

**MINUTES OF THE JUNE 7, 2011  
BOARD OF DIRECTORS MEETING OF  
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session June 7, 2011 at 10:30 a.m. in the Board Room of the District office at 603 East First Street in Dumas, Texas. The following persons were present:

**Members Present:**

Daniel L. Krienke;  
Bob B. Zimmer;  
Gene Born;  
Wesley Spurlock;  
Phil Haaland;  
Harold Grall; and,  
Brian Bezner.

**Staff Present during part or all of the meeting:**

Steve Walthour, General Manager;  
Dale Hallmark, Assistant Manager/District Hydrologist; and  
Kirk Welch, Public Information and Conservation Education Manager.

**Others present during part or all of the meeting:**

John Frantz;  
Steve Amosson; and,  
F. Keith Good, Attorney.

President Zimmer declared a quorum present and called the meeting to order at 10:38 a.m.

Harold Grall gave the invocation and President Zimmer led the pledge.

President Zimmer then asked if there were persons present who desired to make Public Comment. No public comment was made.

Wesley Spurlock moved to approve items 2(b) through 2(e) of the Consent Agenda, consisting of: the approval of Minutes of the Board of Directors Meeting held on May 9, 2011; approval of the Revised Minutes of the Board of Directors Meeting held on April 5, 2011; approval of District expenditures for May 1, 2011 through May 31, 2011; approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from May 1, 2011 through May 31, 2011 totaling \$5,505.75; approval of the Moore County Appraisal District and the Hansford County Appraisal District collections contracts; approval of order allowing discounts for Lipscomb County Appraisal District; and approval of the budget for the Sherman County Appraisal District. Brian Bezner seconded the motion and it was unanimously approved by the Board.

General Manager Walthour and the District's General Counsel presented a report to the Board on the status of the Wilder Farms, Inc. compliance matter. Wilder Farms, Inc. is now in compliance with Board Order No. 010-001.

In May, the General Manager recommended to the Board that the Board approve the location for SH-3997 as drilled for a Class C well and that well location for both SH-1231 and SH-3997 be recognized as legal well locations for the following reasons:

1. The District staff error regarding the well site for SH-3997;

2. The well owner of SH-3997 followed the District's permitting process in good faith; and
3. The current owner of SH-1231 has operated the well in good faith and complied to all other District Rules regarding this well.

The Board reviewed the General Manager's recommendation and directed the General Manager and General Counsel to address the issue with the parties to reach a settlement regarding the issue. The General Manager and General Counsel met with the parties to reach a positive method of mitigating this issue and recommended that the Board approve a Settlement of this matter in the form attached hereto as Exhibit "A" and incorporated herein for all purposes. Phil Haaland moved that the Board approve the Settlement format proposed by the General Manager and the District's General Counsel to resolve this matter. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

The Board reviewed well permits. Brian Bezner moved to approve the following permits as active and complete wells because the wells are properly equipped and otherwise comply with District Rules:

COUNTY	OWNER	WELL	CL	MAX	QTR	SEC	BLK	SUR	YARDS NS	YARDS EW
HUTCHINSON	JERRY NOLAN	HU-3625	B	400	SW	31	3	GH&H	104S	250W
MOORE	PANHANDLE CHILDRENS FOUNDATION	MO-2440	A	100	NE	121	44	H&TC	15N	329E
SHERMAN	W&C LAND AND CATTLE LTD	SH-3695	B	400	SW	27	1-T	T&NO	667S	310W
SHERMAN	RUSSELL FANGMAN	SH-3697	B	400	SW	204	1-T	T&NO	288S	870W
SHERMAN	WENDELL STACY	SH-3792	C	800	NW	282	1-T	T&NO	160N	374W

Gene Born seconded the Motion and it was unanimously approved by the Board.

