

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

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Directors

Jerry McGuairt, President John D. Dorris, Vice President M. R. Gonzalez, Secretary/Treasurer
Alvaro Mandujano, Jr. Vanessa Cardwell Ronald Cooper Janet Groth
Weldon Blackwelder Allan Childs Jeff Sims Puja Boinpally

Employees

Ty Edwards, General Manager

Office: Gail Reeves & Melissa Mills Field Technician: Anthony Bodnar

MINUTES OF REGULAR BOARD MEETING AND PERMIT HEARINGS

September 18, 2018

405 North Spring Drive, Fort Stockton, Texas

On this the 18th of September, 2018, 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
Janet Groth	Precinct 1
Puja Boinpally	Precinct 2
Weldon Blackwelder	Precinct 3
Alvaro Mandujano, Jr.	Precinct 4
Ronald Cooper	Precinct 4
Vanessa Cardwell	City of Fort Stockton
Jeff Sims	City of Iraan
Allan Childs	At Large

Quorum Present.

Board members absent: John Dorris

Others present: Ty Edwards, Mike Gershon, Troupe Brewer, Gail Reeves, Melissa Mills, Anthony Bodnar, Paula McGuairt, Jeff Williams, Brock Thompson, Ed McCarthy, Gary Bryant, Mike Thornhill, Geoff Pike, Ryan Reed, Sam Cruse, Kaveh Khorzad, Buck Benson, Glenn Honaker, Tommy Ervin, Oscar Hernandez, Kim Landry, Gary Wauson, Dennis Owens, Patsy Reid, Johnie McComb, and Jeremy Gonzalez/Fort Stockton Pioneer.

REGULAR BOARD MEETING

I Call to order regular Board meeting at 10:04 a.m. by President Jerry McGuairt.

II Comments from **public and media**:

Patsy Reid: She noticed work being done in the area that Alpha Water has control of, and she wanted to know if they had put up the Bond as required before beginning work.

Manager Edwards: A bond has not been provided to the District.

III Consider and/or adopt a **Tax Rate for 2018.**

Alvaro Mandujano, Jr. made a motion that the property tax rate be increased by the adoption of a tax rate of \$0.0249 per \$100 valuation, which is effectively a 7.79% increase in the tax revenue and also to sign the supporting resolution. Janet Groth seconded the motion.

Motion Passed as follows: **10** FOR. **-0-** AGAINST. **1** ABSENT.

For: W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, R. Cooper, M. R. Gonzalez, J. Groth, A. Mandujano, Jr., J. McGuairt, and J. Sims.

Absent: J. Dorris

Regular meeting recessed at 10:08 a.m.

PUBLIC HEARING ON A PRODUCTION PERMIT FOR JOHNIE S. MCCOMB

I Call to order at 10:08 a.m. by President Jerry McGuairt.

Party representing application: Johnie McComb

Public Comment: None.

Protestant to application: None

Application declared uncontested.

Ty Edwards, MPGCD General Manager, presented the application. Mr. McComb is seeking a production permit for 1 well located on 5.37 acres out of Survey T&STL RR CO Block 146, Section 27 out of tract 1&2, on the West Side of Fort Stockton on East side of Ellyson Blvd, in Pecos County, Texas The purpose of this well is for Industrial Use of 8 acre-feet/year for a Water Station from the Edwards Trinity Aquifer. This is one of our monitor wells, and we do have permission to continue monitoring the well. The well produces 6 to 7 gallons per minute. Mr. McComb wants to pump the well 24 hours a day and put it in a 1500 barrel tank, and then use that to fill up trucks for Oil and Gas activity use. He will report his usage monthly. The application is complete.

II Adjourn Hearing and Consider and/or Act on **Application for a Production Permit for Johnie S. McComb.**

President McGuairt adjourned the hearing at 10:16 a.m.

Weldon Blackwelder made a motion to approve the application as presented. Motion seconded by Jeff Sims.

Motion carried unanimously. Vote: **10** For. **-0-** Oppose. **1** Absent.

**PUBLIC HEARING ON A PRODUCTION PERMIT FOR VAQUERO PERMIAN
PROCESSING, LLC**

I Call to order at 10:17 a.m. by President Jerry McGuairt.

Party representing application: Gary Wauson and Kim Landry.

Public Comment: None.

Protestant to application: None

Application declared uncontested.

Ty Edwards, MPGCD General Manager, presented the application. Vaquero Permian Processing, LLC is seeking a production permit for a 2 well system located on 308.82 acres out of Survey H&GN RR CO Block 8, Section 13, approximately 5 miles North of Coyanosa off of FM 1776, in Pecos County, Texas. The purpose of this well system is for Domestic (150,000 gallons) and Industrial (1,000,000 gallons) Use for a total permit of 3.53 acre-feet/year for a Natural Gas Cyrogenic Processing Plant and Control Room from the Pecos Valley Aquifer. Well 13-1 is the primary well, and Caymus#2 is a backup well. Well 13-1 has a Historical & Existing Use permit for 670 acre feet for Irrigation Use which was granted to the Braden Brothers for farming when the well belonged to them. The application is complete.

II Adjourn Hearing and Consider and/or Act on **Application for a Production Permit for Vaquero Permian Processing, LLC.**

President McGuairt adjourned the hearing at 10:22 a.m.

Alvaro Mandujano, Jr. made a motion to approve the application as presented. Motion seconded by M. R. Gonzalez.

Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

The Regular meeting reconvened at 10:23 a.m.

