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*Via email to pterrill@terrillwaldrop.com and
ross@bluewatertx.com*

Vista Ridge, LLC
c/o Mr. Ross Cummings
3600 N. Capital of TX Hwy, Suite B180
Austin, Texas 78746

Re: Assessment of Additional Penalties for Non-Compliance with Rule 4.3.4 and Rule 11.

Dear Mr. Cummings:

On November 20, 2020, Gary Westbrook notified you that the Vista Ridge was not in compliance with Rule 4.3 related to reporting of data by the 15th of each month and fined you an administrative fine under Rule 15.4, Penalties for Non-Compliance. Upon receipt of reporting information in April 2021, the District became aware that Vista Ridge had *also* not been in compliance with instantaneous production capacities. INTERA reviewed the data ultimately provided by Vista Ridge and EPCOR and provided the District the number of instances that Vista Ridge exceeded their permitted instantaneous production capacity from November 21, 2020 to August 31, 2021. In doing so, it used two sets of instantaneous production capacities - one taken from the April 18, 2017 permit and a second set from the February 9, 2021 permit. INTERA's letter of October 18, 2021 is attached.

Because Mr. Westbrook had already found you not in compliance with the Rule 4.3 in November 2020, the subsequent infractions of the instantaneous production capacities were reviewed and determined by the Board of Directors to be violative of the District's Rules. As set out in Table 2, attached to INTERA's letter, the Board noted there were a total of 39 *monthly* instances in which Vista Ridge had violated the instantaneous production capacity for 14 of Vista Ridge's wells. The Board also found that the reporting violation had continued from the time of Mr. Westbrook's initial notice of non-compliance for an additional five months. As you are well aware from the recent rounds of permit applications, this Board takes serious these infractions of the Rules yet understands that Vista Ridge alongside EPCOR (as operator of the pipeline) and others were working during the pandemic and Winter Storm Uri to try to obtain necessary parts as well as program the overall pipeline system. It is because of these factors that the Board finds as follows:

Thirty-nine (39) monthly instances of instantaneous production capacity exceedances x
\$1,000.00 (*Minimum* fine) = \$39,000.00

Five (5) additional months of failure to provide reporting data by the 15th of each month x
\$250.00 (*Minimum* fine) = \$1,250.00

TOTAL DUE: \$40,250.00

Please either pay this penalty or advise me of your wishes to appeal this matter to the Board by November 1, 2021. Please do not hesitate to contact me in writing with any questions or concerns.

Respectfully,



Barbara Boulware-Wells
General Counsel for
Post Oak Savannah Groundwater
Conservation District

cc: Board of Directors
Gary Westbrook
Steve Young, INTERA
Paul Terrill
Stefan Schuster, EPCOR