

# 1. Groundwater in Texas

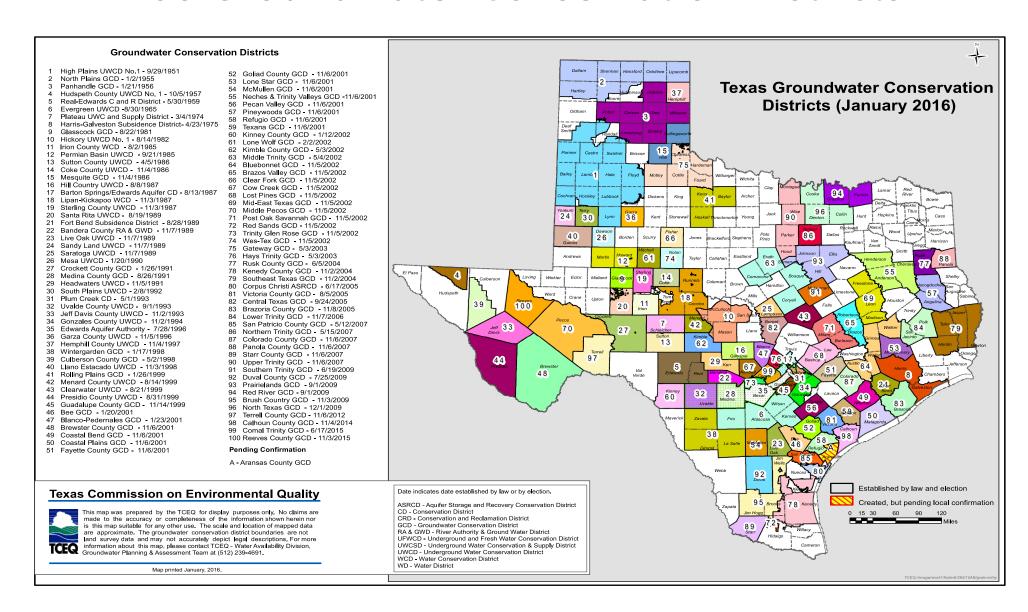
2. Why you should care

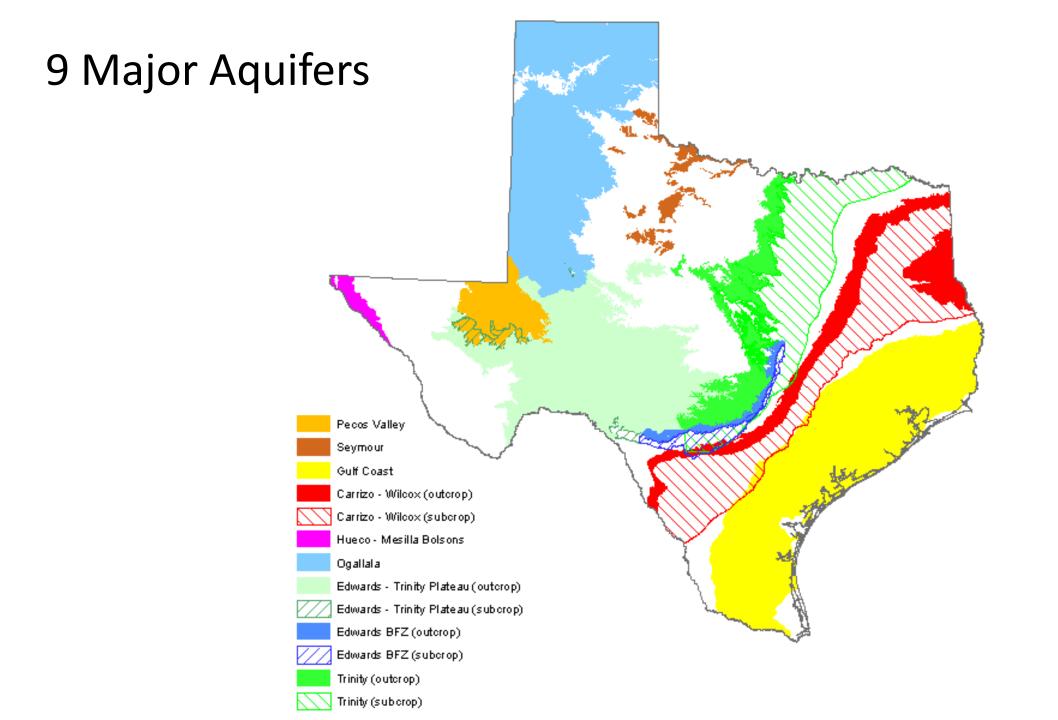
3. What you can do

# **Groundwater in Texas**

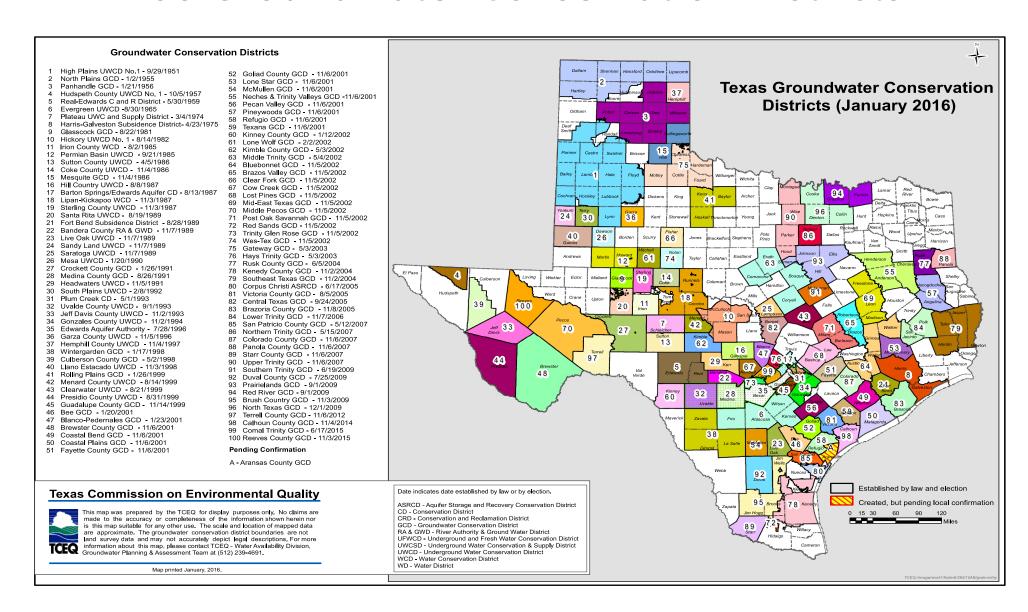


#### 100 Groundwater Conservation Districts

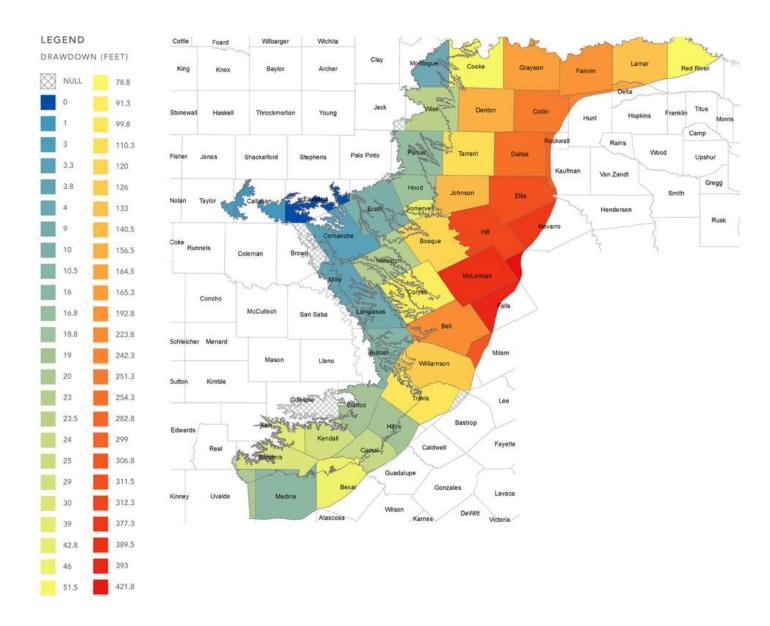




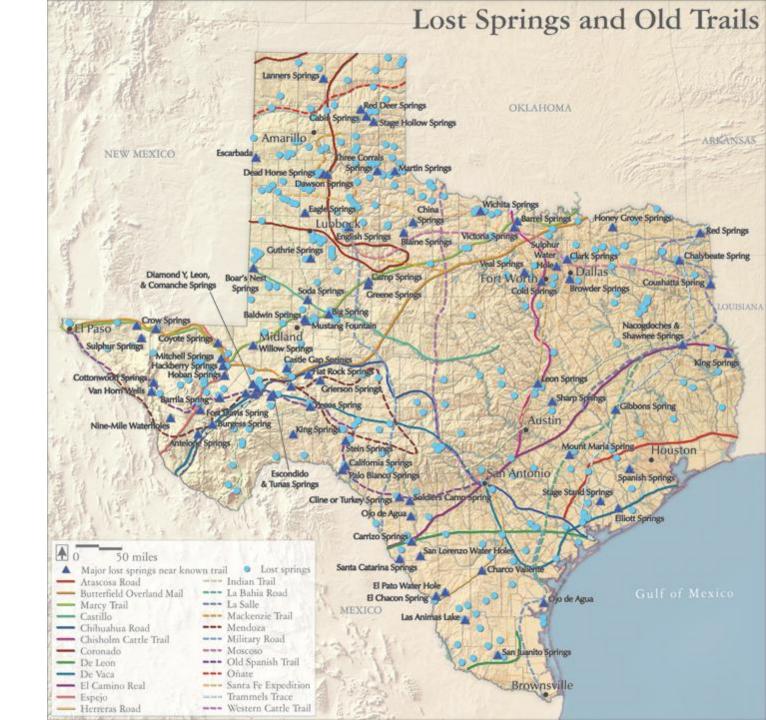
#### 100 Groundwater Conservation Districts



# Trinity Aquifer DFC's by County—Managed Depletion



# Over 400 Lost Springs in Texas

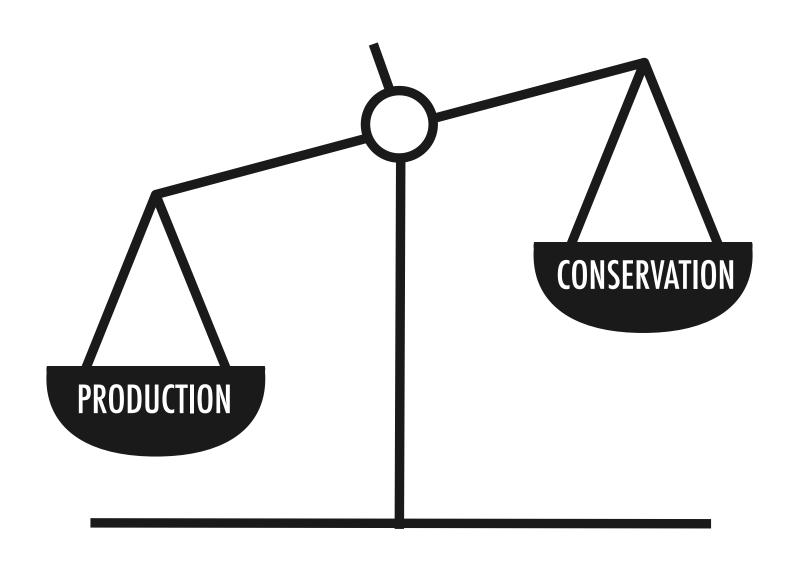


# Comanche Springs, Pecos County

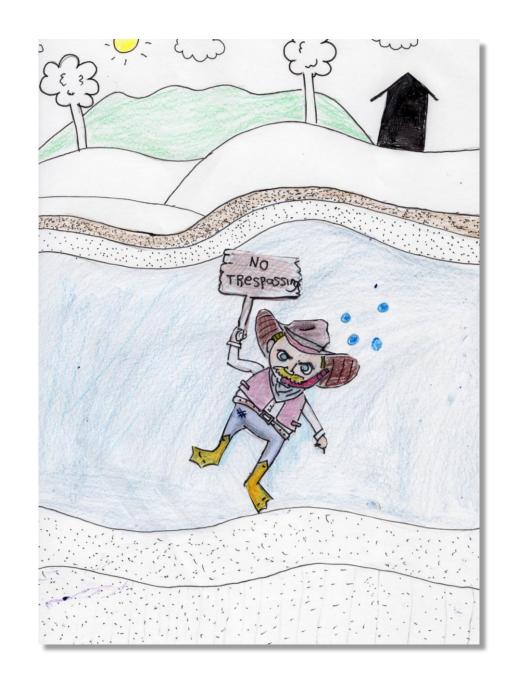


Source: Sharlene Leurig

### **Groundwater Law in Texas**



# Landowners Own Groundwater in Place



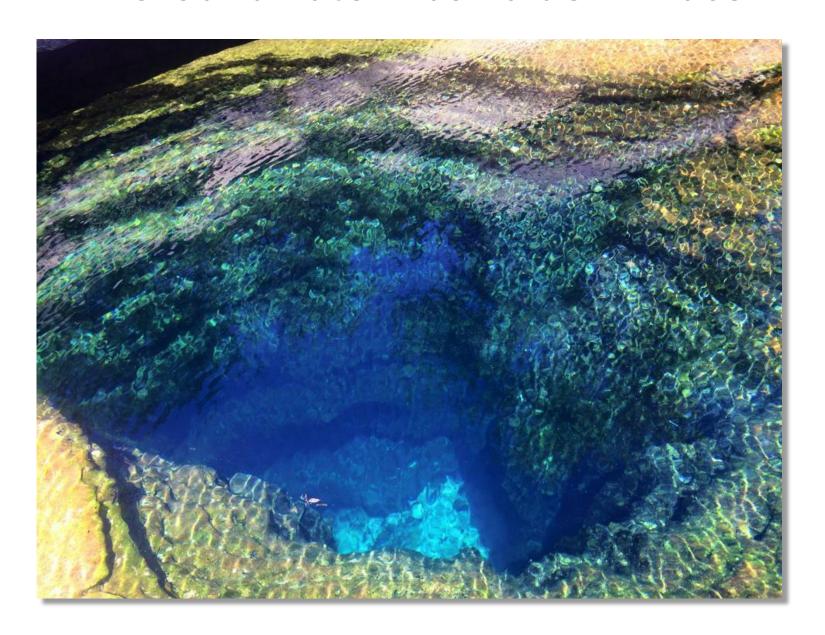
### Oil and Gas Are Owned In Place



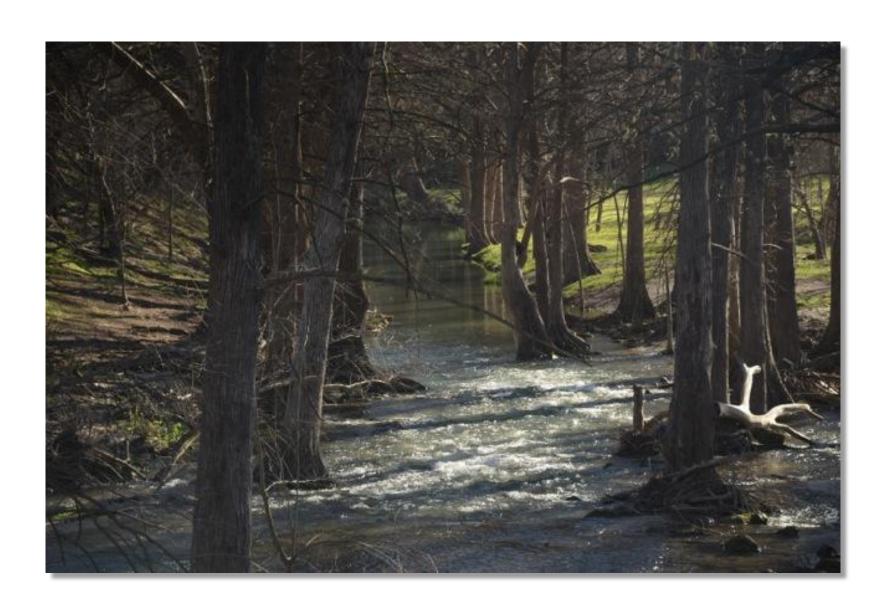
### Oil and Gas Are Commodities



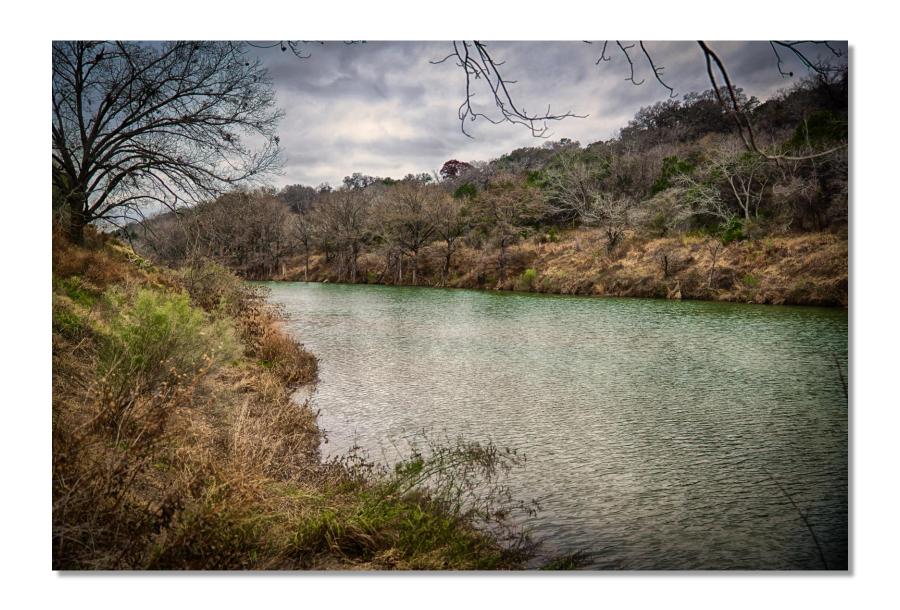
### Groundwater Has Value in Place



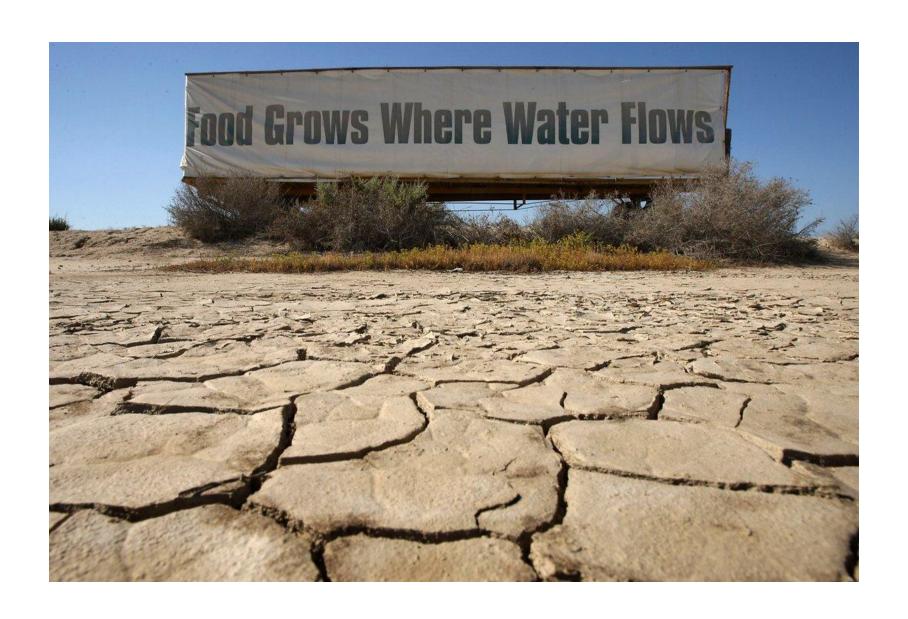
### **Groundwater Sustains Creeks**



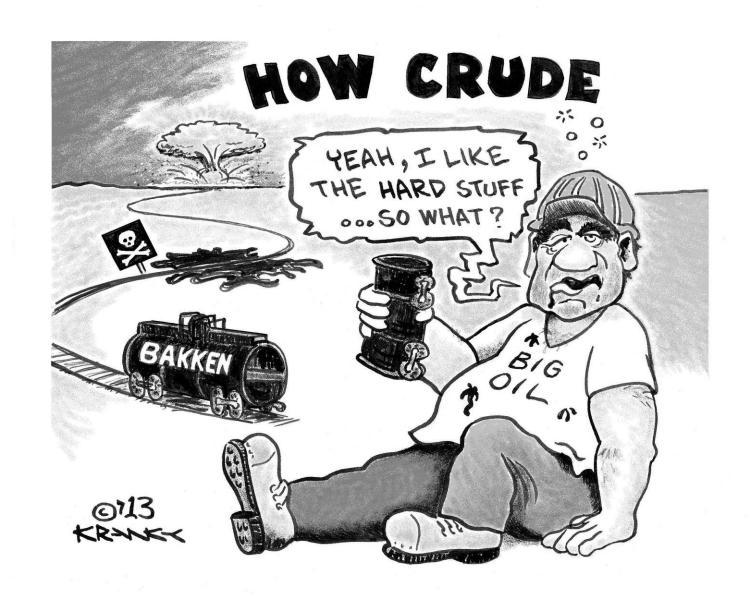
### **Groundwater Sustains Rivers**



#### Without Water Land is Worthless



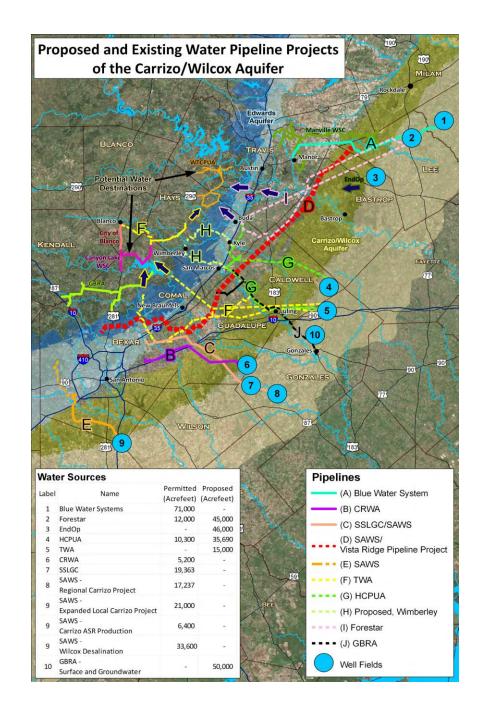
#### You Can't Drink Oil



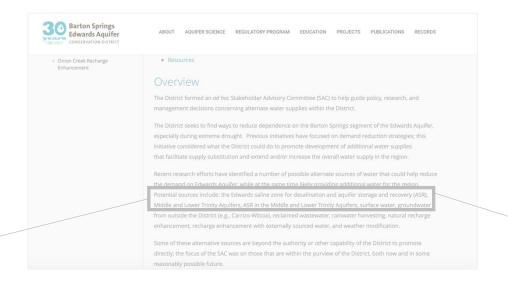
# Why you should care



# Groundwater Development



## Groundwater = Alternative Water Supply



Potential sources include: the Edwards saline zone for desalination and aquifer storage and recovery (ASR), Middle and Lower Trinity Aquifers, ASR in the Middle and Lower Trinity Aquifers, surface water, groundwater

You Own Your Groundwater

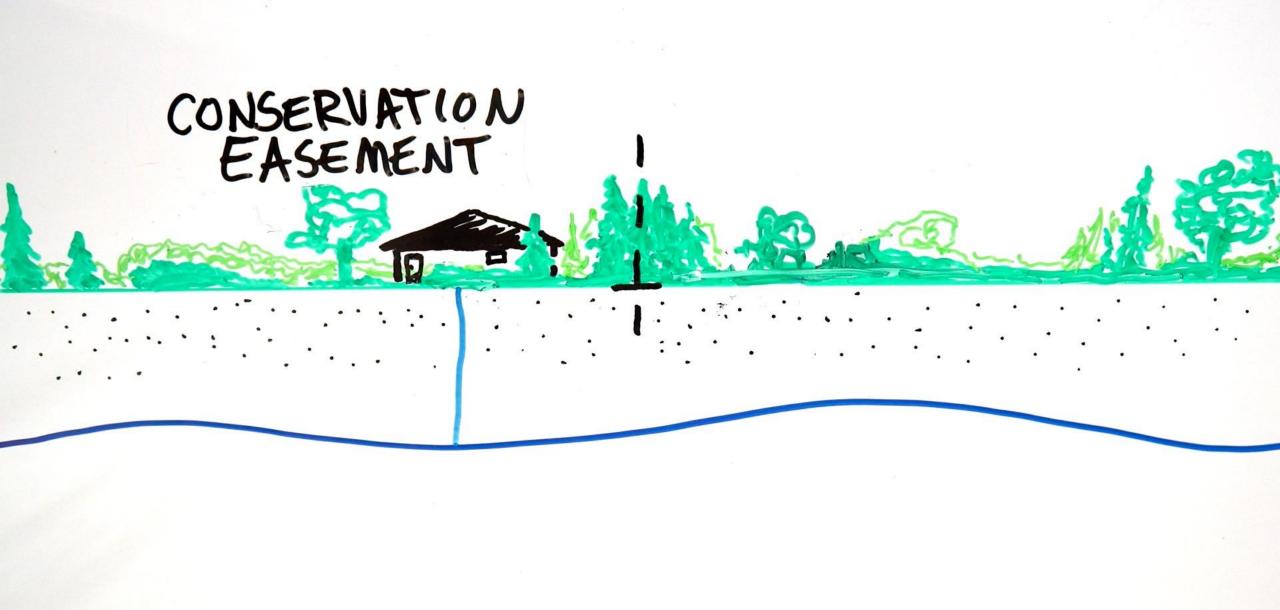
# In Place

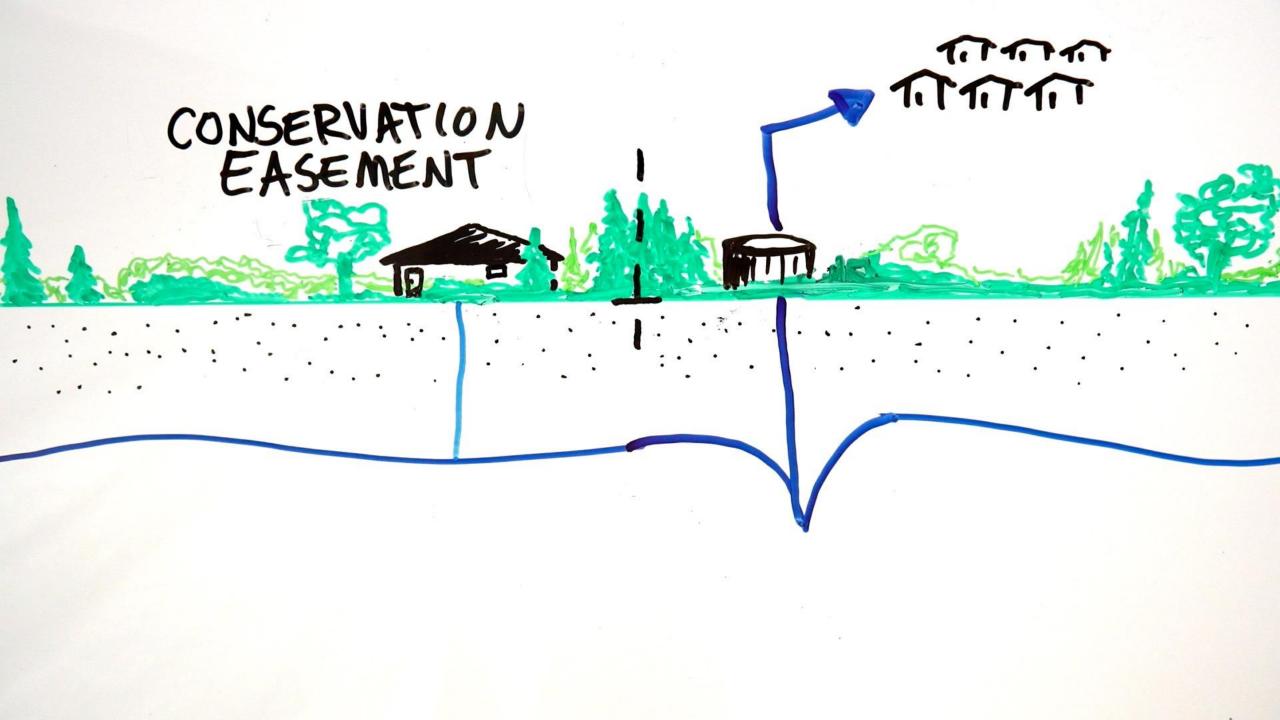
You Have A **RIGHT**To **CONSERVE** It

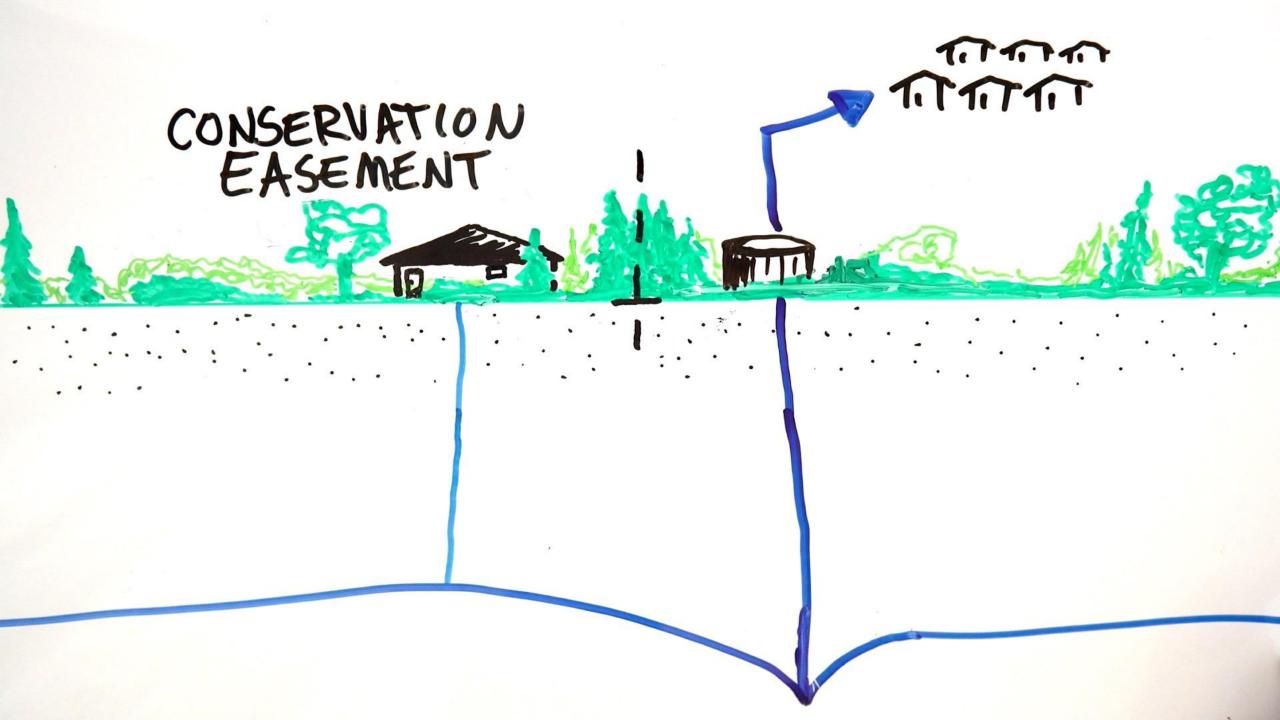
# In Place

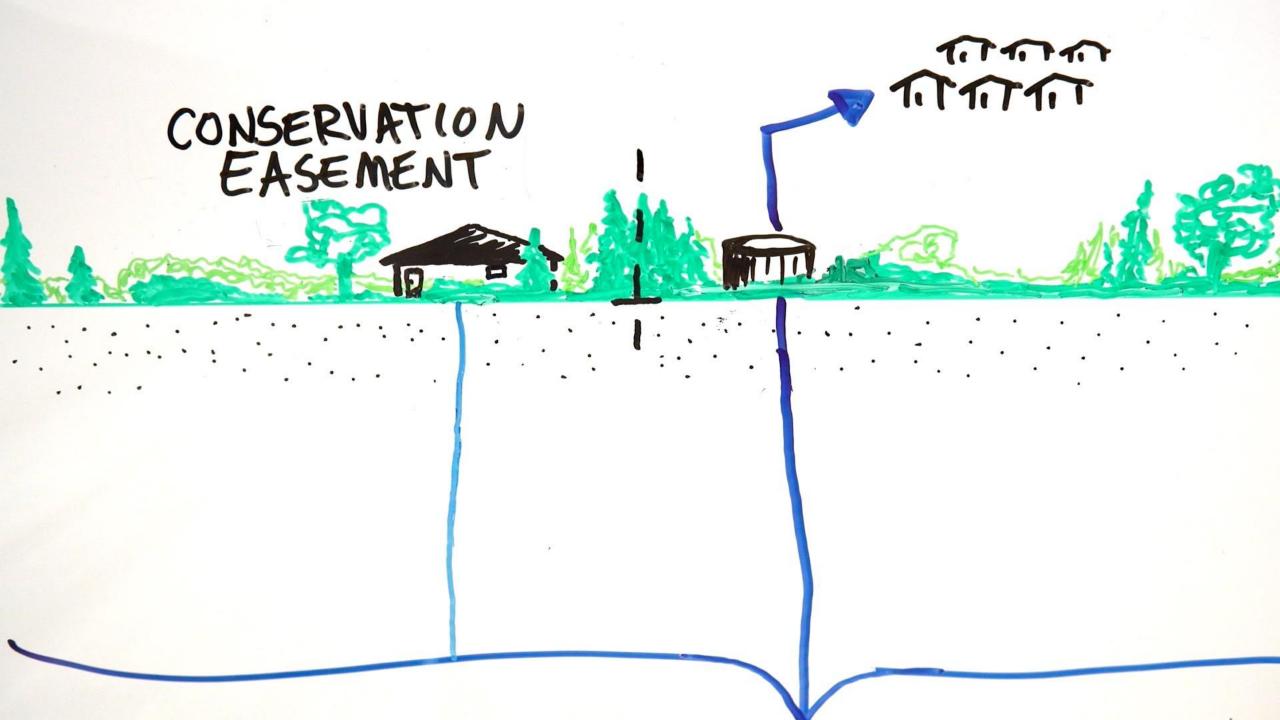




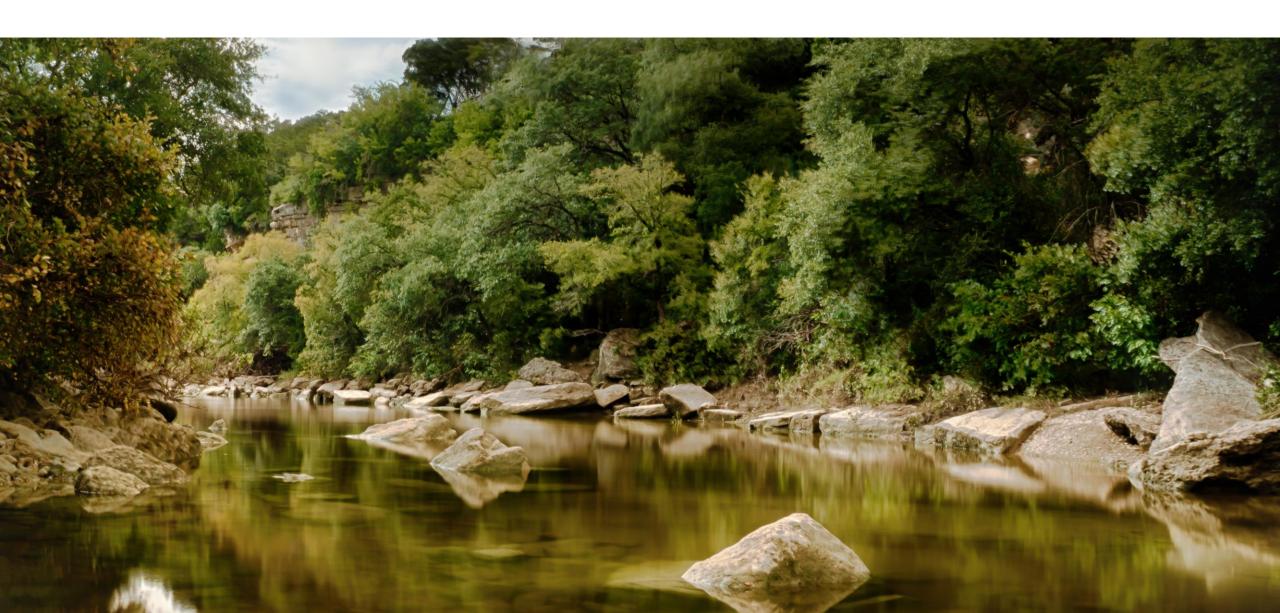








# What Can You Do?



# Conservation Easement on Land Should Protect Groundwater

and if not updated, the Plan then in force shall apply. Any vegetation management varying fro the Conservation Area Plan shall require Grantee's prior written approval.

No restrictions on clearing or otherwise managing vegetation apply within the Buildin Envelopes.

2.10 Hydrology. Except as permit depletion or extraction of surface or subsurf conducted that could alter the natural water lev other conveyance of surface water, ground conveyance of the Property as a whole is perm

2.11 Signage. No signs or billboard: Property, except for those signs whose place diminish the scenic character of the Property.

2.12 <u>Biocides</u>. Except as needed sticides or biocides on the Property, except

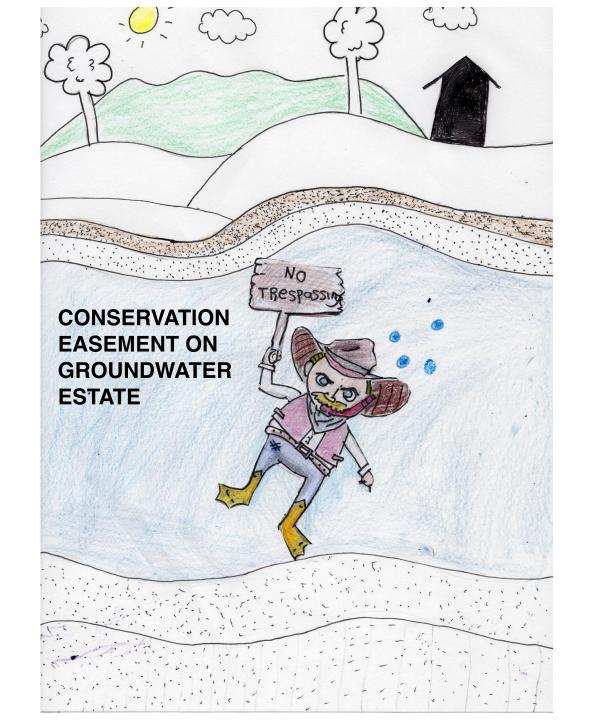
2.13 <u>Dumping</u>. There shall be no per other unsightly or offensive material, hazardou underground storage tanks in, on, or under topography through the placing of soil or other spoils, except as permitted elsewhere in this Ea Protected Property may be stored temporarily in intervals.

2.14 <u>Pollution</u>. There shall be no polluponds, marshes, subsurface water or any other water be

2.15 <u>Predator Control</u>. Grantor shall have the right to control, destroy, or tray predatory and problem animals that pose a material threat to people, other animals, or habitat be means and methods approved by Grantee.

2.10 <u>Hydrology</u>. Except as permitted in Paragraph 2.3, there shall be no alteration, depletion or extraction of surface or subsurface water on the Property, nor shall activities be conducted that could alter the natural water level or flow in or over the Property. No sale, lease, or other conveyance of surface water, groundwater, or any other water rights separate from

conveyance of the Property as a whole is permitted.



# Conservation Easement on Mineral Estate

Copyright © 2017 Environmental Law Institute®, Washington, DC. Reprinted with permission from ELR®, http://www.eli.org, 1-800-433-5120.

#### COMMENT

# Mineral Estate Conservation Easements: A New Policy Instrument to Address Hydraulic Fracturing and Resource Extraction

by Robert B. Jackson, Jessica Owley, and James Salzman

Robert B. Jackson is Michelle and Kevin Douglas Provostial Professor, Department of Earth System Science, Woods Institute for the Environment, and Precourt Institute for Energy, Stanford University, Jessica Owley is Professor of Law, University at Buffalo School of Law, the State University of New York. James Salzman is the Donald Bren Distinguished Professor of Environmental Law, Bren School of the Environment, University of California, Santa Barbara, and University of California, Los Angeles Law School.

as it is colloquially called) has transformed the oil and natural gas industries and changed the landscape of energy policy. While helping the United States approach energy independence, fracking has also generated major conflicts over local land-use decisions.

Although the hydrocarbons trapped in shale and sand-stone formations had been viewed as unrecoverable, the advent of high-volume hydraulic fracturing in the early 2000s changed that view. In high-volume hydraulic fracturing, roughly 8,000 to 80,000 cubic meters (2-20 million gallons) of water, chemicals, and sand and other proppants' are pumped underground at pressures (10,000–20,000 pounds per square inch) sufficient to crack open impermeable rock formations, allowing the oil and natural gas to flow through the well to the surface. A hydraulically fractured well can now follow a thin layer of impermeable shale or tight sandstone for kilometers or more laterally. Long horizontal wellbores' often travel under multiple

Authors' Note: We would like to thank Collin Doane for his research assistance on this project and Fred Cheever, Amy Pickle, and Amy Mall for comments on an earlier draft.

- 1. Ú.S. ENERGY INFORMATION ADMINISTRATION (EIA), TECHNICALLY RECOVERABLE SHALE O'IL AND SHALE GAS RESOURCES: AN ASSESSMENT 13 (2013), available at http://www.cia.gov/analysis/studies/worldshalegas/pdf/fullreport-pdf, ROMA SOCIETY & ROMA ACADEMY OF ENGINEERING, STALE GAS EXTRACTION IN THE UK: A REVIEW OF HYDRAULIC FRACTURING 12 (2012) [hereinafter ROMA; Sociy]: Natural Resources Canada, Exploration and Production of Stale and Tight Resources, http://www.nrcan.gc.ca/energy/sources/shale-tight-resources/1767/ last visited Dec. 12, 2013
- A proppant is material used to keep cracks in the rock open after the water used in hydraulic fracturing leaves. ROYAL SOC'Y, supra note 1, at 68.
- Robert B. Jackson et al., The Environmental Costs and Benefits of Fracking, 39
   ANN. Rev. Env'r & Resources 327, 329 (2014).
- 4. Id. at 334.
- A wellbore is the "hole created by drilling operations," synonymous with borehole. ROYAL SOC'Y, supra note 1, at 69.

landowners' properties, requiring companies to acquire larger leases than they need for conventional wells.

The United States, where hydraulic fracturing was developed, is one of the world's largest producers of oil and natural gas. The country produced nine million barrels of oil daily in 2015, more than one-half from hydraulically fractured wells, with oil production almost doubling since 2000. The fact, the United States has gone from being the world's largest net importer of oil to being a global exporting powerhouse.

Natural gas extraction and production are also increasing, primarily derived from hydraulic fracturing. Companies produced 12.3 trillion cubic feet of natural gas from shale and other impermeable formations in the United States in 2014, approximately one-half of all gas produced that year. Electricity powered by natural gas reached parity with coal, at 33% domestic market share in 2015, and natural gas overtook coal for the first time in 2016 as the dominant source of electricity in the United States.

Accompanying the rise of high-volume hydraulic fracturing<sup>11</sup> has been a suite of environmental and social con-

47 ELR 10112 ENVIRONMENTAL LAW REPORTER 2-2017

Linda Doman et al., United States Remains Largest Producer of Petroleum and Natural Gas Hydrocarbons, Today in Energy, May 23, 2016, http://www.eia.gov/todayinenergy/detail.cfm?id=26352.

<sup>8.</sup> See EIA, Petroleum and Other Liquids—Crude Oil Production, www.eia.gov/

dnav/pet/pet\_crd\_crpdn\_adc\_mbblpd\_a.htm (last visited Dec. 12, 2016).
 ElA, Frequently Asked Questions: How Much Shale Gas Is Produced in the United States?, http://www.cia.gov/tools/faqs/faq.cfm?id=9078ct=8 (last visited Dec. 12, 2016).

Tyler Hodge et al., Natural Gas Expected to Surpass Coal in Mix of Fuel Used for U.S. Power Generation in 2016, ToDax in Energy, Mar. 16, 2016, http://www.eia.gov/todayinenergy/detail.php?id=25392.

High-volume hydraulic fracturing is distinguished from other fracturing methods because it requires larger volumes of water. See NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, FINAL SUPPLEMENTAL GENERIC ENVIRONMENTAL IMPACT STATEMENT ON THE OIL, GAS, AND

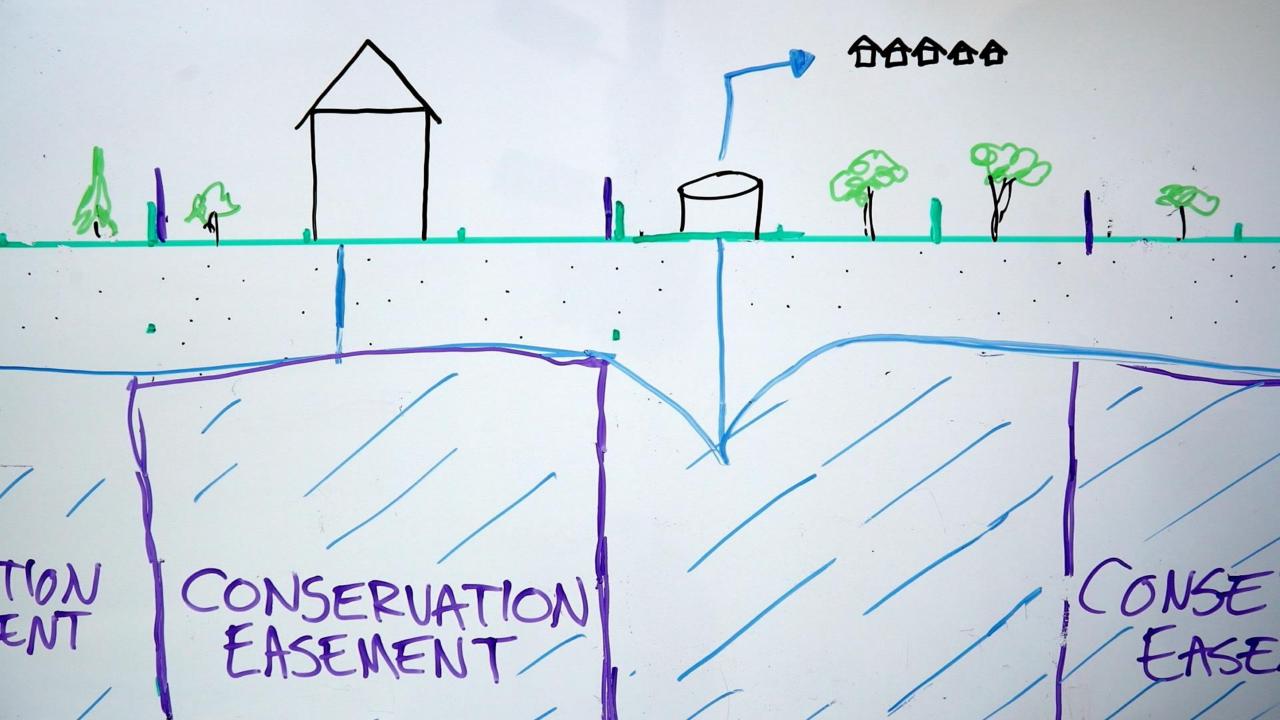
#### Conservation Easement on Groundwater Estate

A "Conservation easement" is defined as "a non possessory interest of a holder in **REAL PROPERTY** that imposes limitations or affirmative obligations designed to

- (A) retain or protect natural, scenic, or open-space values of real property or assure its availability for agricultural, forest, recreational, or open-space use;
- (B) protect natural resources;
- (C) maintain or enhance air or water quality; or
- (D) preserve the historical, architectural, archeological, or cultural aspects of real property."

Texas Natural Resources Code § 183.001



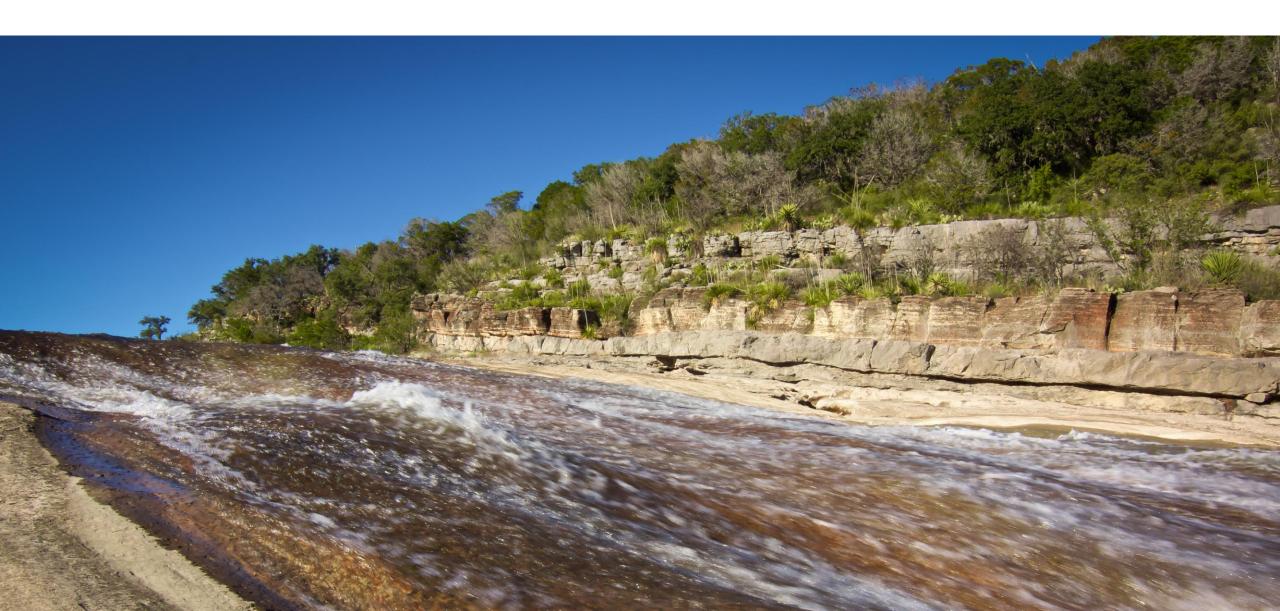








# **Obstacles**

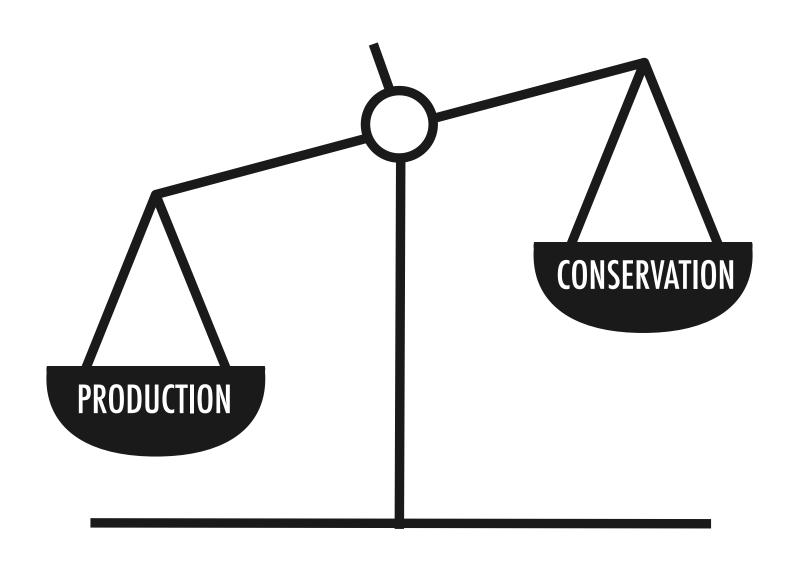


## Likely Not Deductible

#### 26 USC § 170

- A "qualified conservation contribution" means a contribution—
- (A) of a qualified real property interest, (this is groundwater in Texas)
- (B) to a qualified organization,
- (C) exclusively for conservation purposes.
- "Conservation purpose" means:
- (i) the preservation of **land** areas for outdoor recreation by, or the education of, the general public, [not going to work for just groundwater]
- (ii) the protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem,
- (iii) the preservation of **open space** (including farmland and forest land) where such preservation is— [wont work for just groundwater]
- (I) for the scenic enjoyment of the general public, or
- (II) pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and will yield a significant public benefit, or
- (iv) the preservation of an historically important land area or a certified historic structure.

### **Groundwater Law in Texas**



"Water links us to our neighbor in a way more profound and complex than any other."

- John Thorson, Federal Water Master, Washington State

