

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

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

Thursday April 12, 2018

Those present were:

Danny Hardcastle	President
Phillip Smith	Vice-President
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
Peter Winegeart	Asst. Manager
Britney Britten	PR/Education
Jennifer Puryear	Meteorologist
Steve Shumate	Hydrogeologist
Bill Mullican	Professional Geoscientist
Julie Bennett	Admin. Asst.

Guests Present: Scott Honeyfield, Parkhill Smith & Cooper; Doyle Robinson, Mayor of Panhandle;
Kent Satterwhite, CRMWA

AGENDA ITEM 1 – CALL TO ORDER

President Danny Hardcastle called the meeting to order at 9:05

AGENDA ITEM 2 – PUBLIC COMMENT

President Hardcastle opened the floor for public comments.

There were no public comments

AGENDA ITEM 3 – CONSIDERATION AND POSSIBLE ACTION ON MINUTES

a. Board Meeting 3.1.18

After review Jim Thompson made the motion to approve the minutes as written, seconded by Joy Shadid, motion approve unanimously.

A copy is attached to these minutes

AGENDA ITEM 5 – PRESENTATION AND DISCUSSION ON WATER QUALITY ISSUES BY SCOTT HONEYFIELD

Scott Honeyfield made a presentation on behalf of Concerned Citizens of Carson County petitioning the Board to adopt water quality rules. Mr. Honeyfield sighted two instances within the District that contamination to the groundwater caused water quality issues, and the cost of making the water potable again. Honeyfield continued stating the Texas Water Code Chapter 36 authorizes water districts to adopt water quality rules and that majority of the districts have them in place. District Consultant Bill Mullican stated that the water quality rules of the other districts pertain to open holes and abandoned wells, and that this District has rules in place concerning that issue.

General Manager C.E. Williams stated that TCEQ is the lead agency on water quality, but that he would contact other water districts concerning their rules and keep their group informed.

A copy of the presentation is attached to these minutes

AGENDA ITEM 4 – CONSIDERATION AND POSSIBLE RATIFY THE EXPENDITURES

- a. March 2018

General Manager C.E. Williams stated that February Financials were not put on the agenda by mistake and will be on the next meeting's agenda.

Director John R. Spearman, Jr asked about the large transactions to Poor Boy Avionics. Mr. Williams stated that the District aircraft was sent to Poor Boy Avionics in San Angelo for the annual inspections and the mechanic found a lot of maintenance and repairs that needed to be made on both aircraft. C.E. added that he is not sure if this mechanic is just very thorough or if the previous mechanics were not thorough enough.

John R. Spearman, Jr. made the motion to approve the March Financials, seconded by Jim Thompson, motion passed unanimously.

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

AGENDA ITEM 6 – CONSIDERATION AND POSSIBLE ACTION CARSON COUNTY SEALED BID

- a. Lots 17-20, Block 24, OT @ 807 Chamberlin, Skellytown, TX. Bid: \$200
(This property had \$1,313.39 struck from tax roll in 2016. Not on tax roll at this time.)

John R. Spearman made the motion to accept the bid of \$200 for item a, seconded by Phillip Smith, motion passed unanimously.

AGENDA ITEM 7 – CONSIDERATION AND POSSIBLE ACTION ON POTTER COUNTY'S SHERIFF'S SALES

- a. Lot 22, Block 3, Sub of Block E Forest Hill Addn, @1019 N Manhattan St. Due: \$34,182.93 Bid: \$27,500
b. Lot 12, Block 94, San Jacinto Heights Addn, @ 3214 NW 2nd Ave. Due: \$7,209.03 Bid: 680
c. East 129 ft triangle of 7, Blk 22, Arch Terr, Country Club Dist, no address given Due: \$7209.03 Bid: \$250
d. Lot 11, Blk 4, John Dees Addn @ 1314 Parker St Due: \$27,273.39 Bid: 15,000.01

After discussion Phillip Smith made the motion to accept the bids for items a-d, seconded by Joy Shadid, motion passed unanimously.

AGENDA ITEM 8 – CONSIDERATION AND POSSIBLE ACTION ON DONLEY CO SHERIFF'S SALE

- a. Lots 835-837 Red Feather Addn, Howardwick, TX Min: \$1,076 Bid: \$1,077

Phillip Smith made the motion to accept the bid for item a, seconded by Charles Bowers, motion passed unanimously.

AGENDA ITEM 9 - CONSIDERATION AND POSSIBLE ACTION TO ALLOW THE CHERRY DRUG STORE SIGN BE REMOVED FROM THE BUILDING ON LOT 20, BLOCK 2, ORIGINAL TOWN, HEDLEY, TEXAS

General Manager C.E. Williams made the Board aware that approximately a year ago the District was contacted as a taxing entity of Donley County, asking if we had any objection with the Cherry family removing the sign from the abandoned Cherry Drug Store located in Hedley. C.E. stated that he made them aware that the District has no objection; however, Donley County is requiring the family to purchase and demolish the building in order to take possession of the sign. Therefore, the Cherry family is petitioning the District as a taxing entity for approval to remove the sign without requiring the purchase and demolishing of the building.

After discussion, Bill Breeding made the motion to allow the Cherry Family to remove the sign without requiring the purchase and demolishing of the building, seconded by Joy Shadid, motion passed unanimously.

AGENDA ITEM 12- 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 DOMESTIC WELLS

1. **GR-782-DW – KYLEE SCHUMACHER** – A 2” Well to be drilled on 1085 ac by 3T Drilling by 2/28/18 in the NE4 of Section 115, M2, BS&F Survey (being located 1mile S of Hwy 152 on Co Rd 22, then E ½ mile, then S ¼ mile to well location) Gray County Texas
2. **PO-544-DW – GARY AND GAYE CUDNEY** - A 1” Well to be drilled on 10 ac by Lichtie Drilling by 12/14/17 in the SW4 of Section 129, Block 2, AB&M Survey (being located @ 4801 E Willow Creek Drive, 1 mile N of E Loop 335 N, on Eastern St, then W approx. ¼ mile with well location on N side of Willow Creek Dr. 2 mile N of Amarillo City Limits) Potter County Texas **Easement on File**
3. **PO-545-DW – MIKE HUGES**- A 1” Well to be drilled on 2.72 ac by Etter Water Well by 3/30/18 in the SE4 of Section 90, Block 9, BS&F Survey (being located @ 11900 E View Dr. in Bishop Hills, 1/3 mile S of RM 1061 on Ranch Rd to East View Dr., then W on East View Dr. approx. ½ mile with well on N side of road) Potter County Texas
4. **PO-548-DW – LOGAN WILLIAMS**- A 1” well to be drilled on 6.5 ac by Etter Water Well by 3/16/18 in the SW4 of Section 54, Block 9, BS&F Survey (being located @ 7150 Hayes Rd in Tascosa Hill Addn. approx. 2 miles N of RM 1061 and Soncy Rd then approx. 9/10 mile W to Hayes Rd then N and on the R, N of Amarillo City Limits) Potter County Texas

OTHER WELLS

5. **PO-550 – STELLAR DEVELOPMENT**- A 1” Well to be drilled on 3 ac by K-Ran by no date in the SW4 of Section 10, Block 9, BS&F Survey (being located @ 5781 W Amarillo Blvd in Los Altos Addn. Unit 10, Block 1, Lot 1 across Amarillo Blvd to the E from Wal Mart S entrance off of Amarillo Blvd W and S of Gem Lake Rd. In Amarillo City Limits) Potter County Texas

The Board was made aware that there was a typo on #3 PO-545-DW Mike Hughes and that it should be PO-549-DW

Charles made the motion to approve Agenda Item 12, A, 1-5, with the correction, seconded by Bill Breeding, motion passed unanimously.

B. DRILLING PERMITS FOR WELLS LARGER THAN 4"

1. **CA-1312 – CHARLES BRITTEN** – A 6" well to be drilled on 588 acres by Lichtie Drilling by no date in the NW4 r of Section 157, Block B3, H&GN Survey (being located in the SE corner of I-40 and Co Rd X intersection and approx. 5 miles W of Groom on S side of I-40), Carson County, Texas
2. **WH-343 – SWEETWATER CREEK DAIRY** – A 6" well to be drilled on 1880 acres by Hydro by 3/30/18 in the NW4 of Section 48, Block A5, H&GN Survey (being located approx. 1 1/3 miles E of Co Rd 1, then 757 yds S to well location on S side of Hwy 152) Wheeler County Texas
3. **GR-783-R – JOE L MAGEE** – A 6" well to be drilled on 220 acres by Magic Circle by 4/15/18 in the NE4 of Section 40, Block 23, H&GN Survey (being located approx. 1 ½ miles SE of McLean @ 14070 Co Rd BB or just nearly 1 mile S of McLean on Ranch Rd 3143 then E approx. ¾ miles to well location) Gray County, Texas
In Study Area 07-4-A09

Charles Bowers made the motion to approve Agenda Item 12, B, 1-3, seconded by Butch Collard, motion passed unanimously.

AGENDA ITEM 11 – CONSIDERATION AND POSSIBLE ACTION ON DRAFT RULE 4 AMENDMENTS

General Manager C.E. Williams began stating that at the conclusion of the March 1, 2018 PGCD meeting, the Board directed the staff to begin development of amended rules based on concepts in Option 1.

Option 1

Continue long-standing policy of achieving DFCs on an individual property basis (contiguous acreage) but shift from use of rules based on depletion as a final trigger to a rule based on use of meters and allowable production rate of 1acre-foot per acre as trigger.

Issue Operation Permits for all non-exempt wells in the District based on contiguous acres associated to the well(s).

All wells, 2-inch or greater, required to install a District approved meter.

Establish Sunset provision of 1 acre-foot allowance (5 year from adoption date of rule amendments). During Sunset review, using 3 -4 years of meter data, the Board will evaluate appropriateness of 1 acre-foot allocation to achieve PGCD DFCs.

Mr. Williams continued with a presentation of the progress to date and the major changes to Rule 4 in order to amend Drilling & Operating Permits.

After review the staff determined the most efficient approach would be to amend Rule 4 as a simpler more straight forward approach, instead of developing an entirely new Rule 11 as presented at the last meeting.

Establishment of an Operating Permit including establishing a relationship between a contiguous acreage tract and allowable production rate on all wells 2 inches or greater, which is a change from what was presented at the last meeting. The reason for the change is that 2" wells are permitted but the production was not being accounted for, which would cause a flaw in the analysis.

Establishment of meter requirement for all wells with production pipe 2 inches or greater, which is a change from the 3 inch or greater wells proposed at the last meeting. This change was made for the same reason the Operating Permit requirement was changed from 3 inch or greater or 2 inch or greater.

Elimination of Initial Production Permit (IPP), due to implementing the Operating Permit and Drilling Permit. If the well meets spacing rules and the 4.5 gpm per acre the well is legal; therefore, the staff feels that this provision is no longer a necessary requirement in Rule 8

Elimination of the Multi-Well Permit, due to recent court cases where differential treatment by GCDs in the permitting process has been challenged. Much discussion ensued about eliminating the one-half mile setback from the property line in order to protect neighbors and eliminating the public hearing in order to notify neighbors about large projects. It was stated that with the current spacing rules, bigger wells can require more than a one-half mile setback, and that per the District's hearing rules a concerned citizen or board member will still be able to request a hearing concerning drilling at any time. However, if the project meets all the District rules concerning spacing and production it will be approved. C.E. added that the new Drilling Permit will require all the pertinent information needed before the drilling of any water well.

Elimination of 10 acre tract size limitation/exemption criteria. After discussion concerning spacing issues it was decided to leave the 10 acre rule as is.

During further review of amended Rule 4 there was discussion concerning the Operating Permit and the five year expiration of the permit, the ability to require rig supply wells to comply with the District's spacing and metering rules, and the issue of acreage being allocated to a landowner and an oil & gas company due to a lease with the company for water rights. C.E. stated that the issue of the allocated acres is a legal question and that he will contact the District's Attorney for information.

After discussion President Hardcastle asked the Board if they were in agreement to proceed with the rule amendment process. There were no objections; therefore, the Staff was instructed to proceed.

AGENDA ITEM 10 – CONSIDERATION AND POSSIBLE ACTION ON JOINING IN PROTEST AGAINST AP#17904749; SEC 188 B2, H&GN SURVEY, GRAY COUNTY, TEXAS – ANNIE #10

Director Charles Bowers updated the Board about his protest to the Railroad Commission against Petco Petroleum's application for increased pressure, stating that a hearing has been set for June 10th in Austin. Mr. Bowers added that he isn't sure what part the District can play in the protest. Bill Mullican stated that The District's legal recourse is amount of pressure requested and to question the integrity of the well. Bill added if he can get a copy of Petco's application he will do the calculation to see if the requested pressure is above the frac pressure that could cause contamination to the aquifer.

Joy Shadid made the motion that if the requested pressure by Petco is above the frac pressure the District will join in the protest against Petco Petroleum, seconded by Bill Breeding, motion passed with Charles Bowers abstaining.

Abstention form attached

AGENDA ITEM 13 – CONSIDERATION AND POSSIBLE ACTION TO SET FUTURE MEETING DATES

The next meeting date is set for Thursday May 24th at 9:00 am

AGENDA ITEM 14 – STAFF UPDATES

There were no staff updates


AGENDA ITEM 15 – MANAGERS REPORT

Manager's Report attached – No action taken

AGENDA ITEM 16 - ADJOURN

Joy Shadid made the motion to adjourn, seconded by Bill Breeding, meeting adjourned at 12:12 pm


Phillip Smith, Vice-President


Danny Hardcastle, President