

**OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES**

August 10, 2004

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Ervin Mitchell at 9:30 a.m., on August 10, 2004, in the Board Room of the OWRB Offices, located at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma. The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof.

A. Invocation

Member Harry Currie gave the invocation.

B. Roll Call

Board Members Present

Ervin Mitchell, Chairman
Lonnie Farmer, Vice Chairman
Bill Secrest, Secretary
Harry Currie
Mark Nichols
Jack Keeley
Richard Sevenoaks

Board Members Absent

Rudy Herrmann

Staff Members Present

Duane A. Smith, Executive Director
Dean Couch, General Counsel
Jim Schuelein, Chief, Administrative Services Division
Joe Freeman, Chief, Financial Assistance Division
Mike Mathis, Chief, Planning and Management Division
Derek Smithee, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary

Others Present

Steve Dunavant, Rural Water District #5, Rogers County, Claremore, OK
Martin Havard, Rural Water District #5, Rogers County, Claremore, OK
Rocco LaRosa, Rural Water District #9, LeFlore County, Monroe, OK
Jason Bowles, Rural Water District #9, LeFlore County, Howe, OK
Cliff and Willa Younger, Grand Lake Water Watch Program, Grove, OK
Saudi and John Weiland, Grand Lake Water Watch Program, Grove, Ok
John Knight, Sorghum Mill Tree Farm, Edmond, OK
Jean Snow, Sorghum Mill Tree Farm, Mustang, OK
Vennis Warren, Deep Fork Farm, Oklahoma City, OK
Brian Henderson, Capitol Net News, Oklahoma City, OK
Mike Ray, Oklahoma House of Representatives Media, Oklahoma City, OK
Charles Newton, Oppenheim, Edmond, OK
Arvil Moran, Rural Water District #5, Wagoner County, OK
Jim Barnett, KIRA, Oklahoma City, OK
Marla Peek, OK Farm Bureau, Oklahoma City, OK
Cheryl Dorrance, Oklahoma Municipal League, Oklahoma City, OK
Tamara Brown, City of Stillwater, OK
Chad Morris, City of Stillwater, OK
Jason Gage, City of Stillwater, OK
Steven Jolly, Arbuckle Master Conservancy District, Davis, OK
Tom Lay, KIRA, Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Mitchell stated the draft minutes of the July 13, 2004, Regular Meeting have been distributed. He said he would entertain a motion to approve the minutes unless there were additional changes.

Mr. Farmer moved to approve the minutes of the July 13, 2004, Regular Meeting, and Mr. Secrest seconded.

AYE: Farmer, Keeley, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: Currie, Nichols
ABSENT: Herrmann

D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane Smith, Executive Director, began his report by stating the camera positioned in the Board Room today was for the purpose of filming the Board in action to be included in the video being produced for use at the 25th Annual Governor's Water Conference. He said the video would include film of water features and other items of interest from around the state. He mentioned that he had recently made a presentation to the Altus Rotary Club and toured the Lugert-Altus Irrigation District, and the film crew was there also. He said the Board had entered a contract with Oklahoma State University for the production of the video that will be used to open the water conference.

Mr. Smith said the October Board meeting would be moved to Tuesday, October 19, 2004, to be held the morning before the Tribal Issues Symposium in the afternoon. The

Governor's Water Conference full program will be on Wednesday, October 20, all at the Cox Convention Center.

The Bond Oversight Council met and approved the OWRB bond issue. One of the issues that was came up was that Jim Joseph, State Bond Advisor, recommended approval of what the Board had approved as underwriters and service providers. But, he made a recommendation that the Board needed more national co-managers in the bond issue because there could possibly be a better sales force, and there would be a "watchdog" on the underwriting team. Mr. Smith said he and Joe Freeman made a presentation that the Board did not believe more co-managers were necessary because over the years there have been discussions about our ability to sell our bonds, but it has been shown that our local firms have not only been competitive with the national firms, but in some cases have beaten the national firms in price. The Bond Oversight Council felt very comfortable that there is a good team in place and approved what the Board had approved and rejected Jim Joseph's recommendation. He felt that was confirmation about the Board's process, and that sends a good message to the firms in Oklahoma that they are producing well, that we can depend on them, and should continue to do so.

Mr. Smith distributed the agency's updated Agency Strategic Plan FY 2005-2009. He said that 27 employees met and discussed values and behaviors and goals of the agency. Rudy Herrmann attended this year, as other members have in the past. He spoke to each high priority program, including Update of the Comprehensive Water Plan, Special Water Resources Studies, Statewide Water Development Revolving Fund Capitalization, Water Quality/Quantity Monitoring, Water Quality Standards and Implementation, Data Management and Dissemination, Public Outreach, Resolution of Tribal Water Claims, Review of Oklahoma Water Law. He explained the philosophy in the goal which staff identified, intent of the goal, how to communicate to legislative leadership, and how to meet deadlines and review progress. He said that periodically the staff would update the members about the status/progress of the high priority items.

Mr. Smith stated he would be presenting awards for the state Floodplain Management program to cities at the Oklahoma Municipal League awards banquet, and he will be speaking to the Grand River Dam Authority Board about water planning.

Mr. Smith concluded his remarks announcing that the September Board meeting will be held in Sulphur. The primary reason is to take a tour of the Arbuckle-Simpson study area, to look at specific areas important to the study and why they are important, and to look at some of the features of the Arbuckle-Simpson that make it unique, but will not be discussing individual permits. The Board meeting will be on Tuesday morning.

Chairman Mitchell added that it isn't too early to mention there would be a large number of new legislators in the Spring, and he encouraged the members to become active in educating them on water issues.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Loan for Rural Water District #9, LeFlore County, Oklahoma. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that the LeFlore County Rural Water District No. 9 had requested an OWRB Drinking Water State Revolving Fund Loan in the amount of \$246,701.00. The District is requesting the loan to go along with a \$59,999.00 OWRB Reap Grant to replace 8,800 feet of water lines with 4-inch PVC water line, 3,800 feet of 6-inch water line, a booster pump station, and construct a 70,000-gallon standpipe. The

appurtenances will reduce low-water pressure problems that the District has been experiencing. Mr. Freeman noted provisions of the loan agreement, and stated it is estimated that the District should save approximately \$393,000.00 or \$7.00 per tap per month by receiving the loan and grant funding from the OWRB. Staff recommended approval.

Mr. Jason Bowles, member of the Board of Directors, and Rocco LaRosa, District Manager were present in support of the loan application.

Mr. Secrest moved to approve the loan to the LeFlore County RWD #9, and Mr. Nichols seconded.

Mr. Currie asked about the average debt ratio of communities in Oklahoma. Mr. Freeman answered that it depended between a rural water district and a municipality. For a rural water district such as in this case, it doesn't have sewer or electric revenues to pledge and this is a normal debt service at 1.5 times, earning half-again what is required to meet the loan obligations, which is actually after all expenses are paid. For a municipality, a town with electric and gas systems will have a good debt- coverage ratio.

There were no further questions, and Chairman Mitchell called for the vote.

AYE: Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None

ABSENT: Herrmann

B. Consideration of and Possible Action on a Proposed Order Approving Loan for Rural Water District #5, Rogers County, Recommended for Approval. Mr. Freeman stated that this item is for the consideration of a \$1.1 million dollar loan request from Rogers County Rural Water District #5. The District is requesting the loan to go along with one million dollars in funds from Rural Development to construct five miles of water line to improve water pressure in the system and meet demand for growth in Rogers County. Additionally, the District will be rebuilding an intake structure on the Verdigris River to supply water to their treatment plant. Mr. Freeman said the loan will be funded through the Board's series 2003 FAP Revenue bond issue, and he noted provisions of the loan agreement. He added that the District had been experiencing rapid growth over the past ten years, and the number of taps have increased by over 50%, and the District is now serving over 12,500 homes and businesses. The District's debt-cover ratio stands at about 3-times, and it is estimated the District should save about \$379,000.00 by borrowing from the Board. Staff recommended approval.

District Chairman Mr. Martin Howard and District Manager Mr. Steve Dunavant were present in support of the loan application. There were a few questions by Mr. Currie about the District's supply of water.

Mr. Secrest moved to approve the loan to the Rogers County RWD #5, and Mr. Currie seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None

ABSENT: Herrmann

Mr. Farmer asked about the funding sources securing the loan, and asked whether Rural Development held a mortgage on the water system. Mr. Secrest stated the District does not have a RD loan, and Mr. Freeman stated the District had a former loan with Board, and will have a loan with Rural Development once this funding is approved.

C. Consideration of and Possible Action on a Proposed Order Approving Loan for Stillwater Utilities Authority, Payne County, Oklahoma. Recommended for Approval. Mr. Freeman stated

that the Stillwater Utilities Authority has requested an OWRB loan in the amount of \$8,688,913.89 in order to refinance a portion of an interim construction loan that Stillwater obtained from the Board in September of 2001. The construction loan was for a major upgrade and expansion of the wastewater treatment plant. He said that \$5,455,000 of the loan proceeds will be funded through the Board's Series 2001 or 2003 FAR revenue bond issue at the variable or fixed interest rate which is in place in time of closing, at a maturity not to exceed thirty years. He said that \$3,233,913.89 of loan funds will be funded through the Clean Water Statewide Revolving Fund Loan proceeds at a .5-point administrative fee and will mature within twenty years of completion of construction. Mr. Freeman noted provisions of the loan agreement. It is estimated that Stillwater will save approximately \$7.5 million, on the total \$20 million project, by borrowing from the Board. Staff recommended approval of the loan request.

Mr. Jason Gage, City Manager; Chad Morris, Water Director; and Tammy Brown, Financial Advisor were present in support of the loan request. There were a few questions from the Board members about the purpose of the loan, the size of the wastewater treatment plant, and the number of water and sewer connections in the system.

Mr. Nichols moved to approve the loan to the Stillwater Utilities Authority, and Mr. Keeley seconded.

AYE:	Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY:	None
ABSTAIN:	None
ABSENT:	Herrmann

D. Consideration of and Possible Action on a Proposed Order Approving Extension of Time for Obligation of Funds for Oologah Municipal Authority, Rogers County, Oklahoma. Recommended for Approval. Mr. Freeman said this request by the Oologah Municipal Authority is for an extension of time for closing its loan with the Board. He said the Authority has requested an extension until March 9, 2005, in order to have time to complete the design of an equalization basin to address excessive flow as a result of inflow and infiltration problems. Except for the request for an extension, all other aspects of the loan will remain the same as when the Board originally approved the loan. Staff recommended approval.

No representatives of Oologah were able to be present at the meeting.

Mr. Currie moved to approve the request for an extension of time for obligation of funds to the Oologah Municipal Authority, and Mr. Farmer seconded.

AYE:	Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY:	None
ABSTAIN:	None
ABSENT:	Herrmann

E. Consideration of and Possible Action on a Resolution Authorizing the Issuance of Oklahoma Water Resources Board Revolving Fund Revenue Bonds, Series 2004 in Aggregate Principal Amount Not to Exceed \$225,000,000; Approving and Authorizing Execution of a Bond Indenture Providing for the Issuance of Said Bonds; Waiving Competitive Bidding on the Bonds and Authorizing the Sale Thereof by Negotiation and at a Discount Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to Said Bonds; Directing Deposit of Proceeds Derived from the Issuance of the Bonds in the State Treasury and Requesting the State Treasurer to Remit Such Proceeds to the Bond Trustee; Approving the Form Of Promissory Note and Loan Agreement to be Executed by Borrowers of Bond Proceeds; Authorizing Execution of Such Other and Further Instruments,

Certificates and Documents as May be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing Other Provisions Relating to the Issuance of Said Bonds.

