

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
PUBLIC HEARING AND BOARD MEETING
MINUTES

NOVEMBER 20, 2012 – 2:00 P.M.

Board Members Present: Darnell Knippa, Chairman (Pct. 2), Clem Waskow, Vice-Chairman (At Large), and Wilbert Sauermilch, Secretary/Treasurer (Pct. 3).

Board Members Absent: Gil Riedesel, Director (Pct. 4), and Tim Pennell, Director (Pct. 1)

Also in attendance: Charlotte Krause, GM, and Jim Allison, Board Attorney.

Guests: Brittney Harryman and Dee Ann Watts (Petrohawk/BHP); Robert Egg.

1. Call to Order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Guests were welcomed and thanked for their interest.
3. Public Comment: None at this time.
4. Public Hearing – Petrohawk Energy – Monica Sauer
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Monica Sauer's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year. This property is located on Kozelski Rd. near Westhoff, Texas and involves 66.7 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Petrohawk Energy on Monica Sauer'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 Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Christine Kalinowski
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Christine Kalinowski's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year. This property is located on Kozelski Rd. near Westhoff, Texas and involves 66.7 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Petrohawk Energy on Christine Kalinowski'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 Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

6. Public Hearing – Petrohawk Energy – Arlen Mueller

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Arlen Mueller's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year. This property is located on Schulle Rd. near Westhoff, Texas and involves 158.3 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Arlen Mueller's property: A motion to approve the Operating Application in the amount of 30 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

7. Public Hearing – Petrohawk Energy – Arlen Mueller

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Arlen Mueller's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year for a total of 60 AF of water per year from two water wells. This property is located on Schulle Rd. near Westhoff, Texas and involves 158.3 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Arlen Mueller's property: A motion to approve the Operating Application in the amount of 30 AF (acre feet) of water per year for a total of 60 AF of water per year from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

8. Public Hearing – Petrohawk Energy – Louis Willeke

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Louis Willeke's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 15 AF of water per year for a total of 60 AF of water per year from two water wells. This property is located on Salt Creek Cemetery Rd. near Yorktown, Texas and involves 167.53 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy Louis Willeke's property: A motion to approve the Operating Amendment Application in the amount of 15 AF (acre feet) of water per year for a total of 60 AF of water per year from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

9. Public Hearing – Petrohawk Energy – Louis Willeke

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Louis Willeke's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 15 AF of water per year for a total of 75 AF of water per year from two water wells. This property is located on Salt Creek Cemetery Rd. near Yorktown, Texas and involves 167.53 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy Louis Willeke's property: A motion to approve the Operating Amendment Application in the amount of 15 AF (acre feet) of water per year for a total of 75 AF of water per year from two water wells was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

10. Public Hearing – Petrohawk Energy – Johnny Bednorz

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Johnny Bednorz's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 12 AF of water per year for a total of 52 AF of water per year from two water wells. This property is located on Cabeza Rd. near Yorktown, Texas and involves 142.66 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy Johnny Bednorz's property: A motion to approve the Operating Permit Amendment Application in the amount of 12 AF (acre feet) of water per year for a total of 52 AF of water per year from two water wells was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

11. Public Hearing – Petrohawk Energy – Johnny Bednorz

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Johnny Bednorz's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 12 AF of water per year for a total of 64 AF of water per year from two water wells. This property is located on Cabeza Rd. near Yorktown, Texas and involves 142.66 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy Johnny Bednorz's property: A motion to approve the Operating Permit Amendment Application in the amount of 12 AF (acre feet) of water per year for a total of 64 AF of water per year from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

12. Public Hearing – Pete Dlugosch

- a. Public Hearing on the Operating Permit Amendment Application from Pete Dlugosch. The Operating Permit Amendment Application is requesting to decrease the annual production from 196 AF (acre feet) of water per year to 75 AF (acre feet) of water per year. This property is located on State Hwy 72 near Yorktown, Texas and involves 432 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Pete Dlugosch: A motion to approve the Operating Permit Amendment Application decreasing production from 196 AF (acre feet) of water per year to 75 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

13. Public Hearing – Brian Dlugosch

- a. Public Hearing on the Operating Permit Amendment Application from Brian Dlugosch. The Operating Permit Amendment Application is requesting 2 AF (acre feet) of water per year for a total of 4 AF (acre feet) of water per year. This property is located on State Hwy 72 near Yorktown, Texas and involves 50 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Brian Dlugosch: A motion to approve the Operating Permit Amendment Application in the amount of 2 AF (acre feet) of water per year for a total of 4 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

14. Minutes from 10-24-12 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

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

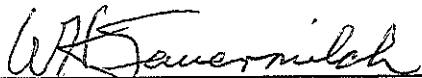
16. General Manager's Report:

- a. Water Well Driller's Meeting: GM summarized the meeting held with local water well drillers to discuss proposed rule changes which Chairman also attended. Drillers are receptive to proposed changes and made other suggestions to be considered.
- b. Management Plan Update: TWDB has developed a template for Districts needing to update their Management Plan to include data from MAG run data. The packet has been received and GM will continue working on the update for the Board's review.

- c. Meter Reading Service: GM was asked to consider providing a meter reading service to permitted well owners, primarily oilfield wells. Some permit holders have expressed an interest in paying a fee to cover costs of the District reading water well meters. Besides a source of income, it would also provide a greater visibility for the District and help with the accuracy and timeliness of water usage reports. Board was in favor of GM investigating costs and bringing a proposal for consideration to the Board at a future meeting.

GM also reported that the annual financial audit by the outside auditor has been completed and he will be presenting the annual report at a later date.

17. 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.
18. 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.
19. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for December 18, 2012, at 2:00 P.M.
20. Adjourn: Meeting was adjourned at 2:40 with a motion by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch
Recorded: Marcia Mann, Admin. Assistant