NORTHERN TRINITY GROUNDWATER CONSERVATION DISTRICT

RULES

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TARRANT COUNTY, TEXAS

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PREAMBLE

The Northern Trinity Groundwater Conservation District ("District") was created in 2007 by the 80th Texas Legislature in order to conserve, preserve, protect, and prevent waste of the groundwater resources of Tarrant County, Texas, and to promote recharge of the aquifers within Tarrant County. The District's boundaries are coextensive with the boundaries of Tarrant County, and all lands and other property within these boundaries will benefit from the works and projects that will be accomplished by the District. These District Rules are adopted to enable the District to accomplish those purposes. The District is committed to manage and protect the groundwater resources within its jurisdiction and to work with others to ensure a sustainable, adequate, high quality and cost effective supply of water, now and in the future. Any action taken by the District shall only be after full consideration and respect has been afforded to the individual property rights of all citizens of the District.

SECTION 1. DEFINITION, CONCEPTS, AND GENERAL PROVISIONS

RULE 1.1 DEFINITION OF TERMS

In the administration of its duties, the District follows the definitions of terms set forth in Chapter 36, Texas Water Code, and other definitions as follows:

(a) "Agricultural irrigation" means the application of produced groundwater to soil for beneficial purposes as part of any of the following activities:

1) cultivating the soil to produce crops for human food, animal feed, or planting seed or for the production of fibers;

2) the practice of floriculture, viticulture, silviculture, and horticulture, including the cultivation of plants in containers or non-soil media, by a nursery grower;

3) raising, feeding, or keeping animals for breeding purposes or for the production of food or fiber, leather, pelts, or other tangible products having a commercial value;

4) planting cover crops, including cover crops cultivated for transplantation, or leaving land idle for the purpose of participating in any governmental program or normal crop or livestock rotation procedure;

5) wildlife management; and

6) raising or keeping equine animals.

The definition of "agricultural irrigation" does not include the application of produced groundwater to a golf course for any purpose.

(b) "Aquifer" means a water bearing geologic formation in the District.

(c) “Aquifer storage and recovery project” means a project involving the injection of water into a geologic formation for the purpose of subsequent recovery and beneficial use by the project operator.

(d) “Aquifer Storage Recovery (ASR) injection well” means a Class V injection well used for the injection of water into a geologic formation as part of an aquifer storage and recovery project.

(e) “Aquifer Storage Recovery (ASR) recovery well” means a well used for the recovery of water from a geologic formation as part of an aquifer storage and recovery project.

(f) "As equipped" for purposes of determining the capacity of a well means visible pipes, plumbing, and equipment attached to the wellhead or adjacent plumbing that controls the maximum rate of flow of groundwater and that is permanently affixed to the well or adjacent plumbing by welding, glue or cement, bolts or related hardware, or other reasonably permanent means.

(g) "Beneficial use” or “beneficial purpose” means use of groundwater for:

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

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

3) Withdrawal of groundwater through a dewatering well when the withdrawal is reasonably necessary to facilitate construction, excavation, installation, maintenance, or repair of structures or infrastructure and is conducted in accordance with these Rules and all applicable federal, state, and local discharge requirements; or

4) any other purpose that is useful and beneficial to the user that does not constitute waste.

(h) “Board” means the Board of Directors of the District.

(i) “Certificate of Convenience and Necessity (“CCN”)” means a permit issued by the Public Utility Commission of Texas which authorizes and obligates a retail public utility to furnish, make available, render, or extend continuous and adequate retail water or sewer utility service to a specified geographic area.

(j) "Commercial use" means the use of groundwater in support of a non-industrial business; non-agricultural irrigation, including irrigation of common areas, landscaping, medians, amenity centers, or other property by or for a homeowners association, property owners association, or similar entity; golf course use; use by or for an RV park, apartment complex, or condominium that

does not meet the definition of "Public Water System"; pumping groundwater to fill, maintain, or replenish a pond, lake, or other surface water impoundment, other than an impoundment excepted under the definition of "Domestic use"; the sale, lease, or other transfer of groundwater to any other person for consideration, other than a sale, lease, or transfer by or through a Public Water System or a retail public utility.

(k) "Connection" means a single family residential unit or each commercial or industrial establishment to which drinking water is supplied from the system. As an example, the number of service connections in an apartment complex would be equal to the number of individual apartment units. When enough data is not available to accurately determine the number of connections to be served or being served, the population served divided by three will be used as the number of connections for calculating system capacity requirements. Conversely, if only the number of connections is known, the connection total multiplied by three will be the number used for population served.

(l) "Dewatering Project" means the construction of a highway, road, bridge, or underground utility project in which a dewatering well(s), as defined in Rule 1.1(tt)(12), is drilled to temporarily aid the construction or subsurface excavation of one of the projects listed herein.

(m) "District" means the Northern Trinity Groundwater Conservation District created in accordance with Section 59, Article XVI, Texas Constitution, Chapter 36, Texas Water Code, and the District Act.

(n) "District Act" means the Act of May 28, 2007, 80th Leg., R.S., ch. 1126, 2007 Tex. Gen. Laws 3794, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8820 ("the District Act"), as may be amended from time to time.

(o) "Domestic use" means the use of groundwater by an individual or a household to support domestic activity. Such use may include water for drinking, washing, or culinary purposes; for irrigation of lawns, or of a family garden and/or family orchard; for watering of domestic animals. Domestic use does not include water used to support activities for which consideration is given or received or for which the product of the activity is sold. Domestic use does not include use by or for a public water system. Domestic use does not include irrigation of crops in fields or pastures. Domestic use does not include water used for open-loop residential geothermal heating and cooling systems, but does include water used for closed-loop residential geothermal systems. Domestic use does not include pumping groundwater into a pond or other surface water impoundment unless the impoundment is fully lined with an impervious artificial liner and has a surface area equal to or smaller than one-third of a surface acre (14,520 square feet).

(p) "Dry hole" means wells which do not encounter groundwater.

(q) “Existing Groundwater Regulatory Authority” means a conservation and reclamation district described by Section 8820.151 of the District Act.

(r) “Effective Date” means December 17, 2018, which was the date of adoption of the permanent rules for the District.

(s) “General Manager” as used herein is the appointed chief administrative officer of the District, or the District staff or a third party acting at the direction of the General Manager or Board. Additionally, the Board President may perform the functions set forth herein to be performed by the General Manager.

(t) “Golf Course Use” means the use of groundwater for any purpose associated with a golf course.

(u) “Grandfathered Use Period” means the time period from January 1, 2014 until December 17, 2018 in which groundwater produced from a well or well system was put to beneficial use at any point during the duration of the period.

(v) “Grandfathered Use Permit” means a permit required by the District for a non-exempt, existing well or well system that produced water during the Grandfathered Use Period and has not been abandoned.

(w) “Grandfathered Use Verification Period” means the period from December 17, 2018, the Effective Date of these Rules, to December 31, 2023 by which well owners may seek Grandfathered Use Permit status for a well or well system within the District.

(x) "Groundwater Availability Certification" or "GAC" means the certification of adequate groundwater availability for a proposed subdivision required as part of the plat application and approval process under Section 212.0101 or Section 232.0032, Texas Local Government Code, and 30 Texas Administrative Code Chapter 230, when groundwater underlying the subdivision is to be the source of water supply for the subdivision.

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

(z) “Groundwater reservoir” means a specific subsurface water-bearing stratum.

(aa) “Landowner” means the person who holds possessory rights to the land surface or to the withdrawal of groundwater from wells located on the land surface.

(bb) “Livestock” means, in the singular or plural, grass- or plant-eating, single- or cloven-hooved mammals raised in an agricultural setting for subsistence, profit or for its labor, or to make produce such as food or fiber, including cattle, horses, mules, asses, sheep, goats, llamas, alpacas, and hogs, as well as species known as ungulates that are not indigenous to this state from the swine, horse, tapir, rhinoceros, elephant, deer, and antelope families, but does not mean a mammal defined as a game animal in section 63.001, Parks and Wildlife Code,

or as a fur-bearing animal in section 71.001, Parks and Wildlife Code, or any other indigenous mammal regulated by the Texas Department of Parks and Wildlife as an endangered or threatened species. The term does not include any animal that is stabled, confined, or fed at a facility that is defined by Texas Commission on Environmental Quality ("TCEQ") rules as an Animal Feeding Operation or a Concentrated Animal Feeding Operation.

(cc) "Maximum Grandfathered Use" means the largest volume of groundwater produced from an aquifer and beneficially used by an applicant for a Grandfathered Use Permit for an existing well during a calendar year in the Grandfathered Use Period. For applicants seeking a Grandfathered Use Permit for an existing well who did not commence the beneficial use of water from an aquifer until less than one calendar year before the end of the Grandfathered Use Period, the term means the calculated amount of groundwater that the applicant would in all reasonable likelihood have beneficially used during the entire final calendar year of the Grandfathered Use Period for the applied-for purpose, had the applicant commenced the activities that required the groundwater production on the first day of the final calendar year of the Grandfathered Use Period.

(dd) "Meter" or "measurement device" means a water flow measuring device that can measure within +/- 5% of accuracy the instantaneous rate of flow and record the amount of groundwater produced from a well or well system during a measure of time, except as provided under Rule 7.1.

(ee) "Nursery grower" means a person who grows more than 50 percent of the products that the person either sells or leases, regardless of the variety sold, leased, or grown. For the purpose of this definition, "grow" means the actual cultivation or propagation of the product beyond the mere holding or maintaining of the item prior to sale or lease and typically includes activities associated with the production or multiplying of stock such as the development of new plants from cuttings, grafts, plugs, or seedlings.

(ff) "Operating Permit" means a permit required by the District for the following:

1) the equipping or completing of a non-exempt water well or water well system for production and such equipping or completing occurred after December 17, 2018;

2) the production of groundwater from any non-exempt water well for which a Grandfathered Use Permit has not been issued; or

3) the substantial alteration of an existing water well that has been granted a Grandfathered Use Permit as that term is defined in Rule 1.1(v).

(gg) “Penalty” means a reasonable civil penalty set by rule under the express authority delegated to the District through Section 36.102(b) of the Texas Water Code.

(hh) “Person” means an individual, corporation, limited liability company, organization, government, governmental subdivision, agency, business trust, estate, trust, partnership, association, or other legal entity.

(ii) “Poultry” means chickens, turkeys, nonmigratory game birds, and other domestic nonmigratory fowl, but does not include any other bird regulated by the Texas Parks and Wildlife as an endangered or threatened species. The term does not include any animal that is stabled, confined, or fed at a facility that is defined by TCEQ rules as an Animal Feeding Operation or a Concentrated Animal Feeding Operation.

(jj) “Project operator” means a person holding an authorization to undertake an aquifer storage and recovery project.

(kk) “Production” or “producing” means the act of extracting groundwater from an aquifer by a pump or other method.

(ll) “Public Water System” or “PWS” means a system for the provision to the public of water for human consumption through pipes or other constructed conveyances, which includes all uses described under the definition for "drinking water" in 30 Texas Administrative Code, Section 290.38. Such a system must have at least 15 service connections or serve at least 25 individuals at least 60 days out of the year. This term includes any collection, treatment, storage, and distribution facilities under the control of the operator of such system and used primarily in connection with such system, and any collection or pretreatment storage facilities not under such control which are used primarily in connection with such system. Two or more systems with each having a potential to serve less than 15 connections or less than 25 individuals but owned by the same person, firm, or corporation and located on adjacent land will be considered a public water system when the total potential service connections in the combined systems are 15 or greater or if the total number of individuals served by the combined systems total 25 or greater at least 60 days out of the year. Without excluding other meanings of the terms "individual" or "served," an individual shall be deemed to be served by a water system if he lives in, uses as his place of employment, or works in a place to which drinking water is supplied from the system

(mm) “Pump” means any facility, device, equipment, materials, or method used to obtain water from a well.

(nn) “Registrant” means a person required to submit a registration.

(oo) “Registration” means a well owner providing certain information about a well to the District, as more particularly described under Section 3.

(pp) "Rule" or "Rules" means these Rules of the District regulating water wells, which shall continue to be effective until amended or repealed.

(qq) "Substantially alter" with respect to the size or capacity of a well means to increase the inside diameter of the pump discharge column pipe size of the well in any way or to increase the size of the pump on the well, but, shall not apply to an increase in the size of the pump if the maximum designed production capacity of the new pump is 17.36 gpm or less.

(rr) "Transfer" means a change in a registration as follows, except that the term "transfer" shall have its ordinary meaning as read in context when used in other contexts:

1) ownership; or

2) the person authorized to exercise the right to make withdrawals and place the groundwater to beneficial use.

(ss) "Variable Frequency Drive" or "VFD" means an automated adjustable speed device used to control pump motor speed or well production capacity.

(tt) Types of wells:

1) "ASR injection well" is defined in Rule 1.1 (d) of these Rules.

2) "ASR recovery well" is defined in Rule 1.1(e) of these Rules.

3) "Artesian well" means an artificial water well in which the water, when properly cased, will rise by natural pressure above the first impervious stratum below the surface of the ground. This definition is derived from Section 11.201 of the Texas Water Code.

4) "Exempt well" means a new or an existing well that is exempt under Rule 2.1 from certain regulatory requirements in these rules.

5) "Existing well" means a well that was in existence or for which drilling commenced prior to October 1, 2010.

6) "Geothermal well" means a well that is part of a system used to generate energy powered by geothermal resources (including steam and other gasses, hot water, and hot brines). An open loop geothermal system uses two wells—one supply well and one return well—and circulates water via pipes between the two wells. A closed loop geothermal system uses one closed borehole to circulate fluids including water through the earth as a heat source or heat sink.

7) "Leachate well" means a well used to remove contamination from soil or groundwater.

8) “Monitoring well” means a well installed to measure some property of the groundwater or the aquifer that it penetrates, and does not produce more than 5,000 gallons per year.

9) “New well” means a well for which drilling or artificial excavation commenced on or after October 1, 2010.

10) “Public water supply well” means a well that supplies water to a public water system.

11) “Capped well” means 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.

12) "Dewatering well" means a well or well system constructed, equipped, and operated solely to temporarily lower the water table, potentiometric surface, or hydrostatic pressure in the immediate vicinity of an excavation, trench, shaft, or other temporary underground construction activity undertaken in connection with the installation of a highway, road, bridge, or underground utility project which collectively will be referred to as dewatering projects. The term does not include a well used to produce groundwater for any beneficial use other than dewatering that is independent of, or continuing beyond the duration of, the dewatering project giving rise to the need for dewatering.

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

1) withdrawal of groundwater from the aquifer at a rate and in an amount that causes or threatens to cause an intrusion into the aquifer unsuitable for agriculture, gardening, domestic, stock raising, or other beneficial purposes;

2) the flowing or producing of water from the aquifer by artificial means if the water produced is not used for a beneficial purpose;

3) the escape of groundwater from the aquifer to any other underground reservoir or geologic stratum that does not contain groundwater;

4) pollution or harmful alteration of groundwater in the aquifer by saltwater or by other deleterious matter admitted from another stratum or from the surface of the ground, including the use of human waste for commercial or agricultural fertilizer;

5) willfully or negligently causing, suffering, or allowing groundwater to escape into any river, creek, natural watercourse, depression, lake,

reservoir, drain, sewer, street, highway, road, or road ditch, or onto any land other than that of the owner of the well unless such discharge is authorized by permit, rule, or other order issued by the TCEQ under Chapters 11 or 26 of the Texas Water Code;

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

7) for water produced from an artesian well, "waste" has the meaning assigned by Section 11.205, Texas Water Code;

8) operating a deteriorated well as defined by Texas Administrative Code Rule 76.10; or producing groundwater in violation of any District rule governing the withdrawal of groundwater through production limits on wells, managed depletion, or both.

(vv) "Well" means any artificial excavation located within the boundaries of the District dug or drilled for the purpose of exploring for or withdrawing groundwater from the aquifer.

(ww) "Well owner" means the person who owns a possessory interest in: (1) the land upon which a well or well system is located or to be located; (2) the well or well system; or (3) the groundwater withdrawn from a well or well system.

(xx) "Well report" means a water well driller's report and/or a State of Texas Well Report submitted by a driller in compliance with the requirements of the Texas Department of Licensing and Regulation.

(yy) "Well system" means a well or group of wells tied to the same distribution system through common pipes or common impoundments.

(zz) "Withdraw" means the act of extracting or producing groundwater by pumping or other method.

(aaa) "Year" means a calendar year (January 1 through December 31), except where the usage of the term clearly suggests otherwise.

RULE 1.2 AUTHORITY OF DISTRICT

The Northern Trinity Groundwater Conservation District is a political subdivision of the State of Texas organized and existing under Section 59, Article XVI, Texas Constitution, Chapter 36, Texas Water Code, and the District Act. The District is a governmental agency and a body politic and corporate. The District was created to serve a public use and benefit.

RULE 1.3 PURPOSE OF RULES

These Rules are adopted under the authority of Sections 36.101 and 36.1071(f), Texas Water Code, and the District Act for the purpose of conserving, preserving, protecting, and

recharging groundwater in the District in order to prevent subsidence, prevent degradation of water quality, prevent waste of groundwater, and to carry out the powers and duties of Chapter 36, Texas Water Code, and the District Act.

RULE 1.4 USE AND EFFECT OF RULES

These rules are used by the District in the exercise of the powers conferred on the District by law and in the accomplishment of the purposes of the law creating the District. These rules may be used as guides in the exercise of discretion, where discretion is vested. However, under no circumstances and in no particular case will they, or any part therein, be construed as a limitation or restriction upon the District to exercise powers, duties and jurisdiction conferred by law. These rules create no rights or privileges in any person or water well, and shall not be construed to bind the Board in any manner in its promulgation of the District Management Plan, amendments to these Rules, or promulgation of permanent rules.

RULE 1.5 PURPOSE OF DISTRICT

The purpose of the District is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution.

RULE 1.6 CONSTRUCTION

A reference to a title or chapter without further identification is a reference to a title or chapter of the Texas Water Code. A reference to a section or rule without further identification is a reference to a section or rule in these Rules. Construction of words and phrases is governed by the Code Construction Act, Subchapter B, Chapter 311, Texas Government Code. The singular includes the plural, and the plural includes the singular. The masculine includes the feminine, and the feminine includes the masculine.

RULE 1.7 METHODS OF SERVICE UNDER THE RULES

Except as provided in these rules, any notice or document 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 or registered mail sent to the recipient's last known address, by email (electronic mail), or by fax transfer to the recipient’s current fax number and shall be accomplished by 5:00 p.m. on the date which it is due. Service by mail is complete upon deposit in a post office depository box or other official depository of the United States Postal Service. Service by fax transfer is complete upon transfer, except that any transfer completed after 5:00 p.m. shall be deemed complete 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 period of time after service, three days will be added to the prescribed period. If service by other methods has proved unsuccessful, service will be deemed complete upon publication of the notice or document in a newspaper of general circulation in the District.

RULE 1.8 SEVERABILITY

If a provision contained in these Rules is for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability does not affect any other rules or provisions of these Rules, and these Rules shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in these rules.

RULE 1.9 REGULATORY COMPLIANCE; OTHER GOVERNMENTAL ENTITIES

All registrants of the District shall comply with all applicable rules and regulations of the District and of all other governmental entities. If the District Rules and regulations are more stringent than those of other governmental entities, the District Rules and regulations are applicable.

RULE 1.10 COMPUTING TIME

In computing any period of time prescribed or allowed by these Rules, order of the Board, or any applicable statute, the day of the act, event, or default from which the designated period of time begins to run is not included, but the last day of the period so computed is included, unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday, or legal holiday.

RULE 1.11 TIME LIMITS

Applications, requests, or other papers or documents required or allowed to be filed under these Rules or by law must be received for filing by the District within the time limit for filing, if any. The date of receipt, not the date of posting, is determinative of the time of filing. Time periods set forth in these rules shall be measured by calendar days, unless otherwise specified.

RULE 1.12 NOTIFICATION TO WELL OWNERS

As soon as practicable after October 1, 2010, the District published notice to inform the well owners of the management authority of the District and the well owners' duties and responsibilities under these Rules. This provision does not apply to the adoption of amendments to these Rules.

RULE 1.13 AMENDING OF RULES

The Board may, following notice and hearing, amend or repeal these rules or adopt new rules from time to time.

RULE 1.14 OWNERSHIP OF GROUNDWATER

The District recognizes that a landowner owns the groundwater below the surface of the landowner's land as real property, and nothing in these rules shall be construed as depriving

or divesting a landowner, including a landowner's lessees, heirs, or assigns, of the groundwater ownership and rights described by Section 36.002 of the Texas Water Code.

RULE 1.15 AUTHORITY OF GENERAL MANAGER

Unless otherwise provided by these Rules, Chapter 36 of the Texas Water Code, the laws of the State of Texas, or unless determined unsuitable by the Board, the General Manager of the District shall have the authority to carry out the purposes and conduct the necessary activities of the District promulgated by these Rules without action by the Board. The purpose of this authority is to allow the General Manager to properly conduct the daily and managerial activities of the District in order to allow the District to efficiently and effectively manage and preserve the groundwater resources of Tarrant County.

RULE 1.16 REQUESTS FOR RECONSIDERATION AND APPEAL

To appeal a decision of the District, including any determinations made by the General Manager, concerning any matter not covered under any other section of these rules, a request for reconsideration may be filed with the District within twenty (20) calendar days of the date of the decision. Such request for reconsideration must be in writing and must state clear and concise grounds for the request. The decision is final if no request for reconsideration is timely filed, upon the Board's denial of the request for reconsideration, or upon rendering a decision after rehearing the request for reconsideration. If the rehearing request is granted by the Board, the date of the rehearing will be within forty-five (45) calendar days thereafter. The failure of the Board to grant or deny the request for reconsideration within forty-five 45 calendar days of the date of submission shall constitute a denial of the request.

SECTION 2. APPLICABILITY OF REGULATORY REQUIREMENTS; EXEMPTIONS

RULE 2.1 WELLS EXEMPT FROM WATER USE FEE PAYMENT, METERING, REPORTING, AND PERMITTING REQUIREMENTS

(a) The requirements of these Rules relating to the permits issued under Section 5, payment of water use fees under Section 6, the requirement to install and maintain a meter under Section 7, and the requirement to report to the District the amount of water produced from a well under Section 3 do not apply to the following types of wells:

1) All wells, existing or new, of any size or capacity that are used solely for domestic use, livestock use, poultry use, or agricultural irrigation use (use of groundwater for any purpose associated with a golf course is not agricultural irrigation use);

2) An existing well or new well that is not a public water supply well and:

i) does not have the capacity, as equipped, to produce more than 17.36 gallons per minute, except as provided by Subsection (b) of this rule; and

ii) is used in whole or in part for any purpose of use other than solely for domestic, livestock, poultry, or agricultural irrigation use; or

3) Leachate wells and monitoring wells. Wells that qualify for this exemption pursuant to this subsection are still subject to the reporting requirements in District Rule 3.8 and metering requirements of District Rule 7.1 for the purposes of verifying the exemption claimed under this subsection. Any monitoring well that produces over 5,000 gallons per year loses its exempt status under this subsection and is otherwise subject to District Rule 2.2.

4) The owners of closed loop geothermal wells must provide written notice of the existence of such a well to all owners of registered wells located within 200 feet of the closed loop geothermal well. Closed loop geothermal wells are exempt from the spacing requirements detailed in Rule 4.2.

5) A water well drilled for temporary use to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District.

Any well that produces groundwater for use associated with a golf course must comply with Sections 5, 6, and 7 of the District's rules.

(b) For purposes of determining whether the exemption set forth under Subsection (a)(2) applies, the capacity of a well that is part of a well system shall be determined by taking the sum of the capacities of each of the individual wells, as equipped, in the system. If the total sum of the capacities is greater than 17.36 gallons per minute, the well system and the individual wells that are part of it are not exempt from the water use fee payment, metering, and reporting requirements of these rules.

(c) A well exempted under Subsection (a) will lose its exempt status if the well is subsequently used for a purpose or in a manner that is not exempt under Subsection (a).

(d) A well exempted under Subsection (a)(2) will lose its exempt status if, while the well was registered as an exempt well, the District determines that the well had the capacity, as equipped, to produce more than 17.36 gallons per minute. Such wells are subject to the water use fee payment, metering, reporting, and other

requirements of these Rules, and may be subject to enforcement under Section 8.

(e) A well exempted under Subsection (a)(5) will lose its exempt status, and the District may require an operating permit or restrict production and assess appropriate fees if the groundwater withdrawals from the well that were exempted under Subsection (a)(5) are no longer used solely to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District. An exemption for a well described by Subsection (a)(5) may not exceed 180 days, except the District may grant an extension of the exemption until the well is complete.

(f) The owner of a new well that is exempt under this Rule shall nonetheless register the well with the District, as required under Section 3.

RULE 2.2 WELLS SUBJECT TO WATER USE FEE PAYMENT, METERING, REPORTING, AND PERMITTING REQUIREMENTS

(a) All wells not described as exempt under Rule 2.1 or 2.4(b) are subject to the permitting, water use fee payment, metering, reporting, and other requirements of these Rules, except as provided under Rule 2.3. Such wells include all public water supply wells and all wells or well systems with a capacity, as equipped, to produce more than 17.36 gallons per minute that are used in whole or in part for any purpose of use other than solely for domestic use, livestock use, poultry use, or agricultural irrigation use. Wells equipped to produce groundwater for golf course use must comply with this Section.

(b) Any well that is subject to fee payment under this rule and that provides water for both exempt purposes and purposes not exempt under Rule 2.1 or Rule 2.3 shall pay the water use fee rate established by the District for all water produced from the well, unless the owner or operator can demonstrate through convincing evidence to the satisfaction of the District that a system is or will be in place so as to assure an accurate accounting of water for each purpose of use. Subject to the District's discretion, a well owner or operator that can demonstrate an accurate accounting of water produced for each purpose of use shall only be subject to the water use fee payment and reporting requirements of these Rules for water produced from the well for nonexempt purposes of use.

RULE 2.3 LIMITED EXEMPTION FOR CERTAIN HYDROCARBON-RELATED WATER WELLS

The requirements of these Rules relating to production limitations under Section 5 and to the payment of water use fees under Section 6 do not apply to a well exempt from permitting under Section 36.117(b)(2) or (b)(3), Water Code, which relate to water wells used in certain oil and gas drilling or exploration operations and surface coal mining. However, such a well shall be subject to the other requirements of these rules, including, without limitation, the

well registration, drilling records, metering, water production reporting, and new well registration fee and deposit provisions of these rules, unless such a well is exempted from certain of those requirements because its limited production capacity qualifies for an exemption under Rule 2.1.

RULE 2.4 LIMITED EXEMPTION FOR CERTAIN DEWATERING WELLS

(a) A dewatering well or well system, as defined in Rule 1.1(tt)(12), is exempt from the requirement to obtain an Operating Permit under Section 5 if the Dewatering Project of which the dewatering well or well system is a part does not continue in operation for more than two (2) years after the date groundwater is first produced by the project. However, except as provided in Subsection (f) a dewatering well or well system must still follow the well registration requirements in Section 3 (including Rule 2.4(h), Rule 3.2(e), and Rule 3.12, if applicable), the well completion standards in Rule 4.3, the prohibition against waste under Rule 2.4(e) and Section 10, the plugging requirements of Rule 11.2 upon cessation of dewatering activity, and submit to the District's inspection authority under Rule 8.4.

(b) A dewatering well or well system that does not penetrate or remove groundwater from any aquifer or aquifer subdivision for which the District has adopted a Desired Future Condition is also exempt from the requirement to obtain an Operating Permit under Section 5 and from:

1) the metering requirements of Section 7;

2) the water production reporting requirements of Rule 3.8; and

3) the payment of Water Use Fees under Section 6.

(c) A dewatering well or well system that does not meet the requirements of Subsection (a), including a dewatering well or well system that is a part of a Dewatering Project that continues in operation for more than two years or that is used for a purpose other than the temporary underground construction of a highway, road, bridge, or underground utility project, is not exempt under this Rule, and the dewatering well or well system owner must obtain an Operating Permit under Section 5 and comply with Sections 6 and 7, as applicable, except as provided in Subsection (b) and (f).

(d) A dewatering well or well system described in Subsection (a) that does penetrate or remove groundwater from an aquifer or aquifer subdivision for which the District has adopted a Desired Future Condition is not exempt from the metering requirements in Section 7, the water production reporting requirements in Rule 3.8, or the requirement to pay Water Use Fees under Section 6 of the Rules. The owner or operator of a dewatering well(s) in this circumstance shall install and maintain a meter on the dewatering well or well system, report production from the dewatering well(s), and pay Water Use

Fees on all groundwater produced from that aquifer, in the same manner required of a well described under Rule 2.2.

(e) The withdrawal and discharge of groundwater from a dewatering well will not constitute waste solely because the groundwater is not subsequently applied to another beneficial use, provided that:

1) the withdrawal is reasonably necessary to lower or control groundwater levels for construction, excavation, installation, inspection, maintenance, or repair;

2) the withdrawal is limited to the amount and duration reasonably necessary for the dewatering activity;

3) the groundwater is discharged, managed, reused, or disposed of in compliance with all applicable federal, state, and local permits, rules, orders, and other legal requirements;

4) reasonable measures are taken to prevent unnecessary loss of groundwater;

5) the dewatering activity does not cause unreasonable affects to existing wells, groundwater resources, or aquifer conditions; and

6) the registrant maintains and provides to the District, upon request, documentation of any required discharge authorization and records sufficient to demonstrate compliance with this subsection.

(f) Notwithstanding any other provision of these Rules, a dewatering well that is drilled, produces groundwater, and is plugged within fewer than thirty (30) calendar days, measured from the date the production of groundwater commences to the date plugging is completed (a “short-duration dewatering well”), is exempt from the registration, permitting, metering, and reporting requirements of these Rules and from payment of fees and deposits under Section 6.

(g) If the Texas Department of Licensing and Regulation or other applicable state law requires a well report or plugging report for a dewatering well subject to this section, the person required to file the report shall submit a copy to the District no later than 60 days after completion of the well for a well report, or 30 days after plugging of the well for a plugging report.

(h) The registration application for a dewatering well that is not a short-duration dewatering well shall include the proposed total depth of the dewatering well. Before approving the registration, the General Manager shall verify the proposed total depth against the most recent groundwater availability model information accepted by the Texas Water Development Board for the aquifers within the District and shall inform the registrant in writing whether Subsection

(b) applies to the dewatering well. The General Manager may accept site-specific geophysical log data interpreted by a Texas licensed professional engineer or professional geoscientist in place of the model information.

(i) The spacing requirements of Rule 4.2 do not apply between dewatering wells that are part of the same Dewatering Project. Each dewatering well must comply with the spacing requirements of Rule 4.2 with respect to any registered well that is not part of the same Dewatering Project.

RULE 2.5 APPLICABILITY OF RULES IN EXISTING GROUNDWATER REGULATORY AUTHORITY

The District may not regulate the drilling or equipping of, or the completion, operation, or production of, a well located within the District and within the boundaries of an Existing Groundwater Regulatory Authority, as defined under Rule 1.1. However, such a well located within the District and within the boundaries of an Existing Groundwater Regulatory Authority that is not exempt under Rule 2.1 shall be subject to the Water Use Fee payment requirements of these Rules. The District and an Existing Groundwater Regulatory Authority shall cooperate to provide for the sharing of information and the registration of such wells and payment of Water Use Fees to the District in a manner that accomplishes the intent and purposes of these Rules and the District Act but is not unduly burdensome on the owners of such wells, who may have already drilled, registered, or permitted their wells in accordance with the water well rules of the Existing Groundwater Regulatory Authority or who may do so in the future.

SECTION 3. REGISTRATIONS, RECORDS, REPORTS, AND LOGS

RULE 3.1 PURPOSE AND POLICY

The accurate and timely reporting to the District of activities governed by these Rules is a critical component to the District's ability to effectively and prudently manage the groundwater resources that it has been charged by law with regulating. The purpose of Section 3 is to require the submission, by the appropriate person or persons, of complete, accurate, and timely registrations, records, reports, and logs as required throughout the District Rules. Because of the important role that accurate and timely reporting plays in the District's understanding of past, current and anticipated groundwater conditions within the District, the failure to comply with these rules may result in the assessment of additional fees, civil penalties, or other enforcement action by the District, as specifically set forth under Section 8.

RULE 3.2 WELL REGISTRATION

(a) The following wells must be registered with the District:

1) all new wells, including new wells exempt under Rules 2.1, 2.3 or 2.4; and

2) all existing wells that are not exempt under Rule 2.1.

(b) A person seeking to register a well shall provide the District with the following information in the registration application on a form provided by the District:

1) the name and mailing address of the registrant and the owner of the property, if different from the registrant, on which the well is or will be located;

2) if the registrant is other than the owner of the property, documentation establishing the applicable authority to file the application for well registration, to serve as the registrant in lieu of the property owner, and to construct and operate a well for the proposed use;

3) a statement of the nature and purpose of the existing or proposed use of water from the well;

4) the location or proposed location of the well, identified as a specific point measured by latitudinal and longitudinal coordinates;

5) the location or proposed location of the use of water from the well, if used or proposed to be used at a location other than the location of the well;

6) the production capacity or proposed production capacity of the well, as equipped, in gallons per minute;

7) a water well closure plan or a declaration that the applicant will comply with well plugging guidelines and report closure to the District;

8) a statement that the water withdrawn from the well will be put to beneficial use at all times;

9) the name and Texas driller's license number of the water well driller expected to drill the well, or a statement that the driller has not yet been determined, as further described under Rule 3.12; and

10) any other information deemed necessary by the Board.

(c) The timely filing of an application for registration shall provide the owner of a well described under Subsection (a)(2) with evidence that a well existed before December 17, 2018, for purposes of grandfathering the well from the requirement to comply with any well location or spacing requirements of the District and any other entitlements that existing wells may receive under these Rules or under permanent rules adopted by the District. A well that is required

to be registered under this Rule and that is not exempt under Rule 2.1 or 2.4(b) shall not be operated, without first complying with the metering provisions set forth under Section 7.

(d) Once a registration is complete, which for new wells also includes receipt by the District of the well report required by Rule 3.5 and the well registration fee, the registration shall be perpetual in nature, subject to being amended or transferred and subject to enforcement for violations of these Rules.

(e) Consolidated Registration for Dewatering Projects.