Mr. Freeman said this item is for the approval of the Board's 2004 Revolving Fund Revenue Bond issue to fund the Clean Water and Drinking Water State Revolving Fund programs in the amount of approximately \$225,000,000.00. The resolution authorizes an issuance of bonds not to exceed the amount mentioned; authorizes execution of a bond indenture for the issuance; authorizes the issuance be on an negotiated basis; approves a preliminary official statement; directs deposit of the proceeds to the State Treasurer for remittance to the bond trustee; approves the form of promissory note and loan agreement; directs payment of the cost of issuance and authorizes other such documents necessary to close the issue by the Chairman and Secretary of the Board. Staff recommended approval.

Mr. Freeman stated to the members that at the July meeting he had reported the selection of the underwriters counsel, and approval has been given by the Bond Oversight Council this past week as reported by Mr. Smith. A conference call of all the service providers is scheduled for the afternoon following today's meeting, and every detail should be worked out by the end of August. Mr. Sevenoaks asked the total indebtedness of the Board on bonds; Mr. Nate Ellis responded between one-half billion and 600 million.

Mr. Sevenoaks asked if the issue would be rated; Mr. Freeman stated he anticipated AAA ratings from all three rating agencies. He said the structure of the issue is much like last year's except for the expansion of funding for both clean water and drinking water programs and cross collateralizing. Mr. Currie asked about the status of Haileyville, and Mr. Freeman brought the members up to date about the town's loan payment and town council item to consider raising rates.

There was no other discussion. Mr. Nichols moved to approve the bond resolution authorizing issuance of Oklahoma Water Resources Board Revolving Fund Revenue Bonds, Series 2004, and Mr. Secret seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secret, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Herrmann

3. SUMMARY DISPOSITION AGENDA

Chairman Mitchell stated that any item listed under this Summary Disposition Agenda may, at the request of any member of the Board, the Board's staff, or any other person attending this meeting, be transferred to the Special Consideration Agenda. Under the Special Consideration Agenda, separate discussion and vote or other action may be taken on any items already listed under that agenda or items transferred to that agenda from this Summary Disposition Agenda.

A. Requests to Transfer Items from Summary Disposition Agenda to the Special Consideration Agenda, and Action on Whether to Transfer Such Items.

There were no requests to transfer items to the Special Consideration Agenda. Mr. Secret stated he needed to abstain on item J.2. Mr. Jim Schuelein asked that the members withdraw consideration of items 3.D.14., contract with the State Office of State Finance. Mr. Mathis asked the members to withdraw item 3.E.4., Whitlock Packaging Corp., #2004-546, and item 3.J.1., City of Guthrie #2004-004

Mr. Currie asked about the number of persons per household considered when approving grants. Mr. Secret responded the Department of Environmental Quality uses 3.2 people to one water meter, per average in the state.

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on the Summary Disposition Agenda and Action on items and Approval of Items 3.C. through 3. N.

There were no other questions pertaining to items on the Summary Disposition Agenda.

Mr. Keeley moved to approve the Summary Disposition Agenda as amended, and Mr. Currie seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secret, Sevenoaks, Mitchell

NAY: None

ABSTAIN: Secret on J.2.

ABSENT: Herrmann

The following items were approved:

C. Consideration of Approval of the Following Applications for REAP Grants in Accordance with the Proposed Orders Approving the Grants:

REAP				Amount
<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Recommended</u>
ASCOG				
1.	FAP-96-0148-R	Town of Temple	Cotton	\$87,300.00
KEDDO				
2.	FAP-03-0004-R	Rural Water District #9	LeFlore	59,999.00

D. Contracts and Agreements Recommended for Approval

1. Consideration of Interagency Agreement with the Oklahoma Department of Wildlife Conservation for Revegetation Work at Grand Lake o' the Cherokees.

2. Consideration of Amendment to Joint Funding Agreement with the U. S. Geological Survey for Recharge Age Dating of Groundwater Near Tinker Air Force Base.

3. Consideration of FY-2005 Joint Funding Agreement with the U. S. Geological Survey for the State-Federal Cooperative Program.

4. Consideration of Joint Funding Agreement with the U. S. Geological Survey for Streamflow Monitoring in the Little Washita River Basin.

5. Consideration of Interagency Agreement with the Oklahoma Department of Environmental Quality for Infrastructure Assessment.

6. Consideration of Interagency Agreement with Oklahoma State University School of Geology for Work Related to the Arbuckle-Simpson Hydrologic Study.

7. Consideration of Interagency Agreement with the University of Oklahoma Department of Civil Engineering and Environmental Science for Work Related to the Arbuckle-Simpson Hydrologic Study.

8. Consideration of Interagency Shared Services Agreement with the Office of the Governor for the Office of the Secretary of Environment.
9. Consideration of Professional Services Agreement with Dr. Jeffrey Janik for Algae Identification.
10. Consideration of Intergovernmental Agreement with the Central Oklahoma Master Conservancy District for Work Related to Lake Thunderbird.
11. Consideration of Contract with the Grand Lake Association for Continuing Support of Volunteer Monitoring Activities.
12. Consideration of Subagreement with the University of North Texas for Services Related to Aquatic Plant Selection for Fish and Wildlife Habitat Mitigation at Grand Lake o' the Cherokees.
13. Consideration of Services Agreement with Tracker Marine Boat Center for Maintenance of Agency Boats and Motors.
14. *Consideration of Amendment to Professional Services Contract with the Oklahoma Office of State Finance and NIC, Inc. for Services in Connection With Developing On-Line Applications for Water Watch Volunteer Monitoring Program. Item withdrawn*

E. Applications for Temporary Permits to Use Groundwater:

1. Miami Golf & Country Club, Ottawa County, #1999-585
2. Moore-Norman Technology Center School District No. 17, Cleveland County, #2004-540
3. Vera Faye Webb Revocable Living Trust, Cleveland County, #2004-546
4. *Whitlock Packaging Corp., Muskogee County, #2004-547 withdrawn*
5. Harrall Meats, Inc., Custer County, #2004-548

F. Applications to Amend Temporary Permits to Use Groundwater:

None

G. Applications for Regular Permits to Use Groundwater:

1. Larry Thomas, Beckham County, #2004-528
2. Nolan & Mary L. Ottinger, Cimarron County, #2004-542
3. The Ernest & Dorothy Wiebe Living Trust, Texas County, #2004-549
4. Franklin Stone & Mary Oren, Beckham County, #2004-552
5. Danny & Carolyn McGuire, Beckham County, #2004-553
6. Gale & Mattie Gail Thompson, Beckham County, #2004-554
7. Donald R. & Lavonne Boyd, Beckham County, #2004-556

H. Applications to Amend Regular Permits to Use Groundwater:

None

- I. Applications to Amend Prior Rights to Use Groundwater:
 - 1. Roger Mills RWS & SWM District No. 3, Rogers Mills County, #1936-082

- J. Applications for Regular Permits to Use Stream Water:
 - 1. *City of Guthrie, Logan County, #2004-004 withdrawn*
 - 2. Wagoner County Rural Water District No. 5, Wagoner County, #2004-011
 - 3. Brown Farms, LLC, Rogers County, #2004-012
 - 4. Brett Addison, Love County, #2004-013
 - 5. Raymond & Jason Jantz, Grady County, #2004-014
 - 6. Scott C. Barrington, Grady County, #2004-017
 - 7. Dean Wilkinson & F. James Brown, Grady County, #2004-018

- K. Applications for Term Permits to Use Stream Water:
 - 1. Cary B. Davis d/b/a Cary B. Davis Real Estate, LLC, Cleveland County, #2004-003

- L. Well Driller and Pump Installer Licensing:
 New Operators and/or Activities for Existing Licenses:
 - 1. Licensee: GeoCore, Inc. DPC-0266
 - Operator: Gerard Williamson OP-1407
 - Activities: Groundwater wells, groundwater test holes
and observation wells
Monitoring wells and geotechnical borings

- M. Dam and Reservoir Plans and Specifications:
None

- N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
 - 1. Oklahoma Department of Transportation, Osage County, FP-04-05

4. QUESTIONS AND DISCUSSION ABOUT AGENCY WORK AND OTHER ITEMS OF INTEREST.

There were no items for discussion or questions about agency work.

5. SPECIAL CONSIDERATION

For INDIVIDUAL PROCEEDINGS, a majority of a quorum of Board members, in a recorded vote, may call for closed deliberations for the purpose of engaging in formal deliberations leading to an intermediate or final decision in an individual proceeding under the legal authority of the Oklahoma Open Meeting Act, 25 O.S. 2001, Section 307 (B)(8) and the Administrative Procedures Act, 75 O.S. 2001, Section 309 and following.

A majority vote of a quorum of Board members present, in a recorded vote, may authorize an executive session for the purposes of CONFIDENTIAL COMMUNICATIONS between the public body and its attorney concerning a pending investigation, claim, or action if the public body, with

the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct the pending investigation, litigation, or proceeding in the public interest, under the legal authority of the Oklahoma Open Meetings Act, 25 O.S. 2001, Section 307(B)(4).

A. Application for Temporary Permit to Use Groundwater No. 2003-574, Deep Fork Farms, LLC, Oklahoma County:

1. Summary – Mr. Mike Mathis, Chief, Planning and Management Division, stated this application for a temporary permit by Deep Fork Farms LLC, #2003-574, requests a permit to take and use a total of 960 acre-feet of water per year for recreation, fish, and wildlife purposes. The water is proposed to be taken from nine wells located on 480 acres of dedicated land in Oklahoma County. The land overlies the Garber-Wellington formation for which there is no hydrologic study, therefore, each landowner is entitled to two acre feet of groundwater per acre of land dedicated.

Mr. Mathis stated the permit application is in compliance with Oklahoma Groundwater Law, and staff recommended approval.

2. Discussion and presentation by parties. There were no protestants in attendance at the meeting. Mr. Jim Barnett was in attendance representing the applicant and stated he found no fault with the staff recommendation.

3. Possible executive session. The Board did not vote to enter executive session.

4. Vote on whether to approve the proposed order as presented or as may be amended, or vote on any other action or decision relating to the proposed order.

Mr. Sevenoaks moved to approve temporary groundwater permit no. 2003-574, and Mr. Nichols seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None

ABSENT: Herrmann

B. Application for Temporary Permit to Use Groundwater No. 2004-508, John L. Knight, Oklahoma County:

1. Summary - Mr. Mathis stated this item is for consideration of the application by Mr. John L. Knight, #2004-508, for a temporary groundwater permit to withdraw a total of 83 acre-feet of groundwater per year for irrigation of 41 acres of trees and berries. The water is proposed to be withdrawn from two wells located on 45 acres of land in Oklahoma County. The land overlies the Garber-Wellington Aquifer in Oklahoma County and no hydrologic study has been conducted. The applicant testified he uses an efficient groundwater drip-irrigation system to water the trees and plants, he resides on the dedicated land and any losses released could be detected and repaired quickly. The applicant has used groundwater for irrigation since 1976, when the farm began as a small operation. Mr. Knight became aware of the need for a permit after hearing the Executive Director speak at a local Rotary Club meeting.

Mr. Mathis said the protestant expressed concern the oil and gas pollution existed in the area and would spread by the applicant's proposed use of groundwater. The protestant testified he has had to drill a third well for adequate water for his household due to saltwater intrusion and bad odor from water pollution. There was no evidence that supported such a finding, and the Oklahoma Corporation Commission has exclusive jurisdiction over this type of pollution. The applicant testified he has not experienced any pollution problems with his wells and he intended to continue pumping the wells at a rate of less than 15 gallons per minute making the extent of the wells' impact minimal and any potential pollution to the groundwater negligible. The wells are located at least 1320 feet from the protestant's domestic well. Mr. Mathis stated

the application is in compliance with the Oklahoma Groundwater Law, and staff recommended approval.

2. Discussion and presentation by parties. Mr. John Knight advised the Board he had been using the water for 27 years, he believed he made good usage of the state's water resources, and he appreciated the board's consideration of the application.

Mr. Leun C. Manning, protestant, spoke to the members about the oil and gas pollution that has occurred in some wells in the area, and stated his concern that the proposed use by the applicant would pollute his domestic wells. The Board members asked questions about how deep their domestic well is and whether the water is drawn from the Garber-Wellington formation, and if the basin is contaminated by oil and gas pollution. Mr. Mathis stated there has been oil and gas activity over the years and there are known areas of isolated pollution incidences in the basin. He said that in the order the information would be shared with the Oklahoma Corporation Commission that has jurisdiction over this type of pollution and have methods of investigation that can be conducted in the area. He said the evidence in the record today about water use did not provide any reason to cause a recommendation of restriction or denial on this permit.

Mr. Secrest asked if rural water was available; Mr. Manning answered that it is not in the area, which is four miles north of Arcadia Lake. Mr. Smith stated that the water has been pumped for 27 years, and this is one of the situations found all across Oklahoma and the agency encourages people to come in and get a permit. The applicant has come in and made an application, hasn't had any problems with oil well contamination yet, and while that cannot be predicted, there is 27 years of history there has not been a problem. Mr. Knight clarified that the well has been there since 1976, although he has not, and he is not planning to increase pumping water from what has been in the past. He said he appreciated Mr. Manning's concern and there problems are from oil field contamination or from naturally occurring salt, but it is unknown.

3. Possible executive session. The Board members did not vote to enter executive session.

4. Vote on whether to approve the proposed order as presented or as may be amended, or vote on any other action or decision relating to the proposed order.

Mr. Nichols moved to approve application #2004-508, and Mr. Keeley seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None

ABSENT: Herrmann

C. Consideration of items transferred from the Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda

6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Jim Schuelein, Chief, Administrative Services Division, began his report saying the budget report is the first for the new fiscal year, and not many expenditures are shown, but in comparison to last year's figures, this budget work program is 13% more than last year's budget work program, reflecting a novel increase in state appropriations, or \$100,000.00 or 2%. There is a 38% increase in federal funds. There is also a 6% increase in federal funds to the Office of Secretary of Environment. He said the budget also reflects the state employee pay raise that does not go into effect until January 2005.

Mr. Currie asked about activities in the Weather Modification Program. Mr. Mathis updated the members on agency agreements with the States of Texas and New Mexico, the Bureau of Reclamation, and National Severe Storms Laboratory on multi-year research efforts. Chairman Mitchell commented to the positive effect of weather modification on hail suppression. There was also some discussion about drought conditions.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA, IF ANY.

A. Contracts and Agreements Recommended for Approval.

1. Consideration of Lease Renewal Agreement with Burgess and Burgess, Inc. for Office Space for the Lawton Field Office.
2. Consideration of Lease Renewal Agreement with Southpark Investments for Office Space for the Woodward Field Office.

Mr. Schuelein explained the State Leasing Officer suggested the Board approve these two lease contracts this month. He said that the Department of Central Services's policies and procedures state that each contract is renewed every five years, with four options to renew at the same terms and conditions. When these contracts were renewed last year, the additional renewals were not included; that has been corrected and these are the same leases as they have always been with no raise in rent.

Mr. Currie moved to approve the Supplemental Agenda items, and Mr. Keeley seconded.

AYE: Currie, Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Herrmann

8. NEW BUSINESS

Under the Open Meeting Act, this agenda item is authorized only for matters not known about or which could not have been reasonably foreseen prior to the time of posting the agenda or any revised agenda.

There were no new business items for the Board's consideration.

9. ADJOURNMENT

There being no further business, Chairman Mitchell adjourned the regular meeting of the Oklahoma Water Resources Board at 10:45 a.m. on Tuesday, August 10 , 2004.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Ervin Mitchell, Chairman

_____/s/_____
Lonnie Farmer, Vice Chairman

_____/Absent_____
Harry Currie

_____/s/_____
Rudolf J. Herrmann

_____/s/_____
Jack W. Keeley

_____/s/_____
Jess Mark Nichols

_____/s/_____
Richard Sevenoaks

(Vacant)

ATTEST:

_____/s/_____
Bill Secrest, Secretary

(SEAL)