

Middle Pecos Groundwater Conservation District Minutes of November 27, 2012

On this the 27th day of November, 2012, a public hearing and a regular board meeting was held by the Middle Pecos Groundwater Conservation District in the office located at 405 North Spring Drive, Fort Stockton, Texas, with the following members present, to-wit:

Glenn Honaker	President, Precinct 1
M. R. Gonzalez	Secretary/Treasurer, Precinct 2
Janet Groth	Precinct 1
Merrell Daggett	Precinct 2
Weldon Blackwelder	Precinct 3
Alvaro Mandujano, Jr.	Precinct 4
Ronald Cooper	Precinct 4
Vanessa Cardwell	Fort Stockton, City of
Evans Turpin	Iraan, City of
Terry Whigham	At Large

Quorum Present.

Members absent: John Dorris

Others present: Paul Weatherby, Allan Standen, Melissa Mills, Harvey Gray, Mike Thornhill, Ed McCarthy, Jeff Williams, Brock Thompson, Gary Drgac, Steve Cole, Gary Elliott, Randy Braden, Allan Childs, John Brocksch, Alyson McDonald, Doug May, Frances Gomez.

PUBLIC HEARINGS

I Call to Order at 10:05 AM by President Glenn Honaker

II Public Hearing on **McDonnold Operating LLC Production Permit Application**

Uncontested Hearing.

Party representing the McDonnold Operating LLC: Steve Cole.

Public Comments: Mr. Ed McCarthy, on behalf of Fort Stockton Holdings

Manager Paul Weatherby introduced Steve Cole who was in attendance on behalf of McDonnold Operating LLC. Mr. Cole clarified the application as being McDonnold Operating LLC. The public notice was properly posted on 11-13-2012. A copy of the contract between the Bivins and McDonnold Operating which gives McDonnold Operating the authority to produce the water is in our folder. A new

form created by MPGCD called Verification of Ownership Addendum has been completed by Mr. Cole. Transfer of well ownership for the two wells drilled have been completed. The previous well owner "Globe Energy Services" transferred ownership to McDonnold Operating, Inc. Also in the folder is the assignment of the lease from ALCAM to McDonnold Operating, Inc. Mr. Gershon, MPGCD attorney, has reviewed the file and it is administratively complete.

Mr. Steve Cole was sworn in by President Honaker before testimony began. Mr. Cole is the president of ALCAM Resources LLC. They lease a tract of land from Bivins. Globe Energy Services did the work of having the wells drilled. All ownership has been assigned to McDonnold Operating Inc. legally. The agreement with Bivins is a lease of 20 acres, with the understanding that McDonnold Operating can use any part of the 640 acre tract, but since McDonnold Operating will most likely only disturb about 5 acres that is what is referred to in the Production Permit Application. Mr. Cole will have the lease amended to show access to 640 acres for the 150 acre feet of water production they are requesting.

Mrs. Groth asked if the 150 acre feet was for oil and gas use or to sell. Mr. Cole said both. Mr. McCarthy was in attendance and explained that when a water well has a "mixed use" it voids the "oil and gas" exemption and all production from the water well would need a permit.

Allan Standen, MPGCD hydrogeologist, was sworn in. He said fracking uses a lot of water, and in his experience water stations are a good way to manage production for water used on the oil and gas well site.

Mr. Cole explained that meters would be on the wells to measure the water produced.

Weldon Blackwelder was concerned that 2 water wells had been drilled, but not an oil well. Mr. Cole explained that they would probably be drilled after the first of the year. Mr. Cole said they are on hold, no activity currently because the oil and gas lease was owned by ALCAM and is now owned by Apache. Mr. Blackwelder asked to see permission to drill the oil and gas well. Mr. Cole said he would get that for the Board.

Evans Turpin made a motion to adjourn the public hearing. Seconded by Ronnie Cooper. Motion carried.

III Adjourn. The hearing adjourned at 11:00 AM.

I Call to Order at 11:02 AM by President Glenn Honaker

II Public Hearing on **Randy Braden Production Permit Application**

Uncontested Hearing.

Party representing application: Randy Braden

Public Comments: Mr. Ed McCarthy, on behalf of Fort Stockton Holdings

Mr. McCarthy voiced concern that the notice for today's hearing referenced the Pecos Valley aquifer while the well registrations referenced the Edwards Trinity aquifer, and the production permit application referenced the Pecos Valley and Edwards Trinity aquifers.

Manager Paul Weatherby explained that the Texas Water Development Board expanded the Pecos Valley aquifer. The new boundary line is formed by water analysis and not by coordinates. Mr. Braden's farm and wells are on top of the boundary line. Even though Mr. Braden's registrations have not been updated - they are Pecos Valley aquifer.

Allan Standen, MPGCD hydrogeologist, said that it was most likely a mixture of the two aquifers.

It was decided that MPGCD would consult with our attorney and properly notice the hearing for the next meeting. Mr. Honaker told Mr. Braden that he didn't need to attend the December 18th meeting/hearing.

Mr. Randy Braden was sworn in for testimony by Mr. Honaker. Mr. Braden explained that wells 3, 4 and 5 are currently being used. Well 3 is an existing well. Wells 1, 2, and 5 are new wells. Well 1 collapsed around 200' and well 2 is dry. Well 5 is a new well and was cased to 270' - the clay is collapsing and the water is getting too salty. Well 4 is cased to 280'. The well system of #3, 4, and 5 yields around 900 gallons per minute.

Mr. Weatherby noted that Mr. Braden has had one crop year using the 3 wells and that the Upton County monitor well has maintained. Mr. Braden expects to use the same amount of water next year.

Mr. Standen will determine the aquifer, and the hearing will be reposted.

Alvaro Mandujano, Jr. made a motion to continue the hearing at the December 18, 2012 hearing. Seconded by Merrell Daggett. The motion carried.

III Adjourn. The hearing for today ended at 11:34 AM.

The Board recessed at 11:34 AM.

The Board reconvened at 11:49 AM.

REGULAR BOARD MEETING

I Call to Order at 11:49 AM by President Glenn Honaker. Mr. Honaker stated that he would take up the items out of order.

V Consider and/or act upon **Administer Oath of Office for Board Member**
The following Board Members were administered the *Statement of Elected Officer* and the *Oath of Office* by President Glenn Honaker:

Janet Groth	Precinct 1
M. R. Gonzalez	Precinct 2
Alvaro Mandujano, Jr.	Precinct 4
Terry Whigham	At Large

Note: John Dorris was unable to attend today, he will be the Director for Precinct 3

VI Consider and/or act upon **MPGCD Board Reorganization**

Office of President: Evans Turpin and Weldon Blackwelder nominated Glenn Honaker. Motion to cease nominations made by Janet Groth, seconded by Merrell Daggett. Motion carried. Glenn Honaker was elected by acclamation.

Office of Vice President: Alvaro Mandujano, Jr. nominated John Dorris. Motion to cease nominations made by Janet Groth, seconded by Alvaro Mandujano, Jr. Motion carried. John Dorris was elected by acclamation.

Office of Secretary/Treasurer: Vanessa Cardwell nominated M. R. Gonzalez. Motion to cease nominations made by Janet Groth, seconded by Vanessa Cardwell. Motion carried. M. R. Gonzalez was elected by acclamation.

VII Consider and/or act upon **Minutes of October 23, 2012**

Merrell Daggett made a motion to approve the minutes of October 23, 2012. Seconded by Alvaro Mandujano, Jr. Motion carried.

The Meeting recessed for lunch at 12:00 PM

The meeting reconvened at 1:07 PM.

Note: Janet Groth and Ronnie Cooper left during the break. A quorum remained.

III Presentation from the **Aquifer Group, LLC**

John Brocksch, CEO of Aquifer Group, LLC, presented a powerpoint presentation on a program titled "Trans Pecos Permanent Water Reserve". The idea presented would be to capture water from West Texas aquifers and from rainfall, treat the water and store it in the Hovey Trough until it is sold. The proposal includes plans for an industrial complex on a 3,000 to 5,000 acre site and would have plant packing and shipping, fish packing and shipping, a bio crude refinery, a fertilizer and chemical processing facility, a coal power plant, a reverse osmosis desalination plant, an algae processing facility plus other associated industries. The plan envisions several hundred jobs being created for Fort Stockton/Pecos County. The presentation is being given to several west Texas counties/cities.

IV Presentation from **Allan Standen titled *Water Supplies for the Oil and Gas Industry***

Allan Standen presented a power point presentation regarding the exploration of West Texas brackish groundwater to supply fracking fluids.

II Comments from **Public and Media (limit 5 minutes per person)** None

VIII Consider and/or act upon **Accounts Payable and Treasurer's Report and Line Item Transfers for the Month Ending 10-31-2012**

Merrell Daggett made a motion to approve the accounts payable and treasurer's report for 10-31-2012. Seconded by Vanessa Cardwell. Motion carried.

IX Consider and/or act upon **McDonnold Operating LLC Production Permit Application**

No action taken. The item is tabled and will be continued.

X Consider and/or act upon **Randy Braden Production Permit Application**
No action taken. The item will be continued at the next regular meeting.

XI Consider and/or act upon **2010 Benchmark Aquifer Levels** in accordance with Rule 10.5.

Allan Standen, MPGCD hydrogeologist, presented "2010 Baseline Water Level Elevations for District's Management Zones" report. He added additional control wells and resurveyed all the locations in the previous report compiled by hydrogeologist Charles "Randy" Williams. Recording rain gauges would provide useful data for Pecos County. No action taken. Item will be considered for action in the December meeting.

Note: Janet Groth returned to the meeting.

XII Consider and/or act upon review the District's 2013 legislative strategy
No consideration or action.

XIII Consider and/or act upon **Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, ongoing Water Quality Analysis and Legislative Update**

- Well Registrations: Progress report included in their notebook.
- Palmer Drought Map: Current map in their notebook for review.
- Production Permits: Tabled McDonnold and Braden. Production permit applications in progress are two water stations, a Coyanosa farmer, Schyler White, and a few other water stations are possible
- Drilling Permits: City of Fort Stockton may have an amended application due to relocation of drilling site.
- Data Loggers: Increasing our monitoring system and have ordered a couple of transducers.
- Water Quality Analysis: Haven't taken any analysis recently, Allan Standen will be consulted on the strategy for future analysis.
- Legislative: There is one bill, House Bill 64 and is related to Midland County issues.
- TAGD meeting: Attended the meeting on October 30 & 31 in Conroe, Texas. State plan strategies being discussed and other water issues.

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

- Verification of Ownership Addendum: Form to be completed and attached to future drilling and production permits. The purpose of the form is to clarify ownership of the rights associated with the drilling of a well and the production of groundwater.
- Agenda for the City Council of Midland: The meeting called by the Midland City Council on November 27, 2012, had agenda item 21 as follows: Consider a resolution authorizing the Mayor to negotiate and execute an Interlocal Agreement with the Midland County Fresh Water Supply District #1 for the drilling of a well into the Capitan Reef Complex Aquifer to promote the City's future water supply; and appropriating funds.
- Pecos River Authority Legislation: Regarding legislation to dissolve water conservation districts and irrigation districts. Existing groundwater conservation districts may opt to dissolve and turn responsibilities over to PRA. The boundaries in the Pecos River Basin mentioned are Winkler, Loving, Reeves, Culberson, Jeff Davis, Pecos, Ward, Crane, Upton, Crockett, Sutton, Terrell, and Val Verde.
- State Auditor's Office letter: Requesting current implementation status of the audit recommendations from the recent audit.
- Texas Water Development Board: Modeled available groundwater estimates for the Edwards-Trinity (Plateau), Pecos Valley, and Trinity aquifers in Groundwater Management Area 7. Includes GAM run 10-043 MAG, version 2
- Notice of Appeal: FSH v. MPGCD, et al. notice of appeal filed on 11-14-2012 for cause #P-7047-83-CV. Over the next couple of weeks the court clerks will coordinate to send the trial court's record and court reporter's transcript to the Court of Appeals.
- Bob Turner Rural Issues Consulting: Report dated 11-09-2012
- Resolution adopting, amending, and repealing certain district rules

XV Consider and/or act upon **Agenda for next meeting**

Production Permits for McDonnold Operating LLC and for Randy Braden. Other production permit applications that may be ready, Consider the 2010 Benchmarks. Meeting may begin at 10 AM on December 18th.

XVI **Adjourn** Merrell Daggett made a motion to adjourn, seconded by Weldon Blackwelder. The motion carried, and the meeting adjourned at 3:19 PM.

M. R. Gonzalez, Secretary/Treasurer

Glenn Honaker, President

Date Approved _____