

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

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Directors

Jerry McGuairt, President Janet Groth, Vice President M. R. Gonzalez, Secretary/Treasurer
Alvaro Mandujano, Jr. Vanessa Cardwell Ronald Cooper
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

July 16, 2019

405 North Spring Drive, Fort Stockton, Texas

On this the 16th of July, 2019, a Regular Board Meeting and Permit Hearing 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	Prec. 2, Secretary/Treasurer
Janet Groth	Precinct 1
Puja Boinpally	Precinct 2
Alvaro Mandujano, Jr.	Precinct 4
Jeff Sims	City of Iraan

Quorum Present.

Board members absent: Weldon Blackwelder, Allan Childs, Ronnie Cooper and Vanessa Cardwell

Vacant Position: Precinct 3.

Others present: Ty Edwards, Mike Gershon, Gail Reeves, Melissa Mills, Anthony Bodnar, Paula McGuairt, Brock Thompson, Ed McCarthy II, Mike Thornhill, Eric Seeger, Geoff Pike, Ryan Reed, Tommy Ervin, Kelli Burns, Gary Bryant, Wesley Bean, Greg Perrin, and Aurora Sain/Fort Stockton Pioneer.

REGULAR BOARD MEETING

I Call to order regular Board meeting at 10:01 a.m. by President Jerry McGuairt.

II Comments from **public and media**: No comments made.

Regular Meeting recessed at 10:03 a.m.

**PUBLIC HEARING ON PRODUCTION PERMIT FOR
WAPITI WATER STATION, LLC**

I Call to order at 10:03 a.m. the Public Hearing on Application for a Production Permit for Wapiti Water Station, LLC.

Party representing application: Wesley Bean

Protestant to application: None

Public Comment: None.

President McGuairt declared the application uncontested.

President McGuairt swore in Wesley Bean and Ty Edwards for testimony.

Manager Ty Edwards presented the application to the Board. The application request authorization to produce 50 acre-feet/year for Industrial Use from the Edwards Trinity Aquifer. For 1 well (MPGCD#2019061924) located on Baker Acres Investments LP Survey TM RR CO Block OW Section 78 Property ID: 15076, approximately 3 miles Southeast of Hwy 285 and FM 1776 in Pecos County, Texas. Spring Branch Water Well Service completed the pump test which yielded 72 gallons per minute. A water analysis showed the Total Dissolved Solids to be 1500 parts per million. Wapiti Water Station, LLC would like to put a small frac tank at the site to fill up trucks. The application is complete.

Wesley Bean was sworn in to explain his authority to pursue the application. He explained that he is one of the 3 co-owners of the company. The company has been formed since 2010. Pikes Peak is a sister company.

II Adjourn Hearing and Consider and/or Act on Application for a Production Permit for Wapiti Water Station, LLC.

President Jerry McGuairt recessed the hearing at 10:12 a.m.

Jeff Sims made a motion to approve the production permit application for 50 acre feet as presented. Motion seconded by Janet Groth. Motion carried unanimously. Vote: 6 For. -0- Against. 4 Absent. 1 Vacant Position.

REGULAR BOARD MEETING – CONTINUED

III Consider and/or act upon the Minutes of Regular Meeting for June 18, 2019. Janet Groth made a motion to approve the minutes of June 18, 2019 as presented. Motion seconded by Puja Boinpally. Motion carried unanimously. Vote: 6 For. -0- Against. 4 Absent. 1 Vacant Position.

- IV Consider and/or act upon **Accounts Payable, Treasurer's Report and Line Item Transfers for the Month Ending June 30, 2019.**
Janet Groth made a motion to approve the accounts payable and treasurer's report for the month ending June 30, 2019 as presented. Motion seconded by Puja Boinpally. Motion carried unanimously.
Vote: 6 For. -0- Against. 4 Absent. 1 Vacant Position.

- V Consider and review **2019-2020 draft budget.**
Manager Ty Edwards presented a draft budget for the year ending 09-30-2020, to the Board to review as a starting point for a Budget Workshop to be held at the next Board Meeting to be held on August 13th. August 13th is the 2nd Tuesday of the month, and the meeting will be moved to one week earlier due to the Texas Groundwater Summit conflicting with the 3rd Tuesday which is August 20th. The budget is based on preliminary tax revenues. The Certified Tax Appraisal Roll for MPGCD will be available in late July.

- VI Briefing and take action as necessary on **Edge 1 Water Holdings letter dated July 2, 2019 and potential MPGCD rule violations concerning a San Andres Flowing well C-111 located at FM 1053 and FM 1450 on Survey H&TC RR Co Block 3 Section 27.**

Summary of General Manager Ty Edwards briefing:

Edge 1 and its affiliate Charlton Resources (same owner including Mario Rapino and same lawyer Mark Herral) have applied twice to drill a non-exempt well into the San Andres formation. Following up on last month's detailed briefing and the Board's action to prohibit the drilling of a nonexempt well without authorization, we've checked weekly and can report that as of today no well rigs have been brought on to the site. But while we were on site, we observed that the long-time small, flowing well is no longer flowing into the tank.

My understanding is that Edge 1 and some of their consultants went out there with a backhoe – dug that all up – trying to find casing to see if they could rework the well. They dug down about 10 feet with that backhoe and never found anything but cement. They couldn't find any wellbore annulus, so they set the pvc pipe on top of the concrete or cement, and just filled it back in with material. Now the flow is coming from around the outside of that cement and washing it all out.

It is my understanding that Mr. Holladay still owns this well. During the permitting and SOAH process with Charlton, Charlton was thinking about leasing or buying this property. It is my understanding that more recently Edge 1 was doing some due diligence to see if this well was worth buying. So, Edge 1 went out and did some digging on it – on some else's property – they didn't own it, they were thinking about leasing it. I've discussed this with Mr. Holladay.

In the past this was a small flowing well. Until now, it had always been contained in a pond. The flow was maybe 4 or 5 gallons a minute. In 2014 there was very little flow. At some point, Edge 1 has gone out and dug up that well and installed a pvc pipe 10 feet in the hole. They couldn't find any existing casing, just cement. Somebody had dumped cement in that well many years ago and it was keeping the flows down. Last September after the SOAH hearing regarding this well, the casing was starting to sink in, and the flows were actually coming out around the well bore, not out of hole anymore and it was still flowing into the tank. Again, currently there is a big cavern starting to form around the well, and the flow has probably increased to about 100 gpm. The flow is increasing, and it is flowing out into the pasture now from Holladay's well, onto Edge 1's property.

Mario and Edge 1 have purchased 320 acres of this section. There is another 60 acres here that still belongs to the Holladay's which I believe this well is located on. Most of these wells were drilled as oil wells, and then converted to water wells – or we can't find any paperwork. It's not in an aquifer – this well has oil flowing out of it. We brought that up in the meetings with the Railroad Commission. The well is starting to cave in.

We have taken the matter all the way to the Commissioners of the Railroad Commission. I have personally sat down with the Commissioners in Austin.

Last year we applied for a TCEQ grant for half a million dollars to do some studies, and plug some of these wells. We didn't rank high enough with the EPA to get funding. We are reapplying again and it is due by July 31st.

Update only. No action taken.

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

- * Well Registrations: Our total registrations are 3,180. 945 of those are Non-Exempt Wells.
- * Production Permits: Cockrell Investment Partners, LP was completed well 25 into the Edwards-Trinity. Suter Farms and Clarence Stephan have not drilled their wells.
- * Drilling Permits: None at this time.
- * Monitor Wells: Jagged Peak Energy, LLC monitoring equipment has been installed. The monitoring equipment has not been installed at Blue Ridge yet.
- * Drought Monitor: The drought monitor report submitted in Board Information.

- * Updates: Water Bridge has drilled 3 small wells and will begin pump tests soon. Mark Harral has contacted me and said the City is building a new landfill and will need 1 new water well for dust control, and will seek a 40 acre foot production permit.
- * Water Analysis: we are pulling analysis, and have sent off 20 samples recently.

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

- * RigData report for 07-12-2019 shows the Pecos County rig count at 27. 25 of the rigs are in the Cuyanosa area.
- * XTO in Cuyanosa: The office well has been drilled. They will do the pump tests, and be in for a production permit in September or October.
- * Cockrell Investments/Belding Farms: Well 25 has 16" casing and a pump installed. A water analysis sample has been pulled, and a pump test will be performed. Once all the data is in, they will be ready with a production permit application.
- * Parsley Energy: Currently working on a production permit application.
- * Jagged Peak Energy: Water level data is being gathered to have MPGCD hydrogeologist review the pumping data to review the impacts to the aquifer in the area.

Excerpt from the minutes of 03-19-2019 as a memory refresher:

Special Permit Conditions

1. *Jagged Peak Energy, LLC (JPE) is immediately authorized to produce and beneficially use 365 acre feet per year for industrial use.*
2. *JPE shall drill and complete at its own expense one monitoring well in the Pecos Valley and Edwards-Trinity aquifers along the western edge of JPE's property associated with the permit application and as indicated during the permit hearing.*
3. *JPE at its own expense shall equip the monitoring well with full-time monitoring equipment and make the data from this monitoring well available to the District.*
4. *If actual aquifer drawdowns measured by the full-time monitoring equipment are consistent with the predictions of JPE's hydrogeologists, then JPE shall automatically have authority to produce and beneficially use an additional 365 acre feet per year for industrial use for a cumulative permit allocation of 730 acre feet per year.*

On 07-12-2019 Mr. Mertz reported that they have pumped a total of 360.1 acre feet of their allotted 365 acre feet, and that all the Wedge Wells are shut off completely and will no longer be pumped.

- * Texas Groundwater Summit: A draft agenda was presented to the Board for the Summit to be held August 20-22 in San Antonio, TX. On Tuesday, August 20th Pecos County Judge Joe Shuster will participate on a panel at the Summit.

No action taken

- IX **Directors' Comments** and consider and/or act upon **agenda for next meeting.**
- * Alvaro Mandujano, Jr., requested that the August agenda should have an agenda item to fill the vacant position for Precinct 3.
 - * The August Board meeting will be rescheduled for Tuesday, August 13th due to a conflict with the Texas Groundwater Summit. There will be a Budget Workshop on the next agenda, and consideration of a Proposed Tax Rate for 2019. There will also be consideration of setting two dates for public hearings on the Proposed Tax Rate, and a date to adopt/set a Tax Rate.

President Jerry McGuairt recessed the regular Board meeting at 10:45 a.m. An Executive Session was called at 10:45a.m. Pursuant to Section 551.071 of the Texas Government Code, the Board will consult with its attorney. Any action on this matter will be taken in open session only if the action relates to an agenda item that is posted on today's agenda.

The Executive Session adjourned at approximately 11:36a.m.


The regular session reconvened at 11:37a.m. The presiding officer, President Jerry McGuairt, stated that no decisions or votes were made in executive session.

X **Adjourn Board meeting.**

Janet Groth made a motion to adjourn the meeting. Seconded by Jeff Sims. Motion carried unanimously. The meeting adjourned at 11:37a.m.



M. R. Gonzalez, Secretary/Treasurer



Jerry McGuairt, President

Date Approved 8-13-19