

Gonzales County Underground Water Conservation District
Minutes of the Board of Directors
May 13, 2014
Board Meeting

The regular meeting of the Board of Directors of the Gonzales County Underground Water Conservation District (the District) was called to order. Present for the meeting were directors: Bruce Tieken, Steve Ehrig, Barry Miller, Bruce Patteson and Kermit Thiele. Also present for the meeting were GCUWCD General Manager Greg Sengelmann, GCUWCD Well Mitigation Manager Link Benson, and administrative assistant Laura Mills. Other Attendees included: (See Attached List)

Public Comment: Public comments were made by Mr. Pat Rosato and Mr. Ted Boriack. A recording of the board meeting and comments received are filed at the District office.

The minutes from the April 8, 2014 Board Meeting were reviewed. Mr. Steve Ehrig made a motion to approve the minutes and Mr. Kermit Thiele seconded the motion. The motion passed unanimously.

Ms. Laura Mills gave the financial report. The Board reviewed the current CD rates available. Mr. Thiele made a motion to approve the financial report and renew/roll over CD 11 and CD 02 and Mr. Barry Miller seconded the motion. The motion passed unanimously.

The Board reviewed the District's outstanding bills. The bills were as follows: \$580.00 to Texas A&M Soil and Water Testing Laboratory for water quality samples, \$120.00 to Texas Alliance of Groundwater Districts for quarterly meeting, \$7.50 to the US Post Office for office keys, \$93.94 to AT&T Mobility for basic mobile bill, \$197.74 to GVTC for phone and internet service, \$250.00 to Farm Bureau for Water Planning Summit, \$578.50 to the US Post Office for office rent, \$35.00 to Rockin'S Marketing & Design for website maintenance, \$180.00 to WorkSpace Infrastructure & Mobility LLC for computer services, \$162.73 to Ricoh for copier rental, \$51.75 to Gonzales Inquirer for Public Notice--rules, \$75.00 to Post Register for Public Notice—rules, \$24.97 to Reese's Print Shop for office supplies, \$2,560.44 to INW for monitoring supplies, \$3,986.00 to Sutron for monitoring supplies, and \$8,523.50 to Gregory M. Ellis for legal fees. Mr. Bruce Patteson made a motion to pay the District's bills. Mr. Miller seconded the motion. The motion passed unanimously.

The Board reviewed the Western and Eastern Mitigation Funds' outstanding bills. The bills for the Western Fund were as follows: \$17,820.00 to Deharde Water Well Service for water well mitigation, \$11,172.80, \$720.80, \$2,888.60, \$6,429.20, \$4,165.98, \$12,256.95, \$3,986.53, \$1,657.00 and \$19,163.70 to B&S Water Well Service for water well mitigation. Mr. Miller made a motion to pay the Western Mitigation Fund bills and Mr. Patteson seconded the motion. The motion passed unanimously. The bills for the Eastern Fund were as follows: \$49.00 to the US Post Office for stamps, \$226.60 to the US Post Office for office rent, \$13.38 to Reese's Print Shop for office supplies, and \$4,713.38 to B&S Water Well Service for water well mitigation. Mr. Thiele made a motion to pay the Eastern Mitigation Fund bills and Mr. Bruce Tieken seconded the motion. The motion passed unanimously.

The Board then discussed the agenda item concerning the request by Mr. Bruce Siebert to convert a Carrizo Aquifer irrigation well permit to a Queen City Aquifer irrigation well permit. Mr. Greg Sengelmann stated that Mr. Siebert had contacted the District and stated he did not want to make this change, so the item was no longer up for discussion. Mr. Siebert was present at the meeting to confirm he did not want to make a change to the original irrigation well permit.

The Board discussed and took action on the proposed Formor Energy SWDW Permit before the Texas Railroad Commission. Mr. Sengelmann stated that the proposed Formor Energy injection well would be located approximately 1 mile northeast of Smiley on FM 108. The proposed injection interval would be the Lower

Cretaceous Formation. The injection zone was listed as 7,955 to 8,455 feet. Formor Energy and the District worked together on some additional safety enhancements to their proposed disposal well facilities, including running a cement bond log on the long string casing and installing an impermeable secondary containment structure around the storage tanks and piping. In lieu of this cooperative agreement, the General Manager recommends the District drop its protest of the Formor Energy disposal well application to the Texas Railroad Commission. After a brief discussion, Mr. Miller made a motion to drop the protest and Mr. Thiele seconded the motion. The motion passed unanimously.

The Board then discussed and took action on the Marathon Oil SWDW permit application before the Texas Railroad Commission. The proposed Marathon Oil injection well would be located off of FM 443 near Dryer and the proposed injection interval is the Carrizo Formation. The injection zone is listed as 4,110 – 4,350 feet. Marathon filed a request with the Texas Railroad Commission (TRC) Hearing Examiner to dismiss the District's protest for a lack of standing. The TRC Hearing Examiner denied the request and Marathon filed an appeal to that interim ruling. The TRC Hearing Examiner then submitted a memorandum to the TRC Commissioners requesting a ruling on Marathon's appeal. In the memorandum, the TRC Hearing Examiner addressed several reasons for denying Marathon's appeal. The deadline for the Commissioner's ruling on the appeal is June 6, 2014. Mr. Sengelmann stated that this is an important ruling for all groundwater districts in the State of Texas as Marathon is arguing that groundwater districts are not local governments and are not entitled to standing as a protestant in a Statewide Rule 9 application. After a brief discussion, Mr. Miller made a motion to continue the protest of the Marathon Oil SWDW. Mr. Patteson seconded the motion. The motion passed unanimously.

