

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954

PUBLIC HEARING AND BOARD MEETING

MINUTES

JUNE 21, 2011 – 3:00 P.M.

Board Members Present: Ted Aven, Vice-Chairman (Pct. 1), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), and Clem Waskow, Director (At Large)

Also in attendance: Charlotte Krause, GM, and Jim Allison, District's Attorney

Guests: Tom Kilgore, David Lackey (Matador Prod.), Bill Pace (Conoco/Phillips/Burlington), Wayne Scott (Pioneer Resources), Harry Forbes, Jack Rickman, Harvey Hahn, Don Roeder, Tim Pennell, David Blackerby, Lance Robertson, Leon Respondek, Susan Burrow, Fred Hahn, Cleo Cooper, W.C. Steinmann, Darryl Fowler (County Judge)

1. Call to Order: The meeting was called to order by the Vice-Chairman at 3:00 P.M. He noted that a quorum was present to conduct business.
2. Welcome Guests: Vice-Chairman welcomed guests and thanked them for their interest.
3. Public Comment: Harvey Hahn suggested that people reduce and conserve domestic water use due to current drought conditions.
4. A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Hope Schorlemer's property. The proposed permit is to hydraulic fracture an oilfield location. The Operating Permit application is requesting 94 acre feet of water per year. This property is located on FM 119, ¼ mile past the intersection of FM 119 and FM 108 near Yorktown, Texas and involves 188.11 acres: Attorney Allison discussed groundwater ownership, subject to current rules and regulations of a groundwater district and the rights of oil & gas companies to use groundwater in drilling and production of oil and gas. His recommendation was for the Board to permit only what is necessary, on an "as needed" basis, rather than to permit the total amount allowed for any particular parcel of land. He also recommended that any Permit Application requesting more than 15 AF of water per year be justified by the Applicant. Responding to a question by Vice-chairman Aven, Allison confirmed that the permit is issued for use on the property on which the well is located. It can be expanded for use on adjacent property or other property under lease to the drilling company but the additional use must be included on the Permit and where the use is expected to occur. This may necessitate revision of District Production Permit applications for inclusion of this information. Permit, under State law, must describe where the water is going to be used. A discussion was held regarding the rights of the surface owner when surface owner and mineral owner are not the same. Attorney Allison advised each individual to seek legal advice in these situations. GM asked for clarification as to what documentation would be required, prior to being brought before the Board for action. Attorney Allison suggested that a drilling schedule would be sufficient to demonstrate need for more than 15 AF on Permit Applications. Vice-Chairman Aven clarified that an exempt rig supply well cannot be used for hydraulic fracturing, or any other non-exempt purpose, unless a Production Permit is issued. Pioneer representative confirmed his understanding of this regulation. A question was asked as to whether pumping restrictions could or would be imposed, if drought conditions continued, on all applicants. Attorney Allison explained that the Board has the authority to impose pumping

restrictions as they see fit, if conditions merit that action, with no exceptions. The District's responsibility is to protect the aquifer as a whole, and not individual wells, shallow or otherwise. Attorney Allison explained that prior to implementing any pumping restrictions the District would seek expert advice from the Texas Water Development Board and from the groundwater study currently in progress by an engineering firm hired by the District to determine the effects of large scale pumping on the aquifer. GM was asked if she would be comfortable in having the Board approved the Drilling Permit and grant an Operating Permit in the usual amount of 15 AF, rather than the 94 AF requested, which she confirmed. Pioneer representative requested that the normal amount per well be increased to 20 AF to avoid any unforeseen circumstances of running short for the hydraulic fracturing process. GM explained that most companies are now refilling their frac pits after a frac job to hold the plastic liners in place and avoid deterioration of the pit and liner, requiring somewhat more water than just the amount needed for the frac job and that 20 AF would be a better recommendation.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Hope Schorlemer's property: A motion to approve the drilling permit and to approve the operating permit for 20 AF of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch. A question was asked from the audience as to the possible wasting of water due to evaporation when frac pits are refilled and left to sit for long periods of time. Attorney Allison explained that Districts do not have statutory authority to require the most efficient use of water. Motion carried unanimously.

5. **A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on William Kleine's Property.** The proposed permit is to hydraulic fracture an oilfield location. The operating permit application is requesting 140.45 acre feet of water per year. This property is located 1 mile west of the intersection of Gohlke School Rd. and FM 240 near Yorktown, Texas and involves 280.9 acres: Vic-chairman asked if this was a second well being drilled, in addition to the rig supply well. GM confirmed that it was and that is Pioneer's usual practice. GM was asked if her recommendation was to reduce the approval amount to 20 AF and she stated that was her recommendation.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on William Klein's Property: A motion to approve the Drilling Permit and to approve the operating permit for 20 AF of water was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

6. **A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Kimberly Barrow's Property.** The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 121.45 AF (acre feet) of water per year. This property is located 1.5 miles down FM 2656, past the intersection of FM 2656 and FM 952 near Yorktown, Texas and involves 242.9 acres: Vic-chairman Aven asked if this is the second water well and GM confirmed that it is. GM also recommended approval of only 20 AF of water.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Kimberly Barrow's Property: A motion to approve drilling permit and to approve operating permit for 20 AF was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

7. **A. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Charles Riedesel's property.** The proposed permit is to be used to hydraulic fracture an oilfield location.

The Operating Permit Application is requesting 80 AF (acre feet) of water per year. This property is located at the intersection of FM 108 and FM 119 near Yorktown, Texas and involves 323.97 acres: GM pointed out that there are two Operating Permit requests on this same property, each requesting half of the total available water. Vice-chairman Aven questioned whether it would be granting more than the amount established as “usual” in Agenda Item #4 above. Pioneer was asked if they had more than one frac project on this property and representative responded that their plans were to use some of the requested water on a different surface owner’s property. Attorney Allison reiterated the need for information as to where the water going off the property is planning to be used. Pioneer requested that only one permit in the amount of 20 AF be approved on this property and they will submit information to GM on the location they propose using additional water from this property. Vice-chairman asked GM if she would recommend approving 20 AF on this Agenda Item and she confirmed that was her recommendation.

B. Discussion and consideration of the Operating Permit Application from Pioneer Natural Resources on Charles Riedesel’s property: A motion to approve operating permit for 20 AF of water was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

8. **A. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Charles Riedesel’s property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 80 AF (acre feet) of water per year. This property is located at the intersection of FM 108 and FM 119 near Yorktown, Texas and involves 323.97 acres:** GM’s recommendation is to approve operating permit in the amount of 20 AF, contingent upon Pioneer submitting location information as to where the water is being used.

B. Discussion and consideration of the Operating Permit Application from Pioneer Natural Resources on Charles Riedesel’s property: A motion to approve the operating permit in the amount of 20 AF, contingent upon Pioneer’s submission of location information as discussed, was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

9. **A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Dorine Warling’s property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 36.1 AF (acre feet) of water per year. This property is located on FM 119, 2 miles past the intersection of FM 119 and FM 108 near Yorktown, Texas and involves 72.2 acres:** GM’s recommendation is to approve operating permit in the amount of 20 AF of water.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Dorine Warling’s property: A motion to approve the drilling permit and to approve the operating permit in the amount of 20 AF was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

10. **A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Edward Roeder’s property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 100 AF (acre feet) of water per year. This property is located at the end of Roeder Road near Yorktown, Texas and involves 885.9 acres:** GM’s recommendation was to approve drilling permit and to approve operating permit in the amount of 20 AF of water.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Edward Roeder’s property: A motion to approve drilling

permit and to approve operating permit in the amount of 20 AF was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

11. A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Stephen Schroeder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 25 AF (acre feet) of water per year. This property is located on FM 108, 2 miles north of the intersection of FM 108 and FM 119 near Yorktown, Texas and involves 50.85 acres: GM was asked about the accuracy of the acreage involved in this permit application by an audience member. She stated that the information was checked against Appraisal District records and that amount is what is shown. Any other amount of acreage would have to be substantiated by legal document. A discussion was held regarding the definition of "contiguous" acres that can be considered.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Stephen Schroeder's property: A motion to approve the drilling permit and to approve the operating permit in the amount of 20 AF was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

12. A. Public Hearing on the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Mueller Family Trust's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 305 AF (acre feet) of water per year. This property is located 2 north of Yorktown on FM 240 and involves 651.55 acres: Vice-chairman Aven asked for clarification that 20 AF of water has already been permitted for a prior location on this property. GM stated that was correct and recommended approval of the operating permit in the amount of 20 AF of water.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Mueller Family Trust's Property: A motion to approve the drilling permit and to approve operating permit in the amount of 20 AF was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

13. A. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Karine Gips Malant's property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 36.49 AF (acre feet) of water per year for a total of 56.49 AF per year. This property is located on Westside Cemetery Road near Yorktown, Texas and involves 112.99 acres: GM reported that there was a previous permit for 20 AF of water on this property and Applicant is now requesting an Amendment for another location. Allison asked if a usage report had been submitted and if the 20 AF had been used. GM replied that the 12 month period had not elapsed, therefore an Amendment was necessary. She recommended approval of the Amendment Application in the amount of 20 AF.

B. Discussion and consideration of the Operating Permit Amendment Application from Pioneer Natural Resources on Karine Gips Malant's property: A motion was made to approve the Amendment Application in the amount of 20 AF by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

14. A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Henry Byerly's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located at the intersection of FM 952 and FM 2656 near Yorktown, Texas and involves 228 acres:

Vice-chairman Aven asked if this was originally the rig supply well that is now being used for fracking and GM confirmed that was correct. He then asked if the two other wells shown on the map were domestic wells and GM replied that they were.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Henry Byerly's property: A motion to approve the operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

15. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Robert Dutton Lane's property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on Hartman Road near Cheapside, Texas and involves 476.9 acres: GM stated that Petrohawk's usual procedure is to drill one water well for rig supply and then to use that same well for hydraulic fracturing.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Robert Dutton Lane's property: A motion to approve operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

16. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Calvin Rayes' property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on FM 2980, 2 miles past the intersection of CR 341 near Yorktown Texas and involves 122.2 acres: No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Calvin Rayes' property: A motion to approve the operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

17. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Arthur Herman's property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 1 mile down McCurdy Rd. near Cuero, Texas and involves 548.79 acres: No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Arthur Herman's property: A motion to approve operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

18. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Gladys Buchhorn's property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF of water per year. This property is located at 8330 Hwy 87N near Mustang Mott, Texas and involves 131.31 acres: Vice-chairman Aven questioned whether this water was being moved from this property and GM explained that it was being used on Gladys Buchhorn's daughter's property but since her death, the property is now owned by the daughter and being used on property with the same ownership.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Gladys Buchhorn's property: A motion to approve the operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

19. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Kin and Sandra Marie's property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 15 AF (acre feet) of water per year. This property is located at the end of CR 166 between Cuero and Cheapside, Texas and involves 197.93 acres: GM explained that the map from the Appraisal District indicates a road splitting the property but that is incorrect.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Kin and Sandra Marie's property: A motion to approve operating permit application as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

20. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Charles Jacobs' property.** The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 13 AF (acre feet) of water per year. This property is located at the intersection of Blank and Richter Road near Yoakum, Texas and involves 29.48 acres: It was noted that near the maximum amount of water is being permitted on this property.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Charles Jacobs' property: A motion to approve operating permit as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

21. **A. Public Hearing on the Operating Permit Application from Burlington Resources on Mary Steves' property.** The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 100 AF (acre feet) of water per year. This property is located on Klein Road near Yorktown, Texas and involves 383.16 acres: Burlington representative was asked to explain the amount of their request. Representative explained that they are building 3 dual pads which will have two wells each for a total of six wells at 15 AF each. He was asked to provide a drilling schedule to show that those wells will be drilled this year which he agreed to provide. Attorney Allison explained that the Board could approve the 100 AF, contingent upon the submission of a drilling and fracking schedule to the GM, prior to her issuing the Permit, or they could ask Burlington to come back with the information at a later meeting. After some discussion with the Burlington representative, GM recommended approval of the permit for 40 AF and for Burlington to make application for additional water as it is needed to meet their schedules.

