NECHES AND TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT

District Proposed Rules

A summary of the Proposed Rules and what is changing from the Current Rules

Public Stakeholder Meetings — June 30 & July 1, 2026

What this presentation covers

1. **The big picture** *Why the District has proposed the adoption of a whole new set of rules and the most important changes*
2. **Two classes of operating permits** *Historic v. Non-Historic Operating Permits*
3. **Key dates** *When the changes would take effect*
4. **Chapter by chapter** *A short summary of each chapter and how the Proposed Rules in each chapter differ from the Current Rules*
5. **How to provide input** *Review the Proposed Rules, provide comments at this meeting and/or in writing to the District as soon as possible and not later than July 16th or at the July 16th District Board meeting*

THE BIG PICTURE - Why adopt new rules?

To reflect state law requirements

To make District rules consistent with Texas Water Code Ch. 36 and best practices for management

To manage to the Desired Future Conditions (DFCs) for these Aquifers

To manage water produced to achieve the adopted DFCs for the aquifers within the District

To protect existing and future users

To recognize and protect historic, beneficial use, while allowing future beneficial use

Clearer requirements

Drilling/plugging, production, cutbacks, exemptions, fees, metering, reporting, procedures, drought, conservation, water quality & enforcement

THE BIG PICTURE

Reorganization

CURRENT RULES (minor amendments 2024)

15 Numbered Rules

Hearing procedures in a separate *Rules for Hearings* document

Spacing, fees, and enforcement provisions throughout a short set of rules

PROPOSED RULES (2026)

13 Chapters

Rules related to construction, spacing, production, fees, metering, reporting, application and hearing procedures, water quality, waste, enforcement and other regulatory issues are in this one set of rules

THE BIG PICTURE

Six big changes at a glance

1. **Two permit classes** Historic Operating Permits (existing use) and Non-Historic Operating Permits (new or increased use).

2. **Production to achieve the DFC** Total pumping limited to meet the District's Desired Future Conditions.

3. **New non-historic operating permits will have acreage-based allocation** New operating permits will be issued based on acreage owned or for a utility, within a service area, over an aquifer, using a per-acre factor to be set by the Board based on groundwater determined to be available to achieve the DFCs.

4. **New wells only be exempt from requirement for well construction or operating permit if they meet state requirements or have no access to water** Domestic/livestock exemption lowered from 36,000 to 25,000 gallons/day and well must be on at least a 10-acre tract or a well that is incapable of producing more than 1,500 gallons/day that has no public water supply available to it.

5. **Fees on permitted volume** Production fees are required to be paid on each operating permit's full authorized (permitted) amount rather than the volume actually pumped, starting in 2027.

6. **Focused hearings** The application process is intended to be more rigorous and to obtain the best available science, so contested case hearings are reserved for the largest permit applications — applications for export or operating permits over 1,000 acre-feet per year to conserve limited District resources.

THE BIG PICTURE

Two classes of operating permits

Every operating permit issued before May 1, 2026 will be administratively converted into a Historic Operating Permit (HOP), at the same authorized withdrawal amount.

HISTORIC OPERATING PERMITS (HOPs)

- Based on permitted rights issued before May 1, 2026 for water for beneficial use
- Issued as a HOP in previously authorized amount for the same historic purpose of use
- Subject to non-use review

NON-HISTORIC OPERATING PERMITS (NOPs)

- Operating permits issued after May 1, 2026 will be NOPs
- Amount based on acreage owned or for a utility, within a service area, over an aquifer
- Based on a per-acre factor to be set by the Board calculated from groundwater determined to be available to achieve DFC
- Subject to non-use review

THE BIG PICTURE

Some key dates

May 1, 2026

Issued permits converted to Historic Operating Permits; future operating permits will be issued as Non-Historic Operating Permits based on land overlying available groundwater.

Jan 1, 2027

Production fees shift to advance billing on each permit's maximum authorized amount (2026 will continue to be based on actual use).

Before Jan 1, 2029

The District will review all HOPs that produced under 80% of their authorized amount during 2021–2025.

PART TWO

The Proposed Rules, chapter by chapter

What each chapter covers, and how the Proposed Rules differ from the Current Rules

CHAPTER 1

Definitions & General Provisions

1

What the Chapter Covers

- Defines terms, including important new terms used in Proposed Rules, like historic use, HOPs, NOPs, managed aquifer, affected person,
- States the purpose of the rules and general rules of construction for interpreting the rules and methods of serving documents
- Specifies that the burden of proof is always on the applicant

Key Changes from Current Rules

- Adds defined terms used in the historic vs. new permit framework, examples:
- "Affected person" defined by a personal, justiciable interest — general interest to a member of the public does not qualify
- "Domestic use" defined as use for a single-family household and does not include, for example, commercial or public water supply uses

CHAPTERS 2–4

Board, District Staff & Records

2–4

What the Chapters Cover

- The Board's purpose and authority to regulate withdrawals
- The General Manager's role and some delegated duties
- District minutes and records; notice of change of ownership, address, or operation

Key changes from Current Rules

- Largely carried forward from Current Rules provisions from Chapter 36 — changes mostly organizational and clarifying
- Permittees and others must keep ownership and contact information current with the District

CHAPTER 5

Groundwater Production — Permits

5

What the Chapter Covers

- Groundwater production (pumping) is limited to the amount that will allow the DFCs to be achieved
- Operating permits required for non-exempt wells in the managed aquifers: existing historic groundwater users and new, non-historic groundwater users
- Application requirements, permitting considerations and conditions; transfers/ amendments; proportional adjustment; non-use reductions

Key Changes from Current Rules

- Detailed administrative processes, standards outlined, certainty for regulated community
- Pre-May 1, 2026 permits reclassified as HOPs; new operating permits will be issued as NOPs
- NOP amounts limited by acreage × per-acre allocation factor to achieve the aquifer's DFC
- Required HOP non-use review by Jan 1, 2029 — may reduce permitted amounts not reflecting historic use or need for beneficial use; all permits subject to conditions

EXEMPTIONS FOR DOMESTIC / LIVESTOCK WELLS

Current Rules

36,000 gal/day + small ag exempt

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Proposed Rules

25,000 gal/day

+ tract of 10 acres or more

Operating Permit Applications Requirements

New, non-historic operating permit applicants must provide important information for the District's required statutory review, including the following.

Use the District form and provide complete information

Include all items required in rules — partial applications not accepted. *§ 5.208(a)*

Provide information on wells and acreage

Pinpoint the proposed well, map wells within ½ mile, and prove the contiguous acreage. *§ 5.208(a)(9)–(10), (b)*

Permits issued by General Manager/ Board

Operating permits ≥ 15 a-f/yr issued by General Manager and > 15 a-f/yr *§ 5.209*

Support the requested amount and permit terms requested

Show that the withdrawal amount is reasonable for the requested purpose(s) of use for real, current need. *§ 5.208(a)(7)*

Provide best available science on impacts

Show that proposed production will not unreasonably impact water resources, permittees or registered exempt wells, exceed MAG or impair DFC; for ≥ 100 a-f/yr, a licensed hydrogeo. study by lic. TX prof. geosc. *§ 5.208(a)(16), (c)–(e)*

CHAPTER 5, continued

Groundwater Production — Exportation of Groundwater, Exempt Wells & Well Registration

5

What the Chapter Covers, continued

- Groundwater exportation permitting process, transfers/amendments for use outside the District
- Exempt wells
- Well registration required for *all* wells in District
- Limited emergency authorizations

Key Changes from Current Rules

- Detailed administrative processes, standards outlined, certainty for regulated community
- Export permitting incorporates Water Code provisions on permit length and fees
- Domestic or livestock wells exempt from operating permits must be either: on tracts of ≥ 10 acres + ≤ 25,000 gpd or no public water supply + ≤ 1,500 gpd

PERMITTING — EXEMPT WELLS (§ 5.401, § 5.501)

Wells exempt from operating permit: still must register

Which wells are exempt

- Domestic or livestock wells — up to 25,000 gallons/day, on a tract of 10 acres or more
- Domestic-only wells up to 1,500 gallons/day where no public water supply is available
- Monitoring wells, and wells in aquifers the District does not manage

What is still required

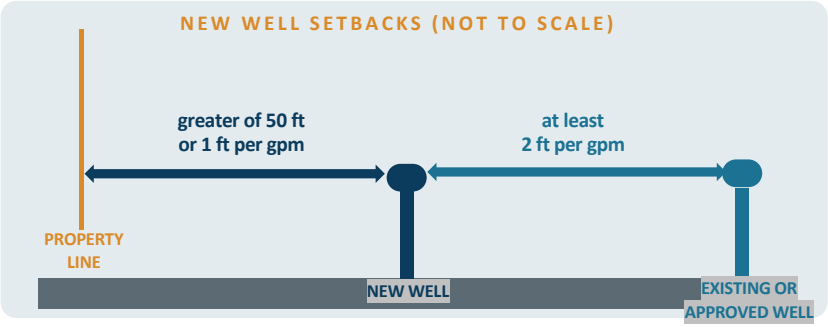
- Register *all* wells with the District
- Notify the District within 30 days if a well changes to a non-exempt use

CHAPTER 6
Well Management — Spacing & Construction – Drilling, Pump Installation/Management, Capping & Plugging

6

What the Chapter Covers

- Responsibilities for well management
- Well and pump construction notices and standards — drilling, capping and plugging
- Required spacing and location of new wells
- Exceptions and waivers from spacing



Key Changes from Current Rules

- Detailed administrative processes and standards, certainty for owners, operators and drillers/pump installers
- Give notice before construction — and plug the well properly when retired
- Property-line setback of ≥ 50 ft or 1 ft per gpm of max capacity and ≥ 2 ft per gpm from any existing or approved well
- Replaces 50 ft from property line setback
- Exceptions via site-specific geology or signed waivers from nearby well owners

WELL MANAGEMENT — CHAPTER 6

Well Construction Permits Required for Drilling Non-Exempt Wells

Well Construction Permits

Apply for before drilling, equipping, capping, plugging or otherwise altering a well

§ 6.201 · Apply under § 6.203 · 120-day term (§ 6.207)

Needed in Addition to Operating Permit (HOP or NOP)

Well construction permit required prior to drilling, equipping, capping, plugging or altering a well

No pumping authorized by a well construction permit alone (§ 6.206)

Who issues well construction permits?

Issued by the General Manager

- Well construction permits (§ 6.204)

Issued by the Board

- *But* the General Manager's denial of a well construction permit application may be appealed to the Board within 14 days (§ 6.205)

PERMITTING — WELL CONSTRUCTION PERMITS (§ 6.203)

Well construction permits require more information

Before any construction, the application must provide key information about proposed activities.

What you plan to do

Drill, alter, install a larger pump, or close a well.

§ 6.203(c)

Where the well is located

GPS location, distance to the nearest property lines, and a map of wells within ½ mile.

§ 6.203(e)–(f)

Well construction and pump information

Depth, cemented casing, target water strata, and pump size.

§ 6.203(j)–(m)

Information about related permits

Information connecting the application to an operating permit or allowing the District to determine exemption.

§ 6.203(g)–(h)

CHAPTER 7

Fees

7

What the Chapter Covers

- Registration, application, production, and export fees
- Production fees established by board
- Payment schedules for 2027
- Late payment penalties
- Enforcement for non-payment of fees

Key Changes from Current Rules

HOW PRODUCTION FEES BILLED

THROUGH 2026
Billed on the water actually pumped

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FROM JAN 1, 2027
Due by Jan. 31st on that year's authorized permitted amount

- More comprehensive fees rules, enforcement and late payment provisions

CHAPTER 8

Meters & Reporting

8

What the Chapter Covers

- Meter requirements and installation standards
- Accuracy testing, reading, and annual reporting

METER ACCURACY STANDARD

95–105%

of actual flow — outside that range, repair or replace

Testing up to every 3 years

Key Changes from Current Rules

- All non-exempt wells must be metered to industry standards (digital, totalizing, sealed)
- Accuracy testing may be required up to once every 3 years; recalibrate if outside 95–105%
- Annual groundwater use report due by January 30th for prior year's production (at the same time as current year's production fees)

CHAPTER 9

Procedures Before the District

9

What the Chapter Covers

- Filing and processing documents, registrations and applications
- Contested case hearing procedures and rulemaking petitions

Most applications — Processed administratively by General Manager or Board

WHO CAN REQUEST A CONTESTED CASE HEARING?

> 1,000 AF/yr or export — Applicant or an affected person may request a contested case hearing

Key Changes from Current Rules

- Clear procedures for review of applications
- General Manager performs review for administrative completeness and technical review
- General Manager prepares technical summary and any proposed permit/action
- All applications over 15 acre-feet considered by board after at least 10 days' notice and public comment

CHAPTER 9

Procedures Before the District, continued

9

Key Changes from Current Rules

- Contested case hearing on proposed permit or other action by General Manager; limited to operating permits > 1,000 a-f/yr or export permits
- Requested by the applicant or an affected person with a personal, justiciable interest

hearing

CHAPTERS 10–11

Water Quality & Conservation Plans

10–11

What the Chapters Cover

- Prohibition on pollution of groundwater (Chapter 10)
- Groundwater conservation plan requirements for permittees, if already required as a public water supplier and if required by Board order (Chapter 11)

Key Changes from Current Rules

- Provides a mechanism for District enforcement against actions pollution groundwater
- Encourages actions to conserve groundwater and provides outline for requiring conservation plans by the District

CHAPTER 12

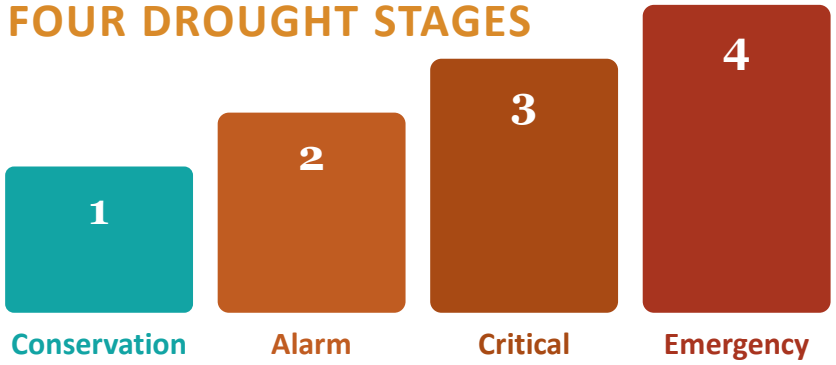
Drought Contingency Plans

12

What the Chapter Covers

- Drought response framework and curtailment authority
- Required drought contingency plans

FOUR DROUGHT STAGES



Key Changes from Current Rules

- Framework: Stages 1–4 (Conservation, Alarm, Critical, Emergency)
- In Stages 2–4, non-exempt groundwater may not be used to fill or refill ponds
- Curtailment percentages set by Board resolution based on Palmer Drought Severity Index or other drought indices adopted by the Board
- Permittees may be required to report monthly

CHAPTER 13

Investigations & Enforcement

13

What the Chapter Covers

- Inspections and investigations
- Civil enforcement, penalties, and settlement

CIVIL PENALTY RANGE

$100 – $25,000

per violation, per day

Current rules: up to $10,000 per day

Key Changes from Current Rules

- Civil penalties set at $100–$25,000 per violation, per day (was up to $10,000/day)
- District may suspend processing any pending application if it is determined that there is a violation of permit or rules
- District may suspend any permit or authorization after notice and an opportunity to be heard if it is determined that there is a violation or a threatened violation of permit or rules
- Compliance with operating permit production limits *may* be enforced at the Board's discretion based on a 3-year average

Thank you