1) The registrant of a Dewatering Project may submit one application for well registration covering all dewatering wells in the dewatering project that are required to be registered. The application shall contain the information required under Subsection (b) for each well, identify each well by a unique designation, and include a map or site plan showing the location of each proposed dewatering well and the outer boundary of the proposed well field. The registrant shall also provide a single representative GPS location, generally located at or near the center point of the well field, to serve as the registration location for the Dewatering Project and the location for the District's recording of aggregate groundwater production from the well field.

2) A consolidated registration is subject to Rules 3.3 and 3.4.

3) A dewatering well may be added to an approved consolidated registration only by an amendment approved by the General Manager under Rule 3.7.

4) For purposes of Rule 3.2(d), a consolidated registration is complete as to each well when the requirements of Subsection (d) are met for that well.

RULE 3.3 REGISTRATION OF NEW WELLS OR ALTERATIONS TO EXISTING WELLS REQUIRED PRIOR TO DRILLING OR ALTERATION

(a) An owner or well driller, or any other person legally authorized to act on their behalf, must submit and obtain approval of a registration application, and pay all applicable fees set forth in the District's fee schedule, including a well registration fee (see Rule 6.3) and a well report deposit (see Rule 6.7), before any new well, except leachate wells or monitoring wells, may be drilled, equipped, or completed, or before an existing well may be substantially altered with respect to size or capacity.

(b) A registrant for a new well has 120 days from the date of approval of its application for well registration to drill and complete the new well, and must file the well report with the District within 60 days of completion. Registrants

whose applications have been approved are eligible for one extension of an additional 120 days if the driller or registrant— prior to expiration of the initial 120-day period—requests the extension in writing and states clear and concise grounds for the request along with the expected well completion date. Initial extensions may be approved by the General Manager without further action by the Board. Any additional extensions may only be granted by the Board. Upon the expiration of 120 days from the date of approval of an application for well registration, or upon the expiration of 240 days if an extension was granted, the application for well registration expires and all associated fees paid in relation to the application for well registration are forfeited by the registrant. If a registrant's application for well registration expires, it is as if the application had never been filed and the associated fees had never been paid. If a registrant's application for well registration expires and the registrant wishes to proceed with registration of a well, the registrant must submit a new application for well registration along with all applicable fees.

(c) If a well is associated with a Board-approved Operating Permit or for a public water system, the registrant shall have 240 days to drill and complete the new well from the date of approval of its application for well registration, in order to allow time for TCEQ approval(s), and must file the well report within 60 days of well completion. Such a public water system registrant or Board-approved permitted well may apply for one extension of an additional 240 days or may resubmit an identical well registration without the need to pay an additional well registration fee. Initial extensions may be approved by the General Manager without further action by the Board. Any additional extensions may only be granted by the Board.

(d) If the well report is timely submitted to the District, the District shall return the well report deposit to the owner or well driller. In the event that the well report required under this rule and Rule 3.5 is not filed within the deadlines set forth under Subsection (b) of this rule, the driller or owner shall forfeit the well report deposit and shall be subject to enforcement by the District for violation of this rule.

(e) Notwithstanding any other rule to the contrary, the owner and driller of a new well are jointly responsible for ensuring that a well registration required by this section is timely filed with the District and contains only information that is true and accurate. Each will be subject to enforcement action if a registration required by this section is not timely filed by either, or by any other person legally authorized to act on the behalf of either.

RULE 3.4 GENERAL PROVISIONS APPLICABLE TO REGISTRATIONS

(a) Registration applications may be submitted to the District by any method described in Rule 1.7, using the registration form provided by the District.

(b) A determination of administrative completeness of a registration application shall be made by the General Manager, or his designee, within five business days after the date of receipt of an application for registration and receipt of the well registration fee. If an application is not administratively complete, the District shall request the applicant to complete the application. The application will expire if the applicant does not complete the application within ninety (90) days of the date of the District's request. An application will be considered administratively complete and may be approved by the General Manager without notice or hearing if:

1) it substantially complies with the requirements set forth under Rule 3.2(b), including providing all information required to be included in the application that may be obtained through reasonable diligence; and

2) if it is a registration for a new well:

i) includes the well report deposit and well registration fee; and

ii) proposes a well that complies with the location and well completion requirements of Section 4.

A person may appeal the General Manager's ruling by filing a written request for a hearing before the Board. The Board will hear the applicant's appeal at the next regular Board meeting. The General Manager may set the application for consideration by the Board at the next available Board meeting or hearing in lieu of approving or denying an application.

(c) Upon approval or denial of an application, the General Manager shall inform the registrant in writing by a method described in Rule 1.7, of the approval or denial, as well as whether the well meets an exemption provided in Rule 2.1 or Rule 2.3 and whether it is subject to the metering, water use fee payment, or reporting requirements of these Rules.

(d) An application pursuant to which a registration has been issued is incorporated in the registration, and the registration is valid contingent upon the accuracy of the information supplied in the registration application. A finding that false information has been supplied in the application may be grounds to refuse to approve the registration or to revoke or suspend the registration.

(e) Submission of a registration application constitutes an acknowledgment by the registrant of receipt of the rules and regulations of the District and agreement that the registrant will comply with all rules and regulations of the District.

(f) The District may amend any registration, in accordance with these Rules, to accomplish the purposes of the District Rules, management plan, the District Act, or Chapter 36, Texas Water Code.

(g) If multiple wells have been aggregated under one registration and one or more wells under the registration will be transferred, the District will require separate registration applications for each new owner for the wells retained or operated by that person.

(h) No person shall operate or otherwise produce groundwater from a well required under this Section to be registered with the District before:

1) timely submitting an accurate application for registration for new wells or existing wells not exempt under Rule 2.1, or submitting an accurate application to amend an existing registration as applicable, of the well to the District; and

2) obtaining approval from the District of the application for registration or amendment application, if such approval is required under these Rules.

(i) District approval of a registration application may not automatically grant the registrant the authority to drill, complete, or operate a well under another governmental entity's rules or regulations. The registrant should refer to the rules and regulations of other governmental entities with jurisdiction over the drilling and operation of water wells at the location specified on the District registration application, including but not limited to, the county, the city, the Texas Department of Licensing and Regulation, and/or the TCEQ, where applicable, to determine whether there are any other requirements or prohibitions in addition to those of the District that apply to the drilling and operation of water wells.

RULE 3.5 RECORDS OF DRILLING, PUMP INSTALLATION AND ALTERATION ACTIVITY, AND PLUGGING

(a) Each person who drills, deepens, completes or otherwise alters a well shall make, at the time of drilling, deepening, completing or otherwise altering the well, a legible and accurate well report recorded on forms prescribed by the District or by the Texas Department of Licensing and Regulation.

(b) Each well report required by subsection (a) of this Rule shall contain:

1) the name and physical address of the well owner;

2) the well driller's state license number, business address and phone number;

3) the location of the drilled, deepened, completed or otherwise altered well, including the physical address of the property on which the well

will be located, as well as the coordinates of the wellhead location, as determined by a properly functioning and calibrated global positioning system (GPS) unit;

4) the type of work being undertaken on the well;

5) the type of use or proposed use of water from the well;

6) the diameter of the well bore;

7) the date that drilling was commenced and completed, along with a description of the depth, thickness, and character of each strata penetrated;

8) the drilling method used;

9) the borehole completion method performed on the well, including the depth, size and character of the casing installed;

10) a description of the annular seals installed in the well;

11) the surface completion method performed on the well;

12) the location of water bearing strata, including the static level and the date the level was encountered, as well as the measured rate of any artesian flow encountered;

13) the type and depth of any packers installed;

14) a description of the plugging methods used, if plugging a well;

15) the type of pump installed on the well, including the horsepower rating of the pump, as assigned by the pump manufacturer;

16) the type and results of any water test conducted on the well, including the yield, in gallons per minute, of the pump operated under optimal conditions in a pump test of the well; and

17) a description of the water quality encountered in the well.

(c) The person who drilled, deepened, completed or otherwise altered a well pursuant to this rule shall, within 60 days after the date the well is completed, file a well report described in Subsections (a) and (b) of this Rule with the District.

(d) Not later than the 30th day after the date a well is plugged, a driller, licensed pump installer, or well owner who plugs the well shall submit a plugging report to the District.

(e) The plugging report described in Subsection (d) must be in substantially similar form to the Texas Department of Licensing and Regulation Form a004WWD (Plugging Report) and shall include all information required therein.

RULE 3.6 TRANSFER OF WELL OWNERSHIP

(a) Within 90 days after the date of a change in ownership of a new well exempt under Rule 2.1, the new well owner (transferee) shall notify the District in writing of the effective date of the change in ownership, the name, daytime telephone number, and mailing address of the transferee, along with any other contact or well-related information reasonably requested by the General Manager. The transferee may, in addition, be required to submit an application for registration of an existing well if a registration does not yet exist for the well.

(b) Within 90 days after the date of a change in ownership of a well that is not exempt under District Rule 2.1 from the water use fee payment, metering, and reporting requirements of these rules, the new well owner (transferee) shall submit to the District, on a form provided by the District staff, a signed and sworn-to application for transfer of ownership.

(c) If a registrant conveys by any lawful and legally enforceable means to another person the real property interests in one or more wells or a well system that is recognized in the registration so that the transferring party (the transferor) is no longer the "well owner" as defined herein, and if an application for change of ownership under subsection (b) has been approved by the District, the District shall recognize the person to whom such interests were conveyed (the transferee) as the legal holder of the registration, subject to the conditions and limitations of these District Rules.

(d) The burden of proof in any proceeding related to a question of well ownership or status as the legal holder of a registration issued by the District and the rights thereunder shall be on the person claiming such ownership or status. Notwithstanding anything to the contrary herein, any question of well ownership shall be determined pursuant to the laws of the State of Texas, regarding common law for real property rights in groundwater. Taking into consideration the very limited rights legislated to groundwater conservation districts, and nothing shall be construed in these Rules to effectively remove the real property right in water beneath the landowner, as well, ownership shall not be confused with water ownership under this provision, recognizing the two may be different.

(e) Notwithstanding any provision of this Rule to the contrary, no application made pursuant to Subsection (b) of this Rule shall be granted by the District unless all outstanding fees, penalties, and compliance matters have first been fully and finally paid or otherwise resolved by the transferring party (transferor) for all wells included in the application or existing registration, and each well and registration made the subject of the application is otherwise in good standing with the District.

(f) The new owner of a well that is the subject of a transfer described in this rule (transferee) may not operate or otherwise produce groundwater from the well after 90 days from the date of the change in ownership until the new owner has:

1) submitted written notice to the District of the change in ownership, for wells described in subsection (a); or

2) submitted to the District a completed application for transfer of ownership, for wells described in subsection (b).

A new owner of a well that intends to alter or use the well in a manner that would constitute a substantial change from the information in the existing registration or that would trigger the requirement to register the well under these Rules must also submit and obtain District approval of a registration application or registration amendment application, as applicable, prior to altering or operating the well in the new manner.

RULE 3.7 AMENDMENT OF REGISTRATION

A registrant shall file an application to amend an existing registration and obtain approval by the District of the application prior to engaging in any activity that would constitute a substantial change from the information in the existing registration. For purposes of this rule, a substantial change includes a change that would substantially alter the size or capacity of a pump or well, but shall not apply to an increase in the size of the pump if the maximum designed production capacity of the new pump is 17.36 gpm or less, a change in the type of use of the water produced, the addition of a new well to be included in an already registered aggregate system, or consolidated registration under Rule 3.2(e), a change in location of a well or proposed well, a change of the location of use of the groundwater, or a change in ownership of a well. A registration amendment is not required for maintenance or repair of a well if the maintenance or repair does not increase the designed production capabilities of the pump or pump systems in place as of October 1, 2010.

RULE 3.8 WATER PRODUCTION REPORTS

(a) Not later than January 31 and July 31 of each calendar year beginning in 2019, the owner of any well within the District that is not exempt under Rule 2.1 or 2.4 (b) must submit, on a form provided by the District, a report containing the following:

1) the name of the registrant;

2) the well numbers of each registered well within the District owned or operated by the registrant;

3) the total amount of groundwater produced by each well or well system during the immediately preceding reporting period;

4) the total amount of groundwater produced by each well or well system during each month of the immediately preceding reporting period; and

5) the purposes for which the water was used.

(b) Beginning in calendar year 2019 and thereafter, the report due January 31 shall report groundwater produced during the period of the immediately preceding July 1 to December 31, and the report due July 31 shall report groundwater produced during the period of the immediately preceding January 1 to June 30. To comply with this rule, the registrant of a well shall read each water meter associated with a well within 15 days before or after June 30th and within 15 days before or after December 31st each year and report the readings to the District on the form described in Subsection (a). Additionally, to comply with this rule, all applicable information required under Subsection (a) must be contained in the water production report filed with the District.

(c) The report required by Subsection (a) must also include a true and correct copy of the meter log required by District Rule 7.6.

RULE 3.9 REPLACEMENT WELLS

(a) No person may replace an existing well without first having obtained authorization for such work from the District first and, if required, by TCEQ. Authorization for the construction of a replacement well may only be granted following the submission to the District of an application for registration of a replacement well, subject to the TCEQ exclusion herein.

(b) Each application described in Subsection (a) shall include the information required under Rule 3.2(b), as well as any other information, fees, and deposits required by these rules for the registration of a new well. In addition, information submitted in the application must demonstrate to the satisfaction of the General Manager each of the following:

1) the proposed location of the replacement well is within 50 feet of the location of the well being replaced;

2) the replacement well and pump will not be larger in designed production capacity than the well and pump being replaced, unless the maximum designed production capacity is 17.36 gpm or less; and

3) immediately upon commencing operation of the replacement well, the well owner will cease all production from the well being replaced and will begin efforts to plug the well being replaced, which plugging shall be completed within 90 days of commencing operation of the replacement well.

(c) Except as required under Subsection (d), applications for registration of replacement wells submitted under this rule may be granted by the General Manager without notice or hearing. A person may appeal the General Manager's ruling by filing a written request for a hearing before the Board. The Board will hear the applicant's appeal at the next available regular Board meeting or hearing called for that purpose, as determined by the General Manager in his discretion

(d) Notwithstanding Subsection (b)(1) of this Rule, the General Manager may authorize the drilling of a replacement well at a location that is beyond 50 feet of the location of the well being replaced if the applicant demonstrates to the satisfaction of the General Manager that water quality, sanitation, or other issues prevent the replacement well from being located within 50 feet of the location of the well being replaced. Requests to locate a replacement well beyond 100 feet of the location of the well being replaced may be granted only by the Board.

RULE 3.10 AQUIFER STORAGE AND RECOVERY PROJECTS

(a) The provisions of District Rule 3.10 apply to an ASR recovery well that also functions as an ASR injection well.

(b) A project operator shall:

1) register the ASR injection wells and ASR recovery wells associated with the aquifer storage and recovery project with the District;

2) each calendar month by the deadline established by the TCEQ for reporting to the TCEQ, provide the District with a copy of the written or electronic report required to be provided to the TCEQ under Section 27.155 of the Water Code; and

3) annually by the deadline established by the TCEQ for reporting to the TCEQ, provide the District with a copy of the written or electronic report required to be provided to the TCEQ under Section 27.156 of the Water Code.

(c) If an aquifer storage and recovery project recovers an amount of groundwater that exceeds the volume authorized by the TCEQ to be recovered under the project, the project operator shall report to the District the volume of groundwater recovered that exceeds the volume authorized to be recovered in addition to providing the report required by Rule 3.10(b)(2).

(d) The District does not require a permit for the drilling, equipping, operation, or completion of an ASR injection well or an ASR recovery well that is authorized by the TCEQ.

(e) The ASR recovery wells that are associated with an aquifer storage and recovery project are subject to the spacing and production requirements of the

District if the amount of groundwater recovered from the wells exceeds the volume authorized by the TCEQ to be recovered under the project. The requirements of the District apply only to the portion of the volume of groundwater recovered from the ASR recovery wells that exceeds the volume authorized by the TCEQ to be recovered.

(f) A project operator may not recover groundwater by an aquifer storage and recovery project in an amount that exceeds the volume authorized by the TCEQ to be recovered under the project unless the project operator complies with the applicable requirements of the District as described by its Rules.

(g) The District may not assess a Water Use Fee, a transportation or export fee, or a surcharge for groundwater recovered from an ASR recovery well, except to the extent that the amount of groundwater recovered under the aquifer storage and recovery project exceeds the volume authorized by the TCEQ to be recovered.

(h) The District may assess a well registration fee or other administrative fee for an ASR recovery well in the same manner that the District assesses those fees under other District Rules.

(i) The District may consider hydrogeologic conditions related to the injection and recovery of groundwater as part of an aquifer storage and recovery project in the planning for and monitoring of the achievement of a Desired Future Condition for the aquifer in which the wells associated with the project are located.

RULE 3.11 GROUNDWATER AVAILABILITY CERTIFICATIONS AND WELL APPLICATIONS

(a) If a proposed subdivision requires a Groundwater Availability Certification as a condition of plat approval, the District may not accept, review, or approve an application to register or permit a well to be located within, or to serve, the subdivision until the subdivision plat has been approved by the county, municipality, or other platting authority having jurisdiction over the subdivision.

(b) Subsection (a) does not apply to a registration or application for a well or wells specifically required to be drilled, tested, or used to complete the Groundwater Availability Certification study for the subdivision. An applicant seeking approval of a well application required to complete a Groundwater Availability Certification study shall identify, in the application, the subdivision and the related plat application to which the Groundwater Availability Certification pertains.

