

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

OCTOBER 19, 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, Velmalene Williams, Robert Egg, Ron Flatt, and Robert Holley.

1. CALL TO ORDER: The meeting was called to order by the Chairman at 4:00 P.M.
2. WELCOME GUESTS: Guests were welcomed by Chairman Dietze and thanked for their interest.
3. PUBLIC COMMENT: Robert Egg stated his appreciation for the District.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Chairman at 4:04 P.M.
 - a. PUBLIC HEARING 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 objection.
 - b. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR FOR A TOTAL OF 26 AF PER YEAR: No comment or written objection.
 - c. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ARTHUR HERMANN III'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: No comment or written objections received. GM was asked to confirm the location as being Westhoff, TX.
 - d. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ELLYCE HANSEN'S PROPERTY (#1) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF PER YEAR: No comment or written objections received. GM was asked to confirm the location as being Westhoff, TX.
 - e. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ELLYCE HANSEN'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 39 AF PER YEAR: No comment or written objections received. GM was asked to confirm the location as being Westhoff, TX.
 - f. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ALLEN LANIK'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 38.89 AF PER YEAR: No comment or written objections received.
 - g. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON CHRIS ULRICH'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF PER YEAR: No comment or written objections received.
 - h. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON NORMA HYATT'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF PER YEAR: No comment or written objections received.

- i. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY (#1) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 26 AF PER YEAR: No comment or written objections received.
 - j. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER FOR A TOTAL OF 39 AF PER YEAR: No comment or written objections received.
 - k. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ABRAXAS PETROLEUM FOR HYDRAULIC FRACTURING USE ON MARK WAGNER'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: No comment or written objections received.
 - l. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ABRAXAS PETROLEUM FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: No comment or written objections received.
 - m. PUBLIC HEARING ON NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON FOUR (4) LOCATIONS ON MYRA SUE KELLEY, AUBREY RAY, STANLEY KELLEY, AND THOMAS B. KELLEY'S PROPERTY REQUESTING 80 AF OF WATER PER YEAR: No comment or written objections received.
 - n. 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: Request by Applicant to table action until November meeting.
5. CLOSE PUBLIC HEARING: Public Hearing was closed at 4:30 P.M. by Chairman Dietze.
 6. 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 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
 7. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
 8. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ARTHUR HERMANN III'S PROPERTY REQUESTING 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
 9. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ELLYCE HANSEN'S PROPERTY (#1) REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
 10. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ALLYCE HANSEN'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment

applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.

11. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ALLEN LANIK'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
12. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON CHRIS ULRICH'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
13. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON NORMA HYATT'S PROPERTY REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
14. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION (#2) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY (#1) REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
15. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION (#2) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY (#2) REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
16. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ABRAXAS PETROLEUM FOR HYDRAULIC FRACTURING USE ON MARK WAGNER'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
17. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ABRAXAS PETROLEUM FOR HYDRAULIC FRACTURING USE ON PETE DLUGOSCH'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.
18. CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON FOUR (4) LOCATIONS ON MYRA SUE KELLEY, AUBREY RAY, STANLEY KELLEY AND THOMAS B. KELLEY'S PROPERTY REQUESTING 80 AF OF WATER PER YEAR: CONSIDERATION OF NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM ABRAXAS PETROLEUM FOR HYDRAULIC FRACTURING USE ON MARK WAGNER'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: Following recommendation by Attorney Allison, a motion to approve Agenda items 6-18, contingent upon address confirmation on Items 4c, 4d, & 4e, and addition of Operating Permit numbers to Amendment applications, if such numbers are missing, was made by Darnell Knippa. Motion was seconded by Bob Davis and carried unanimously.

19. 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: Action postponed until the November meeting at Applicant's request.
20. MINUTES FROM PRIOR MEETING (September 21, 2010): 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 Wilbert Sauermilch, and carried unanimously.
21. 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.
22. REVIEW NEW PERMIT APPLICATION FORMS: GM presented updated Application forms for Drilling and Operating Permits for review and approval. Attorney Allison suggested a more precise well site location identifier and the addition of a reference to Drilling Permit numbers on applications for Operating Permits. A motion to approve the new forms, with the suggestions by Attorney Allison included, was made by Ted Aven, seconded by Wilbert Sauermilch. Motion carried unanimously.
23. GENERAL MANAGER'S REPORT:
 - a) District participation in a research project being undertaken by Dr. Bob Reedy of the University of Texas. This project hopes to study soil configurations above the Gulf Coast Aquifer.
 - b) Efforts underway to obtain static level readings on O&G water wells after hydraulic fracturing use. Attorney Allison suggested that a static level be taken within 24 hours after pumping, another in one week, and a third in a month to better understand the rate of recovery.
 - c) Compliance by most drillers with District policy of staking & taking GPS coordinates on locations by PVGCD staff prior to drilling. Better cooperation of some drillers is being sought.
 - d) Attendance at the USGS Coletto Creek Study group meeting in Goliad.
 - e) Upcoming meetings being attended by GM.
 - f) Request for a called Board meeting to consider a request for spacing variance. Meeting scheduled for Tuesday, October 26, 2010, at 8:00 a.m. at the District office.
24. EXECUTIVE SESSION: Pursuant to V.T.C.A. Government Code 551.071, Chairman Dietze called for an Executive Session at 4:45 p.m. to discuss Personnel and Legal issues.
25. RETURN TO OPEN MEETING: Open meeting was resumed at 5:15 p.m.
26. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for November 16, 2010, which will include a Public Hearing for Operating Permit applications.
27. ADJOURNMENT: The meeting was adjourned at 5:17 P.M. by Chairman Dietze with a motion from Wilbert Sauermilch, seconded by Ted Aven, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary