

Middle Pecos Groundwater Conservation District

Minutes of March 16, 2010

On this the 16th day of March, 2010, a Public Hearing and Regular Session of the Middle Pecos Groundwater Conservation District, of Pecos County, Texas, met in the Courtroom of the Pecos County Courthouse, Fort Stockton, Texas located at 103 West Callaghan with the following members present, to-wit:

Glenn Honaker	President, Precinct 1
John Dorris	Vice President, Precinct 3
M. R. Gonzalez	Secretary/Treasurer, Precinct 2
Jack McIntyre	Precinct 1
Merrell Daggett	Precinct 2
Lynn Holland	Precinct 3
Ronald Cooper	Precinct 4
S. Evans Turpin	City of Iraan

Quorum Present. Members Absent: Alvaro Mandujano, Jr, Vanessa Cardwell and Houston McKenzie.

Others Present: Paul Weatherby/General Manager, Charles (Randy) Williams/MPGCD Hydrogeologist and wife Erika, Melissa Mills/Office Manager, Bob Varmette/Fort Stockton Pioneer, Jeff Williams, Dr. Jim Duke, Fort Stockton Holdings-Attorneys/Ed McCarthy, Bruce Scrafford, and Robert Rendell; Cynthia Hollander, Gary Bryant, Derek McGregor/Premier Environmental Services-Oregon, Chan Patel/Premier Environmental Services-Texas, Nan Owens, Joyce Huckabee & Michael Kimler/SandRidge E&P, Bo King, and Amy Porter.

Public Hearing *Call to Order* at 1:02 PM by President Honaker.

I Open for Public Comment. No public comment.

II Consider and/or act upon SandRidge E&P drilling/production permit application for CPMW#1.

Manager Paul Weatherby, Randy Williams, Chan Patel, Derek McGregor and Michael Kimler were sworn in by President Honaker. Mr. Weatherby began by clarifying that SandRidge Energy has changed their name to SandRidge E & P. This well is located at the Century Plant location, and projected to not use over 40 acre feet of water per year. The closest well is their well #2. Our office has been in contact with Mr. Puckett, and with the close neighbors Mr. Bungler and Mr. Daggett. SandRidge has complied with each rule for drilling and production for this well. The application is administratively complete and Mr. Weatherby recommended that the drilling and production permit for CPPW#1 be approved.

Being no additional testimony, Ronald Cooper made a motion to approve SandRidge E&P application for a drilling permit to drill and complete one water well #CPMW-1 and an application for a production permit to withdraw and beneficially use approximately 40 acre-feet annually from the Edwards-Trinity aquifer. The motion was seconded by John Dorris. Motion passed unanimously.

III Consider and/or act upon SandRidge E&P amended production permit application for CPWW#2

Manager Paul Weatherby and Randy Williams were sworn in by President Honaker. Manager Weatherby took the floor and reported that Well #2 has previously been approved to pump 70 acre feet per year. Now that preliminary dirt work has been completed at the plant, they would like to transform to industrial use for the well. The application is administratively complete.

Charles (Randy) Williams, MPGCD Hydrogeologist, took the floor. Mr. Williams prepared a report that encompasses wells 2, 4, and 5. Please see attachment A for his report,

Lynn Holland made a motion to approve the amended application for an increased production of 111.45 ac ft per year from 70 ac ft per year to withdraw and beneficially use up to 181.45 ac ft per year for Well #2. Motion seconded by M. R. Gonzalez. The vote was 7 in favor, and 1 oppose. Motion carried.

IV Consider and/or act upon SandRidge E&P production permit application for CPWW#4 and CPWW#5

Manager Paul Weatherby, Randy Williams, Chan Patel and Derek McGregor were sworn in by President Honaker. Manager Weatherby began by telling the board the application is administratively complete, and his recommendation is that the application be approved.

Randy Williams reported that the saturated thickness in the area of Well #5 is significantly greater than Well #4, but that well #5 showed a greater drawdown. Well #4 was a greater yield of water. These two wells are more centrally located in the ranch interior, so that the area of extension of the projected effects are much less.

