


# TCEQ Interoffice Memorandum

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**To:** Office of the Chief Clerk  
Texas Commission on Environmental Quality

**Thru:**  Chris Kozlowski, Team Leader  
Water Rights Permitting Team

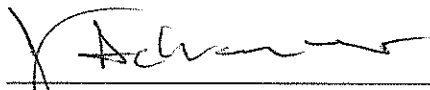
**From:** Joshua Schauer, Project Manager  
Water Rights Permitting Team

**Date:** January 10, 2019

**Subject:** Waterstone Creek, LLC  
WRPERM 13524  
CN605567213, RN110488905  
Application No. 13524 for a Water Use Permit  
Texas Water Code § 11.121, Requiring Mailed and Published Notice  
South Llano River, Colorado River Basin  
Edwards County

The application and fees were received on September 6, 2018. Additional information was received on November 21 and November 26, 2018. The application was declared administratively complete and accepted for filing with the Office of the Chief Clerk on January 10, 2019. Published and mailed notice to the water right holders of record in the Colorado River Basin is required pursuant to Title 30 Texas Administrative Code § 295.151.

All fees have been paid and the application is sufficient for filing.



Joshua Schauer, Project Manager  
Water Rights Permitting Team  
Water Rights Permitting and Availability Section

OCC Mailed Notice Required  YES

NO

CHIEF CLERKS OFFICE

2019 JAN 10 PM 1:02

TEXAS  
COMMISSION  
ON ENVIRONMENTAL  
QUALITY

Jon Niermann, *Chairman*  
Emily Lindley, *Commissioner*  
Toby Baker, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

January 10, 2019

Mr. Kirk Kennedy  
1443 CR 204  
Burnet, TX 78611

RE: Waterstone Creek, LLC  
WRPERM 13524  
CN605567213, RN110488905  
Application No. 13524 for a Water Use Permit  
Texas Water Code § 11.121, Requiring Mailed and Published Notice  
South Llano River, Colorado River Basin  
Edwards County

Dear Mr. Kennedy:

This acknowledges receipt of additional information on November 21 and November 26, 2018.

The application was declared administratively complete and filed with the Office of the Chief Clerk on January 10, 2019. Staff will continue processing the application for consideration by the Executive Director.

Please be advised that additional information may be requested during the technical review phase of the application process.

If you have any questions concerning this matter please contact me via email at [Joshua.schauer@tceq.texas.gov](mailto:Joshua.schauer@tceq.texas.gov) or by phone at (512) 239-1371.

Sincerely,

A handwritten signature in black ink that reads "Joshua Schauer".

Joshua Schauer, Project Manager  
Water Rights Permitting Team  
Water Rights Permitting and Availability Section

**TO:** Texas Commission on Environmental Quality  
P.O. Box 13087, MC-160  
Austin, Texas 78711

**DATE:** November 21, 2018

**SUBJECT:** TCEQ Request for Additional Information Dated 10/24/2018

**APPLICANT:** Waterstone Creek LLC

**ATTN:** Joshua Schauer

Dear Josh,

In response to your letter requesting additional information dated October 24, 2018, please see the following responses in bold underline:

- (1) Confirm the location of the centerline of the requested dam.

**ANSWER:**

- **Latitude: 30.253005129**
- **Longitude: -99.954751229**

- (2) Provide a completed Information Sheet: *Proposed New Construction Modification, Repair, Alteration, or Removal of a Dam* for each dam.

**ANSWER:**

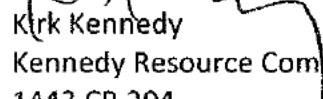
**The completed form is attached.**

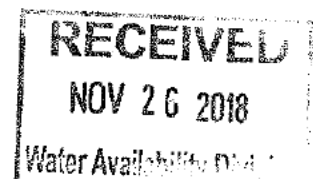
- (3) Provide a copy of a water supply contract with the Lower Colorado River Authority.

**ANSWER:**

**The applicant is working with LCRA to obtain a completed water supply contract and will submit a completed contract before TCEQ's technical review is complete.**

Please feel free to give me a call if you have any questions.

  
Kirk Kennedy  
Kennedy Resource Company  
1443 CR 204  
Burnet, TX 78611  
(512) 589-5109





Texas Dam Safety Program, MC 174  
 Field Operations Support Division, Office of Compliance and Enforcement  
 Texas Commission on Environmental Quality  
 P.O. Box 13087  
 Austin, TX 78711

## INFORMATION SHEET: PROPOSED NEW CONSTRUCTION, MODIFICATION, REPAIR, ALTERATION, OR REMOVAL OF A DAM

(PLEASE PRINT OR TYPE)

Reference 30 Texas Administrative Code, Chapter 299, Dams and Reservoirs

PLEASE CHECK ONE:  New     Modification     Repair     Removal     Alteration

### SECTION 1: OWNER INFORMATION

**NOTE:** THIS STRUCTURE IS EXCLUDED FROM TEXAS DAM SAFETY REGULATION PER FIGURE 30 TAC §299.1(a)(2)

Owner's Name Greg Gurdand Title President, Waterstone LLC  
 Organization N/A

I have authorized the submittal of the final construction plans and specifications to the TCEQ Dam Safety Program according to 30 TAC Chapter 299. **NOTE: NO PLANS & SPECIFICATIONS ARE REQUIRED FOR THIS STRUCTURE.**  
N/A

\_\_\_\_\_  
 (Signature of Owner) (Date)

Owner's Address 11610 BISTRO Lane

City HOUSTON State TX Zip Code 77082-2730

Phone Number (713) 724 2190 Emergency Contact Phone ( ) \_\_\_\_\_

Fax Number ( ) \_\_\_\_\_ E-mail \_\_\_\_\_

Owner Code (Please check one):  Federal (F)     Local Government (L)     Utility (U)     Private (P)     State (S)  
 Other (O) please specify: \_\_\_\_\_

Dam and Reservoir Use (Please check one):  Augmentation     Diversion     Domestic     Erosion Control  
 Evaporation     Flood Control     Fire Control     Fish     Hydroelectric     Industrial  
 Irrigation     Mining     Municipal     Pollution Control     Recreation     Stock Water  
 Settling Ponds     Tailings     Waste Disposal     Other, please specify: \_\_\_\_\_

Engineering Firm PURKEYPILE CONSULTING, LLC

Project Engineer RICHARD DEE PURKEYPILE Texas P.E. License Number 68027  
 TEXAS FIRM NO. F-11617

Engineering Firm Address 229 N. MAIN ST.

City EUREKA SPRINGS State AR Zip Code 72632

Phone (512) 971-2264 Fax ( ) \_\_\_\_\_

E-mail \_\_\_\_\_

### SECTION 2: GENERAL INFORMATION

Name of Dam NONE

Other Name(s) of Dam NONE

Reservoir Name NONE

Location Edwards County Latitude 30.253005129 Longitude -99.954751229

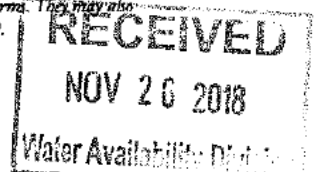
County KIMBLE Stream Name SOUTH LLANO RIVER

River Basin COLORADO Topographic Map No. 30099C8

Distance and Direction from Nearest City or Town 20 miles SW of Junction

TX Number N/A Water Rights Number N/A

*If you have questions on how to fill out this form or about the Dam Safety Program, please contact us at 512-239-5195. Individuals are invited to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact us at 512-239-3282.*



**SECTION 3: INFORMATION ON DAM**

**Classification**

Size Classification:  Large  Medium  Small  
Hazard Classification:  High  Significant  Low  
Number of People at Risk 0 Study Year 2018

*NOTE: THIS STRUCTURE IS EXEMPT FROM TCEQ DAM SAFETY REGULATION PER FIGURE 30 TAC §299.1(4)(2)*

**Type of Dam:**  Concrete  Gravity  Earthfill  Rockfill  Masonry  Other (specify) \_\_\_\_\_

**Dam Structure** (dimensions to nearest tenth of foot, volume to nearest acre-foot or cubic yard, areas to nearest acre):

Spillway Height \_\_\_\_\_ ft (natural surface of ground to bottom of emergency spillway at longitudinal centerline)  
Embankment Height 6 ft (natural surface of ground to crest of dam at centerline)  
Structural Height 7 ft (bottom of cutoff trench to crest of dam at centerline)  
Length of Dam 220' to 240' ft Crest Width 1' ft  
Normal Pool Elevation 1892' ft-MSL Principal Spillway Elevation 1892' ft-MSL  
Emergency Spillway Elevation 1892' ft-MSL Top of Dam Elevation 1892' ft-MSL  
Embankment Volume N/A cu yd *CONCRETE VERTICAL WALL*  
Maximum Impoundment Capacity \_\_\_\_\_ ac-ft (at top of dam)  
Normal Reservoir Capacity \_\_\_\_\_ ac-ft (at normal or conservation pool)  
Reservoir Surface Area 4.77 acres (at normal or conservation pool)

**Outlet**

Outlet Diameter: 12  in  ft (check one)  
Type: RESILIENT WEDGE GATE VALVE ATTACHED TO 12" DIA. STEEL PIPE THROUGH CONCRETE WALL.

**Principal Spillway (OVERTOPPING STRUCTURE)**

Type:  Natural  Riprap  Concrete  CMP  RCP  Other  
Width (Diam.): \_\_\_\_\_ ft Capacity: \_\_\_\_\_ cfs

**Emergency Spillway**

Type:  Natural  Riprap  Concrete  CMP  RCP  Other  
Width (Diam.): \_\_\_\_\_ ft Capacity: \_\_\_\_\_ cfs  
Total Spillway Capacity: \_\_\_\_\_ cfs (crest of the dam)

**SECTION 4: HYDROLOGIC INFORMATION (NO STUDY REQUIRED.)**

Required Hydrologic Criteria (% PMF) \_\_\_\_\_ % PMF Passing \_\_\_\_\_  
PMF Study Year \_\_\_\_\_  
Drainage Area: \_\_\_\_\_ acres, or \_\_\_\_\_ sq mi  
Curve Number (AMC III condition) \_\_\_\_\_  
Time of Concentration \_\_\_\_\_ hr  
Peak Discharge \_\_\_\_\_ cfs  
Peak Stage \_\_\_\_\_ ft-MSL  
Storm Duration Causing Peak Stage \_\_\_\_\_ hr

**SUBCHAPTER A: GENERAL PROVISIONS**  
**§§299.1 - 299.7**  
**Effective January 1, 2009**

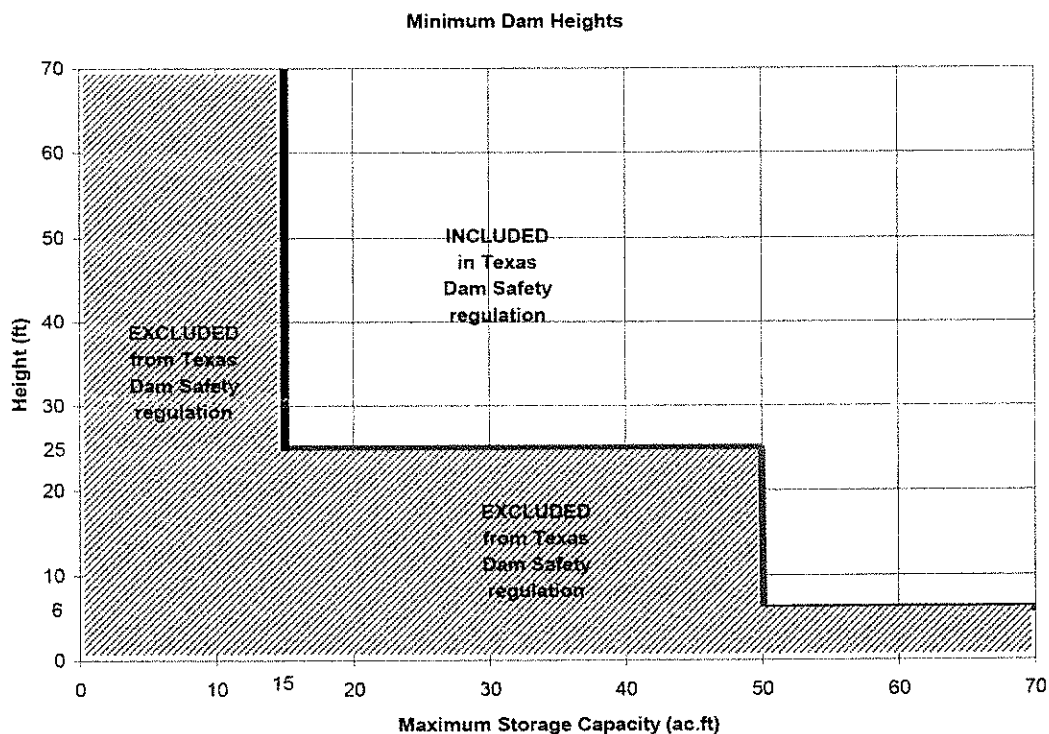
**§299.1. Applicability.**

(a) This chapter applies to design, review, and approval of construction plans and specifications; and construction, operation and maintenance, inspection, repair, removal, emergency management, site security, and enforcement of dams that:

(1) have a height greater than or equal to 25 feet and a maximum storage capacity greater than or equal to 15 acre-feet, as described in paragraph (2) of this subsection;

(2) have a height greater than six feet and a maximum storage capacity greater than or equal to 50 acre-feet;

Figure: 30 TAC §299.1(a)(2)



(3) are a high- or significant-hazard dam as defined in §299.14 of this title (relating to

**TO:** Texas Commission on Environmental Quality  
P.O. Box 13087, MC-160  
Austin, Texas 78711

**DATE:** November 21, 2018

**SUBJECT:** TCEQ Request for Additional Information Dated 10/24/2018

**APPLICANT:** Waterstone Creek LLC

**ATTN:** Joshua Schauer

Dear Josh,

In response to your letter requesting additional information dated October 24, 2018, please see the following responses in bold underline:

- (1) Confirm the location of the centerline of the requested dam.

**ANSWER:**

- **Latitude: 30.253005129**
- **Longitude: -99.954751229**

- (2) Provide a completed Information Sheet: *Proposed New Construction Modification, Repair, Alteration, or Removal of a Dam* for each dam.

**ANSWER:**

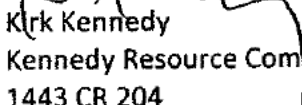
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- (3) Provide a copy of a water supply contract with the Lower Colorado River Authority.

**ANSWER:**

**The applicant is working with LCRA to obtain a completed water supply contract and will submit a completed contract before TCEQ's technical review is complete.**

Please feel free to give me a call if you have any questions.

  
Kirk Kennedy  
Kennedy Resource Company  
1443 CR 204  
Burnet, TX 78611  
(512) 589-5109





Texas Dam Safety Program, MC 174  
 Field Operations Support Division, Office of Compliance and Enforcement  
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Reference 30 Texas Administrative Code, Chapter 299, Dams and Reservoirs

PLEASE CHECK ONE:  New    Modification    Repair    Removal    Alteration

**NOTE:** THIS STRUCTURE IS EXCLUDED FROM TEXAS DAM SAFETY REGULATION PER FIGURE 30 TAC §299.1(a)(2) (Resident, WaterBorne, LLC)

### SECTION 1: OWNER INFORMATION

Owner's Name Greg Garland Title President, WaterBorne, LLC  
 Organization N/A

I have authorized the submittal of the final construction plans and specifications to the TCEQ Dam Safety Program according to 30 TAC Chapter 299. **NOTE: NO PLANS + SPECIFICATIONS ARE REQUIRED FOR THIS STRUCTURE.**

N/A (Signature of Owner) \_\_\_\_\_ (Date) \_\_\_\_\_

Owner's Address 11610 Bistro Lane

City HOUSTON State TX Zip Code 77032-2730

Phone Number: (713) 724 2190 Emergency Contact Phone ( ) \_\_\_\_\_

Fax Number ( ) \_\_\_\_\_ E-mail \_\_\_\_\_

Owner Code (Please check one):  Federal (F)    Local Government (L)    Utility (U)    Private (P)    State (S)  
 Other (O) please specify: \_\_\_\_\_

Dam and Reservoir Use (Please check one):  Augmentation    Diversion    Domestic    Erosion Control  
 Evaporation    Flood Control    Fire Control    Fish    Hydroelectric    Industrial  
 Irrigation    Mining    Municipal    Pollution Control    Recreation    Stock Water  
 Settling Ponds    Tailings    Waste Disposal    Other, please specify: \_\_\_\_\_

Engineering Firm PURKEYPILE CONSULTING, LLC

Project Engineer RICHARD DEE PURKEYPILE Texas PE License Number 68027  
 Texas Firm No. F-11617

Engineering Firm Address 229 N. MAIN ST.

City EUREKA SPRINGS State AR Zip Code 72632

Phone (512) 971-2264 Fax ( ) \_\_\_\_\_

E-mail [REDACTED]

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Name of Dam NONE

Other Name(s) of Dam NONE

Reservoir Name NONE

Location Edwards County Latitude 30.253005129 Longitude -99.954751229

County KIMBLE Stream Name SOUTH LLANO RIVER

River Basin COLORADO Topographic Map No. 3009908

Distance and Direction from Nearest City or Town 20 miles SW of Junction

TX Number N/A Water Rights Number N/A

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**SUBCHAPTER A: GENERAL PROVISIONS**  
**§§299.1 - 299.7**  
**Effective January 1, 2009**

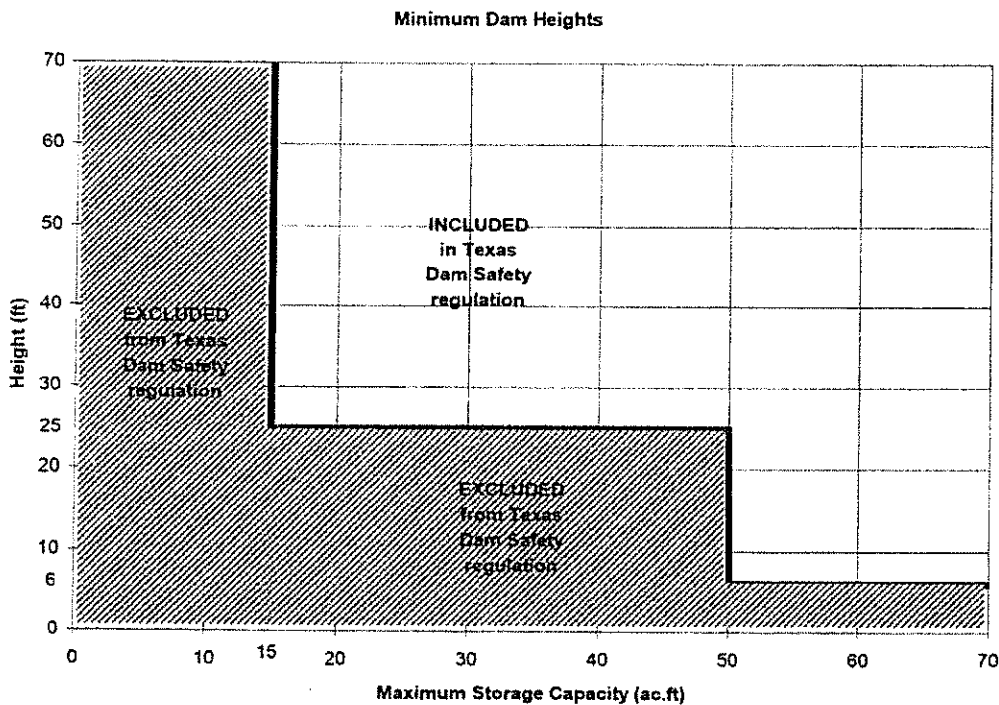
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Figure: 30 TAC §299.1(a)(2)



(3) are a high- or significant-hazard dam as defined in §299.14 of this title (relating to

**TO:** Texas Commission on Environmental Quality  
P.O. Box 13087, MC-160  
Austin, Texas 78711

**DATE:** April 12, 2018

**SUBJECT:** Waterstone Contract with Lower Colorado River Authority

**APPLICANT:** Waterstone Creek LLC – Application No. 13524

**ATTN:** Joshua Schauer

Dear Josh,

In response to one of the items specified in your letter of October 24, 2018, please note the following:

- (1) Provide a copy of a water supply contract with the Lower Colorado River Authority.

**ANSWER:**

**Attached is a signed copy of the executed contract between Waterstone Creek LLC and LCRA to cover the depletions caused by Waterstone's water right application.**

Please feel free to give me a call if you have any questions.



Kirk Kennedy  
Kennedy Resource Company  
1443 CR 204  
Burnet, TX 78611  
(512) 589-5109



RECEIVED  
WATER SUPPLY DIVISION  
2018 APR 16 A 10:02

RECEIVED  
APR 16 2019  
Water Availability Division

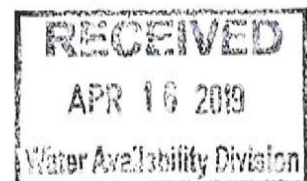
**FIRM WATER CONTRACT**

**By and Between**

**LOWER COLORADO RIVER AUTHORITY**

**And**

**WATERSTONE CREEK, LLC.**



**FIRM WATER CONTRACT**

This Contract is entered by and between the LOWER COLORADO RIVER AUTHORITY (hereinafter, together with its successors and assigns, "LCRA") and WATERSTONE CREEK, LLC, (hereinafter, together with its successors and assigns as provided herein, "PURCHASER"), who, in mutual consideration of the provisions herein contained, agree as follows:

**CONTRACT**

1. PERMIT REQUIRED ..... 1

2. STANDARD TERMS AND CONDITIONS ..... 1

3. GENERAL TERMS, EXCEPTIONS & SPECIAL CONDITIONS ..... 1

    3.1 INCORPORATION OF EXHIBITS ..... 1

    3.2 MAXIMUM ANNUAL QUANTITY ..... 2

    3.3 POINTS OF AVAILABILITY ..... 2

    3.4 MAXIMUM DIVERSION RATE ..... 2

    3.5 TYPE OF USE ..... 2

    3.6 SERVICE AREA ..... 2

    3.7 TERM OF CONTRACT ..... 2

    3.8 PREVIOUS CONTRACT ..... 2

    3.9 NOTICE ..... 3

**1. PERMIT REQUIRED**

PURCHASER has applied to the Texas Commission on Environmental Quality (TCEQ) for water right permit No. 13524. PURCHASER may not impound water under this contract unless PURCHASER, in accordance with the substantive rules of TCEQ for upstream sales of water, maintains in effect such permit, or otherwise obtains permits from the TCEQ that authorizes impoundment, diversion, and use of water at the Points of Availability consistent with the limitations set forth in Section 3.2 below.

**2. STANDARD TERMS AND CONDITIONS**

Except as expressly provided in Section 3 of this Contract, the Parties agree to the standard terms and conditions attached hereto as Exhibit A.

**3. GENERAL TERMS, EXCEPTIONS & SPECIAL CONDITIONS**

**3.1 Incorporation of Exhibits.**

All Exhibits attached to this Contract are incorporated herein by this reference in their entirety and made a part hereof for all purposes. In the event of a conflict between Exhibit A (Standard Terms and Conditions) and these General Terms, the General Terms will govern.

### **3.2 Maximum Annual Quantity**

From and after the Effective Date hereof and so long as the permit required by Section 1 of this contract is maintained (and subject to the term of this Contract), PURCHASER shall have the right to maintain a maximum of 12.02 acre-feet of raw or untreated water in an impoundment on Purchaser's land on the South Llano River approximately 20 miles southwest of the City of Junction and upstream of the Llano River, tributary to the Colorado River in Edwards County, Texas, described and depicted in Exhibit B attached hereto (the "Point of Availability"), said Exhibit depicting the segment by reference to a corner of an original land survey and/or others survey point, giving both course and distance and latitude and longitude.

PURCHASER acknowledges that the impoundment of water, including evaporative losses, at the Point of Availability will have an estimated average firm yield impact to LCRA's senior water rights of approximately sixteen (16) acre-feet per year (the "Maximum Annual Quantity," or "MAQ"). PURCHASER further acknowledges that this estimate is based on certain assumptions regarding impoundment limitations and other criteria reflected in PURCHASER'S draft water right. In the event that such permit is modified in the future in the amount authorized for impoundment, diversion, or use by PURCHASER or is based on different assumptions than those used to determine the MAQ stated herein, LCRA may amend this contract to reflect such modification or different assumptions.

### **3.3 Points of Availability.**

The Point of Availability is South Llano River in Edwards County, Texas as described and depicted in Exhibit B.

### **3.4 Maximum Diversion Rate.**

No diversion of water is allowed under this Contract.

### **3.5 Type of Use.**

This Contract is authorized for recreational use consistent with Section 1.F. of Exhibit A.

### **3.6 Service Area.**

Water supplied under this contract shall only be used within that certain area of 122.02 acres in Edwards County as described in Exhibit C and depicted in Exhibit D, together hereinafter called the "Service Area."

### **3.7 Term of Contract.**

The term of this Contract is 10 years unless terminated earlier by either party consistent with Exhibit A.

### **3.8 Previous Contract.**

There is no contractual relationship between the parties prior to the Effective Date.

**3.9 Notice.**

All notices and invoices to PURCHASER shall be addressed to:

Greg Garland  
Waterstone Creek, LLC  
11610 Bistro Lane  
Houston, Texas 77082-2730

All payments to LCRA shall be made to the address on the invoices received by PURCHASER.  
All notices to LCRA shall be addressed to:

Lower Colorado River Authority  
Attn: Raw Water Sales  
P.O. Box 220  
Austin, Texas 78767  
(512) 473-3551 for facsimile transmission

and

Lower Colorado River Authority  
Attn: River Operations  
P.O. Box 220  
Austin, Texas 78767  
(512) 473-3551 for facsimile transmission

**SIGNED BY:**

Lower Colorado River Authority

By: Monica Masters  
Monica Masters  
Vice President, Water Resources



Date: 4/8/19

Waterstone Creek, LLC

By: Greg Garland  
Greg Garland  
Owner

Date: 3-23-19

**EXHIBITS**

- A. Standard Contract Terms and Conditions
- B. Description of Point(s) of Availability
- C. Description of Service Area
- D. Depiction of Service Area
- E. Water Conservation Plan
- F. Drought Contingency Plan
- G. Demand Schedule
- H. Arbitration Procedures

**Exhibit A**

**Standard Contract Terms and Conditions**



Exhibit A

STANDARD CONTRACT TERMS AND CONDITIONS

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**I. WATER SUPPLY**

**A. PERMIT(S) MAY BE REQUIRED**

PURCHASER may not impound, divert, or use water under this Contract unless PURCHASER, in accordance with the substantive rules of the Texas Commission on Environmental Quality ("TCEQ"), U.S. Corps of Engineers, or any other local, state, or federal regulatory authority, obtains and maintains any water rights permit, wastewater discharge permit, dredge and fill permits, or any other similar permit, that is necessary to authorize PURCHASER'S impoundment, diversion and/or consumptive use, and subsequent discharge, of water consistent with this Contract.

**B. MAXIMUM ANNUAL QUANTITY & LOSS FACTOR**

From and after the Effective Date hereof, PURCHASER shall have the right to a Maximum Annual Quantity (MAQ) of raw or untreated water per annum made available by LCRA as set forth in the terms of the Contract. For purposes of this Contract, the term "made available" refers to the greatest of: (i) the amount of water released from LCRA firm supplies to allow for diversions by or on behalf of PURCHASER; or (ii) the amount of water diverted by or on behalf of PURCHASER at the Point(s) of Availability plus, if applicable, the Loss Factor (defined below) times the amount of water diverted.

Notwithstanding the foregoing, in the event that PURCHASER's Point(s) of Availability are located downstream of Lake Travis, PURCHASER and LCRA agree that calculations of Maximum Annual Quantity and the amount of water made available under this Contract will be based on the amount of water which LCRA makes available for diversion by or on behalf of PURCHASER at the Point(s) of Availability plus the Loss Factor as set forth in this Contract.

In the event that PURCHASER'S Point(s) of Availability are located downstream of Lake Travis, the Contract will specify a Loss Factor. The Loss Factor represents LCRA's best available estimate of the conveyance, delivery, or system loss incurred to provide water under this Contract. LCRA hereby reserves the right to modify the Loss Factor and make any associated changes to the MAQ, at any time, based on any revised estimates of conveyance, delivery, or system loss associated with the delivery of water to PURCHASER, including but not limited to changes in the source of supply LCRA uses to make water available to PURCHASER or updated and substantiated information related to river or canal losses.

PURCHASER may, at its option, conduct its own investigation of conveyance, delivery, or system losses, associated with the delivery of water by LCRA under this Contract. If PURCHASER conducts such study in accordance with LCRA's then-current Water Contract Rules, it shall provide to LCRA in a written report the results of any such investigation within sixty (60) calendar days of completion and LCRA agrees to consider whether any adjustment to the Loss Factor is appropriate under this Contract. If LCRA determines that an adjustment to the Loss Factor is appropriate, it shall provide PURCHASER written notice, by certified mail, of any change to the Loss Factor and resulting change to the Contract MAQ, within fifteen (15) business days of adopting such change. A change to the Loss Factor that results in an increase in the MAQ of 500 acre-feet per year or more shall not take effect until approved by the LCRA Board as an amendment to this Contract. Notwithstanding the foregoing or any provision in LCRA's raw water contract rules, LCRA will not require PURCHASER to obtain a new contract on the most current standard form water contract where the change to the MAQ is based solely on a change to the Loss Factor.

PURCHASER shall designate a point or points of availability for such water as described and depicted in Exhibit "B" attached hereto (the "Point(s) of Availability"), said Exhibit depicting the location by reference to a corner of an original land survey and/or other survey point, giving course and distance and providing the latitude and longitude. Such Points of Availability may be located on the Colorado River or a LCRA-operated canal. In the event that the Point(s) of Availability are located on a LCRA operated-canal, PURCHASER shall also identify a point or points of diversion for such water on the Colorado River ("Point(s) of Diversion"). Such Point(s) of Diversion, if any, shall be described and depicted in Exhibit "B" in the same manner described for Point(s) of Availability.

**C. EXCEEDANCE OF MAXIMUM ANNUAL QUANTITY.**

If the amount of water made available to PURCHASER for any reason exceeds the Maximum Annual Quantity stated in PURCHASER's Contract during two (2) consecutive years, or two (2) out of any four (4) consecutive years, PURCHASER shall submit an application (including the application fee) for a new standard form water contract for an adjusted MAQ, the reasonableness of which shall be determined consistent with LCRA's then effective Water Contract Rules, to the extent LCRA has water supplies available.

**D. MAXIMUM DIVERSION RATE**

PURCHASER may not divert water made available by LCRA under this Contract at a rate greater than as set forth in this Contract ("Maximum Diversion Rate").

**E. SOURCE OF WATER SUPPLY.**

1. The water made available for impoundment, diversion and/or use under this Contract will be water provided from any source available to LCRA at the time PURCHASER uses water under this Contract.

2. LCRA may make water available under this Contract in accordance with LCRA's Water Management Plan, as may be amended in accordance with state law from time to time, from storage in Lakes Buchanan and/or Travis in accordance with water rights held by LCRA as set forth in Certificates of Adjudication No. 14-5478, as amended, and 14-5482, as amended.
3. LCRA may make water available under this Contract from water rights owned by LCRA based on that certain water right previously owned by the Garwood Irrigation Company and identified as Certificate of Adjudication No. 14-5434 issued by the Texas Water Commission on June 28, 1989, as amended (herein, "Garwood's Right"). That portion of Garwood's Right that is owned by LCRA (and for which reference is made to Certificate of Adjudication No. 14-5434C issued by the Texas Natural Resource Conservation Commission) is referred to herein as "Garwood's Remaining Right."
  - a) PURCHASER acknowledges and agrees that LCRA may make water available for impoundment, diversion and/or use under this Contract from Garwood's Remaining Right only following approval by the Texas Commission on Environmental Quality or its successors (hereafter, "TCEQ"), of amendments to allow use of Garwood's Remaining Right for the type of use authorized by this Contract at the Point of Diversion and/or Point of Availability.
  - b) In this event, this Contract is subject to the commitments and conditions set forth in Section 7.08 of that certain Purchase Agreement, dated July 20, 1998, between Garwood Irrigation Company, as seller, and the Lower Colorado River Authority, as buyer (the "LCRA-Garwood Purchase Agreement"), and is further subject to all terms, provisions and special conditions contained within Garwood's Remaining Right, as amended. Copies of the LCRA-Garwood Purchase Agreement and Garwood's Remaining Right, as amended, are available at the following internet web-site address:

<http://www.lcra.org/water/contracts.html>

PURCHASER also may obtain copies of the LCRA Purchase Agreement and Garwood's Remaining Right, as amended, by request to LCRA's address for notices herein. By executing this Contract, PURCHASER hereby acknowledges receipt of copies of the LCRA Purchase Agreement and Garwood's Remaining Right, as amended.

**F. TYPE OF USE.**

PURCHASER represents to LCRA and LCRA relies on such representation that all water made available under this Contract will be impounded, diverted, and/or used by PURCHASER for the type of use as described in this Contract, as such use is defined by the substantive rules for water rights of the TCEQ. In accordance with state law, any part of the water that PURCHASER impounds or diverts but does not use or consume for such use in accordance with this Contract shall be returned to the Colorado River or a tributary of the Colorado River.

**G. SERVICE AREA.**

Water made available under this Contract shall only be used within that certain area, as described in Exhibit "C" attached hereto and depicted in Exhibit "D," attached hereto, together hereinafter called the "Service Area."

**H. WATER CONSERVATION AND DROUGHT CONTINGENCY MEASURES.**

1. PURCHASER agrees to implement the water conservation program contained in the water conservation plan (the "Water Conservation Plan") described in Exhibit "E" attached hereto. PURCHASER further agrees that the water impounded and/or diverted by PURCHASER pursuant to this Contract will be used in accordance with such Water Conservation Plan. LCRA, in accordance with applicable law, may from time to time adopt reasonable rules and regulations relating to water conservation measures. PURCHASER shall update its Water Conservation Plan every five years, or on such schedule as may be required by LCRA or other state law. PURCHASER further agrees to amend its Water Conservation Plan, as necessary, to reflect amendments in state law, regulations or LCRA's water conservation rules and regulations. PURCHASER further agrees to do so within 180 days of the effective date of such amendments, provided that, if the amendments are adopted by LCRA (rather than, for example, TCEQ), the deadline for PURCHASER to make corresponding amendments to its Water Conservation Plan shall run from the date LCRA provides written notice of the amendments to PURCHASER. PURCHASER further agrees to submit its amended Water Conservation Plan to LCRA within 30 days after its adoption. Revisions to PURCHASER's Water Conservation Plan are not required under this section if PURCHASER has not initiated diversions; however, PURCHASER shall update its Water Conservation Plan to be consistent with LCRA's rules and regulations related to water conservation at least sixty (60) days prior to initiating diversions under this Contract. In the event that PURCHASER agrees to furnish water or water services to a third party, who in turn will furnish the water or water services to an ultimate consumer, PURCHASER agrees to include in its agreement with the third party provisions that obligate the third party to: a) develop and implement a water conservation program consistent with PURCHASER's Water Conservation Plan; and, b) amend its water conservation program to reflect amendments in state law, regulations or LCRA's water conservation rules and regulations within the same timelines that apply to PURCHASER.
  
2. PURCHASER agrees to implement the drought contingency program contained in the drought contingency plan (the "Drought Contingency Plan") described in Exhibit "F" attached hereto. PURCHASER further agrees that the water impounded and/or diverted by PURCHASER pursuant to this Contract will be used in accordance with such Drought Contingency Plan. PURCHASER shall review and update the Drought Contingency Plan not less than once every five (5) years or following written request by LCRA consistent with any other schedule required by LCRA's Water Contract Rules. PURCHASER further agrees to submit any amended Drought Contingency Plan to LCRA within 30 days after its adoption. LCRA, in accordance with applicable law, may from time to time adopt reasonable rules and regulations relating to drought contingency measures, including LCRA's Water Management Plan. PURCHASER agrees to amend its Drought Contingency Plan, as necessary, to reflect amendments in state law or regulations or LCRA's rules, regulations or Water Management Plan. PURCHASER further agrees to do so within 180 days of the effective date of such amendments, provided that, if the amendments are adopted by LCRA (rather than, for example, TCEQ), the deadline for PURCHASER to make corresponding amendments to its Drought Contingency Plan shall run from the date LCRA provides written notice of the amendments to PURCHASER. Revisions to PURCHASER's Drought Contingency Plan are not required under this section if PURCHASER has not initiated diversions; however, PURCHASER shall update its Drought Contingency Plan to be consistent with LCRA's rules and regulations related to water conservation at least sixty (60) days prior to initiating diversions under this Contract. In the event that PURCHASER agrees to furnish water or water services to a third party, who in turn will furnish the water or water services to an ultimate consumer, PURCHASER agrees to include in its agreement with the third party provisions that obligate the third party to: a) develop and implement a drought contingency program consistent with PURCHASER's Drought Contingency Plan; and b) amend its drought contingency program to reflect amendments in state law, regulations, or LCRA's rules, regulations, or Water

Management Plan within the same timelines that apply to PURCHASER.

**I. AVAILABILITY OF WATER.**

LCRA is committing to make available to PURCHASER under this Contract a portion of LCRA's firm water supply, as defined in LCRA's Water Contract Rules; provided, however, LCRA may interrupt or curtail the water supplied under this Contract as required by state law or in accordance with LCRA's Water Management Plan or Drought Contingency Plan, as such Plans and any amendments thereto have been approved and may be approved in the future by the TCEQ.

Water supplied under this contract is water that otherwise would have flowed into the Colorado River and/or Lakes Buchanan and Travis and is a commitment against LCRA's firm water supply, as defined in LCRA's Water Contract Rules, subject to diversion and use rights of all senior right holders downstream of the Point(s) of Availability.

**J. DELIVERY OF WATER.**

LCRA is responsible for making water available under this Contract only up to the MAQ. LCRA makes no guarantee that the water made available under this Contract will be available at any particular time or place or that any LCRA owned/operated reservoir or the Colorado River will be maintained at any specific elevation or flow at any particular time. Furthermore, PURCHASER acknowledges and agrees that LCRA's obligations under this Contract shall not require LCRA to make additional releases of water from LCRA firm water supplies beyond the MAQ or to make releases to raise the water elevations or flows at the Point(s) of Availability at a particular time sufficient for PURCHASER's intake and/or diversion facilities to operate.

**K. DEMAND SCHEDULE.**

PURCHASER has provided a Demand Schedule (Exhibit G) that reflects PURCHASER's best estimate of the scheduled initiation of diversions, initial usage, annual water usage, and any increases of usage over time, of the water to be made available by LCRA under this Contract, consistent with LCRA's Water Contract Rules. PURCHASER shall review, update if needed, and provide to LCRA an updated Demand Schedule not less than once every five (5) years coincident with any updated Water Conservation Plans required by this Contract or LCRA's Water Contract Rules, or following written request by LCRA consistent with any other schedule that may be required by LCRA's Water Contract Rules.

**L. REDUCTION IN MAQ FOR NON-USE.**

Upon sixty (60) days' written notice to PURCHASER, LCRA may consider reducing the MAQ under this Contract at any time after ten year(s) after the Effective Date of this Contract if PURCHASER's maximum annual use has not been at least ten percent of the MAQ on an annual basis within the first ten years. Within thirty (30) days of LCRA's written notice that it is considering reduction of the MAQ, PURCHASER shall provide LCRA with a written assurance and updated Demand Schedule that demonstrates PURCHASER's intent to increase its diversions under this Contract within the next two (2) years to an amount that will be at least ten percent (10%) of the original MAQ secured by this Contract. If PURCHASER fails to or is unable to provide such written assurance, or if at least ten percent (10%) of the MAQ is not put to use on an annual basis within the two year period, LCRA may thereafter, at its sole option, terminate the contract or reduce the MAQ to any amount LCRA deems appropriate and reasonable under LCRA's raw water contract rules in effect at the time. An adjustment to the MAQ of this Contract under this section does not require PURCHASER to obtain a new contract on the most current standard form contract.

**M. STATE REGULATION OF LCRA WATER SUPPLIES.**

PURCHASER acknowledges and agrees that the water LCRA makes available under this Contract may be regulated in whole or in part by the State of Texas or local regulatory authorities. PURCHASER further acknowledges and agrees that LCRA's water rights are subject to regulation by the State of Texas, including

but not limited to periodic review and amendment of LCRA's Water Management Plan by the TCEQ. LCRA and PURCHASER acknowledge and agree that LCRA shall be obligated to exercise due diligence to manage its water supplies within such regulatory regimes to make water available to PURCHASER in accordance with the terms of this Contract. PURCHASER acknowledges and agrees, however, that LCRA's obligations under this Contract may be affected by orders of the State of Texas, its agencies or local regulatory authorities. Orders of the State of Texas, its agencies or local regulatory authorities may constitute a "force majeure" event in accordance with this Contract.

**N. OPERATIONS OF DAMS AND RESERVOIRS.**

The right of LCRA to maintain and operate its several dams and their appurtenances on the Colorado River and its associated tributaries and at any and all times in the future to impound and release waters thereby in any lawful manner and to any lawful extent LCRA may see fit is recognized by PURCHASER; and, except as otherwise provided herein, there shall be no obligation upon LCRA to release or not to release any impounded waters at any time or to maintain any waters at any specified elevation or flow. PURCHASER acknowledges that the elevations of said reservoirs and the Colorado River will vary as a result of hydrologic events, or lack thereof, (e.g. floods or droughts) in the watershed and LCRA's operations of its dams on the Colorado River.

PURCHASER acknowledges that Longhorn Dam, which is owned and operated by the City of Austin, may lie upstream of the Point(s) of Availability and/or Point(s) of Diversion, if any, and downstream of Lake Travis. PURCHASER agrees to hold LCRA harmless for any claims that PURCHASER has against LCRA for any action or inaction by the City of Austin relating to its ownership and operation of Longhorn Dam.

**O. QUALITY OF WATER.**

LCRA makes no representation as to the quality of the water made available under this Contract, and PURCHASER hereby releases LCRA and agrees to hold it harmless from any and all claims that PURCHASER or PURCHASER's customers or users have or may have against LCRA for any diminution in or impairment of the quality of water made available under this Contract.

**P. INTERBASIN TRANSFER.**

Any surface water made available under this Contract may not be transferred or used outside of the Colorado River basin unless such transfer or use is within LCRA's water service area or is otherwise in strict compliance with LCRA Board Policies, LCRA water rights and a final permit for interbasin transfer ("IBT") issued by the TCEQ. In the event that PURCHASER intends to transfer or use surface water made available under this Contract outside of the Colorado River basin in accordance with this section, PURCHASER, by executing this Contract, authorizes LCRA to apply to the TCEQ for the necessary authorization pursuant to Texas Water Code § 11.085 and 11.122 within forty-five (45) days of the Effective Date of this Contract. LCRA shall diligently pursue such authorization after it is filed. PURCHASER shall pay for any filing and notice fees related to such application after LCRA bills PURCHASER for such fees in accordance with this Contract.

**Q. REQUIRED NOTICES.**

1. PURCHASER shall notify LCRA in writing of its intention to initiate diversions of water under this Contract not more than eight (8) weeks, nor less than four (4) weeks, prior to PURCHASER's initiation of diversions. Such notice shall include PURCHASER's anticipated diversion rate, not to exceed the Maximum Diversion Rate. If impoundments or diversions of water are being continued from a previous contract or other right to divert, and no change in diversion rate is anticipated, no notice is necessary.
2. PURCHASER shall notify LCRA in writing not more than two (2) weeks prior to making any change in its planned diversion rate, not to exceed the Maximum Diversion Rate specified

in this Contract.

3. If PURCHASER's Point(s) of Availability and/or Point(s) of Diversion, if any, are located downstream of Lake Travis or on a tributary which flows into the Colorado River downstream of Lake Travis, PURCHASER shall notify LCRA's River Operations Center (ROC) of its intent to impound and/or divert water under this Contract and shall either: (1) develop with the ROC a written process or mechanism for notifying the ROC of its intent to divert water under this Contract; or (2) notify the ROC prior to making any impoundment and/or diversion under this Contract in accordance with any requirements set forth in the Special Conditions in the Contract.
4. In the event the PURCHASER is required by state law to obtain a water right permit or water right permit amendment – including but not limited to contractual, term, or temporary water right permits – from TCEQ related to water that is reserved or purchased pursuant to an LCRA water contract, PURCHASER shall provide LCRA: (i) a copy of the application for the water right permit or water right permit amendment within five (5) business days of its filing with TCEQ; (ii) a copy of any proposed notice related to the application; and (iii) a copy of the water right permit or water right permit amendment promptly following the issuance of the water right permit or water right permit amendment. PURCHASER shall incorporate LCRA's reasonable comments into the application notice provided that: (i) LCRA provides its comments to PURCHASER within ten (10) business days of LCRA's receipt of the draft notice, unless a shorter response period is required by the TCEQ; and (ii) TCEQ accepts LCRA's comments in the final version of the notice. PURCHASER also shall provide LCRA two copies of any notice or action by TCEQ of a violation or termination of the water right permit or water right permit amendment within ten (10) days of PURCHASER receiving notice from TCEQ.
5. PURCHASER shall notify LCRA in writing not more than eight (8) weeks, nor less than four (4) weeks, prior to implementing a program for reuse of water that is reserved or purchased pursuant to this Contract and that falls within the type of use and Service Area provided in this Contract. PURCHASER will make available to LCRA non-privileged documents regarding PURCHASER's reuse program within a reasonable amount of time, not to exceed fifteen (15) business days, following a written request by LCRA staff. For all purposes of this Contract, the term "reuse" means the authorized use of water, which water was diverted and used pursuant to this Contract, but which water remains unconsumed and has yet to be either disposed of or discharged or otherwise allowed to flow into a watercourse, lake or other body of state-owned water.
6. PURCHASER shall notify LCRA in writing of its intentions to divert or deliver water for a Secondary Purchaser at least thirty (30) days prior to any diversions or deliveries from PURCHASER to the Secondary Purchaser.
7. Prior to the Effective Date of this Contract, PURCHASER shall provide to LCRA a demand or use schedule that estimates PURCHASER's annual usage, and any increases to it over time, of the water to be made available by LCRA under this Contract (the "Demand Schedule"). PURCHASER shall review, update if needed, and provide to LCRA the Demand Schedule not less than once every five (5) years or following written request by LCRA consistent with any other schedule required by LCRA's Water Contract Rules.

## **II. CONTRACT ADMINISTRATION**

### **A. TERM OF CONTRACT.**

This Contract shall be for the term of years as set forth in this Contract, which shall commence on the Effective Date and end on the anniversary of the Effective Date in the last year of the contract term as set forth in this Contract, unless terminated earlier by either party as provided below.



