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via e-mail: [manager2@haysgroundwater.com](mailto:manager2@haysgroundwater.com)

Mr. Rick Broun, General Manager  
Hays Trinity Groundwater Conservation District  
P.O. Box 1648  
Dripping Springs, TX 78620

Re: Comments Regarding Proposed Modifications to Rule 13

Dear Mr. Broun:

Lauren Concrete, Inc. ("**Lauren**") appreciates the opportunity to provide comments on Hays Trinity Groundwater Conservation District's ("**HTGCD's**") Proposed Rule 13.

The HTGCD issued Operating Permit No. 259 to Lauren on September 1, 2019, which authorizes the production of 15 acre-feet (prorated) in 2019, 18 acre-feet in 2020, and 21 acre-feet in 2021. Included with Operating Permit No. 259 is the standard Drought Contingency Plan Production Cutback Chart ("**Cutback Chart**"), which limits permitted production during various declared drought stages. As with other HTGCD permits, the Baseline in Lauren's Cutback Chart ("**Baseline**") from which permitted groundwater production per month would be reduced during declared drought stages is based on Lauren's permitted amount for the year.

However, Lauren's understanding is that HTGCD's addition of Proposed Rule 13.1.2 would change Lauren's Baseline amount to zero, since Lauren did not produce groundwater in 2017 and the proposal would establish a new Baseline determined by the "actual amount of groundwater produced and put to a beneficial use each month of 2017". (emphasis added) Thus, during declared drought stages, if Proposed Rule 13.1.2 is adopted, Lauren would precariously no longer be authorized by the HTGCD to produce anything, even under Lauren's newly issued permit, unless the HTGCD amends the Baseline amount. This process, per Proposed Rule 13.1.2, would be a permit amendment which takes time and resources for the applicant, HTGCD staff and the HTGCD Board, and is potentially subject to a contested case hearing. All other permit holders with permits or permit amendments increasing production issued after 2017 would be subject to the same dilemma, and would essentially be required to start the permitting process all over in order to preserve the authorization to produce and beneficially use groundwater during various declared drought stages.

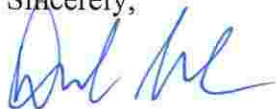
If HTGCD moves forward with Proposed Rule 13.1.2, Lauren requests that Lauren's permit (and other permits and permit amendments authorizing production issued after 2017) be automatically granted a Baseline based on the permitted amount of production. The Baseline could be "trued-up" and set based on actual production after a permit holder has had the fair opportunity to exercise its authorization to produce based on the permit. Lauren offers the following as a solution, which would involve a new Rule 13.1.3 as follows:

(13.1.3) Monthly Baseline Production Amount for Permits and Permit Amendments Issued After 2017. Notwithstanding the Monthly Baseline Production Amount established pursuant to Rule 13.1.2, for permits or permit amendments authorizing production issued after December 31, 2017, the Monthly Baseline Production Amount is the amount of groundwater production as authorized in the permit or permit amendment. Upon permit renewal, the District may consider modifying the Monthly Baseline Production Amount based on the actual amount of groundwater produced and put to a beneficial use during the previous permit term, and in doing so, must consider whether such actual production occurred during conditions with normal hydrologic conditions and during periods of normal use.

Lauren appreciates HTGCD's efforts to appropriately recognize private property rights in groundwater in fulfilling its mission to conserve, preserve, recharge and prevent waste of groundwater within western Hays County. As you know, Lauren has in good faith joined the HTGCD's conservation efforts by voluntarily investing over \$150,000 in rainwater capture and usage infrastructure which Lauren anticipates will generate 2.85 acre-feet of water annually. Lauren also voluntarily agreed to a permit condition which requires Lauren to utilize rainwater collected on-site before Lauren uses groundwater. Lauren's significant investment-backed expectations in its operations near Dripping Springs will provide needed materials and services in the local community. The economics of Lauren's operations are dependent on the ability of Lauren to exercise its vested property rights in groundwater resources. The adoption of Proposed Rule 13.1.2 would jeopardize Lauren's investment-backed expectations by altering Lauren's ability to produce the amount of groundwater HTGCD authorized on September 1, 2019. The addition of Proposed Rule 13.1.3 as set forth above would help alleviate Lauren's concerns.

Should you have any questions or if you would like additional information, please do not hesitate to contact me.

Sincerely,



Derek Seal  
Counsel for Lauren Concrete