MINUTES OF THE AUGUST 7, 2012
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

The Board of Directors of North Plains Groundwater Conservation District met in regular session August 7, 2012, at 9:00 a.m. in the Board Room of the District office at 603 East First Street in Dumas, Texas 79029. The following persons were present:

Members Present:

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

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;
Kristen Alwan, Executive Assistant; and,
Casey Tice, Compliance Coordinator.

Others present during part or all of the meeting:

Sabrina Leven;
Louis Leven;
C.C. Sysombath;
Marcus Norris;
Doug Brown;
Cathy Brown;
Bob and Linda Williams;
Chuck Tucker;
Mark Howard;
Amy Haschke; and,
Claire Yauck Walsh, Attorney.

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

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

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

Bob Zimmer moved to approve items 2a through 2c of the Consent Agenda, consisting of the approval of the Minutes of the July 9, 2012, Board of Directors Meeting; the approval of un-audited District expenditures from July 1, 2012, through July 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 $7,777.85 for July 1, 2012, through July 31, 2012. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Bob Williams addressed the Board regarding public concern related to possible contamination of the Ogallala aquifer resulting from a proposed fluid injection or disposal well (Disposal Permit Application, tracking number 35563 located in Hansford County, Texas. John Bozeman of JCB II Enterprises, LLC also addressed the board

regarding the Disposal Permit Application and the public concern related to the possible contamination of the Ogallala aquifer because of the Disposal Permit Application.

The following Schedule of Well Permits was presented to the Board for its review. Bob Zimmer moved to remove Well Permit OC-4152 from the Schedule of Well Permits and to approve all of the following permits as active and complete wells because the wells are properly equipped and otherwise comply with District Rules:

COUNTY	OWNER	WELL	CL	MAX	QTR	SEC	BLK	SUR	YARDS N S	YARDS E W
DALLAM	CLIFFORD SKILES	DA-3774	D	1200	SE	3	B	A CANTON	795S	1398E
DALLAM	RKD HOLDINGS	DA-3785	B	400	NW	3	6	CSS	577N	652W
DALLAM	RKD HOLDINGS	DA-3786	B	400	NW	2	6	CSS	844N	876W
DALLAM	NORTEX FEEDLOT CO	DA-3841	B	400	SE	7	3	CSS	157S	100E
DALLAM	GUSTIN MITCHELL BOWERS TENANTS IN COMMON	DA-3975	C	800	SW	1	0	TH ESPEY	121S	115W
DALLAM	LARSEN FARMS LLC	DA-4243	B	400	NW	20	5	CSS	702N	1005E
DALLAM	LARSEN FARMS LLC	DA-4246	C	800	SW	20	5	CSS	620S	741W
DALLAM	RKD HOLDINGS	DA-4308	B	400	NW	7	6	CSS	753N	404E
DALLAM	RKD HOLDINGS	DA-4309	B	400	NE	27	6	CSS	287N	117E
DALLAM	RKD HOLDINGS	DA-4310	B	400	SW	36	6	CSS	113S	567W
HANSFORD	BUTCH REED	HN-4529	D	1200	NE	38	R	B&B	427N	130E
HANSFORD	FARNSWORTH FARMS	HN-4537	D	1200	NW	60	4-T	T&NO	100N	120W
HANSFORD	HOLT LAND & CATTLE	HN-4674	D	1200	NW	0	0	L STROUD	570N	550W
HANSFORD	GEORGIA HOLT	HN-4675	C	800	NE	303	2	GH&H	807N	156E
HANSFORD	BOBBY WILLIAMS	HN-4688	D	1200	SE	71	4-T	T&NO	774S	12E
HANSFORD	CARL M ARCHER TRUST #3	HN-4904	C	800	SE	20	1	WCRR	227S	43E
HANSFORD	WADE BURGESS	HN-4947	C	800	SE	4	1	W&NW	557S	871E
HARTLEY	GABE FERRIS	HA-2585	A	100	NW	0	0	JOSEPH BEATY	125N	450W
HARTLEY	KIRK FLY	HA-3577	D	1200	SE	1	A-2	PSL	552S	739E
HARTLEY	KIRK FLY	HA-3578	D	1200	SE	1	A-2	PSL	105S	1139E
HARTLEY	ADAM SKALSKY	HA-3612	C	800	NE	9	3	B&B	423N	222E
HARTLEY	TMPC LLC	HA-3619	C	800	SE	5	12	CSS	597S	338E
HARTLEY	CLIFF SKILES	HA-3821	D	1200	NE	0	0	GW CARLISLE	373N	107E
HARTLEY	NORVA KUPER	HA-3849	C	800	NW	108	48	H&TC	361N	457W
HARTLEY	GUSTIN MITCHELL BOWERS TENANTS IN COMMON	HA-3936	D	1200	SW	1	1	SA&MG	174S	846W
HARTLEY	MARK WAYNE HOWARD	HA-4002	C	800	SW	251	44	H&TC	426S	438W
HARTLEY	GREG HOWARD	HA-4003	D	1200	SE	336	44	H&TC	443S	445E
HARTLEY	FOUR STAR MIDDLEWATER	HA-4132	C	800	NE	27	12	CSS	30N	674E
HARTLEY	WININGS FAMILY LTD	HA-4215	C	800	NE	58	21	CSS	383N	118E
HARTLEY	DON OPPLIGER FARMS	HA-4260	C	800	SE	64	13	CSS	166S	795E
HARTLEY	DON OPPLIGER FARMS	HA-4261	C	800	NE	34	12	CSS	381N	375E
HARTLEY	DON OPPLIGER FARMS	HA-4262	C	800	SE	34	12	CSS	455S	429E
HARTLEY	DON OPPLIGER FARMS	HA-4263	C	800	NE	34	12	CSS	4N	830E
HARTLEY	DON OPPLIGER FARMS	HA-4264	C	800	NE	30	12	CSS	8N	586E
HARTLEY	DON OPPLIGER FARMS	HA-4265	C	800	NW	30	12	CSS	75N	445W
HARTLEY	DON OPPLIGER FARMS	HA-4266	C	800	NW	30	12	CSS	912N	375W

