

Middle Pecos Groundwater Conservation District  
Minutes of September 15, 2015

On this the 15<sup>th</sup> of September, 2015, a regular board meeting and public hearings were 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:

Jerry McGuairt	President, Precinct 1
M. R. Gonzalez	Secretary/Treasurer, Precinct 2
John Dorris	Vice President, Precinct 3
Merrell Daggett	Precinct 2
Weldon Blackwelder	Precinct 3
Ronald Cooper	Precinct 4
Vanessa Cardwell	City of Fort Stockton
Terry Whigham	At Large

Quorum Present.

Board members absent: Jeffery McMahon, Janet Groth, and Alvaro Mandujano, Jr.

Others present: Paul Weatherby, Mike Gershon, Allan Standen, Gail Reeves, Ty Edwards, Harvey Gray, Melissa Mills, Brock Thompson, Jeff Williams, Ed McCarthy, Jr., James Cravens, Gil Van Deventer, David Mitchell, Tommy Ervin, Alan Murphy, Chance Murphy, Larry Drgac, Jimmy Perkins, Gregory Neal, Grant Griffin, Michael McCulloch, Richard Blanz, Melanie McKenzie, Gerald D. Lyda, Riki Sugden, Chris Alexander, and Bob Beal/Fort Stockton Pioneer.

**CONTINUATION of SHOW CAUSE HEARING ON ALLEGED VIOLATION OF  
DISTRICT'S RULES BY BUGINGTON ENERGY, LLC**

- I Call to Order at 10:03 a.m. by President Jerry McGuairt
- II Show Cause Hearing on alleged violations of District's Rules 14.1(d), 14.2(a) and (c), and 14.3(a)-(c) pertaining to waste, pollution and degradation of quality of groundwater by **BUGINGTON ENERGY, LLC and Bugington Energy, LLC's compliance with District's May and July 2015 enforcement orders.**

Bugington Energy, LLC, did not have any of their company officers or employees or legal representatives in attendance at the hearing.

The order issued by the MPGCD Board on 07-21-2015 to Bugington Energy, LLC to pay a \$30,000 fine by August 17<sup>th</sup> has not been received.

Bugington Energy, LLC, hired Sport Environmental and they will drill down to the groundwater. MPGCD, nor our attorney, has had any contact with Bugington Energy – only with the Texas Railroad Commission. It could be 180 days after the final work plan is rendered to Texas Water Development Board. The Texas Railroad Commission may level fines in excess of \$58,000.

- III Consider and act on **alleged violations by BUGINGTON ENERGY, LLC**, and consider and act on appropriate penalty or other enforcement remedy to be imposed and/or pursued in court.

No action taken.

IV Adjourn.

Jerry McQuairt announced that the hearing would be continued to the October 20<sup>th</sup> Board Meeting at 10 a.m. at the MPGCD office.

**REGULAR BOARD MEETING**

I Call to order regular Board meeting at 10:10 a.m.

II Comments from **public and media**

Gil Van Deventer: Conservations with MPGCD managers cited budgetary reasons for declining his proposal to conduct a study on the San Andres water wells. He was told that the District would conduct its own internal investigation.

III Consider and/or act upon **Minutes of August 18, 2015.**

Merrell Daggett made a motion to approve the minutes as presented for August 18, 2015. Motion seconded by John Dorris. Motion carried unanimously.

IV Consider and/or act upon **Accounts Payable and Treasurer's Report and Line Item Transfers for the Month Ending August 31, 2015.**

Vanessa Cardwell made a motion to accept the Accounts Payable and Treasurer's Report and Line Item Transfers for the Month Ending August 31, 2015. Motion seconded by John Dorris. Motion carried unanimously.

V Consider and/or adopt **Tax Rate of \$0.0249 per \$100 valuation for 2015 and Sign Ratification.**

Vanessa Cardwell made a motion that the property tax rate remain the same as last year with the adoption of a tax rate of .0249 per \$100 valuation, which is effectively a 25.78% decrease in the tax revenue and also to sign the supporting resolution. M. R. Gonzalez. Motion carried unanimously. 8 FOR. 0 OPPOSE. 3 ABSENT.

VI Consider and/or act upon **Allan Standen, LLC proposal regarding injection well study and 3-D model update.**

Allen Standen's proposal:

Investigate the injection wells of Pecos County and determine the following;

1. Injection intervals and formation.
2. Injection wells relative proximity to 3D model aquifer surfaces.
3. Injection daily volume, injection pressure and permitted barrels per day.
4. Period of time for injection activities, years of injection activity.
5. Last well integrity test.

Build injection well dataset with these and other attributes and add this dataset into 3D Pecos County Model. Injection well intervals will be displayed in 3D model. Projects fixed cost is \$30,000 with delivery in 3 months of contract agreement.

Board discussion resulted in the following: 1/3 of the project will be billed to MPGCD before September 30, 2015, which is the end of this fiscal year. The remaining 2/3's will be on the next fiscal year's budget.

Merrell Daggett made a motion to approve the Proposal submitted by Allan Standen, LLC, at a cost of \$30,000. Motion seconded by Ronnie Cooper. Motion carried unanimously.

The regular board meeting was recessed at 10:38 a.m.

**PRODUCTION PERMIT HEARING for Larry Drgac**

I Call to order at 10:38 a.m. by President Jerry McGuairt.

Party representing application: Larry Drgac.

Protestant to application: None

Public Comment: None

Ty Edwards presented the application to the Board. The application requests 10 acre feet from the Edwards Trinity Aquifer for 1 well located on GC&SF RR CO Block 194 Section 77 approximately ½ mile from the intersection of FM 1901 and Co-Op road on south side of road, in Pecos County, Texas. The purpose of this well is for Industrial Use. There is a water station at this location, and has been used mainly for road construction and now for a solar company. The well is included in an *Historical & Existing Use permit* for CRP classified land. He will report his usage monthly. He owns 320 acres in that section. The application is administratively complete.

II Adjourn hearing and consider and/or act on **Production Permit for Larry Drgac.**

Jerry McGuairt adjourned the hearing at 10:45 a.m.

M. R. Gonzalez made a motion to approve the permit application for 10 acre feet from the Edwards Trinity Aquifer for 1 well located. The purpose of this well is for Industrial Use. Motion seconded by Terry Whigham. Motion carried unanimously.

**PRODUCTION PERMIT HEARING for Buckthorn Westex, LLC<sup>2</sup>**

I Call to order at 10:45 a.m. by President Jerry McGuairt.

Party representing application: Richard Blanz, Authorized Representative.

Protestant to application: None

Public Comment: None

Ty Edwards presented the application to the Board. The application requests 112 acre feet/year from the Edwards Trinity Aquifer for 1 well located on R.J. Barnett, Block 105 Section 17 approximately 10 miles North of Fort Stockton and 2 miles west of FM 1053, in Pecos County, Texas. The well is projected to be 200-300 ft in depth and drilled into the Edwards Trinity Aquifer. The purpose of this well is for Industrial use.

II Adjourn hearing and consider and/or act on **Production Permit for Buckthorn Westex, LLC.**

Jerry McGuairt adjourned the hearing at 10:53 a.m.

Ronnie Cooper made a motion to approve the production permit for 112 acre feet/year from the Edwards Trinity Aquifer for the well for Industrial use as presented. Motion seconded by Weldon Blackwelder. Motion carried unanimously.

**PRODUCTION PERMIT HEARING for Jerry Alexander**<sup>2</sup>

I Call to order at 10:54 a.m. by President Jerry McGuairt.

The hearing was recessed at 10:56 a.m. due to the absence of a permit representative for the hearing.

VII Consider and/or act upon **MPGCD identifying and assessing San Andreas wells**

Public comment:

Michael McCulloch, representing himself and Pecos County Water Improvement District #3, urged the Groundwater District to continue being proactive in pursuing the free flowing San Andreas wells and if possible plug the wells and resolve the problems the wells causes.

Ty Edwards: Using Bulletin 6106, we have constructed a map of known wells with GPS locations and legal land descriptions. We will research and find current land owners and we will go out to each well to get a current status on the well and get a water sample. There are about 40 wells, with Total Dissolved Solids ranging from 7,000 to 100,000. The flows range from 3,000 to 4,000 gallons per minute (gpm) or 10 gpm.

No action required on this agenda item.

The regular Board Meeting was recessed.

An Executive Session was called at 11:06 a.m. by President Jerry McGuairt pursuant to the Texas Open Meetings Act, Sections 551.071 of the Texas Government Code, to consult with attorney.

The Executive Session ended at 12:05 p.m. The Board reconvened into open session at 1:03 p.m. President McGuairt stated that no decisions or votes were made in executive session.

- VIII Review status of *Fort Stockton Holdings, L.P. v. MPGCD, Pecos County, City of Fort Stockton, et al.* (Cause No. P-7047-83-CV; 83<sup>rd</sup> Judicial District, Pecos County) and/or act on matters involving current appeal and settlement.

John Dorris made a motion to table this item until the next Board Meeting. Motion seconded by Vanessa Cardwell. Motion carried unanimously.

The regular Board Meeting was recessed at 1:04 p.m.

**PRODUCTION PERMIT HEARING for Jerry Alexander<sup>2</sup>**

- I The hearing was reconvened at 1:04 p.m. by President Jerry McGuairt.

Party representing application: Riki Sugdan/Blount Contracting, Inc.

Protestant to application: None

Public Comment: None

Ty Edwards presented the application to the Board. The application requests 40 acre feet/year from the Edwards Trinity Aquifer for a 2 well system. The first well is located on H&TC RR CO Block 1 Section 21, approximately 4 miles West of Mendel Rd and 1 mile North of I-10. The second well is located on T&P RR Co Block 50T9 Section 37, approximately 3 miles North of I-10 off of Mendel Rd, Pecos County, Texas. The purpose of this well system is for Industrial Use. The application is administratively complete.

Riki Sugdan was sworn in. The water will be used for dust control during construction of a 932 – 1,070 acre solar farm. The project should last about 5 months.

II Adourn hearing and consider and/or act on **Production Permit for Jerry Alexander.**

Jerry McQuairt adjourned the hearing at 1:08 p.m.

Vanessa Cardwell made a motion to approve the production permit for 40 acre feet/year from the Edwards Trinity Aquifer for a 2 well system. The purpose of this well system is for Industrial Use. Motion seconded by John Dorris. Motion carried unanimously.

IX **Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, ongoing Water Quality Analysis, and Drought Monitor Map.**

- Well Registrations: Progress report in their notebooks.
- Production Permits: None.
- Drilling Permits: None.
- Water Quality Analysis: Ongoing.
- Data Loggers: Operations ongoing normally, continuing to pick up new monitor wells.
- Water Analysis Program: Normal operations ongoing.
- Drought Monitor Map: The current drought monitor map in their notebooks.

X Consider and/or act upon **General Manager's Correspondence.**

- Environmental Task Force: There are several emails, the task force is getting under way, and there are currently 3 cases ready to move forward with.
- Far West Texas Judges and Commissioners Conference. Paul Weatherby and Ty Edwards will be attending the conference on September 17<sup>th</sup>, and give a presentation on the Environmental Task Force.
- 2015 Management Plan: The Texas Water Development Board sent an email letting us know that our Management Plan is finished with the review process and we will be receiving our certificate of completion soon.
- The Ground Management Area 7: The meeting scheduled for November 19<sup>th</sup>.

XI **Directors' comments.** No comments.


XII Consider and/or act upon **agenda for next meeting.**

- Continuation of Show Cause Hearing for Bugington Energy, LLC>
- Injection well criteria
- Review status of *Fort Stockton Holdings, L.P. v. MPGCD, Pecos County, City of Fort Stockton, et al.*

XIII **Adjourn.**

Merrell Daggett made a motion to adjourn the meeting at 1:15 p.m. Motion seconded by Weldon Blackwelder. Motion carried unanimously.

  
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M. R. Gonzalez, Secretary/Treasurer

  
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Jerry McGuairt, President

Date Approved 11-17-15