

Correlative Rights Subcommittee Meeting Minutes

February 22, 2017

The Correlative Rights subcommittee meeting was called to order at approximately 9:55 a.m. on Wednesday, February 22, 2017 in the District Office. Subcommittee members in attendance were:

Mark Carrabba – Chair
Jayson Barfknecht
David Stratta

Other Board members present in the audience were:

Pete Brien
Bill Harris
Stephen Cast

Each person attending was given a draft of points to be considered as the subcommittee attempts to find avenues to apply the production acreage rule to all “existing wells” as both were defined and adopted in the District Rules adopted December 2, 2004.

Alan Day, General Manager, gave an overview of why the attempt to reconcile “existing wells” is being addressed. He explained these wells were exempted from the production acreage formula with the modified correlative system currently used by the District. The overview included some discussion of Day v. EAA (landowner’s ownership of water in place), how the production acreage formula works, why the use of the formula is important in determining fair share, and the problems when the existing well and new well designated footprints overlap.

Existing wells with no required footprint are at risk of being encroached upon by new wells because of actual ownership of land in the larger footprint on which a new well might be drilled. The existing well, in many cases, has only a limited ownership of property right around the well head with many subsequent acres within the footprint (cone of depression) of the well owned by others. Those owners have the absolute right to drill and produce their fair share of the resource.

It was further acknowledged that most, if not all, of those in attendance were landowners. But in many cases, the acreage they own is over the same productive parts of the aquifer as their production wells but not at the well site. Thus the attempt by the subcommittee is to recognize the water rights of all landowners and possibly use the oil and gas template of applying non-contiguous acreage to the existing well footprint. This is done routinely under the Texas Railroad Commission Rule 37. It was noted the

assignment of non-contiguous acreage to an existing well would be a one-time assignment.

Mark opened the floor for questions and comments from the stakeholders. Many questions centered around having to lease or buy property to protect the ability to produce. It was made clear the District would not require the purchase or lease (control) of acreage in the footprint. That would be left up to the permit holder if they felt the need for protection.

A list of questions and comments was compiled and will be addressed by the subcommittee in the coming weeks. It was suggested by the General Manager the next subcommittee meeting should be with staff only (Alan, Monique, Mike) to address the questions raised and formulate answers to the questions posed. Mark indicated he would call such a meeting within the next four weeks. A stakeholder meeting with the subcommittee will be scheduled within the next eight weeks.

The subcommittee meeting adjourned at 11:05 a.m.

Alan M. Day
General Manager, BVGCD