

**PANHANDLE GROUNDWATER
CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING**

District Office – Windmill Room
201 W. Third Street, White Deer, Texas

Thursday June 8, 2017

Those present were:

Danny Hardcastle	President
Phillip Smith	Vice-President
Chancy Cruse	Secretary
Charles Bowers	Director
Bill Breeding	Director
Butch Collard	Director
Joy Shadid	Director
John R Spearman, Jr.	Director
Jim Thompson	Director
C.E. Williams	General Manager
Bill Mullican	Professional Geoscientist
Monique Norman (via phone)	Attorney
Peter Winegeart	Field Technician/Policy
Anita Haiduk	Permitting Clerk/Secretary
Steve Shumate	Hydro-Geologist
Julie Bennett	Admin. Asst.

Guests present: Margaret Cobb, Valle De Oro; Judith Michael, Valle De Oro; Tommy Doran, Valle De Oro; Steven E. Cobb, Valle De Oro; Janice Geerdes, Valle De Oro; Cathlina King, Valle De Oro; David Dockery, City of Clarendon; Mike Norrell, Clarendon CISD; Chip Mullens, Le Norman Operating; Rome Nichols, Le Norman Operating; Jeremy Hawthorne, Le Norman Operating; Jeff Nelson, Le Norman Operating; Steve Zielny, Le Norman Operating; Kenneth R. Netardus, SJB Law Firm; Kent Satterwhite, CRMWA; Kent Kelp, City of White Deer; Donna Jernigan, Valle De Oro; Gabe Irving, Valle De Oro; Jason Hawley, Le Norman Operating; Tony Guerrero, Valle De Oro; Ray Matthews, Valle De Oro

AGENDA ITEM 1 – CALL TO ORDER

President Hardcastle called the meeting to order at 9:01

AGENDA ITEM 2 – PUBLIC COMMENT

President Hardcastle opened the floor for public comments.

No comments were made at this time.

AGENDA ITEM 3 – CERTIFICATION OF ELECTION

General Manager C.E. Williams certified that, for the Director Election scheduled for May 6, 2017, only one person signed a petition to run for the position in Precincts One, Three, Five, Seven and Nine of the Panhandle Groundwater Conservation District.

Therefore, the candidate in each of these precincts is unopposed and duly elected:

Phillip Smith, Precinct 1; John R. Spearman, Jr., Precinct 3; Chancy Cruse, Precinct 5; Bill Breeding, Precinct 7; and F.G. “Butch” Collard, Precinct 9.

Bill Breeding made the motion to approve the Certification of Election, seconded by Jim Thompson, motion passed unanimously.

Certification of Election is attached to these minutes

AGENDA ITEM 4 – ADMINISTER OATH OF OFFICE TO NEWLY ELECTED DIRECTORS

Mayor of White Deer, Kent Kelp administered the oath of office to the newly elected directors.

AGENDA ITEM 5 – ELECT OFFICERS TO THE BOARD OF DIRECTORS

Charles Bowers made the motion to re-elect Danny Hardcastle as President, Phillip Smith as Vice-President and Chancy Cruse as Secretary of the Board of Directors of the Panhandle Groundwater Conservation District by acclamation, seconded by Jim Thompson, motion passed unanimously.

AGENDA ITEM 17 – CONSIDERATION AND POSSIBLE ACTION ON FORMAL COMPLAINT FILED AGAINST 3 RIG SUPPLY WELL IN POTTER COUNTY, TEXAS

Kenneth Netardus introduced himself and stated that he has represented Le Norman Operating for ten years and can state that Le Norman has a history of understanding the importance of protecting the quantity and quality of groundwater, and following the rules concerning groundwater. Mr. Netardus added That Le Norman understands the concerns the residents of Valle De Oro have about the quality and quantity of the groundwater, due to the three (3) rig supply wells drilled in their area and are here with key staff to answer any questions.

Jeff Nelson Chief Operating Officer for Le Norman Operating introduced himself and gave some history of Le Norman Operating. Mr. Nelson stated that the company has been operating in the Texas Panhandle for fifteen to twenty years and are in good standing with the Railroad Commission. Mr. Nelson added that the Company is sympathetic to the plight of groundwater and are good stewards of the water; however, during the drilling of oil wells a lot of water is used up front during fracking, and then not so much after that.

When asked how much water is needed Mr. Nelson stated that about 200,000 barrels of water per well will be used to frack and another 50,000 barrels per well to drill, with some of that water being reclaimed. Nelson continued stating that they have been actively looking for brackish water and alternative water sources to use on the N side of the railroad tracks; however, delays in securing the permit needed from BNSF Railroad to bore underneath the railroad track in order to pipe water from the north side to the south side of the river are making it unlikely to happen, with it only being two weeks away from drilling.

