Panhandle Groundwater Conservation District Rules



Approved July 9, 2026

Rules of Panhandle
Groundwater Conservation District

Preamble

The purpose of the Panhandle Groundwater Conservation District (District) is to provide for the conservation, preservation, protection, recharging, and prevention of waste of the groundwater, and of groundwater reservoirs or their subdivisions, within the defined boundary of the District, as authorized by Section 59 of Article XVI of the Texas Constitution, Chapter 36 of the Texas Water Code, and the District's Enabling Acts. To carry out this purpose, these rules and regulations are passed, adopted and enforced, among other things, to minimize as far as practicable the drawdown of the water table, depletion of the groundwater reservoirs and aquifers, interference between wells, reduction of artesian pressure; to prevent waste of groundwater and pollution or harmful alteration of the character of the groundwater and promote conservation to extend the longevity of groundwater resources; to protect and conserve water supplies for all uses; to manage the groundwater effectively based upon ecological and socio-economic systems unique to the aquifers within the Panhandle Groundwater Conservation District; and to achieve the desired future conditions of the groundwater resources established by and located within the Panhandle Groundwater Conservation District and adopted by Groundwater Management Area 1.

In adopting these rules, the District considered all groundwater uses and needs; developed rules that are fair and impartial; considered the groundwater ownership and rights described by Section 36.0015 and 36.002; considered the public interest in 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; and considered the goals developed as part of the District's management plan under Section 36.1071; and developed rules that do not discriminate based on usage.

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Panhandle Groundwater
Conservation District

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RULES OF PANHANDLE GROUNDWATER CONSERVATION DISTRICT, IN TEXAS, AS AMENDED, ARE HEREBY PUBLISHED, AS OF September 18, 2025.

In accordance with Chapter 36 of the Texas Water Code, as amended, the following rules are hereby ratified and adopted as the rules of the Panhandle Groundwater Conservation District, in Texas, by its Board. All rules or parts of rules, in conflict with these rules, are hereby repealed. Panhandle Groundwater Conservation District first adopted rules on February 18, 1956, and adopted amendments to its rules on July 1, 1957, November 29, 1957, June 6, 1958, May 31, 1964, October 31, 1964, September 6, 1965, August 29, 1967, May 26, 1977, February 3, 1984, January 20, 1986, May 18, 1987, July 27, 1987, August 7, 1990, April 8, 1992, January 19, 1994, July 19, 1995, March 18, 1998, March 24, 2004, May 26, 2004, December 15, 2004, September 20, 2006, December 16, 2009, March 24, 2010, March 31, 2011, April 4, 2012, March 18, 2014, April 21, 2016, December 20, 2018, December 7, 2021, September 21, 2023, January 11, 2024 September 18, 2025, and July 9, 2026.

The rules, regulations, and modes of procedure herein contained are and have been adopted for the purpose of simplifying procedure, avoiding delays, saving expense, and facilitating the administration of the groundwater laws of the State and the rules of this District. To the end that these objectives be attained, these rules shall be so construed.

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

RULE 1 -- DEFINITIONS

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

(a) "**Acre-foot**" means the amount of water necessary to cover one acre of land to the depth of one foot, or 325,851 U.S. gallons of water.

(b) "**Administratively complete application**" is an application that has been declared administratively complete either by the General Manager pursuant to Rule 4.1(d)(1) and 4.2 or by the Board pursuant to Rule 10.3(h) based on a determination that the application contains the required information set forth in accordance with Sections 36.113 and 36.1131 Texas Water Code, as amended.

(c) "**Approved flow meter**" means a water meter that has the ability to display current flow rate as well as total volume produced and meets District Meter Standards.

(d) "**Aquifer**" means all or part of any water bearing stratum or formation underlying the District's boundaries, including the Ogallala Aquifer, Dockum Aquifer, Blaine Aquifer, or any other aquifer present.

(e) **"Best available science"** means conclusions that are logically and reasonably derived using statistical or quantitative data, techniques, analyses, and studies that are publicly available to reviewing scientists and can be employed to address a specific scientific question.

(f) "**Board**" means the Board of Directors of the Panhandle Groundwater Conservation District, in Texas, consisting of not fewer than five and not more than eleven duly elected members, as provided in Chapter 36, Texas Water Code, as amended.

(g) "**Conservation**" means those water saving practices, techniques, and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future or alternative uses.

(h) "**Contiguous acreage tract**" means acres within the same continuous boundary associated with groundwater rights that are owned or leased by a person or entity. Acreage tracts must share a common boundary of at least one-quarter mile to be considered contiguous. Minimal breaks between contiguous acreage caused by railroads and public roads may not disqualify property from being considered a contiguous acreage tract.

(i) "**Desired future condition**" means a quantitative description, adopted in accordance with Chapter 36.108 of the Texas Water Code, of the desired condition of the groundwater resources in the management area (GMA 1) at one or more specified future times.

(j) "**Discharge**" means the amount of water that leaves an aquifer by natural or artificial means.

(k) "**District**" means the Panhandle Groundwater Conservation District in Texas, maintaining its principal office in White Deer, Texas. When applications, reports and other papers are required to be filed with or sent to "the District", this means the District's principal office in White Deer, Texas.

(l) **"District meter standards"** means all meters are required to stay in compliance with manufacturer's specifications. District Meter Standards documentation is available at the District office and on its website.

(m) **"Exempt well"** shall mean a domestic, livestock, oil and gas rig supply well, or water well rig supply that specifically meets the criteria in Rule 5.1(a).

(n) "**Exploratory hole**" shall mean any hole drilled to a depth greater than the top of any stratum containing groundwater, as "groundwater" is defined in Chapter 36, Texas Water Code, as amended, for the purpose of securing geological or other information, which may be obtained by penetrating the earth with a drill bit or auger, and includes what is commonly referred to in the industry as "water well test holes," "slim hole test" or "seismograph test holes" and the like.

(o) "**General Manager**" (GM) is the person employed by the Board as General Manager, is the chief administrative officer of the District, pursuant to the District Act, and shall have full authority to manage and operate the affairs of the District, subject to the will of the Board. After consultation and authorization of the Board, the General Manager is responsible for compiling the annual budget and employing all persons necessary for the proper handling of the business and operation of the District and determining their compensation.

(p) **"Inflows"** means the amount of water that flows into an aquifer from another formation.

(q) **"Maximum allowable rate"** of production on any square mile or (equivalent to 640 acres) within a contiguous acreage tract is 2,880 gallons per minute; for contiguous acreage tracts that contain less than 640 acres the **maximum allowable rate** of production is 4.5 gallons per minute per contiguous acre.

(r) **"Maximum allowable volume"** shall not exceed 1 acre-foot/acre/year on any contiguous acreage tract of water rights, owned or controlled, for all aquifers combined.

(s) "**Modeled available groundwater**" means the amount of water that the Texas Water Development Board determines may be produced on an average annual basis to achieve a desired future condition established under Chapter 36.108 of the Texas Water Code.

(t) "**Monitoring well**" shall mean a well installed to measure some property of the groundwater or aquifer which it penetrates. A monitoring well can be used to measure water levels and/or groundwater quality. The District may adopt a guidance document(s) for required monitoring well drilling, equipping, operating, and reporting standards.

(u) "**Owner/Operator**" shall mean and include any person that has the legal right to produce water from the land, except as those rights may be limited or altered by rules promulgated by the District, and Chapter 36 of the Texas Water Code, as amended, either by ownership, contract, lease, easement, or any other estate in the land and legal control of the water rights. The term "**ownership**" is the related state of having the legal right to control and produce the groundwater.

(v) "**Permit"** means authorization granted by the Board to construct, drill, operate, install, equip, complete, or other work designed for the production of groundwater from the aquifer. The operating permits shall contain the maximum allowable volume of production. Permits may be renewed at any time prior to expiration.

(w) "**Permitted well**" shall mean a well with production pipe 2-inches in diameter and producing more than 17.5 gallons per minute, that has satisfactorily met all of the requirements necessary to obtain Operating and Drilling Permits, which includes any artificial excavation constructed to produce, or which is not exempt pursuant to Chapter 36, Texas Water Code, as amended, and/or these rules.

(x) **"Person"** shall mean any individual, partnership, firm, state agency, political subdivision, corporation, or other legal entity.

(y) "**Political subdivision**" means a county, municipality, special district including a groundwater conservation district, river authority, or other governmental entity created under the authority of the state.

(z) **"Property Line"** for the purpose of spacing compliance in Rule 8, means both surface real property boundary line and/or subterranean groundwater property boundary line when water rights have been severed

(aa) "**Recharge**" means the process of water infiltrating from the land surface and moving to the aquifer.

(bb) "**Registered well**" shall mean and include any artificial excavation to produce, or that is producing, water for any purpose that is not subject to the District's Drilling and Operating Permit requirements and is listed as a Permit Exemption under District Rule 5.1.

(cc) **"Total annual production"** is the annual production from all wells producing more than 35 gallons per minute, notated in acre-feet/acre, in the applicable permitted contiguous acreage tract.

(dd) "**Transported groundwater**" means groundwater produced from wells within the District that is transported out of the District.

(ee) The word "**waste**" as used herein shall include the definition of waste as defined by the Legislature in Chapter 36, Texas Water Code, as amended, such that "waste" means any one or

more of the following:

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

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

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

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

(5) willfully or negligently causing, suffering, or allowing groundwater to escape into any river, creek, natural watercourse, depression, lake, reservoir, drain, sewer, street, highway, road, or road ditch, or onto any land other than that of the owner of the well unless such discharge is authorized by permit, rule or order issued by the Texas Commission on Environmental Quality under Chapter 26, 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; or

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

(ff) "**Water**" for the purposes of these rules, is synonymous with groundwater or underground water.

(gg) "**Well**" shall mean and include any artificial excavation to a depth greater than the top of any stratum containing groundwater, as "groundwater" is defined in Chapter 36, Texas Water Code, as amended.

(1) "Existing well" means a groundwater well within the District's boundaries that was drilled before the adoption date of the District's rules on December 20, 2018.

(hh) A "**well site**" shall be:

(1) the location of a proposed well on an application duly filed, until such application is denied, or

(2) the location of a proposed well on a valid permit. (A well site is not a permit to drill.)

RULE 2 -- WASTE AND WATER CONSERVATION

The following Rules contained within this document provide for the conservation, preservation, protection, and prevention of waste of groundwater as authorized in Chapter 36 of the Texas Water Code.

(a) Groundwater produced within the District shall not be used within or outside the District, in such a manner as to constitute waste.

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

(c) In order to prevent waste and achieve water conservation, no person shall willfully or negligently cause, suffer, or allow groundwater to escape into any river, creek, natural watercourse, depression, lake, reservoir, drain, sewer, street, highway, road, or road ditch, or onto any land other than that of the owner of the well unless such discharge is authorized by permit, rule, or order issued by the Texas Commission on Environmental Quality under Chapter 26, Texas Water Code.

RULE 3 -- GENERAL RULES

3.1 - General Rules

(a) THE 50/50 STANDARD. The "50/50 Standard" is a Management Standard adopted by the District that ensures at least 50% of the current volume of the Ogallala Aquifer remains after 50 years. This Management Standard balances the existing needs for water and future needs and allows the District to meet the Desired Future Condition (DFC) of the Ogallala Aquifer within the District's boundary. The 50-year period began in 1998 and continues through dates identified in Goal 1.0 of the District Management Plan.

(b) COMPUTING TIME. In computing any period of time prescribed or allowed by these rules, by order of the Board, or by any applicable statute, the day of the act, event or default from which the designated period of time begins to run, is not to be included, but the last day of the period so computed is to be included, unless it be a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday, nor legal holiday.

(c) TIME LIMIT. Applications, requests, or other papers or documents required or permitted to be filed under these rules, or by law, must be received for filing at the District office at White Deer, Texas, within the time limit, if any, for such filing. The date of receipt and not the date of posting is determinative.

(d) SHOW CAUSE ORDERS AND COMPLAINTS. The Board, either on its own motion, or upon receipt of sufficient written protest or complaint, may at any time, after due notice to all

interested parties, cite any person operating within the District to appear before it in a public hearing and require the person to show cause why a suit should not be initiated against the person in a district court or assess an authorized administrative penalty in Rule 3.3 for failure to comply with the orders or rules of the Board or the relevant statutes of the State or for failure to abide by the terms and provisions of the permit. The matter of evidence, and all other matters of procedure at any such hearing, will be conducted in accordance with Rules 10.5 and 10.7.

3.2 - Change of Ownership or Use

(a) A permittee may apply for a transfer of ownership of any permit granted by the District, and such transfer may be approved as a ministerial act by the General Manager upon filing the required information. However, a transfer of ownership shall be approved only if the transfer is to change the ownership of the permit and no other changes to the permit are requested. All transfers in ownership must be filed with the District within 60 days of the transfer of the water rights.

(b) All permittees requesting any changes, including but not limited to a change in the purpose or place of use stated in a Drilling and Operating Permit, a change in well location, change in contiguous acreage tract(s) or a change in maximum allowable volume amount shall apply to the District for an amendment of the Operating Permit for the proposed change. The application for change of use shall be in the same form, and governed by the same standards, as any other application for Drilling and Operating Permits. The General Manager may request any additional relevant information the District considers necessary, to analyze the request for the amendment. The decision to grant or deny the application for an amendment to a Drilling and Operating Permit will be determined by using the same processes in Rule 4 and Rule 10 as are used for an original application for a Drilling Permit or Operating Permit.

3.3 - Enforcement of Rules

All Rules duly adopted, promulgated and published by this District shall be enforced as provided for under Chapter 36.102, Texas Water Code and subsequent changes thereto.

(a) The District may enforce Chapter 36, as amended, and its Rules, by injunction, mandatory injunction, or other appropriate remedy, in a court of competent jurisdiction.

(b) Once the District staff discovers that its Rules have been violated, the General Manager will first send a notice of violation to the violator. The notice will include the corrective steps that must be taken, the date upon which the violation must be corrected and any penalties that shall be assessed.

If the violation is not remedied by the date in the District's initial violation notice and penalty has not been received, a show cause order may be sent by the General Manager informing the violator of the time and place to appear before the Board.

If the violation requires immediate remedial action, the General Manager may take appropriate measures, including but not limited to seeking an immediate injunction against the violator.

(c) **The District staff shall assess the following initial penalties for the listed Rule violations.** The Board may set reasonable penalties for other Rule violations that are not listed. If the violator is not cooperative or does not make reasonable progress toward compliance within a Board-determined timeframe, the Board may assess the penalty for everyday that the violation is unresolved. For the second incidence of any offense, the listed initial penalty may be doubled and the third incidence of any offense may be tripled, up to a maximum fine of $25,000 per day.

Violations:	**Initial Penalty**
(1)	
(A) Failure to register an exempt well according to District Rules	$ 500
(B) Failure to obtain a Drilling Permit for a permitted well prior to drilling according to District Rules	$1,500
(C) Failure to obtain an Operating Permit according to District Rules	$1,500
(D) Failure to obtain a Transport Permit/Permit Amendment according to District Rules	$1,500

This penalty will be assessed against both the well owner and well driller for drilling a well without first having the appropriate well registration or permit from the District, prior to drilling the well. The District shall also notify the Texas Department of Licensing and Regulation of well drillers receiving this penalty along with the other District Rule that was violated.

(2)	Failure to install a meter on a new well or replacement well subject to metering requirements prior to any production, except that is necessary to the drilling and testing of such well and equipment. Meters may be alternatively located at the center pivot sprinkler, drip irrigation system, or central collection point, as long as all production is captured.	$1,500
(3)	Use of groundwater that constitutes waste	$1,500
(4)	False statement on records or permit applications	$1,500
(5)	Failure to file documentation or well log with the District within the required time period of 60 days	$ 500
(6)	Failure to properly plug or cover an abandoned well	$1,500
(7)	Failure to notify the District of change of ownership	

	within 60 days	$ 500
(8)	Failure to comply with District Meter Standards	$ 1,000

(d) Beginning in January of 2024, production for compliance shall be calculated on the prior 4-year rolling average for permitted wells. All approved Operating Permits shall receive a production report from the District annually. Operating Permits with four years of data, with an average production over the maximum allowable volume of 1 acre-foot per contiguous acre of water rights owned or controlled for all aquifers combined, shall be subject to the first offense listed below.

New Operating Permits or Operating Permits without four years of data shall continue to receive production reports annually from District staff. Once four years of production data is collected, the average will be evaluated and permits over the maximum allowable volume of 1 acre-foot per contiguous acre of water rights owned or controlled for all aquifers combined shall be assessed the first offense below by District staff

At any point an Operating Permit's production is found to be over the maximum allowable volume of 1 acre-foot per contiguous acre of water rights owned or controlled, multiplied by four, that Permit shall be automatically subject to the fine schedule outlined below.

First Offense	$1,000 fine plus $10/ per acre-foot over
Second Offense	$2,000 fine plus $30/acre-foot over
Third Offense	$3,000 fine plus, $100/acre-foot over
Fourth Offense	$500/acre-foot over
Additional Consecutive Annual Offense	An additional $100/acre-foot over from the previous year's offense

(e) Once an Operating Permit has more than four years of production data, production for compliance with the maximum allowable volume (Rule 4.2 (g)) will be a two-step process.

(1) The District staff shall calculate and evaluate the 4-year rolling average. If an Operating Permit has an average production of more than 1 acre-foot per contiguous acre of water rights owned or controlled for all aquifers combined, then;

(2) District Staff shall look at the Operating Permit's current year's production. For a penalty to be assessed, the average and current year's production must be over the maximum allowable volume of 1 acre-foot per contiguous acre of water rights owned or controlled for all aquifers combined. The penalty shall be assessed by District staff on the current year's production and shall follow the fine schedule above.

Once the first penalty is assessed, violators must bring their 4-year average back into compliance with the 1 acre-foot per contiguous acre of water rights owned or controlled for all aquifers combined, for their offense record to be reset. If the violator is not cooperative or does not make reasonable progress toward compliance within a Board-determined timeframe, the Board may assess the penalty for every day that the violation is unresolved. For the subsequent occurrences, the Board may increase the fines up to a maximum fine of $25,000 per day, as authorized by statute in Texas Water Code Chapter 36.102 (b).

(f) At any point groundwater is transported out of the District in excess of the maximum allowed under a transport permit (or transporting without a transport permit), the violator shall be automatically subject to District penalties, with the initial fine starting at $1,000, plus $10/ per acre-foot over the annual authorized transport amount.

Once the first penalty is assessed, violators must bring transport into compliance with a correlated permit, for their offense record to be reset. If the violator is not cooperative or does not make reasonable progress toward compliance within a Board-determined timeframe, the Board may assess the penalty for every day that the violation is unresolved. For the subsequent occurrences, the Board may increase the fines up to a maximum fine of $25,000 per day, as authorized by statute in Texas Water Code Chapter 36.102 (b).

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

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

RULE 4 -- PERMIT REQUIREMENTS, CONTIGUOUS ACREAGE TRACTS, AND ALLOWABLE PRODUCTION

4.1 - Issuance of Permits

(a) The District issues three different types of permits: Operating Permits and Drilling Permits and Transport Permits. All exempt wells shall be registered with the District pursuant to Rule 5.1. The District shall issue an Operating Permit, Drilling Permit and Transport Permit, upon proper application executed and filed by the owner containing the matters specified below and complying with all District Rules. An application is considered filed when properly completed following the procedures in Rule 4, signed, and tendered to the General Manager. Transport permits/permit amendments are required to include the following requirements for Operating and Drilling Permits in this rule, as well as information unique to the transport project. Transport Permits are addressed separately in Rule 4.7.

(b) All Operating Permit and Drilling Permit applications shall be sworn to, on forms provided by the District, and prepared in accordance with, and contain the information

called for in these Rules and in the application form. If an application is received which does not comply with the application requirements in these Rules, the General Manager shall within 60 days notify the applicant of the deficiencies by mail and/or by email. If the required information is not received from the applicant within 30 days upon notification of deficiencies, the General Manager shall return the incomplete application to the applicant.

(c) The application pursuant to which an Operating Permit or Drilling Permit has been issued and is granted based on 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 Operating Permit or Drilling Permit, subject to violation fines from the District as listed in Rule 3.3 and may be submitted to the Carson County District Attorney as a violation of Section 37.09 of the Texas Penal Code.

(d) Operating Permit and Drilling Permit applications shall be signed by the owner or the owner's duly appointed agent by written power of attorney. The agent may be requested to present satisfactory evidence of his or her authority to represent the owner. Following the procedure in Rule 4.1 (b), if such information is not provided within 30 days of request by the General Manager, the application will be returned to the applicant.

(1) Operating Permit. An Operating Permit is required for each contiguous acreage tract that has existing and/or new permitted wells. An Operating Permit is required to establish contiguous acreage tract boundaries, to obtain a Drilling Permit for a new well, and to quantify maximum allowable volume for all permitted wells located within an individual contiguous acreage tract. A permitted well is defined as a well with production pipe 2-inches in diameter or greater and producing more than 17.5 gallons per minute, except as stipulated in Rule 5.1 (a) (1 – 2). Operating Permit applications are processed within 60 days of receipt of an administratively complete Operating Permit application. Special conditions established as part of a Drilling Permit may also be applied to and incorporated in the Operating Permit. Any changes made to an existing Operating Permit, either by a change in the number or capacity of wells or the number of acres requested to be included in a contiguous acreage tract, may necessitate the need to amend an existing Operating Permit. **An administratively complete Operating Permit application shall be in place for all non-exempt existing wells.** The District shall issue an Operating Permit for existing wells and permits under the criteria of the District Rules, included but not limited to the applicable contiguous acreage tract standards, adopted on December 20, 2018.

(2) Drilling Permit. A Drilling Permit is required to ensure property ownership necessary to drill and complete the proposed well and for compliance with spacing rules contained in Rule 8 as related to property lines and adjacent wells, as determined by well size and production capacity. Drilling Permit applications are processed within 60 days of receipt of an administratively complete Drilling Permit application.

(e) Hydrogeological Reports / Studies

(1) The District may, at the expense of the District, conduct a hydrogeologic analysis of the potential impacts of a requested Drilling Permit application on achieving the District's Desired Future Conditions. A Drilling Permit will not be issued for a new well without first obtaining a valid Operating Permit.

(2) The District may require, as part of the permit application and expense of the District, the applicant to submit a study that shall be conducted by a registered professional engineer or geologist that has expertise in groundwater hydrology evaluating the projected effect of the proposed withdrawal on the aquifer or any other aquifer conditions, or effects on existing permit holders or other groundwater users in the District, including ten paper copies and an editable pdf copy of the report shall be submitted with the permit application.

(3) The District may require as part of a permit application and at the expense of the District a hydrogeological report conducted by a registered professional engineer or geologist regarding water quality to prevent the pollution or harmful alteration of groundwater.

(4) The applicant shall work with District staff members, who will determine the scope and requirements of the study. The results of a District hydrogeologic analysis may be considered by the Board if any special permit conditions are deemed to be warranted.

(f) District-Initiated Amendments. The District, through its Board, may initiate a permit amendment(s) to all Permits and all Permit Applications with reference to the drilling, equipping, completion, alteration, or operation of, or production of groundwater from wells or pumps that may be necessary to prevent waste and achieve water conservation, minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, including but not limited to enforce the adopted Desired Future Conditions of the aquifer(s), lessen interference between wells, protect water quality, or control and prevent subsidence. District-initiated permit amendments are subject to notice and hearing under Rule 10. 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.

4.2 - Operating Permit

(a) (1) The number of acres assigned to each contiguous acreage tract, as defined in Rule 1 (h), shall be established utilizing Operating Permit application forms made available by the District. The number of acres to be included in each contiguous acreage tract shall include acreage for which there is either:

(A) one or more duly issued Drilling Permits for wells drilled and completed prior to January 1, 2020, or

(B) acreage for which a new Drilling Permit application has been received but for which no permitted wells currently exist, or

(C) permitted wells that were drilled and completed prior to 2004 that have not been previously registered or permitted with the District.

(2) The one-quarter mile restriction of Rule 1 (h) may be waived on a contiguous acreage tract and may allow operators to include up to 640 additional contiguous acres to that tract. The waiver applies to only one side of the property and the two properties must share a common boundary.

(3) The number of acres to be included in each contiguous acreage tract shall be established and certified as part of the Operating Permit by the General Manger utilizing information provided by the owner, no later than January 1, 2020. The General Manager is prohibited from certifying a contiguous acreage tract if the owner has failed to provide necessary information on forms furnished by the District to establish the number of acres in a contiguous acreage tract.

(4) The owner is prohibited from operating any permitted well after January 1, 2020, until an Operating Permit has been issued.

(b) An owner or operator must obtain an Operating Permit, prior to production and/or issuance of an additional Drilling Permit, for a property containing an inactive well for which no current production has been authorized.

(c) An Operating Permit shall be issued for all permitted wells, on a duly established Contiguous Acreage Tract.

(d) The owner will be provided with the contiguous acreage tract certification upon submission of fully completed forms furnished by the District and certified by the General Manager as an attachment of the Operating Permit. Acreage included within an individual contiguous acreage tract may contain leased acres or be combined with one or more adjoining contiguous acreage tracts if forms provided by the District are notarized and submitted containing legal description(s).

(f) Applications for Operating Permits shall be made at the office of the District at White Deer, Texas. Each application will have the date noted on the face of the application on which the application is received, and each Operating Permit will be issued a unique identification number. An application for an Operating Permit shall set forth the information as required which includes the following:

(1) the name, address phone number and email address of the operator of the contiguous acreage tract that is being submitted for an Operating Permit;

(2) the proposed use of the water from the wells within the contiguous acreage tract, whether domestic, industrial, irrigation, municipal, stock, oil secondary

recovery, or other;

(3) if any water is to be transported outside of the District the application will include the following information:

(A) the amount of water to be used outside of the District;

(B) the complete legal description of the location where the water is to be used. If water is to be sold to another person, state specifically the name of the destination user, and provide documentation that the destination user has agreed to purchase the water;

(C) information showing what water conservation measures and goals have been established by the destination user, and time frames necessary to achieve them;

(D) information showing compliance with Texas Water Code § 36.122, as amended;

(E) such additional data as may be required by the General Manager or Board.

(4) the total number of acres of land to be included in the contiguous acreage tract will be provided as an attachment to the Operating Permit application and will include the following information:

(A) the owner, mailing address, phone number, and email address of the owner of the acres to be included within the contiguous acreage tract.

(B) the counties where acres are located.

(C) quarter, section, block and survey of all included acres. and

(D) a list of all permitted wells, identified by the District well number, and the gallons per minute rating for each permitted well.

(5) requested total annual production on the contiguous acreage tract which is not to exceed the total number of acres of land included in the application multiplied by 1 acre-foot per year for all aquifers combined;

(6) a map or plat drawn on a scale to adequately detail the proposed acres and exact boundary of the property for the contiguous acreage tract;

(7) documentation that the applicant has agreed to avoid waste and achieve water conservation;

(8) documentation the applicant has agreed that all permitted production is metered, and all meters are in compliance with the District's Meter Standards.;

(9) documentation that the applicant cannot produce groundwater at a rate greater than 2,880 gallons per minute from any one 640-acre section or 4.5 gallons per minute per acre if less than 640 acres;

(10) a declaration that the applicant will comply with the District's Rules and Management Plan, as may be amended;

(11) such additional data as may be required by the General Manager or Board.

(g) **The maximum allowable volume** of production shall not exceed 1 acre-foot per acre per year on any contiguous acreage tract of water rights owned or controlled for all aquifers combined.

In addition, the **maximum allowable rate of production** on any square mile (equivalent to 640 acres) within a contiguous acreage tract is 2,880 gallons per minute. For contiguous acreage tracts that contain less than 640 acres, the **maximum allowable rate of production** is 4.5 gallons per minute per contiguous acre. This maximum allowable volume of production does not apply to exempt wells. Granting an Operating Permit in no way changes the private property ownership or legal control of water rights.

(h) For the District to calculate total annual production of groundwater for each designated contiguous acreage tract, all wells producing more than 35 gallons per minute, shall be equipped with a flow meter that complies with District Meter Standards. District Meter Standards documentation is available on the District's website.

Alternatively, the District approved flow meter may be installed at the center pivot sprinkler, drip irrigation system, or central collection point, as long as all production is captured.

(i) For compliance, flow meters will be systematically read by the District and annual production will be calculated. Annual production for all meters within an individual contiguous acreage tract will be combined to quantify total annual production for that individual contiguous acreage tract.

However, the total annual production shall not exceed the restrictions in Rule 4.2 (g)

(j) Each individual meter reading and annual production volume calculation for each contiguous acreage tract will be made available to the owner and/or operator via web-based password protected portal on the District website, or, in writing upon request.

(k) The District will conduct a Sunset Review of the maximum allowable volume of production contained in Rule 4.2. This review will be concluded on January 1, 2025, or five years after adoption of this section of rules, whichever is earlier, and the maximum allowable production volume will then be reviewed every 5 years thereafter. Using annual production data, the Board will evaluate the effect of Rule 4.2 on the ability to achieve the District's Desired Future Conditions. Changes to the maximum allowable volume are subject to notice and hearing under Rule 10.

(l) Operating Permit Application Administrative Processing and Notice:

(1) for Operating Permit applications, within 60 days of receiving either an application that the General Manager determines substantially complies with application requirements or any additional required information for an Operating Permit application, pursuant to the procedure in Rule 4.2, the General Manager

shall conduct all necessary reviews of the application to determine its sufficiency and compliance with District Rules and any other applicable laws, and shall make a determination whether the application for an Operating Permit is administratively complete. If additional information is required, the General Manager shall follow the procedure in Rule 4.1(b). Once deemed administratively complete, the General Manger will approve the Operating Permit.

(m) Following the General Manager's decision to grant or deny an Operating Permit application, a motion for rehearing shall be processed pursuant to Rule 10.7, as applicable.

(n) The Operating Permit shall be in writing and it shall contain substantially the following information:

(1) the name of the person to whom the Operating Permit is issued;

(2) the date the Operating Permit is issued;

(3) the term for which the Operating Permit is issued under Rule 4.5(c), which may be automatically renewed under Rule 4.5(e) and is subject to District-initiated amendments under Rule 4.1(e).

(4) the date the original Operating Permit application was filed;

(5) the total number of acres of land included in the contiguous acreage tract;

(6) total annual production on the contiguous acreage tract, not to exceed the total number of acres of land included in the application x 1 acre-foot per year for all aquifers combined;

(7) wells, identified by their state well number, within the contiguous acreage tract that will be used to calculate total annual production;

(8) the specific destination and use or purpose for which the water is to be produced and destination user if the water is to be resold;

(9) any additional reporting, monitoring, or production limitations consistent with the statutory purposes of the District and considered necessary by the Board;

(10) a statement that the Operating Permit is issued subject to the District's Management Plan, as amended, and the Rules of the District, as amended, and to the continuing right of the District to supervise and regulate the depletion of the aquifers within the District's boundaries, as authorized by Texas Water Code Chapter 36, as amended; and

(11) any other information the District prescribes.

(o) Operating Permit Amendments:

(1) When any change occurs to an existing Operating Permit or contiguous acreage tract, the operator shall contact the District within 60 days to begin the amendment process. (Rule 3.2)

(p) The District Rules, as amended in the future, are incorporated into all Operating Permits, in their entirety, as if set forth in the Operating Permit verbatim.

(q) Before granting or denying a permit, or a permit amendment issued in accordance with Section 36.1146, the district shall consider whether:

(1) the application conforms to the requirements prescribed by District Rules and is accompanied by the prescribed fees;

(2) the proposed use of water unreasonably affects:

(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 a permit under this chapter or district rules;

(3) the proposed use of water is dedicated to an actual beneficial use;

(4) the proposed use of water is consistent with the District's approved management plan;

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

(6) 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.

4.3 - Drilling Permits

(a) Drilling a new well or increasing the size of an existing well or the size of the pump installed on an existing permitted well, without an Operating Permit and a Drilling Permit issued by the District, is prohibited, except as listed below.

(b) Applications for Drilling Permits shall be made at the office of the District at White Deer, Texas. The General Manager shall note on the face of the application the date on which the application is received and give the application a serial number showing its relative priority as to the time of applications later filed.

(c) An application for a Drilling Permit shall set forth the information as required, which includes the following:

(1) the name, address, phone number and email address of the owner of the contiguous acreage tract upon which the well is to be located, and the owner of the water rights, if separate;

(2) approved Operating Permit number for the contiguous acreage tract upon which the well is to be located;

(3) the exact proposed location of the well to be drilled as provided in the application, including the exact latitude and longitude, the county, the section, block, survey, quarter and township, and exact number of yards to the nearest non-

parallel property lines, or other adequate legal description. Each well will be identified by a unique number;

(4) the proposed use of the water from the well to be drilled, whether domestic, industrial, irrigation, municipal, stock, oil secondary recovery, or other;

(5) the size of the pump and the estimated gallons per minute production of the well;

(6) the approximate date drilling operation is to begin and end;

(7) a map or plat drawn on a scale that adequately details the proposed project, showing:

(A) The actual or anticipated location of the existing or proposed production well.

(B) The actual or anticipated location of the existing or proposed water application or transporting facilities.

(C) The location of the proposed or increased use or uses.

(D) The exact boundaries of the contiguous acreage tract on which the well is to be located.

(E) The location of the master meter, or like facility, at a location agreed upon by the District, if applicable.

(F) The location of the three nearest permitted wells.

(8) an agreement by the applicant that the well will be drilled within 3 yards of the specified location(s);

(9) documentation that the applicant has agreed to submit a well completion report and driller's log. These shall be submitted upon completion of the well prior to the production of water from the well (except for such production as may be necessary to the drilling and testing of such well);

(10) documentation that the applicant has agreed to avoid waste and achieve water conservation;

(11) documentation that the applicant and destination user have 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 report closure as required by law. Plugging of well shall comply with current Texas Water Well Driller's Rules, Title 16, Texas Administrative Code, Chapter 76;

(12) a declaration that the applicant will comply with the District's Rules and Management Plan as may be amended;

(13) such additional data as may be required by the General Manager or Board.

(d) Drilling Permit Application Administrative Processing and Notice:

(1) for Drilling Permit applications, within 60 days of receiving either an application that the General Manager determines substantially complies with application requirements or any additional required information for a Drilling Permit application, pursuant to the procedure in Rule 4.3, the General Manager shall conduct all necessary reviews of the application, including a field check, to determine its sufficiency and compliance with District Rules and any other applicable laws, and shall make a determination whether the application for a Drilling Permit is administratively complete. If additional information is required, the General Manager shall follow the procedure in Rule 4.1(b). Once an application for a Drilling Permit has been declared administratively complete, the Board will act on the application within 60 days.

(2) the General Manager may issue a Notice to Proceed for Drilling Permit applications, if the Drilling Permit application is determined by the General Manager to be administratively complete and in compliance with all spacing requirements and complies with all District Rules, the District Management Plan and Texas Water Code Chapter 36. A Notice to Proceed from the General Manager is intended solely as a temporary permitting instrument from the District to be utilized during emergency situations due to well failure or other time-sensitive events. A Drilling Permit is not issued until final Board approval. Until approved by the Board, the holder of a Notice to Proceed issued by the General Manager may proceed at their own risk, with the understanding that the Board may ultimately deny their Drilling Permit application.

(3) notice of the Drilling Permit application shall be considered included in the notice of the Board meeting at which the Board will consider the General Manager's action on the Drilling Permit application and such notice shall be in the manner required by the Texas Open Meetings Acts, Government Code §551.001.

(e) For a Drilling Permit, the Board may find that the requirements of Rule 4.3 have been met if the General Manager has reviewed the application, conducted a field check and determined that the Drilling Permit application meets the requirements of Chapter 36 of the Texas Water Code and District Rules, including all of the District's spacing requirements pursuant to Rule 8.

(f) Following the Board's decision to grant or deny a Drilling Permit application, a motion for rehearing shall be processed pursuant to Rule 10.7.

(g) The Drilling Permit shall be in writing and it shall contain substantially the following information:

(1) the name of the person to whom the Drilling Permit is issued;

(2) the date the Drilling Permit is issued;

(3) the term for which the Drilling Permit is issued, not to exceed 120 days.

(4) the date the original Drilling Permit application was filed;

(5) the actual or anticipated number, location, pump size and production capacity of the well from which water is to be produced;

(6) the specific destination and use or purpose for which the water is to be produced and destination user if the water is to be resold;

(7) any additional spacing, reporting, monitoring, or production limitations consistent with the statutory purposes of the District and considered necessary by the Board;

(8) a statement that the Drilling Permit is issued subject to the District's Management Plan, as amended, and the rules of the District, as amended, and to the continuing right of the District to supervise and regulate the depletion of the aquifers within the District's boundaries, as authorized by Texas Water Code Chapter 36, as amended; and

(9) any other information the District prescribes.

(h) The District shall have the right to confirm reported distances and inspect wells or well locations, pursuant to Rule 9.2. The District rules, as amended in the future, are incorporated into all Drilling Permits, in their entirety, as if set forth in the Drilling Permit verbatim. The Permittee shall comply with the rules and each requirement thereof, in operating, maintaining, reporting, repairing, and altering the permitted well(s)

(i) The Drilling Permit shall be incorporated into any associated Operating Permit for the same contiguous acreage tract.

4.4 - Requirements for Driller's Log, Casing, Pump Data, and Meters

(a) Complete records shall be kept, and reports thereof made to the District, concerning the drilling, equipping and completion of all wells drilled. Such records shall include an accurate driller's log, any electronic logs which have been made, and any additional data concerning the description of the well, its discharge rate, pumping test results, and equipment installed as may be required by the Board. Such reports shall be filed with the District at its office in White Deer, Texas, and through the Texas Department of Licensing and Regulation's State of Texas Well Report Submission and Retrieval System within 60 days after completion of the well. A driller of a water well exempted under Subsection (a) or (b) of Texas Water Code §36.117, as amended, shall be required to file the fully completed drilling log with the District. The owner of a well exempted under Subsection (a) or (b) of Texas Water Code §36.117 is required to register the well in accordance with District Rule 5.

(b) No person shall produce water from any well hereafter drilled and equipped within the District, except that is necessary to the drilling and testing of such well and equipment unless, or until, the District has been furnished an accurate driller's log, any electronic log,

and the well completion report, as required, on forms furnished by the District.

(c) All wells, new or existing, or system of wells, producing more than 35 gallons per minute shall be required to install a flow meter that is in compliance with District Meter Standards. Any Operating Permit with a well or group of wells producing more than 35 gallons per minute shall be required to install a flow meter that is in compliance with District Meter Standards. All new wells drilled and completed after the effective date of these rules must be constructed with a sufficient clear run of 10 pipe diameters upstream and 5 pipe diameters downstream of the flow meter, or in a sufficient manner to meet the manufactures installation specifications of the flow meter. As part of the Permitting process, operators are notified of their requirements to comply with District Meter Standards.

(d) At the beginning of each calendar year or pumping season, operators shall provide a photograph of the initial meter register display and gallons per minute indicator.

4.5 - Durability of Operating and Drilling Permits and Time During Which Permitted Projects Shall be Completed

(a) A Drilling Permit issued shall become void if drilling has not commenced within 120 days of the issuance of the Drilling Permit. If more time is needed, a written request for a Drilling Permit extension must be received by the District before the 120 days expires.

In the event the well completion report and drillers log of the well are not returned to the District office within 60 days of completion of the well, the deposit required under Rule 7 shall become the property of the District and could invalidate the Operating Permit.

(b) Application Deadline – An application to renew a Drilling Permit must be made within fourteen (14) calendar days prior to the expiration of the Drilling Permit and may be extended by the General Manager for 120 days upon request. If an application to renew a Drilling Permit is not received during this time, the Drilling Permit may lapse, and the owner may be subject to penalty if the well is drilled without a valid Drilling Permit. Once the Drilling Permit has lapsed, the owner may have to apply for a new Drilling Permit.

(c) Duration of Operating Permit – Operating Permits, or a permit renewal issued pursuant to Rule 4.2 shall be for a term not to exceed 5 years, approved by the District, considering all applicable aspects of the Operating Permit request. Written notice of expiration shall be provided to each Operating Permit holder at least one year prior to the expiration of the Operating Permit, and may be automatically renewed, by the General Manager, prior to expiration if there are no changed conditions identified by the District or requested changes by the permittee. Permit renewals may be staggered on a rotational basis by county.

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

(e) Decision on Renewal Application—

(1) the District shall without a hearing renew or approve an application to renew an Operating Permit before the date on which the Operating Permit expires, provided that:

(A) the application is submitted in a timely manner and accompanied by any required fees in accordance with District Rules; and

(B) the Operating Permit holder is not requesting a change related to the renewal that would require an Operating Permit amendment under District Rules.

(2) The District is not required to renew an Operating Permit under this section if the applicant:

(A) is delinquent in paying a fee required by the District;

(B) 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

(C) 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.

(3) If the District is not required to renew an Operating Permit under Subsection (2)(B), the Operating Permit remains in effect until the final settlement or adjudication on the matter of the substantive violation.

(4) (A) If the holder of an Operating Permit, in connection with the renewal of an Operating Permit, requests a change that requires an amendment to the Operating Permit under District Rules, the Operating Permit as it existed before the Operating Permit amendment process remains in effect until the later of:

(i) the conclusion of the Operating Permit amendment or renewal process, as applicable; or

(ii) final settlement or adjudication on the matter of whether the change to the permit requires an Operating Permit amendment.

(B) If the Operating Permit amendment process results in the denial of an amendment, the Operating Permit as it existed before the amendment process shall be renewed under Texas Water Code Section 36.1145 without penalty, unless Subsection (b) of that section applies to the applicant.

(C) The District may initiate an amendment to an Operating Permit, in connection with the renewal of an Operating Permit or otherwise, in accordance with District Rules. The District may initiate a permit amendment(s) to Permits with reference to the drilling, equipping, completion, alteration, or operation of, or production of groundwater from, wells or pumps that may be necessary to prevent waste and achieve water conservation, minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, including but not limited to enforce the adopted desired future conditions of the aquifer(s), lessen interference between wells, protect water quality, or control and prevent subsidence. District-initiated permit amendments are subject to notice and hearing under Rule 10.2(b). If the District initiates an amendment to an Operating Permit, the Operating Permit as it existed before the amendment process shall remain in effect until the conclusion of the amendment or renewal process, as applicable.

4.6 - Wells Producing Water for Secondary Production

For purposes of these Rules, production of potable groundwater for use in secondary recovery in oil and gas operations within the District shall require an Operating and Drilling Permit as stipulated under Rules 4.2 and 4.3, with notice as stated in subsections (A)-(D) of Rule 10.2 (b) (1) and a Board hearing.

4.7 – Transfer of Groundwater Outside of the District

(a) TRANSPORT PERMIT REQUIRED

Groundwater produced from a well within the District may not be transported outside the District's boundaries unless the Board has issued the well owner or operator a transport permit/permit amendment, except as provided within these Rules. Any transport of water out of the District that is not authorized by a transport permit violates District Rules and is subject to immediate enforcement under Rule 3.3 of the District's Rules.

(b) APPLICABILITY

(1) A person proposing to transport groundwater out of the District must obtain a transport permit, in addition to a drilling/operating permit for a new well, or an operating permit for an existing well. A transport permit amendment is required for any changes to the terms of a transport permit, including but not limited to an increase of the amount of groundwater to be transported.

(2) The District may not prohibit the export of groundwater if the purchase was in effect on or before June 1, 1997. However, any increase in the amount of groundwater to be transferred under a continuing arrangement in effect before that

date may only be transported out of the District if authorized by a transport permit.

(3) If a permittee holds a registration/permit to transport water out of the District prior to May 14, 2026, that existing transport registration/permit shall be converted to a transport permit by the District's General Manager and re-issued to the permittee, without the requirement for application, notice, nor hearing. The amount of water that will be authorized under the transport permit for existing transporters shall be based on the transport of groundwater outside the District that is indicated on the permittee's District-issued permit/registration as of May 14, 2026, and will take into consideration the highest amount of annual transport reported to the District in the fifteen (15) year period from 2010 to 2025. Once the transport permit is issued for a specified annual amount of groundwater to be exported out of the District, the permittee shall be required to fully comply with Rule 4.7, including permit/permit amendment application, notice, and hearing, for amendments to the transport permit, including to increase the annual authorized amount of groundwater to be exported.

(c) APPLICATION

An application for a transport permit/permit amendment must be filed in the District office and must include the information and studies required under Rule 4.1 for a drilling, operating, and/or permit, plus the following information:

(1) the availability of water in the District and in the proposed receiving area during the period for which the water supply is requested, including the:

(A) location of the proposed receiving area for the water to be transported;

(B) information describing alternate sources of supply that might be utilized by the applicant and the groundwater user, and the feasibility and practicability of utilizing such supplies; and

(C) description of the amount and purpose of use in the proposed receiving area for which water is needed.

(2) including the Rule 4 information and studies and any proposed plan of the applicant to mitigate adverse hydrogeological impacts of the proposed production/transport of water from the District.

(3) the approved Regional Water Plan and certified District Management Plan, including a description of how the proposed transport is addressed in any approved regional water plan(s) including the Region A Regional Water Plan and the certified District Management Plan.

(4) a technical description of the facilities to be used for transportation of water and a time schedule for any construction thereof, that will be used to establish the term of the transport permit, under Section 36.122 (i) of the Texas Water Code.

(5) state the presently anticipated duration for the proposed transport of groundwater;

(6) provide information showing what water conservation measures the applicant has adopted, what water conservation goals the applicant has established, and what measures and time frames are necessary to achieve the applicant's established water conservation goals; and

(7) if and when the water is to be resold to others, provide a description of the applicant's service area, metering, leak detection and repair program for its water storage, delivery and distribution system, drought or emergency water management plan, and information on each subsequent customer's water demands, including population and customer data, water use data, water supply system data, alternative water supply, water conservation measures and goals, conjunctive use, and the means for implementation and enforcement of all applicable rules, plans, and goals.

(d) HEARING AND PERMIT ISSUANCE

(1) Applications for transport permits/permit amendments are subject to the hearing procedures provided by Rule in 10. Applications and permits for transport permits are subject to the permitting provisions applicable to drilling and operating permits provided in Rule 4.

(2) In determining whether to issue a permit/permit amendment to transfer groundwater out of the District, the Board shall be fair, impartial, and nondiscriminatory and shall consider the permits considerations provided by Rule 4, as well as the following factors when deciding whether to issue or impose conditions on a drilling, operating, or transport:

(A) the availability of water in the District and in the proposed receiving area during the period for which the water supply is requested;

(B) the projected effect of the proposed transfer on aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District; and

(C) the approved Region A Water Plan and certified District Management Plan.

(3) The District may not deny a transport permit/permit amendment based on the fact that the applicant seeks to transport groundwater outside of the

District and may not impose more restrictive permit conditions on transporters than the District imposes on existing in-District users, unless:

(A) such limitations apply to all subsequent new operating permit applications and permit amendment applications to increase use by historic users, regardless of type or location of use;

(B) such limitations bear a reasonable relationship to the existing District Management Plan; and

(C) such limitations are reasonably necessary to protect existing use.

(4) In addition to conditions provided by Section 36.1131, Texas Water Code, the operating permit to transport water out of the District shall specify:

(A) the amount of water that may be transferred out of the District;

(B) the period for which the water may be transferred, which shall be:

(i) at least three years if construction of a conveyance system has not been initiated prior to the issuance of the permit, and shall be automatically extended to the terms 30 years if construction of a conveyance system is begun before the expiration of the initial term; or

(ii) at least 30 years if construction of a conveyance system has been initiated prior to the issuance of the permit;

(C) reporting requirements, including but not limited to:

(i) to flow meter installation, testing, and regulation calibration,

(ii) submission of production reports to the District,

(iii) submission of production reports to the District,

(iv) separate meter requirements for exported water from non-exported permitted water;

(v.) the installation and reporting of monitoring wells;

(vi.) Well Assistance provisions, if applicable;

(vii.) the required submission of all groundwater conveyance and user agreements related to the export permit;

(viii.) water conservation and drought contingency plans; and

(ix.) periodic review and permit limitations based on aquifer conditions.

(x.) The District may periodically review the amount of water that may be transferred under an operating permit to transport water out of the District and may limit the amount if additional factors considered, related to the factors in Subsection (2), above.

(xi.) After conducting its periodic review, more restrictive permit conditions may only be imposed if the factors in Subsection (3), above, are met.

(e) FEES INCLUDED WITH APPLICATION

The transport permit/permit amendment application must be accompanied by the application processing fee, inspection fee, or other fees as appropriate. Such fees must be paid before notice is published and mailed. Payment of all fees including water use fees remain the responsibility of the permit holder.

RULE 5 -- REQUIRED REGISTRATION

5.1 - Well Registration for Exempt Wells

(a) **Permit Exemptions**. Only the following wells are exempt from obtaining a Drilling/Operating Permit and shall be registered in accordance with Rule 5.1(b).

(1) The drilling or operating a well, used solely for domestic use, or for providing water for livestock or poultry:

(A) if the well is drilled, completed, or equipped so that it is incapable of producing more than 17.5 gallons per minute or,

(B) if the well is drilled and completed with production pipe less than 2 inches in diameter or,

(C) windmills and solar wells producing 17.5 gallons per minute or less.

(2) The drilling of a water well used solely to supply water for a drilling rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas, provided that the person holding the permit is responsible for drilling and operating the water well and the water well is located on the same lease or field associated with the drilling rig. All wells drilled and registered are required to meet water well spacing requirements in Rule 8.

The District may require an Operating Permit for a well if the groundwater withdrawals that were exempted under Subsection (a)(2) are no longer used solely to supply water for a drilling rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas.

(3) The drilling of a temporary water well used to supply water for a rig that is actively engaged in drilling a groundwater production well permitted by the District. This exemption may not exceed 180 days. The District may grant an extension of the exemption until the well is complete.

The District may cancel a previously granted exemption and may require an operating permit for, or restrict production from a well and assess any appropriate fees if the groundwater withdrawals that were exempted under this Subsection 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.

(b) **Exempt Permit Registration Required**. Prior to drilling, a registration is required for all wells drilled in the District that do not require a permit, as listed in Rule 5.1(a). All registered wells are required to meet spacing requirements of the District as listed in Rule 8. As part of the well registration, the owner will be required to have the District confirm the well meets spacing prior to drilling.

Registration shall include the following information, submitted on forms provided by the District:

(1) the exact location of the well to be drilled, as provided in the application, including the latitude and longitude, the county, section, block, survey and township; and the exact number of yards to the nearest non-parallel property line, or other legal description;

(2) proposed use of the well to be drilled;

(3) the size of the pump and the estimated gallons per minute production;

(4) an agreement by the applicant that a completed well completion report and drillers log will be furnished to the District, upon completion of this well and prior to the production of water;

(5) the name and address of the owner of the acreage upon which the well is located, and the person with the ownership and legal control interest in the groundwater if separate; and

(6) such additional data as may be required by the Board.

Registration is effective upon the determination by the General Manager that all required information is included on the registration form, spacing requirements are verified, and has been completely and correctly filed with the District. Notice or Board action is not required for registration of a well.

(c) The District shall require a registered well to obtain an operating permit if the well no longer meets the Rule 5.1(a) permit exemption criteria.

RULE 6 -- REPORTING REQUIREMENTS

6.1 - Transportation of Water

The permitted groundwater transported outside of the District shall file quarterly reports for each quarter ending March 31, June 30, September 30, and December 31, with the District detailing the amount of water produced and used for the registered purpose. The first such report shall be filed on the appropriate form or forms provided by the District within fifteen (15) days of the end of the quarter next following the commencement of production, and within fifteen (15) days of the end of each quarter thereafter, and shall be subject to the export fees adopted in the District fee schedule.

6.2 - Monitoring Wells

Water quality monitoring wells may be required to provide the District with at least one water analysis report from the well, and one depth to water measurement report annually. Water quality monitoring wells are also required to provide the District with copies of sampling results from any sampling done for purposes other than to meet the District's annual sampling requirement. Monitoring Wells are required to be registered with the District prior to being drilled and copies of the well completion report are to be filed with the District.

6.3 - Production Under Permit by the Railroad Commission of Texas

An owner or operator of a water well used in coordination with activities authorized by a permit issued by the Railroad Commission of Texas, including but not limited to oil or gas exploration and production activities is required to report annual groundwater withdrawals in acre-feet or U.S. gallons on forms provided by the District by February 1st of each year.

RULE 7 -- DEPOSITS

Each application for a Drilling Permit to drill a permitted well which requires a meter pursuant to Rule 4.4 (c) shall be accompanied by a $500.00 deposit or well registration shall be accompanied by a $100.00 deposit, which shall be accepted by the General Manager. Said deposit shall be returned to the applicant by the District if (1) the application is denied, or (2) the application is granted, upon receipt of correctly completed well completion report, signed Drilling Permit, and driller's log of the well, and the meter has been installed or (3) said location is abandoned without having been drilled, upon return and surrender of said permit marked "abandoned" by the applicant.

In event neither the completed well completion report and drillers log of the well, nor permit marked "abandoned", is returned to the District office within 60 days after approval date of the Drilling Permit, or well registration, or the extension date thereof, the said deposit shall become the property of the District. Failure to provide the District with the required well completion report, signed Drilling Permit, and driller's log of the well could

result in the District requiring that the well be plugged and/or a fine pursuant to Rule 3.3.

RULE 8 -- SPACING OF PERMITTED WELLS

8.1 - Minimum Spacing

Except as otherwise provided in any Drilling Permit, permitted wells to be equipped with a 1-inch pump shall be located at least 50 yards from the nearest well of the same size and at least 25 yards from the nearest property line; a permitted well to be equipped with a 2-inch pump shall be located at least 100 yards from the nearest well of the same size and at least 50 yards from the nearest property line; a permitted well to be equipped with a 3-inch pump shall be located at least 150 yards from the nearest well of the same size and at least 75 yards from the nearest property line; a permitted well to be equipped with a 4-inch pump shall be located at least 200 yards from the nearest well of the same size and at least 100 yards from the nearest property line; a permitted well to be equipped with a 5-inch pump shall be located at least 250 yards from the nearest well of the same size and at least 125 yards from the nearest property line; a permitted well to be equipped with a 6-inch pump shall be located at least 300 yards from the nearest well of the same size and at least 150 yards from the nearest property line; a permitted well to be equipped with an 8-inch pump shall be located at least 500 yards from the nearest well of the same size and at least 250 yards from the nearest property line; a permitted well to be equipped with a 10-inch pump shall be located at least 750 yards from the nearest well of the same size and at least 375 yards from the nearest property line; a permitted well to be equipped with a 12-inch pump shall be located at least 1000 yards from the nearest well of the same size and at least 500 yards from the nearest property line; a permitted well to be equipped with a 14-inch or larger pump shall be located at least 1250 yards from the nearest well of the same size and at least 750 yards from the nearest property line. **The well spacing requirements also apply to registered water wells used solely to supply water for a rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas.**

Size of Pump (Inside Diameter of Column Pipe)	**Minimum Distance** (from nearest well of the same size)
1-inch pump	50 yards
2-inch pump	100 yards
3-inch pump	150 yards
4-inch pump	200 yards
5-inch pump	250 yards
6-inch pump	300 yards
8-inch pump	500 yards
10-inch pump	750 yards

12-inch pump	1000 yards
14-inch or larger	1250 yards

Spacing of wells equipped with pumps of different size. The minimum distance between a permitted well and any other well equipped with a pump not of the same size shall be the sum of one-half (1/2) the minimum distance between a permitted well equipped with a pump of the same size and any other well as set forth in Rule 8.1 (a).

(b) Pumps of the respective sizes set out above shall refer to the inside diameter of the pump column pipe and shall produce water at a rate no greater than the ordinary or usual pumping rate of pumps of such sizes, and pumping rates shall also comply with requirements in Rule 4.2(g). The ordinary or usual pumping rates of such pumps are as follows:

Size of Pump (Inside Diameter of Column Pipe)	**Production** (Gallons per Minute)
1-inch pump	up to 17.5
2-inch pump	17.5 to 35
3-inch pump	35 to 70
4-inch pump	70 to 265
5-inch pump	265 to 390
6-inch pump	390 to 560
8-inch pump	560 to 1000
10-inch pump	1000 to 1300
12-inch pump	1300 to 2,000
14-inch pump or larger	2,000 to 2,880

If the pump to be used by the applicant is of a different size or type, or is to be operated at a different rate in gallons per minute from the pumps in general use as set out above, such facts shall be made known in the application; and if the Board approves such a variance from the ordinary and usual pumping rates, then the actual rate at which the well is to be pumped shall be the determining factor in the spacing for such well instead of the size of the pump. A pump to be operated against an artificial head in a closed or semi-closed system shall be given special consideration.

(c) It shall be considered to be a fraud upon the District, and on the adjacent landowners, for any applicant to willfully give erroneous information in his application. If any operator willfully produces his well at a higher rate than represented in his application and/or approved in his permit, such action may be enjoined by the Board.

8.2 - Reclassification of Well Spacing

(a) Reclassification of a well shall require Drilling Permit amendment. The Board may consider the reclassification of a well in the event that a well owner requests the well reclassification to accommodate the drilling of an additional well.

(b) The reclassifications will be considered on the production provisions in Rule 8.1 (b) of this rule.

8.3 - Exception to Spacing Rule

(a) In order to protect property rights, to prevent waste, or to prevent confiscation of property, conserve, protect and preserve the aquifer or to protect rights of owners of interest in groundwater the Board may grant exceptions to the above regulations. This rule shall not be construed so as to limit the power of the Board, and the powers stated are cumulative only of all other powers possessed by the Board.

(b) If an exception to such regulations is desired, application shall be submitted by the applicant, in writing, to the Board at its District Office, on forms furnished by the District. The application shall explain the circumstances justifying an exception to classification, spacing, or production provision. The application shall be accompanied by a plat or sketch. The plat or sketch shall show thereon the property lines in the immediate area and show accurately, to scale, all wells within one-half mile of the proposed well site. The application shall also contain the names and addresses of all property owners adjoining the tract on which the permitted well is to be located and the ownership of the permitted wells within one-half mile of the proposed location. Such application and plat shall be signed and notarized that all facts herein are true and correct.

(c) Such exception may be granted by the Board, ten (10) days after notice of hearing by certified mail with return receipt requested, pursuant to Rule 10, has been given to the applicant and to all well owners, land owners, and owners of water rights identified by county appraisal district records located less than the minimum required distance from the proposed permitted well site and after a public hearing at which all interested may appear and be heard, and after the Board has decided that an exception should be granted. However, if all such owners execute a waiver in writing, stating that they do not object to the granting of such exception, the Board may proceed to decide upon the granting or refusing of such application, without notice or hearing except to the applicant.

8.4 - Place of Drilling of Permitted Well

Unless an exception is granted by the Board, after an application for a well permit has been granted, the permitted well, if drilled, must be drilled within three yards of the location specified in the permit, and not elsewhere. If the well should be commenced or drilled at a different location, the drilling or operation of such well may be enjoined by the Board, pursuant to Chapter 36, Texas Water Code, as amended.

8.5 - Reworking or Replacing of Permitted Well

(a) No person shall rework, re-drill, or re-equip a permitted well in a manner that increases the rate of production of water to more than the rate authorized in the Drilling Permit, without first having made an application to the Board. Nor shall any person replace a permitted well without a Drilling Permit from the Board. A replacement well, in order to be considered as such, must be drilled within one hundred fifty (150) feet of the old well and not elsewhere. It must not be located any closer to any other permitted well, property line, or well site than the well being replaced, unless the new location complies with the minimum spacing requirements set out in Rule 8.1 (a) or obtains an easement; otherwise, the replacement well shall be considered a new permitted well for which application must be made under Rule 4 and 8 above.

Immediately upon completion of a replacement permitted well, the old permitted well shall be:

(1) filled and abandoned in accordance with current Water Well Driller's Rules, Title 16, Texas Administrative Code, Chapter 76; or

(2) properly equipped in such a manner that it cannot produce more than 25,000 gallons of water a day.

(b) In the event the application meets all spacing requirements, the rate of production is increased, and no contest is filed, the Board may grant such application without further action.

RULE 9 -- CONTINUING RIGHT OF SUPERVISION

9.1 - Right of Supervision

(a) District permits are issued subject to the rules of the District, the District Management Plan, and to the continuing right of the District to supervise and regulate the depletion of the aquifer within the District's boundaries as authorized by Chapter 36, Texas Water Code, as amended.

(b) The decision of the Board on any matter contained herein may be reconsidered by the Board on its own motion or upon motion showing changed conditions, or upon the discovery of new or different conditions or facts after the hearing or decision on such matter. If the Board should decide to reconsider a matter after having announced a ruling or decision, or after having granted or denied an application, it shall give notice via certified mail with return receipt requested to persons who were proper parties to the original action, and such persons shall be entitled to a hearing thereon, if they file a request within fifteen days from the date of the mailing of such notice.

9.2 - Right to Inspect and Test Wells

Any authorized officer, employee, agent or representative of the District shall have the right to enter upon lands upon which a well(s) may be located, within the boundaries of the District, to inspect such well(s) and to read, or interpret any meter, weir box or other instrument for the purpose of measuring production of water from said well(s) or for determining the pumping capacity of said well(s); and any authorized officer, employee, agent or representative of the District shall have the right at all reasonable times to enter upon any lands upon which a well(s) may be located, within the boundaries of the District, for the purposes of testing the pump and the power unit of the well(s) and of making any other reasonable and necessary inspections and tests that may be required or necessary for the formulation or the enforcement of the rules and regulations of the District. The operation of any well may be enjoined by the Board immediately upon the refusal to permit the gathering of information as above provided from such well.

RULE 10 -- HEARINGS AND PUBLIC MEETINGS

10.1 - Types of Hearings and Public Meetings

(a) The District conducts three general types of public hearings: (1) public hearings involving permit matters for which a hearing is required, in which the rights, duties, or privileges of a party are determined after an opportunity for an adjudicative hearing, (2) rule-making public hearings involving matters of general applicability that implement, interpret, or prescribe the law or District policy, or that describes the procedure or practice requirements of the District, and (3) GMA related public hearings. Additionally, a public hearing may be held on any matter within the jurisdiction of the Board if the Board determines a hearing to be in the public interest, or necessary to effectively carry out the duties and responsibilities of the District.

Any matter designated for a hearing before the Board may, at the discretion of the Board, be referred for hearing before a Hearings Examiner.

(b) Permit Hearings, Permit Applications, Amendments and Revocations. If a permit application or permit amendment application, other than those listed below, complies with all required District Rules and is deemed administratively complete by District staff, then the application will not be subject to a permit hearing and will be acted on by the Board of Directors at a meeting noticed in accordance with the Texas Open Meetings Act, Chapter 551, Government Code.

The following permit or permit amendment applications will be subject to a permit hearing and the applicable notice under Rule 10.2(b):

(1) secondary recovery wells,

(2) requests for an exception to the District's spacing under Rule 8.3, and

(3) District-initiated amendments to permits under Rule 4.1(e) and 4.5(c)

Hearings involving permit matters may be scheduled before a Hearings Examiner.

(c) Public Meetings. The Board of Directors will hold prescribed Board Meetings at least 4 times annually, and other meetings as needed to handle the business of the District.

10.2 - Notice

The General Manager is responsible for giving notice of hearings and public meetings in the following manner:

(a) Rule Making Hearings.

(1) Written notice of a hearing shall be mailed to each rural water supply corporation, water district, river authority and municipal government within the District. Notice must also be given by mail, facsimile, or electronic mail to each person who has previously requested copies of hearing notices pursuant to the procedures set forth in subsection Rule 10.2 (f), and any other person the General Manager deems appropriate. The date of delivery or mailing of notice may not be less than the 20th day before the rulemaking hearing. A copy of all proposed rules will be available at the District office during normal business hours and will be electronically posted on the District's website.

(2) Notice of hearing must be published in a newspaper of general circulation in each county within the District at least 20 days prior to the public hearing and meeting. A rule or amendment to a rule may be adopted by the Board on the twentieth (20^{th}) day after the first publication.

(3) A copy of the notice must be posted at the county courthouse of each county within the District, in the place where notices are usually posted, or be posted on the District's website. The date of posting shall not be less than the 20^{th} day before the rulemaking hearing.

(4) The notice provided under this subsection must include:

(A) the time, date, and location of the rulemaking hearing;

(B) a brief explanation of the subject of the rulemaking hearing; and

(C) a location or Internet site at which a copy of the proposed rules may be reviewed or copied.

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

(6) Any insubstantial defect in the notice described in subsection Rule 10.2 (a) shall not affect the validity of any Board action.

(b) Drilling and Operating Permit Application for Secondary Recovery Wells, Spacing Exception, Transport Permit/Permit Amendment Applications, and District-Initiated Amendments Notice.

(1) Within 60 days of the District receiving an administratively complete application, the General Manager shall set the application for a hearing.

(A) The District shall provide notice, not later than the 10th day before the date of a hearing or public meeting on an application, by regular mail to the applicant; by regular mail, facsimile, or electronic mail to any person who has requested notice; and by regular mail to any other person entitled to receive notice under the District's Rules, including adjoining landowners who will be identified using information available from county appraisal district records, at the applicant's expense and may be subject to a notice deposit.

(B) The District shall cause notice of the application to be published, at the applicant's expense and may be subject to a notice deposit. Notice of public meeting must be published at least one time in a newspaper of general circulation within the District, and in a newspaper of general circulation within the county or counties in which the proposed project located. Notices shall be published not later than the 10th day before the date of the hearing or public meeting on the application.

(C) A copy of the notice must be provided to the county clerk of each county in the District and must be posted by the District at the county courthouse of each county within the District, in the place where notices are usually posted, or be posted on the District's website. The date of posting shall not later than the 10th day before the date of the hearing or public meeting.

(D) The District's notice shall contain the following:

(i) the name and address of the applicant;

(ii) the date the application was filed;

(iii) the address and approximate location of the well or proposed well;

(iv) a brief explanation of the proposed permit or permit amendment, including any requested amount of groundwater, the purpose of the proposed use, and any change in use;

(v) a description of the boundaries of the contiguous water rights associated with the permit application;

(vi) the time, date, and location of the public meeting;

(vii) the public comment period; and

(viii) any additional information the District considers necessary or required by the District's rules.

(E) Consolidated Hearing on Applications. Except as provided by below, the District shall process applications from a single applicant under consolidated notice and hearing procedures on written request by the applicant if the District requires a separate permit or permit amendment application for:

(i) drilling, equipping, operating, or completing a well or substantially altering the size of a well or well pump under Section 36.113, Texas Water Code;

(ii) the spacing of water wells or the production of groundwater under Section 36.116, Texas Water Code; or

(iii) transferring groundwater out of the District under Section 36.122, Texas Water Code;

The District is not required to use consolidated notice and hearing procedures to process separate permit or permit amendment applications from a single applicant if the Board cannot adequately evaluate one application until it has acted on another application.

(c) Any insubstantial defect in the notice described in subsection Rule 10.2 (b) shall not affect the validity of any Board action taken on the application noticed.

(d) Within 60 days after the date an application has been declared administratively complete pursuant to Rule 10.3(g), the Board shall set the application for a hearing on a specific date. The initial hearing shall be held within 35 days after the setting of the date. The District shall act on an application within 60 days after the date of the final hearing has concluded. The Board may hold multiple hearings on the same application. These time limitations may be extended by the Board as permitted under any amendments to Chapter 36 of the Texas Water Code.

(e) Persons who either attended the public meeting noticed in Rule 10.2(b) and recorded their attendance on the provided registration form or timely provided written public comment or a request for contested-case hearing during the public comment period provided in the notice pursuant to Rule 10.2(b), shall receive notice from the District in regards to any further proceedings or action on the application. Each person submitting a hearing registration form must state their name, address, and whom the person represents, if the person is not there in there in the person's individual capacity.

Those who recorded their attendance will be notified by regular mail, and those who provided timely comment or requested a contested-case hearing will be notified by certified mail with return receipt requested.

(f) Any person desiring regular mailed notice of any District rule-making hearings, Operating Permit and/or Drilling Permit hearings for Secondary Recovery Wells, Spacing Exceptions and District-Initiated Amendments may provide their name and address to be added to a list maintained by the District of persons to receive mailed notice of hearings. The request must be in writing and is effective for the remainder of the calendar year in which the request is received by the District. To receive notice of a hearing in a later year, a person must submit a new request. An affidavit of an officer or employee of the District establishing attempted service by first class mail, facsimile, or e-mail to the person in accordance with the information provided by the person is proof that notice was provided by the District. Neither failure to provide notice pursuant to this subsection, nor any insubstantial defect in notice provided pursuant to this subsection, shall affect the validity of any Board action taken on the application noticed.

(g) Public Meeting Notice

Notice of the Public Meetings will be made in accordance with applicable provisions of the Texas Open Meetings Act, Chapter 551, Government Code and Chapter 36 of the Texas Water Code.

(h) GMA-related Hearing Notice

(1) Except as provided by Subsections (2) and (3), notice of meetings of the Board shall be given as set forth in the Open Meetings Act, Chapter 551, Government Code. Neither failure to provide notice of a regular meeting nor an insubstantial defect in notice of any meeting shall affect the validity of any action taken at the meeting.

(2) At least 10 days before a hearing under Section 36.108(d-2) or a meeting at which a district will adopt a desired future condition under Section 36.108(d-4), the Board must post notice that includes:

(A) the proposed desired future conditions and a list of any other agenda items;

(B) the date, time, and location of the meeting or hearing;

(C) the name, telephone number, and address of the person to whom questions or requests for additional information may be submitted;

(D) the names of the other districts in the district's management area; and

(E) information on how the public may submit comments.

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

10.3 - Contested-case hearing requests; Public comment; Technical Review

(a) Hearing Requests. The following may request a contested-case hearing under this chapter:

(1) a majority of the Board;

(2) the General Manager;

(3) the applicant; and

(4) affected persons that have a personable justiciable interest in the matter, as determined by the Board pursuant to Rule 10.3 (l).

(b) Form of Request. A request for a contested-case hearing by an applicant or affected person must be in writing and be filed by United States mail, facsimile, or hand delivery with the District within the time provided by Rule 10.3 (e).

(c) Requirements for Request. A hearing request 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 the requestor's location and distance relative to the activity that is the subject of the application and 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) request a contested-case hearing; and

(4) provide any other information specified in the public notice of application.

(d) Public Comment. Documents that are filed with the District that comment on an application but that do not request a hearing will be treated as public comment. Persons submitting written public comment must provide their name and address and representation in order to receive any further notice regarding the application. The District may consider public comments in its review of an application, but is not obligated to respond to public comments.

All public comment on the application received by the District during the public comment period and any response by the District shall be admitted into the record of any contested-case hearing on the application to inform the Board regarding various concerns or issues related to the application and may be considered as evidence if corroborated by sworn testimony or exhibits properly admitted into evidence. The parties to the contested-case hearing shall be allowed to respond and to present evidence on each issue raised in public comment or any response by the District. On the motion of a party to the hearing, the presiding officer may exclude written testimony if the person who submits the testimony is not available for cross-examination by phone, a deposition before the hearing, or other reasonable means.

(e) Timing of Hearing Request and Public Comment Period. The public comment period shall end at the conclusion of the testimony, and after receipt of all documents, the presiding officer may either close the record, or keep it open to allow the submission of additional information. All hearing requests and public comments must be filed by the end of the public comment period.

(f) Public Meeting. At the time and place stated in the notice, the District shall hold a public meeting on the application during the public comment period. The public meeting may be held in conjunction with any regular or special meeting of the District or a special meeting may be called for the purpose of holding a public meeting. Any person may appear at the public meeting, in person or by attorney, or may enter his appearance in writing. Any person who appears may present comments regarding the application, including objections to the issuance of the permit. The public meeting is for the District to gather initial public input on an application and does not qualify as a hearing as required by Texas Water Code §36.114, as amended. All persons attending the public meeting who have not submitted written public comment or a request for hearing during the comment period and wish to receive any further notice in regards to the application must provide their name, address, and representation on a registration form at the public meeting pursuant to Rule10.5(b).

(g) Technical Review.

(1) The District will conduct its technical review of an application prior to a Board determination that an application is administratively complete.

(2) During the technical review period the General Manager will determine whether all of the information necessary for a complete review of an application under the District's rules and management plan and Chapter 36 of the Water Code, as amended, and any other relevant laws has been provided to the District. The General Manager will analyze the information submitted with an application to make an initial evaluation as to whether the application complies with the District's rules and management plan and Chapter 36 of the Water Code, as amended, and any other relevant laws.

(3) The applicant shall be promptly notified of any additional technical material as may be necessary for a complete review. If the applicant provides the information within the period of time prescribed by Rule 10.3 (g)(1), the General Manager will complete processing of the application within the technical review period extended by the number of days required for the additional data. If the necessary additional information is not received by the General Manager prior to expiration of the technical review period and the information is considered essential by the General Manager to make recommendations to the Board on a particular matter, the General Manager may return the application to the applicant. In no event, however, will the applicant have less than 30 days to provide the technical data before an application is returned. Decisions to return material to the applicant during the technical review stage will be made on a case by case basis. The applicant has the option of having the question of sufficiency of necessary technical data referred to the Board for a decision instead of having the application returned.

(4) During the technical review the District will prepare a draft permit unless a recommendation is made not to grant an application. A draft permit is subject to change during the course of proceedings on an application.

(5) Subject to the time limitations in Rules 10.3 (g)(1) and 10.3 (g)(3), the period of technical review will continue until:

(A) all information required under Rule 10.3 (g)(3) has been provided to the District, as determined by the General Manager;

(B) the District has completed an initial compliance review; and

(C) the District has completed a draft permit, unless a recommendation is made not to grant an application; or

(D) the application is returned to the applicant pursuant to Rule 10.3 (g)(3).

(6) Upon completion of the technical review period, the General Manager at a regular or special meeting of the Board will provide a summary of the application as described herein for use by the Board in making a final determination as to whether the application is administratively complete. This will include a summary of any issues regarding compliance of an application with the District's rules and management plan and Chapter 36 of the Water Code, as amended, and any other relevant laws.

(h) Administratively Complete Determination. After the General Manager has submitted a draft permit and technical summary and has provided a summary of the application pursuant to Rule 10.3(g)(6), the Board at a regular or special meeting of the Board shall make a determination in accordance with Rule 10.3 (g) whether an application is administratively complete.

(i) Prior to or after the Board's action on a contested-case hearing request under a permit or permit amendment application that requires notice pursuant to Rule 10.2(b), the General Manager may work with the applicant and any persons requesting a contested-case hearing to attempt to resolve any disputed issues through an informal process. If any dispute between the applicant and the persons making the request cannot be resolved through an informal process, the General Manager may recommend that the Board, pursuant to Rule 10.4 refer the application and hearing request to a mediator for alternative dispute resolution either before or after Board action on a hearing request.

(j) **Board Action; Contested Case Hearing Request; Preliminary Hearing**

(1) 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:

(A) grant the application;

(B) grant the application with special conditions; or

(C) deny the application.

(2) The Board shall schedule a preliminary hearing to hear a request for a contested case hearing filed in accordance with rules adopted under Section 36.415. The preliminary hearing may be conducted by:

(A) a quorum of the Board;

(B) an individual to whom the Board has delegated in writing the responsibility to preside as a hearing examiner over the hearing or matters related to the hearing; or

(C) the State Office of Administrative Hearings under Section 36.416.

(3) Following a preliminary hearing, the Board shall determine whether any person requesting the contested case hearing has standing to make that request and whether a justiciable issue related to the application has been raised. If the Board determines that no person who requested a contested case hearing had standing or that no justiciable issues were raised, the Board may take any action authorized under Subsection (a).

(4) 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:

(A) includes special conditions that were not part of the application as finally submitted; or

(B) grants a maximum amount of groundwater production that is less than the amount requested in the application.

(k) Action on Hearing Request.

At the same Board meeting that the Board determines an application is administratively complete, or no later than 60 days after this meeting, the Board may take action on any request for a contested-case hearing. If the Board grants the hearing request, the Board may at the same time or at any time during the contested-case process, upon the General Manager's recommendation or on its own motion, refer the matter to alternative dispute resolution pursuant to Rule 10.4 or an informal dispute resolution process guided by the General Manager.

(1) The Board shall send notice by certified mail with return receipt requested to the applicant and any persons making a timely request for a contested-case hearing, and by regular mail to any person that timely provided public comment and any person that recorded their attendance at the public meeting at least 10 days before the first meeting at which the Board considers the contested-case hearing request. If the applicant and persons making a timely request for a contested-case hearing are in agreement, the notice shall also state that, in the event that the Board grants the hearing request, at the same meeting the Board may conduct a pre-hearing conference according to Rule 10.6 and issue a Discovery Control Plan as set forth in State Office of Administrative Hearings Rule §155.31.

(2) No later than 7 days before the first meeting at which the Board considers the hearing request, the applicant, General Manager or person making request may submit comments regarding the hearing request. If the applicant and persons making a timely request for a contested-case hearing are in agreement, they may submit a proposed Discovery Control Plan and any matters for consideration at a preliminary hearing.

(3) The Board will grant or deny a contested-case hearing request by written order. If the Board grants a request for a contested-case hearing, the Board in its order shall:

(A) specify the number and scope of the issues to be considered in the contested-case hearing; and

(B) specify the persons qualifying as affected persons to be designated as parties to the contested-case hearing.

(4) Any case not declared a contested case under Rule 10.3 will be an uncontested case. A hearing will be conducted for an uncontested hearing according to Rule 10.5 within the time period required by Chapter 36 of the Texas Water Code.

(l) Determination of and Standing and Justiciable Interest.

(1) For any application, an affected person is one who has a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest affected by the application. An interest common to members of the public does not qualify as a personal justiciable interest.

(2) All relevant factors shall be considered, including, but not limited to, the following:

(A) whether the interest claimed is one protected by the law under which the application will be considered;

(B) proximity to well locations, facilities, activities or groundwater or surface water resources affected by or related to the application;

(C) distance restrictions or other limitations imposed by law on the affected interest;

(D) whether a reasonable relationship exists between the interests claimed and the activity for which the permit is sought;

(E) likely impact of the regulated activity on the health, safety, and use of property of the person;

(F) likely impact of the proposed action on the natural resources in which the person has an ownership interest.

10.4 - Alternative Dispute Resolution Procedures

(a) Policy.

It is the District's policy to encourage the resolution and early settlement of all contested matters through voluntary settlement procedures.

(b) Participants.

The following may be participants in any mediation of either a contested-case or a request for a contested-case hearing:

(1) the General Manager,

(2) the applicant, and

(3) the persons who timely filed contested-case hearing requests which gave rise to the dispute, or

(4) if parties have been named, the named parties.

(c) Conduct of Mediation.

(1) Mediation is a consensual process in which an impartial third party, the mediator, facilitates communication between the participants to promote reconciliation, settlement, or understanding among them. A mediator may not impose his or her own judgment on the issues for that of the participants. The mediator must be acceptable to all participants.

(2) The mediation is subject to the provisions of the Governmental Dispute Resolution Act, Government Code, Chapter 2009, as amended. For purposes of this subchapter, "mediation" is assigned the meaning set forth in the Civil Practice and Remedies Code, §154.023.

(3) To facilitate a meaningful opportunity for settlement, the participants shall, to the extent possible, select representatives who are knowledgeable about the dispute, who are in a position to reach agreement, or who can credibly recommend approval of an agreement.

(d) Arrangements for Mediation.

(1) Any Board or presiding officer referral of a disputed matter to mediation or any agreement by the participants to mediate should include consideration of the following factors:

(A) the source of the mediator;

(B) the time period for the mediation. The participants should allow enough time in which: to make arrangements with the mediator and attending participants to schedule the mediation, to attend and participate in the mediation, and to complete any settlement approval procedures necessary to achieve final settlement;

(C) the location of the mediation;

(D) allocation of costs of the mediator;

(E) the identification of representatives who will attend the mediation on behalf of the participants; and

(F) the settlement approval process in the event the participants reach agreement at the mediation.

(d) Confidentiality of Mediation and Final Settlement Agreement.

(1) A mediation conducted under section Rule 10.4 is confidential in accordance with Government Code, §2009.054.

(2) The confidentiality of a final settlement agreement to which a governmental body is a signatory that is reached as a result of the mediation is governed by

Government Code, Chapter 552. For the purposes of section Rule 10.4, the term "governmental body" has the meaning provided in Government Code, Section 552.003. Mediation is not a proceeding subject to Section 10.5(f).

(f) Costs of Mediation.

Unless the participants agree otherwise, each participant shall be responsible for its own costs incurred in connection with the mediation, including costs of document reproduction for documents requested by such participant, attorney's fees, and consultant or expert fees. In addition, unless the participants agree otherwise, the costs of the mediation process itself shall be divided equally between the participants.

(g) Initial Settlement Agreement.

Any settlement agreement reached during the mediation shall be signed by the participants, and shall describe any procedures required to be followed by the participants in connection with final approval of the agreement. Neither the General Manager nor the District will be an actual party to any initial or final agreement. The General Manager's signature on any initial or final agreement is only to indicate the General Manager's participation in the mediation process.

(h) Final Settlement Agreement.

(1) A final settlement agreement reached during, or as a result of mediation, that resolves the disputed issues or any portion of the disputed issues shall be in writing and signed by representatives of the participants who have authority to bind each respective participant. Agreements of the participants reached as a result of alternative dispute resolution are enforceable in the same manner as any other written contract.

(A) If the final settlement agreement does not resolve all disputed issues regarding the permit application, the agreement shall identify the issues that are not resolved in the manner described in subsection Rule 10.4 (i)(2).

(B) As part of a final settlement agreement, the persons requesting a contested-case hearing may agree to submit a letter to the Board stating that their hearing request is withdrawn upon the Board including in the proposed permits certain provisions or modifications agreed upon by the participants.

(C) If the applicants and all persons requesting a hearing reach a negotiated or agreed settlement, that settles all the facts or issues in controversy, the proceeding will be considered an uncontested case and the General Manager will summarize the evidence for the Board, including findings of fact and conclusions of law based on the existing record and any other evidence that may have been submitted by the parties at the hearing. The General Manager may request that the applicants provide an initial draft of the findings of fact and conclusions of law.

(D) The Board is not bound by any agreement entered into by the parties and has discretion to accept, reject, or require modifications as a condition of approval of any final agreement of the parties that concerns a matter under the District's authority. In the event that the Board rejects an agreement or requires certain modifications as a condition of approval, the Board may refer the case for further mediation or an informal process guided by the General Manager. The parties, in the instance of rejection or suggested modification by the Board, may also elect to resolve unsettled issues through the contested-case process.

(i) Remaining Issues.

(1) If mediation does not resolve all issues raised by persons requesting a contested-case hearing, then either the Board will take action on the contested-case hearing request pursuant to the procedure described in Rule 10.3, if it has not already taken action in this regard, or the Board will conduct a contested-case hearing on any remaining issues pursuant to Rule 10.5, 10.6 and10.7 if a hearing request has already been granted.

(2) When alternative dispute resolution procedures do not result in the full settlement of a contested matter, the participants are encouraged to use the mediation process to identify resolved issues, unresolved issues and develop stipulations. The parties shall attempt to limit contested issues through the entry of written stipulations. Such stipulations shall be forwarded or formally presented to the Board or a Hearings Examiner assigned to conduct the hearing on the merits and shall be included in the hearing record.

10.5 - General Procedures

Presiding Officer. In hearings before the Board, the President of the Board, or a Board member selected by the President of the Board if the President is not present, shall be the presiding officer. In hearings referred to a Hearings Examiner, the Hearings Examiner shall be the presiding officer.

(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 that particular proceeding. The presiding officer has the authority to:

(1) set hearing dates,

(2) convene the hearing at the time and place specified in the notice for hearing;

(3) establish the jurisdiction of the District concerning the subject matter under consideration;

(4) rule on motions and on the admissibility of evidence and amendments to pleadings;

(5) establish the order for presentation of evidence;

(6) prescribe reasonable time limits for testimony and the presentation of evidence;

(7) designate and align parties and establish the order for presentation of evidence;

(8) refer parties to an alternative dispute resolution procedure on any matter at issue in the hearing;

(9) administer oaths to all persons presenting testimony;

(10) examine persons presenting testimony;

(11) issue subpoenas in accordance with Rule 10.6(j) when required to compel the attendance of witnesses or the production of papers and documents;

(12) compel discovery under these Rules;

(13) ensure that information and testimony are introduced as conveniently and expeditiously as possible, without prejudicing the rights of any party to the proceeding;

(14) conduct public hearings in an orderly manner, in accordance with these Rules;

(15) recess any hearing from time to time and place to place;

(16) reopen the record of a hearing for additional evidence, when necessary to make the record more complete;

(17) exercise any other appropriate powers necessary or convenient, to effectively carry out the responsibilities of presiding officer;

(18) exercise the procedural rules adopted under Section 36.415; and

(19) determine how to apportion among the parties the costs related to:

(A) a contract for the services of a presiding officer; and

(B) the preparation of the official hearing record.

(b) **Registration Forms.** Each individual, attending a hearing, public meeting, or other proceeding of the District, must submit a form providing the person's name and address, whom the person represents if the person is not there in the person's individual capacity, whether the person plans to testify; and any other information relevant to the hearing, public meeting or other proceeding.

(c) **Appearance; Representative Capacity.** Any interested person, or in the case of a contested-case hearing, any party designated by the Board pursuant to Rule 10.6, may appear in person, or may be represented by counsel, engineer, or other representative, provided the representative is fully authorized to speak and act for the principal.

Such person or representative may present evidence, exhibits, or testimony, or make an oral presentation in accordance with the procedures applicable to the particular proceeding. A person appearing in a representative capacity may be required to prove proper authority.

(d) **Alignment of Parties; Number of Representatives Heard.** Participants in a proceeding may be aligned according to the nature of the proceeding and their relationship to it. The presiding officer may require the participants of an aligned class to select one or more persons to represent them in the proceeding, or on any particular matter or ruling, and may limit the number of representatives heard, but must allow at least one representative of an aligned class to be heard in the proceeding, or on any particular matter or ruling.

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

(f) **Reporting.** The presiding office shall prepare and keep a record of each hearing in the form of an audio or video recording or a court reporter transcription. On the request of a party to a contested hearing, the presiding officer shall have the hearing transcribed by a court reporter.

