

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
106 N. GONALES CUERO, TX 77954

PUBLIC HEARING AND BOARD MEETING

MINUTES

AUGUST 17, 2010 – 4:00 P.M.

BOARD MEMBERS PRESENT: Errol John Dietze, Chairman (At Large); Bob Davis, Vice-Chairman (Pct. 4), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Darnell Knippa, Director (Pct 2)

ALSO IN ATTENDANCE: Jim Allison, Attorney, Charlotte Krause, GM, and Marcia Mann, Secretary

GUESTS: Charles Cole, Paige Powers, and Robert Garner from Petro Hawk; Kraege Wolpman, Darryl Fowler, Obert Sagebiel, Bill Blackwell, Warren Seidel, Kerry Yaeger, Robert Oliver, and June Buchhorn

1. CALL TO ORDER: The meeting was called to order by the Chairman at 4:10 P.M.
2. WELCOME GUESTS: Guests were welcomed by Chairman Dietze and thanked for their interest.
3. PUBLIC COMMENT: Questions were taken from the public attending regarding depths of “frac” wells, amounts being requested in Permit Applications, and the issue of recycling water recovered during the “frac” process. Attorney Allison clarified the District’s position on these issues.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Chairman at 4:15 P.M.
5. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRATURING USE ON Dorothy Sager’s Property: No comment.
6. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRATURING USE ON Myra Sue and Ray Kelley’s PROPERTY: No comment.
7. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRATURING USE ON BLAKE MUIR’S PROPERTY: No comment.
8. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRATURING USE ON JOHN & NELDA KAHLICH’S PROPERTY: No comment.
9. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR’S PROPERTY: No comment.
10. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON OPAL GILL & EDNA MILLER CLARK’S PROPERTY: No comment.
11. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ALEX HAMILTON OLIVER’S PROPERTY: No comment.
12. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRISTY SEROLD & SYLVIA IMHOFF’S PROPERTY: No comment.
13. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRISTY SEROLD & SYLVIA IMHOFF’S PROPERTY: No comment.
14. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR’S PROPERTY: Withdrawn from consideration by applicant.
15. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR’S PROPERTY: Withdrawn from consideration by applicant.

16. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR'S PROPERTY: Withdrawn from consideration by applicant.
17. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON CHRISTOPHER ULRICH'S PROPERTY: No comment.
18. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON EDWARD BUTLER'S PROPERTY: No comment.
19. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON DAVID HEIBEL SR'S PROPERTY: No comment.
20. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ROGER KRAUSE'S PROPERTY: No comment.
21. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON OPAL GILL & EDNA MILLER'S PROPERTY: No comment.
22. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: No comment.
23. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: No comment.
24. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM RILEY EXPLORATION FOR HYDRAULIC FRACTURING USE ON DON WIELAND'S PROPERTY: No comment.
25. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM TP SERVICES AND MICHAEL ORTIZ FOR HYDRAULIC FRACTURING USE ON MICHAEL ORTIZ'S PROPERTY: GM reported that acreage claimed on application could not be substantiated. Deed produced by Mr. Ortiz showed a total acreage of 23.99 and therefore reduced their allowed water production to 11.98 AF per year. Applicants were made aware of this and agreed to reduce their request to 11.98 AF, per District rules.
26. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON MARY KLAEVEMANN KAHLICH'S PROPERTY: No comment.
27. CLOSE PUBLIC HEARING: Public Hearing was closed at 4:30 P.M. by Chairman Dietze.
28. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON DOROTHY SAGER'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
29. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON MYRA SUE & RAY KELLEY'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
30. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
31. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.

32. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
33. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON OPAL GILL & EDNA MILLER CLARK'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
34. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ALEX HAMILTON OLIVER'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
35. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRISTY SEROLD & SYLVIA IMHOFF'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
36. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRISTY SEROLD & SYLVIA IMHOFF'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
37. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR'S PROPERTY: No action, withdrawn by applicant.
38. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR'S PROPERTY: No action, withdrawn by applicant.
39. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON FAIN MCDUGAL JR'S PROPERTY: No action, withdrawn by applicant.
40. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON CHRISTOPHER ULRICH'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
41. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON EDWARD BUTLER'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
42. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON DAVID HEIBEL SR'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
43. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ROGER KRAUSE'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
44. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE OPAL GILL & EDNA MILLER'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
45. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.

46. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLACH'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
47. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM RILEY EXPLORATION FOR HYDRAULIC FRACTURING USE ON DON WIELAND'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
48. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM TP SERVICES AND MICHAEL ORTIZ FOR HYDRAULIC FRACTURING USE ON MICHAEL ORTIZ'S PROPERTY: A motion to approve operating permit in the amount of 11.98 AF/year was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
49. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON MARY KLAEVEMANN KAHLICH'S PROPERTY: A motion to table action on this item was made by Bob Davis, seconded by Wilbert Sauermilch, and carried unanimously.
50. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JAMES GANO'S PROPERTY: A motion to approve Agenda items 28 through 36, 40 through 48, and 50 was made by Bob Davis with a second by Wilbert Sauermilch. Motion carried unanimously.
51. MINUTES FROM PRIOR MEETING (July 20, 2010): Minutes were presented in Board packets for review and approval. A motion to accept the minutes as presented was made by Wilbert Sauermilch, seconded by Bob Davis, and carried unanimously.
52. FINANCIAL REPORT AND QUARTERLY INVESTMENT REPORT: The financial reports were reviewed as presented in the board packets. A motion was made by Wilbert Sauermilch to approve the financial reports as presented, seconded by Darnell Knippa, which carried unanimously.
53. PROPOSED FY 2010-2011 BUDGET AND ORDER ADOPTING BUDGET: The proposed budget and Order Adopting Budget for FY 2010-2011 was presented in board packets by GM. A motion to accept and adopt the proposed budget as presented was made by Wilbert Sauermilch and seconded by Bob Davis. Motion carried unanimously.
54. ORDER APPROVING TAX RATE FOR FY 2010-2011: A motion to approve setting the FY 2010-2011 tax rate at 0.015 cents per \$100.00 of valuation, keeping the same rate as FY 2009-2010, was made by Wilbert Sauermilch. Motion was seconded by Darnell Knippa and carried unanimously.
55. ORDER APPROVING CERTIFIED TAX ROLL AS SUBMITTED BY DEWITT COUNTY TAX ASSESSOR/COLLECTOR: In accordance with Sec. 26.09(E) Property Tax Code, a motion was made by Wilbert Sauermilch to approve the Certified Tax Roll as submitted by the DeWitt County Tax Assessor/Collector. Motion was seconded by Bob Davis and carried unanimously.
56. DISCUSSION AND CONSIDERATION OF POSSIBLE FEE SCHEDULE CHANGES: GM reported that the District is not currently charging applicants for Operating Permit Amendment Applications; however, these must be published in the newspaper at a loss to the District. Bob Davis suggested a workshop be scheduled to discuss Fee Schedule changes at a later date. After discussion a motion was made by Wilbert Sauermilch to begin charging a fee in the amount of \$150 for Amendment Applications on Operating Permits of a material nature, and to continue making administrative changes at no charge to applicant(s). Motion was seconded by Darnell Knippa and carried unanimously.
57. DESIGNATION OF GENERAL MANAGER AS INVESTMENT OFFICER AND SIGNING AUTHORIZATION AT BANKS: A motion was made by Wilbert Sauermilch, seconded by Darnell Knippa, to appoint the GM as Investment Officer and to give her signatory authority on District bank accounts. Motion carried unanimously.
58. FY 2010 BUDGET AMENDMENTS: A motion was made by Bob Davis to table action on this item. Motion was seconded by Wilbert Sauermilch and carried unanimously.
59. DISCUSSION AND APPROVAL OF STATE OF TEXAS COOPERATIVE PURCHASING AGREEMENTS:

Information was presented on the various State of Texas purchasing cooperatives available to the District. A motion to participate in these various cooperatives was made by Wilbert Sauermilch and seconded by Darnell Knippa. Motion carried unanimously.

60. DISCUSSION AND CONSIDERATION OF NEW OFFICE FURNITURE: GM presented a list of office furniture needed which could be purchased with funds available in the current FY budget. A motion to purchase furniture items on the list as presented, with funds not to exceed \$4,000, was made by Wilbert Sauermilch. Motion was seconded by Darnell Knippa and carried unanimously.
61. GENERAL MANAGER'S REPORT:
- a) Artesian Well Discussion – Statute regulating artesian well use is contained in Chapter 11 of the Texas Water Code. Attorney Allison discussed the difference between naturally occurring (spring fed) artesian wells and those wells drilled which flow to the surface without being pumped. While the District does have some regulatory authority, Attorney Allison recommended deferring to TCEQ for enforcement issues.
 - b) Non reporting of water use by O&G companies – GM reported that all O&G companies have now complied with water usage reporting requirements of the District.
 - c) Sign and Logo from Sign Works – GM presented a quotation from Sign Works for signage, along with an emblem, to be applied to front windows and door of the District Office. A motion to approve the quote as presented was made by Darnell Knippa, seconded by Bob Davis, and carried unanimously.
62. EXECUTIVE SESSION: No Executive Session called.
63. RETURN TO OPEN MEETING: No Executive Session was called.
64. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for September 21, 2010, which will include a Public Hearing for Operating Permit applications.
65. ADJOURNMENT: The meeting was adjourned at 5:15 P.M. by Chairman Dietze with a motion from Bob Davis, seconded by Wilbert Sauermilch, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary