

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

**Doc# 00000004146**

**GROUNDWATER EXPORTATION PERMIT, WITH ASSOCIATED  
PRODUCTION AUTHORIZATION**

**THIS CERTIFIES THAT:**            **DAHJUR, L.P., and Hughes Apache Ranch, LP**  
   **745 E. Mulberry, Suite 100**  
   **San Antonio, Texas 75212**

("Co-Permittees"), through their joint agent, Agua Grande, LLC, have applied for a permit to export groundwater produced from wells owned by DAHJUR, L.P. ("Dahjur"), and Hughes Apache Ranch, LP ("HAR"), within the Culberson County Groundwater Conservation District ("District") to be placed to a beneficial use outside the District boundaries, and that the Board of Directors of the District, pursuant to the Rules of the District (adopted August 24, 2011, as amended March 7, 2012) ("District Rules"), has APPROVED the application as follows:

**1 Permit Category**

This permit is a **Groundwater Exportation Permit**.

**2 Permit Term**

The term of this permit is three years from the date of issuance, subject to Sections 22.2 and 22.3.

**3 Groundwater Source**

The source of groundwater shall be Permian formations underlying the Apache Mountain Range, including portions of the Capitan Reef Aquifer (the "Aquifer") but specifically excluding the Wild Horse Flat Aquifer, the Michigan Flat Aquifer, and the Lobo Flat Aquifer.

**4 Annual Groundwater Withdrawal Amounts**

4.1 Co-Permittees are authorized to produce groundwater through withdrawals from the Aquifer for beneficial, non-wasteful use in an amount not to exceed the lesser of: 6,000.0 acre-feet per calendar year; or the amount specified in the Export Contract as identified in Section 8 of this permit.

4.2 The amount of groundwater authorized in Section 4.1 was based on an evaluation of the Co-Permittees' estimate of the amount of groundwater required by the Co-Permittees for beneficial use that would not have any adverse impact on the Wild Horse Flat Aquifer, the Michigan Flat Aquifer, or the Lobo Flat Aquifer during the term of this permit.

4.3 No groundwater may be produced under this permit until Co-Permittees have satisfied all of the requirements of Section 8 of this permit and the District Board has approved by resolution that Co-Permittees have satisfied such requirements, specifically including the existing of an Export Contract sufficient to meet Section 8 requirements.

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

4.4 The amount of groundwater authorized for production in Section 4.1 shall be withdrawn only from the wells identified in Section 6 of this permit.

**5 Purpose of Use**

Co-Permittees may use Aquifer groundwater only for industrial purposes.

**6 Well Name(s), Location(s), and Maximum Rate of Withdrawal**

Groundwater may be withdrawn from the Aquifer only from the well(s) located at each of the location(s) and with a maximum rate of withdrawal(s) (flow rate), as follows:

<u>Name/Owner</u>	<u>Location (latitude/longitude)</u>	<u>Maximum Flow Rate (gpm)</u>
#1/Dahjur	31.247725, -104.518836	1000
#2/Dahjur	31.243686, -104.520236	1000
#3/Dahjur	31.239256, -104.521764	1000
#4/Dahjur	31.246194, -104.549139	1000
#5/Dahjur	31.257361, -104.550194	1000
#6/Dahjur	31.266703, -104.551108	1000
#7/Dahjur	31.275842, -104.551044	1000
#8 Main Elcore/HAR	31.203185, -104.518901	1000
#9 Middle Elcore/HAR	31.208283, -104.525683	1000
#10 Ammonia Well/HAR	31.214877, -104.528873	1000

**7 Measurement of Amount of Groundwater Withdrawn**

7.1 Co-Permittees may withdraw groundwater only from a well that has an operating flow meter that meets the requirements of Chapter 8 of the District Rules and is listed in Section 6 of this permit.

7.2. For purposes of consideration of assessing the appropriateness of future District regulation of production in the Aquifer for conservation of groundwater resources in the District, Co-Permittees shall dedicate to the purpose of measuring depth to groundwater at least once per month for each of the proposed monitoring wells shown on Exhibit A attached and made a part of this permit and shall provide such measurements to the District within 30 days of date the level is measured.

**8 Location of Delivery and Place of Use**

Prior to the export of any groundwater outside the District boundaries, and in any event no later than three years from the date of issuance of this permit, Co-Permittees shall deliver to the District an executed, written contract (“Export Contract”) that complies with all applicable requirements of § 5.304 of District Rules for the amount of groundwater

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

authorized for production and permitted for export under Section 4 of this permit, which, for all groundwater authorized for production and export under this permit, shall identify any and all locations of delivery, and place(s) of beneficial use outside District boundaries.

**9 Well Construction, Operation, Maintenance, and Closure**

The well(s) identified in this permit shall be installed, equipped, operated, maintained, plugged, capped, or closed in accordance with the District Rules and all other applicable federal, state, and local laws. A copy of a state plugging report shall be submitted to the District within 60 days after capping or plugging any well.

**10 Water Conservation**

Groundwater authorized by this permit to be produced is required to be efficiently withdrawn and used in compliance with the District Rules and the District's management plan, and, if applicable, Co-Permittees' water conservation plan as approved by the District.

**11 Conveyance to Place of Use**

Groundwater authorized for production in Section 4.1 must be conveyed to the place of use in a manner that prevents evaporation, channel loss by percolation, and waste.

**12 Meters**

Co-Permittees shall install, operate, and maintain the meter method on the well(s) identified in this permit in compliance with the District Rules and the manufacturer's instructions.

**13 Reports**

Co-Permittees shall timely file all applicable reports with the District on forms prescribed by the District as required by the District Rules, the requirements of this permit, and other applicable law.

**14 Fees**

Co-Permittees shall timely pay and remain current on the payment of all applicable fees to the District. The Ground Export Fee shall be paid by the Co-Permittees to the District in accordance with District Rule § 7.007, but not including subsection (b) of such Rule. The groundwater export fee shall be \$15 per acre-foot of groundwater produced from the Aquifer pursuant to this permit and shall be paid to the District by the Co-Permittees in accordance with § 7.007(c) of the District Rules. The fee shall be adjusted annually for inflation by multiplying the fee by the ratio of previous year's average United States Bureau of Labor Statistic Consumer Price Index-All Urban Consumers (CPI) to the average CPI for 2016, with the ratio for 2017 export fee equal to 1.00.

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

**15 Groundwater Management Plan**

Co-Permittees shall withdraw and use groundwater only in accordance with the District's approved groundwater management plan.

**16 Water Quality**

Co-Permittees shall use diligence to protect the water quality of groundwater in the District and shall comply with the District's water quality rules and take no action that pollutes or contributes to the pollution of groundwater in the District.

**17 Transfers and Amendments**

Co-Permittees may transfer or amend this permit only in compliance with the District Rules.

**18 Permit Review, Renewal or Extension Conditions**

Co-Permittees are subject to any applicable review, renewal, extension, or cancellation conditions stated in the permit or the District Rules.

**19 Change of Name, Address, or Telephone Number**

Co-Permittees shall provide written notice to the District of any change of ownership, name of Co-Permittees or the authorized representative, well operator, mailing address, or telephone number within 30 days of such change.

**20 Inspections by District**

Any authorized officer, employee, agent, or representative of the District shall have the right at all reasonable times to enter upon lands upon which a well may be located within the boundaries of the District, including the well(s) identified in Section 6 of this permit, for the purpose of inspecting or testing such wells, meters, pumps, and the power units of a well or wells, collecting water samples, and making any other reasonable and necessary inspections and tests that may be required or necessary for the formulation or the enforcement of the permits, rules, or orders of the District. Co-Permittees have a duty to ensure that the well site is accessible to District representatives for inspection and to cooperate fully in any reasonable inspection of the well(s) and well site by District representatives.

**21 Additional Conditions**

21.1 This permit is issued subject to the requirements of: (1) Chapter 8816, Texas Special District Local Laws Code; (2) Chapter 36, Texas Water Code; and (3) the District Rules.

21.2 This permit is subject to the standard permit conditions in § 5.307 of the District Rules.

**22 Permit Expiration and Renewal**

22.1 The permit term shall be three years from the date of issuance of this permit.

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

22.2 The three-year term specified in Section 22.1 shall automatically be extended to thirty years if construction of a conveyance system is begun before the expiration of the three-year period. For the purposes of this section, construction of a conveyance system shall be considered to have been initiated when the permittee has completed construction of at least 10% of the portion of the conveyance facilities located within the District that will be used to convey the maximum annual quantity of groundwater permitted for transfer outside of the boundaries of the District. Such portion of the conveyance facilities does not include any existing or facilities constructed prior to the date of issuance of this permit that were not constructed specifically for use in exporting the groundwater considered under the permittee's groundwater exportation permit application.

22.3 Renewal of this permit shall be subject to the requirements of the District Rules for public notice and opportunity to comment or object, as such were applicable to the initial application for such permit.

**23 Permit Applicability**

This permit does not apply to production of groundwater from the Aquifer other than groundwater authorized for production from the Aquifer and permitted for, and associated with, export under this permit. No production under this permit shall be deemed historic use, or otherwise afforded priority status, for purposes of any future regulation by the District of production from the Aquifer.

**24 Enforcement**

The District retains the right to take any and all enforcement actions within its legal authority to enforce compliance with the terms and conditions of this permit.

**25 Continuing Jurisdiction of District**

This permit is issued subject to the continuing jurisdiction of and supervision by the District, and may be amended from time to time consistent with applicable law, including if the District learns that any of the information set forth in this permit is incorrect on the date issued.

**26 Permit Recordation**

Within 30 days of the date of issuance of this permit from the District, the District on behalf of the Co-Permittees will record this permit with the County Clerk of Culberson County and provide a copy of the recorded permit to the Co-Permittees. The cost of such recordings shall be assessed against the Co-Permittees.

**27 References to Law**

Any reference in this permit to a statute, rule, or other law of any kind that exists on the date of issuance of the permit includes all subsequent amendments and additions thereto.

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT  
COUNTY OF CULBERSON, STATE OF TEXAS

**28 Other Matters Denied**

All other matters requested in Co-Permittees' application that are not specifically granted by this permit are denied.

**THIS PERMIT IS ISSUED, EXECUTED THIS** August 2, 2017 **by the Board of Directors of the Culberson County Groundwater Conservation District.**



Vance Cottrell  
President, Board of Directors

**ATTEST:**



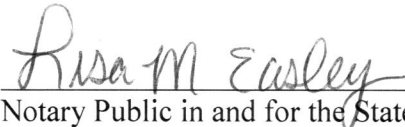
Cruz Parada  
Secretary, Board of Directors

**ACKNOWLEDGMENT**

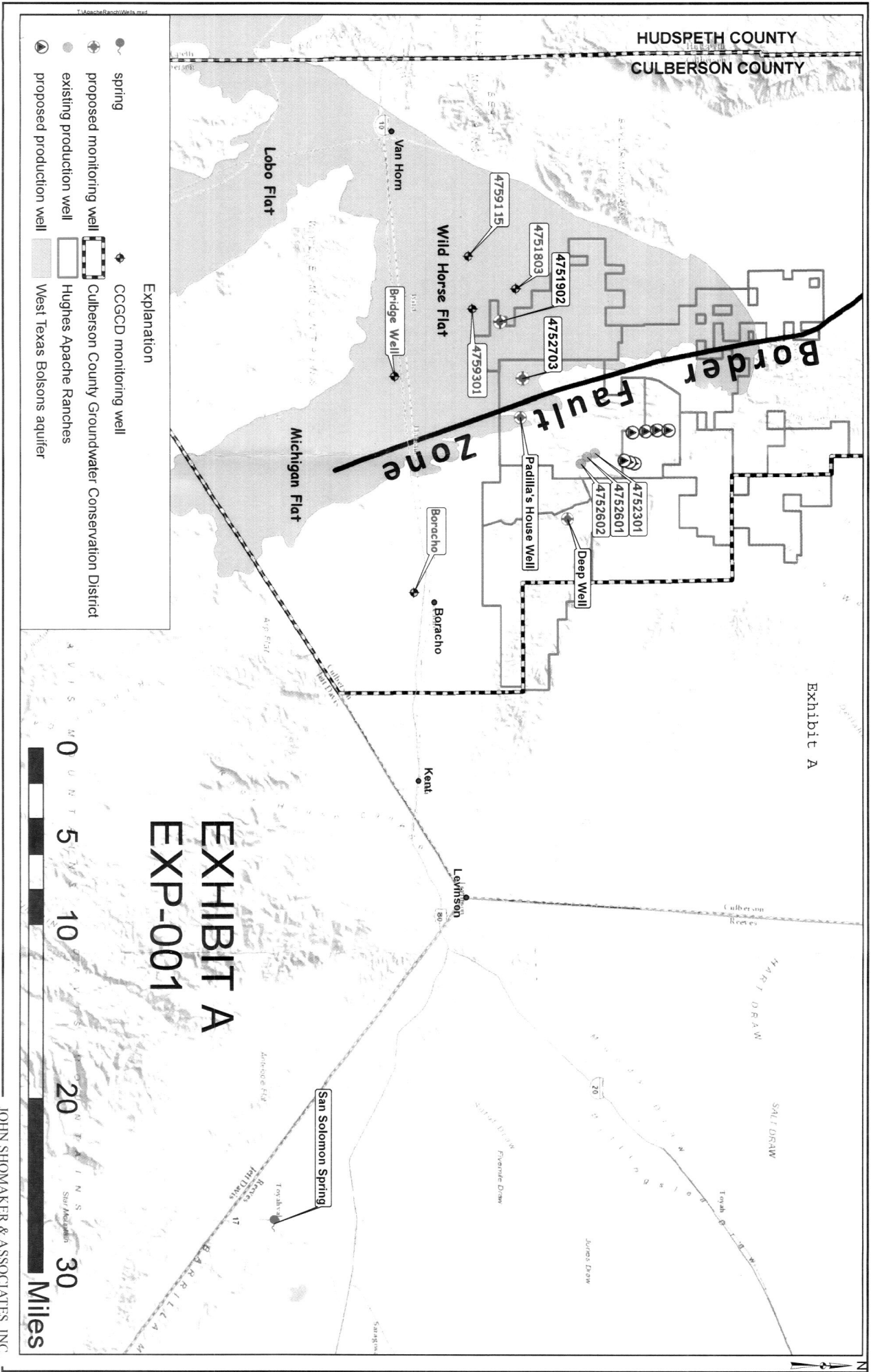
STATE OF TEXAS )

COUNTY OF CULBERSON )

**ON BEHALF OF THE DISTRICT, THIS PERMIT WAS ACKNOWLEDGED** before me on August 2, 2017, by Vance Cottrell, President, Board of Directors, Culberson County Groundwater Conservation District, a groundwater conservation district created pursuant to Article XVI, Section 59, Texas Constitution.



Notary Public in and for the State of Texas



# EXHIBIT A EXP-001

JOHN SHOMAKER & ASSOCIATES, INC.

00000004146

**FILED FOR RECORD**  
**AT 10:39 O'CLOCK A. M.**

**ON THE 4th DAY OF August**

**A.D., 2017.**

**STATE OF TEXAS**  
**COUNTY OF CULBERSON**

I hereby certify that this instrument  
was FILED on the date and at the time  
stamped hereon by me and was duly  
RECORDED in the  
Volume 31 and Page 61-67  
of the OPK  
Records of Culberson County, Texas.



COUNTY AND DISTRICT  
CLERK CULBERSON  
COUNTY, TEXAS

Linda McDonald

COUNTY AND DISTRICT CLERK  
CULBERSON COUNTY, TEXAS

BY: *[Signature]*  
**DEPUTY**