

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, Jr. 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, PERMIT HEARINGS AND WORKSHOP OCTOBER 22, 2019

On this the 22nd of October, 2019, a Regular Board Meeting, Permit Hearings, and 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
M. R. Gonzalez	Prec. 2, Secretary/Treasurer
Puja Boinpally	Precinct 2
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.

Members Absent: Janet Groth, Weldon Blackwelder, and Larry Drgac.

Others present: Ty Edwards, Cole Ruiz/Lloyd Gosslink-MPGCD attorney, Allan Standen, Gail Reeves, Melissa Mills, Anthony Bodnar, Paula McGuairt, Brock Thompson, Ed McCarthy II, Geoff Pike, Ryan Reed, Glenn Honaker, Thomas Skinner, Dakota Petrosky, Tommy Ervin, Selene Salazar, Anthony & Ramon Spears, Leslee & Jack Hanks, Hoven Riley, and Aurora Sain/Fort Stockton Pioneer.

REGULAR BOARD MEETING

- I Call to order regular Board meeting.
- II Comments from **public and media** (limit 5 minutes per person). No Comments.

The regular meeting was recessed at 10:00 a.m.

**WORKSHOP ON RULES REGARDING
EXEMPT AND NON-EXEMPT WELLS ON 10 ACRES OR LESS**

- I Call to Order 10:00 a.m.
- II Workshop to Review Rules Regarding Exempt and Non-Exempt Wells on Tracts of Land That are Equal To or Less Than 10 Acres in Size.
Ty Edwards explained that the Pecos County Water Control and Improvement District #1 (PCWCID#1) has reached its system capacity and there is a moratorium on setting new water taps. We have had several requests to drill a well on small tracts that do not meet the Exemption to drill a well which means that anyone with tracts of land on 10 acres or less will need to come before our Board to get permission to drill.
- During the September workshop, it was decided to have Allan Standen and Vince Clause take a look at spacing and drawdowns on small acreage. He has prepared a document illustrating the drawdowns associated with 3, 5, or 10 acre lots and the pump test analysis. Mr. Standen recommended that the wells drilled on small acreage should be required to drill to the bottom of an aquifer to limit the drawdown. General Manager Ty Edwards suggested limiting the “gallons per minute pump rate” instead of the spacing rules.
- The reports submitted by Mr. Standen were handed out to those Board Members in attendance, and will be emailed to those absent so that the workshop can be continued at a later date.
- III **Adjourn.** The workshop was adjourned at 10:14 a.m. by President McGuairt.

REGULAR BOARD MEETING – CONTINUED

- III Consider and/or act upon setting a Date for Public Hearing on Rules and Date for Board Action on Proposed Rules.

Agenda item not considered and no action taken.

**PUBLIC HEARING ON PRODUCTION PERMIT
APPLICATION FOR XTO ENERGY, INC.**

- I Call to order at 10:14 a.m. the public hearing on **Application for a Production Permit for XTO Energy, Inc.**

XTO Energy, Inc. did not have a representative present at the hearing. The hearing was tabled.

- II Adjourn hearing and consider and/or act on **Application for a Production Permit for XTO Energy, Inc.**
Hearing tabled.

**PUBLIC HEARING ON PRODUCTION PERMIT
APPLICATION FOR EDGAR SALAZAR**

- I Call to order at 10:15 a.m. the public hearing on **Application for a Production Permit for Edgar Salazar.**

Party representing application: Mrs. Edgar Salazar (Selene)

Protestant to application: None.

Public Comment: None.

President McGuairt declared the application uncontested.

Manager Ty Edwards presented the application to the Board. Edgar Salazar has made application for a Production Permit for 1 well located on 3 acres (Property Id# 43418) Legal Description: PT S/2 35 2 FSIL SEC 1 (35B) Address: 219 E Alexander Rd in Pecos County, Texas. The application request authorization to produce 3 acre-feet/year for Livestock (1 ac/ft) and Irrigation Use (2 ac/ft) from the Edwards Trinity Aquifer. Last month Mr. Salazar was fined \$250 for drilling a water well without filing the Notice-of-Intent-to-Drill. The fine has been paid in full. The well was ordered to be brought into compliance with TDLR standards at the August meeting, and it has been re-concreted and brought into compliance. The well has been registered (#2019091825). The well pumps 10 gallons per minute, and has 5" casing. Their usage will be reported annually. The application is complete.

- II Adjourn Hearing and consider and/or act on **Application for a Production Permit for Edgar Salazar.**

President Jerry McGuairt adjourned the hearing at 10:24 a.m.

Alvaro Mandujano, Jr. made a motion to approve the Production Permit for Edgar Salazar. Motion seconded by Jeff Sims. Motion carried unanimously.

Vote: **8** For. **-0-** Against. **3** Absent.

**PUBLIC HEARING ON PRODUCTION PERMIT
APPLICATION FOR ANTHONY SPEARS**

- I Call to order at 10:26 a.m. the public hearing on **Application for a Production Permit for Anthony Spears.**

Party representing application: Anthony Spears

Protestant to application: None.

Public Comment: None.

President McGuairt declared the application uncontested.

Manager Ty Edwards presented the application to the Board. Anthony Spears has made application for a Production Permit for 1 well located on 18.39 acres (Property Id# 3291 and 3292) on Legal Description: 5 & 6 2 FSIL SEC 8 RESUB, approximately located at 150 Davenport Rd, Fort Stockton, Texas. The application request authorization to produce 20 acre-feet/year for Livestock and Irrigation Use from the Edwards Trinity Aquifer. The well is #2019100734, it is 302 feet deep, and can pump 42 gallons per minute. No pump tests were required. No landowners called to protest the application. The application is complete.

Mr. Anthony Spears was sworn in for testimony. Mr. Spears testified that he wants to grow grasses for his horses and cows and needs water for his trees.

- II Adjourn Hearing and consider and/or act on **Application for a Production Permit for Anthony Spears.**

President Jerry McGuairt adjourned the hearing at 10:32 a.m.

Alan Childs, Jr. made a motion to approve the Production Permit for Anthony Spears. Motion seconded by M. R. Gonzalez. Motion carried unanimously. Vote: 8 For. -0- Against. 3 Absent.

**PUBLIC HEARING ON DRILLING PERMIT
APPLICATION FOR MMEX RESOURCES CORP.**

- I Call to order at 10:33 a.m. the public hearing on **Application for a Drilling Permit for MMEX Resources Corp.**

Party representing application: Jack W. Hanks – President and CEO

Protestant to application: None.

Public Comment: None.

President McGuairt declared the application uncontested.

Manager Ty Edwards presented the application to the Board. MMEX Resources Corp has made application for a Drilling Permit for 1 well located on 125.908 acres (Property Id# 13078) in Section 3, Survey MRS. Nu Reizenhooven, Abstract # 4615, approximately 20 miles North East of Fort Stockton on FM 1053, Texas Gulf Road, Sulfur Junction, TXPF RR in Pecos County, Texas. The well is projected to be 400 feet in depth and drilled into the Edwards Trinity Aquifer. The estimated rate of withdraw is 15 gallons per minute and the purpose of this well will be for Industrial Use. The application is complete.

Mr. Hanks was sworn in for testimony. Mr. Hanks reported that Phase 1 is a Crude Distillation unit and will produce 10,000 barrels per day of mid-range diesel for non-transportation purposes, naphtha and residual oils. The \$106,000,000 for the phase 1 unit is scheduled to close soon in November or December. The water will be used for a de-salter at the front of the Plant to clean diesel. No one will be living out there on site. There will be various employees at the Plant 24/7. Thomas Skinner with Skinner Drilling has been retained to drill the water well.

II Adjourn Hearing and consider and/or act on **Application for a Drilling Permit for MMEX Resources Corp.**

President Jerry McGuairt adjourned the hearing at 10:43 a.m.

Alvaro Mandujano, Jr. made a motion to approve the Drilling Permit for MMEX Resources Corp. Motion seconded by Alan Childs, Jr. Motion carried unanimously. Vote: **8** For. **-0-** Against. **3** Absent.

The Regular Meeting reconvened at 10:45 a.m.

IV Consider and/or act upon **the Minutes of Regular Meeting on September 17, 2019.**

Allan Childs made a motion to approve the minutes of the regular meeting for September 17, 2019, as presented. Motion seconded by Ronnie Cooper. Motion Carried. Vote: **8** For. **-0-** Against. **3** Absent.

V Consider and/or act upon **Treasurer's Report for the Month Ending September 30, 2019.**

M. R. Gonzalez made a motion to approve the Treasurer's Report for the month ending September 30, 2019 as presented. Motion seconded by Ronnie Cooper. Motion Carried. Vote: 8 For. -0- Against. 3 Absent.

Reconvened Application for a Production Permit for XTO Energy, Inc.

The Board broke into discussions regarding action on the XTO Energy Production Permit application. Several Board Members felt that the application could be heard and acted on even though XTO Energy did not have a representative present for the Public Hearing. Meanwhile, other Board Members felt that an XTO Energy representative should be present.

Alvaro Mandujano, Jr., made a motion to continue the Public Hearing on the application without XTO Energy representatives present. Motion was seconded by Allan Childs, Jr. Motion failed. Vote: 5 For. 3 Against. 3 Absent.

VI 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).

The 112th Judicial District Court is of the opinion and decrees that Cause P-12176-112-CV is removed from the dismissal docket and shall be set for a pretrial conference on this Court's non-jury civil docket for the 27th day of July, 2020, at 10:00 a.m., at the Pecos County Courthouse Annex, 400 South Nelson Street, Fort Stockton, Texas, 79735. The hearing is set for all the purposes allowed under Texas Rule of Civil Procedure 166.

No action taken.

VII Consider and/or act regarding the **request by Senator Charles Perry**, Chairman of the Senate Committee on Water and Rural Affairs, that groundwater conservation districts address with his office **each district's science-based approach to its regulatory program and larger-volume groundwater export projects.**

MPGCD has a letter composed to send to Senator Charles Perry that follows up on discussions at the Texas Groundwater Summit in San Antonio with Committee Director Katherine Thigpen and District Director Laura Lewis in late August. This letter follows up on Senator Perry's interest in (1) science-based decisions of groundwater conservation districts and (2) larger-volume groundwater export projects within the jurisdiction of groundwater conservation

districts. This letter briefly summarizes how our District has invested over \$1 million in studies, relied on studies conducted by the District's constituent stakeholders as well as research of the Texas Water Development Board, and authorized 100% of the six (6) export applications requested at the District. A Power Point presentation summarizing our District that was presented during legislative briefings and invited testimony during the 85th Legislative Session, which we have updated with more current information is also prepared to send with the letter.

Ronnie Cooper made a motion to authorize MPGCD representatives to sign the letter to be sent to Senator Charles Perry along with the presentation. Motion seconded by Puja Boinpally. Motion Carried Unanimously.

Vote: 8 For. -0- Against. 3 Absent.

VIII 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 3,196. 950 of those are Non-Exempt Wells and 2,246 Exempt wells.
- * Production Permits: Production Permits are in the works for Enstor Waha; XTO Energy, Inc.; Parsley Energy; Judd Chism; and Randy Taylor. Hanging H Ranch has drilled their well to 1,350' and they are having problems with the pump tests.
- * Drought Monitor: The drought monitor report is submitted in Board Information. Pecos County is currently out of drought.
- * Water Quality Analysis: Water analysis samples are being pulled. And, when a new well is drilled or registered, we get a sample and well depth.
- * Speaking Engagement: The Texas Bar CLE Program has invited Ty Edwards (and he accepted) to speak at the upcoming "Changing Face of Water Law Course" on February 21, 2020, in San Antonio, TX. The agenda item is: Groundwater District Regulatory Methodologies & Potential Conflicts. Groundwater Management Area 7 (GMA 7): On 10-03-2019 Mr. Edwards attended a GMA 7 meeting. TX Senator Charles Perry (currently chairs the Senate Committee on Water & Rural Affairs) and his staff were invited to the meeting. Senator Perry was unable to attend, but he sent several staff members. Dr. Bill Hutchison was in attendance at the GMA 7 meeting to provide a review of the Joint Planning Process for DFC's (Desired Future Conditions) and MAG (Modeled Available Groundwater), and this meeting was the first of several meetings to be held to start the 5-year planning process for the GMA 7 DFC and MAG process. In your Board Meeting materials today is a copy of his power point on the Joint Planning Process (DFC, MAG), and a power point on a review of the TWDB report regarding the conditions in Val Verde County. Note that there is a basic timeline in the PowerPoint presentation. The final vote on DFC's and MAG's

will be approximately November 2021. This will be a tentative schedule for GMA 3as well. A GMA 3 meeting will be tentatively called the day after our December Board Meeting.

- * Well registration process: This month we have mailed over 1,260 letters to the customers of Pecos County Water Control and Improvement District #1 asking them to register any un-registered water wells. The response-to-date has resulted in 14 new well registrations, 2 change-of-ownerships, and 14 calls of wells that are already registered.
- * 2018 Water Production: We now have all of the annual production usage reported for 2018. The numbers have been compiled per aquifer, and per GMA 3 or GMA 7 for the years 2014 – 2018. Most of the water in GMA 7 is out of the Belding area. The Coyanosa area usage is down. Over all we went up about 2,000 acre feet from 2017 to 2018. Production is down compared to previous years reporting.
- * Office remodeling: Work is scheduled to begin next week. Only one entity submitted a bid for the remodeling/construction. We received a bid estimate from Young Construction & Equipment for \$21,900 for flooring, paint, trim, lighting and wood materials and labor.
- * Flowing wells near Imperial, TX: Texas Representative Poncho Nevarez’s (on the Natural Resources committee) office has contacted the TX Railroad Commission (RRC) for the last 2 months to try and help us with the funding for plugging some of the flowing wells near Imperial – or to get the RRC to get the wells plugged. He cannot get them to call him back. Although on 10-21-2019 Mr. Edwards received an email from Nevarez that a preliminary meeting has been set up with one of the RRC commissioners and the Senator.
- * Annual Report for “Annual and Sick Leave” as of 09-30-2019: This information was included in the Board’s information and in the minutes as required by the employee manual #4.26 (B).

Employee	Vacation Hours as of 09-30-2019	Maximum Accrual in days/hours	Anniversary Date	Accrued Sick Time as of 9-30-2019	Accrued Comp Time as of 9-30-2019	Adjustments Made as of 09-30-2019
Edwards, Ty	47.00	15 days/120 hrs.	12/2/2013	225.00	N/A	0.00
Mills, Melissa	158.25	20 days/160 hrs.	11/16/2007	142.25	.50	0.00
Reeves, Gail	70.59	17 days/136 hrs.	6/3/2013	85.94	0	0.00
Bodnar, Anthony	64.88	15 days/120 hrs.	5/7/2018	34.00	0	0.00

- IX **Directors' Comments** and consider and/or act upon **agenda for next meeting**.
Allan Childs, Jr.: XTO is in their office now. They need the water now. They are having to haul water for the office.
Ty Edwards: The water well for XTO Energy is for public supply and will not have final TCEQ approval for public supply use for a couple of months. The hearing will be re-noticed for our next Board Meeting.
- X **Adjourn** Board meeting.
President Jerry McGuairt adjourned the meeting at 11:12 a.m. Allan Childs, Jr. made a motion to adjourn the meeting at 11:12 a.m. Motion seconded by M. R. Gonzalez. Motion carried unanimously.

M. R. Gonzalez, Secretary/Treasurer

Jerry McGuairt, President

Date Approved _____