Steven E. Cobb a resident of Valle De Oro since 1993 introduced himself and addressed the Board, stating that he understands the importance of oil and gas, but with the wells being directly across from his home who will be responsible if his water well goes dry.

Maggie Cobb a resident of Valle De Oro addressed the Board stating that she has three wells on her property at 6 foot, 9 foot and 32 foot and she would like to know who is responsible if the water draws down past the 32 foot. Mrs. Cobb also expressed concern over water line being laid on private property without securing a permit.

Cathlina King a resident of Valle De Oro for 29 years addressed the Board stating that the type of home loans some of the residents have were contingent on the water wells pumping a certain number of gallons and is concerned that if they lose their water the loan company may go back on the loan. Mrs. King also read a written statement, which asked for whatever help and protection the District could provide.

After much discussion was had concerning the water production exemption from the State for oil and gas exploration and production, the limited water supply in Valle De Oro, the recharge of the Dockum Aquifer in the area, hauling in water to the drill site, water rights and mineral rights, who would be responsible for wells going dry, and the location of brackish water, the Board offered a compromise. The Board asked Mr. Nelson and the residents of Valle de Oro that if the District allowed Le Norman Operating to continue pumping the two (2) legal wells at 35gpm per well for 30 days, and during that time would the company be willing to actively look for usable brackish water and/or alternative water sites, while the District contacts BNSF Railroad to help in possibly expediting the required permit, and if usable alternative water is found they would consider ceasing the pumping the existing wells. And if needed, another meeting will be held in 30 days in Valle de Oro. Mr. Nelson and the residents of Valle De Oro agreed to the compromise.

Charles Bowers made the motion to allow Le Norman Operating to continue pumping the two water wells meeting spacing for a 2" well at 35gpm per well for a total of 70gpm for the next 30 days, while they look for alternative water sources to supply water for the drilling and completion of these oil wells, and review in 30 days if needed, seconded by Chancy Cruse, motion passed unanimously.

AGENDA ITEM 16 – CONSIDERATION AND POSSIBLE ACTION OF WATER WELLS DRILLED IN VIOLATION OF DISTRICT RULE 5.1 WELL REGISTRATION

General Manager C.E. Williams made the Board aware that three (3) wells were drilled by Le Norman Operating in Valle De Oro, Potter County without first securing the required paperwork. Le Norman Operating has completed the drilling application per District Rule 5.1 and they and 3T Drilling have paid the fines assessed, per District Rule 3, 3.3 (d) 1. Mr. Williams added that Field Technician Peter Winegeart was sent to confirm that the spacing of the wells met District rules, and it was discovered that they did not. All three (3) wells were drilled for maximum pumping of 70 gpm; however, two (2) wells only met spacing from the property line and each other for maximum pumping of 35 gpm and one (1) well only met spacing from the property line and the other two (2) wells for maximum pumping of 17.5 gpm, per District Rule 8, 8.1 (a). Le Norman Operating was made aware of the violations and are currently only pumping two (2) wells at 35gpm per well, and has ceased pumping the third (3rd) well; therefore Le Norman Operating is currently in full compliance with District rules.

No Action Taken

President Hardcastle recessed the meeting at 11:00 am

President Hardcastle reconvened the meeting at 11:20 am

AGENDA ITEM 7 – CONSIDERATION AND POSSIBLE ACTION ON EXCEPTION TO SPACING REQUEST FROM MIKE NORRELL FOR CLARENDON CONSOLIDATED SCHOOL DISTRICT

Mike Norrell, Superintendent of Clarendon Consolidated School District addressed the Board stating that the School District has recently taken over ownership and maintenance of the baseball/softball complex from the City of Clarendon. The District wants to lessen the expense of watering the fields, by drilling a water well in lieu of purchasing the water from the City. Due to the existing sprinkler system the well needs to be a 3" well capable of pumping 40 gpm; however, because of where the well needs to be drilled it will only meet spacing for a 2" well with a maximum pumping rate of 35 gpm, per District Rule 8, 8.1(a). Therefore, Mr. Norrell requested an exception to spacing from the Board per District Rule 8, 8.3.

After discussion, the Board made Mr. Norrell aware that if he could secure easements from the adjoining landowners and provide them to the District, the well would be considered legal and not require an exception to spacing.

No Action Taken

AGENDA ITEM 6 – CONSIDERATION AND POSSIBLE ACTION ON MINUTES

- a. Board Meeting & Public Meeting 3.23.17

John R Spearman, Jr. made the motion to approve the March 23rd Board Meeting and Public Meeting minutes as written, seconded by Bill Breeding, motion passed unanimously.

A copy is attached to these minutes

AGENDA ITEM 8 – CONSIDERATION AND POSSIBLE ACTION ON EXPENDITURES

- a. March 2017
b. April 2017
c. May 2017

After review Joy Shadid made the motion to approve the March 2017 expenditures, seconded by Bill Breeding, motion passed unanimously.

After review John R. Spearman, Jr made the motion to approve the April 2017 expenditures, seconded by Joy Shadid, motion passed unanimously.

After review Jim Thompson made the motion to approve the May 2017 expenditures, seconded by Butch Collard, motion passed unanimously.

A complete copy of the financial statement(s) are attached to these minutes

AGENDA ITEM 9 – CONSIDERATION AND POSSIBLE ACTION ON DONLEY COUNTY SHERIFF’S SALE

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|---|----------------------------|-------------|
| a. Lot 41, Carroll Creek Acres, Howardwick, Texas | Advertised Minimum: \$1408 | Bid: \$1408 |
| b. Lot 706-707, Red Feather, Howardwick, Texas | Advertised Minimum: \$650 | Bid: \$650 |
| c. Lot 37, Peyton Place, Howardwick, Texas | Advertised Minimum: \$400 | Bid: \$400 |
| d. Lot 96, Navajo, Howardwick, Texas | Advertised Minimum: \$250 | Bid: \$250 |

Bill Breeding made the motion to approve the bids for items a-d, seconded by Jim Thompson, motion passed unanimously.

AGENDA ITEM 10 – CONSIDERATION AND POSSIBLE ACTION ON AG LOAN(S) TO FARMERS

- a. Lance Williams

John R. Spearman, Jr. made the motion to approve the Ag Loan request from Lance Williams of \$148,800 to be financed for eight years at a rate of 1.86%, for the purchase of a 2017 2,596’ 17 tower Valley center pivot irrigation system, to be located on Section 43, Block 2, TT RR Survey, Carson County Texas owned by Lance and Danielle Williams, seconded by Chancy Cruse, motion passed unanimously.

AGENDA ITEM 12 – CONSIDERATION AND POSSIBLE ACTION TO APPOINT BUDGET COMMITTEE

After discussion Joy Shadid, Chancy Cruse, Charles Bowers and Phillip Smith were appointed to the budget committee, with Bill Breeding as alternate.

AGENDA ITEM 11– CONSIDERATION AND POSSIBLE ACTION ON RAINWATER HARVESTING REBATE

- a. David Hodges
- b. Tony Britten

After discussion and review John R. Spearman, Jr. made the motion to approve (a) Rainwater Harvesting Rebate application from David Hodges (Hodges Stock Farm) for \$7,962.50 or not more than 50% of the entire cost of the system, seconded by Phillip Smith, motion passed unanimously.

An application was not received from Tony Britten; therefore, no action was taken on (b).

AGENDA ITEM 13 – CONSIDERATION AND POSSIBLE ACTION ON ANNUAL REVIEW AND AMEDMENT TO DISTRICT INVESTMENT POLICY.

General Manager C.E. Williams stated that there are no recommended changes to the District’s investment policy; however a resolution is required re-adopting the existing policy and designating an investment officer.

John R. Spearman, Jr. made the motion to approve the resolution re-adopting the District’s investment policy and designate General Manager C.E. Williams as the Investment Officer, seconded by Bill Breeding, motion passed unanimously.

President Danny Hardcastle recessed the meeting at 12:10 pm for lunch

President Hardcastle reconvened the meeting at 12:50 pm

AGENDA ITEM 18 – REPORT ON RULE 15 DEPLETION PROGRAM WITH CONSIDERATION AND POSSIBLE ACTION ON STUDY AREAS

General Manager C.E. Williams stated that the staff is not recommending the delineation of any new study areas or any changes to the existing study areas at this time.

Mr. Williams continued stating that he believes the methodology currently in place in District Rule 15 Depletion and Production Management, triggering a conservation area doesn’t work. C.E. added that he feels it would be prudent for the Board to schedule a work session to review the depletion program as a whole, using the data collected over the past nineteen years.

District Consultant Bill Mullican stated that a work session would allow him to graphically illustrate the reality of the hydrogeology of the District and challenges of moving an area into a conservation area. Bill added that there was not enough data on the aquifer when the District created the depletion program, and that using the data collected the past nineteen years would be beneficial in assisting the Board in formulating a new trigger for the creation of a conservation area.

