TCEQ DOCKET No. 2025-0017-MIS

§	BEFORE THE
§	TEXAS COMMISSION
§	
§	ON
§	ENVIRONMENTAL QUALITY
	\$ \$ \$ \$ \$ \$ \$

EXECUTIVE DIRECTOR'S RESPONSE TO PETITION FOR INQUIRY & MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT'S RESPONSE

I. INTRODUCTION

The Executive Director (ED) of the Texas Commission on Environmental Quality (TCEQ or Commission) files this Response to the Petition for Inquiry of Middle Pecos Groundwater Conservation District (Middle Pecos or District) filed by Cockrell Investment Partners, L.P. (Petitioner). This Response also addresses Middle Pecos's Response to the Petition for Inquiry in this filing, as well as responses from other entities.

Under Title 30, TEXAS ADMINISTRATIVE CODE (TAC) § 293.23(g), the Commission may either dismiss the petition or appoint a review panel to conduct the inquiry and submit a report.

II. PROCEDURAL BACKGROUND

On December 30, 2024, Petitioner filed a Petition for Inquiry of Middle Pecos Groundwater Conservation District (Petition or PFI) with the Commission. The Petitioner alleges that the District failed to adopt rules, that the rules adopted by the District are not designed to achieve the adopted Desired Future Conditions (DFCs), and that the groundwater in the management area is not adequately protected by the rules adopted by the District. These allegations are made pursuant to TEXAS WATER CODE (TWC) § 36.3011(b)(3), (7), and (8), and 30 TEXAS ADMINISTRATIVE CODE (TAC) § 293.23(b)(3), (7), and (8).

30 TAC § 293.23(d) requires the Petitioner to file a certified statement describing why the Petitioner believes that a commission inquiry is necessary. The Petitioner did not file this certified statement.

30 TAC § 293.23(e) requires the Petitioner to provide a copy of the petition to all groundwater conservation districts (GCD) within and adjacent to the groundwater management area (GMA) within five days of filing the Petition. 30 TAC § 293.23(e) also requires that the Petitioner provide evidence, within 21 days of filing the Petition, that copies were timely provided to those GCDs. On January 15, 2025, within the 21 days required by 30 TAC § 293.23(e), the Petitioner provided evidence that the petition had been provided, within five days of filing the Petition, to the following GCDs: Kimble County GCD; Coke County Underground Water Conservation District; Kinney County GCD; Crockett County GCD; Lipan-Kickapoo Water Conservation District; Menard County Underground Water Conservation District; Plateau Underground Water Conservation and Supply District; Irion County Water Conservation District; Real-Edwards Conservation and Reclamation District; Santa Rita Underground Water Conservation District; Uvalde County

Underground Water Conservation District; Sterling County Underground Water Conservation District; Wes-Tex GCD; Sutton County Underground Water Conservation District; Terrell County GCD; Reeves County GCD; and the Edwards Aquifer Authority. The GCDs that were provided a copy include all GCDs within GMAs 3 and 7. However, not all GCDs adjacent to GMAs 3 and 7 were provided a copy as required by 30 TAC § 293.23(e).

The ED concludes that the Petitioner has not fully met the procedural requirements of 30 TAC § 293.23(d) and (e).

Middle Pecos and all GCDs within and adjacent to GMAs 3 and 7 are affected persons.¹ On January 6, 2025, the Office of General Counsel mailed a letter providing information on how to file a response on the validity of the specific claims raised in the Petition to all persons listed in the Petition's mailing list. Because the Petition's mailing list did not include the GCDs adjacent to GMAs 3 and 7, the adjacent GCDs did not receive a letter from the Office of General Counsel. The 35-day deadline to file a response to the Petition was on February 3, 2025, and **seven responses were received by that date, from Middle Pecos, the City of Fort Stockton, Fort Stockton Holdings L.P. & Clayton Williams Farms, Inc., GMA 3 and Reeves County GCD, the GCDs in GMA 7, Pecos County Water Control and Improvement District No. 1, and Pecos County.**

III. GROUNDWATER LAW

A. Groundwater Conservation Districts

The Texas legislature recognizes that a landowner, along with his lessees, heirs, and assigns, owns the groundwater below the surface of the landowner's land as real property.² GCDs are the state's preferred method of groundwater management in order to protect property rights, balance the conservation and development of groundwater to meet the needs of this state, and use the best available science in the conservation and development of groundwater.³ Local GCDs shall meet at least annually to conduct joint planning and review management plans, accomplishments, and new or amended DFCs.⁴ A GMA is an area designated and delineated by the Texas Water Development Board (TWDB) under Chapter 35 of the Water Code as "an area suitable for management of groundwater resources."⁵ GCDs shall consider groundwater availability models and other data or information for the GMA and shall propose for adoption DFCs for the relevant aquifers within the GMA.⁶ DFCs are a quantitative description of the desired condition of the groundwater resources in a GMA at one or more specified future times.⁷

The GCDs in a GMA must adopt DFCs by considering several criteria, including uses or conditions within a GMA, water supply needs in the State Water Plan, hydrological conditions, environmental impacts, subsidence, ownership rights, socioeconomic

¹ TWC § 36.3011(a)(2); see also 30 TAC § 293.23(a)(2).

² TWC § 36.002(a)-(b).

³ TWC § 36.0015(b).

⁴ TWC § 36.108(c).

⁵ TWC §35.002(11).

⁶ TWC § 36.108(d).

⁷ TWC § 36.001(30).

impacts reasonably expected to occur, and the feasibility of achieving the DFC.⁸ The DFCs must also provide a balance between the highest practicable level of groundwater production and the conservation, preservation, protection, recharging, and prevention of waste of groundwater and control of subsidence in the management area. However, DFCs may provide for the reasonable long-term management of groundwater resources consistent with the management goals under TWC § 36.1071(a).⁹

After all the GCDs have submitted district summaries relating to the proposed DFCs, the GCD representatives shall reconvene to review the reports, consider any GCD's suggested revisions to the proposed DFCs, and finally adopt the DFCs for the GMA. The DFCs must be approved by a resolution adopted by a two-thirds vote of all the GCD representatives. The GCD's representatives shall file an explanatory report of the proposed DFCs for the GMA to the TWDB.¹⁰ After a district receives notification from the TWDB that the DFC's explanatory report is administratively complete, the district shall adopt the applicable DFCs.¹¹ Each GCD in the GMA "shall ensure that its management plan contains goals and objectives consistent with achieving the DFCs of the relevant aquifers as adopted during the joint planning process."¹² All rulemaking shall consider the goals in the management plan.¹³

B. Groundwater Ownership and GCDs

The groundwater ownership right entitles the landowner to drill for and produce the groundwater below the surface but does not entitle a landowner the right to capture a specific amount of groundwater.¹⁴ The TWC authorizes GCDs to place limitations on the right to produce groundwater in an effort to conserve and protect the sustainability of aquifers.¹⁵ The TWC also allows a GCD to issue production permits up to the point that the total volume of exempt and permitted groundwater production will achieve an applicable DFC.¹⁶ To ensure that the groundwater levels do not recede below the DFCs, the TWC authorizes a GCD to promulgate rules to regulate the withdrawal of groundwater by setting production limits on wells, limiting the amount of water that may be produced from a defined number of acres assigned to an authorized well site, limiting the maximum amount of water that may be produced on the basis of acre-feet per acre or gallons per minute per well site per acre, managed depletion, or any combination of these methods.¹⁷

The TWDB determines the Modeled Available Groundwater (MAG) which is the amount of water that the executive administrator of TWDB determines may be produced on an average annual basis to achieve a DFC established under Section 36.108.¹⁸ The TWC

- ¹⁴ TWC § 36.002(c) and (d).
- ¹⁵ TWC § 36.116(a)(2).
- ¹⁶ TWC § 36.1132.

⁸ TWC § 36.108(d).

⁹ TWC § 36.108(d-2).

¹⁰ TWC § 36.108(d-3).

¹¹ TWC § 36.108(d-4).

¹² TWC § 36.1085.

¹³ TWC § 36.101(a)(5).

¹⁷ TWC § 36.116(a)(2).

¹⁸ TWC § 36.001(25).

requires that GCDs "shall consider," among other things, the MAG for the GCD when issuing permits.¹⁹

IV. PETITION FOR INQUIRY

TWC § 36.3011 allows an owner of land within a management area to file a petition with the Commission requesting an inquiry into specific actions of a GCD. The Petitioner states that it owns land within the jurisdiction of the District; as such, the ED finds that Cockrell Investment Partners, L.P. is an affected person pursuant to TWC § 36.3011 (a). Petitioner alleges that the District failed to adopt rules, the rules adopted by the District are not designed to achieve the adopted DFCs, and the groundwater in the management area is not adequately protected by the rules adopted by the District. These allegations match the basis for a petition pursuant to TWC § 36.3011(b)(3), (7) and (8) and 30 TAC § 293.23(b)(3), (7), and (8).

The Petitioner made the following claims in his petition:

A. Middle Pecos failed to adopt rules

Each GCD in a GMA shall ensure that its management plan contains goals and objectives consistent with achieving the DFCs of relevant aquifers as adopted during the joint planning process.²⁰ All rulemaking shall consider the goals in the groundwater management plan.²¹ Thus, rulemaking should be consistent with achieving relevant DFCs. Prior to filing the Petition with the Commission, Petitioner filed three petitions for rulemaking with Middle Pecos, pursuant to TWC § 36.1025.²² The first petition for rulemaking proposed rules to increase groundwater monitoring in Management Zone 1 of the District as well as establish monitor well elevation thresholds that trigger production cutbacks.²³ The second petition for rulemaking proposed imposing a tax on permit holders who export water and then establishing a mitigation fund with those tax proceeds.²⁴ The third petition for rulemaking proposed to define "unreasonable impacts" to the Edwards Trinity Aquifer by comparing monitor well elevations on September 1 of any year to monitor well elevations on September 1, 2018.²⁵ The District later articulated its reasons for denial in writing, pursuant to TWC § 36.1025(c)(1).²⁶ According to Petitioner, the District would rather wait and see how the exportation of groundwater affects the Edwards Trinity Aquifer than adopt new rules.²⁷

B. The rules adopted by Middle Pecos are not designed to achieve its adopted DFCs

Each GCD in a GMA shall ensure that its management plan contains goals and objectives consistent with achieving the DFCs of relevant aquifers as adopted during

²⁶ *Id.*

¹⁹ TWC § 36.1132(b)(1).

²⁰ TWC § 36.1085.

²¹ TWC § 36.101(a)(5).

²² PFI at page 6.

²³ PFI at page 6; *see also* Exhibit 8 to PFI.

²⁴ PFI at page 6; *see also* Exhibit 9 to PFI.

²⁵ PFI at page 6; *see also* Exhibit 9 to PFI.

²⁷ PFI at page 7.

the joint planning process.²⁸ All rulemaking shall consider the goals in the groundwater management plan.²⁹ Thus, rulemaking should be consistent with achieving relevant DFCs. As described in the Petition, the District chose to apply special permit conditions to the Fort Stockton Holdings (FSH) export permit rather than adopt rules that would apply to all permitholders within the District.³⁰ The District has not produced technical memoranda or modeling to support the special conditions.³¹ The special permit conditions allow that if the Edwards Trintiy aquifer recharges in the winter, then the FSH export permit will not encounter production cutbacks in the following calendar year.³² As Petitioner explains, because recharge is only measured in the winter, there is no way for the District to provide vear-round protection of the Edwards Trinity aquifer.³³ Additionally, Petitioner states that while most GCDs look at drawdown of the aquifer to determine cutbacks, the special conditions only focus on aquifer recharge.³⁴ Thus, Petitioner claims, regardless of declines in aquifer levels, if aquifer recharge occurs in the winter, there is not another opportunity to impose cutbacks until winter of the following year.³⁵ For these reasons, Petitioner claims the District has not adopted rules designed to achieve the DFCs for the Edwards Trinity Aquifer.³⁶

C. The rules adopted by Middle Pecos do not adequately protect groundwater in GMAs 3 and 7

When issuing permits, the District shall manage total groundwater production on a long-term basis to achieve applicable DFCs and consider the MAG determined by TWDB.³⁷ According to the Petitioner, the District has not produced technical memoranda nor models that support the special conditions applied to the FSH export permit.³⁸ Petitioner exhibits modeling performed by Wet Rock Groundwater Services demonstrating how minimum recovery in the Edwards Trinity aquifer will lead to overall declines in the aquifer level without triggering production cutbacks from the FSH export permit.³⁹ Therefore, Petitioner claims, the special conditions to the FSH export permit are not responsible conservation and management of the Edwards Trinity aquifer.⁴⁰

V. RESPONSES FROM NON-GCD ENTITIES

Any GCD that is within or adjacent to GMAs 3 and 7 may file a response to the validity of the specific claims raised in the petition.⁴¹ The city of Fort Stockton, Pecos County, the Pecos County Water Control and Improvement District No. 1, and Fort Stockton

²⁸ TWC § 36.1085.

²⁹ TWC § 36.101(a)(5).
³⁰ PFI at page 7.

³⁰ PFI at 31 *Id.*

 32 PFI at page 4.

³³ *Id.*

 34 *Id.*

³⁵ *Id.*

³⁶ PFI at page 7.

³⁷ TWC § 36.1132(b)(1).

³⁸ PFI at page 7.

³⁹ PFI at page 4; *see also* Exhibits 5 and 6 to PFI.

⁴⁰ PFI at page 8.

⁴¹ 30 TAC § 293.23(f).

Holdings, L.P. & Clayton Williams Farms, Inc. all submitted responses to the Petition on or before February 3, 2025. However, none of these entities are GCDs. Nonetheless, these responses all express support for Middle Pecos.

VI. REEVES COUNTY GCD'S AND GMA 3'S RESPONSE

Reeves County GCD is the only other GCD in GMA 3 besides Middle Pecos.⁴² Since Reeves County GCD shares DFCs with Middle Pecos and conducts groundwater planning with Middle Pecos for GMA 3, Reeves County GCD supports Middle Pecos's rules, stating that the rules are strong and backed up by sound science.⁴³ Reeves County GCD states that Middle Pecos has invested millions of dollars over the course of years to study aquifers and strengthen regional groundwater management in GMA 3.⁴⁴ Reeves County GCD requests that TCEQ deny the Petition.⁴⁵

VII. JOINT RESPONSE OF THE GCDs IN GMA 7

The GCDs within GMA 7 consist of Coke County Underground Water Conservation District (UWCD), Crockett County GCD, Glasscock GCD, Hickory UWCD No. 1, Hill Country UWCD, Irion County Water Conservation District, Kimble County GCD, Kinney County GCD, Lipan-Kickapoo Water Conservation District, Lone Wolf GCD, Middle Pecos GCD, Menard County UWCD, Plateau Underground Water Conservation and Supply District, Real-Edwards Conservation and Reclamation District, Santa Rita UWCD, Sterling County UWCD, Sutton County UWCD, Terrell County GCD, Uvalde County UWCD, and Wes-Tex GCD (collectively, "GCDs in GMA 7").⁴⁶ The GCDs in GMA 7 state that Middle Pecos has a reputation among local and regional stakeholders for robust rules, transparent processes, and fair decision making.⁴⁷ The GCDs in GMA 7 also state that Middle Pecos is a model for conservation and responsible permitting practices for other GCDs.⁴⁸ The GCDs in GMA 7 express concern that the Petitioner is using the process set out in TWC § 36.3011 to attack the decisions made by Middle Pecos regarding the Petitioner.⁴⁹ The GCDs in GMA 7 then request that TCEQ denies the Petition.⁵⁰

VIII. MIDDLE PECOS'S RESPONSE

In its response, Middle Pecos responded to the allegations in the Petition which match the basis for a petition pursuant to TWC § 36.3011(b)(3), (7) and (8) and 30 TAC § 293.23(b)(3), (7), and (8). Middle Pecos provided the following responses:

A. Middle Pecos has adopted rules

Middle Pecos states that it has adopted rules.⁵¹ According to Middle Pecos, Petitioner improperly asks TCEQ to consider Petitioner's TWC § 36.1025 rulemaking petitions to

⁴² Reeves County GCD's Response at page 1.

⁴³ *Id.*

⁴⁴ Id.

⁴⁵ *Id.* at page 2.

⁴⁶ GCDs in GMA 7's Response at page 1.

⁴⁷ *Id.* at page 2.

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ *Id.* at page 3.

⁵¹ Middle Pecos's Response at page 5; *see also* Exhibit 22 to Middle Pecos's Response.

Middle Pecos.⁵² Middle Pecos properly denied Petitioner's rulemaking petitions and provided explanations for the denials.⁵³ Middle Pecos states that there is no right to challenge the District's decision regarding petitions for rulemaking under TWC § 36.1025, so the Petitioner is using the Petition for Inquiry process to seek relief from TCEQ.⁵⁴

B. Middle Pecos has adopted rules that are designed to achieve its adopted DFCs

Middle Pecos states that its rules have been in place for nearly two decades and have allowed the District to achieve its adopted DFCs.⁵⁵ Middle Pecos also states that the DFCs which were adopted in 2013 have not been changed in the GMA updates in 2016 and 2021.⁵⁶ Middle Pecos points to its existing rules, specifically Rules 10.2 and 10.3, which describe the District's authority to restrict pumping on already granted permits to avoid impairment of its DFCs, as proof that it has rules designed to achieve its adopted DFCs.⁵⁷ In response to Petitioner's claim that the District has not produced technical memoranda nor modeling to support the special conditions on the FSH permit, Middle Pecos states that while it is building a new groundwater model, the purpose of the model is not to support the special conditions on the FSH permit.⁵⁸ Instead, the model will improve the District's ability to develop DFCs, delineate management zones, assess groundwater monitoring results, provide quantitative support of rulemaking decisions, and assist with permitting.⁵⁹ Middle Pecos also explains that Exhibit 10 to the PFI, Middle Pecos's Model Technical Memoranda, consists of model inputs for model grid assumptions and pumping estimates, which was released for peer review.⁶⁰ While Middle Pecos acknowledges that the new model was originally proposed in 2019,⁶¹ it also states that Texas Water Development Board (TWDB) has been in the process of updating its Groundwater Availability Model (GAM) since the year 2000, and TWDB does not predict the update to be finished until 2025.62 That is to say, *updates* to groundwater models take years to complete, and the District is developing a *new* model.⁶³

C. Middle Pecos has adopted rules that adequately protect groundwater in GMAs 3 and 7

Middle Pecos states that it has extensive groundwater pumping and elevation data dating back to the 1950s.⁶⁴ The District also states that it has worked with many groundwater experts to evaluate and express opinions on that information, which the District uses to inform its decisions.⁶⁵ With this data, Middle Pecos states that its

⁵² Middle Pecos's Response at page 5.

⁵³ Middle Pecos's Response at page 5; *see also* Exhibits 32 and 36 to Middle Pecos's Response.

⁵⁴ Middle Pecos's Response at page 5.

⁵⁵ Middle Pecos's Response at page 2.

⁵⁶ *Id.* at page 16.

⁵⁷ *Id.* at page 20.

⁵⁸ *Id.* at page 10.

⁵⁹ Id.

⁶⁰ *Id.* at page 11.

⁶¹ Middle Pecos's Response at page 10.

⁶² *Id.* at page 11.

⁶³ Id.

⁶⁴ Middle Pecos's Response at page 17.

⁶⁵ *Id.* at page 15.

current rules are designed to allow the District to proactively address changing aquifer conditions, which in turn, protects the groundwater within GMAs 3 and 7.⁶⁶ Middle Pecos then provides examples of specific rules or rule sections which allow the District to protect groundwater. Rule 10.7 and rule section 11 have authorized the District to impose mandatory metering on permitted wells, which provides the District with unaltered pumping and water elevation information on specific wells.⁶⁷ Rule 10.4 provides the District's methodology for reducing production and historic-and-existing use permits.⁶⁸ Rule 10.5 implements the District's authority to establish management zones, which allows for different rules to apply to geographic areas where the conditions in or use of aquifers are substantially different from other geographic areas; the District has established 3 management zones.⁶⁹ Rules 11.9.1, 11.9.2, and 11.9.3 require permit applications to include technical information and hydrogeological reports when an applicant applies to produce 1,000 ac-ft per year or more or when an applicant seeks to amend an existing permit by increasing production by 250 ac-ft per year or more.⁷⁰ Rule section 15 authorizes the District to enforce its rules.⁷¹ While the District works with non-compliant well owners to bring them into compliance, the District has also sued well owners and well drillers to enforce its rules.72

IX. ED'S RECOMMENDATION

Under 30 TAC § 293.23(e), a petitioner must file a copy of their petition for inquiry with all GCDs within and *adjacent to* the GMA. Here, however, Petitioner only provided a copy of the petition to GCDs within, but not adjacent to, GMAs 3 and 7. Because the adjacent GCDs were not provided a copy of the Petition, and were thus not notified of their opportunity to provide a response, the ED finds that the Petition is procedurally incomplete and should be denied on procedural grounds. In the alternative, the ED provides the below analysis based on the Petition and the responses that were received. After reviewing the Petition and responses, the ED finds that Middle Pecos has adequately demonstrated that it adopted rules, that its rules are designed to achieve the District's adopted DFCs, and that its rules are protective of groundwater in GMAs 3 and 7.

A. The ED finds that Middle Pecos has adopted rules

Petitioner stated that it had petitioned the District three times to adopt new rules, and the District denied rulemaking on all three occasions.⁷³ Based on these denials, Petitioner claims that Middle Pecos has failed to adopt rules.⁷⁴ In response, Middle Pecos demonstrated that it properly denied Petitioner's rulemaking petitions in accordance with TWC § 36.1025.⁷⁵ Further, Middle Pecos demonstrated that it initially

⁶⁶ *Id.* at page 19.

⁶⁷ *Id.* at pages 19–20.

⁶⁸ *Id.* at page 20.

⁶⁹ *Id.* at pages 20–21.

⁷⁰ Middle Pecos's Response at page 21.

⁷¹ *Id.* at page 22.

⁷² Id.

⁷³ PFI at page 6.

⁷⁴ *Id.* at page 2.

⁷⁵ Middle Pecos's Response at page 5; *see also* Exhibits 32 and 36 to Middle Pecos's Response.

adopted both its procedural and substantive rules in 2004.⁷⁶ This reason for which an affected person may file a petition for inquiry is only whether a district fails to adopt rules.⁷⁷ Middle Pecos has demonstrated that it adopted rules in 2004.⁷⁸ Nothing in TWC § 36.3011 nor 30 TAC § 293.23 indicates that "a district fails to adopt rules" is inclusive of rule petitions under TWC § 36.1025. In fact, TWC § 36.3011 (Commission Inquiry and Action Regarding District Duties) became effective in 2015 while TWC § 36.1025 (Petition to Change Rules) became effective in 2023. Thus, a petition to change rules could not have been contemplated when TWC § 36.3011 became effective. Therefore, the ED finds that Middle Pecos has adequately demonstrated that it has adopted rules.

B. The ED finds that Middle Pecos has adopted rules designed to achieve its adopted DFCs

Petitioner stated that due to special conditions on the FSH export permit, Middle Pecos will not achieve its adopted DFCs.⁷⁹ FSH had a historic-and-existing use permit for 47,418 ac-ft per year,⁸⁰ which was reduced by 28,500 ac-ft per year to accommodate for the 28,500 ac-ft per year approved in the FSH export permit.⁸¹ Middle Pecos responds that the FSH export permit is actually limited to 28,400 ac-ft per year, and that the special conditions and the District's rules could reduce that amount to 0 ac-ft per year if necessary.⁸² FSH's historic-and-existing use permit was, accordingly, limited to 19,018 ac-ft per year to accommodate the export permit.⁸³ Thus, FSH would not be allowed to pump more than it had under it's historic-and-existing use permit. Additionally, Middle Pecos provided a report conducted by Middle Pecos and GMA 7 in response to comments from Petitioner.⁸⁴ The report compares models of FSH 47,418 ac-ft per year historical-and-existing use permit, which was used for agricultural purposes, with a combination of FSH's 28,400 ac-ft/year export permit, which was given a municipal use schedule, and FSH's 19,018 ac-ft/year historical-and-existing use permit, which was given an agricultural use schedule.⁸⁵ The report concluded that the two modeled impacts were nearly identical.⁸⁶ Additionally, the response submitted by Reeves County GCD, the other member of GMA 3, indicate that its general manager, as well as GMA 3's groundwater consultant, Dr. William Hutchison, are of the opinion that Middle Pecos's rules are designed to achieve DFCs.⁸⁷ Similarly, the GCDs in GMA 7 remark that Middle Pecos consults with Dr. Hutchison, who also consults GMA 7, on modeling and DFC-development.⁸⁸ Further, Petitioner does not base its argument on Middle Pecos's existing rules, but rather on the fifteen conditions placed on the FSH

⁷⁶ Middle Pecos's Response at page 14.

⁷⁷ TWC § 36.3011(b)(3); see also 30 TAC § 293.23(b)(3).

⁷⁸ Exhibit 21 to Middle Pecos's Response.

⁷⁹ PFI at page 2.

⁸⁰ *Id.* at page 3.

⁸¹ Id.

⁸² Middle Pecos's Response at page 12.

⁸³ Id.

⁸⁴ *Id.* at page 16.

⁸⁵ *Id.*; *see also* Exhibit 26 to Middle Pecos's Response.

⁸⁶ Exhibit 26 to Middle Pecos's Response at page 37.

⁸⁷ Reeves County GCD's Response at page 1.

⁸⁸ GCDs in GMA 7's Response at page 2.

export permit.⁸⁹ Middle Pecos specifically refers its Rule 10.2 and 10.3 as evidence that it may restrict production to avoid impairment of DFCs.⁹⁰ Therefore, the ED finds that Middle Pecos has adequately demonstrated that its rules are designed to achieve its adopted DFCs.

C. The ED finds that Middle Pecos has adopted rules that adequately protect groundwater in GMAs 3 and 7

Petitioner states that Middle Pecos has not adopted rules that adequately protect groundwater in GMAs 3 and 7 because Middle Pecos does not know how the FSH permit will impact groundwater.⁹¹ Petitioner further states that the District has not provided modeling and technical memoranda to support the special conditions on the FSH export permit.⁹² Middle Pecos responds that the modeling and technical memoranda that Petitioner refers to are in fact not meant to support the special conditions to the FSH export permit, but are meant to improve the District's ability to make data-driven decisions.⁹³ Further, Middle Pecos provided a copy of modeling results, which were provided to Petitioner through GMA 7, comparing the impact of FSH's old historical-and-existing use permit to the impact of FSH's new historical-andexisting use permit with FSH's export permit.⁹⁴ Further, Reeves County GCD states that Middle Pecos has spent millions of dollars over the course of years to study groundwater and strengthen regional groundwater management.⁹⁵ The GCDs in GMA 7 state that Middle Pecos is a groundwater management leader and serves as a model example of conservation and responsible permitting practices for other GCDs.⁹⁶ Moreover, Petitioner does not base its arguments on Middle Pecos's existing rules, but rather on a claim that Middle Pecos must provide modeling and technical memoranda to support the fifteen special conditions to the FSH export permit.⁹⁷ In this claim, however, Petitioner provides no authority requiring Middle Pecos to produce such evidence in support of the special conditions. Middle Pecos, on the other hand, provided a list of its rules and rule sections that are used to protect groundwater.⁹⁸ Therefore, the ED finds that Middle Pecos has adequately demonstrated that its rules adequately protect groundwater in GMAs 3 and 7.

X. REVIEW PANEL

Within 90 days of receiving a petition for inquiry, the Commission shall either dismiss the petition or select a review panel, which will consist of a chairperson and four other members.⁹⁹ If the Commission determines to not dismiss the petition, it must issue an order appointing the members of the review panel and directing them to, not later than the 120th day after appointment, "review the petition and any evidence relevant to

⁸⁹ PFI at page 2.

⁹⁰ Middle Pecos's Response at page 20.

⁹¹ PFI at page 2.

⁹² Id.

⁹³ Middle Pecos's Response at page 10.

⁹⁴ Exhibit 26 to Middle Pecos's Response.

⁹⁵ Reeves County GCD's Response at page 1.

⁹⁶ GCDs in GMA 7's Response at page 2.

⁹⁷ PFI at page 2.

⁹⁸ Middle Pecos's Response at pages 19–23.

⁹⁹ TWC § 36.3011(c); *see also* 30 TAC § 293.23(g).

the petition and, in a public meeting, consider and adopt a report to be submitted to the Commission." $^{\!\!\!^{100}}$

Within 45 days of receiving the report, the ED or the Commission "shall take action to implement any or all of the panel's recommendations."¹⁰¹

The Commission, after notice and hearing in accordance with Chapter 2001, Government Code, shall take action the Commission considers appropriate, including:

- (1) issuing an order requiring the district to take certain actions or to refrain from taking certain actions;
- (2) dissolving the board in accordance with Sections 36.305 and 36.307 and calling an election for the purpose of electing a new board;
- (3) requesting the attorney general to bring suit for the appointment of a receiver to collect the assets and carry on the business of the GCD; or
- (4) dissolving the district in accordance with TWC §§ 36.303(a), 36.304, 36.305, and 36.308.¹⁰²

A. Review Panel Member Solicitation

Although the Executive Director is recommending that the Petition for Review be denied, consistent with prior practice on this type of Petition the Executive Director solicited nominations for review panel members in the event the Commission decided to appoint a review panel. From January 8, 2025, to January 23, 2025, the ED solicited nominations for volunteers to serve on a five-member review panel to consider the Petitioner's Petition for Inquiry. Two nominations were received. Due to the limited response to the first request, the ED issued a second solicitation for volunteers from January 28, 2025, through February 5, 2025. Three nominations were received from the second solicitation. The completed nomination forms are attached as Attachment A.

The Texas Water Code requires the commission to appoint a director or general manager of a district located outside the management area that is the subject of the petition; and may not appoint more than two members of the review panel from any one district.¹⁰³ All nominees willing to serve on the review panel are from GMAs other than GMAs 3 or 7 or GCDs adjacent to GMAs 3 or 7; and none of the nominees are from the same district.

B. Suggested Review Panel Members

If the Commission decides to appoint a review panel in response to this Petition, the ED recommends the following five nominees for consideration by the Commission in order of tenured experience with respect to groundwater district service:

- 1. Zach Holland, General Manager, Bluebonnet GCD; GMA 14.
- 2. Gary Ashmore, General Manager, Lower Trinity GCD; GMA 14.
- 3. Lynn Smith, P.G., General Manager, Rolling Plains GCD; GMA 6.
- 4. Laura Martin, General Manager, Gonzales County UWCD; GMA 13.
- 5. Sarah Kouba, General Manager, Lone Star GCD; GMA 14.

¹⁰⁰ TWC § 36.3011(e).

¹⁰¹ TWC § 36.3011(h); 30 TAC § 293.23(i).

¹⁰² 30 TAC § 293.22(e)(1-4).

¹⁰³ TWC § 36.3011(d).

The disinterested staff nonvoting recording secretary available and willing to serve is Peggy Hunka, P.G. of the Water Availability Division.

The recommended review panel members have indicated to the ED that they do not own land or have any other holdings or interests within or adjacent to GMAs 3 or 7, and they are willing to travel and serve at their own expense.

XI. RECOMMENDATION

The ED has thoroughly reviewed both the Petition for Inquiry as well as Middle Pecos's response and the responses from the City of Fort Stockton, Pecos County, Pecos County Water Control and Improvement District No. 1, Fort Stockton Holdings, L.P. & Clayton Williams Farms, Inc., Reeves County GCD and GMA 3, and the GCDs in GMA 7. Based on the information in the Petition, the ED finds that Petitioner did not file a certified statement with the petition and that Petitioner did not timely file evidence that a copy of the Petition be denied due to these procedural deficiencies. If, however, the Commission determines that the Petition substantially complied with the procedural requirements of 30 TEXAS ADMINISTRATIVE CODE § 293.23(d) and (e), then, the ED also finds that Middle Pecos has demonstrated that it adopted rules, that its rules are designed to achieve the District's adopted DFCs, and that its rules are protective of groundwater in GMAs 3 and 7. The ED recommends the Petition be denied on substantive grounds if not on procedural grounds.

Respectfully submitted,

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Kelly Keel, Executive Director

Philip Ledbetter, Director Office of Legal Services

Charmaine Backens, Deputy Director Environmental Law Division

Brudford & Eckhart By:

Bradford Eckhart, Staff Attorney Environmental Law Division State Bar No. 24137368 P.O. Box 13087, MC 173 Austin, Texas 78711-3087 Phone (512) 239-1283 Fax: (512) 239-0606

By: Kayla munay

Kayla Murray, Staff Attorney Environmental Law Division State Bar No. 24049282 P.O. Box 13087, MC 173 Austin, Texas 78711-3087 Phone (512) 239-4761 Fax: (512) 239-0606 REPRESENTING THE EXECUTIVE DIRECTOR OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CERTIFICATE OF SERVICE

I certify that on February 18, 2025, the Executive Director's Response To Petition For Inquiry & Middle Pecos Groundwater Conservation District's Response was filed with the Texas Commission on Environmental Quality's Office of the Chief Clerk, and a complete copy was served to all parties listed in the attached Service List via electronic transmission.

Brudford & Eckhart

Bradford Eckhart, Staff Attorney Environmental Law Division State Bar No. 24137368

Mailing List Middle Pecos Groundwater Conservation District TCEQ Docket No. 2025-0017-MIS

Ryan Reed

Pulman, Cappuccio & Pullen, LLP 2161 NW Military Highway, Suite 400 San Antonio, Texas 78213 210/222-9494 FAX 210/892-1610 rreed@pulmanlaw.com

Michael Gershon Lloyd Gosselink 816 Congress Ave., Suite 1900 Austin, Texas 78701 512/322-5800 <u>mgershon@lglawfirm.com</u>

<u>Groundwater Conservation Districts</u> within Groundwater Management Area 7:

Ty Edwards Middle Pecos Groundwater Conservation District P.O. Box 1644 Fort Stockton, Texas 79735 <u>mpgcd@mpgcd.org</u>

Janae Wells Coke County Underground Water Conservation District P.O. Box 1110 Robert Lee, Texas 76945 <u>ccuwcd@wcc.net</u>

Slate Williams Crockett County Groundwater Conservation District 201 11th Street P.O. Box 1458 Ozona, Texas 76943 crockettcountygcd@gmail.com

Rhetta Hector Glasscock Groundwater Conservation District P.O. Box 208 Garden City, Texas 79739 glasscockgroundwater@yahoo.com David Huie Hickory Underground Water Conservation District No. 1 P.O. Box 1214 Brady, Texas 76825 <u>hickoryuwcd@yahoo.com</u>

Paul Tybor Hill Country Underground Water Conservation District 508 South Washington St. Fredericksburg, Texas 78624 ptybor@gmail.com

Diana Thomas Irion County Water Conservation District P.O. Box 10 Mertzon, Texas 76941 <u>icwcd@verizon.net</u>

Meredith Allen Kimble County Groundwater Conservation District P.O. Box 31 Junction, Texas 76849 kimblecountygcd@gmail.com

Genell Hobbs Kinney County Groundwater Conservation District P.O. Box 369 Brackettville, Texas 78832 <u>kinneyh2o@att.net</u>

Leon Braden Lipan-Kickapoo Water Conservation District 8934 Loop 570 Wall, Texas 76957 <u>lkwcd@frontier.com</u>

Sarah Kouba Lone Wolf Groundwater Conservation District 139 W 2nd St. Colorado City, Texas 79512 skouba@lonestargcd.org Meredith Allen Menard County Underground Water District P.O. Box 1215 Menard, Texas 76859 <u>manager@menardcountyuwd.org</u>

Jon Cartwright Plateau Underground Water Conservation and Supply District P.O. Box 324 203 SW Main St. Eldorado, Texas 76936 jonc@plateauuwcsd.com

Joel Pigg Real-Edwards Conservation and Reclamation District P.O. Box 1208 Leakey, Texas 78873 manager@recrd.org

Jonna "JJ" Weatherby Santa Rita Underground Water Conservation District P.O. Box 849 Big Lake Texas 76932 <u>srwcdist@verizon.net</u>

Diana Thomas Sterling County Underground Water Conservation District P.O. Box 873 Sterling City, Texas 76951 <u>scuwcd@verizon.net</u>

Meredith Allen Sutton County Underground Water Conservation District 301 S. Crockett Ave. Sonora, Texas 76950 manager@suttoncountyuwcd.org

Debbie Deaton Terrell County Groundwater Conservation District P.O. Box 927 Sanderson, Texas 79848 <u>debbiedeaton@hotmail.com</u> Vic Hilderbrans Uvalde County Underground Water Conservation District 200 E. Nopal, Suite 203 Uvalde, Texas 78801 ucuwcd@sbcglobal.net

Dale Adams Wes-Tex Groundwater Conservation District 100 East Third Street, Suite 305B Sweetwater, Texas 79556 dale.adams@co.nolan.tx.us

Roland Ruiz Edwards Aquifer Authority 900 E. Quincy San Antonio, Texas 78215 <u>rruiz@edwardsaquifer.org</u>

Groundwater Conservation Districts

within Groundwater Management Area 3: Greg Perrin Reeves County Groundwater Conservation District 119 South Cedar St. Pecos, Texas 79772 info@reevescountygcd.org

For the Executive Director:

Todd Galiga TCEQ Environmental Law Division MC 173 P.O. Box 13087 Austin, Texas 78711-3087 512/239-0600 FAX 512/239-0606 Todd.Galiga@tceq.texas.gov

Justin Taack TCEQ Water Supply Division MC 152 P.O. Box 13087 Austin, Texas 78711-3087 512/239-4691 FAX 512/239-2214 Justin.Taack@tceq.texas.gov

For the Office of Public Interest Counsel:

Garrett Arthur Eli Martinez TCEQ Office of Public Interest Counsel MC 103 P.O. Box 13087 Austin, Texas 78711-3087 512/239-6363 FAX 512/239-6377 Garrett.arthur@tceq.texas.gov Eli.martinez@tceq.texas.gov

For the Office of Chief Clerk:

Docket Clerk TCEQ Office of Chief Clerk MC 105 P.O. Box 13087 Austin, Texas 78711-3087 512/239-3300 FAX 512/239-3311 https://www.tceq.texas.gov/goto/eFilings

For the Office of External Relations:

Ryan Vise TCEQ External Relations Division MC 118 P.O. Box 13087 Austin, Texas 78711-3087 512/239-0010 FAX 512/239-5000 pep@tceq.texas.gov

For the Office of Alternative Dispute Resolution:

Kyle Lucas TCEQ Alternative Dispute Resolution MC 222 P.O. Box 13087 Austin, Texas 78711-3087 512/239-0687 FAX 512-239-4015 Kyle.lucas@tceq.texas.gov

Attachment A



Nominee Information	Person Nominating Information
<i>Name: Title:</i> Gary Ashmore, General Manager Gary Ashmore, G	neral Manager John Martin, General Manager John Martin, General Manager
Address/City/State: 602 E. Church St. #150, Livingston, TX	Address/City/State: 271 E. Lamar, Jasper, TX, 75951
Nominee's Groundwater Management Area: GMA 14	Affiliation: Southeast Texas GCD
Nominee's Groundwater Conservation District: Lower Trinity GCD	Phone: Fax: (409) 383-1577 (409) 383-1577
<i>Tenure with District:</i> 10 years	Email: jmartin@setgcd.org
Phone: Fax: (936) 327-9531 (936) 327-9531	31
Email: groundwater@livingston.net	

Questions about Nominee	Yes	No	Comments
Is nominee willing to serve on a review panel in accordance with Texas Water Code, §36.3011 and Title 30, Texas Administrative Code, §293.23?	\checkmark		
Is nominee willing to serve as chairman of a review panel?		\checkmark	
Is nominee willing to travel and serve at own expense?	\checkmark		One in person meeting if necessary, virtual meetings thereafter
Does nominee own land or have any other holdings or interests in Groundwater Management Area 3 and 7		$\mathbf{\overline{\mathbf{v}}}$	
Does nominee own land or have any other holdings or interests <u>adjacent</u> to Groundwater Management Area 3 and 7 ?		\checkmark	
Does nominee own land or have any other holdings or interests in the Middle Pecos Groundwater Conservation District?		\checkmark	
Please make a brief statement of the nominee's background and qualifications to serve on a review panel:			

Mr. Ashmore is an extremely qualified nominee. He has an extensive background in managing people and technical situations.

Send Nomination Forms To:				
Peggy Hunka, P.G., MC-147 Texas Commission on Environmental Quality PO Box 13087 Austin TX 78711-3087 Cell: 512-468-7282 Tel: 512-239-2789	- or -	peggy.hunka@tceq.texas.gov (put "Nominations" in the subject line)		



Nominee Information	Person Nominating Information
Name: Title: Lynn Smith, PG General Manager Lynn Smith, PG General Manager	Name: Title: r Lynn Smith, PG General Manager
Address/City/State: 614 N Plants, Seymour, TX 76380	Address/City/State: 614 N Plants, Seymour, TX 76380
Nominee's Groundwater Management Area: GMA 6	Affiliation: Self
Nominee's Groundwater Conservation District: Rolling Plains GCD	Phone: Fax: 9402734230 9402734230
<i>Tenure with District:</i> 2 years with RPGCD, 8 years with MGCD	Email: lynn@rollingplainsgcd.gov
Phone: Fax: 940-273-4230 940-273-4230	
Email: lynn@rollingplainsgcd.gov	

Questions about Nominee	Yes	No	Comments	
Is nominee willing to serve on a review panel in accordance with Texas Water Code, §36.3011 and Title 30, Texas Administrative Code, §293.23?	\checkmark		I previously served on the Starr Review Panel.	
Is nominee willing to serve as chairman of a review panel?	\checkmark			
Is nominee willing to travel and serve at own expense?	\checkmark			
Does nominee own land or have any other holdings or interests in Groundwater Management Area 3 and 7		\checkmark		
Does nominee own land or have any other holdings or interests <u>adjacent</u> to Groundwater Management Area 3 and 7 ?		\checkmark		
Does nominee own land or have any other holdings or interests in the Middle Pecos Groundwater Conservation District?				
Please make a brief statement of the nominee's background and qualifications to serve on a review panel:				
I have 10 years experience as a General Manager in Texas, 2 years with Rolling Plains GCD and 8 years with Mesquite GCD. Prior to the role at MGCD. I worked for a				

GCD and 8 years with Mesquite GCD. Prior to the role at MGCD, I worked for a geoscience/engineering firm in Texas for 18 years as a Project Manager. There, I performed work in most of the southern and southwestern US, primarily focusing on hydrogeology and geophysics projects. I am a licensed professional geoscientist in Texas.

