

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Regular Meeting of the Board of Directors
May 9th, 2012**

MEETING CALLED TO ORDER

The May Board of Directors meeting of the Southwest Kansas Groundwater Management District was called to order by President Kent Dunn at 9:05a.m. The meeting was held in the Southwest Kansas Groundwater Management District No. 3 Board Room.

Directors Present

Kent Dunn, President, Seward County Representative
Nathan Kells, Vice President, Haskell County Representative
Mike O'Brate, Treasurer, Gray County Representative
Kirk Heger, Stevens County Representative
Hal Scheuerman, Kearny County Representative
Dave Brenn, Surface Water Representative
Clay Scott, Grant County Representative
Wayne Breeding, Morton County Representative
Doug Fox, Meade County Representative
Alan Schweitzer, Municipal Representative
Tom Bogner, Ford County Representative

Directors Absent with Notice

Steve Stone, Finney County Representative
Seth Nelson, Stanton County Representative
Mike McNiece, Industrial Representative
Meghan Houtsma, Secretary, Hamilton County Representative

District Staff Present

Mark Rude, Executive Director
Jason Norquest, Assistant Manager
Patty Stapleton, Office Administrator
Chris Law, Resource Technician
Trevor Ahring, EIT / GIS
Brandi Sneath, Office Assistant

Others in Attendance

Mike Meyer, Water Commissioner, Division of Water Resources, Garden City, Ks
Gary Baker, Water Right Consultant, KWA member & Stevens County Commissioner
Gale Frank, Producer/water right change applicant

APPROVE AGENDA

President Dunn asked for consideration of the meeting Agenda. Hal Scheuerman asked if the Amazon Flume Project could be added to section 9 letter D. After some discussion, Clay Scott made a motion to approve the agenda as proposed. Doug seconded. The motion was approved with all in favor.

APPROVAL OF MINUTES & MONTHLY FINANCIAL REPORT

President Dunn drew the attention of the Board to consider the April 11th, 2012 draft minutes. Hal Scheuerman made a motion to approve the April 11th, 2012 Board Meeting minutes. Dave Brenn seconded. The motion was approved with all in favor.

President Dunn next drew the attention of the Board to review the April, 2012 financial report documents. Clay Scott made a motion as follows: Approve the financial reports and payments for the month of March, 2012, as presented at this meeting, and to submit them for the annual audit. Wayne Breeding seconded. The motion was approved with all in favor.

President Dunn signed and submitted the financial documents.

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President's Report, President Kent Dunn

Committee Assignments

President Kent Dunn announced the committee assignments.

Policy and Legal

Nathan Kells, Committee Chairman
Clay Scott
Mike McNiece
Wayne Breeding

Ark River Management

Hal Scheurman, Committee Chairman
Dave Brenn
Meghan Houtsma
Steve Stone

Annual Meeting

Alan Schweitzer, Committee Chairman
Kirk Heger
Doug Fox
Mike McNiece
Seth Nelson

Water Commissioner's Report, Commissioner Mike Meyer

Water Commissioner Mike Meyer reported 9 Multi Year Flex Applications have been submitted to date. 5 of the 9 are from GMD3 while the remaining are from GMD5.

He spoke about the ongoing impairment/investigation sites in the GMD3 area.

He reported the Gooch impairment in Stevens County has no new administration action this year.

The draft report for the Divine impairment in Meade County is on the Chief Engineers desk waiting for review. That site is still being monitored.

The monitoring site in west Haskell County, also known as the Alexander site, is not a well to well impairment but a complaint of an approval of a number of applications that happened over 20 years ago. The complaint was on wells that are currently affecting his wells.

For several years the eastern Haskell County site has been monitored, studied and data collected. Mr. Meyer recently received a phone call from Jesse Garretson stating that he will renew his impairment complaint in the near future in a court of law. This was a previous complaint filed with the chief engineer about 3 to 4 years ago that was subsequently withdrawn.

Spring Creek and Crooked Creek monitoring sites are still providing data along with the data site that GMD3 maintains in Meade County.

Mr. Meyer also announced that there was a new domestic impairment complaint filed in Gray County. The owner of the domestic well has completed the paperwork for determination of a vested right and provided it to DWR. More research will be completed to see if it's a true impairment or a bad well. DWR has invited GMD3 to participate in the impairment investigation.

Mike also stated they will be holding a Multi Year Flex meeting. The date is not yet set. Mike agreed to be in attendance at the GMD3 Multi Year Flex public meeting that will be held on May 16th, 2012 in Sublette at the Haskell County Fairgrounds.

Research and Development

Tom Bogner, Committee Chairman
Dave Brenn
Steve Stone
Meghan Houtsma

Finance Committee

Mike O'Brate, Committee Chairman
Steve Stone
Kirk Heger
Meghan Houtsma

Executive Committee

Kent Dunn, Committee Chairman
Nathan Kells
Mike O'Brate
Meghan Houtsma

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Executive Director Report, Mark Rude

Well Site Safety Training, Chris Law

Chris Law announced that a Safety Training will be held on May 17th at the Garden City Community College. Other agencies have been invited to participate. The cost for 1 to 8 people is \$199.00. There is consideration to make this an annual event.

Test Stand removal, KU

Mr. Rude stated that the test stand needs to be removed from the KU property in Lawrence immediately. Mark, Jason and Mike O'Brate will travel to Lawrence, tear it down and bring it to Garden City. As of now the test stand will be stored in Garden City, until further plans have been completed to have it on/near the GMD3 office property.

Flex Account Meeting, May 16th, 2012

As stated earlier, a Multi Year Flex meeting will be held in Sublette at the 4 H building on May 16th, 2012 at 3:00 p.m. Mark has completed some radio spots to promote it.

Legislative Report

Mark updated the directors on legislative issues. He spoke on the division of water rights bill SB148. The legislation is still in conference committee several amendments tacked on. Current language includes language simplifying new appropriations for aggregate producer mining projects and the necessary water rights to use and evaporate water.

Mark also spoke about disposal of horizontal well drill cutting solids by land spreading. A land application option for oil and gas drill cuttings and mud is being pushed by one of the oil companies completing the horizontal well drilling. A law that waives the normal disposal requirements for solid waste generated from natural disaster events is being amended to allow a site application and best management practice to govern disposing of drill waste by distributing over a field instead of in a permitted disposal pit site.

New Website

GMD3 has a new website up and going, with the same website address. Brandi worked hard with some help from the website guru Spencer Casey.

Earth Day Festival and Ark River Water Festival

GMD3 employees spent a couple of days informing students of the Ogallala Aquifer. Over 1,800 kids were in attendance for both festivals.

Revised Contract for Computer Services, Nex-Tech

Mark turned the boards' attention to the Nex-Tech contract that was included in the board book. New updated computers have been ordered and the monthly cost of computer services to the district went down considerably.

Research is being completed on purchasing IPADS for the Board of Directors. This technology would allow GMD3 information to be provided and accessed by the Board apart from board personal computers. More information will be reported in the June meeting.

Oklahoma Water Board Hearing Update

Mark reported he has a complete CD with the full set of minutes from the fact finding hearing that occurred with the Oklahoma Water Resources Board (OWRB) where the City of Elkhart and others are objecting to the permitting of a well-established 94 feet from a City well and other assurances of reasonable use.

Subject to reasonable use, the groundwater in Oklahoma is owned by the landowners. Mark stressed the producer cannot pump the water from a well until they have the water permit authorized by the OWRB. However, completing the drilling can be done first to verify a good area. At that point the application can be submitted and it goes to a fact finding hearing. Kansas has a well spacing and rule enforcement concern.

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Committee Reports

Policy & Legal

Policy and Legal chairman, Nathan Kells announced that a Policy and Legal meeting was held this past week. He reported the consensus of the Policy and Legal Committee was that the groundwater rules for water right changes do need to be tightened up in high decline areas. Since groundwater modeling has been completed to evaluate groundwater supply, the two mile rule calculation should depend more on model results and projections rather than on the average hydrologic condition of the Ogallala Aquifer and the assumption of all water rights used completely every year.

Mark reported that if rules are tightened up in some areas, there is more need for a fact finding hearing process to provide the means to consider exceptions locally. A hearing process would be more formal than is currently implemented for the benefit of local water right owners to consider cause and effect of changes to the status quo water use from the neighborhood aquifer. More development information will be considered for this idea, such as: cost, hearing officers, and process time factors. The board will represent all users including the applicant. Legal counsel and expert witness participation will be optional. More communication will occur with DWR and KDA on the implementation considerations.

