

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
106 N. GONALES CUERO, TX 77954

PUBLIC HEARING AND BOARD MEETING

MINUTES

JULY 20, 2010 – 4:00 P.M.

BOARD MEMBERS PRESENT: Errol John Dietze, Chairman (At Large); Bob Davis, Vice-Chairman (Pct. 4), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Darnell Knippa, Director (Pct 2)

ALSO IN ATTENDANCE: Jim Allison, Attorney, Charlotte Krause, Interim GM, and Marcia Mann, Secretary

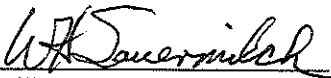
GUESTS: Charles Cole, Paige Powers, Larry Arnold, and Robert Garner from Petro Hawk; Dee Henneke, Darryl Fowler, and Don Stiles, Jr.

1. CALL TO ORDER: The meeting was called to order by the Vice-Chairman at 4:00 P.M.
2. WELCOME GUESTS: Guests were welcomed by Vice-Chairman Davis and thanked for their interest.
3. PUBLIC COMMENT: None.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Vice-Chairman at 4:05 P.M.
5. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON Mary Resson's Property: Attorney Allison has reviewed Pioneer's right to produce water on this application and recommends Board approval.
6. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON HARLAN METTING'S PROPERTY: Attorney Allison has reviewed Pioneer's right to produce water on this application and recommends Board approval.
7. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY: No comment on request.
8. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY: No comment on request.
9. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ELLYCE M. HANSEN'S PROPERTY: No comment on request.
10. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: Withdrawn from consideration by Applicant.
11. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: No comment on request.
12. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JAMES GANO'S PROPERTY: No comment on request.
13. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JAMES GANO'S PROPERTY: Attorney Allison recommended the Board table action on this agenda item.
14. CLOSE PUBLIC HEARING: Public Hearing was closed by the Vice-Chairman at 4:20 P.M.

15. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON MARY RESSMAN'S PROPERTY: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
16. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRACTURING USE ON HARLAN METTING'S PROPERTY: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
17. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING AN ADDITIONAL 13 AF (acre feet) OF WATER PER YEAR: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
18. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON BLAKE MUIR'S PROPERTY REQUESTING AN ADDITIONAL 13 AF (acre feet) OF WATER PER YEAR: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
19. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON ELLYCE M. HANSEN'S PROPERTY: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
20. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN AND NELDA KAHLICH'S PROPERTY: No action taken since Application was withdrawn from consideration by Applicant.
21. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON JOHN & NELDA KAHLICH'S PROPERTY: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
22. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JAMES GANO'S PROPERTY: A motion was made by Errol John Dietze to approve Agenda Items 15 through 22 with the exception of Item 20 which was withdrawn by Applicant. Motion was seconded by Wilbert Sauermilch and passed unanimously.
23. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON JAMES GANO'S PROPERTY: Action was tabled at the advice of Attorney Allison for clarification of Application.
24. MINUTES FROM PRIOR MEETING (June 15, 2010 and July 6, 2010): Minutes were presented in Board packets for review and approval. A motion to accept the minutes as presented was made by Errol John Dietze, seconded by Wilbert Sauermilch, and carried unanimously.
25. FINANCIAL REPORTS: The financial reports were reviewed as presented in the board packets. A motion was made by Wilbert Sauermilch to approve the financial reports as presented, seconded by Darnell Knippa, which carried unanimously.
26. DISCUSSION TO SET DATE FOR BUDGET WORKSHOP PRIOR TO AUGUST BOARD MEETING: Board decided not to schedule a workshop on the 2010/2011 budget preparation. The GM was asked to draft and email a tentative budget for Board review prior to the August 17th Board meeting for discussion at that time.
27. DISCUSSION ON POSSIBLE RULE CHANGES AND POLICY CHANGES FROM JULY 6TH MEETING: Attorney Allison summarized the points discussed by the Board at the July 6 workshop. The only item requiring a

formal rule amendment would be the rule covering newspaper notice of permit hearings. All other items are policy changes. A motion was made by Darnell Knippa to accept and process Lessee applications in the same manner as Land Owner applications, no longer requiring any further evidence of a right to produce groundwater. Motion was seconded by Wilbert Sauermilch and carried unanimously.

28. DISCUSSION ON OIL & GAS COMPANIES NON-COMPLIANCE TO PERMITS: GM reported that there are only a few instances of non-compliance and most companies are being very cooperative. Oil companies are being asked to submit a letter to the District stating their intention to buy water, rather than drilling a water well, for hydraulic fracturing use.
29. DISCUSSION ON LETTER OF ENGAGEMENT FROM DONALD GOLDMAN, CPA FOR 2010 AUDIT: A motion was made by Wilbert Sauermilch to approve the Letter of Engagement for the 2010 audit. Motion was seconded by Errol John Dietze and carried unanimously.
30. DISCUSSION AND APPROVAL OF USGS QUARTERLY PAYMENT: A motion was made by Wilbert Sauermilch, seconded by Darnell Knippa, to approve payment of the quarterly amount due. Motion carried unanimously.
31. DISCUSSION OF GENERAL MANAGER POSITION: A motion was made by Errol John Dietze to confirm Charlotte Krause as General Manager for the District at a salary of \$36,000 per year. Motion was seconded by Wilbert Sauermilch and carried unanimously.
32. GENERAL MANAGER'S REPORT:
 - City of Yoakum: GM reported on her meeting with Yoakum City Manager regarding the sale of water coming from DeWitt County well. Attorney Allison recommended that the GM try to establish how much water is being pumped from the DeWitt County well and where it is being transported and bring this information back to the Board for further discussion.
 - Update on meetings: GM reported on the GMA 15 meeting held in Victoria. A Resolution was passed and signed by all Counties in the GMA 15 with the exception of Lavaca County. The DFC Resolution agreeing to a 12 foot average drawdown across the GMA will be reviewed every five years.
33. EXECUTIVE SESSION: No Executive Session called.
34. RETURN TO OPEN MEETING: No Executive Session was called.
35. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for August 17, 2010, which will include a Public Hearing for Operating Permit applications.
36. ADJOURNMENT: The meeting was adjourned at 5:15 P.M. by Vice-Chairman Davis with a motion from Errol John Dietze, seconded by Wilbert Sauermilch, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary