

**MINUTES OF THE FEBRUARY 10, 2015  
BOARD OF DIRECTORS MEETING OF  
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session February 10, 2015, at 9:00 a.m. in the Conference Room of the Hampton Inn, 2010 South Dumas Avenue, Dumas, Texas 79029. The following persons were present:

**Members Present:**

Bob Zimmer; President  
Danny Krienke, Secretary;  
Harold Grall, Vice-President;  
Gene Born, Director;  
Justin Crownover, Director;  
Mark Howard, Director; and  
Zac Yoder, Director.

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

Steve Walthour, General Manager;  
Kristen Lane, Executive Assistant; and,  
Kirk Welch, Assistant General Manager/Outreach.

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

Erasmus Steyl;  
Scott Clawson;  
CC Sysombath;  
Ashley Handy;  
Emmett Autrey;  
Greg Howard;  
Sabrina Leven;  
Alicia Hedrick;  
F. Keith Good, Attorney;  
Haley Rader, Attorney; and,  
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:09 a.m.

President Zimmer gave the invocation and led the pledge.

President Zimmer recessed the regular Board meeting at 9:10 a.m.

President Zimmer began the public Rulemaking hearing at 9:11 a.m. The formal Rulemaking hearing was closed at 10:00 a.m.

President Zimmer reconvened the regular meeting of the Board at 10:01 a.m.

President Zimmer asked if there were persons present who desired to make public comment. Emmett Autrey of the City of Amarillo addressed the Board regarding Pooling in the District's draft Rules. Mr. Autrey stated that the "Super" pool in the draft would mean that for a large production unit, it would be



necessary to spread out the Wells and use a lot more contiguous acreage during peak season. Mr. Autrey stated that 200 acre-feet per Well is not much Groundwater production from the City's perspective. Mr. Autrey stated that the City would need many sections of land. Mr. Autrey asked the Board "why can't we just live with 1.5 acre-feet per acre.

Harold Grall moved to remove the review and approval of the Minutes of the January 20, 2015 Board Meeting and consideration of Homestead Exemptions for 2015 from the Consent Agenda. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Danny Krienke stated that the second sentence in the draft of the Minutes of the January 12, 2015 Board Minutes was incorrect and should be struck from the draft of the Minutes. The draft Minutes of the January 12, 2015 Board Meeting were revised as follows:

Danny Krienke stated that to the best of his knowledge, the EPA was inconclusive about the contamination of a Wellbore in Ochiltree County. It was Mr. Krienke's understanding that the EPA could not determine what caused the Well contamination.

Harold Grall moved to approve the Minutes of the January 12, 2015 Board of Directors Meeting as amended and items b, c, and d of the Consent Agenda, which include: the review and approval of un-audited District expenditures for January 1, 2015 through January 31, 2015, including the General Manager's expense and activity report; the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$15,232.91 for January 1, 2015, through January 31, 2015; and adopting a Resolution to exempt personal boats, personal vehicles, airplanes, motor homes and trailers from ad valorem taxation in calendar year 2015 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Historically, the District has adopted the following exemptions from ad valorem taxation for a homestead:

5 % or \$5,000 - Homestead

\$50,000 - Over 65

\$50,000 - Disability SS

The maximum percentage for Disabled Veterans.

The General Manager recommended that the Board approve these exemptions for 2015 for all counties located within the boundaries of the District. Bob Zimmer stated that he had discussed the above exemptions with the County Judge of Hansford County, Texas and that Hansford County's exemptions from ad valorem taxation were different than the District's exemptions. Mr. Zimmer stated that that he believed that it would be better for all concerned if the District would adopt the same exemptions that each County adopted in 2015.

Danny Krienke moved to adopt the ad valorem tax exemptions for a homestead that the County Commissioners Court of each respective County within the boundaries of the District adopted for 2015. Harold Grall seconded the motion and it was unanimously approved by the Board.



The Board set a rulemaking hearing at 9:00 a.m., February 10, 2015 in Dumas, Texas for consideration of a Production Fee Rule.

The District has completed the following:

- A. posted notice in a place readily accessible to the public in the principal office of the District on January 19, 2015;
- B. provided notice to the county clerk of each county in the District for public posting in each respective courthouse on January 19, 2015;
- C. published notice of the proposed rule and the public hearing thereon in a newspaper of general circulation in the District once a week for two (2) consecutive weeks, with the first publication being at least 20 days before the rulemaking hearing. The notice was published in the Amarillo Globe News January 17<sup>th</sup> and January 24<sup>th</sup>.
- D. provided notice by mail, facsimile, or electronic mail to any person who has requested such notice under Chapter 36;
- E. make available a copy of all proposed rules, or proposed rule revisions, at a place accessible to the public during normal business hours and post the proposed rules on the District's website;
- F. posted the notice with the Texas Secretary of State;
- G. held a public hearing on February 10, 2015; and
- H. performed the analysis required by Texas Water Code Section 36.101.

The proposed Rule is as follows:

**14.4 Production Fees: Priority Groundwater Management Areas ("PGMAs"):** *Production Fees for 2015 for the Dallam County PGMAs added to the District in 2012 shall be:*

1. *Agriculture production: One Dollar (\$1.00) per acre foot of non-exempt Groundwater produced for agricultural purposes for the Year 2015; and,*
2. *All other non-exempt Groundwater production: Five Dollars (\$5.00) per acre foot of Groundwater produced for the Year 2015.*
3. *After 2015, the Board of Directors may adjust Production Fees Annually under the provisions of Texas Water Code, Section 35.013(g-1).*
4. *The District shall provide reasonable notice of the Production Fees to be assessed for the Year 2015 and each Year thereafter to the PGMA Groundwater right Owners.*
5. *Production Fee billings shall be based on the actual Groundwater production reported to the District for the Year 2015 and each Year thereafter.*
6. *Beginning Year 2016 (for the Groundwater production Year 2015), and each Year thereafter, the District shall submit, on or before May 1st of each*



*respective Year, a Production Fee invoice to each non-exempt Well Owner in the PGMAs which shall be due and payable on or before September 1st of each respective Year.*

Danny Krienke moved to adopt the proposed Production Fee Rule set forth above. Justin Crownover seconded the motion.

Zac Yoder stated that the only thing that he has heard since the stakeholders' meetings was that people think that the Production Fees are too high. Mr. Yoder asked that if the proposed Rule was adopted, if the Fees would remain at the level they are now or are they going to escalate? The General Manager stated that he did not anticipate that the Production Fees would be changing in the near future, and that they would most likely remain where they are for a while.

The motion passed by the unanimous vote of the Board.

In January, the Board completed review of the draft Rules that were presented to the public in a series of stakeholder meetings earlier in 2014. General Counsel and the General Manager have revised the draft of the Rules and presented the proposed amendments to the Board. The District's General Counsel discussed the substantive revisions with the Board.

Draft Rule 3.3 (Auxiliary Well) was discussed with the Board.

Bob Zimmer stated that he does not like the draft Rule and that he believes that the District already has a Rule which addresses this matter. Gene Born agreed with Bob. Emmett Autrey from the City of Amarillo stated that his boss wanted the District to give a definition of a replacement Well in its Rules. Mr. Autrey asked whether you could change the classification of a Well from a Replacement Well to an Auxiliary Well?

Bob Zimmer stated that the District's Rules work good today and that he is concerned that the District is chasing something which will only apply in one or two instances throughout the District.

Gene Born moved to strike draft Rule 3.3 (Auxiliary Well) from the draft of the proposed Rules. Danny Krienke seconded the motion. The motion failed with Justin Crownover, Mark Howard, Zac Yoder and Harold Grall opposing the motion and Danny Krienke, Gene Born and Bob Zimmer voting in favor of the motion.

Draft Rule 3.4 (Replacement Well Spacing) was discussed. Emmett Autrey stated this Rule might work for the City, but that he would need to visit with a hydrologist.

Draft Rules 3.7 and 3.8 were discussed by the Board. Mark Howard moved that draft Rule 3.7 be modified from 80 acres to 64 acres and that draft Rule 3.8 (Increased Density for Small Wells) be deleted from the draft Rules. Bob Zimmer seconded the motion. Gene Born stated that by permitting more straws in the aquifer the District is not promoting conservation and he is concerned about people having drinking water. Steve Walthour stated that increasing the number of Wells within the District could require a decrease in the Allowable Annual Production Limit in the future. Bob Zimmer stated that he appreciated the



change in posture of Director Howard and the change appears to treat all Groundwater owners within the District equally.

Following extensive discussion, President Zimmer called for a vote on the motion and the motion passed by the majority vote of the Board with Mark Howard, Zac Yoder, Harold Grall, and Bob Zimmer voting in favor of the motion and Danny Krienke, Gene Born and Justin Crownover voting against the motion.

Draft Rule 4.4 (Well Construction) was modified to read: "Further, no Well shall be constructed within the District with casing perforations above the static Groundwater level."

Justin Crownover moved to include the foregoing language in draft Rule 4.4. Harold Grall seconded the motion and it was unanimously approved by the Board.

Draft Rule 4.5.2 was discussed regarding a Well which is not connected to a Water piping system, a domestic Well, or a Public Water Supply Well is exempt from the check valve equipment requirements of proposed Rule 4.5.1. Justin Crownover moved to include Rule 4.5.2 drafted as written in the draft Rules. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Draft Rule 5.4.2D was discussed regarding the location of an electric meter so that it is apparent which GPU the Meter serves. Danny Krienke moved to include Rule 5.4.2D drafted as written in the draft Rules. Mark Howard seconded the motion and it was unanimously approved by the Board.

Draft Rule 6.3 was discussed regarding Groundwater Conservation Reserve. Danny Krienke moved to include Rule 6.3 as written in the draft Rules. Harold Grall seconded the motion and it was unanimously approved by the Board.

The Board recessed at 11:23 a.m. and reconvened at 11:40 a.m.

Draft Rule 7.5.1 (Pooled GPUs 1600 Acres or Less) was discussed and, specifically, changing the distance from 15,000 feet from diagonal corner-to-corner to 25,000 feet from diagonal corner-to-corner. Justin Crownover moved to include draft Rule 7.5.1 as written with a 1600 acre limitation and diagonal corners not to exceed 25,000 feet apart in the draft Rules. Harold Grall seconded the motion. The motion passed by the majority vote of the Board with all Board members voting for the motion except Danny Krienke who voted against the motion.

Draft Rule 7.5.2 (Pooled GPUs Greater than 1600 Acres) was discussed. Danny Krienke moved to strike draft Rule 7.5.2 from the draft Rules. Gene Born seconded the motion and it was unanimously approved by the Board.

Mark Howard moved to reconsider draft Rule 7.5.2 with no acreage limitation and an Allowable Annual Production limitation of 2.5 acre-feet per Section on the Property. The motion failed for lack of a second.

Draft Rule 10.9 (Amendments to Deposits and Fees) was discussed and clarified that after the PGMA Production Fees were established by Rule, upon public notice the Board may change the amount of any deposit or fee, including



Production Fees, subject to the provisions of Texas Water Code Section 35.013(g-1).

The General Manager recommended that the Board propose the draft Rules to the public for review and comment and set the public rulemaking hearing sometime in April.

Harold Grall moved to propose the draft Rules as amended to the public and to hold stakeholders meeting in March 2015 and to set a formal rulemaking hearing on April 14, 2015 at 9:00 a.m. Justin Crownover seconded the motion and it was unanimously approved by the Board.

President Zimmer set the next regular Board meeting at 5:00 p.m. on March 24, 2015 and also set stakeholder's meetings on March 23, 2015 in Perryton at 7:00 p.m., in Dumas on March 24, 2015 at 7:00 p.m. and in Dalhart of March 26, 2015 at 7:00 p.m.

The Board recessed at 12:50 p.m. for lunch and reconvened at 1:16 p.m.

The General Manager discussed the District's Flow Meter grant from the Texas Water Development Board with the Board. Mr. Walthour reported that the District has registered 70 properties into the Meter Reimbursement Program which represent approximately 350 meters to be purchased. The estimated cost-share for half of the metering equipment is currently \$250,000 for the current program applications. The entire two-year budget is \$600,000. The project started taking applications in November; however, any irrigation producer that bought and installed a meter on a Well since June 26, 2014 is eligible for reimbursement if the owner agrees to provide information requested in the program. After water level measurements are complete by mid-March, staff will review the program and do another round of public outreach targeting individuals for reimbursement who have permitted Wells since June 26, 2014.

Wilder Farm properties in Dallam and Hartley sold and the new owners have expressed an interest in the Meter Reimbursement Program and if they do take advantage of the opportunity will most likely use most of the remaining funds in the program. The Texas Water Development Board has made available an additional \$1.49 million for cost-share of metering equipment. The District may re-apply to the TWDB for additional funds if the application is filed prior to March 11, 2015.

The General Manager requested that the Board authorize the District staff to apply for all or a portion of the Texas Water Development Board additional \$1.49 million for cost-share of metering equipment to assist agriculture irrigation producers with the costs of installing flow meters that the General Manager reasonably estimates can be used by area producers.

Justin Crownover moved that District staff apply for all, or a portion of, the Texas Water Development Board additional \$1.49 million for cost-share of metering equipment to assist agriculture irrigation producers with the costs of installing flow meters that the General Manager reasonably estimates can be used by area producers. Danny Krienke seconded the motion and it was unanimously approved by the Board.

The General Manager presented a report to the Board concerning 2014 Groundwater Production Reporting. Mr. Walthour stated that as of February 3,



2015, the District has received 1051 2014 Annual Production Reports. The District has processed 962 of those reports. The District is further along than last year when it comes to entering the data because of the new way we are handling the reports when they are received. So far the District has received 36% of the reports that were sent out in November.

To date the District has mailed out 253 Conservation Reserve letters representing the 962 Properties.

The General Manager presented a report to the Board regarding the Agriculture Water Conservation Demonstration Program and the following programs:

### **200-12**

Leon New and Paul Sigle are currently working on this year's report and it will be presented soon to the Board. Leon presented some of this year's data at the Pioneer Crop Production Clinics in Dalhart, Dumas, Stratford and Spearman. The District attended the High Plains Irrigation Conference on January 15<sup>th</sup> and had a booth focusing on the 200-12 Project.

### **Resource Conservation Partnership Program**

The General Manager has sent a letter of inquiry to the NRCS regarding the NRCS determination that the application that the District filed jointly with High Plains Underground Water District was not eligible for consideration. The inquiry is to determine what was technically insufficient with the application.

### **Conservation Innovation Grant**

District staff is working on the Conservation Innovation Grant final report due by March 1, 2015. Representatives from Texas Tech University are scheduled to give their portion of the report by February 13.

On January 26<sup>th</sup>, USDA NRCS announced another round of Conservation Innovation Grant opportunities. CIG applications are being accepted for up to \$20 million in grants to facilitate the creation of new, innovative markets for carbon credits, providing additional revenue sources to permit producers to address natural resource conservation challenges. These grants are part of the Conservation Innovation Grant (CIG) program, authorized through the 2014 Farm Bill.

For 2015, approximately half of the \$20 million is available for environmental markets and conservation finance projects that engage agricultural producers. In past years, CIG has helped fund the development of the basic infrastructure of these markets. This year, USDA, through the Natural Resources Conservation Service (NRCS) is seeking applications for projects that will build on these efforts by maturing and scaling markets and accelerating efforts to leverage private capital and investment in private lands conservation. Improved quantification tools, multi-resource crediting, and projects that substantively engage corporate or financial partners are the types of activities NRCS is pursuing.

As an example, USDA, through CIG, helped fund the development of the first interstate water quality trading program in the Ohio River Basin. Administered by the Electric Power Research Institute, in April, the program is holding its first public auction of water quality credits, generated by farmers in the basin. USDA also funded a project led by the Delta Institute that culminated in the generation



and sale of nitrous oxide credits on corn fields in the Midwest. This project demonstrated that greenhouse gas emissions can be reduced on cropland while maintaining corn yields.

USDA is also soliciting proposals for projects to stimulate natural resource improvements, including, but not limited to, improvements in water quantity, soil health, and wildlife habitat. Applications from this funding pool may also emphasize expected benefits to historically underserved producers, veterans, and organic producers. Applications in the fields of economics and sociology as they relate to natural resources are also being welcomed.

Under CIG, Environmental Quality Incentives Program funds are used to award competitive grants to non-Federal governmental or nongovernmental organizations, Tribes, or individuals. The 2014 Farm Bill also included language that has led to some changes in this year's CIG funding announcement. One change eliminates the requirement that half the applicant's match be in cash. Another expands eligibility for the 10 percent set-aside provision for historically underserved producers. District staff is reviewing this grant opportunity to determine whether the District's agriculture water conservation programs are eligible for the funding.

## **EPIC**

The District has received some of the individual reports from the county agents participating in the EPIC Project. The remaining agents are working on their reports. After the District receives all the reports, Paul Sigle will review the reports and prepare a final report for the Board.

Paul Sigle visited with the county agents about what they possibly would like to do next with the EPIC Project. Scott Strawn would rather quit on a high note. Scott said that if he returned for financial support, it will be strictly for a totally new project and new concept not related to the EPIC Project. Alexa Reed would like to participate in the project in which other county agents are participating. Mike Bragg will be focusing on range and forage going forward and Marcel Fischbacher wants to continue the EPIC Project as it is now. The other two agents have not decided what they want to do at this time.

The General Manager presented the following report regarding the North Plains Water Conservation Center:

Texas Electric has completed modification of the underground piping system and removed any unnecessary risers and valves. They have connected electricity to the west Well and west pivot. The west Well was started for the first time since replacing the natural gas engine with an electric hollow shaft motor. The District experienced some difficulties at first but after bugs in the system were figured out, the system has been running smoothly since. Currently, the west Well has the capability to pump around 800 gallons per minute without pumping air but that is expected to fall off during the season.

The District is still evaluating the east Well for potentially upgrading the motor and the system.

PivoTrac installed Seametrics meters at each pivot and wired the meters to allow the control panels to collect data from the meters. They had to revisit the meters due to the control panels not reading the meters correctly.



Tex-Zac Electric has been working to bring the electric systems at the Water Conservation Center up to code and installing new lights in the large barn and office. They also ran a new electric line to the Water Supply Well. While installing the new lights in the barn, it was discovered the electric line coming from the transformers to the barn had a severed leg in the line. Tex-Zac installed a new electric line and conduit to replace the old line.

The General Manager and Stan Spain signed the contract regarding farming and demonstrations at the field.

At 1:26 p.m., Harold Grall moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071 to obtain legal advice from its attorney regarding GMA-1 joint planning issues. Gene Born seconded the motion and it was unanimously approved by the Board.

Executive Session: At 1:30 p.m., the Board went into Executive Session to seek legal advice from its attorney. At 2:28 p.m., Director Zac Yoder moved that the Board reconvene into regular session. Mark Howard seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 2:28 p.m.

The General Manager reported that Groundwater Management Area 1 will meet, Wednesday, February 11, 2015 at 10:00 am in the offices of the Panhandle Regional Planning Commission. A copy of the agenda was presented to the Board.

Keith Good is scheduled to make a presentation regarding the impact on the interest and rights in private property, including ownership and the rights of management area landowners and their lessees and assigns in Groundwater as recognized under Texas Water Code §36.002.

In 2012 the High Plains Underground Water Conservation District #1, the North Plains Groundwater Conservation District, and the Panhandle Groundwater Conservation District worked closely with the Texas Water Development Board to procure the services of Intera, Inc. to conduct extensive research into the Ogallala and other aquifers that serve the High Plains of Texas. As such, Intera has been contracted to develop a comprehensive Groundwater Availability Model of large portions of the aquifers for which GMA#1 has the responsibility of establishing Desired Future Conditions. At previous meetings of GMA#1 each District has looked at all nine Factors that affect the adoption of Desired Future Conditions for a Joint Planning Area. Utilizing available information including currently understood Groundwater availability, GMA#1 has regularly opted to postpone considering DFCs until it has had a chance to review, consider, and understand the data resulting from Intera's work. At this point Intera still needs several months to finalize its research and report, but enough information is currently available to begin a preliminary assessment by the GMA#1. Mr. Deeds will present the model at GMA#1 and present a status report to the group so that the GMA#1 can begin utilizing whatever information is available at the time of the meeting.

Panhandle Regional Water Planning Group will meet Tuesday, February 17, 2015 at 1:30 pm in the offices of the Panhandle Regional Planning Commission. The agenda is attached. A meeting of the PRWPG Executive Committee will be held at 12:30 on February 17, 2015 prior to the full meeting to discuss nominations to



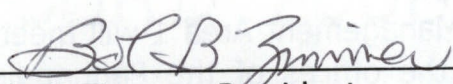
fill the Environmental Seat vacated by Grady Skaggs. Executive Committee Members are: C.E. Williams, Vernon Cook, David Landis, Nolan Clark, and Ben Weinheimer.

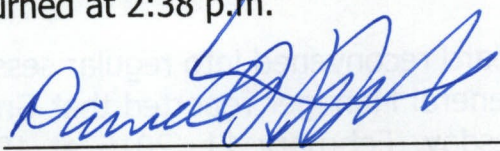
The General Manager presented a report to the Board on the 84<sup>th</sup> Legislative Session. Mark Howard moved that the District work with its legal counsel, Tom Forbes, in Austin on HB-685, HB-835, HB-898, HB-930 HB-950, HB-1221 and HB-1232. Harold Grall seconded the motion and it was unanimously approved by the Board.

Steve Walthour presented the General Manager's Report, including information concerning upcoming meetings and conferences and the General Manager's activity summary.

District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

By consensus, the Board meeting was adjourned at 2:38 p.m.

  
Bob B. Zimmer, President

  
Daniel L. Krienke, Secretary