B. Discussion and consideration of the Operating Permit Application from Burlington Resources on Mary Steves' property: A motion to approve Operating Permit Application in the amount of 40 AF of water was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

22. **A. Public Hearing on the Operating Permit Application from Matador Production Co. on the Lewton Survivors Trust's property.** The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 45 AF (acre feet) of water per year. This property is located on Herman Road near Hochheim, Texas and involves 885.7 acres: GM recommended approval of 20 AF with an amendment possible once the drilling schedule is submitted for documentation.

B. Discussion and consideration of the Operating Permit Application from Matador Production Co. on Lewton Survivors Trust's property: A motion to was made to approve the operating permit in the amount of 20 AF by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

23. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Corp. on Ann Friar Thomas' property.** Proposed permit application is to be used to hydraulic fracture an oilfield location. Operating Permit Application is requesting 104 AF (acre feet) of water per year. This property is located on Hwy 87N near Hochheim, Texas and involves 314 acres: GM stated that 104 AF is an estimate because this well flowed artesian for a week and could not be measured until it was shut in. It is not being used at this time and there are no plans to use it in the future. Vice-chairman Aven asked if Hilcorp plans to plug this well to which the GM replied that the State is considering mandating this well be plugged. Water quality reports on this well indicate that plugging is desirable. State personnel are also concerned about this very high TDS content water is sitting in a frack pit that may not be secure and therefore Hilcorp will have to dispose of this water properly. An Operating Permit is being applied for to cover the spillage of the 104 AF. Allison stated that in this situation the Board is being asked to ratify an unsatisfactory past occurrence. He then recommended tabling this item and possibly discussing it in an Executive Session. He stated his reluctance for the Board to issue a Permit until State Enforcement personnel have completed their investigation and made a recommendation on a course of action for disposal of the contaminated water.

B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Corp. on Ann Friar Thomas' property: A motion to table action on these Applications until a future meeting after a recommendation has been made by the State was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

24. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Corp. on Martin Leske's property.** The proposed permit is to be used for irrigation purposes. The Operating Permit Application is requesting 40 AF (acre feet) of water per year. This property is located on Boldt Road near Westhoff, Texas and involves 212.67 acres: GM stated that well has already been used for hydraulic fracturing and the company is through with it. She also reported that the State is considering a mandated plugging of this well but that has not been determined as of now. Water quality on this well is also unsatisfactory with a very high TDS measurement. Vice-chairman noted that the well log indicates water quality as "good" and GM reported that the State does not feel that is an incorrect description based on its use for oil and gas. Allison stated his concern that companies are drilling non-exempt wells at depths that either can be artesian or involve a quality of water that could have some adverse effect on the other fresh water in the aquifer. There are certain precautions that need to be taken when you are drilling in the brackish water and producing it to insure that there is not any potential co-mingling with the other strata. GM stated that it was the same water well driller on both Hilcorp wells and Allison recommended we compare the registration numbers of Hazelett and Evans to be sure. Allison then recommended tabling action on this item until further information is received from the State on their plans for disposal of this water.

B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Corp. on Martin Leske's property: A motion to table action on this item was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

25. **A. Public Hearing on the Non Exempt Drilling and Operating Permit Applications from Covey Morrow.** The proposed permit application is to be for irrigation. The Operating Permit Application is requesting 30 AF (acre feet) of water per year. This property is located at 5013 Old Yoakum Road near Yoakum, Texas and involves 740 acres: GM stated that Applicant wants to be able to irrigate a large yard and does not want to be restricted to the 25,000 gallons per day for an exempt well. She confirmed his agreement to meter the water being used.

B. Discussion and consideration of the Non Exempt Drilling and Operating Permit Applications from Covey Morrow: A motion to approve the Permits as submitted was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

26. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications from Dennis Borowitz. The proposed permit application is to be for public supply. The Operating Permit Application is requesting .407 AF (acre feet) of water per year. This property is located at 6615 Hwy 87N near Mustang Mott, Texas and involves .815 acres:** Vice-chairman asked if Applicant was present. Allison asked if this application may qualify for a replacement well with grandfathered use since there was a commercial use well previously on the property that is being plugged. He suggested that the GM meet with Applicant to determine if this would be the case, at which time the new applications would be withdrawn and he could proceed with drilling a replacement well with the same usage amount as past use. Applicant is putting in a store at the location that was used for that purpose in the past.

B. Discussion and consideration of the Non-exempt Drilling and Operating Permit Applications from Dennis Borowitz: A motion to approve the drilling of a replacement well with use being grandfathered, contingent upon the verification of the GM that the Applicant meets the requirements for a replacement well, was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

27. **Minutes from 5-17-11 meeting (provided prior to meeting):** A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

28. **Financial Report:** A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

29. **Renewal of TCDRS (retirement plan) plan provisions for year 2011-2012:** A motion keep plan provisions as they currently are with no change for the next FY was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

30. **Discussion and consideration of audit engagement letter:** A motion to accept the letter as presented from auditor Donald Goldman of Goldman, Hunt, Notz for the next District outside Audit was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

31. **Discussion and consideration regarding Mr. & Mrs. Wild's request for a larger pump to be installed on an exempt well:** GM reported that there have been requests from individuals with exempt wells to install larger than 1 HP pumps to water trees, yards, etc. PVGCD has always used the standard that a 1 HP pump will produce 17 gpm, which calculates to 25,000 gpd, the maximum statutory limit for exempt wells. Mr. Wild brought in a letter from his irrigation system installer saying that his larger pump would produce only 16 gpm. GM asked for Board and legal guidance on how to handle these requests. Attorney Allison suggested that the District consider requiring a licensed professional (engineer, system designer, etc.) to certify the justification for installing a larger than 1 HP pump. He also suggested GM consult with Steve Young with Intera, an engineering firm currently working on the groundwater study for the District, for his opinion of whether our current standard is appropriate or if it needs to be changed.

32. **Discussion and consideration of refund on penalty tax on Mr. Bacak's property:** A motion to approve the refund of penalty tax as requested by the Tax Assessor/Collector's office in the amount of \$0.61 was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

33. Discussion regarding drought conditions: A copy of the Drought Contingency Plan was presented to Board in Board Packets for review. GM reported that static levels measurements will be taken on monitor wells in the upcoming month. She also plans to check as many oilfield wells as possible. Our current plan is tied to the Palmer Drought Severity Index which is no longer in existence. Attorney Allison did not see any need for revision because it's simply a reference in the definitions. GM plans to meet with the cities regarding their individual drought plans for a report at next Board meeting. VC Aven suggested a newspaper article asking the public to practice conservation. Attorney Allison requested that Intera be present at the next Board meeting for a report on their opinion of the drought severity here.
34. Discussion and consideration of new director for Pct. 1: VC Aven thanked all candidates present for their interest in serving. Since two Board members are absent he felt it prudent to postpone any discussions with candidates until all Board members can be present. A motion to postpone action until the full Board is present was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
35. Discussion and consideration of Field Agent wages: A discussion was held regarding various opinions on an appropriate hourly wage to be offered. Qualifications will be a high school or GED diploma and the ability to read a tape measure. Other Districts were contacted for information on Field Agent/Technician positions on their payrolls. Attorney Allison reported that some other Districts have had success with hiring retired persons and some have hired students. Board authorized GM to advertise the position at a salary of \$12.00/hour or more, depending on qualifications. Consideration will be given to getting a temporary Field Agent until someone permanent can be hired.
36. General Manager's Report:
- There have been some reports of shallow wells going dry or deeper wells having a significant drop. There have been recoveries on some with dropped water levels. It is unclear at the point whether these drops are due to excess pumping related to oilfield use or the extreme drought conditions.
 - Attorney Allison explained to the audience the reasons for the groundwater study currently being performed by Intera for the District.
 - Monitor well static level readings will be reported at the next Board meeting.
 - GM has made presentations to numerous civic organizations covering all communities within the County.
 - GM will be in Austin for the TAGD meeting June 29 and 30.
 - GM plans to take some vacation time around the end of July.
37. Closed Meeting: No Executive session was called
38. Return to Open Meeting: No Executive session was called.
39. Next Scheduled Board Meeting Date: Next meeting is scheduled for July 19, 2011.

40. Adjournment: Meeting was adjourned at 5:30 P.M. by the Vice-Chairman with a motion from Wilbert Sauermilch, a second by Clem Waskow, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant