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Private equity wants Texas groundwater. Time to raise a yellow flag

"Law of the biggest pump" won't cut it anymore.



By **Dallas Morning News Editorial**

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Texas is huge, and there's a lot of things we have a lot of: land, oil, jobs and people, to name a few. But water? Not so much.

Whether there will be [enough of it to support the state's continuing growth](#) is up in the air. Texas must find new and smarter ways to manage this vital resource.

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The current regulatory scheme, especially for groundwater, is too weak. Lawmakers should use the time they have before the next session to study the issue.

Surface water, like what's found in lakes and rivers, is owned by the state, explained Jeremy Mazur, director of infrastructure and natural resources policy for nonprofit Texas 2036. If anyone wants to use it, they have to acquire the rights from the state.

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Groundwater, on the other hand, may or may not be regulated depending on where a well is located, Mazur said. If it's inside a groundwater conservation district, the district can regulate aspects like well placement and output. Texas has 98 of these districts covering nearly 70% of the state's area, according to the [Texas Water Development Board](#).

But groundwater outside of a conservation district is essentially unregulated. It's "the law of the biggest pump," Mazur said, and it's been that way for centuries. The fact that some landowners can pump any amount of water out of the ground with near impunity is concerning.

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Another facet of this water debate that's worth lawmakers' attention is the role private equity will play.

Recently, [Dallas-based private equity firm Coltala Holdings acquired Alsay](#), a well-water company out of Houston, Business Editor Javier David reported.

We aren't saying that what Coltala is doing is wrong. It's not the first private equity firm to get involved in water supply, and there are no doubt many more to come. Private sector involvement could turn out to be a good thing, although the profit pressure on private equity in particular should raise a caution flag.

How it turns out will depend largely on good regulation, something Texas lawmakers better get right with water in ways they haven't with oil and gas.

The state must monitor how much control for-profit businesses have over a critical public good like water that everyone has to share. Look no further than the medical, pharmaceutical and insurance industries for tales of woe after the arrival of private equity.

At the state level, estimates indicate that water demand could exceed supply in parts of Texas by 2070. In our North Texas water planning region, we're facing a potential shortage of some 1.3 million acre-feet per year by 2080 absent new supplies. That comes out to roughly 535 AT&T Stadiums full to the brim.

Texas is blessed with many things, but unfortunately, an excess of water is not one of them. From conservation to new supply, we need to be smart about how we use what we have and who controls it.

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