Send Nomination Forms To:				
Peggy Hunka, P.G., MC-147 Texas Commission on Environmental Quality PO Box 13087 Austin TX 78711-3087 Cell: 512-468-7282 Tel: 512-239-2789	- or -	peggy.hunka@tceq.texas.gov (put "Nominations" in the subject line)		



Nom	inee Information	Person N	ominating Information
<i>Name:</i> Sarah Kouba	<i>Title:</i> General Manager	<i>Name:</i> Sarah Kouba	<i>Title:</i> General Manager
Address/City/State: 655 Conroe Park N	orth Drive, Conroe, TX 77303	Address/City/State: 655 Conroe Park N	lorth Drive, Conroe, TX 77303
Nominee's Groundwate Groundwater Mana		Affiliation: Lone Star Groundw	ater Conservation District
Nominee's Groundwate Lone Star Groundw	r Conservation District: vater Conservation District	Phone: 936-494-3436	Fax: 936-494-3438
Temure with District: 1.5 years		Email: skouba@lonestargcd.c	org
Phone: 936-494-3436	Fax: 936-494-3438		
<i>Email:</i> skouba@lonestarg	cd.org		

Questions about Nominee	Yes	No	Comments
Is nominee willing to serve on a review panel in accordance with Texas Water Code, §36.3011 and Title 30, Texas Administrative Code, §293.23?	V		
Is nominee willing to serve as chairman of a review panel?		\mathbf{V}	
Is nominee willing to travel and serve at own expense?			
Does nominee own land or have any other holdings or interests in Groundwater Management Area 3 and 7 ?		\checkmark	
Does nominee own land or have any other holdings or interests <u>adjacent</u> to Groundwater Management Area 3 and 7 ?		\mathbf{V}	
Does nominee own land or have any other holdings or interests in the Middle Pecos Groundwater Conservation District?		V	

Please make a brief statement of the nominee's background and qualifications to serve on a review panel: I serve as GM for a challenging groundwater district in terms of growth rate and sustainable program developmental practices. I have been GM since August of '23, so roughly 1.5 years, and as a comparatively new GM in the groundwater industry, I have been integrally invested in understanding the history of rule process development, and the differences between procedural designations district to district throughout Texas. I bring a fresh set of eyes to the groundwater management processes and standard practices industry wide. I have two decades of experience digesting challenging scenarios with solution-based approach and would bring an impartial and unbiased opinion to this panel with the intention of assisting the progress of improved clarity in established standards, either as is or amended.

 Send Nomination Forms To:

 Peggy Hunka, P.G., MC-147

 Texas Commission on Environmental Quality

 PO Box 13087

 Austin TX 78711-3087

 Cell: 512-468-7282

 Tel: 512-239-2789



Nominee Information	Person Nominating Information		
Name: Title: Zach Holland General Manager	Name: Title:		
Address/City/State:	Address/City/State:		
P.O. Box 269, Navasota, Texas			
Nominee's Groundwater Management Area:	Affiliation:		
14	Self		
Nominee's Groundwater Conservation District:	Phone: Fax:		
Bluebonnet Groundwater Conservation District			
Tenure with District:	Email:		
14 years			
Phone: Fax:			
936-825-7303 936-825-7331			
Email:			
Eholland lbluebonnetgroundwater. org			

Questions about Nominee	Yes	No	Comments
Is nominee willing to serve on a review panel in accordance with Texas Water Code, §36.3011 and Title 30, Texas Administrative Code, §293.23?	X		
Is nominee willing to serve as chairman of a review panel?		X	
Is nominee willing to travel and serve at own expense?	X		
Does nominee own land or have any other holdings or interests in Groundwater Management Area 3 and 7		X	
Does nominee own land or have any other holdings or interests adjacent to Groundwater Management Area 3 and 7 ?		X	
Does nominee own land or have any other holdings or interests in the Middle Pecos Groundwater Conservation District?		X	
Please make a brief statement of the nominee's background and	d quali	ficatio	ns to serve on a review panel:

Send Nomination Forms To:				
Peggy Hunka, P.G., MC-147 Texas Commission on Environmental Quality PO Box 13087 Austin TX 78711-3087 Cell: 512-468-7282 Tel: 512-239-2789	- or -	peggy.hunka@tceq.texas.gov (put "Nominations" in the subject line)		



Nominee Information	Person Nominating Information		
Name:Title:Ms. Laura MartinGeneral Manager	Name: Title: self self		
<i>Address/City/State:</i> PO Box 1919, Gonzales, TX 78629	Address/City/State:		
Nominee's Groundwater Management Area: GMA13	Affiliation:		
Nominee's Groundwater Conservation District: Gonzales County UWCD	Phone: Fax:		
<i>Tenure with District:</i> 10 years	Email:		
Phone: Fax: 830-672-1047 830-672-1347			
Email: generalmanager@gcuwcd.org			

Questions about Nominee	Yes	No	Comments	
Is nominee willing to serve on a review panel in accordance with Texas Water Code, §36.3011 and Title 30, Texas Administrative Code, §293.23?	\checkmark			
Is nominee willing to serve as chairman of a review panel?		\checkmark		
Is nominee willing to travel and serve at own expense?	\checkmark			
Does nominee own land or have any other holdings or interests in Groundwater Management Area 3 and 7		\checkmark		
Does nominee own land or have any other holdings or interests <u>adjacent</u> to Groundwater Management Area 3 and 7 ?		\checkmark		
Does nominee own land or have any other holdings or interests in the Middle Pecos Groundwater Conservation District ?		\checkmark		
Please make a brief statement of the nominee's background and qualifications to serve on a review panel:				

Employee of GCWUCD for 10 years, 3 years as general manager, graduate of the Texas Water Foundation-Texas Water Leaders Program.

Send Nomination Forms To:

Peggy Hunka, P.G., MC-147 Texas Commission on Environmental Quality PO Box 13087 Austin TX 78711-3087 Cell: 512-468-7282 Tel: 512-239-2789

peggy.hunka@tceq.texas.gov (put "Nominations" in the subject line)

- or -