other deleterious matter admitted form another stratum or from the surface of the ground;
    - 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;
    - Groundwater pumped for irrigation that escapes 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,
    - For water produced from an artesian well, “waste” has the meaning assigned by Section 11.205 of the Texas Water Code.
    - In order to reduce loss by evaporation, any water produced for re-sale must be conveyed in a closed conduit to its final usage point, unless:
        - Conveyance is authorized by appropriate TCEQ permits or;
        - Compelling evidence can be presented to the Board that such loss is negligible.

[1] – definition taken from the Texas Administrative Code, Title 16, Part 4, Chapter 76, Rule 76.10.
[2] – definition taken from the Texas Water Code, Title 2, Subtitle E, Chapter 36, Rule 36.001.
[3] – definition taken from the CCGCD Management Plan.
[4] – definition taken from the “Texas Water Law Glossary” (Flores and Wasinger, 2005)

APPENDIX B – LOCATION OF MANAGEMENT ZONES



THICKNESS VARIATION OF CHICOT AQUIFER ACROSS PART OF COLORADO COUNTY (thicker toward SE)