At 1:10 pm the Board recessed into Executive Session under Texas Open Meetings Act Chapter 551 Government code 551.071 Attorney Privilege.

President Danny Hardcastle reconvened the meeting at 1:30 pm

No action taken.

AGENDA ITEM 14 – CONSIDERATION AND POSSIBLE ACTION QUARTERLY PRODUCTION REPORTS AND OUT OF DISTRICT TRANSPORTATION REPORTS FROM THE CITY OF AMARILLO, CONOCO PHILLIPS, CRMWA, CITY OF BORGER, CITY OF FRITCH, CITY OF MEMPHIS, CITY OF CLARENDON, BRICE-LESLEY AND GREENBELT WATER AUTHORITY

After review Bill Breeding made the motion to approve the quarterly production and out of District transportation reports, seconded by Butch Collard, motion passed unanimously.

AGENDA ITEM 15 – CONSIDERATION AND POSSIBLE ACTION ON TEXAS PARKS & WILDLIFE DO-473 OTH TO RESUME PUMPING

General Manager C.E. Williams made the Board aware that all fines associated with Texas Parks & Wildlife Permit Application DO-473 have been received.

Bill Breeding made the motion to approve resumption of pumping by Texas Parks & Wildlife, Donley County well 473, seconded by Butch Collard, motion passed unanimously.

AGENDA ITEM 19 – CONSENT AGENDA – DRILLING PERMITS

The following items are a part of the Consent Agenda. All Well Permit requests in Agenda Items A – B have been thoroughly reviewed by staff, are administratively complete and the General Manager is recommending issuance.

RECLASSIFY WELLS – None

A. Drilling Permits for wells with 4” pump or smaller

** indicated well log has been received

DOMESTIC WELLS

1. **GR-775-DW-TANNER WINKLER** A 2” well to be drilled by Magic Circle by no date on 20 ac in the SW/4 of Sec. 125, Blk 3, I&GN Survey (being located @ 11725 Co Rd E on N side of road approx. 2/3 mi W of Price Rd, approx. 2/3 mi W of Pampa City Limits) Gray County, Texas
2. **GR-776-DW-LANCE J. WEAVER** – A 2” well to be drilled by K-Ran by 4.30.17 on 5 ac in the NE/4 of Sec. 93, Blk. 3, I&GN Survey (being located just N of the E side of Pampa City Limits on Loop 171, approx. 1mi from Hwy 70 on Loop 171 on W side of Loop 171) Gray County, Texas
3. **PO-523-DW – GARY & GAYE CUDNEY** - A 1” well to be drilled by Matt Lichtie by 4.2.17 on 10ac in the SW/4 of Sec. 129, Blk 2, AB&M Survey (being located @ 4801 E Willow Creek Dr. on N side of road approx. 2/10mi W of intersection with N Eastern St and E Willow Creek Dr. which also begins the Mesilla Park Addn., 2mi N of Amarillo City Limits) Potter County, Texas
4. **PO-524-DW – LOUIS SANCHEZ** - A 1” well to be drilled by Joe Morrow by no date on 8ac in the SE/4 of Sec. 114, Blk. 9, BS&F Survey (being located in Bishop Estates in 13000 block of Stone View Dr. on Tract 12 & 13 west, Block 1, approx. 3mi W on RM 1061 from intersection with W Loop 335 N, then S on Estates Dr. approx. 2mi, then left on Stone View Dr. with well location on W side of road, approx. 4mi W of Amarillo City Limits) Potter County, Texas
5. **PO-525-DW – ERIKA ASHTON CRAWFORD** - A 1” well to be drilled by K-Ran by 6.6.17 on 3.92 ac in the SW/4 of Sec 81, Blk 9, BS&F Survey (being approx. 1/3mi S on Ranch Rd from RM 1061, then W on East View Dr. then almost immediately S to well location, approx. 1mi W of Bishop Hills entrance, W of Amarillo) Potter County, Texas

6. **WH-337-DW – JASON FOREMAN** - A 1” well to be drilled by Arrow Water Well by 5.10.17 on 9ac in the SE/4 of Sec 4, Blk, A4, H&GN Survey (being located approx. 1 ½ mi E of Wheeler City Limits on N side of Hwy 152) Wheeler County, Texas.

After Review John R. Spearman, Jr. made the motion to approve Agenda Item 19, A items 1-6, seconded by Bill Breeding, motion passed unanimously.

IRRIGATION WELLS

7. **CA-1292-RYAN BERRY** - A 4” well to be drilled by Raymond Lichtie by 4.20.17 on 640ac in the NW/4 of Sec 13, Blk 2, TT RR Survey (being located 5mi N of I-40 on Co Rd Q in the SE corner of the intersection of Co Rd Q & Co Rd 7) Carson County, Texas. **Well #1 of 4 – 4”**
8. **CA-1293- RYAN BERRY** – A 4” well to be drilled by Raymond Lichtie by 4.20.17 on 640 ac in the NW/4 of Sec. 13, Blk. 2, TT RR Survey (being located 5mi N of I-40 on Co Rd Q in the SE corner of the intersection of Co Rd Q & Co Rd 7, 200 yards S of well #1) Carson County, Texas **Well #2 of 4 – 4”**
9. **CA-1294-RYAN BERRY** – A 4” well to be drilled by Raymond Lichtie by 4.20.17 on 640 ac in the NW/4 of Sec 13, Blk 2, TT RR Survey (being located 5mi N of I-40 on Co Rd Q in the SE corner of the intersection of Co Rd Q & Co Rd 7, 200 yards E of well #1) Carson County, Texas **Well #3 of 4 – 4”**
10. **CA-1295- RYAN BERRY**– A 4” well to be drilled by Raymond Lichtie by 4.20.17 on 640 ac in the NW/4 of Sec.13, Blk. 2, TT RR Survey (being located 5mi N of I-40 on Co Rd Q in the SE corner of the intersection of Co Rd Q & Co Rd 7, 200 yards E of well #3) Carson County, Texas **Well #4 of 4 – 4”**
11. **WH-336- MATT HINTON** – A 4” well to be drilled by Magic Circle by 4.18.17 on 1120ac in the NE/4 of Sec 25, Blk 24, H&GN Survey (being located approx. 7 ¾ mi N of I-40 on FM 453 then W approx. 1/3mi to well location) Wheeler County, Texas
12. **WH-336-ROBERT MACINA** - A 4” well to be drilled by Faulk Drilling by 4.18.17 on 160 ac in the SE/4 of Sec 126, Blk 23, H&GN Survey (being located 1 ½ mi N of intersection of FM 453 & Co Rd X, W side of FM 453, approx. 4 ½ mi N of I-40) Wheeler County, Texas

After review Bill Breeding made the motion to approve Agenda Item 19, A, items 7-12, seconded by Joy Shadid, motion passed unanimously

B. Drilling Permits for wells larger than 4”

1. **AR-65- ANTHONY BASS** – A 6” well to be drilled by 4M by 4.20.17 on 314ac in the NE/4 of Sec 113, Blk B3, H&GN Survey (being located on the S side of Hwy 287 approx. 1.6mi E of intersection of FM 294 & Hwy 287 (Goodnight)) Armstrong County, Texas
2. **RO-230-RICHARD DE VUYST** – An 8” well to be drilled by Hydro by 4.20.17 on 157ac in the SW/4 of Sec 60, Blk 2, I&GN Survey (being located approx. 3 ½ mi N of FM 282 on Major Reed Rd. on W side of Major Reed Rd, approx. 3 ½ mi N of Gray County Line) Roberts County, Texas
3. **GR-777-STEPHEN MARTIN** – An 8” well to be drilled by Hydro by 4.30.17 on 640ac in the SW/4 of Sec 49, Blk M2, H&GN Survey (being located approx. 1 ¼ mi N of Hwy 152 on Ranch Rd 748, then approx. 1mi on Co Rd D on N side of road) Gray County, Texas

After review Jim Thompson made the motion to approve Agenda Item 19, B items 1-3, seconded by Butch Collard, motion passed unanimously.

AGENDA ITEM 20 – CONSIDERATION AND POSSIBLE ACTION SET FUTURE MEETING DATES.

A work session to review and discuss possible amendments to District Rule 15 Depletion and Production Management is set for Wednesday July 19th at 1:30

The next regular Board meeting is set for Thursday July 20th at 9:00 am

AGENDA ITEM 21 – STAFF UPDATES

District Geo-hydrologist Steve Shumate reviewed and discussed the draft of the 2017 annual percent decline analysis with the Board. C.E. Williams brought to the attention of the Board, a well located in an area of Wheeler County with little production that exceeded the percent decline, due to thin saturated thickness, reaffirming that saturated thickness can be a driving factor in the percent decline.

AGENDA ITEM 22 – MANAGERS REPORT

No Action Taken – Managers Report Attached

AGENDA ITEM 23 - ADJOURN

President Danny Hardcastle adjourned the meeting at 2:20 pm


Chancy Cruse, Secretary


Danny Hardcastle, President