

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
PUBLIC HEARING AND BOARD MEETING
MINUTES
FEBRUARY 18, 2014 – 2:00 P.M.

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

Board Members Absent: Darnell Knippa, Chairman (Pct. 2).

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

Guests: Johnny Hernandez & Beth Reinecke (BHP); Josh Atkins (Pioneer); James Martin (Cletus Operating); Bill Pace (ConocoPhillips); and Rebecca Graber.

1. Call to order: The meeting was called to order by the Vice-Chairman at 2:00 P.M.
2. Welcome guests: Guests were welcomed by Vice-Chairman.
3. Public comment: No public comment.

PUBLIC HEARINGS OPENED AT 2:01 P.M.

4. Public Hearing – Petrohawk Energy – Harvey Mueller
 - a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Harvey Mueller's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 100 AF of water per year for a total of 120 AF of water per year. This property is located on Noe Hinojosa Road near Nordheim, Texas and involves 398 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Harvey Mueller's property: A motion to approve the Operating Permit Amendment Application in the amount of 100 AF of water per year, for a total of 120 AF of water per year, was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.
5. Public Hearing - Petrohawk Energy – Jerome Respondek
 - a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Jerome Respondek's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit

Amendment Application is requesting 30 AF of water per year for a total of 60 AF of water per year. This property is located on Salt Creek Cemetery Road near Yorktown, Texas and involves 151 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Jerome Respondek's property: A motion to approve the Operating Permit Amendment Application in the amount of 30 AF of water per year, for a total of 60 AF of water per year, was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

6. Public Hearing – Petrohawk Energy – Karen Brandt

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Karen Brandt's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 40 AF of water per year for a total of 72.89 AF of water per year from this water well for a combined total of 142.89 AF of water per year from 4 water wells. This property is located on Noe Hinojosa Road near Nordheim, Texas and involves 575 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Karen Brandt's property: A motion to approve the Operating Permit Amendment Application in the amount of 40 AF of water per year, for a total of 72.89 AF of water per year from this water well and a combined total of 142.89 AF of water per year from 4 water wells, was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

7. Public Hearing – Petrohawk Energy – Karen Brandt

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Karen Brandt's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 33 AF of water per year for a total of 53 AF of water per year from this water well for a combined total of 175.89 AF of water per year from 4 water wells. This property is located on Noe Hinojosa Road near Nordheim, Texas and involves 575 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Karen Brandt's property: A motion to approve the Operating Permit Amendment Application in the amount of 33 AF of water per year, for a total of 53 AF of water per year from this water well and a combined total of 175.89 AF of water per year from 4 water wells, was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
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8. Public Hearing – Petrohawk Energy – Karen Brandt

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Karen Brandt's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 33 AF of water per year for a total of 53 AF of water per year from this water well for a combined total of 208.89 AF of water per year from 4 water wells. This property is located on Noe Hinojosa Road near Nordheim, Texas and involves 575 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Karen Brandt's property: A motion to approve the Operating Permit Amendment Application in the amount of 33 AF of water per year, for a total of 53 AF of water per year from this water well and a combined total of 208.89 AF of water per year from 4 water wells, was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

9. Public Hearing – Petrohawk Energy – Karen Brandt

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Karen Brandt's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 40 AF of water per year for a total of 70 AF of water per year from this water well for a combined total of 248.89 AF of water per year from 4 water wells. This property is located on Noe Hinojosa Road near Nordheim, Texas and involves 575 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Karen Brandt's property: A motion to approve the Operating Permit Amendment Application in the amount of 40 AF of water per year, for a total of 70 AF of water per year from this water well and a combined total of 248.89 AF of water per year from 4 water wells, was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

10. Public Hearing – Petrohawk Energy – Rodney Butler

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Rodney Butler's property: The proposed permit amendment application is to be to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 40 AF of water per year for a total of 80 AF of water per year from 2 water wells. This property is located on Cabeza Road near Nordheim, Texas and involves 221 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Rodney Butler's property: A motion to approve the Operating Permit Amendment Application in the amount of 40 AF of water per year, for a total of 80 AF of water per year from 2 water wells, was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

11. Public Hearing – Pioneer Natural Resources – Hope Schorlemer

- a. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Hope Schorlemer's property: The proposed permit application is to be to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 34 AF of water per year for a total of 94 AF of water per year from 3 water wells. This property is located on FM 119 near Yorktown, Texas and involves 188 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Pioneer Natural Resources on Hope Schorlemer's property: A motion to approve the Operating Permit Application in the amount of 34 AF of water per year, for a total of 94 AF of water per year from 3 water wells, was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

12. Public Hearing – Pioneer Natural Resources – Harland Metting

- a. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Harland Metting's property: The proposed permit application is to be to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 80 AF of water per year for a total of 160 AF of water per year from 2 water wells. This property is located on FM 2980 near Yorktown, Texas and involves 408 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Pioneer Natural Resources on Harland Metting's property: A motion to approve the Operating Permit Application in the amount of 80 AF of water per year, for a total of 160 AF of water per year from 2 water wells, was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

13. Public Hearing – Burlington Resources – Aaron Koopman

- a. Public Hearing on the Operating Permit Application from Burlington Resources on Aaron Koopman's property: The proposed permit application is for mining use. The Operating Permit Application is requesting 50 AF of water per year. This property is located on Gruenau Road near Yorktown, Texas and involves 104 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Burlington Resources on Aaron Koopman's property: A motion to approve the Operating Permit Application in the amount of 50 AF of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.
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14. Public Hearing – Cletus Operating, LLC

- a. Public Hearing on the Drilling and Operating Permit Applications from Cletus Operating, LLC: The proposed permit application is for commercial use. The Operating Permit Application is requesting 1.37 AF of water per year. This property is located on Hwy 183 near Cuero, Texas and involves 2.75 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Cletus Operating, LLC: A motion to approve the Drilling Permit Application and to approve the Operating Permit Application in the amount of 1.37 AF of water per year was made by Marvin Sager, seconded by Tim Pennell, which carried unanimously.

15. Public Hearing – Janet Adamek

- a. Public Hearing on the Operating Permit Amendment Application from Janet Adamek: The proposed permit amendment application is for commercial water sales. The Operating Permit Amendment Application is requesting 10 AF of water per year for a total of 20 AF of water per year. This property is located on FM 966 near Yoakum, Texas and involves 158 acres. Rebecca Graber, applicant's neighbor expressed concern that this increase would adversely affect the water level in her domestic well. After an explanation of the District's rules on production amounts and an assurance that Ms. Adamek is not in violation of those rules, Ms. Graber had no additional questions.
- b. Discussion and consideration of operating permit amendment application from Janet Adamek: A motion to approve the Operating Permit Amendment Application in the amount of 10 AF of water per year for a total of 20 AF of water per year was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

16. Public Hearing – Spacing Variance – Anthony Warren

- a. Public Hearing on the Spacing Variance from Anthony Warren: This hearing is to receive public comments on the Spacing Variance from Anthony Warren. The proposed water well would be less than 50 feet from property line and would be used for livestock purposes. This property is located on Harvest Lane near Cuero, Texas. No public comment or objection stated.
- b. Discussion and consideration of spacing variance application from Anthony Warren: A motion to approve the Spacing Variance was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

17. Public Hearing – Management Plan

- a. The Board of Directors of the Pecan Valley Groundwater Conservation District will conduct a public hearing on the proposed Revised Management Plan: No public comment or objection stated.

PUBLIC HEARINGS CLOSED AT 2:25 P.M.

18. Minutes from 01-21-14 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, which carried unanimously.
 19. Financial Reports – December & January (provided prior to meeting): A motion to approve the December & January financial reports as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
 20. Quarterly Investment Reports: Quarterly Investment Reports for the 4th quarter of 2013 and for the 1st quarter of 2014 were presented. A motion to approve both Quarterly Investment Reports as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, which carried unanimously.
 21. Discussion and consideration of annual audit from Goldman, Hunt & Notz, CPA's: A motion to approve the annual audit report from Goldman, Hunt & Notz, amended to include collateralization documentation from Cuero National Bank, was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.
 22. Discussion and consideration of annual report: GM summarized her annual report of the past fiscal year activities of the District. A motion to accept and approve the annual report as presented was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.
 23. Discussion and consideration of approving Master Service Agreement and Task Order with Daniel B. Stephens & Associates for water quality testing program: Attorney Allison confirmed that the Agreement has been modified as requested and is ready to be executed.
 24. 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.
 25. 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.
 26. Next Scheduled Board Meeting: Next meeting is scheduled for March 18, 2014.
 27. Adjournment: The meeting adjourned at 2:55 P.M. with a motion by Tim Pennell, seconded Wilbert Sauermilch, which carried unanimously.
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W. Sauermilch

Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant