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June 11, 2026

VIA CMRRR: 9589 0710 5270 0492 4799 61

Millennium Estate Management, LLC.
P.O. Box 114, Somerset, Texas 78069

KAM Enterprises LTD.
P.O. Box 114, Somerset, Texas 78069

Re: Well ID: NW-000609
Enforcement Case: EO-20250425-06
Enforcement Case Violation: ECV-20250425-06

Dear Millennium Estate Management, LLC. and KAM Enterprises LTD.:

This law firm represents the Victoria County Groundwater Conservation District (“District”), regarding a violation of District Rules concerning the above groundwater well. The District Board of Directors entered a finding of this violation and conducted a formal hearing on July 18, 2025. This letter is notice of the District’s final attempt to resolve this matter without litigation. The District Rules are available at www.vcgcd.org.

Compliance with the District’s Rules is a requirement in order to withdraw groundwater from a well within the District. Withdrawals from all permitted wells must be measured or estimated by the owner or operator using a device or method that is within plus or minus 10% of accuracy. *See* Rule 2.6. Further, the Rules provide that measured water use must be reported to the District using the District’s water user form. *Id.*

Operation of a non-exempt groundwater well requires a permit from the District. A permit confers only the authority to use the well under the provisions of the District’s Rules and according to the permit’s specific terms. Acceptance of a permit constitutes acknowledgment of an agreement to comply with all of the terms, provisions, conditions, limitations, and restrictions in the permit.

Violation of a permit’s terms, conditions, requirements, or special provisions may be enjoined by court order and punished by civil penalties. Texas Water Code Section 36.102 and District Rules 4.1 and 9.6 provide that a civil penalty may be assessed for each day of violation of a District Rule. Violation may be enforced through a civil lawsuit for injunctive relief, penalties, attorney fees, and court costs. In such a suit, the District may seek to enforce and recover a civil penalty of up to \$25,000.00 for each day of violation.

The District issued a permit to you for Well NW-000609, and this permit authorized groundwater to be withdrawn from a non-exempt well on property owned, leased and/or operated

by you. As explained above, the permit conferred only the authority to use the well in accordance with the District's Rules and the permit's specific terms.

On April 29, 2025, the District delivered a letter to you stating that you had failed to correctly report water produced from Well NW-000609 during calendar year 2024. The letter advised you that:

- 1.) the District has authority to seek reasonable civil penalties not to exceed \$10,000 per day per violation, each day of continuing violation constitutes an additional violation,
- 2.) the Board of Directors seeks to obtain voluntary compliance with the Rules and may offer to settle violations if voluntary compliance is promptly obtained but will initiate lawsuits as a last resort, and
- 3.) failing to respond, comply, or settle this matter in a timely fashion will result in further consideration of the matter by the Board of Directors and assessment of civil penalties or other legal remedies.

You did not respond to that letter and failed to provide the District with any water usage reports.

On August 1, 2025, the District delivered another letter to you providing additional notice that you had violated the District's water usage reporting Rule 4.2. The letter stated that the Board of Directors approved a settlement offer that requires:

- the payment of a \$250.00 settlement fee to the District, and
- the acknowledge of the violation in writing by August 30, 2025.

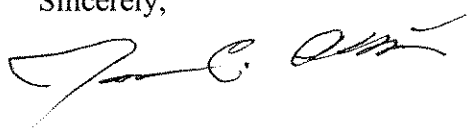
Further, the letter explained that the District has statutory authority to seek civil penalties for each violation of its Rules. Again, you failed to respond or comply with the District's Rules.

On September 30, 2025, the District delivered another letter to you providing additional notice that you had violated the District's water usage reporting Rule 4.2. The letter provides notice to you that the General Manager intends to seek authorization to pursue enforcement of the rules by filing a civil suit against you at the next regularly scheduled meeting of the board of directors.

Because you were presented with 3 previous offers of settlement and failed to respond, pursuant to the District's enforcement policy, the District proceeded with a formal enforcement penalty hearing on October 10, 2025. At this hearing, the District determined a civil penalty of \$500.00 and an additional penalty of \$50.00 for every day since, as well as injunctive relief, attorney's fees, and court costs. A copy of the Board Order is enclosed. The District will now proceed with enforcement of this penalty by filing suit in the Victoria County District Courts.

The District has cancelled the permit for production of groundwater from the above well. Further production from this well may result in additional penalties. Please direct all further communication regarding this matter to my attention.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. P. Allison', written over a horizontal line.

James P. Allison

JPA/jm

STATE OF TEXAS §
 §
COUNTY OF VICTORIA §

Enforcement Order No. EO-20250425-06

On this 10th day of October 2025, after due notice and hearing, the Board of Directors of Victoria County Groundwater Conservation District considered the alleged violation of Section 36.111, Water Code and District Rule 4.2: Reporting Requirements Related to non-exempt-use wells by KAM Enterprises LTD. for failure to report groundwater production for a non-exempt-use well located within the District.

The Board of Directors hereby finds that KAM Enterprises LTD. has failed to report groundwater production for a non-exempt-use well located within the District.

Pursuant to Section 36.102, Water Code and Rule 11 of the District Rules, a penalty of \$500.00 is hereby assessed and an additional penalty of \$50.00 for each day of continuing violation hereafter.

Pursuant to Chapter 36, Water Code and Rule 11 of the District Rules, the general manager and the general counsel are authorized to file suit in the District Court of Victoria County, Texas to pursue enforcement of this order for the collection of the above penalties, plus attorneys' fees and costs and an order to affix a well lockout seal upon the well located within the District and operated by KAM Enterprises LTD..

Adopted this 10th day of October 2025, by a vote of 4 ayes and 0 nays.



Presiding Officer,
Victoria County Groundwater Conservation District

ATTEST:



Secretary,
Victoria County Groundwater Conservation District