

THE STATE OF TEXAS * GROUNDWATER CONSERVATION DISTRICT
COUNTY OF KENEDY * OF KENEDY COUNTY, TEXAS

On the 18th day of May, 2011, at 8:00 o'clock a.m., a regular meeting of the Kenedy County Groundwater Conservation District was held in Sarita, Texas, at the Kenedy County Courthouse.

Directors present:

Chuck Burns, President
David Delaney, Secretary
Homero S. Vera

Also present:

Leo Villarreal, Administrative Assistant
Andy Garza, General Manager
Mary Sahs
Lon Langley, Railroad Commission
Dr. Lee W. Clapp, TAMUK
Bobby Jemison, URI
Craig Weiland, La Paloma Ranch
Muhommad Ibrahim, Texas A&M – Kingsville
Jose Cabezas, Texas A&M – Kingsville
Felix Saenz, Brush Country GCD
Daniel Houston, Texas A&M – Kingsville
Janet Gamboa, Texas A&M – Kingsville
Waldy Fernandez, Texas A&M – Kingsville
Thomas G. Denney, Kenedy County CAD
Mark S. Pelizza, URI
Peter Luthiger, MULLC
Kathryn Miles

Absent:

Daniel Y. Butler
Jerry Miller

1. **Call Meeting to Order**

Chuck Burns, President, called the meeting to order.

2. **Public Comments**

No public comments were made.

3. **Discuss & Act on Minutes of April 20, 2011, Meeting**

Chuck Burns, President, presented to the Board of Directors the Minutes of the April 20, 2011, regular meeting of the Kenedy County Groundwater Conservation District.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that the April 20, 2011, regular meeting minutes be accepted as presented.

4. **Discuss & Act on Election of District's Vice President**

Chuck Burns informed the Board of Directors that nominations for the Kenedy County Groundwater Conservation District Vice President was in order.

David Delaney moved and Chuck Burns seconded the motion; the motion was unanimously passed that the following Director be elected Vice President by acclamation:

Homero Vera

5. **Receive Report from Dr. Lee W. Clapp and Graduate Students Regarding Collecting Groundwater Samples and Act, If Necessary**

Dr. Lee W. Clapp with the Department of Environmental Engineering at Texas A&M University – Kingsville addressed the Board of Directors and presented the following:

Background:

- A team of TAMUK students has recently collected and analyzed groundwater samples from over private wells in Kleberg County, particularly focusing on uranium and radon.
- TAMUK has also recently received a three-year, \$150,000 grant from the Nuclear Regulatory Commission to expand the survey to include wells in Kenedy County.
- TAMUK has a state-of-the-art analytical laboratory for performing a wide range of groundwater quality analyses, and also has extensive groundwater modeling expertise.

Research Objectives:

- Protect public health and establish baseline groundwater quality in Kenedy County by surveying concentrations of uranium, radon and other constituents.
- Improve fundamental understanding of factors affecting the mobility of uranium and other constituents through reactive geochemical transport modeling.
- Develop a radioisotope forensic approach to differentiate between anthropogenic and natural sources of uranium and other dissolved species in groundwater.
- Enhance training of engineering students at TAMUK, an institution that has provided a significant fraction of the uranium ISR mining workforce in South Texas.

Proposed Groundwater Survey Tasks:

- Well sampling and sample preservation.
- Field measurements for groundwater level, conductivity, pH, redox potential, and dissolved oxygen (DO).
- Field measurements for radon and thoron.
- Lab analyses for uranium, molybdenum, thorium, arsenic, selenium, iron, manganese, calcium, magnesium, sodium and potassium by ICP-MS.
- Lab analyses for fluoride, chloride, nitrate, sulfate, and phosphate by ion chromatography.
- Lab analyses for alkalinity, carbonate and bicarbonate.
- Calculation of ion balance and theoretical conductivity for quality assurance.
- Comparison of data to the USGS *National Uranium Resource Evaluation* (NURE) database.

This being a report only, no vote was needed and none was taken.

6. Receive Report from Lon Langley with the Railroad Commission Regarding Uranium Exploration and Act, If Necessary

Lon Langley with the Railroad Commission addressed the Board of Directors and presented the following report:

Updated Uranium Exploration Rules of Texas:

Topics:

- Current exploration
- Authorization and regulation of uranium exploration
- New and update rules.

Current Uranium Exploration:

- 13 exploration permits in South Texas
- 575,437 acres permitted (about the same as last year)
- All exploration is in South Texas

Authorization:

Uranium exploration, surface mining, and reclamation regulation authorized by Title 4, Mines and Mining, Chapter 131, Texas Uranium Exploration, Surface Mining and Reclamation Act, initial adoption effective 1975, most recent amendment in 2007.

Regulation: Regulated under Title 16 Texas Administrative Code, Chapter 11, Uranium Surface Mining and Reclamation Division, effective 1976, amended 2001 and 2010.

Requirements for Exploration:

- Exploration permit required
- Permits valid for 12 months
- Permit governs all disturbances
- Permit does not constitute a right to explore
- Right of entry required for exploration.

All exploration permits must contain provisions to govern the following:

- 1) Locating, drilling, plugging and abandoning exploration boreholes;
- 2) Casing of exploration boreholes and the use of cased exploration wells for rig supply purposes;
- 3) Plugging and abandonment of cased exploration well;
- 4) The surface reclamation of the exploration site;
- 5) All cased exploration wells that are not plugged will be either registered with the TCEQ or included in an area permit issued by the TCEQ.
- 6) Renewal of permit will be mandatory unless all holes are plugged/cased or registered with TCEQ.

Notification by Commission of Initial Applications, Revisions, Renewals and Transfers:

- All applications must include contact information by name, address, and telephone number of each member of Texas Legislature representing and district in which the proposed permit area is located, the county judge and county health authority, the mayor and municipal health authority (as applicable), and groundwater conservation districts from each county in which the proposed exploration is to occur. This information will be used by the Commission to notify the government entities of receipt of permit applications and subsequently of either issuance or denial of an exploration permit.
- Additionally, government entities will be notified of revisions that will add to or remove acreage to an issued permit and either issuance or denial of the permit revision. This also applies to permit renewals or transfers.
- The permittee must also provide to the Commission the names and addresses of all landowners and mineral estate owners of record of the surface within the exploration area indexed to land tracts.

Exploration Ground-Water Quality:

- The permittee must provide pre-exploration ground-water quality data to groundwater conservation districts.
- Groundwater samples must be obtained at least 15 days before drilling commences.
- Within 90 days of receipt of the laboratory analyses, the data must be submitted to the groundwater district(s) within the permit area.
- Ground-water quality testing – grouped into major constituents, minor constituents, trace constituents, radionuclides, additional parameters.
- Water-level measurements must be taken and reported.

Constituents: Major, minor and trace constituents:

- The major constituents are Bicarbonate, Calcium, Chloride, Magnesium, Molybdenum, Sodium and Sulfate.
- The minor constituents are Boron, Carbonate, Fluoride, Iron (Total and Dissolved), Manganese (Total and Dissolved), Nitrate, and Potassium.
- The trace of constituents is Arsenic, Selenium, and Vanadium.

Radionuclides: The radionuclides are Radium 226, Gross Alpha, Gross Beta and Uranium.

Additional Parameters: Additional parameters required for analysis are pH (field and lab), temperature (field and lab), total alkalinity, total dissolved solids, and specific conductance.

Operating Requirements: The operating requirements for uranium exploration are as follows:

- No drilling within 150 feet of water well without written consent of well owner.
- All topsoil and subsoil must be segregated and salvaged while digging mud pit.
- Livestock must be protected from open mud pits.
- Surface-water runoff must be prevented from entering mud pits.
- Reclamation of the drill site must occur as contemporaneously as practicable with the drilling activity.
- Allow mud pit to dry and then backfill with native subsoil followed by topsoil, to the extent that topsoil was originally present.
- Properly dispose of trash and other debris brought to or generated by the permittee.
- Return the disturbed area to approximate original contour and appropriately revegetate.

Plugging and Reporting

- All boreholes must be plugged within 3 business days of drilling completion.
- If boreholes are to be cased as a exploration well, then they must be cased within 48 hours of drilling completion.
- All boreholes drilled during a permit term must be plugged or cased within the same permit term.
- Type-1 neat cement is the default plugging material, but alternative materials may be used with approval of the director. Any alternative materials must provide at least the same protection as Type-1 neat cement.
- Borehole plugging reports must be submitted no later than the last day of each month beginning the end of February 2011.

Site Reclamation Requirements

- After drilling is completed, the mud pit is allowed to dry, then backfilled with native subsoil, and then finally topsoil is added to the extent that it was originally present.
- Any trash and debris brought to or generated at site must be properly disposed.

The disturbed area must be returned to approximate original contour and appropriately re-vegetated.

Wells

- Cased exploration wells shall be completed in accordance with Texas Department of Licensing and Regulation rules (16 TAC Section 76.100).
- Wells must be registered with TCEQ or included in an area permit within a TCEQ-permitted in-situ production area.
- Cased exploration wells are subject to a groundwater conservation district's rules regarding registration of wells if the well is located in the groundwater conservation district and cumulative amount of water produced from the well is greater than 40 acre-feet per permit year. The total amount produced from these wells must be reported monthly to the Commission and the groundwater conservation district.

Required Forms

- Application to Conduct Uranium Exploration Activities by Drilling
- Application to Transfer a Uranium Exploration Permit
- Cased Borehole Completion Report (submitted monthly)
- Borehole Plugging Report (submitted monthly)

For more information, visit RRC's website at www.rrc.state.tx.us

This being a report only, no vote was needed and none was taken.

7. Discuss & Act on Review and Analysis of Groundwater Quality Data Received by the District

Mary Sahs informed the Board of Directors that reminders were sent to all permit holders about the requirement to share their water quality data with the District and that the District has received a number of responses. Mary Sahs provided the Board of Directors with a copy of the letter and a response thereto. She recommended that the General Manager work with Dr. Clapp, Dr. Uddameri or Daniel B. Stephens & Associates to arrange the review and interpretation of the reports for a nominal fee or no cost to the District.

Homero Vera moved and David Delaney seconded the motion; the motion was unanimously passed that the General Manager contact Dr. Clapp, Dr. Uddameri or Daniel B. Stephens & Associates to arrange the review and interpretation of the reports for a nominal fee or no cost to the District.

8. Discuss & Act on the District's Monitoring Well Project

Mary Sahs informed the Board of Directors that she, Andy Garza and Allan Standen will meet in Austin to train Andy Garza regarding the monitoring well project and to purchase the measuring device pursuant to the Board's previously approved purchase price. Mr. Garza will then begin to field verify the remaining wells for the project.

This being a report only, no vote was needed and none was taken.

9. **Discuss & Act on the URI Los Finados Project**

Mary Sahs reported that the Railroad Commission has approved URI's uranium-exploration application and that it will expire in one year, on April 19, 2012. She provided a copy to each Director and verified that all water wells listed on URI's uranium exploration permit application map have been registered with the District.

Mary Sahs further reported that URI had, that day, provided to the District a copy of the pre-exploration background water well sampling analytical results for the Project and provided the Directors a list of the wells that were sampled.

Mary Sahs presented the Board of Directors with a letter for Chuck Burns' signature to be sent to URI thanking URI for their March 22, 2011, reports presented to the District on Los Finados Project and summarizing their requirements under the District Rules.

David Delaney moved and Chuck Burns seconded the motion; the motion was unanimously passed, with Homero Vera abstaining, that the letter, as drafted by Mary Sahs, be signed by Chuck Burns and sent to URI.