REGULAR BOARD MEETING – CONTINUED

IV Consider and/or act upon **Minutes of Regular Meeting on August 21, 2018.**

Ronnie Cooper made a motion to approve the minutes as presented. Motion seconded by Jeff Sims. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

V Consider and/or act upon **Minutes for Special Called Meetings and Public Hearings on September 4th and September 11th**.

Allan Childs made a motion to approve the minutes of September 4, 2018 and the Report for September 11, 2018 as presented. Motion seconded by Alvaro Mandujano, Jr.. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

VI Consider and/or upon **Accounts Payable and Treasurer's Report for the Month Ending August 31, 2018**.

Janet Groth made a motion to approve the Accounts Payable and Treasurer's Report for the Month Ending August 31, 2018. Motion seconded by Weldon Blackwelder. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

Note: Agenda Items VII and VIII were considered together.

VII Consider and/or act upon **Cockrell Investment Partners, L.P.'s Proposal to Fund Update to the report and analysis for Proposed Management Zone 1 Threshold Wells that Will Encompass Cockrell Investment Partners, L.P./Belding Farms Water Level Data**.

Cockrell Investment Partners, L.P. would like to fund an update to the report that Dr. Hutchison performed last summer titled "Proposed Changes to Management Zone 1 and Proposed Monitor Well Data and Comparison with Model Simulations" (the "Analysis"). Belding Farms would like to have the Analysis encompass their comprehensive year round records regarding its water usage that includes pumping data and static water levels in its water wells for several decades (back to 1957) in the Proposed Management Zone 1 Threshold Wells. Meter readings are recorded once a month. The information that would be provided to Dr. Hutchison has been compiled and reviewed by a Hydrologist.

The fundamental issue is Cockrell would like the MPGCD Board to implement a summer threshold which triggers a cutback on all non-H&E (Historical and Existing Use Permit) permits in the Proposed Management Zone 1. The cut-back would conserve and protect the water resource.

Cockrell Investment Partners, L.P, would be willing to participate in the funding of this additional work by Dr. Hutchison up to an amount of \$10,000. They ask that the District have Dr. Hutchison present the updated Analysis results to the Board.

Fort Stockton Holdings, L.P. was asked if they support the report update, and Mr. Jeff Williams said Yes.

General Manager Ty Edwards stated that there may be a draft Report by the November meeting.

Janet Groth made a motion to approve Cockrell Investment Partners, L.P.'s proposal to fund up to \$10,000 for an update to the report and analysis for Proposed Management Zone 1 Threshold Wells that will encompass Cockrell Investment Partners, L.P./Belding Farms water level data. Motion seconded by Allan Childs. Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

- VIII Briefing and take action as necessary on **Cockrell Investment Partners, L.P. v. Middle Pecos Groundwater Conservation District**, Cause No. P-12176-112-CV (Pecos County District Court) and **implementation of the District's settlement agreement** with Fort Stockton Holdings, L.P., Clayton Williams Farms, Inc., and Republic Water Company of Texas, LLC.

Mike Gershon, MPGCD attorney, reported that there has been no activity. The abatement is holding steadfast until Fort Stockton Holdings, L.P. intervenes.

Ed McCarthy, attorney for Fort Stockton Holdings, L.P., reported that they would like to review the results of the updated Dr. Hutchison report that was approved today once the Draft is complete.

Ryan Reed, attorney for Cockrell Investment Partners, L.P., reported they would like to resolve their concerns, and continue informal abatement.

- IX Consider and/or act upon **Tax Deed and Property Card for Trust Property in the City of Fort Stockton (Parcel 17594)**.

Parcel#17594 was sold for \$101 to the highest and best offer.

Janet Groth made a motion to acknowledge and accept the sale of the Trust Property Parcel #17594. Motion seconded by Puja Boinpally. Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

- X **Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, Drought Monitor Map and ongoing Water Quality Analysis.**
- Well Registrations: Current registrations total 3,128 wells. 935 Non-Exempt wells. And 2,193 are Exempt wells.
 - Drought Monitor Map: In packet. Pecos County is completely out of drought. Pecos County fire ban is lifted.
 - Water Analysis: Will begin pulling analysis in a few months.
 - Production Permits: A production permit for Black Mountain SWD has been submitted. Jagged Peak in Coyanosa has submitted a permit application that will require a hydrological report.

- Drilling Permits: BLM Family applied for a Rustler well last month that we approved. Drilling is currently around 1300'.

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

- Groundwater Management Area 7 will meet on 09-20-2018 in San Angelo, TX.
- TXDOT has provided the "FM 1053 Imperial Subsidence Centerline Profile" for August 2018 that show a 1 month elevation drop of 3.72".
- General Manager Ty Edwards has been in talks with Rosehill Resources regarding the San Andres well that is free-flowing produced water to the surface, and possibly enlisting their help with plugging the well properly, and add stability to stop the sinking. He has also talked with Diamond Back Services about this situation. We are also in the process of talking to the Texas Railroad Commission about securing funds to help resolve the subsidence problems and problems associated with the free-flowing wells near Imperial, Texas.

XII **Directors' Comments.**

Allan Childs inquired about the bond requirement related to the Alpha Water drilling permit.

General Manager Ty Edwards stated that Alpha Water is required to present a Bond to the Board for their 'review and approval' before they can drill a well. As of today, they have not started drilling.

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

A few Production Permit hearings.

There was discussions about moving the November meeting from November 20th to November 13th. It was a majority consensus to move the November meeting to November 13th.

XIV **Adjourn Board meeting**

Jeff Sims made a motion to adjourn the meeting. Seconded by Allan Childs. Motion carried unanimously. The meeting adjourned at 11:13 a.m.



M. R. Gonzalez, Secretary/Treasurer



Jerry McGuair, President

Date Approved 10-16-2018