**B. PAYMENT.**

1. The "Water Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for all sales of firm water for the same use as provided in this Contract. The "Reservation Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for the reservation of firm water for the same use as provided in this Contract. The "Inverted Block Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for diversion or use of water in amounts in excess of the Maximum Annual Quantity.
2. The Water Rate presently in effect is \$145 per acre-foot (\$0.44 per 1,000 gallons) of water. The Reservation Rate presently in effect is \$72.50 per acre-foot. The Inverted Block Rate presently in effect is \$290 per acre-foot of water. LCRA reserves all rights that it may have under law to modify the Water Rate, the Reservation Rate, or the Inverted Block Rate. PURCHASER understands and acknowledges that the Water Rate, Reservation Rate, and the Inverted Block Rate set forth in this Contract have been approved by LCRA's Board of Directors, and that the Board may change all rates, fees and charges under the Contract from time to time.
3. PURCHASER agrees and covenants to pay LCRA – on an annual basis – an amount of money (the "Use Charge") equal to the Water Rate multiplied by the MAQ for the water to be made available in the upcoming year. PURCHASER acknowledges that invoices and payments due under this Section will assume full use of the MAQ under this Contract on an annual basis.
4. PURCHASER further agrees and covenants to pay LCRA – on a calendar year basis – an amount of money (the "Excess Use Charge") equal to the Inverted Block Rate multiplied by any amount of water LCRA determines has been impounded, diverted or otherwise used by PURCHASER that would result in an average firm yield impact to LCRA's senior water rights in excess of the Maximum Annual Quantity during the previous calendar year, less any amount PURCHASER has previously paid for the same water through the Use Charge and/or Reservation Charge. In the event the amount of water made available to PURCHASER is limited because of a curtailment imposed by LCRA or state law in accordance with this Contract to an amount less than the MAQ, then PURCHASER shall pay a surcharge, in excess of any Use or Reservation Charges, to be set by LCRA's Board of Directors, multiplied by any amount of water made available to PURCHASER in excess of the amount PURCHASER is authorized to have available during the curtailment (the "Curtailment Surcharge").
5. All charges under this Contract shall be pro-rated as necessary to reflect the Effective Date or date of termination of this Contract. For purposes of metering and billing, the "calendar year" may be based upon the 12-month period from the December meter reading date to the next December reading date.
6. Following the Effective Date of this Contract, LCRA will mail an invoice or invoices to PURCHASER for the pro rated amount due for the current year and any amount due under the previous contract.
7. In January of each year, LCRA will mail an invoice to PURCHASER showing the amount of money owed by PURCHASER to LCRA for the Use Charge and any late payment charges as specified herein. The invoice shall also show any amount of water that LCRA has determined PURCHASER has impounded, diverted or otherwise used that would result in an average firm yield impact to LCRA's senior water rights in excess of the Maximum Annual Quantity during the previous calendar year, as well as the corresponding Excess Use Charge.

8. PURCHASER shall pay LCRA for water provided under this Contract in the amount of each invoice submitted to PURCHASER by LCRA on or before thirty (30) days from the date of the invoice. PURCHASER shall mail checks for payments to the address indicated on the invoice. PURCHASER may pay by hand-delivery of checks or cash to LCRA's headquarters in Austin, Travis County, Texas, or by bank-wire if PURCHASER obtains LCRA's approval and makes arrangements for doing so prior to the due date. Payment must be received at the address provided on the invoice, or, if approved, at LCRA's headquarters or bank, not later than thirty (30) days from the invoice date in order not to be considered past due or late. In the event PURCHASER fails to make payment of that invoice within thirty (30) days of the invoice date, PURCHASER shall then pay a late payment charge of five percent (5%) of the unpaid amount of the invoice. For each calendar month or fraction thereof that the invoice remains unpaid, PURCHASER shall pay interest at the rate of one and one-half percent (1.5%) per month on the unpaid portion of the invoice. In the event PURCHASER attempts to pay LCRA by check, draft, credit card or any other similar instrument and the instrument is returned or refused by the bank or other similar institution as insufficient or non-negotiable for any reason, PURCHASER shall be assessed and must pay to LCRA, per each returned instrument, the LCRA's current returned instrument fee. If the invoice has not been paid within thirty (30) days of the invoice date, PURCHASER further agrees to pay all costs of collection and reasonable attorney's fees, regardless of whether suit is filed, as authorized by Chapter 271, Texas Local Government Code.

**C. MEASURING WATER.**

1. To measure the amount of water diverted by PURCHASER hereunder, PURCHASER agrees at PURCHASER's expense to install such measuring and recording devices or methods as are approved by LCRA (the "Meter"), such Meter to permit, within five percent (5%) accuracy, determination of quantities of raw water diverted from the reservoir or stream hereunder in units of 1,000 gallons. LCRA shall have the right to approve both the design of the meter as well as the location of its installation. PURCHASER must repair, replace or make necessary improvements to a meter that is not in compliance with this Contract or LCRA's Water Contract Rules promptly after PURCHASER becomes aware of the deficiency that causes the meter to not comply with this Contract or LCRA's Water Contract Rules.
  - a) PURCHASER agrees to read Meter and submit meter readings to LCRA via electronic mail, online portal or other format as specified by LCRA, on a monthly basis, on or about the 15th day of each month or on such date as specified by LCRA.
  - b) PURCHASER agrees to provide LCRA's representatives access across PURCHASER's property for inspection, testing and reading of the Meter. PURCHASER shall locate the meter in a manner that provides LCRA with reasonably safe access to the Meter for the purpose of making meter readings, testing, and/or periodic inspections.
  - c) PURCHASER agrees that the Meter shall be tested for accuracy by qualified personnel as approved by LCRA and at the expense of PURCHASER once each calendar year at intervals of approximately twelve (12) months if the MAQ is greater than 20 acre-feet per year and at intervals of approximately (24) months if the MAQ is less than or equal to 20 acre-feet per year.
  - d) PURCHASER shall furnish to LCRA a report of such test results. Readings within five percent (5%) of accuracy shall be considered correct.

- e) In the event PURCHASER fails to test the Meter for a period of fifteen (15) consecutive months for contracts with a MAQ greater than 20 acre-feet per year or fails to test the Meter for a period of 25 consecutive months for contracts with a MAQ of 20 acre-feet per year or less, PURCHASER agrees to pay LCRA for the actual cost of testing the Meter plus a fifty dollar (\$50) administrative fee. LCRA will provide PURCHASER a written invoice of the cost of testing the Meter, and said invoice will be subject to the payment terms provided in section II.B of this Contract.
  - f) If, at any time, LCRA provides PURCHASER a written notice that questions the accuracy of the Meter, PURCHASER promptly shall test the Meter and, in this event, the expense of such test will be paid by LCRA if the Meter is found to be correct and by PURCHASER if it is found to be incorrect.
  - g) Any party that tests the Meter shall provide written notice of the test to the other party at least five (5) business days in advance of the test and shall allow the other party to observe the test.
  - h) PURCHASER shall be required to take necessary steps to correct any inaccuracy in the Meter discovered during any test. LCRA may install, at its expense, check meters in or to any of PURCHASER's Meters at any time and may leave such check meters installed for such periods as is reasonably necessary to determine the accuracy of PURCHASER's Meters.
  - i) If, as a result of any test, the Meter is found to be registering inaccurately (i.e., in excess of five percent (5%) of accuracy), the readings of the Meter shall be corrected at the rate of its inaccuracy for any period which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:
    - (1) a period extended back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; or
    - (2) a period extending back half of the time elapsed since the last previous test; and the records of reading shall be adjusted accordingly.
2. In the event PURCHASER is charged based on water released from LCRA firm water supplies under this Contract rather than the actual amount withdrawn from the reservoir or stream by PURCHASER, LCRA shall include the amount of such releases in the monthly invoice provided to PURCHASER. LCRA shall make available information regarding its calculation of the amount of water released attributable to PURCHASER's actual diversions under this Contract within a reasonable period following PURCHASER's written request.

**D. TERMINATION OF CONTRACT OR REDUCTION IN MAXIMUM ANNUAL QUANTITY.**

This Contract may be terminated as follows:

- 1. If PURCHASER is current on all payments due to LCRA under this Contract and the MAQ is less than 500 acre-feet, PURCHASER may terminate this Contract or reduce the MAQ as set forth in this section at any time following the expiration of five (5) years, measured from the Effective Date, by providing at least one year's prior written notice to LCRA. If the MAQ is 500 acre-feet or more, Purchaser's ability to terminate or reduce the MAQ is limited as follows: beginning with the five-year anniversary of the Effective Date of the contract,

Purchaser may: (a) reduce its MAQ by up to 25 percent of the original contract quantity once every five years; or (b) if LCRA's other firm, non-temporary commitments have increased in an amount greater than projected under LCRA's Water Supply Resource Plan, Purchaser may terminate the contract or reduce the MAQ by a quantity greater than 25 percent.

2. LCRA at its sole option, in accordance with the terms and conditions set forth in Section II.E, "Non-Payment," may terminate this Contract without recourse should PURCHASER fail to comply with the terms and conditions of this Contract for the payment of moneys owed to LCRA pursuant to Section II.B. "Payment."
3. If PURCHASER fails to comply with its Water Conservation Plan, its Drought Contingency Plan, or any applicable LCRA nonpoint source water pollution abatement ordinance, or if PURCHASER fails to amend its Water Conservation Plan or its Drought Contingency Plan to reflect changes in LCRA's Water Conservation Plan Rules, LCRA's Drought Contingency Plan Rules, or state law or rules, LCRA may terminate, at its sole option, this Contract without recourse unless such default is cured within thirty (30) days of the date LCRA provides written notice to PURCHASER (or, if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default.
4. If PURCHASER fails to comply with the requirements of Sections III.A, "Nonpoint Source Pollution Abatement," III.B, "Sewage Regulations," or III.C, "Documentation of Compliance; Right of Entry," LCRA may, at its sole option, terminate this Contract without recourse unless such default is cured within thirty (30) days of the date LCRA provides written notice to PURCHASER (or if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default. For purposes of this section, LCRA shall not deem PURCHASER to be in default for so long as PURCHASER is in compliance with any remedial or enforcement agreement authorized by an agency of appropriate jurisdiction.
5. If PURCHASER fails to comply with other requirements of this Contract not specifically stated above, LCRA may, at its sole option, terminate this Contract without recourse unless such default is cured within thirty (30) days (or, if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default.
6. Subject to the requirements of applicable bankruptcy laws, including the rights of a trustee to assume contracts under applicable bankruptcy laws, this Contract may be terminated immediately by LCRA upon the declaration of bankruptcy by PURCHASER.
7. In the event TCEQ or any other local, state, or federal regulatory agency denies to PURCHASER, or terminates for any reason, a permit required by this Contract, PURCHASER shall notify LCRA within three (3) business days and immediately cease diversions under this Contract. LCRA, at its sole option, may terminate this Contract on or after the denial or termination of any permit required by this Contract is final and non-appealable.

PURCHASER shall remain liable for all fees and charges, including any non-refundable Pre-paid Reservation Charges, accruing under the Contract through the date the Contract is terminated, including but not limited to a pro-rated Reservation Charge, which shall be calculated based upon the excess of the Maximum Annual Quantity, pro-rated to the date of termination, over the amount of water made available

to PURCHASER through the date of termination. In the event LCRA terminates this Contract as provided herein, PURCHASER shall suspend immediately upon such termination all withdrawal of water from the Colorado River, or any tributaries thereof, under this Contract. LCRA may exercise any rights that it may have at law or in equity to prevent unauthorized withdrawals by PURCHASER or enforce the requirements of PURCHASER's Water Permit, if any. In the event that the contract is terminated based upon the denial or termination of a permit required by this Contract, PURCHASER shall be required to pay an early termination fee equal to the Reservation Rate times the MAQ.

**E. NON-PAYMENT.**

1. If LCRA determines that PURCHASER has not paid the full amount owed for any payment due under Section II.B, "Payment", hereof within the time provided therefore, LCRA shall give written notice to PURCHASER stating the amount LCRA has determined is due and unpaid. If LCRA gives notice as provided herein and PURCHASER fails to pay within thirty (30) days the amounts claimed in such notice to be due and unpaid, LCRA may, at its sole option: (1) upon giving ten (10) days written notice to PURCHASER terminate this Contract without recourse; and/or, (2) request injunctive relief from a court of competent jurisdiction to prevent PURCHASER from impounding and/or diverting additional water pursuant to this Contract.
2. If PURCHASER should dispute PURCHASER's obligation to pay all or any part of the amount stated in any invoice or notice, PURCHASER may, in addition to all other rights that PURCHASER may have under law, pay such amount under protest in which case such amount shall be deposited by LCRA in an interest bearing account mutually acceptable to both LCRA and PURCHASER pending final resolution of such dispute in accordance with Section IV.H, "Dispute Resolution." LCRA may not terminate this Contract, or request injunctive relief to prevent additional impoundments and/or diversions, for failure to pay the amount stated in any invoice or notice if PURCHASER pays such amount under protest and until there is a final resolution of such dispute in accordance with Section IV.H, "Dispute Resolution," favorable to LCRA.

**F. EQUITABLE REMEDIES.**

PURCHASER agrees that diversions or impoundments of water by PURCHASER without the authorization provided by this Contract will result in damages to LCRA that cannot be adequately compensated by money alone. As a result, PURCHASER agrees that LCRA shall have available to it equitable remedies, including injunctive relief against additional diversions or impoundments by PURCHASER unless PURCHASER demonstrates that it is otherwise authorized to divert or impound water. In addition, PURCHASER agrees that the provisions of Section IV.H, "DISPUTE RESOLUTION," will not apply to any legal action brought by LCRA seeking equitable remedies under this Contract except as expressly provided by Section II.E.2 regarding "NON-PAYMENT."

**G. NOTICE.**

Any notice under this Contract may be delivered by facsimile transmission or by certified mail, return receipt requested. If delivered by facsimile transmission, notice shall be deemed effective as of the facsimile send date, provided that any notice sent by facsimile must also be sent the same date by first-class mail. If delivered by certified mail, return receipt requested, notice shall be deemed effective five (5) days after the date on which the notice is post-marked.

All notices and invoices to PURCHASER shall be addressed as set forth in the General Terms of this Contract.

All notices and payments to LCRA shall be addressed as set forth in the General Terms of this Contract.

Either party may change its address by giving written notice of such change to the other party. PURCHASER is required to provide notice of change in address or contact person within ten (10) days of such change. PURCHASER shall maintain a physical address on file with LCRA.

**H. ASSIGNMENT OF CONTRACT.**

PURCHASER shall have the right to assign this Contract provided that: i) there is no change to the MAQ, source, type of use or Service Area provided in this Contract; ii) prior to such assignment, this Contract is amended to be consistent with all terms of LCRA's then-current standard form contract for purchase of firm water from Lake Travis and LCRA's then-current Water Contract Rules as determined by LCRA; iii) the Water Conservation Plan and Drought Contingency Plan are updated as may be necessary in accordance with this Contract as determined by LCRA; iv) PURCHASER provides LCRA at least sixty (60) days prior written notice of such assignment; and, v) PURCHASER is not in default under this Contract at the time of such assignment.

**I. COMPLIANCE WITH FILING REQUIREMENTS.**

LCRA agrees to file a copy of this Contract with the Executive Director of the TCEQ, P.O. Box 13087, Capitol Station, Austin, Texas 78711, it being fully recognized by PURCHASER hereunder that the effectiveness of this Contract is dependent upon compliance with the substantive rules and procedural rules for water rights of the TCEQ.

**III. ENVIRONMENTAL, PERMITTING AND OTHER ISSUES RELATED TO WATER SUPPLY**

**A. NONPOINT SOURCE WATER POLLUTION ABATEMENT.**

If PURCHASER will use water under this Contract to serve areas located within the jurisdictional area of LCRA Lake Travis Nonpoint Source Pollution Control Ordinance, the Upper Highland Lakes Nonpoint Source Pollution Control Ordinance, or any other LCRA water quality ordinance that has been adopted by the LCRA Board, PURCHASER agrees to comply with and shall comply with the provisions of that respective ordinance, which ordinance may require a permit and compliance with other applicable local, state, and federal rules and regulations pertaining to water quality protection. If PURCHASER will use water under this Contract to serve areas wholly outside the jurisdiction of an LCRA water quality ordinance, PURCHASER agrees to comply with and shall comply with any applicable local, state, and federal rules and regulations pertaining to water quality protection. PURCHASER further agrees to distribute to its customers in its service area water quality protection educational materials that LCRA provides to PURCHASER.

**B. SEWAGE REGULATIONS.**

PURCHASER agrees to obtain, or cause to be obtained, all approvals required by all applicable local, state or federal agencies for any sanitary sewage system or systems that collect sewage derived from water diverted herein or any sanitary sewage system whose effluent is discharged within the boundaries of LCRA's statutory district. Failure of PURCHASER to meet any standards imposed by such agencies for sanitary sewage systems, including on-site systems, shall subject PURCHASER under this Contract to all remedies allowed by law including, without limitation, termination or suspension of this Contract by LCRA. PURCHASER further agrees that if a sewage treatment plant is located within the Service Area, LCRA shall have reasonable access to such plant for the purpose of taking samples of sewage effluent from such plant for testing by LCRA to determine whether PURCHASER is in compliance with regulatory standards imposed by such agencies.

**C. DOCUMENTATION OF COMPLIANCE; RIGHT OF ENTRY.**

1. In addition to notices required by Section I.Q of this Contract, PURCHASER shall provide LCRA copies of any approvals that PURCHASER has received from federal, state, or local

agencies that relate to water reserved or purchased pursuant to PURCHASER's Contract or to facilities intended to impound, divert, transport, or use water provided under PURCHASER's Contract within a reasonable amount of time, not to exceed fifteen (15) business days, following a written request by LCRA staff.

2. PURCHASER agrees that LCRA employees and agents shall be entitled to enter any property where facilities impound or deliver water to the service area of PURCHASER at any reasonable time following a reasonable attempt at prior notification for the purpose of inspecting and investigating conditions relating to the quality of water; the compliance by PURCHASER with any rule, regulation, permit or other order of the state, its agencies, local regulatory authorities or LCRA; compliance by PURCHASER with the requirements of this Contract; or, inspection of any of PURCHASER's facilities related to the use, diversion or impoundment of water under this Contract. LCRA employees or agents acting under this Contract who enter PURCHASER's property shall observe rules and regulations concerning safety, internal security, and fire protection, and shall notify any occupant or management of their presence and shall exhibit proper credentials.

**D. ANNUAL REPORTS OF DUE DILIGENCE; AS-BUILT PLANS.**

1. PURCHASER shall report to LCRA, on a yearly basis, progress made toward obtaining any and all necessary authorizations (e.g. TCEQ permits, Army Corps of Engineers permits, etc.) as well as progress towards commencing and completing construction of facilities which will be used to divert, impound, and/or convey water under PURCHASER's Contract.
2. PURCHASER shall provide to LCRA "as-built" drawings and plans (including GPS coordinates of any intakes or impoundments) for facilities which will be used to divert, impound, and/or convey water under PURCHASER's Contract were actually built within thirty (30) days of completion of construction.

**IV. GENERAL PROVISIONS**

**A. EFFECTIVE DATE.**

"Effective Date" means the last date of execution of this Contract by the Parties; provided all of the Parties must execute this Contract for it to be effective.

**B. PREVIOUS CONTRACT.**

In the event of a previous contract between the Parties related to the Service Area of this Contract prior to the Effective Date, this Contract replaces such prior contract unless specified otherwise hereunder.

**C. INDEMNIFICATION.**

PURCHASER will indemnify and hold LCRA harmless from any and all claims and demands whatsoever to which LCRA may be subjected by reason of any injury to any person or damage to any property resulting from any and all actions and activities (or failure to act) of PURCHASER under this Contract except to the extent caused by LCRA's gross negligence or willful misconduct. PURCHASER's pumping and related facilities shall be installed, operated and maintained by PURCHASER at PURCHASER's sole risk. Nothing in this Contract shall be construed as authorizing PURCHASER, or recognizing that PURCHASER has any right, to install any equipment or improvements on property owned by LCRA or third parties.

LCRA will hold PURCHASER harmless from any and all claims or demands whatsoever to which LCRA may be subjected by reason of any injury to any person or damage to any property resulting from or in any way connected with any and all actions and activities (or failure to act) of LCRA under this Contract.

**D. FORCE MAJEURE.**

The term "Force Majeure" as used herein, shall mean those situations or conditions that are beyond the control of LCRA or PURCHASER and that, after the exercise of due diligence to remedy such situation or condition, render LCRA or PURCHASER unable, wholly or in part, to carry out the covenants contained herein. Such force majeure includes, but is not limited to acts of God, strikes, lockouts, acts of the public enemy, orders of any kind of the government or agencies of the United States or of the State of Texas, excluding LCRA, or any civil or military authority, insurrections, riots epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or dams, partial or entire failure of water supply insofar as each of the foregoing are beyond the reasonable control of the party in question. LCRA shall not be held liable or responsible for any damage that may be caused by its inability, after the exercise of due diligence, to make the supply of water available to PURCHASER due to any force majeure. LCRA shall use reasonable and timely diligence to repair or recondition LCRA's machinery, canals, or dams in the event such machinery, canals or dams are damaged or made unserviceable from any force majeure.

**E. NO THIRD-PARTY BENEFICIARY.**

The Parties hereto are entering into this Contract solely for the benefit of themselves and agree that nothing herein shall be construed to confer any right, privilege or benefit on any person or entity other than the Parties hereto.

**F. NO RIGHTS OR TITLE ACQUIRED.**

PURCHASER agrees and acknowledges that it acquires by this Contract no rights or title to the water that is the subject of this Contract other than those rights explicitly set forth herein.

**G. REPRESENTATIONS AND WARRANTIES.**

Each of LCRA and PURCHASER represents and warrants to the other that this Contract has been duly executed by an authorized officer and constitutes a valid and binding Contract, enforceable against it in accordance with its terms (except as such enforceability may be limited by bankruptcy laws or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles).

**H. DISPUTE RESOLUTION.**

**1. Settlement by Mutual Agreement.**

In the event any dispute, controversy or claim between or among the Parties arises under this Contract or is connected with or related in any way to this Contract or any right, duty or obligation arising hereunder or the relationship of the Parties hereunder (a "Dispute or Controversy"), including, but not limited to, a Dispute or Controversy relating to the effectiveness, validity, interpretation, implementation, termination, cancellation, or enforcement of this Contract, the Parties shall first attempt in good faith to settle and resolve such Dispute or Controversy by mutual agreement in accordance with the terms of this subsection (1). In the event a Dispute or Controversy arises, any party shall have the right to notify the other party to such Dispute or Controversy that it has elected to implement the procedures set forth in this subsection (1). Within thirty (30) days after delivery of any such notice by one party to the other regarding a Dispute or Controversy, the designated representatives of the Parties shall meet at a mutually agreed time and place to attempt, with diligence and good faith, to resolve and settle such Dispute or Controversy. Should a mutual resolution and settlement not be obtained at the meeting of the Parties' designated representatives for such purpose or should no such meeting take place within such thirty (30) day period, then any party may by notice to the other party, as the case may be, refer the Dispute or Controversy to senior management of the Parties for resolution. Within thirty (30) days after delivery of any such notice by one party to the other referring such Dispute or Controversy to senior management of the Parties for resolution, representatives of senior management of each of the Parties shall meet at a mutually agreed upon time



and place to attempt, with diligence and good faith, to resolve and settle such Dispute or Controversy. Should mutual resolution and settlement not be obtained at the meeting of representatives of senior management of each of the Parties for such purposes or should no such meeting take place within such thirty (30) day period (unless extended by mutual agreement), then any party may by notice to the other party, as the case may be, submit the Dispute or Controversy to binding arbitration in accordance with the provisions of subsection (2) and Exhibit H. Upon the receipt of notice of referral to arbitration hereunder, and except as otherwise expressly provided by this Contract, the Parties shall be compelled to arbitrate the Dispute or Controversy in accordance with the terms of this Section IV.H and Exhibit H without regard to the justiciable character or executory nature of such Dispute or Controversy.

2. Arbitration.

Except as otherwise expressly provided by this Contract, each party hereby agrees that any Dispute or Controversy that is not resolved pursuant to the provisions of subsection (1) may be submitted to binding arbitration hereunder and, if submitted timely according to this Contract, shall be resolved exclusively and finally through such binding arbitration. Except as otherwise expressly provided by this Contract, this Section IV.H and Exhibit H constitute a written agreement by the Parties to submit to arbitration any Dispute or Controversy arising under or in connection with this Contract within the meaning of Section 171.001 of the Texas Civil Practice and Remedies Code.

3. Emergency Relief.

Notwithstanding the Parties' agreement to arbitrate Dispute and Controversies, either party may seek injunctive relief or other form of emergency relief at any time from any state court of competent jurisdiction in Austin, Texas, the federal court for such district, or any state or federal regulatory agency of competent jurisdiction.

4. Survival.

The provisions of this Section IV.H shall survive expiration or earlier termination of this Contract.

**I. ACTUAL DAMAGES.**

NEITHER PARTY SHALL BE LIABLE OR HAVE ANY RESPONSIBILITY TO THE OTHER FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR DELAY-RELATED OR PERFORMANCE-RELATED DAMAGES INCLUDING, WITHOUT LIMITATION, LOST EARNINGS OR PROFITS. SUCH LIMITATION ON LIABILITY SHALL APPLY TO ANY CLAIM OR ACTION, WHETHER IT IS BASED IN WHOLE OR IN PART ON CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT, STATUTE OR ANY OTHER THEORY OF LIABILITY. THE PROVISIONS OF THIS SECTION IV.I SHALL HAVE NO EFFECT ON THE PARTY'S INDEMNITY OBLIGATIONS UNDER SECTION IV.C.

**J. AMENDMENT.**

This Contract may not be modified or amended except by an instrument in writing signed by authorized representatives of the Parties.

**K. BINDING EFFECT.**

The terms of this Contract shall be binding upon, and inure to the benefit of, the Parties and their permitted successors and assigns.

**L. COMPLETE CONTRACT.**

This Contract, together with all Exhibits attached hereto, constitutes the entire agreement of the Parties relating to the subject matter of this Contract and supersedes all prior contracts, agreements or understandings with respect to the subject matter hereof, both oral or written.

Each party agrees that the other party (and its agents and representatives) has not made, and has not relied upon, any representation, warranty, covenant or agreement relating to the transactions contemplated hereunder other than those expressly set forth herein.

**M. COUNTERPARTS.**

This Contract may be executed by the Parties in any number of separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same agreement. All signatures need not be on the same counterpart.

**N. FURTHER ASSURANCES.**

Each party agrees to do all acts and things and to execute and deliver such further written instruments, as may be from time to time reasonably required to carry out the terms and provisions of this Contract.

**O. GOVERNING LAW.**

This Contract and the rights and duties of the Parties arising out of this Contract shall be governed by, and construed in accordance with, the laws of the State of Texas, without reference to the conflict of laws rules thereof.

**P. HEADINGS; TABLE OF CONTENTS.**

The headings of the Articles and Sections of this Contract and the Table of Contents are included for convenience only and shall not be deemed to constitute a part of this Contract.

**Q. INCORPORATION OF WATER CONTRACT RULES.**

PURCHASER acknowledges receipt of LCRA's Water Contract Rules ("Rules"), and further acknowledges that, unless expressly stated otherwise in this Contract, such Rules, as may be amended by LCRA's Board of Directors from time to time, are incorporated herein by reference in their entirety and made a part hereof for all purposes.

**R. INTERPRETATION AND RELIANCE.**

No presumption will apply in favor of any party in the interpretation of this Contract or in the resolution of any ambiguity of any provisions thereof.

**S. RELATIONSHIP OF PARTIES.**

This Contract and the transactions contemplated hereunder are based upon the active participation of all Parties.

Neither the execution nor delivery of this Contract, nor the consummation of the transactions contemplated hereunder, shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement between the Parties, except for the contractual arrangements specifically set forth in this Contract. Except as is expressly agreed to in writing in this Contract, no party (or any of its agents, officers or employees) shall be an agent or employee of the other party, nor shall a party (or any of its agents, officers or employees) have any power to assume or create any obligation on behalf of the other party.

Nothing contained in this Contract shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement among LCRA on the one hand and the PURCHASER on the other hand, except for the contractual arrangements specifically set forth herein.

**T. SEVERABILITY.**

In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, the Parties shall negotiate an equitable adjustment to the provisions of this Contract with the view to effecting, to the extent possible, the original purpose and intent of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

**U. NO ADDITIONAL WAIVER IMPLIED.**

No waiver or waivers of any breach or default (or any breaches or defaults) of any term, covenant, condition or liability under this Contract, or of performance by the other party of any duty or obligation under this Contract, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

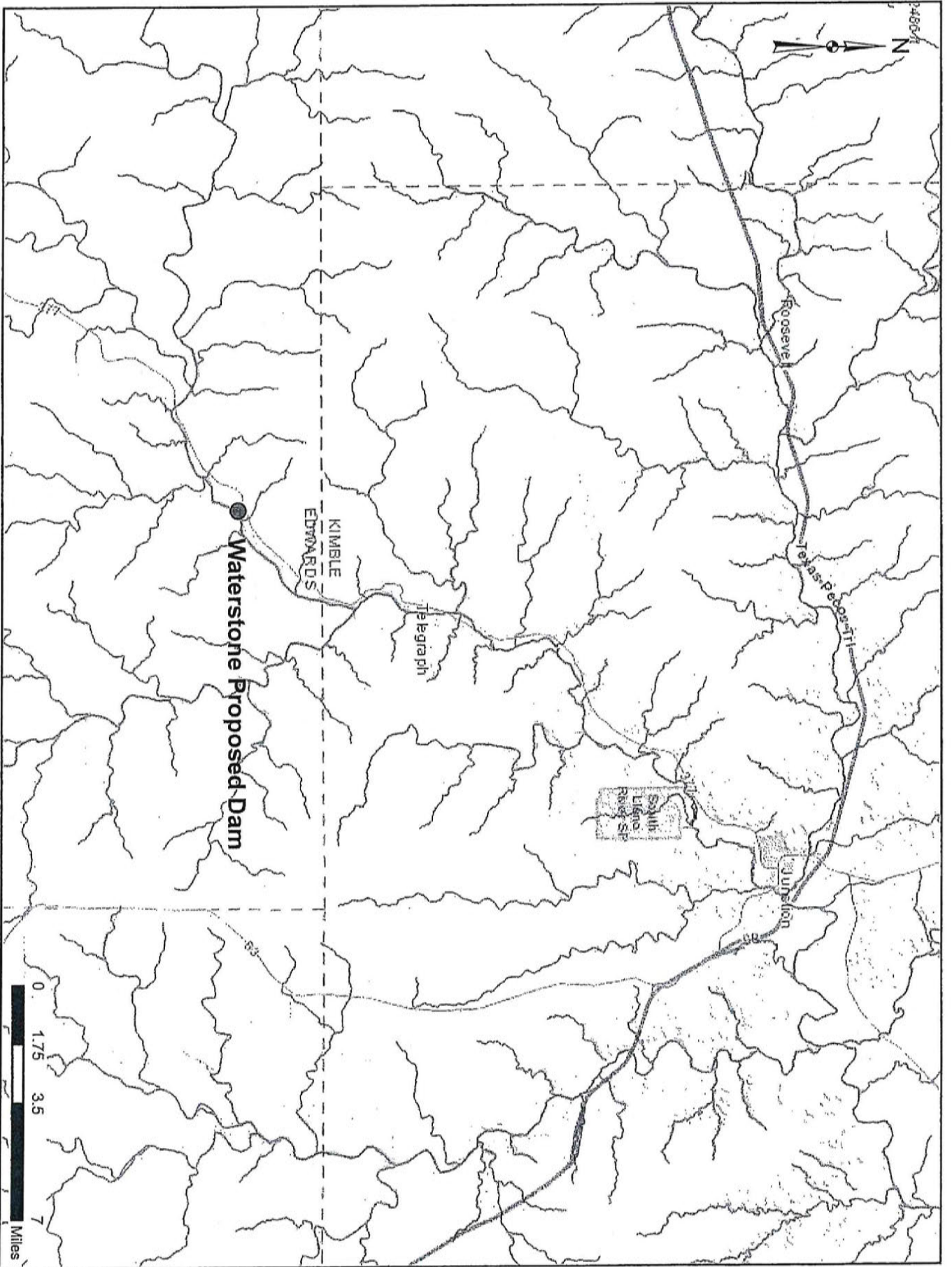
**V. SHORT TERM SALES OF FIRM WATER TO THIRD PARTIES.**

In accordance with LCRA Board Policy 501, Water Resources Management, LCRA and PURCHASER agree that LCRA may market and re-sell any portion of PURCHASER's Reserved Water to third parties on a limited term basis for a management fee and under terms mutually acceptable to LCRA and PURCHASER and in accordance with LCRA Board Policies.

**Exhibit B and D**

**Description of Point(s) of Availability  
and  
Depiction of Service Area**





**Exhibit C**

**Description of Service Area**

COPY

EXHIBIT C

Inst	Bk	Vol	Pg
447	OR	347	476

Edwards County  
 Olga Lydia Reyes  
 Edwards County District Clerk  
 Rocksprings, Tx 78880



70 2016 00000-447

Instrument Number: 2016-447

Recorded On: May 25, 2016

As  
Recording Fee

Parties: GARLAND GREGORY C

Billable Pages: 11

To WATERSTONE CREEK LLC

Number of Pages: 11

Comment:

( Parties listed above are for Clerks reference only )

\*\* Examined and Charged as Follows: \*\*

Recording Fee	66.00
Total Recording:	66.00

\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Record and Return To:

Document Number: 2016-447  
 Receipt Number: 38018  
 Recorded Date/Time: May 25, 2016 12:54:53P  
 Book-Vol/Pg: BK-OR VL-347 PG-476  
 User / Station: S Montoya - Cash Station Counter

NORTON ROSE FULBRIGHT US LLP  
 ATTN: MICHAEL MORGAN 1301 MCKINNEY ST.  
 SUITE 5100 FULBRIGHT TOWER  
 HOUSTON TX 77010



I hereby certify that this instrument was filed on the date and time stamped herein and was duly recorded in the Official Public Records of Edwards County, Texas.

Olga Lydia Reyes, County Clerk  
Edwards County, Texas

SCANNED



### GENERAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS                   §  
  §                   KNOW ALL BY THESE PRESENTS:  
COUNTY OF EDWARDS               §

That GREGORY C. GARLAND and wife, LAURA GAIL GARLAND (herein referred to as "Grantors"), for the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by WATERSTONE CREEK, LLC, a Texas limited liability company (herein referred to as "Grantee"), whose address is 11610 Bistro Lane, Houston, Texas 77082, the sufficiency of which consideration is hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY unto Grantee the following described real property, together with any and all improvements thereon, situated in Edwards County, Texas (the "Property"):

Tract One:

BEING A 454.774 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO SURVEY NO. 3, ABSTRACT NO. 519, THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. JACKSON SURVEY NO. 23, ABSTRACT NO. 597, AND THE T. HODGES SURVEY NO. 4, ABSTRACT NO. 2021, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING ALL OF THAT CALLED 454.85 ACRE TRACT RECORDED IN VOLUME 230, PAGES 487-491, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT being described by metes and bounds in attached Exhibit "A".

Tract Two:

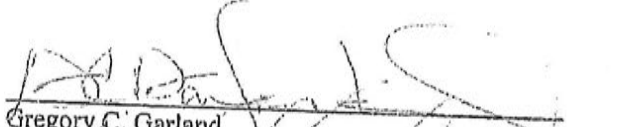
BEING A 337.257 ACRE TRACT OF LAND LOCATED IN THE G.C.&S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. DEATS SURVEY NO. 2, ABSTRACT NO. 2466, AND THE H.E. & W.T.R.R. CO. SURVEY NO. 3, ABSTRACT NO. 554, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING ALL OF THAT CALLED 337.84 ACRE TRACT RECORDED IN VOLUME 230, PAGE 492-496, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT being described by metes and bound in attached Exhibit "B".

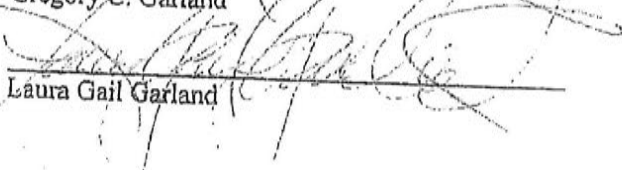
This conveyance and all warranties of title hereunder are subject to those matters set forth in attached Exhibit "C" (the "Permitted Exceptions"), to the extent and only the extent, however, that such matters validly affect and are enforceable against the Property.

Inst BK Vol Pg  
447 DR 157 478

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto belonging, unto Grantee and Grantee's successors and assigns, forever; and Grantors bind Grantors' heirs, successors and legal representatives, TO WARRANT AND FOREVER DEFEND the Property, together with all and singular the rights and appurtenances thereto belonging, unto Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof; SUBJECT, however, to the Permitted Exceptions.

Executed on the dates of the acknowledgments herein below taken, to be effective as of the 10 day of May, 2016.

  
\_\_\_\_\_  
Gregory C. Garland

  
\_\_\_\_\_  
Laura Gail Garland

WHEN RECORDED, RETURN TO  
MICHAEL W. MORGAN  
PULKRIDGE & JAWORSKI L.L.P.  
6TH FLOOR  
5801 MORNING  
DUBOIS, TEXAS 77006

**ACKNOWLEDGEMENTS**

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

This instrument was acknowledged before me on the 10 day of May, 2016, by Gregory C. Garland.

[SEAL]



*David Jernigan*  
\_\_\_\_\_  
Notary Public in and for Said State

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

This instrument was acknowledged before me on the 10 day of May, 2016, by Laura Gail Garland.

[SEAL]



*David Jernigan*  
\_\_\_\_\_  
Notary Public in and for Said State

EXHIBIT "A"

Property Description to Tract One

**MATKIN HOOVER**

**ENGINEERING & SURVEYING**

8 Spencer Road, Suite 100, Boerne, Texas 78006  
Phone: 830-249-0600 FAX: 830-249-0099

**FIELD NOTES FOR A 454.774 ACRE TRACT OF LAND**

BEING A 454.774 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO SURVEY NO. 3, ABSTRACT NO. 519, THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. JACKSON SURVEY NO. 23, ABSTRACT NO. 597, AND THE T. HODGES SURVEY NO. 4, ABSTRACT NO. 2021, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING ALL OF THAT CALLED 454.85 ACRE TRACT RECORDED IN VOLUME 230, PAGES 487-491, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found for an east angle point of a called 337.84 acre tract recorded in Volume 230, Pages 487-500, Official Records, Edwards County, Texas, an angle point of the remaining portion of a called 348.41 acre tract recorded in Volume 204, Page 405, Official Records, Edwards County, Texas, the northern most corner of said 454.85 acre tract and being the northern most corner of the herein described tract;

Thence with multiple northern, eastern and southern lines of said 454.85 acre tract the following seven (7) courses and distances:

S60° 50' 26"E a distance of 3203.69' (record, S61°17'39"E, 3203.76') to a 1/2" iron rod found for an angle point of the herein described tract;

S17° 34' 13"E a distance of 3597.92' (record, S18°02'05"E, 3598.94') to a 1/2" iron rod found for the southeast corner of the herein described tract;

S87° 38' 41"W a distance of 1839.28' (record, S87°11'56"W, 1839.63') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S87° 31' 44"W a distance of 817.60' (record, S87°04'59"W, 817.76') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S88° 07' 45"W a distance of 623.80' (record, S87°39'35"W, 623.94') to a cotton spindle found in the center of an 8" cedar post for an angle point of the herein described tract;

S89° 57' 43"W a distance of 675.20' (record, S89°27'13"W, 674.50') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N89° 48' 38"W a distance of 803.59' (record, S89°40'52"W, 802.76') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for the southwest corner of the herein described tract and being located at the southeast corner of a called 1385.9513 acre tract recorded in Volume 116, Pages 348-357, Official Records, Edwards County, Texas;

Thence with multiple western lines of said 454.85 acre tract, and multiple eastern lines of said 1385.9513 acre tract the following six (6) courses and distances:

N16° 56' 16"W a distance of 1224.30' (record, N17°25'07"W, 1224.92') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N19° 37' 28"W a distance of 558.08' (record, N20°06'19"W, 558.36') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N20° 48' 08"W a distance of 595.21' (record, N21°16'59"W, 595.51') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N22° 19' 49"W a distance of 372.96' (record, N22°48'40"W, 373.15') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N24° 08' 08"W a distance of 1056.67' (record, N24°36'59"W, 1057.20') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N43° 54' 41"W a distance of 222.01' (record, N44 23'32"W, 222.12') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap located in the east line of said 1385.9513 acre tract, the southwest corner of said 337.84 acre tract and being the northwest corner of the herein described tract;

Thence departing the west line of said 1385.9513 acre tract with multiple northern lines of said 454.85 acre tract, and multiple southern lines of said 337.84 acre tract the following three (3) courses and distances:

S89° 09' 30"E a distance of 1803.54' (record, S89°36'42"E, 1803.72') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N31° 45' 29"E a distance of 931.27' (record, N31°18'43"E, 931.80') to a 1/2" iron found for an angle point of the herein described tract;

N05° 40' 06"E a distance of 635.31' (record, N05°13'01"E, 635.81') to the Point of Beginning containing 454.774 acres of land.



*Travis L. Quicksall*  
Travis L. Quicksall Date: 03/18/2014  
Registered Professional Land Surveyor  
No. 6447 Job # 14-4030

EXHIBIT "B"

Property Description to Tract Two

**MATKIN HOOVER**

**ENGINEERING & SURVEYING**

3 Spencer Road, Suite 100, Boerne, Texas 78006  
Phone: 830-249-0600 FAX: 830-249-0099

**FIELD NOTES FOR A 337.257 ACRE TRACT OF LAND**

BEING A 337.257 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. DEATS SURVEY NO. 2, ABSTRACT NO. 2466, AND THE H.E. & W.T.R.R. CO. SURVEY NO. 3, ABSTRACT NO. 554, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING ALL OF THAT CALLED 337.84 ACRE TRACT RECORDED IN VOLUME 230, PAGE 492-496, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found on the south right-of-way line of U.S. Highway 337, at a west angle point of said 348.31 acre tract, at a north angle point of said 337.84 acre tract and being the northern most corner of the herein described tract;

Thence with multiple western lines of said 348.31 acre tract and 337.84 acre tract the following seven (5) courses and distances:

S11° 47' 51"W a distance of 762.25' (record, S11°18'W, 762.30') to a 1/2" iron rod found for an angle point of the herein described tract;

S45° 04' 17"W a distance of 727.97' (record, S44°37'W, 727.86') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S17° 22' 10"E a distance of 117.56' (record, S17°34'E, 117.74') to a 1/2" iron rod found for an angle point of the herein described tract;

S30° 29' 31"E a distance of 77.73' (record, S31°14'E, 77.71') to a 1/2" iron rod found for an angle point of the herein described tract;

S47° 59' 59"E a distance of 3363.45' (record, S48°28'E, 3363.81') to a 1/2" iron rod found for an east corner of the herein described tract;

Thence with multiple northern lines of a called 454.85 acre tract recorded in Volume 230, Pages 487-491, Official Records, Edwards County, Texas, the following (3) courses and distances:

S05° 40' 06"W a distance of 635.31' (record, S05°12'W, 636.00') to a 1/2" iron rod found for an angle point of the herein described tract;

S31° 45' 29"W a distance of 931.27' (record, S31°19'W, 931.36') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N89° 09' 30"W a distance of 1803.54' (record, N89°36'42"W, 1803.72') to an 8" wood fence post found in the east line of a called 1385.9513 acre tract recorded in Volume 116, pages 348-358, Official Public Records, Edwards County, Texas, a northwest corner of said 454.85 acre tract and for a west corner of the herein described tract;

Thence with the west line of said 337.84 acre tract, the east line of said 1385.9513 acre tract, N44° 40' 08"W a distance of 5068.87' (record, N44°35'W, 5068.87') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap in the south right-of-way line of U.S. 377 and for a northwest corner of the herein described tract;

Thence with the south right-of-way line of said U.S. 377 the following (12) courses and distances:

N48° 08' 03"E a distance of 291.72' (record, N48°30'E, 291.72') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N54° 10' 10"E a distance of 137.31' (record, N54°16'E, 137.31') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the left of the herein described tract, said curve to the left containing radius of 2924.93' (record, 2924.93'), a delta of 04°00'00" (record, 04°00'00"), a chord bearing of N51° 56' 09"E (record, N52°02'E) and a chord distance of 204.16' (record, 204.16');

with said curve to the left an arc distance of 204.20' (record, 204.20') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N49° 56' 10"E a distance of 38.48' (record, N50°02'E, 38.48') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N53° 35' 10"E a distance of 348.06' (record, N53°41'E, 348.06') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the right of the herein described tract, said curve to the right containing a radius of 895.37' (record, 895.37'), a delta of 17°16'00" (record, 17°16'), a chord bearing of N69° 22' 10"E (record, N69°28'W) and chord distance of 268.81' (record, 268.61');

with said curve to the right an arc distance of 269.83' (record, 269.83') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N85° 08' 10"E a distance of 348.06' (record, N85°14'E, 348.06') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract

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N88° 48' 10"E a distance of Length: 804.90' (record, N88°54'E, 804.90') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract

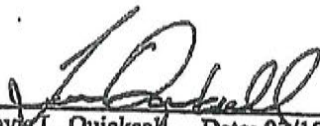
N86° 52' 10"E a distance of Length: 406.33' (record, N86°58'E, 406.33') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the left of the herein described tract, said curve to the left containing a radius of 1970.08' (record, 1970.08'), a delta of 21°00'16" (record, 20°45'), a chord bearing of N73° 24' 23"E (record, N72°35'E) and chord distance of 718.19' (record, 709.58');

with said curve to the left an arc distance of 722.22' (713.47') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N58° 55' 42"E a distance of 411.19' (record, N58°10'E, 406.30') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N53° 48' 17"E a distance of 456.91' (record, N53°06'E, 452.41') to the Point of Beginning containing 337.257 acres.



  
Travis L. Quicksall Date: 03/19/2014  
Registered Professional Land Surveyor  
No. 6447 Job # 14-4030



1150 OR 401 75  
447 OR 347 485

EXHIBIT "C"

Permitted Exceptions

- a. Restrictions recorded in Volume 173, Page 715, Official Public Records of Edwards County, Texas.
- b. Right of Way Deed from J. E. Deats to the State of Texas, dated July 16, 1947, recorded in Volume S, Page 456 of the Miscellaneous Deed Records of Edwards County, Texas.
- c. Subject to the past and future action of the South Llano River by means of accretion, avulsion or erosion.
- d. Subject to any land acquired by the result of accretion, reliction or other change in the bed or course of the South Llano River.
- e. Any of the Property which lies within the 100 year flood plain and flood way.
- f. Rights and claims of adjoining property owners in and to that portion of the Property, if any, which lies inside record title boundary but outside fences, and inside fences but outside record title boundary.
- g. Any land lying within the confines of any public or private roadway in which the public or other persons might have acquired an easement or fee simple title by prescription, dedication, way of necessity, implication, or otherwise, and subject to the rights of the public or other persons therein.
- h. Comprehensive Interim Regulations for the Subdivision of Land in Edwards County, Texas, dated April 11, 1991, recorded in Volume 95, Page 428 of the Official Public Records of Real Property of Edwards County, Texas. Amendment to the Edwards County Subdivision Regulations filed for record on March 15, 1993, and recorded in Volume 101, Page 845 of the Official Public Records of Edwards County, Texas. Comprehensive Regulations for the Subdivision of Lands in Edwards County, Texas, dated August 31, 1997, recorded in Volume 149, Page 605 of the Official Public Records of Edwards County, Texas.
- i. Any excess acreage within any patented Survey which has not been purchased from the State of Texas.
- j. Right of way easement from Joe E. Schero to Kimble Electric Cooperative, Inc., dated September 2, 1971, recorded in Volume Z-17, Page 139 of the Miscellaneous Deed Records of Edwards County, Texas.
- k. Mineral Deed from B. W. Weaver and wife, Tommie Lola Weaver to Brown Oil & Royalty Company, dated July 23, 1929, recorded in Volume J, Page 444 of the Miscellaneous Deed Records of Edwards County, Texas.
- l. Mineral Deed from B. W. Weaver and wife, Tommie Lola Weaver to Indian Territory Company, dated March 15, 1930, recorded in Volume K, Page 474 of the Miscellaneous Deed Records of Edwards County, Texas.
- m. Mineral reservation by 700 Springs Ranch Joint Venture in a Deed to ALP Family Partnership, Ltd., dated September 1, 2002 recorded in Volume 204, Page 361 of the Official Public Records of Edwards County, Texas.
- n. Mineral reservation by 700 Springs Ranch Joint Venture in a Deed to McJunkin Family Trust, dated September 1, 2002 recorded in Volume 204, Page 374 of the Official Public Records of Edwards County, Texas.

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- o. Mineral Deed from 700 Springs Ranch Joint Venture to ALP Family Partnership, Ltd., in a Deed dated September 1, 2002 recorded in Volume 204, Page 398 of the Official Public Records of Edwards County, Texas.
- p. Mineral Deed from 700 Springs Ranch Joint Venture to McJunkin Family Trust, in a Deed dated September 1, 2002 recorded in Volume 204, Page 417 of the Official Public Records of Edwards County, Texas
- q. Memorandum by the McJunkin Family Trust, Venture, dated September 1, 2002, recorded in Volume 204, Page 542 of the Official Public Records of Edwards County, Texas, giving notice that McJunkin Family Trust is the holder of 50% interest in the net profits interests received and realized from the commercial production, if any, of drinking water on the land therein described.
- r. Mineral reservation by the McJunkin Family Trust in a Deed to Addison Lee Pfluger, dated September 1, 2002, recorded in Volume 204, Page 436 of the Official Public Records of Edwards County, Texas.
- s. Mineral reservation by the McJunkin Family Trust in a Deed to Amy Lin Pfluger Rowland and Elizabeth Lou Pfluger White, dated September 1, 2002, recorded in Volume 204, Page 444, of the Official Public Records of Edwards County, Texas.
- t. Fence Agreement dated April 4, 2003, between Billy D. Walker and Dianna Walker and Addison Lee Pfluger, et al, recorded in Volume 211, Page 829 of the Official Public Records of Edwards County, Texas.
- u. Right of Way Easement dated May 29, 2012, between Billy D. Walker and Southwest Texas Telephone Company, of record in Volume 306, Page 710, of the Official Public Records of Edwards County, Texas.
- v. Assignment and Conveyance from XTO Energy, Inc., et al., to Isaacs Family Limited, LLP, dated September 4, 2009, of record in Volume 280, Page 716 of the Official Public Records of Edwards County, Texas.
- w. Assignment and Conveyance from XTO Energy, Inc., et al., to EG Energy, LLC, dated September 4, 2009, of record in Volume 281, Page 264 of the Official Public Records of Edwards County, Texas.
- x. Mineral and Royalty Conveyance from Technicolor Minerals to Donald Horton, dated June 1, 2010 of record in Volume 291, Page 281 of the Official Public Records of Edwards County, Texas.
- y. Mineral Deed from Billy D. Walker and Dianna L. Walker to Burnt Rock, Ltd., dated November 1, 2004, of record in Volume 230, page 497 of the Official Public Records of Edwards County, Texas.

FILED FOR RECORD  
 AL 113 9'clock PM

MAY 23 2019

OLGA LYDIA REYES  
 COUNTY CLERK  
 EDWARDS COUNTY, TEXAS  
 By: [Signature] Deputy

herein, the proceedings shall be conducted in accordance with the procedures of the Texas General Arbitration Act, Tex. Civ. Prac. & Remedies Code § 171.001 et seq. (the "Texas General Arbitration Act"). Depositions may be taken and other discovery may be made in accordance with the Texas Rules of Civil Procedure, provided that (i) depositions and other discovery shall be completed within ninety (90) days of the appointment of the arbitrator, (ii) there shall be no evidence by affidavit allowed, and (iii) each party shall disclose a list of all documentary evidence to be used and a list of all witnesses and experts to be called by the party in the arbitration hearing at least twenty (20) days prior to the arbitration hearing. The arbitrator shall issue a final ruling within thirty (30) days after the arbitration hearing. Any decision of the arbitrator shall state the basis of the award and shall include both findings of fact and conclusions of law. Any award rendered pursuant to the foregoing, which may include an award or decree of specific performance hereunder, shall be final and binding on, and not appealable by, the parties, and judgment thereon may be entered or enforcement thereof sought by either party in a court of competent jurisdiction. The foregoing deadlines shall be tolled during the period that no arbitrator is serving until a replacement is appointed in accordance with this Exhibit.

Notwithstanding the foregoing, nothing contained herein shall be deemed to give the arbitrator appointed hereunder any authority, power or right to alter, change, amend, modify, waive, add to or delete from any of the provisions of the contract.

**Section 2. Further Qualifications of Arbitrators; Conduct.** All arbitrators shall be and remain at all times wholly impartial and, upon written request by any party, shall provide the parties with a statement that they can and shall decide any Dispute or Controversy referred to them impartially. No arbitrator shall be employed by any party, the State of Texas, or have any material financial dependence upon a party, the State of Texas, nor shall any arbitrator have any material financial interest in the Dispute or Controversy.

**Section 3. Applicable Law and Arbitration Act.** The agreement to arbitrate set forth in this Exhibit shall be enforceable in either federal or state court. The enforcement of such agreement and all procedural aspects thereof, including the construction and interpretation of this agreement to arbitrate, the scope of the arbitrable issues, allegations of waiver, delay or defenses to arbitrability and the rules (except as otherwise expressly provided herein) governing the conduct of the arbitration, shall be governed by and construed pursuant to the Texas General Arbitration Act. In deciding the substance of any such Dispute or Controversy, the arbitrator shall apply the substantive laws of the State of Texas. The arbitrator shall have authority, power and right to award damages and provide for other remedies as are available at law or in equity in accordance with the laws of the State of Texas, except that the arbitrator shall have no authority to award incidental or punitive damages under any circumstances (whether they be exemplary damages, treble damages or any other penalty or punitive type of damages) regardless of whether such damages may be available under the laws of the State of Texas. The parties hereby waive their right, if any, to recover punitive damages in connection with any arbitrated Dispute or Controversy.

**Section 4. Consolidation.** If the parties initiate multiple arbitration proceedings, the subject matters of which are related by common questions of law or fact and which could result in conflicting awards or obligations, then the parties hereby agree that all such proceedings may be consolidated into a single arbitration proceeding.

**Section 5. Pendency of Dispute; Interim Measures.** The existence of any Dispute or Controversy eligible for referral or referred to arbitration hereunder, or the pendency of the dispute settlement or resolution procedures set forth herein, shall not in and of themselves relieve or excuse either party from its ongoing duties and obligations under the contract or any right, duty or obligation arising therefrom; provided, however, that during the pendency of arbitration proceedings and prior to a final award, upon written request by a party, the arbitrator may issue interim measures for preservation or protection of the status quo.

**Section 6. Complete Defense.** The parties agree that compliance by a party with the provisions of this Exhibit shall be a complete defense to any Action or Proceeding instituted in any federal or state court, or before any administrative tribunal by any other party with respect to any Dispute or Controversy that is subject to arbitration as set forth herein, other than a suit or action alleging non-compliance with a final and binding arbitration award rendered hereunder.

**Section 7. Costs.** Each party shall bear the costs of its appointed representative to select the arbitrator of the Dispute or Controversy and its own attorneys' fees, while the costs of the arbitrator of the Dispute or Controversy incurred in accordance with the foregoing shall be shared equally by the parties. Additional incidental costs of arbitration shall be paid for by the nonprevailing party in the arbitration; provided, however, that where the final decision of the arbitrator is not clearly in favor of either party, such incidental costs shall be shared equally by the parties.



Jon Niermann, *Chairman*  
Emily Lindley, *Commissioner*  
Toby Baker, *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

October 24, 2018

Mr. Kirk Kennedy  
1443 CR 204  
Burnet, TX 78611

**CERTIFIED MAIL**

9489 0090 0027 6009 8778 30

RE: Waterstone Creek, LLC  
WRPERM 13524  
CN605567213, RN110488905  
Application No. 13524 for a Water Use Permit  
Texas Water Code § 11.121, Requiring Mailed and Published Notice  
South Llano River, Colorado River Basin  
Edwards County

Dear Mr. Kennedy:

This acknowledges receipt of information and fees in the amount of \$1,291.04 (Receipt Nos. M900313A and M900313B enclosed) on September 6, 2018.

Additional information and fees are required before the application can be declared administratively complete.

1. Confirm the location of the centerline of the requested dam. The latitude and longitude provided in the application are not consistent with the maps in Appendix D.
2. Provide a completed *Information Sheet: Proposed New Construction Modification, Repair, Alteration, or Removal of a Dam* for each dam (Enclosed).
3. Provide a copy of a water supply contract with the Lower Colorado River Authority. A completed contract must be submitted in order to begin technical review of the application.

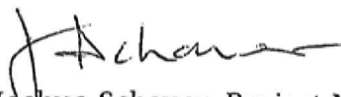
Please submit the requested information by November 26, 2018 or the application may be returned pursuant to Title 30 TAC § 281.18.

Note additional fees may be required based upon applicant response to these questions.

Mr. Kirk Kennedy  
Application No. 13524  
November 24, 2018  
Page 2 of 2

If you have any questions concerning this matter please contact me via email at [Joshua.Schauer@tceq.texas.gov](mailto:Joshua.Schauer@tceq.texas.gov) or by telephone at (512) 239-1371.

Sincerely,



Joshua Schauer, Project Manager  
Water Rights Permitting Team  
Water Permitting and Availability Section

Enclosures



10-SEP-18 09:13 AM

TCEQ - A/R RECEIPT REPORT BY ACCOUNT NUMBER

<u>Fee Description</u>	<u>Fee Code</u>	<u>Account#</u>	<u>Account Name</u>
WTR USE PERMITS	WUP		
	WUP		
			WATER USE PERMITS

<u>Ref#1</u>	<u>Ref#2</u>	<u>Paid In By</u>	<u>Check Number</u>	<u>CC Type</u>	<u>Tran Code</u>	<u>Slip Key</u>	<u>Tran Date</u>	<u>Tran Amount</u>
M900313A			7831					
13524			090718	N		BS00068394	10-SEP-18	-\$137.02
GARLAND, GREGORY C/LAURA G			VHERNAND	CK		D9800087		

Total (Fee Code) : -\$137.02

Grand Total: -\$6,693.29







10-SEP-18 09:13 AM

TCEQ - A/R RECEIPT REPORT BY ACCOUNT NUMBER

<u>Fee Description</u>	<u>Fee Code</u>	<u>Account#</u>	<u>Account Name</u>
NOTICE FEES-WUP-WATER USE PERM	PTGU		
	PTGU		
			NOTICE FEES WUP WATER USE PERMITS

<u>Ref#1</u>	<u>Check Number</u>	<u>CC Type</u>	<u>Tran Date</u>	<u>Tran Amount</u>
<u>Ref#2</u>	<u>Card Auth.</u>	<u>Tran Code</u>	<u>Slip Key</u>	
<u>Paid In By</u>	<u>User Data</u>	<u>Rec Code</u>	<u>Document#</u>	
M900313B	7831			
13524	090718	N	BS00068394	10-SEP-18
GARLAND, GREGORY C/LAURA G	VHERNAND	CK	D9800087	-\$1,154.02

Total (Fee Code): -\$1,154.02



**TO:** Texas Commission on Environmental Quality  
P.O. Box 13087, MC-160  
Austin, Texas 78711

**DATE:** September 5, 2018

**SUBJECT:** New Water Right Application

**APPLICANT:** Waterstone Creek LLC

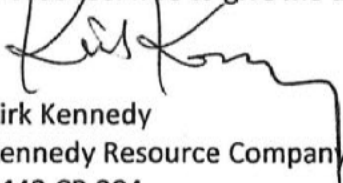
Dear Sirs,

Enclosed are the completed forms for an application for a new water right to authorize the construction of a small on-channel reservoir on the South Llano River in Edwards county, in the Colorado River basin. The applicant proposes to construct a small dam at the downstream end of an existing natural pool on the South Llano River in Edwards county for recreation use with no request to divert water. In support of the application, the following appendices are included:


- Appendix A: TCEQ Form 10214b, completed for portions that apply to this application.
- Appendix B; Applicant Deed Information.
- Appendix C: TCEQ Form 10214c, completed for portions that apply to this application.
- Appendix D: Map of location of applicant's proposed enlargement of natural reservoir.
- Appendix E: Water Availability Analysis.
- Appendix F: Pictures of location of the proposed dam.
- Appendix G: TCEQ Colorado WAM Run3 model modified to Represent the Application (flash drive)
- Appendix H: Description of Proposed Contract with LCRA

Attached is a check for \$1,291.04 to cover the fees associated with the application.

Please feel free to give me a call if you have any questions.



Kirk Kennedy  
Kennedy Resource Company  
1443 CR 204  
Burnet, TX 78611  
(512) 589-5109



**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**  
**TCEQ WATER RIGHTS PERMITTING APPLICATION**  
**ADMINISTRATIVE INFORMATION CHECKLIST**

Complete and submit this checklist for each application. See Instructions Page. 5.

APPLICANT(S): Waterstone Creek LLC

Indicate whether the following items are included in your application by writing either Y (for yes) or N (for no) next to each item (all items are not required for every application).

Y/N	Y/N
<u>Y</u> <b>Administrative Information Report</b>	<u>N</u> <b>Worksheet 3.0</b>
<u>N</u> Additional Co-Applicant Information	<u>N</u> Additional W.S 3.0 for each Point
<u>N</u> Additional Co-Applicant Signature Pages	<u>N</u> Recorded Deeds for Diversion Points
<u>Y</u> Written Evidence of Signature Authority	<u>N</u> Consent For Diversion Access
<u>Y</u> <b>Technical Information Report</b>	<u>N</u> <b>Worksheet 4.0</b>
<u>Y</u> USGS Map (or equivalent)	<u>N</u> TPDES Permit(s)
<u>N</u> Map Showing Project Details	<u>N</u> WWTP Discharge Data
<u>Y</u> Original Photographs	<u>N</u> 24-hour Pump Test
<u>Y</u> Water Availability Analysis	<u>N</u> Groundwater Well Permit
<u>Y</u> <b>Worksheet 1.0</b>	<u>N</u> Signed Water Supply Contract
<u>N</u> Recorded Deeds for Irrigated Land	<u>N</u> <b>Worksheet 4.1</b>
<u>N</u> Consent For Irrigation Land	<u>N</u> <b>Worksheet 5.0</b>
<u>N</u> <b>Worksheet 1.1</b>	<u>N</u> Addendum to Worksheet 5.0
<u>N</u> Addendum to Worksheet 1.1	<u>N</u> <b>Worksheet 6.0</b>
<u>N</u> <b>Worksheet 1.2</b>	<u>N</u> Water Conservation Plan(s)
<u>N</u> Addendum to Worksheet 1.2	<u>N</u> Drought Contingency Plan(s)
<u>Y</u> <b>Worksheet 2.0</b>	<u>N</u> Documentation of Adoption
<u>N</u> Additional W.S 2.0 for Each Reservoir	<u>N</u> <b>Worksheet 7.0</b>
<u>N</u> Dam Safety Documents	<u>N</u> Accounting Plan
<u>N</u> Notice(s) to Governing Bodies	<u>Y</u> <b>Worksheet 8.0</b>
<u>Y</u> Recorded Deeds for Inundated Land	<u>N</u> Fees
<u>N</u> Consent For Inundation Land	

**For Commission Use Only:**

Proposed/Current Water Right Number: \_\_\_\_\_

Basin: \_\_\_\_\_ Watermaster area Y/N: \_\_\_\_\_

# ADMINISTRATIVE INFORMATION REPORT

The following information is required for all new applications and amendments.

**\*\*\* Applicants are strongly encouraged to schedule a pre-application meeting with TCEQ Staff to discuss Applicant's needs prior to submitting an application. Call the Water Rights Permitting Team to schedule a meeting at (512) 239-4691.**

## 1. TYPE OF APPLICATION (Instructions, Page. 6)

Indicate, by marking X, next to the following authorizations you are seeking.

- New Appropriation of State Water
- Amendment to a Water Right \*
- Bed and Banks

*\*If you are seeking an amendment to an existing water rights authorization, you must be the owner of record of the authorization. If the name of the Applicant in Section 2, does not match the name of the current owner(s) of record for the permit or certificate or if any of the co-owners is not included as an applicant in this amendment request, your application could be returned. If you or a co-applicant are a new owner, but ownership is not reflected in the records of the TCEQ, submit a change of ownership request (Form TCEQ-10204) prior to submitting the application for an amendment. See Instructions page. 6. Please note that an amendment application may be returned, and the Applicant may resubmit once the change of ownership is complete.*

Please summarize the authorizations or amendments you are seeking in the space below or attach a narrative description entitled "Summary of Request."

See Summary of Request at the end of this document.

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**2. APPLICANT INFORMATION (Instructions, Page. 6 )**

**a. Applicant**

Indicate the number of Applicants/Co-Applicants 1  
(Include a copy of this section for each Co-Applicant, if any)

What is the Full Legal Name of the individual or entity (applicant) applying for this permit?

WATERSTONE CREEK, LLC

(If the Applicant is an entity, the legal name must be spelled exactly as filed with the Texas Secretary of State, County, or in the legal documents forming the entity.)

If the applicant is currently a customer with the TCEQ, what is the Customer Number (CN)?

You may search for your CN on the TCEQ website at

<http://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=cust.CustSearch>

CN : \_\_\_\_\_ (leave blank if you do not yet have a CN).

What is the name and title of the person or persons signing the application? Unless an application is signed by an individual applicant, the person or persons must submit written evidence that they meet the signatory requirements in 30 TAC § 295.14.

First/Last Name: GREG C GARLAND

Title: PRESIDENT

Have you provided written evidence meeting the signatory requirements in 30 TAC § 295.14, as an attachment to this application?

What is the applicant's mailing address as recognized by the US Postal Service (USPS)? You may verify the address on the USPS website at

<https://tools.usps.com/go/ZipLookupAction!input.action>.

Name: WATERSTONE CREEK, LLC

Mailing Address: 11616 BISTRO LN

City: HOUSTON

State: TX

ZIP Code:

77082-2730

Indicate an X next to the type of Applicant:

Individual

Sole Proprietorship-D.B.A.

Partnership

Corporation

Trust

Estate

Federal Government

State Government

County Government

City Government

Other Government

Other \_\_\_\_\_

For Corporations or Limited Partnerships, provide:

State Franchise Tax ID Number: \_\_\_\_\_ SOS Charter (filing) Number: 0801945505

32053361864

### 3. APPLICATION CONTACT INFORMATION (Instructions, Page. 9)

If the TCEQ needs additional information during the review of the application, who should be contacted? Applicant may submit their own contact information if Applicant wishes to be the point of contact.

First and Last Name: GREG C GARLAND

Title: PRESIDENT

Organization Name: WATERSTONE CREEK, LLC

Mailing Address: 11610 BISTRO LN

City: HOUSTON State: TX ZIP Code: 77082

Phone No.: 713 724 2190 Extension:

Fax No.: E-mail Address: 

#### 4. WATER RIGHT CONSOLIDATED CONTACT INFORMATION (Instructions, Page. 9)

This section applies only if there are multiple Owners of the same authorization. Unless otherwise requested, Co-Owners will each receive future correspondence from the Commission regarding this water right (after a permit has been issued), such as notices and water use reports. Multiple copies will be sent to the same address if Co-Owners share the same address. Complete this section if there will be multiple owners and all owners agree to let one owner receive correspondence from the Commission. Leave this section blank if you would like all future notices to be sent to the address of each of the applicants listed in section 2 above.

I/We authorize all future notices be received on my/our behalf at the following:

First and Last Name:

Title:

Organization Name:

Mailing Address:

City:

State:

ZIP Code:

Phone No.:

Extension:

Fax No.:

E-mail Address:

**5. MISCELLANEOUS INFORMATION (Instructions, Page. 9)**

a. The application will not be processed unless all delinquent fees and/or penalties owed to the TCEQ or the Office of the Attorney General on behalf of the TCEQ are paid in accordance with the Delinquent Fee and Penalty Protocol by all applicants/co-applicants. If you need assistance determining whether you owe delinquent penalties or fees, please call the Water Rights Permitting Team at (512) 239-4691, prior to submitting your application.

1. Does Applicant or Co-Applicant owe any fees to the TCEQ? Yes /  No

If yes, provide the following information:

Account number:

Amount past due:

2. Does Applicant or Co-Applicant owe any penalties to the TCEQ? Yes /  No

If yes, please provide the following information:

Enforcement order number:

Amount past due:

b. If the Applicant is a taxable entity (corporation or limited partnership), the Applicant must be in good standing with the Comptroller or the right of the entity to transact business in the State may be forfeited. See Texas Tax Code, Subchapter F. Applicant's may check their status with the Comptroller at <https://mycpa.cpa.state.tx.us/coa/>

Is the Applicant or Co-Applicant in good standing with the Comptroller?  Yes / No

c. The commission will not grant an application for a water right unless the applicant has submitted all Texas Water Development Board (TWDB) surveys of groundwater and surface water use - if required. See TWC §16.012(m) and 30 TAC § 297.41(a)(5).

Applicant has submitted all required TWDB surveys of groundwater and surface water? Yes / No



**6. SIGNATURE PAGE (Instructions, Page. 11)**

Applicant:

I, GREG C GARLAND  
(Typed or printed name)

PRESIDENT  
(Title)

certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

I further certify that I am authorized under Title 30 Texas Administrative Code §295.14 to sign and submit this document and I have submitted written evidence of my signature authority.

Signature: DC Garland  
(Use blue ink)

Date: 4-10-18

Subscribed and Sworn to before me by the said

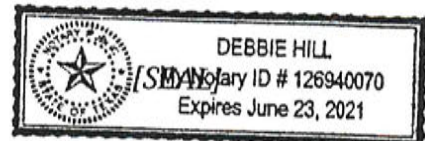
on this 10th day of April, 2018.

My commission expires on the 23rd day of June, 2021.

Debbie Hill

Notary Public

Harris County  
County, Texas



***If the Application includes Co-Applicants, each Applicant and Co-Applicant must submit an original, separate signature page***

COPY

Inst Bk Vol Pg  
47 OR 347 476

Edwards County  
Olga Lydia Reyes  
Edwards County District Clerk  
Rocksprings, Tx 78880



70 2016 00000447

Instrument Number: 2016-447

Recorded On: May 25, 2016

As  
Recording Fee

Parties: GARLAND GREGORY C

To WATERSTONE CREEK LLC

Billable Pages: 11  
Number of Pages: 11

Comment:

( Parties listed above are for Clerks reference only )

\*\* Examined and Charged as Follows: \*\*

Recording Fee	66.00
Total Recording:	66.00

\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2016-447

Receipt Number: 38018

Recorded Date/Time: May 25, 2016 12:54:53P

Book-Vol/Pg: BK-OR VL-347 PG-476

User / Station: S Montoya - Cash Station Counter

Record and Return To:

NORTON ROSE FULBRIGHT US LLP

ATTN: MICHAEL MORGAN 1301 MCKINNEY ST.

SUITE 5100 FULBRIGHT TOWER

HOUSTON TX 77010



I hereby certify that this instrument was filed on the date and time stamped hereon and was duly recorded in the Official Public Records of Edwards County, Texas.

Olga Lydia Reyes, County Clerk  
Edwards County, Texas

SCANNED

**Summary of Request for New Water Right**  
Waterstone Creek LLC  
Colorado River Basin - Edwards County – South Llano River

The applicant owns property adjacent to the South Llano River near Telegraph Texas, which contains a natural reservoir with an exposed water surface area of 2.7 acres and a capacity of 5.4 acre-feet. The applicant proposes to construct a small dam at the downstream end of the natural reservoir, which will inundate the natural reservoir and result in a total exposed water surface area of 4.77 acres and 12.02 acre-feet, an increase of 2.07 acres and 6.62 acre-feet. The proposed dam will be equipped with a low flow outlet and will be used for recreation purposes with no diversion of water requested. The applicant's proposed location on the South Llano River is approximately 20 miles southwest of the City of Junction and upstream of the Lower Colorado River Authority's (LCRA) existing reservoirs LBJ, Marble Falls, and Travis.

COPY

Inst BK  
47 OR

Vol APPENDIX B  
347 476

Edwards County  
Olga Lydia Reyes  
Edwards County District Clerk  
Rocksprings, Tx 78880



Instrument Number: 2016-447

Recorded On: May 25, 2016

As  
Recording Fee

Parties: GARLAND GREGORY C  
To WATERSTONE CREEK LLC

Billable Pages: 11  
Number of Pages: 11

Comment:

( Parties listed above are for Clerks reference only )

\*\* Examined and Charged as Follows: \*\*

Recording Fee	66.00
Total Recording:	66.00

\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Record and Return To:

Document Number: 2016-447  
Receipt Number: 38018  
Recorded Date/Time: May 25, 2016 12:54:53P  
Book-Vol/Pg: BK-OR VL-347 PG-476  
User / Station: S Montoya - Cash Station Counter

NORTON ROSE FULBRIGHT US LLP  
ATTN: MICHAEL MORGAN 1301 MCKINNEY ST.  
SUITE 5100 FULBRIGHT TOWER  
HOUSTON TX 77010



I hereby certify that this instrument was filed on the date and time stamped herein and was duly recorded in the Official Public Records of Edwards County, Texas.

*Olga Lydia Reyes*  
Olga Lydia Reyes, County Clerk  
Edwards County, Texas

SCANNED

### GENERAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS                    §  
  §                    KNOW ALL BY THESE PRESENTS:  
COUNTY OF EDWARDS                §

That GREGORY C. GARLAND and wife, LAURA GAIL GARLAND (herein referred to as "Grantors"), for the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by WATERSTONE CREEK, LLC, a Texas limited liability company (herein referred to as "Grantee"), whose address is 11610 Bistro Lane, Houston, Texas 77082, the sufficiency of which consideration is hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY unto Grantee the following described real property, together with any and all improvements thereon, situated in Edwards County, Texas (the "Property"):

Tract One:

BEING A 454.774 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO SURVEY NO. 3, ABSTRACT NO. 519, THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. JACKSON SURVEY NO. 23, ABSTRACT NO. 597, AND THE T. HODGES SURVEY NO. 4, ABSTRACT NO. 2021, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING ALL OF THAT CALLED 454.85 ACRE TRACT RECORDED IN VOLUME 230, PAGES 487-491, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT being described by metes and bounds in attached Exhibit "A".

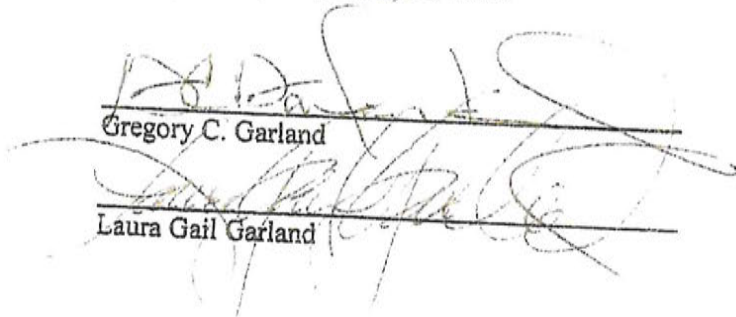
Tract Two:

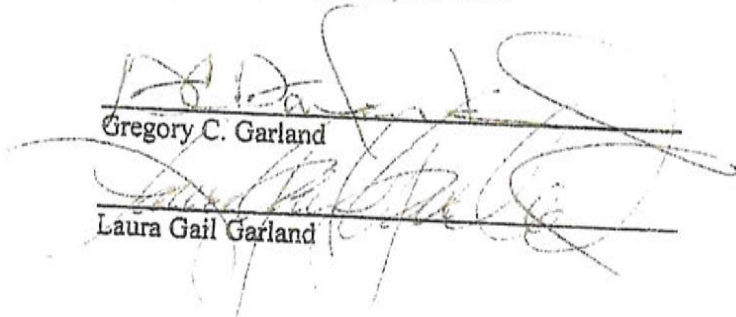
BEING A 337.257 ACRE TRACT OF LAND LOCATED IN THE G.C.&S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. DEATS SURVEY NO. 2, ABSTRACT NO. 2466, AND THE H.E. & W.T.R.R. CO. SURVEY NO. 3, ABSTRACT NO. 554, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING ALL OF THAT CALLED 337.84 ACRE TRACT RECORDED IN VOLUME 230, PAGE 492-496, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT being described by metes and bound in attached Exhibit "B".

This conveyance and all warranties of title hereunder are subject to those matters set forth in attached Exhibit "C" (the "Permitted Exceptions"), to the extent and only the extent, however, that such matters validly affect and are enforceable against the Property.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto belonging, unto Grantee and Grantee's successors and assigns, forever; and Grantors bind Grantors' heirs, successors and legal representatives, TO WARRANT AND FOREVER DEFEND the Property, together with all and singular the rights and appurtenances thereto belonging, unto Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof; SUBJECT, however, to the Permitted Exceptions.

Executed on the dates of the acknowledgments herein below taken, to be effective as of the 10 day of May, 2016.

  
\_\_\_\_\_  
Gregory C. Garland

  
\_\_\_\_\_  
Laura Gail Garland

WHEN RECORDED, RETURN TO  
MICHAEL V. MORGAN  
FULBRIGHT & JAWORSKI L.L.P.  
5th FLOOR  
1301 MCKINNEY  
HOUSTON, TEXAS 77010

ACKNOWLEDGEMENTS

THE STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

This instrument was acknowledged before me on the 10 day of May, 2016, by Gregory C. Garland.

[SEAL]



*David Jernigan*  
\_\_\_\_\_  
Notary Public in and for  
Said State

THE STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

This instrument was acknowledged before me on the 10 day of May, 2016, by Laura Gail Garland.

[SEAL]



*David Jernigan*  
\_\_\_\_\_  
Notary Public in and for  
Said State

EXHIBIT "A"

Property Description to Tract One

**MATKIN HOOVER**

**ENGINEERING & SURVEYING**

8 Spencer Road, Suite 100, Boerne, Texas 78006  
Phone: 830-249-0600 FAX: 830-249-0099

**FIELD NOTES FOR A 454.774 ACRE TRACT OF LAND**

BEING A 454.774 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO SURVEY NO. 3, ABSTRACT NO. 519, THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. JACKSON SURVEY NO. 23, ABSTRACT NO. 597, AND THE T. HODGES SURVEY NO. 4, ABSTRACT NO. 2021, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING ALL OF THAT CALLED 454.85 ACRE TRACT RECORDED IN VOLUME 230, PAGES 487-491, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 454.774 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found for an east angle point of a called 337.84 acre tract recorded in Volume 230, Pages 487-500, Official Records, Edwards County, Texas, an angle point of the remaining portion of a called 348.41 acre tract recorded in Volume 204, Page 405, Official Records, Edwards County, Texas, the northern most corner of said 454.85 acre tract and being the northern most corner of the herein described tract;

Thence with multiple northern, eastern and southern lines of said 454.85 acre tract the following seven (7) courses and distances:

S60° 50' 26"E a distance of 3203.69' (record, S61°17'39"E, 3203.76') to a 1/2" iron rod found for an angle point of the herein described tract;

S17° 34' 13"E a distance of 3597.92' (record, S18°02'05"E, 3598.94') to a 1/2" iron rod found for the southeast corner of the herein described tract;

S87° 38' 41"W a distance of 1839.28' (record, S87°11'56"W, 1839.63') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S87° 31' 44"W a distance of 817.60' (record, S87°04'59"W, 817.76') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S88° 07' 45"W a distance of 623.80' (record, S87°39'35"W, 623.94') to a cotton spindle found in the center of an 8" cedar post for an angle point of the herein described tract;

S89° 57' 43"W a distance of 675.20' (record, S89°27'13"W, 674.50') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N89° 48' 38"W a distance of 803.59' (record, S89°40'52"W, 802.76') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for the southwest corner of the herein described tract and being located at the southeast corner of a called 1385.9513 acre tract recorded in Volume 116, Pages 348-357, Official Records, Edwards County, Texas;



Thence with multiple western lines of said 454.85 acre tract, and multiple eastern lines of said 1385.9513 acre tract the following six (6) courses and distances:

N16° 56' 16"W a distance of 1224.30' (record, N17°25'07"W, 1224.92') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N19° 37' 28"W a distance of 558.08' (record, N20°06'19"W, 558.36') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N20° 48' 08"W a distance of 595.21' (record, N21°16'59"W, 595.51') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N22° 19' 49"W a distance of 372.96' (record, N22°48'40"W, 373.15') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N24° 08' 08"W a distance of 1056.67' (record, N24°36'59"W, 1057.20') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N43° 54' 41"W a distance of 222.01' (record, N44 23'32"W, 222.12') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap located in the east line of said 1385.9513 acre tract, the southwest corner of said 337.84 acre tract and being the northwest corner of the herein described tract;

Thence departing the west line of said 1385.9513 acre tract with multiple northern lines of said 454.85 acre tract, and multiple southern lines of said 337.84 acre tract the following three (3) courses and distances:

S89° 09' 30"E a distance of 1803.54' (record, S89°36'42"E, 1803.72') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N31° 45' 29"E a distance of 931.27' (record, N31°18'43"E, 931.80') to a 1/2" iron found for an angle point of the herein described tract;

N05° 40' 06"E a distance of 635.31' (record, N05°13'01"E, 635.81') to the Point of Beginning containing 454.774 acres of land.



*Travis L. Quicksall*  
 Travis L. Quicksall Date: 03/18/2014  
 Registered Professional Land Surveyor  
 No. 6447 Job # 14-4030

EXHIBIT "B"

Property Description to Tract Two

**MATKIN HOOVER**

**ENGINEERING & SURVEYING**

3 Spencer Road, Suite 100, Boerne, Texas 78006  
Phone: 830-249-0600 FAX: 830-249-0099

**FIELD NOTES FOR A 337.257 ACRE TRACT OF LAND**

BEING A 337.257 ACRE TRACT OF LAND LOCATED IN THE G.C. & S.F.R.R. CO. SURVEY NO. 1, ABSTRACT NO. 550, THE J. DEATS SURVEY NO. 2, ABSTRACT NO. 2466, AND THE H.E. & W.T.R.R. CO. SURVEY NO. 3, ABSTRACT NO. 554, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING ALL OF THAT CALLED 337.84 ACRE TRACT RECORDED IN VOLUME 230, PAGE 492-496, OFFICIAL RECORDS, EDWARDS COUNTY, TEXAS, SAID 337.257 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found on the south right-of-way line of U.S. Highway 337, at a west angle point of said 348.31 acre tract, at a north angle point of said 337.84 acre tract and being the northern most corner of the herein described tract;

Thence with multiple western lines of said 348.31 acre tract and 337.84 acre tract the following seven (5) courses and distances:

S11° 47' 51"W a distance of 762.25' (record, S11°18'W, 762.30') to a 1/2" iron rod found for an angle point of the herein described tract;

S45° 04' 17"W a distance of 727.97' (record, S44°37'W, 727.86') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

S17° 22' 10"E a distance of 117.56' (record, S17°34'E, 117.74') to a 1/2" iron rod found for an angle point of the herein described tract;

S30° 29' 31"E a distance of 77.73' (record, S31°14'E, 77.71') to a 1/2" iron rod found for an angle point of the herein described tract;

S47° 59' 59"E a distance of 3363.45' (record, S48°28'E, 3363.81') to a 1/2" iron rod found for an east corner of the herein described tract;

Thence with multiple northern lines of a called 454.85 acre tract recorded in Volume 230, Pages 487-491, Official Records, Edwards County, Texas, the following (3) courses and distances:

S05° 40' 06"W a distance of 635.31' (record, S05°12'W, 636.00') to a 1/2" iron rod found for an angle point of the herein described tract;

S31° 45' 29"W a distance of 931.27' (record, S31°19'W, 931.36') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N89° 09' 30"W a distance of 1803.54' (record, N89°36'42"W, 1803.72') to an 8" wood fence post found in the east line of a called 1385.9513 acre tract recorded in Volume 116, pages 348-358, Official Public Records, Edwards County, Texas, a northwest corner of said 454.85 acre tract and for a west corner of the herein described tract;

Thence with the west line of said 337.84 acre tract, the east line of said 1385.9513 acre tract, N44° 40' 08"W a distance of 5068.87' (record, N44°35'W, 5068.87') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap in the south right-of-way line of U.S. 377 and for a northwest corner of the herein described tract;

Thence with the south right-of-way line of said U.S. 377 the following (12) courses and distances:

N48° 08' 03"E a distance of 291.72' (record, N48°30'E, 291.72') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N54° 10' 10"E a distance of 137.31' (record, N54°16'E, 137.31') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the left of the herein described tract, said curve to the left containing radius of 2924.93' (record, 2924.93'), a delta of 04°00'00" (record, 04°00'00"), a chord bearing of N51° 56' 09"E (record, N52°02'E) and a chord distance of 204.16' (record, 204.16');

with said curve to the left an arc distance of 204.20' (record, 204.20') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N49° 56' 10"E a distance of 38.48' (record, N50°02'E, 38.48') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N53° 35' 10"E a distance of 348.06' (record, N53°41'E, 348.06') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the right of the herein described tract, said curve to the right containing a radius of 895.37' (record, 895.37'), a delta of 17°16'00" (record, 17°16'), a chord bearing of N69° 22' 10"E (record, N69°28'W) and chord distance of 268.81' (record, 268.61');

with said curve to the right an arc distance of 269.83' (record, 269.83') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N85° 08' 10"E a distance of 348.06' (record, N85°14'E, 348.06') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract

N88° 48' 10"E a distance of Length: 804.90' (record, N88°54'E, 804.90') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract

N86° 52' 10"E a distance of Length: 406.33' (record, N86°58'E, 406.33') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap at the beginning of a curve to the left of the herein described tract, said curve to the left containing a radius of 1970.08' (record, 1970.08'), a delta of 21°00'16" (record, 20°45'), a chord bearing of N73° 24' 23"E (record, N72°35'E) and chord distance of 718.19' (record, 709.58');

with said curve to the left an arc distance of 722.22' (713.47') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N58° 55' 42"E a distance of 411.19' (record, N58°10'E, 406.30') to a 1/2" iron set with a red "Matkin Hoover Eng. & Survey" plastic cap for an angle point of the herein described tract;

N53° 48' 17"E a distance of 456.91' (record, N53°06'E, 452.41') to the Point of Beginning containing 337.257 acres.




  
Travis L. Quicksall Date: 03/19/2014  
Registered Professional Land Surveyor  
No. 6447 Job # 14-4030

EXHIBIT "C"

Permitted Exceptions

- a. Restrictions recorded in Volume 173, Page 715, Official Public Records of Edwards County, Texas.
- b. Right of Way Deed from J. E. Deats to the State of Texas, dated July 16, 1947, recorded in Volume S, Page 456 of the Miscellaneous Deed Records of Edwards County, Texas.
- c. Subject to the past and future action of the South Llano River by means of accretion, avulsion or erosion.
- d. Subject to any land acquired by the result of accretion, reliction or other change in the bed or course of the South Llano River.
- e. Any of the Property which lies within the 100 year flood plain and flood way.
- f. Rights and claims of adjoining property owners in and to that portion of the Property, if any, which lies inside record title boundary but outside fences, and inside fences but outside record title boundary.
- g. Any land lying within the confines of any public or private roadway in which the public or other persons might have acquired an easement or fee simple title by prescription, dedication, way of necessity, implication, or otherwise, and subject to the rights of the public or other persons therein.
- h. Comprehensive Interim Regulations for the Subdivision of Land in Edwards County, Texas, dated April 11, 1991, recorded in Volume 95, Page 428 of the Official Public Records of Real Property of Edwards County, Texas. Amendment to the Edwards County Subdivision Regulations filed for record on March 15, 1993, and recorded in Volume 101, Page 845 of the Official Public Records of Edwards County, Texas. Comprehensive Regulations for the Subdivision of Lands in Edwards County, Texas, dated August 31, 1997, recorded in Volume 149, Page 605 of the Official Public Records of Edwards County, Texas.
- i. Any excess acreage within any patented Survey which has not been purchased from the State of Texas.
- j. Right of way easement from Joe E. Schero to Kimble Electric Cooperative, Inc., dated September 2, 1971, recorded in Volume Z-17, Page 139 of the Miscellaneous Deed Records of Edwards County, Texas.
- k. Mineral Deed from B. W. Weaver and wife, Tommie Lola Weaver to Brown Oil & Royalty Company, dated July 23, 1929, recorded in Volume J, Page 444 of the Miscellaneous Deed Records of Edwards County, Texas.
- l. Mineral Deed from B. W. Weaver and wife, Tommie Lola Weaver to Indian Territory Company, dated March 15, 1930, recorded in Volume K, Page 474 of the Miscellaneous Deed Records of Edwards County, Texas.
- m. Mineral reservation by 700 Springs Ranch Joint Venture in a Deed to ALP Family Partnership, Ltd., dated September 1, 2002 recorded in Volume 204, Page 361 of the Official Public Records of Edwards County, Texas.
- n. Mineral reservation by 700 Springs Ranch Joint Venture in a Deed to McJunkin Family Trust, dated September 1, 2002 recorded in Volume 204, Page 374 of the Official Public Records of Edwards County, Texas.

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447	OR	347	426

- o. Mineral Deed from 700 Springs Ranch Joint Venture to ALP Family Partnership, Ltd., in a Deed dated September 1, 2002 recorded in Volume 204, Page 398 of the Official Public Records of Edwards County, Texas.
- p. Mineral Deed from 700 Springs Ranch Joint Venture to McJunkin Family Trust, in a Deed dated September 1, 2002 recorded in Volume 204, Page 417 of the Official Public Records of Edwards County, Texas
- q. Memorandum by the McJunkin Family Trust, Venture, dated September 1, 2002, recorded in Volume 204, Page 542 of the Official Public Records of Edwards County, Texas, giving notice that McJunkin Family Trust is the holder of 50% interest in the net profits interests received and realized from the commercial production, if any, of drinking water on the land therein described.
- r. Mineral reservation by the McJunkin Family Trust in a Deed to Addison Lee Pfluger, dated September 1, 2002, recorded in Volume 204, Page 436 of the Official Public Records of Edwards County, Texas.
- s. Mineral reservation by the McJunkin Family Trust in a Deed to Amy Lin Pfluger Rowland and Elizabeth Lou Pfluger White, dated September 1, 2002, recorded in Volume 204, Page 444, of the Official Public Records of Edwards County, Texas.
- t. Fence Agreement dated April 4, 2003, between Billy D. Walker and Dianna Walker and Addison Lee Pfluger, et al, recorded in Volume 211, Page 829 of the Official Public Records of Edwards County, Texas.
- u. Right of Way Easement dated May 29, 2012, between Billy D. Walker and Southwest Texas Telephone Company, of record in Volume 306, Page 710, of the Official Public Records of Edwards County, Texas.
- v. Assignment and Conveyance from XTO Energy, Inc., et al., to Isaacs Family Limited, LLP, dated September 4, 2009, of record in Volume 280, Page 716 of the Official Public Records of Edwards County, Texas.
- w. Assignment and Conveyance from XTO Energy, Inc., et al., to EG Energy, LLC, dated September 4, 2009, of record in Volume 281, Page 264 of the Official Public Records of Edwards County, Texas.
- x. Mineral and Royalty Conveyance from Technicolor Minerals to Donald Horton, dated June 1, 2010 of record in Volume 291, Page 281 of the Official Public Records of Edwards County, Texas.
- y. Mineral Deed from Billy D. Walker and Dianna L. Walker to Burnt Rock, Ltd., dated November 1, 2004, of record in Volume 230, page 497 of the Official Public Records of Edwards County, Texas.

FILED FOR RECORD  
 MAY 13 2:00 PM

MAY 23 2015

OLGALYDIA REYES  
 COUNTY CLERK  
 EDWARDS COUNTY, TEXAS  
 By: *[Signature]* Deputy

STATE OF TEXAS    )  
                                  )  
COUNTY OF HARRIS)

AFFIDAVIT OF GREGORY C. GARLAND

Name: Gregory C. Garland  
Title: President, Waterstone Creek L.L.C.

I, Gregory C. Garland, swear or affirm:

1. That I am an officer of Waterstone Creek L.L.C., located in Harris County, Texas.
2. That I am President of Waterstone Creek L.L.C and have all rights to sign documents or conduct any and all business on behalf of Waterstone Creek L.L.C.

Further affiant saith not.

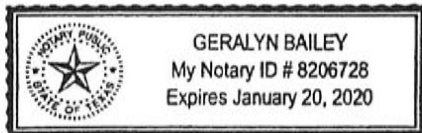
I SWEAR OR AFFIRM THAT THE ABOVE AND FOREGOING REPRESENTATIONS ARE TRUE AND CORRECT TO THE BEST OF MY INFORMATION, KNOWLEDGE, AND BELIEF.

8/31/18  
Date

  
Gregory C. Garland

AS SWORN TO AND SUBSCRIBED BEFORE ME ON THIS 31 DAY OF August, 2018 BY GREGORY C. GARLAND.

Geralyn Bailey  
Notary Public



## TECHNICAL INFORMATION REPORT WATER RIGHTS PERMITTING

This Report is required for applications for new or amended water rights. Based on the Applicant's responses below, Applicants are directed to submit additional Worksheets (provided herein). A completed Administrative Information Report is also required for each application.

*Applicants are strongly encouraged to schedule a pre-application meeting with TCEQ Permitting Staff to discuss Applicant's needs and to confirm information necessary for an application prior to submitting such application. Please call Water Availability Division at (512) 239-4691 to schedule a meeting.* Applicant attended a pre-application meeting with TCEQ Staff for this Application? Y / N **Y**  
(If yes, date :November 16, 2017).

### 1. New or Additional Appropriations of State Water. Texas Water Code (TWC) § 11.121 (Instructions, Page. 12)

**State Water is:** *The water of the ordinary flow, underflow, and tides of every flowing river, natural stream, and lake, and of every bay or arm of the Gulf of Mexico, and the storm water, floodwater, and rainwater of every river, natural stream, canyon, ravine, depression, and watershed in the state.* TWC § 11.021.

- a. Applicant requests a new appropriation (diversion or impoundment) of State Water? Y / N **Y**
- b. Applicant requests an amendment to an existing water right requesting an increase in the appropriation of State Water or an increase of the overall or maximum combined diversion rate? Y / N **N** (If yes, indicate the Certificate or Permit number: \_\_\_\_\_)

*If Applicant answered yes to (a) or (b) above, does Applicant also wish to be considered for a term permit pursuant to TWC § 11.1381?* Y / N **N**

- c. Applicant requests to extend an existing Term authorization or to make the right permanent? Y / N **N** (If yes, indicate the Term Certificate or Permit number: \_\_\_\_\_)

*If Applicant answered yes to (a), (b) or (c), the following worksheets and documents are required:*

- **Worksheet 1.0 - Quantity, Purpose, and Place of Use Information Worksheet**
- **Worksheet 2.0 - Impoundment/Dam Information Worksheet** (submit one worksheet for each impoundment or reservoir requested in the application)
- **Worksheet 3.0 - Diversion Point Information Worksheet** (submit one worksheet for each diversion point and/or one worksheet for the upstream limit and one worksheet for the downstream limit of each diversion reach requested in the application)
- **Worksheet 5.0 - Environmental Information Worksheet**
- **Worksheet 6.0 - Water Conservation Information Worksheet**
- **Worksheet 7.0 - Accounting Plan Information Worksheet**
- **Worksheet 8.0 - Calculation of Fees**
- **Fees calculated on Worksheet 8.0 - see instructions Page. 34.**
- **Maps - See instructions Page. 15.**
- **Photographs - See instructions Page. 30.**

*Additionally, if Applicant wishes to submit an alternate source of water for the project/authorization, see Section 3, Page 3 for Bed and Banks Authorizations (Alternate sources may include groundwater, imported water, contract water or other sources).*

**Additional Documents and Worksheets may be required (see within).**



**2. Amendments to Water Rights. TWC § 11.122 (Instructions, Page. 12)**

This section should be completed if Applicant owns an existing water right and Applicant requests to amend the water right. *If Applicant is not currently the Owner of Record in the TCEQ Records, Applicant must submit a Change of Ownership Application (TCEQ-10204) prior to submitting the amendment Application or provide consent from the current owner to make the requested amendment. See instructions page. 6.*

Water Right (Certificate or Permit) number you are requesting to amend: NA

Applicant requests to sever and combine existing water rights from one or more Permits or Certificates into another Permit or Certificate? **Y / N** (if yes, complete chart below):

List of water rights to sever	Combine into this ONE water right

- a. Applicant requests an amendment to an existing water right to increase the amount of the appropriation of State Water (diversion and/or impoundment)? **Y / N**

*If yes, application is a new appropriation for the increased amount, complete Section 1 of this Report PAGE. 1) regarding New or Additional Appropriations of State Water.*

- b. Applicant requests to amend existing Term authorization to extend the term or make the water right permanent (remove conditions restricting water right to a term of years)? **Y / N**

*If yes, application is a new appropriation for the entire amount, complete Section 1 of this Report PAGE. 1) regarding New or Additional Appropriations of State Water.*

- c. Applicant requests an amendment to change the purpose or place of use or to add an additional purpose or place of use to an existing Permit or Certificate? **Y / N**

*If yes, submit:*

- **Worksheet 1.0 - Quantity, Purpose, and Place of Use Information Worksheet**
- **Worksheet 1.2 - Notice: "Marshall Criteria"**

- d. Applicant requests to change: diversion point(s); or reach(es); or diversion rate? **Y / N**

*If yes, submit: Worksheet 3.0 - Diversion Point Information Worksheet (submit one worksheet for each diversion point or one worksheet for the upstream limit and one worksheet for the downstream limit of each diversion reach)*

- e. Applicant requests amendment to add or modify an impoundment, reservoir, or dam? **Y / N**

*If yes, submit: Worksheet 2.0 - Impoundment/Dam Information Worksheet (submit one worksheet for each impoundment or reservoir)*

- f. Other - Applicant requests to change any provision of an authorization not mentioned above? **Y / N** *If yes, call the Water Availability Division at (512) 239-4691 to discuss.*

*Additionally, all amendments require:*

- **Worksheet 8.0 - Calculation of Fees; and Fees calculated - see instructions Page.34**
- **Maps - See instructions Page. 15.**
- **Additional Documents and Worksheets may be required (see within).**

### 3. Bed and Banks. TWC § 11.042 (Instructions, Page 13)

- a. Pursuant to contract, Applicant requests authorization to convey, stored or conserved water to the place of use or diversion point of purchaser(s) using the bed and banks of a watercourse? TWC § 11.042(a). Y / N **N**

*If yes, submit a signed copy of the Water Supply Contract pursuant to 30 TAC §§ 295.101 and 297.101. Further, if the underlying Permit or Authorization upon which the Contract is based does not authorize Purchaser's requested Quantity, Purpose or Place of Use, or Purchaser's diversion point(s), then either:*

- 1. Purchaser must submit the worksheets required under Section 1 above with the Contract Water identified as an alternate source; or*
- 2. Seller must amend its underlying water right under Section 2.*

- b. Applicant requests to convey water imported into the state from a source located wholly outside the state using the bed and banks of a watercourse? TWC § 11.042 (a-1). Y / N

*If yes, submit: worksheets 1.0, 2.0, 3.0, 4.0, 5.0, 7.0, 8.0, Maps and fees from the list below.*

- c. Applicant requests to convey Applicant's own return flows derived from privately owned groundwater using the bed and banks of a watercourse? TWC § 11.042(b). Y / N

*If yes, submit: worksheets 1.0, 2.0, 3.0, 4.0, 5.0, 7.0, 8.0, Maps, and fees from the list below.*

- d. Applicant requests to convey Applicant's own return flows derived from surface water using the bed and banks of a watercourse? TWC § 11.042(c). Y / N

*If yes, submit: worksheets 1.0, 2.0, 3.0, 4.0, 5.0, 6.0, 7.0, 8.0, Maps, and fees from the list below.*

*\*Please note, if Applicant requests the reuse of return flows belonging to others, the Applicant will need to submit the worksheets and documents under Section 1 above, as the application will be treated as a new appropriation subject to termination upon direct or indirect reuse by the return flow discharger/owner.*

- e. Applicant requests to convey water from any other source, other than (a)-(d) above, using the bed and banks of a watercourse? TWC § 11.042(c). Y / N

*If yes, submit: worksheets 1.0, 2.0, 3.0, 4.0, 5.0, 7.0, 8.0, Maps, and fees from the list below.*

*Worksheets and information: **All required Worksheets are included in this Appendix C***

- **Worksheet 1.0 - Quantity, Purpose, and Place of Use Information Worksheet**
- **Worksheet 2.0 - Impoundment/Dam Information Worksheet** (submit one worksheet for each impoundment or reservoir owned by the applicant through which water will be conveyed or diverted)
- **Worksheet 3.0 - Diversion Point Information Worksheet** (submit one worksheet for the downstream limit of each diversion reach for the proposed conveyances) **N/A**
- **Worksheet 4.0 - Discharge Information Worksheet** (for each discharge point) **N/A**
- **Worksheet 5.0 - Environmental Information Worksheet** **N/A**
- **Worksheet 6.0 - Water Conservation Information Worksheet** **N/A**
- **Worksheet 7.0 - Accounting Plan Information Worksheet** **N/A**
- **Worksheet 8.0 - Calculation of Fees; and Fees calculated - see instructions Page. 34**
- **Maps - See instructions Page. 15. See Appendix D**
- **Additional Documents and Worksheets may be required (see within).**

#### 4. General Information, Response Required for all Water Right Applications (Instructions, Page 15)

- a. Provide information describing how this application addresses a water supply need in a manner that is consistent with the state water plan or the applicable approved regional water plan for any area in which the proposed appropriation is located or, in the alternative, describe conditions that warrant a waiver of this requirement (*not required for applications to use groundwater-based return flows*). Include citations or page numbers for the State and Regional Water Plans, if applicable. Provide the information in the space below or submit a supplemental sheet entitled "Addendum Regarding the State and Regional Water Plans":

**This application is to authorize the construction of a small on-channel reservoir on the South Llano at a location in which a natural reservoir currently exists. The existing natural reservoir has an area and capacity of 2.7 acres and 5.4 acre-feet and will be expanded to a total of 4.77 acre-s and 12.02 acre-feet, an increase of 2.07 acres and 6.62 acre-feet. Although this project is not described in the in the Region F water supply plan, the applicant's proposed use is not inconsistent with the plan. The applicant requests that the authorization be considered subject to acquiring and maintaining an upstream water supply contract with the Lower Colorado River Authority (LCRA) for the depletions associated with the reservoir expansion. A copy of the proposed contract with LCRA will be provided after the application has been reviewed by TCEQ staff.**

- b. Did the Applicant perform its own Water Availability Analysis? Y / N **Y**

*If the Applicant performed its own Water Availability Analysis, provide electronic copies of any modeling files and reports.*

- c. Does the application include required Maps? (Instructions **Page. 15**) Y / N **Y**

## WORKSHEET 1.0 Quantity, Purpose and Place of Use

### 1. New Authorizations (Instructions, Page. 16)

Submit the following information regarding quantity, purpose and place of use for requests for new or additional appropriations of State Water or Bed and Banks authorizations:

Quantity (acre- feet) <i>(Include losses for Bed and Banks)</i>	State Water Source (River Basin) or Alternate Source <i>*each alternate source (and new appropriation based on return flows of others) also requires completion of Worksheet 4.0</i>	Purpose(s) of Use	Place(s) of Use <i>*requests to move state water out of basin also require completion of Worksheet 1.1 Interbasin Transfer</i>
<b>No Diversion Requested</b>	<b>South Llano River</b>	<b>In Place Recreation Use</b>	<b>No Diversion Requested</b>

NA Total amount of water (in acre-feet) to be used annually *(include losses for Bed and Banks applications)*

If the Purpose of Use is Agricultural/Irrigation for any amount of water, provide:

1. Location Information Regarding the Lands to be Irrigated

- i) Applicant proposes to irrigate a total of \_\_\_\_\_ acres in any one year. This acreage is all of or part of a larger tract(s) which is described in a supplement attached to this application and contains a total of \_\_\_\_\_ acres in \_\_\_\_\_ County, TX.
- ii) Location of land to be irrigated: In the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_, in the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_, and in the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_.

*A copy of the deed(s) or other acceptable instrument describing the overall tract(s) with the recording information from the county records must be submitted. Applicant's name must match deeds.*

*If the Applicant is not currently the sole owner of the lands to be irrigated, Applicant must submit documentation evidencing consent or other documentation supporting Applicant's right to use the land described. Water Rights for Irrigation may be appurtenant to the land irrigated and convey with the land unless reserved in the conveyance. 30 TAC § 297.81.*

**2. Amendments - Purpose or Place of Use (Instructions, Page. 12)**

- a. Complete this section for each requested amendment changing, adding, or removing Purposes(s), or Place(s) of Use, complete the following:

Quantity (acre-feet)	Existing Purpose(s) of Use	Proposed Purpose(s) of Use*	Existing Place(s) of Use	Proposed Place(s) of Use**

\*If the request is to add additional purpose(s) of use, include the existing and new purposes of use under "Proposed Purpose(s) of Use."

\*\*If the request is to add additional place(s) of use, include the existing and new places of use under "Proposed Place(s) of Use."

*Changes to the purpose of use in the Rio Grande Basin may require conversion. 30 TAC § 303.43.*

- b. For any request which adds Agricultural purpose of use or changes the place of use for Agricultural rights, provide the following location information regarding the lands to be irrigated:
- i) Applicant proposes to irrigate a total of NA acres in any one year. This acreage is all of or part of a larger tract(s) which is described in a supplement attached to this application and contains a total of \_\_\_\_\_ acres in \_\_\_\_\_ County, TX.
  - ii) Location of land to be irrigated: In the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_, in the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_, and in the \_\_\_\_\_ Original Survey No. \_\_\_\_\_, Abstract No. \_\_\_\_\_.

*A copy of the deed(s) describing the overall tract(s) with the recording information from the county records must be submitted. Applicant's name must match deeds. If the Applicant is not currently the sole owner of the lands to be irrigated, Applicant must submit documentation evidencing consent or other legal right for Applicant to use the land described.*

*Water Rights for Irrigation may be appurtenant to the land irrigated and convey with the land unless reserved in the conveyance. 30 TAC § 297.81.*

- c. Submit Worksheet 1.1, Interbasin Transfers, for any request to change the place of use which moves State Water to another river basin. **NOT APPLICABLE**
- d. See Worksheet 1.2, Marshall Criteria, and submit if required. **NOT APPLICABLE**
- e. See Worksheet 6.0, Water Conservation/Drought Contingency, and submit if required. **NOT APPLICABLE**

## WORKSHEET 1.2 NOTICE. "THE MARSHALL CRITERIA"

This worksheet assists the Commission in determining notice required for certain **amendments** that do not already have a specific notice requirement in a rule for that type of amendment, and *that do not change the amount of water to be taken or the diversion rate*. The worksheet provides information that Applicant **is required** to submit for such amendments which include changes in use, changes in place of use, or other non-substantive changes in a water right (such as certain amendments to special conditions or changes to off-channel storage). These criteria address whether the proposed amendment will impact other water right holders or the on-stream environment beyond and irrespective of the fact that the water right can be used to its full authorized amount.

*This worksheet is **not required for Applications in the Rio Grande Basin** requesting changes in the purpose of use, rate of diversion, point of diversion, and place of use for water rights held in and transferred within and between the mainstems of the Lower Rio Grande, Middle Rio Grande, and Amistad Reservoir. See 30 TAC § 303.42.*

*This worksheet is **not required for amendments which are only changing or adding diversion points, or request only a bed and banks authorization or an IBT authorization**. However, Applicants may wish to submit the Marshall Criteria to ensure that the administrative record includes information supporting each of these criteria*

### **1. The "Marshall Criteria" (Instructions, Page. 21)**

Submit responses on a supplemental attachment titled "Marshall Criteria" in a manner that conforms to the paragraphs (a) - (g) below **(NOT APPLICABLE)**:

- a. Administrative Requirements and Fees. Confirm whether application meets the administrative requirements for an amendment to a water use permit pursuant to TWC Chapter 11 and Title 30 Texas Administrative Code (TAC) Chapters 281, 295, and 297. An amendment application should include, but is not limited to, a sworn application, maps, completed conservation plan, fees, etc.
- b. Beneficial Use. Discuss how proposed amendment is a beneficial use of the water as defined in TWC § 11.002 and listed in TWC § 11.023. Identify the specific proposed use of the water (e.g., road construction, hydrostatic testing, etc.) for which the amendment is requested.
- c. Public Welfare. Explain how proposed amendment is not detrimental to the public welfare. Consider any public welfare matters that might be relevant to a decision on the application. Examples could include concerns related to the well-being of humans and the environment.
- d. Groundwater Effects. Discuss effects of proposed amendment on groundwater or groundwater recharge.
- e. State Water Plan. Describe how proposed amendment addresses a water supply need in a manner that is consistent with the state water plan or the applicable approved regional water plan for any area in which the proposed appropriation is located or, in the alternative, describe conditions that warrant a waiver of this requirement. The state and regional water plans are available for download at: <http://www.twdb.texas.gov/waterplanning/swp/index.asp>.
- f. Waste Avoidance. Provide evidence that reasonable diligence will be used to avoid waste and achieve water conservation as defined in TWC § 11.002. Examples of evidence could

include, but are not limited to, a water conservation plan or, if required, a drought contingency plan, meeting the requirements of 30 TAC Chapter 288.

- g. Impacts on Water Rights or On-stream Environment. Explain how proposed amendment will not impact other water right holders or the on-stream environment beyond and irrespective of the fact that the water right can be used to its full authorized amount.

## WORKSHEET 2.0 Impoundment/Dam Information

This worksheet is **required** for any impoundment, reservoir and/or dam. Submit an additional Worksheet 2.0 for each impoundment or reservoir requested in this application.

*If there is more than one structure, the numbering/naming of structures should be consistent throughout the application and on any supplemental documents (e.g. maps).*

### 1. Storage Information (Instructions, Page. 21)

- a. Official USGS name of reservoir, if applicable: N/A
- b. Provide amount of water (in acre-feet) impounded by structure at normal maximum operating level: 12.02.
- c. The impoundment is on-channel X or off-channel \_\_\_\_\_ (mark one)
  1. Applicant has verified on-channel or off-channel determination by contacting Surface Water Availability Team at (512) 239-4691? Y / N **N**
  2. If on-channel, will the structure have the ability to pass all State Water inflows that Applicant does not have authorization to impound? Y / N **Y**
- d. Is the impoundment structure already constructed? Y / N **N**
  - i. For already constructed **on-channel** structures:
    1. Date of Construction: \_\_\_\_\_
    2. Was it constructed to be an exempt structure under TWC § 11.142? Y / N
      - a. If Yes, is Applicant requesting to proceed under TWC § 11.143? Y / N
      - b. If No, has the structure been issued a notice of violation by TCEQ? Y / N
    3. Is it a U.S. Natural Resources Conservation Service (NRCS) (formerly Soil Conservation Service (SCS)) floodwater-retarding structure? Y / N
      - a. If yes, provide the Site No. and watershed project name;
      - b. Authorization to close "ports" in the service spillway requested? Y / N
  - ii. For **any** proposed new structures or modifications to structures:
    1. Applicant **must** contact TCEQ Dam Safety Section at (512) 239-0326, *prior to submitting an Application*. Applicant has contacted the TCEQ Dam Safety Section regarding the submission requirements of 30 TAC, Ch. 299? Y / N  
Provide the date and the name of the Staff Person \_\_\_\_\_
    2. As a result of Applicant's consultation with the TCEQ Dam Safety Section, TCEQ has confirmed that:
      - a. No additional dam safety documents required with the Application. Y / N
      - b. Plans (with engineer's seal) for the structure required. Y / N
      - c. Engineer's signed and sealed hazard classification required. Y / N
      - d. Engineer's statement that structure complies with 30 TAC, Ch. 299 Rules required. Y / N



3. Applicants shall give notice by certified mail to each member of the governing body of each county and municipality in which the reservoir, or any part of the reservoir to be constructed, will be located. (30 TAC § 295.42). Applicant must submit a copy of all the notices and certified mailing cards with this Application. Notices and cards are included? Y / N

iii. Additional information required for on-channel storage:

1. Surface area (in acres) of on-channel reservoir at normal maximum operating level: 4.77.

2. Based on the Application information provided, Staff will calculate the drainage area above the on-channel dam or reservoir. If Applicant wishes to also calculate the drainage area they may do so at their option. Applicant has calculated the drainage area. Y/N **Y**  
If yes, the drainage area is 505.76 sq. miles.  
(If assistance is needed, call the Surface Water Availability Team prior to submitting the application, (512) 239-4691).

## 2. Structure Location (Instructions, Page. 23)

a. On Watercourse (if on-channel) (USGS name): South Llano River, tributary of Llano River, a tributary of the Colorado River in the Colorado River Basin.

b. Zip Code: \_\_\_\_\_  
c. In the G.C. & S.F.R.R. Original Survey No. 3, Abstract No. 519,  
Edwards County, Texas.

*\* A copy of the deed(s) with the recording information from the county records must be submitted describing the tract(s) that include the structure and all lands to be inundated. See Appendix B*

*\*\*If the Applicant is not currently the sole owner of the land on which the structure is or will be built and sole owner of all lands to be inundated, Applicant must submit documentation evidencing consent or other documentation supporting Applicant's right to use the land described.*

d. A point on the centerline of the dam (on-channel) or anywhere within the impoundment (off-channel) is:

Latitude 30.253263 °N, Longitude 99.954253 °W.

*\*Provide Latitude and Longitude coordinates in decimal degrees to at least six decimal places*

di. Indicate the method used to calculate the location (examples: Handheld GPS Device, GIS, Mapping Program): Google Earth Pro

dii. Map submitted which clearly identifies the Impoundment, dam (where applicable), and the lands to be inundated. See instructions Page. 15. Y / N **Y** See maps in Appendix D

## WORKSHEET 3.0 DIVERSION POINT (OR DIVERSION REACH) INFORMATION

This worksheet is **required** for each diversion point or diversion reach. Submit one Worksheet 3.0 for **each** diversion point and two Worksheets for **each** diversion reach (one for the upstream limit and one for the downstream limit of each diversion reach).

*The numbering of any points or reach limits should be consistent throughout the application and on supplemental documents (e.g. maps).*

### 1. Diversion Information (Instructions, Page. 24)

- a. This Worksheet is to add new (select 1 of 3 below): **NOT APPLICABLE**
1. \_\_\_\_\_ Diversion Point No.
  2. \_\_\_\_\_ Upstream Limit of Diversion Reach No.
  3. \_\_\_\_\_ Downstream Limit of Diversion Reach No.
- b. Maximum Rate of Diversion for **this new point** \_\_\_\_\_ cfs (cubic feet per second)  
Or \_\_\_\_\_ gpm (gallons per minute) **NOT APPLICABLE**
- c. Does this point share a diversion rate with other points? **Y / N N**  
*If yes, submit Maximum **Combined** Rate of Diversion for all points/reaches \_\_\_\_\_ cfs or \_\_\_\_\_ gpm*
- d. For amendments, is Applicant seeking to increase combined diversion rate? **Y / N N**  
*\*\* An increase in diversion rate is considered a new appropriation and would require completion of Section 1, New or Additional Appropriation of State Water.*

**This Application is requesting authorization to construct a small reservoir for in-place recreation use with no right of diversion.**

- e. Check (V) the appropriate box to indicate diversion location and indicate whether the diversion location is existing or proposed):

Check one	Write: Existing or Proposed
Directly from stream	
From an on-channel reservoir	
From a stream to an on-channel reservoir	
Other method (explain fully, use additional	

- f. Based on the Application information provided, Staff will calculate the drainage area above the diversion point (or reach limit). If Applicant wishes to also calculate the drainage area, you may do so at their option.

Applicant has calculated the drainage area. **Y / N**

If yes, the drainage area is \_\_\_\_\_ sq. miles.

*If assistance is needed, call the Surface Water Availability Team at (512) 239-4691, prior to*

submitting application.)

## 2. Diversion Location (Instructions, Page 25)

- a. On watercourse (USGS name): NOT APPLIABLE
- b. Zip Code: \_\_\_\_\_
- c. Location of point: In the \_\_\_\_\_ Original Survey No. \_\_\_\_\_,  
Abstract No. \_\_\_\_\_, \_\_\_\_\_ County, Texas.

*A copy of the deed(s) with the recording information from the county records must be submitted describing tract(s) that include the diversion structure. For diversion reaches, the Commission cannot grant an Applicant access to property that the Applicant does not own or have consent or a legal right to access, the Applicant will be required to provide deeds, or consent, or other documents supporting a legal right to use the specific points when specific diversion points within the reach are utilized. Other documents may include, but are not limited to: a recorded easement, a land lease, a contract, or a citation to the Applicant's right to exercise eminent domain to acquire access.*

- d. Point is at: \_\_\_\_\_

\_\_\_\_\_

Latitude \_\_\_\_\_°N, Longitude \_\_\_\_\_°W.

Provide Latitude and Longitude coordinates in decimal degrees to at least six decimal places

- e. Indicate the method used to calculate the location (examples: Handheld GPS Device, GIS, Mapping Program): \_\_\_\_\_
- f. Map submitted must clearly identify each diversion point and/or reach. See instructions Page. 38.
- g. If the Plan of Diversion is complicated and not readily discernable from looking at the map, attach additional sheets that fully explain the plan of diversion.

## WORKSHEET 5.0 ENVIRONMENTAL INFORMATION

This worksheet is required for new appropriations of water in the Canadian, Red, Sulphur, and Cypress Creek Basins. The worksheet is also required in all basins for: requests to change a diversion point, applications using an alternate source of water, and bed and banks applications. **Instructions, Page 28.**

### 1. New Appropriations of Water (Canadian, Red, Sulphur, and Cypress Creek Basins only) and Changes in Diversion Point(s)

Description of the Water Body at each Diversion Point or Dam Location. (Provide an Environmental Information Sheet for each location), **NOT APPLICABLE – APPLICATION IN COLORADO RIVER BASIN**

a. Identify the appropriate description of the water body.

- Stream
- Reservoir

Average depth of the entire water body, in feet \_\_\_\_\_

- Other, specify:

b. Flow characteristics

If a stream, was checked above, provide the following. For new diversion locations, check one of the following that best characterize the area downstream of the diversion (check one).

- intermittent - dry for at least one week during most years
- intermittent with Perennial Pools - enduring pools
- Perennial - normally flowing

Check the method used to characterize the area downstream of the new diversion location.

- USGS flow records
- Historical observation by adjacent landowners
- Personal observation
- Other, specify:

- Waterbody aesthetics

Check one of the following that best describes the aesthetics of the stream segments affected by the application and the area surrounding those stream segments.

- Wilderness: outstanding natural beauty; usually wooded or ungrazed area; water clarity exceptional
- Natural Area: trees and/or native vegetation common; some development evident (from fields, pastures, dwellings); water clarity discolored
- Common Setting: not offensive; developed but uncluttered; water may be colored or turbid
- Offensive: stream does not enhance aesthetics; cluttered; highly developed; dumping areas; water discolored

d. Waterbody Recreational Uses

Are there any known recreational uses of the stream segments affected by the application?

- Primary contact recreation (swimming or direct contact with water)
- Secondary contact recreation (fishing, canoeing, or limited contact with water)
- Non-contact recreation

Submit the following information in a Supplemental Attachment, labeled Addendum to Worksheet 5.0:

1. Photographs of the stream at the diversion point or dam location. Photographs should be in color and show the proposed point or reservoir and upstream and downstream views of the stream, including riparian vegetation along the banks. Include a description of each photograph and reference the photograph to the map submitted with the application indicating the location of the photograph and the direction of the shot.
2. Measures the applicant will take to avoid impingement and entrainment of aquatic organisms (ex. Screens on the new diversion structure).
3. If the application includes a proposed reservoir, also include:
  - i. A brief description of the area that will be inundated by the reservoir.
  - ii. If a United States Army Corps of Engineers (USACE) 404 permit is required, provide the project number and USACE project manager.
  - iii. A description of how any impacts to wetland habitat, if any, will be mitigated if the reservoir is greater than 5,000 acre-feet.

## 2. Alternate Sources of Water and/or Bed and Banks Applications

For all bed and banks applications:

- a. Indicate the measures the applicant will take to avoid impingement and entrainment of aquatic organisms (ex. Screens on the new diversion structure).

**NOT APPLICABLE**

- b. An assessment of the adequacy of the quantity and quality of flows remaining after the proposed diversion to meet instream uses and bay and estuary freshwater inflow requirements.

**NOT APPLICABLE**

If the alternate source is treated return flows, provide the TPDES permit number       N/A      

If groundwater is the alternate source, or groundwater or other surface water will be discharged into a watercourse provide: **NOT APPLICABLE**

- a. Reasonably current water chemistry information including but not limited to the following parameters in the table below. Additional parameters may be requested if there is a specific water quality concern associated with the aquifer from which water is withdrawn. If data for onsite wells are unavailable; historical data collected from similar sized wells drawing water from the same aquifer may be provided. However, onsite data may still be required when it becomes available. Provide the well number or well identifier. Complete the information below for each well and provide the Well Number or identifier.

Parameter	Average Conc.	Max Conc.	No. of Samples	Sample Type	Sample Date/Time
Sulfate, mg/L					
Chloride, mg/L					
Total Dissolved Solids, mg/L					
pH, standard units					
Temperature*, degrees Celsius					

\* Temperature must be measured onsite at the time the groundwater sample is collected.

- b. If groundwater will be used, provide the depth of the well and the name of the aquifer from which water is withdrawn. \_\_\_\_\_.

## WORKSHEET 8.0 CALCULATION OF FEES

This worksheet is for calculating required application fees. Applications are not Administratively Complete until all required fees are received. **Instructions, Page. 34**

### 1. NEW APPROPRIATION

	Description	Amount (\$)
<b>Filing Fee</b>	Circle fee correlating to the total amount of water* requested for any new appropriation and/or impoundment. Amount should match total on Worksheet 1, Section 1. Enter corresponding fee under <b>Amount (\$)</b> .  In Acre-Feet	<b>\$100.00</b>
	a. Less than 100 \$100.00 b. 100 - 5,000 \$250.00 c. 5,001 - 10,000 \$500.00 d. 10,001 - 250,000 \$1,000.00 e. More than 250,000 \$2,000.00	
<b>Recording Fee</b>		\$25.00
<b>Agriculture Use Fee</b>	<i>Only for those with an Irrigation Use.</i> Multiply 50C x Number of acres that will be irrigated with State Water. **	<b>\$0.00</b>
<b>Use Fee</b>	<i>Required for all Use Types, excluding Irrigation Use.</i> Multiply \$1.00 x Maximum annual diversion of State Water in acre-feet. **	<b>\$0.00</b>
<b>Recreational Storage Fee</b>	<i>Only for those with Recreational Storage.</i> Multiply \$1.00 x acre-feet of in-place Recreational Use State Water to be stored at normal max operating level.	<b>\$12.02</b>
<b>Storage Fee</b>	<i>Only for those with Storage, excluding Recreational Storage.</i> Multiply 50C x acre-feet of State Water to be stored at normal max operating level.	<b>\$0.00</b>
<b>Mailed Notice</b>	Cost of mailed notice to all water rights in the basin. Contact Staff to determine the amount (512) 239-4691.	<b>\$1,154.02</b>
<b>TOTAL</b>		<b>\$ 1,291.04</b>

### 2. AMENDMENT OR SEVER AND COMBINE **NOT APPLICABLE**

	Description	Amount (\$)
<b>Filing Fee</b>	Amendment: \$100	
	OR Sever and Combine: \$100 x _____ of water rights to combine	
<b>Recording Fee</b>		\$.0
<b>Mailed Notice</b>	Additional notice fee to be determined once application is submitted.	
<b>TOTAL INCLUDED</b>		<b>\$</b>

### 3. BED AND BANKS **NOT APPLICABLE**

	Description	Amount (\$)
<b>Filing Fee</b>		\$0.00
<b>Recording Fee</b>		\$0.00
<b>Mailed Notice</b>	Additional notice fee to be determined once application is submitted.	
<b>TOTAL INCLUDED</b>		<b>\$0.00</b>



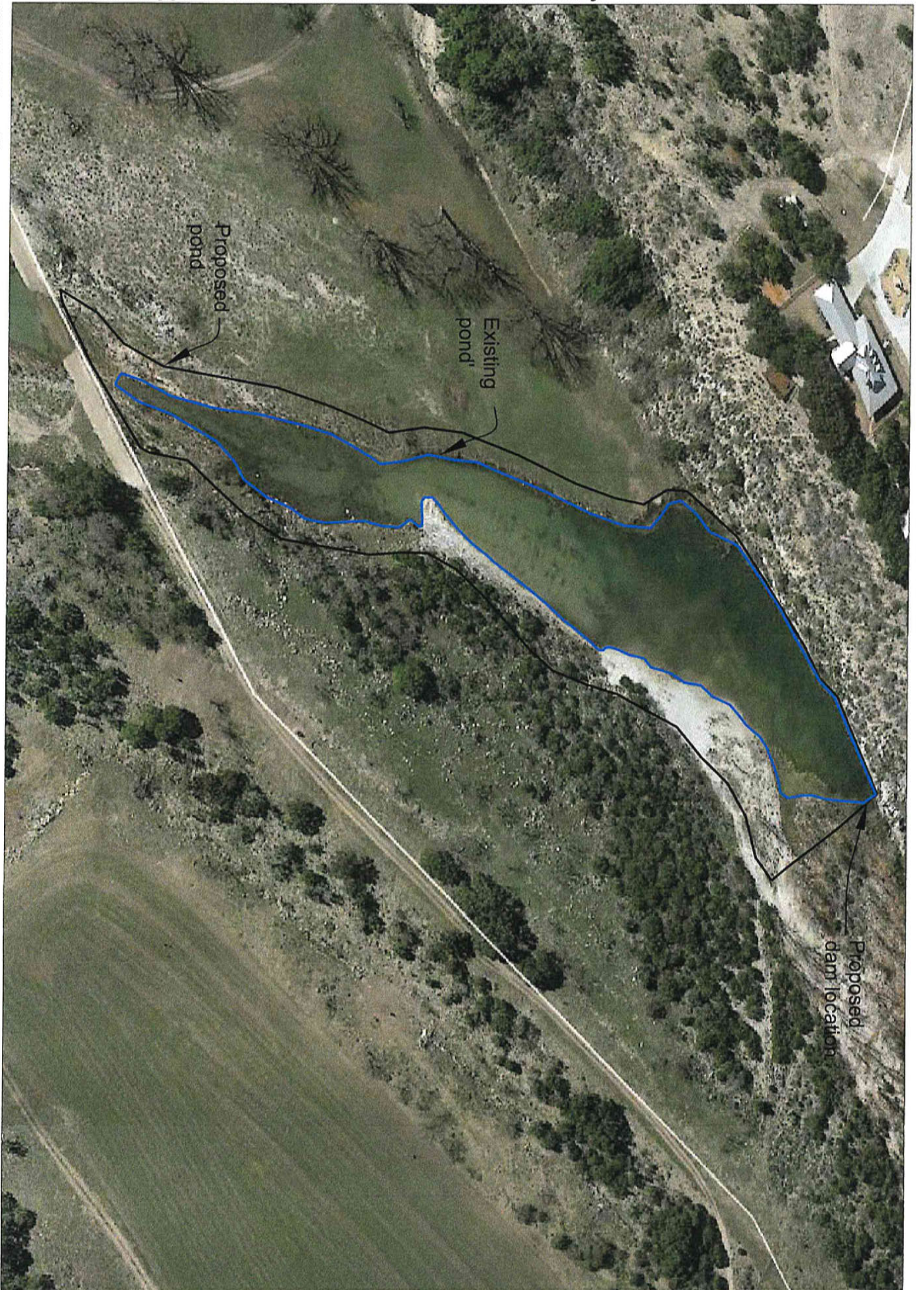
Dam location. Actual fill in existing stream is 75 linear feet. Dam will be 230 to 260 feet in length, but most of that will be buried in natural ground and will act as a cutoff wall for erosion protection from large floods.

Remove gravel and cobble above water line

Remove gravel and sediment below water level  
0.522 acres  
(22,737 s.f.)



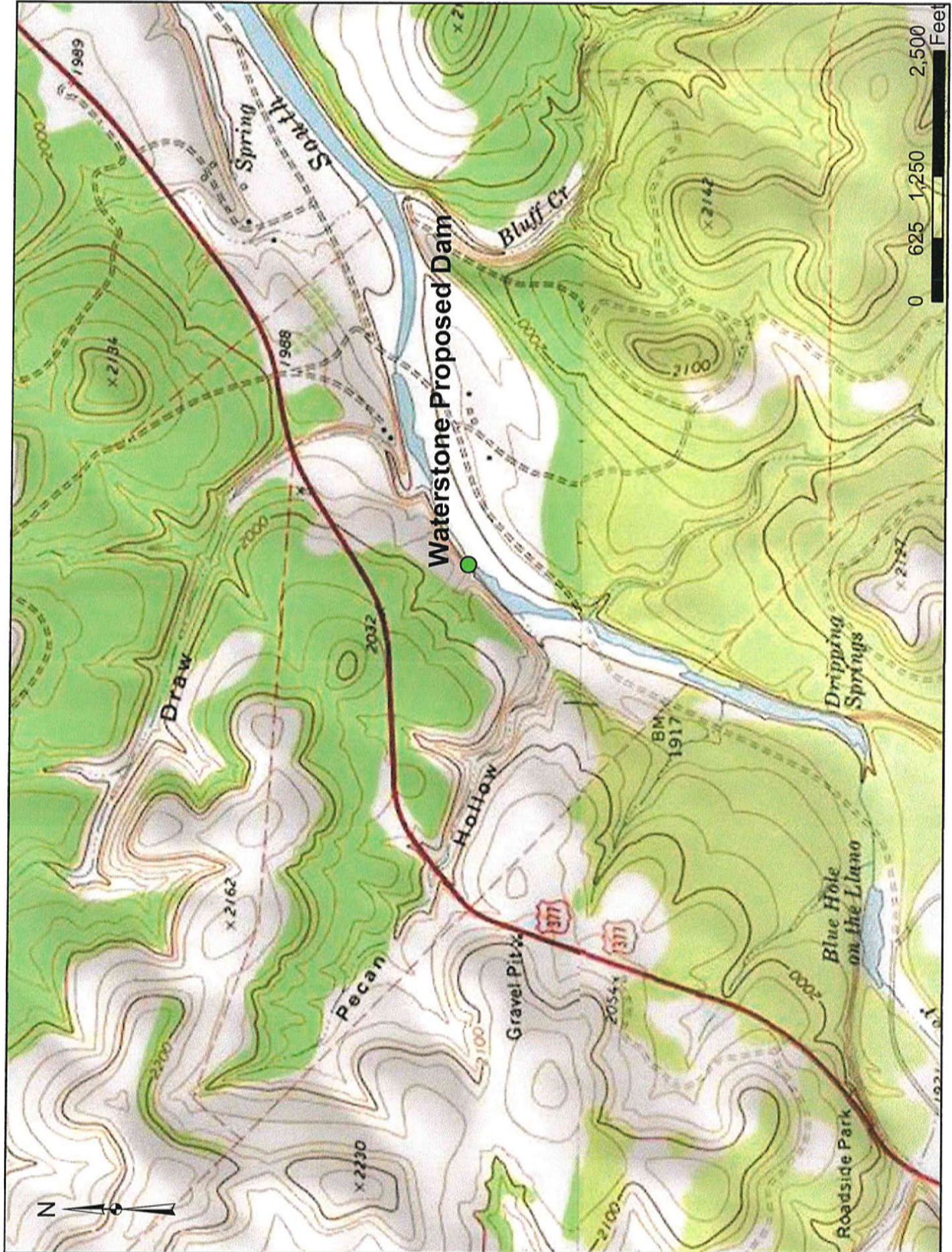


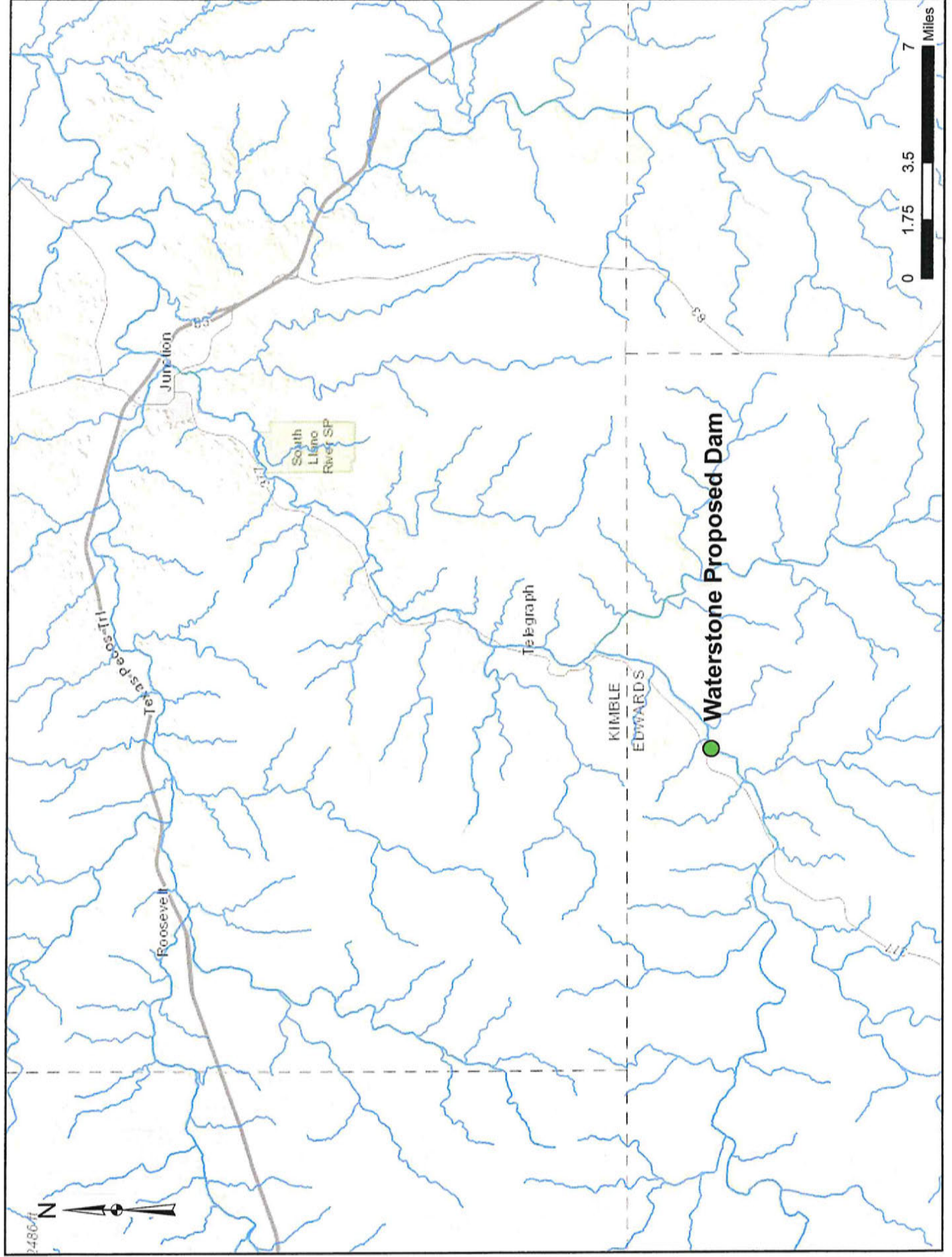


**NOTE:** Top of low water crossing slab,  
minimum elevation = 1892.54'.  
Top of proposed dam elevation = 1892'

**WATERSTONE APPLICATION**

Area of Existing Pond = 2.7 acres  
Area of Proposed Pond = 4.77 acres





**APPENDIX E - Water Availability Analysis**

Waterstone Creek LLC

Colorado River Basin - Edwards County

**OVERVIEW**

The applicant owns property adjacent to the South Llano River near Telegraph Texas, which contains a natural reservoir with an exposed water surface area of 2.7 acres and a capacity of 5.4 acre-feet. The applicant proposes to construct a small dam at the downstream end of the natural reservoir, which will inundate the natural reservoir and result in a total exposed water surface area of 4.77 acres and 12.02 acre-feet, an increase of 2.07 acres and 6.62 acre-feet. The proposed dam will be equipped with a low flow outlet and will be used for recreation purposes with no diversion of water requested. The applicant's proposed location on the South Llano River is approximately 20 miles southwest of the City of Junction and upstream of the Lower Colorado River Authority's (LCRA) existing reservoirs LBJ, Marble Falls, and Travis.

**TCEQ WAM MODEL DETAILS**

The TCEQ's Colorado WAM GIS files and the RUN3 WAM model were downloaded from the TCEQ's website on 2/6/2018. Using the WAM GIS files, the drainage area of the applicant's location was estimated to be 505.76 square miles and a new control point was inserted into the TCEQ's WAM. Based on the model and GIS information, it was noted that there are no existing water rights upstream of the applicant's location on the South Llano River.

Initial discussions with TCEQ staff regarding this application indicate that the water availability analysis to support this application should consider the applicant to be subject to the environmental flow standards in TCEQ's rules that were made effective on August 30, 2012 as specified in Chapter 298, Subchapter D (298.300). Review of the TCEQ's permitting model indicate that these rules are not currently implemented in the model, therefore they had to be added to the model in order to properly determine water availability results for this application. Review of the locations at which the environmental flow rules prescribe environmental flow standards indicate that the nearest location downstream of the applicant's proposed reservoir is at the USGS gage on the Llano River at Llano. Accordingly, the entire suite of environmental flow requirements for this location (subsistence, base dry, base average, base wet, small seasonal pulse, large seasonal pulse, and annual pulse) were coded and placed into the WAM model at the Llano River at Llano location, and the applicant's ability to impound flows at the proposed reservoir was subjected to these minimum flow bypass requirements.

**ANALYSIS**

The applicant's existing (natural) and proposed expanded reservoir was represented as a single reservoir with a maximum storage capacity of 12.02 acre-feet and assigned a new priority date (most junior) in the WAM, with no right of diversion. Based on results from the WAM

simulation, the months in which the simulated storage of the combined reservoir was within the natural (existing) capacity were distinguished from those when the reservoir storage was above the natural capacity, and the calculation of the storage reliability for purposes of evaluating the application was determined using the following two methods:

- (1) Method #1: Only months in which water was stored in the expanded reservoir capacity were considered in computing the percent of time the reservoir was full.
- (2) Method #2: All months in the WAM period of record, regardless of whether water was stored in the expanded reservoir capacity or not, were considered in computing the percent of time the reservoir was full.

Initial simulation results indicate that water would be stored in the expanded portion of the reservoir in 20.9 percent of the months and that the reservoir would be 100% full in 37.1 percent of the months using method #1 and 7.7 percent of the months using method #2. Based on either of these methods for evaluation, the TCEQ's permitting criteria<sup>1</sup> for this type of water right application appears to not be satisfied.

As an alternative approach, an upstream water supply contract with the LCRA was then assumed to be in place and analyzed using the same WAM model, but with the priority date for the applicant's reservoir changed to a date immediately senior to LCRA's impoundment priority date associated with the Highland Lakes water rights (1926). Using the both of the same methods for calculating storage reliability as described above, the results from this simulation indicate that water would be stored in the expanded portion of the reservoir in 72.4 percent of the months and that the reservoir would be 100% full in 56.6 percent using method #1 and 41 percent of the months using method #2.

## CONCLUSION

An application for a water right authorizing the applicant's proposed 6.62 acre-feet expansion of an existing natural reservoir should be supportable by the TCEQ as long as the water right is conditioned on maintaining an upstream water supply contract with the LCRA to offset the depletions associated with the applicant's reservoir expansion in excess of the natural reservoir. Furthermore, review of the natural and regulated flows in the WAM model indicate that there are no periods in which zero water is flowing in the South Llano River at the applicant's location, which is a strong indication that the reservoir will likely be full and spilling most of the time.

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<sup>1</sup> The TCEQ's guideline for evaluating new water right applications for in-place recreation reservoirs is that, based on simulation results using the appropriate TCEQ water rights permitting model, an applicant's reservoir should be full in approximately 50% of the months of the period of record simulated.

FIGURE 1

Existing and proposed Dam location. Large rocks create exiting natural pool



FIGURE 2

Looking downstream at rock shoal that partially impounds water in natural pool





FIGURE 3

Looking upstream from proposed dam site



FIGURE 4

Middle shore of existing pool, Looking at proposed dam location (through downstream tree line)



**TCEQ WAM Model**

The TCEQ Colorado WAM Run3, as modified to represent the Waterstone proposed water right application, is on the flash drive attached to the water right application package.

## Waterstone Application

## Description of Proposed Contract with LCRA

Waterstone proposes that the application to increase the size of the natural reservoir, as described in the accompanying water right application documents, be subject to Waterstone obtaining a water supply contract with the Lower Colorado River Authority to cover the depletions associated with the water right application. Based on discussions with the appropriate LCRA staff, the amount of water that would need to be provided for by the LCRA's Highland Lakes water rights is 16 acre-feet per year, which is based on the WAM model results accompanying this application in Appendix G. This quantity was determined using the TCEQ's Colorado WAM Run3 model as received from the TCEQ on February 2, 2018 by tabulating the simulated annual depletions required to refill the reservoir then calculating the rolling 10 year maximum amount of 16 acre-feet per year. The changes that were made to the TCEQ's model to quantify this amount are noted as follows:

- (1) Waterstone's reservoir, as specified at the requested area and capacity in this application, was placed in the model at the appropriate location and given a priority date immediately senior to LCRA Highland Lakes water rights.
- (2) Senate Bill 3 instream flow restrictions, as specified in TCEQ rules as specified in Chapter 298, Subchapter D (298.300) for the Llano River at Llano streamflow location, were placed in the model and imposed on Waterstones's ability to refill the reservoir at the simulated priority date, then turned off so they would not be imposed on any other water right.

LCRA staff provided a copy of recent language used in a recent similar water right application. This language is recited below, with the appropriate quantiles specified to reflect the proposed Waterstone contract with LCRA for covering the depletions caused by the application:

Upon issuance by TCEQ to PURCHASER of the Permit(s) as required in Section XXX of this contract, PURCHASER shall have the right to impound up to a maximum of 12.02 acre-feet of raw water and to use such reservoir(s) for recreational purposes with no right of diversion, such impoundment(s) to be located on the South Llano River, tributary of the Llano River in Kimble County, Texas, at a point or points of availability within a segment bordering on the South Llano River, described and depicted in Exhibit "A" attached hereto (the "Point(s) of Availability"), said Exhibit depicting the segment by reference to a corner of an original land survey and/or other survey point, giving both course and distance and latitude and longitude. PURCHASER acknowledges that the impoundment, including evaporative losses, of water at the Point(s) of Availability will have an estimated impact to LCRA's senior water rights of approximately 16 acre-feet per year (the "Maximum Annual Quantity," or "MAQ"). PURCHASER's use of water from year to year may vary from the MAQ. PURCHASER further acknowledges that the MAQ is based on certain assumptions regarding diversion and/or impoundment limitations and other criteria that may be modified by the TCEQ as part of its review and issuance of PURCHASER'S Permit to Appropriate State Water. In the event that such permit differs in the amount authorized for impoundment, diversion, or use by PURCHASER or is based on different assumptions than those used to determine the MAQ stated herein, LCRA will amend this contract to reflect these limitations.