# Water Rights 101:

Unrealized and Undisclosed

South Texas College of Law 29<sup>th</sup> Annual Real Estate

Law Conference

June 5 and 6, 2014

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#### "An intelligent, elegant call to action in the defense of fresh water."—Kirkus Review

CHARLES R. PORTER

#### **Sharing the Common Pool**

WATER RIGHTS IN THE

EVERYDAY LIVES OF

TEXANS



If every individual and every entity or municipality in the state of Texas chose to exercise water rights at the same time, there would not be enough water to satisfy all claims, no matter how legitimate.

Texas water law, which contains elements of Spanish, English, and Republic heritages, originally defined water by where it sits, flows, or falls and assigned ownership accordingly. This seemingly logical line of reasoning, however, has since evolved into a tortuous amalgamation of laws, permits, and governing authorities that currently face the onslaught of population growth and competing interests—all with insatiable thirsts.

Water rights expert Charles R. Porter explains who has rights to water in Texas, who determines who has those rights, and who benefits or suffers because of it. Covering ownership, use, regulation, real estate, and policy, Porter lays out how we manage (and mismanage) water in Texas, what legal cases have guided the debate, and where the future might take us as old rivalries, new demands, and innovative technologies—such as hydraulic fracturing of oil shale formations ("fracking")—help redefine water policy.

CHARLES R. PORTER is assistant professor of history at St. Edward's University in Austin and a licensed real estate agent and broker. He has been a presenter and panel moderator for the Texas legislature, at the Texas Groundwater Summit, and at a joint conference of the Texas Rural Water Association and Texas Water Conservation Association.

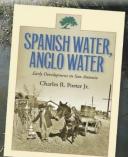
240 pp. 40 color illus. 10 maps. 5 figs. Table. 3 appendixes. Flexbound \$24.95. Publication: Spring 2014.

#### Also By CHARLES R. PORTER

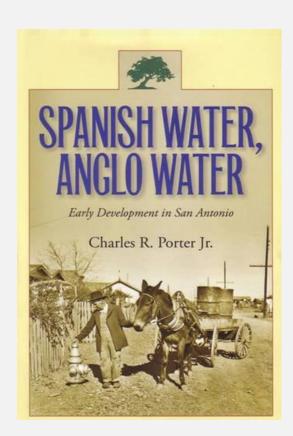
SPANISH WATER, ANGLO WATER:

WINNER 2011 San Antonio Conservation Society Publication Award, presented by the San Antonio Conservation Society

WINNER 2011 Texas Old Missions and Forts Restoration Association Book Award, presented by the Texas Catholic Historical Society



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A History of the Development of Texas Water Rights and Community Formation Around Water

*Texas A & M University Press* (2009)





**Water Shares** 



### NFLUENCE

#### **Edwards Aquifer Authority** vs. Day and McDaniel What is the court deciding and why does it matter?

By RUSS JOHNSON Partner McGinnis, Lochridge & Kilgore

On February 17, 2010, the Texas Supreme Court heard oral argument in the most important groundwater case to come before the court in recent history. The case squarely presents the question of whether a landowner has an ownership interest in groundwater under the absolute ownership rule adopted by the Texas Supreme Court in 1904. The absolute ownership rule describes the landowner's ownership interest as part of the soil and inseparable from the real property. However, under the rule, the landowner had no liability for adverse impacts caused by the groundwater production so long as the water was beneficially used without waste

While the courts have consistently recognized the real property groundwater ownership rights of landowners in decisions since East, the courts have also recognized the ability and need for the legislature to provide for regulation of groundwater use through groundwater conservation

Please see Matter, page 14

#### Early water policy in Texas

By CHARLES PORTER Adjunct Professor St. Edwards University, Austin



Texas' initial public water policy was made in 1709 when Spanish explorers officially classified the future site of San Antonio as being capable of supporting a ciudad or city due to the prolific amount of "living" water from the spring-fed San Antonio River and its conjunctive stream San Pedro Creek. In 1718, the initial acequia or irrigation canal was dug in a system that eventually stretched over 50 miles in San Antonio and became the first municipal water system in the United States. All water in the acequia system was required to return to the river

Please see Early, page 5

#### **Edwards Aquifer** Authority v. Day, et al poses question of when groundwater interest vests

By GREGORY ELLIS Attorney and Executive Director
Texas Alliance of Groundwater Districts

The Texas Supreme Court recently heard oral arguments in what may be the most important groundwater law case of the last 100 years: Edwards Aquifer Authority v Day et al. At stake is the State's ability to prevent over pumping of aquifers to everyone's detriment.

The Supreme Court has made it clear that landowners cannot look to the courts for protection of their groundwater resources. By adopting (and later upholding) the Rule of Capture the court said two things: 1) whoever pumps the groundwater gains vested title to it, and 2) the legislature has the job of preventing harms that may be encouraged by that Rule.

Now that the legislature has acted to protect groundwater resources through locallycontrolled groundwater conservation districts those who want to exploit the resource are turning to the State's constitutional protection of private property to try and control what districts may or may not do.

Please see Impacts, page 7

In This Issue: Texas Water Day 2010 - p. 3 • Annual Convention photos - p. 12



tion Mayle Excords is two del to fass with metaphor, of yournelf at that age ("Down in the Bowerty"), giving our mapple has seen from much of life (and once two close) are completed in the count do fill did not care, but on Servet Stage of Love-with its distribution of the country of the co

#### **Water Shares**

by Charles Porter



Make the proposal of the control of

# Three <u>"Geological Containers"</u> Determine Ownership of Water and Regulations

Natural Surface Water

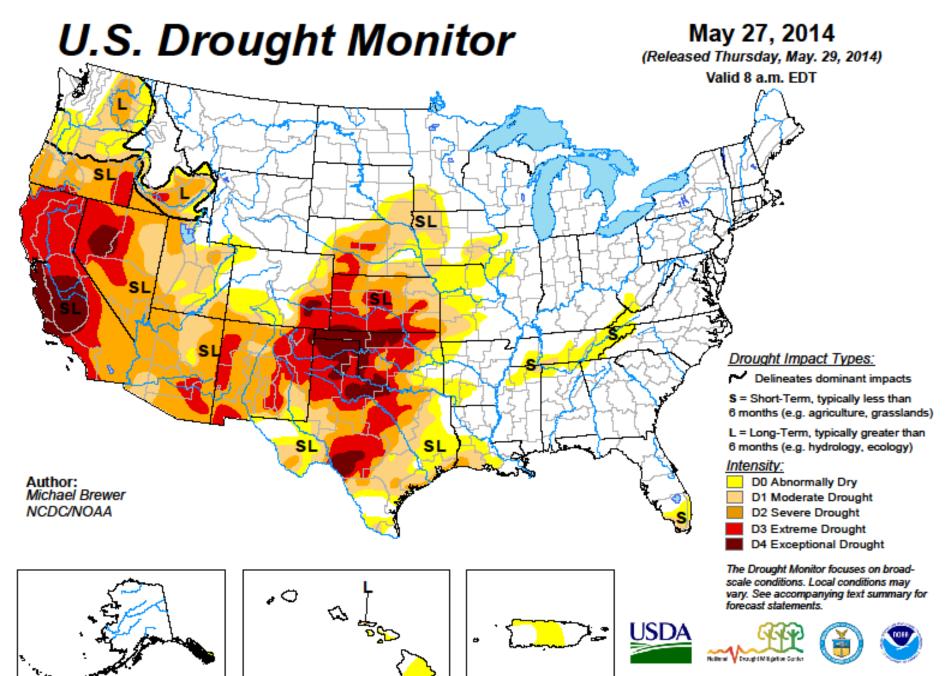
Diffused Surface Water

Groundwater in Aquifer and or Pools *Underground* 

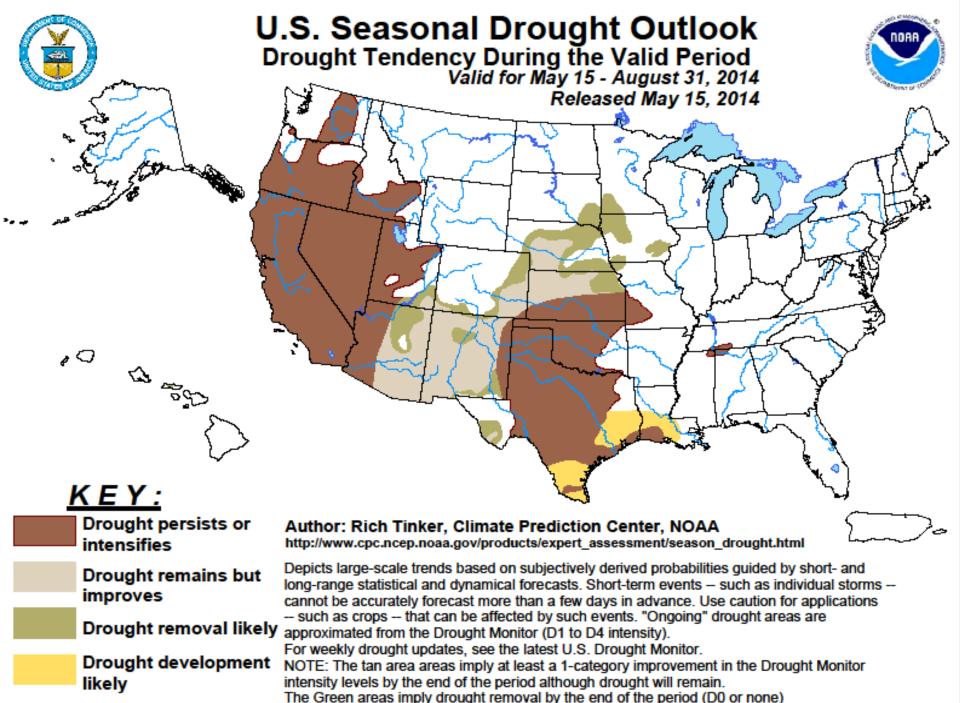
# **Worldwide Uses of Water**For food, drink, and . . . jobs

•Irrigation 60%-70% - for our vegetable and grain foods (bread for example) and our livestock feed

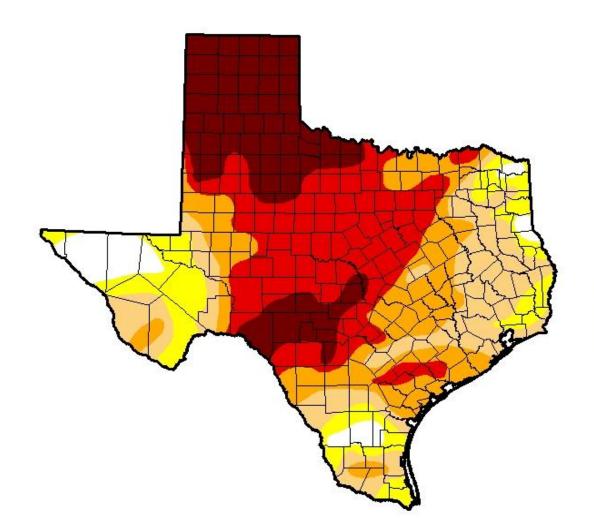
- Municipal/industrial 20%-30% for our industries and city drinking water/sanitary sewage.
- **Domestic/livestock** 10% for our drinking water and our animals' drinking water .



http://droughtmonitor.unl.edu/



# U.S. Drought Monitor Texas



#### May 6, 2014

(Released Thursday, May. 8, 2014) Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Сиптепт	5.11	94.89	83.35	65.13	46.17	21.28
Last Week 429/2014	9.88	90.12	74.47	52.91	37.86	17.75
3 Month's Ago 2/4/2014	14.95	85.05	51.68	22.34	7.95	0.71
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 10/1/2013	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago 5/7/2013	1.45	98.55	92.13	72.82	40.58	12.88

#### Intensity:

D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

#### Author:

Mark Svoboda National Drought Mitigation Center

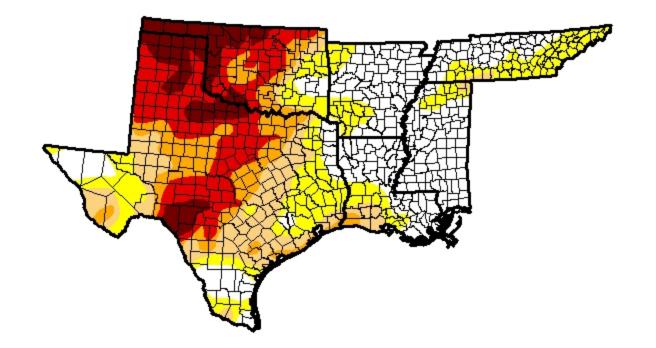








# U.S. Drought Monitor South



#### May 27, 2014

(Released Thursday, May. 29, 20 Valid 8 a.m. EDT

Drought Conditions (Percer

		None	D0-D4	D1-D4	D2-D4	D3	
	Сиггепт	32.26	67.74	48.10	34.85	23	
	Last Week 520/2014	31.81	68.19	48.83	38.35	28	
	3 Month's Ago 2/25/2014	30.23	69.77	43.10	20.79	6.	
	Start of Calendar Year 12/31/2013	55.85	44.15	27.23	13.21	3.	
	Start of Water Year 10/1/2013	26.20	73.80	50.11	17.90	3.	
	One Year Ago 528/2013	40.25	59.75	52.84	36.91	19	

#### Intensity:



The Drought Monitor focuses on broad-scale condit. Local conditions may vary. See accompanying text of for forecast statements.

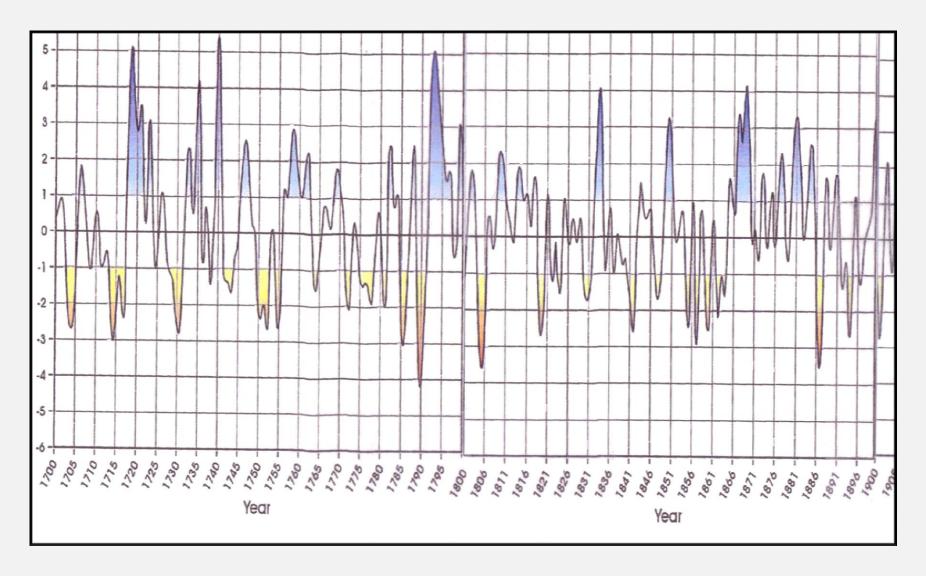
#### Author:

Michael Brewer NCDC/NOAA





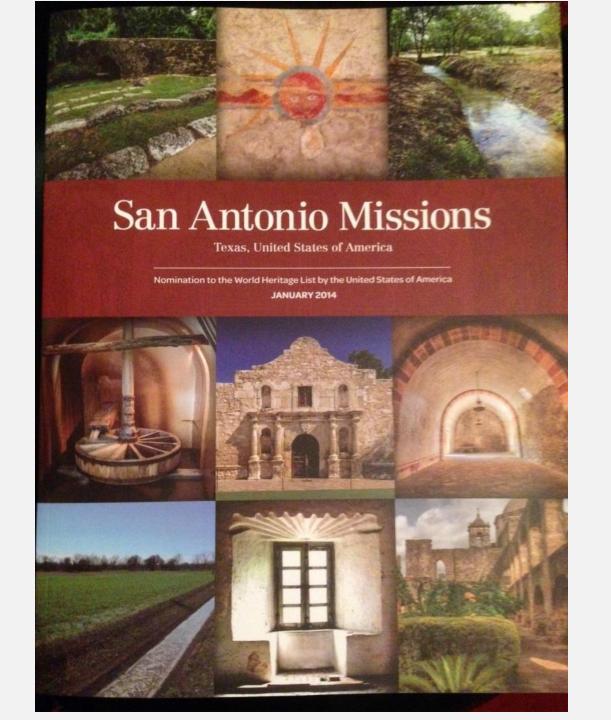




Droughts and Deluges in San Antonio 1700 - 1900

# Prelude to Community Development of Water Rights Over the Past 300 Years

Two Early Examples: Surface Water and Groundwater Communities in Spanish Colonial Texas



# Spanish Law Roots - Surface Water

## Spain:

Surface water is held in trust by the King for the people.

#### Texas:

Surface water is held in trust for the people.

Texas Water Code Sec. 11.0235. POLICY REGARDING WATERS OF THE STATE. (a) The waters of the state are held in trust for the public, and the right to use state water may be appropriated only as expressly authorized by law.

# Spanish Law Roots - Groundwater

### Spain:

Groundwater was owned by the surface owner.

### Texas:

Groundwater is owned by the surface owner. (SB 332, 82<sup>nd</sup> Texas Legislature, 2011)

# Who owns water? Whose rights should prevail?



# Ownership of Water and Regulatory Oversight Today

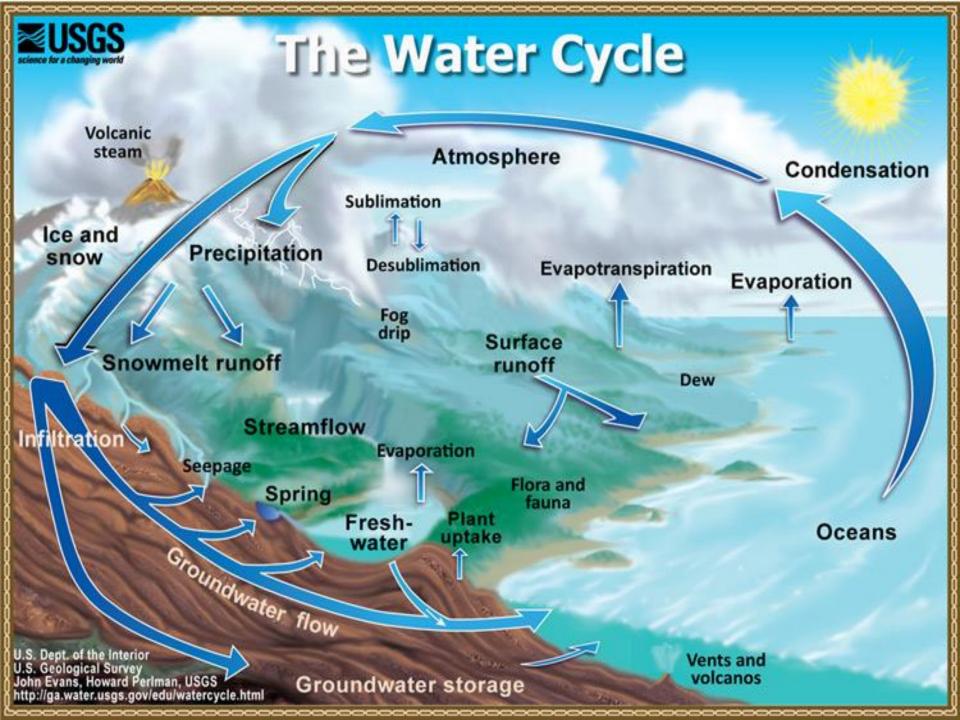
Natural Surface Water - State-owned water/TCEQ

Diffused Surface Water - Landowner-owned water/TCEQ

Groundwater – Landowner-owned water/GCDs (where they exist) and Special Districts

## Key Glossary Terms

- *Acre-foot* volume of water needed to cover 1 acre to a depth of 1 foot = **325,851 gallons**.
- Acre of land receives one inch of rain = 27,154 gallons.
- Appropriative right the right to impound, divert, store, take, or use a specific amount of state water acquired by law. Appropriator person making beneficial lawful use under the statutes.
- Certificate of Adjudication evidence of water right.
- *Correlative right* rights that are co-equal, relate to one another, so that one owner cannot take more than their share.
- *Conjunctive* joined together; combined (*like all three geologic containers of water*).



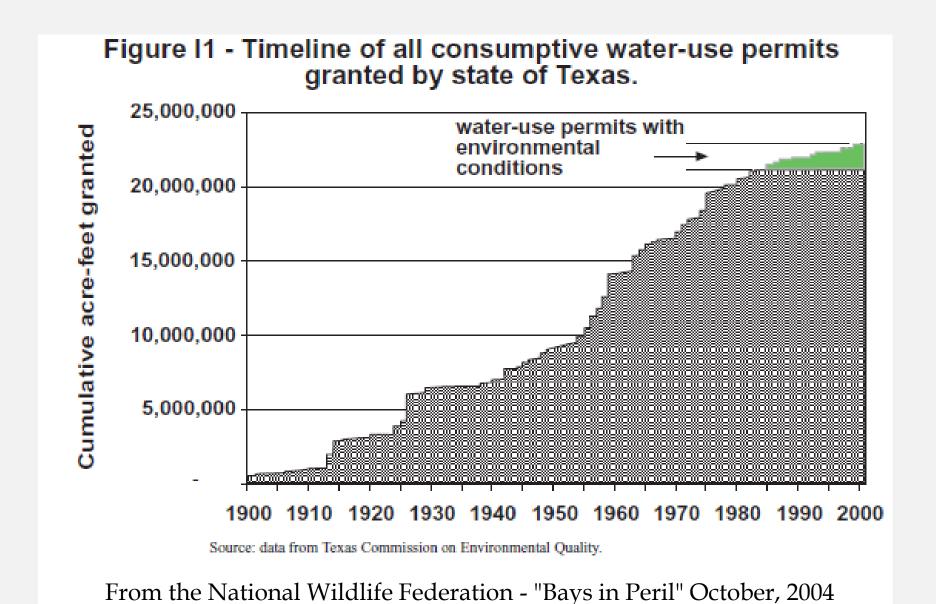
## Surface Water

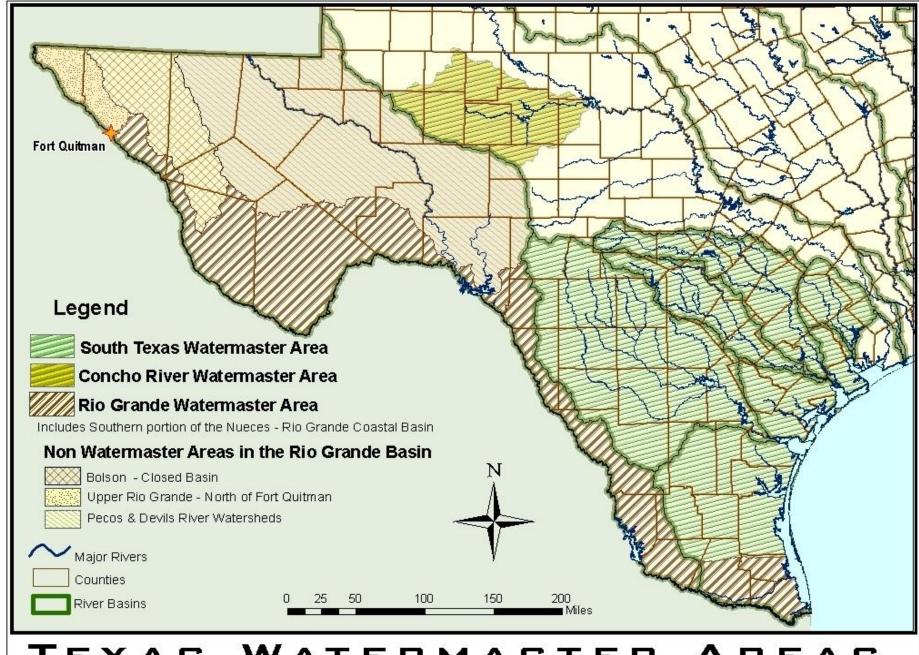
TCEQ including
Watermasters and 17 River
Authorities

# Water Rights Adjudication Act of 1967

- To, for once and for all, establish valid surface water rights in Texas. After 1969, any claims not adjudicated were barred and extinguished.
- Authorization to use or to appropriate state water requires that one obtain a permit, or hold a certificate of adjudication authorizing the diversion and use of the water.
- Certificates of adjudication are historic evidences of the right to appropriate state water. They, together with permits, are current evidence of authority to divert and use State water. Riparian rights are dead, except for domestic and livestock uses.

## Surface Water is Fully Appropriated Today





#### TEXAS WATERMASTER AREAS

## Groundwater

# Local Groundwater Conservation Districts

### **Groundwater Conservation Districts**

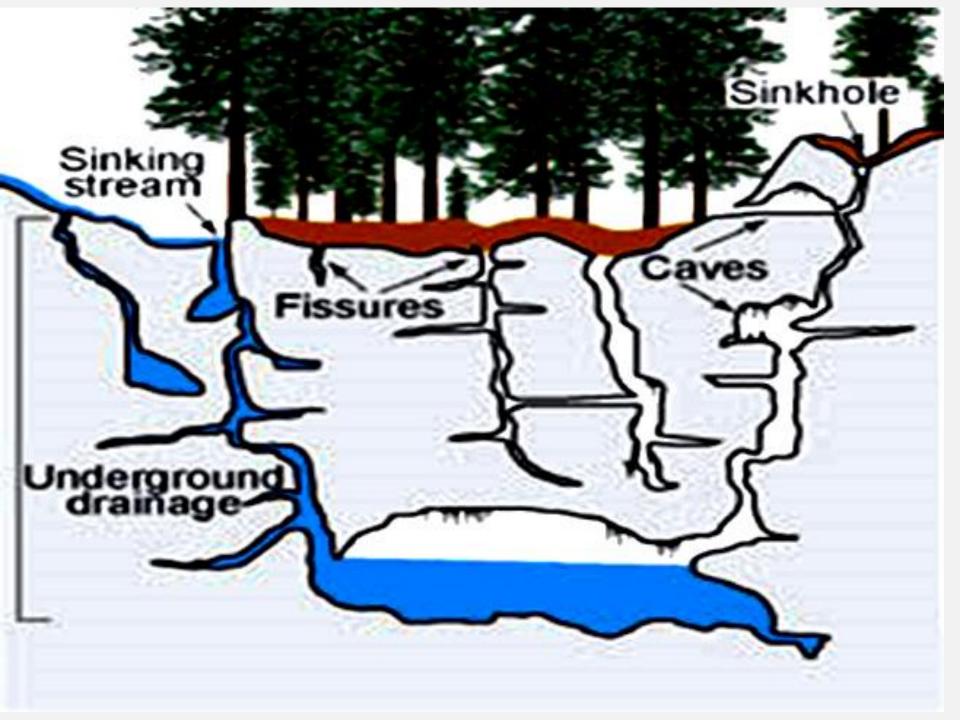
The preferred method of groundwater management per Texas Legislature.

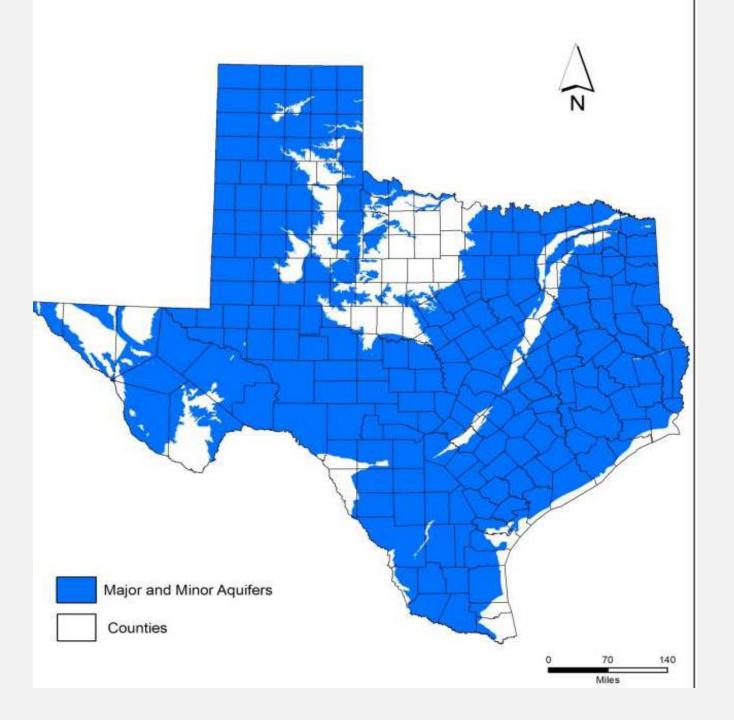
1949 Legislature - 1951 first formed - High Plains Underground Water Conservation District No. 1.

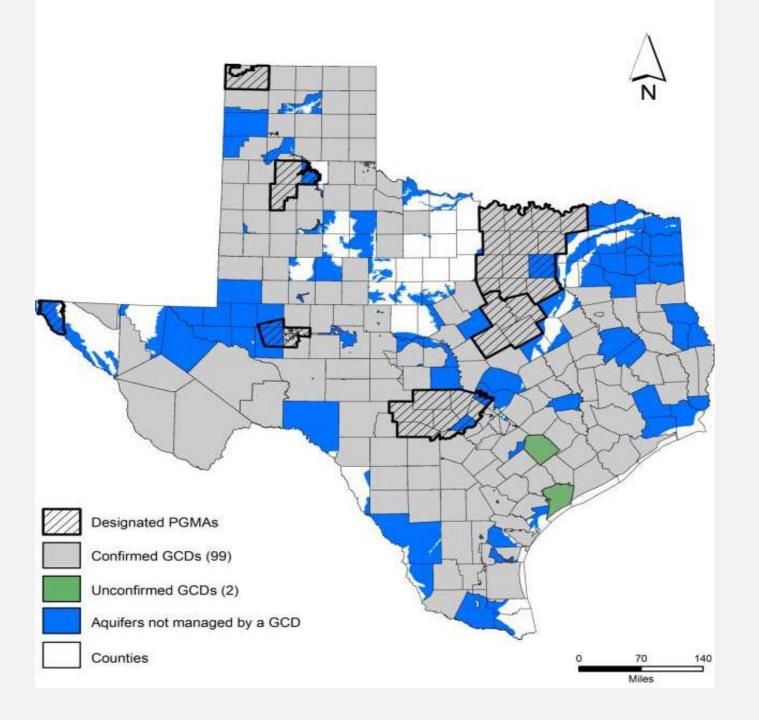
99 GCD's cover 173 counties – <u>of 254 counties</u> – 68%.

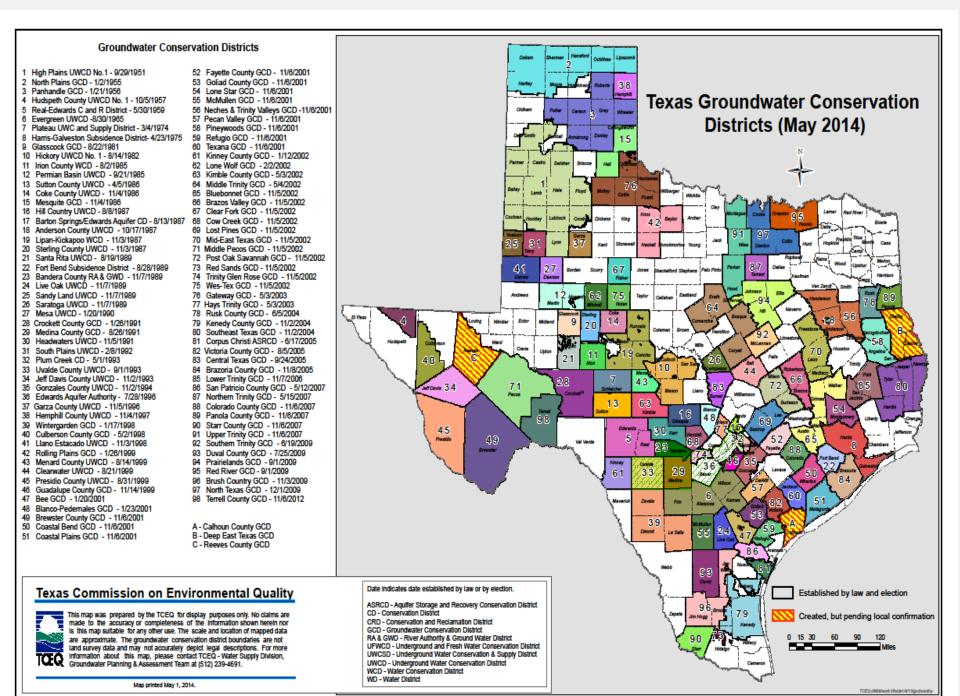
Areas without GCDs face a <u>problem</u> – the rule of capture. Many GCDs are woefully underfunded – can barely operate – see TWJ Vol. 4, Porter.

PGMAs - Counties in the water policy game.









### Not all of Texas has a GCD

Lone Star Water Forum, Brenham, Saturday, October 5

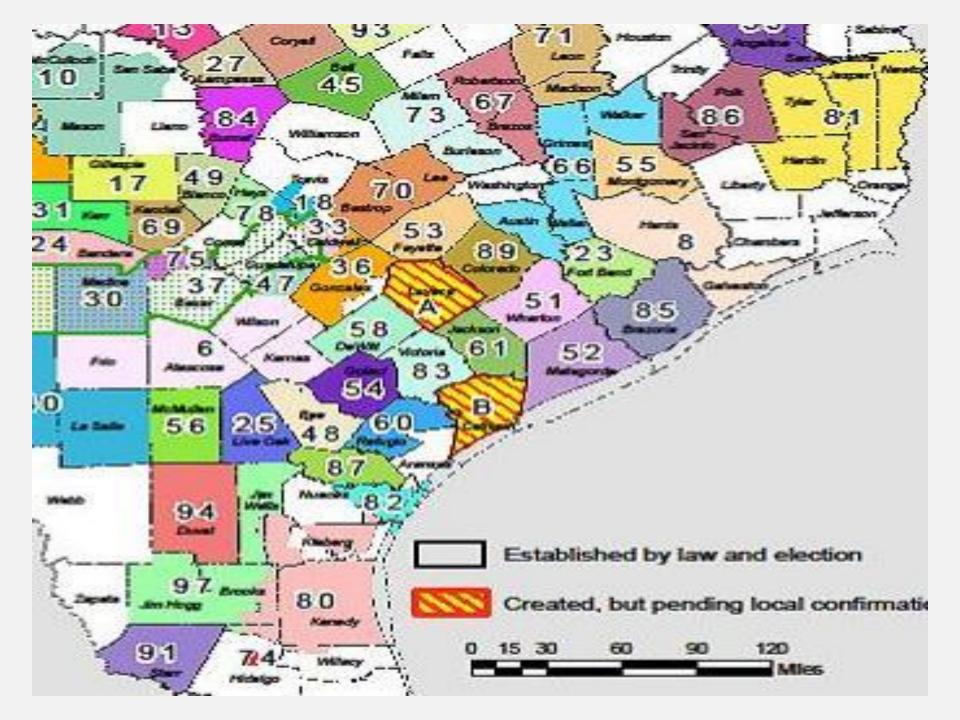
"Should Washington County have a groundwater conservation district?"



### Water for the Future:

Is a Groundwater Conservation District Right for Us?

October 5, 2013 Brenham, Texas



# District Funding is a Problem?

Texas Water Journal May, 2013, Vol. 4, No. 1

"Groundwater Conservation

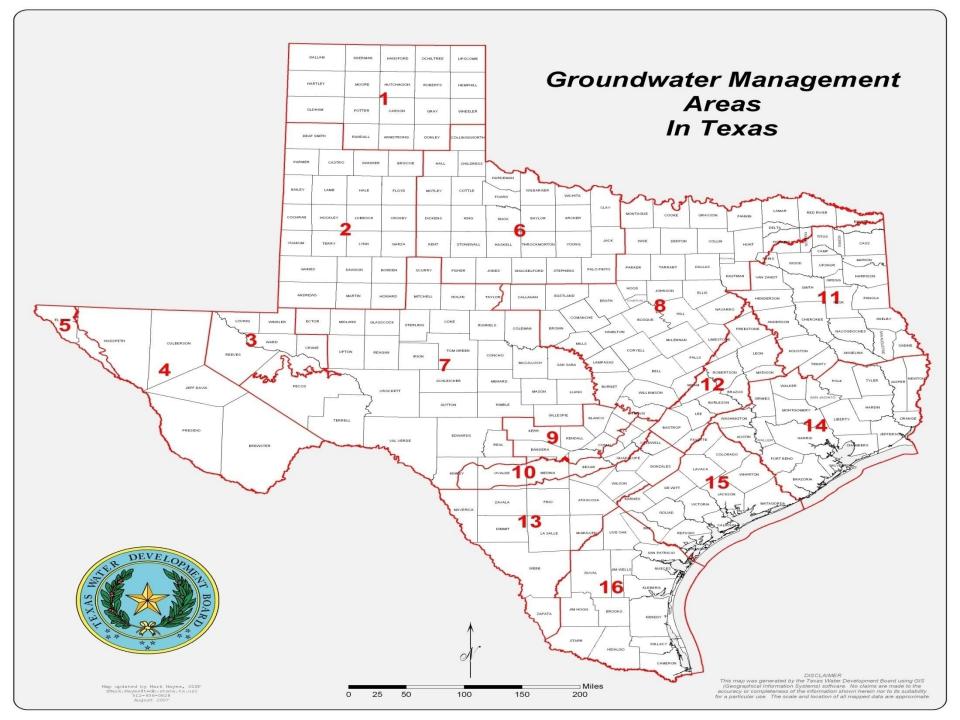
District Finance in Texas:

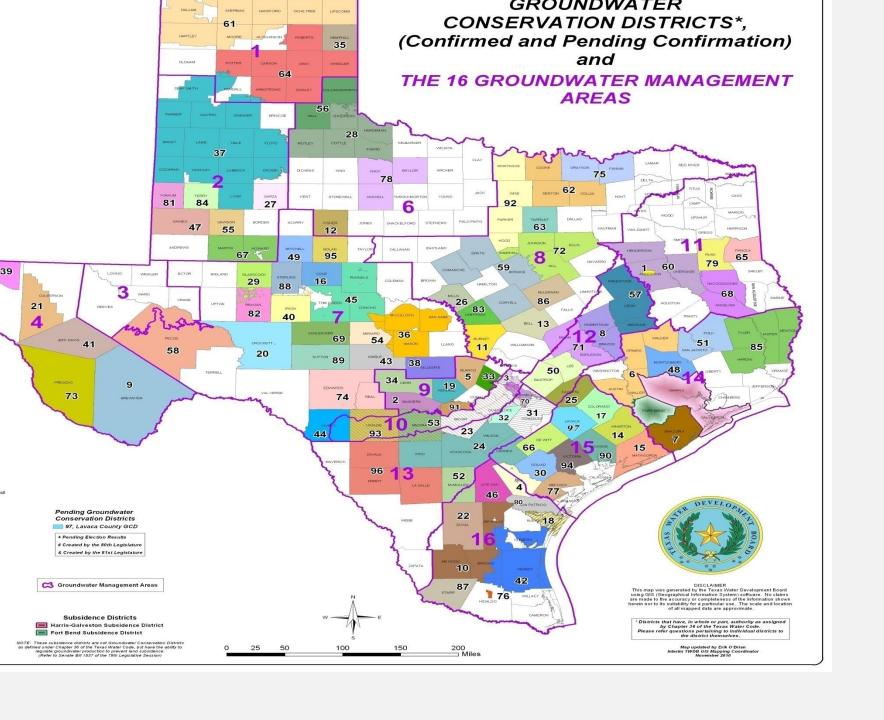
Results of a Preliminary Study"

Charles R Porter, Jr.

http://journals.tdl.org/twj/index.php/twj/issue/archive

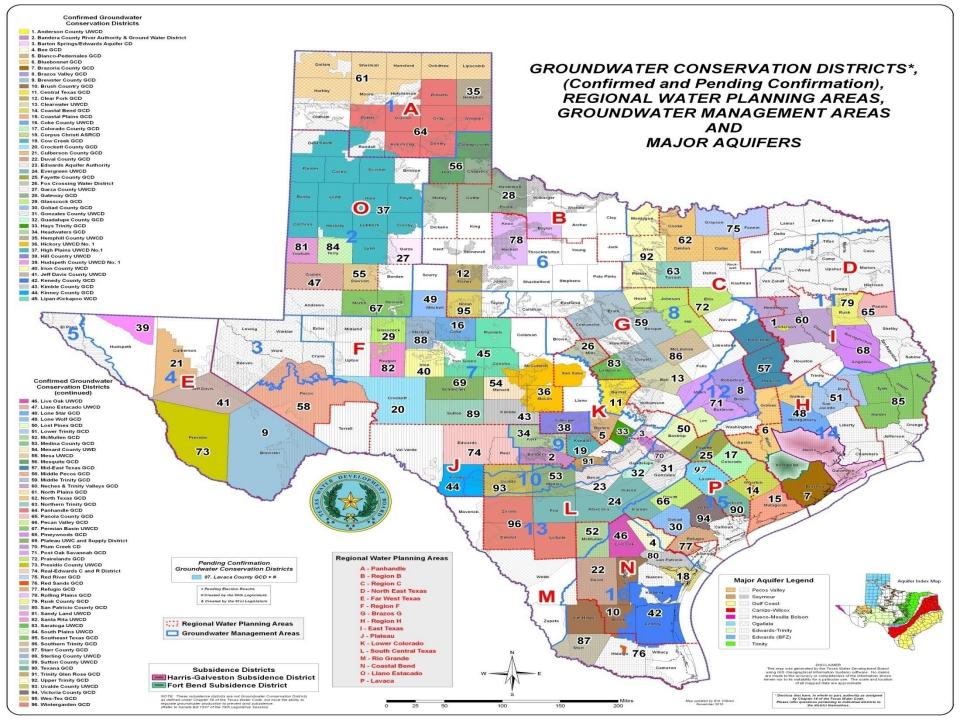


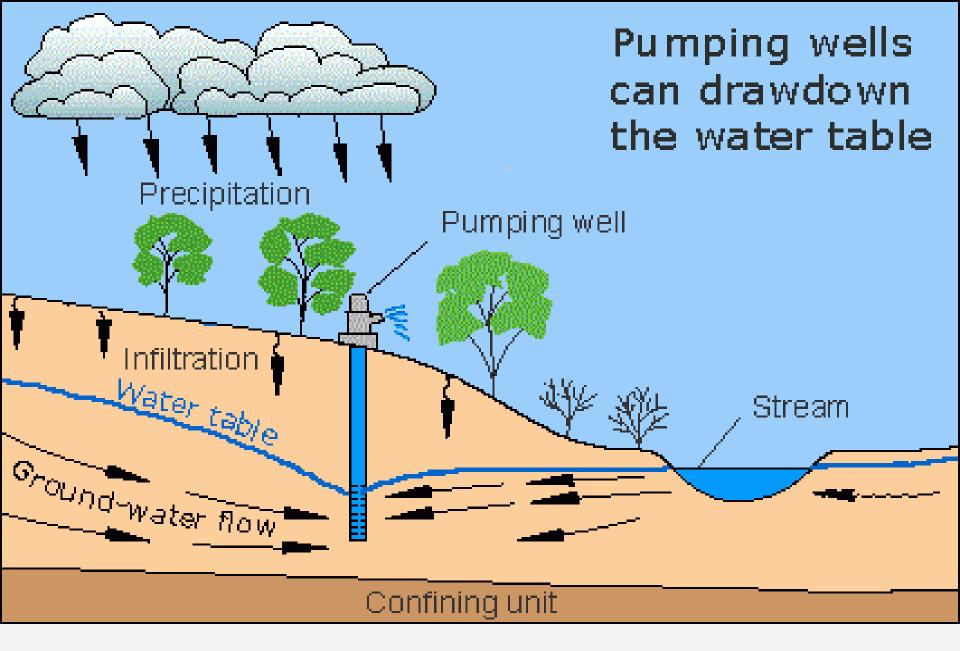




# Texans manage Surface Water and Groundwater differently.

What about the *conjunctive* relationship of water?





An example of the *conjunctive* relationship of water.

# Modeled available groundwater:

the amount of water that may be permitted by a district for beneficial use in accordance with the desired future condition of the aquifer

Total Pumping – <u>Estimated Exempt</u> Use

# Exempt Uses

- Exempt uses of the aquifers include:
  - domestic
  - livestock
  - oil and gas exploration
  - any other uses specified in the rules or enabling legislation of a district
- TWDB estimates include only domestic and livestock exempt use through 2060
  - Total exempt use for these categories based on current exempt estimates and projected rural population changes
  - Exempt use divided into individual aquifers based on the percent of domestic and livestock wells completed into each aquifer in each county
- <u>Districts may submit alternative estimates of exempt use for consideration</u>

### The Federal Government

Supra-legal authority over Texas water law?

See the whooping crane lawsuit Possible fresh water mollusk lawsuit Other endangered aquatic species lawsuits

Increased flow mandates from Comal and San Marcos Springs? Consequences to the 7<sup>th</sup> largest city in the US?

#### Urban vs. Rural: How do we choose?







# Hope for the Future: Any Good News, Professor Porter?

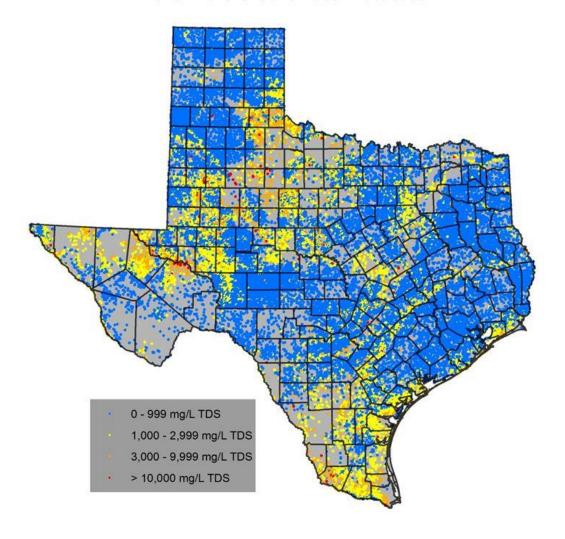


Desalination plant in El Paso is successful – 27.5 millions/day

Texas has vast brackish groundwater resources *plus* the Gulf of Mexico



#### Wells in the Groundwater Database

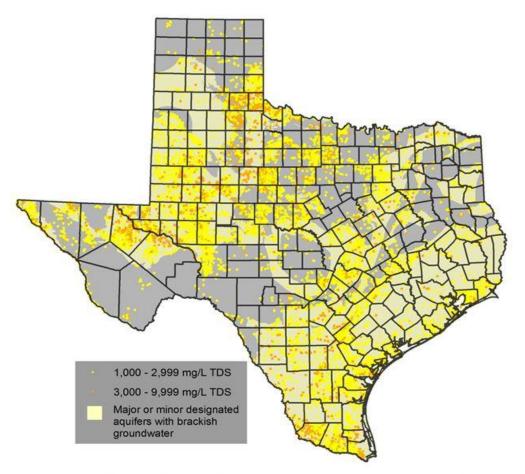


Source: Texas Water Development Board Groundwater Database. Each well has a TDS measurement. If a well had more than one TDS measurement, the most recent measurement was used.

This map was generated by the Texas Water Development Board using geographic information system software. No claims are made to the accuracy or completeness of the information shown herein or to its suitability for a particular use.



#### Brackish wells in the Groundwater Database



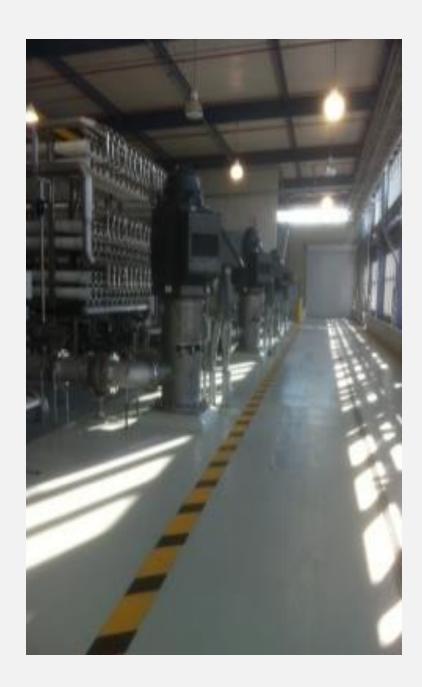
Source: Texas Water Development Board Groundwater Database. Each well has a TDS measurement within the range of brackish groundwater (1,000 to 10,000 milligrams per liter). If a well had more than one TDS measurement, the most recent measurement was used. The major or minor designated aquifers with brackish groundwater were estimated by comparing maps prepared by LBG-Guyton Associates (2003) with the brackish wells.

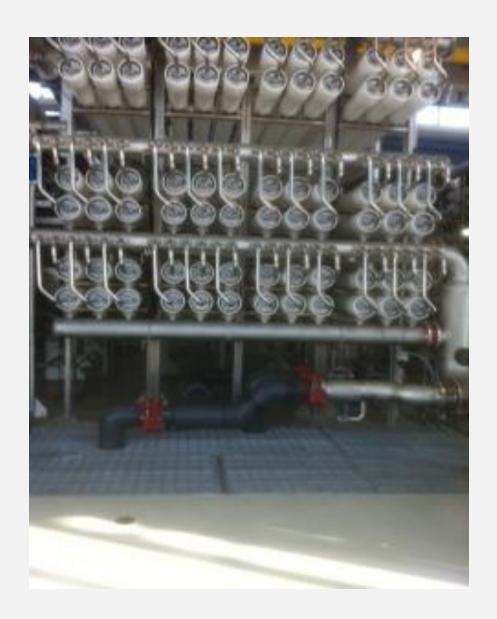
This map was generated by the Texas Water Development Board using geographic information system software. No claims are made to the accuracy or completeness of the information shown herein or to its suitability for a particular use.













#### The Next Significant Cases/Issues?

- Forestar (USA) Real Estate Group v. Lost Pines Groundwater Conservation District [and the Board of Directors as a group and individually] in the 335<sup>th</sup> Judicial District Court of Lee County, Texas. Filed March 14, 2014.
- *Texas v. New Mexico and Colorado,* No. 220141 Original In The Supreme Court of the United States. Docketed January 10, 2013.

Potential lawsuits and issues looking through the crystal ball:

- Environmental group(s) v. the LCRA/TCEQ.
- Environmental group(s) v. the EAA.
- A move to centralize the GCDs under one agency.
- A move to better disclose GCDs via the real property records and Sellers Disclosure Notices (my work).

# Water Rights Disclosure Duties in Everyday Real Estate Transactions – 65 + Years Late

- Only one Texas Seller's Disclosure Notice mentions GCDs, our preferred method of groundwater management, the Austin Board of Realtors' SDN.
- Even when we change all the SDNs including the Texas Property Code 5.008, only residential properties are affected.
- We have to inform all purchasers about the regulations and agencies affecting any type of real property in Texas *while purchasers are making their decision to purchase.*
- The best way is to include GCDs and other regulatory agencies and their certified filings in Schedule B/C of the Title Commitment!

#### ABOR's Sellers Disclosure Notice

s Disclosu	re Notice Concerning Property At:		
	LANEOUS CONDITIONS: SELLER) aware of any of the following? Mark Yes [Y] if you are aware, mark No [N] in you are not aware.		
[Y] [N]	Room additions, structural modifications, or other alterations or repairs made without necessary permits or not in compliance with building code in effect at the time of construction?		
[Y] [N]	Any "common area" facilities, i.e., pools, tennis courts, walkways, or other areas, co-owned in undivided		
[Y] [N]	interest with others?  Are there any optional charges or user fees for "common area" facilities? If yes, describe:		
[Y] [N]	Any notices of violations of deed restrictions or governmental ordinances, zoning, use, or impervious cover limitations affecting the condition or use of the Property?		
[Y] [N]	Any lawsuits or other legal proceedings directly affecting the Property or Seller's ability to convey property, e.g., bankruptcy, probate, guardianship, etc.?		
[Y] [N]	Any condition of the Property which materially affects the physical health or safety of an individual?		
[Y] [N]	Features of the Property shared in common with adjoining landowners, e.g., walls, fences, and driveways, whose use of responsibility for maintenance may have an effect on the Property?		
[Y] [N]	Any encroachments of improvements on the subject Property onto another property or of improvements on another property onto the subject Property, easements, (recorded or unrecorded), or similar matters that may affect your interest in the Property?		
[Y] [N]	Landfill - compacted or otherwise - on the Property or any portion thereof?		
[Y] [N]	Any settling from any cause or slippage, sliding or other soil problems?		
[Y] [N]	Damage to the Property or any of the structures from fire, earthquake, floods or landslides?		
[Y] [N]	Any future highway, freeway, or air traffic patterns which affects the Property?		
[Y] [N]	Any future annexation plans which affect the Property?		
[Y] [N]	Within the previous 12 months, has there been an equity loan on the Property?  If Yes, date//		
[Y] [N]	Any pending flood plain changes known?		
[Y] [N]	Any ordinances that restrict flood coverage or rebuilding any portion of the structure to its previous use?		
[Y] [N]	Previous FEMA claim paid?		
[Y] [N]	Death on the Property other than death caused by: natural causes, suicide, or accident unrelated to the Property's condition?		
[Y] [N]	Was the dwelling built before 1978? Unknown [ ]		
[Y] [N]	Any repairs or treatment, other than routine maintenance, made to the Property to eliminate environmental hazards such as asbestos, radon, lead-based paint, urea formaldehyde, or mold?		
[Y] [N]	Any historic preservation restriction or ordinance or archeological designation associated with the Property?		
[Y] [N]	Any IRS or tax redemption periods which will affect the sale of the Property?		
[Y] [N]	Any rainwater harvesting system connected to the property's public water supply?		
[Y] [N]	Any portion of the property in a groundwater conservation district as defined by Texas Water Code,		
	Chapter 36? Please see teeq.texas.gov. Go to Water. Click on Groundwater Planning and Assessment, then		
Initialed fo	Groundwater Conservation Districts and look for the Map of Texas GCDs.  I Identification by Seller, and Buyer,  © 2014 Austin Board of REALTORS®  Page 5 of 8		
	Change includes Groundwa		
	Conservation Districts		

## Sample Schedule B Commitment for Title Insurance

#### Continuation of Schedule B

- Rules, regulations and orders governing residential subdivision, sanitation and waste disposal and the construction and use of septic tanks as passed by the Commissioner's Court of Wilson County, Texas, and the Texas Water Quality C. Board. (Applies to Owner Policy only.)
- Rules, requirements, and regulations of the National Flood administration as promulgated by the Commissioner's Court of Wilson County, Texas, providing, inter alia, for obtaining of building permits for construction of any improvements on the above described property.

#### Proposed Legislation Changing Property Code 5.008

Any "common area" (facilities such as owned in undivided interest with other Any notices of violations of deed restricted to a condition or use of the Property.  Any lawsuits directly or indirectly affer Any condition on the Property which individual.  Any rainwater harvesting system located and that uses a public water supply a Any portion of the Property in a Growhich has authority to regulate growhich and the property in a Growhich has authority to regulate growhich has a growhich ha	ers. rictions or governmental ordinances ecting the Property. materially affects the physical healt ated on the property that is larger the san auxiliary water source. bundwater Conservation District o	s affecting the h or safety of an han 500 gallons r other district
the answer to any of the above is yes, ex ecessary):	<b>`</b>	Change includes Groundwater Conservation Districts
. If the property is located in a coastal arear within 1,000 feet of the mean high tide bubject to the Open Beaches Act or the Dun esources Code, respectively) and a beachfnay be required for repairs or improvement uthority over construction adjacent to publ	ordering the Gulf of Mexico, the pro e Protection Act (Chapter 61 or 63, ront construction certificate or dune cs. Contact the local government wi	operty may be Natural e protection permit
rate	Signature of Seller	
he undersigned purchaser hereby acknowle	edges receipt of the foregoing notic	e.
ate	Signature of <u>Purchaser</u>	
4 771 4 4 7 6	1 2017	

Section 4. This Act takes effect September 1, 2015.

#### Other Ideas and Suggestions

"When surrounded, charge in all directions at once."

Aquifer Storage and Recovery
Conservation in All Our Daily Lives
Reuse of Water with Environmental Flow in Mind
Rainwater Harvesting and Storage
Interbasin Transfers/Groundwater Transfers
Pipeline Right of Way Corridors - NOW

Above all else, water must become precious to us all.

## **Key Links**

• www.tceq.state.tx.us/

Texas Commission on Environmental Quality – surface water regulator; information on groundwater

• www.twdb.state.tx.us/

Texas Water Development Board – information on groundwater; 2012 State Water Plan

www.texasgroundwater.org/

Texas Alliance of Groundwater Districts - trade association of GCD's - information on member districts

#### Recent Publications - Porter

Sharing the Common Pool: Water Rights in the Everyday Lives of Texans Texas A & M University Press, May 2014.

"The History of W. A. East v. Houston and Texas Central Railway Company, 1904: Establishment of the Rule of Capture in Texas Water Law or 'He Who Has the Biggest Pump Gets the Water'" East Texas Historical Journal 50<sup>th</sup> Anniversary Edition, Vol. 2, 2012 – Winner of the Chamberlain Award 2013.

Contributing author to the World Heritage Designation Nomination, National Parks Service San Antonio, Texas 2013.

"From Spanish Wells to Windmills: Taming the Wild Horse Desert"

Contribution to the National Historic Registry Nomination for the Jones Ranches.



## Thank You

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