HARTLEY	DON OPPLIGER FARMS	HA-4267	C	800	SE	30	12	CSS	430S	76E
HARTLEY	DON OPPLIGER FARMS	HA-4268	C	800	NW	31	12	CSS	62N	440E
HARTLEY	DON OPPLIGER FARMS	HA-4269	C	800	SW	31	12	CSS	902S	856W
HARTLEY	DON OPPLIGER FARMS	HA-4270	C	800	NE	31	12	CSS	112N	333E
HARTLEY	DON OPPLIGER FARMS	HA-4363	C	800	SE	15	12	CSS	706S	448E
HARTLEY	DON OPPLIGER FARMS	HA-4372	C	800	NE	32	12	CSS	28N	566E
HARTLEY	DON OPPLIGER FARMS	HA-4388	C	800	SE	14	12	CSS	499S	473E
HARTLEY	DON OPPLIGER FARMS	HA-4397	C	800	SE	32	12	CSS	869S	891E
HARTLEY	DON OPPLIGER FARMS	HA-4398	C	800	NE	32	12	CSS	496N	112E
HARTLEY	DON OPPLIGER FARMS	HA-4399	C	800	NW	32	12	CSS	22N	512W
HARTLEY	DON OPPLIGER FARMS	HA-4403	C	800	SE	33	12	CSS	865S	892E
HARTLEY	DON OPPLIGER FARMS	HA-4412	C	800	SW	110	4	CSS	82S	371W
HARTLEY	KIRK FLY	HA-4474	D	1200	NE	1	A-2	PSL	100N	1007E
HARTLEY	MARK WAYNE HOWARD	HA-4475	C	800	NW	27	3	B&B	432N	80W
HARTLEY	DON OPPLIGER FARMS	HA-4525	C	800	NW	32	12	CSS	572N	73W
HARTLEY	DON OPPLIGER FARMS	HA-4560	C	800	SW	32	12	CSS	635S	469W
HARTLEY	DON OPPLIGER FARMS	HA-4635	C	800	NE	64	13	CSS	721N	499E
HARTLEY	DON OPPLIGER FARMS	HA-4636	C	800	NW	64	13	CSS	386N	417W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4692	C	800	SE	55	11	CSS	336S	603E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4693	C	800	NE	55	11	CSS	435N	606E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4694	C	800	SW	55	11	CSS	334S	274W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4695	C	800	NE	50	11	CSS	519N	615E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4696	C	800	NE	54	11	CSS	434N	587E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4708	C	800	SE	10	A-1	PSL	415S	753E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4709	C	800	NE	11	A-1	PSL	408N	762E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4710	C	800	SE	11	A-1	PSL	445S	748E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4711	C	800	NW	52	11	CSS	562N	93W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4712	C	800	NW	55	11	CSS	706N	674W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4713	C	800	NW	50	11	CSS	150N	733W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4714	C	800	SW	53	11	CSS	315S	98W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4715	C	800	NW	51	11	CSS	526N	221
HARTLEY	0208 TXUS HARTLEY LLC	HA-4716	C	800	SE	54	11	CSS	438S	553E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4718	C	800	NE	50	11	CSS	108N	132E
HARTLEY	GENESIS PROJECT	HA-4728	C	800	SE	13	3	B&B	364S	107E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4745	C	800	NW	11	A-1	PSL	449N	443W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4746	C	800	NE	11	A-1	PSL	845N	234E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4747	C	800	NE	51	11	CSS	155N	321E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4748	C	800	SE	54	11	CSS	640S	20E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4749	C	800	NE	11	A-1	PSL	24N	161E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4750	C	800	NW	51	11	CSS	155N	569W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4751	C	800	NE	52	11	CSS	152N	154E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4752	C	800	NW	50	11	CSS	157N	134W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4760	C	800	SW	54	11	CSS	802S	699W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4761	C	800	SE	55	11	CSS	750S	235E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4769	C	800	SW	54	11	CSS	311S	237W

HARTLEY	0208 TXUS HARTLEY LLC	HA-4778	C	800	SW	50	11	CSS	620S	840W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4780	D	1200	NW	13	A-1	PSL	470N	300W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4781	C	800	NW	15	A-1	PSL	18N	813W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4782	C	800	NW	15	A-1	PSL	479N	359W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4794	C	800	SE	50	11	CSS	216S	618E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4803	C	800	SE	13	A-1	PSL	430S	560E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4804	C	800	SW	13	A-1	PSL	422S	300W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4819	C	800	SE	14	A-1	PSL	406S	558E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4820	C	800	SW	14	A-1	PSL	426S	311W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4822	C	800	SW	7	A-1	PSL	407S	324W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4826	D	1200	SW	8	A-1	PSL	107S	738W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4838	D	1200	NW	7	A-1	PSL	736N	749W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4839	C	800	SE	15	A-1	PSL	414S	563E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4840	C	800	NE	14	A-1	PSL	476N	561E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4841	C	800	NE	3	A-1	PSL	113N	117E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4842	C	800	SE	2	A-1	PSL	761S	111E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4843	C	800	NE	2	A-1	PSL	573N	125E
HARTLEY	FOUR STAR MIDDLEWATER	HA-4846	C	800	SE	21	12	CSS	422S	479E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4849	C	800	NE	2	A-1	PSL	1102N	553E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4852	C	800	SW	2	A-1	PSL	759S	441W
HARTLEY	0208 TXUS HARTLEY LLC	HA-4853	C	800	NE	3	A-1	PSL	112N	993E
HARTLEY	0208 TXUS HARTLEY LLC	HA-4878	D	1200	SW	8	A-1	PSL	862S	743W
HARTLEY	HARTLEY FEEDERS	HA-4901	D	1200	SE	17	3	B&B	28S	661E
HARTLEY	MARK WAYNE HOWARD	HA-4964	C	800	NE	30	3	B&B	372N	333E
HARTLEY	G2 PRODUCERS	HA-4975	C	800	SE	50	48	H&TC	596S	607E
HARTLEY	KEVIN SPIELMAN	HA-4976	C	800	SW	3	A-4	PSL	198S	131W
HARTLEY	FOUR STAR MIDDLEWATER	HA-4978	C	800	NE	37	12	CSS	118N	122E
HARTLEY	ALAN BUEBER	HA-5012	C	800	SE	65	48	H&TC	734S	112E
HUTCHINSON	CLAY REID	HU-4828	D	1200	NE	129	5-T	T&NO	744N	712E
HUTCHINSON	CLAY REID	HU-4829	D	1200	SW	107	5-T	T&NO	123S	884W
HUTCHINSON	SMITH STEWART FARM	HU-4949	C	800	NE	21	M-16	AB&M	308N	191E
LIPSCOMB	WHB CATTLE LP	LI-0666	D	1200	SW	792	43	H&TC	821S	35W
LIPSCOMB	WHB CATTLE LP	LI-0667	D	1200	NW	792	43	H&TC	127N	14W
LIPSCOMB	PREFERRED BEEF GROUP	LI-4233	A	100	NW	115	10	HT&B	116N	213W
LIPSCOMB	GARTH WEIDNER	LI-4647	C	800	SE	798	43	H&TC	767S	812E
MOORE	MARTE MITCHELL	MO-3646	B	400	NW	231	3-T	T&NO	405N	448W
MOORE	BERKLEY STRINGER	MO-3709	C	800	NW	198	44	H&TC	426S	162W
MOORE	ALAN JONES	MO-3846	D	1200	SE	0	0	T ROSS	172S	270E
MOORE	J A HALL ESTATE PARTNERSHIP	MO-4514	C	800	NW	136	3-T	T&NO	842N	639W
MOORE	HARD MONEY	MO-4875	C	800	SW	351	44	H&TC	824S	212W
OCHILTREE	JUSTIN GARRETT	OC-4689	D	1200	NW	76	4-T	T&NO	476N	104W
OCHILTREE	TRAVIS GOREE	OC-4764	D	1200	SE	44	4-T	T&NO	102S	486E
OCHILTREE	TRAVIS GOREE	OC-4765	D	1200	NW	50	4-T	T&NO	105N	461W
OCHILTREE	DONAHUE DITCHING	OC-4796	D	1200	SE	140	4-T	T&NO	224S	338E
OCHILTREE	BERTHA MCLAIN IRREVOCABLE TRUST B	OC-4920	D	1200	SW	99	13	T&NO	671S	335W

SHERMAN	DONELSON LAND & CATTLE	SH-3538	D	1200	NE	53	2-B	GH&H	109N	103E
SHERMAN	JOSEPH REINART	SH-3672	B	400	SE	451	1-T	T&NO	157S	869E
SHERMAN	RONALD ENGLEBRECHT	SH-3834	B	400	NW	103	1-T	T&NO	878N	381W
SHERMAN	JAMES SPURLOCK	SH-3836	C	800	NW	24	2-B	GH&H	104N	133W
SHERMAN	TOMMY MITCHELL	SH-3941	C	800	SW	11	1-C	GH&H	828S	658W
SHERMAN	JOSEPH REINART	SH-4348	C	800	NW	451	1-T	T&NO	757N	835W
SHERMAN	CLAUDE HARLAND	SH-4445	A	100	SE	47	1-C	GH&H	53S	54E
SHERMAN	AURORA ORGANIC FARMS - COLDWATER	SH-4462	A	100	NW	403	1-T	T&NO	316N	645W
SHERMAN	NEED IT MORE	SH-4509	C	800	SE	9	3-T	T&NO	379S	773E
SHERMAN	HC & FLORENCE WEISS TRUSTS	SH-4697	D	1200	NE	141	1-T	T&NO	109N	770E
SHERMAN	WENDELL STACY	SH-4732	C	800	SE	268	1-T	T&NO	861S	875E
SHERMAN	REED INC	SH-4763	C	800	SE	241	1-T	T&NO	605S	214E
SHERMAN	TOMMY CARTRITE INC	SH-4893	D	1200	NW	22	3-T	T&NO	112N	107W
SHERMAN	TOMMY CARTRITE	SH-4894	B	400	SW	18	3-T	T&NO	203S	621W
SHERMAN	TOMMY CARTRITE	SH-4895	C	800	NW	18	3-T	T&NO	267N	795W
SHERMAN	W & C LAND AND CATTLE LTD	SH-4897	B	400	SE	9	1-T	T&NO	106S	586E
SHERMAN	W & C LAND AND CATTLE LTD	SH-4898	B	400	SW	12	1-T	T&NO	834S	310W
SHERMAN	W & C LAND AND CATTLE LTD	SH-4899	C	800	SW	214	1-T	T&NO	121S	378W
SHERMAN	W & C LAND AND CATTLE LTD	SH-4900	C	800	SW	214	1-T	T&NO	104S	782W
SHERMAN	PAUL DYCK	SH-4916	D	1200	SW	37	1-C	GH&H	147S	418W
SHERMAN	TOMMY CARTRITE INC	SH-4945	D	1200	SE	22	3-T	T&NO	207S	340E
SHERMAN	KEVIN SPIELMAN	SH-4973	C	800	NE	96	1-T	T&NO	126N	117E
SHERMAN	MARCUS LAVAKE	SH-4980	C	800	NE	340	1-T	T&NO	471N	443E
SHERMAN	RANDALL KOEHN	SH-5070	C	800	SE	164	1-C	GH&H	709S	935E

Brian Bezner seconded the motion and it was unanimously approved by the Board.

Wesley Spurlock arrived to participate in the meeting at 10:04 a.m.

During a hearing on July 25, 2012 the Texas Commission on Environmental Quality ordered the unaffiliated areas (known as Area A, Area B, and Area C) of the Dallam County Priority Groundwater Management Area to join the North Plains Groundwater Conservation District. In the process of issuing the order the Commission emphasized that the PGMA's have made no progress in the 20 years they've had to either join an existing district or form their own district. In response to an attempt by some of the landowners to extend the process further to give the PGMA's more time to form their own district, the Commission explained that adding the areas to the North Plains Groundwater Conservation District was the most "...feasible, economic, and practicable option for the protection and management of the groundwater resources." The commission also pointed out that the District "...has an established record of effectively managing groundwater resources."

In keeping with the process as outlined in TWC Chapter 35.013 the Board of Directors should now consider and vote on whether or not to accept the Areas into the District. Based on the affirmative vote in the July 2012 board meeting to accept the PGMA's into the District if ordered by the TCEQ, this vote would be to reaffirm the Board's previous decision.

The General Manager recommended that the District accept the addition of the Priority Groundwater Management Area (known as area A, area B, and area C) in Dallam County which the Texas Commission on Environmental Quality ordered into the District on July 25, 2012, subject to the District's acceptance of those Areas.

Brian Bezner moved that the District accept the addition of the Priority Groundwater Management Area (known as area A, area B, and area C) in Dallam County which the Texas Commission on Environmental Quality ordered into the District on July 25, 2012, subject to the District's acceptance of those Areas into the District. Danny Krienke seconded the motion and it was unanimously approved by the Board.

The General Manager recommended to the Board that the District enter an order adding to the District, all territory within the Dallam County Priority Groundwater Management Area not previously incorporated within a groundwater conservation district.

Brian Bezner moved that the District enter an order adding to the District, all territory within the Dallam County Priority Groundwater Management Area not previously incorporated within a groundwater conservation district. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved that Brian Bezner be appointed to represent the Priority Groundwater Management Area in Dallam County until the next regularly scheduled election. Phil Haaland seconded the motion and the motion passed by a majority vote of the Board, with Brian Bezner abstaining from the vote.

Wesley Spurlock moved that the District call a Special Election to be held on November 6, 2012 in Dallam County for the residents in the Priority Groundwater Management Area to vote for or against the following proposition: "The assumption by the Priority Groundwater Management Area in Dallam County of a proportional share of the debts or taxes of the North Plains Groundwater Conservation District ("District") instead of the assessment of fees in the Priority Groundwater Management Area to fund the groundwater management activities of the District". Brian Bezner seconded the motion and it was unanimously approved by the Board.

Bryan Bezner moved that the Board direct the General Manager to hold stakeholder meetings regarding the District management plan, programs and rules as well as financing options for the PGMA Areas. Harold Grall seconded the motion and it was unanimously approved by the Board.

As the PGMA areas are added into the District, it will be important to carefully consider the various dynamics that may impact the process. The Board may consider timing of production limit enforcement, production reporting, permitting and metering requirements, and the potential of compliance issues relating to spacing and well limits. Obviously, many issues will have to be addressed and the Board may take this opportunity to begin the discussion.

The General Manager presented the following table for discussion and proposed that the Board adopt the timeline for implementation of the District's Conservation Programs including its operations, management plan and rules in the PGMA.

