

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

PUBLIC HEARING AND BOARD MEETING
MINUTES

JULY 17, 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).

Board Members Absent: 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: Charles Minze, Charles Cole, & Reagen Kuecker (Petrohawk Energy); and Robert Sullivan (Muir Ranch).

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 – Vince Chilek
 - A. Public Hearing on the Drilling and Operating Permit Applications from Petrohawk Energy on Vince Chilek'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 from two water wells for a total of 60 AF (acre feet) per year. This property is located on Hwy 183 N near Hochheim, Texas and involves 202 acres: No public comment or objection stated.
 - B. Discussion and consideration of Drilling and Operating Permit Applications from Petrohawk Energy on Vince Chilek's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water from two water wells for a total of 60 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Vince Chilek
 - A. Public Hearing on the Drilling and Operating Permit Applications from Petrohawk Energy on Vince Chilek'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 from two water wells for a total of 60 AF (acre feet) per year. This property is located on Hwy 183 N near Hochheim, Texas and involves 202 acres: No public comment or objection stated.
 - B. Discussion and consideration of Drilling and Operating Permit Applications from Petrohawk Energy on Vince Chilek's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water from two water wells for a total of 60 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

6. Public Hearing – Petrohawk Energy – Marvin Brown Family Ltd Partnership
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Marvin Brown Family Ltd Partnership'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 from two water wells for a total of 40 AF (acre feet) of water per year. This property is located on Hwy 183 N near Hochheim, Texas and involves 347.3 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Marvin Brown Family Ltd Partnership's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water from two water wells for a total of 40 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
7. Public Hearing – Petrohawk Energy – Marvin Brown Family Ltd Partnership
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Marvin Brown Family Ltd Partnership'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 from two water wells for a total of 40 AF (acre feet) of water per year. This property is located on Hwy 183 N near Hochheim, Texas and involves 347.3 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Marvin Brown Family Ltd Partnership's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water from two water wells for a total of 40 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
8. Public Hearing – Petrohawk Energy – Blake Muir
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Blake Muir'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 for a total of 189.89 AF (acre feet) of water per year. This property is located on FM 766 near Cheapside, Texas and involves 1,867 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Blake Muir's property: A motion to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water per year for a total of 189.89 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
9. Public Hearing – Petrohawk Energy – Blake Muir
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Blake Muir'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 for a total of 189.89 AF (acre feet) of water per year. This property is located on FM 766 near Cheapside, Texas and involves 1,867 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Blake Muir's property: A motion to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water per year for a total of 189.89 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

10. Public Hearing – Petrohawk Energy – Rodney Butler

- A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Rodney Butler'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 Cabeza Road near Nordheim, Texas and involves 221.53 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Rodney Butler's property: A motion to approve the Operating Permit Application in the amount of 40 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

11. Public Hearing – Petrohawk Energy – Gary Ckudre et al

- A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Gary Ckudre et al'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 Ckudre Road near Nordheim, Texas and involves 125 acres: No public comment or objection stated.
- B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Gary Ckudre et al'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 Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

12. 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 for a total of 30 AF (acre feet) of water from two water wells. This property is located on Rogge Seifert 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 in the amount of 15 AF (acre feet) of water per year for a total of 30 AF (acre feet) of water from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

13. Public Hearing – Chesapeake Energy – Edward & Inez Hahn

- A. Public Hearing on the Operating Permit Application from Chesapeake Energy on Edward & Inez Hahn's 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 on FM 240 Road near Yorktown, Texas and involves 399 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Chesapeake Energy on Edward & Inez Hahn's property: A motion to approve the Operating Permit in the amount of 13 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

14. Public Hearing – Dwight Olivarez

- A. Public Hearing on the Operating Permit Application from Dwight Olivarez. The proposed permit application is for commercial use for an RV Park. The Operating Permit Application is

requesting 3 AF (acre feet) of water per year. This property is located at 904 Lockhart Cemetery Road North near Cuero, Texas and involves 13 acres: No public comment or objection stated.

- B. Discussion and consideration of the Operating Permit Application from Dwight Olivarez: A motion to approve the Operating Permit in the amount of 3 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

15. Minutes from 05-15-12 and 06-19-12 Meetings (provided prior to meeting): A motion to approve both sets of minutes as presented was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

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

17. Discussion and possible action regarding RV Parks in River Haven and non-compliance issues: GM was instructed to issue Enforcement Letters to each landowner in accordance with the District's Enforcement Policy.

18. General Manager Report:


- GM attended the special Commissioner's Court meeting on June 27 regarding new RV parks being established within DeWitt County. Also in attendance were representatives of TCEQ, Victoria County Health Dept., DeWitt County Appraisal District and a group of landowners.
- GM attended the TAGD meeting in Austin June 26 & 27.
- GM is taking water level measurements on District monitor wells, as well as several of the O&G water wells.
- GM requested Board to consider setting a date for a Budget workshop or if they prefer staff can prepare a proposed budget and email to Board for their consideration.

19. 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.

20. 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.

21. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for August 21, 2012, at 2:00 P.M.

22. Adjournment: Meeting was adjourned at 3:05 P.M. by the Chairman with a motion from Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant