

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

JUNE 19, 2012 – 2:00 P.M.

Board Members Present: Darnell Knippa, Chairman (Pct. 2), Clem Waskow, Vice-Chairman (At Large), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Tim Pennell, Director (Pct. 1), and Gil Riedesel, Director (Pct. 4).

Also in attendance: Charlotte Krause, GM; Marcia Mann, Admin. Asst; and Jim Allison, Board Attorney.

Guests: Will Bledsoe (Pioneer); Charles Minze & Brittney Harryman (Petrohawk Energy); and Dean Johnson (Johnson Bender & Co.).

1. Call to Order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Chairman welcomed guests and thanked them for their interest.
3. Public Comment: No public comment.
4. Public Hearing – Petrohawk Energy – Eric Gaus
  - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Eric Gaus's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on Kubala Store Road near Westhoff, Texas and involves 117.39 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Eric Gaus's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Nelda Kahlich
  - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Nelda Kahlich's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. 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 730.7 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Nelda Kahlich's property: GM verified that this application conforms to current spacing rules. A motion to approve the Operating Permit Application in the amount of 40 AF (acre feet) of water per year was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.

6. Public Hearing – Petrohawk Energy – Wallace Crozier
  - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Wallace Crozier's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on Weiskemper Road near Yorktown, Texas and involves 200 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Wallace Crozier's property: A motion to approve the Operation Permit Application in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
7. Public Hearing – Petrohawk Energy – Lillian Jane Musick
  - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Lillian Jane Musick'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 Rogge Siefert Road near Nordheim, Texas and involves 69.09 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Lillian Jane Musick's property: A motion to approve the Operating Permit Application in the amount of 15 AF (acre feet) of water per year was made by Gil Riedesel, seconded by Tim Pennell, and carried unanimously.
8. Public Hearing – Burlington Resources – Jennie Hardesty
  - A. Public Hearing on the Operating Permit Application from Burlington Resources on Jennie Hardesty's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF (acre feet) of water per year. This property is located Leaky Road near Westhoff, Texas and involves 148 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Burlington Resources on Jennie Hardesty's property: A motion to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
9. Public Hearing – Marathon Oil, EF, LLC – Martin Leske
  - A. Public Hearing on the Operating Permit Application from Marathon Oil EF, LLC on Martin Leske's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 60 AF (acre feet) of water per year. This property is located Boldt Road near Westhoff, Texas and involves 212.67 acres: No public comment or objection stated.
  - B. Discussion and consideration of Operating Permit Application from Marathon Oil EF, LLC on Martin Leske's property: A motion to approve the Operating Permit Application in the amount of 60 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

10. Public Hearing – Matador Production Company – Lewton Family Trust

- A. Public Hearing on the Operating Permit Amendment Application from Matador Production Company on Lewton Family Trust's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 27 AF (acre feet) of water per year for a total of 54 AF (acre feet) of water per year. This property is located Herman Road near Hochheim, Texas and involves 885 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Amendment Application from Matador Production Company on Lewton Family Trust's property: A motion to approve the Operating Permit Amendment Application in the amount of 27 AF (acre feet) of water per year for a total of 54 AF (acre feet) of water per year was made by Tim Pennell, seconded by Gil Riedesel, and carried unanimously.

11. Public Hearing – Pioneer Natural Resources – Harlan Metting

- A. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Harlan Metting's Property. The proposed permit application 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 on Garfield Road near Yorktown, Texas and involves 400 acres: No public comment or objection stated.
- B. Discussion and consideration of the Operating Permit Application from Pioneer Natural Resources on Harlan Metting's property: This permit will be used on 4 locations. A motion to approve the Operating Permit Application in the amount of 80 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

12. Public Hearing – Taylor Bit & Rental Special, LLC

- A. Public Hearing on the Drilling and Operating Permit Applications from Taylor Bit & Rental Special, LLC. The proposed permit application is for commercial use. The Operating Permit Application is requesting 2.47 AF (acre feet) of water per year. This property is located on Westside Cemetery Road near Yorktown, Texas and involves 4.95 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Taylor Bit & Rental Special, LLC: A motion to approve the Operating Permit in the amount of 2.47 AF (acre feet) of water per year was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.

13. Public Hearing – William T. Oliver

- A. Public Hearing on the Operating Permit Application William T. Oliver. The proposed permit application is for livestock use. The Operating Permit Application is requesting 50 AF (acre feet) of water per year. This property is located on Cheapside Road near Westhoff, Texas and involves 600 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from William T. Oliver: A motion to approve the Operating Permit in the amount of 50 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

14. Public Hearing – Kenneth & Patricia Smith
- A. Public Hearing on the Drilling and Operating Permit Applications from Kenneth & Patricia Smith. The proposed permit application is for commercial use for an RV Park. The Operating Permit Application is requesting 17.92 (acre feet) of water per year. This property is located at 1026 US Hwy 77A North near Yoakum, Texas and involves 35.84 acres: No public comment or objection stated.
  - B. Discussion and consideration of Drilling and Operating Permit Applications from Kenneth & Patricia Smith: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 17.92 AF (acre feet) of water per year was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.
15. Minutes from 04-17-2012 Meeting (provided prior to meeting): Item removed, action taken at last meeting.
16. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.
17. Discussion and consideration of approval of final draft of Hydrology Study from Intera: After approval the report will be disseminated to the public and newspapers. A motion to approve the final draft and adopt the Report from Intera was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.
18. Corrective Action to issue the following permits to Petrohawk Energy instead of BHP Billiton: Harvey Mueller, Johnnie Bednorz (1), Johnnie Bednorz (2), Louis Willeke (1), Louis Willeke (2), Evelyn Pieprzcya, and Nelda Kahlich: BHP Billiton has requested that the listed permits issued to them be assigned to Petrohawk Energy. A motion to assign listed permits issued to BHP Billiton to Petrohawk Energy was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.
19. Update on enforcement actions regarding Robert Moore: Upon receipt of an enforcement letter Mr. Moore submitted a meter reading on his well. It is unclear as to whether this is an accurate reading and GM was asked to attempt a site visit to verify the meter reading. No further action will be taken at this time unless Mr. Moore fails to submit future meter readings.
20. Update on enforcement actions regarding Anthony Maresh: GM reported that no action has been taken in this case due to conflicting statements contained in the District's Rules regarding the Well Completion Report. A motion to amend the draft enforcement letter to delete violation #3 and to update the Well Completion Form to eliminate the conflict was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.
21. General Manager Report:
- GM is attending the GMA 15 meeting in Victoria on June 20, 2012.
  - Information was received regarding 6 new RV parks. Each landowner received a packet containing District Rules, permit application forms, and instructions on compliance.
  - GM will be attending the TAGD meeting in Austin June 26 & 27.
  - DeWitt County Commissioner's Court has a special called meeting on June 27 to discuss RV park regulation and requirements. GM will attend.
  - District Office will be closed on July 4 in honor of Independence Day.

22. Closed Meeting (If necessary) – Close the meeting to conduct private consultation with PVGCD attorney regarding matters protected by the attorney-client privilege pursuant to V.T.C.A. Government Code 551. 07. or to discuss matters regarding personnel pursuant to V.T.C.A. Government Code 551.074: No Executive Session called.
23. Return to Open Meeting (If Necessary) – Return to open meeting and take any action deemed necessary based upon discussions in closed meeting pursuant to V.T.C.A. Government Code 551.102: No Executive Session called.
24. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for July 17, 2012, at 2:00 P.M.
25. Adjournment: Meeting was adjourned at 3:15 P.M. by the Chairman with a motion from Tim Pennell, seconded by Clem Waskow, which carried unanimously.



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Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant