

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT  
107 N. GONZALES CUERO, TX 77954  
PUBLIC HEARING AND BOARD MEETING  
MINUTES  
JULY 15, 2014 – 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 Marvin Sager, Director (Pct. 4).

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

Guests: Charles Cole (BHP) and Mark Wagner.

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

PUBLIC HEARINGS OPENED AT 2:01 P.M.

4. Public Hearing – Elvira Shimek
  - a. Public Hearing on the Spacing Variance from Elvira Shimek: This hearing is to receive public comment on the Spacing Variance request from Elvira Shimek. This property is located at 287 FM 443, Yoakum, Texas. No public comment or objection stated.
  - b. Discussion and consideration of spacing variance from Elvira Shimek: A motion to approve the Spacing Variance request was made by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.
5. Public Hearing – Big Diamond, LLC
  - a. Public Hearing on the Operating Permit Amendment Application from Big Diamond, LLC: The proposed permit amendment application is to increase gallons per minute from 45 gpm to 72 gpm and to waive the 155,500 gallons requested for TCEQ pump test. No public comment or objection stated.
  - b. Discussion and consideration of operating permit amendment application from Big Diamond, LLC: A motion to approve the Operating Permit Amendment Application request to increase the gallons per minute produced from 45 gpm to 72 gpm was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.

6. Public Hearing – Statoil US Holdings – Jeanie Heard

- a. Public Hearing on the Operating Permit Amendment Application from Statoil US Holdings on Jeanie Heard'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 23 AF of water per year for a total of 47 AF of water per year and a combined total of 115 AF of water per year from 3 water wells. This property is located on Alfred Blaschke Rd. near Nordheim, Texas and involves 145 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Statoil US Holdings on Jeanie Heard's property: No action taken. A motion to table this item for action at a future meeting pending a possible adjustment of the applicant's request was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

7. Public Hearing – Statoil US Holdings – Jeanie Heard

- a. Public Hearing on the Operating Permit Amendment Application from Statoil US Holdings on Jeanie Heard'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 23 AF of water per year for a total of 47 AF of water per year and a combined total of 138 AF of water per year from 3 water wells. This property is located on Alfred Blaschke Rd. near Nordheim, Texas and involves 145 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Statoil US Holdings on Jeanie Heard's property: No action taken. A motion to table this item for action at a future meeting pending a possible adjustment of the applicant's request was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

8. Public Hearing – BHP Billiton – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Blake Muir'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 20 AF of water per year for a total of 40 AF of water per year and a combined total of 343.89 AF from 8 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,867 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Blake Muir's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 20 AF of water per year for a total of 40 AF of water per year and a combined total of 343.89 AF from 8

water wells was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

9. Public Hearing – BHP Billiton – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Blake Muir'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 14 AF of water per year for a total of 40 AF of water per year and a combined total of 357.89 AF from 8 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,867 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Blake Muir's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 14 AF of water per year for a total of 40 AF of water per year and a combined total of 357.89 AF from 8 water wells was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

10. Public Hearing – BHP Billiton – Oliver Ventures

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Oliver Ventures' 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 12.11 AF of water per year for a total of 40 AF of water per year and a combined total of 78.89 AF of water per year from 2 water wells. This property is located on Bellevue Cemetery Road near Cuero, Texas and involves 944 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Oliver Ventures' property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 12.11 AF of water per year for a total of 40 AF of water per year and a combined total of 78.89 AF of water per year from 2 water wells was made by Tim Pennell, seconded by Clem Waskow, which carried unanimously.

11. Public Hearing – BHP Billiton – Oliver Ventures

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Oliver Ventures' 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 1.11 AF of water per year for a total of 40 AF of water per year and a combined total of 80 AF of water per year from 2 water wells. This property is located on Bellevue Cemetery Road near Cuero, Texas and involves 944 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Oliver Ventures' property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 1.11 AF of water per year for a total of 40 AF of water per year and a combined total of 78.89 AF of water per year from 2 water wells was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

12. Public Hearing – BHP Billiton – Russell Judd

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Russell Judd'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 10 AF of water per year for a total of 30 AF of water per year. This property is located on Boldt Road near Cuero, Texas and involves 158 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Russell Judd's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 10 AF of water per year for a total of 30 AF of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.

13. Public Hearing – BHP Billiton – Nelda Ruth Kahlich

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Nelda Ruth Kahlich'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 151.89 AF of water per year from 4 water wells. This property is located on Boldt Road near Cuero, Texas and involves 727 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from BHP Billiton on Nelda Ruth Kahlich's property: A motion to approve the Operating Permit Application in the amount of 30 AF of water per year for a total of 151.89 AF of water per year from 4 water wells was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

14. Public Hearing – BHP Billiton – Cottonmill Trust

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Cottonmill Trust's property: The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 40 AF of water per year and a combined total of 100 AF of water per year from 3 water wells. This property is located on Boldt Road near Cuero, Texas and involves 587 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from BHP Billiton on Cottonmill Trust's property: No action taken. A motion to table this item for action at a future meeting, pending further review by the applicant for well

location in relation to property line, was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

15. Public Hearing – BHP Billiton – Cottonmill Trust

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Cottonmill Trust's property: The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 40 AF of water per year and a combined total of 140 AF of water per year from 4 water wells. This property is located on Boldt Road near Cuero, Texas and involves 587 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from BHP Billiton on Cottonmill Trust's property: Since no action was taken on Agenda item 14, the combined total of water was decreased. A motion approve the Operating Permit Application in the amount of 40 AF of water per year and a combined total of 100 AF of water per year from 4 water wells was made by Marvin Sager, seconded by Clem Waskow, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 2:15 P.M.

16. Discussion and consideration regarding problems with BHP Billiton/Hawk Field Services/BHP Billiton (Eagleford Gathering)LLC

- a) Past due invoices
- b) Water reporting
- c) Spacing violations

General Manager outlined problems involving the issues listed above. BHP representative Charles Cole answered questions from the board and reported his efforts to get the problem areas corrected. Mr. Cole has contacted personnel in the Houston office to assist with problem resolution as needed.

17. Minutes from 06-17-14 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
18. Financial Reports – June (provided prior to meeting): A motion to approve the June financial reports as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
19. Quarterly Financial Report – 3<sup>rd</sup> Quarter: A motion to approve the Quarterly Financial Report as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
20. Discussion and consideration of receiving gift from DGRA: A motion to approve accepting the financial donation offered by DGRA as authorized by Section 36.158 of the Texas Water Code was made by Tim Pennell, seconded by Clem Waskow, which carried unanimously.

21. Discussion and consideration of office renovations, relocations, and video conferencing: GM reported that efforts to have contractors submit bids for office renovations have resulted in only 1 bid submission. Chairman Knippa will have a commercial contractor he is familiar with contact the office. Video conferencing equipment has been purchased by the District. Attorney Allison suggested having a lease in place with Frank Burns for the current office space before a decision is made on whether to go forward with renovations. GM will contact Mr. Burns about the signing of a lease.
22. GM Report:
- a. Update on Water Quality Testing Program: GM reported that approximately 50 applications for the water quality testing program have been received and efforts are continuing to meet the goal set by the Board of covering all grid cells in DeWitt County.
  - b. Update on timeline for Budget and Tax Rate meetings for FY 2015: GM reminded the Board that the timeline is extremely tight and a special called meeting may be necessary. Board will be emailed a proposed budget for consideration in the next few weeks.
  - c. Legal update on current groundwater related cases: Attorney Allison reported on 3 cases currently being considered and how the final outcome of each could possibly affect the management of groundwater in the state.
23. 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.
24. 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.
25. Next Scheduled Board Meeting: Next meeting is scheduled for August 19, 2014.
26. Adjournment: The meeting adjourned at 4:10 P.M. with a motion by Clem Waskow, seconded Wilbert Sauermilch, which carried unanimously.



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Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant