

**MINUTES OF THE JANUARY 15, 2013
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 15, 2013, at 9:00 a.m. in the Board Room of the North Plains Groundwater Conservation District at 603 East 1st Street, Dumas, Texas 79029. The following persons were present:

Members Present:

Gene Born; President
Daniel L. Krienke, Director;
Bob Zimmer, Secretary;
Phil Haaland, Director;
Harold Grall, Director; and,
Brian Bezner, Vice President.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager/District Hydrologist;
Kirk Welch, Assistant General Manager/District Outreach;
Kristen Alwan, Executive Assistant;
Casey Tice, Compliance Coordinator; and,
Odell Ward, GIS and Natural Resource Tech Lead.

Others present during part or all of the meeting:

Scott Clawson;
Jim Baoteer;
Sabrina Leven;
Marty Jones, Esq.;
Scott Meeks;
Jarret Bowers;
Mark Howard;
Greg Howard;
Brett Howard;
Amy Haschke;
F. Keith Good, District General Counsel; and,
Ellen Orr, Paralegal.

President Born declared a quorum present and called the meeting to order at 9:00 a.m.

Director Phil Haaland gave the invocation and President Born led the pledge.

Odell Ward received a service award from the District

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

Bob Zimmer moved to approve the Consent Agenda consisting of the approval of the Minutes of the Holiday Board Meeting of December 8, 2012; the regular December 18, 2012 Board Meeting; the un-audited District expenses presented to the Board from December 1, 2012 through December 31, 2012, 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

\$4,065.04 for December 1, 2012, through December 31, 2012. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The Board considered the adoption of the originally presented proposed Rules 3.5E and 3.5F. Marty Jones, Esq. addressed the Board and suggested that it was more beneficial to not adopt proposed Rule 3.5F until the District redrafted a new proposed pooling rule. Mark Howard addressed the Board and suggested that a central collection point was sufficient to measure groundwater withdrawal from a closed system and urged the Board to continue to permit the use of a central collection point to report groundwater withdrawals from a Property.

Brian Bezner moved to adopt the following Rule effective January 15, 2013 at 9.57 a.m.:

- E. An Owner may use an Alternative Metering System or a central collection point to report groundwater withdrawals from a Property until the Owner applies for a Permit to construct a Well or amend an existing Well Permit on the Property. At that time, the Owner must install meters at the pump on all Wells on the Property within 150 days after the Permit or amended Permit approval.

Bob Zimmer seconded the motion. Harold Grall questioned the rationale of the Board in permitting a central collection point to measure groundwater withdrawals in an earlier Rule and then changing the Rule to exclude a central collection point to measure groundwater withdrawals from a Property. Danny Krienke, Bob Zimmer, Phil Haaland and Gene Born responded to Mr. Grall that the Board's intention was to eventually require all groundwater withdrawals from Wells within the confines of the District to be measured by flow meters. Scott Meeks also address the Board and stated that a meter at a pivot was an acceptable method to measure groundwater withdrawals from a Property. Harold Grall suggested that perhaps the Board should consider proposing a Rule that by 2020 every Well within the confines of the District be properly equipped with a flow meter. President Born called for a Roll Call vote regarding the adoption of Rule 3.5E as follows:

Bob Zimmer:	Yes
Danny Krienke	Yes
Brian Bezner	Yes
Gene Born	Yes
Harold Grall	No
Phil Haaland	Abstain.

The motion passed by the majority vote of the Board.

Phil Haaland moved to table action on proposed Rule 3.5F until a full revised set of proposed Rules could be presented to the Board and that the Board consider adopting a "drop dead" date for the installation of meters on all Wells within the District. Harold Grall seconded the motion and it was unanimously approved by the Board.

In June, the General Manager provided rule management concepts to the Board for review. These concepts have not been fully fleshed out by the Board or the General Counsel. The purpose of this concept paper is to address request by the District's stakeholders, as well as address statutory requirements for implementing a plan to achieve the District's desired future conditions. The District's current set of rules are in effect until amended by the Board after a public hearing process and nothing in these management concepts should be taken as a draft of proposed rules.

The District has held stakeholder meetings and a hearing regarding metering rules proposed by the board in October. Since the management concepts were drafted in June, District staff has received comment regarding the District's pooling rules, clarifying the well abandonment process, tying the conservation reserve to the land instead of the

owner, and most, importantly the method for reducing production to achieve the DFC. The General Manager intends to provide a set of draft proposed rules at the February Board meeting for board consideration to publish as proposed rules.

A Schedule of Well Permits was presented to the Board for its review. Brian Bezner moved to remove DA-4281 and DA-5154 from the Schedule of Well Permits so that they could be considered separately by the Board. Danny Krienke seconded the motion and it was unanimously approved by the Board. Phil Haaland moved to approve DA-4281 and DA-5154 because the Wells are properly equipped and otherwise comply with District Rules. Harold Grall seconded the motion and the motion passed by the majority vote of the Board with Brian Bezner abstaining from the vote. Bob Zimmer moved to approve all of the remaining Well Permits as active and complete Wells because the Wells are properly equipped and otherwise comply with District Rules:

COUNTY	OWNER	WELL	METER LOCATION	CL	MAX	QTR	SEC	BLK	SUR	YARDS N S	YARDS E W
DALLAM	BEZNER L & R LTD	DA-4281	WELL	C	800	NE	65	5	CSS	861N	274E
DALLAM	FRED AWE	DA-5026	WELL	C	800	SW	29	25	B&B	467S	528W
DALLAM	FRED AWE	DA-5027	WELL	C	800	SE	29	2	B&B	467S	401E
DALLAM	BEZNER L & R LTD	DA-5154	WELL	C	800	SW	74	5	CSS	142S	24W
DALLAM	ROBERT SPIELMAN	DA-5200	WELL	C	800	SE	25	1	BS&F	448S	463E
DALLAM	CURTIS GROEN	DA-5222	WELL	B	400	SE	25	1	BS&F	788S	735E
HARTLEY	0208 TXUS HARTLEY LLC	HA-5148	WELL	C	800	NE	13	11	CSS	50N	491E
HARTLEY	CDF DALHART	HA-5205	WELL	C	800	SE	4	1	SA&MG	13S	401E
HARTLEY	ANNABELLE EDLIN TRUST	HA-5235	WELL	C	800	NE	24	5	GH&H	201N	605E
HUTCHINSON	HERMAN BLANTON	HU-5046	WELL	D	1200	SW	126	5-T	T&NO	254S	12W
HUTCHINSON	NATHAN SARGENT	HU-5125	WELL	D	1200	SE	0	0	WM NEIL	706S	2034E
LIPSCOMB	ROBERT AKERS	LI-5011	WELL	D	1200	NE	785	43	H&TC	528N	874E
SHERMAN	CARTRITE FAMILY TRUST	SH-5202	WELL	C	800	SW	4	3-T	T&NO	154S	768W
SHERMAN	DONELSON LAND & CATTLE	SH-5210	WELL	C	800	SE	213	1-T	T&NO	447S	440E
SHERMAN	B A DONELSON	SH-5211	WELL	C	800	NE	142	1-T	T&NO	292N	24E
SHERMAN	W & C LAND AND CATTLE	SH-5239	WELL	B	400	NW	10	1-T	T&NO	177N	638W
SHERMAN	W & C LAND AND CATTLE	SH-5240	WELL	B	400	NW	10	1-T	T&NO	534N	782W
SHERMAN	W & C LAND AND CATTLE	SH-5242	WELL	B	400	NE	10	1-T	T&NO	770N	225E
SHERMAN	W & C LAND AND CATTLE	SH-5243	WELL	B	400	SE	10	1-T	T&NO	499S	50E
SHERMAN	W & C LAND AND CATTLE	SH-5244	WELL	B	400	SW	9	1-T	T&NO	878S	248W
SHERMAN	W & C LAND AND CATTLE	SH-5245	WELL	B	400	NW	9	1-T	T&NO	273N	322W

Harold Grall seconded the motion and it was unanimously approved by the Board.

At 10:14 a.m. the Board recessed and reconvened at 10:28 a.m.

Phil Haaland moved that the Board continue to retain Perryton National Bank as its primary banking services institution and retain First State Bank as its secondary banking services institution. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Texas Water Code § 36.155 requires the Board to name one or more banks to serve as depository for the District funds. Currently the District uses depositories for certificates of deposit (CDs) as follows:

Bank Name	City	Relationship	Insured Max Amount	Current Amount Deposited
Follett National Bank	Follett	CD	\$250,000	\$125,000.00
First Bank Southwest	Perryton	CD	\$250,000	\$100,000.00
Bank of America	Dumas	CD	\$250,000	0
First State Bank	Dumas	CD-Safe deposit box	\$250,000	\$150,000.00
Interstate Bank, ssb	Perryton	CD	\$250,000	0
Gruver State Bank	Gruver	CD	\$250,000	0
Dalhart Federal Savings & Loan Association	Dumas	CD	\$250,000	\$206,618.57
Perryton National Bank	Perryton	Primary Bank- CD	\$250,000 plus pledged securities	\$300,000.00
First National Bank	Spearman	CD	\$250,000	\$200,000.00
Happy State Bank	Dumas	CD	\$250,000	\$100,000.00
Wells Fargo Bank	Dalhart	CD	\$250,000	0

All District funds in the above listed institutions are fully insured and have variable terms based on the request of the District. The District's Investment Policy requires that the Board shall annually review the terms and conditions of each banking or depository relationship with the District to confirm compliance with its Investment Policy and to assure that each such banking or depository relationship is in the best interests of the District.

Bob Zimmer moved that the Board confirm that it reviewed the terms and conditions of each banking or depository relationship of the above listed banks with the District and confirmed compliance with the District's Investment Policy that each such banking or depository relationship is in the best interests of the District, with the exception of Bank of America, which was to be excluded from the list. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The General Manager reported on the District's 200-12 Demonstration Program. Mr. Walthour stated that all of the cooperators have harvested their fields and most of the cooperators have turned in their yield data to the District's conservationist and the District staff. In December, the District mailed checks to cooperators in the project. Leon New will make a presentation to the board and the 2012 report should be available at the February board meeting.

District staff will present an update to the District's 200-12 Program and the High Plains Initiative at the Groundwater Management Districts' Association on January 11th, the Pioneers Field Days in Muncy on January 17th and at the Ag Water Forum in Austin February 25th.

Bob Zimmer moved that the Board approve an inter-local agreement with the Texas Water Development Board to enhance the HPAS GAM over a three-year period not to exceed \$100,000. Brian Bezner seconded the motion and it was unanimously approved by the Board.

The General Manager reported that the District staff mailed production reports on December 6th. District staff has been working on getting all of the meters in the correct properties. A few reports were handed out early, but the majority was mailed out on December 6th. For those well Owners that filed reports after the March 1st deadline last year, those Owners have until the close of business on January 15th to file their report to receive any reimbursement of the late penalty. If any producer has not received their 2012 production reports, they are encouraged to contact District staff to have them re-printed.

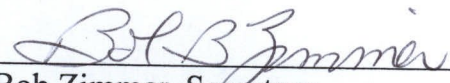
District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

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

By consensus, the Board set its next regular Board meeting for February 12, 2013 at 9:00 a.m. in the District office.

Phil Haaland moved to adjourn the meeting. Brian Bezner seconded the motion and it was unanimously approved by the Board. President Born declared the meeting adjourned at 10:54 a.m.


Gene Born, President


Bob Zimmer, Secretary