

**MINUTES OF THE JANUARY 12, 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 January 12, 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;
Pauletta Rhoades, Finance and Administration Coordinator;
Paul Sigle, Agricultural Engineer; and,
Laura West, Production Monitoring Coordinator.

Others present during part or all of the meeting:

Coy Barton;
Scott Clawson;
Ashley Handy;
Dee Vaughan;
Sabrina Leven;
Louis Leven;
William Leven;
F. Keith Good, Attorney;
Haley Rader, Attorney; and,
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:03 a.m.

President Zimmer gave the invocation and led the pledge.

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

Mark Howard moved to remove the Minutes of the regular Board meeting on December 16, 2014 from the Consent Agenda and to approve the remaining items on the Consent Agenda which include: the Minutes of the December 8, 2014 Board of Directors Meeting; the review and approval of un-audited District expenditures for December 1, 2014 through December 31, 2014, including the General Manager's expense and activity report; and, the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$9,041.77 for December 1, 2014, through December 31, 2014. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Zac Yoder stated that the statements that were contained in the proposed Minutes of the December 17, 2014 Board Meeting regarding the General Manager presenting a

proposed Rule being worked on by Gene Born and Zac Yoder concerning Well Borehole Annulus Completion Requirements and Mr. Krienke's proposed revision to Rule 7.5.2 needed to be corrected in the proposed Minutes. Mr. Yoder stated that he was not working on a Rule with Gene Born concerning Well Borehole Annulus Completion Requirements. Mr. Yoder also stated that he was not concerned about how much work that Mr. Krienke's proposed revision to Rule 7.5.2 [to grant a 7.5 acre-foot production limit to be utilized over a five- (5) year period] would be for the District, but was concerned about placing the District in a position it did not want to be in by shutting the Wells off.

The proposed Minutes of the December 16, 2014 Board Meeting were amended as follows:

The General Manager presented a proposed Rule being worked on by Gene Born and Zac Yoder concerning Well Borehole Annulus Completion Requirements.

Zac Yoder stated that he was concerned ~~worried about how much work for the District~~ ~~Danny's idea would be~~ about placing the District in a position it did not want to be in by shutting a producers Wells off when the 7.5 acre-foot production limit is encountered early in the five- (5) year period. Harold Grall and Justin Crownover stated that they wondered if Danny's idea would force individuals to produce from lands that they normally would not. Harold Grall said he liked the idea of having a 2.5 acre-foot limit on each individual Section.

Zac Yoder moved to approve the Minutes of the December 17, 2014 Board of Directors Meeting as amended. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Barton, Brandon and Company submitted a letter confirming their understanding of the audit and non-audit services which it is to provide to the District for year-end September 30, 2015. The letter outlines the following requirements to be fulfilled by the Barton, et al, agency:

- Coy Barton will be the partner in charge of all work performed by Barton, Brandon and Company.
- Barton, Brandon and Company will report on the audit of basic financial statements.
- Barton, Brandon and Company will perform additional procedures enabling them to issue a second report in which they will test and report on the District's internal controls over financial reporting and the District's compliance with laws and regulations and other matters as required by *Government Auditing Standards*.

The letter also outlined the responsibilities of the North Plains Groundwater Conservation District's management in the auditing process for 2015. A copy of the letter from Barton, Brandon and Company was presented to the Board for its review.

Gene Born moved that the Board approve the letter of engagement for Audit and Non-Audit Services to be performed by Barton, Brandon and Company for the District's 2015 fiscal year. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Barton, Brandon and Company has submitted one invoice for auditing services and preparation of the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2014 totaling \$21,950.00. The General Manager has reviewed this invoice for the District's audit for the year ended September

30, 2014, preparation of financial statements, and SAS fraud requirements. The General Manager determined that the invoice is consistent with the services Barton, Brandon and Company have performed for the District audit and has paid the invoice. A copy of the invoice was presented to the Board.

Danny Krienke moved that the Board ratify the District's payment to Barton, Brandon and Company in the amount of \$21,950.00 for auditing services and preparation of the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2014. Gene Born seconded the motion and it was unanimously approved by the Board.

The Schedule of Well Permits set forth below was presented to the Board for its review.

WELL	CLASS	QTR	SEC	BLK	SUR	NS	EW
DA6017	B	NE/4	12	5	FDW	357N	871E
DA6091	C	NW/4	4	1	I&GN	705N	881W
DA7872	C	NW/4	15	M E Hays	CRL	51N	451W
DA7979	D	SE/4	88	7	CSS	714S	171E
DA8144	C	NW/4	20	47.5	H&TC	832N	115W
DA8145	C	NW/4	20	47.5	H&TC	470N	566E
HA5129	B	SW	64	2	B&B	711S	115W
HA5338	C	SW	29	3	B&B	253S	255W
HA6685	C	NE/4	42	11	CSS	283N	617E
HA6717	D	SW/4	118	4	CSS	329S	1086W
HA6976	C	NE/4	JV Mitchell	NONE	NONE	103N	116E
HA7403	C	NE/4	27	11	CSS	223N	13E
HA7409	C	NW/4	F Jordan	NONE	NONE	723S	1582W
HA7577	C	NW/4	20	A1	PSL	105N	78W
HA7635	C	SE/4	43	11	CSS	17S	247E
HA7636	C	SW/4	24	A1	PSL	598S	132W
HA7740	C	NW/4	113	4	CSS	665N	17W
HA7741	C	NE/4	99	4	CSS	105N	762E
HA7742	C	SE/4	99	4	CSS	113S	745E
HA7756	C	SE/4	2	1	SA&MG	492S	439E
HU-7317	D	NE/4	134	5-T	T&NO	333N	661E
MO-5748	D	SE	264	44	H&TC	452S	133E
MO5769	B	SE	112	3-T	T&NO	124S	368E
MO6040	B	NW/4	6	M-16	AB&M	414N	101W
MO-7700	C	NW/4	141	3-T	T&NO	119N	542W
OC5236	D	SE	136	4T	T&NO	17S	590E
OC5501	C	NW	14	R	B&B	622N	347W
OC6878	D	SW/4	8	12	H&GN	782S	133W
OC7558	D	SW/4	19	4	GH&H	603S	124W
OC7931	D	NE/4	15	R	B&B	341N	20E
SH5605	C	NW	36	3B	GH&H	223N	107W
SH6867	C	NW/4	457	1T	T&NO	108N	105W

SH7223	C	SW/4	26	1	PSL	749S	597W
SH7254	D	SE/4	21	2B	GH&H	163S	325E
SH7299	C	NE/4	47	2B	GH&H	612N	854E
SH7458	C	NW/4	398	1T	T&NO	104N	170W
SH7496	C	SW/4	283	1T	T&NO	391S	292W
SH7534	C	SW/4	266	1T	T&NO	877S	148W
SH7656	B	SE/4	73	1T	T&NO	26N	624E
SH7683	B	SW/4	7	3B	GH&H	540S	33W
SH7808	C	NE/4	447	1T	T&NO	591N	818E
SH7884	C	NW/4	7	2T	T&NO	463N	193W
SH7899	C	SE/4	60	3T	T&NO	479S	403E
SH7917	C	SW/4	251	1T	T&NO	859S	296W
SH7985	D	NW/4	74	3T	T&NO	136N	306W
SH8047	B	SW/4	77	3T	T&NO	403S	474W

Danny Krienke moved to remove Well Permit HA-5338, HA-6976, and HA-7409 and to approve the remaining Well Permits because the Wells are properly equipped and otherwise comply with District Rules. Harold Grall seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to approve Well Permit HA-5338, HA-6976, HA-7409, OC-6878 and SH-7458 because the Wells are properly equipped and otherwise comply with District Rules. Justin Crownover seconded the motion. The motion passed by a majority vote of the Board with Mark Howard abstaining.

Zac Yoder moved to approve Well Permit OC-6878 because the Well is properly equipped and otherwise complies with District Rules. Mark Howard seconded the motion. The motion passed by a majority vote of the Board with Danny Krienke abstaining.

Danny Krienke moved to approve Well Permit SH-7458 because the Well is properly equipped and otherwise complies with District Rules. Gene Born seconded the motion. The motion passed by a majority vote of the Board with Bob Zimmer and Justin Crownover abstaining.

In December, the Board proposed a Production Fee Rule but did not set a hearing date for the proposed Rule. According to the District's Rules, not later than the 20th day before the date of a rulemaking hearing, the General Manager shall:

- A. post notice in a place readily accessible to the public in the principal office of the District;
- B. provide notice to the county clerk of each county in the District for public posting in each respective courthouse; and
- C. publish notice of the proposed rules or the proposed rule revisions 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 of notice being at least 20 days before the rulemaking hearing.

- D. provide 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.

The notice must include:

- A. a statement of the intent of the District to adopt rules;
- B. a statement of intent to conduct a public hearing to present the proposed rules and to receive public comment;
- C. notice of the date, time, and place for the public hearing; a summary of the content of the proposed rules or the proposed rule revisions;
- D. the procedures for obtaining a copy of the rules or the location or website at which the rules can be reviewed and copied; and,
- E. the procedures for the submission of written or oral comments.

In rulemaking hearings before the Board, the President shall be the presiding officer. The President of the Board may delegate this function to another Board member, or the District's legal counsel.

Each Person who attends a rulemaking hearing shall submit a hearing registration form stating:

- A. the Person's name;
- B. the Person's address;
- C. whom the Person represents, if the Person is not there in the Person's individual capacity; and,
- D. whether the Person wishes to testify.

The presiding officer shall conduct the rulemaking hearing in the manner the presiding officer determines to be most appropriate to obtain information and testimony relating to the proposed Rule or Rules as conveniently and expeditiously as possible without prejudicing the rights of any Person at the hearing. The presiding officer may limit the number of witnesses and may limit the time witnesses may testify at a rulemaking hearing. Comments may be submitted orally or in writing. The presiding officer may hold the record open for a specified period after the conclusion of the rulemaking hearing to receive additional written comments. The presiding officer shall prepare and keep a record of each rulemaking hearing in the form of an audio or video recording or a court reporter transcription. Normally, the District uses a court reporter to document the hearings.

In addition to rulemaking hearings, the District from time-to-time will hold stakeholder meetings to gather additional input regarding its rulemaking process, or other activities of the District. Stakeholder meetings allow a more informal dialogue between the District and its stakeholders. These informal stakeholder meetings are not hearings.

The following table is the schedule for the hearing process:

Description	Date
Board Set Hearing Date	January 12th
1st Notice posted in paper	January 16 th
2nd Notice posted in paper second week after the 1st notice	January 18 th – January 24th
1st Date to hold Rule making Hearing	February 5th
Last Date to hold Rule making hearing	February 10 th (Before Board Meeting)
Board Meeting to consider rule approval	February 10th
Rule goes into effect	Upon approval by the Board.

The General Manager recommended that the Board set a date for a rulemaking hearing regarding the proposed Production Fee Rule, on or after February 5th and before the Board meeting on February 10, 2015.

Zac Yoder moved that the Board set a hearing date for the proposed Production Fee Rule for February 10, 2015 at 9:00 a.m. Danny Krienke seconded the motion and it was unanimously approved by the Board.

In December, the Board reviewed a draft of proposed Rules that were presented to the public earlier in the year. The General Manager presented his proposed amendments, including an amendment to create a Groundwater Production Unit larger than 1600 acres. General Counsel and the General Manager were directed by the Board to work on the Conservation Reserve Rule.

The Board also directed the General Manager to obtain an estimate of the costs of sealing the well bore to protect water quality and springs as discussed during the meeting. The cost estimates are shown in the table below.

Price estimate 1/2/2015 for a 24" bore and 16" Casing

Gravel \$9.72 per foot

Cement \$25.60 per foot

Bentonite Chips in super sack \$37.80 per foot

Bentonite Pellets \$260 per foot

If 100' of bore hole was cemented instead of graveled, the additional cost would be $\$25.60 - \$9.72 = \$15.88$ per foot or \$1588.00 for 100 feet.

A general discussion followed about developing a proposed Rule to seal the wellbore of Wells to protect water quality and springs.

Justin Crownover stated that he doesn't want to create a proposed Rule to protect spring flow throughout the District. Gene Born has more Wells in his area that this will apply to and we should just focus on those Wells in Gene's Area.

Zac Yoder stated that he has not had anyone complain and that he is not certain that a blanket Rule is appropriate for the District. It appears that the problem with a driller, or drillers, who are perforating all the way to the top seems to only be occurring in Gene's area.

The General Manager stated that the proposed Rule would serve two purposes: (1) protecting water quality; and (2) protecting spring flow of perched springs.

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.

Mark Howard stated that he doesn't think a District-wide Rule is appropriate in this situation.

Justin Crownover stated that he wondered if there was a way to construct a Well with solid pipe which would cheapen the cost.

Gene Born moved to propose a Rule for sealing the bore hole of any new Well drilled within the District cement beginning at the surface of the wellbore and continuing down the casing 100 feet to protect water quality and spring flow of perched springs. Harold Grall seconded the motion.

Harold Grall stated that no one wants contamination, but that he hates to add expense and add a blanket rule. Mr. Grall also stated that he would like to address Gene's issue, but didn't know if this is how to do it.

Justin Crownover stated that he doesn't think that we should have other areas paying the price for things that seem only to be occurring in Gene's area.

Mark Howard asked how many old Wells were in the area around the springs and stated that he wondered if you wrote a new Rule with old Wells in the area, if the new Rule would fix the problem.

Gene Born stated that it certainly would slow it down.

Mark Howard stated perhaps education could assist with this issue.

The motion failed by the majority vote of the Board with only Gene Born voting affirmatively.

Harold Grall moved that in a perched aquifer that all new Wells shall be constructed with solid pipe from the surface to 10% below the static water level.

Bob Zimmer stated that he believed that no new Well should be drilled with perforations above the static water level.

Dee Vaughn stated that from his point of view, Bob Zimmer's suggestion was preferable because otherwise, you could be precluded from using the most productive part of your saturated thickness.

Harold Grall moved to amend his previous motion to state that on all new Wells which are drilled District-wide, no perforations shall be made above the static water level. Danny Krienke seconded the motion and it was unanimously approved by the Board.

The General Manager has developed a possible proposed Rule for auxiliary Wells for the Board to consider to address the request by the Texas Cattle Feeders Association to allow for an emergency well as follows:

"One auxiliary Well may be constructed on a Groundwater Production Unit. The Well may be spaced closer to other Wells under common ownership but must be spaced from Wells of another Owner pursuant to District Spacing Rules. If the auxiliary Well is constructed closer to another Well than the Districts Spacing Rules would allow, the capacity of the Well and the capacity of the closest Well under common ownership are combined to determine spacing from Wells of another Owner. The auxiliary Well is included in the Groundwater Production Unit's Well Density. "

The General Manager stated that with a Rule something like the example above, the District would not have to monitor whether a Well is being operated or not when other Wells are operating. Mr. Walthour also stated that if you have someone drilling too close to his own Wells, the capacities of both Wells are going to be affected sooner than the Wells of another Owner. Mr. Walthour further stated that if the Board elected to propose a Rule for an auxiliary Well, the District would not be required to determine if the Well was for a true emergency purpose and it would apply to anyone.

Mark Howard stated that he thought the auxiliary Well was a good idea to put in the Rule proposal. Justin Crownover stated that he likes the auxiliary Well proposal and thinks that it is ok. Danny Krienke stated that he does not think that an auxiliary Well is necessary and just doesn't believe that it will be used a lot.

Mark Howard moved to place the proposed Rule for an auxiliary Well in the proposed Rule draft. Zac Yoder seconded the motion.

Bob Zimmer stated that a feedlot has long-term plans for developing Wells. Mr. Zimmer stated that the current Rules already address this situation through the emergency Well procedures. Mr. Zimmer further stated that if the District adopts a proposed Rule for an auxiliary Well, a Well Owner must state whether a Well is an auxiliary Well, or a Replacement Well.

Gene Born stated that the current Rules already address this issue.

The motion passed by the majority vote of the Board with Gene Born and Bob Zimmer opposing.

The Board discussed an idea presented by Mark Howard to consider adding to the current proposed Rule draft, an additional Maximum Permitted Well Density Rule of one Well per each 64 acres within a Groundwater Production Unit which has no Well capable of producing 400 GPM or more. Bob Zimmer stated that if we are changing Maximum Permitted Well Density that it should not be narrowed down to just Class A and Class B Wells. If someone has a crop, or a need, it is not the Board's job to decide what is performable. Mr. Howard agreed with Mr. Zimmer's statement. Mr. Zimmer stated that the District should treat everyone the same on every single Rule as much as possible. Danny Krienke stated that he was not willing to go to an unlimited number of Wells.

Mark Howard moved that an additional Maximum Permitted Well Density Rule be added to the proposed Rule draft of one Well per each 64 acres when all of the Wells are Class B or smaller Wells in the legally defined survey of the tract. Justin Crownover seconded the motion.

Danny Krienke asked the Board what it was doing to protect persons who are not currently producing? What is enough Wells? --- 8 Wells, 10 Wells, 14 Wells, when is it enough?

Bob Zimmer stated that he could not vote for a Well every 64 acres unless you apply it to all Well classes. Gene Born stated that he cannot see the District going for more saturation and more Wells. Mark Howard stated that he had grandchildren who would leave the area if they can't make a living and pay for things. Mr. Howard stated that people are leaving the area because they can't pay for what they have. Harold Grall stated that it is a balancing act.

The motion passed by the majority vote of the Board with Danny Krienke, Gene Born and Bob Zimmer opposing.

The Board recessed at 11:30 a.m. and reconvened at 11:44 a.m.

Paul Sigle presented the following report to the Board:

200-12

Leon New and Paul Sigle are currently working on this year's report and will soon be presenting the report to the Board. Leon will be presenting this year's data at the Pioneer Crop Production Clinics on:

- January 12th, Dalhart, TX
- January 13th, Dumas, TX
- January 14th, Stratford, TX
- January 15th, Spearman, TX

EPIC

All EPIC fields in corn have been harvested. The preliminary estimates for some of the corn fields appear to be favorable in the terms of irrigation water savings and yields. The county agents are currently working on their final reports for their projects and their reports be reviewed by Paul Sigle. Any modifications which are made to the final report will need to be done before the report is presented to the Board. The goal is to have the report presented to the Board at its February meeting.

New Agriculture Water Conservation Program

The Ag Committee met December 15th to discuss the lease agreement for the Water Conservation Center and the future of the District's "200-12" Project. The members discussed possible ideal for the project.

Harold Grall suggested comparing the new precision mobile drip irrigation (PMDI) to LEPA Bubblers on 30 inch spacing. PMDI combine drip irrigation with a center pivot, connecting length of drip to drops of the pivot.

Danny Krienke suggested using telemetry and other available technologies to enable the pivot to control the well and collect data from the water meters. The technologies will be used to apply the "200-12" techniques. The project would compare 3 – 3.5 gpm to 5 gpm on the east side of the District and 2 – 2.5 gpm to 4 gpm.

Zac Yoder suggested adding smaller project, like comparing PMDI to bubblers, to compliment the "200-12" Project.

Potential NEXT Management Practices: Individual irrigation amounts/applications can be managed by either programmable control panels or PivoTrac. Acreages committed to each gpm per acre selected by the participant should be sufficient to represent the field at harvest. Irrigation systems can include PMDI. Soil probes, gypsum blocks, water meters and rain gauges will be installed for each gpm per acre acreage and read weekly by District personnel. Irrigation, rainfall and net soil water will be measured and reported. Websites would be established for water management of each field. Planting date, corn hybrid, fertility and chemical management will be the discretion of each participant. A participation fee should be established for each cooperator in consideration for additional management, separate harvest, reporting and other. Preliminary scope of work for the Water Conservation Center includes one demonstration site for 3.0, 4.0 and 5.0 gpm per acre corn irrigation. Additional protocol will be developed by the Ag Committee and District personnel.

Danny Krienke moved that the Board move forward with the Ag Committee's recommendations for the new 200-12 program and the new EPIC program. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Texas Electric has completed modification of the underground piping system and removed any unnecessary risers and valves. They have connected the electric to the west Well and west pivot. While watering the wheat crop, a difficulty was experienced with the global position system (GPS) for the new pivots at the Center. The pivots were losing signal with the satellites causing the pivots to enter dead reckoning. If the pivot remained in dead reckoning for 20 minutes, the control system would stop the pivot and notify the owner.

After consulting with the Reinke dealer, it was discovered the GPS was being affected by the variable frequency drive (VFD) for the small Well located near the office. The VFD created noise in the electric system that traveled to the GPS causing the loss of signal. This problem didn't start until after the electric provider for the Center was switched from Xcel Energy to Rita Blanca Electric Cooperative. Due to the different way Xcel and Rita Blanca provide electricity to customers, electricity provided by Xcel did not affect the GPS but when Rita Blanca began to provide electricity to the Center, it affected the GPS.

To solve this problem, the District installed line conditioners to preventing the noise from reaching the pivots. Another way to solve this problem is to have the VFD and pivot connected to separate transformers. The transformers will not allow the noise to travel back to the main line.

PivoTrac installed Seametrics meters at each pivot and wired the meters to allow the control panels to collect data from the meters. The District had a pipe burst near the water supply Well and Etter Water Well is working to repair the pipe.

The General Manager and General Counsel have been working on the contract for Stan Spain and CPS regarding farming and demonstrations at the field.

During preparation for the District's 60th Anniversary, Curtis Schwertner found a copy of the District's research field history which was presented to the Board.

Danny Krienke moved that the District move forward with getting production on the East Well to 1,000 gpm, or 1,100 gmp. Zac Yoder seconded the motion and it was unanimously approved by the Board.

The General Manager discussed a proposal for a Groundwater Production Unit larger than 1600 acres. The General Manager stated that in his proposed Rule that:

1. You cannot pump more than the Annual Allowable;
2. If you desire to pump more than the Annual Allowable of 1.5 acre feet, you must obtain the adjoining landowner's permission to do so;
3. All Wells must be metered;
4. The Groundwater Production Unit is not eligible for the Conservation Reserve;
5. All contiguous acres under common ownership must be included in the Groundwater Production Unit; and
6. You can only change size and shape of the Groundwater Production Unit based upon what you buy and sell.

At 12:30 p.m., Justin Crownover 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 Rule issues. Mark Howard seconded the motion and it was unanimously approved by the Board.

Executive Session: At 12:37 p.m., the Board went into Executive Session to seek legal advice from its attorney. At 1:51 p.m., Director Gene Born moved that the Board reconvene into regular session. Justin Crownover seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 2:01 p.m.

Danny Krienke moved that Harold Grall will work with the General Manager of the District and the District's General Counsel to develop a Demonstration Agreement with CPS. Zac Yoder seconded the motion and it was unanimously approved by the Board.

The Board continued its review of the proposed Rule draft.

Mark Howard move to include the General Manager's proposed language for a Groundwater Production Unit larger than 1600 acres into the proposed Rule draft. Zac Yoder seconded the motion.

Bob Zimmer stated that the language regarding "pool" should be removed. Mr. Zimmer also stated that he wanted an internal section to have a cap of 2.5 acre feet.

The motion passed by the majority vote of the Board with Gene Born and Bob Zimmer opposing.

Annually, the Board reviews its District Directors Policies. The District's General Counsel prepared a Director Duties and Standards of Conduct and presented it to the Board. The General Counsel recommended that the Director Duties and Standards of Conduct be added to the District Directors Policy. Danny Krienke moved to add the Director Duties and Standards of Conduct presented by the District's General Counsel to the District Directors Policies and to approve the Policies. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Over the past couple of months, the Board has discussed the policy related to exceeding the production limit on a property. Originally, the Board set a four-phase process that was tied to the property or Groundwater Production Unit. The first time a property was overproduced a civil penalty was set at \$25.00 per acre-foot for overproduction, the second occurrence the civil penalty was set at \$75.00, and the third occurrence the civil penalty was set at \$225.00 per acre-foot for overproduction. The fourth occurrence required a show cause hearing. The escalation stayed with the property and did not expire.

According to the May 21, 2014 Board Minutes, Justin Crownover moved that the Board adopt a policy to stop the escalation of overproduction civil penalties if an Owner voluntarily reduces his Annual Allowable Production limitation until the overproduction amount is paid back. Danny Krienke seconded the motion and it was unanimously approved by the Board. This policy is currently the guidance the General Manager follows regarding compliance related to exceeding the Annual Allowable Production limitation.

Based on the above policy passed by the Board in May 2014, the General Manager requested clarification of the policy. Since the Board requires the Owner to voluntarily reduce his Annual Allowable Production Limit instead of just having the Owner produce less groundwater, does the Board anticipate requiring the Owner to declare his reduced

Annual Production Limit before the Owner begins annual production, or can the Owner simply declare the reduced Production Limit when he files his reports? The General Manager recommended allowing the Owner to declare a lower Annual Production limitation when he files his Production Reports.

Lastly, the General Manager requested that the Board tie the civil penalty to the Owner/operator of the Property so that if the true ownership/operator changes the penalty does not follow the Property.

Justin Crownover moved that an overproduction penalty will reset to \$0 if a Producer goes three consecutive years without an overproduction violation on a Groundwater Production Unit. Mark Howard seconded the motion and it was unanimously approved by the Board.

Laura West presented a report to the Board comparing Flow Meters to Alternative Metering Methods.

Ms. West stated that in the early part of 2014, District staff proposed a project that would test the meter validity of the meter methods used by producers to measure groundwater. As part of the project, the District tested the alternative methods i.e. gas, electric, pivot monitoring against flow meters at the well or pivot. In the first year the District had 12 participating locations throughout the District. Each of the participating sections had to have either flow meters at all wells or one central pivot meter, either gas or electric wells, and some type of pivot monitoring system. As a stipulation of the project, all tested locations had to be a whole section or part of a section that belonged to a closed system. Each well in the section was also flow tested once a month.

The electric meter, natural gas meter and the flow meters were read every two weeks by District staff and those readings were recorded. The pivot system readings were taken at the end of the month and recorded. Based on the data there are pros and cons for each meter method. District staff had a few issues in 2014 with collecting the correct gas meter data. The main issue the staff faced was not having the correct equipment to get the correct multiplier off of the gas meter.

Throughout the course of the project, a few pros and cons came to light about each meter.

Flow Meter

Pros:

- Easy to read, and one of the most accurate ways to record the amount of water flowing thru pipe.
- Depending on the brand of meter, flow meters are fairly accurate when determining the GPM of the well. Digital meters seem to have a more accurate GPM reading than propeller meters.

Cons:

- On propeller meters especially, the reading can be inaccurate if the well is pumping a good amount of air. When the well is pumping air, the propeller of the meter continues to spin and the dial of the meter continues to count.
- With digital meters that run on batteries, when the batteries go dead so does the meter. This can become a problem if you don't catch that the meter is dead right away. This could also be true of propeller meters. If the propeller quits spinning because of sand or a bearing then the dial quits reading. If

you don't catch this issue right away, your meter reading and data will be inaccurate.

Flow Meter

Pros:

- Based on the data received, electricity seems to report a lower amount of water usage in the Eastern counties of the District. Unlike propeller flow meters, electricity works to pump the water out of the ground. It does not recognize air coming thru the casing.

Cons:

- Depending on where you are in the District, the electricity numbers could report higher than the flow meter number. The data shows that the Dallam county location reported a higher electric number than flow meter number. However, the sections in Sherman and Ochiltree counties reported a lower electric number than flow meter number. The multiplier the District uses to convert the kilowatt hours to acre feet was established back in 2005 and is based on a certain depth to water and assumed efficiency of the pump and motor. The one major con of electricity is that producers could either over report or under report their water usage depending on where they are located in the District.

Pivot Monitoring System

Pros:

- It is able to give important information to the producer about the pivot activity in real time.
- With a pivot monitoring system, you get a fairly accurate description of how many days you run with water on and how many days you run with water off.
- Can be accurate if you have the pivot nozzled correctly.

Cons:

- Production with a pivot monitoring system is based off of your hours run wet and your nozzle package. If your pivot is nozzled higher than the amount of water you have pumping thru your pivot you will over report the water. On two of the participating locations the producer was nozzled for 3000 GPM, but that location did not have 3000 GPM pumping thru the pivot. In this case the pivot monitoring system reported more acre feet pumped than both the flow meters and electricity.

Ms. West reported to the Board that at this time the gas meter data is inaccurate. Any pros or cons listed would be a misrepresentation.

The District and Tom Forbes, the District's legislative representative, have contacted Representative Four Price's and Senator Kel Seliger's offices to start the process to change the election date for the Board's Director to one of the General Election Dates in even numbered years.

During the Texas Water Conservation Association's groundwater legislation development process, the TWCA sent a letter to the Texas Water Development Board

asking TWDB to clarify the interaction of Desired Future Conditions and Modeled Available Groundwater between to GMAs and RWPGs. The letter was presented to the Board for its review.

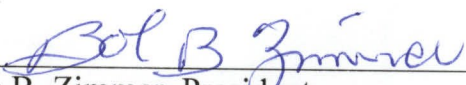
The Panhandle GCD Board of Directors has declared the Blaine Aquifer as a non-relevant aquifer for joint planning purposes. This item will be discussed at the GMA-1 Joint Planning Meeting scheduled February 18th. Bob Zimmer asked the Board how it desired for him to vote on the Blaine Aquifer being a non-relevant Aquifer at the GMA level? It was the unanimous consensus of the Board that Mr. Zimmer has the support of the Board to vote on this issue and that he has all of the information to do so.

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.

President Zimmer set the next regular Board Meeting immediately following the Rulemaking Hearing on February 10, 2015.

Justin Crownover moved to adjourn the meeting. Zac Yoder seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 3:37 p.m.



Bob B. Zimmer, President



Daniel L. Krienke, Secretary