(c) The District may not accept, review, or approve a well registration or permit application, other than for the limited purpose described in Subsection (b),

until the applicant provides the District a copy of the approved final plat, or other written confirmation of plat approval issued by the platting authority.

(d) Where a county, municipality, or other platting authority requires a Groundwater Availability Certification for a plat application to be reviewed by the District under an interlocal agreement, the plat applicant shall pay the applicable GAC review fee in accordance with the District's fee schedule for each submittal requiring substantive review. A separate review fee shall apply to each subsequent amended, revised, or supplemental submittal made to address deficiencies or otherwise requiring additional substantive review by the District. The District shall not begin a review until the applicable fee for that review has been paid. Review fees are nonrefundable once the District has begun the applicable review.

RULE 3.12 IDENTIFICATION OF WELL DRILLER; CHANGE OF DRILLER

(a) Each application for new well registration under Rule 3.2 shall identify the name and state license number of the water well driller expected to drill the well, if known at the time the application is submitted. If the driller has not been determined at the time the application is submitted, the applicant shall so state in the application.

(b) If a driller other than the driller identified in an approved application will drill the well, the applicant shall notify the District in writing of the name and license number of the substitute driller before the substitute driller commences drilling, or, if the identity of the substitute driller is not known until after drilling has commenced, as soon as practicable but not later than the date the well report for the well is filed under Rule 3.5.

(c) If the District approves an application for well registration or a Permit without a driller having been identified under Subsection (a), the applicant shall notify the District in writing of the name and license number of the driller once the driller is selected. Before the driller commences drilling the well, the driller must sign and complete all applicable driller-related information in the approved application, on a form or supplement provided by the District.

(d) If a driller is selected under Subsection (c) and the well is drilled without the driller having signed and completed all applicable application information as required under Subsection (c), that failure constitutes a Major Violation of these Rules. The driller who drills the well and the applicant or well owner are each separately subject to enforcement and penalty under Rule 8.7 for a violation of this Subsection, consistent with the joint responsibility of the owner and driller for well registration under Rule 3.3(e).

SECTION 4. SPACING AND LOCATION OF WELLS; WELL COMPLETION

RULE 4.1 SPACING AND LOCATION OF EXISTING WELLS

Wells drilled prior to December 17, 2018, shall be drilled in accordance with state law in effect, if any, including any requirements established by the Texas Water Well Drillers and Pump Installers Administrative Rules, on the date such drilling commenced and are exempt from the spacing and location requirements of these rules to the extent that they were drilled lawfully.

RULE 4.2 SPACING AND LOCATION OF NEW WELLS

(a) To minimize as far as practicable the drawdown of the water table and the reduction of artesian pressure, to prevent interference between water wells, to prevent degradation of water quality, and to prevent waste, all new wells drilled within the boundaries of the District after December 17, 2018 must comply with the spacing and location requirements as follows:

1) All water wells must comply with the regulations 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 and a copy of the variance is forwarded to the District by the applicant or registrant, and must be drilled and located in compliance with applicable rules and regulations of other political subdivisions.

2) All water wells must comply with the following minimum horizontal spacing requirements:

Maximum Production Capacity (gallons per minute)	**Minimum Horizontal Spacing from Registered Wells (feet)***
< 20	200
20-39	600
40-59	1000
60-79	1400
80-99	1800
100 or more	2500

* **Vertical Spacing**: If the screened interval of the proposed well is separated vertically by more than fifty (50) feet from the screened interval of a registered well, that registered well is not considered when evaluating compliance with horizontal well spacing requirements.

If well completion information is not available for a pertinent registered well, the applicant can investigate or demonstrate well completion using multiple methods including but not limited to well logs and video surveillance.

(b) After authorization to drill a new well has been granted by the District, the well may only be drilled at a location that is within ten (10) yards (30 feet) of the location specified in the registration.

(c) Replacement wells must be actually drilled and completed so that they are located no more than 50 feet from the well being replaced, unless otherwise authorized by Rule 3.9(d).

(d) Compliance with the spacing and location requirements of these rules does not necessarily authorize a person to drill a well at a specified location in the District. Agencies or other political subdivisions of the State of Texas that are located in whole or in part within the boundaries of the District may impose additional requirements related to the drilling or completion of water wells.

(e) The owner and driller of a well are jointly responsible for ensuring that the well is drilled at a location that strictly complies with the location requirements of Subsection (b). If the board determines that a well is drilled at a location that does not strictly comply with the location requirements of Subsection (b), the Board may, in addition to taking all other appropriate enforcement action, require the well to be permanently closed or authorize the institution of legal action to enjoin any continued drilling activity or the operation of the well.

(f) Exceptions to Spacing Requirements.

(1) The District's spacing requirements do not apply to a well that is to be drilled or operated solely for domestic use, livestock use, poultry use or agricultural irrigation, and that is to be either drilled, equipped, or completed so that the well is incapable of producing more than 17.36 gallons per minute of groundwater, and that is on a tract of land that:

(a) was part of an original application for development that was submitted prior to December 17, 2018 and remains active; or an approved plat prior to December 17, 2018; and

(b) is not further configured or subdivided into smaller tracts of land after December 17, 2018 and prior to the drilling, completion, or equipping of the well, unless required by a change in city or county requirements.

All water wells drilled within the District are still required to comply with all the requirements provided in the rules of the Texas Department of Licensing and Regulation, including the spacing requirements located in 16 Texas Administrative Code Section 76.100.

(2) If a well owner receives a TCEQ compliance order, and as a result of the compliance order the owner's well cannot meet the spacing requirements set forth in these Rules, and the District determines in writing that there is no source of water available to the property at issue aside from the well, the well will be exempted from the spacing requirements set forth in Section 4 if the well owner obtains written waivers of the District's spacing requirements from: (1) all landowners owning real property within the District spacing requirements set forth in Rule 4.2; and (2) all registered well owners owning wells within the spacing requirements set forth in Rule 4.2(a)(2). Any written waiver obtained under this provision must be in a form that has been approved by the District in writing prior to execution of the waiver. Failure to obtain the District's approval of a waiver form prior to execution will result in automatic rejection of the waiver by the District.

(3) If a well owner can provide pump test results from a proposed well that demonstrate that the proposed well will not have any negative impacts on any registered wells, then the District Board may grant an exception to the District's spacing requirements for the proposed well.

RULE 4.3 STANDARDS OF COMPLETION FOR ALL WELLS

(a) All wells 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, and under these Rules, and must be completed in compliance with applicable rules and regulations of other political subdivisions.

(b) Water well drillers shall indicate the method of completion performed on the well report.

(c) To prevent the commingling of water between the aquifers which can result in a loss of artesian (or static) head pressure or the degradation of water quality, each well penetrating more than one aquifer or subdivision thereof must be completed in a manner so as to prevent the commingling of groundwater between aquifers or between subdivisions of an aquifer if required by the Texas Water Well Drillers and Pump Installers Administrative Rules, Title 16, Part 4, Chapter 76, Texas Administrative Code. The driller shall indicate the method of completion used to prevent the commingling of water on the well report. The well driller may use any

lawful method of completion calculated to prevent the commingling of groundwater.

(d) In order to protect water quality, the integrity of the well, or loss of groundwater from the well, the District may impose additional well completion requirements on any well as determined necessary or appropriate by the Board.

(e) Wells equipped with a Variable Frequency Drive pump must be set at one-hundred percent (100%) speed during any flow test performed by the District. A well equipped with a VFD must meet the District spacing requirements set forth in Rule 4.2 with the well set to one-hundred percent (100%) speed. For the purpose of this rule, one-hundred percent (100%) speed refers to the manufacturer's recommended specifications for the installed equipment.

SECTION 5. PERMITTING

RULE 5.1 GENERAL PERMITTING PROCEDURES; OPERATING PERMITS REQUIRED FOR CERTAIN WELLS

(a) In addition to the well registration, well registration fee and well report deposit requirements in Rules 6.3 and 6.7, the owner of a well or well system not exempt from the permitting requirements under Rule 2.1 and that is completed and operational after December 17, 2018 must obtain an Operating Permit from the District prior to drilling, construction or operating of the non-exempt well or well system.

The owner of a well that is exempt from the District's permitting requirements but is subsequently substantially altered in a manner which causes the well to lose its nonexempt status must obtain an Operating Permit. In addition, the owner of an existing well or well system that has obtained a Grandfathered Use Permit for the well must obtain an Operating Permit if the well or well system has been substantially altered in a manner that causes the well or well system to be capable of producing more groundwater than is authorized in the Grandfathered Use Permit for the well or well system.

(b) The right to produce groundwater from a well or well system permitted by the District may not be transferred to any other well or well system unless authorized by the District.

(c) A violation of any of the prohibitions in this Rule occurs on the first day that the prohibited drilling, alteration, operation or production begins and continues each day thereafter as a separate violation until appropriate authorization from the District is formally granted by the Board.

(d) A permit confers only the right to use the permit under the provisions of these Rules and according to its terms. A permit's terms may be modified or amended pursuant to the provisions of these Rules. A permit does not become a vested right of the permit holder. The Board may revoke or amend a permit in accordance with these Rules when reasonably necessary to accomplish the purposes of the District, the District's Rules, Management Plan, the Desired Future Conditions established for the aquifers located in whole or in part within the boundaries of the District, or Chapter 36, Texas Water Code.

(e) An application pursuant to which a permit or registration has been issued is incorporated in the permit or registration, and the permit or registration is granted on the basis of and contingent upon the accuracy of the information supplied in that application. A finding that false information has been supplied in the application may be grounds to refuse or deny the application or for immediate revocation of the permit or registration.

(f) Violation of a permit's terms, conditions, requirements, or special provisions is a violation of these Rules and shall be grounds for enforcement.

(g) For any applications submitted to the District and for which the applicant has requested in writing that such applications be processed concurrently, the District will process and the Board will consider such applications concurrently according to the standards and Rules applicable to each.

(h) All permits issued by the District are subject to the District's Rules, proportional adjustment regulations, if any, and District Management Plan.

RULE 5.2 GRANDFATHERED USE PERMITS

(a) An owner of a non-exempt water well or well system that was completed and operational prior to December 17, 2018 and that produced groundwater at any time during the Grandfathered Use Period shall apply to the District for a Grandfathered Use Permit during the Grandfathered Use Verification Period. Failure of an owner of such a well or well system to apply for a Grandfathered Use Permit during the Grandfathered Use Verification Period, which ends on December 31, 2023, shall preclude the owner from making any future claim or application to the District for grandfathered use under these Rules.

(b) All wells or well systems that are not exempt from the District's permitting requirements as provided in Rule 2.1 and that do not obtain a Grandfathered Use Permit in accordance with these Rules must obtain an Operating Permit in order to be able to produce groundwater from the well or well system. Grandfathered Use Permit applications shall be on forms prescribed by the District.

(c) An application for a Grandfathered Use Permit, in addition to the information required under Rule 5.3, shall include the following information to the extent

that the information exists and is available to the applicant through the exercise of reasonable and diligent efforts:

1) Year in which the well was drilled or the year in which each well in a well system was drilled;

2) Purpose for which the well or well system was drilled and any type of subsequent use of the water;

3) Maximum Grandfathered Use of the well or well system;

4) Evidence of historic and/or existing use to support the Maximum Grandfathered Use of the well or well system;

5) Legal description of the tract of land on which the well or well system is located; and

6) Any other information determined necessary by the Board.

(d) The maximum annual quantity of groundwater authorized under a Grandfathered Use Permit is limited to the Maximum Grandfathered Use of the well or well system, as defined in Rule 1.1(cc). A Grandfathered Use Permit may not be amended under Rule 5.7 to increase the maximum annual quantity of groundwater authorized, and the addition of a well to the well system under Rule 5.11 does not increase, and may not be used as a basis to increase, that quantity.

RULE 5.3 APPLICATION REQUIREMENTS FOR ALL PERMITS

(a) Each original application for an Operating Permit or Grandfathered Use Permit must contain information as set forth below. Application forms will be provided at the District's office and can be furnished to the applicant upon request. For well systems, the applicant shall provide the information required in this subsection for each well that is part of the well system. All applications for a permit shall be in writing and sworn to, and shall include the following:

1) Name, telephone number, fax number, and mailing address of the applicant and the owner of the land on which the well will be located;

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

3) A location map showing the proposed well location and an alternative well location that meets, if applicable, the District's minimum spacing and location requirements, and showing all wells in existence on the date of application within a quarter (1/4) mile radius of the location(s) of the proposed well or well to be modified, which the District may require to be shown on a 7.5 minute United States Department of Interior

Topographic Map and/or by latitude and longitude coordinates as measured by a calibrated GPS instrument;

4) A statement that the water withdrawn under the permit is put to beneficial use at all times;

5) Location of the use of the water from the well;

6) The estimated rate at which water will be withdrawn from the well, the maximum pumping capacity of the well, method of withdrawal, size of well (inside diameter of the pump [discharge] column pipe and diameter of the well casing), size of well pump, and estimated depth of each well;

7) A declaration that the applicant will comply with the District's Rules and all groundwater use permits and plans promulgated pursuant to the District's Rules;

8) A water conservation plan or a declaration that the applicant will comply with the District's management plan;

9) Drought contingency plan, if the applicant is required to prepare a Drought Contingency Plan by other law;

10) A declaration that the applicant will comply with all District well plugging and capping guidelines and report closure to the District and the appropriate state agencies;

11) the name and Texas driller's license number of the water well driller expected to drill any new well, or a statement that the driller has not yet been determined, as further described under Rule 3.12;

12) Duration the permit is proposed to be in effect;

13) If the groundwater is to be resold, leased, or otherwise transferred to others, whether inside or outside of the District, provide the location to which the groundwater will be delivered, the purpose for which the groundwater will be used, and a copy of the legal documents establishing the right for the groundwater to be sold, leased, or otherwise transferred, including but not limited to any contract for the sale, lease, or transfer of groundwater;

14) The utility's most recently required water loss audit, if the applicant is a retail public utility that is legally required to submit an annual water loss audit to the Texas Water Development Board and is applying, through an Operating Permit or an amendment to an Operating Permit, for an increase in the authorized annual groundwater production of an existing system;

15) Applicant must provide a declaration stating whether the stated purpose of use requires fresh groundwater and if so, whether any other liquid could be reasonably substituted for the fresh groundwater to be used for the applicant's stated purpose of use, including the quantity, quality, and possible source of the alternative liquids;

16) If the applicant presently owns any other sources of water besides the proposed fresh groundwater production, the applicant must provide information including the quantity and quality of the alternative sources of water and a declaration stating whether the applicant could reasonably use those alternate sources for the stated purpose of use; and

17) If groundwater is proposed to be transported out of the District, the applicant shall describe the following issues and provide documents relevant to these issues:

i) Availability of water in the District and in the proposed receiving area during the period for which the water supply is requested;

ii) Projected effect of the proposed transport on aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District; and

iii) How the proposed transport is consistent with the approved regional water plan and certified district management plan.

(b) Permit applications meeting any of the criteria in Rule 5.10 shall submit a Hydrogeologic Report to the District that meets the requirements in Rule 5.10.

(c) All permit applicants must provide notice to all landowners and to all well owners of existing registered or permitted wells that are located within the distance radius provided for well spacing in Rule 4.2(a) of the existing well or proposed well that is the subject of the application. Notice must be provided by one of the following methods:

1) by certified mail, return receipt requested;

2) by first class mail with a certificate of mailing; or

3) by providing the District with a document(s) signed by all landowners and well owners within the designated radius that indicates landowners and well owners received notice of the application.

(d) If any one permit application results in required notifications that exceed 30 entities or individuals or that results in $100.00 or more of postal expense, the District may allow for notification by public notice in a local newspaper of general circulation in the District. Proof of publication in the local newspaper

must be provided to the District before an application is deemed administratively complete.

This notice must be approved by the District prior to mailing or publishing in the local paper and shall contain:

1) the name and address of the applicant;

2) the date the application was filed;

3) the location and a description of the well that is the subject of the application; and

4) a brief summary of the information in the application, including requested annual production from the proposed well.

(e) The applicant must provide the District with the following information for the District to declare that the application is administratively complete:

1) Information contained in this section, and if the application is for a Grandfathered Use Permit, the information contained in Rule 5.2(c);

2) Proof that notice was provided to landowners and well owners to whom notice is required under this Section;

3) A list of the names and addresses of the property owners notified, if notice was provided by certified mail, return receipt requested, or first class mail with a certificate of mailing; and

4) A Hydrogeologic Report, if required by Rule 5.10.

(f) Prior to applying for an Operating Permit, the applicant shall meet with District staff for a pre-application meeting, at which time the District shall assist the applicant in the completion of all necessary application forms as required under the District Rules.

RULE 5.4 COMPLETION OF PERMIT APPLICATION REQUIRED

The District shall promptly consider and act on each administratively complete application for a permit. If an application is not administratively complete, the District may request the applicant to complete the application. The application will expire if the applicant does not complete the application within ninety (90) days of the date of the District's request or upon conclusion of an extension granted by the District.

RULE 5.5 PERMITS SUBJECT TO CONDITIONS AND RESTRICTIONS

Permits issued by the District for permitted wells may be subject to conditions and restrictions placed on the rate and amount of withdrawal, the Rules promulgated by the District, and terms and provisions with reference to the equipping of wells or pumps that may be necessary to prevent waste and achieve water conservation, minimize as far as practicable

the drawdown of the water table or the reduction of artesian pressure, lessen interference between wells, or to achieve the Desired Future Conditions established for the aquifers in whole or in part within the boundaries of the District.