A mediation is not a proceeding subject to this provision. The District does not prepare transcriptions of hearings recorded on audio cassette tape on District equipment for the public, but will arrange for a party at interest to have access to the recording. Subject to availability of space, any party at interest may, at its own expense, arrange for a reporter to transcribe or record the hearing. If a proceeding, other than a permit hearing, is recorded by a reporter and a copy of the transcript of testimony is ordered by any person, the testimony will be transcribed and the original transcript filed with the papers of the proceeding at the expense of the person requesting the transcript of testimony. Copies of the transcript of testimony of any hearing, or other proceeding thus reported, may be purchased from the reporter. The cost of reporting or transcribing a permit hearing may be assessed in accordance with Rule 10.6(b). The presiding officer may exclude a party from further participation in a hearing for failure to pay in a timely manner costs assessed against that party under this subsection.

The presiding officer may not exclude a party from further participation in a hearing as provided by this subsection if the parties have agreed that the costs assessed against that party will be paid by another party.

(g) **Continuance.** The presiding officer may continue hearings from time to time and from place to place without the necessity of publishing, serving, mailing or otherwise issuing a new notice. If a hearing or other proceeding is continued and a time and place (other than the District office) for the hearing to reconvene are not publicly announced at the hearing by the presiding officer before it is recessed, a notice of any further setting of

the hearing or other proceeding must be delivered by regular mail, at a reasonable time, to all parties and any other person the presiding officer deems appropriate, but it is not necessary to post at the county courthouses or publish a newspaper notice of the new setting. A continuance may not exceed the time limit for the issuance of a final decision under Rule 10.7(b).

(h) **Filing of Documents; Time Limit.** Applications, motions, exceptions, communications, requests, briefs, or other papers and documents required to be filed under these Rules, or by law, must be received in hand at the District's office within the time limit, if any, set by these Rules, or by the presiding officer for filing. Mailing within the time period is insufficient, if the submissions are not actually received by the District within the time limit.

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

(j) **Broadening the Issues.** No person will be allowed to appear in any hearing or other proceeding that, in the opinion of the presiding officer, is for the sole purpose of unduly broadening the issues as set forth in the Board order pursuant to Rule 10.3(k)(4) to be considered in the hearing or other proceeding.

(k) **Conduct and Decorum.** Every person, party, representative, witness, and other participant in a proceeding must conform to ethical standards of conduct and will 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.

(l) **Remand to Board.** In hearings before a Hearings Examiner, at the request of the applicant, the Hearings Examiner may remand an application to the Board if all timely hearing requests have been withdrawn or denied or, if parties have been named, all parties to a contested case reach a settlement so that no facts or issues remain controverted. After remand, the application shall be uncontested, and the applicant shall be deemed to have agreed to the action proposed by the General Manager.

The General Manager shall set the application for consideration at a Board meeting.

(m) **Certified Questions.**

(1) In hearings before a Hearings Examiner, at any time during the contested case proceeding, on a motion by a party or on the Hearing Examiners' own motion, the Hearing Examiner may certify a question to the Board.

(2) Issues regarding District policy, jurisdiction or the imposition of any sanction by the Hearings Examiner that would substantially impair a party's ability to present its case are appropriate for certification. Policy questions for certification purposes include, but are not limited to:

(A) the Board's interpretation of its rules and applicable statutes;

(B) the rules or statutes which are applicable to a proceeding;

(C) the Board's policy or whether a Board policy should be established or clarified as to a substantive or procedural issue of significance to the proceeding.

(3) If a question is certified, the Hearings Examiner shall submit the certified issue to the General Manager. The General Manager shall place the certified issue on the agenda of the earliest possible meeting of the Board that is not earlier than 20 days after its submission, in compliance with the Open Meetings Act and other applicable law. The docket clerk shall give the Hearings Examiner and parties notice of the meeting at which the certified question will be considered. Within ten days after the certified question is filed, parties to the proceeding may file briefs on the certified question. Within ten days of the filing of such briefs, parties may file responses to such brief. Briefs and responses shall be filed with the docket clerk with copies served on the Hearings Examiner. The General Manager shall provide copies of the certified questions and any briefs and responses to the general counsel and to each Board member. The Hearings Examiner may abate the hearing until the Board answers the certified question, or continue with the hearing if the Hearings Examiner determines that no party will be substantially harmed**.** The process for seeking Board answers to certified questions shall be considered as part of the contested-case hearing process.

The Board shall issue a written decision on the certified issue within 30 days following the meeting at which the certified issue is considered. A decision on a certified issue is not subject to a motion for rehearing, appeal or judicial review prior to the issuance of the Board's final decision in the proceeding.

10.5.5 Hearings Conducted by the State Office of Administrative Hearings

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

(b) If requested by the applicant or other party to a contested case, the District shall contract with the State Office of Administrative Hearings to conduct the hearing. If the District does not prescribe a deadline by rule, the applicant or other party must request the hearing before the State Office of Administrative Hearings not later than the 14th day before the date the evidentiary hearing is scheduled to begin. The hearing must be held in Travis County or at a location at the District office or regular meeting location of the Board

unless the Board provides for hearings to be held at a different location.

(c) The party requesting the hearing before the State Office of Administrative Hearings shall pay all costs associated with the contract for the hearing and shall deposit with the District an amount sufficient to pay the contract amount before the hearing begins. At the conclusion of the hearing, the District shall refund any excess money to the paying party. All other costs may be assessed as authorized by Chapter 36, Water Code, or 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 deciding the case 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.

10.6 - Contested Permit Hearings Procedures

(a) **Pre-hearing Conference.** A pre-hearing conference may be held to consider any matter that may expedite the hearing or otherwise facilitate the hearing process.

(1) **Matters considered.** Matters that may be considered at a pre-hearing conference include, but are not limited to: (1) designation of parties; (2) additional formulation and simplification of issues; (3) referral of parties to an alternative dispute resolution procedure (4) necessity or desirability of amending applications or other pleadings; (5) possibility of making admissions or stipulations; (6) establishing a Discovery Control Plan; (7) identification of and specification of the number of witnesses; (8) filing and exchange of prepared testimony and exhibits; and (9) establishing procedure at the hearing.

(2) **Notice.** A pre-hearing conference may be held at a date, time, and place stated in the notice provided to those persons entitled to notice pursuant to 10.2(f) and may be continued from time to time and place to place, at the discretion of the presiding officer.

(3) **Conference Action.** Action taken at a pre-hearing conference may be reduced to writing and made a part of the record, or may be stated on the record at the close of the conference.

(b) **Assessing Reporting and Transcription Costs.** Upon the timely request of any party, or at the discretion of the presiding officer, the presiding officer may assess reporting

and transcription costs to one or more of the parties. The presiding officer will consider the following factors in assessing reporting and transcription costs:

(1) the party who requested the transcript;

(2) the financial ability of the party to pay the costs;

(3) the extent to which the party participated in the hearing;

(4) the relative benefits to the various parties of having a transcript;

(5) the budgetary constraints of a governmental entity participating in the proceedings; and

(6) any other factor that is relevant to a just and reasonable assessment of costs.

In any proceeding where the assessment of reporting or transcription costs is an issue, the presiding officer will provide the parties an opportunity to present evidence and argument on the issue. A recommendation regarding the assessment of costs will be included in the presiding officer's report to the Board.

(c) **Designation of Parties.** Parties to a hearing may be designated on the first day of hearing, or at such other time as the presiding officer determines. The General Manager and any person specifically named in a matter are automatically designated parties. Persons designated as affected persons by Board order in a determination of a contested-case hearing request pursuant to Rule 10.3(l) are also automatically designated as parties. 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.

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

(e) **Persons Not Designated Parties.** At the discretion of the presiding officer, persons not designated as parties to a proceeding may submit comments or statements, orally or in writing.

Comments or statements submitted by non-parties may be included in the record to inform the Board regarding various concerns or issues related to the application and may be considered as evidence if corroborated by sworn testimony or exhibits properly admitted into evidence by a party.

(f) **Furnishing Copies of Pleadings.** After parties have been designated, a copy of every pleading, request, motion, or reply filed in the proceeding must be provided by the author to every other party or the party's representative. A certification of this fact must

accompany the original instrument when filed with the District. Failure to provide copies may be grounds for withholding consideration of the pleading or the matters set forth therein.

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

(h) **Agreements to be in Writing.** No agreement between parties or their representatives affecting any pending matter will be considered by the presiding officer unless it is in writing, signed, and filed as part of the record, or unless it is announced at the hearing and entered of record.

(i) **Discovery.** Discovery will be conducted upon such terms and conditions, and at such times and places, as directed by the presiding officer. Unless specifically modified by these Rules or by order of the presiding officer, discovery will be governed by, and subject to the limitations set forth in, the Administrative Procedure Act (APA), Texas Government Code §2001.001 et seq., as amended, and the State Office of Administrative Hearings (SOAH) Rules of Procedure, as amended. In addition to the forms of discovery authorized under the APA and SOAH Rules, the parties may exchange informal requests for information, either by agreement or by order of the presiding officer. Discovery commences at the time indicated in the Discovery Control Plan as approved by the presiding officer.

(j) **Subpoenas.**

(1) Requests for issuance of subpoenas or commissions in a contested case shall be in writing and directed to the Board.

(2) A party requesting the issuance of a subpoena shall file an original and one copy of the request with the General Manager, which shall arrange for the request to be presented to the Board at a regular or special meeting of the Board, in compliance with the Open Meetings Act and other applicable law.

(3) If good cause is shown for the issuance of a subpoena, the Board shall issue the subpoena or request that the Hearings Examiner issue the subpoena, in compliance with §2001.089 of the Texas Government Code.

(k) **Ex Parte Communications.** During the pendency of a contested case, neither the presiding officer nor the Board may communicate, directly or indirectly, in connection with any issue of fact or law with any agency, person, party, or their representatives, except on notice and opportunity for all parties to participate. This provision does not prevent communications with District staff not directly involved in the hearing in order to utilize the special skills and knowledge of the District in evaluating the evidence and does not apply to proceedings other than a contested permit hearing.

(l) **Compelling Testimony; and Swearing Witnesses.** Except where expressly limited by statute, such as under Government Code Section 2009.054, the presiding officer may compel any person to testify who is necessary, helpful, or appropriate to the hearing. The presiding officer shall administer the oath in a manner calculated to impress the witness with the importance and solemnity of the promise to adhere to the truth.

(m) **Evidence.** Except as modified by these Rules, the Texas Rules of Civil Evidence govern the admissibility and introduction of evidence; however, evidence not admissible under the Texas Rules of Civil Evidence may be admitted if it is of the type commonly relied upon by reasonably prudent persons in the conduct of their affairs. In addition, evidence may be stipulated by agreement of all parties. The presiding officer shall admit evidence that is relevant to an issue at the hearing. The presiding officer may exclude evidence that is irrelevant, immaterial, or unduly repetitious.

(n) **Written Testimony.** When a proceeding will be expedited and the interests of the parties not substantially prejudiced, testimony may be received in written form. The written testimony of a witness, either in narrative or question and answer form, may be admitted into evidence upon the witness being sworn and identifying the testimony as a true and accurate record of what the testimony would be if given orally. The witness will be subject to clarifying questions and to cross-examination, and the prepared testimony will be subject to objection. On the motion of a party to the hearing, the presiding officer may exclude written testimony if the person who submits the testimony is not available for cross-examination by phone, a deposition before the hearing, or other reasonable means.

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

(p) **Abstracts of Documents.** When documents are numerous, the presiding officer may receive in evidence only those that are representative and may require the abstracting of relevant data from the documents and the presentation of the abstracts in the form of an exhibit. Parties have the right to examine the documents from which the abstracts are made.

(q) **Introduction and Copies of Exhibits.** Each exhibit offered shall be tendered for identification and placed in the record. Copies must be furnished to the presiding officer and to each of the parties, unless the presiding officer rules otherwise.

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

(s) **Official Notice.** The presiding officer may take official notice of all facts judicially cognizable. In addition, official notice may be taken of generally recognized facts within the area of the District's specialized knowledge.

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

(u) **Oral Argument.** At the discretion of the presiding officer, oral arguments may be heard at the conclusion of the presentation of evidence. Reasonable time limits may be prescribed. The presiding officer may require or accept written briefs in lieu of, or in addition to, oral arguments. When the matter is presented to the Board for final decision, further oral arguments may be heard by the Board.

(v) **Supplemental Testimony.** If the board has not acted on the application, the presiding officer may allow a person who testifies at the hearing to supplement the testimony given at the hearing by filing additional written materials with the presiding officer not later than the 10th day after the date of the hearing. A person who files additional written material with the presiding officer under this subsection must also provide the material, not later than the 10th 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 10th day after the date the material was received.

(w) The District may authorize the presiding officer, at the presiding officer's discretion, to issue an order at any time before the Board takes final actions on a permit application that:

(1) refers parties to a contested hearing to an alternative dispute resolution procedure on any matter at issue in the hearing;

(2) determines how the costs of the procedure shall be apportioned among the parties; and

(3) appoints an impartial third party as provided by Section 2009.053, Government Code, to facilitate that procedure.

10.7 - Conclusion of the Permit Hearing

(a) **Hearings Before the Board**

(1) **Closing the Record.** At the conclusion of the presentation of evidence and any oral argument the presiding officer may either close the record or keep it open and allow the submission of additional evidence, exhibits, briefs, or proposed findings and conclusions from one or more of the parties. No additional evidence, exhibits, briefs, or proposed findings and conclusions may be filed unless permitted or requested by the presiding officer.

(2) (A) Except as provided by Subsection (e), below, the presiding officer shall submit a report to the Board not later than the 30th day after the date a hearing is concluded.

(B) The report must include:

(i) a summary of the subject matter of the hearing;

(ii) a summary of the evidence or public comments received; and

(iii) the presiding officer's recommendations for Board action on the subject matter of the hearing.

(C) The presiding officer or general manager shall provide a copy of the report to:

(i) the applicant; and

(ii) each person who provided comments or each designated party.

(D) A person who receives a copy of the report under Subsection (c), above, may submit to the Board written exceptions to the report.

(E) If the hearing was conducted by a quorum of the Board and if the presiding officer prepared a record of the hearing, the presiding officer shall determine whether to prepare and submit a report to the Board under this section.

(3) **Time for Board Action on Certain Permit Matters.** In the case of hearings before the Board involving original permit applications, or applications for permit amendments, the Board must act within 60 calendar days after the date the final hearing is concluded, for either an uncontested or contested-case hearing. This time limitation may be extended by the Board if permitted by Chapter 36 of the Texas Water Code.

(b) **Hearings Before a Hearings Examiner**

(1) **Closing the Record; Final Report.** At the conclusion of the presentation of evidence, and any oral argument, the presiding officer may either close the record or keep it open and allow the submission of additional evidence, exhibits, briefs, or proposed findings and conclusions from one or more of the parties. No additional evidence, exhibits, briefs, or proposed findings and conclusions may be filed unless permitted or requested by the presiding officer. After the record is closed, the Hearings Examiner shall prepare a proposal for decision to the Board not later that the 30th day after the evidentiary hearing is concluded.

The proposal for decision will include a summary of the subject matter of the hearing; a summary of the evidence or public comments received, the presiding officer's recommendations for Board action on the subject matter of the hearing. Upon completion and issuance of the Hearings Examiners proposal for decision, a copy will be submitted to the Board and delivered to the applicant and each party to the proceeding. In a contested case, delivery to the parties will be by certified mail with return receipt requested.

(2) **Exceptions to the Hearings Examiner's** Proposal for Decision**; Reopening the Record.** Prior to Board action, any party in a contested case heard by a Hearings Examiner may file written exceptions to the Hearings Examiner's proposal for decision, and any party in an uncontested case may request an opportunity to make an oral presentation of exceptions to the Board. Upon review of the proposal for decision and exceptions, the Hearings Examiner may reopen the record for the purpose of developing additional evidence, or may deny the exceptions and submit the report and exceptions to the Board. The Board may, at any time and in any case, remand the matter to the Hearings Examiner for further proceedings.

(3) **Time for Board Action on Certain Permit Matters.** In the case of hearings before a Hearings Examiner involving original permit applications, or applications for permit amendments, the Hearings Examiner's report should be submitted, and the Board must act, within 60 calendar days after the Board declares all proceedings involving the Hearings Examiner have been concluded.

(4) The Board shall consider the proposal for decision at a final hearing. Additional evidence may not be presented during a final hearing. The parties may present oral argument at a final hearing to summarize the evidence, present legal argument, or argue an exception to the proposal for decision. A final hearing may be continued as provided by Section 36.409.

(5) 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:

(A) 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;

(B) that a prior administrative decision on which the administrative law judge relied is incorrect or should be changed; or

(C) that a technical error in a finding of fact should be changed.

(6) A final decision issued by the Board under this section must be in writing and must either adopt the proposed findings of fact and conclusions of law

as proposed by the administrative law judge or include revised findings of fact and conclusions of law consistent with (5) above.

(7) Notwithstanding any other law, a Board shall issue a final decision under this section not later than the 180th day after the date of receipt of the final proposal for decision from the State Office of Administrative Hearings. The deadline may be extended if all parties agree to the extension.

(8) Notwithstanding any other law, if a motion for rehearing is filed and granted by a Board under (c) below, 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.

(9) A 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:
(i) adopting the findings of fact and conclusions of law as proposed by the administrative law judge; or
(ii) issuing revised findings of fact and conclusions of law as provided by (5) above.

(10) A proposal for decision adopted under (9) above is final, immediately appealable, and not subject to a request for rehearing.

(c) **Requests for Rehearing and or Finding and Conclusions**

(1) An applicant in a contested or uncontested hearing on an application or a party to a contested hearing may administratively appeal a decision of the Board on a permit or permit amendment application by making a request in writing to the board. A party seeking to appeal a decision by the board must request written findings of fact and conclusions of law not later than the 20th 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.

(2) On receipt of a timely written request under (1) above, the Board shall make written findings of fact and conclusions of law regarding a decision of the Board on a permit or permit amendment application. The Board shall provide certified copies of the findings of fact and conclusions of law to the party who requested them, and to each designated party, not later than the 35th day after the date the Board receives the request. 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.

(3) 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

person requesting a rehearing must provide copies of the request to all parties to the hearing.

(4) If the Board grants a request for rehearing, the Board shall schedule the rehearing not later than the 45th day after the date the request is granted.

(5) The failure of the Board to grant or deny a request for rehearing before the 91st day after the date the request is submitted is a denial of the request.

(6) The Board shall consolidate requests for rehearing filed by multiple parties to the contested case hearing, but only one rehearing may be considered per matter.

(d) **Decision; When Final.**

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

(A) if a request for rehearing is not filed on time, on the expiration of the period for filing a request for rehearing; or

(B) if a request for rehearing is filed on time, on the date:

(C) the Board denies the request for rehearing; or

(D) the Board renders a written decision after rehearing.

(2) Except as provided by Subsection (3), below, an applicant or a party to a contested hearing may file a suit against the District to appeal a decision on a permit or permit amendment application not later than the 60th day after the date on which the decision becomes final.

(3) An applicant or a party to a contested hearing may not file suit against the District if a request for rehearing was not filed on time.

10.8 - Rule-making Hearing Procedures

(a) **General Procedures.** The presiding officer will conduct the rulemaking hearing in the manner the presiding officer deems most appropriate to obtain all relevant information and comments related to the subject of the hearing as conveniently, inexpensively, and expeditiously as possible.

(b) **Submission of Documents.** Any interested person may submit written statements, protests or comments, briefs, affidavits, exhibits, technical reports, or other documents relating to the subject of the hearing. Such documents must be submitted no later than the time of the hearing, or as stated in the notice of hearing given in accordance with Rule 10.2; provided, however, that the presiding officer may grant additional time for the submission of documents.

(c) **Informal Conferences.** 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.

(d) **Oral Presentations.** Any person desiring to testify on the subject of the hearing must so indicate on the registration form provided at the hearing stating the person's name, address, and whom the person represents, if the person is not at the hearing in the person's individual capacity. The presiding officer will establish the order of testimony and may limit the number of times a person may speak, the time period for oral presentations, and the time period for raising questions. In addition, the presiding officer may limit or exclude cumulative, irrelevant, or unduly repetitious presentations.

(e) **Conclusion of the Hearing; Closing the Record; Presiding Officer's Report** 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. At the conclusion of the testimony, and after the receipt of all documents, the presiding officer may either close the record, or keep it open to allow the submission of additional information. The Board shall either adopt the rule, reject the rule, or reopen the matter for further consideration. If the presiding officer is a Hearings Examiner, the Hearings Examiner will, after the record is closed, prepare a report to the Board. The report will include a summary of the subject of the hearing and the public comments received, together with the Hearings Examiner's recommendations for action. Upon completion and issuance of the Hearings Examiner's report, a copy will be submitted to the Board. Any interested person who so requests in writing will be notified when the report is completed, and furnished a copy of the report.

(f) **Exceptions to the Hearings Examiner's Report; Reopening the Record.** Any interested person may make exceptions to the Hearings Examiner's report, and the Board may reopen the record, in the manner prescribed in Rule 10.7(b).

10.9 - Emergency Rules

(a) The District's Board may adopt an emergency rule without prior notice or hearing, or with an abbreviated notice and hearing, if the Board:

(1) finds that a substantial likelihood of imminent peril to the public health, safety, or welfare, or requirement of state or federal law, requires adoption of a rule on less than 20 days' notice; and

(2) prepares a written statement of the reasons for its finding under Subdivision (1), above.

(b) Except as provided by Subsection (c), herein, a rule adopted under this section may not be effective for longer than 90 days.

(c) If notice of a hearing on the final rule is given not later than the 90th day after the date the rule is adopted, the rule is effective for an additional 90 days.

(d) A rule adopted under this section must be adopted at a meeting held as provided

under the Texas Open Meetings Act, Chapter 551, Government Code.

10.10—Petition to Change Rules

(a) A person with a real property interest in groundwater may petition the District where the property that gives rise to the real property interest is located to adopt a rule or modify a rule adopted under this chapter.

(b) Petitions must be submitted in writing to the District office and must comply with the following requirements:

(1) each rule requested must be submitted by separate petition;

(2) each petition must be signed and state the name and address of each person signing the petition;

(3) each petition must include:

(A) a brief description of the petitioner's real property interest in groundwater in the District;

(B) a brief explanation of the proposed rule;

(C) the text of the proposed rule prepared in a manner to indicate the words to be added or deleted from the text of the current rule, if any; and

(D) an allegation of injury or inequity that could result from the failure to adopt the proposed rule.

(c) The General Manager may reject any petition for failure to comply with the requirements of Subsection (b) of this section and shall provide notice to the petitioner of the reason for the rejection.

(d) Not later than the 90th day after the date the District receives the petition, the District shall:

(1) deny the petition and provide an explanation for the denial; or
(2) engage in rulemaking consistent with the granted petition.

(e) Nothing in this section may be construed to create a private cause of action for a decision to accept or deny a petition filed under this section.

RULE 11 -- WELL CLOSING AND PROTECTION OF WATER QUALITY

(a) Abandoned wells, deteriorated wells, wells constituting a threat to the water quality of any aquifer, and wells containing mineral or other substances injurious to vegetation or agriculture shall be closed and plugged in compliance with these Rules and those of the Texas Department of Licensing and Regulation. The District shall use any remedies authorized by law to protect groundwater quality from point source and non-point source Pollution.

(b) All owners or operators shall use reasonable diligence and conform to these Rules in order to prevent the pollution or harmful alteration of groundwater in the aquifer(s) of the District.

RULE 12 -- DISTRICT MANAGEMENT PLAN AND JOINT GROUNDWATER MANAGEMENT AREA PLANNING

(a) District Management Plan
(b) The District's adopted Management Plan shall comply with §§36.1071-1073, Texas Water Code and Title 31 of the Texas Administrative Code, Chapter 356.Joint Planning in Management Area

The District will participate in the JPC of GMA 1, as required by Chapter 36 of the Texas Water Code and Title 31 of the Texas Administrative Code, Chapter 356.

RULE 13 -- WATER WELL DRILLING, COMPLETION, AND PLUGGING

13.1 - Requirements

(a) Complete records shall be kept and reports made to the District concerning the drilling, equipping, and completion of all wells drilled or reworked. The records shall include an accurate driller's log, any electric log that has been made, and all additional data concerning the description and completion of the well, its pumping capacity, and its equipment as may be required by the Board. The records shall be filed with the General Manager, on forms furnished by the District, within sixty (60) days after completion of the well.

(b) No person shall produce water from any well hereafter drilled and equipped within the District, except that necessary for the testing and equipping of such well and equipment, unless or until the District has been furnished the information required by the Board on the forms furnished by the District.

(c) No person shall drill, complete, equip or rework a well or borehole without having a current Texas Water Well Driller's license, or Texas Pump Installer's license. Well drilling, completing, equipping, and reworking shall be in compliance with the Rules and Regulations of the District, state or federal agencies or political subdivisions having jurisdiction. Specifically the District herein adopts the rules of the Texas Department of

Licensing and Regulation (TDLR) in Title 16 Texas Administrative Code Chapter 76 relating to water well drillers and water well pump installers. The District pursuant to Rule 3 may enforce against any water well driller or water well pump installer that fails to adhere to these TDLR rules adopted herein by reference.

(d) The Board may promulgate special well completion requirements to address localized groundwater concerns.

(e) A water well driller, prior to drilling any well within the District, shall verify that the owner has fulfilled all the District's requirements for drilling a well, including obtaining necessary permits or registering exempt wells. Failure by the water well driller to verify compliance is a violation of District rules subject to enforcement pursuant to Rule 3 and Texas Water Code §36.102, as amended.

13.2 - Open Wells to be Capped

Every owner or operator of any land within the District upon which is located any open or uncovered well (as defined in Section 36.118 of the Texas Water Code, as amended) is, and shall be, required to close or cap the well safely and securely with a covering capable of sustaining weight of at least four hundred (400) pounds, except when said well is in actual use by the owner or operator thereof; and no such owner or operator shall allow any open or uncovered well to exist in violation of this rule. Officers, agents, and employees of the District are authorized to serve, or cause to be served, written notice upon any owner of operator or a well in violation of this rule, thereby requesting such owner and/or operator to close or cap such well with a covering in compliance with this rule. In the event any owner or operator fails to comply with such request within ten (10) days after such written notice, any officer, agent or employee of the District may go upon said land and close or cap said well in a manner complying with this rule and all expenditures thereby incurred shall constitute a lien upon the land where such well is located, provided, however, no such lien shall exceed the actual cost for any single closing. Any officer, agent, or employee of the District, is authorized to perfect said lien by the filing of the affidavit authorized by Section 36.118 of the Texas Water Code. All of the powers and authority granted in such section are hereby adopted by the District, and its officers, agents, and employees are hereby bestowed with all of such powers and authority.

RULE 14 -- WATER TRANSPORT FEE

As authorized by section 36.122 of the Texas Water Code, as amended, entities transporting water outside of the boundaries of Panhandle Groundwater Conservation District are subject to a water export fee using one of the following methods:

(a) a fee negotiated between the District and the transporter;

(b) a rate not to exceed 20 cents for each thousand gallons, in addition to the District's production fee, if any.

(1) The maximum allowable rate the District may impose for an export fee or surcharge under (b) above, increases by three percent each calendar year.

(2) The District may use funds obtained from an increase in an export fee imposed under (b)(1) above, after January 1, 2024, only for costs related to assessing and addressing impacts associated with groundwater development, including:

(A) maintaining operability of wells significantly affected by groundwater development;

(B) developing or distributing alternative water supplies;

(C) conducting aquifer monitoring, data collection, and aquifer science.

(c) The Board may annually review all fee rates during the annual budgetary process and adopt an export fee after a public hearing.

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

RULE 15 -- FINAL ORDERS OF THE BOARD

The orders of the Board, in any non-contested application or proceeding, shall become the final order of the Board on the day it is entered by the Board. The orders of the Board, in any contested-case hearing, shall become the final order of the Board, if a motion for rehearing is not filed on time, upon the expiration of the period for filing a motion for rehearing, or if a motion for rehearing is filed on time, on the date specified in Rule 10.7.

Delegation of Authority

The Board may delegate to the General Manager ministerial acts of the Board, actions on uncontested permit applications, and any financial transactions. The General Manager may delegate duties as may be necessary to effectively and expeditiously accomplish those duties, provided that no such delegation may ever relieve the General Manager from responsibilities under the District Act or Board orders.

Repeal of Prior Regulations

All of the previous rules and regulations of the District have been revised and amended; and except as they are herein republished, they are repealed. Any previous rule or

regulation which conflicts with, or is contrary to, these rules is hereby repealed.

Validity of Well Sites and Permits

All well drilling sites or permits authorized by the District prior to amendment of these rules remain valid and in effect according to the terms of the permit. However, these permits continue to be subject to the rules of the District, as amended; the District Management Plan, as amended; and to the continuing right of the District to supervise and regulate the depletion of the aquifer within the District's boundaries as authorized by Chapter 36, Texas Water Code, as amended.

Savings Clause

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

Attest

Chancy Cruse
President
Board of Directors

Marcus Hardcastle
Vice President
Board of Directors