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April 8, 2020

VIA EMAIL

Mr. Gary Westbrook
General Manager
Post Oak Savannah Groundwater Conservation District
310 E. Avenue C
Milano, Texas 76556
gwestbrook@posgcd.org

Re: Application to Amend Vista Ridge Drilling and Operating Permit
No. POS-D&O/A&M-001d (“Operating Permit”) and
Transport Permit No. POS-T-0001d (“Transport Permit”)

Mr. Westbrook:

On behalf of Blue Water Vista Ridge LLC (“Blue Water”), as permit administrator for Vista Ridge LLC (“Vista Ridge”), this letter represents Blue Water’s formal request, pursuant to the Post Oak Savannah Groundwater Conservation District’s (the “District”) Rule 4.2.1, for a good cause exception to the District’s spacing requirements for Well Nos. PW-10, PW-11 and PW-17 in the above-referenced Operating Permit and Transport Permit (collectively, the “Permits”) to continue the currently-permitted maximum authorized instantaneous rate of production of 3,000 gallons per minute for each of these wells.

At the District’s February 13, 2020, continuation of the public hearing in the above-referenced permit amendment applications, the District Board of Directors granted each of Blue Water’s requested amendments to the Permits. Among other issues, the District Board of Directors granted Blue Water’s request to reinstate the maximum instantaneous well production rate of 3,000 gallons per minute for permitted Well Nos. PW-12, PW-13 and PW-16. As background, in 2017, the District reduced the maximum instantaneous production rates of these three wells in connection with Blue Water’s 2017 application to relocate the three wells in response to landowner preference and to address surface drainage/topography concerns. The District’s basis for the 2017 reduction in authorized instantaneous production was that the relocated wells no longer met District Rule 4.1.2 spacing requirements for Simsboro wells. When the District issued the new Permits in connection with the 2017 application, the instantaneous rates for Well Nos. PW-10, PW-11 and PW-17 were not changed.

After Blue Water filed its applications to reinstate the instantaneous rates for Well Nos. PW-12, PW-13 and PW-16 in 2019, but before the February 2020 public hearing, the District’s consulting hydrologist determined that Well Nos. PW-10, PW-11 and PW 17, which are permitted and completed, do not technically meet the spacing requirements of Rule 4.1.2, primarily as a

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result of the relocation of PW-12, PW-13 and PW-16. Thus, while the Board of Directors granted Blue Water's requested reinstatement of the maximum instantaneous production rates for PW-12, PW-13 and PW-16, the Board's grant was conditioned upon Blue Water's seeking a good cause exception to the spacing rules for Well Nos. PW-10, PW-11 and PW-17.

Good cause exists for retaining the current maximum permitted instantaneous production of Well Nos. 10, 11 and 17. Simsboro Well Nos. 10, 11 and 17 have been drilled and completed. Simsboro Well Nos. 10, 11 and 17 are currently authorized by the District at a maximum instantaneous production rate of 3000 gpm and have been authorized at that rate from their initial permitting. The requested retention of the permitted 3,000 gpm for these wells complies with District spacing requirements regarding adjoining property owners and adjoining (*i.e.*, non-Vista Ridge) Simsboro wells. Granting this request would be consistent with the District's previous interpretation of District Rule 4.2.1, including its February 2020 decision to reinstate the 3,000 gpm maximum instantaneous rate for Well Nos. PW-12, PW-13 and PW-16. In those prior decisions, spacing requirements were enforced, "to prevent or limit injury to adjoining landowners, well owners or the aquifer." Blue Water respectfully submits that no adjoining property owner or well owner is injured by retention of the currently-authorized 3,000 gpm instantaneous rate.

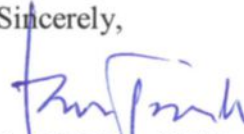
This point is underscored by the fact that the nearest non-Vista Ridge Simsboro well is approximately four miles from well in the Vista Ridge well field and that well is the only Simsboro well not controlled by Blue Water within many miles of the Vista Ridge well field. *See* Tab 2, Plate 5 to Blue Water's July 2019 amendment applications. Thus, retaining the currently-authorized maximum instantaneous production of Well Nos. 10, 11 and 17 will not affect other Simsboro well owners. To illustrate this point, Blue Water developed an analytical model to reflect the artesian pressure differential in the Simsboro in the area surrounding the Vista Ridge well field over a 30 year period. The analytical model shows the artesian pressure differential between an assumed reduction in instantaneous rate compared to the currently-authorized 3,000 gpm instantaneous rate for Well Nos. PW-10, PW-11 and PW-17. The results of that analytical model, depicted on the attached exhibit, illustrate very little measurable drawdown over 30 years. Most importantly, for the purposes of showing good cause, there is no measurable drawdown in the nearest non-Vista Ridge Simsboro well.

For the foregoing reasons, Blue Water formally requests a good cause spacing exception for Well Nos. PW-10, PW-11 and PW-17 in compliance with the Board's directive at the February 13, 2020 public hearing; no additional revisions to the existing Permits are requested or required. Because no revisions will be made to the Permits reflecting the District's grant of this request, Blue Water asks that this request be granted administratively in recognition of the District's grant of a good cause exception to the spacing requirements for Well Nos. PW-12, PW-13 and PW-16.

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If you have any questions or concerns, or would like any additional information in connection with this request, please let me know.





Sincerely,

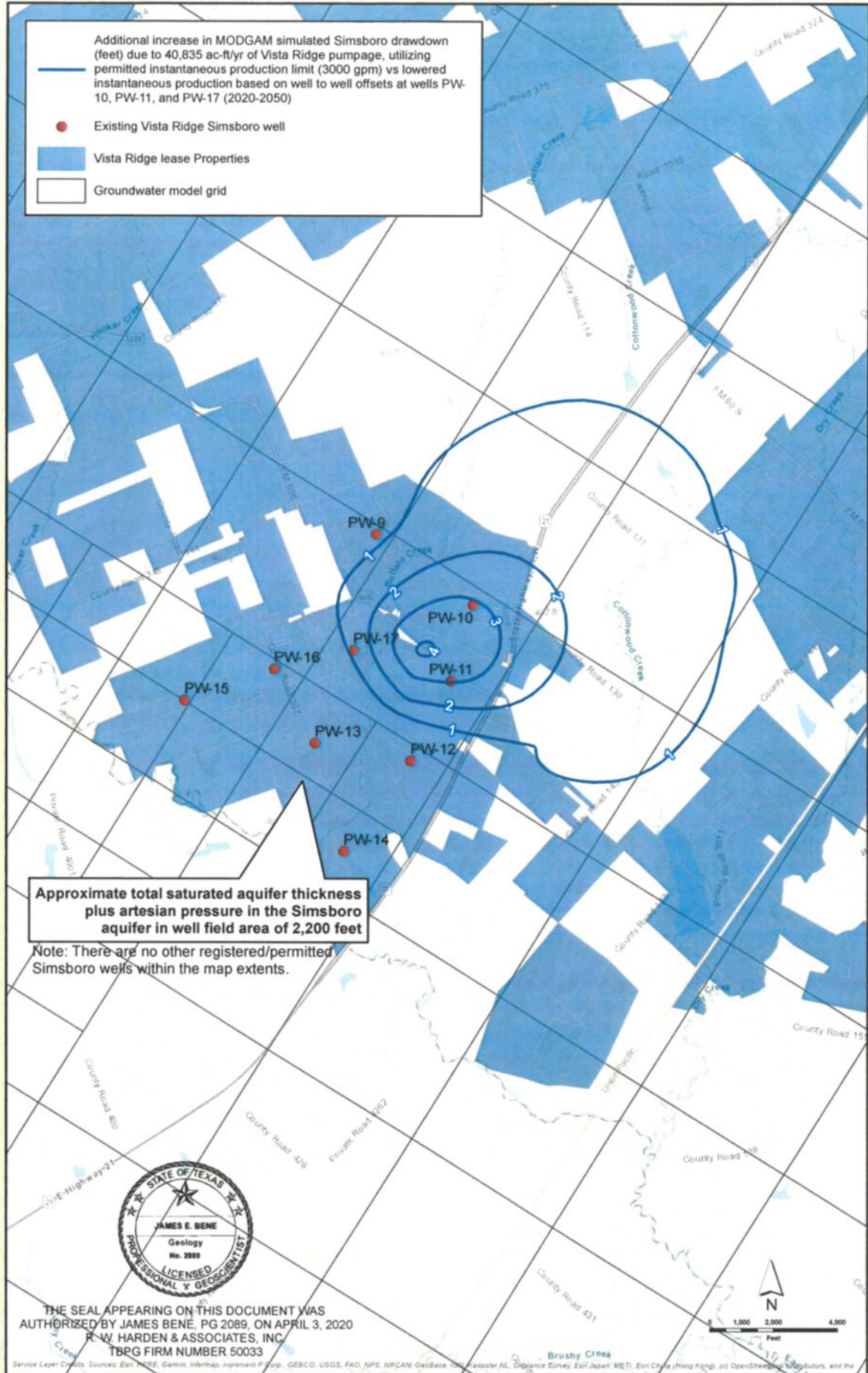


Paul M. Terrill III
TERRILL & WALDROP

cc: Barbara Boulware-Wells
Ross Cummings, Blue Water Vista Ridge, LLC
Pat Reilly, Blue Water Vista Ridge, LLC
Scott Parrish, Vista Ridge, LLC
James Bene, RW Harden & Assoc.

Additional increase in MODGAM simulated Simsboro drawdown (feet) due to 40,835 ac-ft/yr of Vista Ridge pumpage, utilizing permitted instantaneous production limit (3000 gpm) vs lowered instantaneous production based on well to well offsets at wells PW-10, PW-11, and PW-17 (2020-2050)

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-  Existing Vista Ridge Simsboro well
-  Vista Ridge lease Properties
-  Groundwater model grid



Approximate total saturated aquifer thickness plus artesian pressure in the Simsboro aquifer in well field area of 2,200 feet

Note: There are no other registered/permited Simsboro wells within the map extents.



THE SEAL APPEARING ON THIS DOCUMENT WAS AUTHORIZED BY JAMES BENE, PG 2089, ON APRIL 3, 2020
 R W HARDEN & ASSOCIATES, INC.
 TBFG FIRM NUMBER 50033



Additional Drawdown Utilizing 3,000 GPM vs. Instantaneous Production Based on Well Offsets for PW-10, PW-11 and PW-17