The committee reported that part of the considerations to modify the presumptive liberties in rules for high decline areas may include restricting the ability to stacking water right and un-stacking them on well locations. Stacking water rights allows a well to pump even more than before the change. Un-stacking wells cause more holes in the ground for pumping additional water and has been used as a way to move greater distances using multiple change application, than otherwise allowed without rule waiver proceedings. The hearing process would allow all property right owners within the one mile circle to participate in learning the details and airing their possible interests and concerns. A date will be set to start the hearing process for rule waiver requests if so adopted by the Board, perhaps as bylaws.

Also as a new practice for the benefit of GMD3 membership, the committee considered initiating a practice where members with wells within one mile of a proposed relocation would receive communication regarding each proposal beyond 300 feet.

After further discussion, the consensus of the board was for Mark to complete further research with the Chief Engineer and Legal Counsel. He will report back to Board in the near future.

Old Business

Board Review; File No. 14 234, Gale Frank, 5030 foot move

Jason Norquest reviewed Gale Franks proposed 5030 foot move that was discussed at last month's meeting. Gary Baker also discussed similar past reviews and elaborated on Mr. Frank's proposal. He stated the proposal will overlap file 14,234 with 27,534. The proposed package would include a reduction down to an amount equal to two acre feet per acre for the acreage authorized. Also, they are proposing to reduce the well on the proposed location under 14,234 down to 400ac ft.

After some discussion, Nathan Kells moved to deny request of waiver. He stated it is in an over appropriated area moving to a more over appropriated area and does not meet the long move guidelines for waivers. Wayne Breeding seconded. A vote was conducted and the motion failed with a majority opposing.

Further discussion occurred with questions being directed to applicant Gale Frank and consultant Gary Baker. Clay Scott moved to recommend approval of the move and make use of the two mile circle reduction rule and supporting the flexibility to use water between the two wells by preserving the limitation between them with the reduced amount. Tom seconded. Motion passed with two opposing.

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New Business

There was no new business to discuss.

Western Water Conservation Projects Fund Business

Monthly Western Water Conservation Projects Fund Business

Mark Rude drew the attention of the board to the financial documents of the Western Water Conservation Projects Fund and activity of the advisory committee. After some discussion of the Board, Alan Schweitzer moved to accept the financial report and payments as stated and submit them for annual audit. Kirk Heger seconded. Motion passed with all in favor.

Legislative Report Submitted & GMD3 Repayment Voucher

Mark reported that a voucher was presented to the Ark River Litigation Committee showing GMD3 administration work for the past 1.5 years to December 31, 2011 and since the period of the last voucher to GMD3. The total for 3% of actual expenditures from the Fund for that period came to \$48,266.62. Mark reported that advisory committee support of the voucher amount. Tom Bogner moved to make payment to GMD3 from the Fund for the past 1.5 years in the amount of \$48,266.62. Wayne seconded. Motion passed with all in favor.

Mark also brought to the boards' attention a change order for the Amazon Flume Project. The Ark River Litigation Fund Advisory Committee recommended approval of the application for funding in the amount of \$50,000. Alan Schweitzer moved to approve the request up to \$50,000. Mike O'Brate seconded. Motion passed with all in favor.

BOARD MEMBER REPORTS

A reminder was announced for interested board members to sign up for the GMDA Conference that will occur June 6-8, 2012 in Nebraska City, Nebraska.

PUBLIC FORUM

Gary Baker announced the producer he has been working with to accomplish adding land under a large overlapping set of water right changes that required an annual MOU contract with GMD3 for monitoring compliance no longer needs a GMD contract. The new well based fee adopted by the board was too significant, amounting to more than \$2000 per year.

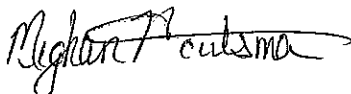
Executive Session

No Executive Session was called.

ADJOURNMENT

Doug Fox made a motion to adjourn the meeting. Hal Scheuerman seconded. The meeting was adjourned at 12:20p.m.

Respectfully Submitted,



Meghan Houtsma