Description	Recommendation	Timing
Notices to landowners and residents	Send a notice to each landowner and resident notifying them that they are in the District, key dates for rule implementation and scheduled stakeholder meetings for further information and public input. At least two meetings in Dalhart and Texline.	August
Dallam County Commissioners Court, Texline City Council	Make a presentation to the Commissioner's Court and City Council on the District's Plan for incorporation	By September 7
Stakeholder Meetings	Hold at least two meetings in Dalhart and Texline. The meetings will cover information listed in Item 3G	September 7-14
Permits	Require all new wells to be permitted, properly spaced and metered	October 1
Field Survey	Wells surveyed by staff.	By December 31

Metering Method Selection	Owners select metering method. Wells drilled after October 1 will need a District approved flow meter. Wells drilled before October 1 can use a District approved alternative metering method.	By December 31
Production Limit	1.5 Acre-feet per acre	Beginning January 1
Conservation Reserve	If an owner wishes to claim a conservation reserve for previous years they may do so by reporting their 2011 and 2012 production using a District approved alternative method or meter information.	?
Production Reporting	Report 2013 Production	By March 1st, 2014

Harold Grall moved that the Board adopt the timeline and dates set forth above for implementing its operations, management plan and rules in the PGMA areas in Dallam County. Brian Bezner seconded the motion. Wesley Spurlock amended the motion to amended the motion to reflect that the Conservation Reserve set forth in the timeline reflect that if an owner wishes to claim a conservation reserve for previous years they may do so by reporting their 2010, 2011 and 2012 production using a District approved alternative method or meter information. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The Board recessed at 10:24 a.m. and reconvened at 10:35 a.m.

Marcus Norris, attorney for the City of Amarillo, addressed the Board regarding a possible enforcement action against the Castleberry family. Mr. Norris stated that the Board needed to keep a broader context in mind. In 1955 the City paid Latham and Beck over one million dollars for water rights which the City has not produced. Mr. Norris stated that now the Castleberry family and Becks are trying to re-do the deal. Mr. Norris further stated that Castleberry family had leased water for years instead of trying to structure a purchase, the Castleberry family wanted to acquire water rights at below market prices and cherry-pick water rights. The City of Amarillo supports local reasonable regulation of groundwater and enforcement. The City of Amarillo urged the District to enforce its Rules against the Castleberry family.

The General Manager presented a detailed summary of the District's 2011-2012 Budget and projected end of year totals to the Board. The projected year-end budget shows a projected net income of $272,190.79 after total income and expenses. The primary reason for the unusually high net income is permit fees and tax collections.

		Budget	Estimated EOY
Income			
	Taxes	1,782,352.18	1,782,352.18
	Tax Penalty & Interest	7,412.87	7,421.55
	Delinquent Taxes	12,953.46	12,953.46
	Texas A&M Lease - NPRF	8,800.00	8,800.00
	Refunds	4,000.00	2,525.54
	Fees for District Services	200,000.00	245,000.00
	Other Income	36,053.19	50,000.00
	TWDB Grant	80,000.00	121,587.17
	Investment Income	6,847.08	12,232.75
	CIG Grant	166,000.00	166,000.00
	Resale Items	0.00	304.90
Total Income		**2,179,399.97**	**2,409,177.55**
Expense			
	Director's Expense	81,000.00	81,000.00

	Personnel	858,868.01	849,004.82
	Administrative	179,500.00	197,216.82
	Contracted Services	96,750.00	78,258.86
	Professional Fees	401,000.00	380,220.31
	Utilities	20,000.00	20,000.00
	Repairs, Maint. & Supplies	90,000.00	89,985.39
	Capital Outlay	40,000.00	43,350.18
	Observation Well Network	114,000.00	114,000.00
	Conservation Demonstration Project	282,350.00	283,153.28
Total Expense		**2,163,468.01**	**2,136,986.76**
Net Income		**15,931.96**	**272,190.79**

The Budget and Finance Committee recommended that the Board amend the 2011-2012 Budget as follows:

- Administrative from $179,500.00 to $209,500.00;
- Capital Outlay from $40,000.00 to $44,000.00; and
- Conservation Demonstration Project from 282,350.00 to 285,350.00.

These budget amendments will increase the current year's expense budget by $37,000 and represents budgeted expenses that would exceed the originally anticipated District income by approximately $21,000 but will be below the District's currently anticipated income.

Bob Zimmer moved that the Board amend the 2011-2012 Budget as described above. Brian Bezner seconded the motion and it was unanimously approved by the Board.

The General Manager presented a draft proposed budget to the Budget and Finance Committee before the Board meeting on July 30^{h}. Providing the Board approves the amendments recommended in Item 3I, the proposed budget for 2012-2013 represents a $299,277.71 increase in operating expenses based on the programs adopted by the Board and proposed by the General Manager. Below are tables that provide a summary of the estimated income and proposed expense budget for 2012-2013 and a projected 2011-2012 end of year balance. The income amounts are based on whether the Board proposes to raise taxes for Fiscal Year 2012- 2013. The General Manager estimates that the total 2011-2012 income from all sources may exceed the original beginning of year estimates by approximately $230,000.00.

	Estimated 2011-2012 EOY	2011-2012 Budget	Proposed 2012-2013 with Tax Increase	Proposed 2012-2013 without Tax Increase
Taxes	1,782,352.18	1,657,333.37	1,789,754.31	1,657,333.37
Tax Penalty & Interest	7,421.55	7,412.87	8,005.16	7,412.87
Delinquent Taxes	12,953.46	12,953.46	13,988.44	12,953.46
Texas A&M Lease - NPRF	8,800.00	8,800.00	8,800.00	8,800.00
Refunds	2,525.54	4,000.00	2,525.00	4,000.00
Fees for District Services	245,000.00	200,000.00	200,000.00	200,000.00
Other Income	50,000.00	36,053.19	36,000.00	36,000.00
TWDB Grant	121,587.17	80,000.00	80,000.00	80,000.00
Investment Income	12,232.75	6,847.08	12,000.00	12,000.00
CIG Grant	166,000.00	166,000.00	166,000.00	166,000.00
Resale	304.90	0.00	0.00	0.00
	2,409,177.55	**2,179,399.97**	**2,317,072.91**	**2,184,499.70**

The General Manager projects that the District's income from all sources in 2012-2013 will be $2,184,499.70 if the District elects to maintain the same effective tax rate and $2,317,072.91 if the District's board elects to increase its effective tax rate by 8 percent. Assuming all budgeted funds are expended, the District will use $182,772.81 from its reserves if a tax rate is approved under the roll back rate and $315,346.02 if no increase in tax rate is approved from its reserves. The general manager recommended the Board use the excess funds collected from all sources in 2011-2012 to assist in funding the 2012-2013 budget as well as increase the District's effective tax rate by 8 percent.

