

CAUSE NO. DCCV25-5642-369

SANDERSON FARMS, LLC, DBA	§	IN THE DISTRICT COURT
WAYNE-SANDERSON FARMS, BRIAN	§	
KINNEY, INDIVIDUALLY AND DBA 4K	§	
FARMS, CHARLIE AND RACHEL	§	
PARKER, CHARLIE PARKER FARMS,	§	
INC., SHANNON RODELL, BOBBY	§	
COLE, INDIVIDUALLY AND DBA ARC	§	
CATTLE & POULTRY, THUY TIEN	§	
FARM, LLC, ANH QUOC PHAM, HQ	§	
PHAMILY LLC, CLAY SMITH	§	
INDIVIDUALLY AND DBA CIRCLE S	§	
FARMS, EARL LANG AND RUSSELL	§	____ JUDICIAL DISTRICT
LANG, AND CONSOLIDATED WATER	§	
SUPPLY CORPORATION.	§	
	§	
Plaintiffs,	§	
	§	
v.	§	
	§	
NECHES & TRINITY VALLEYS	§	
GROUNDWATER CONSERVATION	§	
DISTRICT,	§	
	§	
Defendant.	§	ANDERSON COUNTY, TEXAS

**PLAINTIFFS' ORIGINAL PETITION FOR DECLARATORY JUDGMENT, WRIT OF
MANDAMUS, AND APPLICATION FOR TEMPORARY AND PERMANENT
INJUNCTIVE RELIEF**

Plaintiffs Sanderson Farms, LLC, d/b/a Wayne-Sanderson Farms (“Wayne-Sanderson Farms”), Brian Kinney, individually and d/b/a 4K Farms, Charlie and Rachel Parker, Charlie Parker Farms, Inc., Shannon Rodell, Bobby Cole, individually and d/b/a ARC Cattle & Poultry, Thuy Tien Farm, LLC, Anh Quoc Pham, HQ Phamily LLC, Clay Smith, individually and d/b/a Circle S Farms, Earl Lang and Russell Lang (collectively, “Growers”), and Consolidated Water Supply Corporation (Wayne-Sanderson Farms, Growers, and Consolidated Water Supply Corporation are collectively hereinafter referred to as “Plaintiffs”) file their Original Petition for Declaratory Judgment, Writ of Mandamus, and Application for Temporary and Permanent

Injunctive Relief against Defendant Neches & Trinity Valleys Groundwater Conservation District (“District”), and state as follows:

I. Basis for the Lawsuit

1. This case is about the exploitation of limited precious groundwater resources by a Dallas-based hedge fund manager, Kyle Bass, who has manipulated the District’s process to his advantage (and to the detriment of the local communities) through improper board member participation. Mr. Bass’s companies filed permit applications with the District requesting authority to drill 43 high-capacity water wells and ultimately produce more than 15 billion gallons of groundwater annually (approximately 49,000 acre-feet per year) from the Carrizo-Wilcox Aquifer. It appears Mr. Bass intends to export the groundwater outside the District and sell it for profit to the detriment of East Texas residents and businesses—many of whom reside within Anderson County and depend on groundwater for their personal use, farms, ranches, and businesses. Thousands of residents and businesses protested the applications based on the impacts this large project will have on their wells, which are vital to their lives and livelihood. Unfortunately, Mr. Bass and his entities only seem interested in returns on investments as opposed to impacts on existing users and the resource.

2. Mr. Bass’s campaign to obtain permits to remove billions of gallons of water per year from the Carrizo-Wilcox Aquifer has been irreparably tainted. Early in the process, Mr. Bass’s companies hired one board member to drill the more than 40 high-capacity wells, creating a conflict of interest and evidently forcing the director to eventually resign. A second director was never legally eligible for appointment to the board because he also serves as a councilmember for the City of Palestine. Nevertheless, both directors were intimately involved with respect to Mr. Bass’s drilling applications since the original filing of the applications.

3. In this lawsuit, Plaintiffs request that the Court judicially declare that the District's actions on the drilling permit applications on April 17, 2025, and thereafter, are invalid. Plaintiffs also request that the Court enter a temporary injunction enjoining the District and the State Office of Administrative Hearings ("SOAH") from engaging in any further activity concerning the drilling permit applications, including any action in response to the District's votes on the drilling permit applications during a recent June 19, 2025 public meeting, and/or issue a writ of mandamus to stop, prevent, or reverse the violations. The invalid prior actions on the applications need to be corrected before the District, thousands of protestants, and the applicants spend significant time and resources on a contested case hearing when the applications are not ripe for review. Addressing these fatal errors on the front end ensures the precious time and resources spent by all are not wasted if a decision on the applications is later overturned and the process must be repeated.

II. Discovery Control Plan and Claim for Relief

4. Plaintiffs intend to conduct discovery under Level 3 of Texas Rule of Civil Procedure 190.4.

5. The relief sought in this case is within the jurisdictional limits of the Court. Plaintiffs seek only non-monetary relief at this time. Tex. R. Civ. P. 47(c)(5).

III. Parties and Service

6. Plaintiff Wayne-Sanderson Farms is a limited liability company, which maintains its primary place of business in Oakwood, Georgia, and maintains substantial business operations in Texas, including in Anderson County. Sanderson Farms, LLC is owned by Wayne-Sanderson Farms, LLC, which is a Delaware limited liability company. Wayne-Sanderson Farms owns and operates poultry processing and feed mill operations in the counties within the Neches & Trinity Valleys Groundwater Conservation District's jurisdiction. Wayne-Sanderson Farms relies on its

existing permitted groundwater wells to support its operations and similarly relies on existing well production used by its contract poultry growers to raise and supply Wayne-Sanderson Farms' poultry for the company's industrial operations. Wayne-Sanderson Farms owns and operates facilities in Palestine in Anderson County, in Tyler in Smith County, in Bryan/College Station in Brazos County, and in Waco in McLennan County, which represent all its major operations in the state. Across these locations, Wayne-Sanderson Farms employs over 5,700 people and is a major contributor to the economic well-being of the region. Wayne-Sanderson Farms is a major employer within the District and East Texas and a major supplier of chicken in the region and throughout Texas.

7. Plaintiff Brian Kinney is an individual residing and doing business as 4K Farms in Cherokee County at 1187 CR 1219, Rusk, Texas. Mr. Kinney owns 115 acres of real property overlying the Carrizo-Wilcox Aquifer and operates one poultry farm comprised of four poultry houses that are used to raise chickens for purposes of generating fertilized eggs to be hatched with the resulting chicks placed on other chicken growers' farms for raising until harvested and sold for public consumption. Before beginning his poultry operations, Mr. Kinney had three groundwater wells drilled on his property at substantial cost and relies on groundwater from the Carrizo-Wilcox Aquifer to supply his personal and business operation needs. Before the District's June 19, 2025 public hearing discussed below, Mr. Kinney filed an opposition to the drilling permit applications at issue in this case and appeared through his counsel and publicly voiced his opposition to the applications.

8. Plaintiff Charlie and Rachel Parker are individuals residing in Henderson County at 6140 Hwy 175 East, Athens, Texas 75752, and Plaintiff Charlie Parker Farms, Inc. ("Parker Farms," and together with Charlie and Rachel Parker are referred to as the "Parkers") is a

corporation doing business in Henderson County at 6140 Hwy 175 East, Athens, Texas 75752. The Parkers own 156 acres of real property overlying the Carrizo-Wilcox Aquifer system and own and/or manage one poultry farm comprised of six poultry houses. The poultry farm raises approximately 750,000 chickens per year that are harvested, packaged, and sold for public consumption. Before beginning their poultry operation, the Parkers had two groundwater wells drilled on their property at substantial cost and rely on groundwater from the Carrizo-Wilcox Aquifer to supply their personal and business operation needs. Before the District's June 19, 2025 public hearing, the Parkers filed an opposition to the drilling permit applications at issue in this case and appeared through counsel and publicly voiced their opposition to the applications.

9. Plaintiff Shannon Rodell is an individual residing and doing business in Leon County at 3363 CR 279, Buffalo, Texas. Mr. Rodell owns 65 acres of real property overlying the Carrizo-Wilcox Aquifer and operates one poultry farm comprised of six poultry houses. His poultry farm raises approximately 800,000 chickens per year that are harvested, packaged, and sold for public consumption. Before beginning his poultry operation, Mr. Rodell had three groundwater wells drilled on his property at substantial cost and relies on groundwater from the Carrizo-Wilcox Aquifer to supply his personal and business operation needs. Before the District's June 19, 2025 public hearing, Mr. Rodell filed an opposition to the drilling permit applications at issue in this case and appeared through his counsel and publicly voiced his opposition to the applications.

10. Plaintiff Bobby Cole, individually and d/b/a ARC Cattle & Poultry, is an individual residing and doing business in Hopkins County, at 1278 CR 1487, Como, Texas 75431. Mr. Cole owns real property overlying the Carrizo-Wilcox Aquifer and operates one poultry farm comprised of eight poultry houses. His poultry farm raises approximately 1,250,000 chickens per year that

are harvested, packaged, and sold for public consumption. Mr. Cole is also a rancher who raises cattle. Before beginning his poultry and cattle operations, Mr. Cole had three groundwater wells drilled on his property at substantial cost and relies on groundwater from the Carrizo Wilcox Aquifer to supply his personal and business operation needs. Before the District's June 19, 2025 public hearing, Mr. Cole filed an opposition to the drilling permit applications at issue in this case and appeared through his counsel and publicly voiced his opposition to the applications.

11. Plaintiff Thuy Tien Farm, LLC is a limited liability company doing business in Leon County at 10623 CR 113, Centerville, Texas 75833. Thuy Tien Farm, LLC owns approximately 30 acres of real property overlying the Carrizo Wilcox Aquifer system and owns and operates one poultry farm comprised of six poultry houses. The poultry farm raises approximately 864,600 chickens per year that are harvested, packaged, and sold for public consumption. Before beginning its poultry operation, Thuy Tien Farm, LLC had two groundwater wells drilled on the property at substantial cost and it relies on groundwater from the Carrizo Wilcox Aquifer to supply its business operation needs. Before the District's June 19, 2025 public hearing, Thuy Tien Farm, LLC filed an opposition to the drilling permit applications at issue in this case and appeared through counsel and publicly voiced its opposition to the applications.

12. Plaintiff Anh Quoc Pham is an individual residing in Anderson County at 1061 Private Road 6054, Tennessee Colony, TX 75861, and Plaintiff HQ Phamily LLC is a limited liability company doing business in Anderson County at 1061 Private Road 6054, Tennessee Colony, TX 75861. Mr. Pham and HQ Phamily LLC own 228 acres of real property overlying the Carrizo Wilcox Aquifer system and operate one poultry farm comprised of eight poultry houses. The poultry farm raises approximately one million chickens per year that are harvested, packaged, and sold for public consumption. Before beginning their poultry operation, Mr. Pham and HQ

Phamily LLC had five groundwater wells drilled on their property at substantial cost and rely on groundwater from the Carrizo Wilcox Aquifer to supply their personal and business operational needs. Before the District's June 19, 2025 public hearing, Mr. Pham and HQ Phamily filed an opposition to the drilling permit applications at issue in this case and appeared through counsel and publicly voiced their opposition to the applications.

13. Plaintiff Clay Smith is an individual residing and doing business as Circle S Farms in Wood County at 434 CR 2360, Mineola, Texas 75773. Mr. Smith owns 60 acres of real property overlying the Carrizo Wilcox Aquifer and operates a poultry farm comprised of six poultry houses. His poultry farm raises approximately 1.2 million chickens per year that are harvested, packaged, and sold for public consumption. Before beginning his poultry operation, Mr. Smith had three groundwater wells drilled on his property at substantial cost and relies on groundwater from the Carrizo Wilcox Aquifer to supply his personal and business operation needs. Before the District's June 19, 2025 public hearing, Mr. Smith filed an opposition to the drilling permit applications at issue in this case and appeared through his counsel and publicly voiced his opposition to the applications.

14. Plaintiffs Earl Lang and Russell Lang are individuals residing and doing business in Anderson County at 572 ACR 4813, Palestine, Texas 75803. The Langs own 1,200 acres of real property overlying the Carrizo-Wilcox Aquifer system and operate one poultry farm comprised of eight poultry houses. The poultry farm raises approximately 1,080,000 chickens per year that are harvested, packaged, and sold for public consumption. Before beginning their poultry operations, the Langs had two groundwater wells drilled on their property at substantial cost and rely on groundwater from the Carrizo-Wilcox Aquifer to supply their personal and business operation needs. The Langs also have a water well used in connection with a cattle operation

consisting of between 100-200 head of cattle at any given time. Before the District's June 19, 2025 public hearing, the Langs filed an opposition to the drilling permit applications at issue in this case and appeared through counsel and publicly voiced their opposition to the applications.

15. Plaintiff Consolidated Water Supply Corporation ("CWSC") is a non-profit, member-owned water supply corporation organized under Chapter 67 of the Texas Water Code and headquartered in Houston County at 401 TX-304 Loop, Crockett, Texas 75835. CWSC provides essential public water services to over 16,900 residents across Anderson, Houston, and Walker Counties, including schools, volunteer fire departments, industrial manufacturers, ranches, small businesses, and economically disadvantaged rural communities. As one of the largest rural water supply corporations in the region, CWSC is governed by an elected board of directors subject to the Texas Open Meetings Act ("OMA"), and it is classified as a "political subdivision" pursuant to Texas Water Code § 36.001(15). CWSC holds a Certificate of Convenience and Necessity (CCN) under Chapter 13 of the Texas Water Code, giving it the legal obligation to provide continuous and adequate service to all customers in its certificated area, an obligation not shared by for-profit permit applicants. The corporation is a participant in the TXWARN mutual aid system and is often called upon to support emergency water response operations in the region. CWSC owns and operates twelve active public water supply wells drawing from the Carrizo-Wilcox and Sparta Aquifers within Groundwater Management Area 11, which is the planning authority that established the Desired Future Condition drawdown goal for the Carrizo-Wilcox Aquifer in Anderson County within the Neches and Trinity Rivers Valley Groundwater Conservation District jurisdiction. CWSC filed a formal opposition to the Redtown Ranch Holdings LLC and Pine Bliss LLC applications based on its statutory rights and regulatory obligations, including its responsibility to ensure sustainable groundwater production for public use. CWSC's interests as a

landowner, groundwater producer, retail water provider, political subdivision, and regulatory stakeholder are directly and adversely affected by the improper administrative actions taken by District's board in processing and advancing the subject permit applications. CWSC, therefore, brings this suit as a co-plaintiff seeking declaratory and injunctive relief, and joins in the petition to preserve the integrity of the permitting process and to protect the availability of groundwater for the communities it is ethically and legally obligated to serve.

16. The District is a conservation and reclamation district created under and subject to the authority, conditions, and restrictions of Article XVI, Section 59 of the Texas Constitution and Chapter 8863 of the Special District Local Laws Code. The District may be served with process by serving its Board President, Terry Morrow, or General Manager, Penny Hanson, at 501 Devereaux St, Jacksonville, Texas 75766, or wherever they may be found.

IV. Jurisdiction, Venue, and Governmental Immunity

17. The Court has subject matter jurisdiction over this proceeding against a political subdivision of the State and its officials. *See* Tex. Water Code § 36.251(a); Tex. Gov't Code § 24.011 and § 551.142. Venue is proper in Anderson County under Texas Water Code § 36.251(c) because Anderson County is a county in which the District, or part of the District, is located. Additionally, venue is proper in Anderson County under Texas Civil Practices & Remedies Code § 15.0151 because this is an action against the District, which is a political subdivision located in Anderson County, which has a population of 100,000 or less, and one or more of the Plaintiffs are located in Anderson County or own or operate wells in Anderson County, and some or all of the harm that they would suffer if the requested relief is not granted would arise in Anderson County. Additionally, venue is proper in Anderson County because the violations of the Texas Open Meetings Act complained of occurred in the District and involve a member appointed to the district

by a governmental entity located in Anderson County. Governmental immunity is waived and consent to suit is provided by Texas Water Code § 36.251. Further, the Open Meetings Act waives governmental immunity for violations of the Act.¹

V. Background Facts

A. The District was created to conserve and protect groundwater within its boundaries.

18. In 2001, the Texas Legislature passed Senate Bill 1821, which authorized the creation of the District as a governmental entity to regulate groundwater to protect it from overuse and wasteful use. This was later approved by the voters in a general election in November 2001. The District includes all of Anderson, Cherokee, and Henderson Counties.

19. According to the District's website, the District's mission is to:

strive for the conservation, preservation, and the prevention of the waste of groundwater reservoirs over which the District has jurisdiction. The District will implement water conservation and management strategies to prevent *the extreme decline of water levels for the benefit of all water users, water rights owners, the economy, or citizens, and the environment* of the territory inside the District.² (emphasis added).

B. The Water Code, the Board's Rules, and the Open Meetings Act govern the Board's performance of its duties in protecting and conserving the State's precious water resources.

20. The Texas Legislature enacted Chapter 36 of the Texas Water Code to guide groundwater conservation districts, like the Board, in performing their responsibilities. For instance, to preserve water resources within the District's boundaries, the District must receive, approve, and issue a permit for a well to be drilled and operated within the District, or for water to be transported outside of the District.³ The District may also impose conditions on permits, and

¹ Tex. Open Meetings Act §551.142; See also *Hays Cnty. v. Hays Cnty. Water Plan. P'ship*, 69 S.W.3d 253, 257 (Tex. App. – Austin 2002, no pet.)

² See <https://ntvgcd.org>.

³ Tex. Water Code §§ 36.113, 36.115, and 36.122.

such conditions may be more restrictive in new permits.⁴ Further, the District, by rule, may regulate the production of groundwater by wells and the spacing of wells “to minimize as far as practicable the drawdown of the water table or the reduction of artesian pressure, to control subsidence, to prevent interference between wells, to prevent degradation of water quality, or to prevent waste.”⁵

21. The public also has a vitally important role in overseeing the District’s actions and ensuring its Board of Directors consider the public’s interest. Both the Water Code and the District’s Rules provide that a party who would be affected by a permit may oppose permit applications and participate in a contested case involving the permit.⁶

C. Statutes dictate the composition of the District’s Board of Directors and the limitations on performance of their duties.

22. The District has a Board of Directors charged with overseeing the District’s efforts in performing its responsibilities. The District’s Board of Directors is comprised of seven directors who are responsible for the management of the District’s affairs.⁷ The Commissioners Courts of Anderson, Cherokee, and Henderson Counties each appoints two members of the District’s Board of Directors, and each member is expressly appointed to represent a particular interest.⁸ The seventh director is appointed by the governing body of the most populous municipality in each county in the district on a rotating basis.⁹ This structure is intended to ensure that a wide swath of local interests are effectively represented in the District and weigh in on the District’s considerations and decisions.

⁴ Tex. Water Code § 36.113.

⁵ Tex. Water Code § 36.116; *see also* District Rules 5, 7, 14(h)(3).

⁶ Tex. Water Code §§ 36.4051–.418; *see also* District Rules and District Rules for Hearing.

⁷ Tex. Special Dis. Loc. Laws Code § 8863.052.

⁸ *Id.* (“one director to represent the rural water and utilities and small municipal water supply interests of the county; and one director to represent the agriculture, industry, or landowner groundwater supply interests of the county.”).

⁹ *Id.*

23. The Texas Legislature placed limitations on who may be appointed as a member of the District's Board of Directors. For instance, a member of the County Commissioners Courts of Anderson, Cherokee, and Henderson Counties is ineligible for appointment or election as a director.¹⁰ Similarly, a member of the District's Board of Directors is "disqualified and vacates the office of director if the director is appointed or elected as a member of the governing body of another political subdivision," such as a councilmember for the City of Palestine.¹¹ Thus, the appointment by any municipality of one of their council members to the District's Board is invalid as a matter of law and any action taken by the member violates the Texas Water Code.

24. The District's Board of Directors' performance of their responsibilities is also highly regulated by the Texas Legislature and the District's rules. For example, a majority vote of a quorum of the District's Board of Directors is required for Board of Director action and a tie vote fails.¹² A quorum is met when a majority of the Board's (eligible) members are present for the Board's meeting.¹³ A concurrence of a majority of the entire membership of the Board of Directors is sufficient for transacting any business of the District.¹⁴

25. Hearings and preliminary hearings on permit applications are to be conducted by a quorum of the Board of Directors or, if appropriate, an appointed hearing examiner or SOAH.¹⁵ The District's Rules likewise provide that if the Board of Directors is to conduct a hearing on a permit or permit amendment application or a preliminary hearing on such applications, it must be conducted by a quorum of the Board.¹⁶ Additionally, the Water Code requires the Board of

¹⁰ Tex. Water Code § 36.051 ("A member of a governing body of another political subdivision is ineligible for appointment or election as a director.").

¹¹ *Id.*

¹² Tex. Special Dist. Loc. Laws Code § 8863.056.

¹³ Tex. Water Code § 36.053.

¹⁴ *Id.*

¹⁵ Tex. Water Code §§ 36.4051–.406.

¹⁶ District Rules 14.3 and 14.4.

Directors' meetings to be conducted in accordance with the Open Meetings Act, which defines "meeting" as a deliberation among a quorum of the Board or a gathering that is conducted by the board, at which a quorum is present.¹⁷ The Open Meetings Act defines "deliberation" as a verbal or written exchange among a quorum of the Board of Directors concerning an issue within its jurisdiction.¹⁸ The Open Meetings Act requires every regular or special called Board meeting to be open.¹⁹ These rules effectively seek to ensure that a consensus of the local community—with all its various interests—consider and act on applications that are brought before the District. The Open Meetings Act seeks to ensure there is no self-dealing or action taken by members who have potential financial interests in the outcome of actions taken by the Board. Further, the Open Meetings Act (See §551.142) provides that an interested person, which Plaintiffs certainly are, may bring an action by mandamus and/or injunction to stop, prevent, or reverse a violation of the Open Meetings Act.

D. The hedge fund manager files applications for drilling permits.

26. Dallas hedge fund manager, Kyle Bass, made his name short selling subprime mortgages ahead of the 2008 financial crisis. Mr. Bass is also the founder of Conservation Equity Management, which is a Texas-based private equity firm that purports to focus on environmental sustainability. Conservation Equity Management, and/or other entities under Mr. Bass's control, are members of or otherwise affiliated with two Texas limited liabilities companies who filed applications for drilling permits in 2024 with the District: (1) Redtown Ranch Holdings LLC ("Redtown Ranch") and Pine Bliss, LLC ("Pine Bliss").

¹⁷ Tex. Water Code § 36.064; Tex. Gov't Code § 551.001.

¹⁸ *Id.*

¹⁹ Tex. Gov't Code § 551.002.

27. Redtown Ranch's application seeks to drill 21 wells in Anderson County in the Carrizo and Wilcox Aquifers that will produce approximately **10,183,500,000** gallons per year (or 33,132.15 acre-feet per year), and Pine Bliss's application seeks to drill 22 wells in Henderson County in the Queen City and Wilcox Aquifers that will produce approximately **5,164,020,000** gallons per year (or approximately 15,840.55 acre-feet per year) (collectively, the "Applications").

28. The Applications collectively seek permits to drill 43 wells that would be capable of producing almost 49,000 acre-feet of groundwater per year. From 2004 until 2019, the average annual groundwater usage within the District was 25,009 acre-feet per year. Redtown Ranch and Pine Bliss seek permission to produce nearly twice that amount and will likely spend tens of millions of dollars drilling and developing wells for that production. Upon information and belief, both Redtown Ranch and Pine Bliss plan to ultimately export and sell the water drained from the aquifers for profit.

29. In the Applications, Redtown Ranch and Pine Bliss identified the "Well Drilling Company" as Andrews & Foster. The President of Andrews & Foster is Donald A. Foster.

E. The District's Board of Directors' actions in response to the Applications for drilling permits.

30. When the Applications were filed with the District in 2024, the following individuals were on the Board of Directors: (1) Donald A. Foster, (2) Sean Conner, (3) Terry Morrow, (4) Sam Hurley, (5) Gary Douglas, (6) Jimmy Terrell, and (7) Cade Wilkerson.

31. At all relevant times, Mr. Foster was on the District's Board of Directors. Mr. Foster's company is also identified in the Applications as the entity that will drill the 43 wells for Redtown Ranch and Pine Bliss. Upon information and belief, Andrews & Foster drilled at least one test well for Redtown Ranch and Pine Bliss and his business relationship with the entities

dated back to at least February 2023. Furthermore, on information and belief, Mr. Foster concealed his relationship with the Applicants from the Board until the summer of 2024.

32. At all relevant times, Mr. Conner also served as a councilmember for the City of Palestine.²⁰

33. Despite Mr. Foster's conflict of interest and Mr. Conner's ineligibility to serve as a member on the District's Board of Directors, they were both intimately involved in proceedings and events directly related to the District's handling of the Applications.

34. For instance, despite Mr. Foster's business relationship with Redtown Ranch and Pine Bliss, Mr. Foster attended closed executive sessions on multiple occasions where the Applications were discussed before he finally abstained from participating and voting on April 17, 2025.²¹ Further, on April 17, 2025, the District Board of Directors held a meeting to vote on whether the Applications were "administratively complete." According to the District's meeting minutes,²² six members of the Board of Directors were present. During the meeting, Mr. Hurley made a motion to accept the Applications as administratively complete and ***Mr. Conner seconded the motion.*** Thereafter, ***the motion passed with four votes*** after both Messrs. Foster and Terrell abstained from voting, but Mr. Conner did not.

35. Because Mr. Conner was ineligible to serve on the District Board of Directors, he could not have seconded Mr. Hurley's initial motion. Accordingly, the District Board of Directors'

²⁰ See <https://www.cityofpalestinex.com/directory.aspx?EID=40> (stating that Mr. Conner was elected to the City Council of Palestine in 2022).

²¹ See, e.g., minutes from the meetings of the District's Board of Directors from May 30, 2024, November 21, 2024, January 23, 2025, February 20, 2025, and March 20, 2025. As a matter of fundamental fairness and because his company had financially benefitted from prior work for Redtown Ranch and Pine Bliss and stood to further benefit from approval of the Applications, Mr. Foster should have recused himself from any discussions, whether in open session or closed session.

²² A true, correct, and authentic copy of the Minutes of Board Directors Meeting—April 17, 2025—is attached as Exhibit A.

vote on the Applications is invalid; thus, neither of the Applications can be considered “administratively complete.”

36. After the April 17, 2025 meeting, the District continued to process both Applications even though the April 17, 2025 vote was invalid because of Mr. Conner’s involvement in the proceedings. For instance, on May 15, 2025, Board of Director President, Terry Morrow, issued an Order on Application to Drill Water Wells for both Redtown Ranch²³ and Pine Bliss²⁴ (collectively, “Orders”). In the Orders, the District Board of Directors declared, among other things, that (1) the form of notice of both Applications to be approved, (2) instructed how notice should be provided to the public, (3) set a quick deadline for affected persons to file oppositions to the Applications, and (4) instructed Defendant Penny Hanson to prepare a draft of the permits to be issued to both Redtown Ranch and Pine Bliss.

37. In response to the Orders, which should never have been issued, thousands of written oppositions were filed contesting the applications.

38. Conveniently, just a few days before the June 19, 2025 public hearing, Mr. Foster resigned from the Board of Directors.²⁵ One reason Mr. Foster stated for his resignation was his clear intention to continue his involvement in the project for which the Applications concern. Thus, it is not disputed that Mr. Foster had a material financial interest in the project for some period of time. It also appears from his resignation letter that but for the public outcry, he would not have resigned, despite his obvious conflict.

²³ A true, correct, and authentic copy of the Order on Applications to Drill Water Wells (Redtown Ranch Holdings LLC) is attached as Exhibit B.

²⁴ A true, correct, and authentic copy of the Order on Applications to Drill Water Wells (Pine Bliss, LLC) is attached as Exhibit C.

²⁵ Currently, it is unclear as to the depths of Mr. Foster’s involvement with the Applications as a District Board of Director and whether he violated Chapters 171 and/or 176 of the Texas Local Government Code, which prohibit officials of local governmental entities from participating in discussions or votes relating to matters in which they have a financial interest.

39. On June 19, 2025, the District's Board of Directors held a public meeting to discuss the Applications at the Jacksonville City Hall, which drew a standing room only crowd of state and local public officials, business operators, and individuals who voiced unanimous opposition to both Applications. During the public meeting, the District Board of Directors considered and approved Redtown Ranch's and Pine Bliss's request that the Applications and oppositions be transferred to SOAH for a determination after the expiration of 90 days.²⁶

40. That a member of the Board actively participated for many months when he had a clear conflict of interest and another member also actively participated when he was ineligible irreparably taints the entire permitting process and flies in the face of the spirit and intent of both the Texas Water Code and the Open Meetings Act, particularly in a matter of such importance to all the residents and businesses in the region.

VI. Causes of Action

Declaratory Judgment

41. Plaintiffs incorporate by reference the allegations contained in the paragraphs above as if fully stated herein.

42. A justiciable controversy exists between the parties regarding the validity of the actions taken by the District's Board of Directors during the April 17, 2025 meeting, as well as the validity of the Orders and decisions made by the District's Board of Directors thereafter, including the unanimous vote during the June 19, 2025 public hearing to send the Applications and thousands of oppositions to SOAH.

²⁶ The Board also had a hearing scheduled on the Applications on June 19, 2025, to immediately follow the public meeting. The action taken in the public meeting to refer the Applications to SOAH made it unnecessary for the Board to conduct a hearing on the Applications. See excerpts from the transcript of this meeting attached as Exhibit D.

43. The controversy will be resolved by a declaration from the Court that due to Mr. Conner's ineligibility to participate in the April 17, 2025 Board of Directors meeting, Mr. Conner's seconding of Mr. Hurley's motion to accept the Applications as "administratively complete," which resulted in the motion passing with four votes (including Mr. Conner's vote), is invalid.

44. Plaintiffs, therefore, seek a judicial declaration that the District Board of Director's vote to accept both Applications as administratively complete is invalid.

45. Plaintiffs also seek a judicial declaration that the Orders are invalid, and that the Board of Directors vote during the June 19, 2025 public hearing is invalid.

VII. Application for Temporary and Permanent Injunctive Relief

46. Plaintiffs incorporate by reference the allegations contained in the paragraphs above as if fully stated herein.

47. Pursuant to Chapter 65 of the Civil Practice and Remedies Code and Tex. Gov't Code § 551.142, and based on the facts set forth in this petition, Plaintiffs apply for temporary injunctive relief as follows:

(a) after notice and a hearing, a temporary injunction restraining and enjoining the District from issuing permits on the Applications until such time as the court may determine, through trial or dispositive motion, the validity of the District's acceptance of the Applications as administratively complete;

(b) after notice and a hearing, a temporary injunction restraining and enjoining SOAH and/or any administrative law judge from conducting any hearing or taking any actions on the matter of the Applications until such time as the Court may determine, through trial or dispositive motion, the

validity of the District's acceptance of both Applications as administratively complete; and

(c) after notice and a hearing, a temporary injunction restraining and enjoining the District from taking any action based on any previous action taken by the Board in which Mr. Conner and/or Mr. Foster participated regarding the Applications.

48. Plaintiffs will likely succeed on the merits of their claims after a full trial or hearing because of at least the ineligibility and conflicts of interests of certain members of the District's Board of Directors. Plaintiff face probable, imminent, and irreparable harm in the interim if SOAH and/or the District is allowed to proceed with a contested case hearing, or taking any action including awarding drilling permits because the permits will likely have a material and substantially adverse impact on Plaintiffs' access to groundwater, and any action by the Board prior to the inception of this suit was invalid.

49. This Court has original jurisdiction to answer the questions relating to procedural issues and processes of governmental entities raised by this suit, and enjoin the District from taking further action on the Applications, which were advanced by improper actions of a local government entity. Plaintiffs are thus entitled to relief enjoining the District from issuing permits or from SOAH conducting hearings until such proceedings are concluded.

50. Although the nature of the injunctive relief requested does not necessitate the posting of a bond, Plaintiffs are willing to post a reasonable bond upon the Court's granting of a temporary injunction.

51. Plaintiffs request that upon a final trial on the merits, the requested temporary injunction be made permanent.

VIII. Writ of Mandamus

52. Plaintiffs incorporate by reference the allegations contained in the paragraphs above as if fully stated herein.

53. The Water Code is clear that groundwater conservation district board meetings are to be conducted in accordance with the Open Meetings Act. Tex. Water Code § 36.064(b). Section 24.011 of the Government Code expressly vests a district court with the authority to conduct a mandamus proceeding against a public official. Tex. Gov't Code § 24.011 ("A judge of the district court may, either in term time or vacation, grant writs of mandamus, injunction, sequestration, attachment, garnishment, certiorari, and supersedeas and all other writs necessary to the enforcement of the court's jurisdiction.").

54. An interested person, including a member of the news media, may bring an action by mandamus or injunction to stop, prevent, or reverse a violation or threatened violation of members of a governmental body. Tex. Gov't Code § 551.142. All Plaintiffs are certainly interested persons (as that term is contemplated by the Act). It is undisputed that both the appointing entity and the District's Board are governmental entities subject to both the Water Code and Government Code. Here, Plaintiffs seeks mandamus relief requesting that the Court order the District to remove Mr. Conner as a member of the Board because he is ineligible, and that the Court order the District to unwind all actions taken relating to the Applications since the April 17, 2025 meeting in which the Board purported to accept the Applications as administratively complete despite the fact that the motion to accept was invalidly seconded and therefore invalidly before the Board for a vote. Mandamus is appropriate here because under the Texas Open Meetings Act, this Court can require the District to start its permitting process over once the makeup of the Board consists of only eligible Board members.

IX. Conditions Precedent

55. Plaintiffs plead that all conditions precedent to recovery have been performed, have occurred, or have been excused/waived.

X. 193.7 NOTICE

56. Each Defendant is hereby notified that pursuant to Tex. R. Civ. P. 193.7, Plaintiff may utilize all documents exchanged by the parties in written discovery as evidence during the trial of this lawsuit and will deem all such documents produced as self-authenticating.

XI. PRESERVATION OF EVIDENCE

57. Plaintiffs hereby request and demand that Defendant preserve and maintain all evidence pertaining to any claim or defense related to this incident made the basis of this lawsuit and the damages resulting therefrom, including, but not limited to, meeting minutes, photographs; videos; audio tapes or recordings; other recordings; business records; bills; estimates; invoices; checks; correspondence; memoranda; files; facsimiles; email; voice mail; text messages; investigation; cellular telephone records; calendar entries; and any electronic image, data, or information related to Decedent or Plaintiffs, the referenced incident, or any damages resulting therefrom. Failure to maintain such items will constitute spoliation of the evidence.

XII. Prayer

WHEREFORE, Plaintiffs respectfully pray as follows:

- (a) that Defendant be cited to appear;
- (b) upon final hearing, the Court declare the District Board of Directors' April 17, 2025 vote to accept the Applications as "administratively complete" as invalid;
- (c) upon final hearing, the Court declare that the Orders be judicially declared as invalid;

- (d) upon final hearing, the Court declare that the District Board of Directors' June 19, 2025 vote to send both Applications and the oppositions to SOAH after 90 days as invalid;
- (e) upon final hearing, the Court issue a mandamus requiring the District remove the ineligible board member and appoint a new board member in compliance with the Water Code;
- (f) upon notice and a hearing, the Court issue a temporary injunction restraining and enjoining the District from issuing drilling permits based on the pending Applications unless and until both Applications are properly accepted as administratively complete by the District;
- (g) upon notice and a hearing, the Court issue a temporary injunction restraining and enjoining SOAH or any other body from conducting contested hearings on this matter unless and until both Applications are properly accepted as administratively complete by the District; and
- (h) for such other and further relief, at law or in equity, to which Plaintiffs may be shown to be justly entitled.

Respectfully submitted,

**PAKIS, GIOTES, BURLESON &
DEACONSON, P.C.**

400 Austin Avenue, Suite 400
Post Office Box 58
Waco, Texas 76703-0058
(254) 297-7300
(254) 297-7301 *Facsimile*

By: /s/ David N. Deaconson

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ATTORNEYS FOR GROWERS

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E. Spencer Nealy
State Bar No. 24116818
snealy@dtgrglaw.com

**ATTORNEYS FOR PLAINTIFF
CONSOLIDATED WATER SUPPLY
CORPORATION**

Exhibit A



**NECHES & TRINITY VALLEYS
GROUNDWATER CONSERVATION DISTRICT**

Protecting Anderson, Cherokee, and Henderson Counties

Phone: (903) 541-4845

Fax: (903) 541-4869

Email: office@ntvgcd.org

www.ntvgcd.org

P.O. Box 1387

501 Devereux, Ste 201

Jacksonville, Texas 75766

Terry Morrow, President

Sam Hurley, Vice President

Donald Foster, Treasurer

Gary Douglas, Secretary

Jimmy Terrell, Director

Sean Conner, Director

Cade Wilkerson, Director

MINUTES OF BOARD OF DIRECTORS MEETING – April 17, 2025

DIRECTORS PRESENT

Terry Morrow, President; Sam Hurley, Vice President; Gary Douglas, Secretary; Donald Foster, Treasurer; Jimmy Terrell, Director; Sean Conner, Director

ALSO PRESENT

Penny Hanson, General Manager; John Stover, Attorney; Holli Baze, Attorney; Quinn McColly, Conservation Equity Management; Mike Keester, KT Groundwater; Ed McCarthy, Attorney

CALL TO ORDER

Terry Morrow, President, opened the Board meeting at 11:30 am.

1. DECLARATION OF A QUORUM AND INVOCATION

A quorum was declared by Sam Hurley. Invocation was given by Donald Foster.

2. PUBLIC FORUM FOR ITEMS NOT ON THE AGENDA

No items were discussed.

3. PUBLIC FORM FOR ITEMS ON THE AGENDA

John Stover, Attorney, spoke to the Board about Item 8.

Item 8 was moved up on the agenda.

8. RECEIVE AND POSSIBLY TAKE ACTION ON APPLICATIONS FOR WELL PERMITS FROM PINE BLISS LLC AND REDTOWN RANCH HOLDINGS LLC.

A motion was made to accept the Pine Bliss LLC and Redtown Ranch Holdings LLC applications as administratively complete by Sam Hurley, 2nd by Sean Conner, passed with 4 votes, Donald Foster abstained from voting due to conflict of interest and Jimmy Terrell abstained from voting.

4. RECEIVE FINANCIAL STATEMENTS AND REPORTS FROM RANDY GORHAM, CPA

Financial statements and reports were presented by Penny Hanson, GM.

5. RECEIVE 4TH QUARTER INVESTMENT REPORTS

The 4th quarter Investment reports were presented by Penny Hanson, GM.

6. CONSENT ITEMS: DISCUSS AND APPROVE MINUTES FOR THE MARCH 20, 2025 MEETING AND PAYMENT OF BILLS FOR MAY 1, 2025 THROUGH MAY 31, 2025.

A motion was made to approve the minutes for the March 20, 2025 meeting and the payment of bills for May 1, 2025 through May 31, 2025 by Sean Conner, 2nd by Donald Foster, passed unanimously.

7. HEAR AND DISCUSS REPORTS FROM STAFF

- a. Well permits received, issued and completed
- b. Production reports and fees
- c. Monitor well reports, including TWDB Static Water Well report
- d. General manager's report

9. ADJOURN

A motion was made to adjourn the meeting at 11:55 am by Sean Conner, 2nd by Sam Hurley, passed unanimously.

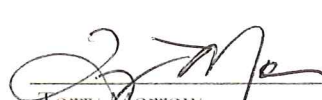
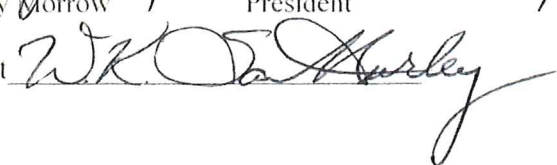
 _____ 5/15/25 _____
Terry Morrow President DATE
Attest  _____

Exhibit B

**NECHES AND TRINITY VALLEYS
GROUNDWATER CONSERVATION DISTRICT**

**ORDER ON APPLICATIONS TO DRILL WATER WELLS
(Redtown Ranch Holdings LLC)**

On April 17, 2025, the Applications to Drill Water wells filed by Redtown Ranch Holdings LLC ("Applications") were determined to be administratively complete by the Board of Directors (the "Board") of the Neches and Trinity Valleys Groundwater District (the "District"). The Board now considers the notice of the Applications to be given, the time and date to receive request for contested case hearing, the methods for giving notice, and other matters relating to the Applications.

1. Form of Notice. The form of Notice (the "Notice") attached to this Order is approved and incorporated in full into it.
2. Notice of Applications shall be given by: (1) posting a copy at the Courthouse in Palestine, Anderson County, Texas; (2) at the offices of the District; (3) by mail to the persons shown on the attached Mailing List; and (4) by publication.

(a). Applicant shall send a copy of the Notice by postage paid, First Class U.S. Mail, to the persons shown on the attached Mailing List. The notices should be deposited in the mail on or before June 9, 2025.

Upon doing so, Applicant shall file a verification with the District, on a form to be provided by the District, certifying the mailing of the notices.

(b). The Notice shall be published once in the Palestine Herald at least 14 days prior to June 19, 2025.

(c). The Notice shall be posted at the Courthouse in Palestine, Anderson County, Texas at the place provided for posting notices.

3. Any affected person may file a request with the District for the purpose of contesting the granting of one or more of the Applications. The request must comply with the requirements of District Rules for Hearing, Section 12.
4. The District General Manager shall prepare a draft of the permits to be issued. A time and date for the District to receive requests for contested case hearing shall be determined by the General Manager in accordance with the District Rules and Texas Water Code §36.101.
5. Copies of the Applications and this Order shall be posted on the District's website, ntvgcd.org.



President

5/15/25

Date

**Notice of Application
For
Groundwater Well Permit**

This notice is being sent to you because the District Rule 5.6 requires that anyone that owns land or has a water well registered with the District within $\frac{1}{4}$ mile of a new application for a non-exempt well must be sent notice.

A non-exempt water well is a well that is capable of producing more than 36,000 gallons a day or 25 gallons a minute. Any well below this capacity would be an exempt well for domestic or home use.

The 21 wells being applied for are located in Anderson County, Texas at the coordinates listed below.

The stated use will be for all beneficial purposes as those terms are defined in Section 36.001(9), Texas Water Code, and District Rule 1(c), as the same may be amended from time to time.

The proposed wells are intended to produce at a maximum rate of gallons per minute listed below.

The total annual permitted amount being requested for each well is listed below.

Well ID	Latitude	Longitude	GPM	gal./yr.	AF/yr.
Carrizo Sand					
L2-1	31° 31' 10.054" N	95° 41' 30.815" W	750	394,200,000	1,209.20
CZ-2	31° 32' 51.705" N	95° 42' 49.965" W	650	341,640,000	1,047.98
CZ-3	31° 31' 3.339" N	95° 43' 15.243" W	950	499,320,000	1,531.66
CZ-4	31° 32' 42.580" N	95° 43' 48.169" W	600	315,360,000	967.36
SE-5	31° 31' 26.771" N	95° 44' 2.731" W	750	394,200,000	1,209.20
Subtotal			3,700	1,944,720,000	5,965.40
Upper Wilcox					
UWLX-1	31° 31' 11.226" N	95° 41' 30.537" W	1,400	735,840,000	2,257.18
UWLX-2	31° 32' 53.159" N	95° 42' 48.626" W	1,400	735,840,000	2,257.18
UWLX-3	31° 31' 1.610" N	95° 43' 14.956" W	1,000	525,600,000	1,612.27
UWLX-4	31° 32' 43.746" N	95° 43' 46.215" W	1,200	630,720,000	1,934.72
UWLX-5	31° 31' 25.086" N	95° 44' 1.795" W	1,000	525,600,000	1,612.27
UWLX-10	31° 31' 49.224" N	95° 42' 0.511" W	1,300	683,280,000	2,095.95
UWLX-11	31° 31' 54.091" N	95° 43' 13.573" W	1,200	630,720,000	1,934.72
UWLX-12	31° 32' 0.146" N	95° 44' 51.493" W	1,300	683,280,000	2,095.95
Subtotal			9,800	5,150,880,000	15,800.25
Middle Wilcox					
MWLX-1	31° 31' 10.325" N	95° 41' 29.366" W	900	394,200,000	1,451.04
MWLX-2	31° 32' 51.460" N	95° 42' 47.676" W	900	394,200,000	1,451.04
MWLX-3	31° 31' 2.255" N	95° 43' 17.013" W	800	350,400,000	1,289.82
MWLX-4	31° 32' 44.426" N	95° 43' 48.077" W	900	394,200,000	1,451.04
MWLX-5	31° 31' 25.248" N	95° 44' 3.815" W	900	394,200,000	1,451.04
MWLX-10	31° 31' 49.429" N	95° 41' 58.141" W	900	394,200,000	1,451.04
MWLX-11	31° 31' 55.164" N	95° 43' 15.223" W	800	350,400,000	1,289.82
MWLX-12	31° 32' 1.763" N	95° 44' 50.611" W	950	416,100,000	1,531.66
Subtotal			7,050	3,087,900,000	11,366.50
TOTAL			20,550	10,183,500,000	33,132.15

Any affected party that wishes to contest this application will need to provide a written notice/email to the District with justification no later than **June 19, 2025 at 11:00 a.m.**

Notice can be emailed to: Manager@ntvgcd.org

Or mailed to: Neches & Trinity Valleys GCD
PO Box 1387
Jacksonville, TX 75766

A hearing will be scheduled upon receipt of written notice to the District and all parties will be notified of the hearing date and time.

The District has approved the driller and method and is content that the wells will not have any impact on the surrounding wells or aquifers and pose no possibility of contamination. All wells completed within the District will follow 16 TAC 76.100 and 76.104 standards of completion and District guidelines and meet District spacing requirements.

If no one contests the application the hearing will be canceled. The District's Rules are on our website at www.ntvgcd.org For further information you may contact the District at P.O. Box 1387, Jacksonville, TX 75766; or phone (903) 541-4845 and fax (903) 541-4869.

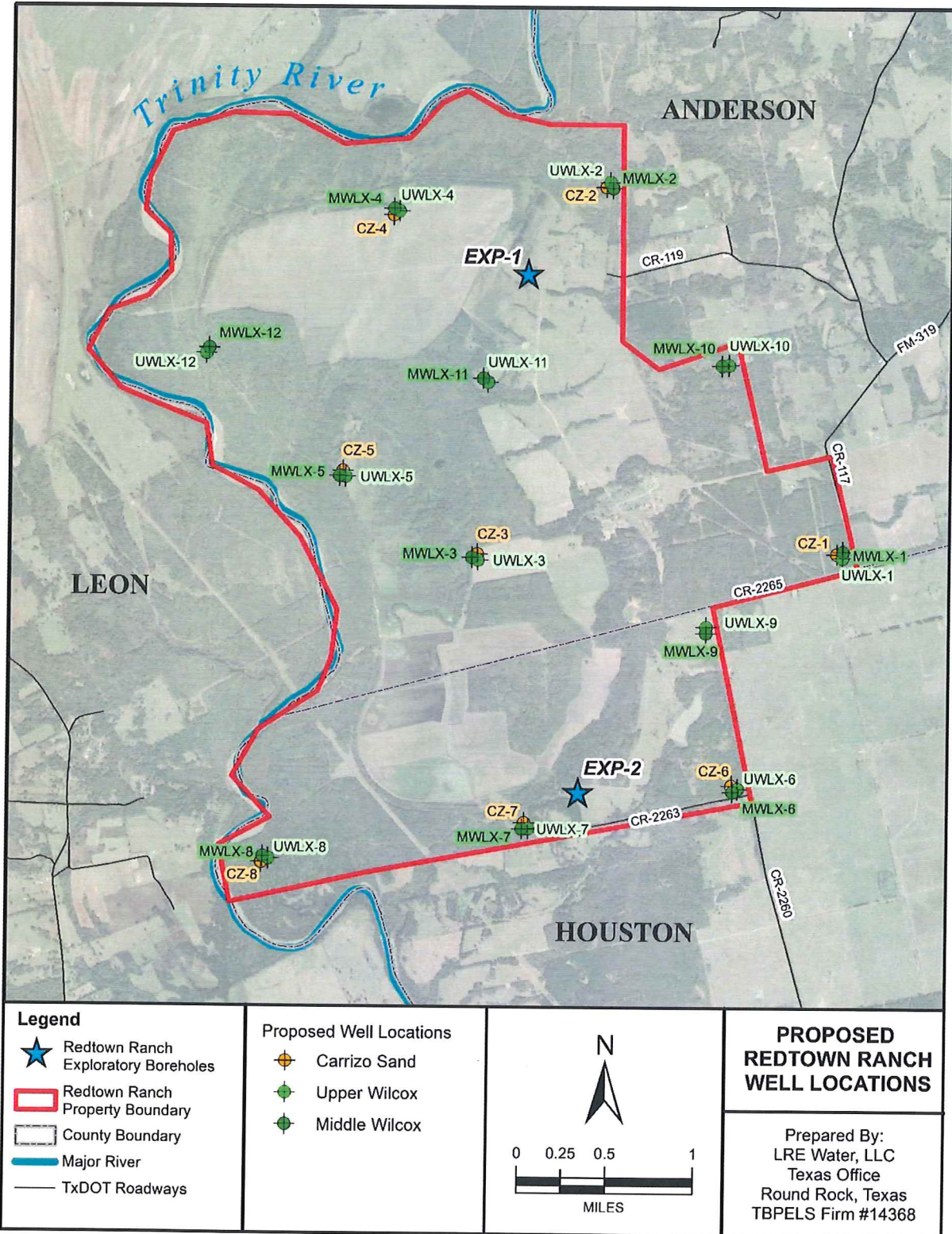


Exhibit C

**NECHES AND TRINITY VALLEYS
GROUNDWATER CONSERVATION DISTRICT**

**ORDER ON APPLICATIONS TO DRILL WATER WELLS
(Pine Bliss, LLC)**

On April 17, 2025, the Applications to Drill Water wells filed by Pine Bliss, LLC ("Applications") were determined to be administratively complete by the Board of Directors (the "Board") of the Neches and Trinity Valleys Groundwater District (the "District"). The Board now considers the notice of the Applications to be given, the time and date to receive request for contested case hearing, the methods for giving notice, and other matters relating to the Applications.

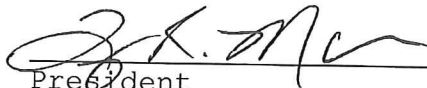
1. Form of Notice. The form of Notice (the "Notice") attached to this Order is approved and incorporated in full into it.
2. Notice of Applications shall be given by: (1) posting a copy at the Courthouse in Athens, Henderson County, Texas; (2) at the offices of the District; (3) by mail to the persons shown on the attached Mailing List; and (4) by publication.
 - (a). Applicant shall send a copy of the Notice by postage paid, First Class U.S. Mail, to the persons shown on the attached Mailing List. The notices should be deposited in the mail on or before June 9, 2025.

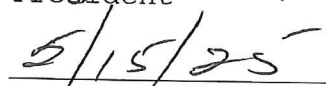
Upon doing so, Applicant shall file a verification with the District, on a form to be provided by the District, certifying the mailing of the notices.

(b). The Notice shall be published once in the Athens Daily News at least 14 days prior to June 9, 2025.

(c). The Notice shall be posted at the Courthouse in Athens, Henderson County, Texas at the place provided for posting notices.

3. Any affected person may file a request with the District for the purpose of contesting the granting of one or more of the Applications. The request must comply with the requirements of District Rules for Hearing, Section 12.
4. The District General Manager shall prepare a draft of the permits to be issued. A time and date for the District to receive requests for contested case hearing shall be determined by the General Manager in accordance with the District Rules and Texas Water Code §36.101.
5. Copies of the Applications and this Order shall be posted on the District's website, ntvgcd.org.



President


Date

**Notice of Application
For
Groundwater Well Permit**

This notice is being sent to you because the District Rule 5.6 requires that anyone that owns land or has a water well registered with the District within $\frac{1}{4}$ mile of a new application for a non-exempt well must be sent notice.

A non-exempt water well is a well that is capable of producing more than 36,000 gallons a day or 25 gallons a minute. Any well below this capacity would be an exempt well for domestic or home use.

The 22 wells being applied for are located in Henderson County, Texas at the coordinates listed below.

The stated use will be for all beneficial purposes as those terms are defined in Section 36.001(9), Texas Water Code, and District Rule 1(c), as the same may be amended from time to time.

The proposed wells are intended to produce at a maximum rate of gallons per minute listed below.

The total annual permitted amount being requested for each well is listed below.

Well ID		Latitude	Longitude	GPM	gal./yr.	AF/yr.
Queen City						
QC-1	32°	8' 41.673" N	95° 33' 3.523" W	225	118,260,000	362.76
QC-2	32°	7' 46.717" N	95° 31' 17.220" W	225	118,260,000	362.76
QC-3	32°	8' 43.245" N	95° 31' 38.167" W	300	157,680,000	483.68
QC-4	32°	9' 39.017" N	95° 31' 50.855" W	425	223,380,000	685.21
QC-5	32°	10' 5.4.98" N	95° 31' 51.588" W	500	262,800,000	806.13
QC-6	32°	10' 20.949" N	95° 3r 22.682" W	625	328,500,000	1,007.67
QC-7	32°	8' 20.361" N	95° 32' 46.421" W	200	105,120,000	322.45
QC-8	32°	8' 42.588" N	95° 34' 0.365" W	200	105,120,000	322.45
QC-9	32°	8' 45.307" N	95° 32' 25.315" W	225	118,260,000	362.76
QC-10	32°	9' 12.618" N	95° 31' 50.111" W	325	170,820,000	523.99
QC-11	32°	7' 59.058" N	95° 32' 4.010" W	225	118,260,000	362.76
Subtotal				3,475	1,826,460,000	5,602.64
Wilcox						
WLX-1	32°	8' 40.989" N	95° 33' 2.165" W	500	262,800,000	806.13
WLX-2	32°	7' 47.961" N	95° 31' 17.125" W	475	249,660,000	765.83
WLX-3	32°	8' 41.972" N	95° 3r 37.305" W	650	341,640,000	1,047.98
WLX-4	32°	9' 35.152" N	95° 31' 50.577" W	650	341,640,000	1,047.98
WLX-5	32°	10' 4.123" N	95° 31' 51.494" W	700	367,920,000	1,128.59
WLX-6	32°	10' 19.624" N	95° 3r 21.927" W	900	473,040,000	1,451.04
WLX-7	32°	8' 20.254" N	95° 32' 44.60r W	450	236,520,000	725.52
WLX-8	32°	8' 42.311" N	95° 34' 2.862" W	600	315,360,000	967.36
WLX-11	32°	7' 57.618" N	95° 32' 4.569" W	450	236,520,000	725.52
WLX-12	32°	8' 7.471" N	95° 33' 26.189" W	475	249,660,000	765.83
WLX-13	32°	7' 38.732" N	95° 32' 49.050" W	500	262,800,000	806.13
Subtotal				6,350	3,337,560,000	10,237.91
Total				9,825	5,164,020,000	15,840.55

Any affected party that wishes to contest this application will need to provide a written notice/email to the District with justification no later than **June 19, 2025 at 11:00 a.m.**

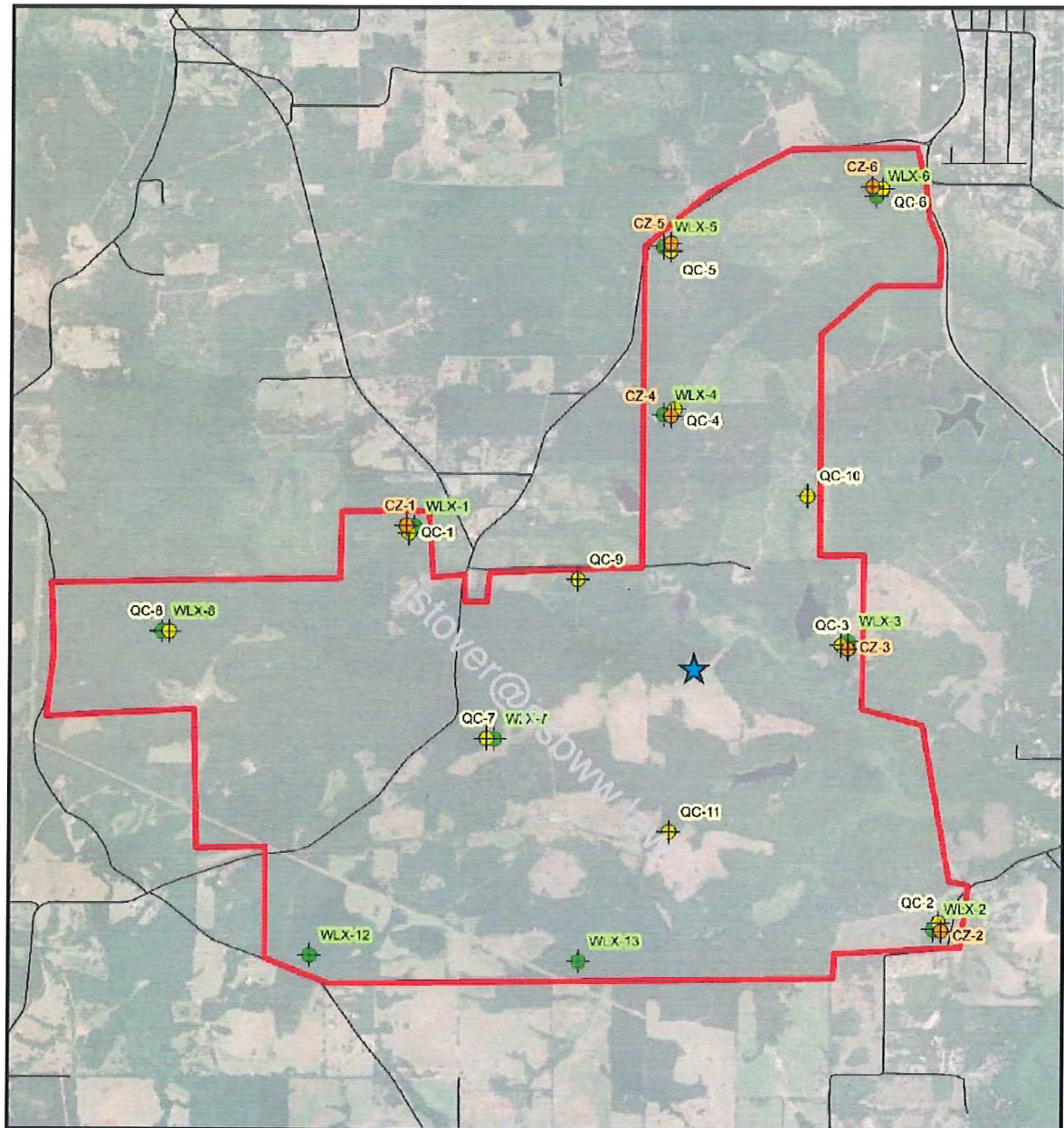
Notice can be emailed to: Manager@ntvgcd.org

Or mailed to: Neches & Trinity Valleys GCD
PO Box 1387
Jacksonville, TX 75766

A hearing will be scheduled upon receipt of written notice to the District and all parties will be notified of the hearing date and time.

The District has approved the driller and method and is content that the wells pose no possibility of contamination. All wells completed within the District will follow 16 TAC 76.100 and 76.104 standards of completion and District guidelines and meet District spacing requirements.

If no one contests the application the hearing will be canceled. The District's Rules are on our website at www.ntvgcd.org For further information you may contact the District at P.O. Box 1387, Jacksonville, TX 75766; or phone (903) 541-4845 and fax (903) 541-4869.



Legend



Bluebonnet Test Well



Bluebonnet Property Boundary



TxDOT Roadways

Proposed Well Locations



Queen City Sand



Carrizo/Reklaw Formation



Wilcox Group

N



0 0.25 0.5
MILES

PROPOSED WELLFIELD

Prepared By:
LRE Water, LLC
Texas Office
Round Rock, Texas
TBPELS Firm #14368

Exhibit D

1 Business Meeting & Preliminary Hearing of the Board of
2 Directors of the Neches and Trinity Valleys
3 Groundwater Conservation District
4
5
6
7

8 Moderated by Terry Morrow, Board President

9 Thursday, June 19, 2025

10 1:03 p.m.
11
12

13 Jacksonville City Hall Council Room

14 315 Ragsdale Street

15 Jacksonville, TX 75766
16
17
18
19
20

21 Reported by: Paul Krueger

22 JOB NO: 7425562
23
24
25

1 A P P E A R A N C E S 2 List of Attendees: 3 Terry Morrow, President 4 Sam Harley, Vice President 5 Edmund McCarthy, Jr., Esquire 6 Kyle Bass 7 John Stover, Esquire 8 Jennifer Murphy-Vick 9 Cody Harris 10 Trent Ashby 11 Kelly Trailer 12 Greg Chapin 13 Carey McKinney 14 Christy Hoisington 15 Stacey Reese, Esquire 16 Clayton Bailey, Esquire 17 Melissa Metter 18 Susybelle Gosslee 19 Dan Bochsler 20 Windy Whitehead 21 Johnnie Parker 22 Tony McCarty 23 Spencer Neely, Esquire 24 Mark Calicutt 25 Amber Stelly Page 2	1 A P P E A R A N C E S (Cont'd) 2 Sylvia Guzman 3 Kelli Cone 4 Charles Flanders 5 Thomas Michael Loveday II 6 Walter Faught 7 Haylie Agapetos 8 Marvin Ramsey 9 Nikki Barnett 10 Rachel Mozingo 11 Moody Heard 12 Matt Moore 13 Willard Copeland 14 James Rayborn 15 Chris Hewitt 16 Sara Hewitt 17 Darryl Waldock 18 Gerrado Guillenn 19 Katie Frazier 20 Sheree Schmidt 21 Frank Mages 22 Julie Haldeman 23 Delaina Sims 24 Cy Ditzler 25 Grant Goodwin, Esquire Page 4
1 A P P E A R A N C E S (Cont'd) 2 Ernie Burns 3 Janice Dawson 4 John Dailey 5 Ben Middlebrooks 6 Gene Stokes 7 Donnette Bonner 8 Adam Friedman, Esquire 9 Tommy Tew 10 Carol Caldwell 11 Donna Watson 12 Lonnie Hunt 13 Danny Crosby 14 Mackenzie Brown 15 Paul Simpson, Esquire 16 Kathleen Wall 17 Cody Jones 18 Kim Spellman 19 Dan Bacon 20 Troy Jones 21 Richard Sanders 22 Vicki Tynedale 23 Thad Smith 24 Leslie Morrison Murphy 25 Elizabeth Olson Page 3	1 A P P E A R A N C E S (Cont'd) 2 Chase Palmer, Esquire 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 5

1	E X H I B I T S		1	I will remind the audience that this is
2 NO.	DESCRIPTION	ID/EVD	2	a formal meeting. Please be respectful of others.
3	(None marked.)		3	Also, there are some hearing-impaired people present,
4			4	so please keep the background noise down.
5			5	Mr. Vice President, do we have a
6			6	quorum?
7			7	MR. HARLEY: We do.
8			8	MR. MORROW: Will you give us a prayer,
9			9	please?
10			10	MR. HARLEY: I will.
11			11	Please pause for an invocation.
12			12	Dearest Heavenly Father, we're thankful
13			13	for this day and for all the things that you have
14			14	given us. We ask that you might be with this board.
15			15	Give us the wisdom, the knowledge to make the proper
16			16	decisions.
17			17	We ask that you might be with those
18			18	that have come to attend this meeting and participate,
19			19	that they might learn and have input. We ask that at
20			20	the conclusion of this meeting, that you will allow
21			21	all of us to return safely to our homes. In Christ's
22			22	name, we ask this prayer. Amen.
23			23	MULTIPLE SPEAKERS: Amen.
24			24	MR. MORROW: On our agenda, public
25			25	forum for all items not on the agenda, which would be
Page 6			Page 8	
1	P R O C E E D I N G S		1	something that doesn't have anything to do with our
2	MR. MORROW: The June 19th meeting of		2	main reason for meeting here today. If someone has
3	the 2025 of the Neches and Trinity Valleys		3	something, please stand up now.
4	Conservation District serving Anderson, Cherokee, and		4	Okay. We will -- item number 3, public
5	Henderson County.		5	forum for items on the agenda, we will move further
6	UNIDENTIFIED SPEAKER: Not working.		6	down the list. Number 4 was swear in a new director.
7	You already have a mic, Terry?		7	He has already been sworn in. It's Randall Chandler
8	MR. MORROW: I have a mic.		8	to the far left here.
9	UNIDENTIFIED SPEAKER: Can't hear you.		9	Number 5, consent items. We need to
10	MR. MORROW: Well, I -- turn it on.		10	discuss and approve the minutes for the May 15, 2025,
11	Audio people, is it on now?		11	meeting and approve payment of the bills for July 1st
12	UNIDENTIFIED SPEAKER: We're having		12	through July 31, 2025.
13	technical difficulties.		13	Directors, have you had a chance to
14	MR. MORROW: Okay. Can it test? Is it		14	look at the minutes?
15	working?		15	UNIDENTIFIED SPEAKER: Yes.
16	UNIDENTIFIED SPEAKER: Try speaking.		16	MR. MORROW: Do I have a motion to
17	MR. MORROW: Test, test. I'm getting		17	approve and to pay the bills?
18	an echo now. Okay. Are we good? Somebody at the		18	MR. HARLEY: So moved.
19	back say yeah.		19	MR. MORROW: Okay. Do I have a second?
20	UNIDENTIFIED SPEAKER: Yes.		20	UNIDENTIFIED SPEAKER: Sir.
21	MR. MORROW: Okay. I'll start over.		21	MR. MORROW: Okay. Any other
22	The June 19, 2025, meeting of the		22	discussion? All in favor say aye.
23	Neches and Trinity Valleys Conservation District		23	MULTIPLE SPEAKERS: Aye.
24	Conservation District serving Anderson, Cherokee, and		24	MR. MORROW: Okay. Motion carries.
25	Henderson counties is called to order at 1:03 p.m.		25	Number 3 is public forum for items on
Page 7			Page 9	

1 the agenda. To begin with, I will ask the applicants 2 if they have a statement to make. 3 MR. MCCARTHY: Good afternoon, Mr. 4 Morrow. 5 Can everybody hear me? 6 MULTIPLE SPEAKERS: Yes. 7 MR. MCCARTHY: Thank you. 8 Mr. President, members of the board, my 9 name is Ed McCarthy. I am counsel for the two 10 applicants, Pine Bliss and Red Town Ranch, this 11 afternoon. Looking forward to hearing the public 12 comment. 13 If you don't mind, I would like to turn 14 around and address the audience here. I apologize for 15 turning my back to you. 16 MR. MORROW: Sure. Not a problem. 17 MR. MCCARTHY: Good afternoon, 18 everybody. I want to thank you all for being here. 19 Representative Harris, pleased you 20 could join us. 21 Representative, good to see you. 22 We are here today to provide you some 23 background information on the applications that Red 24 Town Ranch and Pine Bliss have filed with this 25 district. I want to be clear that the applications Page 10	1 have the benefit of them going forward. And we 2 understand your concerns, but it's important that you 3 do speak loudly, and again, state your name. 4 I'm going to stop now. I want to 5 introduce Mr. Kyle Bass, who is the principal involved 6 in these two projects. Let him tell you a little bit 7 about himself, his background, and his interest in 8 these projects. 9 Kyle, if you go ahead and come up. 10 Mr. President, I'll let Mr. Bass 11 introduce himself to you first. 12 MR. BASS: Thank you, Ed. 13 And thank you for being here today, and 14 I appreciate the board's approval for me to speak to 15 the crowd. I'd also love to turn around and face the 16 audience. 17 MR. MORROW: Sure. 18 MR. BASS: Mr. President, Mr. Vice 19 President. 20 I want to give you guys a little bit of 21 background on where I -- where I come from and what 22 we're trying to achieve here and how I think about 23 things and whether that will mean anything to you at 24 the end, I hope it does. 25 First of all, I don't have a TikTok, Page 12
1 are for exploratory permits only. 2 They are to receive authorization from 3 the district as required by Texas law to drill wells 4 so that they can conduct aquifer tests to generate 5 more science, more data, and prove up the science they 6 have already generated that the aquifer here is 7 capable of supporting an application for production. 8 And at that point in time, they will 9 make a determine about how much production they will 10 be seeking, how many wells they will actually seek to 11 produce from. Now, the applications that have been 12 filed, state-specific number of wells, and a projected 13 volume of production, those are projections. 14 We did that to be transparent so that 15 you knew, all the world knew, that if our science 16 supports it, what we would like to do with the 17 project. But today, the only applications that are 18 before this board are strictly for drilling permits 19 and only drilling of wells and testing of those wells, 20 what's called aquifer testing. Some people know it as 21 pump testing is what will be done. 22 Okay. We're looking forward to hearing 23 your comments. As I said, please do speak loudly. 24 Please tell us your name. We have a court reporter 25 here. We want to take down everybody's comments so we Page 11	1 and I don't have a Facebook. I don't -- I -- I've 2 heard about things that are on there, so I just want 3 to start with my -- my history. So my mom grew up in 4 Pine Hill, Texas, if any of y'all know where that is, 5 near Henderson, Texas. My granddad lived in Tyler. 6 I would drive my -- my parents married. 7 She became a flight attendant after she had attended 8 Stephen F. Austin University. Married my dad in 9 Miami. I was born in Miami, and I moved here in 1979. 10 So I've been in Texas for 46 years. 11 I wear boots every day, I wear -- I 12 wear jeans every day that let me, and I spent about 13 all my time out here in Henderson County right off of 14 Lake Palestine. 15 So important to note that I went to 16 school. I grew up lower middle class with no savings. 17 I went to school at TCU on a scholarship for diving 18 and academic rigor. And when I graduated, I went 19 straight to work in Fort Worth and then Dallas. And 20 so I've worked there ever since. 21 My career has spawned -- has kind of 22 spanned throughout Wall Street, and then now to why 23 we're all here today. But how -- how I got here is 24 for a love for Texas and love for our country. 25 So a little bit more on what I do every Page 13

1 Matthews, who's not here today. We represent the 2 following water supplies in cities. So I just want 3 you to have a understanding of some of the people who 4 are also against this application. 5 We've also filed a contest -- to ask 6 you to have a contested case. But these are our 7 clients, Craft-Turney Water Supply Corporation, 8 Concord Robbins Water Supply Corporation, Norwood 9 Water Supply Corporation, Rusk Rural Water Supply 10 Corporation, Virginia Hill Water Supply Corporation, 11 RPM Water Supply Corporation, Walston Springs WSC, 12 Dialville Oakland WSC, Madel WSC, Alto Rural WSC, 13 Houston County WCID Number 1, and the cities of 14 Crockett and Rusk. 15 And that's a lot of folks, and that's a 16 lot of folks that live in your GCD. Every single one 17 of those folks are in your GCD with one exception or 18 two exceptions. And those are right next door to you 19 in either Leon or Houston counties. 20 It's going to be a horrific situation 21 if those water supplies have to go figure out a way to 22 drill water wells. It costs upwards -- and I've got 23 some of my clients right here. It costs upwards of a 24 million dollars; correct? A million to -- million to 25 million-five to drill a water well. Page 158	1 Anderson or Cherokee or some county in which you are 2 located -- you, the district -- so that all of these 3 folks can come and be a part of government, which is 4 what we're we -- which is what we are called to do. 5 That's one of the great parts about 6 where we live, is that we get to be involved in 7 government. So thank you for having this hearing 8 today, and we would urge you to deny those 9 applications on behalf of our clients. Thank you. 10 MR. MORROW: Ladies and gentlemen, that 11 is all of the people who have signed up to speak. 12 Mr. Stover, do you have anything else? 13 MR. STOVER: Yeah, I do. I am going to 14 stand this way 'cause I want to address you because 15 you have a decision to make, and that decision is how 16 to go forward from this point. 17 Now, several things, serious 18 misunderstanding of what the law is, has seemed to -- 19 to have driven a number of the speakers. One, the 20 Water Code provides that you set the place for hearing 21 if you refer this to SOAH. It's clear that they're 22 not going to have it in Austin unless you order it in 23 Austin. 24 Secondly, the applicant has filed a 25 request that you refer it to SOAH. And as I read the Page 160
1 And this application, there is no doubt 2 you've heard everyone say this today, there's no doubt 3 that the aquifer is going to drop. And when it drops, 4 it's going to take the aquifer level beyond the 5 deepest part of the wells where my folks are bringing 6 water in. It's going to be below the screens. 7 And sometimes you can't go in and do 8 anything with that well, and you have to drill a new 9 one. And my folks don't have the ability to do that. 10 Water supplies, as -- as you have 11 heard, we're not for profit. We don't have money just 12 hanging around. It's very difficult for us to drill 13 water wells. We have to get USDA grants or go to the 14 Water Development Board. And that's extremely 15 difficult for us to do. 16 And if -- if these applications are 17 granted, it's going to put us in that situation where 18 we're going to have to go figure out a way to get 19 water for our customers, your neighbors, the folks you 20 go to church with, the folks you do business with, and 21 maybe even you. Some of you may be on one of those 22 water supply corporations. 23 So I would urge you today to deny the 24 applications. And I would also urge you today if not 25 to hold a contested case hearing here in -- in Page 159	1 statute, it's not discretionary at this point. An 2 underlying issue, a major issue at this point, is who 3 has standing to be a party to actually contest these 4 applications. 5 And the law says it has to be a -- an 6 affected person, either personally, property rights, 7 but not as a general -- a member of the general 8 public. So some -- you've got -- you've received over 9 2,000 -- 2,000 requests or contest for this. 10 Now, how many of those, when you go 11 through the process, actually meet the criteria for 12 being an affected person and having standing to pursue 13 to be a party? And that's the first thing that SOAH 14 will have to do. And please don't make -- make me do 15 it. 16 MR. MORROW: Okay. Let me share 17 something with the people here now. We will have the 18 SOAH hearing in Palestine. It will not be in Austin. 19 It will be in Palestine. And if we can have a second 20 SOAH hearing, it will be in Athens. You understand 21 that? 22 UNIDENTIFIED SPEAKER: How many are you 23 going to allow in since you kept so many out today? 24 MR. HARLEY: That -- that wasn't 25 deliberate, ma'am. That wasn't deliberate at all. We Page 161

1 want y'all to know that we're looking out for 2 everybody's best interest in spite of a few things 3 that were said. So I just want to say that as a -- as 4 a board member for some time. Okay? 5 MR. MORROW: By the time we realized we 6 were going to have a large group, it was too late by 7 law for us to change the menu -- the venue, I'm sorry, 8 to change the venue. 9 MR. STOVER: We have to -- we have to 10 find that location. But notice will be published, and 11 it will be posted on the district website. 12 UNIDENTIFIED SPEAKER: We are middle 13 East Texas. Not all of us have internet access. How 14 else are we going to receive this? Through our water 15 districts, via mail? 16 MR. MCKINNEY: Can I have a second? 17 MR. MORROW: I'm sorry. Who asked? 18 MR. MCKINNEY: I'm Judge McKinney. 19 MR. MORROW: Judge McKinney. Yes, 20 please. 21 MR. MCKINNEY: I talked to your staff 22 this morning. I volunteered our annex where we had 23 the town hall meeting for the hearings. We held about 24 200, over 200 people in that multi-purpose room. It's 25 designed like a courtroom or also I have a courtroom Page 162	1 to support you, not to undermine you. 2 But the science that is needed is for 3 you. You know, the applicant has its reports, and 4 they have done exhaustive, exhaustive reports. But on 5 the other hand, the opponents are going to need to 6 have something to counter that. 7 And I don't think any of us are 8 qualified to read through those. One, stay awake. 9 But to really understand those. And we've been 10 working with a -- a hydrologist to advise Holly and me 11 as to what we're seeing. Not to get into the details 12 of it, but to see if they're sufficiently thorough. 13 So my word is the -- to the folks that 14 want to contest it, they're going to have to do their 15 own homework. And we have a time schedule that we 16 have to meet that's specified in the Water Code. 17 What -- what was that, Holly? 18 UNIDENTIFIED SPEAKER: Thirty-five 19 days. Is that the one you're looking for, John? 35 20 days? 21 MR. STOVER: From? 22 UNIDENTIFIED SPEAKER: Of where we need 23 to schedule the preliminary hearing. 24 MR. STOVER: Okay. And we can't 25 schedule that without SOAH's participation, and I have Page 164
1 right across the hall. So we might could combine 2 those, figure out a way to do something. 3 Right now, I'm doing some -- working 4 with Visionality to put some new PowerPoint screens 5 up. So maybe there's some way we can show it in both 6 rooms at the same time. 7 MR. MORROW: Okay. 8 UNIDENTIFIED SPEAKER: We have the high 9 school -- high school auditorium. 10 MR. MORROW: Ma'am, in answer to your 11 question, I'll put it on the local television 12 stations. We put it in the local newspapers, but we 13 had complaints about that. So we'll put it in the 14 media where we can. 15 UNIDENTIFIED SPEAKER: There are very 16 few people that know about it. I promise. 17 UNIDENTIFIED SPEAKER: Very few. 18 UNIDENTIFIED SPEAKER: I organized 50 19 people to show up today at 24 hours' notice. 20 MR. MORROW: Okay. 21 MR. STOVER: One thing, this is kind of 22 personal for me, this issue, is so far, has science 23 and somebody's made the absolutely true observation 24 that if you need an expert opinion, you want to hire 25 somebody that wants to go along with -- that's going Page 163	1 been in contact with SOAH, talking with the general 2 counsel to get this set up. He has sent me a draft of 3 a contract. 4 And because of the shortness of time, 5 it can't wait 'til your next meeting. And I would 6 recommend that you authorize your general manager to 7 complete that contract on your behalf. And that's 8 going to take a motion. 9 UNIDENTIFIED SPEAKER: Is that they 10 recommend, and we make a final decision? 11 MR. STOVER: Absolutely. 12 UNIDENTIFIED SPEAKER: Any other way, 13 we don't want it. 14 MR. STOVER: No, no. They, they 15 prepare a summary of the evidence and the law and make 16 a recommendation to you. It's called a proposal for 17 decision that then comes back to you to make the 18 final. 19 UNIDENTIFIED SPEAKER: That's going to 20 be in a written contract? That's going to be in a 21 written document? 22 MR. STOVER: Yes. Oh, absolutely. 23 Yeah. For those of us that practice administrative 24 law, we know the -- 25 UNIDENTIFIED SPEAKER: Can you use the Page 165

1 microphone? We can't hear back here. 2 MR. STOVER: Anyway, I would recommend 3 that at this point, you call for a motion to authorize 4 pending to contract with State Office of 5 Administrative Hearing. 6 UNIDENTIFIED SPEAKER: Could you say 7 that louder, please? 8 UNIDENTIFIED SPEAKER: We can't hear 9 you. 10 MR. STOVER: With my hearing aids, I 11 could hear me just fine. To authorize motion to 12 authorize, Penny, the general manager, to enter into a 13 contract with SOAH, State Office of Administrative 14 Hearing, to hear the case and the district. 15 UNIDENTIFIED SPEAKER: But the decision 16 right now is here. So why do you bring in another 17 group? I'm confused. 18 MR. STOVER: 'Cause there's going to be 19 days of testimony, experts. It -- it's a very 20 technical and complicated policy. 21 UNIDENTIFIED SPEAKER: What would 22 happen if this proposal permit were denied? It would 23 save time. 24 MR. STOVER: Familiar with the phrase 25 arbitrary and capricious. Page 166	1 members. You heard all the testimony. You heard all 2 this, that, and the other. Give these counties time 3 to gather your information. I -- I don't -- I don't 4 see that being an issue, and I don't know why that 5 would be an issue if you want try to push it through 6 now. Hold on -- 7 MR. STOVER: We're running out time 8 here. Let me -- 9 UNIDENTIFIED SPEAKER: Why you trying 10 to -- I'm just -- I'm making a suggestion to you. 11 MR. STOVER: Okay. I'm sorry. 12 UNIDENTIFIED SPEAKER: I have a motion 13 for that. 14 MR. STOVER: Okay. 15 UNIDENTIFIED SPEAKER: Mr. President, I 16 have a motion for that. 17 MR. MORROW: Okay. 18 UNIDENTIFIED SPEAKER: I hereby move 19 that any action on the permit application to drill 20 wells by Pine Bliss LLC to be tabled for 90 days to 21 give all interested parties an adequate opportunity to 22 fully investigate and understand the consequences of 23 this drilling application. 24 UNIDENTIFIED SPEAKER: What about Red 25 Town? Page 168
1 UNIDENTIFIED SPEAKER: The charge 2 against -- 3 UNIDENTIFIED SPEAKER: Hey. Can I -- 4 can I suggest something? 5 MR. STOVER: Yeah. 6 UNIDENTIFIED SPEAKER: I suggest this. 7 This is how I see it. To make everybody happy, you 8 need to give these -- these counties time enough to 9 get their evidence together, get this scientific data. 10 Bass has already got his, okay. 11 Now, a lot of these people didn't 12 realize what was coming. So I think what would be 13 fair for the board to do to take this in 14 consideration, is to allow these counties to go gather 15 their information, give them a set date, 45 days, 60 16 days, however long it may take. 17 Keep the -- keep the SOAH judge out of 18 it for right now, and try to work it out. Hold on. 19 Hold on. Let me finish. It gives Mr. Bass the 20 opportunity to come into -- work alongside the 21 counties and the commissioners and the judges, whoever 22 else wants to be a part of it, whether it be the water 23 board or whoever, try to find some kind of common 24 ground to launch from that way. 25 And that's up to you, the board Page 167	1 UNIDENTIFIED SPEAKER: Red Town, I 2 hereby move that any action -- 3 MR. MORROW: Well, let's -- we have to 4 do one at a time. We have to do one at a time. Okay? 5 Okay. We have a motion and a second. Is there any 6 discussion? All in favor, raise your hand. 7 UNIDENTIFIED SPEAKER: Well done. 8 MR. STOVER: I'll defend that. 9 UNIDENTIFIED SPEAKER: Sorry? 10 MR. STOVER: I'll defend that. But 11 there are deadlines set out in the Water Code. So, 12 like I said, I am sorry. Y'all don't hear it, but my 13 phone rings in my ears. 14 UNIDENTIFIED SPEAKER: There's a motion 15 on the floor. Robert's Rules of Order. 16 MR. MORROW: We've already voted on the 17 first motion. 18 UNIDENTIFIED SPEAKER: Mr. President, I 19 have another motion. 20 MR. MORROW: Okay. Go ahead. 21 UNIDENTIFIED SPEAKER: I hereby move 22 that any action on the permit application to drill 23 wells by Red Town Ranch Holdings, LLC be tabled for 90 24 days to give all institute parties an adequate 25 opportunity to fully investigate and understand the Page 169

1 consequences of this drilling application. 2 MR. MORROW: Okay. We have a motion. 3 Do we have a second? 4 UNIDENTIFIED SPEAKER: I have -- a 5 second. 6 MR. MORROW: Any discussion? All in 7 favor, raise your right hand. 8 MR. STOVER: May I make a suggestion? 9 In your prior statement -- or no, it was your 10 statement. Try and get the parties -- 11 UNIDENTIFIED SPEAKER: Please use the 12 microphone. 13 MR. STOVER: -- together to resolve 14 this, and I would like to see the parties mediate 15 after that 90-day period. 16 UNIDENTIFIED SPEAKER: Use the 17 microphone. 18 MR. STOVER: Please, please. 19 UNIDENTIFIED SPEAKER: Use your mic 20 UNIDENTIFIED SPEAKER: Use the 21 microphone. 22 UNIDENTIFIED SPEAKER: Use your mic 23 We can't hear you. 24 MR. MORROW: They want to hear you, 25 John. You'll have to talk into that microphone. Page 170	1 but it's too much rumbling. I -- I got hearing aids 2 too, so I understand what you're dealing with. 3 MR. STOVER: I would -- I would like, 4 while you're here, for you to refer the matter to SOAH 5 with the proviso of what you just said. 6 MULTIPLE SPEAKERS: No. 7 UNIDENTIFIED SPEAKER: You may not have 8 to do that. If these counties can get their 9 information in 90 days, they may have to do that. 10 They may come in, have some way they come to an 11 agreement. So my -- my question is -- 12 MR. STOVER: Because the law -- the 13 law -- 14 UNIDENTIFIED SPEAKER: I understand. I 15 understand that. That's the board -- 16 MR. STOVER: I'm sorry. I can either 17 present this in a professional way or you can -- 18 UNIDENTIFIED SPEAKER: Go ahead. 19 MR. STOVER: You have something to say? 20 UNIDENTIFIED SPEAKER: Mr. Morrow, 21 may -- may I address the board, please? 22 MR. MORROW: Yes, please. 23 MR. MCCARTHY: Okay. I'm reluctant to 24 say this, but you are going to force us with that 25 motion to file a mandamus next week to compel you to Page 172
1 MR. STOVER: I'm sorry. I was -- I was 2 trying to hear Mr. Douglas. Okay. 3 UNIDENTIFIED SPEAKER: The motion was 4 made in the past 90 days. 5 MR. STOVER: Right. This would be a 6 new motion, but that's the only way I recommended 7 that. 8 UNIDENTIFIED SPEAKER: This gives 9 everybody time, the whole area time enough -- 10 MR. STOVER: Right. 11 UNIDENTIFIED SPEAKER: -- to agree what 12 we can do. It makes us understand it better from all 13 perspectives. 14 MR. STOVER: Now -- 15 UNIDENTIFIED SPEAKER: Everybody -- 16 everybody's still got a lot of questions. 17 MR. STOVER: I'm concerned about -- I'm 18 concerned that you have a requirement to refer this 19 matter to SOAH. 20 UNIDENTIFIED SPEAKER: He's trying to 21 give the board some legal advice. I'd like to hear 22 you too. So, please, if everybody -- 23 UNIDENTIFIED SPEAKER: Can't hear what 24 he's saying. 25 UNIDENTIFIED SPEAKER: I understand, Page 171	1 refer this matter to SOAH, which is a 2 non-discretionary action based upon the request we 3 have already made in writing well in advance of this 4 hearing. 5 The applications were filed in May of 6 2024. This board has held a number of meetings in 7 which the matter was posted on your agenda. There has 8 been nothing secretive or clandestine about this 9 process. The district -- the district has posted 10 notice according to the law at every step. 11 You have done your job there. We have 12 filed, as -- as provided for by law, a request that -- 13 that if there's a request for a contested case 14 hearing, it go to the State Office of Administrative 15 Hearings. 16 We fully expect those hearings to be 17 held here locally. That's provided for by the law, 18 and that's provided for in your discretion to make 19 that request. We'll be paying for those. 20 But having made that request, it takes 21 away from the board, in my legal opinion, the ability 22 to make the motion you just made to have a 90-day 23 delay. Now, that said, it's going to take a good 45 24 to 90 days to get the preliminary, the first SOAH 25 hearings scheduled. That's a coordination. Page 173

