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December 23, 2024

Via First Class Mail and
CM/RRR 7022 2410 0001 5322 5013:
Texas Commission on Environmental Quality ("TCEQ")
Office of the Chief Clerk
PO Box 13087
Austin, Texas 78711-3087

Re: Certified Statement: Petition for Inquiry filed by Cockrell Investment Partners, L.P. ("Cockrell") concerning the Middle Pecos Groundwater Conservation District ("District")

Dear Chief Clerk:

Cockrell is a landowner and groundwater permitholder within the jurisdiction of the District. Cockrell owns and operates Belding Farms, a 2,205-acre commercial pecan orchard consisting of approximately 77,000 mature trees. For its orchard, Cockrell utilizes its water rights in the Edwards-Trinity Aquifer, the Rustler Aquifer, and the Capitan Reef Aquifer. Cockrell is one of the few groundwater users who has diversified its production amongst aquifers, partly to reduce the strain on the Edwards-Trinity Aquifer. Cockrell currently holds an Historic and Existing Use Permit, issued in July 2006, for 16 wells totaling 15,528.846-acre feet of groundwater, which is used to irrigate its orchard. The orchard is part of a larger 6,663.18-acre property owned and leased by Cockrell.

Cockrell is an affected person as defined in Texas Water Code Section 36.3011(a), as it is an owner of land in the management area. Cockrell hereby submits this Petition for Inquiry pursuant to 30 Texas Administrative Code Section 293.23 and Texas Water Code Section 36.3011(b), as it is Cockrell's position that (i) the District has failed to adopt rules, (ii) the rules adopted by the District are not designed to achieve the desired future conditions, and (iii) the groundwater in the management area of the District is not adequately protected by the rules it has adopted.

Please accept this letter Cockrell's Certified Statement under Texas Administrative Code Section 293.23(d).

Executive Summary

The District is subject to the TCEQ's review for three reasons set forth in this Petition for Inquiry.

- First, the District has failed to adopt rules. The District has implemented special permit conditions for the Edwards-Trinity Aquifer (the "Aquifer") in connection with one large permit, but has failed to adopt related rules that apply to all permitholders. Furthermore, Cockrell has presented the District with three separate rule petitions, seeking meaningful modifications and alterations to the District's Rules designed to protect the Aquifer for all permitholders, but in each instance the District has denied the rule petitions and refused to engage in any rulemaking. In short, the District appears to believe it can rely on its ill-defined emergency powers and does not want to limit itself in the future by adopting rules.

- Second, the rules adopted by the District will not effectuate the Management Plan or achieve the Desired Future Conditions ("DFCs"). The District is relying on special permit conditions – not rules – related to one large export permit, which, if fully produced, will significantly draw-down the Aquifer without regard to the DFCs. The District's Rules lack any meaningful precautions that would ensure the DFCs are met. Moreover, Cockrell presented the District with a rule petition seeking to define conditions that would aim to ensure the District is on track to achieve the DFCs, but the District declined to engage in rulemaking.

- Third, the groundwater management area is not adequately protected by the District's Rules. The District must concede it does not know the impacts on the Aquifer if full production of the large export permit happens year after year. It is years late on completing the modeling and technical memoranda that it contends will support the special permit conditions, and it now seeks to downplay the importance of the technical memoranda and modeling. The only protection the District has for the Aquifer in the face of a large export permit are special permit conditions on the export permit that actually allow for water levels to decline significantly from current levels, and only require pumping to be cutback if the Aquifer does not recover in the following winter. The special permit conditions can be gamed by moving pumping throughout the well field, further resulting in a lack of protection for the Aquifer. Lack of year-round protection of the Aquifer through rules applicable to all groundwater permitholders remains a crucial and unaddressed issue.

Cockrell is pursuing every remedy available to it to ensure the District protects all aquifers within its jurisdiction. This Petition for Inquiry is not intended to second guess or seek review of any other remedy employed by Cockrell. This Petition for Inquiry is submitted because the statutory elements are triggered.

The FSH Export Problem

Fort Stockton Holdings, L.P. ("FSH") owns and/or leases approximately 18,000 acres within the jurisdiction of the District, which it has historically farmed. The FSH property is located contiguous and adjacent to Cockrell's property. FSH has an Historic and Existing Use Permit for 47,418 acre-feet[1] of groundwater from the District. FSH has not, until recently, metered its water usage. Estimated data for the last twenty years submitted by FSH to the District demonstrates that FSH has used, on average, slightly more than 30,000 acre-feet of groundwater annually.[2]

On or about July 13, 2009, FSH submitted a permit application (the "FSH 2009 Application") to the District, seeking the right to export its 47,418 acre-feet of groundwater from the District. In May 2011, the District denied the FSH 2009 Application after an evidentiary hearing. FSH challenged the District's decision in district court, and when the district court affirmed the District's decision, FSH appealed to the Eighth Court of Appeals.

While the appeal was pending, in January 2016, FSH and Republic Water Company of Texas, LLC ("Republic") entered into a groundwater lease agreement permitting Republic to "explore and/or drill for, pump, transport, market, and sell" groundwater from the FSH property, which was the subject of the FSH 2009 Application. On or about February 1, 2016, Republic submitted its own application (the "Republic Application") seeking a permit to produce and export 28,500 acre-feet of groundwater from the same land and wells that were the subject of the FSH 2009 Application. The Republic Application was essentially a recast version of the previously denied FSH 2009 Application, just seeking to export less water.

By the spring of 2017, apparently exhausted with litigation and lobbying efforts from FSH, the District entered into a settlement agreement with FSH and Republic. Under the settlement agreement[3], the District agreed to approve an export permit for FSH (not Republic) for the same volume of water and from the same property and wells as the Republic Application, provided that Republic withdrew its application and FSH reduced the amount of its Historic and Existing Use permit by 28,500 acre feet. The District and FSH orchestrated this settlement in a fashion that was intended to deprive interested stakeholders, like Cockrell, of the right to challenge the permit. The District, pretending it was dealing with FSH's 2009 Permit Application on remand from the court of appeals (which was heavily interlineated and altered at the time of its consideration), approved an export permit in FSH's favor for 28,500 acre-feet of groundwater.[4] By dealing with FSH's Application in this fashion, the District intentionally eliminated the rights of an affected groundwater permitholder.

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[1] When the District granted Historic and Existing Use Permits, it did not verify that the permitted amount represented actual, consistent groundwater usage. The FSH Historic and Existing Use Permit amount represents the highest estimated volume of groundwater that FSH pumped during the historic period, without any significant substantiation.
[2] See Exhibit 1, FSH Water Usage.
[3] See Exhibit 2, FSH Settlement Agreement.
[4] See Exhibit 3, FSH Amended Application (Interlineated in 2017), with Special Permit Conditions.

From this point in time forward, the District has continued to favor one groundwater permitholder, intentionally excluding Cockrell at every turn by dubious interpretations of the rules and statutes. In doing so, the District has demonstrated its willingness to abandon its obligation to adequately protect the Edwards-Trinity Aquifer and other aquifers it is charged with conserving, ostensibly so that it will be in compliance with a settlement agreement that allows for significant and unprecedented production and export of groundwater.

The District's Purported Protection of the Aquifer

In the course of approving the FSH Export Permit, the District feigned protection of the Aquifer, while allowing FSH to produce and export its water without timely abatement mechanisms. In nearly all other water districts, the focus is on the drawdown of the aquifer. However, in this case, the District focuses solely on recharge, looking backward rather than forward – regardless of how much the Aquifer declines, once recharge has occurred, there are no protections until the following winter.[5] The District effectively had to find a way to allow FSH to produce 28,500 acre-feet of groundwater for export, as well as to continue the use of the other nearly 20,000 acre feet of its Historic and Existing Use Permit for its agricultural operations.

Thus, FSH proposed, and the District adopted a set of special permit conditions – not rules – that attach only to the FSH Export Permit. The special permit conditions do not provide thresholds at which pumping of water is cutback as the Aquifer declines. Instead, the permit conditions focus on recharge every winter. Thus, FSH could drawdown the Aquifer to dangerously low levels – levels that have not been observed and documented in the District's history, and the District's only concern under the special permit conditions is whether the Aquifer will recharge. If it does, the District will allow the pumping to continue, despite the production negatively affecting other permit holders. If it does not recharge, then, and only then will FSH be cutback to certain degrees in the following year. Adding insult to injury, the thresholds chosen for recharge are dramatically lower than the water levels observed for the last twenty years.

The special permit conditions and recharge plan are effectively based on a one-page table, included in both the FSH Permit and the Proposed Changes to Management Zone 1 Report, which excludes key details such as the time measurements will occur. Cockrell has analyzed the recharge plan and special permit conditions and has determined that FSH's production, which is likely to increase by 153% when it fully begins exporting, may, over time, lower the Aquifer significantly as demonstrated in the attached table.[6] Cockrell has highlighted the problems with the District's model and special permit conditions[7], but has not received any meaningful response from the District, other than conjecture by its retained hydrogeologist who created the model and drafted the special permit conditions. Ultimately, the District's special permit conditions and rules lack year-round protection for the Aquifer, a mechanism for meaningful and timely production cutbacks, and any standards related to the District's use of its emergency powers.

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[5] See Exhibit 4, Proposed Changes to Management Zone 1 and Proposed Monitor Well Data, Table 6.
[6] See Exhibit 5, Prison Well Chart reflecting Minimum Recovery.
[7] See Exhibit 6, Wet Rock Groundwater Services Summary of Proposed Special Permit Conditions.

The Litigation

Even after the District and FSH entered into the Settlement Agreement and Cockrell was sidelined, Cockrell continued to try to work with the District. Unfortunately, the District refused to take action to rectify Cockrell's concerns. Thus, Cockrell, to protect its interests, had to file lawsuits challenging the District. The litigation is in various stages, and none of it has been fully adjudicated or resolved. Cockrell is not asking the TCEQ to investigate or second guess any aspect of the litigation, but references it for history and to demonstrate that Cockrell is pursuing all available options to address the issues it has with the District. A summary of the litigation is included.[8]

On October 10, 2017, Cockrell filed a lawsuit challenging the District's Settlement with FSH. Cockrell was denied its request for Party Status on the FSH 2017 Permit Application and subsequently sought an administrative appeal of the District's denial. The district court granted a plea to the jurisdiction in favor of the District. The appellate court ultimately determined that it lacked jurisdiction over the matter. Cockrell then filed a Petition for Review with the Texas Supreme Court, where the case is currently pending.

The FSH Export Permit was set to expire on July 18, 2020, and by that time, no water conveyance system had been constructed. In April 2020, FSH submitted a renewal application to the District. Cockrell, citing its proximity to the FSH property and the potential impact on its water rights, sought party status just as it had in connection with FSH's 2017 application. While its request for party status was ignored, Cockrell explained that under Sections 36.122(i) and (j), FSH's Export Permit automatically expired after three years, and FSH needed to submit a new application. However, at a hearing on June 16, 2020, the District's Board of Directors announced that no further action was required, allowing a May 22, 2020, letter from Ty Edwards, the District's General Manager, to stand, which ostensibly renewed FSH's Export Permit for an additional three-year term. Cockrell challenged this decision, arguing that Section 36.1145, which Mr. Edwards relied upon, did not apply to export permits issued under Section 36.122(i)(1). Again, the district court granted a plea to the jurisdiction, the appellate court determined that it lacked jurisdiction, and Cockrell appealed to the Texas Supreme Court, where this case is currently pending.

In the spring of 2023, with FSH's Export Permit again nearing the end of its term (with still no conveyance system under construction despite the statutory requirement), Cockrell filed another lawsuit against Mr. Edwards, in his official capacity, seeking declaratory and injunctive relief to prevent him from improperly renewing FSH's Export Permit for a second time. Owing to the court clerk disclosing the lawsuit to counsel for the District, on May 3, 2023, FSH became aware of the lawsuit and submitted a renewal application (the "FSH 2023 Renewal Application"). On May 8, 2023, Mr. Edwards signed a letter purporting to renew the FSH Export Permit for another three-year term. In short, as soon as Mr. Edwards learned of the lawsuit, he renewed the permit before an injunction hearing could occur, and took the position that his action in doing so, even if illegal, mooted the legal challenge. The district court again granted a plea to the jurisdiction, and the case

[8] See Exhibit 7, Summary of Litigation.

is now pending and abate before the Eighth Court of Appeals, pending determinations of the prior cases by the Texas Supreme Court.

Thereafter, the renewal request was set on the District's agenda for May 2023. Cockrell submitted a Request for Party Status on May 15, 2023, along with a Request for Hearing, but the District's Board of Directors took no action at its May 16, 2023 Meeting, allowing the General Manager's renewal to stand. Cockrell then filed two additional lawsuits challenging the District's renewal of the FSH 2023 Renewal Application, again seeking administrative review of this renewal. These lawsuits are currently pending at the district court level.

While Cockrell continues to be willing to work with the District, it must also protect its interests through the appropriate legal avenues. The District's conduct in the course of the litigation demonstrates it has no interest in doing anything but protecting the FSH Permit.

The Rulemaking Efforts

While litigation has been pending, Cockrell has continued to lobby the District to enact protective rules. In 2020 and 2021, Cockrell met with the District and its representatives on numerous occasions to discuss Cockrell's framework to protect the aquifer, which included concrete proposals on thresholds and water levels, but the District did nothing in response to Cockrell's informal proposals for rules.

By September 2023, the Texas legislature passed a bill that allowed for an interested groundwater owner to seek rulemaking by the District. On September 5, 2023, Cockrell filed a Petition for Rulemaking before the District pursuant to the newly enacted Texas Water Code Section 36.1025. Cockrell requested that the District engage in rulemaking to consider Cockrell's framework for a year-round threshold, a concept that was similar to what Cockrell lobbied for previously.[9] On March 18, 2024, the District denied Cockrell's Petition for Rulemaking, claiming that no further rules were necessary to protect the Aquifer.

On August 19, 2024, Cockrell filed two additional Petitions for Rulemaking[10], requesting that the District conduct rulemaking hearings to (1) create a mitigation fund with revenue collected through export fees, and (2) define unreasonable impacts to the aquifer, which are specifically related to achievement of the DFCs. On October 15, 2024, after hearing from Cockrell, the District voted unanimously to deny the Petitions for Rulemaking. On November 19, 2024, after 90 days from the date of submission, the District articulated in writing the reasons for denial. Despite the written reasons, the District's position is most accurately reflected in statements by board members. At the September 2024 Board Meeting, approximately 33 minutes into the meeting, Board Member Jeff Sims stated "Can we just put an end to all of this and say we're happy with our rules and we're not going to listen to what you have to say?"[11]

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[9] See Exhibit 8, Cockrell's September 2023 Petition for Rulemaking.
[10] See Exhibit 9, Cockrell's August 2024 Petitions for Rulemaking.
[11] Audio Transcript to be provided upon request.

Cockrell has tried informally and formally on three occasions to get the District to consider and adopt rules that would adequately protect the aquifer, and each time it has been rebuffed.

The District's Failures

The District's mission statement provides:

The District is committed to manage and protect the groundwater resources of the District. The District was created to help maintain a sustainable, adequate, reliable, cost effective and high quality source of groundwater to promote the vitality, economy and environment of the District. The District will work with and for the citizens of the District and cooperate with other local, regional and State agencies involved in the study and management of groundwater resources. www.middlepecosgcd.org/about-us/, Nov. 18, 2024.

The District is failing to follow its mission statement, as well as failing to adopt rules to achieve its management plan, ensure its rules achieve the desired future conditions, and ensure its rules adequately protect the aquifers it is charged with protecting. It has shown favoritism to one groundwater permitholder. It has intentionally and wrongfully deprived Cockrell of party status. It has declined to act in accordance with the law on multiple occasions, resulting in litigation. It has agreed to special permit conditions that would allow for production far beyond consistently documented amounts. It focuses on recharge, when it lacks data on the performance of the Aquifer at lower levels.

It has been given the opportunity to consider rulemaking on subjects to include: production cutbacks, mitigation funding, and unreasonable impacts tied to desired future conditions. Yet it has declined to consider additional rules on these critical issues, even when it is behind schedule on completing modeling and technical memoranda that it claims will support the special permit conditions.[12] It continues to insist on relying on its ill-defined emergency powers, making the excuse that no exports are occurring. In short, the District is adopting a wait-and-see approach, hoping to figure out what happens after major capital is expended to allow for the export of more water being consistently produced from the Aquifer than has been historically observed.

Topping it all off, the District allows several conflicts of interest that undermine its credibility. The District's General Manager is the nephew of the board president, board members espouse the sentiment that they do not want to consider other persepctives, board members have vested interests in ensuring that their groundwater rights are not further regulated, and the board operates with a general hostility to anyone who suggests it could improve.

[12] See Exhibit 10, MPGCD Model – Technical Memoranda Status.

Conclusion

For nearly a decade, Cockrell has raised serious concerns about the District's failure to adopt meaningful rules that would protect all parties with a real property interest in the Aquifer in the face of efforts by FSH to produce and export unprecedented amounts of water in a manner that has never been historically observed and for which there is no data indicating the likely effects on the aquifer. The District comes off as a novice cliff jumper who has elected, without experience, to jump from the highest level and see what happens. This is not responsible conservation and management, and the lack of rules to protect the aquifers merits inquiry.

Pursuant to Texas Water Code Section 36.3011(b), Cockrell submits this certified statement with its supporting documentation and now requests that the TCEQ inquire into the actions and/or inactions of the District regarding the District's failure to adopt clear and protective rules to protect its charge.

Kindest regards,

Ryan C. Reed

CC: Middle Pecos Groundwater Conservation District
Michael Gershon, counsel for MPGCD
Members of GMA3 and GMA7 (per attachment)

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OFFICE LOCATIONS:
SAN ANTONIO

Groundwater Conservation Districts within Groundwater Management Area 7:

Middle Pecos Groundwater Conservation District
P.O. Box 1644
Fort Stockton, TX 79735

Coke County Underground Water Conservation District
P. O. Box 1110
Robert Lee, TX 76945

Crockett County Groundwater Conservation District
201 11th Street
P.O. Box 1458
Ozona TX 76943

Glasscock Groundwater Conservation District
PO Box 208
Garden City, TX 79739

Hickory Underground Water Conservation District No. 1
PO Box 1214
Brady, TX 76825

Hill Country Underground Water Conservation District
508 South Washington St.
Fredericksburg, TX 78624

Irion County Water Conservation District
P.O. Box 10
Mertzon, Texas 76941

Kimble County Groundwater Conservation District
731 Main Street, Suite B
P.O. Box 31
Junction, Texas 76849

Kinney County Groundwater Conservation District
P.O. Box 369
Brackettville, Tx 78832

Lipan-Kickapoo Water Conservation District
8934 Loop 570
Wall, TX 76957

Lone Wolf Groundwater Conservation District
139 W 2nd St
Colorado City, TX 79512

Menard County Underground Water District
P.O. Box 1215
Menard, Texas 76859

Plateau Underground Water Conservation And Supply District
P.O. Box 324
203 SW Main St.
Eldorado, Texas 76936

Real-Edwards Conservation And Reclamation District
P.O. Box 1208,
Leakey, TX 78873

Santa Rita Underground Water Conservation District
PO Box 849
Big Lake TX 76932

Sterling County Underground Water Conservation District
P.O. Box 873
Sterling City, TX 76951

Sutton County Underground Water Conservation District
301 S. Crockett Ave.
Sonora, Texas 76950

Terrell County Groundwater Conservation District
P.O. Box 927
Sanderson, Texas 79848

Uvalde County Underground Water Conservation District
200 E. Nopal, Suite 203
Uvalde, TX 78801

Wes-Tex Groundwater Conservation District
100 East Third Street, Suite 305B
Sweetwater, Texas 79556

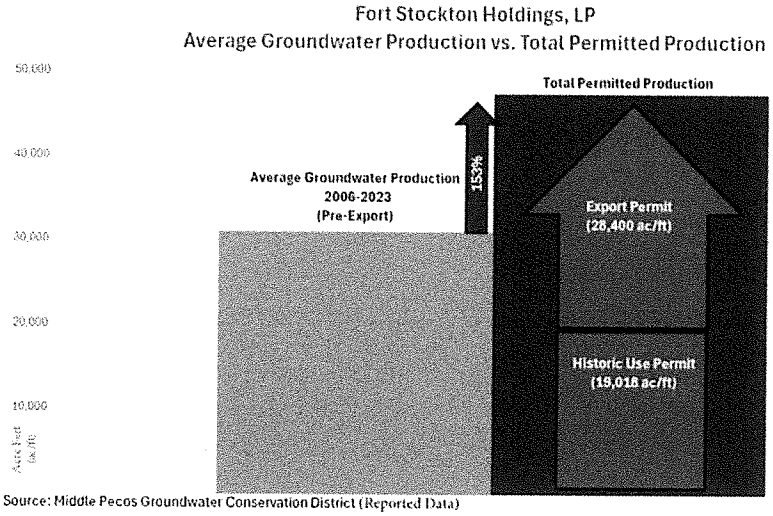
Edwards Aquifer Authority
900 E. Quincy
San Antonio, TX 78215

Groundwater Conservation Districts within Groundwater Management Area 3:

GMA3:
Reeves County Groundwater Conservation District
119 South Cedar
Pecos, TX 79772

EXHIBIT 1

FSH Average Groundwater Production vs. Permitted Production



Source: Middle Pecos Groundwater Conservation District (Reported Data)

EXHIBIT 2

FSH Settlement Agreement

Privileged & Confidential Settlement Proposal
Pursuant to TRE 408

SETTLEMENT PROPOSAL

The purpose of the settlement proposal below is to resolve the following outstanding matters between and among the Middle Pecos Groundwater Conservation District ("MPGCD"), Fort Stockton Holdings, LP and Clayton Williams Farms, Inc. and any affiliated individuals and/or business entities (collectively "FSH") and Republic Water of Texas, LLC and any affiliated individuals and/or business entities ("Republic")(collectively, the "Parties")(the "Settlement Proposal"):

(1) FSH's appeal of the 83rd Judicial District Court's judgment in Cause No. P-7047-83-CV on FSH's administrative appeal of MPGCD's decision on FSH's permit application pending before the El Paso Court of Appeals under Case No. 08-15-00382-CV and the underlying application for a new operating permit;

(2) Republic's permit application pending before MPGCD on referral to the State Office of Administrative Hearings as Docket No. 959-17-3195, set for preliminary hearing May 18, 2017;

(3) Republic's appeal of the 112th Judicial District Court's final judgment on Republic's First Amended Request for Issuance of Writ of Mandamus pending before the El Paso Court of Appeals under Case No. 08-17-001-CV; and

(4) FSH's and Republic's efforts to lobby passage of legislation that affects MPGCD;

(5) Desired Future Conditions ("DFCs") for aquifers located in Pecos County, which were adopted by the districts in Groundwater Management Areas 3 and 7 in 2017;

(6) District Rule 10.5 ("Management Zones) interpretation and possible amendment (to provide more certainty for stakeholders in Management Zone 1 regarding (A) acceptable aquifer level fluctuations and (B) thresholds for pro rata cutbacks when aquifer level declines); and

(7) FSH's takings claim pending in the 83rd Judicial District Court under Cause No. P-7047A-83-CV.

Objectives

Resolve the above-referenced matters; outstanding permit applications; litigation between and among MPGCD, FSH and Republic; efforts to lobby passage of legislation that affects MPGCD; DFCs for aquifers located in Pecos County, which were adopted by the districts in Groundwater Management Areas 3 and 7 in 2017. Provide more certainty to permit holders on possible future pro rata cutbacks in Management Zone 1. The Parties recognize that other groundwater rights owners in Pecos County may be interested in and potentially affected by the settlement terms and conditions contemplated below. The Parties must collaborate to address those stakeholders' interests that are directly related to the settlement terms below. Ensure that the statutory purpose is

carried out 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 as contemplated by Texas law.

Settlement Proposal

The Parties agree to settle the outstanding issues under the following terms and conditions:

The Parties agree to bring this settlement proposal to the attention of the protestants of the FSH application (Beard Family, Brewster County GCD, City of Fort Stockton, McKenzie Family, Pecos County, Pecos County Water Control and Improvement District No. 1, and Ryan Family) and Republic application (City of Fort Stockton, Cockrell Investment Partners, L.P., Hunnicutt and Mosley Families (Kennedy Ranch), Pecos County, and Pecos County Water Control and Improvement District No. 1). With respect to the FSH application, FSH and the District agree to propose that the Parties withdraw their protest or participate in a remand hearing consistent with the terms below.

MPGCD	FSH	Republic
1. Consistent with administrative law and hearing procedure on remand, MPGCD agrees to grant FSH's original Application for a new Operating Permit authorizing the production and beneficial use of groundwater for 28,400 acre-feet of Edwards-Trinity Aquifer water per year produced from the FSH-owned (not leased) properties for municipal, industrial, and agricultural purposes within and outside of the District. The permit term shall be three years as provided for in Texas Water Code Section 36.122(i)(1), or thirty years as provided for in Texas Water Code Section 36.122(i)(2).	1. FSH agrees (i) to accept a new Operating Permit authorizing municipal, industrial and agricultural use within and outside of the District for 28,400 acre-feet per year and (ii) to file in writing a request to reduce production under the original application by 19,018 acre-feet from 47,418 acre-feet to 28,400 acre-feet. Production from this Operating Permit shall be from those wells in those amounts set forth on a well schedule agreed upon by the Parties; provided, however, FSH may file applications for new or replacement wells as authorized by MPGCD's rules. 2. FSH agrees not to file a permit application to produce additional quantities of groundwater from the Edwards-Trinity aquifer on the properties at issue in FSH's application for a period of not less than five (5) years.	1. On the timeline set forth in the procedural steps below this schedule, Republic will: a) withdraw its application; b) move to dismiss its appeal; c) pay MPGCD its court costs and fees for attorneys and experts for the lawsuits and the pending permit proceeding in the total amount of $404,990.54. 2. Republic agrees to the same commitments made by FSH in ¶¶ 9-13 in this Settlement Proposal.

MPGCD	FSH	Republic
2. MPGCD agrees to work with FSH to have (A) the governmental intervenors withdraw their appeal of the District Court ruling on standing as well as (B) the governmental protestants and other protestants to withdraw their claims and objections to FSH's Operating Permit request described in Paragraph 1 of this column (MPGCD's commitments). 3. MPGCD agrees to include a permit condition in the FSH Operating Permit governing production restrictions based on aquifer-level triggers in certain monitoring wells located within Management Zone 1 to be developed in coordination with FSH and other stakeholders and then subject to rulemaking [continuing the dialogue and review of the concept Jeff Williams and Mike Thornhill presented on March 28, 2017, and then expanded upon and vetted with the Parties' scientists on April 17, 2017] 4. MPGCD agrees to initiate rulemaking to propose changing Management Zone 1 boundaries and operating conditions to recognize hydrogeological differences between South Coyanosa and Belding areas (proposed rule change to be developed in	3. FSH agrees to include a permit condition in the new Operating Permit governing production restrictions based on aquifer-level triggers described in Paragraph 3 of the MPGCD column. If MPGCD imposes Management Zone 1 pro-rata cutbacks and those cutbacks are less restrictive than the restrictions in the special permit condition, the less restrictive cutbacks are applicable to FSH. FSH agrees that it is subject to the District's rules as may be amended. The Operating Permit will also include a condition mandating the development and adoption of a conservation plan consistent with the District's rules, including a provision requiring FSH's subsequent customers to develop and implement water conservation plans consistent with the District's Rules, including notice of potential curtailment of production. 4. FSH agrees to apply for a permit amendment and/or revocation, as applicable, requesting to surrender 28,400 acre-feet of its 47,418 acre-feet of H&E Permits (retaining the remaining 19,018 acre-feet of H&E Permits for agricultural use) upon the condition that the permit amendment and/or revocation is granted simultaneously with the grant of the new non-appealable Operating Permit described in this Settlement Proposal. The permit amendment and/or revocation of H&E Permits are	3. In the future Republic agrees not to file a permit application to produce from the Edwards-Trinity aquifer on the properties at issue in FSH's application.

MPGCD	FSH	Republic
coordination with FSH and other stakeholders).	described on the attached Well Schedule. Production from the remaining H&E permits shall be from those wells in those amounts set forth on the attached Well Schedule. 5. FSH agrees to meter and report separately water produced from its wells for agricultural use on the FSH property and water transported for municipal and industrial purposes off the property under its H&E Permits and the new Operating Permit. 6. FSH agrees that MPGCD shall retain the funds in the Registry of the Court related to FSH's appeal of the above-referenced Cause No. P-7047-83-CV. 7. FSH agrees to designate at least four (4) of its existing wells as monitor wells and install monitoring and associated satellite telemetry equipment to allow MPGCD to monitor aquifer conditions based upon its production. The selection of the wells and details of the monitoring equipment and related commitments must be mutually agreed upon with MPGCD and memorialized in a monitoring well agreement between FSH and MPGCD. 8. FSH agrees to pay MPGCD an export or transport fee on groundwater produced and delivered for beneficial use outside of the District at a rate either on a per acre-foot or 1,000 gallon unit basis consistent with other export fee	

MPGCD	FSH	Republic
	rates the District has negotiated recently, which the Parties anticipate to be an agreed export fee rate of $0.025 per 1,000 gallons. This agreement will be similar to existing agreements for payment of export fees recently entered into with other MPGCD permittees and memorialized in FSH's new Operating Permit as a permit condition. 9. FSH agrees to support passage of MPGCD's export fee bill filed as HB 2363. FSH will not oppose the director qualifications bill filed as HB 3605 by Rep. Nevarez. FSH agrees to support the language of both bills as originally filed. 10. FSH agrees to request Rep. Larson amend his "Sunset Bill" (HB 4235) to remove MPGCD. FSH agrees not to support any legislative efforts specifically referencing the MPGCD in the 85th and 86th Legislative Sessions that impact or change in any way the current regulatory structure, governance, management, and/or funding mechanism of MPGCD, and/or other change to MPGCD's enabling act without the MPGCD Board's express written consent. FSH agrees not to support any legislative effort in the current or any future Legislative Session that in any way compromises this Settlement Proposal. The limitations on FSH in this Paragraph 10 do not apply in the event the	

MPGCD	FSH	Republic
	District takes any action, including by rule, order or legislative amendment that impairs FSH's permit or compromises this Settlement Proposal. 11. FSH agrees to communicate in writing its positions on the legislation and legislative efforts described in Paragraphs 9 and 10 in this column (FSH's commitments) to appropriate members of the Texas Legislature with a copy to MPGCD. 12. FSH agrees not to appeal or otherwise challenge the DFCs adopted for aquifers located in Pecos County, which were adopted by the districts in GMAs 3 and 7 in 2017. 13. FSH will look to the development of aquifers other than the Edwards-Trinity Aquifer (specifically, the Capitan and/or Rustler Aquifers) for additional permitted water for export for municipal and industrial purposes before applying for permits to export additional Edwards-Trinity Aquifer water for municipal and industrial use.	

Settlement requires some procedural steps since litigation is ongoing in the case and the Texas Legislature is in session. The procedural steps are as follows and on the following timeline:

Immediately (within seven (7) calendar days of date last party signs):

- FSH and the District announce to the Court of Appeals that a tentative settlement had been agreed to by filing a joint motion the Court vacation the district court judgment without

regard to the merits and remand FSH's application to the Middle Pecos Groundwater Conservation District for further proceedings consistent with this Settlement Proposal. The prospect of the District Court judgment affirming the District's denial of FSH's permit in 2011 becoming final and non-appealable must be addressed. FSH maintains that the Parties need to petition the Court of Appeals to vacate the District Court's judgment based upon the sole objective being to allow the Parties to maintain the "status quo" and not prejudice either Party's rights in the event the District fails to issue the permits as specified in this Settlement Proposal. To achieve this goal, FSH and the District agree to the terms set forth in the attached Procedures Addendum, which is incorporated herein for all purposes.

- Republic and the District file a joint motion petitioning the Court of Appeals to abate the Republic appeal pending issuance of a permit to FSH as contemplated herein.
- District initiates rulemaking to change Management Zone 1 boundaries to recognize hydrogeological differences between South Coyanosa and Belding areas (Parties to coordinate and District to issue rulemaking hearing notice within 30 (thirty) calendar days).
- District initiates rulemaking regarding Management Zone 1 to establish (A) acceptable aquifer level fluctuations and (B) thresholds for pro rata cutbacks when aquifer level declines in certain monitoring wells (Parties to coordinate and District to issue rulemaking hearing notice within 30 (thirty) calendar days).
- FSH and Republic to memorialize in writing its positions on the legislation and legislative efforts described in Paragraphs 9, 10 and 11 above to the Texas Legislature.
- FSH files application to amend and/or revoke and/or surrender H&E permits consistent with FSH commitment in Paragraph 4 in the schedule above (FSH's commitments) upon the condition that the permit amendment and/or revocation is granted simultaneously with the grant of the new non-appealable Operating Permit described in this Settlement Proposal.

Immediately upon and no later than 20 (twenty) calendar days of Court of Appeals' remand to District:

- District issues 10-day hearing notice and, thereafter, conducts remand hearing to act on FSH's pending operating permit application.
- District issues 10-day hearing notice and conducts hearing on FSH's application to amend H&E permits (on same date as remand hearing).

As long as legislation described in the footnote below[1] is not passed out of the Texas Legislature's House of Representatives during the 85th Regular or any Special Sessions, then,

[1] The legislation referenced in this clause includes only legislation specifically referencing MPGCD that impacts or changes in any way the current regulatory structure, governance, management, and/or funding mechanism of MPGCD, and/or any other change to MPGCD's enabling act without the MPGCD Board's express written consent. If legislation described in this footnote is passed out of the Texas Legislature's House of Representatives, then this Settlement Proposal is null and void.

on same date as District's permit hearing and remand hearing (before 5:00 p.m. (C.D.S.T.)):

- District's Board considers permitting factors and approves pending applications on terms specifically set in this Settlement Proposal.
- Immediately after Board approval of applications, FSH and Republic each e-files notice/motion requesting that funds in Court registry in their respective cases be released to District.
- Immediately after Board approval of applications, FSH e-files notice/motion to dismiss with prejudice its takings lawsuit pending in state district court.
- Immediately after Board approval of applications, Republic wire transfers funds to the District in the agreed amount of $404,990.54 consistent with Republic's commitment in Paragraph 1(c)(Republic's commitments).
- Immediately after Board approval of applications, Republic e-files notice/motion to dismiss with prejudice its appeal pending at Court of Appeals.
- Contemporaneously with Republic's e-filings and confirmation Republic's funds received, District issues new and amended permits to FSH.

Within 60 (sixty) calendar days of issuance of permits:

- Monitoring well agreement entered and monitoring wells and above-described monitoring equipment installed and in service consistent with Settlement Proposal.

Within 90 (ninety) calendar days of initial rulemaking hearing notice:

- District's Board agrees to act on rules proposing change to Management Zone 1 boundaries, acceptable aquifer level fluctuations within Management Zone 1, and thresholds for pro rata cutbacks when aquifer level declines within Management Zone 1.

The Parties agree that if any of the three Parties fail to meet any commitment in this Settlement Proposal, this Settlement Proposal is null and void. Accordingly, the Parties agree to the need for contemporaneous actions on the critical components associated with this Settlement Proposal as expressly provided for in the above-stated timeline. The Parties expressly agree that they intend to and will implement their respective commitments on the timeline set forth in this Settlement Proposal and that any delays must be mutually agreed upon in writing. However, the Parties agree that there is no remedy for damages or specific performance; the agreed-upon sole remedy is that this Settlement Proposal is null and void and the Parties agree to be put back in the same posture they were in pre-Settlement Proposal, which includes revocation of the permits issued and the enforceable reinstatement of FSH's appeal of the District's decision in 2011 to deny FSH's permit application as expressly agreed in the Procedures Addendum.

EXECUTED IN FOUR DUPLICATE ORIGINALS by the following four duly authorized representatives:

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

by: _____ 4-26-17
Board President Date

Attest: _____ 4-26-17
Board Secretary Date

FORT STOCKTON HOLDINGS, L.P.

by: _____
Managing Partner Date

CLAYTON WILLIAMS FARMS, INC.

by: _____
Date

Title: _____

REPUBLIC WATER COMPANY OF TEXAS, LLC

by: _____ 4/28/17
Managing Principal Date

EXECUTED IN FOUR DUPLICATE ORIGINALS by the following four duly authorized representatives:

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

by: _____ 4-26-17
Board President Date

Attest: _____ 4-26-17
Board Secretary Date

FORT STOCKTON HOLDINGS, L.P.

by: _____ 4-28-17
Managing Partner Date

CLAYTON WILLIAMS FARMS, INC.

by: _____ 4-25-17
Title: President Date

REPUBLIC WATER COMPANY OF TEXAS, LLC

by: _____
Managing Principal Date

EXECUTED IN FOUR DUPLICATE ORIGINALS by the following four duly authorized representatives:

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

by: _____ 4-26-17
Board President Date

Attest: _____ 4-26-17
Board Secretary Date

FORT STOCKTON HOLDINGS, L.P.

by: _____
Managing Partner Date

CLAYTON WILLIAMS FARMS, INC.

by: _____
Date

Title: _____

REPUBLIC WATER COMPANY OF TEXAS, LLC

by: _____
Managing Principal Date

Privileged & Confidential Settlement Proposal
Pursuant to TRE 408

FSH/CWF Well Schedule

(this scheduled is a template provided for illustrative purposes as the format anticipated to be used by the Parties for the purposes indicated in the Settlement Proposal)

MPGCD Well ID	Farm/ Well Name	Amount of H&E	Proposed Reduction to H&E (if any)	Located on Property Owned in Fee Simple by FSH/CWF	Located on Leased Property
200502923 etc. (to be completed for all wells)	S-1	458.00		X	

Privileged & Confidential Settlement Proposal
Pursuant to TRE 408

PROCEDURES ADDENDUM

If MPGCD fails to issue the new operating permit to FSH, and amend FSH's Historic and Existing Use Permits, so as to breach the Settlement Proposal:

(1) FSH and MPGCD agree that FSH may appeal the District's action, and that the respective Parties will file the following pleadings and other documents in the 83rd Judicial District District Court in substantially the same form and substance originally filed in Cause No. P-7047-83-CV:

   (A) Original Petition
   (B) Amended Plea to the Jurisdiction or, in the Alternative, Motion to Dismiss and First Amended Original Answer
   (C) Motion for Partial Summary Judgment and associated response
   (D) Administrative Record
   (E) any other previously filed pleadings that either Party may believe to be essential to achieve the procedural objective of maintaining the procedural "status quo" of the appeal as of April 26, 2017

(2) MPGCD agrees to file a Motion to Enter Final Judgment and accompanying Final Judgment in the 83rd Judicial District District Court, both documents which FSH agrees with as to form and will not oppose other than by perfecting and pursuing its appeal.
(3) FSH agrees to file a notice of appeal with the El Paso Court of Appeals in substantially the same form as filed in Appellate Case No. 08-15-00382-CV.
(4) FSH and MPGCD agree to designate an agreed Clerk's record and Reporter's record in substantially the same substance and form of what is currently on file with the Court of Appeals under Case No. 08-15-00382-CV recognizing that the pleadings and judgment will be updated as reflected in this Procedures Addendum.
(5) FSH and MPGCD each agree to re-file their respective appellate briefs in substantially the same substance and form of what is currently on file at the Court of Appeals except as necessary to update the Court of Appeals on the procedural background.
(6) The Parties agree not to request Oral Argument of the above-referenced appeal.
(7) This Procedures Addendum is only applicable if MPGCD fails to issue the permits as specified in the Settlement Proposal. The Parties agree that this Procedures Addendum maintains FSH's "status quo" in the appeal. If FSH, CWF and/or Republic breaches the Settlement Proposal, this Procedures Addendum does not apply.
(8) The Parties also agree that before declaring a "default" or "breach of the Settlement Proposal, the Parties agree to allow an opportunity to cure the alleged default not to exceed 30 calendar days.

ATTACHMENTS:

Motion to Enter Agreed Final Judgment
Final Judgment
Notice of Appeal

EXHIBIT 3

FSH Amended Application (Interlineated in 2017) with Special Permit Conditions

MIDDLE PECOS
Groundwater Conservation District
Drawer 1644, Fort Stockton, Texas 79735
Phone: 432/336-0698 Fax: 432/336-3407

"AMENDED" APPLICATION FOR A PRODUCTION PERMIT AND AUTHORIZING EXPORT

General Instructions: A Production Permit is required by the District for operating or producing groundwater from any non-exempt well for which a Historic and Existing Use Permit or amendment thereto to include the well has not been issued by the District or timely applied for and awaiting District action. An application for a Production Permit shall contain all the information requested in Rule 11.9. An applicant may file a Production Permit Application for more than one well and also, if the wells are part of a well system as defined by the District's Rules.

Applicant(s) Information: Provide the information requested below. If the Applicant is more than one individual with different residences, attach a separate sheet with a description of their respective interests in the well(s), listing their names and addresses, and designating a contact person. If the Applicant is a corporation, partnership, limited partnership or other business association, state its name and address below and attach written documentation that the Authorized Representative, whose name is provided below, is authorized to represent the well owner. If the applicant is other than the owner of the property, attach documentation establishing the applicable authority to construct and operate a well(s) subject to this application.

Please Print or Type

Applicant: Fort Stockton Holdings, L.P. Phone: (432) 688-3038 Fax: (432) 688-3247

Mailing Address: 6 Desta Drive, Suite 6500 City Midland ST TX Zip 78705

Physical Address: Same E-Mail: platham@claytonwilliams.com

Contact/Authorized Representative: ~~Paul Latham, Vice President (See Attachments "A" and "B")~~ See **Appendix A**

Relationship to Owner/Applicant ~~Vice President, Clayton Williams Farms, Inc., general partner, Fort Stockton Holdings, L.P.~~ See **Appendix A**

Phone: ~~Same~~ Fax: ~~Same~~ E-mail: ~~Same~~

Mailing Address: ~~Same~~ City ~~Same~~ ST Zip ~~Same~~

Aquifer: This application is for a Production Permit from the following Aquifer: Edwards-Trinity

Proposed Groundwater Withdrawal Amount: Total amount of groundwater applied for in this application in acre-feet per year (1 acre-foot equals 325,851 gallons): ~~47,41849,000 ac-ft/year, *less* the volume of water produced under Applicant's Existing and Historic Use Permits for the same wells during the same calendar year.*~~ **28,400** acre-feet per year

List the requested amount of groundwater withdrawal for each purpose in acre-feet per year (1 acre-foot is 325,851 gallons), the duration required for each use (if perpetual, mark as such, otherwise, provide a date for the last withdrawal) and describe in detail each proposed use:

Domestic Amount: ~~N/A 0.0 ac-ft/yr~~ Duration of Use: ~~N/A0.0 ac-ft/yr~~

Livestock Amount: ~~N/A0.0 ac-ft/yr~~ Duration of Use: ~~N/A0.0 ac-ft/yr~~

Proposed Use (Number and type of livestock): ~~N/A0.0 ac-ft/yr~~

Irrigation Amount: ~~N/A0.0 ac-ft/yr~~ Duration of Use: ~~N/A0.0 ac-ft/yr~~

Proposed Use (Type and acreage of crops, type of irrigation (spray, drip, etc.)): ~~N/A0.0 ac-ft/yr~~

28,400 ac-ft/yr for **Agricultural** use, less the volume produced for other authorized uses of **municipal** and **industrial**.

Public Supply Amount: ~~N/A 47,418 ac-ft/yr, *less* the volume of water produced under Applicant's Existing and Historic Use Permits for the same wells during the same calendar year, and less the volume of water produced for Industrial use pursuant to this permit during the same calendar year.*~~ **28,400 ac-ft/yr**, less the volume produced for other authorized uses of **agricultural** and **industrial**.

Duration of Use: ~~5 years minimum/50 years contingent, as further described in the attached Permit Supplement D(1), and renewable thereafter. Applicant intends to apply for renewals.~~

See **Special Permit Condition 2** (attached)

Proposed Use (location, number of people, provide copy of contract): Supply wholesale water to municipal water purveyors within the Texas Water Development Board's State Water Plan "Region F" Planning Area (31 TAC) as described in the attached Permit Supplement.

Industrial Amount: ~~N/A 47,418 ac-ft/yr, *less* the volume of water produced under Applicant's Existing and Historic Use Permits for the same wells during the same calendar year, and less the volume of water produced for Public Supply use pursuant to this permit during the same calendar year.*~~ **28,400 ac-ft/yr**, less the volume produced for other authorized uses of **agricultural** and **municipal.**

Duration of Use: ~~5 years minimum/50 years contingent, as further described in the attached Permit Supplement D(1), and renewable thereafter. Applicant intends to apply for renewals.~~ See **Special Permit Condition 2** (attached)

Proposed Use (type of industry): e.g. manufacturing, electric generation, Oil & Gas, etc.

Other Amount: ~~49,000 acre-feet/year0.0 ac-ft/yr~~ Duration of Use: ~~perpetual0.0 ac-ft/yr~~

Proposed Use: ~~Multiple uses for Public Supply, Industrial, Irrigation, and Livestock purposes~~0.0 ac-ft/yr

~~*** This application is not requesting any increase in the total volume of groundwater production already approved by the District, because the production allowed under this proposed permit would be limited to the amount of groundwater production not used under applicant's Existing and Historic Use Permits in a given year for the same wells. As explained in greater detail elsewhere in the Application, the maximum annual volume of water Applicant will be entitled to produce during any calendar year, whether allocated to Public Supply or Industrial purposes, shall never exceed 47,418 ac-ft/yr. Moreover, in combination with Applicant's separate Existing and Historic Use Permits issued by the District, which authorize total production of 47,418 ac-ft/yr, Applicant has requested inclusion of a Special Condition in its Production Permit to be issued pursuant to this Application which would limit Applicant's total annual production pursuant to its new Production Permit and its Existing and Historic Use Permits to a combined maximum production volume of 47,418 ac-ft/yr. Applicant understands that water produced under this permit for Public Supply and/or Industrial purposes will be subject to the District's rules relating to new permits, and not the rules which remain applicable to its Existing and Historic Use Permits.**~~

Rate of Production for each well subject to this application (in gallons per minute): ~~(See Attachment "C")~~ See **Appendix B-1**
Estimated Rate of withdrawal per year: ~~(See Attachment "C")~~ See **Appendix B-1**
Maximum Rate of withdrawal per year: ~~(See Attachment "C")~~ See **Appendix B-1**

Location of Use: Please describe the location of use: Within Texas Water Development Board's State Water Plan "Region F" Planning Area (31 TAC) as described in the attached Supplement. ~~(See Attachment "D")~~

If the proposed location of use is outside Pecos County, attach a separate sheet that addresses the three issues set forth in District Rule 11.9.1(a)~~(7)~~. **See Attached ~~Supplement~~ Special Permit Conditions**

Land ownership: Total number of acres of land contiguous in ownership with the land where the well(s) are located: ~~18,510.61~~ ~~acres.~~ 14,191.08 acres

Provide well owner's identification name for each well relied upon to support this application: See **Appendix C**

Well Owner's Name:	Well Reference in Applicant's Registration
~~Fort Stockton Holdings, L.P.~~	~~See Attachment "C"~~
Same	
Same	

SEE SUPPLEMENT ATTACHED

DECLARATION: I agree that the water withdrawn from the well(s) will be put to beneficial, nonwasteful use at all times. I agree that reasonable diligence will be used to protect groundwater quality. I agree to abide by the rules of the Middle Pecos Groundwater Conservation District, the District Management Plan, and orders of the District's Board of Directors. I agree to comply with the District's well capping and plugging guidelines and report any well closure to the District. Furthermore, I agree not to exceed the production allowance of the Production Permit. **I understand and agree that my withdrawal and beneficial use of groundwater authorized by a Production Permit issued by the District may be limited if the District determines that reductions are necessary pursuant to the aquifer-based production limit, proportional adjustment, or permit limit rules of the District (District Rules 10.3, 10.4, and 10.5).**

Although Applicant understands this permit will be subject to the District's rules, and Applicant agrees to abide by such rules, nothing in this application should be construed as a waiver of Applicant's right to obtain compensation for a taking of its vested property rights in the event that the application of the District's rules to Applicant's groundwater rights results in a taking of vested property rights in any given year. Furthermore, nothing in this application should be construed as a waiver of Applicant's right to appeal or challenge the validity of any of the District's rules either administratively or in a court of competent jurisdiction.

I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.

Signature of Applicant: _____ Date: July 8, 2009

L. Paul Latham, Vice President

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned authority, on this day personally appeared L. Paul Latham, acting in his capacity as Vice President, Clayton Williams Farms, Inc., a Delaware corporation, as the sole General Partner of Fort Stockton Holdings, L.P., a Texas limited partnership, the Applicant in Application filed with the Middle Pecos Groundwater Conservation District on July 13, 2009, who after being by me duly sworn, upon oath deposes and says that he has read the statements and information in the foregoing letter providing amendatory and supplemental/clarifying language in connection with said July 13th Application and that the same are true and correct to the best of his knowledge.

L. Paul Latham for the Applicant

Subscribed and Sworn to before me this 24th day of September, 2009.

McRAE M. BIGGAR
Notary Public
State of Texas
Comm. Expires 10-10-2010

McRae M. Biggar
Signature of Notary

McRae M. Biggar
Printed Name of Notary

10-10-2010
Date of Expiration

Approval or denial of this application is subject to the rules of the District.

For District Use Only:

Date Application Received: 9/28/09 Mapped: _____

Field Inspection: _____

District Well Nos. _____

Application Approved:
_____ YES ✓ NO

Signature: Glenn Sanders

Date: 10 June 2011

Paul Weatherly
Signature

General Manager 9/28/09
Title Date

Permit Approved.

Jerry McGuairt 7-18-17
Jerry McGuairt **Board President** **Date**

See attached special permit

FORT STOCKTON HOLDINGS, L.P. PRODUCTION PERMIT
SPECIAL PERMIT CONDITIONS

1. Groundwater production is authorized in the amount of 28,400 acre-feet of Edwards-Trinity aquifer per year produced from the FSH-owned (not leased) properties for municipal, industrial, and agricultural purposes within and outside of the District.

2. The permit term shall be three years as provided for in Texas Water Code Section 36.122(i)(1), or thirty years as provided for in Texas Water Code Section 36.122(i)(2).

3. Production from this Production Permit shall be from those wells in those amounts set forth on the attached well schedule; provided, however, FSH may file applications for new or replacement wells as authorized by the District's rules.

4. FSH will not file a permit application to produce additional quantities of groundwater from the Edwards-Trinity aquifer on the properties at issue in FSH's application for a period of not less than five (5) years.

5. If the District imposes Management Zone 1 pro-rata cutbacks and those cutbacks are less restrictive than the restrictions in the special permit condition, the less restrictive cutbacks are applicable to FSH.

6. FSH agrees that it is subject to the District's rules as may be amended.

7. FSH must develop and adopt a conservation plan consistent with the District's rules, including a provision requiring FSH's subsequent customers to develop and implement water conservation plans consistent with the District's Rules, including notice of potential curtailment of production.

8. FSH agrees to meter and report separately water produced from its wells for agricultural use on the FSH property and water transported for municipal and industrial purposes off the property under its H&E Permits and the new Operating Permit.

9. FSH agrees to designate those wells identified in the attached "Monitor Well Thresholds and Cutbacks" as monitor wells and install monitoring and associated satellite telemetry equipment to allow the District to monitor aquifer conditions based upon its production. The selection of these wells and details of the monitoring equipment and related commitments must be mutually agreed upon with the District and memorialized in a monitoring well agreement between FSH and the District.

FORT STOCKTON HOLDINGS, L.P. PRODUCTION PERMIT
SPECIAL PERMIT CONDITIONS

10. FSH agrees to pay the District an export or transport fee on groundwater produced and delivered for beneficial use outside of the District at a rate either on a per acre-foot or 1,000 gallon unit basis consistent with other export fee rates the District has negotiated recently, which the Parties anticipate to be an agreed export fee rate of $0.025 per 1,000 gallons. This agreement will be similar to existing agreements for payment of export fees recently entered into with other permittees.

11. FSH will look to the development of aquifers other than the Edwards-Trinity Aquifer (specifically, the Capitan and/or Rustler Aquifers) for additional permitted water for export for municipal and industrial purposes before applying for permits to export additional Edwards-Trinity Aquifer water for municipal and industrial use.

12. This permit is contingent on FSH's and Republic Water Company of Texas, LLC's (Republic LLC's) performance under the settlement agreement executed among the District, FSH, Republic LLC, and Clayton Williams Farms, Inc.

13. **The attached schedule entitled "Monitor Well Thresholds and Cutbacks" applies to this permit until a Joint Study can be conducted and until such time as the Board determines relaxing the restrictions in this schedule are justified by the results of the Joint Study. Any cutbacks in this schedule shall go into effect April 1st of each year and remain effect through March 31st of the immediately following year.**

14. **The Study scope, project management, and responsibility for funding shall be agreed to between FSH and District within 6 months. The study shall commence shortly after an agreement is reached on the scope.**

15. If the District imposes MZ 1 pro-rata cutbacks and those cutbacks are less restrictive than the restrictions in this special permit condition, the less restrictive cutbacks are applicable to FSH.

Monitor Well Thresholds and Cutbacks

Well		Reference Point Elevation (ft MSL)	Winter Threshold 1		Winter Threshold 2 (Historic Minimum)		Winter Threshold 3		Winter Threshold 4		Maximum Recent Drawdown (Winter to Summer)	Summer Threshold		Recent Depth to Water	
Short Name	Long Name		Depth to Water (ft)	Basis	Depth to Water (ft)	Basis	Depth to Water (ft)	Basis	Depth to Water (ft)	Basis		Depth to Water (ft)	Basis	Winter	Summer
Mpged320	King, Woodward, #320	3068	205	Win2+5	200	Data 1/1999	195	Win2-5	190	Win2-10	45	245	Win2+Max DD	113	148
Mpged323	Ft Stockton, Cemetery, #323	3031	198	Win2+5	193	Data 1/2000	188	Win2-5	183	Win2-10	15	208	Win2+Max DD	146	148
C-5	C-5, FSH Well	3009	110	Win2+5	105	WPC 1973	100	Win2-5	95	Win2-10	72	177	Win2+Max DD	60	107
M-9	M-9, FSH Well	3261	313	Win2+5	308	WPC 1973	303	Win2-5	298	Win2-10	48	356	Win2+Max DD	246	283
S-45	S-45, FSH Well	3067	165	Win2+5	160	WPC 1973	155	Win2-5	150	Win2-10	56	216	Win2+Max DD	92	115
S-6	S-6, FSH Well	3123	205	Win2+5	200	WPC 1973	195	Win2-5	190	Win2-10	62	262	Win2+Max DD	118	159
Mpged305	Cockrell_Belding, #305	3233	292	Win2+5	287	WPC 1973	282	Win2-5	277	Win2-10	75	362	Win2+Max DD	206	250
Mpged318	Goldman Ranch, Well 1	2957	72	Win2+5	67	WPC 1975	62	Win2-5	57	Win2-10	33	100	Win2+Max DD	30	49
Mpged334	Carpenter, #334	3051	140	Win2+5	135	WPC 1975	130	Win2-5	125	Win2-10	36	171	Win2+Max DD	104	126
Interstate	Interstate Well, FSH Well	2988	96	Win2+5	91	WPC 1975	86	Win2-5	81	Win2-10	40	131	Win2+Max DD	49	71
Prison	TDCJ, Prison Well	3199	258	Win2+5	253	WPC 1973	248	Win2-5	243	Win2-10	50	303	Win2+Max DD	184	224

Threshold	Action
Winter Threshold 1	If 6 of 11 are below threshold, 100% reduction in FSH non-historical use pumping
Winter Threshold 2	If 6 of 11 are below threshold, 50% reduction in FSH non-historical use pumping
Winter Threshold 3	If 6 of 11 are below threshold, 30% reduction in FSH non-historical use pumping
Winter Threshold 4	If 6 of 11 are below threshold, 10% reduction in FSH non-historical use pumping
Summer Threshold	If 6 of 11 are below threshold, meeting in 60 days between FSH and MPGCD to discuss data

Notes

Maximum Recent Drawdown (Winter to Summer) based on evaluation of recent data (~2010 to 2016)

Summer Thresholds derived by adding maximum recent drawdown (from historic data) to Winter 1 Threshold

Recent Depth to Water are from actual data: maximum (summer) and minimum (winter) from spring 2016 to winter 2017

Appendix A

Contact/Authorized Representative

Jeff Williams
#6 Desta Drive
Suite 5725
Midland, TX 79705
Phone: (432) 682-6324
Fax: (432) 336-3842
E-Mail: gataga73@yahoo.com

Ed McCarthy
1122 Colorado Street
Suite 2399
Austin, TX 78701
Phone: (512) 904-2310
Fax: (512) 692-2826
E-Mail: ed@ermlawfirm.com

Mike Thornhill
1104 S. Mays Street
Suite 200
Round Rock, TX 78664
Phone: (512) 244-2172
E-Mail: MThornhill@tgi-water.com

Appendix B-1

TWDB ID Number	Well	General Description	Longitude	Latitude	Elevation (feet AMSL)	Survey Name	Abstract Number	Range of Well Depth (feet below ground level)	Aquifer	Property Offsets	Peak Rate of Production (gpm)	Pump and Pump Capacity
2005021409	C-1	2.16 miles ESE of intersection of I-10 Service Rd. and CR 4839	-103.028650	30.890990	3005	GC&SF RR CO	4402	362**	Edwards	1,042 feet from West property line 2,740 feet from North property line	2,000	125 HP, 2,000 gpm (est)
2005021410	C-2	2 miles ESE of intersection of I-10 Service Rd. and CR 4839	-103.031400	30.891090	3006	GC&SF RR CO	4402	346**	Edwards	179 feet from West property line 2,756 feet from North property line	3,000	300 HP, 3,000 gpm (est)
2005021411	C-3	1.83 miles ESE of intersection of I-10 Service Rd. and CR 4839	-103.034550	30.891260	3008	Taylor, E.	4627	350**	Edwards	811 feet from East property line 1,208 feet fromSouth property line	3,000	300 HP, 3,000 gpm (est)
2005021412	C-4	2.42 miles ESE of intersection of I-10 Service Rd. and CR 4839	-103.025820	30.886550	3006	GC&SF RR CO	4402	406**	Edwards	1,970 feet from West property line 1,665 feet from South property line	2,000	200 HP, 2,000 gpm (est)
2005021130	M-1	2.26 miles S of southernmost intersection of CR 896 & FM 2037	-103.026135	30.757445	3293	T&P RR CO	5276	725***	Edwards	45 feet from West property line 27 feet from south property line	2,200	450 HP, 2,200 gpm (est)
2005021131	M-2	1.76 miles S of southernmost intersection of CR 896 & FM 2037	-103.026150	30.764695	3279	T&P RR CO	5276	432*	Edwards	48 feet from West property line 2,663 feet from South property line	1,500	450 HP, 1,500 gpm (est)
2005021132	M-3	1.51 miles S of southernmost intersection of CR 896 & 2037	-103.026160	30.768281	3277	T&P RR CO	5276	410***	Edwards	49 feet from West property line 1,358 feet from North property line	2,200	450 HP, 2,200 gpm (est)
2005021133	M-4	0.76 miles S of southernmost intersection of CR 896 & FM 2037	-103.026148	30.779308	3262	T&P RR CO	5274	410***	Edwards	62 feet from West property line 2,642 feet from North property line	1,800	200 HP, 1,800 gpm (est)
2005021134	M-5	0.82 miles E of nothermost intersection of CR 896 & FM 2037	-103.007656	30.792598	3238	T&P RR CO	6015	330***	Edwards	605 feet from West property line 2,316 feet from South property line	2,200	450 HP, 2,200 gpm (est)
2005021135	M-6	0.92 miles E of nothernmost intersection of CR 896 & FM 2037	-103.005992	30.792928	3231	T&P RR CO	6015	335**	Edwards	1,130 feet from West property line 2,316 feet from South property line	2,000	300 HP, 2,000 gpm (est)
2005021136	M-7	0.9 miles E of northernmost intersection of CR 896 & FM 2037	-103.006354	30.794657	3213	T&P RR CO	6015	343*	Edwards	1,029 feet from West property line 2,945 feet from South property line	2,000	450 HP, 2,000 gpm (est)
2005021137	M-8	0.95 miles E of intersection of FM 2037 & Old Alpine Hwy.	-102.993600	30.800244	3195	T&P RR CO	6015	520**	Edwards	308 feet from East property line 206 feet from North property line	1,000	250 HP, 1,000 gpm (est)
2005021138	M-9	1.26 miles E of northernmost intersection of CR 896 & FM 2037	-103.026153	30.772017	3282	T&P RR CO	5276	545*	Edwards	55 feet from West property line 0 feet from North property line	800	100 HP, 800 gpm (est)
2005021444	NC-2	0.34 miles NE of intersection of I-10 Service Rd. & Leon Farms Rd.	-102.963650	30.899027	2981	Handy, J.H.	5486	na	unknown	1,493 feet from West property line 15 feet from South property line	500	150 HP, 500 gpm (est)
2005020923	S-1	2.6 miles N of Old Alpine Hwy & Pecan Rd.	-103.043509	30.815876	3152	T&P RR CO	5601	340***	Edwards	62 feet from East property line 50 feet from South property line	1,400	250 HP, 1,400 gpm (est)

2005020924	S-2	2.5 miles NW of intersectionof FM 2037 & Old Alpine Hwy.	-103.043829	30.823565	3144	T&P RR CO	5601	465**	Edwards	155 feet from East property line 2,470 feet from North property lin
2005020926	S-4	1,480 feet N of S-2	-103.013542	30.827628	3141	T&P RR CO	5601	510*	Edwards-Trinity	60 feet from East property line feet from North property line
2005020928	S-6	2,407 feet N of S-2	-103.043513	30.830453	3121	T&P RR CO	8970	455*	Edwards	55 feet from East property line feet from South property line
2005020933	S-11	0.99 miles south of intersection of Williams Rd. & Brangus Rd.	-103.025942	30.830560	3128	T&P RR CO	9548	425**	Edwards-Trinity	100 feet from West property line feet from South property line
2005020937	S-13	2,743 feet E of S-11	-103.017201	30.830579	3131	T&P RR CO	9548	360***	Edwards	2,354 feet from East property line feet from South property line
2005021109	S-18	0.45 miles W of intersection of FM 2037 & Brangus Rd.	-103.010304	30.859055	3066	GC&SF RR CO	8357	312*	Edwards	2,325 feet from east property line feet from South property line
2005021110	S-19	3,593 feet W of S-18	-103.021756	30.859023	3074	GC&SF RR CO	8357	302*	Edwards-Trinity	179 feet from West property line feet from South property line
2005021111	S-20	468 feet N of S-19	-103.021846	30.860309	3064	GC&SF RR CO	8357	360*	Edwards	150 feet from West property line feet from South property line
2005021116	S-26	2.05 miles W of intersection of FM 2037 & Brangus Rd.	-103.037221	30.858870	3077	GC&SF RR CO	4563	500**	Edwards	738 feet from East property line feet from North property line
2005021120	S-32	1.93 miles W of intersection of FM 2037 & Brangus Rd.	-103.035110	30.858848	3088	GC&SF RR CO	4563	316**	Edwards	76 feet from East property line feet from North property line

Appendix C

FSH/CWF Well Schedule

Farm/ Well Name	MPGCD #	Historic & Existing Use	New Operating Permit	Historic & Existing Remaining	Year of Maximum H&E Use			
Mesa Farm								
M-1	2005021130	2,129.00	2,129.00	0.00	1993			
M-2	2005021131	1,419.00	1,419.00	0.00	1993			
M-3	2005021132	2,149.00	2,149.00	0.00	1990			
M-4	2005021133	1,758.00	1,758.00	0.00	1990			
M-5	2005021134	1,328.00	1,328.00	0.00	2004			
M-6	2005021135	1,727.00	1,727.00	0.00	2003			
M-7	2005021136	1,727.00	1,727.00	0.00	2003			
M-8	2005021137	928.00	928.00	0.00	1994			
M-9	2005021138	332.00	332.00	0.00	1994			
		13,497 H&E	13,497.00	0.00				
Stewart Farm								
#1	2005020923	458.00	458.00	0.00	1996			
#2	2005020924	1,352.00	1,352.00	0.00	2002			
#3	2005020925	27.00		27.00	1993			
#4	2005020926	1,839.00	1,839.00	0.00	2004			
#5	2005020927	1,590.00		1,590.00				Leased on Ryan
#6	2005020928	424.00	424.00	0.00	2000			
#7	2005020929	1,297.00		1,297.00	2004			
#8	2005020930	1,400.00		1,400.00	1993			
#9	2005020931	742.00		742.00	2003			
#10	2005020932	1,789.00		1,789.00	1990			
#11	2005020933	1,381.00	1,381.00	0.00	2002			
#12	2005020934	8.00		8.00	2001			
#13	2005020937	924.00	920.00	0.00	2002			
#15	2005020938	948.00		948.00	2004			
#18	2005021109	406.00	406.00	0.00	1994			
#19	2005021110	406.00	406.00	0.00	1994			
#20	2005021111	406.00	406.00	0.00	1994			
#21	2005021112	2,456.00		2,456.00				
#22	2005021113	1,452.00		1,452.00				Leased on McKenzie
#23	2005021114	1,638.00		1,638.00				
#25	2005021115	1,169.00		1,169.00	2004			
#26	2005021116	1,318.00	1,318.00	0.00	2004			
#27	2005021117	940.00		944.00	2004			
#28	2005021118	875.00		875.00	2004			
#29	2005021119	875.00		875.00	2004			
#32	2005021120	1,537.00	1,537.00	0.00	2004			
#33	2005021121	1,678.00		1,678.00	2004			
#34	2005021122	1196	Rustler (0)					Leased on Pryor
#40	2005021123	66.00		66.00	1996			
		30,597 H&E	10,447.00	18,954.00				
Caramba Farm								
C-1 (Brown#1)	2005021409	849.00	849.00	0.00				
C-2 (Brown#2)	2005021410	1,273.00	1,273.00	0.00				
C-3 (Brown#3)	2005021411	1,273.00	1,273.00	0.00				
C-4 (Brown#4)	2005021412	849.00	849.00	0.00				
Caramba#2	2005021444	212.00	212.00	0				
		4,456 H&E	4,456.00	0.00				
NOTE: MOVED 4 AC-FT FROM #13 TO #27 (WILL REQUEST IN AMENDMENT)								
					H&E on Leased Land			
Mesa Farm		13,497.00	13,497.00	0.00	0.00			
Stewart Farm		30,597.00	10,447.00	18,954.00	7,138.00			
Caramba Farm		4,456.00	4,456.00	0.00	1,194.00			
Grand Totals		48,550.00			8,332.00			
	S#34 Rustler 1196 ac-ft							
	Totals				7,138 E/T			
				20,150 ac-ft total H&E Remaining				

FSH shows 47,418. There is an error from Caramba farms C-6 40 ac-ft and Caramba farms C-Orchard 14 ac-ft and a correction on S-6 from 434 to 424 ac-ft

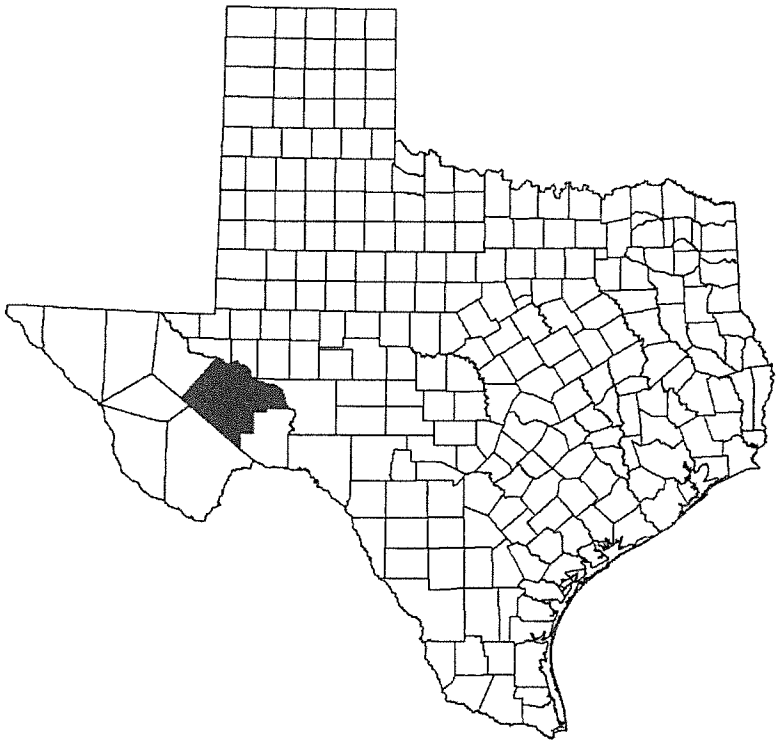
Board action on Jan 18th 2006 is only 5 wells on Caramba for 4,456

EXHIBIT 4

Proposed Changes to Management Zone 1 and Proposed Monitor Well Data, Table 6

Proposed Changes to Management Zone 1 and Proposed Monitor Well Data and Comparisons with Model Simulations

(Draft 1)



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June 16, 2017

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1.0 Introduction

In support of a settlement proposal dated April 28, 2017 between Middle Pecos Groundwater Conservation District, Fort Stockton Holdings, LP and Clayton Williams Farms, Inc., and Republic Water of Texas LLC, this report summarizes the results of analyses to:

- Support changes in the boundaries of Management Zone 1.
- Evaluate data and simulations results for individual monitor well locations in the proposed Management Zone 1 related to regulatory thresholds that could be included as special permit conditions and data and information related to planning-level desired future conditions.

For purposes of this analysis, Comanche Springs is designated as the primary hydrogeologic feature of the proposed Management Zone 1. The Western Pecos Groundwater Model (WPC Model) was used to identify the area that contributed significantly to Comanche Springs. The WPC Model was completed and documented in 2011 by R.W. Harden & Associates, Inc., LBG-Guyton Associates, and Thornhill Group, Inc. in support of Fort Stockton Holdings, L.P. permit application seeking a new production permit from Middle Pecos GCD to produce groundwater for municipal and/or industrial use, referenced as R.W. Harden & Associates and others (2011).

In addition, monitor well data for wells located within the proposed Management Zone 1 were reviewed and compared with model simulations. The monitoring data and model simulation results were used to:

1. Identify appropriate wells within the proposed Management Zone 1 that can be used to compare desired future conditions and establish threshold groundwater elevations.
2. Develop updated estimates of desired future conditions based on the proposed Management Zone 1 using the regional alternative Groundwater Availability Model (GAM)
3. Provide specific well drawdown estimates of desired future conditions for proposed monitor wells within the proposed Management Zone 1.
4. Recommend thresholds for each well that can be used as special permit conditions for Fort Stockton Holdings non-historic use pumping.

2.0 WPC Model Analysis

The WPC Model domain includes the western part of Pecos County, nearly all of Reeves County, and parts of Loving, Ward, Crane, Brewster Jeff Davis, and Culberson counties. There are 22,635 model cells in Pecos County, with each cell covering an area of 2,000 ft by 2,000 ft (about 92 acres). The simulations were designed to simulate the effect of pumping on Comanche Springs flow in each of the cells in Pecos County. Thus, a total of 22,636 simulations were completed: a base case where no pumping occurred and 22,635 simulations where pumping occurred in a single model cell. If pumping in a cell resulted in a significant impact to the flow at Comanche Springs, the cell was considered part of the proposed Management Zone 1.

For each of the 22,635 pumping simulations, pumping in a single cell at a rate of 1,500 gallons per minute for 10 years was simulated. The flow from Comanche Springs was then compared with the flow from the spring for the base case (no pumping). Results were tabulated by individual cell and used to construct maps showing the impact of pumping in each cell on Comanche Springs.

Pumping of 1,500 gpm translates to a flow of about 3.43 cfs. The spring flow reduction when pumping occurred in the cell where Comanche Springs is located was 3.43 cfs after 10 years, which means that the pumping was 100 percent spring flow capture. Overall, areas that would result in 90 percent or greater capture was about 0.06 percent of the model area. In about 43 percent of the cells, the pumping had no impact on spring flow (i.e. the pumping in these areas does not result in any capture of spring flow). A summary of the percentage of captured spring flow for all 22,635 simulations is shown in Table 1.

Table 1. Summary of Spring Flow Capture Analysis

Spring Flow Capture (Percent)	Percent of Model Domain
0	43.2
< 10	35.1
10 to 20	11.5
20 to 30	7.06
30 to 40	2.15
40 to 50	0.42
50 to 60	0.28
60 to 70	0.11
70 to 80	0.08
80 to 90	0.07
90 to 100	0.06

After evaluation of the results, a threshold capture of 35 percent was used to construct the map shown as Figure 1 that delineates the proposed area of Management Zone 1, along with the present outline of Management Zone 1.

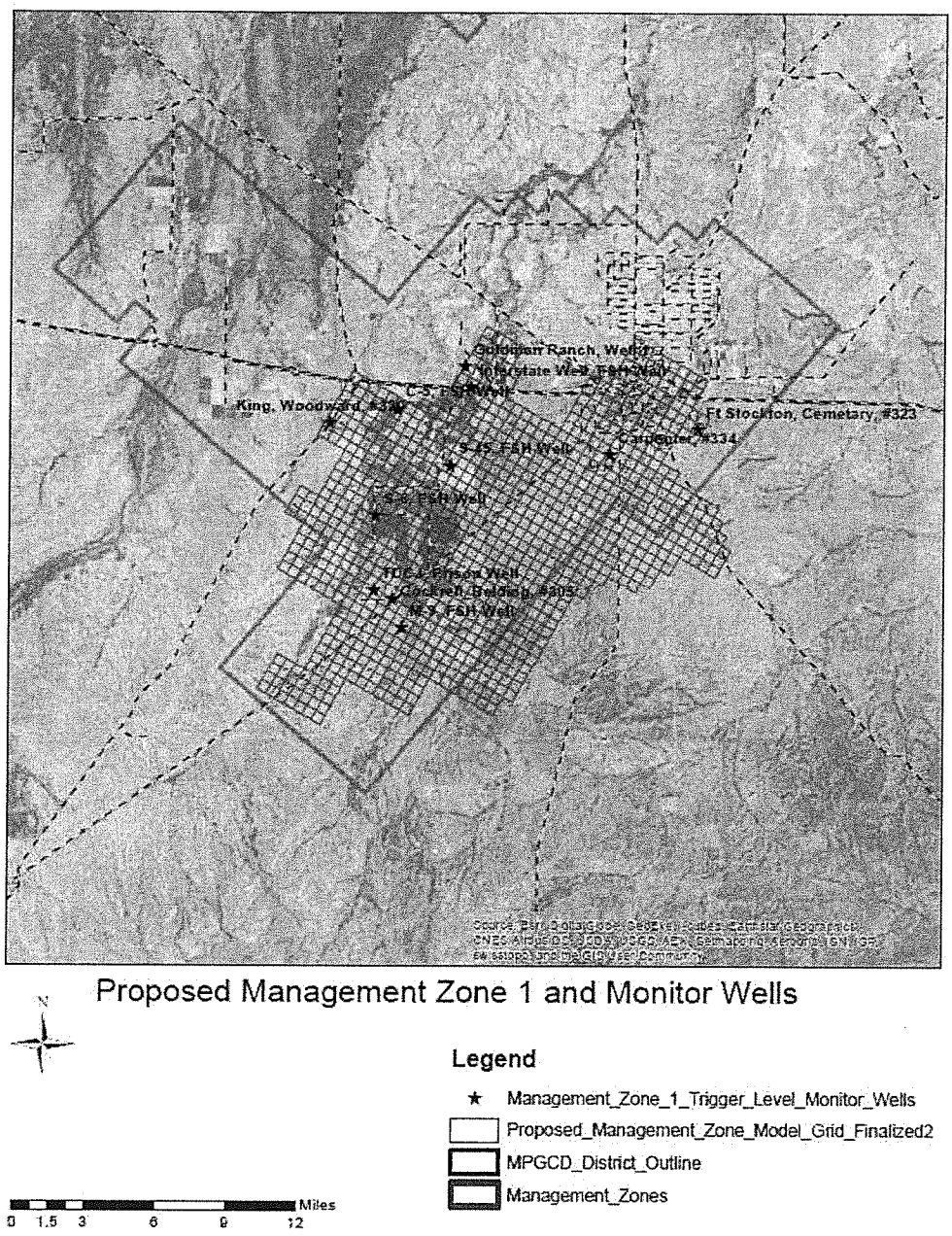


Figure 1. Proposed Management Area 1 Based on 35 Percent Spring Flow Capture

3.0 Monitor Well Selection

Potential monitor wells within the proposed Management Zone 1 were identified. A key objective of this effort was to identify the historic minimum groundwater elevation for use in establishing thresholds. The following factors were considered when reviewing the historical data and calibration period estimates from the WPC Model and the Regional Alternative GAM:

- Length of historical record
- Frequency of historic data (annual versus seasonal)
- Agreement between calibrated model estimates and historic data

Preference was given to actual data rather than model estimates. When historic data were not available and model estimates and the limited historic data showed good agreement, model estimates were considered useful to extend the historic record.

Based on this analysis, eleven wells were selected for use as monitor wells. A summary of the selected wells is presented in Table 2. As noted, two of these wells were selected based on the historic data. Also, as noted, nine of the wells were selected based on reasonable agreement between WPC model predictions and actual data. Wells that were rejected because of this evaluation included wells that had short historical records and poor agreement with model estimates which prevented extrapolating the historic data with model estimates with any reasonable degree of confidence.

Table 2. Summary of Selected Monitoring Wells

Well		Data or Model?	WPC Column	WPC Row
Short Name	Long Name			
Mpgcd320	King, Woodward, #320	Data	199	106
Mpgcd323	Ft Stockton, Cemetery, #323	Data	230	89
C-5	C-5, FSH Well	Model	204	102
M-9	M-9, FSH Well	Model	215	119
S-45	S-45, FSH Well	Model	211	104
S-6	S-6, FSH Well	Model	207	111
Mpgcd305	Cockrell Belding, #305	Model	213	118
Mpgcd318	Goldman Ranch, Well 1	Model	208	95
Mpgcd334	Carpenter, #334	Model	224	95
Interstate	Interstate Well, FSH Well	Model	209	96
Prison	TDCJ, Prison Well	Model	211	118

Hydrographs of these eleven wells are presented in Appendix A. The hydrographs include plots of historic groundwater elevation data (blue line), simulated groundwater elevation estimates at the location of the well from the WPC Model for the calibration period (red line), simulation groundwater elevation estimates at the location of the well from the Regional Alternative GAM (black line), and predicted groundwater elevation estimates from the desired future condition simulation (purple line) from Hutchison (2016).

3.1 Comparison of Model Results and Actual Data

An inspection of the hydrographs in Appendix A reveal the following observations:

- The historic data include both summer and winter readings, so the data can be used to evaluate groundwater levels during the irrigation season (summer) and the non-irrigation season (winter).
- The model estimates include estimates of end-of-year conditions only since both models simulated annual stress periods.
- Based on the above, the models are not suitable to simulate groundwater elevations during the irrigation season.
- Typically, the WPC Model simulates the groundwater elevations of these eleven wells better than the regional alternative GAM.
- The rate of decline in the WPC and the alternative GAM are similar, and, thus, regional GAM estimates of drawdown could be used for broad planning purposes.
- Use of the regional GAM results for individual predictions of groundwater elevations in a regulatory sense is not recommended.

As a final check on the comparison between models, Figure 2 summarizes the estimates of pumping in proposed Management Zone 1 from the WPC Model and from the regional alternative GAM. Note that after about 1970, the WPC model and the regional alternative GAM provide pumping estimates that are reasonably consistent.

Also, please note that the DFC simulation assumes pumping that is higher than recent years, but lower than the historic maxima estimated from the 1970s to the late 1990s. If the management approach in the proposed Management Zone 1 is to provide for the opportunity to reduce groundwater levels to their historic minima, the DFC simulation should be updated to reflect a higher level of assumed pumping.

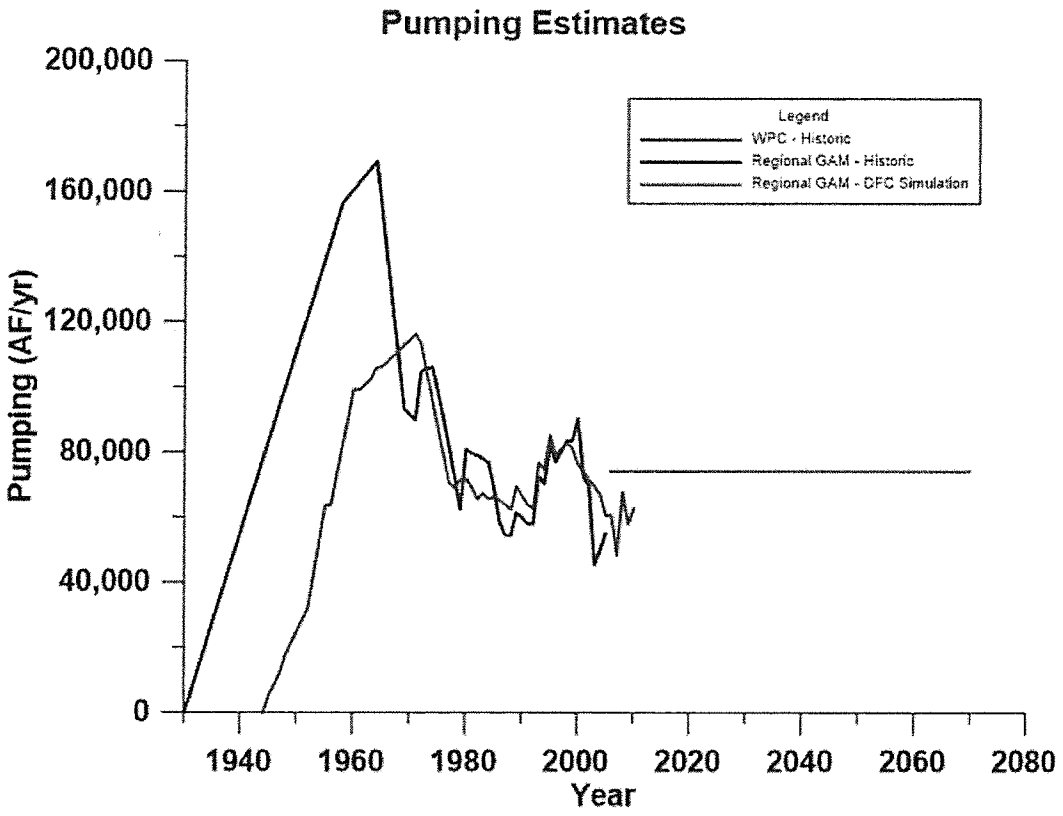


Figure 2. Pumping Comparisons for Proposed Management Zone 1: WPC Model and Regional GAM

4.0 Desired Future Conditions in Proposed Management Zone 1

Rule 10.5 of the Middle Pecos GCD covers the management zones of Pecos County. Management Zone 1 is described in Rule 10.5(a), but the description provides no basis of how the zone was delineated. Based on this analysis, the proposed Management Zone 1 is delineated based on a hydrogeologic analysis of potential pumping impacts to Comanche Springs.

Rule 10.5(b) summarizes average drawdown for each of the three management zones for every five-year period from 2015 to 2060. These estimates are derived from TWDB Task Report 10-033, and are based on simulations with the regional alternative GAM, and essentially represent the desired future condition that was adopted for Pecos County broken down by smaller management areas. The resulting estimates are still averages, but over a smaller area.

Table 3 summarizes the current average drawdowns for the current Management Zone 1 (taken from the Rules), and compares them with the updated average drawdown for the proposed Management Zone 1 using the current desired future conditions simulation.

Table 3. Summary of Drawdowns for Management Zone 1 (Current and Proposed)

Year	Drawdown (ft) from 2010 Conditions	
	Current Management Zone 1	Proposed Management Zone 1
2015	3	4
2020	7	8
2025	10	12
2030	13	16
2035	17	20
2040	20	24
2045	23	27
2050	26	31
2055	29	35
2060	32	38
2065	N/A	42
2070	N/A	45

The practical administration of average drawdown is difficult given the fact that the desired future condition is a planning goal and incorporated into the average drawdowns are many assumptions related to timing and location of pumping. More importantly, the average drawdown includes a calculation of an entire area. Within any of these areas, there are a limited number of monitoring wells. Thus, there is an inherent difficulty in comparing a few locations where actual data exist to an overall average drawdown that was based on an idealized model simulation with several

assumptions that may or may not be realistic over a defined time period (timing and location of pumping, average recharge conditions).

An alternative way to compare desired future conditions and actual data is on a well-by-well basis. The output from the DFC simulations was used to plot groundwater elevation estimates as shown on each of the eleven hydrographs in Appendix A. As discussed earlier, the actual groundwater elevation estimates are not as reliable as drawdown estimates for these eleven wells. These data were processed to develop Table 4, a summary of the drawdowns in individual wells.

Table 4. Summary of Drawdown for Individual Wells in Proposed Management Zone 1

Year	Mpgcd320	Mpgcd323	C-5	M-9	S-45	S-6	Mpgcd305	Mpgcd318	Mpgcd334	Interstate	Prison
2015	4	2	4	6	5	5	6	4	4	4	6
2020	8	4	9	13	9	9	12	8	7	8	12
2025	11	6	13	19	14	14	18	13	11	12	18
2030	15	8	17	25	18	18	24	17	15	16	23
2035	19	11	21	30	22	23	30	20	18	20	29
2040	23	13	25	36	26	27	35	24	21	23	34
2045	26	16	29	41	30	31	40	28	25	27	39
2050	30	18	33	47	34	35	46	32	28	31	44
2055	33	21	37	52	38	40	51	36	32	34	49
2060	37	23	41	57	41	44	56	39	35	38	54
2065	40	26	44	62	45	48	61	43	38	42	59
2070	43	28	48	67	49	51	66	46	41	45	63

Because the drawdown estimates are based on a calculation of groundwater elevations in 2010 and the year of interest, and because the eleven proposed monitor wells have records that generally begin in 2010, it is possible to compare the actual drawdown to the desired future condition. Table 5 presents this comparison for the eleven proposed monitoring wells for the period end-of-2010 to end-of-2016.

Please note that two of the eleven wells have drawdowns that are greater than the DFC drawdown, and nine of the wells have drawdowns that are less than the DFC drawdown. Also, please note that seven of the wells have groundwater elevation recoveries (negative drawdowns) from 2010 to 2016.

The DFC simulations assumed an idealized case where recharge was average for the entire period from 2005 to 2070, and pumping did not vary from year to year. Actual data suggest that there is considerable variation in groundwater elevations from year to year based on a combination of variations in recharge conditions and variations in pumping. Thus, it would be inappropriate to conclude that there was a problem with meeting the DFC in Well C-5 despite the data showing a 19.5 ft drawdown from 2010 to 2016 and the idealized DFC simulation estimated a 5.3 ft drawdown. The overall results suggest that, as of 2016, there is an overall consistency between the actual data and the overall planning goal (DFC).

It is recommended that Rule 10.5 be updated and that Middle Pecos GCD implement a well-by-well comparison between DFCs and actual data. The concept of average drawdown is appropriate as a planning goal and is useful to compare and contrast alternative DFCs, but the practical implementation of the planning goal should be based on more tangible and reproducible data and analyses.

Table 5. Comparison of DFC Drawdown and Actual Data for Eleven Proposed Monitoring Wells (2010 to 2016)

Well	One-Layer Model			Measured Data		
	End of 2010 Groundwater Elevation (ft MSL)	End of 2016 Groundwater Elevation (ft MSL)	Partial DFC - Drawdown from 2010 to 2016 (ft)	End of 2010 Groundwater Elevation (ft MSL)	End of 2016 Groundwater Elevation (ft MSL)	Actual Drawdown from 2010 to 2016 (ft)
Mpgcd320	2901.13	2896.54	4.59	2952.00	2950.25	1.75
Mpgcd323	2814.13	2811.69	2.44	2888.17	2882.30	5.87
C-5	2855.36	2850.08	5.28	2972.30	2952.80	19.50
M-9	2969.94	2962.2	7.74	3009.70	3015.00	-5.30
S-45	2831.22	2825.51	5.71	2970.80	2975.40	-4.60
S-6	2946.34	2940.85	5.49	2993.20	3005.10	-11.90
Mpgcd305	2966.42	2958.85	7.57	3019.63	3027.10	-7.47
Mpgcd318	2833.19	2828.05	5.14	2924.70	2926.75	-2.05
Mpgcd334	2821.93	2817.39	4.54	2948.50	2947.10	1.40
Interstate	2892.69	2887.81	4.88	2940.20	2938.80	1.40
Prison	2965.61	2958.35	7.26	3007.60	3014.94	-7.34
Average	2890.72	2885.21	5.51	2966.07	2966.87	-0.79

Notes:
MPGCD 305 - no measured data at end of 2010, data shown is for end of 2011
MPGCD 318 - no measured data at end of 2010, data shown is for end of 2012

5.0 Proposed Thresholds for Individual Monitor Wells

As part of the analysis, recommendations for establishing threshold values for the individual monitor wells were developed. Conceptually, these recommendations were based on discussions with FSH representatives in Fort Stockton on April 17, 2017 and with the Middle Pecos GCD Board of Directors on April 18, 2017. Table 5 summarizes these recommendations.

Each of the eleven proposed monitoring wells is listed along with the reference point elevation for measuring groundwater levels. The "Winter Threshold 1" is the minimum historic level. For Wells MPGCD 320 and MPGCD 323, these were developed on actual data. For the other nine wells, they were based on the historic minimum elevation from the WPC Model. As noted at the bottom of Table 5, the proposed action if 6 of the 11 wells fall below the listed threshold is a 100 percent reduction in FSH non-historical use pumping.

"Winter Threshold 2" is 5 feet above "Winter Threshold 1", and, if 6 of the 11 wells fall below the listed threshold, there would be a 30 percent reduction in FSH non-historical use pumping as a means to reduce the rate of decline.

"Winter Threshold 3" is 10 feet above "Winter Threshold 1", and, if 6 of the 11 wells fall below the listed threshold, there would be a 10 percent reduction in FSH non-historical use pumping as a means to reduce the rate of decline.

The monitor well data were used to establish a recent maximum drawdown between winter and summer depth to water data. This maximum drawdown was added to the Winter Threshold 1 to establish a recommended Summer Threshold that would be considered an early warning trigger that groundwater levels may not recover to above the winter thresholds. If 6 of the 11 wells falls below the summer threshold, the "action" would be to have the technical representatives of MPGCD and FSH to meet within 60 days to review pumping and groundwater level data.

The final two columns of Table 5 show the minimum (winter) and maximum (summer) depth to water data in each well from spring 2016 to winter 2017. These are provided for context and to facilitate comparison of current conditions and the recommended thresholds.

Table 6. Monitor Well Threshold Recommendations

Well		Reference Point Elevation (ft MSL)	Winter Threshold 1		Winter Threshold 2		Winter Threshold 3		Maximum Recent Drawdown (Winter to Summer)	Summer Threshold		Recent Depth to Water	
Short Name	Long Name		Depth to Water (ft)	Basis	Depth to Water (ft)	Basis	Depth to Water (ft)	Basis		Depth to Water (ft)	Basis	Winter	Summer
Mpgcd320	King, Woodward, #320	3068	200	Data 1/1999	195	Win1-5	190	Win1-10	45	245	Win1+Max DD	113	148
Mpgcd323	Ft Stockton, Cemetery, #323	3031	193	Data 1/2000	188	Win1-5	183	Win1-10	15	208	Win1+Max DD	146	148
C-5	C-5, FSH Well	3009	105	WPC 1973	100	Win1-5	95	Win1-10	72	177	Win1+Max DD	60	107
M-9	M-9, FSH Well	3261	308	WPC 1973	303	Win1-5	298	Win1-10	48	356	Win1+Max DD	246	283
S-45	S-45, FSH Well	3067	160	WPC 1973	155	Win1-5	150	Win1-10	56	216	Win1+Max DD	92	115
S-6	S-6, FSH Well	3123	200	WPC 1973	195	Win1-5	190	Win1-10	62	262	Win1+Max DD	118	159
Mpgcd305	Cockrell_Belding, #305	3233	287	WPC 1973	282	Win1-5	277	Win1-10	75	362	Win1+Max DD	206	250
Mpgcd318	Goldman Ranch, Well 1	2957	67	WPC 1975	62	Win1-5	57	Win1-10	33	100	Win1+Max DD	30	49
Mpgcd334	Carpenter, #334	3051	135	WPC 1975	130	Win1-5	125	Win1-10	36	171	Win1+Max DD	104	126
Interstate	Interstate Well, FSH Well	2988	91	WPC 1975	86	Win1-5	81	Win1-10	40	131	Win1+Max DD	49	71
Prison	TDCJ, Prison Well	3199	253	WPC 1973	248	Win1-5	243	Win1-10	50	303	Win1+Max DD	184	224

Threshold	Action
Winter Threshold 1	If 6 of 11 are below threshold, 100% reduction in FSH non-historical use pumping
Winter Threshold 2	If 6 of 11 are below threshold, 30% reduction in FSH non-historical use pumping
Winter Threshold 3	If 6 of 11 are below threshold, 10% redcution in FSH non-historical use pumping
Summer Threshold	If 6 of 11 are below threshold, meeting in 60 days between FSH and MPGCD to discuss data

Notes

Maximum Recent Drawdown (Winter to Summer) based on evaluation of recent data (~2010 to 2016)
Summer Thresholds derived by adding maximum recent drawdown (from historic data) to Winter 1 Threshold
Recent Depth to Water are from actual data: maximum (summer) and minimum (winter) from spring 2016 to winter 2017

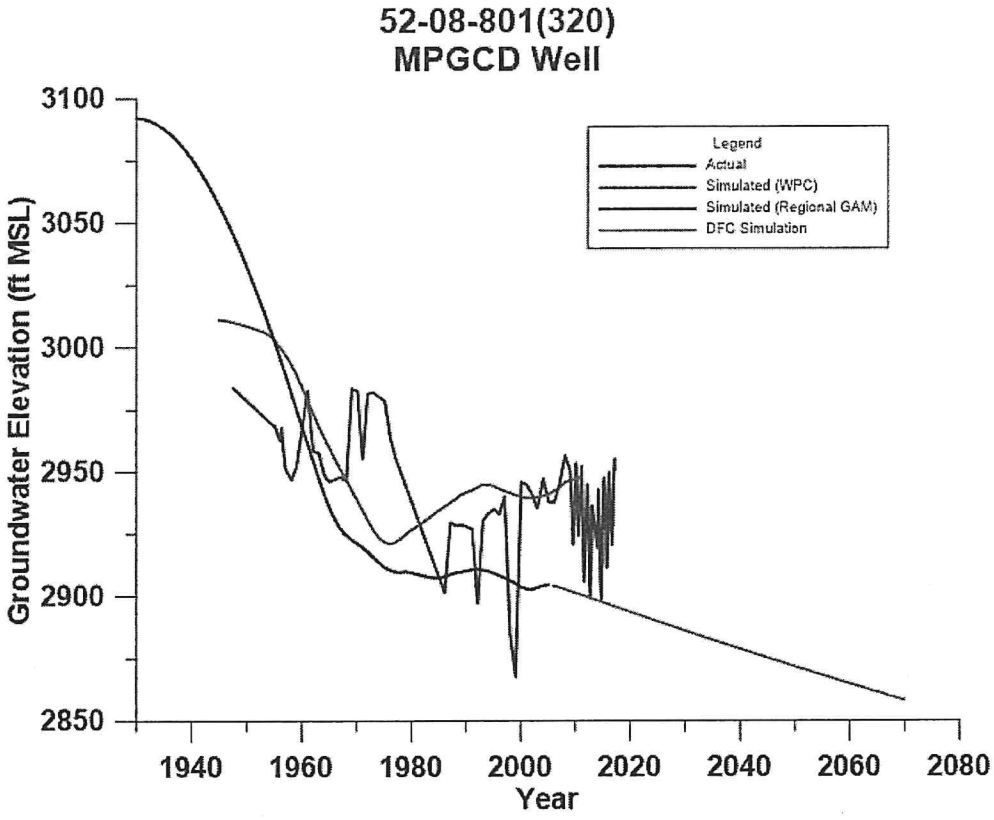
6.0 References

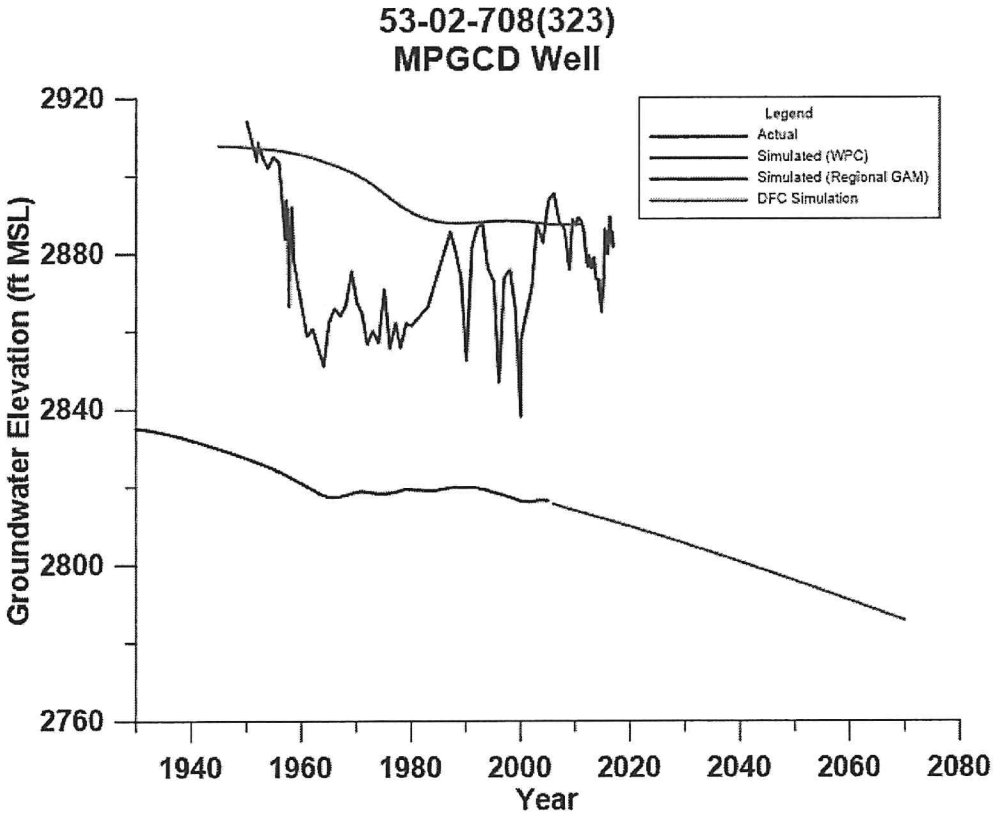
Hutchison, W.R., 2016. Edwards-Trinity (Plateau), Pecos Valley and Trinity Aquifers: Nine Factor Documentation and Predictive Simulations. GMA 7 Technical Memorandum 15-06 (Draft 2), May 24, 2016, 16p.

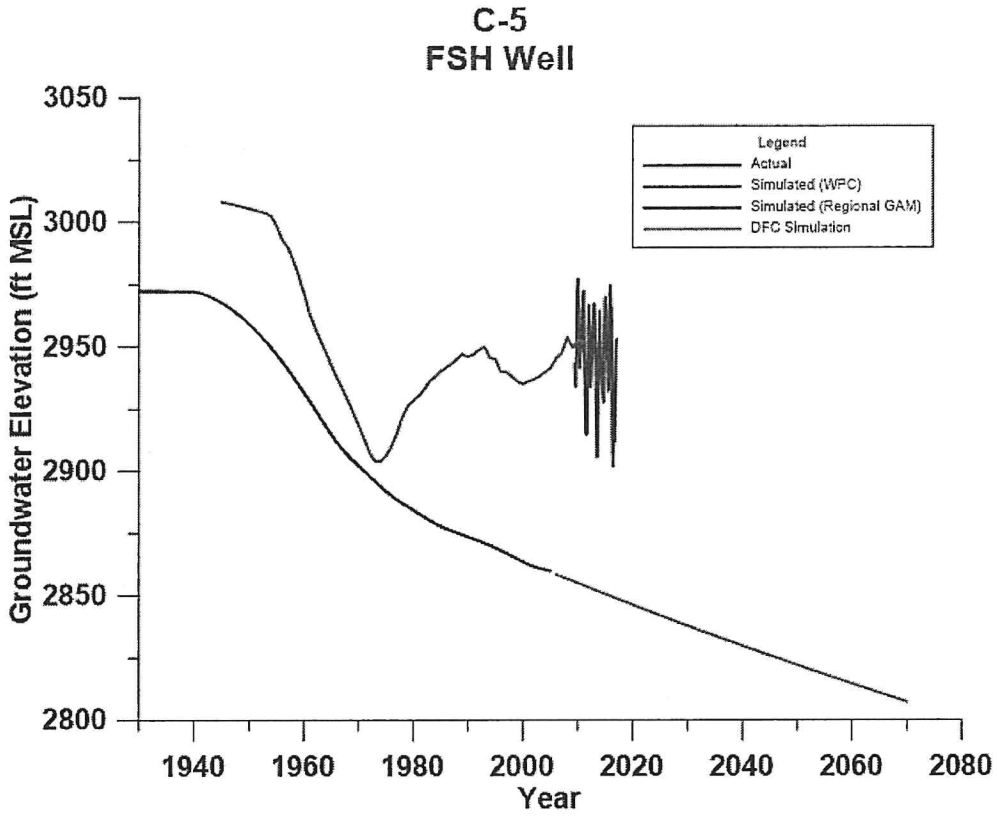
R.W. Harden & Associates, Inc., LBG-Guyton Associates, and Thornhill Group, Inc., 2011. Hydrogeologic, Geochemical and Groundwater Modeling Evaluation of the Leon-Belding Area in Pecos County. Report prepared for Fort Stockton Holdings, L.P. April 14, 2011, 95p.

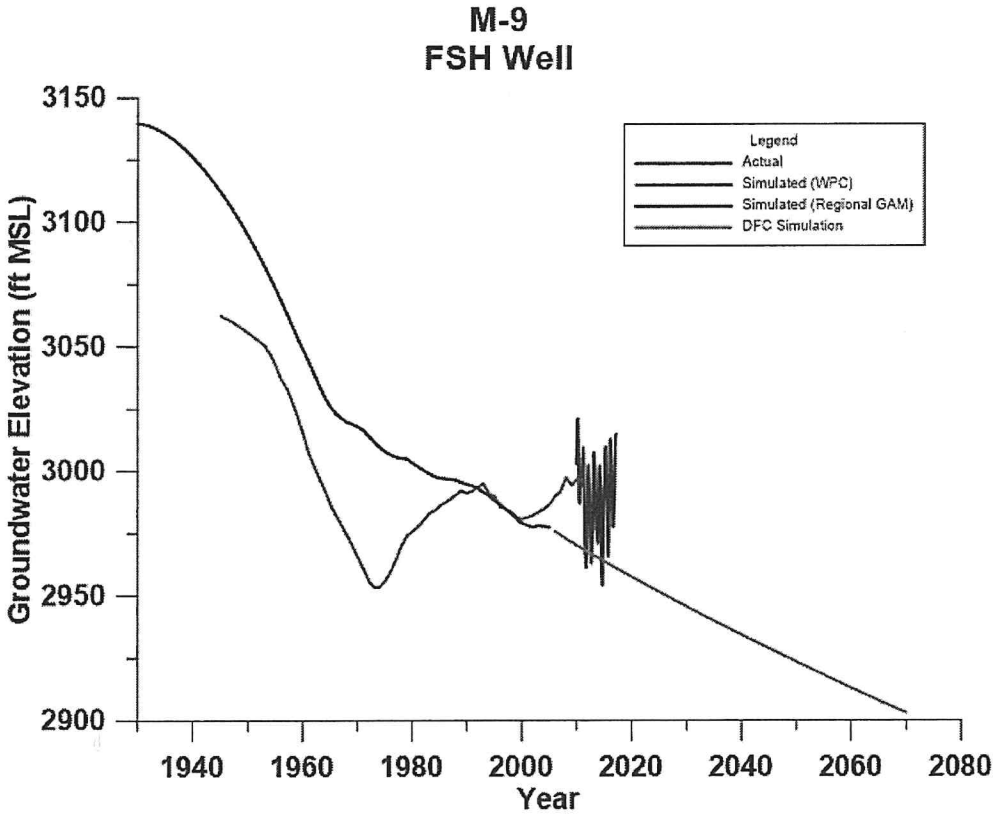
Appendix A

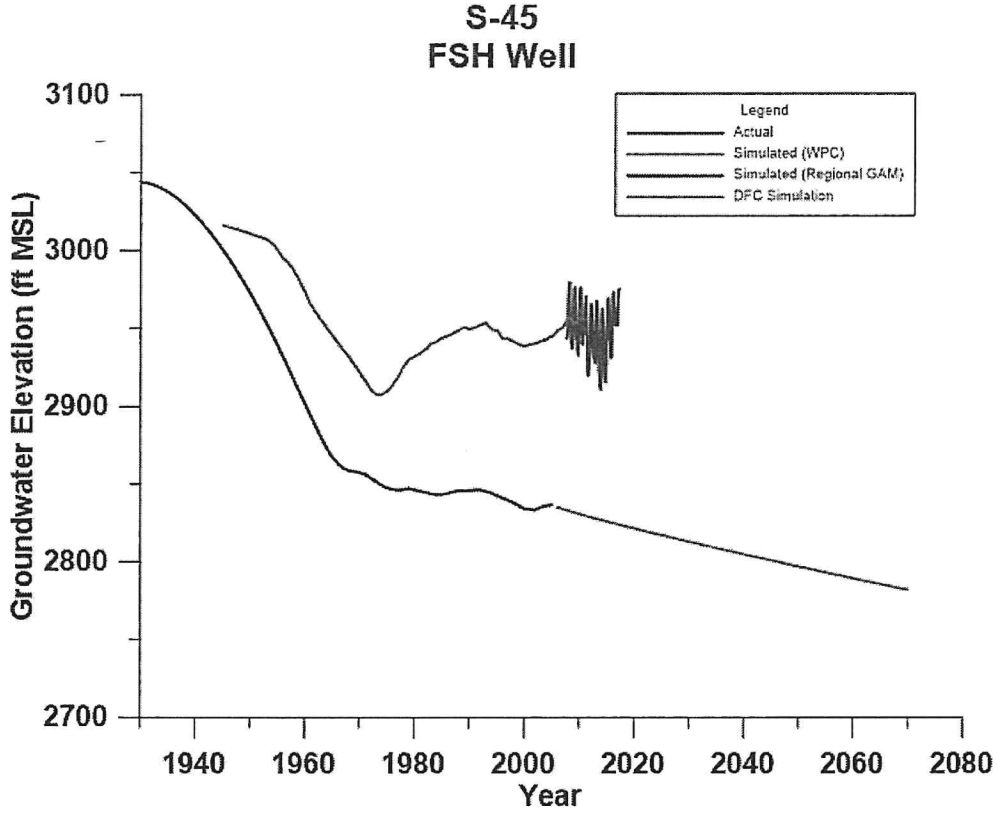
Hydrographs of Eleven Selected Monitoring Wells

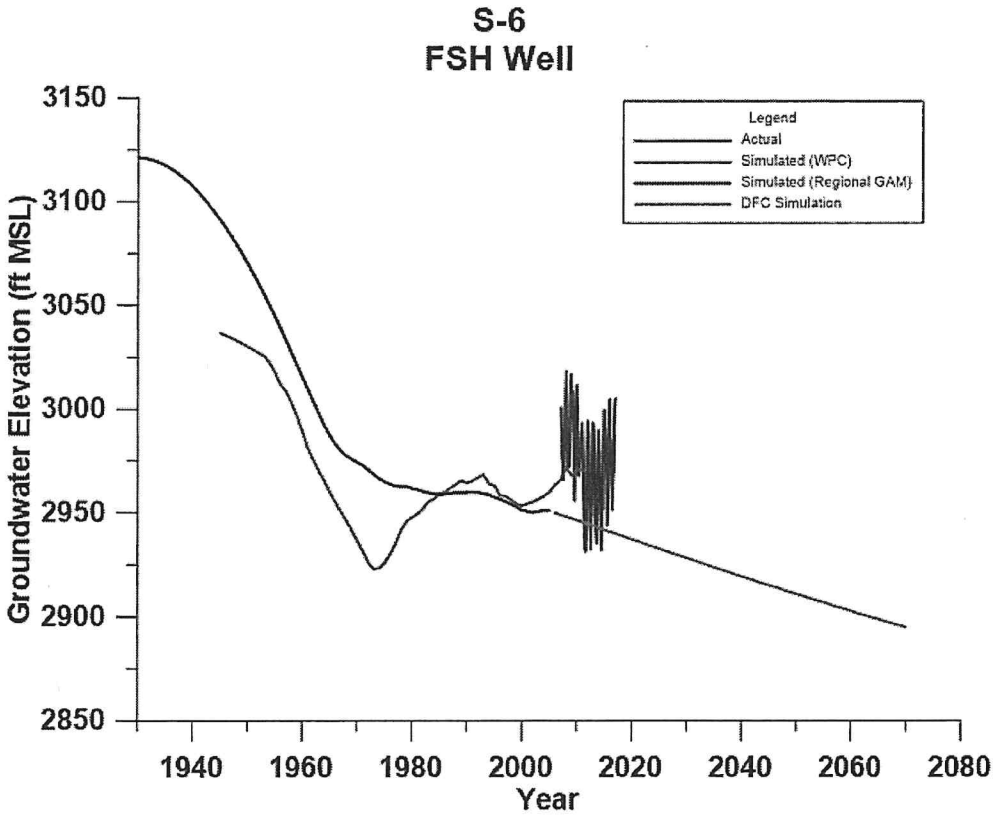

52-08-801(320)
MPGCD Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3100
3050
3000
2950
2900
2850
1940
1960
1980
2000
2020
2040
2060
2080
Year


53-02-708(323)
MPGCD Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
2920
2880
2840
2800
2760
1940
1960
1980
2000
2020
2040
2060
2080
Year


C-5
FSH Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3050
3000
2950
2900
2850
2800
1940
1960
1980
2000
2020
2040
2060
2080
Year


M-9
FSH Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3150
3100
3050
3000
2950
2900
1940
1960
1980
2000
2020
2040
2060
2080
Year


S-45
FSH Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3100
3000
2900
2800
2700
1940
1960
1980
2000
2020
2040
2060
2080
Year


S-6
FSH Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
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3100
3050
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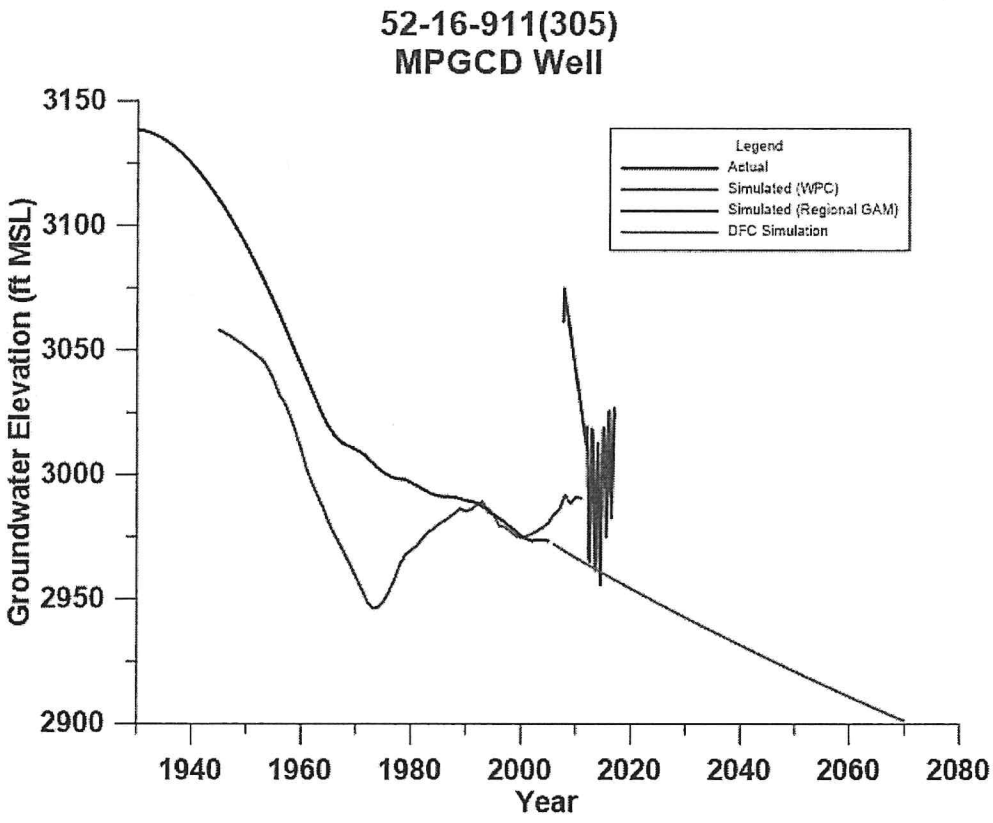
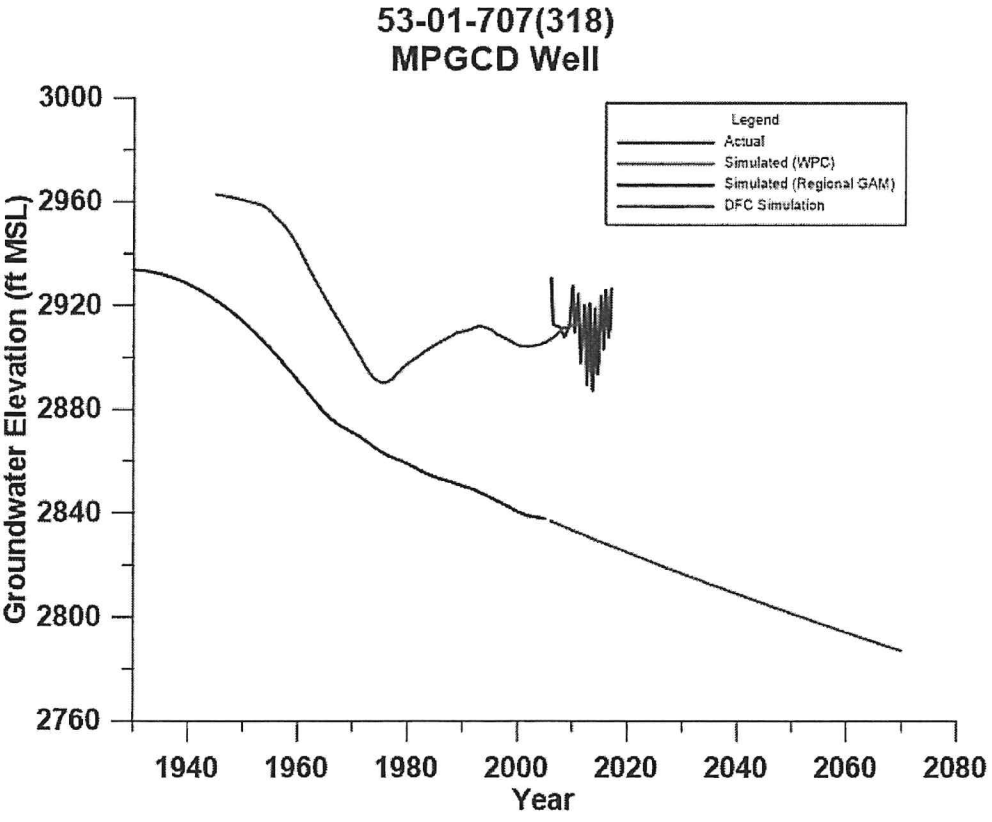
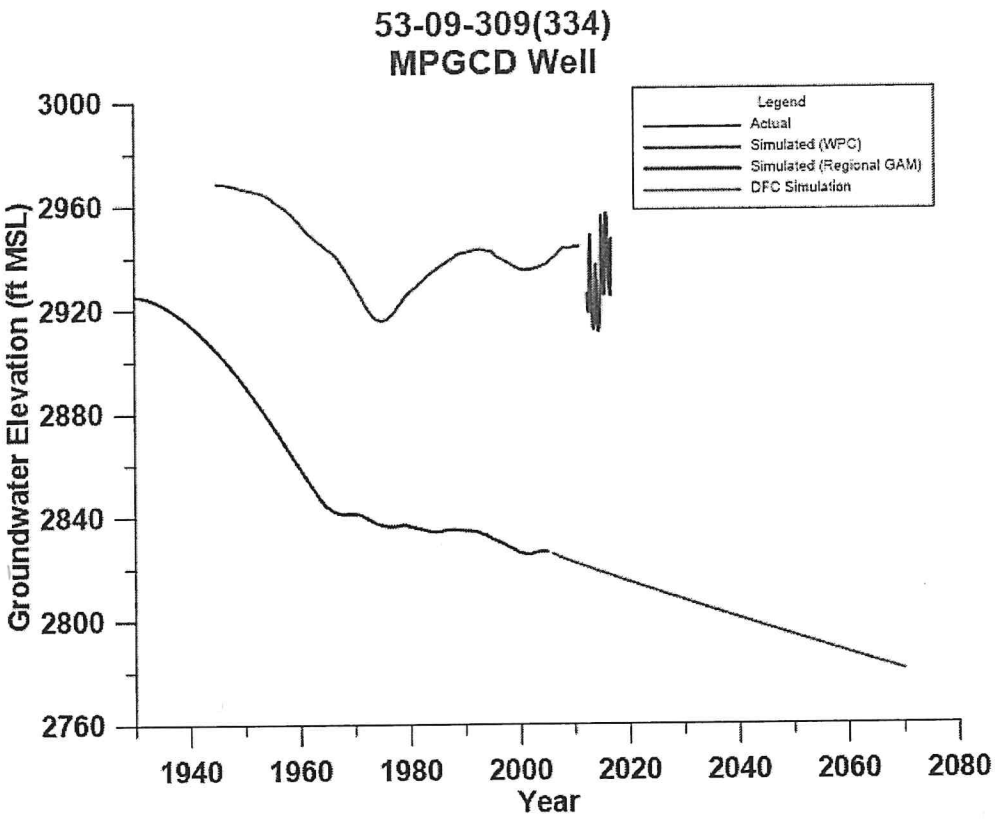
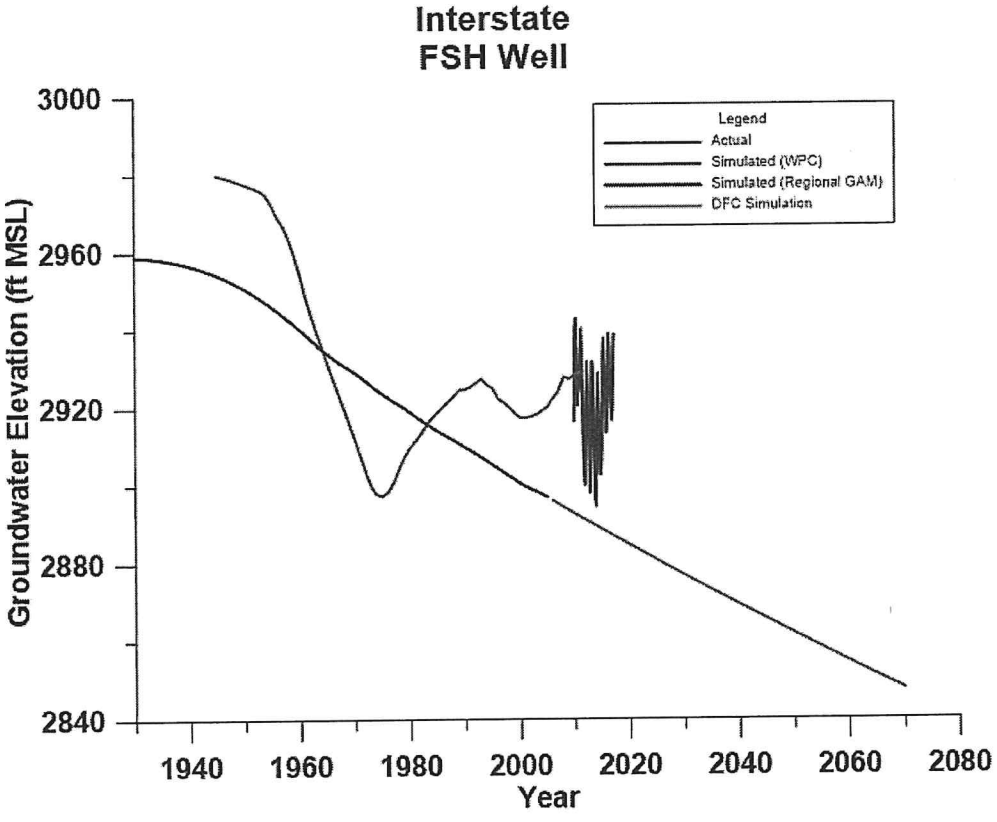
2950
2900
2850
1940
1960
1980
2000
2020
2040
2060
2080
Year


52-16-911(305)
MPGCD Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3150
3100
3050
3000
2950
2900
1940
1960
1980
2000
2020
2040
2060
2080
Year


53-01-707(318)
MPGCD Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3000
2960
2920
2880
2840
2800
2760
1940
1960
1980
2000
2020
2040
2060
2080
Year


53-09-309(334)
MPGCD Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3000
2960
2920
2880
2840
2800
2760
1940
1960
1980
2000
2020
2040
2060
2080
Year


Interstate
FSH Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Groundwater Elevation (ft MSL)
3000
2960
2920
2880
2840
1940
1960
1980
2000
2020
2040
2060
2080
Year

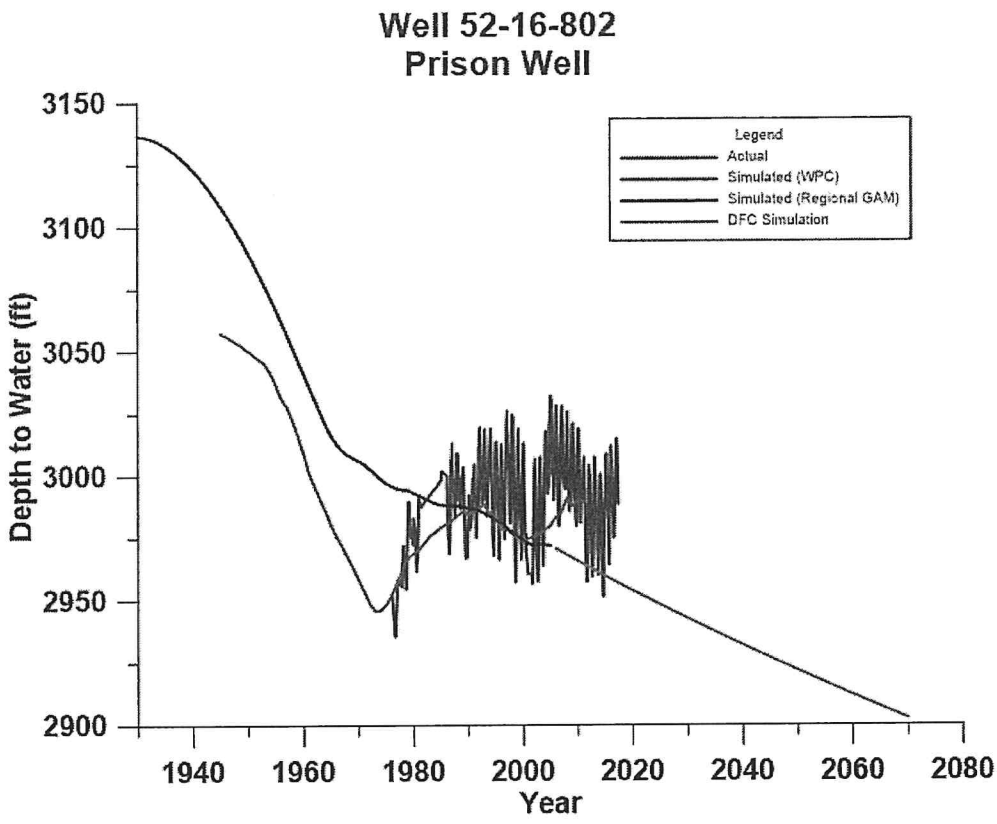

Well 52-16-802
Prison Well
Legend
Actual
Simulated (WPC)
Simulated (Regional GAM)
DFC Simulation
Depth to Water (ft)
3150
3100
3050
3000
2950
2900
1940
1960
1980
2000
2020
2040
2060
2080
Year

EXHIBIT 5

Prison Well Chart reflecting Minimum Recovery

Wet Rock Groundwater Services Summary of Proposed Special Permit Conditions

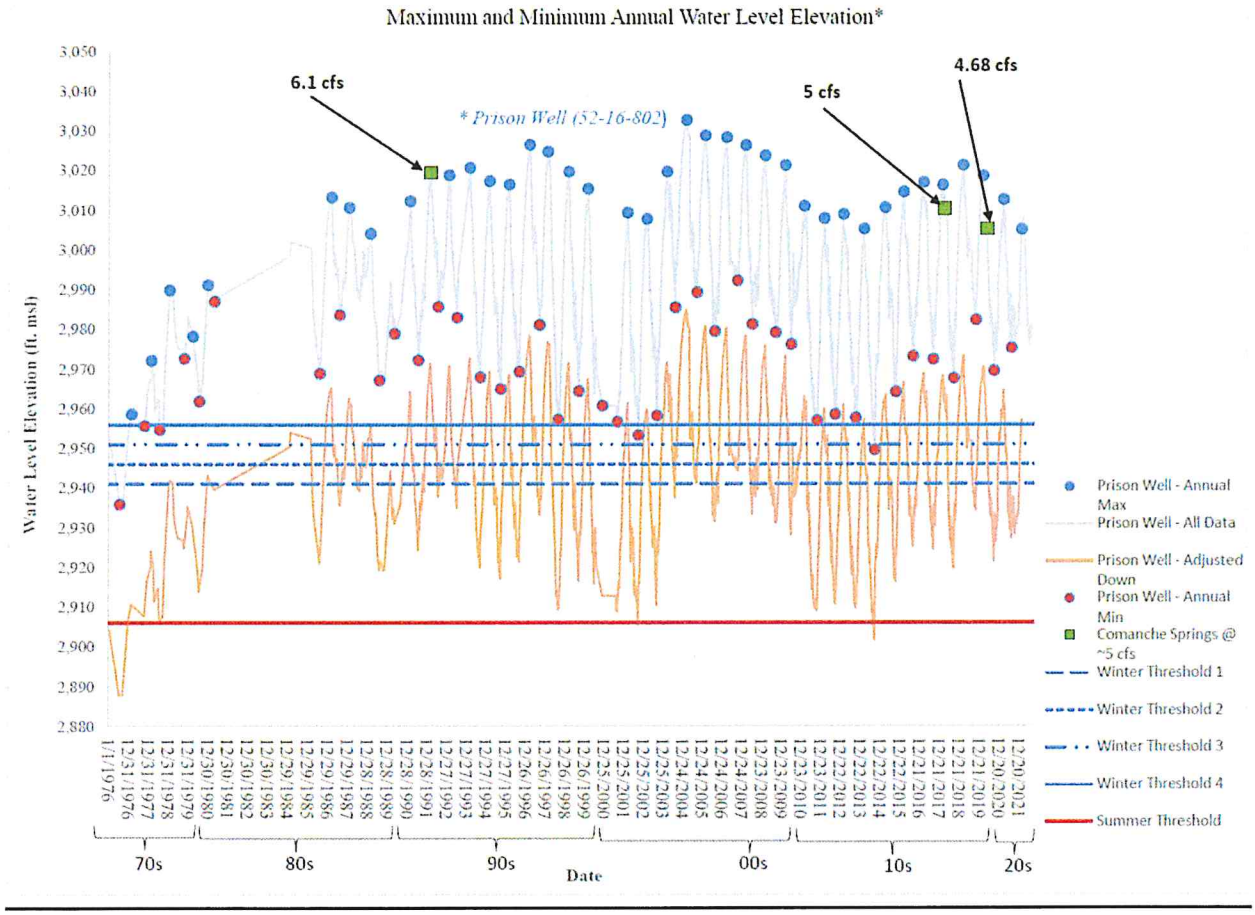


EXHIBIT 6

Wet Rock Groundwater Services Summary of Proposed Special Permit Conditions

Middle Pecos GCD

Proposed Management Zone 1 Rules

Wet Rock Groundwater Services, L.L.C.
Groundwater Specialists
TBPG Firm No: 50038
317 Ranch Road 620 South, Suite 203
Austin, Texas 78734 • Ph: 512-773-3226
www.wetrockgs.com

Summary of Opinions

- Monitoring system is not conservative in its approach to protecting water quality;
- Current monitoring system allows water levels within portions of Management Zone 1 to be greatly lowered without any reduction in pumpage;
- Once-per-year cutbacks do not protect the water resource during times in which water levels are at their lowest;
- Lack of clarity regarding how thresholds are measured and cutbacks implemented.

If Permitted Production is Unchanged, then why Should Water Levels be Lower?

- FSH's Hydrogeological Report Addendum (Thornhill Group, 2010) and Hydrogeological Report (RW Harden & Assoc., 2016) **suggest** that no new impacts on adjoining landowners will be experienced;

- Groundwater modeling runs performed using the FSH model at 28,454 ac-ft./yr. after 2 years indicate that at ¼ mile distance there will be a decline of 18 feet (RW Harden & Assoc., 2016); and

- The trigger / cutback system provides inadequate protection if this fundamental assumption is wrong.

Water Quality Deterioration

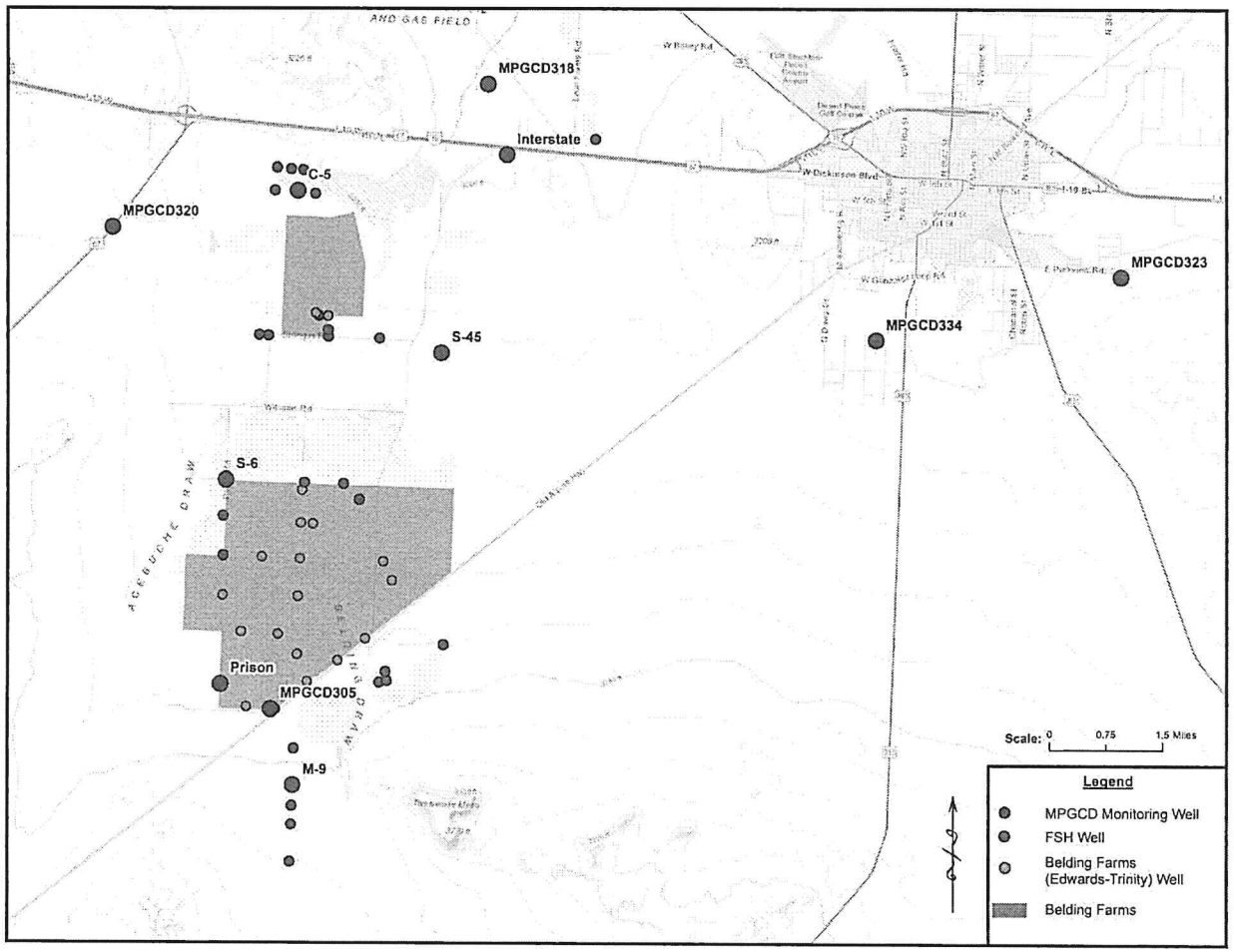
- Wells within the Edwards-Trinity Aquifer within Pecos County produce at large volumes of water. From 2007-2016 the District averaged over 55,000 acre-ft/yr

- Recharge alone through precipitation infiltration is not sufficient to maintain these production rates. Cross formational flow and underflow likely account for the majority of the additional water to the aquifer. In addition, irrigation return flow may also provide another source of recharge

- Hiss (1976), Small and Ozuna (USGS 1987), Jones (TWDB 2001), Boghici (1997) all suggest that flow from the Rustler Aquifer and deeper aquifers discharge into the Edwards-Trinity Aquifer

- A review of water levels from 1965 to 2010 on Belding Farms Well No. 1 (Edwards-Trinity) and Well No. 24 (Rustler) show that on average the Rustler Aquifer is approximately 50 ft. higher in piezometric head than the Edwards-Trinity Aquifer, indicating that upward leakage from the Rustler to the Edwards-Trinity is possible – and will increase if Edwards-Trinity levels decline.

Monitoring Wells

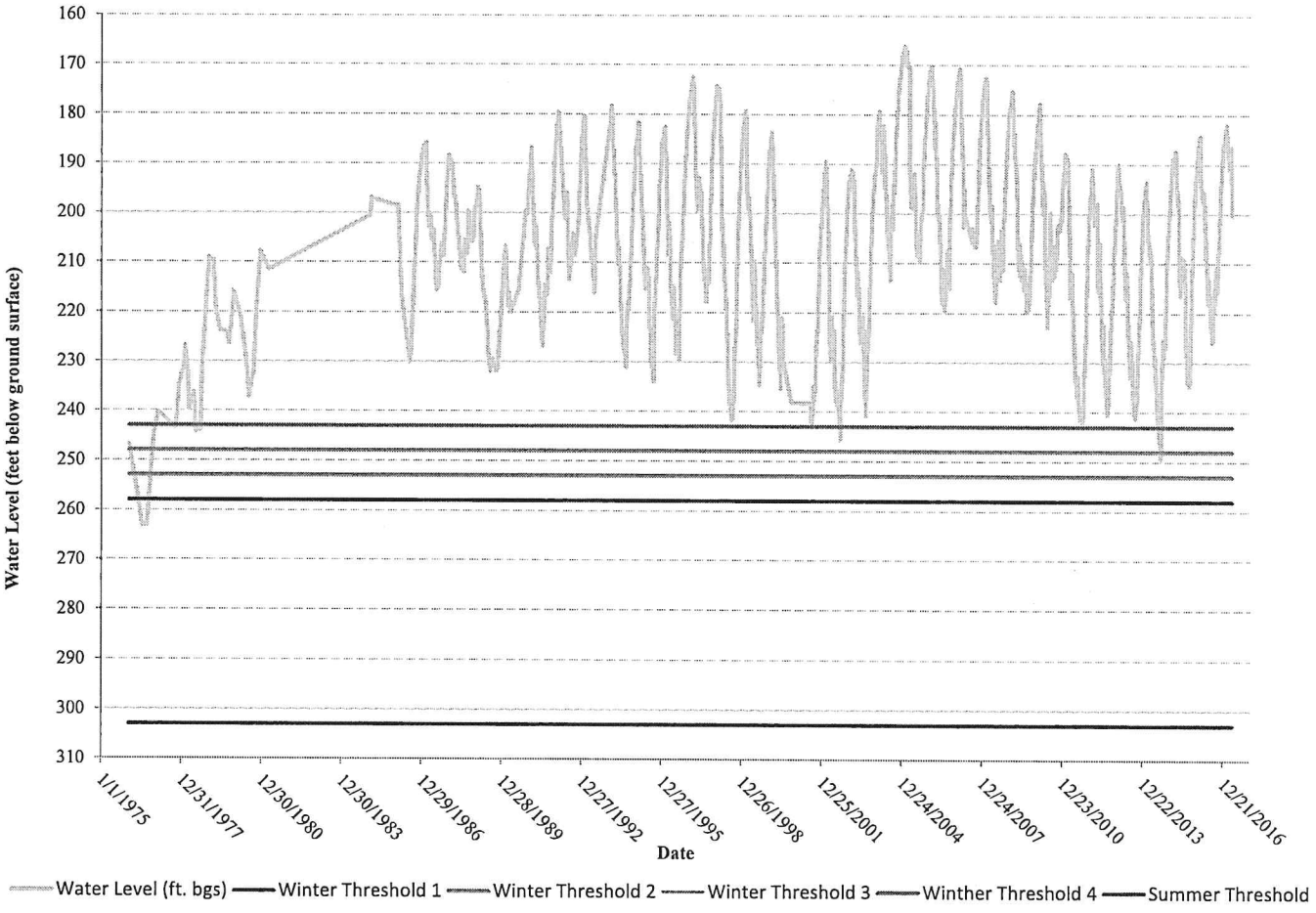


Limited Historical Data for Most Monitoring Wells

Monitoring Well	Period of Record
*MPGCD 320	June 1947 - Present
*MPGCD 323	January 1950 - Present
C-5	March 2009 - Present
M-9	November 2009 - Present
S-45	August 2007 - Present
S-6	March 2007 - Present
MPGCD 305	November 2007 - Present
MPGCD 318	February 2006 - Present
MPGCD 334	July 2012 - Present
Interstate	October 2009 - Present
*Prison	January 1973 - Present

* Proposed Index Monitor Well

Hydrograph of TDCJ Prison Well



The Trigger / Cutback System requires more detail

- How and when are triggers calculated?
  - On which day do you measure?
  - How many days do you measure?

- What happens if water levels drop below the historic low in the summer and water quality deteriorates?
  - While waiting for a meeting the potential exists for irreparable injury to Belding Farms pecan orchard

The Path Forward

- Simplify monitor well system
- Clarify how triggers are implemented
- Measure triggers and implement cutbacks monthly/quarterly
- Stay conservative until better data are collected

EXHIBIT 7

Summary of Litigation

Cockrell I (P-12176-112-CV) (08-21-00017-CV) (Filed 10.10.2017)

Subject	Challenge to District's Settlement with FSH; Administrative Appeal of District's Denial of Request for Party Status on FSH's 2017 Permit Application
District	District approved FSH Settlement; denied Cockrell Party Status
Trial Court	Granted Pleas to the Jurisdiction (12.28.20)
8th Court of Appeals	Determined that Trial Court lacked jurisdiction, stating that Cockrell did not exhaust administrative remedies because Cockrell did not wait until the 91st day after the Motion for Reconsideration before filing suit. (2.16.23). Court of Appeals denied Motion for Rehearing.
TSC	Cockrell filed a Petition for Review with the Texas Supreme Court on 10.27.2023, asserting that the Court of Appeals' decision is erroneous because the Court applied section 36.412 of the Texas Water Code which only applies to contested hearings, and the District did not conduct a contested hearing. To be fully briefed by January 2025.

Cockrell II (P-8277-83-CV) (08-21-00200-CV) (Filed 9.11.2020)

Subject	Challenge to District's Renewal of FSH Permit in 2020
District	Ty Edwards Approved Renewal; District took no action on the renewal, took no action on Cockrell's Party Status, and no action on Cockrell's Motion for Reconsideration
Trial Court	Granted Pleas to the Jurisdiction for the Cities but denied it as to the District; Granted District's and FSH's Summary Judgment ostensibly on statutory interpretation of Water Code provisions and denied Cockrell's; Final Judgment entered (10.26.21)
8th Court of Appeals	Determined that Trial Court lacked jurisdiction, claiming that Cockrell did not exhaust administrative remedies; After Cockrell supplemented the record with our Motion for Reconsideration, the Court of Appeals determined that the Trial Court lacked jurisdiction because Cockrell did not wait until the 91st day after the Motion for Reconsideration before filing suit. (7.10.23). Court of Appeals denied Motion for Rehearing.
TSC	Cockrell filed a Petition for Review with the Texas Supreme Court on 10.25.2023, asserting that the Court of Appeals' decision is erroneous because

	the Court is using section 36.412 of the Texas Water Code which only applies to contested hearings, and the District did not conduct a contested hearing. To be fully briefed by January 2025.

Cockrell III (P-8580-83-CV) (08-23-00178-CV) (Filed 3.31.2023)

Subject	Challenge to Ty Edwards' 2023 renewal of FSH Permit filed preemptively
District	Ty Edwards renewed the permit upon learning of Cockrell's lawsuit.
Trial Court	Granted Pleas to the Jurisdiction (7.19.23)
Appellate Court	Cockrell briefed the case to the Court of Appeals, explaining that the Trial Court erroneously granted the pleas to the jurisdiction because Cockrell properly sued under the Ultra Vires exception to governmental immunity and Edwards' renewal did not moot our challenge. Court of Appeals abated case pending resolution of Texas Supreme Court appeals.

Cockrell IV (P-8626-83-CV) (Filed 8.17.2023)

Subject	Challenge to District's Renewal of FSH Permit in 2023 (similar to Cockrell II)
District	Ty Edwards Approved Renewal; District took no action on the renewal and took no action on Cockrell's Party Status; District took no action on Cockrell's Motion for Reconsideration.
Trial Court	Lawsuit filed prior to 90th day after Cockrell filed a Motion for Reconsideration. Pending at trial court.

Cockrell V (P-13031-112-CV) (Filed 8.23.2023)

Subject	Challenge to District's Renewal of FSH Permit in 2023 (similar to Cockrell II)
District	Ty Edwards Approved Renewal; District took no action on the renewal and took no action on Cockrell's Party Status; District took no action on Cockrell's Motion for Reconsideration.
Trial Court	Lawsuit filed after the 90th day after Cockrell filed our Motion for Reconsideration. Pending at trial court.

The Texas Supreme Court briefs, which detail the full narratives and legal issues are available at: https://search.txcourts.gov/CaseSearch.aspx?coa=cossup&s=c

Search for Case Nos. 23-0593 and 23-0742

EXHIBIT 8

Cockrell's September 2023 Petition for Rulemaking

MIDDLE PECOS
Groundwater Conservation District
P. O. Box 1644, Fort Stockton, Texas 79735
Phone: 432/336-0698; Fax: 432/336-3407
Email: mpgcd@mpgcd.org

PETITION TO ADOPT OR MODIFY A DISTRICT RULE

Instructions: This Petition to Adopt or Modify a District Rule form must be completed as required by District Rule 6.5 and filed at the District office. Each rule adoption or modification requested must be submitted on a separate Petition to Adopt or Modify a District Rule form.

A person unable to comply with any procedures under District Rule 6.5, or to provide the information required by this form, may file a written explanation as to why compliance with the required procedure(s) is not possible along with a written request that the District waive the specific procedure(s). The written explanation and written request must be submitted to the District Office at the same time as this Form.

Additional information may be attached to this form.

1. **Text of Proposed Rule or Rule Modification** (underline words proposed to be added to the text of the current rules and strike through words proposed to be deleted from the text of the current rules):

RULE 10.8 RULES FOR MANAGEMENT ZONE 1

(a) All non-exempt permit holders are required to meter all non-exempt wells, unless permit is for fewer than 100 ac/ft. Meters to be installed on or before 12/31/2023, and upon completion of any new wells.

(b) All new, non-exempt wells constructed within Management Zone 1 are required to install a 1" pvc line for pressure transducers or concurrently install a monitoring well.

(c) On or before 12/31/2023, all permitholders over 1000 ac/ft are required to pay for a pressure transducer on up to 10% of their wells and allow MPGCD access to the well to install, repair, and monitor. MPGCD may decide in which wells to install transducers.

(d) MPGCD will perform water quality testing (lab result type) in all MPGCD monitoring wells in July and January. All permitholders over 1000 ac/ft are required to perform same test in 50% their wells in July and January and submit to District.

... Continued in attached "PROPOSED MPGCD RULES FOR MZ1."

2. **Written Explanation of the Intended Purpose of the Proposed Rule or Rule Modification:**

To properly ensure that the District's Management Plan for Management Zone 1 accounts for the overall health and future resilience of the aquifer for all beneficial uses, Cockrell requests that the District adopt the Proposed Rule 10.8 to establish (a) more precise and consistent monitoring of wells within Management Zone 1; and (b) year-round thresholds that monitor declining water levels and are able to trigger automatic pumping cutbacks if the water level drops below the threshold. If the above issues are addressed through meaningful rulemaking procedures, the groundwater levels will be more consistent and the aquifer will be healthier. Enforcing year-round thresholds (not just in the winter recovery period) will allow the District to use index wells to protect the health of the aquifer throughout the entire year by making sure the water levels are maintained at a certain level even during the summer months where irrigation and municipal use are at their highest. Establishing year-round thresholds is not unusual, as many other groundwater conservation districts across the state implement them. The identified thresholds are designed to protect the aquifer at historic lows.

3. **Allegation of Injury or Inequity that could Result from Failure to Adopt Proposed Rule or to Modify Current Rule:**

The current Management Plan and FSH Special Permit Conditions provide that if 6 of the 11 monitoring wells within Management Zone 1 do not recover above the Winter Thresholds, then specified reductions in pumping will be implemented for the remainder of the year. However, the Management Plan does not provide for a year-round or floor threshold with any real consequences for what occurs if the groundwater level drops too low. Of particular concern is the fact that once the water level in a specific monitoring well recovers above an applicable winter threshold, even if just for an instant, the Management Plan considers the monitoring well to have achieved recovery and cutbacks will not be considered until the following year. Once recovered above the Winter Threshold, the permit holders can proceed with pumping groundwater without threat of cutbacks. This allows for water levels to continue dropping as irrigation begins.

Another problem with the current Management Plan is that it allows for certain groundwater permitholders to "game" the monitoring well system. Specifically, during the winter recovery period, permitholders who have higher usage needs can increase pumping from wells that are farther from the specified monitoring wells in order to allow 6 or more monitoring wells to register levels that rise above the Winter Thresholds, meaning normal pumping can resume across the board without consequence of cutbacks.

Without significant rulemaking changes in cutback threshold levels are determined and maintained, the following issues likely occur: declining water levels, decreased transmissibility, decreased levels of production, increased levels of solids in the water, higher production costs, and potential need to install larger pumps, drill deeper wells, and even re-drill some wells. Lack of proper enforcement and pumping adjustments based on water levels increases risks of long-term damage to the aquifer and its ability to adequately recover after the summer irrigation season. Increased strain on the aquifer could also damage other nearby aquifers. Individual users, such as Belding Farms, may experience a loss or degradation of water at or below historic levels.

4. **Description of Petitioner(s) Real Property Interest in Groundwater in the District** (attach proof of real property interest in groundwater located within the District for each petitioner):

Cockrell is a landowner within the District. Cockrell/Belding Farms owns a 2,205 acre commercial pecan orchard consisting of approximately 68,000 trees. For its orchard, Cockrell utilizes its substantial water rights in the Edwards-Trinity Aquifer, which supports its pecan orchard.

Cockrell currently has a Historic Existing Use Permit that was issued in July 2006 for 16 wells in the amount of 15,528.846 acre feet, which is used to, among other things, supply water/irrigation requirements for its pecan orchard consisting of approximately 68,000 trees. In fact, Cockrell's 2,205-acre orchard is a part of 6,663.18 acres owned and leased by Cockrell.

For additional details, please see COCKRELL INVESTMENT PARTNERS, L.P.'S PETITION TO ADOPT RULE submitted to the MPGCD on September 5, 2023, and attached hereto.

Petitioner(s) Information (Please include information for additional petitioners as appropriate).

Petitioner #1:

Cockrell Investment Partners, LP and Belding Farms, c/o Ryan C. Reed, Attorney

(210) 222-9494; rreed@pulmanlaw.com

First Name Last Name Phone Number Email Address

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213

Physical Address City State Zip code

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213

Mailing Address City State Zip code

/s/ Ryan C. Reed 12/18/2023

Signature *Date*

Petitioner #2:

First Name Last Name Phone Number Email Address

Physical Address City State Zip code

Mailing Address City State Zip code

Signature *Date*

Petitioner #3:

First Name Last Name Phone Number Email Address

Physical Address City State Zip code

Mailing Address City State Zip code

Signature *Date*

Additional information may be attached to this form.

COCKRELL INVESTMENT PARTNERS, L.P.'S	§	BEFORE THE MIDDLE
	§	PECOS GROUNDWATER
PETITION FOR RULEMAKING	§	CONSERVATION DISTRICT

COCKRELL INVESTMENT PARTNERS, L.P.'S PETITION TO ADOPT RULE

COMES NOW, COCKRELL INVESTMENT PARTNERS, L.P., the owner of Belding Farms, ("Cockrell") and, pursuant to Texas Water Code section 36.1025[1] and proposed District Rule 6.5, files this Petition to Adopt Rule ("Petition") and, in support hereof, shows the District as follows:

INTRODUCTION

1. Cockrell is a landowner within the District. Cockrell owns a 2,205 acre commercial pecan orchard consisting of approximately 68,000 trees. For its orchard, Cockrell utilizes its substantial water rights in the Edwards-Trinity Aquifer, which supports its pecan orchard. Cockrell is adamant about ensuring that the Edwards Trinity Aquifer is responsibly managed for the benefit of all water users in the District and, by this Petition, seeks to ensure that the District is fulfilling its obligation to *all* water users, including Cockrell.

2. Cockrell currently has a Historic Existing Use Permit that was issued in July 2006 for 16 wells in the amount of 15,528.846 acre feet, which is used to, among other things, supply water/irrigation requirements for its pecan orchard consisting of approximately 68,000 trees. In fact, Cockrell's 2,205-acre orchard is a part of 6,663.18 acres owned and leased by Cockrell.

3. The current rules enacted by the District do not include measures to ensure a year-round threshold is maintained, which places the entire aquifer at risk. District Rules 10.3 and 10.4 are not specifically concrete to provide any type of timely protection for affected groundwater users. The recovery levels prescribed in the FSH Special Permit Conditions are not District rules

[1] Section 36.1025 of the Texas Water Code was enacted with the passing of HB 2443 in the 88th Regular Session of the Texas Legislature and became effective on September 1, 2023. Act of June 10, 2023, 88th Leg., R.S. (2023) (to be codified at Tex. Water Code § 36.1025).

applicable to all groundwater permit holders and do not safeguard against declining water levels during the majority of the year.

4. Cockrell files this Petition to request the District engage in rulemaking to implement rules that protect the groundwater resources in Management Zone 1. Cockrell further requests that the District engage in rulemaking to ensure that rules are in place that do not allow for depletion of the groundwater resources without implementing mechanisms to do so responsibly with an eye towards conservation. In the future, Cockrell will also request rulemaking to address a mitigation fund and the export rate necessary to provide meaningful contributions to the mitigation fund, as well as rules aimed at conserving other aquifers which likely contribute to the recharge of the Edwards-Trinity Aquifer. However, by this Petition, Cockrell requests the District to engage in rulemaking with the goal of requiring increased monitoring and metering of wells and introducing year-round floors or thresholds that require cutbacks year round so as to ensure that as water levels decline, the health of the aquifer is maintained.

STATEMENT OF FACTS

5. Cockrell has long been involved in litigation to protect the aquifer levels for future use. Specifically, Cockrell is currently involved in litigation against the District and Fort Stockton Holdings, LP ("FSH"), a neighboring permit holder. Fort Stockton Holdings, L.P. is the owner of a groundwater estate underlying approximately 18,000 acres of land in the Leon Belding area west of Fort Stockton in Pecos County. For the past decade, FSH has employed a series of scorched-earth tactics—including lawsuits and legislative/lobbying efforts—to obtain an unprecedented production and transportation permit from the District.

6. FSH entered into an Untreated Groundwater Supply Contract with the City of Midland wherein Midland can use FSH's groundwater permit (the "FSH Permit") for municipal

use. The Cities of San Angelo and Abilene are each a party to an Interlocal Agreement with the City of Midland for use of the FSH Permit.

7. The litigation between Cockrell, the District, and FSH has a long history.[2] Essentially, FSH's permit currently allows for the right to produce and export 28,500 acre-feet from the District for a three-year term. Cockrell challenged the District's decision to issue (2017 lawsuit) and extend (2020 and 2023 extensions and lawsuits) the term of the permit due to Cockrell's concerns that the District did not consider the potential strain on the aquifer and was not gathering and analyzing data regarding potential impacts of the FSH Permit on the aquifer and surrounding permitholders, such as Cockrell. In response to Cockrell's litigation efforts, the District, at all times, maintained that it was following established rules and procedures set forth in the District's rules and chapter 36 of the Texas Water Code.

District's Rules and the Management Plan for Management Zone 1

8. District Rule 10.5 provides for the creation of Management Zones within the District. Management Zone 1 covers the Leon-Belding Irrigation Area and Vicinity of City of Fort Stockton and includes outlets of Comanche Springs. District Rule 10.5(1). Specifically, Management Zone 1 includes 11 monitoring wells within the District and includes the wells utilized by Cockrell and FSH, among other agricultural groundwater permitholders. *Id.* The water

[2] (1) Cause No. P-12-176-112-CV, *Cockrell Investment Partners, L.P. v. Middle Pecos Groundwater Conservation District*, in the 112th Judicial District Court, Pecos County, Texas, Appellate Cause No. 08-21-00017-CV; (2) Cause No. P-8277-83-CV, 83rd Judicial District, Pecos, Texas; Appellate Cause No. 08-21-00200-CV, Eighth Court of Appeals, El Paso, Texas; (3) Cause No. P-8580-83-CV, 83rd Judicial District, Pecos, Texas; Appellate Cause No (Interlocutory Appeal) No. 08-23-00178-CV; (4) Cause No. P-8626-83-CV, *Cockrell Investment Partners, L.P. v. Middle Pecos Groundwater Conservation District*, in the 83rd Judicial District Court, Pecos County, Texas; and (5) Cause No. P-13031-112-CV), *Cockrell Investment Partners, L.P. v. Middle Pecos Groundwater Conservation District*, in the 112th Judicial District Court, Pecos County, Texas.

use is governed by the District's Management Zone 1 Management Plan, which focuses on recharge as opposed to drawdown. Essentially, during the summer, the water levels are drawn down by the permitholders who use the water for irrigation and municipal purposes. During the winter months, pumping is reduced, the aquifer recharges, and this allows the aquifer levels to recover.

9. The current Management Plan and FSH Special Permit Conditions provide that if 6 of the 11 monitoring wells within Management Zone 1 do not recover above the Winter Thresholds, then specified reductions in pumping will be implemented for the remainder of the year. However, the Management Plan does not provide for a year-round or floor threshold with any real consequences for what occurs if the groundwater level drops too low. Of particular concern is the fact that once the water level in a specific monitoring well recovers above an applicable winter threshold, even if just for an instant, the Management Plan considers the monitoring well to have achieved recovery and cutbacks will not be considered until the following year. Once recovered above the Winter Threshold, the permit holders can proceed with pumping groundwater without threat of cutbacks.

10. Another problem with the current Management Plan is that it allows for certain groundwater permitholders to "game" the monitoring well system. Specifically, during the winter recovery period, permitholders who have higher usage needs can increase pumping from wells that are farther from the specified monitoring wells in order to allow 6 or more monitoring wells to register levels that rise above the Winter Thresholds, meaning normal pumping can resume across the board without consequence of cutbacks.

11. Enforcing year-round thresholds (not just in the winter recovery period) would allow the District to use index wells to protect the health of the aquifer throughout the entire year

by making sure the water levels are maintained at a certain level even during the summer months where irrigation and municipal use are at their highest. Establishing year-round thresholds is not unusual, as many other groundwater conservation districts across the state implement them.

Intended Purpose of the Amended Management Plan for Management Zone 1

12. Attached hereto as Exhibit A is Cockrell's proposed addition to the District's Management Plan for Management Zone 1 to be added to Section 10 of the District's Rules. To properly ensure that the District's Management Plan for Management Zone 1 accounts for the overall health and future resilience of the aquifer for all beneficial uses, Cockrell requests that the District engage in rulemaking regarding the following topics:

a. More precise and consistent monitoring of wells within Management Zone 1; and

b. Establishment of year-round thresholds that monitor declining water levels and are able to trigger automatic pumping cutbacks if the water level drops below the threshold.

13. If the above issues are addressed through meaningful rulemaking procedures, the groundwater levels will be more consistent and the aquifer will be healthier. Without significant rulemaking changes in how the current threshold levels are determined and maintained, the following issues likely occur: declining water levels, decreased transmissibility, decreased levels of production, increased levels of solids in the water, higher production costs, and potential need to install larger pumps, drill deeper wells, and even re-drill some wells. Lack of proper enforcement and pumping adjustments based on water levels increases risks of long-term damage to the aquifer and its ability to adequately recover after the summer irrigation season. Increased strain on the aquifer could also damage other nearby aquifers.

PETITION FOR RULEMAKING UNDER TEXAS WATER CODE § 36.1025

14. Cockrell brings this Petition under Texas Water Code § 36.1025, which became effective on September 1, 2023, and District Rule 6.5. Pursuant to section 36.1025 of the Water Code, a person who has a real property interest in groundwater may petition the District where the real property is located to request the District to adopt or modify a rule.

15. Cockrell requests the District to engage in rulemaking to implement rules that protect the groundwater resources and ensure that the Management Plan for Management Zone 1 adequately measures and maintains water levels year-round and ensures proper long-term recovery of water levels after the summer irrigation season. Cockrell requests this rulemaking to ensure water levels for its own future use, and that of all other current and future landowners.

16. Specifically, Cockrell requests the District to add the text in Exhibit A to Section 10 of the District's Rules.

PRAYER

WHEREFORE PREMISES CONSIDERED, Cockrell respectfully requests that the District grant Cockrell's petition for rulemaking, engage in rulemaking to establish year-round thresholds and cutbacks, and establish procedures for more precise monitoring of wells within Management Zone 1 on a year-round basis.

Respectfully submitted,

PULMAN, CAPPUCCIO & PULLEN, LLP

By: */s/Ryan C. Reed*

Ryan C. Reed
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EXHIBIT
A

Rules for Management Zone 1

1. All non-exempt permit holders are required to meter all non-exempt wells, unless permit is for fewer than 100 ac/ft. Meters to be installed on or before 12/31/2023, and upon completion of any new wells.

2. All new, non-exempt wells constructed within Management Zone 1 are required to install a 1" pvc line for pressure transducers or concurrently install a monitoring well.

3. On or before 12/31/2023, all permitholders over 1000 ac/ft are required to pay for a pressure transducer on up to 10% of their wells and allow MPGCD access to the well to install, repair, and monitor. MPGCD may decide in which wells to install transducers.

4. MPGCD will perform water quality testing (lab result type) in all MPGCD monitoring wells in July and January. All permitholders over 1000 ac/ft are required to perform same test in 50% their wells in July and January and submit to District.

5. All permit holders subject to metering requirements under these Rules are required to submit to the MPGCD, on a quarterly basis, their meter readings, subject to additional reporting requirements under Reporting Threshold levels.

6. Thresholds, Reporting Requirements, and Cutbacks

The Prison Well, MPGCD 320, S-45, and S-6 are designated as groundwater elevation trigger wells. Threshold triggers are invoked when two of the four wells register groundwater elevations below the specified groundwater trigger elevations set forth herein. When invoked, cutbacks and contingency planning set forth herein will be instituted. Groundwater elevation trigger levels for all four wells are summarized in Table 1.

Table 1. Groundwater elevation trigger levels (ft, msl | depth to water)

Well	Threshold 1		Threshold 2		Threshold 3	
Prison Well	2960	239	2950	249	2900	299
S-6	2935	188	2925	198	2875	248
S-45	2920	147	2910	157	2860	207
MPGCD 320	2900	168	2890	178	2840	228

Threshold 1: District Action -

i. District sends written notice to all permitholders of Threshold being reached and requirements for permitholders and/or publishes on Website/via Email
ii. All permitholders monitor and report water levels monthly
iii. All permitholders report lowering of pumps and new pump depth
iv. No new transport/export permits considered by MPGCD
v. No applications for non-exempt wells considered
vi. Schedule Agenda item for next board meeting to discuss results of monitoring data including reporting data, water levels, pump depth, etc.
vii. This remains in effect for 30 days, even if levels go above Threshold 1

Threshold 2: District Action -

i. District sends written notice to all permitholders of Threshold being reached and requirements for permitholders and/or publishes on Website/via Email
ii. All permitholders monitor and report water levels monthly
iii. All permitholders report lowering of pumps and new pump depth
iv. No new transport/export permits considered by MPGCD
v. No applications for non-exempt wells considered
vi. Schedule board meeting within 10 days to discuss potential exercise of District's emergency powers
vii. Production permit holders in Management Zone 1 will only be authorized to produce 50 percent of 1/365 of their respective annual permitted pumping amount on a daily basis. Production permit holders may resume pumping their full permitted amount ten (10) days after three of the four trigger wells register daily groundwater elevations above Threshold 2 triggers.

Threshold 3: District Action -

i. Production permit holders in Management Zone 1 will cease to be authorized to produce under their production permit. Production permit holders may resume pumping: (i) 50 percent of 1/365 of their respective annual permitted pumping amount on a daily basis ten (10) days after three of the four trigger wells register daily groundwater elevations above Threshold 3 triggers, and (ii) their full permitted amount ten (10) days after three of the four trigger wells register daily groundwater elevations above Threshold 2 triggers.

If, during any year, Threshold 2 trigger levels are exceeded and there is no adverse impact on the aquifer, following an evidentiary hearing at which it is determined that (a) no Management Zone 1 groundwater permit holder's (i) Total Dissolved Solids have increased by more than 5.0% over TDS levels observed in wells in calendar years 2017-2023; (ii) Sodium levels have increased by more than 5.0% over Sodium levels observed in wells in calendar years 2017-2023; (iii) Calcium levels have increased by more than 5.0% over Calcium levels observed in its wells in calendar years 2017-2023; and (iv) production rates have decreased by more than 5.0% over rates observed in its wells in calendar years 2017-2023, and (b) other aquifers are not recharging the Edwards-Trinity Aquifer, the Threshold trigger levels in Table 1 may be adjusted by no more than 10 feet (10' decrease for msl, 10' increase for depth to water) for the following year. Provided, however, that if FSH's Special Permit Conditions Winter Threshold 1 is invoked in any year, the Thresholds in Table 1 shall apply for the following year.

EXHIBIT 9

Cockrell's August 2024 Petitions for Rulemaking

MIDDLE PECOS
Groundwater Conservation District
P. O. Box 1644, Fort Stockton, Texas 79735
Phone: 432/336-0698; Fax: 432/336-3407
Email: mpgcd@mpgcd.org

PETITION TO ADOPT OR MODIFY A DISTRICT RULE

Instructions: This Petition to Adopt or Modify a District Rule form must be completed as required by District Rule 6.5 and filed at the District office. Each rule adoption or modification requested must be submitted on a separate Petition to Adopt or Modify a District Rule form.

A person unable to comply with any procedures under District Rule 6.5, or to provide the information required by this form, may file a written explanation as to why compliance with the required procedure(s) is not possible along with a written request that the District waive the specific procedure(s). The written explanation and written request must be submitted to the District Office at the same time as this Form.

Additional information may be attached to this form.

1. **Text of Proposed Rule or Rule Modification** (underline words proposed to be added to the text of the current rules and strike through words proposed to be deleted from the text of the current rules):

Proposed New Rule entitled "Unreasonable Impacts":
Unreasonable Impacts: In order to help achieve a balance between production and conservation of groundwater resources, and to ensure that the District is able to achieve the Desired Future Condition, the District will consider the impacts to the Edwards Trinity Aquifer to be unreasonable if the average water level of all Monitoring Wells in Management Zone 1 on September 1 of any year is more than seven (7) feet less than the average water level of all Monitoring Wells in Management Zone 1 on September 1, 2018.

Action. If the foregoing measurements indicate unreasonable impacts, the District shall:

1. Sends written notice to all permitholders and publish notice on Website
2. Require permitholders to monitor and report water levels monthly
3. Require permitholders to report lowering of pumps and new pump depth
4. Suspend consideration of new transport/export permits
5. Schedule board meeting within 10 days to discuss exercise of District's emergency powers, including curtailment of production by permit holders up to 50 percent.

2. **Written Explanation of the Intended Purpose of the Proposed Rule or Rule Modification:**

To ensure that the District is protecting groundwater for all permit holders and achieving the DFC, Cockrell requests that the District adopt the Proposed Rule to establish measures that will be implemented when pumping in the District causes unreasonable impacts on permitees. Under section 36.113(d) of the Water Code, the District is required to consider whether use of water unreasonably affects existing resources and permitees when it considers permits. The Proposed Rule requires the District to define unreasonable impacts and implement protections for the benefit of all permitees when pumping of the aquifer creates unreasonable impacts. The seven (7) foot draw-down represents a proactive measurement of the actual impact of production on the aquifer, and is fifty percent (50%) of the planned draw-down over the next 25 years. Fifty percent (50%) of the planned draw-down is an objective measurement intended to identify needed action to ensure that the established DFC will be complied with and remains a viable target by 2050.

3. **Allegation of Injury or Inequity that could Result from Failure to Adopt Proposed Rule or to Modify Current Rule:**

The District does not define unreasonable impacts or address how it intends to achieve the DFC. Without significant rulemaking changes and in light of additional pumping from exports, unreasonable impacts resulting from increased production, including long-term damage to the aquifer and its ability to adequately recover after the summer irrigation season, may occur. All permitees, including Belding Farms, will experience a loss or degradation of water if the District does not protect against unreasonable impacts. The best way to prevent unreasonable impacts is to ensure that the District is on track to comply with the DFC. If the DFC is exceeded, permitees will be met with costs to drill deeper and retrofit wells, as well as the economic impacts of loss of water or degradation of water quality.

4. **Description of Petitioner(s) Real Property Interest in Groundwater in the District** (attach proof of real property interest in groundwater located within the District for each petitioner):

Cockrell is a landowner within the District. Cockrell/Belding Farms owns a 2,205 acre commercial pecan orchard consisting of approximately 77,000 trees. For its orchard, Cockrell utilizes its substantial water rights in the Edwards-Trinity Aquifer, which supports its pecan orchard.

Cockrell currently has a Historic Existing Use Permit that was issued in July 2006 for 16 wells in the amount of 15,528.846 acre feet, which is used to, among other things, supply water/irrigation requirements for its pecan orchard consisting of approximately 77,000 trees. In fact, Cockrell's 2,205-acre orchard is a part of 6,663.18 acres owned and leased by Cockrell.

Petitioner(s) Information (Please include information for additional petitioners as appropriate).

Petitioner #1:

Cockrell Investment Partners, LP and Belding Farms, c/o Ryan C. Reed, Attorney

(210) 222-9494; rreed@pulmanlaw.com

First Name | Last Name | Phone Number | Email Address

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213

Physical Address | City | State | Zip code

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213

Mailing Address

/s/ Ryan C. Reed

Signature

08/19/2024

Date

Petitioner #2:

First Name | Last Name | Phone Number | Email Address

Physical Address | City | State | Zip code

Mailing Address | City | State | Zip code

Signature | *Date*

Petitioner #3:

First Name | Last Name | Phone Number | Email Address

Physical Address | City | State | Zip code

Mailing Address | City | State | Zip code

Signature | *Date*

Additional information may be attached to this form.

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Additional information may be attached to this form.

1. **Text of Proposed Rule or Rule Modification** (underline words proposed to be added to the text of the current rules and strike through words proposed to be deleted from the text of the current rules):

Restated Rule 16.1:
The District shall charge an export fee or surcharge of twenty (20) cents per thousand gallons of water exported by a permit holder, which shall automatically increase at a rate of three (3) percentage per year to the maximum extent allowed by Texas law.

Proposed New Rule entitled "Mitigation Fund":
The District shall, upon collection of the export fee or surcharge, establish a mitigation fund, which shall be maintained and utilized for the purposes of (1) making grants, loans, or contractual payments to achieve, facilitate, and expedite reductions in groundwater pumping, (2) developing or distributing alternative water supplies, and (3) maintaining the operability of wells significantly affected by groundwater development. The District shall, upon application, provide permitees who demonstrate that they have been significantly affected by the production and export of water with the resources necessary to operate their wells and recoup the adverse economic impacts caused by the decline of groundwater levels.

2. **Written Explanation of the Intended Purpose of the Proposed Rule or Rule Modification:**

The Texas Legislature recognizes that large scale production for export of groundwater has, in fact, resulted in negative socioeconomic impacts to local users, a concern evidenced by the passage of HB 3059 during the 88th legislative sessions. To ensure that the District is protecting groundwater for all permit holders, Cockrell requests that the District adopt the Proposed Rule to create a fund that is available for permit holders adversely affected by the production and export of groundwater. The Proposed Rule, which tracks HB3059, requires the District to create a fund from resources already available to it, maximize that fund, and allow groundwater permit holders negatively affected by increased pumping of the aquifer to receive compensation for the economic costs that will arise from a decline in the aquifer levels.

3. **Allegation of Injury or Inequity that could Result from Failure to Adopt Proposed Rule or to Modify Current Rule:**

The District's Management Plan does not provide for a year-round floor or thresholds with production cutbacks or any other real consequences for damages that may occur as a result of declining aquifer levels. Without significant rulemaking changes in cutback threshold levels, the following issues are likely to occur: declining water levels, decreased transmissibility, decreased levels of production, increased levels of solids in the water, higher production costs, and potential need to lower pumps, install larger pumps, drill deeper wells, and even re-drill some wells. Lack of proper enforcement of pumping cutbacks based on water level triggers increases the risk of long-term damage to the aquifer and its ability to adequately recover after the summer irrigation season. Increased strain on the aquifer could also damage other nearby aquifers. Individual permitees, such as Belding Farms, may experience a loss or degradation of water at or below historic levels. The cost to drill deeper and retrofit wells, as well as the economic impacts of loss of crop because of a decrease in water production or water quality, should not be borne by a permit holder who has made investment decision based on historic use of groundwater. A mitigation fund will allow the District to impose a surcharge on the commercial sale and export of water and establish a fund to assist permitees affected by the increased production.

4. **Description of Petitioner(s) Real Property Interest in Groundwater in the District** (attach proof of real property interest in groundwater located within the District for each petitioner):

Cockrell is a landowner within the District. Cockrell/Belding Farms owns a 2,205 acre commercial pecan orchard consisting of approximately 77,000 trees. For its orchard, Cockrell utilizes its substantial water rights in the Edwards-Trinity Aquifer, which supports its pecan orchard.

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Cockrell Investment Partners, LP and Belding Farms, c/o Ryan C. Reed, Attorney

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First Name Last Name Phone Number Email Address

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213
Physical Address City State Zip code

Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Hwy, Suite 400, San Antonio, TX 78213
Mailing Address

/s/ Ryan C. Reed 08/19/2024

Signature *Date*

Petitioner #2:

First Name Last Name Phone Number Email Address

Physical Address City State Zip code

Mailing Address City State Zip code

Signature *Date*

Petitioner #3:

First Name Last Name Phone Number Email Address

Physical Address City State Zip code

Mailing Address City State Zip code

Signature *Date*

Additional information may be attached to this form.

EXHIBIT 10

MPGCD Model – Technical Memoranda Status

MPGCD Model - Technical Memoranda

5/3/2024 version 07

Tech Memo Number	Subject	Draft 1 Completion Date	Most Recent Draft and Completion Date	Notes	Expected Completion of Initial TM/ Update
1	Overview of Technical Memoranda	11/30/2020	5/3/2024 (v3)	**v2**: Updated text (JSA Capitan model files), updated list of TMs, **v3**: updates associated with updated model gird	NA
2	Model Grid	11/30/2020	5/3/2024 (v2)	Need reference for Allan Standen's geologic model **v2**: updated model grid	NA
3	Grid Implementation (DISU)	12/1/2020	5/3/2024 (v2)	**v2**: updated model grid	NA
4	Existing Groundwater Pumping Data	12/27/2021	2/4/2022 (v4)	**v2**: Corrected typo. **v3**: Updated and corrected JSAI model interpretation . **v4**: Corrected a reported error in MPGCD database for one well in 2020, revised affected figures in main report and in Appendix C.	7/31/2024 (need to update data)
5	Groundwater Pumping (WEL)				8/31/2024
6	Recharge (WEL or RCH)				7/31/2024
7	Aquifer Parameters (NPF)				7/31/2024
8	Boundary Flows (GHB)				7/31/2024
9	Springs (DRN)				7/31/2024
10	Surface Water (RIV)				7/31/2024
11	Groundwater Evapotranspiration (EVT)				7/31/2024
12	Model Run Specifications (NAM, OC, TDIS, IC, Solver)				8/31/2024
13	Model Calibration Datasets				8/31/2024
14	Model Calibration				11/30/2024
15	Groundwater Budgets				12/31/2024
16	Model Sensitivity				12/31/2024

Military Hwy, #400
o, TX 78213

Texas Commission on Environmental
Quality ("TCEQ")
Office of the Chief Clerk
P.O. Box 13087
Austin, TX 78711-3087

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