The General Manager reviewed the proposed budget with the committee and proposed a new Budget Category and expansion of two existing budget categories to better account for the District's expenditures.

Category	2011-2012 Budget	Proposed 2012-2013 Budget	Proposed Increase/ Decrease	Explanation
Director's Expense	$81,000.00	$81,000.00	$0.00	
Personnel	$858,868.01	$974,745.72	$115,877.71	Proposed Change in Retirement Plan to be presented in October, Total Salary for an additional employee added this spring, two interns and part time employees. The personnel should be sufficient to address District operations in the PGMA area added to the District as well as continue the other District programs.
Administrative	$209,600.00	$128,400.00	-$81,200.00	Add 10,000 for Rentals, Moved 41,000 (Legal Notices and Educational Supplies) to Public Outreach, Moved 55,100 (Equipment Network Repair and Maintenance) to Technology, Communications and Utilities.
Contracted Services	$96,750.00	$86,250.00	-$10,500.00	Move 3,500 (Depletion) to Professional Fees Reduced remaining budget by $7000 to cover an election and less Intergovernmental budget.
Professional Fees	$401,000.00	$216,000.00	-$185,000.00	Add 3,500 (from Contracted Services), add 15,000 for legislative session, Move $100,000 (Conservation Education and Research) to Conservation Outreach, Move 100,000 (Water Quality Sampling) to Observation Well Network
Technology, Communications, Utilities	$20,000.00	$110,100.00	$90,100.00	55,100 from Administrative(Network and Repairs), add 35,000 for Database development and repair
Repairs, Maintenance & Supplies	$90,000.00	$85,000.00	-$5,000.00	Reduced based on 2011-2012 Actual
Capital Outlay	$44,000.00	$75,000.00	$31,000.00	Two Trucks and an ATV
Observation Well Network & Hydrology	$114,000.00	$320,000.00	$206,000.00	Add 36,000 for Drilling Costs, Moved 100,000 from Professional Services (Water Quality Sampling), add 70,000 for Ochiltree Stratigraphic Model
Conservation Outreach	$0.00	$141,000.00	$141,000.00	Moved 41,000 from Administrative (Legal Notices and Educational Supplies), Moved 100,000 from Professional Fees (Conservation Education and Research)
Conservation Demonstration Project	$285,350.00	$282,350.00	-$3,000.00	
Total	**$2,200,568.01**	**$2,499,845.72**	**$299,277.71**	

Assuming all budgeted funds are expended, the District will use $182,772.81 from its reserves if a tax rate is approved under the roll back rate and $315,346.02 if no increase in tax rate is approved from its reserves. The general manager recommended the board use the excess funds collected from all sources this year to assist in funding the 2012-2013 budget as well as increase the District's effective tax rate by 8 percent. The general manager recommended the Board adopt the budget for 2012-2013 Fiscal Year as follows:

Category	**Proposed 2012-2013 Budget**
Director's Expense	$81,000.00
Personnel	$974,745.72
Administrative	$128,400.00
Contracted Services	$86,250.00
Professional Fees	$216,000.00
Technology, Communications, Utilities	$110,100.00
Repairs, Maintenance & Supplies	$85,000.00

Capital Outlay	$75,000.00
Observation Well Network & Hydrology	$320,000.00
Conservation Outreach	$141,000.00
Conservation Demonstration Project	$282,350.00
Total	**$2,499,845.72**

Brian Bezner, Chairman of the Budget Committee, informed the Board that he desired to wait until September to formally adopt the District's budget. By consensus, the Board agreed to place this item on the agenda for its next regular Board meeting.

The Finance and Budget Committee met in July and discussed the last year's tax rate and the amount of funds that the District will need to address the District's proposed expenses for 2012-2013. The District is funded through ad valorem taxes. Funds generated are calculated by multiplying the total taxable value of properties within the District and the tax rate set by the District. Before the board meeting, the District published its notice concerning the 2012 property tax rates for the District. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per $100 of property value.

2012 Property Tax Rates for North Plains Groundwater Conservation District

This notice concerns 2012 property tax rates for North Plains Groundwater Conservation District. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per $100 of property value.

	General Fund
Last year's tax rate:	
Last year's operating taxes	$ 1,792,489
Last year's debt taxes	$ -
Last year's total taxes	$ 1,792,489
Last year's tax base	$6,944,941,335
Last year's total tax rate	0.025810/$100
This year's effective tax rate:	
Last year's adjusted taxes (after subtracting taxes on lost property)	$ 1,792,767
÷ This year's adjusted tax base (after subtracting value of new property)	$7,441,967,526
= This year's effective tax rate (Maximum rate unless unit publishes notices and holds hearings.)	0.024089/$100
This year's rollback tax rate:	
Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal health care expenditures)	$ 1,792,767
÷ This year's adjusted tax base	$7,441,967,526
= This year's effective operating rate	0.024089/$100
x 1.08 = This year's maximum operating rate	0.026016/$100
= This year's total rollback rate	0.026016/$100

Statement of Increase/Decrease

If North Plains Groundwater Conservation District adopts a 2012 tax rate equal to the effective tax rate of 0.024089 per $100 of value, taxes would increase compared to 2011 taxes by $13,863.

Schedule A: Unencumbered Fund Balances

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance

Funds Held Account	$500,000

This notice contains a summary of actual effective and rollback rates' calculations. You can inspect a copy of the full calculations at 603 E 1st Street, Dumas TX 79029.
Name of person preparing this notice: Steven D. Walthour, P.G.
Title: General Manager
Date prepared: August 3, 2012

After review of the budget, the board may vote to propose a tax increase. If the motion passes, the Board must schedule two (2) public hearings. The second hearing must not be held earlier than the third day after the date of the first hearing. After the dates for the two (2) hearings have been set, the District will publish a first quarter page ad "Notice of Public Hearing on Tax Increase" in a newspaper of general circulation within the District. Tentatively, the General Manager proposes holding the hearings on August 13 and August 16. After holding the two (2) public hearings, the District must follow a strict timetable. The meeting to vote on the tax rate must take place no less than three (3) days and no more than fourteen (14) days after the second public hearing. The District must post an Open Meetings Notice with the Secretary of State and the County Tax Assessor Offices within the District at least 72 hours prior to adopting the tax rate. Though the law requires that the tax rate must be adopted by Sept. 30th, the eight county appraisal districts need as much time as possible to prepare their notices. The General Manager recommended the Board hold a meeting the last full week of August to adopt a new tax rate if necessary.

Wesley Spurlock moved to increase the effective tax rate not to exceed 7.99% and to hold hearings on the proposed tax rate on August 13 and August, 16, 2012. Brian Bezner seconded the motion and it was unanimously approved by the Board.

The General Manager reported to the Board that the Panhandle Water Planning Group (Region A) will hold a public meeting on Thursday, August 9, at 1:30 PM in the Boardroom of the Panhandle Regional Planning Commission, 415 West 8th Avenue, Amarillo, Texas. The agenda and packet were presented to the Board.

The General Manager stated that the Joint Planning Committee of Groundwater Management Area 1 will hold a public meeting on Thursday, August 9, at 10:00 AM in the Boardroom of the Panhandle Regional Planning Commission, 415 West 8th Avenue, Amarillo, Texas. The agenda and packet were presented to the Board.

The 200/12 Crop Project is in full swing for the 2012 growing season with 12 cooperators and all of the fields having been planted. Currently, all fields have at least reached the pollination stage. Variable rate irrigation has been prescribed for Danny Krienke's managed section, Harold Grall's 417, and Brent Clark managed field. Brent Clark's variable prescription consisted of applying 1.00" on the north half and 1.50" on the south half. Harold Grall and Danny Krienke prescriptions were created using the DualEM Subsoil layer as the determining layer. Steve Driever has installed a telemetry soil moisture probe at Director Grall's 414 field. Chad Hicks and Brain Bezner managed fields are doing poorly due to the lack of available water. The other cooperators fields are currently in good shape.

Currently the staff and cooperators are working with Texas AgriLife Extension to schedule field days for the third week in August. District staff and will be prepared to discuss the program's progress with the directors.

The General Manager reported that the District sent 110 Reminder Notices of unresolved production reports exceeding production limitations for 2011 Production Reports to Producers with due dates of August 1 and August 16, 2012. Some overproduction reports have been resolved by recalculating numbers on the report in Conservation Reserve or have been re-pooled as requested by producers. Some overproduction fees have been paid. Twenty-two unresolved overproduced properties are still pending – Six of which had a due date of August 1, 2012 and 16 have a due date of August 16, 2012. The General Manager stated that he would request that the District issue Show Cause Orders to all persons with unresolved production reports exceeding production limitations for 2011 Production Reports after August 16, 2012.

Mr. Walthour also stated that Dalhart Butane & Equipment drilled a well greater than 10 yards from the permitted well site in Section 0, Block 0, of the League 114 Survey

in Dallam County, Texas. A settlement agreement was sent to DB&E with a letter stating that a recommendation would be made to the Board to set a Show Cause Hearing in September 2012 unless DB&E signed and fulfilled the agreement no later than August 7, 2012.

Brian Bezner moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.074, to obtain legal advice from its attorney regarding the recommendation of the Executive Director of TCEQ. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

Executive Session: At 11:45 a.m., the Board went into Executive Session to seek legal advice from its attorney. At 12:02 p.m., Director Phil Haaland moved that the Board reconvene into regular session. Brian Bezner seconded the motion and it was unanimously approved by the Board.

At 12:03 p.m. the Board reconvened into regular session.

Danny Krienke moved to enforce the Compliance Agreement between Castleberry Ranch, Ltd. and the District. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

The Texas Municipal League Intergovernmental Employee Benefits Pool (TML) forwarded to the District a re-rate notice and benefit verification form for Employee Health Benefits guaranteed until October 1, 2013. A re-rate notice is used to set new rates for employee and dependent coverage. TML new rates for Fiscal Year 2012-2013 will increase by 2%. The current and new medical plan rates on the notice are as follows:

	Current Rate	New Rate
Employee	$ 306.88	$ 313.02
Spouse	$ 407.62	$ 415.78
Child	$ 207.24	$ 211.38
Family	$ 586.60	$ 598.34

The District pays the medical, vision, and dental premiums for the employee only. The District also pays the assessed monthly administration fee of $3.70 a month for each employee either on the HRA/or/FSA plan. Attached please find the rerate notice, benefit verification form, continuation of coverage administrative agreement, section 125 FSA renewal, and the HRA renewal forms.