Evans Turpin made a motion to approve SandRidge E&P application for production permit for the two well system CPWW#4 and CPWW#5 to withdraw and beneficially use up to 447.58 ac ft per year from the Edwards-Trinity aquifer. Motion seconded by Lynn Holland. Motion carried unanimously.

V Consider and/or act upon City of Iraan production permit application for Wells 1, 2, 3, 4

Manager Paul Weatherby was sworn in. The application was submitted on March 3, 2010. It was posted accordingly. They have provided the maps, the rights to use the water, and analytical data on analysis of all the wells; as of today, they have not provided a copy of their drought contingency plan making the application incomplete. The production permit application will be brought before the board once we have that information.

VI Adjourn. John Dorris made a motion to adjourn the hearing, seconded by Evans Turpin. The motion carried, and the meeting adjourned at 2:05 pm

The Board recessed at 2:05 pm.

Reconvened at 2:27 and the regular meeting was called to order by President Honaker. The quorum consists of the same Board Members as reported for the hearing.

I Consider and/or act upon minutes of January 27, 2010 and February 23, 2010

Ronald Cooper moved, Merrell Daggett seconded that the minutes of January 27, 2010 and February 23, 2010, be approved as presented, and the motion passed unanimously.

II Comments from Public and Media. None

III Consider and/or act upon Accounts Payable and Treasurer's Report for 02-28-2010 and Line Item Transfers

Merrell Daggett made a motion to approve the accounts payable and Treasurers' Reports. Seconded by John Dorris. Motion passed unanimously.

Agenda item #V was considered next.

V Consider and/or act on matters related to determination of administrative completeness of permit applications, including but not limited to Fort Stockton Holdings, LP's pending permit application

Manager Weatherby took the floor. He reported that he has reviewed the items that needed to be completed to have the application be administratively complete. He reviewed the items with our legal counsel (Mike Gershon and Lambeth Townsend) and Fort Stockton Holdings' legal counsel (Ed McCarthy and Bruce Scrafford) and Jeff Williams in Austin. A letter dated March 9, 2010 from Mr. McCarthy has been reviewed by our attorney Mike Gershon and me, and at this time I recommend that the application be declared administratively complete.

President Honaker announced that we will hold a preliminary hearing on April 20, 2010, beginning at 10am to qualify the parties for the permit application hearing.

Lynn Holland made a motion to declare the Fort Stockton Holdings application to be administratively complete, The motion was seconded by John Dorris. Motion vote: 7 for, one abstain/McIntyre.

Agenda Item #4 will be considered next

IV Consider and/or act upon Engagement of Hearings Examiner over Fort Stockton Holdings, L P's Pending Permit Application

With the complexity of the pending Fort Stockton Holdings application, President Honaker suggested that the Pre-hearing and Hearing for the Fort Stockton Holdings application be presided over by hearings examiner.

Merrell Daggett made a motion to authorize President Honaker to select a hearings examiner, and on behalf of the Board, delegate in writing to that hearing and to the examiner the responsibility to preside over the hearing, and matters related to the hearing on Fort Stockton Holdings pending application. Seconded by John Dorris. Vote: 7 for and one abstain/McIntyre.

VI Consider and/or act upon Fort Stockton Holdings, LP's pending motion for rehearing

Based on today's earlier ruling that the application is administratively complete, no further action is required on this agenda item.

VII Consider and/or act upon USGS Joint Funding Agreement for the Groundwater Availability of Edwards/Trinity Aquifer

Manager Weatherby reported that due to the increased expenses that we will be occurring in the near future, he wanted to give the Board the opportunity to terminate the USGS Joint Agreement if they felt it necessary. No action taken.

VIII Consider and/or act upon Budget Amendment regarding USGS study funding

No action required at this time.

IX Consider and/or act upon Order of Cancellation of Election

Due to uncontested races, Lynn Holland made a motion to order the cancellation of the May 8, 2010, election. Motion seconded by John Dorris. Carried unanimously.

X Consider and/or act upon Appointment of Director of Precinct 1

The position currently occupied by Jack McIntyre for Precinct 1 failed to be included in the May 2008 election. The position is temporarily being held by Mr. McIntyre until which time the Board can appoint someone to fill the unexpired term that will end May 2012, he is considered a hold-over director. At this time there are not any candidates that have come forward. No action taken.

XI Consider and/or act on Pecos County WCID#1 small building agreement

PCWCID#1 has agreed to let MPGCD use the small rock building behind the Rural Community Building for a storage building. The agreement will remain in effect for as long as needed by the MPGCD with the understanding that if the time comes that PCWCID#1 needs the building, the MPGCD will be given 30 days notice. MPGCD agrees to provide 30 days notice to PCWCID#1 of discontinuing use of the building. The PCWCID#1 will not be responsible for any damages or theft that may occur. MPGCD agrees to repair building if needed and to install a secure door and keep it locked at all times.

Lynn Holland made a motion to enter into the agreement with PCWCID#1 for use of the small building. Seconded by John Dorris. Motion carried unanimously.

XII Consider and/or act upon Brewster County GCD Interlocal Agreement

Our legal counsel and Manager Weatherby have reviewed the agreement, and recommend that the agreement be approved. Once we sign the agreement, they will review and sign. See attachment B.

John Dorris made a motion to enter into the agreement with Brewster County GCD. Seconded by Merrell Daggett. Motion carried unanimously.

XIII Consider and/or act upon issues related to development of Management Plan and proposed date for hearing on draft Management Plan

Manager Weatherby informed the Board that Randy Williams has a draft-red-line copy available for review of the Management Plan. Mr. Williams reported that he is in contact with Texas Water Development Board (TWDB) and Texas Commission on Environmental Quality (TCEQ) so that they are aware of our progress on the Management Plan and the Desired Future Conditions (DFC) for Pecos County. He has contacted TWDB and requested information that we need to consolidate with our information for both reports. No action taken.

XIV Consider and/or act upon Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, ongoing Water Quality Analysis, District's development of Desired Future Conditions

Manager Weatherby reported that:

- Well registrations are still being received.
- Production Permits: The City of Iraan and Fort Stockton Holdings will have a hearing on April 20, 2010.
- Drilling Permits: There have been several new exempt wells drilled in the county
- Data Loggers: There is a map in your packet of information that shows where our data logger wells are in Pecos County. Thank you to the District IV Texas AgriLife Extension and Mr. Gary Bryant for making the map.
- There are sample reports for you to review about the kind of information that is available that is being collected on water levels throughout the county.
- Water Samples are still an on going process. The other report shows the active oil drilling rigs so that we can contact them to get their water use.
- Desired Future Conditions: GMA7 is still in the process of being developed. There will be a GMA 7 meeting in Wall, Texas on April 16th.
- Groundwater Management Area 3 (GMA 3): Mr. Weatherby had a meeting for the GMA 3 in Monahans on February 22. A GMA 3 stake holders meeting is set for May 3, 2010, in Monahans. The DFC for GMA 3 is due September 1, 2010. The Colorado River Authority has offered their assistance.

XV General Manager's report on incoming Groundwater District-related Correspondence

Manager Paul Weatherby took the floor.

- The State Auditor's office has sent each of you a letter that is in your notebook
- Texas Workman's Compensation effective tax rate this year is 02.1%
- TAGD meeting, March 30 & 31, Austin
- April 16th – GMA 7 meeting in Wall, Texas
- April 17th – Groundwater Districts are having a conference in San Angelo

XVI Consider and/or act upon Agenda for next meeting

- City of Iraan hearing on production permit application
- Pre-hearing for Fort Stockton Holdings production permit application
- Precinct 1 director to fill open position

Executive session was called @ 3:25. Pursuant to Section 551.071 of the Texas Government Code, the Board will consult with its attorney regarding status of pending litigation. Any action on this matter will be taken in open session.

Reconvene to open session at 3:50 pm.

President Honaker reported that the pending litigation, the suit brought against MPGCD by Fort Stockton Holdings, has been updated for the Board by our attorney as to the current status of said suit. There was no action taken in executive session. No further action is required in open session.

XVII Adjourn . John Dorris made a motion to adjourn, seconded by Merrell Daggett. The motion carried, and the meeting adjourned at 3:52 pm

M. R. Gonzalez,
Secretary/Treasurer

Glenn Honaker
President

Date Approved