RULE 5.6 CONSIDERATIONS FOR GRANTING OR DENYING A PERMIT APPLICATION

(a) Before granting or denying a permit application, the District must consider whether:

1) The application contains accurate information, all the information requested, and is accompanied by the subscribed administrative fees;

2) The water well(s) complies with Chapter 36 of the Texas Water Code, and these Rules, including but not limited to the spacing and production limitations identified in these Rules;

3) The proposed use of water does or does not unreasonably affect: (a) existing groundwater and surface water resources; (b) existing permit holders; or (c) wells that are registered with the District and exempt from the requirement to obtain an operating permit in Rule 2.1.

4) The proposed use of water is dedicated to a beneficial use;

5) The proposed use of water is consistent with the District's Management Plan;

6) The applicant agrees to avoid waste and achieve water conservation;

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

8) For those hearings conducted by the State Office of Administrative Hearings under Rule 12.5, the Board shall consider the proposal for decision issued by the State Office of Administrative Hearings.

(b) The District, to the extent possible, shall issue permits up to the point the total volume of exempt and permitted groundwater production will achieve the applicable Desired Future Conditions established for the aquifers in the District. In issuing permits, the District shall manage total groundwater production on a long-term basis to achieve the applicable Desired Future Conditions and shall consider:

1) The Modeled Available Groundwater calculations determined by the Executive Administrator of the Texas Water Development Board;

2) The Executive Administrator of the Texas Water Development Board's estimate of the current and projected amount of groundwater produced under the exemptions in District Rule 2.1;

3) The amount of groundwater authorized under permits previously issued by the District;

4) A reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District; and

5) Yearly precipitation and production patterns.

(c) Compliance with the minimum spacing requirements of Rule 4.2 does not, by itself, establish the absence of an unreasonable affect under this Subsection.

RULE 5.7 PERMIT AMENDMENT

(a) Prior to undertaking any action that would exceed the maximum amount of groundwater authorized to be produced under a permit issued by the District, or change the ownership of a well or permit, the location of a proposed well, the purpose of or location of use of the groundwater produced, or any other applicable term, condition or restriction of an existing permit, the permit holder must first apply for and obtain a permit amendment.

(b) A major amendment to a permit includes, but is not limited to, a change that would substantially alter the size or capacity of a well, an increase in the annual quantity of groundwater authorized to be withdrawn except as provided by Rule 5.2(d), a change in the purpose or place of use of the water produced, or a change of location of groundwater withdrawal, except for a replacement well, and any other change that is not a minor amendment. A major amendment to a permit shall not be made prior to notice and hearing.

(c) All applications for major amendments to any permit issued by the District shall be subject to the considerations in Rule 5.6.

(d) Amendments that are not major, such as a change in ownership of the land the well or well system is located on or an amendment sought by the permit holder for a decrease in the quantity of groundwater authorized for withdrawal and beneficial use, are minor amendments that may be reviewed and approved by the District. The District is authorized to approve minor permit amendments and may approve such minor amendments without notice and hearing. Such decision by the District must be administratively appealed to the Board of Directors prior to filing suit against the District to overturn the District's decision. The District may also send an application for a minor permit amendment to the Board for consideration, and must do so if the District proposes to deny the application. Any minor amendment sent to the Board for consideration shall be set on the Board's agenda and shall comply with the notice requirements of the Texas Open Meetings Act.

(e) A permit amendment is not required for any well, well pump, or pump motor repair or maintenance if such repair or maintenance does not substantially alter the well, well pump, or pump motor.

(f) Changes in the purpose of use from wells authorized under Grandfathered Use Permits require an application for Operating Permit to authorize the new purpose of use from the well(s).

RULE 5.8 EMERGENCY AUTHORIZATION BY GENERAL MANAGER OR BOARD

(a) The General Manager or Board may grant an Emergency Permit authorizing the drilling, equipping, completion, substantially altering with respect to size or capacity, or operation of a well.

(b) The General Manager or Board shall only issue an Emergency Permit upon a finding that:

1) No suitable surface water or permitted groundwater is immediately available to the applicant; and

2) An emergency need for the groundwater exists such that issuance of the permit is necessary to prevent the loss of life or to prevent severe, imminent threats to the public health or safety.

(c) An Emergency Permit may be granted without notice, hearing, or further action by the Board, or with such notice and hearing as the General Manager or Board deems practical and necessary under the circumstances.

(d) Emergency Permits may be issued for a term determined by the General Manager or Board based upon the nature and extent of the emergency, such term not to exceed sixty (60) days. Upon expiration of the term, the permit automatically expires and is cancelled.

RULE 5.9 PERMITS ISSUED BY DISTRICT; DURATION OF PERMIT; RENEWAL

(a) Grandfathered Use Permits and Operating Permits that are issued will be valid only for the term set by the District, not to exceed five years from the date of issuance for Grandfathered Use Permits and not to exceed two years from the date of issuance for Operating Permits, or until revoked or amended. Permits issued that provide for the transportation of groundwater outside the District shall have the terms as provided in Rule 13.3.

(b) At least ninety (90) days prior to the date of expiration of a permit, the District shall provide the permit holder notice that an application for renewal is due, along with a renewal application. Renewal applications and any Permit Renewal Fee required by the District shall be submitted to the District no later than sixty (60) days prior to the date of expiration of the permit. Renewal applications shall be reviewed and determinations on renewal shall be made

by the District, unless the District determines that a hearing is necessary on a renewal application.

(c) The District and, specifically the General Manager of the District on behalf of the District, shall, without a hearing, renew or approve an application to renew an Operating Permit or a Grandfathered Use Permit before the date on which the permit expires, provided that:

1) The application is submitted in a timely manner and accompanied by any required fees in accordance with District rules; and

2) The permit holder is not requesting a change related to the renewal that would require a permit amendment under District rules.

(d) The District is not required to renew a permit under District Rule 5.9(c) if the applicant:

1) Is delinquent in paying a fee required by the District;

2) Is subject to a pending enforcement action for a substantive violation of a District permit, order, or rule that has not been settled by agreement with the District or a final adjudication; or

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

(e) If the District is not required to renew a permit under District Rule 5.9(d), the permit remains in effect until the final settlement or adjudication on the matter of the substantive violation.

(f) 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 Rule 5.7, the permit as it existed before the permit amendment process remains in effect until the later of:

1) The conclusion of the permit amendment or renewal process, as applicable; or

2) A final settlement or adjudication on the matter of whether the change to the permit requires a permit amendment.

(g) 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 District Rule 5.9(c) without penalty, unless subsection (d) of District Rule 5.9 applies to the applicant.

(h) The district may initiate an amendment to an operating permit, in connection with the renewal of a permit or otherwise, in accordance with District Rule 5.7. 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.

(i) All permits issued by the District shall state the following:

1) The name of the person to whom the permit is issued.

2) The date the permit is issued.

3) The date the permit is to expire.

4) The conditions and restrictions, if any, placed on the rate and amount of withdrawal of groundwater.

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

6) This permit confers only the right to operate under the terms and conditions of the permit, and its terms may be modified or amended pursuant to the District Rules or Chapter 36 of the Texas Water Code, as they exist or may be amended, and the directives of the Texas Legislature, or if necessary to achieve the goals and objectives of the District Management Plan. Within sixty (60) calendar days after the date of sale, the Grandfathered Use Permit or Operating Permit holder should notify the District in writing of the name of the new owner of a permitted well. In order for the District to have the most accurate information possible, any person who becomes the owner of a currently permitted well should, within sixty (60) calendar days from the date of the change in ownership, file an application for a permit amendment to effect a transfer of the permit.

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

8) The permitted well site must be accessible to District representatives for inspection or to perform water level monitoring, water quality testing, and well investigations in accordance with Rules 8.4, and the permittee agrees to cooperate fully in any reasonable inspection of the well and well site by the District representatives.

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

10) Violation of a permit's terms, conditions, requirements, or special provisions is punishable by permit revocation, civil penalties, and other enforcement as provided by Section 8 of the District Rules.

11) Any other conditions or restrictions the District prescribes; and

12) Any other information the District determines necessary.

RULE 5.10 HYDROGEOLOGIC REPORT REQUIREMENTS

(a) Any permit application that meets the following conditions shall be required to submit a Hydrogeologic Report to the District prior to operating the well(s):

1) An application for a well or well system that requests groundwater production of nine million one hundred twenty four thousand four hundred sixteen (9,124,416) gallons or more per year;

2) An application that requests to transport groundwater produced within the District's boundaries to a location of use outside of the District's boundaries;

3) An application that requests to modify or increase annual groundwater production to nine million one hundred twenty four thousand four hundred sixteen (9,124,416) gallons or more; or

4) An application(s) for two or more wells that request:

i) Approval to drill and produce from wells that are owned or operated by the same person or entity and that would be located within 1/4 mile from one another; and

ii) A combined total groundwater production request of nine million one hundred twenty four thousand four hundred sixteen (9,124,416) gallons or more per year, where the proposed production amount of the wells subject to the application(s) shall be added to that of any existing wells owned or operated by the same person or entity within 1/4 mile for purposes of reaching the nine million one hundred twenty four thousand four hundred sixteen (9,124,416) gallons per year production threshold.

(b) Hydrogeologic Reports completed under these Rules shall be completed in a manner that complies with the hydrologic reporting guidelines approved and adopted by the District Board of Directors for this purpose. The guidelines referenced herein are incorporated by reference into these rules and shall constitute a rule of the District for all purposes.

(c) Applicants required to complete a Hydrogeologic Report must publish notice in a newspaper of general circulation within Tarrant County. The newspaper

notice must be approved by District staff and published within fourteen (14) days of the date an applicable well registration or permit application is submitted to the District. The newspaper notice shall contain:

1) Name and address of the applicant;

2) Date the application was filed;

3) Location and a description of the well that is the subject of the application; and

4) A brief summary of the information in the application, including requested annual production from the proposed well and that the applicant will conduct a hydrogeologic report in accordance with the District's Rules.

NOTE: Nine million one hundred twenty-four thousand four hundred sixteen (9,124,416) gallons is the annual productive capacity of a well authorized to produce 17.36 gallons per minute. Any well, other than a well used for a Public Water System (PWS), authorized to produce 17.36 gpm or less is exempt from the District's metering, reporting, permitting, and fee payment requirements. *See* Rule 2.1(a)(2).

RULE 5.11 WELL SYSTEM PERMITS; ADDITION OF WELLS TO A PERMITTED WELL SYSTEM

(a) An Operating Permit or a Grandfathered Use Permit may authorize a well system, as that term is defined in Rule 1.1, consisting of two or more wells. The wells comprising a permitted well system are authorized to produce groundwater in aggregate, and not individually, and the permit holder may produce groundwater from any one or more of the wells comprising the well system in any combination, provided that the combined production from all wells comprising the well system does not exceed the maximum annual quantity of groundwater authorized under the permit. Production from a permitted well system shall be metered and reported in aggregate in accordance with Rule 7.3.

(b) The holder of a Grandfathered Use Permit for a well system may add one or more new wells to the well system, subject to the following:

1) Each well added to the well system must be tied to the same distribution system as the other wells comprising the permitted well system through common pipes or common impoundments, consistent with the definition of "well system" under Rule 1.1.

2) The addition of a well to a well system under this Rule does not increase, and may not be used as a basis to increase, the Maximum

Grandfathered Use or the maximum annual quantity of groundwater authorized under the Grandfathered Use Permit for the well system.

3) Before drilling, equipping, or operating a new well proposed to be added to a well system under this Rule, the well owner must submit, and must obtain District approval of, an application for an Operating Permit for the added well in accordance with Section 5. An Operating Permit approved under this Subsection shall authorize zero (0) additional gallons of annual groundwater production, and shall expressly condition the added well's operation on its production being aggregated with, and counted against, the annual quantity already authorized under the Grandfathered Use Permit for the well system.

4) Approval of an Operating Permit under Subsection (b)(3) does not constitute, and may not be construed as, an amendment of the annual quantity of groundwater authorized under the Grandfathered Use Permit.

5) An Operating Permit issued under this Subsection is subject to the standard permit duration and renewal requirements of Rule 5.9. A well added to a well system under this Rule remains subject to all other applicable requirements of these Rules, including the well registration requirements of Section 3, the driller identification requirements of Rule 3.12, the spacing and location requirements of Rule 4.2, the well completion standards of Rule 4.3, and the metering and reporting requirements applicable to the well system as a whole under Subsection (a).

(c) If a well comprising a permitted well system is removed from service, plugged, or abandoned, the remaining wells in the well system continue to be authorized to produce, in aggregate, up to the maximum annual quantity of groundwater authorized under the permit, provided the remaining wells continue to satisfy the definition of a well system.

SECTION 6. FEES AND PAYMENT OF FEES

RULE 6.1 WATER USE FEES

(a) A water use fee shall be established by the Board annually at least 60 days before the end of the calendar year to be applied to the groundwater pumpage in the ensuing calendar year for each well not exempt under Rule 2.1, 2.3, or Rule 2.4(b). The Board may adjust the rate from time to time.

(b) Wells exempt under Rule 2.1, 2.3, or Rule 2.4(b) shall be exempt from payment of water use fees. However, if exempt well status is withdrawn, the District may assess fees and penalties in accordance with the District Rules.

(c) No later than 60 days prior to the end of the calendar year, beginning with calendar year 2010, the District shall send by regular mail to the owner or operator of each registered well that is required to pay the water use fee a reminder statement setting forth the water use fee rate applicable to the water produced in the ensuing year, setting forth deadlines for submission of fee payments and production reports of meter readings, and other information deemed appropriate by the District.

RULE 6.2 PAYMENT OF WATER USE FEES; DEADLINES

Fees for water produced between January 1st and June 30th each year are due to the District by July 31st of the same calendar year; fees for water produced between July 1st and December 31st each year are due to the District by January 31st of the following calendar year. Fee payments shall be submitted in conjunction with the Water Production Reports and monthly logs.

RULE 6.3 WELL REGISTRATION FEES

The owner of any new well, including a new well exempt under Rule 2.1, shall submit payment to the District of a $500 non-refundable well registration fee per well, which is due by the same deadline established under these rules for registration of the well. The well registration fee must be received by the District in order for the District to find a registration application administratively complete. The purpose of the well registration fee is to cover the administrative costs to the District associated with registering the well and administering the rules of the District related to the well. The amount of the well registration fee has been determined by the District to be less than the actual administrative costs to the District of registering the well and administering the rules of the District with respect to the well, even in light of anticipated revenues to be received from the Water Use Fee.

RULE 6.4 FAILURE TO MAKE FEE PAYMENTS

Payments not received by the date that Water Use Fees are due and owing to the District will be subject to a late payment fee of the greater of the following:

(a) One Hundred Dollars ($100.00); or

(b) Twenty Five percent (25 %) of the total amount of water use fees due and owing to the District.

Failure to timely pay Water Use Fees will also subject persons to the penalties set forth in Rule 8.7.

RULE 6.5 PENALTY FOR PRODUCTION IN EXCESS OF THE MAXIMUM AMOUNT AUTHORIZED BY PERMIT OR RULE

(a) No person may withdraw, or cause to be withdrawn, groundwater within the District's boundaries in an amount that exceeds the maximum amount specifically authorized by these Rules or in any permit issued by the District.

Persons withdrawing, or causing to be withdrawn, groundwater in an amount that exceeds the specific amount authorized for withdrawal in the applicable District permit is subject to an automatic penalty for the amount withdrawn in excess of the amount authorized. Such excess production penalty shall accrue in addition to, and shall be due at the same time as, the reporting period for which the production occurred.

(b) A person who withdraws, or causes to be withdrawn, groundwater in an amount that exceeds the specific amount authorized under the applicable District permit shall, for a first violation, be assessed (1) a civil penalty in accordance with Rule 8.7; and (2) an administrative penalty of three (3) times the water use fee rate for the amount of production exceeding the amount authorized pursuant to this rule.

(c) A second violation shall be assessed (1) a civil penalty in accordance with Rule 8.7; (2) an administrative penalty of ten (10) times the water use fee rate for the amount of production exceeding the amount authorized; and (3) may result in initiation of an automatic permit amendment by the District under Rule 5.7.

(d) A third violation shall be assessed (1) a civil penalty in accordance with Rule 8.7; (2) an administrative penalty calculated as the sum of (A) ten (10) times, and (B) an additional ten (10) times, the water use fee rate for the amount of production exceeding the amount authorized; and (3) may result in initiation of an automatic permit amendment by the District under Rule 5.7.

(e) A fourth violation shall be assessed (1) a civil penalty in accordance with Rule 8.7; (2) an administrative penalty calculated as the sum of (A) ten (10) times, and (B) an additional twenty (20) times, the water use fee rate for the amount of production exceeding the amount authorized; (3) may result in initiation of an automatic permit amendment by the District under Rule 5.7; and (4) referral to the Board for consideration of permit suspension and/or a show cause hearing under Rule 8.6.

(f) A fifth or subsequent violation shall be assessed (1) a civil penalty in accordance with Rule 8.7; (2) an administrative penalty calculated as the sum of (A) ten (10) times, and (B) an additional thirty (30) times, the water use fee rate for the amount of production exceeding the amount authorized; (3) initiation of an automatic permit amendment by the District under Rule 5.7; (4) referral to the Board for consideration of permit suspension or revocation and/or a show cause hearing under Rule 8.6; and (5) authorization for the District to institute a civil suit under Rule 8.2 for injunctive relief and recovery of penalties.