1 There is plenty of time between now and 2 when the first SOAH hearing is actually held for the 3 public to get additional information. We've provided 4 access and coordination with your general manager who 5 has already given out the information to a number of 6 people, to the data room that has all of the reports 7 and all of the science and all of the applications. 8 It is publicly available and has been. 9 Okay. I'm sorry. Not every member of 10 the room knew that, but it has been there. Again, 11 nothing secretive happening. But the bottom line is 12 we've made a request to go to SOAH. As I understand 13 the law, and I believe as your general counsel has 14 advised you, it is no longer discretionary. You have 15 to go to SOAH. 16 Okay. We have taken out of your hands 17 who will conduct the hearing. That is something the 18 legislature prescribed. It's not your fault. It's 19 the law. And I don't want to file a mandamus. I 20 don't want to spend time and money in a courthouse 21 having a judge say, you don't have any choice. And 22 then we go do that, and we've spent a bunch of money. 23 So I just wanted to come up here and 24 advise you of that. I'll let Mr. Stover tell you 25 whether I'm right or wrong or what his opinion is. Page 174	1 works, you're not going to get anything out of them in 2 less than 60, 90 days. And we can request -- we can 3 request that nothing be scheduled for 90 days. 4 MR. MORROW: We -- we can request that 5 nothing be scheduled for 90 days? 6 MR. STOVER: Yes. 7 UNIDENTIFIED SPEAKER: But it doesn't 8 have to be followed. It's just a request, y'all. 9 UNIDENTIFIED SPEAKER: In your talks 10 with SOAH and your latitude to do the scheduling, are 11 you able to schedule it out at least 90 days to kind 12 of appease everybody? 13 MR. STOVER: Based on my experience, 14 we're going to be lucky to get it in 60, 90 days. 15 UNIDENTIFIED SPEAKER: So the answer is 16 probably yes? 17 MR. MCCARTHY: Yes. I would -- I would 18 answer your question yes. 19 UNIDENTIFIED SPEAKER: So do y'all 20 mutually have to agree on the date, or do we set the 21 date? 22 MR. MCCARTHY: SOAH sets the date. Mr. 23 Stover will be communicating directly with SOAH. He 24 will show me the courtesy of letting me know what he 25 talks about. I'm not involved in that. That is a Page 176
1 But I would ask you to reconsider your two motions 2 knowing that there's going to be a gap of time between 3 today and when we come back and have the two SOAH 4 hearings. And there will be plenty of time for people 5 to -- to have access to the information. 6 UNIDENTIFIED SPEAKER: He has the money 7 to drill wells. He has the money to fight this. 8 MR. MCCARTHY: That's all I have to 9 say, Mr. Morrow. At this time, I'm happy to answer 10 any questions. 11 John, thank you. 12 UNIDENTIFIED SPEAKER: It all comes 13 down, they don't care about our water. They care 14 about the money they're going to make off our water. 15 That's what he just said. 16 MR. MORROW: What I see -- what I see 17 is what we're -- Mr. McCarthy, what I see that people 18 are wanting in the board is not contesting the SOAH 19 hearing at all. But they want time. They want -- 20 they want time prior to the hearing. And you're 21 saying the law says 35 days? 22 MR. STOVER: Well, to schedule. 23 MR. MORROW: To schedule. 24 MR. STOVER: Schedule. It doesn't have 25 to be held. And I agree with that. Knowing how SOAH Page 175	1 contract that's negotiated between the district and 2 SOAH. So Mr. Stover will be the point of contact. 3 UNIDENTIFIED SPEAKER: Tell me again 4 why we need SOAH. 5 MR. STOVER: Otherwise -- 6 UNIDENTIFIED SPEAKER: I don't 7 understand. 8 MR. STOVER: Okay. You have received 9 over 2,000 request to be for a contested case 10 proceeding. Somebody first has to go through those, 11 and then somebody has to decide whether each 12 individual gets to be a party. If we don't contract 13 with SOAH, that somebody is you. 14 MR. MCCARTHY: We're looking at 15 probably at least a two-week, eight-hour-a-day hearing 16 that someone's going to have to administer over and be 17 there every day. If the board were to do that, that 18 would tie you up for two weeks. 19 If you were to hire a private 20 administrative law judge, they would be in that role. 21 The State Office of Administrative Hearings is set up 22 for this purpose. The legislature has provided for 23 it. It not only has the ability of folks to handle 24 these things. 25 And then after the two-week hearing, Page 177

1 you have to go through all of the evidence and have 2 to -- you have to write a proposal for decision and 3 analyze all of that. And so that would be on -- fall 4 on you, the person you hire, or SOAH. 5 So again, SOAH is attuned and ready for 6 this. Holding the hearings here, just because it goes 7 to that agency doesn't mean the hearing goes to 8 Austin. Again, it comes here, and you can request 9 that, and we will not object to that at all. We would 10 like to have it here. 11 But what the legislature has provided 12 is that if the applicant wants or any party wants to 13 request to go to SOAH, they can request that. And 14 that has to be honored by the agency. And then it's 15 that person's requirement or obligation to pay for 16 that cost. And it's not cheap. 17 UNIDENTIFIED SPEAKER: And the 18 outcome -- outcome is a recommendation to this board? 19 MR. MCCARTHY: Yes, sir. It's a 20 proposal for decision here. 21 UNIDENTIFIED SPEAKER: Not a decision? 22 MR. MCCARTHY: That's correct. This 23 board by statute makes the final decision. 24 I think it's 36.049. John, is that the 25 correct citation? Page 178	1 it to SOAH. 2 MR. MORROW: Okay. 3 UNIDENTIFIED SPEAKER: Where can I find 4 the definition of effective -- what was it? 5 MR. MCCARTHY: I believe it's Section 6 36.415 of the Water Code. 7 MR. STOVER: Yeah. I have it flagged 8 here. 9 UNIDENTIFIED SPEAKER: Okay. I can 10 find it later. 11 MR. MCCARTHY: We filed a brief on the 12 subject matter that is available. Your general 13 manager -- 14 UNIDENTIFIED SPEAKER: I thought it was 15 interesting because it said it's not the general 16 public. 17 MR. STOVER: Right. 18 MR. MCCARTHY: Well, we've got a brief 19 on file that you can look at. Mr. Stover can advise 20 you. 21 MR. STOVER: It would -- somebody that 22 owns a water well. Somebody -- well, that's the 23 principal way to be an effective party. 24 UNIDENTIFIED SPEAKER: Somebody that 25 owns a water well? Is that what you said? Page 180
1 MR. STOVER: I have tried to find an 2 individual that I thought was qualified for you to 3 hire to hear the matter. This is what we did with the 4 chicken plant issue. And the problem was, the people 5 I knew were either dead or retired, so. 6 MR. MCCARTHY: And today's hearing and 7 what you heard today was not evidence. It was public 8 comment. 9 MR. MORROW: Right. 10 MR. MCCARTHY: And so I just want to 11 make sure -- I'm hearing people in the background, and 12 I want to make sure they understand that. 13 MR. MORROW: We understand that. 14 MR. MCCARTHY: So there -- there will 15 be opportunity for people to be sworn in, subject to 16 cross-examination, subject to discovery. It will be 17 like a regular hearing. We'll probably be doing 18 pre-trial testimony, depositions of experts. 19 SOAH also has the ability and trained 20 mediators to do mediation if there is a change of 21 heart with the people who are in the hearing to 22 actually sit down and mediate. So those are all 23 opportunities and -- and services provided by SOAH. 24 And again, the statute provides that once that request 25 is made, it becomes non-discretionary for you to send Page 179	1 MR. STOVER: Yeah. They're effective 2 because what the applications are for may affect -- so 3 that's what the -- here the ALJ has got to sort out 4 for you 5 MR. MORROW: Okay. So -- 6 MR. STOVER: So maybe a motion to refer 7 the matters to SOAH with the proviso that they don't 8 start for at least the time he said. 9 UNIDENTIFIED SPEAKER: There you go. 10 Yes. 11 UNIDENTIFIED SPEAKER: So moved. So 12 moved. Let's vote. 13 MR. MORROW: Do we have a second for 14 that? 15 UNIDENTIFIED SPEAKER: Make sure they 16 hear it. Make sure they hear it. 17 UNIDENTIFIED SPEAKER: I second. 18 MR. MORROW: Sam, you want to say that? 19 Please listen a moment. 20 MR. HARLEY: I make a motion to refer 21 this to SOAH. Let them handle the hearings. I put 22 that in the form of a motion. And so -- 23 MR. MORROW: With the proviso of 90 24 days? 25 MR. HARLEY: That's right. With the Page 181

1 proviso of 90 days.
2 UNIDENTIFIED SPEAKER: Do you not have
3 to go back and rescind the two motions? You just --
4 I'm asking because I couldn't hear Mr. Stover.
5 MR. MORROW: Do we have to go back and
6 rescind the prior two? I think we probably do.
7 UNIDENTIFIED SPEAKER: Rescind what?
8 MR. MORROW: Prior two motions that you
9 made.
10 UNIDENTIFIED SPEAKER: I'm asking Mr.
11 Stover based on what y'all need to do.
12 MR. MORROW: Because we're doing
13 another one on top.
14 UNIDENTIFIED SPEAKER: You can put it
15 all in one vote.
16 UNIDENTIFIED SPEAKER: I have a
17 question about water wells before y'all do this.
18 MR. MORROW: Okay.
19 UNIDENTIFIED SPEAKER: My question is,
20 is you're saying persons that own the wells. What
21 about the water districts that own the wells?
22 MR. STOVER: They would be entitled to
23 seek party status.
24 UNIDENTIFIED SPEAKER: What about the
25 people that are on those water districts? They use

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1 those wells.
2 MR. STOVER: That's a hard question. I
3 don't have --
4 UNIDENTIFIED SPEAKER: Under
5 constitutional law, it is not. Under admiralty law,
6 it is. We're now constitutional.
7 UNIDENTIFIED SPEAKER: I would like to
8 make a statement, and I know this is totally unusual.
9 MR. STOVER: Well, would you -- could
10 you wait?
11 UNIDENTIFIED SPEAKER: I can wait a
12 minute. Yes.
13 UNIDENTIFIED SPEAKER: So what was the
14 ending --
15 MR. MORROW: We have the two motions
16 that you made, but we need to rescind those motions,
17 and vote on the one that Sam said where we -- we'll
18 have to rescind --
19 UNIDENTIFIED SPEAKER: It does the same
20 thing?
21 MR. MORROW: Right. It does the same
22 thing. And we can include the two in one motion. We
23 can include --
24 UNIDENTIFIED SPEAKER: We need to
25 rescind the two previous motions and go with the last.

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1 That's what John said. Yeah. So let's be legal.
2 UNIDENTIFIED SPEAKER: It does the same
3 thing.
4 UNIDENTIFIED SPEAKER: It does.
5 MR. MORROW: Yeah. So did you give me
6 a motion to rescind those prior --
7 MR. HARLEY: No, I didn't.
8 MR. MORROW: Can you rescind your
9 motion?
10 UNIDENTIFIED SPEAKER: You want me to
11 rescind both of them?
12 MR. MORROW: Yes. Say I move to
13 rescind those prior two --
14 UNIDENTIFIED SPEAKER: I moved to
15 rescind those prior two --
16 UNIDENTIFIED SPEAKER: Order.
17 UNIDENTIFIED SPEAKER: -- 90-day
18 suspensions with Pine Bliss and Red Town Ranch.
19 MR. MORROW: Okay. Is there a second?
20 UNIDENTIFIED SPEAKER: I second.
21 MR. MORROW: Okay. All in favor, say
22 aye.
23 MULTIPLE SPEAKERS: Aye.
24 UNIDENTIFIED SPEAKER: It does the same
25 thing as the original.

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1 MR. MORROW: Okay. Now there's another
2 motion coming right here.
3 Go ahead, Sam.
4 MR. HARLEY: Didn't we already vote on
5 that motion?
6 MR. MORROW: No.
7 UNIDENTIFIED SPEAKER: To rescind it.
8 Rescinded the first two.
9 MR. MORROW: We have to restate it.
10 MR. HARLEY: Okay. Help me with this.
11 I make the motion that we appoint SOAH to handle our
12 hearing. And --
13 MR. MORROW: With the proviso of at
14 least 90 days.
15 MR. HARLEY: Within 90 days.
16 UNIDENTIFIED SPEAKER: No.
17 MR. MORROW: No. Not within. Not
18 within.
19 MR. HARLEY: Excuse me. After 90 days.
20 After 90 days.
21 You got that? You got that, Penny?
22 UNIDENTIFIED SPEAKER: I think you have
23 to authorize -- to the agreement.
24 MR. MORROW: Okay. I need a second.
25 UNIDENTIFIED SPEAKER: I'll second.

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1 MR. MORROW: Okay. All right. All in
2 favor, raise your right hand. Okay. Did you get
3 that, Penny? Okay.
4 MR. STOVER: You're done.
5 MR. MORROW: Okay. I need a motion to
6 adjourn.
7 MR. HARLEY: I'll make the motion that
8 we adjourn.
9 MR. MORROW: Okay. And a second.
10 UNIDENTIFIED SPEAKER: Second.
11 MR. MORROW: All right. All in favor,
12 say aye.
13 MULTIPLE SPEAKERS: Aye.
14 MR. MORROW: We're adjourned.
15 (Whereupon, at 5:03 p.m., the
16 proceeding was concluded.)
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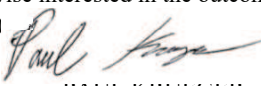
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1 CERTIFICATE OF TRANSCRIBER
2 I, PROMY ISLAM, do hereby certify that this
3 transcript was prepared from the digital audio
4 recording of the foregoing proceeding, that said
5 transcript is a true and accurate record of the
6 proceedings to the best of my knowledge, skills, and
7 ability; that I am neither counsel for, related to,
8 nor employed by any of the parties to the action in
9 which this was taken; and, further, that I am not a
10 relative or employee of any counsel or attorney
11 employed by the parties hereto, nor financially or
12 otherwise interested in the outcome of this action
13 July 3, 2025
14
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PROMY ISLAM

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1 CERTIFICATE
2 I, PAUL KRUEGER, the officer before whom the
3 foregoing proceedings were taken, do hereby certify
4 that any witness(es) in the foregoing proceedings,
5 prior to testifying, were duly sworn; that the
6 proceedings were recorded by me and thereafter reduced
7 to typewriting by a qualified transcriptionist; that
8 said digital audio recording of said proceedings are a
9 true and accurate record to the best of my knowledge,
10 skills, and ability; that I am neither counsel for,
11 related to, nor employed by any of the parties to the
12 action in which this was taken; and, further, that I
13 am not a relative or employee of any counsel or
14 attorney employed by the parties hereto, nor
15 financially or otherwise interested in the outcome of
16 this action. July 3, 2025
17
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PAUL KRUEGER
Notary Public in and for the
State of Texas

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