

**MINUTES OF A REGULAR MEETING OF THE PINEYWOODS
GROUNDWATER CONSERVATION DISTRICT
HELD ON THE 9TH DAY OF DECEMBER 2010**

On the 9th day of December, 2010 at 2:00 p.m. in the Nacogdoches City Commission Chambers, Room 119, in the Nacogdoches City Hall at 202 E. Pilar Street, Nacogdoches, 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
Keith Weathers	Treasurer/Finance Officer
Gloria Montes	Secretary
Kelley Holcomb	Member
Jimmy Mize	Member

being present, and

David Alders	Vice President
Pat Miller	Member

being absent, and

David Alford	General Manager
Lynn Thomas	Administrative Assistant
Tim Karczewski	Attorney
John Gibson	LTW Services
Lon Spradlin	LTW Services

also present.

1. Call to Order:

With a quorum of board members present, the meeting was called to order at 2:09 p.m. and the invocation was given by President Keith Wright.

2. Approval of the minutes of the meeting of November 18, 2010:

After board review a motion was made to approve the minutes by Keith Weathers and seconded by Jimmy Mize.

The motion passed unanimously.

President Keith Wright asked that item 6a, be moved to the next item of discussion.

6. New Business

a. Review and possibly take action on LTW non-reporting violations.

The board reviewed the sixty-five (65) reporting violations of LTW Services, Inc of Kilgore, Texas. President Keith Wright asked a representative to address the board for explanation. Lon Spradlin of LTW Services addressed the board and stated the company was remiss in their efforts to report properly, but had recently taken every effort to correct the situation. Mr. Spradlin stated that new internal regulations were in place to ensure that it did not happen again.

The board went into executive session to discuss the violations with their attorney at 2:30 pm. The meeting reconvened into regular session again at 2:42 pm.

Several options for fines were discussed, and the board took into consideration that LTW Services was making efforts to correct the reporting problem. Jimmy Mize made a motion to charge twenty-five (25) percent of the calculated actual penalties based on the District's penalty matrix payable within 45 days of the settlement agreement. LTW Services will report any wells not listed by February 1, 2011 with no additional penalty. Failure to report will result in additional penalties. LTW Services will maintain a clean reporting record with the District until February 1, 2012, a twelve month period, in order to avoid the additional seventy-five (75) percent of calculated penalties from past violations evidenced on the list. The Board President was authorized to sign the document on behalf of the board. The motion was seconded by Gloria Montes.

The motion passed unanimously.

The meeting resumed with item 3.

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

Current ledger balance through December 8, 2010 is \$28,070.59. A quarterly report to date was reviewed along with a ledger printout, copies of bills, budget report, and A/R report. The board reviewed and discussed the financials of the District.

4. General Manager's Report

1. **Pending Completion:** We have 8 exempt wells in progress, 4 non-exempt well in progress, 5 new O&G rig supply wells, and 4 new oil & gas frac wells registered. I have inspected 2 new exempt well and 1 new non-exempt well since the last meeting.

Completed Wells:

- **Total Exempt wells in database: 520**[246- Nacogdoches Co., 274- Angelina Co.]
- **Total Non-Exempt Ag wells in database: 184** [137- Nacogdoches Co., 47 Angelina Co.]
- **Total Oil & Gas supply wells in database: 736**[684- Nacogdoches Co. (44 Frac wells), 52- Angelina Co.]
- **Total Production fee based wells in database: 177**
- **Total District wells recorded in databases: 1789** [this includes 172 plugged wells]

2. BBASC meeting. Finalized report sent.
3. Judge English working on O&G companies using Lake Rayburn water instead of groundwater.
4. Inspected one complaint for a well running on to neighbor's property. Issued NOV.
5. EOG is plugging a lot of the old rig supply and O&G wells. They have plugged 40 so far.
6. Carrizo-Wilcox Stakeholders meeting.

5. Unfinished Business

None

6. New Business

b. MAG report review and comment.

The General Manager reviewed the draft GAM 10-016 that establishes the MAG.

No action was taken.

c. Budget review and adoption.

The board reviewed the proposed 2010-2011 budget (attachment A) from the budget committee and approved as recommended. Cost of living raises were approved for both staff members. A motion for approval was made by Kelley Holcomb and seconded by Keith Weathers.

The motion passed unanimously.

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

President Keith Wright announced the next meeting date and time to be January 13, 2011 at 2:00 pm, at either Lufkin or Nacogdoches City Halls, whichever was available.

8. Adjourn:

The meeting was adjourned by the President, Keith Wright at 3:17p.m.

Keith Wright, President

Gloria Montes, Secretary

Attachment A: 2011 Proposed Budget

	2010				projected	Approved
	Jan - Dec 10	Budget	Over	% of Budget	2010 final	2011
Ordinary Income/Expense						
Income						
Other Income						
Fines & Penalties	1,563.19	1,000.00	563.19	156.32%	\$2,563.19	\$1,500.00
Interest Income	650.70	400.00	250.70	162.68%	\$650.70	\$600.00
Registration Fee	2,200.00	2,500.00	-300.00	88.0%	\$2,200.00	\$2,500.00
Total Other Income	4,413.89	3,900.00	513.89	113.18%		
Permit fees	10,650.00	4,500.00	6,150.00	236.67%	\$10,650.00	\$10,000.00
Production fee	128,291.69	140,000.00	11,708.31	91.64%	\$128,291.69	\$140,000.00
Total Income	143,355.58	148,400.00	-5,044.42	96.6%	\$144,355.58	\$154,600.00
Expense						
Advertisement	524.75	1,000.00	-475.25	52.48%	\$524.75	\$600.00
Automobile Expense						
Auto Insurance	632.00	700.00	-68.00	90.29%	\$632.00	\$700.00
Fuel	2,425.07	2,500.00	-74.93	97.0%	\$2,500.00	\$2,700.00
maintenance	233.10	800.00	-566.90	29.14%	\$233.10	\$400.00
Total Automobile Expense	3,290.17	4,000.00	-709.83	82.25%		
Benefits						
health insurance	8,844.78	10,000.00	-1,155.22	88.45%	\$8,844.78	\$10,889.28
retirement	9,059.83	9,288.00	-228.17	97.54%	\$9,059.83	\$9,502.83
Total Benefits	17,904.61	19,288.00	-1,383.39	92.83%		
Communications	2,645.62	2,500.00	145.62	105.83%	\$2,645.62	\$2,700.00
Dues and Subscriptions	1,149.75	1,200.00	-50.25	95.81%	\$1,149.75	\$1,200.00
Equipment	0.00	500.00	-500.00	0.0%	\$0.00	\$500.00
Insurance						
bonding	450.00	450.00	0.00	100.0%	\$450.00	\$450.00
Errors & Omissions	1,250.00	1,250.00	0.00	100.0%	\$1,250.00	\$1,250.00
Liability Insurance	700.00	700.00	0.00	100.0%	\$700.00	\$700.00
Property	100.00	100.00	0.00	100.0%	\$100.00	\$100.00
Workers Comp	282.22	400.00	-117.78	70.56%	\$282.22	\$100.00
Total Insurance	2,782.22	2,900.00	-117.78	95.94%		
Miscellaneous	431.54	500.00	-68.46	86.31%	\$431.54	\$500.00
Notes payable Bancorp	4,352.16	4,351.16	1.00	100.02%	\$4,352.16	\$4,360.00

South						
Office Supplies						
office equipment	145.66	1,000.00	-854.34	14.57%	\$145.66	\$600.00
office supplies/other	2,356.96	3,100.00	-743.04	76.03%	\$2,356.96	\$2,800.00
Total Office Supplies	2,502.62	4,100.00	-1,597.38	61.04%		
Payroll Taxes	5,771.14	6,316.00	-544.86	91.37%	\$6,297.46	\$6,443.34
Postage and Delivery	675.89	850.00	-174.11	79.52%	\$800.00	\$800.00
Professional Fees						
Accounting	0.00	2,500.00	-2,500.00	0.0%	\$2,500.00	\$2,500.00
Consulting	19,800.00	16,200.00	3,600.00	122.22%	\$19,800.00	\$3,000.00
Legal Fees	2,740.31	4,500.00	-1,759.69	60.9%	\$3,200.00	\$3,500.00
Total Professional Fees	22,540.31	23,200.00	-659.69	97.16%		
Recording Fees	42.00	72.00	-30.00	58.33%	\$45.00	\$45.00
Repairs						
Computer Repairs	430.90	400.00	30.90	107.73%	\$430.90	\$400.00
Total Repairs	430.90	400.00	30.90	107.73%		
Salaries						
admin. asst.	24,038.62	25,869.48	-1,830.86	92.92%	\$25,869.48	\$26,645.56
manager	51,965.98	56,690.20	-4,724.22	91.67%	\$56,690.20	\$57,824.00
Total Salaries	76,004.60	82,559.68	-6,555.08	92.06%		
Software	846.65	500.00	346.65	169.33%	\$846.65	\$800.00
Travel & Training	1,941.45	2,600.00	-658.55	74.67%	\$1,941.45	\$2,600.00
Website Maintenance	0.00	50.00	-50.00	0.0%	\$0.00	\$50.00
Well Servicing	0.00	1,000.00	-1,000.00	0.0%	\$0.00	\$1,000.00
Total Expense	143,836.38	157,886.84	14,050.46	91.1%	\$154,079.51	\$145,660.01
Net Ordinary Income	-480.80	-9,486.84	9,006.04	5.07%	\$144,355.58	\$154,600.00
(+) = short; (-) = over					\$9,723.93	-\$8,939.99

Approved 12/9/2010