

**MINUTES OF BOARD MEETING and PUBLIC HEARING
REEVES COUNTY GROUNDWATER CONSERVATION DISTRICT (RCGCD)
119 South Cedar St. Pecos, Texas 79772
Tuesday, August 27th, 2024, at 5:00 p.m.**

1. President, James Ward, called meeting to order **5:01** p.m. and declared meeting open to the public. A quorum of directors was present. Present were Luke Brown, Cecil Lee, Nancy Martinez, Ginny Barmore, and Benjamin Burnham. Absent: David Dominguez. Bill Dugat, attorney for the District, was present attending via Zoom.

Notice is given that the Board of Directors of the Reeves County Groundwater Conservation District (RCGCD) will hold a public hearing, accept public comment, and may act on the adoption of proposed amendments to RCGCD's Rules regulating groundwater in Reeves County, Texas. The proposed rule amendments change the definition of verification period; extend the verification period; and extend the deadline for permit applications. Changes may be made to the proposed amendments to the RCGCD's Rules based upon comments received or made at the hearing, and the proposed amendments to the Rules may be adopted with or without such changes without further notice or hearing.

This rulemaking hearing will be held on Tuesday, August 27, 2024, beginning at 5:00 p.m. at the 119 South Cedar Street, Pecos, Texas 79772.

Any person who desires to appear at the hearing and present comments or other information on the proposed amendments to the RCGCD's Rules may do so in person, by counsel, or both. Comments may be presented verbally or in written form. Written comments should be submitted to the General Manager at his contact information below no later than 5:00 p.m. August 23, 2024. Limits may be placed on the amount of time that each person is allowed to present verbal comments. The hearing posted in this notice may be recessed from day to day or continued where appropriate.

A copy of the proposed amendments to RCGCD's Rules: (1) may be requested by email to Greg Perrin info@reevescountygcd.org, (2) is available at the RCGCD's website at www.reevescountygcd.org, and (3) may be reviewed or copied at the District office 119 South Cedar Street, Pecos, Texas 79772. Any person who wishes to receive more detailed information on this notice or the proposed RCGCD's Rules should contact Greg Perrin, General Manager, at 432-445-9961.

- A. Hearing Opened at 5:01PM
- B. No Public Comments
- C. Hearing Closed at 5:04PM
- D. Motion was made by Cecial Lee and seconded by Nancy Martinez to approve the RCGCD Rule amendments as submitted with an effected date of 9/1/2024. All voted in favor 6-0.

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119 South Cedar St. Pecos, Texas 79772
Tuesday, August 27th, 2024, at 5:00 p.m.

1. President, James Ward, called meeting to order **5:07** p.m. and declared meeting open to the public. A quorum of directors was present. Present were David Dominguez (arrived at 5:30PM), Luke Brown, Cecil Lee, Nancy Martinez, Ginny Barmore, and Benjamin Burnham. Absent: None. Bill Dugat, attorney for the District, was present attending via Zoom.
2. Public Comment:
 - a. Sarah Stogner gave an update on a reported water well that is flowing on the corner of US HWY 285 & 652. Sarah and Hawk Dunlap went out to the location on 8/23/2024 and sucked out the water. Stogner stated a trailer will have to be moved, then they will get a backhoe and excavate and try to dig around. She observed cracks in the ground that look similar to the cracks she has seen near sink holes where you have ground movement. Stogner said the tenant there said the same cracks in the ground there, are at an injection well to the north that is actively injecting. They observed 285 PSI on the production string. She spoke to a petroleum engineer, who told her that sometimes they initially put pressure on the wells if they suspect problems. She said she has also been talking with Raymond Straub who is a hydrogeologist that she uses, and they will come up with some language to notify the Railroad commission. She thinks, based on data, there are some pressure anomalies, cases where injection numbers go down but the pressure spikes, which is unusual. She said there is a North offset well and the East offset injection well, and the one to the East has been shut in since January. There is no artesian water in that area and now its flowing to the surface indicates that the pressure must be coming from somewhere. She recommends RCGCD start building an administrative record with the Texas Railroad Commission to ask them to do what they are supposed to do and make sure the injection wells are not causing problems and go from there. She said she has been installing data loggers on other wells, and she also will install one on this well.
 - b. Greg Perrin made a public comment stating that he was out at the well location of US HWY 285 & 652 with Raymond Straub a week prior to Sarah Stogner going to the location. Greg said Raymond tested the area but have not gotten a report back yet. He said we will wait and see what Raymond comes up with to help RCGCD out.
3. Discussion and action to approve minutes of the July 18, 2024, Regular Board Meeting.
 - a. **Motion** was made by Ben Burnham and seconded by Ginny Barmore to approve minutes of the July 18th, 2024, meeting. No discussion. All voted in favor, 7-0.
4. Discussion and possible action on presentation by Lyndon Nance (APERION) Tax Abatement.

- a. Lyndon Nance presented two items: a "letter of support" so he could take it back to his investors stating that RCGCD thinks the project is a good idea, and a resolution allowing APERION to negotiate the project with a designated representative that is assigned by the RCGCD Board.
 - b. Bill Dugat stated RCGCD was not posted to adopt a resolution for this meeting and RCGCD cannot negotiate an agreement until they develop guidelines that have been established for abatement criteria.
 - c. Ben Burnham asked what the volume of gas per day was. Lyndon said the rule of thumb was about 320,00 cubic feet for megawatt times 220 (70,400,000). Nancy Martinez ask how long he has been doing this, Lyndon said he started business in 2016, he started in the oilfield and went into the mining side. Nancy asked how many sights he has built all over the United States, Lyndon believed about 16 locations. Greg Perrin asked how many sites he planned on having here. Lyndon said that in Reeves County, they are looking to build 4 plants: first one on the South side, second site North of town by Orla, then potentially two more on the North side of town. 250,000,000 for each plant facility. Their plan is to put as much power into the system as TNMP allows. Ben asked about the temperature, Lyndon informed them that they would have the equipment inside a building. Lyndon stated that they are not asking for 100% abatement, they believe everyone should pay something. They are asking for a "PILOT" (payment in lieu of taxes). They are asking for a reduction in taxes, to \$1,000 a year for RCGCD, TOPC \$25,000, Reeves County \$25,000, PBTISD (403), Hospital District and ESD 1&2 \$35,000 (because if there is an emergency they want to make sure they are well funded). On the water side, they use almost no water, it will be for personal (drinking, cooking, showers). They want a 10-year abatement, and the life span of the facility is 20-30 years. Ben asked how far the facility South of town is going to be from Kinetik (the facility they plan on getting natural gas from), Lyndon stated his facility will be about 3 miles North of the Kinetik, almost to HWY 20, on the corner of Toliver and 118. APERION is going to have 20 employees (at their first facility and will build 30 homes that will be open to the public (per facility built). Luke Brown asked if this was a continuous operation or just when the power grid goes down. Lyndon explained that it was both, it doesn't run all the time but will be responsive to grid stimulation. If the wind turbines are failing, they will start their engines up and stabilize the power grid. The start date goal is prior to April 15th of 2027. Each plant will take 2-3 years to construct and will require (through the different phases of construction) 100-400 employees. The entire facility would need to be constructed before they start production. Lyndon said the total economic benefit for the 1st two projects would be about \$160,000,000 for the community. Bill Dugat recommends that RCGCD should adopt the criteria at the next board meeting before giving a letter of support.
 - d. No Action
5. Discussion and possible action on request of INFINIUM Tax Abatement.
 - a. Bobby Maldonado, Attorney on behalf of INFINIUM and Roger Harris COO of INFINIUM, showed a video and gave presentation on the INFINIUM Roadrunner Pecos Project based 300 Shaw Road Pecos, Texas 79772. INFINIUM is seeking a full 100% - 10-year abatement across all Reeves County taxing entities: Reeves County, Reeves County Hospital District, Emergency Service District 1&2, RCGCD, and 75% abatement from PBTISD. INFINIUM will construct 20 new homes that will cost around \$325,000.00

each. They wish to create 20 Full-time local employees that will have an average annual compensation of \$85,000, using projections, that will contribute an excess of 150 million in the local economy.

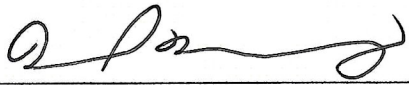
- b. Cecil Lee asked what the life expectancy of this project was. Roger said 20 plus years is the model life expectancy. He said the projects in the Middle East are reaching 20 years and the ones in Africa are reaching 40 years. Nancy Martinez asked what brought them to West Texas. Roger said there is a "Brown field" asset that they are repurposing gives them a significant project execution benefits and shorts their timeline, West Texas also has good land availability, and removable electricity availability, and it has good CO₂ availability. The combination of all 4 of those factors really contributed to them seeing this as project number 2 for them. Benjamin Burnham asked how long the Corpus facility has been in production. Rogers stated they have been in production since December of 2023. Cecil asked what the method of measurement was. Roger stated barrels are a good source of measurement and that the Corpus facility produces around 50 barrels a day, the Pecos facility would be 10X larger than that. James Ward asked Roger to define a "Brown field Sight" for him. Rogers stated that is defined as a sight that can be repurposed into the new project. He stated that "Green Field Site" means nothing is on that sight, it's just flat land and everything they would need they would have to construct. Ben said there is a facility already there (on the sight). James asked if it was a government facility, Roger answered no. Bill Dugat wanting confirmation, for a simplified explanation to what it is they will be doing at the facility and how much water they will be needing. Roger responded that they take CO₂ (provided from operators in the area), removable electricity and water to produce hydrogen. The hydrogen and CO₂ are then combined and make the fuel. The water that they extract will be able to meet their water demands. The water number is 180 GPM. Roger said the CO₂ will come to their facility from a short pipeline from the Kinetik Plant. Ginny Barmore asked if they were looking for an abatement for the "Brownfield Site" itself or looking for the abatement for the 20 homes as well. Bobby said not on the homes. Cecil Lee said he really wanted to know the water usage. Bill asked if they were going to remove the existing facilities from the site and then install the facilities there. Roger stated it will be repurposed. Ben asked what the water usage was in Corpus. Roger said they use water directly from a neighbor (as a service agreement with them). Cecil asked if they must use fresh water or can they use brackish. Roger said they extract brackish from the wells then they use their own water treatment to get that to the quality that they need to use it. They will not be using City water; this will be water that they extract themselves. Luke Brown asked when referring to "500 barrel a day output" are they equating that to a barrel of oil, in terms of energy density. Roger confirmed, yes. Ben asked how long the agreement with Kinetik was, Roger said he would have to look up the term (off-take) agreement and get back to RCGCD. James asked Bobby if he had any numbers for them to look at if RCGCD gave them the tax abatement on the numbers in a matrix on how much money RCGCD would save vs all this other infrastructure. Jimmy Dutchover said for 250-million-dollar project, RCGCD would end up abating \$7,500 a year. Nancy asked how many of the entities have supported the abatement so far. Jimmy replied 4, so far: Reeves County, Hospital District, ESD 1&2. Bobby said they need a letter of intent from RCGCD that would allow them to move forward to come back to RCGCD with a tax abatement agreement. Luke asked what the annual revenue was

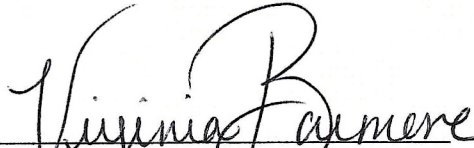
project to be for this facility. Roger stated that is part of the proprietary business model and he would need to get that released by the CEO. Nancy asked if there is a clause in any of this if they were to go defunct within 7 years that RCGCD could recoup any funds that are being abated. Jimmy Dutchover said we will have received the homes. Bill Dugat said RCGCD would have to look at the Tax Abatement Agreement and make sure that RCGCD was satisfied with safeguards. He stated RCGCD would have to adopt criteria for a Tax Abatement Agreement, and that requires a public hearing after RCGCD adopts the criteria then RCGCD can enter into a negotiated Tax Abatement Agreement. Greg Asked Bill about the letter of intent they are asking for. Bill stated he would want to make some changes to the letter of intent. Bill stated that RCGCD must develop criteria for abatement, not just for this, but for establishing criteria for all future projects if they came in.

- c. No Action Taken.
6. Discussion and possible action on financial statements.
 - a. Greg stated there was a lost check. Cecil asked if they had found it. Amber explained that when Smokey Briggs was in the hospital the payment was lost (at 432 Printing) and no one ever found it, so RCGCD had to cancel payment and issue a new check.
 - b. Motion was made by Ginny Barmore and seconded by Benjamin Burnham to approve the July bills as presented. All voted in favor, 7-0.
7. Discussion and possible action on payment of bills.
 - a. Motion was made by Luke Brown and seconded by Ginny to approve the July payment of bills totaling \$132,897.23 as corrected by Amber Redden. All voted in favor, 7-0.
8. Discussion and possible action on Historic Use Permits:
 - a. Historic Use Permit # 6398 RC1921, RC1922 Texas Firms Inc 160 acres, requesting 960 AF/YR (MAX), 1300 GPM pump (rate). AB 1346 BLK 51-7 SEC 10 T&P NW/4. Industrial, Commercial, Oil & Gas Rig Supply, Fracking.
 - b. Historic Use Permit #6399 RC629, RC630, RC3046 Westway Ranches LLC 57 acres, requesting 342 AF/YR (MAX), 1750 GPM pump (rate). AB 3942 BLK C-18 SEC22. Industrial, Commercial, Oil & Gas Rig Supply, Fracking.
 - c. Historic Use Permit # 6400 RC1735, RC1736 Westway Ranches LLC, 320 acres, requesting 1920 AF/YR (MAX), 1975 GPM pump 9rate). AB 5625 BLK c-8 SEC 23. Industrial, Commercial, Oil & Gas Rig Supply, Fracking.
 - d. Historic Use Permit # 6402 RC1092, Zeman Family Limited Partnership LP, 433.36 acres, requesting 1362.9 AF/YR (production), 1845 GPM pump (rate). BLK 4 SEC 36. Irrigation.
 - e. Historic Use Permit # 6403 RC118, RC119, RC120, RC121, Zeman Family Limited Partnership LP, 718.53 acres, requesting 2258.21 AF/YR (production), 1400 GPM pump (rate). BLK 3 SEC 16. H&GN. Rig Supply, Fracking.
 - f. Historic Use Permit # 6404 RC110, RC112, Zeman Family Limited Partnership LP, 155 acres, requesting 930 AF/YR (MAX), 700 GPM pump (rate). BLK 3 SEC 8. H&GN. Rig Supply, Fracking.
 - i. Motion was made by Ginny Barmore and seconded by Ben Burnham to approve the Historic Use Permits. Six directors voted in favor, No director voted against and Director Cecil Lee abstained.
9. General Manager's Report:

- a. Current stakeholder meetings, conferences attended & correspondence.
 - b. Operations report (bank, tax & investment statements; drilling report; drought map)
 - c. Current well registrations/permits.
 - i. No Action on General Manager's Report
10. Discussion and possible action on proposed 2025 RCGCD Budget.
- a. Motion was made by David Dominguez and seconded by Ben Burnham to approve the 2025 RCGCD Budget. All voted in favor, 7-0.
11. Discussion and possible action on Proposed Tax Rate for tax year 2024.
- a. Motion was made by Cecil Lee and seconded by Nancy Martinez set the proposed tax rate to .00275%. All voted in favor, 7-0.
12. Discussion and possible action on correspondence received.
- a. Texas Commission on Environmental Quality – Notice of Draft Federal Operating Permit. Draft Permit Number 04075. Enterprise Products Operating LLC PO BOX 4324 Houston, TX 77210-4324 has applied to the TCEQ for a renewal of Federal Operating Permit Application Number 35851 Located Orla, Texas.
 - b. Texas Commission on Environmental Quality –Notice of a Proposed Renewal with Amendment of General Permit TXG500000 for quarries in certain water quality protection areas.
 - c. SWRI sending a letter marked to SWRI from Greg Perrin for Greg to sign.
 - i. No Action on correspondence received.
13. Discussion and possible action on date and time of next Board Meeting and items to consider at next Board meeting.
- b. Motion made by Ginny Barmore and seconded by Nancy Martinez for RCGCD to add an agenda item to the next board meeting to discuss and consider guidelines and criteria for tax abatement. All voted in favor, 7-0.
 - c. Next meeting September 19th, 2024
 - d. Flowing Water Well presented in public comments
14. Discussion and possible action to adjourn.
- a. Motion was made by Nancy Martinez and seconded by Ben Burnham to Adjourn at 6:21 PM. All voted in favor, 7-0

Dated the 27th day of August 2024.


~~James Ward, President~~
David Dominguez
Vice President


Ginny Barmore, Secretary