The General Manager recommended that the Board approve the rerate notice, benefit verification form, continuation of coverage administrative agreement, Section 125 FSA renewal and the HRA renewal forms.

Danny Krienke moved that the Board approve the rerate notice, benefit verification form, continuation of coverage administrative agreement, Section 125 FSA and the HRA renewal presented to the Board. Brian Bezner seconded the motion and it was unanimously approved by the Board.

By consensus, the Board set its next regular Board meeting for September 18, 2012 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 12:24 p.m.

Gene Born, President

Bob Zimmer, Secretary

NORTH PLAINS
GROUNDWATER
Conservation District

AN ORDER ACCEPTING THE ADDITION OF THE UNINCORPORATED AREAS OF THE DALLAM COUNTY PRIORITY GROUNDWATER MANAGEMENT AREA INTO NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

On August 7, 2012, the North Plains Groundwater Conservation District (District) met in regular session at its offices in Dumas, Texas, with notice of the meeting issued in compliance with the Open Meetings Act, TEX. GOV'T CODE §§ 551.001 - 551.146 to determine whether to accept the addition of the Priority Groundwater Management Area (known as area A, area B, and area C) in Dallam County which the Texas Commission on Environmental Quality ordered into the District by its Order dated August 7, 2012.

FINDINGS OF FACT

1. On February 17, 2010, the Texas Commission on Environmental Quality (Commission) issued an order recommending that the unincorporated areas of the Dallam County PGMA be added to the District, and directed the District to vote to add the areas then call and hold an election within each area according to Texas Water Code 35.013.
2. The District held an election within each area of the PGMA to permit voters to determine whether they desired to add the areas within the PGMA to the District area according to Texas Water Code 35.013, but the election failed in all three areas.
3. The areas identified as A, B, and C in the 2012 Commission Addendum (the Addendum) to the 2008 Groundwater Conservation District Recommendation for Dallam County Priority Groundwater Management Area are within the Dallam County PGMA.
4. Areas A, B, and C remain unincorporated within a groundwater conservation district.
5. SB 313 provides that, not later than September 1, 2012, the Commission shall create a district or add territory to an existing district for any territory for which the Commission had issued an order recommending creation of a district or addition of territory to an existing district under Section 35.008, Texas Water Code, before the

effective date of the Act, unless the Commission determines that the territory is not suitable under Subsection (i), Section 35.013, Texas Water Code.

6. The Addendum recommended that the Commission add the unincorporated areas to the District.
7. The Commission's February 17, 2010 order was issued before June 17, 2011, when SB 313 became effective.
8. On August 7, 2012 the Commission issued an order adding all territory within the Dallam County PGMA not previously incorporated within a groundwater conservation district into District.
9. The Commission's August 7, 2012 Order provided that North Plains Groundwater Conservation District shall proceed in accordance with Texas Water Code §§35.013(c) – (g-1).
10. On August 7, 2012 the District accepted the addition of the Priority Groundwater Management Area known as area A, area B, and area C) in Dallam County which the Texas Commission on Environmental Quality ordered into the District on August 7, 2012.

NOW, THEREFORE, BE IT ORDERED BY THE NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT, THAT:

1. All territory within the Dallam County PGMA not previously incorporated within a groundwater conservation district is hereby added to North Plains GCD.

2. North Plains GCD shall proceed in accordance with TWC 35.013(c) – (g -1).

3. The Areas shall be subject to all of the rights, duties, powers, privileges, authority, and functions conferred and imposed by the Commission and the general laws of the State of Texas relating to Groundwater Conservation Districts, subject to the requirements of the Commission and general laws of the State of Texas relating to the exercise of such powers.

4. The following timeline shall be applicable for implementation of the District's operations, Rules, Management Plan and operations in the PGMA:

Description	Recommendation	Timing
Notices to landowners and residents	Send a notice to each landowner and resident notifying them that they are in the District, key dates for rule implementation and scheduled stakeholder meetings for further information and public input. At least two meetings in Dalhart and Texline.	August

Dallam County Commissioners Court, Texline City Council	Make a presentation to the Commissioner's Court and City Council on the District's Plan for incorporation	By September 7
Stakeholder Meetings	Hold at least two meetings in Dalhart and Texline. The meetings will cover information listed in Item 3G	September 7-14
Permits	Require all new wells to be permitted, properly spaced and metered	October 1
Field Survey	Wells surveyed by staff.	By December 31
Metering Method Selection	Owners select metering method. Wells drilled after October 1 will need a District approved flow meter. Wells drilled before October 1 can use a District approved alternative metering method.	By December 31
Production Limit	1.5 Acre-feet per acre	Beginning January 1
Conservation Reserve	If an owner wishes to claim a conservation reserve for previous years they may do so by reporting their 2010, 2011 and 2012 production using a District approved alternative method or meter information.	
Production Reporting	Report 2013 Production	By March 1st, 2014

Issue this 7th day of August, 2012.

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

Gene Born

Gene Born, Chairman