Mary Sahs explained to the Board the options for regulatory consideration of the Baby Jane water well, District Well No. 0612, which will be used temporarily to supply water to the drilling rigs for the Los Finados Project.

David Delaney moved and Chuck Burns seconded the motion; the motion was unanimously passed, with Homero Vera abstaining, that the District would regulate District Well No. 0612 as a temporary rig supply well.

10. **Discuss & Act on Baseline Water Quality Testing Related to Uranium Exploration Activities, Including Possible Approval of Proposal by Daniel B. Stephens & Associates**

Mary Sahs reported to the Board of Directors that Daniel B. Stephens & Associates had prepared proposals for designing and implementing a uranium exploration background water sampling project for the District, as directed by the Board at its April meeting. She reported that Allan Standen had confirmed that the cost of preparing the proposal would not exceed the \$3,000.00 approved by the Board and provided a copy of two proposals prepared by DBS&A. Mary Sahs further reported that DBS&A identified 12 water wells that would be sampled three times over a six month period and that the entire project would cost approximately \$33,000.00.

After extended discussion by the Directors, they established their goals for such a project, which is to do the District's due diligence with regard to knowing the water quality pre-exploration at the Los Finados Project. They also discussed that all results would be subject to a request under the Texas Public Information Act.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that Daniel B. Stephens & Associates conduct the uranium exploration background water quality sampling not to exceed \$11,000.00 for the first sampling event and that contracts for each of the three proposed sampling events be presented to the Board at its June meeting with the total for the entire 3-sampling event project to be approximately \$33,000.00..

11. **Discuss & Act on Groundwater Management Area 16 Joint Planning**

Mary Sahs informed the Board of Directors that the three Texas Water Development Board reports associated with GMA-16 joint planning and the desired future condition had been received and recommended that the District hire Dr. Venkatesh Uddameri to review them, give presentations to the Board, and to assist the District at the next GMA-16 meeting.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that Mary Sahs ask Dr. Uddameri to prepare a contract for Board consideration at the June meeting.

12. **Discuss & Act on Legislative and Court Decisions of Interest to the District**

Mary Sahs presented a report to the Board of Directors showing any change in status of recent legislation of interest to the District since the last report. A copy of the report was provided to the Directors and is attached to these minutes. Ms. Sahs mentioned that the following groundwater-related bills had been either signed by the governor or sent to the governor for signature:

- SB332/HB1730: Vested Groundwater Rights
- SB692/HB2311: Exemptions filed to "use" not to "well" (TWCA bill)
- SB693/HB1825: SOAH and GCD contested cases (TWCA bill)
- SB727/HB1482: Management plans consistency (TWCA bill)
- SB737/HB1824: Managed available groundwater (TWCA bill)
- HB444/SB429: Notify GCD of municipal or industrial waste injection wells

This being a report only, no vote was needed and none was taken.

13. **Discuss & Act on Water Well Registration and Permitting and Related Water Well Issues**

Mary Sahs presented to the Board of Directors a report on water well registration and permitting and related water well activities by the District since the last report. A copy of the report was provided to the Directors and is attached to these minutes. Mary Sahs also distributed a list of ExxonMobil wells that have not been fully identified by the company and asked the Directors to let her know if they could identify any of the wells.

Mary Sahs summarized the status of the minor amendment to District Permit No. 2009-005 for King Ranch feedlot No. 2. David Delaney explained that a new location was found for the new well that complies with the 150 foot restrictions. Ms. Sahs will prepare the revised amendment to reflect the new information when it arrives. With regard to late annual water use reports for the Santa Fe Ranch permits, David Delaney offered to contact Alejandro Urias.

This being a report only, no vote was needed and none was taken.

14. **Discuss & Act on the General Manager Transition and Training Including Reimbursement for Travel Expenses**

Leo Villarreal informed the Board of Directors that he had been working with Andy Garza regarding the General Manager's duties of complying with statutes in managing the District, i.e., Open Meetings, Open Records, posting agendas at the Courthouse and with the Secretary of State, budgets, tax valuations, preliminary and final values, banking and audits; that Andy Garza had posted the May 18, 2011, Agenda. Andy Garza commented on the duties he had undertaken as General Manager: setting up the office, becoming familiar with the District's Plan and Rules; learning Windows 7; and will be travelling to Austin next week to train with Mary Sahs regarding the database and the monitoring well system.

Homero Vera moved and David Delaney seconded the motion; the motion was unanimously passed that Andy Garza's travel expenses to Austin be paid by the District, provided that receipts are submitted verifying said expenses.

15. **Discuss & Act on Projected Travel by the General Manager to Upcoming Out-of-Town Meetings and Seminars**

Chuck Burns informed the Board of Directors that Andy Garza needed to attend the TWCA seminar scheduled in Galveston on June 15-17, 2011, and the TAGD meeting in Austin on June 28 and 29, 2011.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that Andy Garza is authorized to attend the TWCA seminar in Galveston on June 15-17, 2011, the TAGD meeting in Austin on June 28-29, 2011, and that the District pay for the travel, hotel and registration expenses, provided he submits the receipts for payment.

16. **Discuss & Act on Reimbursing Directors for Mileage**

Chuck Burns informed the Board of Directors that consideration should be given to reimbursing the Directors for mileage. Leo Villarreal informed the Board that the District's Bylaws, Section 4.3, provided for the reimbursement of actual expenses reasonably and necessarily incurred while engaged in activities on behalf of the District; however, such expenses must be approved by the Board on a case-by-case basis.

Homero Vera moved and David Delaney seconded the motion; the motion was unanimously passed that the Directors' expenses and mileage on District business including mileage to and from the Board of Directors meetings be paid by the District provided receipts and mileage are submitted for payment.

17. **Discuss & Act on 2011 Preliminary Net Taxable Values**

Leo Villarreal informed the Board of Directors that the Appraisal Districts for Kenedy, Hidalgo, Kleberg and Nueces County had submitted their preliminary 2011 valuations and that the total valuation submitted was \$1,440,289,460.00; and that by July 20, 2011, the District should receive the final certified values.

This being a report only, no vote was needed and none was taken.

18. **Discuss & Act on Authorizing Chuck Burns to Sign Engagement Letter with John Womack & Co., P.C. Regarding the 2010 Audit**

Chuck Burns informed the Board of Directors that it was necessary to sign the engagement letter with John Womack & Co., P.C. regarding the 2010 audit.

Homero Vera moved and David Delaney seconded the motion; the motion was unanimously passed that Chuck Burns is authorized to sign the engagement letter with John Womack & Co., P.C. regarding the 2010 audit.

19. **Discuss & Act on Date of Next Board Meeting**

Chuck Burns informed the Board of Directors that the Board needed to meet in June 2011 and that a date for the meeting needed to be designated.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that the next Board of Directors meeting be held on June 22, 2010, at 8:00 a.m.

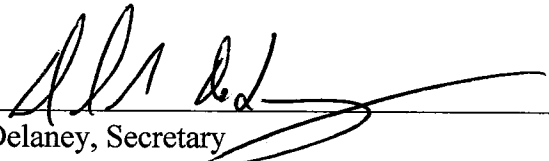
20. **Discuss & Act on Payment of Bills**

Chuck Burns presented the bills to the Board of Directors and informed the Board of Directors that the bills should be considered for payment.

David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that the bills be paid as presented.

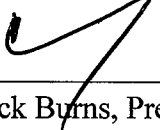
21. **Adjournment**

There being no other business to come before the Board of Directors, David Delaney moved and Homero Vera seconded the motion; the motion was unanimously passed that the meeting be adjourned at 10:55 o'clock a.m.



David Delaney, Secretary

ATTESTED TO:



Chuck Burns, President