

# 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 Larry Drgac

## Employees

Ty Edwards, General Manager  
Office: Gail Reeves & Melissa Mills Field Technician: Anthony Bodnar

## **MINUTES OF REGULAR BOARD MEETING AND PERMIT HEARINGS AND BUDGET WORKSHOP**

**August 13, 2019**

**405 North Spring Drive, Fort Stockton, Texas**

On this the 13<sup>th</sup> of August, 2019, a Regular Board Meeting, Permit Hearings, and Budget Workshop 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
Janet Groth	Vice President, Precinct 1
M. R. Gonzalez	Prec. 2, Secretary/Treasurer
Puja Boinpally	Precinct 2
Weldon Blackwelder	Precinct 3
Larry Drgac	Precinct 3 (Appointed at the meeting)
Alvaro Mandujano, Jr.	Precinct 4
Ronnie Cooper	Precinct 4
Vanessa Cardwell	City of Fort Stockton
Jeff Sims	City of Iraan
Allan Childs	At Large

Quorum Present.

Others present: Ty Edwards, Troupe Brewer, Melissa Mills, Anthony Bodnar, Paula McGuairt, Brock Thompson, Ed McCarthy II, Mike Thornhill, Buck Benson, Geoff Pike, Glenn Honaker, Gary Bryant, Greg Perrin, Oscar Hernandez, Eduardo Wiebe, Ernest Woodward, 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.

Agenda items V and VI taken up out of posted order:

- V Consider and/or act upon **Appointment of New Director for Precinct 3**.  
Two applications were submitted for consideration to fill the opening for the Precinct 3 Director, one from Houston McKenzie and one from Larry Drgac. General Manager Ty Edwards reported that Houston McKenzie had withdrawn his application recently.

Ronnie Cooper made a motion to appoint Larry Drgac as the new Director for Precinct 3. The motion was seconded by Weldon Blackwelder. Motion carried unanimously. Vote: 10 For. -0- Oppose. -0- Absent.

- VI **Administer the Statement of Elected Officer and Oath of Office for Precinct 3 Director**.  
Jerry McGuairt administered the *Statement of Officer*, and the *Oath of Office* to Larry Drgac.

Larry Drgac was seated at the Director's table to join in on the proceedings. The regular meeting was recessed at 10:16 a.m.

**PUBLIC HEARING ON DRILLING PERMIT  
APPLICATION FOR 2T PARTNERSHIP LTD**

- I Call to order at 10:16 a.m. the Public Hearing on **Application for a Drilling Permit for 2T Partnership, LTD**.

Party representing application: Mr. Randy Taylor was unable to attend.

Protestant to application: None

Public Comment: None.

President McGuairt declared the application uncontested.

Manager Ty Edwards presented the application to the Board. 2T Partnership LTD has made application for a Drilling Permit with the Middle Pecos Groundwater Conservation District for 1 well located on 640 acres (Property Id# 6921) in Survey T&P RR CO Block 48 T/S 9 Section 30, approximately 16 miles West of Fort Stockton and 6 miles North of Interstate 10 in Pecos County, Texas. The well is projected to be 500 feet in depth and drilled into the Edwards Trinity Aquifer. The estimated rate of withdraw is 1,000 gallons per minute and the purpose of this well will be for Irrigation Use. The farm is known as Stockton Farms. There are currently 6,883 acre feet of Historic and Existing Use permits for the 5 well system for irrigation use from the Edwards-Trinity Aquifer. There is also a 600 acre feet permit for Industrial Use for Wells 1 and 2.

Once the new well is drilled they will submit an application to amend the H&E permit to include this well. No additional production will be requested. This will be a backup well. Well #2 had really bad sand problems, and he was approved to drill a replacement well which he has completed, and he is allowing us to use the original well 2 as a new MPGCD monitor well. There are 4 or 5 monitor wells in this vicinity and water levels are good in this area. The application is administratively complete.

**II Adjourn Hearing and Consider and/or Act on Application for a Drilling Permit for 2T Partnership, LTD.**

President Jerry McGuairt recessed the hearing at 10:28 a.m.

Ronnie Cooper made a motion to approve the Drilling Permit for 2T Partnership, LTD for 1 well into the Edwards-Trinity aquifer as presented. The motion was seconded by Vanessa Cardwell. Motion carried unanimously.

**PUBLIC HEARING ON APPLICATION TO AMEND  
HISTORIC AND EXISTING USE PERMIT(S) FOR BELDING FARMS, LLC**

**I Call to order at 10:29 a.m. the Public Hearing on Application for an Amendment to Historic & Existing Use Permit(s) for Belding Farms, LLC.**

Party representing application: Glenn Honaker/Belding Farms General Manager, and Buck Benson/Attorney

Protestant to application: None

Public Comment: None.

President McGuairt declared the application uncontested.

Manager Ty Edwards presented the application to the Board. Belding Farms, LLC and its affiliate Cockrell Investment Partners, LP (Belding Farms) have made Application to Amend Historic and Existing Use (H&E Use) Permit(s) with the Middle Pecos Groundwater Conservation District (District). Belding Farms is requesting to amend its Historic & Existing Use Permits that authorize annual production of 5,880.424 acre-feet from the Edwards-Trinity Aquifer to allow production from one additional well. This additional well (Belding Well #25/MPGCD Well #2005011506) was formerly completed in the Rustler Aquifer and recompleted solely into the Edwards-Trinity Aquifer pursuant to a Drilling Permit previously issued by the District. This application does not seek to increase the amount of annual pumping under these permits. Well #25 is located

on 233.51 acres in Survey T&P RR CO Block 3 Section 100 Property ID #3467, approximately 1 mile West of FM 2037 and Old Alpine Hwy in Pecos County, Texas. Well 25 has an Historic & Existing Use Permit for the Rustler aquifer for 1,890 acre feet.

On March 18, 2019, MPGCD received a request for emergency action from Cockrell Investment Partners, L.P., dba Belding Farms, LLC ("Cockrell") related to a groundwater well, Belding Farms Well No. 25, MPGCD Registration No. 2005011506 ("Well 25"), belonging to Cockrell and completed in the Rustler Aquifer. Well 25 is critical to the irrigation operation on the Cockrell property and associated pecan orchard, furthermore, given the present timing in the agricultural season the collapse of Well 25 is extremely detrimental to Cockrell's pecan crop and without emergency action of the District could cause total loss of that crop and corresponding significant economic impact to Cockrell. On March 26, 2019, Cockrell was authorized to aggregate production from Well 25 into Cockrell's existing Edwards-Trinity permits. On April 16, 2019, a drilling permit to re-complete Well #25 (MPGCD# 2005011506) into an Edwards Trinity well was approved. They ran a 14" line into the well. While pumping at 2,000 to 2,100 gallons per minutes, the 8-hour pump test resulted in a limited draw down of 25' to 30'.

Belding Farms is requesting to keep the Rustler aquifer permit for a future replacement Rustler well.

**II Adjourn Hearing and Consider and/or Act on Application for an Amendment to Historic & Existing Use Permit(s) for Belding Farms, LLC.**

President Jerry McGuairt recessed the hearing at 10:35 a.m.

Janet Groth made a motion to approve the amendment to the Historic and Existing Use Permit for Belding Farms, LLC as presented. Motion seconded by Puja Boinpally. Motion Carried. Vote: 10 For. 1 Against. -0- Absent.

**REGULAR BOARD MEETING – CONTINUED**

The Regular Meeting reconvened at 10:43 a.m.

**III Consider and/or act upon the Minutes of Regular Meeting for July 16, 2019.**

Puja Boinpally made a motion to approve the minutes of the regular meeting for July 16, 2019, as presented. Motion seconded by Jeff Sims. Motion Carried. Vote: 10 For. -0- Against. -0- Absent. 1 Abstention/Blackwelder.

**IV Consider and/or act upon Accounts Payable, Treasurer's Report and Line Item Transfers for the Month Ending July 31, 2019.**

Puja Boinpally made a motion to approve the Accounts Payable and Treasurer's Report for the Month Ending July 31, 2019, as presented. Motion seconded by Vanessa Cardwell. Motion carried unanimously.  
(There were no Line Item Transfers.)

*Note: Agenda Items V and VI were taken up earlier in the meeting.*

*V Consider and/or act upon Appointment of New Director for Precinct 3.*

*VI Administer the Statement of Elected Officer and Oath of Office for Precinct 3 Director.*

**VII Executive Session pursuant to the Texas Open Meetings Act, Sections 551.071 and 551.074 of the Texas Government Code, to consult with our attorney and to deliberate annual review and compensation of each of the District's employees, Ty Edwards, Melissa Mills, Gail Reeves and Anthony Bodnar.**

President Jerry McGuairt recessed the regular Board meeting at 10:50 a.m. An Executive Session was called at 10:50 a.m. Pursuant to Section 551.074 of the Texas Government Code, the Board will now convene in a closed session regarding the Texas Open Meetings Act exemption covering the Board's deliberation of personnel matters. Any action on this matter will be taken in open session. A certified agenda will be prepared and kept in accordance with the Texas Open Meetings Act and that no action was taken in executive session.

The Executive Session adjourned at 11:04 a.m.

The regular session reconvened at 11:06 a.m. The presiding officer, President Jerry McGuairt, stated that no action, no decisions and no votes were made in executive session.

**VIII Consider and/or take action on Annual Review and Compensation of District's Employees.**

No action at this time.

**WORKSHOP ON PROPOSED BUDGET AND PROPOSED TAX RATE**

- I Call to Order @ 11:13 a.m. by President Jerry McGuairt.
- II Workshop to review Proposed Budget for Fiscal Year ending 09/30/2020.  
Ty Edwards, General Manager review the proposed budget with the Directors:
  - 30% increase in Valuations due to Oil & Gas activity;
  - \$75,000 to Dr. Hutchison to fully fund the remaining portion of the groundwater flow model update;
  - \$25,000 added for a new vehicle for the Field Tech;
  - Increase in the Monitor Well Network for telemetry and transducers;
  - \$25,000 for Office Renovations;
  - Increase in Health Insurance Premiums;
  - 4% employee raises, and 4% General Manager raise.
- III Workshop to review Proposed Tax Rate for 2019.

The Proposed Tax Rate for 2019 presented in the Proposed Budget is \$0.0249 per \$100 valuation.

Two public hearings on the Proposed Tax Rate are required on a tax rate of \$0.0249. The two dates suggested are August 29<sup>th</sup> and September 5<sup>th</sup>. The suggested date to approve the tax rate for 2019 is at our regular Board Meeting on September 17<sup>th</sup>.

- IV **Adjourn.** The workshop adjourned at 11:29 a.m. by President McGuairt.

**REGULAR BOARD MEETING – CONTINUED**

- IX Receive public comments on the District's budget and proposed tax rate for the fiscal year ending 9-30-2020, to comply with the requirements of the District's enabling act, rules, and bylaws; Texas Water Code Chapter 36; and the laws of the State of Texas.

No public comment received.

- X Consider and/or approve **Budget for Fiscal Year Ending 09/30/2020 and sign the Resolution to Adopt the Annual Budget.**

Ronnie Cooper made a motion to have 5% employee raises, and a 7% raise for the General Manager. Seconded by Weldon Blackwelder. Carried Unanimously.

Alvaro Mandujano, Jr. made a motion to adopt by resolution the budget for the fiscal year ending September 30, 2020. Seconded by Puja Boinpally. Motion carried unanimously. Vote: **FOR:** W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, Jr., R. Cooper, L. Drgac, M. R. Gonzalez, J. Groth, A. Mandujano, J. McGuairt, and J. Sims. **AGAINST:** -0-. **PRESENT and not voting:** None **ABSENT:** None

XI Consider and/or adopt a **Proposed Tax Rate for 2019.**

Puja Boinpally made a motion that the proposed property tax rate be increased by adoption of a tax rate of \$0.0249 per \$100 valuation. Motion seconded by Alvaro Mandujano, Jr. Motion carried unanimously.  
Vote: **FOR:** W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, Jr., R. Cooper, L. Drgac, M. R. Gonzalez, J. Groth, A. Mandujano, J. McGuairt, and J. Sims.  
**AGAINST:** -0-. **PRESENT and not voting:** None **ABSENT:** None

XII Consider and/or act upon **Setting Two Public Hearing Dates/Times/Place and set a Meeting Date/Time/Place to Adopt a Tax Rate for 2019.**

Janet Groth made a motion to set the future public hearings to be held at the Middle Pecos Groundwater Conservation District office located at 405 North Spring Drive, Fort Stockton, TX on the following dates and times:

1<sup>st</sup> Public Hearing: August 29, 2019 at 6:30 p.m.

2<sup>nd</sup> Public Hearing: September 5, 2019 at 6:30 p.m.

And to set the Date to Adopt the Tax Rate on September 17, 2019, at 10:00 a.m. at the Middle Pecos Groundwater Conservation District office located at 405 North Spring Drive, Fort Stockton, TX. Motion seconded by Weldon Blackwelder. Motion passed unanimously. The Directors voting **FOR:** W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, Jr., R. Cooper, L. Drgac, M. R. Gonzalez, J. Groth, A. Mandujano, J. McGuairt, and J. Sims. **AGAINST:** -0-.  
**PRESENT and not voting:** None **ABSENT:** None

XIII Consider and possible action to order **E&S Custom Drilling/Eduardo Loewen Wiebe (Apprentice License #60201) Drilling under Vanguard Well Resources, LLC (License #59336) and 2 landowners Jose Terrazas and Edgar Salazar** to appear before the Board at a show-cause hearing under Section 15 of the District's rules regarding allegations of unlawful drilling of wells located on *Alexander Road in 7-D area* and to direct the General Manager to issue the hearing notice for the date of our regular September Board meeting at 10:30.

In attendance regarding this matter: Eduardo Wiebe/Apprentice Driller, Jose Terrazas/landowner, and Edgar Salazar/landowner.

Summary of Events: Eduardo Wiebe who is an apprentice driller under Vanguard Well Resources, LLC was found to have drilled 2 water wells on East Alexander Road in the 7-D area of Fort Stockton. One well for Jose Terrazas, and one well for Edgar Salazar. On July 29<sup>th</sup>, Ty Edwards talked to Mr. Wiebe – and Mr. Wiebe immediately stopped drilling. He came to the office and Mr. Edwards told him that he was in violation of not submitting a *Notice of Intent to Drill*, or any paperwork to the District. The licensed driller, Vanguard Drilling, will be held responsible for answering to the violations. Mr. Edwards reported that he had talked with Vanguard Drilling about a year or two ago, and at that time they were made aware of our permitting requirements such as if the well is to be drilled on 10 acres or more and if it is solely for domestic and livestock, that a

*Notice of Intent to Drill* is the first step to have a water well approved for drilling. and told him that he could approve an Exempt well.

Mr. Edwards assumes that Vanguard Drilling and Mr. Wiebe understood that as 'no-drilling-permit is required'. The well drillers reports for the two wells are submitted for your review. Both wells have 5" pvc pipe. One well for Mr. Terrazas is 166' deep, and the well for Mr. Salazar is 204' deep. These are basically Edwards-Trinity aquifer wells and are also in the vicinity of Comanche Springs. The water quality in the area is brackish.

Texas Department of Licensing (TDLR/Adam Foster) was in Fort Stockton several days later, and Adam Foster and I visited the well sites. It was discovered that the required 10' of cement at the surface sleeve was not present. TDLR will contact Vanguard Drilling to have them correct this soon.

Texas Water Law/Chapter 36 as well as our rules, require a Permit to Drill when the well is to be drilled on less than 10 acres of land which requires Board action.

Weldon Blackwelder made a motion to fine Vanguard Well Resources, LLC, \$5,000 for not obtaining a proper permit. The motion died as talks continued.

Janet Groth made a motion to call Vanguard Well Resources, LLC, License #59336 to appear before the Board at a show-cause hearing under Section 15 of the District's rules regarding allegations of unlawful drilling of wells located on *Alexander Road in 7-D area* and to direct the General Manager to issue the hearing notice for the date of our regular September Board meeting at 10:30. The motion was seconded by Puja Boinpally.

After more discussion, Janet Groth made an amendment to the previous motion to include the two land owners, Jose Terrazas and Edgar Salazar. The amendment was seconded by Puja Boinpally. Motion Unanimously carried.

Vote: 11 For. -0- Against. -0- Absent.

**XIV Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, Drought Monitor Map, Water Quality Analysis and General Manager's Correspondence.**

- \* Well Registrations: Our total registrations are 3,180. 945 of those are Non-Exempt Wells. Diamondback is working on 8 well registrations that were drilled. Diamondback has agreed to drill 3 monitor wells – one on Brooks, one on Griffin, and one on the fence line of Hayter.
- \* Production Permits: Mark B. Davis with LM Hovey Ranch may submit an application soon. WaterBridge Resources is working on an application for 3 wells in western Pecos County for industrial use. Todd Suter has completed one of his wells. Initially he was only getting 50 gpm; he acidized the well with 15% HCl, and the well produced 800 gpm on the final test. He may need a hydrogeological study submitted with his production permit application. He has agreed to drill a monitor well next to the wells. The permit will be for new irrigation and is located outside of Management Zone 1.



- \* XTO has completed their pump tests and will be submitting a small production permit for their new office in Coyanosa in September or October.
- \* Drilling Permits: None at this time.
- \* Water Quality Analysis: 35-40 samples for analysis have been collected and there are more to collect this month. A sample was collected from the Pecos River as well.
- \* Drought Monitor: The drought monitor report submitted in Board Information.
- \* Texas Department of Licensing and Regulations (TDLR) and the Imperial, Texas contaminated water wells: Letters that were sent to several Imperial, TX land owners informing them to plug the flowing wells have resurfaced. TDLR (Adam Foster) was in Pecos County last week, and I went with him to Imperial to check on the wells that had been sent plugging orders from TDLR. The wells are not plugged. TDLR is going to take a closer look at this problem. Some of the land has been split up and sold to several landowners. TDLR has a Memorandum-of-Understanding with the Texas Railroad Commission, and Mr. Foster will make inquiries to see if he can move this plugging process forward.
- \* Texas Commission on Environmental Quality (TCEQ) Grant Submission: We have submitted another grant application to TCEQ for \$500,000/plus to address plugging some of the flowing wells in Imperial, TX. Vince Clause with Allan Standen, LLC helped with this second grant. One of the main reasons why we were not granted funds last time was because we did not rank high enough because of the segment of the Pecos River that is not in the EPA approved plan. If we don't receive approval this time, we need to set up meetings with TCEQ.
- \* City of Fort Stockton Water Attorney: Mark Harral has submitted his letter of resignation as the City of Fort Stockton Water Attorney. The resignation is effective as of August 30, 2019.
- \* Texas Groundwater Summit: An agenda is presented to the Directors. Pecos County Judge Joe Shuster will attend the Summit and be speaking on the panel for the *County Commissioners and Judges* on Tuesday.
- \* Diamond Y Springs: The Nature Conservancy of Texas (Ryan Smith) is concerned about the drop in the Spring as compared to this same time last year and is requesting us to take a closer look. It has a decline every year, and it is currently low. A few of the water wells in the area also have a draw-down.
- \* TAGD (Texas Alliance of Groundwater Districts) Executive Director, Leah Martinsson requested identification of what I consider to be the top three challenges facing GCDs and three opportunities for GCDs:

Top 3 opportunities for GCDs:

1. Education of local stakeholders
  - \* GCDs who do a good job of stakeholder outreach/education reap the benefits (of stakeholder input, buy-in, compliance)
  - \* GCDs who make it easy for landowners to learn about groundwater really add value to the landowners

2. Good science supports good GCD decision-making
  - \* GCDs with monitoring well programs benefit over time from good data (it's realistic for all districts to afford well monitoring).
  - \* Best models are good because of actual data.
  - \* Decisions on rules, permits, DFCs, etc. are supportable when based on good data and expert input.
3. Provide CERTAINTY about what's available and what can be produced.
  - \* "It is not regulation that threatens progress, but the lack of it," said Supreme Court Justice Hecht said in *Ozarka*. With passage of time, landowners rely on their permits. Same with other types of permits (TCEQ, PUC, RRC, cities, counties). Permits get renewed. It can be a very good thing that landowners can rely on the water they've been using and that's permitted.

Top 3 challenges of GCDs:

1. Misperception of GCDs *in Austin*:
  - \* We hear criticism by small group of stakeholders nearly all of whom are trying to profit from moving large volumes of water (TAGOP, groundwater marketers, and their lobbyists, consultants and lawyers, including Larson and Perry).
  - \* BUT statewide, it's probably true that 99% of landowner-permit holders are in compliance with district rules and aren't complaining about their district.
2. PGMA process
  - \* There has been several failures to more quickly recognize real problems in unregulated areas and do something about it—need to be able to form PGMA's more quickly and then improve on the process for addressing the problems in unregulated areas.
  - \* Problems in unregulated areas also impact neighboring GCDs.
3. Water quality impacts from Oil and Gas Operations
  - \* Comanche Springs Cave Divers: On August 15<sup>th</sup> spelunkers will enter the springs in order to inspect the equipment that we have in the springs to measure the spring flow. The Release and Wavier form that we have them sign is presented for you to see. Also, the Pecos County Commissioners Court is aware of the cave dive and has approved it.
  - \* Future concerns with well drilling applications on tracts of land that is less than 10 acres: The Pecos County Water Control and Improvement District #1 (PCWCID#1) has reached its system capacity and is no longer allowing water taps. A plan for an engineering study is currently in the beginning stages, with an uncertain time factor. In the mean time, anyone with tracts of land that is less than 5 acres will need to come before our Board to get permission to drill. I expect there to be a lot of requests, and soon.

- \* There is an exempt well being drilled on Grey Ranch Road for Chad Williams and Doug Miller.

**XV Directors' Comments** and consider and/or act upon **agenda for next meeting**.  
There were no Directors comments.

Next month's agenda: Adoption of a Tax Rate. Show Cause Hearing for Vanguard Well Resources, LLC/Eduardo Wiebe & Jose Terrazas & Edgar Salazar. Possible production permits for WaterBridge and Todd Suter. Discussion regarding water wells on than 10 acre tracts.

**XVI Adjourn Board meeting.**

Weldon Blackwelder made a motion to adjourn the meeting. Seconded by Janet Groth. Motion carried unanimously. The meeting adjourned at 12:22 p.m.

  
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M. R. Gonzalez, Secretary/Treasurer

  
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Jerry McGuairt, President

Date Approved 09-17-2019