Manager's Report:

Mr. Sengelmann gave his monthly manager's report. On April 1st, 2nd, 9th and 16th Mr. Sengelmann collected water samples from wells in the Wilcox, Carrizo, Queen City, Sparta and Yegua-Jackson Aquifers. The TWDB scheduled an additional water sampling event in July that will include four Carrizo Aquifer wells, one Queen City Aquifer well, one Sparta Aquifer well, and one Yegua-Jackson Aquifer well. On April 2nd he travelled to Lockhart to post the Regular Board Meeting agenda. On April 3rd he met with Mr. Fritz Dopslauf concerning a potential Carrizo Irrigation well permit. On April 3rd he travelled to Seguin to drop off split samples at the GBRA laboratory for analyses. On April 15th he attended the Gonzales Area Development Corporation Annual Industrial Luncheon. On April 17th he travelled to Seguin to attend the Schertz-Seguin Local Government Corporation board meeting. Topics of discussion included the Post Oak Clean Green landfill permit application in Guadalupe County, revisions to the 5 year drought plan, and project scheduling issues on the SAWS Expansion Project. On April 25th he continued his investigation into reports of oil in water wells located in an area stretching from the former Cactus Corral property to CR 441. He detected oil in five of the thirteen Queen City Aquifer water wells he checked. On April 30th he conducted a site visit to the R Bar M Ranch in response to a permit application submitted on April 25th. He has begun receiving the conductivity and water level transducers for the automatic monitoring system. Mr. Sengelmann gave the water production reports for Schertz-Seguin Local Government Corporation, Aqua Water Supply Corporation, San Antonio Water Systems and Canyon Regional Water Authority. The Palmer Drought Index, as of May 6th, 2014 indicates that we are in moderate to severe drought conditions.

The Board discussed and took action on the agenda item for paying the General Manager's, Administrative Staff, and Board Members' expenses for the month. Mr. Miller made a motion to approve the expenses. Mr. Patteson seconded the motion. The motion passed unanimously.

Mitigation Fund Manager's Report:

Mr. Link Benson gave his monthly manager's report. On April 1st he travelled to Seguin and met with Deharde Water Well Service to discuss mitigation of wells in the District. Later in the day on April 1st and on April 2nd he went to the Cook well in Nixon and met with Deharde for mitigation of the well. On April 2nd he went to Belmont to meet with B&S Water Well Service to discuss mitigation of a well for Mr. Ford. On April 3rd Mr. Benson returned to the Ford well to observe the pump being set. April 8th he went to Bebe to meet with the

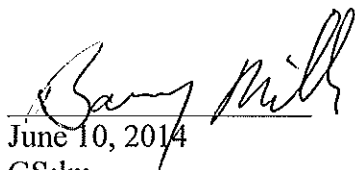
landowner at the Knandel well. The well had quit flowing, so he called B&S. They met him at the office in Gonzales and then went out to the Knandel well after lunch. On April 8th he travelled to Harwood and met with B&S to discuss the mitigation of the well at Green Acres Nursery. He then travelled to the Marek well. April 10th he went to Cost to meet with B&S at the Lester well. The pump needed to be raised because it was pumping sand. Mr. Benson travelled to Harwood on April 12th and met with Mrs. Marek to discuss the mitigation work to be done on her well. On April 15th he went to Smiley to the Stahl well to observe the well head being installed. April 16th he went to Smiley to observe B&S setting the pump in the Lester well. The water level in the well was at 63 feet. Mr. Benson met with B&S in Nixon at the Cook well on April 21st to observe the pump being set in the well. On April 22nd, 23rd, and 24th, he went to Nixon for mitigation work being done on two of the Wilson wells. Mr. Benson met with B&S Water Well Service there each day to discuss mitigation work and to observe the work being done on the wells. A solar pump was installed in one well and a submersible pump was installed in the other well. On April 25th he travelled back to Smiley to the Lester well. The well was pumping sand and had run out of water. The water level was at 105 feet. On the 27th and 28th of April he met with B&S at the Knandel well in Bebe to observe the solar pump being set. April 29th and 30th he travelled to Harwood to meet with B&S at the Marek well to set the pump and tank. On April 30th he went to the Lester well in Smiley to meet B&S. The pump had to be lowered to 300 feet. At this depth the well was not running out of water and was pumping less sand.

The Board discussed and took action on paying the Mitigation Manager's expenses for the month. Mr. Thiele made a motion to pay the Mitigation Manager's expenses and Mr. Miller seconded the motion. The motion passed unanimously.

Adjourn:

A motion was made by Mr. Miller to adjourn the meeting and Mr. Thiele seconded the motion. The motion passed unanimously.

Approved By:


June 10, 2014
GS:lm

Gonzales County Underground Water Conservation District

Board Meeting Sign in Sheet

May 13, 2014

| <u>Name</u> | <u>Organization</u> | <u>Landowner (yes or no)</u> |
|-----------------|---------------------|------------------------------|
| Ken Holt | SAWS | |
| Darren Thompson | SAWS | |
| Bill Klemm | SSLGC | Yes |
| Craig Hines | CRWA | Yes |
| Brenda Surber | SAWS | Yes |
| Allen Jackson | SSLGC | Yes |
| TEED BORIACK | LANDOWNER/RANCHING | YES |
| FAT ROBERTS | Self | Yes |