MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY RULES AND REGULATIONS

Table of Contents

SECTION 1: PURPOSE, AUTHORITY, DEFINITIONS....1

SECTION 2: GROUNDWATER ALLOCATION RULE....15

SECTION 3: GROUNDWATER SUSTAINABILITY CONSISTENCY CRITERIA FOR WELL CONSTRUCTION APPLICATIONS (CRITERIA)....52

SECTION 4: ENFORCEMENT....58

SECTION 5: APPEALS....62

SECTION 6: VARIANCE....67

SECTION 7: OTHER....71

SECTION 1: PURPOSE, AUTHORITY, DEFINITIONS

Table of Contents

1.1 PURPOSE 3
1.2 AUTHORITY 4
1.3 DEFINITIONS 5

1.1 PURPOSE

This Groundwater Allocation Rule (Rule) will be used by the Merced Subbasin Groundwater Sustainability Agency to administer and govern the Allocation of Native Groundwater available to the MSGSA for agricultural lands or – as it relates to Section 3 - other lands with Groundwater use within the MSGSA's boundary as filed with the California Department of Water Resources, DWR GSA ID 207 (GSA Boundary) and consistent with the objectives of the Merced Subbasin Groundwater Sustainability Plan, as adopted by the MSGSA on July 19, 2022, as subsequently updated and adopted pursuant to California Water Code Section 10728.2 (GSP).

The right to extract Groundwater from an Agricultural Well located on any Parcel within the GSA Boundary regardless of land use classification is subject to full compliance with this Rule, together with any subsequent rules or regulations adopted by the MSGSA. Violation of this Rule may result in, in addition to any other remedy available to the MSGSA, the revocation of an Allocation, either in whole or in part, to any and all property of the Owner; termination of the right to extract Groundwater from any and all Agricultural Wells and/or to use Groundwater on any and all property of an Owner; and/or other penalties as set forth by MSGSA.

This Rule establishes an Allocation of Groundwater for each eligible Parcel within the MSGSA's boundary of Sustainable Yield of Native Groundwater and, for some Parcels, a temporary Additional Pumping Allowance. Owners will manage their Allocations through an Allocation Management Account – with individual Owners having separate Allocation Management Accounts for eligible Parcels within each Sustainability Zone in which they operate. This Rule uses Assessor's Office land use classifications for initialization of Allocation Management Accounts, but will transition to the MSGSA's own land use classifications. An Owner's Allocation must be used on the eligible Parcels within the same Sustainability Zone, unless otherwise specifically provided in this Rule.

The MSGSA has the authority to refine and augment these Rules and Regulations as necessary to achieve compliance with the Sustainable Groundwater Management Act and GSP.

1.2 AUTHORITY

1.2.1 Authority. This Rule is adopted by the MSGSA pursuant to the authority granted by Chapter 5 of Part 2.74 of the California Water Code. The MSGSA reserves the right to modify this Rule at any time. The MSGSA has the authority to charge fees to implement the GSP, and to implement and enforce this Rule pursuant to authority granted by Chapters 8 and 9 of Part 2.74 of the California Water Code, along with Proposition 26, Proposition 218, the California Constitution, and independent authority of each of the members of the MSGSA.

1.2.2 Effective Date and Changes. This Rule shall become effective on January 1, 2026 and may be added to, amended, and/or repealed at any time by resolution of the Board and such additions, amendments, and/or repeals shall become effective upon their adoptions or as otherwise specified by the Board.

1.2.3 Actions Against the MSGSA. Nothing contained in this Rule shall constitute a waiver by the MSGSA or estop the MSGSA from asserting any defenses or immunities from liability as provided in law, including, but not limited to, those provided in Division 3.65 of Title 1 of the Government Code.

1.2.4 Severability of Provisions. If any provision of this Rule, or the application thereof to any Person or circumstance, is held invalid, the remainder of the Rule and the application of its provisions to other Person or circumstances, shall not be effected thereby.

1.2.5 Scope. Nothing in this Rule determines or alters surface water rights or Groundwater rights under common law or any provision of law that determines or grants surface water rights. MSGSA find and determines that these implementing provision aid in the prohibition of the waste of water, assist in the reduction of the unsustainable use of Groundwater, and that reasonable restriction on the use of Groundwater is an action that furthers the mandates of the California Constitution, California statute, and specifically SGMA.

1.3 DEFINITIONS

As used herein, the following words, whether or not initially capitalized, shall have the following meanings. The masculine, feminine or neutral gender and the singular or plural number shall each include the others whenever the context so indicates.

1.3.1 **"Additional Pumping Allowance"** or **"APA"** means a per-acre Allocation of Native Groundwater as defined under Section 2.2.2, in addition to the Sustainable Yield of Native Groundwater (SYNG), and available as defined under Section 2.2.1, where such quantity represents a volume of water to available to meet Consumptive Use and will be monitored pursuant to Section 2.5. This quantity of Groundwater pumping is a separate value from SYNG and any Alternative Source available to a Party, as such Alternative Source(s) may be used to meet Consumptive Use pursuant to Section 2.5.

1.3.2 **"Agricultural Well"** means a Water Well used exclusively to supply water for irrigation, Stock Watering or other agricultural purposes, not for domestic use or to provide potable water, consistent with *Merced County Ordinance 9.28.020.*

1.3.3 **"Allocation"** encompasses both the Sustainable Yield of Native Groundwater (SYNG) and any available Additional Pumping Allowance (APA).

1.3.4 **"Allocation Management Account"** or **"AMA"** is made available via the Groundwater Accounting Platform (GAP) and allows for the management and consolidation of an Allocation across Parcel(s) of an Owner or under Common Interest while facilitating the Transfer, Lease, or sale of all or any portion of an Allocation to others.

1.3.5 **"Alternative Source"** means a source of water used by a Party to meet a Parcel's annual Consumptive Use in addition to or instead of Total Available Allocation, as such is calculated pursuant to Section 2.5.

1.3.6 **"Alternative Source Credit" or "Credit"** means a credit generated by legally storing water from an Alternative Source, as defined in Section 2.5.4, and available for future use or transfer within a Party's AMA pursuant to Sections 2.5.11.

1.3.7 "**Annual APA Decline**" means the annual reduction in APA to each Parcel as set forth in Section 2.2.2.4.

1.3.8 **"APA Unit Factor"** is the APA determined on a per acre basis and defined from time to time for each Sustainability Zone. The calculation of the APA Unit Factor is defined under Section 2.2.2.

1.3.9 **"Appeal"** means any of the Appeals defined under Section 5.

1.3.10 **"Applied Water"** means the total amount of water that is diverted from any source to meet the demands of water users on any given Parcel without adjusting for water that is depleted, returned to developed supply, or considered irrecoverable.

1.3.11 **"Assessor's Office"** means the Merced and Mariposa County Assessor's Office, as applicable.

1.3.12 **"Assessor's Parcel Number"** or **"APN"** is a series of twelve numbers/digits used by the Assessor's Office as a file number to inventory or identify a property.

1.3.13 **"Authorized Representative"** is a Person who is designated by an Owner(s) to act on behalf of the Owner(s) on MSGSA matters. Each Authorized Representative must be identified and certified in writing as to the scope of their authority on a form approved by the MSGSA.

1.3.14 "**Basin**" is defined in Section 1.3.49.

1.3.15 **"Board of Directors"** or **"Board"** means the Board of Directors of the MSGSA, which is the governing body of the MSGSA.

1.3.16 **"Carry Over"** means any unused portion of an Allocation that can be carried from one Year to the next as allowed by this Rule.

1.3.17 **"Carry Over Credit"** means any unused portion of an Alternative Source Credit that can be carried from one Year to the next as allowed by this Rule.

1.3.18 **"Carry Over Restriction"** is defined in Section 2.5.9.3 of this Rule.

1.3.19 **"Common Interest"** represents a condition within a Sustainability Zone where multiple Parcels are owned or managed by one or more Owner(s), Lessee(s), or Recipient(s), where the joining of Parcels under one AMA is requested for purposes of managing any available Allocation, and where the Parties provide documentation of such Common Interest designation in writing on a form approved by the MSGSA.

1.3.20 **"Consumptive Use"** refers to water within a system that cannot be recovered or reused and includes water that is consumed by plants or humans, animals, evaporated, or contaminated. For purposes of this Rule, this also is a subset of Evapotranspiration and can be referred to as Evapotranspiration of Applied Water ("**ETAW**").

1.3.21 "**Contiguous"** means being in actual contact; touching along a boundary or a point, notwithstanding the existence of roadways, railroads, or other utilities dividing the Parcels.

1.3.22 **"Corcoran Clay Layer"** is a bed of laterally extensive reduced (blue/grey) silt and clay up to 60 feet thick that underlies about 437 square miles in the southwest portion of the Basin and is a significant confining layer and separates the two principal aquifer systems (Above Corcoran Clay Aquifer and Below Corcoran Clay Aquifer) within its areal extent. The extent of this Corcoran Clay Layer for purposes of this Rule is represented by a map available at: https://mercedsubbasingsa.org/wp-content/uploads/2025/05/Corcoran-Clay-Extent-Modified-v3.pdf.

1.3.23 **"Conveyance Facilities" or "Conveyance Infrastructure"** includes natural watercourses, such as streams, rivers, and groundwater aquifers; and constructed facilities, such as canals and pipelines, including control structures such as weirs. Conveyance facilities range in size from small, local, end-user distribution systems to large systems that deliver water to or drain areas as large as multiple hydrologic regions. Conveyance facilities also require associated infrastructure, such as pumping plants and power supply, diversions structures, fish ladders, and fish screens.

1.3.24 **"Direct Recharge"** means Surface Water that is intentionally recharged through deep percolation or injection via a Recharge Facility into either the above Corcoran Clay Aquifer or below the Corcoran Clay Aquifer for storage and future use. This type of Recharge is associated with, but not limited to, the following Recharge Facility types: Aquifer Storage and Recovery (ASR) Wells, Recharge Basins or flooded fields, Dry Wells, Purposeful Deep Percolation, and Sublateral Recharge Systems but does not include in-lieu Recharge.

1.3.25 **"Effective Precipitation"** means the portion of precipitation stored in the root zone that is available for Evapotranspiration as determined by the MSGSA and is not part of ETAW.

1.3.26 **"Efficiency Factor"** means the portion of pumped Groundwater that is considered Consumptive Use for purposes of Section 2.5.

1.3.27 **"Eligible Inches of Rain"** means the quantity of rainfall beginning October 1st through March 31st rounded to the nearest inch (in.) that is considered to have met ET as used in Section 2.5.3.2.

1.3.28 **"Evapotranspiration"** or **"ET"** is the process by which water is transferred from the land to the atmosphere. It includes both evaporation from soil and transpiration from plant leaves and is a determined quantity of water used as part of agricultural operations.

1.3.29 **"Evapotranspiration of Applied Water"** or **"ETAW"** is the subset of Evapotranspiration that is met through the purposeful application of water regardless of source.

1.3.30 **"Fields"** refers to a specific area of land used for cultivating crops, while a Parcel is a broader term for a piece of land with defined boundaries, often used for legal or ownership purposes. There may be one or more Fields on a Parcel.

1.3.31 **"Flood Water"** shall have the same definition given in *Water Code Section 1242.1*.

1.3.32 **"Flow Meter"** means a water measuring device, approved by the MSGSA, that measures the instantaneous flow and totalizes the volume of Groundwater extracted by a Well.

1.3.33 **"Geographic Information Systems (GIS) Acreage"** is the calculated acreage of a Parcel using geographic information systems as provided by the Assessor's Office in conjunction with a legally defined Parcel.

1.3.34 **"Grazing Lands"** is an Assessor's Office or MSGSA land use designation of agricultural land on which the existing vegetation, whether grown naturally or through management using only Effective Precipitation to meet Evapotranspiration, is suitable for grazing or browsing of livestock. This designation often includes a Well or other source of water to provide for livestock needs but excludes any irrigation system or ETAW. Lands with one of the following Assessor's Office land use codes are presumed to be Grazing Lands by the MSGSA: 0907, 0909, and 0911.

1.3.35 **"Groundwater"** means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water but does not include water that flows in known and definite channels. *Water Code Section 10721(g).*

1.3.36 "**Groundwater Accounting Platform**" or "**GAP**" is an online platform that allows Owners to manage and track water availability and use through their AMA in near real-time, available at: https://groundwateraccounting.org/geographies/msgsa/overview.

1.3.37 **"Groundwater Sustainability Plan"** or **"GSP"** means the current Merced Groundwater Subbasin Groundwater Sustainability Plan.

1.3.38 **"Inactive"** refers to the irrigation status of a Field or Parcel and signifies that the land is not being Irrigated during the specified time period.

1.3.39 **"Indirect Recharge"** results from Surface Water sources seeping into the ground and recharging the aquifer, and includes the infiltration of water into soil from canals, ditches, laterals, water courses, reservoirs, storage facilities, or other water bodies.

1.3.40 **"Irrigated"** means land that has been supplied with water by artificial means for the purpose of raising a crop.

1.3.41 **"Irrigated Agricultural Lands"** means Parcels greater than two (2) acres in gross acreage initially with one of the following Assessor's Office land use designations/ codes: Farming (0701, 0702, 0704, 0707, 0708, 0712), Trees and Vines (0802, 0806, 0807, 0808, 0813), Dairy (1313), Poultry (1408, 1414), and Non-contract Duck Clubs (4242),or as established subsequently by the MSGSA using similar designations.

1.3.42 **"Land Repurposing Program"** is the voluntary land repurposing program established by the MSGSA.

1.3.43 "**Lease**" means a written document of a minimum term of one (1) year by which a Lessee takes possession of a Parcel.

1.3.44 **"Leave-Behind"** means a quantity of water, expressed as a uniform percentage of quantity of the Alternative Source water recharged, that is not available for extraction by a Party and is subsumed into the Groundwater conditions within the greater Merced Subbasin.

1.3.45 **"Lessee"** means a Person who temporarily takes possession of a Parcel through a Lease.

1.3.46 **"Lessor"** means the Owner of a Parcel who enters into a Lease with a Lessee, to allow them to temporarily take possession of the Lessor's Parcel.

1.3.47 **"Managed Wetland"** means publicly or privately owned Parcel(s) (1) having an Assessor's office or MSGSA land use code of 0907, 0909, 0911, 4343, 1515, and (2) containing a wetland that receives seasonal, semipermanent, or permanent flooding to simulate natural processes that promote flood production, habitat for the benefit of wetland dependent species, and (3) that is expressly designated as, or administered as, any of the following:

1.3.47.1	State wildlife area (designated at Cal. Code Regs. Tit. 14 §551)
1.3.47.2	National wildlife refuge
1.3.47.3	Central Valley Project Improvement Act wetland habitat area refuges
1.3.47.4	Recorded Conservation easement held by a federal or state resource agency, a local agency whose primary function is managing land or water for wetland habitat purposes, or a nongovernmental conservation organization.
1.3.47.5	Wildlife habitat contract or other conservation agreement of no less than ten (10) years in duration administered by the Department of Fish and Wildlife, Wildlife Conservation Board, United States Fish and Wildlife Service, or Natural Resources Conservation Service.

The term "**Managed Wetland**" does not include land managed for commercial crop production, or an artificial wetland constructed primarily as a Groundwater bank or recharge basin, tailwater recirculation or sedimentation pond, evaporation pond, irrigation or Stock Watering pond, area that filters urban or industrial stormwater runoff, or wastewater treatment pond. Federally owned lands and federally reserved water rights are not subject to this Rule.

1.3.48 **"Managed Wetland Water Allocation"** is a specific Allocation offered pursuant to Section 2.1.2.2.2, referred to as Method 2.

1.3.49 "**Merced Groundwater Subbasin,**" "**Subbasin**" or "**Basin**" means the San Joaquin Valley – Merced Groundwater basin identified by the California Department of Water Resources as Basin Number 5-022.04.

1.3.50 **"MSGSA"** means Merced Subbasin Groundwater Sustainability Agency.

1.3.51 **"Monitoring Well"** means an artificial excavation by any method for the purpose of monitoring the fluctuations in Groundwater levels, Groundwater quality, the presence or concentration of contaminants in subsurface soil and water, and for the purpose of vapor monitoring. Monitoring Wells include remediation Wells and may include a Well also being used to pump Groundwater. For purposes of the MSGSA, this also includes Wells explicitly included in the Representative Monitoring Well network used to evaluate aquifer conditions within the Basin for purposes of implementing the GSP.

1.3.52 "**Native Groundwater**" means Groundwater that occurs naturally and is not imported or otherwise developed.

1.3.53 "**Opt-in**" is a procedure for Parties to allow certain Parcels to receive Allocations under this Rule, as set forth in Section 2.6.

1.3.54 "**Opt-out**" is a procedure for Parties to allow certain Parcels to permanently forego an Allocation and eliminate payment of fees to the MSGSA under this Rule, as set forth in Section 2.6.2.

1.3.55 **"Originator"** an AMA holder transferring a portion of their Allocation to a Recipient without an associated Lease or sale of a Parcel(s), whereby the MSGSA will be provided information in writing or via the GAP to enable the shifting of a determined Allocation quantity from the Originator's AMA to the Recipient's AMA.

1.3.56 **"Owner"** means any Person owning a fee interest in real property within the MSGSA as reflected in Assessor's Office records or documents provided to the MSGSA.

1.3.57 "**Parcel**" shall have the same meaning as Assessor's Parcel Number or APN. The use of the term "Parcel" in this Rule refers only to a Parcel, or any portion thereof, within the boundaries of the MSGSA.

1.3.58 **"Party"** or **"Parties"** may be used interchangeably in this Rule with which otherwise would refer to either an "Owner" or a "Common Interest".

1.3.59 **"Person"** means and includes natural persons, corporations, firms, partnerships, joint stock companies, associations and other organizations of persons, and public entities.

1.3.60 **"Phase 1 Appeal Acreage"** represents the irrigated acres for a designated Parcel as agreed upon between the MSGSA and the Owner pursuant to the Phase 1 Fee Appeal Process adopted by MSGSA on October 13, 2022.

1.3.61 **"Precipitation"** means the amount of water that falls to earth as rain, snow, hail, or is formed on the earth as dew, and frost.

1.3.62 **"Water Agency"** means any local public agency, mutual water company, or nonprofit tax-exempt unincorporated association within, or partially within, Merced County that has authority to extract, deliver, store or regulate water.

1.3.63 **"Purposeful Deep Percolation"** or **"On-Farm Recharge"** results from the intentional application of water to Irrigated Agricultural Lands in amounts in excess of the crops water demand for purposes of Groundwater Recharge, while considering historic irrigation efficiency.

1.3.64 **"Recharge**" means the natural or managed infiltration or injection of water into a Groundwater aquifer.

1.3.65 **"Recharge Facility"** or **"Facility"** means a structure that serves to conduct Surface Water into the ground for the purpose of replenishing Groundwater. The Facility may consist of dug or constructed spreading basins, pits, ditches, furrows, streambed modifications, or injection wells.

1.3.66 **"Recipient"** represents an AMA holder receiving a portion of an Originator's Allocation in accordance with this Rule.

1.3.67 **"Recycled Water"** shall mean that volume of water that, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use, which would not otherwise occur. It includes wastewater treated, stored, distributed, and reused or recirculated for beneficial use.

1.3.68 **"Representative Monitoring Well(s)"** means Monitoring Wells used as part of the Monitoring Well network of the GSP. These Wells were strategically selected based on their location, depth, and construction to accurately reflect typical Groundwater conditions. They provide data to monitor sustainability indicators and detect Undesirable Results such as declining Groundwater levels, degraded water quality, and subsidence. Additional Wells meeting defined characteristics can be added to the network over time and as agreed upon by all GSAs in the Basin.

1.3.69 **"Riparian Areas"** refer to naturally non-cultivatable vegetated areas located within a Parcel, such as vernal pools or areas associated with natural watercourses including rivers, creeks, streams, or natural drainage channels. Riparian Areas may also include areas within a Parcel that have been designated by a federal, state, or local regulatory agency as environmentally sensitive or restricted from disturbance. Vegetation within a Riparian Area is not sustained by purposeful or incidental irrigation associated with agricultural operations. Riparian Areas do not include Irrigated Agricultural Lands or other areas where water is applied for agricultural production, nor do they include areas associated with man-made conveyance facilities such as irrigation canals, ditches, laterals, reservoirs, holding ponds, or access roads.

1.3.70 "**Rule**" means the MSGSA Rules and Regulations.

1.3.71 "**Stock Watering**" means the use of water for commercial livestock. *California Code of Regulations Title 23, Section 669.*

1.3.72 **"Sublateral Recharge Systems"** are systems which convey water through perforated pipes below a crop root zone thus resulting in percolation.

1.3.73 **"Surface Water"** shall mean all water open to the atmosphere and subject to surface runoff, and includes all lakes, rivers, streams, and other water bodies.

1.3.74 **"Surface Water Contract"** means a contract between water systems or service providers that share a water source, or a contract between water right holders and a user that allows someone to use Surface Water.

1.3.75 **"Surface Water Right"** means the appropriative or riparian right of a Party to use Surface Water from a Surface Water source (i.e., a lake, river, stream, creek or pond).

1.3.76 **"Sustainability Zone(s)"** means the geographically bounded area of Parcels within the MSGSA boundary and established by the MSGSA from time to time to recognize the spatial variance of Groundwater conditions throughout the MSGSA. A current representation of the Sustainability Zones is available at: https://mercedcounty.maps.arcgis.com/apps/instant/nearby/index.html?appid=0693339fe7f04fbeb3ff3a6a0062efe1

1.3.77 **"Sustainable Yield"** means the maximum quantity of Groundwater, calculated over a base period representative of long-term conditions in the Basin and including any temporary surplus that can be withdrawn annually from a Groundwater supply without causing an Undesirable Result. *Water Code Section 10721(w).*

1.3.78 **"Sustainable Yield of Native Groundwater"** or **"SYNG"** is the quantity of Sustainable Yield determined to originate from Native Groundwater that is replenished naturally through Precipitation, recharge associated with stream flows, and subsurface lateral flow into the Basin, among other factors. A determined quantity is available to the MSGSA area and subsequently apportioned to Parcels within the Basin based upon MSGSA Board rules and policies, where such quantity represents a volume of water available to meet Consumptive Use and will be monitored pursuant to Section 2.5. The MSGSA will reevaluate this value periodically as data and circumstances warrant, but at least in conjunction with each five (5) year update of the GSP.

1.3.79 **"SYNG Unit Factor"** is the Sustainable Yield of Native Groundwater determined on a per acre basis and defined for each Sustainability Zone as listed in Section 2.2.1.

1.3.80 **"Total Available Allocation"** means the quantity of Groundwater available to a Parcel as defined in Section 2.5.1.1.

1.3.81 **"Total Available SYNG"** means the quantity of Sustainable Yield of Native Groundwater that reflects the sum of the SYNG available in the current Year, plus the SYNG available for the following Year 2, Year 3, Year 4, and Year 5 minus any ETAW from the prior Year as determined on or before January 15th of the current Year as set forth in Section 2.2.1. The Total Available SYNG is used for compliance as set forth in Section 2.5.

1.3.82 **"Total Available APA"** means the quantity of Additional Pumping Allowance that reflects the sum of the APA available in the current Year, plus the APA available for the following Year 2, Year 3, Year 4, and Year 5 minus any ETAW from the prior Year as determined on or before January 15th of the current Year as set forth in Section 2.2.2. The Total Available APA is used for compliance as set forth in Section 2.5.

1.3.83 **"Transfer(s)"** means the Transfer of an Allocation from an Originator's AMA to a Recipient's AMA, under the terms and conditions set forth in Section 2.4.4.

1.3.84 **"Undesirable Result"** means one or more of the following effects caused by Groundwater conditions occurring throughout the Basin: *Water Code Section 10721(x)*

1.3.84.1 Chronic lowering of Groundwater levels indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon. Overdraft during a period of drought is not sufficient to establish a chronic lowering of Groundwater levels if extractions and Groundwater Recharge are managed as necessary to ensure that reductions in Groundwater levels or storage during a period of drought are offset by increases in Groundwater levels or storage during other periods.

1.3.84.2 Significant and unreasonable reduction of Groundwater storage.

1.3.84.3 Significant and unreasonable seawater intrusion.

1.3.84.4 Significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water suppliers.

1.3.84.5 Significant and unreasonable land subsidence that substantially interferes with surface land uses.

1.3.84.6 Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.

1.3.85 **"Well"** or **"Water Well"** as defined in *Section 13710 of the Water Code*, means any artificial excavation constructed by any method for the purpose of extracting water from, or injecting water into, the underground. This definition shall not include: (a) oil and gas wells, or geothermal wells constructed under the jurisdiction of the Department of Conservation, except those wells converted to use as water wells; or (b) wells used for the purpose of: (1) dewatering excavation during construction, (2) stabilizing hillsides or earth embankments, or (3) Monitoring Wells.

1.3.86 **"Well Construction"** means creation of an artificial excavation by any method for the purpose of obtaining water, providing cathodic protection, or monitoring subsurface water, soil, or vapors. Construction shall include excavation, placement of the annular, surface, and sanitary seals and installation of the sample faucet, as appropriate.

1.3.87 **"Year"** means the period from January 1 through December 31, inclusive.

SECTION 2: GROUNDWATER ALLOCATION RULE

Table of Contents

2.1 GROUNDWATER ALLOCATION ELIGIBILITY 17
2.1.1 LAND USE CLASSIFICATIONS ELIGIBLE TO RECEIVE AN ALLOCATION 17
2.1.2 GROUNDWATER ALLOCATION TYPES AVAILABLE TO ELIGIBLE LAND USE CLASSES....18
2.2 GROUNDWATER ALLOCATION TYPES AND AMOUNTS 23
2.2.1 SUSTAINABLE YIELD OF NATIVE GROUNDWATER....23
2.2.2 ADDITIONAL PUMPING ALLOWANCE....23
2.2.3 LIMITATIONS....26
2.3 SUSTAINABILITY ZONES 27
2.4 ALLOCATION MANAGEMENT ACCOUNT (AMA)....28
2.4.1 PROCESS TO ESTABLISH AN AMA 28
2.4.2 ALLOCATION UPON LEASING PARCEL(S)....28
2.4.3 ALLOCATION UPON SALE OF PARCEL(S) 29
2.4.4 TRANSFERRING ALLOCATIONS BETWEEN AMAS....30
2.4.5 PARCEL BOUNDARY MODIFICATIONS....31
2.5 MONITORING 32
2.5.1 TOTAL AVAILABLE ALLOCATION 32
2.5.2 TRACKING OF CONSUMPTION 33
2.5.3 ACCOUNTING FOR EFFECTIVE PRECIPITATION 38
2.5.4 ACCOUNTING FOR ALTERNATIVE SOURCES OF WATER 39
2.5.5 GENERATING ALTERNATIVE SOURCE CREDIT BY RECHARGE 40
2.5.6 REGISTRATION OF A RECHARGE FACILITY....40
2.5.7 DETERMINING ALTERNATIVE SOURCE CREDIT 41
2.5.8 DETERMINING LEAVE-BEHIND 41
2.5.9 ACCOUNTING OF ALTERNATIVE SOURCE CREDIT 42
2.5.10 RECOGNITION AND USE OF ALTERNATIVE SOURCE CREDITS GENERATED PRIOR TO JANUARY 1, 2026 .42
2.5.11 USE OF ALTERNATIVE SOURCES AND ALTERNATIVE SOURCE CREDIT....43
2.5.12 ACCOUNTING FOR NON-AGRICULTURAL LAND USES ON LANDS WITH AGRICULTURAL LAND USE CLASSIFICATIONS....46
2.5.13 DATA SOURCES 46
2.6 OPT-IN PROCESS....49
2.6.1 OPT-IN ELIGIBILITY AND PROCESS....49
2.6.2 OPT-OUT ELIGIBILITY AND PROCESS....51

2.1 GROUNDWATER ALLOCATION ELIGIBILITY

Eligibility Criteria for Allocations is initially based on Assessor's Office land use classifications to enable effective management and reduction of the Consumptive Use of Native Groundwater consistent with the GSP. This Rule establishes procedures in Section 5.2.1 to correct Parcels that have incorrect land use classifications to allow the benefits of this Rule. This Rule reflects the Guiding Principles approved by the MSGSA on October 13, 2022.

2.1.1 LAND USE CLASSIFICATIONS ELIGIBLE TO RECEIVE AN ALLOCATION

2.1.1.1 Only Parcels with the following Assessor's Office agricultural land use designations, as such existed on October 10, 2024, or designation as defined by this Rule, except as modified by Section 2.1.1.2., are entitled to pump Groundwater and receive Allocations pursuant to this Rule:

2.1.1.1.1 Irrigated Agricultural Lands.

2.1.1.1.2 Managed Wetlands.

2.1.1.1.3 Grazing Lands.

2.1.1.2 Any subsequent change in the land use classification by the Assessor's Office after October 10, 2024, will not change the MSGSA's recognition of the Parcel's land use designation for purposes of this Rule, except for:

2.1.1.2.1 When an Owner of a Parcel designated as Grazing Opts-in the land use designation of the Parcel, the Parcel remains limited to the Allocation provided under Section 2.1.2.3.

2.1.1.2.2 When an Owner of a Parcel designated as Irrigated Agriculture or Managed Wetland chooses to Opt-out of the Allocation pursuant to Section 2.6.2.

2.1.1.2.3 When the Parcel is misclassified as determined pursuant to Section 5.2.1, the land use classification as updated and corrected by the MSGSA will be used.

2.1.1.2.4 When the Parcel's land use designation is updated and corrected by the MSGSA to a non-agricultural designation, upon which time the Parcel is no longer entitled to Allocations pursuant to this Rule.

2.1.1.2.5 When an Opt-in Parcel is reclassified to Irrigated Agriculture in accordance with Section 5.2.2.

2.1.1.3 No other land use classifications recognized by the Assessor's Office are subject to this Rule or will receive Allocations under this Rule. The MSGSA may adopt rules and regulations governing the use of Groundwater for non-agricultural lands. No Parcel having Consumptive Use associated with an Agricultural Well but not satisfying Section 2.1.1.1 may pump Groundwater without obtaining prior approval from the MSGSA for use of Groundwater pursuant to Section 5 or Section 6, as applicable, before any Groundwater can be pumped from that Parcel, or any Allocation received pursuant to this Rule. MSGSA shall not exclude from eligibility commercial and/or industrial uses of Groundwater on agricultural or non-agricultural lands. However, water use associated with such uses on Parcels receiving an Allocation pursuant to this Rule will be included in monitoring as provided in Section 2.5.5.

2.1.2 GROUNDWATER ALLOCATION TYPES AVAILABLE TO ELIGIBLE LAND USE CLASSES

2.1.2.1 IRRIGATED AGRICULTURAL LANDS. The Allocation for Irrigated Agricultural Lands will include both a Sustainable Yield of Native Groundwater (SYNG) and an Additional Pumping Allowance (APA). The quantity of the SYNG and APA will be determined for each GIS Acreage as:

2.1.2.1.1 SYNG = [GIS Acreage] x [SYNG Unit Factor]

2.1.2.1.2 APA = [GIS Acreage] x [APA Unit Factor]

2.1.2.1.3 If a Party has a designated Phase 1 Appeal Acreage whereby the Party indicated to the MSGSA in writing that less than seventy-five percent (75%) of the GIS Acreage of the Parcel is irrigated, then APA will be calculated as: APA = [Phase 1 Appeal Acreage] x [APA Unit Factor].

2.1.2.1.4 For Parcels designated as Non-contract Duck Club pursuant to Section 1.3.41, or where a portion of the Irrigated Agricultural Lands Parcel contains managed habitat consistent with the definition of a Managed Wetland pursuant to Section 1.3.47, the Party will have the option to choose Method 2 as defined in Section 2.1.2.2.2.

2.1.2.2 MANAGED WETLANDS. Managed Wetlands will not automatically receive an Allocation. In order to receive an Allocation, a Party whose Parcel has a Managed Wetland land use classification can Opt-in pursuant to Section 2.6, and must select one of the following methods for determining an Allocation:

2.1.2.2.1 Method 1. Method 1 creates a SYNG for the entire Parcel and an APA for only the historically watered portions of Managed Wetlands on the Parcel treated the same as such Allocations for other qualified lands uses as follows:

2.1.2.2.1.1 Managed Wetlands will receive SYNG for the GIS Acreage of the Parcel where SYNG = [GIS Acreage] x [SYNG Unit Factor].

2.1.2.2.1.2 Managed Wetlands will receive an APA if the Owner can demonstrate that Groundwater has been used on the Parcel for Managed Wetland purposes between January 1, 2015 and January 1, 2020. Under those circumstances, the APA will be calculated only for the number of acres irrigated during that period with Groundwater for Managed Wetland habitat, where APA = [Managed Wetland habitat acres] x [APA Unit Factor].

2.1.2.2.1.3 The Party must submit written evidence satisfactory to the MSGSA documenting the Managed Wetland habitat acres irrigated between January 1, 2015 and January 1, 2020.

2.1.2.2.1.4 No APA will be offered to any remaining GIS Acres within the Parcel not irrigated as Managed Wetlands.

2.1.2.2.1.5 The SYNG and APA for the Managed Wetlands portion of the Parcel can be included with other Parcels under a Party's AMA.

2.1.2.2.1.6 The MSGSA will not impose any additional obligations on an Owner Opting-in and choosing Method 1 regarding maintenance of the Managed Wetland habitat.

2.1.2.2.2 Method 2. Method 2 creates a Managed Wetlands Water Allocation for the individual Managed Wetland or a portion of the Irrigated Agricultural Lands Parcel pursuant to Section 2.1.2.1.4 to allow continued operation, in addition to SYNG for the remainder Non-Managed Wetland portion of the Parcel, as follows:

2.1.2.2.2.1 Managed Wetlands will receive a Managed Wetland Water Allocation if the Parcel has been supplied Groundwater between January 1, 2015 and January 1, 2020 for habitat purposes, and only for the acres irrigated with Groundwater during that period to sustain the Managed Wetland habitat.

2.1.2.2.2.2 The Managed Wetland Water Allocation is equal to the demonstrated annual average Groundwater used on the Managed Wetland portion of the Parcel that occurred

between January 1, 2015 and January 1, 2020 (e.g., a unique value determined independent of SYNG and APA).

2.1.2.2.2.3 The Party must submit written evidence satisfactory to the MSGSA documenting (1) the footprint of the managed wetland habitat within the Managed Wetland or Irrigated Agricultural Lands Parcel, and (2) Groundwater used to meet the habitat's water needs between January 1, 2015 and January 1, 2020. Upon such documentation, the Party must maintain the acreage of Managed Wetland in a manner equivalent to what was approved by the MSGSA under this Method. Failure to maintain the required Managed Wetland will result in a recalculation of the Allocation pursuant to Method 1.

2.1.2.2.2.4 The Managed Wetland Water Allocation is restricted to and may be used only for maintaining Managed Wetland on the Parcel as approved pursuant to Section 2.1.2.2.2.3; it is not available to meet Irrigated Agricultural or other demands on the Parcel or on other Parcels within the Party's AMA, or for any Transfers allowed in Section 2.4, except as provided in Section 2.4.3.2.

2.1.2.2.2.5 The remainder of the Parcel that is not Managed Wetland will receive a SYNG calculation as: SYNG = [GIS Acreage – designated Managed Wetland acres] x [SYNG Unit Factor]. There is no restriction on the use of SYNG under this Rule.

2.1.2.2.2.6 Where such Parcel is designated as Irrigated Agricultural Lands pursuant to Section 1.3.41, the remainder of the Parcel after subtracting the approved Managed Wetland footprint from the Parcel's GIS Acreage will receive an Allocation pursuant to Section 2.1.2.1.

2.1.2.3 GRAZING LANDS.

2.1.2.3.1 Absent an action to Opt-in, Grazing Lands that have Stock Watering practices will be allowed to use Groundwater solely for Stock Watering practices.

2.1.2.3.2 The Owner of a Parcel with a current or corrected Grazing land use designation can Opt-in for an Allocation pursuant to Section 2.6. Upon Opt-in, the Party will be eligible to receive SYNG for the Opt-in Parcel, calculated as: SYNG = [Opt-in Parcel GIS Acreage] x [SYNG Unit Factor].

2.1.2.3.3 Grazing Land Parcels that Opt-in will not be eligible to receive an APA.

2.1.2.3.4 The SYNG Allocation associated with the Opt-in Parcel is ineligible for the AMA transactions defined in Section 2.4 except as specifically provided in Section 2.4.3.2.

2.1.2.3.5 A Party that Opts-in will either create a unique AMA including only the Opt-in Parcel, or, if the conditions and limitations defined in Section 2.1.2.3.7 are met, may create an AMA containing the Opt-in Parcel and the Contiguous Irrigated Agricultural Land Parcel(s) within the same Sustainability Zone as the Opt-in Parcel.

2.1.2.3.6 SYNG may only be extracted by new or existing Agricultural Wells located on the Opt-in Parcel unless the conditions defined in Section 2.1.2.3.7 are met.

2.1.2.3.7 A Party who Opts-in Grazing Lands pursuant to Section 2.6, and who also owns an Irrigated Agricultural Lands Parcel(s) Contiguous to the Opt-in Parcel shall be allowed to create an AMA containing the Opt-in Parcel and all Contiguous Irrigated Agricultural Lands Parcel(s) so long as the Parcels are within the same Sustainability Zone, unless otherwise allowed pursuant to Section 2.4.4.1.1.2. Upon creating the AMA containing the Opt-in Parcel and the Contiguous Irrigated Agricultural Lands Parcel(s), the Party shall be allowed to use and extract the SYNG associated with the Opt-in Parcel on the Contiguous Irrigated Agricultural Lands Parcel(s) within the AMA provided all the following conditions are met:

2.1.2.3.7.1 The Opt-in Parcel and the Contiguous Irrigated Agricultural Lands Parcel(s) are under Common Interest, and the Irrigated Agricultural Lands Parcel(s) were designated as such by the Assessor's Office, prior to October 10, 2024.

2.1.2.3.7.2 The Opt-in Parcel does not have an easement that restricts irrigation such that the Opt-in Parcel would not be able to satisfy the requirement under Section 2.1.2.3.6.

2.1.2.3.7.3 The Consumptive Use of the AMA containing the Opt-in Parcel and the Contiguous Irrigated Agricultural Lands Parcel(s) shall at no time exceed the average annual Consumptive Use of the Contiguous Irrigated Agricultural Lands Parcel(s) as such occurred between January 1, 2015 and October 10, 2024.

2.1.2.3.7.4 The SYNG associated with the Opt-in Parcel may be used only on the Contiguous Irrigated Agricultural Lands Parcel(s) and shall not be available for any non-Contiguous Irrigated Agricultural Land Parcel(s).

2.1.2.3.7.5 An AMA containing an Opt-in Parcel shall not be eligible for the AMA transactions defined in Section 2.4, except as provided in Section 2.4.3.2.

2.1.2.3.7.6 Any non-Contiguous Irrigated Agricultural Lands Parcel(s) shall be removed from the AMA now including the Opt-in Parcel and shall be placed into a separate AMA.

2.1.2.3.8 An Opt-in Parcel can later be re-classified by MSGSA as an Irrigated Agricultural Parcel for purposes of this Rule pursuant to Section 5.2.2.

2.2 GROUNDWATER ALLOCATION TYPES AND AMOUNTS

2.2.1 SUSTAINABLE YIELD OF NATIVE GROUNDWATER

2.2.1.1 Pursuant to this Rule, only Parcels with the following agricultural land use designations (either original or as corrected) or designation defined by this Rule are entitled to receive a SYNG Allocation: Irrigated Agricultural Lands, Managed Wetlands, and Grazing Lands.

2.2.1.2 Beginning in Year 2026 and continuing until otherwise adjusted as set forth in Section 2.2.1.4, the annual SYNG Unit Factor per GIS Acreage for each Sustainability Zone (SZ) is:

SZ 1 = 13 inches
SZ 2 = 13 inches
SZ 3 = 13 inches
SZ 4 = 13 inches
SZ 5 = 13 inches
SZ 6 = 13 inches
SZ 7 = 13 inches
SZ 8 = 13 inches

2.2.1.3 Total Available SYNG will be represented in a Party's AMA and used for determining compliance with this Rule as set forth in Section 2.5.

2.2.1.4 The MSGSA will reevaluate this value for each Sustainability Zone periodically as data and circumstances warrant, but at least in conjunction with each five (5) Year update of the GSP. Future adjustments may result in increases or decreases in the SYNG Unit Factor between Sustainability Zones to reflect the effect of local circumstances on the GSP objectives, and the development of new Groundwater use as Parcels are Opted-in. SYNG is intended to be continuously available at the designated SYNG Unit Factor for each Sustainability Zone indefinitely.

2.2.2 ADDITIONAL PUMPING ALLOWANCE

2.2.2.1 Pursuant to the conditions of this Rule, only Parcels with the following current or reclassified agricultural land use designations or designation defined by this Rule are entitled to receive an APA as described in this Rule: Irrigated Agricultural Lands, and Managed Wetlands. Agricultural lands designated as Grazing are not eligible to receive an APA.

2.2.2.2 Beginning in Year 2026, and then subject to adjustments further described under this Section, the annual APA Unit Factor per GIS Acreage for eligible lands in each Sustainability Zone (SZ) is:

SZ 1 = 11 inches
SZ 2 = 11 inches

SZ 3 = 11 inches
SZ 4 = 11 inches
SZ 5 = 11 inches
SZ 6 = 11 inches
SZ 7 = 11 inches
SZ 8 = 11 inches

2.2.2.3 Total Available APA will be represented in a Party's AMA and used for determining compliance with this Rule as set forth in Section 2.5.

2.2.2.4 ANNUAL APA DECLINE. Beginning in 2027, the APA Unit Factors designated for each Sustainability Zone will automatically decrease annually by ten (10) percent of the original APA Unit Factor (that is, equal to 1.1 inches) ("**Annual APA Decline**") in each Sustainability Zone, until reaching a value of zero by 2036, except as otherwise provided in Section 2.2.

2.2.2.5 PAUSE IN ANNUAL APA DECLINE. The planned Annual APA Decline for a given Sustainability Zone will pause within that Sustainability Zone, causing the APA to hold at the then current Year APA for that Sustainability Zone, if the MSGSA determines that all of the following occur:

2.2.2.5.1 Groundwater levels in the Sustainability Zone remain at or above Fall 2015 levels for a period of two (2) consecutive Years as such is measured starting in Fall of 2025.

2.2.2.5.2 Land subsidence within the Sustainability Zone is less than the Minimum Threshold rate (0 feet per Year [ft/yr.] subject to 0.16 ft/yr. uncertainty) as such value is monitored and evaluated pursuant to the GSP.

2.2.2.5.3 When a pause is initiated, the Party's Total Available APA for all affected Parcels, which were previously decreasing before the pause conditions were met, will be adjusted to the current year APA value. MSGSA staff will update the Party's AMA accordingly.

2.2.2.6 RESUMPTION OF ANNUAL APA DECLINE. If the Annual APA Decline in a Sustainability Zone is paused pursuant to Section 2.2.2.5, the APA will resume declining at the Annual APA Decline rate (1.1 inches per Year) if the MSGSA determines that any of the following occurs:

2.2.2.6.1 Groundwater levels in the Sustainability Zone remain below Fall 2015 levels for a period of two (2) consecutive years as such is measured starting in Fall of 2025.

2.2.2.6.2 Land subsidence within the Sustainability Zone exceeds the Minimum Threshold rate (0 ft/yr. subject to 0.16 ft/yr. uncertainty) as such value is monitored and evaluated pursuant to the GSP.

2.2.2.6.3 When the Annual APA Decline resumes, the Party's Total Available APA for all affected Parcels that were previously decreasing before the pause conditions were met, will be adjusted downward consistent with the rate of decline described under Section 2.2.2.4. MSGSA staff will update the Party's AMA accordingly.

2.2.2.7 REVERSAL OF ANNUAL APA DECLINE. The Annual APA Decline will reverse, causing the APA for the subsequent Years to increase annually at the same rate as the Annual APA Decline (1.1 inches per Year) up to a maximum value of the APA Unit Factor specified in Section 2.2.2.2 on October 10, 2024, if the MSGSA determines that all the following conditions are met:

2.2.2.7.1 Groundwater levels in the Sustainability Zone remain at or above the GSP's Measurable Objective, which is defined as Fall 2011 levels, for a period of two (2) consecutive years as such is measured starting in Fall of 2025.

2.2.2.7.2 Land subsidence within the Sustainability Zone is less than the Minimum Threshold rate (0 ft/yr. subject to 0.16 ft/yr. uncertainty) as such value is monitored and evaluated pursuant to the GSP.

2.2.2.7.3 When the Annual APA Decline is reversed, the Party's Total Available APA for all affected Parcels which were previously decreasing, will be adjusted to achieve the rate of increase described under Section 2.2.2.7. MSGSA staff will update the Party's AMA accordingly.

2.2.2.8 Groundwater conditions within a Sustainability Zone for purposes of Section 2.2.2.5, Section 2.2.2.6, and Section 2.2.2.7 will be determined as follows:

2.2.2.8.1 Groundwater levels will be determined as the arithmetic average of measured fall Groundwater levels in Representative Monitoring Wells located within the Sustainability Zone, if their spatial coverage within the Sustainability Zone meets minimum standards as determined by the MSGSA (minimum of one Monitoring Well per 5,000 acres). If the spatial coverage of Representative Monitoring Wells in the Sustainability Zone does not meet said minimum standards, Groundwater levels will be determined through spatial averaging across the Sustainability Zone of interpolated fall Groundwater level data from a monitoring network approved for such purposes by the MSGSA, where such approval occurs prior to April 1, 2025.

2.2.2.8.2 For purposes of triggering any of the Annual APA Adjustments defined in Section 2.2.2.5, Section 2.2.2.6, and Section 2.2.2.7 Groundwater levels for the Sustainability Zone would be determined pursuant to Section 2.2.2.8.1 and will incorporate a measurement of uncertainty buffer defined as the greater of: (a) five percent (5%) of the defined Fall 2015 or Fall 2011 values on a depth-to-Groundwater basis for that Sustainability Zone, or (b) within five (5) feet of the defined Fall 2015 or Fall 2011 values for that Sustainability Zone.

2.2.2.9 Land subsidence will be determined through spatial averaging across the Sustainability Zone using subsidence data monitored and evaluated pursuant to the GSP. Additionally, the MSGSA will evaluate and make available other subsidence data sources, such as InSAR, as appropriate.

2.2.2.10 The MSGSA will reevaluate the annual APA value for each Sustainability Zone periodically as data and circumstances warrant, but at least in conjunction with each five (5) year update of the GSP. Future adjustments may result in variances in the APA Unit Factor between Sustainability Zones to reflect the effect of local circumstances on the GSP objectives. APA is intended to be discontinued by 2036 leaving SYNG, as designated for each Sustainability Zone, making up the entire Allocation, where SYNG adjustments will also be considered pursuant to Section 2.2.1.4.

2.2.3 LIMITATIONS

2.2.3.1 The Consumptive Use by any Person or Parcel per acre of an Allocation during any Year is limited to a maximum of forty-eight (48) inches, calculated as an average within the associated AMA, including any Allocation Transferred into or out of an AMA during the same Year.

2.2.3.2 Irrigated Agricultural Lands and Managed Wetlands within a Sustainability Zone in which land subsidence rates exceed Minimum Threshold rates (0 feet per year [ft/yr.] subject to 0.16 ft/yr. uncertainty), based on the Year 2026-2030 five (5) Year average, and then on a rolling-five (5) Year average thereafter, calculated pursuant to Section 2.2.2.8.2, are ineligible to receive APA unless the Owner of said lands provides affirmative documentation that the Well(s) serving said lands is constructed to extract Groundwater exclusively from the Above Corcoran Clay Aquifer unless there are demonstrated Undesirable Results associated with Groundwater pumping in the Above Corcoran Clay Aquifer within the Sustainability Zone.

2.2.3.3 The Merced Subbasin GSA prohibits the direct export of any Groundwater outside of the defined boundary of the Merced Subbasin, where the term “groundwater” refers to the Sustainable Yield of Native Groundwater and the Additional Pumping Allowance as each is defined and determined pursuant to this Rule.

2.2.3.4 The MSGSA recognizes there may be circumstances where a landowner's current farming operations may result in Groundwater pumped from within the Merced Subbasin being applied outside of the Subbasin due to existing field or irrigation system configurations. In such circumstances, the MSGSA will allow the landowner to apply for a variance pursuant to Section 6.1.

2.3 SUSTAINABILITY ZONES

2.3.1 Sustainability Zones are intended to assist the MSGSA in recognizing the spatial variance of Groundwater conditions throughout the MSGSA as the Allocation program and other management actions under the GSP are implemented.

2.3.2 All lands within the MSGSA's jurisdiction, whether subject to this Rule or not, fall within one of the established Sustainability Zones. The MSGSA may reevaluate Sustainability Zone boundaries as data and circumstances warrant.

2.3.3 A current representation of the Sustainability Zones is available at: https://mercedcounty.maps.arcgis.com/apps/instant/nearby/index.html?appid=0693339fe7f04fbeb3ff3a6a0062efe1.

2.4 ALLOCATION MANAGEMENT ACCOUNT (AMA)

The Allocation Management Account (AMA) is used to manage and consolidate Allocations across Parcel(s) of an Owner/Party or Common Interest/Parties and also provides mechanisms for moving Allocations to another AMA when allowed under this Rule.

2.4.1 PROCESS TO ESTABLISH AN AMA

A Party shall register each of their Parcel(s) eligible for an Allocation via the Groundwater Accounting Platform. Unless otherwise provided in this Rule, at a minimum a separate AMA must be established for each Sustainability Zone in which an Owner has Parcels. A Party shall designate an Authorized Representative(s) in writing with access to the AMA authorized to make transactions via a method established by the MSGSA. Transfer of any Allocation not otherwise allowed in the following Sections is not allowed.

2.4.2 ALLOCATION UPON LEASING PARCEL(S)

A Lessor is eligible to assign some or all of the Allocation in their AMA to a Lessee's AMA for a Parcel subject to a Lease. The Lessee must have or must create an AMA within the same Sustainability Zone as the Parcel(s) to be leased.

2.4.2.1 PROCESS FOR ADJUSTMENT.

2.4.2.1.1 The Parties subject to the Lease must submit required MSGSA provided forms to the MSGSA detailing the designation of a specified quantity of an Allocation, the term of the Lease, and other necessary information for MSGSA review. A copy of the Lease does not have to be provided.

2.4.2.1.2 The Parties must pay an administrative transaction fee established by the MSGSA.

2.4.2.1.3 MSGSA staff reviews the submitted information in relation to the defined objective criteria established by this Rule and may deny, approve, or condition approval if needed to align with this Rule. MSGSA staff will make associated changes to the AMA of the Parties once approved.

2.4.2.2 MONITORING.

2.4.2.2.1 The amount of Allocation designated by the Parties to be associated with the Parcel subject to the Lease will be subtracted from the AMA of the Lessor and added into the AMA of the Lessee for the duration of the Lease.

2.4.2.2.2 The MSGSA will monitor the modified Allocation quantity in accordance with Section 2.5.

2.4.2.2.3 The MSGSA will annually monitor the land use status of the Parcel subject to the Lease to ensure that it remains eligible to receive an Allocation consistent with Section 2.1.

2.4.2.3 LIMITATIONS.

2.4.2.3.1 This Section shall apply to Leases that exceed one (1) year.

2.4.2.3.2 Both the Lessor's and Lessee's water use will be subject to limitations as defined under Section 2.2.3.

2.4.3 ALLOCATION UPON SALE OF PARCEL(S)

Upon the sale of a Parcel, the Owner may retain, or may assign, all or any portion of the Allocation quantity associated with that Parcel. The Party obtaining any Allocation from an acquired Parcel must have or create an AMA within the same Sustainability Zone as the Parcel(s) to be acquired.

2.4.3.1 PROCESS FOR ADJUSTMENT.

2.4.3.1.1 The Parties to the sale must submit required MSGSA provided forms to the MSGSA detailing distribution of the Allocation between the Parties upon the sale and other necessary information for MSGSA review, including a deed restriction to be recorded against the Parcel to the extent all or any portion of the Allocation is retained by the Seller.

2.4.3.1.2 The Parties must pay an administrative transaction fee established by the MSGSA.

2.4.3.1.3 MSGSA staff reviews the submitted information in relation to defined objective criteria established by this Rule and may deny, approve or condition approval if needed to align with this Rule. MSGSA staff will make the associated changes to the AMA of the Parties once approved.

2.4.3.2 OPT IN PARCELS. Notwithstanding the restrictions set forth in Sections 2.1.2.2.2.4 and 2.1.2.3.4, Allocations available to Opt-in Parcels may be retained, sold or leased with the Parcel; however, any and all restrictions imposed upon those Opt-in Parcels pursuant to Sections 2.1.2.2 and 2.1.2.3 will continue to govern use of the Allocation associated with the Parcel.

2.4.3.3 MONITORING. Any Allocation assigned pursuant to this Section 2.4.3 will be removed from the AMA of the selling Party and into the AMA of the buying Party as of the effective date of the Transfer, and determination of Allocation quantities pursuant to Section 2.1.2 will reflect the updated AMA circumstances. The MSGSA will monitor the modified Allocation quantity in accordance with Section 2.5.

2.4.4 TRANSFERRING ALLOCATIONS BETWEEN AMAs

Unless otherwise provided in this Rule, all or any portion of an Allocation may be Transferred under the following terms and conditions.

2.4.4.1 ELIGIBILITY AND PROCESS.

2.4.4.1.1 An Originator may Transfer a portion or the entirety of the Allocation in their AMA to another AMA so long as one of the following criteria applies:

2.4.4.1.1.1 Originator and Recipient's AMAs are within the same Sustainability Zone, or:

2.4.4.1.1.2 The Originator's AMA and the Recipient's AMA are claimed by the same Owner or Common Interest and the Recipient's AMA is located in an adjoining Sustainability Zone and where at least seventy-five percent (75%) of the Recipient's Parcel(s) are within one-half (½) mile of the boundary of the Sustainability Zone of the Originator's AMA. Opted-in Grazing Lands Parcels are eligible for this AMA transaction if consistent with Section 2.1.2.3.7.

2.4.4.1.2 The Parties subject to the Transfer must submit required MSGSA provided forms to the MSGSA detailing the amount and term of the Allocation Transfer, and other necessary information for MSGSA review. A copy of the Transfer agreement does not have to be provided.

2.4.4.1.3 The Parties pay an administrative transaction fee as established by the MSGSA.

2.4.4.1.4 MSGSA staff reviews the submitted information in relation to defined objective criteria established by this Rule and may deny, approve, or condition approval if needed to align with this Rule. MSGSA staff will make associated changes to the AMA of the Parties once approved.

2.4.4.2 MONITORING. Any Allocation assigned pursuant to this Section will be removed from the Originator's AMA and added into the Recipient's AMA during the term of the Transfer. The MSGSA will monitor the modified Allocation quantity in accordance with Section 2.5.

2.4.4.3 LIMITATIONS.

2.4.4.3.1 All Transfers shall be reevaluated by the MSGSA on or before January 1, 2030, and in conjunction with every five (5) year GSP update, to address any remaining Allocation quantity associated with the Transfer which may result in changes to the Originator's AMA and the Recipient's AMA.

2.4.4.3.2 The MSGSA will evaluate the need to place limitations on Transfers of Allocations within Sustainability Zones located in Corcoran Clay periodically as data and circumstances warrant, but at least in conjunction with each five (5) Year update of the GSP.

2.4.5 PARCEL BOUNDARY MODIFICATIONS

The MSGSA will track modification of Parcel boundaries to determine their impact on associated Allocation adjustments for involved AMAs.

2.4.5.1 ELIGIBILITY AND PROCESS.

2.4.5.1.1 An Owner who has received approval from the Assessor's Office for a Parcel boundary modification shall immediately inform the MSGSA in writing.

2.4.5.1.2 The Owner pays an administrative transaction fee as established by the MSGSA.

2.4.5.1.3 MSGSA staff reviews the Parcel boundary modification and adjusts the associated Allocation within the AMAs of all Parcels affected by the boundary modification using the revised GIS Acreages provided by the Assessor's office, provided that MSGSA staff may disallow incorporation of a new Parcel boundary into an Allocation if it crosses Sustainability Zone boundaries.

2.4.5.2 MONITORING: The MSGSA will monitor the modified AMA in accordance with Section 2.5.

2.5 MONITORING

Monitoring will ensure compliance with this Rule, allow for the assessment of Groundwater conditions, and support sustainable Groundwater management within the MSGSA's boundary consistent with the GSP.

2.5.1 TOTAL AVAILABLE ALLOCATION

The Total Available Allocation for the eligible agricultural land use classifications defined Section 2.1.1.1, and calculated pursuant to Section 2.1.2, shall consist of the following:

2.5.1.1.1 Irrigated Agricultural Lands: Total Available SYNG and Total Available APA

2.5.1.1.2 Managed Wetlands Method 1: Total Available SYNG and Total Available APA

2.5.1.1.3 Managed Wetlands Method 2: Total Available SYNG and Total Available Managed Wetland Water Allocation

2.5.1.1.4 Grazing Lands: Total Available SYNG for Opt-in Parcels only

2.5.1.2 The Total Available Allocation in a Party's AMA beginning in Year 2026 will consist of the Total Available Allocation for the applicable land use classification defined in Section 2.5.1.1 for Years 2026, 2027, 2028, 2029, and 2030 in the amounts defined in Section 2.2.

2.5.1.3 Beginning in Year 2027, on or before January 31st, and annually thereafter, the Party's AMA will be updated as follows:

2.5.1.3.1 An increase to the AMA to reflect the Total Available Allocation for Year 2031 as calculated pursuant to Section 2.1.2 in the amounts defined in Section 2.2 with each subsequent Year adding the values for the applicable new fifth (5th) Year.

2.5.1.3.2 An adjustment to the AMA to reflect the Consumptive Use attributed to the Total Available Allocation for Year 2026, with each subsequent Year subtracting the prior Year's Consumptive Use accordingly, where Consumptive Use is determined pursuant to Section 2.5.2.

2.5.1.3.3 The Total Available Allocation will be updated to reflect any approved transactions defined in Section 2.4.

2.5.1.3.4 Consumptive Use for each Year will be subtracted from the Total Available Allocation as stated in Section 2.5.1.3.2 unless the Party elects to utilize an approved Alternative Source of water defined in Section 2.5.4 in lieu of Total Available Allocation.

2.5.1.3.5 Unused Total Available Allocation in any Year will be carried over into the next Year.

2.5.2 TRACKING OF CONSUMPTION

2.5.2.1 IRRIGATION STATUS OF ELIGIBLE AGRICULTURAL PARCELS AND FALLOWED FIELDS. At the beginning of each Year, Parties will have the option to designate which Parcels within an AMA or which Fields within a Parcel will be Irrigated. The process for designating a Parcel's or Field's Irrigation status for the upcoming Year is as follows:

2.5.2.1.1 All eligible Parcels within a Party's AMA will be considered Irrigated each Year unless the Party designates a Parcel as Inactive in the GAP by May 1st of that Year.

2.5.2.1.2 Parties electing to designate a Parcel's status as Inactive for the upcoming Year shall submit the "Inactive Parcel Attestation Form" to the MSGSA by May 1st of that Year.

2.5.2.1.3 The entire GIS Acreage of a Parcel will be considered Irrigated for the upcoming Year unless the Party designates all or a portion of the Parcel as Inactive, to reflect the Party's intent for a Field within a Parcel to be Inactive for the upcoming Year. The Inactive designation must also be entered in the GAP by May 1st.

2.5.2.1.4 Parties electing to designate a Field as Inactive for the upcoming Year shall define the footprint of the Inactive Field via the GAP, and submit the "Inactive Parcel Attestation Form" to the MSGSA by May 1st.

2.5.2.1.5 The MSGSA will use available resources, such as, but not limited to, aerial imagery, spatial data, or site inspections, to verify that no Irrigation occurred on the Inactive Parcel or Field.

2.5.2.1.6 The Inactive Parcel(s) or Field(s) will not be included in adjustments to the Party's AMA defined in Section 2.5.1.3.2.

2.5.2.1.7 A Party may elect to change the Irrigation status of an Inactive Parcel or Field to Irrigated at any point during the Year by notifying the MSGSA in writing. Parcel(s) or Field(s) undergoing this change will be considered Irrigated for the entirety of the Year for the

purposes of calculating Consumptive Use pursuant to Section 2.5.2.3 or Section 2.5.2.4.

2.5.2.2 IRRIGATION STATUS OF ELIGIBLE AGRICULTURAL PARCELS WITH RIPARIAN AREAS. Parties may designate Riparian Areas located within a Parcel. A Riparian Area designation may occur at any time and is not subject to the annual irrigation status designation process described in Section 2.5.2.1. Any area designated as a Riparian Area shall be considered permanently Inactive and shall not be eligible to be redesignated as Irrigated Agriculture. The process for designating a Riparian Area within a Parcel is as follows:

2.5.2.2.1 Parties electing to designate a Riparian Area(s) within a Parcel shall define the footprint of the Riparian Area via the GAP and submit the "Riparian Area Attestation Form" to the MSGSA within 15 days of submitting the designation within the GAP. Failure to provide the form will result in the designation being returned to the Party within the GAP.

2.5.2.2.2 Riparian Areas designated within a single Parcel must consist of a minimum of seven (7) acres. Where multiple Riparian Areas are designated within a single Parcel, the Riparian Areas may collectively satisfy the seven (7) acre minimum requirement, provided that no individual Riparian Area counted toward the total is less than one (1) acre in size.

2.5.2.2.3 Where a single contiguous Riparian Area spans multiple Parcels within the same AMA, the total acreage of that contiguous Riparian Area may be aggregated across such Parcels for purposes of satisfying the seven (7) acre minimum requirement described in Section 2.5.2.2.2. Only the acreage associated with the contiguous Riparian Area may be aggregated, and the Riparian Area must be delineated within each affected Parcel via the GAP.

2.5.2.2.4 Where a Riparian Area designation with a Parcel includes areas associated with natural watercourses including rivers, creeks, streams, or natural drainage channels, the designated Riparian Area shall have an average width of at least one hundred fifty (150) feet.

2.5.2.3 STANDARD METHOD FOR CALCULATING CONSUMPTIVE USE. Unless the Party selects an alternative method or has a land use requiring an alternative method, as such is defined in Section 2.5.2.6, the Consumptive Use of the Irrigated Agricultural Lands within a Party's AMA will be calculated as the annual value of Evapotranspiration (ET) as determined by the default remote sensing source in the GAP, currently OpenET, minus the annual Effective Precipitation value available to the Party's AMA as defined in Section 2.5.3.

2.5.2.4 ALTERNATIVE METHODS FOR CALCULATING CONSUMPTIVE USE. In lieu of Section 2.5.2.3, Parties may elect by written notice to the MSGSA to have the Consumptive Use of the active eligible Irrigated Agricultural Lands within an AMA calculated in any Year via one of the following alternative methods:

2.5.2.4.1 Alternative Method 1. This method requires Parties to provide an annual value of ETAW for the Irrigated Parcel(s) in an AMA to the MSGSA from an alternative remote sensing data source pursuant to Section 2.5.13, where Consumptive Use is calculated as the annual value of ET, measured via the alternative remote sensing data source, minus the annual Effective Precipitation value defined in Section 2.5.3. Parties electing to use this method shall:

2.5.2.4.1.1 Submit the Alternative Remote Sensing Data Source Attestation Form to the MSGSA annually, no later than January 31st of each year that the alternative method will be used.

2.5.2.4.1.2 Provide monthly ET data on a quarterly basis for the actively Irrigated Parcel(s) in an AMA measured by the alternative remote sensing data source to the MSGSA as specified in the Alternative Remote Sensing Data Source Attestation Form.

2.5.2.4.1.3 Failure to adhere to the above conditions in any Year will result in the method for calculating Consumptive Use reverting to Section 2.5.2.3 for that Year.

2.5.2.4.2 Alternative Method 2. This method requires Parties to provide monthly Groundwater extraction data using Flow Meters from Well(s) used to supply Groundwater to Irrigated Parcels in an AMA, where Consumptive Use is calculated as the annual value of extracted Groundwater multiplied by the determined Efficiency Factor associated with the Parcel(s), as such is defined in Section 2.5.13. Parties electing to use this method shall:

2.5.2.4.2.1 Install and maintain all Flow Meters in accordance with Section 2.5.13.

2.5.2.4.2.2 Submit the Flow Meter Attestation Form to the MSGSA annually, no later than January 31st.

2.5.2.4.2.3 Report all Groundwater extraction data to the MSGSA via the GAP by the 15th of each following month during the Year.

2.5.2.4.2.4 Failure to adhere to the above conditions in any Year will result in the method for calculating Consumptive Use reverting to Section 2.5.2.3 in that Year.

2.5.2.5 COMBINATION OF METHODS FOR CALCULATING CONSUMPTIVE USE WITHIN AN AMA. Parties may elect in any Year to utilize a combination of methods for calculating the Consumptive Use of the Irrigated Parcels in an AMA via the following process:

2.5.2.5.1 Parties electing to utilize a combination of methods must specify which Parcel(s) within their AMA shall be monitored via the Standard Method defined in Section 2.5.2.3 or Alternative Method 1 defined in Section 2.5.2.4.1, and which Parcels shall be monitored via Alternative Method 2 defined in Section 2.5.2.4.2 in the GAP or via attestation forms submitted to the MSGSA by January 31st of the applicable Year.

2.5.2.5.2 Failure to adhere to the conditions set forth in Section 2.5.2.4.1 or Section 2.5.2.4.2 in any Year will result in the method for calculating Consumptive Use reverting to Section 2.5.2.3 in that Year.

2.5.2.5.3 A Party electing to use a combination of methods for calculating Consumptive Use for the actively Irrigated Parcels within an AMA pursuant to this Section will be monitored via remote sensing by the MSGSA to verify the accuracy of data provided to the MSGSA.

2.5.2.6 NON-FIELD PRODUCTION AREAS AND USES. In areas where the Consumptive Use cannot be calculated via remote sensing, the MSGSA will use one of the following applicable methods depending on the type of non-field production area or use:

2.5.2.6.1 Animal Feeding Operations (AFO). Parties with AFO operations may elect to have the Consumptive Use of the AFO calculated via Option 1, as specified under Section 2.5.2.7, or Option 2, as specified under Section 2.5.2.8.

2.5.2.6.2 Commercial or Industrial Processing Facilities. Consumptive Use shall be calculated via Option 2, as specified under Section 2.5.2.8.

2.5.2.6.3 Greenhouses. Consumptive Use shall be calculated via Option 2, as specified under Section 2.5.2.8.

2.5.2.6.4 Managed Wetland Habitats. Where water does not readily percolate and has to be released or drained from the Habitat Area as part of the management, Consumptive Use shall be calculated via Option 2, as specified under Section 2.5.2.8.

2.5.2.6.5 Transport of Pumped Groundwater. Upon prior written MSGSA-approval, for a Party that pumps Groundwater within an AMA but transports the Groundwater outside of the same AMA, Consumptive Use shall be calculated via Option 2, as specified under Section 2.5.2.8.

2.5.2.7 Option 1. Establishes a standardized Consumptive Use value for the footprint of the AFO as follows:

2.5.2.7.1 The Party must submit written evidence satisfactory to the MSGSA documenting the footprint of the AFO. The MSGSA will use this information to create a unique footprint, in acres, within the Party's AMA for the purposes of creating a standardized Consumptive Use value.

2.5.2.7.2 The standardized Consumptive Use value of the AFO footprint shall be calculated as: [GIS Acreage of AFO Footprint] x [applicable factor defined in Section 2.5.13].

2.5.2.7.3 The Consumptive Use for the remainder of the Parcel shall be calculated pursuant to Section 2.5.2.3 or 2.5.2.4.

2.5.2.7.4 The Consumptive Use for the entirety of the Parcel shall be calculated as the sum total of Sections 2.5.2.7.2 and 2.5.2.7.3.

2.5.2.8 Option 2. Requires Parties to provide monthly Groundwater extraction data from Flow Meters on the Well(s) used to supply Groundwater to the footprint of the non-field production area or use as follows:

2.5.2.8.1 For Sections 2.5.2.6.1, 2.5.2.6.2, 2.5.2.6.3, and 2.5.2.6.4, the Party must submit written evidence satisfactory to the MSGSA documenting the non-field production area footprint and that the Flow Meter extraction data is serving only the footprint. The MSGSA will use this information to create a unique footprint for the non-field production area within the Party's AMA for the purposes calculating Consumptive Use.

2.5.2.8.2 Install and maintain all Flow Meters in accordance with Section 2.5.13.

2.5.2.8.3 Submit the Flow Meter Attestation Form to the MSGSA annually, no later than January 31st of each Year.

2.5.2.8.4 Report all Groundwater extraction data to the MSGSA via the GAP by the 15th of the following month.

2.5.2.8.5 The Consumptive Use value of the non-field production area footprint or use shall be calculated as the reported annual Groundwater extraction value of the footprint or use.

2.5.2.8.6 The Consumptive Use for the remainder of the Parcel shall be calculated pursuant to Section 2.5.2.3 or Section 2.5.2.4.

2.5.2.8.7 Parties with AFO operations failing to adhere with the above conditions in any Year will be reverted to Section 2.5.2.7 for calculating Consumptive Use in that Year.

2.5.3 ACCOUNTING FOR EFFECTIVE PRECIPITATION

2.5.3.1 The total Precipitation for the entirety of the MSGSA shall be reported by Water Year using Precipitation values from the Department of Water Resources California Data Exchange Center (CDEC) rain station located at the City of Merced Airport referred to as Station ID: MFS, accessed here.

2.5.3.2 Beginning in Year 2026, and annually thereafter, the annual Effective Precipitation value available to a Party's AMA will be calculated as the GIS Acreage, or Phase 1 Appeal Acreage, of the Irrigated Agricultural Lands within a Party's AMA, multiplied by the determined Eligible Inches of Rain rounded to the nearest inch (in.) and converted to acre-feet. The total rainfall, measured at Station ID: MFS, for the period October 1st of the prior Year through March 31st of the current Year will be used to determine the Eligible Inches of Rain as follows:

2.5.3.2.1 ≥ 12 inches: [12 inches + (50% x (Oct 1st through Mar 31st total rainfall - 12 inches)]

2.5.3.2.2 ≥ 9 and < 12 inches: [9 inches + (50% x (Oct 1st through Mar 31st total rainfall - 9 inches)]

2.5.3.2.3 < 9 inches: [Oct 1st through Mar 31st total rainfall]

2.5.3.3 ADJUSTMENTS FOR SIGNIFICANT APRIL AND MAY RAINFALL. The MSGSA, at its own discretion, may increase the Eligible Inches of Rain used to calculate the annual Effective Precipitation value available to a Party's AMA to recognize significant April and May rainfall quantities only when rainfall in April exceeds 1 inch, or when the combined rainfall in April and May exceed 1.5 inches as measured at Station ID: MFS. If either condition occurs, the MSGSA may determine an increase in the Eligible Inches of Rain of not less than 1 inch, but not to exceed actual measured rainfall amounts.

2.5.3.4 The MSGSA Board will adopt the annual Effective Precipitation value available to a Party's AMA, calculated pursuant to Section 2.5.3.2, annually at its April Governing Board meeting. Adjustments, if applicable, pursuant to Section 2.5.3.3 will be adopted at the June Governing Board meeting.

2.5.4 ACCOUNTING FOR ALTERNATIVE SOURCES OF WATER

2.5.4.1 Parties shall be allowed to use an Alternative Source to help meet Consumptive Use pursuant to Section 2.5.1.3.4, or to generate Alternative Source Credits for use in a subsequent Year through permissible and documented Recharge. An Alternative Source or Alternative Source Credit may include any of the following recognized Surface Water sources as confirmed by MSGSA:

2.5.4.1.1 Contracts including Recycled Water and seepage.

2.5.4.1.2 Surface Water Right

2.5.4.1.3 Flood Water diverted consistent with *Water Code Section 1242.1* or other related Executive Order.

2.5.4.1.4 Nuisance water, spill, runoff, or non-contracted lateral seepage, resulting from the operation of others and diverted in accordance with law where such water is measurable using approved methods.

2.5.4.2 Once approved by MSGSA, an Alternative Source may be used by the Party to (a) directly meet Consumptive Use during the same Year the Alternative Source is available, or (b) by legally storing the Alternative Source underground to generate an Alternative Source Credit pursuant to Section 2.5.5.

2.5.4.3 Parties are solely responsible to ensure that diversion for use and/or Recharge of an Alternative Source into a Recharge Facility complies with federal, state and local laws, rules and regulations. Each Party agrees to indemnify, defend, and hold harmless MSGSA for any use or Recharge of Alternative Source not in compliance with law. Should any Alternative Source or Alternative Source Credit in the future be determined invalid by any court or regulatory body, any use or credits recognized by MSGSA will be rescinded and the Party will be required to make up any Alternative Source or Alternative Source Credit that met Consumptive Use.

2.5.5 GENERATING ALTERNATIVE SOURCE CREDIT BY RECHARGE

2.5.5.1 A Party can generate an Alternative Source Credit by Direct Recharge or Indirect Recharge using an Alternative Source as defined in Section 2.5.4.1.

2.5.5.2 Direct Recharge requires a Party to utilize one or more of the following Recharge Facility types approved by MSGSA:

2.5.5.2.1 Permitted Aquifer Storage and Recovery (ASR) Well

2.5.5.2.2 Recharge Basin

2.5.5.2.3 Permitted Dry Well

2.5.5.2.4 Sublateral Recharge System

2.5.5.2.5 Purposeful Deep Percolation

2.5.5.3 Indirect Recharge requires a Party to own or control, or be a designated beneficiary of the owner, of a Conveyance Facility where the routing of water through the Conveyance Facility may result in the Recharge of an Alternative Source via seepage.

2.5.6 REGISTRATION OF A RECHARGE FACILITY

Parties seeking to generate Alternative Source Credits must register a Recharge Facility via the following process:

2.5.6.1 The Party must submit to MSGSA the "Alternative Source and Recharge Facility Registration Form" at least ninety (90) days prior to the Recharge of water from an Alternative Source.

2.5.6.2 A Party may Recharge water from an Alternative Source using the Recharge Facility of another Party within the same Sustainability Zone so long as both Parties comply with Section 2.5.6.1.

2.5.6.3 MSGSA staff reviews the submitted information and may require additional information from the Party before allowing Alternative Source Credits to be recognized within a Party's AMA.

2.5.7 DETERMINING ALTERNATIVE SOURCE CREDIT

MSGSA recognizes that the successful underground storage of Alternative Source water is highly variable due to factors such as time of Year, soil type, method of Recharge, and the hydrogeologic characteristics of the Subbasin. MSGSA will account for such factors in its determination of the quantity of Alternative Source Credits from the Recharge of Alternative Source water in an approved Recharge Facility as follows:

2.5.7.1 The Party must provide MSGSA with documentation detailing the amount of Alternative Source diverted into or routed through an approved Recharge Facility using the "Alternative Source Water Report" annually by December 15th.

2.5.7.2 MSGSA shall review the Party's information and determine the available Alternative Source Credits resulting from the allowed Recharge, where the value reflects the quantity of water diverted into or routed through an approved Recharge Facility, minus the applicable Leave-Behind, as such is determined pursuant to Section 2.5.8.

2.5.8 DETERMINING LEAVE-BEHIND

2.5.8.1 DIRECT RECHARGE FACILITY

2.5.8.1.1 Alternative Source Credits will be quantified by applying a baseline Leave-Behind of ten (10) percent to the measured quantity of Alternative Source diverted into an approved Recharge Facility.

2.5.8.1.2 MSGSA will reevaluate the baseline Leave-Behind percentage periodically as data and circumstances warrant, but at least in conjunction with each five year (5) Year update of the GSP.

2.5.8.2 INDIRECT RECHARGE USING A CONVEYANCE FACILITY

2.5.8.2.1 Alternative Source Credits for the Indirect Recharge of an Alternative Source via a Conveyance Facility will be quantified and determined on a case-by-case basis by the MSGSA Board. Determinations will involve the application of a Leave-Behind which will be derived based upon data, studies, and other warranted information provided by and reviewed with the owner/operator of the Conveyance Facility. At the minimum, the Leave-Behind would be consistent with Section 2.5.8.1.1.

2.5.8.2.2 Any Alternative Source Credit determined on a year-by-year basis must be assigned to the AMA of one or more specific Parties located within the Sustainability Zone where the Indirect Recharge occurred.

2.5.9 ACCOUNTING OF ALTERNATIVE SOURCE CREDIT

2.5.9.1 Beginning in Year 2027, on or before January 31st, and annually thereafter, MSGSA will make any quantified Alternative Source Credit available to a Party's AMA for use during the Year of Recharge, or, potentially, a future Year, subject to the Carryover Restriction described in Section 2.5.9.3, and subject to any reduction of the Alternative Source Credit resulting from the use of such credit to meet a Party's current Year Consumptive Use pursuant to Section 2.5.11.

2.5.9.2 Where a Party generates an Alternative Source Credit in a different Year from another Alternative Source Credit, MSGSA will account and track each independently from another.

2.5.9.3 CARRYOVER RESTRICTION OF ALTERNATIVE SOURCE CREDIT

2.5.9.3.1 At the start of the sixth Year following issuance, any Alternative Source Credits remaining in the Party's AMA will be reduced by twenty (20) percent for the sixth Year. For example, if Alternative Source Credits generated in Year 2026 and recognized in Year 2027 remain unused by January 1, 2033, then a twenty (20) percent Carryover Restriction will be applied to the unused Alternative Source Credits beginning in Year 2033.

2.5.9.3.2 At the start of the seventh Year following issuance and again in the eighth Year and ninth Year, any remaining Alternative Source Credit available to the Party's AMA will be further reduced by twenty (20) percent. All remaining Alternative Source Credit after the ninth Year will be fully removed from the Party's AMA.

2.5.9.3.3 The MSGSA will consider a variance to the Carryover Restriction if a Party provides a study or report from a certified professional which demonstrates that a higher percentage of an Alternative Source Credit should remain available to the Party at any of the aforementioned points in time.

2.5.10 RECOGNITION AND USE OF ALTERNATIVE SOURCE CREDITS GENERATED PRIOR TO JANUARY 1, 2026

Parties that took action(s) after the adoption of the Merced Subbasin GSP on January 28, 2020 and prior to January 1, 2026 in anticipation of the MSGSA's implementation of the Allocation Rule, where such action resulted in use of an Alternative Source for (a) Direct Recharge, or (b) direct use in lieu of Groundwater, will be eligible to receive Alternative Source Credits via the following process:

2.5.10.1 The Party must submit the "Alternative Source and Recharge Facility Registration Form" by December 15, 2025.

2.5.10.2 The Party must provide MSGSA with documentation detailing the amount and Year the Alternative Source was diverted into a Recharge Facility or directly used in lieu of Groundwater by December 15, 2025.

2.5.10.3 The MSGSA will determine the quantity of Alternative Source Credit recognized within a Party's AMA pursuant to Section 2.5.7 and as follows:

2.5.10.3.1 Any Alternative Source Credit resulting from water diverted into a Recharge Facility will be subject to a Leave-Behind pursuant to Section 2.5.8.

2.5.10.3.2 Any Alternative Source Credit associated with use in lieu of Groundwater will be determined as ninety (90) percent of the documented quantity.

2.5.10.3.3 Alternative Source Credits will not be recognized for in lieu use of Alternative Source water after January 1, 2026.

2.5.10.4 MSGSA will recognize Alternative Source Credits within a Party's AMA for Direct Recharge or direct use, in lieu of Groundwater, of Alternative Source water beginning in the Year when the action took place, and accounting will occur pursuant to Section 2.5.9.

2.5.10.5 This Section does not apply to any action to generate Alternative Source Credits after January 1, 2026.

2.5.10.6 Use of an Alternative Source Credit generated prior to January 1, 2026 will be governed pursuant Section 2.5.11.2.

2.5.11 USE OF ALTERNATIVE SOURCES AND ALTERNATIVE SOURCE CREDIT

At their discretion, a Party may elect to use an Alternative Source or Alternative Source Credits available in their AMA to meet Consumptive Use in lieu of, or supplemental to, the Total Available Allocation in their AMA pursuant to Section 2.5.1.3.4 for the current Year as follows:

2.5.11.1 FOR USE OF AN ALTERNATIVE SOURCE

2.5.11.1.1 By December 15th, a Party must provide MSGSA with documentation quantifying the Alternative Source available to their AMA annually using the "Alternative Source Water Report."

2.5.11.1.2 MSGSA will subtract the quantity of Alternative Source water diverted from the Consumptive Use determined pursuant to

Section 2.5.2, after multiplying the Alternative Source by the applicable Efficiency Factor consistent with Section 2.5.2.4.2. Any remaining Consumptive Use will then be subject to the steps described in Section 2.5.1.3 to determine the Party's Total Available Allocation for the following Year.

2.5.11.1.3 Alternative Source water is not considered part of the Total Available Allocation defined in Section 2.5.1.1. Therefore, unused Alternative Source water in any Year cannot be carried over into the next Year, unless it is stored.

2.5.11.2 FOR USE OF AN ALTERNATIVE SOURCE CREDIT

2.5.11.2.1 By December 15th, a Party must provide MSGSA with written documentation of the specified quantity of an available Alternative Source Credit to be used to meet current Year's Consumptive Use using the "Alternative Source Water Report."

2.5.11.2.2 The MSGSA will subtract the Alternative Source Credit from the Consumptive Use determined pursuant to Section 2.5.2, after multiplying the Alternative Source Credit by the applicable Efficiency Factor consistent with Section 2.5.2.4.2. Any remaining Consumptive Use will then be subject to the steps described in Section 2.5.1.3 to determine the Party's Total Available Allocation for the following Year.

2.5.11.2.3 Except as otherwise stated, the extraction of an Alternative Source Credit shall be limited to the aquifer in which Alternative Source water was percolated. Any Well that has been screened both above and below the defined Corcoran Clay layer shall be considered to be extracting from below the Corcoran Clay. For any Alternative Source Credit generated above the Corcoran Clay by a Party between January 1, 2026 and December 31, 2028 pursuant to Section 2.5.7, up to 50 percent of the Alternative Source Credit can be extracted below the Corcoran Clay prior to January 1, 2030, after which time any remaining Alternative Source Credit can only be extracted from above the Corcoran Clay.

2.5.11.2.4 Alternative Source Credit is available to be carried over within a Party's AMA subject to Section 2.5.9.3.

2.5.11.2.5 Transfers of Alternative Source Credits generated after January 1, 2026 between AMAs shall be governed by Section 2.4.4 of the Groundwater Allocation Rule. Transfers of Alternative Source Credits generated prior to January 1, 2026 from direct use are not

available for transfer to another AMA. Transfers of Alternative Source Credits generated prior to January 1, 2026 from Recharge are not restricted.

2.5.11.2.6 For any Alternative Credit transferred outside of the Basin, twenty-five percent (25%) Surcharge of the proposed transferrable quantity will be deducted from the Originating Party's AMA and not available for delivery to the Recipient, or use by the Originating Party.

2.5.12 ACCOUNTING FOR NON-AGRICULTURAL LAND USES ON LANDS WITH AGRICULTURAL LAND USE CLASSIFICATIONS

Parties with Irrigated Agricultural Lands, as defined in Section 2.1.1.1, which partially contain a non-agricultural land use can utilize their Total Available Allocation to supply the non-agricultural footprint of the Parcel via the following process:

2.5.12.1 The Party must submit written evidence satisfactory to the MSGSA documenting:

2.5.12.1.1 The type of non-agricultural land use occurring on the Parcel. For the purposes of this Rule, non-agricultural land uses include commercial, industrial, and recreational land uses.

2.5.12.1.2 The footprint of the non-agricultural portion of the Parcel.

2.5.12.2 The Total Available Allocation for the Parcel with a non-agricultural land use shall be calculated pursuant to Section 2.5.1.

2.5.12.3 The Consumptive Use of the non-agricultural footprint shall be determined on a case-by-case basis by the MSGSA Board. Determinations will be derived based upon data, studies, and other warranted information provided by and reviewed with the Party. At a minimum, the determination of Consumptive Use for the non-agricultural footprint would be consistent with Section 2.5.2.8.

2.5.12.4 The Consumptive Use for the remainder of the Parcel shall be calculated pursuant to Section 2.5.2.3 or 2.5.2.4.

2.5.12.5 The Consumptive Use for the entirety of the Parcel shall be calculated as the sum total of Sections 2.5.12.3 and 2.5.12.4.

2.5.13 DATA SOURCES

2.5.13.1 ALTERNATIVE REMOTE SENSING SOURCES. Parties electing to provide the MSGSA with ET data from an alternative remote sensing data source for the purposes of calculating Consumptive Use pursuant to Section 2.5.2.4.1 shall provide ET data from a commercial enterprise offering remote sensing services. The alternative source must be acceptable to the MSGSA.

2.5.13.2 FLOW METER REQUIREMENTS. Parties electing or required to provide the MSGSA with Flow Meter data for the purposes of calculating Consumptive Use pursuant to Sections 2.5.2.4.2, 2.5.2.8, and 2.5.12 shall install, maintain, and operate Flow Meters in accordance with this Section.

2.5.13.2.1 Installation and operation of all Flow Meters must be in accordance with the manufacturer's recommendations, and comply with calibration and maintenance requirements set forth in Section 7.2.1.

2.5.13.2.2 Each Flow Meter shall only measure Groundwater from the Well(s) to which it is attached, and shall not measure any other water sources.

2.5.13.2.3 Flow Meters must be installed such that Groundwater applied to a Parcel(s), non-field production area(s), or non-agricultural land use footprint(s) is measured separately from Groundwater applied to other Irrigated Agricultural Lands within a Parties AMA which utilize remote sensing to calculate Consumptive Use.

2.5.13.3 EFFICIENCY FACTORS. Parties electing to provide the MSGSA with Groundwater extraction data from Flow Meters shall be assigned an Efficiency Factor specific to the Parcel(s) for the purpose of calculating Consumptive Use, pursuant to Section 2.5.2.4.2. The Efficiency Factor shall be determined using the following criteria:

Efficiency Factor Table			
Irrigation System	**Soil Drainage Rating**		
	Good	Moderate	Poor
Drip/Micro	80%	85%	90%
Sprinkler	70%	75%	80%
Flood	60%	65%	70%

2.5.13.3.1 The MSGSA will use the highest Modified Soil Groundwater Banking Index (SAGBI) rating which covers the largest portion of the Parcel to determine the soil drainage rating. For the purposes of this Rule, Excellent and Good SAGBI ratings correspond to Good on the Efficiency Factor Table. Moderately Good and Moderately Poor on SAGBI ratings correspond to Moderate on the Efficiency Factor Table. Poor and Very Poor SAGBI ratings correspond to Poor on the Efficiency Factor Table.

2.5.13.3.2 The Party must submit written evidence satisfactory to the MSGSA documenting the type of irrigation system used on the Parcel(s).

2.5.13.3.3 The Efficiency Factor for Parties with multiple types of irrigation systems on one Parcel will be determined on a case-by-case basis by the MSGSA.

2.5.13.4 APPLICABLE FACTORS FOR ANIMAL FEEDING OPERATIONS (AFO). Parties with AFO operations electing to have the Consumptive Use of the AFO calculated pursuant to Section 2.5.2.7 shall be assigned an applicable factor specific to the type of AFO operation. The MSGSA will add applicable factors specific to Poultry and Meat Operations (including Beef, Sheep, Goats) as each is determined in the future.

2.5.13.4.1 Dairy Operations: 0.5 acre-feet per GIS Acre[1]

2.5.13.4.2 Poultry Operations

2.5.13.4.3 Meat Operations (including Beef, Sheep, Swine, Goats)

[1] 4Creeks. *Net Groundwater Consumption Within a Dairy Facility Area*

2.6 OPT-IN PROCESS

2.6.1 OPT-IN ELIGIBILITY AND PROCESS

Except for Parties seeking to use Groundwater as allowed pursuant to Section 2.1.2.3.7, Parties may Opt-in in accordance with this Rule at any time. MSGSA shall grant a request to Opt-in upon receiving the required information and fees as provided in this Section 2.6.1. Parties seeking to use Groundwater pursuant to Section 2.1.2.3.7 will be allowed to Opt-in until October 1, 2025.

Parcels designated with one of the following Assessor's Office land use classifications on October 10, 2024 or as designed by this Rule are eligible to Opt-in for an Allocation during the initial period: Managed Wetlands, Grazing Lands, or Parcels whose land use codes were incorrectly classified.

Parcels with Assessor's Office land use classifications not addressed in this Section are ineligible to Opt-in for an Allocation under this Rule.

2.6.1.1 OPT-IN OF MANAGED WETLANDS.

2.6.1.1.1 Owner must submit written evidence to the MSGSA pursuant to the requirements set forth in Section 2.1.2.2.

2.6.1.1.2 Owner must pay "Opt-in Fees" consisting of (a) 2019 SGMA Compliance Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2019/2020, (b) Phase 1 Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2022/2023, and (c) Phase 2 Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2026/2027. The calculation will be adjusted to reflect any 2019 SGMA Compliance Fees paid pursuant to an unirrigated agriculture land use classification, dating back to July 23, 2019. The fee will be calculated for each past fiscal year beginning with fiscal year 2019/2020 for the SGMA Compliance Fee, fiscal year 2022/2023 for the Phase 1 Fee, and fiscal year 2026/2027 for the Phase 2 Fee using the following formula for each respective historic fiscal year:

Opt-in Fees = [Irrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] – [Unirrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] + [Phase 1 Fee Rate x GIS Acreage] + [Phase 2 Fee Rate x GIS Acreage].

2.6.1.1.3 Parcels with Non-Contract Duck Club land use classifications will not be required to pay Opt-in Fees if they've paid 2019 SGMA Compliance fees or Phase 1 Fee pursuant to a land use classification of Irrigated Agriculture for the Opt-in Parcel(s).

2.6.1.1.4 Upon payment of the Opt-in Fees, the Party must either create an AMA to claim the Opt-in Parcels or add the Opt-in Parcels to an existing AMA within the same Sustainability Zone as the Opt-in Parcels.

2.6.1.1.5 The Allocation assigned to the Opt-in Parcel(s) is governed by Section 2.1.2.2.

2.6.1.2 OPT-IN OF GRAZING LANDS.

2.6.1.2.1 Owner must submit required MSGSA provided forms to the MSGSA detailing the Parcel(s) they're proposing to Opt-in as set forth under Section 2.1.2.3.

2.6.1.2.2 Owner must pay Opt-in Fees consisting of (a) 2019 SGMA Compliance Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2019/2020, (b) Phase 1 Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2022/2023, and (c) Phase 2 Fees that would have applied to the Parcel if it had been characterized as irrigated agriculture dating back to fiscal year 2026/2027. The calculation will be adjusted to reflect any 2019 SGMA Compliance Fees paid pursuant to an unirrigated agriculture land use classification dating back to July 23, 2019. The fee will be calculated for each past fiscal year beginning with fiscal year 2019/2020 for the SGMA Compliance Fee, fiscal year 2022/2023 for the Phase 1 Fee, and fiscal year 2026/2027 for the Phase 2 Fee using the following formula for each respective historic fiscal year:

Opt-in Fees = [Irrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] – [Unirrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] + [Phase 1 Fee Rate x GIS Acreage] + [Phase 2 Fee Rate x GIS Acreage).

2.6.1.2.3 Upon payment of the Opt-in Fees the Party must either create an AMA to claim the Opt-in Parcel(s) or add the Opt-in Parcel to an existing AMA within the same Sustainability Zone as the Opt-in Parcel, as provided in this Rule.

2.6.1.2.4 The Allocation assigned to the Opt-in Parcel(s) is governed by Section 2.1.2.3.

2.6.1.2.5 A Parcel where Groundwater is used for commercial and/or industrial purposes, regardless of whether the Parcel is classified as Irrigated Agricultural Lands or non-agricultural, shall be eligible for an Allocation upon request to MSGSA, and such use will be included as part of monitoring pursuant to Section 2.5.5.

2.6.2 OPT-OUT ELIGIBILITY AND PROCESS

A Party is eligible to Opt-out of the Allocation for Parcel(s) with one of the Assessor's Office agricultural land use designations defined in Section 2.1.1.1 provided that any outstanding MSGSA fees, charges, or penalties are paid.

2.6.2.1 OPT-OUT OF LANDS ELIGIBLE FOR A GROUNDWATER ALLOCATION.

2.6.2.1.1 The Party must provide the MSGSA with documentation that a deed restriction in a form approved by the MSGSA has been recorded against the Opt-out Parcel(s) indicating that the Parcel(s) has foregone the opportunity for an Allocation under this Rule.

2.6.2.1.2 MSGSA staff will review the submitted information in relation to the defined objective criteria established by this Rule and may require additional information from the Party before approving the Opt-out.

2.6.2.1.3 Upon approval, the Opt-out Parcel(s) would be removed from the Party's AMA.

2.6.2.1.4 Beginning in the subsequent Year the Opt-out Parcels would not receive an Allocation and would not be subject to the MSGSA's irrigated agricultural fee rates. If the Parcel also modifies its land use designation, as recognized by the Assessor's Office, to be non-agricultural, the Parcel will not be subject to the 2019 SGMA Compliance Fee.

2.6.2.1.5 The Opt-out of a Parcel(s) will not result in a refund of historical fees associated with the prior agricultural land use designation.

SECTION 3: GROUNDWATER SUSTAINABILITY CONSISTENCY CRITERIA FOR WELL CONSTRUCTION APPLICATIONS (CRITERIA)

Table of Contents

3.1 APPLICANT REQUIREMENTS.....54

3.2 CONSISTENCY DETERMINATION.....54

3.1 APPLICANT REQUIREMENTS

This Section applies to any "Party", "Person", or "Water Agency" (hereafter **"Applicant")** that must obtain a permit from Merced County pursuant to the County's Ordinance 9.28, where the Well proposed to be constructed is located within the GSA Boundary. Prior to applying for a permit from Merced County under Ordinance, 9.28, the Applicant must provide the following information to the MSGSA:

3.1.1 A completed Merced County Well Construction, Destruction, Mining, and Export Application Permit form (Form) and accompanying attachments. Do not submit the Form to Merced County until obtaining the necessary determination from MSGSA as required by Merced County Ordinance 9.27, specifically Section 9.27.050.

3.1.2 A map/drawing indicating all existing Well(s) and the Parcel(s) where Groundwater from the proposed Well will be applied (indicate Parcel(s) numbers). In addition, if the Applicant is a Water Agency, the map shall also designate where water has historically been served during at least one full irrigation season during the past five (5) water years.

3.1.3 An AMA number where applicable.

3.1.4 A signed statement on a form provided by the MSGSA acknowledging that extractions from the Well proposed to be constructed shall be consistent with Section 2: Groundwater Allocation Rule of the MSGSA's Rules and Regulations.

3.1.5 A check in the amount to be determined by the MSGSA to cover the cost of making the consistency determination.

3.1.6 An Applicant seeking to obtain a permit from Merced County that is ineligible for an Allocation pursuant to Section 2.1.1.3 will need to submit a request for Consistency using the variance process detailed in Section 6.

3.2 CONSISTENCY DETERMINATION

The MSGSA will utilize the information provided by the Applicant pursuant to Section 3.1 to determine consistency via the following process:

3.2.1 MSGSA staff reviews the Applicant information to determine consistency with Section 2: Groundwater Allocation Rule of the these Rules and Regulations.

3.2.2 If determined consistent with Section 2 MSGSA staff provides written notification of consistency to the Applicant.

3.2.3 If the Applicant has outstanding MSGSA fees, charges, or penalties, or has successive or continued violations of the MSGSA's Rules and Regulations, the MSGSA may deny issuance of a consistency determination.

3.2.4 If the land use classifications of the Parcel(s) associated with the proposed well are ineligible to receive an Allocation where upon the proposed use would require an allocation pursuant to Section 2.1.1 of the Groundwater Allocation Rule, the MSGSA may deny issuance of a consistency determination until such time that the Parcel(s) has complied with Section 2.6.

3.2.5 An Applicant may Appeal staff's denial of issuance of the consistency determination via the process defined in Section 5.1 of the MSGSA's Rules and Regulations.

3.2.6 An Applicant may request a variance to staff's denial of issuance of the consistency determination via the process defined in Section 6.1 of the MSGSA's Rules and Regulations.

Consistency determinations depend upon the representation made by the Applicant and the requirements imposed by the MSGSA. The following sections are applicable to any Well for which a consistency determination has been made, other than *de minimis* wells/extractors (**Consistent Well(s)**):

3.2.7 REGISTRATION. Consistent Wells shall be registered with the MSGSA within sixty (60) days of the completion of drilling and development activities. The Owner of a Consistent Well shall provide the information required to complete a registration form provided by the MSGSA that includes, at a minimum, the following:

3.2.7.1 Name and address of the Well operator(s).

3.2.7.2 Name and address of the Well Owner(s) of the land upon which the Consistent Well is located, or if Well is located on an easement, then provide information on holder of easement.

3.2.7.3 Well Completion Report, filed with the Department of Water Resources, pursuant to California Water Code Section 13751, or if not available, construction information about the Consistent Well, including total depth of the Well casing, size of the Well casing, location or depth of perforations, type and size of perforations, and size of gravel pack if included in Well Construction.

3.2.7.4 Location (latitude and longitude), Parcel number and state Well number of the Consistent Well.

3.2.7.5 Information on the size of the Consistent Well, including pump size (horsepower) and pump test information or estimated pumping capacity. For Wells with planned operating pumping rates of 1,000 gallons per minute (gpm) or higher, provide as a minimum:

3.2.7.5.1 Well development data including: static water level (SWL) prior to development, pumping water level (PWL) at a flowrate below planned pumping rate, PWL at a flowrate above planned pumping rate.

3.2.7.5.2 Each development flowrate will be maintained for a minimum of two (2) hours.

3.2.7.5.3 Provide SWL one (1) hour after development pumping has been discontinued (Well recovery).

3.2.8 MONITORING.

3.2.8.1 Extraction from a Consistent Well will be measured in accordance with Section 2.5.2.3, 2.5.2.4, or 2.5.2.5 of the Groundwater Allocation Rule. If a Consistent Well will be used to supply a Non-Field Production Area or Use, extraction will be measured in accordance with Section 2.5.2.6 of the Groundwater Allocation Rule.

3.2.8.2 Consistent Wells on Grazing Lands that have Stock Watering practices are exempt from the monitoring requirements listed in Section 3.2.8.1 pursuant to Section 2.1.2.3.1 of the Groundwater Allocation Rule.

3.2.9 EXISTING WELL(S). If the Applicant proposes to replace an existing Well, the applicant shall destroy the existing to-be-replaced Well in accordance with Merced County Ordinance 9.28, convert it to a dedicated Monitoring Well as mutually agreed to by the MSGSA and the Applicant, or convert it to backup Well. If the Applicant elects to convert an existing Well to a backup Well, the backup Well will be required to comply with Section 3.2.7 and 3.2.8.

3.2.10 CORCORAN CLAY. If a Consistent Well is to be drilled and screened within areas where the Corcoran Clay Layer is present pursuant to Section 1.3.22, the Applicant must:

3.2.10.1 For circumstances where the existing Well is screened only above the Corcoran Clay Layer, drill and screen the Well only above the Corcoran Clay Layer.

3.2.10.2 For circumstances where the existing Well is screened both above and below the Corcoran Clay Layer or screened only below the Corcoran Clay Layer, either:

3.2.10.2.1 Drill and screen the Well only above the Corcoran Clay Layer, or

3.2.10.2.2 Drill and screen the Well only below the Corcoran Clay Layer, and a sanitary seal installed which effectively isolates groundwater above the Corcoran Clay Layer, or

3.2.10.2.3 Alternatively, the Applicant can propose to drill and screen two Wells – one Well below the Corcoran Clay Layer and one Well above the Corcoran Clay Layer consistent with Sections 3.2.10.2.1 and 3.2.10.2.2. If two Wells are drilled in close proximity as described above, the lateral separation shall be consistent with Merced County Code 9.28.060.

3.2.11 An Applicant shall not be allowed to convert an existing Well screened both above and below the Corcoran Clay Layer to a backup Well, unless the Applicant modifies the existing Well in such a manner that limits extraction to one aquifer.

SECTION 4: ENFORCEMENT

Table of Contents

4.1 ENFORCEMENT.....60

4.1 ENFORCEMENT

4.1.1 AUTHORITY. MSGSA has the authority to charge fees to implement the GSP, and to implement and enforce these Rules and Regulations pursuant to authority granted by Chapters 8 and 9 of Part 2.74 of the California Water Code, along with Proposition 26, Proposition 218, the California Constitution, and independent authority of each of the members of the MSGSA.

4.1.2 RIGHTS OF ACCESS. MSGSA staff and/or other authorized agents shall have access onto any Parcels entitled to an Allocation for the sole and exclusive purpose of conducting MSGSA monitoring and enforcement. The MSGSA representative will provide a 24-hour advance notice as a courtesy to the Party prior to entry. The MSGSA may use whatever information it deems appropriate to inform any determinations detailed in these Rules and Regulations.

4.1.3 PENALTIES. Any Owner, Lessee, or other Person who violates the provisions of these Rules and Regulations is subject to the criminal and civil sanctions set forth in the Water Code, including, but not limited to the following:

> 4.1.3.1 All Consumptive Use during a Year in excess of the parameters established under these Rules and Regulations shall be subject to extraction surcharges as provided in Water Code Section 10732, to be determined by the MSGSA Board, including (1) a civil penalty not to exceed five hundred dollars ($500) per acre-foot of consumed Groundwater in excess of the amount that Person is authorized to consume, plus (2) one thousand dollars ($1,000), plus, if the Party fails to comply within thirty (30) days after MSGSA has provided the Owner of the Parcel with written notification of the violation, one hundred dollars ($100) for each additional day for which the violation has continued.
>
> 4.1.3.2 If, however, the Party has outstanding MSGSA fees, charges, or penalties, or has successive or continued violations of these Rules and Regulations, the MSGSA may further restrict the APA available to the Party, including immediately reducing the quantity of APA already included in the Party's AMA pursuant to Section 2.5.1.

4.1.4 CIVIL REMEDIES. Upon the failure of any Person to comply with any provision of these Rules and Regulations, the MSGSA may petition the Superior Court for a temporary restraining order, preliminary or permanent injunction, or such other equitable relief as may be appropriate. The right to petition for injunctive relief is an additional right to those, which may be provided elsewhere in these Rules and Regulations or otherwise allowed by law. The MSGSA may petition the Superior Court to recover any sums due to the MSGSA.

4.1.5 NOTIFICATION. Any notice or communication required or permitted under THESE Rules and Regulations shall be in writing and shall be delivered personally, delivered by nationally recognized overnight courier service or sent by certified or registered mail, postage prepaid, or (if an email address is provided) sent by electronic transmission (subject to confirmation of such electronic transmission). Any such notice or communication shall be deemed to have been given (i) when delivered, if personally delivered, (ii) with the day received from a nationally recognized overnight courier service, if sent by nationally recognized overnight courier service, (iii) the day of sending, if sent by email before 5:00 p.m. (PT) on any Business Day or the next succeeding Business Day if sent by email after 5:00 p.m. (PT) on any Business Day or on any day other than a Business Day or (iv) five (5) Business Days after the date of mailing, if mailed by certified or registered mail, postage prepaid, in each case, to the following address or email address:

To Lessee, Lessor, Originator, Owner, Party, Common Interest:	Authorized Representative
MSGSA:	Merced Subbasin Groundwater Sustainability Agency 2222 M Street Merced, CA 95340 Telephone: 209.385.7654 Email: contact@mercedsubbasingsa.org

As used in this Section 4.1.5, "Business Day" means any day other than a Saturday, Sunday, or any other day on which banking institutions in the State of California are authorized by law or executive action to close.

4.1.6 RESPONSIBILITY FOR COMPLIANCE. Owners shall be responsible for compliance with these Rules and Regulations by any agent, such as, for example, a Lessee, tenant, employee, consultant, or other invitee of the Owner on their Parcel.

4.1.7 ACTIONS AGAINST THE MSGSA. Nothing contained in these Rules and Regulations shall constitute a waiver by, or stop the MSGSA from asserting any causes of action, defenses or immunities from liability as provided in any provision of law.

SECTION 5: APPEALS

Table of Contents

5.1 APPEAL PROCESS 64

5.2 GROUNDWATER ALLOCATION ELIGIBILITY 65

5.1 APPEAL PROCESS

5.1.1 A Party may Appeal staff decisions implementing any portion of these Rules and Regulations to the MSGSA Board via the following process unless otherwise specified in this Section.

5.1.1.1 The Party must submit a signed written Appeal to MSGSA staff using the "Appeal Form" and stating the grounds for appeal within thirty (30) days after the written staff decision is issued.

5.1.1.2 The appealing Party must pay an Appeal fee established by the MSGSA.

5.1.1.3 An Appeal shall be accepted by MSGSA staff with notice given to the appealing Party that the acceptance is conditioned upon the staff that the Appeal has been filed in a timely manner, and that the Appeal complies with the requirements of this Section. Staff shall make such determination within five (5) working days of receiving the Appeal. Within seven (7) working days of the filing of the Appeal staff shall mail notice to the appealing Party of the acceptance or rejection of Appeal.

5.1.1.4 Upon receipt and initial review of an Appeal, MSGSA staff may request additional information or evidence from the appellant.

5.1.1.5 MSGSA staff will review all submitted information within fifteen (15) days and make an initial determination for resolution of the Appeal within thirty (30) days. MSGSA staff shall then submit the Appeal, along with any relevant information and the recommendation to the Board.

5.1.1.6 If a resolution cannot be reached between MSGSA staff and the appealing Party, the Board shall hold a hearing at the next available Board meeting, and issue a decision based upon consideration of the written Appeal, supporting documentation, staff recommendations, and testimony presented by the appellant at the hearing.

5.1.1.7 All Appeals will be addressed within one hundred twenty (120) days of initial submittal.

5.2 GROUNDWATER ALLOCATION ELIGIBILITY

5.2.1 INCORRECT ASSESSOR'S OFFICE LAND USE CLASSIFICATIONS. The Owner of a Parcel whose Assessor's Office land use classification as of October 10, 2024 was not considered irrigated as defined in Section 2.1.1.1, may Appeal to change the Parcel's land use classification with the MSGSA via the following process:

5.2.1.1 The Owner must submit the required MSGSA provided forms identifying the misclassified Parcel(s) and provide supporting documentation demonstrating that the Parcel was irrigated with Groundwater prior to October 10, 2024.

5.2.1.2 The Owner must pay "Misclassified Land Use Fees" associated with the misclassification consisting of (a) 2019 SGMA Compliance Fees that would have applied to the Parcel if it had been properly characterized as irrigated agriculture dating back to fiscal year 2019/2020, (b) Phase 1 Fees that would have applied to the Parcel if it had been properly characterized as irrigated agriculture dating back to fiscal year 2022/2023, and (c) Phase 2 Fees that would have applied to the Parcel if it had been properly characterized as irrigated agriculture dating back to fiscal year 2026/2027. The calculation will be adjusted to reflect any 2019 SGMA Compliance Fees paid pursuant to the unirrigated agriculture land use classification dating back to July 23, 2019 where the fee will be calculated for each past fiscal year beginning with fiscal year 2019/2020 for the SGMA Compliance Fee, beginning with fiscal year 2022/2023 for the Phase 1 Fee, and beginning with fiscal year 2026/2027 for the Phase 2 Fee using the following formula for each respective historic fiscal year:

Misclassified Land Use Fees = [Irrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] – [Unirrigated 2019 SGMA Compliance Fee Rate x GIS Acreage] + [Phase 1 Fee Rate x GIS Acreage] + [Phase 2 Fee Rate x GIS Acreage].

5.2.1.3 MSGSA staff will review the submitted information in relation to the defined objective criteria established by this Rule, and may require additional information from the Party before approving the Appeal.

5.2.1.4 Upon payment of the of the Misclassified Land Use Fees and approval of the Appeal, the Party must either create an AMA to claim the reclassified Parcel(s) or add the reclassified Parcel(s) to an existing AMA within the same Sustainability Zone as the reclassified Parcel(s), as provided in this Rule.

5.2.1.5 The Allocation assigned based on the reclassification is governed by Section 2.1.2.

5.2.1.6 Appeals pursuant to Section 5.2.1 must be submitted prior to January 1, 2026 in order to receive an Allocation under the Groundwater Allocation Rule.

5.2.1.7 A An Owner requesting an Appeal after January 1, 2026 must submit a petition to the MSGSA Board and any consideration of a change will be subject to the Board's discretion.

5.2.1.8 A land use classification change approved by MSGSA pursuant to this Section will be for MSGSA's use pursuant to these Rules and Regulations, and may not affect the Assessor's Office land use classification.

5.2.2 CHANGING LAND CLASSIFICATION. MSGSA shall change the classification of an Opted-in Grazing Lands Parcel to an Irrigated Agricultural Lands Parcel upon request by the Owner, if the Owner has reasonably demonstrated on forms provided by the MSGSA that the Opted-in Grazing Lands Parcel has been irrigated for beneficial agricultural uses for a minimum of five (5) years since the Grazing Lands Parcel was first Opted-in and granted an Allocation pursuant to Section 2.1.2.3.2. The Opted-in Grazing Lands Parcel shall thereafter become an Irrigated Agricultural Lands Parcel for purposes of this Rule, with the Allocation remaining restricted as determined pursuant to Section 2.1.2.3.2 and 2.1.2.3.3. To determine whether the Parcel has been irrigated for beneficial agricultural use, the Owner shall demonstrate that Consumptive Use on the Parcel was at least eighty percent (80%) of the Parcel's available Allocation for at least three (3) of the prior five (5) years.

SECTION 6: VARIANCE

Table of Contents

6.1 VARIANCE 69

6.1 VARIANCE

The purpose of the variance procedure is to enable discretionary relief from the Rule where it can be clearly determined that, due to unique circumstances, the applicant would suffer a significant, disproportionate burden should the Rule apply to the Owner's particular situation, and the Owner can demonstrate that the requested variance will not adversely affect sustainability in the Basin. "Unique circumstances" that warrant variance approval must be both substantial and detrimental.

6.1.1.1 A Party must submit a signed written variance request to MSGSA staff using the "Variance Form" and stating the grounds for the variance.

6.1.1.2 The Party must pay a variance fee established by the MSGSA.

6.1.1.3 Upon receipt and initial review of the variance request MSGSA staff may request additional information or evidence from the Party.

6.1.1.4 All proposed discretionary actions of the MSGSA Board are subject to the requirements of the California Environmental Quality Act (CEQA) unless they are included in a category of projects which the State has determined are not likely to have a significant impact on the environment. Other projects may also be exempt from CEQA as determined on a case-by-case basis. Determination as to whether a project is subject to or exempt from CEQA will be made during completeness review. Unless a variance request is determined to be exempt, an environmental assessment (EA), undertaken by or under contract to the MSGSA at the Party's expense, will be prepared to determine the impact of the variance on the surrounding environment. Once a project has been found to require an EA:

6.1.1.4.1 A hearing date will not be set or noticed until the EA has been completed, except where the hearing is for the purpose of determining whether the variance should be denied without completing the EA; and

6.1.1.4.2 A decision to approve the variance cannot be made until the EA has been has been approved or certified as specified under state law. Approval of the EA and the final decision on the variance can be made at the same hearing.

6.1.1.5 The Board shall hold a hearing at the next available Board meeting and issue a decision based upon consideration of the written variance, supporting documentation, staff recommendations, public comments, and testimony presented by the Party at the hearing.

6.1.1.6 A variance may not be granted unless both of the following findings can be made:

6.1.1.6.1 Because of special circumstances applicable to the Parcel or Owner, including size, shape, topography, location or surroundings, the strict application of the Rule deprives such property of privileges enjoyed by other Parcels or Owners in the vicinity; and

6.1.1.6.2 The grant of the variance does not constitute a grant of special privileges inconsistent with the limitations upon other Owners or Parcels in the vicinity and the Sustainability Zone in which the subject property is located.

6.1.1.7 In addition to notice of approval or denial as discussed, the MSGSA Board must also prepare a formal statement that substantiates the basis for variance approval. This statement must analytically demonstrate the link between the specific circumstances of the Owner and/or Parcel and the required findings.

6.1.1.8 All variance requests will be addressed within one hundred (120) days of initial submittal.

SECTION 7: OTHER

Table of Contents

7.1 LINKS TO FORMS 73

7.2 OTHER INFORMATION 73

7.1 LINKS TO FORMS

7.1.1 All of the MSGSA forms referenced in these Rules and Regulations can be accessed at https://mercedsubbasingsa.org/groundwater-allocation/ and may be submitted to forms@mercedsubbasingsa.org.

7.2 OTHER INFORMATION

7.2.1 Flow meter calibration requirements are provided in the document titled "Flow Meter Calibration Requirements," attached to this Rule.

Merced Subbasin
Groundwater Sustainability Agency

Flow Meter Calibration Requirements

The document provides the Flow Meter calibration requirements for Parties electing or required to provide the Merced Subbasin Groundwater Sustainability Agency (MSGSA) with Flow Meter data for the purposes of calculating Consumptive Use pursuant to Section 2 Groundwater Allocation Rule of the MSGSA Rules and Regulations.

Flow Meter Calibration Requirements for Non-Field Production Areas and Non-Agricultural Uses on Lands with Agricultural Land Uses

Parties required to provide extraction data from Flow Meters on Wells supplying Non-Field Production Areas and Uses or Non-Agricultural Uses on Lands with Agricultural Land Uses, pursuant to Sections 2.5.2.7 and 2.5.12 of the Groundwater Allocation Rule, must calibrate Flow Meters in accordance with the following:

- Beginning in 2026, Flow Meters may be used for reporting but must be calibrated no later than January 1, 2030, unless the MSGSA requests an earlier calibration. Calibration must then be repeated consistent with updates to the GSP.

Flow Meter Calibration Requirements for Irrigated Agricultural Lands

Parties electing to provide extraction data from Flow Meters on Wells supplying Irrigated Agricultural Lands, pursuant to Section 2.5.2.3.2 of the Groundwater Allocation Rule, must calibrate Flow Meters in accordance with the following:

- Beginning in 2026, Flow Meters may be used for reporting but must be calibrated no later than January 1, 2030, unless the MSGSA requests an earlier calibration. Calibration must then be repeated consistent with updates to the GSP.

New Flow Meters

- Flow Meters installed after January 1, 2026 shall be calibrated prior to the 2030 GSP update, unless the MSGSA requests and earlier calibration. Calibration must then be repeated consistent with updates to the GSP.