

**MINUTES OF A REGULAR MEETING OF THE PINEYWOODS
GROUNDWATER CONSERVATION DISTRICT
HELD ON THE 15th DAY OF JULY, 2010**

On the 15th day of July, 2010 at 2:00 p.m. at Kurth Lodge in Angelina County, Texas, the Board of Directors of the Pineywoods Groundwater Conservation District convened in a regular meeting at which time the following items were discussed and action possibly taken with the following members there of, to wit:

Keith Wright	President
David Alders	Vice-President
Keith Weathers	Treasurer/Finance Officer
Gloria Montes	Secretary
Jimmy Mize	Member

being present, and

Kelley Holcomb	Member
Pat Miller	Member

being absent, and

David Alford	General Manager
Lynn Thomas	Administrative Assistant
Tim Karczewski	Attorney

also present.

1. Call to Order:

With a quorum of board members present, the meeting was called to order at 2:15 p.m. by Vice President David Alders and the invocation was given by Vice-President David Alders.

2. Approval of the minutes of the meeting of June 3, 2010:

The Minutes were reviewed by Board members and a motion was made to approve the minutes by Jimmy Mize, and seconded by Keith Weathers.

The motion passed unanimously.

3. Receive a report from the General Manager concerning the financial position of the District:

Current balance through July 12, 2010 is \$5,889.78. A quarterly report to date was presented along with a ledger printout, copies of bills, budget report, and A/R report.

4. General Manager's District Report:

1. **Pending Completion:** We have 15 exempt wells in progress, 3 non-exempt well in progress and 7 new O&G rig supply wells registered. I have inspected 11 new exempt wells and 3 new non-exempt wells since the last meeting.

Completed Wells:

- **Total Exempt wells in database: 496**[232- Nacogdoches Co., 264- Angelina Co.]
 - **Total Non-Exempt Ag wells in database: 182** [136- Nacogdoches Co., 46 Angelina Co.]
 - **Total Oil & Gas supply wells in database: 721**[648- Nacogdoches Co. (22 Frac wells), 51- Angelina Co.]
 - **Total Production fee based wells in database: 177**
 - **Total District wells recorded in databases: 1677** [this includes 101 plugged wells]
2. The TAGD meeting in Austin, June 29th and 30th was an informative meeting.

The jury is still out on what will constitute the MAG. Bill Hutchinson said that exempt use will be calculated by using the population, per capita use, growth and livestock for a county. He used Angelina County as an example:

$$\begin{array}{r} \text{Total pumping} = 44,703 \text{ ac/ft} \\ \text{Exempt pumping} = \underline{918 \text{ ac/ft}} \\ \text{MAG} = 43,785 \text{ ac/ft} \end{array}$$

Update on GCDs State audits.

3. Update on FRAC pond wells.
4. TWDB irrigation report.

5. Unfinished Business

No unfinished business.

6. New Business

a. Discuss and possibly take action on Lora Holt water well.

The issue with the Lora Holt water well had been resolved prior to the meeting, thus no action was necessary.

No action taken.

President Keith Wright arrived and began presiding over the meeting.

b. Discuss and possibly take action Melrose WSC non-reporting.

The Board discussed the delinquencies of the Melrose WSC and instructed the District's attorney Tim Karczewski to draft a letter to the Melrose Board of Directors detailing our communications with the Melrose WSC and their negligence in not responding. The Board stated to give the WSC one week from the date of the letter to report and pay in full. If they complied with this deadline they would be given the opportunity to pay half the additional fines incurred by the board. If they did not comply then the full amount of the fines along with all the processing fees would be incurred. A motion was made by Keith Weathers and seconded by Gloria Montes to authorize the action.

The motion passed unanimously.

c. Discuss and possibly take action on Scruggs Drilling, George Hayward, 1 (Jimmy Cordova well and 2) Rambin well O & G; no permits.

The Board recommended that a letter of non-compliance be sent by attorney Tim Karczewski with no penalties to be incurred at this time, however if Scruggs, Inc., drills again without the proper authorization then they would be penalized on both the prior infractions as well as any future ones. A motion was made by David Alders and seconded by Jimmy Mize to approve the action

The motion passed unanimously.

d. Discuss and possibly take action on spacing wavers: Aubry Luce/English.

A motion was made by Jimmy Mize and seconded by David Alders to approve the spacing waver.

The motion passed unanimously.

e. Discuss Rules and By-Laws amendments.

The Board reviewed the rules and by-laws amendments recommended by the General Manager and suggested the General Manager do some further research to be brought to the next board meeting for further Board discussion.

No action was taken.

7. Announcement of the date and location of the next meeting of the District Board of Directors:

President Keith Wright announced the next regular scheduled meeting will be held at a special time and place, Thursday, August 19, 2010 at 2:00 p.m. at Kurth Lodge – Angelina County, Texas.

8. Adjourn:

The meeting was adjourned by President Keith Wright at 3:25 p.m.

Keith Wright, President

Gloria Montes, Secretary