

April 8, 2013

Mr. Zach Holland
Bluebonnet Groundwater Conservation District
P.O. Box 269
Navasota, Texas 77868

Re: Notice of Demand

Dear Zach Holland, General Manager and Board of Directors.

According to the published rules of the Bluebonnet Groundwater District (BGCD) to which BGCD must adhere, to wit: "Rule 8.7B: "In order to protect the public health and welfare and to conserve and manage the groundwater resources in the District during times of drought, the District may prioritize groundwater use, place special requirements on, modify, delay, or deny a pumpage permit for a new well during a District-declared drought." The CAWCC demands that rule 8.7B be invoked.

According to Rule 8.7B, a number of reasons are listed but not limited to the already stressed aquifer ecosystem our state groundwater is suffering due to the state of emergency Texas drought conditions hitting our counties over the past five years and continuing into the unforeseeable future, the BGCD has the obligation to call for a halt to the permitting of this current proposed Electro_Purification, LLC., (EP) permit and all future non-exempt well permits that are requesting permission to extract massive amounts of groundwater from aquifers located under Austin, Waller, Walker and Grimes Counties.

Based on the current extreme weather patterns and drought conditions, the CAWCC demands that the BGCD exercise its authority under Rule 8.7B.

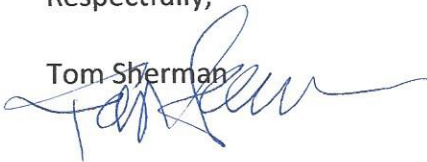
CAWCC, as a concerned citizens group, respectfully asks the BGCD to put this request on the agenda for their April 17, 2013 meeting. Furthermore we ask that the BGCD board advise the CAWCC of its action pertaining to this demand.

We further ask that if the board members cannot reach a consensus at the upcoming April 17, 2013 meeting that an answer in writing is made giving BGCD position to our request on or before April 27, 2013.

We thank you for your consideration and attention to this position. If there is anything we can do to help in this matter, please feel free to contact us at any time.

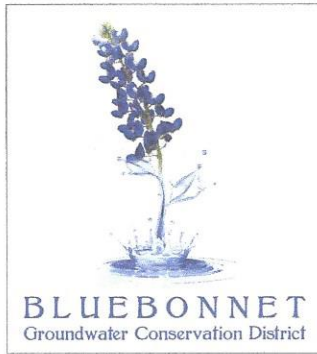
Respectfully,

Tom Sherman



President CAWCC,

TSS: sam



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Navasota, Texas 77868-0269
Phone: 936 825-7303 Fax: 936 825-7331
www.bluebonnetgroundwater.org

April 26, 2013

Mr. Tom Sherman
544 Front Street
New Ulm, Texas 78950

Re: Concerned Austin & Waller County Citizens' Notice of Demand to Rule 8.7B.

Dear Mr. Sherman:

The Bluebonnet Groundwater Conservation District ("District") acknowledged receipt of your April 10, 2013 digital copy and April 15, 2013 hard copy letter regarding Concerned Austin & Waller County Citizens' Notice of Demand (NOD) to Rule 8.7B which provides: "In order to protect the public health and welfare and to conserve and manage the groundwater resources in the District during times of drought, the District may prioritize groundwater use, place special requirements on, modify, delay, or deny a pumpage permit for a new well during a District-declared drought."

As part of the NOD, you requested that this demand be placed on the April 17, 2013 agenda of the Board of Director's regular business meeting. As the agenda for that meeting had been posted March 26, 2013 and individually mailed or emailed to all individuals who submitted comments to the District in response to the Electro Purification LLC applications, there was not time to amend the agenda and repost the meeting notice. As explained further below, it is my belief that Rule 8.7B requires further consideration and action before it is implemented.

There are three issues in connection with Rule 8.7B which must be addressed before its implementation: (1) declaring a district drought, (2) affect of drought declaration on pending applications, and (3) acting on an application that is already in the hearing process in a district-declared drought.

First, declaring a district drought requires drought to be defined by specific aquifer conditions and drought indices, which may be different. Currently, the district does not have a district-declared drought definition or a rule to determine the criteria for both entering and exiting a drought. Further consideration into the definition and a drought rule must include (1) whether the drought is staged or phased in and if so, its declared levels; (2) will drought stages require response by permittees; and, (3)

any rule addressing these issues requires formal rulemaking including comments from permittees and public.

Second, the affect of district-declared drought on pending applications requires careful consideration. As with all rules promulgated by the district, a drought rule must be applied uniformly toward all non-exempt wells. The District must consider a range of options including acting on applications in a timely manner but delaying the effective date of a permit until the District has exited drought or denying an application in whole or part. If the application is denied, based solely on a district-declared drought, the District must consider whether the application would be held until the district exits its drought declaration or whether the applicant must re-file its application. Again, a district-declared drought must be defined by rule with aquifer conditions triggering entry into, as well as exit from drought before this range of possibilities can be exercised.

Finally, assuming the District adopted a drought rule during the pendency of its consideration of the pending Electro Purification LLC applications, the District would need to follow the process in place to consider the effect, if any, on those pending applications. As you are aware, the Electro Purification LLC applications have been referred to the State Office of Administrative Hearings for a contested case. If the District were to declare a drought after addressing the matters described above, then I would provide my recommendation based on the criteria established in a drought rule, to the Administrative Law Judge through the SOAH hearing process.

I will address these issues with the Board at the next Board of Director's meeting to be held on July 17, 2013. If you have questions concerning this letter, the applications, contested case hearing process, or any other business of the district, please contact me at 936-825-7303.

Sincerely,

Zach Holland, General Manager
Bluebonnet Groundwater Conservation District