(g) Whether a violation under this Rule is a first, second, third, fourth, or fifth and subsequent violation is determined by the number of violations under this Rule incurred during the five-year period immediately preceding the violation under

consideration, consistent with the lookback period under Rule 8.7(a). Once five years have elapsed from a violation under this Rule, that violation is no longer counted toward the level of a subsequent violation.

The penalties under this Rule are automatic and administrative and apply in addition to any civil penalty the Board separately pursues for the same conduct as a Major Violation under Rule 8.7(c)(8); the Board shall consider penalties already assessed under this Rule when setting any additional civil penalty under Rule 8.7 for the same violation, so the combined penalty for a single instance of excess production remains proportionate.

RULE 6.6 RETURNED CHECK FEE

The District may assess a fee not to exceed $25 for checks returned to the District for insufficient funds, account closed, signature missing, or any other reason causing a check to be returned by the District's depository.

RULE 6.7 WELL REPORT DEPOSIT

For all new wells and certain alterations of existing wells, as specifically described under Rule 3.3(a), the District shall assess a $200 well report deposit per well to be held by the District as part of the well registration procedures. The District shall return the deposit to the depositor if the completed well report is timely submitted to the District in accordance with these Rules. In the event the District does not timely receive the completed well report, or if rights granted within the registration are not timely used, the deposit shall become the property of the District.

RULE 6.8 ENFORCEMENT

After a well is determined to be in violation of these rules for failure to make payment of water use fees on or before the 60th day following the date such fees are due pursuant to Rule 6.2, all enforcement mechanisms provided by law and these Rules shall be available to prevent unauthorized use of the well and may be initiated by the General Manager without further authorization from the Board.

SECTION 7. METERING

RULE 7.1 WATER METER REQUIRED

(a) Except as provided in Rule 7.2, the owner of a well located in the District and not exempt under Rule 2.1 or 2.4(b) shall equip the well with a flow measurement device meeting the specifications of these Rules and shall operate the meter on the well to measure the flow rate and cumulative amount of groundwater withdrawn from the well. All meters that were existing on October 1, 2010, and at a minimum have the ability to measure the cumulative amount of groundwater withdrawn from the well, shall be

considered existing and will not have to be replaced with meters that can also measure the flow rate, provided that the meter meets all other requirements herein. Except as provided in Rule 7.2, the owner of a new or existing well not exempt under Rule 2.1 that is located in the District shall install a meter on the well prior to producing groundwater from the well.

(b) A mechanically driven, magnetic, or ultrasonic totalizing water meter must be installed on a well registered with the District unless an approval for another type of meter or measuring method is granted by the District. The totalizer must not be resettable by the registrant and must be capable of a maximum reading greater than the maximum expected annual pumpage. Battery operated registers must have a minimum five-year life expectancy and must be permanently hermetically sealed. Battery operated registers must visibly display the expiration date of the battery. All meters must meet the requirements for registration accuracy set forth in the American Water Works Association standards for cold-water meters as those standards existed on the date of adoption of these Rules.

(c) The water meter must be installed according to the manufacturer's published specifications in effect at the time of the meter installation, or the meter's accuracy must be verified by the registrant in accordance with Rule 7.4. If no specifications are published, there must be a minimum length of five pipe diameters of straight pipe upstream of the water meter and one pipe diameter of straight pipe downstream of the water meter. These lengths of straight pipe must contain no check valves, tees, gate valves, back flow preventers, blow-off valves, or any other fixture other than those flanges or welds necessary to connect the straight pipe to the meter. In addition, the pipe must be completely full of water throughout the region. All installed meters must measure only groundwater.

(d) Each meter shall be installed, operated, maintained, and repaired in accordance with the manufacturer's standards, instructions, or recommendations, and shall be calibrated to ensure an accuracy reading range of 95% to 105% of actual flow.

(e) The owner of a well is responsible for the purchase, installation, operation, maintenance, and repair of the meter associated with the well.

(f) Bypasses are prohibited unless they are also metered.

RULE 7.2 WATER METER EXEMPTION

Wells exempt under Rule 2.1 or 2.4(b) shall be exempt from the requirement to obtain a water meter under Rule 7.1.

RULE 7.3 METERING AGGREGATE WITHDRAWAL

Where wells are part of an aggregate system, one or more water meters may be used for the aggregate well system if the water meter or meters are installed so as to measure the groundwater production from all wells included in the system. The provisions of Rule 7.1 apply to meters measuring aggregate pumpage. The water meters referenced in this rule are required to be installed on the aggregate well system at a location that measures the water used before any water is pumped into an impoundment.

RULE 7.4 ACCURACY VERIFICATION

(a) Meter Accuracy to be Tested: The General Manager may require the registrant, at the registrant's expense, to test the accuracy of a water meter and submit a certificate of the test results. The certificate shall be on a form provided by the District. The General Manager may further require that such test be performed by a third party qualified to perform such tests. The third party must be approved by the General Manager prior to the test. Except as otherwise provided herein, certification tests will be required no more than once every three years for the same meter. If the test results indicate that the water meter is registering an accuracy reading outside the range of 95% to 105% of the actual flow, then appropriate steps shall be taken by the registrant to repair or replace the water meter within 90 calendar days from the date of the test. The District, at its own expense, may undertake random tests and other investigations at any time for the purpose of verifying water meter readings. If the District's tests or investigations reveal that a water meter is not registering within the accuracy range of 95% to 105% of the actual flow, or is not properly recording the total flow of groundwater withdrawn from the well or wells, the registrant shall reimburse the District for the cost of those tests and investigations within 90 calendar days from the date of the tests or investigations, and the registrant shall take appropriate steps to bring the meter or meters into compliance with these Rules within 90 calendar days from the date of the tests or investigations. If a water meter or related piping or equipment is tampered with or damaged so that the measurement of accuracy is impaired, the District may require the registrant, at the registrant's expense, to take appropriate steps to remedy the problem and to retest the water meter within 90 calendar days from the date the problem is discovered and reported to the registrant.

(b) Meter Testing and Calibration Equipment: Only equipment capable of accuracy results of plus or minus two percent of actual flow may be used to calibrate or test meters.

(c) Calibration of Testing Equipment: All approved testing equipment must be calibrated every two years by an independent testing laboratory or company capable of accuracy verification. A copy of the accuracy verification must be presented to the District before any further tests may be performed using that equipment.

RULE 7.5 REMOVAL OF METER FOR REPAIRS

A water meter may be removed for repairs and the well remain operational provided that the District is notified prior to removal and the repairs are completed in a timely manner. The readings on the meter must be recorded immediately prior to removal and at the time of reinstallation. The record of pumpage must include an estimate of the amount of groundwater withdrawn during the period the meter was not installed and operating.

RULE 7.6 WATER METER READINGS

The registrant of a well not exempt under Rule 2.1 or 2.4(b) must read each water meter associated with the well and record the meter readings and the actual amount of pumpage in a log at least monthly. The logs containing the recordings shall be available for inspection by the District at reasonable business hours. Copies of the logs must be included with the Water Production Report required by District Rule 3.8, along with fee payments as set forth under Section 6. The registrant of a well shall read each water meter associated with a well within 15 days before or after June 30th and within 15 days before or after December 31st each year, as applicable to the respective immediately preceding semi-annual reporting period, and report the readings to the District on a form provided by the District along with copies of the monthly logs and payment of all Water Use Fees by the deadlines set forth for fee payment under Rule 6.2. In lieu of a written log entry, a registrant may satisfy the meter-reading and documentation requirements of this Rule by submitting a clear, legible photograph of the meter showing the meter's serial number or other unique identifier, the numeric reading, and the date the photograph was taken. When a meter is removed and replaced under Rule 7.5 or Rule 7.7, a registrant may likewise satisfy the applicable reading requirements by submitting a photograph of the final reading of the meter being removed and a photograph of the initial reading of the replacement meter, each meeting the requirements of this Rule. The District may reject a photograph that is illegible, ambiguous, suspected to be altered, or otherwise insufficient to verify the reading and require the registrant to resubmit a compliant photograph or written log.

RULE 7.7 INSTALLATION OF METERS

A meter required to be installed under these Rules shall be installed before producing water from the well.

RULE 7.8 ENFORCEMENT

It is a major violation of these Rules to fail to meter a well and report meter readings in accordance with this Section. After a well is determined to be in violation of these rules for failure to meter or maintain and report meter readings, all enforcement mechanisms provided by law and these Rules shall be available to prevent unauthorized use of the well and may be initiated by the General Manager without further authorization from the Board.

SECTION 8. INSPECTION AND ENFORCEMENT OF RULES

RULE 8.1 PURPOSE AND POLICY

The District's ability to effectively and efficiently manage the limited groundwater resources within its boundaries depends entirely upon the adherence to the rules promulgated by the Board to carry out the District's purposes. Those purposes include providing for the conservation, preservation, protection and recharge of the groundwater resources within the District, to protect against subsidence, degradation of water quality, and to prevent waste of those resources. Without the ability to enforce these rules in a fair, effective manner, it would not be possible to accomplish the District's express groundwater management purposes. The enforcement rules and procedures that follow are consistent with the responsibilities delegated to it by the Texas Legislature through the District Act, and through Chapter 36 of the Texas Water Code.

RULE 8.2 RULES ENFORCEMENT

(a) If it appears that a person or entity has violated, is violating, or is threatening to violate any provision of the District Rules, including failure to pay any assessed penalty or fee, the Board may institute and conduct a suit in a court of competent jurisdiction in the name of the District for injunctive relief, recovery of a civil penalty in an amount set by District Rule per violation, both injunctive relief and a civil penalty, or any other appropriate remedy. Each day of a continuing violation constitutes a separate violation.

(b) Unless otherwise provided in these rules, the penalty for a violation of any District rule shall be either:

1) $25,000.00 per violation, with each day of a continuing violation constituting a separate violation; or

2) a lesser amount, based on the severity of the violation, as set forth in the Enforcement Policy and Civil Penalty Schedule under Rule 8.7.

(c) A penalty under this section is in addition to any other penalty provided by law and may be enforced by filing a complaint in a court of competent jurisdiction in the county in which the District's principal office or meeting place is located.

(d) If the District prevails in a suit to enforce its Rules, the District may seek, in the same action, recovery of attorney's fees, costs for expert witnesses, and other costs incurred by the District before the court. The amount of attorney's fees awarded by a court under this Rule shall be fixed by the court.

(e) All penalties set forth in these Rules must be paid to the District within 30 days of notice from the District, including either an Informal Notice or a Notice of Violation as those terms are defined in Rule 8.5 below.

(f) If the District Board determines that a driller is required to pay any penalty under these Rules, and the driller fails to pay any such penalty within 30 days of the Board's Informal Notice or a Notice of Violation, the driller is prohibited from drilling any well within the District's jurisdiction until all penalties owed by the driller have been paid.

(g) If a civil penalty is instead assessed by an order or other action of the Board, including, without limitation, an order issued following a show cause hearing under Rule 8.6, or a settlement agreement approved by Board action, the civil penalty must be paid to the District no later than 30 days after the date of the Board's order or action assessing the civil penalty.

RULE 8.3 FAILURE TO REPORT PUMPAGE AND/OR TRANSPORTED VOLUMES

The accurate reporting and timely submission of pumpage volumes is necessary for the proper management of water resources in the District. Failure of a well owner required by these Rules to submit complete, accurate, and timely pumpage reports may result in:

(a) the assessment of any fees or penalties adopted under Rule 8.2 for meter reading and inspection as a result of District inspections to obtain current and accurate pumpage volumes; and

(b) additional enforcement measures provided by these Rules or by order of the Board.

RULE 8.4 DISTRICT INSPECTIONS

No person shall unreasonably interfere with the District's efforts to conduct inspections or otherwise comply with the requirements, obligations, and authority provided in Section 36.123 of the Texas Water Code.

RULE 8.5 NOTICES OF VIOLATION

Whenever the District determines that any person has violated or is violating any provision of the District's Rules, including the terms of any rule or order issued by the District, it may use any of the following means of notifying the person or persons of the violation:

(a) Informal Notice: The officers, staff or agents of the District acting on behalf of the District or the Board may inform the person of the violation by telephone by speaking or attempting to speak to the appropriate person to explain the violation and the Enforcement Policy and Civil Penalty Schedule referenced in Rule 8.7 herein and the steps necessary to satisfactorily remedy the violation. The information received by the District through this informal notice concerning the violation will be documented, along with the date and time of the call, and will be kept on file with the District. Nothing in this subsection shall limit the authority of the District to take action, including emergency

actions or any other enforcement action, without first providing notice under this subsection.

(b) Notice of Violation: The District may inform the person of the violation through a written notice of violation issued pursuant to this rule. Each notice of violation issued hereunder shall explain the basis of the violation, identify the rule or order that has been violated or is being violated, and list specific required actions that must be satisfactorily completed—which may include the payment of applicable civil penalties—to address each violation raised in the notice as well as the timetable to complete any remedial work or enforce the penalty. Notices of violation issued hereunder shall be tendered by a delivery method that complies with District Rule 1.7. Nothing in this rule subsection shall limit the authority of the District to take action, including emergency actions or any other enforcement action, without first issuing a notice of violation.

(c) Compliance Meeting: The District may hold a meeting with any person whom the District believes to have violated, or to be violating, a District Rule or District order to discuss each such violation and the steps necessary to satisfactorily remedy each such violation. The information received in any meeting conducted pursuant to this rule subsection concerning the violation will be documented, along with the date and time of the meeting, and will be kept on file with the District. Nothing in this rule subsection shall limit the authority of the District to take action, including emergency actions or any other enforcement action, without first conducting a meeting under this subsection.

RULE 8.6 SHOW CAUSE HEARING

(a) Upon recommendation of the General Manager to the Board or upon the Board's own motion, the Board may order any person that it believes has violated, or is violating, any provision of the District's Rules a District order to appear before the Board at a public meeting called for such purpose and show cause why an enforcement action, including the initiation of a suit in a court of competent jurisdiction, should not be pursued by the District against the person or persons made the subject of the show cause hearing.

(b) No show cause hearing under subsection (a) of this Rule may be held unless the District first serves, on each person to be made the subject of the hearing, written notice not less than 20 days prior to the date of the hearing. Such notice shall include the following:

1) the time and place for the hearing;

2) the basis of each asserted violation; and

3) the rule or order that the District believes has been violated or is being violated; and

4) a request that the person cited duly appear and show cause why enforcement action should not be pursued.

(c) The District may pursue immediate enforcement action against the person cited to appear in any show cause order issued by the District where the person so cited fails to appear and show cause why an enforcement action should not be pursued.

(d) Nothing in this rule shall limit the authority of the District to take action, including emergency actions or any other enforcement action, against a person at any time regardless of whether the District holds a hearing under this Rule.

RULE 8.7 ENFORCEMENT POLICY AND CIVIL PENALTY SCHEDULE

(a) General Guidelines.

When the General Manager discovers a violation of the District Rules that either (1) constitutes a Major Violation, or (2) constitutes a Minor Violation that the General Manager is unable to resolve within 60 days of discovering the Minor Violation, the General Manager shall bring the Major Violation or the unresolved Minor Violation and the pertinent facts surrounding it to the attention of the Board. Violations related to water well construction and completion requirements shall also be brought to the attention of the Board.

The General Manager shall recommend to the Board of Directors an appropriate settlement offer to settle the violation in lieu of litigation based upon the Civil Penalty Schedule set forth below. The Board may instruct the General Manager to tender an offer to settle the violation or to institute a civil suit in the appropriate court to seek civil penalties, injunctive relief, and costs of court and expert witnesses, damages, and attorneys' fees.

(b) Minor Violations.

The following acts each constitute a Minor Violation:

1) Failure to timely file a registration on a new well that qualifies for an exemption under Rule 2.1.

2) Failure to conduct a meter reading within the required period.

3) Failure to timely notify District regarding change of ownership.

4) Failure to timely file a Well Report or a Plugging Report with the District.

5) Failure to timely submit required documentation reflecting alterations or increased production.

6) Operating a meter that is not accurately calibrated.

7) Failure to timely notify the District in writing of a change in driller as required under Rule 3.12(b).

CIVIL PENALTY SCHEDULE FOR MINOR VIOLATIONS

First Violation:	***$100***
Second Violation:	***$200***
Third Violation:	***Major Violation***

A second violation shall be any Minor Violation within 3 years of the first Minor Violation. A third violation shall be any Minor Violation following the second Minor Violation within 5 years of the first Minor Violation. Each day of a continuing violation constitutes a separate violation.

(c) Major Violations.
The following acts each constitute a Major Violation:

1) Failure to register a well where mandated by rules, including drilling, equipping, completing, substantially altering, or operating a well without a compliant and approved registration.
2) Failure to timely meter a well when required.
3) Drilling a well in violation of spacing or location requirements.*
4) Failure to close or cap an open or uncovered well.
5) Failure to submit Water Use Fees in accordance with Rule 6.2
6) Committing waste.
7) Failure to submit accurate Groundwater Production Report(s) including monthly meter reading log within the required period.
8) Withdrawing groundwater in an amount that exceeds the maximum amount specifically authorized by these Rules or in any permit issued by the District.
9) Intentionally or knowingly submitting inaccurate and untruthful information on District forms or to the Board.
10) A third violation as described in 8.7(b) above.
11) Failure to comply with any term, condition, or requirement of a permit or registration.
12) Operating a well at a capacity that is higher than the capacity authorized in the well registration or permit.

13) Drilling a well, or causing a well to be drilled, without the driller having signed and completed all applicable application information as required under Rule 3.12(c). A violation of this item is assessed against both the driller who drilled the well and the applicant or well owner, as provided under Rule 3.12(d).

CIVIL PENALTY SCHEDULE FOR MAJOR VIOLATIONS

First Violation:	***$500***
Second Violation:	***$1,000***
Third Violation:	***$5,000***
Fourth Violation:	***$10,000***
Fifth and Subsequent Violations:	***$25,000 and Civil Suit for injunction and damages***

Whether the Major Violation is a first, second, third, fourth, or fifth and subsequent violation shall be determined by the number of violations the person or entity has incurred during the five-year period immediately preceding the violation under consideration. Major Violations are counted separately for purposes of this determination. After five years have elapsed from the date of a violation, that violation shall no longer be included in determining the level of a subsequent violation considered by the Board. Each day of a continuing violation constitutes a separate violation. The District may initiate and conduct a civil suit for recovery of a civil penalty greater than the maximum penalty established by law in Section 36.102, Texas Water Code, if the District determines that the person gained an economic benefit greater than the maximum penalty as a result of the Major Violation of the District's Rules.

(d) In addition to the applicable penalty provided for in the Civil Penalty Schedule for Major Violations, persons who drill a well in violation of applicable spacing requirements may be required to plug the well.

(e) In addition to the applicable fees set forth in Rule 6.4, persons who do not submit all Water Use Fees due and owing to the District within 60 days of the date such fees are due will be assessed a civil penalty of up to three (3) times the amount of outstanding Water Use Fees that are due and owing. Persons who do not submit all Water Use Fees due and owing may be subject to additional enforcement measures provided for by these Rules or by order of the Board.

(f) Water Well Construction and Completion Requirements.

Failure to use approved construction materials: $250 + total costs of remediation

Failure to properly cement annular space: $500 + total costs of remediation

In addition to the civil penalties provided for in this schedule, persons who drill a well in violation of applicable completion requirements may be required to recomplete or

reconstruct the well in accordance with the District's rules, or may be ordered to plug the well.

(g) Other Violations of District Rules Not Specifically Listed Herein. Any violation of a District Rule not specifically set forth herein shall be presented to the Board of Directors for a determination of whether the violation is Minor or Major, based upon the severity of the violation and the particular facts and issues involved, whereupon the procedures and the appropriate civil penalty amount set forth herein for Minor and Major Violations shall apply to the violation.

SECTION 9. OTHER DISTRICT MANAGEMENT ACTIONS AND DUTIES

RULE 9.1 DISTRICT MANAGEMENT PLAN

Following notice and hearing, the District shall adopt a comprehensive Management Plan. The District Management Plan shall specify the acts and procedures and performance and avoidance measures necessary to prevent waste, the reduction of artesian pressure, or draw-down of the water table in accordance with Section 36.1071, Texas Water Code. The District shall use the Rules to implement the Management Plan. The Board must review the Management Plan at least every five years and update the Management Plan before the second anniversary of the adoption date of the latest Desired Future Conditions. If the Board considers a new Management Plan necessary or desirable based on evidence presented at a hearing, a new Management Plan will be developed and adopted. A Management Plan, once adopted, remains in effect until the subsequent adoption of another Management Plan.

SECTION 10. PROHIBITION AGAINST WASTE

RULE 10.1 WASTE OR POLLUTION OF GROUNDWATER PROHIBITED

(a) Groundwater shall not be produced within and used within the District, or produced within the District and used outside the District, in such a manner as to constitute waste or in such a manner that will pollute the groundwater resources of the District.

(b) A person producing or using groundwater within the District shall use every possible precaution to stop and prevent the waste and pollution of water.

(c) A person shall not pollute or harmfully alter the character of the aquifer within the boundaries of the District by means of saltwater or other deleterious matter admitted to the aquifer from some other stratum or strata or from the surface of the ground.

(d) A person under the jurisdiction of the District shall not commit waste as defined in Chapter 36 of the Texas Water Code and these Rules.

(e) Any impoundment to which well water flows, including tanks and ponds, must be equipped with an operational float valve that prevents the flow of well water when the impoundment is at capacity.

RULE 10.2 ORDERS TO PREVENT WASTE OR POLLUTION

Upon notice to any affected parties and opportunity for a hearing, the Board may adopt orders to prohibit, prevent, or remedy waste or pollution. If the factual basis for the order 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/or welfare, the Board may enter a temporary order without notice and hearing. Such a temporary order shall continue in effect for the lesser of fifteen (15) days or until notice can be provided and a hearing can be conducted by the District.

RULE 10.3 AUTHORITY TO INVESTIGATE VIOLATION OF DISTRICT RULES

The District has the authority to investigate violations of the District's Rules, including but not limited to suspected waste or pollution violations prohibited under this Section. Pursuant to Rule 8.4, no person shall interfere with the District's efforts to conduct inspections.

SECTION 11. CAPPING AND PLUGGING OF WELLS

RULE 11.1 CAPPING OF WELLS

The District may require a well to be capped to prevent waste, prevent pollution, or prevent further deterioration of a 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 comingling of water strata, in which case the well must be plugged. The cap must be capable of sustaining a weight of at least 400 pounds and must be constructed with a water tight seal to prevent entrance of surface pollutants into the well itself, either through the well bore or well casing.

RULE 11.2 PLUGGING OF WELLS

(a) In this Rule, "abandoned well" means a well that is not in use for a period of at least one year. A well is considered to be in use if:

1) The well is not a deteriorated well and contains the casing, pump, and pump column in good condition;

2) The well is not a deteriorated well and has been capped;

3) The water from the well has been put to an authorized beneficial use, as defined by the Texas Water Code and these Rules;

4) The well is used in the normal course and scope and with the intensity and frequency of other similar users in the general community; or

5) The owner is participating in a federal conservation program as defined by Chapter 36, Texas Water Code or a similar governmental program.

(b) A deteriorated or abandoned well must be plugged in accordance with the Texas Department of Licensing and Regulation, Water Well Drillers and Pump Installers Rules (16 Texas Administrative Code, Chapter 76). It is the responsibility of the landowner to see that such a well is plugged to prevent pollution of groundwater and to prevent injury to persons and animals. Registration of the well is required prior to, or in conjunction with, well plugging.

(c) Any person that plugs a well in the District must submit a copy of the plugging report required by the rules of the Texas Department of Licensing and Regulation to the District within thirty (30) days of plugging completion.

(d) If the owner or lessee fails or refuses to plug or cap the well in compliance with this rule and District standards within thirty (30) days after being requested to do so in writing by an officer, agent, or employee of the District, then, upon Board approval, any person, firm, or corporation employed by the District may go on the land and plug or cap the well safely and securely, pursuant to Section 36.118 of the Texas Water Code.

RULE 11.3 EXPENSES INCURRED BY THE DISTRICT

Reasonable expenses incurred by the District in plugging or capping a well constitute a lien on the land on which the well is located.

SECTION 12. HEARINGS

RULE 12.1 HEARINGS GENERALLY

(a) A public hearing may be held on any matter within the jurisdiction of the Board, if the Board deems a hearing to be in the public interest or necessary to effectively carry out the duties and responsibilities of the District. The District conducts four general types of hearings under this Section:

1) Hearings involving the issuance of permits or permit amendments, in which the rights, duties, or privileges of a party are determined after an opportunity for an adjudicative hearing;

2) Rulemaking hearings involving 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;

3) Show cause hearings, in which the obligation and authority of the District to impose civil penalties is considered under specific relevant circumstances, as set forth in Rule 8.6; and

4) Hearings on the Desired Future Conditions proposed for the District, as set forth in Rule 12.14.

(b) Any matter designated for hearing before the Board may be: (1) heard by a quorum of the Board; (2) referred by the Board for a hearing before a Hearing Examiner; (3) heard by a quorum of the Board along with an appointed Hearing Examiner who officiates during the hearing; or (4) heard by the State Office of Administrative Hearings if required under Rule 12.5.

(c) Any hearing may or may not be scheduled during the District's regular business hours, Monday through Friday of each week, except District holidays. All hearings shall be held at the location set forth in the notice.

(d) The District may continue hearings or other proceedings from time to time and from place to place without the necessity of publishing, serving, mailing, or otherwise issuing a new notice. If a hearing or other proceeding is continued and a time and place for the hearing or other proceeding to reconvene are not publicly announced at the hearing or other proceeding before it is recessed, a notice of any further setting of the hearing or other proceeding will be delivered at a reasonable time to persons who request notice at the initial hearing, and any other person deemed appropriate, but it is not necessary to post or publish a notice of the new setting. Additionally, in the case of a hearing on a permit or permit amendment application, if the hearing is continued and a time and place for the hearing to reconvene is not publicly announced at the hearing before it is recessed, a notice of any further setting of the hearing will be provided to the parties to the hearing.

A continuance may not exceed the time limit for the issuance of a final decision.

(e) Permit Hearings:

1) Permit Applications and Amendments: The District shall hold a hearing for each activity for which a permit or permit amendment is required pursuant to Section 5 of these Rules, subject to the exception in Rule 5.8. A hearing involving permit matters may be scheduled before a Hearing Examiner.

2) The District shall hold a permit hearing on major permit amendments and may hold a hearing on minor permit amendments, permit revocations, and permit renewals.

(f) Rulemaking Hearings:

1) District Management Plan: The Board shall hold a hearing to consider adoption of a new District Management Plan.

2) Rules: The Board shall hold a hearing to consider adoption of rules or any revisions to the District's Rules.

3) Other Matters: A public hearing may be held on any matter within the jurisdiction of the Board if the Board determines that a hearing is in the public interest or necessary to effectively carry out the duties and responsibilities of the District.

RULE 12.2 RULEMAKING HEARINGS

(a) Rulemaking hearing notice shall include a brief explanation of the subject matter of the hearing, the time, date, and place of the hearing, location or Internet site at which a copy of the proposed Rules may be reviewed or copied, if the District has a functioning Internet site, and any other information deemed relevant by the Board or the District staff.

(b) Not less than twenty (20) calendar days prior to the date of the hearing, the District shall:

1) Post notice in a place readily accessible to the public at the district office;

2) Provide notice to the county clerk of Tarrant County;

3) Publish notice in one or more newspapers of general circulation in the District;

4) Provide notice by mail, facsimile, or electronic mail to any person who has requested notice; and

5) Make available a copy of all proposed Rules at a place accessible to the public during normal business hours, and post an electronic copy on the District's Internet site, if the District has a functioning Internet site.

(c) 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, fax, or email 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 under Subsection (c) does not invalidate an action taken by the District at a rulemaking hearing.

(e) A person participating in a rulemaking hearing shall complete a hearing registration form stating the person's name, address, and whom the person represents, if applicable.

(f) 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.

(g) 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 persons, or public representatives to advise the District about contemplated Rules.

RULE 12.3 PETITION TO CHANGE RULES

(a) If a person has a real property interest in groundwater and the property that gives rise to the real property interest is located within the boundaries of the District, then the person may petition the District to adopt a rule or modify a rule adopted under Chapter 36 of the Texas Water Code.

(b) A petition submitted under this Rule must be submitted on *the Petition to Change Rules* form provided by the District. A petition submitted under this Rule must include the following information:

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

2) an explanation of why adoption of the proposed rule or rule modification is necessary to be consistent with: (i) ownership and rights recognized under Section 36.002 of the Texas Water Code; or (ii) conservation or beneficial use of the groundwater resources located in the District;

3) a request that the District provide notice of a rulemaking hearing for the Board of the District to consider the petition submitted by the petitioner;

4) proof that the person submitting the petition has a real property interest in groundwater and that the property that gives rise to said real property interest is located within the boundaries of the District; and

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

(c) A person submitting a petition under this Rule must appear at the next Board meeting after the date of submission of the petition and must present the proposed rule or rule modification to the Board along with an explanation of why it should be adopted.

(d) If a person is unable to comply with any of the procedures set forth in Subsections (b) or (c) of this Rule, then on the same day that the person submits a petition under this Rule to the District, the person must also submit to the District a written explanation as to why compliance with the required procedure(s) is not possible and must submit a written request that the Board waive the specific procedure(s) at issue. Failure to adhere to any of the procedures set forth in Subsections (b) or (c) of this Rule, and failure to timely submit a written explanation and request as described herein will result in automatic denial of the petition. Upon receipt of a written explanation and request as described herein, the Board may, at its sole discretion, waive any procedure set forth in Subsections (b) or (c) of this Rule.

(e) Not later than the 90th day after the date the District receives a petition under this Rule, the District must: (1) deny the petition and provide an explanation for the denial; or (2) grant the petition and engage in rulemaking consistent with the granted petition.

(f) Nothing in this Rule may be construed to create a private cause of action in relation to a decision to accept or deny a petition filed under this Rule.

RULE 12.4 PERMIT HEARINGS

(a) If the Board or District staff schedules a hearing on an application for a permit or permit amendment, the District shall give notice of the hearing as provided in this Section.

(b) Notice may be provided under this Rule for permit renewals, minor amendments and revocations if the District staff determines that a hearing is required.

(c) The Board or District staff may schedule more than one permit application for consideration at a hearing.

(d) Not later than the tenth (10th) day before the date of a permit hearing, the District shall:

1) Post notice at a place readily accessible to the public in the District office;

2) Provide notice of the hearing to the county clerk in Tarrant County, whereupon the county clerk shall post the notice on a bulletin board at a place convenient to the public in the county courthouse;

3) Provide notice by regular mail to the applicant; and

4) Provide notice by mail, fax, or email to any person who has requested notice under this Section.

(e) The notice provided under Subsection (d) must include:

1) The name and address of the applicant;

2) The address or approximate location of the well or proposed well;

3) A brief explanation, including any requested amount of groundwater, the purpose of the proposed use, and any change in use, if applicable;

4) A general explanation of the manner by which a person may contest the permit, permit amendment, or permit renewal, including information regarding the need to appear at the hearing or submit a motion for continuance on good cause;

5) The time, date, and location of the hearing; and

6) Any other information the Board or District staff deems relevant and appropriate to include in the notice.

(f) Any person having an interest in the subject matter of a hearing may receive written notice of the hearing if the person submits to the District a written request to receive notice of the hearing. The request remains valid for a period of one year from the date of the request, after which time a new request must be submitted. An affidavit of an officer or employee of the District establishing attempted service by first class mail, fax, or e-mail to the person in accordance with the information provided by the person is proof that notice was provided by the District. Failure by the District to provide written notice to a person under this subsection does not invalidate any action taken by the Board.

(g) An administratively complete application shall be set for a hearing on a specific date within sixty (60) days after the date it is administratively complete. A hearing shall be held within thirty-five (35) days after the setting of the date, and the District shall act on the application within sixty (60) days after the date the final hearing on the application is concluded.

(h) The board may take action on any uncontested application at a properly noticed public meeting held at any time after the public hearing at which the application is scheduled to be heard. The board may issue a written order to:

1) Grant the application;

2) Grant the application with special conditions; or

3) Deny the application.

i) 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:

4) Includes special conditions that were not part of the application as finally submitted; or

5) Grants a maximum amount of groundwater production that is less than the amount requested in the application.

RULE 12.5 CONTESTED CASE PERMIT HEARINGS AND DESIGNATION OF PARTIES

(a) The following may request a contested case hearing on an application for a permit or permit amendment:

1) District staff;

2) The applicant; or

3) An affected person.

(b) A request for a contested case hearing must substantially comply with the following:

1) Give the name, address, and daytime telephone number of the person who files the request. If the request is made by a group or association, the request must identify one person by name, address, daytime telephone number, and, where possible, fax number, who shall be responsible for receiving all official communications and documents for the group;

2) Identify the person's personal justiciable interest affected by the application, including a brief, but specific, written statement explaining in plain language how and why the requestor believes he or she will be affected by the activity in a manner not common to members of the general public;

3) Set forth the grounds on which the person is protesting the application;

4) Request a contested case hearing;

5) Be timely under Subsection (d); and

6) Provide any other information required by the public notice of application.

(c) If a person or entity is requesting a contested case hearing on more than one application, a separate request must be filed in connection with each application.

(d) A hearing request is considered timely if it complies with Subsection (b) and:

1) Is submitted in writing to and received by the District prior to the date of the hearing and action by the Board on the application; or

2) The person appears before the Board at the hearing and opposes the application.

3) Requests for contested case hearings to be conducted by the State Office of Administrative Hearings made under Rule 12.5 shall be made in writing and submitted to the District by fax, mail, hand delivery, or email no later than five days prior to the date the hearing on the application is scheduled to begin.

(e) The written or oral submittal of a hearing request does not, in itself, mean that a hearing will be declared to be a contested case. The Presiding Officer will evaluate the contested case hearing request at the hearing and may:

1) Determine that a hearing request does not meet the requirements of Subsection (b) and deny the request;

2) Determine that the person requesting the hearing is not an affected person related to the application and deny the hearing request;

3) Determine that a hearing request meets the requirements of Subsection (b), and designate the matter as a contested hearing upon determining that the person is an affected person; or

4) Refer the case to an evidentiary hearing. The Presiding Officer may hold a hearing on any issue related to the determination of whether to declare a matter as a contested case.

(f) A matter is considered to be contested if a hearing request is made pursuant to Subsection (b), made in a timely manner pursuant to Subsection (d), and declared as such by the Presiding Officer. Any case not declared a contested case under this Rule is an uncontested case.

(g) Preliminary Hearing to Designate Parties:

1) Parties to a contested permit hearing shall be designated as determined by the Presiding Officer. The Presiding Officer shall make a decision on party status at a preliminary hearing held prior to the commencement of the evidentiary hearing on the application. Unless the District is required to contract with the State Office of Administrative Hearings under Rule 12.5, the District may conduct the preliminary hearing to determine party status on the same day and immediately before the evidentiary hearing on the application is scheduled to begin.

2) The District's General Manager and the applicant are automatically designated as parties.

3) In order to be admitted as a party, persons other than the automatic parties must appear at the hearing in person or by representation and seek to be designated as a party.

4) A person requesting a contested case hearing that is unable to attend the first day of the proceeding must submit a continuance request to the Board, in writing, stating good cause for his inability to appear at the proceeding. The Presiding Officer may grant or deny the request, at his discretion.

5) If the Board determines that no person who requested a contested case hearing has standing or that no justiciable issues are raised, the Board may take any action authorized under District Rule 12.4(h).

(h) After parties are designated, no other person may be admitted as a party unless, in the judgment of the Presiding Officer, there exists good cause and the hearing will not be unreasonably delayed.

(i) All testimony presented in a contested case hearing shall be subject to cross-examination.

(j) Neither the Presiding Officer nor a Board member may communicate, directly or indirectly, in connection with any issue of fact or law in a contested case with any agency, person, party, or representative, except with notice and an opportunity for all parties to participate. This provision does not prevent communication with District staff.

(k) If, during a contested case hearing, all parties contesting the application withdraw their protests or the parties reach a negotiated or agreed settlement which, in the judgment of the Presiding Officer, settles the facts or issue in controversy, the proceeding will be deemed an uncontested case.

RULE 12.6 CONTESTED CASE HEARINGS CONDUCTED BY THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

(a) If timely requested by the applicant or other party to a contested case hearing, the District shall contract with the State Office of Administrative Hearings to conduct the hearing on the application.

(b) The Board shall determine whether the hearing held by the State Office of Administrative Hearings will be held in Travis County or at the District office or other regular meeting place of the Board.

(c) The party requesting that the hearing be conducted by the State Office of Administrative Hearings shall pay all costs associated with the contract for the hearing and shall make a deposit with the District in an amount that is sufficient to pay the estimated contract amount before the hearing begins. If the total cost for the contract exceeds the amount deposited by the paying party at the conclusion of the hearing, the party that requested the hearing shall pay the remaining amount due to pay the final price of the contract. If there are unused funds remaining from the deposit at the conclusion of the hearing, the unused

funds shall be refunded to the paying party. The District may assess other costs related to hearings conducted under this Rule as authorized under Chapter 36, Texas Water Code, or the District Rules.

(d) An administrative law judge who conducts a contested case hearing shall consider applicable District Rules or policies in conducting the hearing, but the District may not supervise the administrative law judge.

(e) The District shall provide the administrative law judge with a written statement of applicable rules or policies.

(f) 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.

(g) In a proceeding for a permit application or amendment in which the District has contracted with the State Office of Administrative Hearings for a contested case hearing, the Board has the authority to make a final decision on consideration of a proposal for decision issued by the State Office of Administrative Hearings administrative law judge consistent with Section 2001.058, Government Code.

(h) 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 provided under Section 36.416(e), or prior 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.

(i) A final decision issued by the Board on consideration of a proposal for decision issued by the State Office of Administrative Hearings administrative law judge 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 Rule 12.6(h).

(j) Notwithstanding any other Rule, for hearings conducted by the State Office of Administrative Hearings, the Board shall issue a final decision 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.

(k) Notwithstanding any other Rule, if a motion for rehearing is filed and granted by the Board under Rule 12.11, 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.

(l) Notwithstanding any other Rule, the Board is considered to have adopted a final proposal for decision of the administrative law judge as 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:

1) adopting the findings of fact and conclusions of law as proposed by the administrative law judge; or

2) issuing revised findings of fact and conclusions of law as set forth in this Rule and the Texas Water Code.

(m) A proposal for decision adopted under Rule 12.6(l) is final, immediately appealable, and not subject to a request for rehearing.

RULE 12.7 PROCEDURES FOR PERMIT HEARINGS CONDUCTED BY THE DISTRICT

(a) Authority of Presiding Officer: The Presiding Officer may conduct the hearing or other proceeding in the manner the Presiding Officer deems most appropriate for the particular hearing. The Presiding Officer has the authority to:

1) Set hearing dates, other than the hearing date set by the Board or District staff under Rule 12.4;

2) Convene the hearing at the time and place specified in the notice for public hearing;

3) Designate the parties to a hearing;

4) Admit evidence that is relevant to an issue at the hearing, exclude evidence that is irrelevant, immaterial, or unduly repetitious, and rule on motions and on the admissibility of evidence;

5) Establish the order for presentation of evidence;

6) Administer oaths to all persons presenting testimony;

7) Examine witnesses;

8) Ensure that information and testimony are introduced as conveniently and expeditiously as possible, without prejudicing the rights of any person participating in the proceeding;

9) Conduct public hearings in an orderly manner in accordance with these Rules;

10) Recess any hearing from time to time and place to place; and

11) Exercise any other appropriate powers necessary or convenient to effectively carry out the responsibilities of Presiding Officer.

(b) Hearing Registration Forms: Each person attending and participating in a hearing of the District must submit on a form provided by the District the following information: the person's name; the person's address; who the person represents if other than himself; whether the person wishes to testify; and any other information relevant to the hearing.

(c) Public Comment: Documents that are filed with the Board that comment on an application but that do not request a hearing will be treated as public comment. The Presiding Officer may allow any person, including any District employee, to provide comments at a hearing on an uncontested application.

(d) Any interested person may appear at a hearing in person or may appear by representative provided the representative is fully authorized to speak and act for the principal. Such person or representative may present evidence, exhibits, or testimony, or make an oral presentation as determined by the Board. Any partner may appear on behalf of a partnership. A duly authorized officer or agent of a public or private corporation, political subdivision, governmental agency, municipality, association, firm, or other entity may appear on behalf of the entity. A fiduciary may appear for a ward, trust, or estate. A person appearing in a representative capacity may be required to prove proper authority.

(e) After the Presiding Officer calls a hearing to order, the Presiding Officer shall announce the subject matter of the hearing and the order and procedure for presentation.

(f) The Presiding Officer may prescribe reasonable time limits for the presentation of evidence and oral argument.

(g) If the Board has not acted on the application, in the discretion of the Presiding Officer, any person who testifies at a hearing may supplement that testimony by filing additional written material with the Presiding Officer within ten (10) days after the date of conclusion of the hearing. A person who files additional written material with the Presiding Officer must also provide the material, not later than the tenth (10^{th}) 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 (10^{th}) day after the date the material was received. Cumulative, repetitive, and unduly burdensome evidence filed under this subsection will not be considered by the Board.

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

(i) Written testimony: When a proceeding will be expedited and the interest of the persons participating in the hearing 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. 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.

(j) No person will be allowed to appear in any hearing or other proceeding whose appearance, in the opinion of the Presiding Officer, is for the sole purpose of unduly broadening the issues to be considered in the hearing or other proceeding.

RULE 12.8 RECORDING

(a) A record of a hearing in the form of an audio or video recording or a court reporter transcription shall be prepared and kept by the Presiding Officer in a contested hearing. The Presiding Officer shall have the hearing transcribed by a court reporter upon a request by a party to a contested hearing. The Presiding Officer may assess court reporter transcription costs against the party requesting 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 Rule, unless the parties have agreed that the costs assessed against such party will be paid by another party.

(b) Uncontested Hearings: In an uncontested hearing, the Presiding Officer may use the means available in Subsection (a) to record a proceeding or may substitute meeting minutes or the report required under Rule 12.9 for a method of recording the hearing.

RULE 12.9 PROPOSAL FOR DECISION

(a) The Presiding Officer shall determine whether to submit a Proposal for Decision to the Board under this Rule. If the Presiding Officer determines to submit a Proposal for Decision, it must:

1) Be submitted within thirty (30) days after the date the hearing is finally concluded; and

2) 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. A copy of the report shall be provided by the Presiding Officer or District staff to the applicant, each designated party, and each person who provided comments. A person who receives a copy of the report may submit written exceptions to the report to the Board.

(b) The Presiding Officer may direct a District representative or employee to prepare the hearing report and recommendations under this Rule.

(c) 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.

RULE 12.10 BOARD ACTION

The Board shall act on a permit or permit amendment application not later than the sixtieth (60th) day after the date the final hearing on the application is concluded. For a contested case hearing in which the District has contracted with the State Office of Administrative Hearings to conduct the hearing, the Board must take action on the subject matter of the hearing in accordance with Rule 12.6.

RULE 12.11 REQUEST FOR REHEARING OR FINDINGS OF FACT AND CONCLUSIONS OF LAW

(a) An applicant in a contested or uncontested hearing on an application or a party to a contested hearing may 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 day after the date of the Board's decision unless the Board issued findings of fact and conclusions of law as part of the final decision. On receipt of a timely written request for findings of fact and conclusions of law regarding a decision of the Board on a permit or permit amendment application, the Board shall make written findings of fact and conclusions of law. The Board shall provide certified copies of the findings of fact and conclusions of law to the person who

requested them, and to each designated party, not later than the 35th day after the date the Board receives the request.

(b) A party to a contested hearing may request a rehearing not later than the 20th 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.

(c) If the rehearing request is granted by the Board, the date of the rehearing will be within forty-five (45) calendar days thereafter.

(d) 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.

(e) The Board's decision is final if no request for rehearing is made within the specified time, upon the Board's denial of the request for rehearing, or upon rendering a decision after rehearing. The failure of the Board to grant or deny the request for rehearing within ninety (90) calendar days of the date of submission shall constitute a denial of the request.

RULE 12.12 DECISION; WHEN FINAL

(a) A decision by the Board on a permit or permit amendment application is final:

1) If a request for rehearing is not filed on time, on the expiration of the period for filing a request for rehearing; or

2) If a request for rehearing is filed on time, on the date:

i) The Board denies the request for rehearing; or

ii) The Board renders a written decision after rehearing.

(b) Except as provided by Subsection (c), an applicant or a party to a contested hearing may file suit against the District under Section 36.251, Texas Water Code, to appeal a decision on a permit or permit amendment application not later than the sixtieth (60th) day after the date on which the decision becomes final.

(c) An applicant or a party to a contested hearing may not file suit against the District under Section 36.251, Texas Water Code, if a request for rehearing was not filed on time.

RULE 12.13 CONSOLIDATED NOTICE AND HEARING ON PERMIT APPLICATIONS

(a) Except as provided by Subsection (b), the Board shall process applications from a single applicant under consolidated notice and hearing procedures on written request by the applicant.

(b) The Board 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.

RULE 12.14 HEARINGS ON ADOPTION OF DESIRED FUTURE CONDITIONS

(a) For hearings that the District is required to hold for the adoption of its Desired Future Conditions, not less than ten (10) days prior to the date of the hearing, the District shall post notice that includes the following information:

1) The proposed Desired Future Condition(s) 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 name of the other groundwater districts in the same Groundwater Management Area as the District; and

5) Information on how the public may submit comments.

(b) The notice required under this subsection shall be provided in the same manner as that for rulemaking hearings under Rule 12.2(b).

<u>SECTION 13.</u> TRANSPORTATION OF GROUNDWATER OUT OF DISTRICT

RULE 13.1 GENERAL TRANSPORTATION PROVISIONS

(a) A person who produces or wishes to produce water from a well located or to be located within the District and transport such water for use outside of the District must take the following action:

1) Register the well with the District;

2) Obtain an Operating Permit or Grandfathered Use Permit from the District or an amendment to such a permit; and

3) Submit timely payment of the Groundwater Transportation Fee to the District for any water transported out of the District. The holder of a permit authorized to transport water outside the boundaries of the District shall, in accordance with Rule 3.8, report the total amount of groundwater transported outside of the District for reporting purposes and for purposes of calculating the Groundwater Transportation Fee.

(b) A Groundwater Transportation Fee shall not be assessed for production in an area of a retail public utility's CCN located inside the District that is transported for use to an area of the same CCN that is located outside the District.

(c) The District may only use the Groundwater Transportation Fee for costs related to assessing and addressing impacts associated with groundwater development as provided by Texas Water Code Section 36.207, including:

1) maintaining operability of wells significantly affected by groundwater development;
2) developing or distributing alternative water supplies;
3) conducting aquifer monitoring, data collection, and aquifer science; and
4) if the District enters into an interlocal contract with another groundwater conservation district under Chapter 791, Government Code, maintaining operability of wells located in that district that are significantly affected by groundwater development, so long as the interlocal agreement with the other district authorizes funds to be used for that purpose.

(d) Applications that request authorization to transport water outside the boundaries of the District shall automatically be considered by the District after notice and hearing.

RULE 13.2 CONSIDERATIONS FOR TRANSPORTATION OF GROUNDWATER

(a) In reviewing a proposed transportation of groundwater out of the District, the District shall consider the following:

1) The availability of water in the District and in the proposed receiving area during the period for which the water supply is requested;
2) The projected effect of the proposed transport on aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District; and
3) The approved regional water plan and certified District management plan.

(b) The District may not impose more restrictive permit conditions on transporters than the District imposes on in-district users.

RULE 13.3 PERMIT TERMS FOR TRANSPORTATION OF GROUNDWATER

(a) For permits that authorize the transportation of groundwater the term of the permit shall be:

(1) at least three years if construction of a conveyance system has not been initiated prior to the issuance of the permit; or

(2) up to and including 30 years if construction of a conveyance system has been initiated prior to the issuance of the permit.

(b) A term under Subsection (a) shall automatically be extended to the terms agreed to under Subsection (a) if construction of a conveyance system is begun before the expiration of the initial term.

SECTION 14. AUTHORITY TO DEFINE MANAGEMENT ZONES AND PRODUCTION-BASED LIMITATIONS

RULE 14.1 MANAGEMENT ZONES

(a) Using the best hydrogeologic and other relevant scientific data readily available, the Board by resolution may create certain management zones within the District based on geographically or hydrogeologically defined areas, aquifers, or aquifer subdivisions, in whole or in part, within which the District may:

1) Assess water availability;

2) Assess existing or anticipated well interference problems;

3) Authorize total production and make proportional adjustments to permitted withdrawals;

4) Allow for the transfer of permits; and

5) Otherwise undertake efforts to manage the groundwater resources in a manner that is consistent with the District Act, Chapter 36, Texas Water Code, and that aids in the attainment of all applicable Desired Future Conditions established for the aquifers located in whole or in part within the boundaries of the District.

(b) In creating management zones, the Board shall attempt to establish zone boundaries that will promote fairness and efficiency by the District in its management of groundwater, while considering hydrogeologic conditions and the Desired Future Conditions established for the aquifers located in whole or in part within the boundaries of the District.

(c) Where practicable, the Board may consider the ability of the public to readily identify the boundaries of designated zones based on features on the land surface.

(d) The Board may establish pumping reductions in accordance with Rule 14.2, a unique well spacing, minimum tract size, or production allowable per acre

requirement, or any other aquifer management measure applicable within a management zone, only by resolution of the Board, and only after notice and hearing conducted in the manner of a rulemaking hearing under Rule 12.2.

RULE 14.2 PROPORTIONAL ADJUSTMENT

(a) The Board, by resolution, may establish proportional adjustment reductions to alter the amount of production allowed from an aquifer within the District if reductions are required under these Rules, and/or if reductions are required within one or more management zones, if necessary to avoid impairment of and to achieve the applicable Desired Future Conditions established for the aquifers located in whole or in part within the boundaries of the District.

(b) When establishing proportional adjustment restrictions, the Board shall first set aside an amount of groundwater equal to an estimate of total exempt use for each aquifer. If the proportional adjustment restrictions are to be imposed for a particular aquifer in a particular management zone, the Board shall first set aside an amount of groundwater equal to an estimate of total exempt use for each aquifer within that particular management zone.

(c) After setting aside an amount of groundwater for exempt use for each aquifer, to the extent of remaining groundwater availability, the Board shall allocate groundwater to Grandfathered Use Permits according to the permitted or claimed Grandfathered use in each, depending upon whether the Grandfathered Use Permit applied for has yet been issued.

(d) If there is sufficient groundwater to satisfy all Grandfathered Use Permits and exempt use for a particular aquifer within a management zone, the Board shall then allocate remaining water availability among existing Operating Permits, based on their previously permitted amounts.

(e) If there is sufficient groundwater to satisfy exempt use and all Grandfathered Use Permits, and existing Operating Permits authorizing withdrawal from a particular aquifer, the Board may then allocate remaining groundwater availability to applications for new or amended Operating Permits.

(f) When establishing proportional adjustment restrictions that contemplate the reduction of authorized production or a prohibition on authorization for new or increased production from one or more aquifers, the Board may also choose to proportionately reduce any existing Operating Permits on a pro rata basis in order to make groundwater available for new applications for Operating Permits.

RULE 14.3 ISSUANCE OF NEW OPERATING PERMITS

In a management zone where the Board has already established proportional adjustment regulations, new Operating Permits may be issued by the District for production in the

management zone only if the management zone contains groundwater available for permitting after the District has made any and all proportional adjustments to existing permits in a manner that is consistent with the achievement of the Desired Future Conditions established for the aquifers located in whole or in part within the boundaries of the District.