The Board considered developing a three-dimensional Ogallala Aquifer Visualization Model for Lipscomb County, Texas. The General Manager stated that the purpose of the project is to develop a regional, detailed Hydrogeological dataset and estimate groundwater availability. The project will include 3-D visualizations of the stratigraphy and projected future groundwater volumes of the Ogallala Aquifer. The District published a newspaper ad, during the second week of February, 2011, requesting statements of qualifications and availability to undertake the project from qualified Geo-scientific firms. The four firms that responded to the ad were LBG-Guyton Associates, Tetra Tech, Daniel B Stephens & Associates, Inc., and Collier Consulting. The company profiles, staffs and qualifications of the four responding firms were carefully reviewed and two companies were chosen to submit proposals. The two companies chosen to submit proposals were LBG-Guyton Associates and Daniel B Stephens & Associates, Inc. Proposals were received and reviewed during mid-May 2011. It was reported that the District staff believes that both firms are capable of successfully completing the project, however, after careful consideration, District staff recommends the District's Board of Directors instruct the general manager to enter into a contract with Daniel B Stephens & Associates, Inc. to conduct the study.

Gene Born moved that the District Board of Directors instruct the general manager to enter into a contract with Daniel B Stephens & Associates, Inc. to develop a three-dimensional Ogallala Aquifer Visualization Model for Lipscomb County, Texas. Wesley Spurlock seconded the motion and it was unanimously approved Board.

The Board discussed the development of the District's 2011-2012 budget. The General Manager will be preparing a proposed budget for the Budget and Finance Committee to review after input from the Agriculture and Property Committees.

In May, the staff began developing a proposed 2011-2012 budget for the Property Committee, the Agriculture Committee and Budget and Finance Committee Review. The committees are scheduled to meet in June prior to the regularly scheduled Board Meeting. The Property Committee is as follows:

- Brian Bezner – Chairman
- Phil Haaland
- Harold Grall

The Agriculture Committee is as follows:

- Danny Krienke – Chairman
- Phil Haaland
- Harold Grall

The Budget and Finance Committee is as follows:

- Gene Born – Chairman
- Wesley Spurlock
- Brian Bezner

In 2010, the District reviewed a proposed budget in July and adopted the 2010-2011 Budget in August. The general manager reported on budget items discussed in the Agriculture Committee Meeting. It was reported that the Ag Committee approved funding for the 200-12 Project and the Texas AgriLife Extension demonstration project. The Ag Committee also proposed that the planter for the North Plains Research Field be put in the 2011-2012 budget since the planter will not be delivered until next year's planting season. The Ag Committee also proposed that \$20,000 be included in the 2011-2012 budget for weather monitoring equipment and that the Ag Committee discussed what funds might be necessary to make sure staff is properly equipped to minimize spacing calculation errors.

Steve Amosson presented a socio-economic study to the titled "Evaluation of Alternative Water Conservation Strategies which is attached hereto as Exhibit "B" and incorporated herein for all purposes.

Director Krienke moved that the General Manager and the District's General Counsel report to the Board at its next regular meeting the changes in Water Law that could impact the District as a result of the 2011 82<sup>nd</sup> Legislative Session. Brian Bezner seconded the motion and it was unanimously approved by the Board.

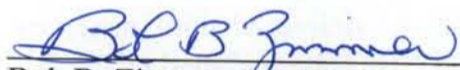
Steve Walthour presented the General Manager's Report, including information concerning upcoming meetings and conferences; the General Manager's activity summary; the District activity summary and reported to the Board that only six producers failed to report their 2010 groundwater production to the District. Mr. Walthour reported The District staff is still checking 2010 production reports. However, enough reports have been finalized to provide a preliminary estimate of the total groundwater production for last year. The preliminary estimate is as follows:

COUNTY	2009 Use	2010 Estimated Use
DALLAM	317,093	286,000
HANSFORD	152,686	126,000
HARTLEY	383,423	333,000
HUTCHINSON	53,414	41,000
LIPSCOMB	30,242	31,000
MOORE	198,900	160,000
OCHILTREE	65,840	59,000
SHERMAN	282,625	235,000
<b>Total</b>	<b>1,484,221</b>	<b>1,271,000</b>

By consensus, the Board set July 19, 2011 at 9:30 a.m. as its next regular meeting date.

It was announced that the Budget Committee had scheduled its next meeting for July 6, 2011 at 10:00 a.m.

Phil Haaland moved to adjourn the meeting. Harold Grall seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 12:23 p.m.

  
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 Bob B. Zimmer, President

  
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 Brian Bezner, Secretary