

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

NOVEMBER 16, 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), and Ted Aven, Director (Pct. 1)

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

GUESTS: Larry Justiss, Zoe Justiss, John Justiss, Bill Braden, Robert Egg, James Pilchick, Claude Steen, Don Power, Brian Olsovsky, Pat Rehmet, Andy Crites, Clem Waskow, Howard Burks, Darryl Fowler, and Glenn Braden.

1. CALL TO ORDER: The meeting was called to order by the Chairman at 4:09P.M.
2. WELCOME GUESTS: Guests were welcomed by Chairman Dietze and thanked for their interest.
3. PUBLIC COMMENT: Attorney Allison suggested that comments relating to a specific Agenda item be held until the Public Hearing dealing with that item. No other public comment at this time.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Chairman at 4:15 P.M. General Manager stated that all applications being considered meet spacing requirements and District Rules with the exception of Items 4M, 4N, and 4O.
 - a. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON MARK ZGABAY'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: No comment or written objection.
 - b. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOACHIM STRENK'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: No comment or written objection.
 - c. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON HARVEY IMMENHAUSER'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: No comment or written objections received.
 - d. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: No comment or written objections received.
 - e. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON WILLIAM OLIVER'S PROPERTY (#1) REQUESTING 13 AF OF WATER PER YEAR: No comment or written objections received.
 - f. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON WILLIAM OLIVER'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF PER YEAR: No comment or written objections received.
 - g. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY (#1) REQUESTING 10 AF OF WATER PER YEAR: No comment or written objections received.
 - h. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY (#2) REQUESTING 10 AF OF WATER PER YEAR: No comment or written objections received.

- i. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JEANIE HEARD, LINDA YANTA, AND WANDA CORNISH'S PROPERTY (#1) REQUESTING 12 AF OF WATER PER YEAR: No comment or written objections received.
 - j. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JEANIE HEARD, LINDA YANTA, AND WANDA CORNISH'S PROPERTY (#2) REQUESTING 12 AF OF WATER PER YEAR: No comment or written objections received.
 - k. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE FOR THREE (3) OILFIELD LOCATIONS ON LACKEY LAND LIMITED C/O PAIGE SAUNDERS' PROPERTY REQUESTING 52 AF OF WATER PER YEAR: No comment or written objections received.
 - l. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON FIVE (5) OILFIELD LOCATIONS ON THOMAS RUCKMAN'S PROPERTY REQUESTING 155 AF OF WATER PER YEAR: Application deemed administratively incomplete due to an incorrect location referenced on application. A motion to remove this item from consideration and action was made by Ted Aven, seconded by Wilbert Sauermilch, and carried unanimously.
 - m. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES REQUESTING 135 AF OF WATER PER YEAR: Applicant requested that application be removed from consideration. A motion to remove this item from consideration and action was made by Ted Aven, seconded by Wilbert Sauermilch, and carried unanimously.
 - n. PUBLIC HEARING ON NON-EXEMPT DRILLING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES (#1) PROPOSING USE OF 45 AF OF WATER PER YEAR: Applicant requested that application be removed from consideration. A motion to remove this item from consideration and action was made by Ted Aven, seconded by Wilbert Sauermilch, and carried unanimously.
 - o. PUBLIC HEARING ON NON-EXEMPT DRILLING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES (#2) PROPOSING USE OF 45 AF OF WATER PER YEAR: Applicant requested that application be removed from consideration. A motion to remove this item from consideration and action was made by Ted Aven, seconded by Wilbert Sauermilch, and carried unanimously.
 - p. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM CITY OF CUERO AT THE SEWER PLANT PROPERTY, REQUESTING 4 AF OF WATER PER YEAR: No comment or written objection received.
5. CLOSE PUBLIC HEARING: Public Hearing was closed at 4:25 P.M. by Chairman Dietze.
 6. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON MARK ZGABAY'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
 7. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON Joachim Strenk's PROPERTY REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
 8. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON HARVEY IMMENHAUSER'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.

9. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
10. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON WILLIAM OLIVER'S PROPERTY (#1) REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
11. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON WILLIAM OLIVER'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
12. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY (#1) REQUESTING 10 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
13. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY (#2) REQUESTING 10 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
14. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JEANIE HEARD, LINDA YANTA, AND WANDA CORNISH'S PROPERTY (#1) REQUESTING 12 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
15. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS (#2) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JEANIE HEARD, LINDA YANTA, AND WANDA CORNISH'S PROPERTY (#2) REQUESTING 12 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
16. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON THREE (3) OILFIELD LOCATIONS ON LACKEY LAND LIMITED C/O PAIGE SAUNDERS' PROPERTY REQUESTING 52 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
17. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON FIVE (5) OILFIELD LOCATIONS ON THOMAS RUCKMAN'S PROPERTY REQUESTING 155 AF OF WATER PER YEAR: Deemed administratively incomplete due to inaccurate location reference and removed from consideration. No action taken.
18. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES REQUESTING 135 AF OF WATER PER YEAR: Removed from consideration at the request of Applicant.
19. CONSIDERATION OF NON-EXEMPT DRILLING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES (#1) REQUESTING 45 AF OF WATER PER YEAR: Removed from consideration at the request of Applicant.

20. CONSIDERATION OF NON-EXEMPT DRILLING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES (#2) REQUESTING 45 AF OF WATER PER YEAR: Removed from consideration at the request of Applicant.
21. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM CITY OF CUERO AT THE SEWER PLANT PROPERTY REQUESTING 4 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-16 and item 21, was made by Darnell Knippa. Motion was seconded by Ted Aven and carried unanimously.
22. MINUTES FROM PRIOR MEETINGS (10/19/10 AND 10/26/10): Minutes were presented in Board packets for review and approval. A motion to accept the minutes as presented was made by Ted Aven, seconded by Bob Davis, and carried unanimously.
23. FINANCIAL 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.
24. DISCUSSION AND CONSIDERATION OF PROPERTY DAMAGE INSURANCE QUOTE: GM presented a quote from Texas Municipal League for fire and casualty insurance coverage of District owned property. Wilbert Sauermilch made a motion to accept the quote, seconded by Darnell Knippa, and motion carried unanimously.
25. DISCUSSION OF CARRIZO-WILCOX STUDY: GM has requested some corrections to the DeWitt County portion of the report and was asked to email the full report to Darnell Knippa. The next study to be done by TWDB will be the Gulf Coast Aquifer. These studies relate to the recharge process of individual aquifers.
26. DISCUSSION OF AQUIFER STUDY BY DR. UDDAMERI: The need to develop a program to monitor the effects of hydraulic fracturing was discussed, as well as the requirement to report our compliance with the DFC developed by GMA 15. Dr. Uddameri was suggested as a possible source to prepare this research project; however, there are other possible sources. GM was asked to generate an RFP with cost estimates to be presented to the Board for consideration.
27. DISCUSSION OF POSSIBLE BOARD CANDIDATES: Three names have been suggested as Board member replacements. Two candidates were present and expressed their interest in being considered for appointment to the Board. The third possible candidate has not been contacted at this time.
28. GENERAL MANAGER'S REPORT:
 - a) District participation in a research project being undertaken by Dr. Bob Reedy of the University of Texas. Dr. Reedy was given two locations to take core samples for this project.
 - b) GM reported meeting with a group of ConocoPhillips personnel to clarify permitting procedures.
 - c) GM attended the Region L meeting in San Antonio.
 - d) Donald Goldman of Goldman, Hunt, & Notz CPA firm is in the process of conducting the annual financial audit. Final report should be received in December or January.
 - e) Upcoming TAGD meeting will be attended by GM on November 30/December 1, 2010, in Austin.
 - f) District office will be closed on November 25 and 26 in observance of Thanksgiving.
29. EXECUTIVE SESSION: No executive session called.
30. RETURN TO OPEN MEETING: No executive session called.
31. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled December 14, 2010, which will include a Public Hearing for Operating Permit applications.
32. ADJOURNMENT: The meeting was adjourned at 5:15 P.M. by Chairman Dietze with a motion from Darnell Knippa, seconded by Wilbert Sauermilch, and carried unanimously.



Sec/Wilbert Sauermilch
Recorded: Marcia Mann, Secretary