

**POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
Board of Directors Meeting & Public Hearings
POSGCD District Offices
310 East Avenue C
Milano, TX 76556
OCTOBER 14, 2014 – 5:30 p.m.**

MINUTES

Directors Present:

**Nathan Ausley
Dwayne Jekel
Lee Alford
Robert Ware
Tommy Tietjen
Durwood Tucker
Sidney Youngblood
Steven Wise
Jay Wilder**

Directors Absent:

Kerry Starnes

POSGCD Staff:

**Gary Westbrook
Elaine Gerren
Bobby Bazan
Meredith Earwood**

Others Present:

**Scott Huddleston
Kodi Sawin
James Bene
Richard Morgan
Larry Faulkner
David McLaren
Steven Young
Robert Jekel
Barney Knight**

Entity:

**San Antonio Express-News
Sawin Group
RWH
Abengoa
Western Hills Water Conservation
Citizen
Intera
D&L Services
Knight & Partners**

1. Call to Order and establish quorum

President Nathan Ausley called the Board Meeting to order and established quorum at 5:32pm.

2. Public Hearing on Rules: Section 4.1 of the District's Rules applicable to spacing of wells and production of groundwater in the Yegua-Jackson Aquifer

General Manager Gary Westbrook briefly introduced the draft Rules set for hearing. President Nathan Ausley asked for Public comment concerning Section 4.1 of the District's Rules applicable to spacing of wells and production of groundwater in the Yegua-Jackson Aquifer. No Public comment was offered.

3. Public Comment

President Nathan Ausley asked for Public comment. No Public comment was offered.

4. Minutes of September 9, 2014 Board Meeting

A motion was made by Director Lee Alford to approve the minutes of the September 9, 2014 Board Meeting. The motion was 2nd by Director Tommy Teitjen and carried unanimously.

5. Section 4.1 of the District's Rules applicable to spacing of wells and production of groundwater in the Yegua-Jackson Aquifer

President Nathan Ausley discussed the change in Section 4.1 of the District's Rules applicable to spacing of wells and production of groundwater in the Yegua-Jackson Aquifer. He referenced the information provided to the Board, and explained the implementation of vertical spacing to help with drawdown issues. General Manager Gary Westbrook noted that the oil and gas companies were the most affected by this rule change and they have been abiding by the rule change even though it was not adopted. Director Bob Ware made a motion to approve vertical spacing in the Yegua-Jackson Aquifer by changing Section 4.1 of the District's Rules applicable to spacing of wells and production of groundwater. The motion was 2nd by President Nathan Ausley. The motion carried unanimously.

6. Water Quality of groundwater resources and unconventional drilling methods

Steve Young of Intera, and the District's Hydrogeologist, commented on the background information of Inform Environmental. Discussion was held on the options for water quality testing in the District. Discussion included how the District would use the information to benefit the groundwater users, what the boundaries for the information would be, and the appropriate guidelines for sampling water quality. The Board discussion concluded by deciding to continue to look for more options for water quality testing in the District.

7. Discussion, clarification and direction to the General Manager regarding the permits and registrations the General Manager is to issue pursuant to the Rules, for wells and applications that are compliant with the Rules

General Manager Gary Westbrook discussed the District's current rules and a need of clarification. After discussion it was agreed that the clearly expressed intent of the Board in adopting the Rules in question was that the General Manager be given the authority and the duty to grant permits for drilling, altering, operating and producing certain wells, if the well(s) is exempted from public hearings and compliant with the relevant provisions of the rules, and that Rule 3.1 gives the Board the authority to delegate authority to the General Manager to take any and all such actions.

President Nathan Ausley made a motion that the Board clarify the authority of the General Manager in the minutes and delegate to the General Manager the authority and duty to approve all required permits for the following wells that are found to be in compliance with the requirements of our Rules: (1) Limited Production Wells and the specific wells exempted that cannot produce more than 50,000 gpd; (2) Emergency Permits; (3) Permit amendment to transfer ownership; (4) Amendments to decrease

Authorized Withdrawals and similar non-substantive changes; (5) Exempt Wells; (6) Wells that will be exempt upon completion; (7) Exempt Well Certificate of Registration; (8) permit to re-drill, alter or replace a well previously authorized by the RR Commission; (9) Non-Exempt Agriculture use wells; and (10) one year permits for oil & gas hydraulic fracturing wells. This motion was 2nd by Director Tommy Tietjen. The motion carried unanimously.

8. Discussion and directions to the General Manager regarding the process and procedure to be followed for the five year review of operating, production and transport permits

General Manager Gary Westbrook commented on the past decisions made by the Board on five year reviews of operating, production and transport permits, and presented for discussion possible processes for five year reviews of permits issued by the District in the future. Discussion was held on the history of the decisions, and what the appropriate action would be for the current Board. General Manager Gary Westbrook requested direction from the Board. The Board instructed Westbrook to develop an outline of requirements and standards for a possible five year review, and return these to the Board to discuss at a future date.

9. Add Director to bank signature cards

President Nathan Ausley made a motion to add Director Steven Wise to the bank signature card. Director Jay Wilder 2nd the motion. Steven Wise abstained from the vote, and the motion carried unanimously.

10. Amend 2014 Budget

President Nathan Ausley presented amendments to the 2014 Budget as recommended by the Advisory Committee and referenced information given to the Board. After discussion, Director Durwood Tucker made a motion to amend the 2014 Budget as recommended. The motion was 2nd by Director Lee Alford. The motion passed unanimously.

11. Trade in and purchase of District vehicle

General Manager Gary Westbrook presented prices to the Board on a possible trade of the current District pickup, and purchase of a new pickup. Discussion ensued on the need for a new truck and prices available. Director Bob Ware made a motion to accept the bid for a new truck as presented. Director Lee Alford 2nd the motion. The motion passed unanimously.

12. Discuss draft 2015 Budget and Fees

President Nathan Ausley presented the recommended Draft 2015 Budget and fees. General Manager Gary Westbrook noted the need to amend this draft of current budget for GMA 12 Hydrologists after receiving affirmation that the Texas Water Development Board would provide matching funding for improvements to the Central Queen City Sparta/Carrizo-Wilcox Groundwater Availability Model. The Draft 2015 Budget contained \$75,000 for GMA 12 Hydrologist. Westbrook recommended increasing the budget by \$100,000 in this item to cover improvements to the Central Queen City Sparta/Carrizo-Wilcox Groundwater Availability Model. Discussion ensued about other items in the 2015 Draft Budget, and the recommended Draft 2015 Fee Schedule. Further discussion centered on the water quality testing and how much it would cost per test. District Hydrologist Steve Young estimated the cost to be in the \$1,000 to \$1500 range per water quality test. President Ausley made a motion to approve setting the Draft 2015 Budget, including the recommendation from Mr. Westbrook, and Draft 2015 Fee Schedule, including amended language for applications for one year hydraulic fracturing to reflect the estimates for water quality testing as stated by Mr. Young, for Public Hearings at the Board's November meeting. The motion was 2nd by Director Jay Wilder. The motion passed unanimously.

13. Draft Legislation Work by Texas Water Conservation Association Interim Groundwater Committee

General Manager Gary Westbrook reported on recent developments on draft legislation for brackish water permitting, ASR projects, Automatic Permit renewals, the Drillers Apprentice Program, and taking GCDs out of from under the State Auditor's process except for financial audits. He explained the issues and positives of the legislation presented, and noted that these draft bills would be presented to TWCA Board later this week for disposal.

14. Joint planning process and Desired Future Conditions (DFCs), groundwater resources in the District, and future process for evaluating District DFCs for Groundwater Management Area 12 (GMA 12) and Groundwater Management Area 8 (GMA 8)

President Nathan Ausley discussed the motion made during the DFC Committee meeting. President Ausley brought the motion to the Board of Directors to approach the District's neighboring GCDs in GMA 12 about establishing a GMA wide shallow management zones in the Carrizo-Wilcox aquifer. Director Steven Wise 2nd the motion. After discussion, the motion passed unanimously.

15. Receive report from District Manager on recent District activities and take appropriate actions.

A. Permit applications filed with the District and Hearing Dates; Emergency Permits Granted

General Manger Westbrook reported that there were currently no applications requiring a hearing.

B. Well Drilling activities: registrations, applications, completions, plugging, inspections

General Manger Westbrook reported 43 registrations, 9 applications, 6 completions

C. Recent and future District presentations and activities

1. District website

General Manager Gary Westbrook explained that the contract had been approved after review from District Attorney Barney Knight. Director Steven Wise made a motion to execute a contract with Audion, LLC for website services. The motion was 2nd by President Ausley. After discussion, the motion passed unanimously.

2. Texas Water Conservation Association meeting of October 15-17, 2014

General Manager Westbrook reported that he would be attending this conference.

3. Texas Alliance of Groundwater Districts Quarterly meeting of October 28-29, 2014

General Manager Westbrook reported that he and Bobby Bazan would be attending this meeting.

16. Bills received, current financial status, Investment Officer Report.

After review and discussion of the report of the District's financial status and current bills, a motion was made by Director Bob Ware to approve payment of the bills. Director Tommy Tietjen 2nd the motion. The motion passed unanimously.

17. Dates, locations, and times of future meetings.

President Nathan Ausley announced the next regularly scheduled meeting would be November 11, 2014 at the District's office at 5:30pm

18. Adjourn Board Meeting

Nathan Ausley adjourned the meeting at 6:32pm.