

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

JUNE 15, 2010 – 4:00 P.M.

BOARD MEMBERS PRESENT: Errol John Dietze, Chairman (At Large); Bob Davis, Vice-Chairman (Pct. 4), Ted Aven, Director (Pct. 1), 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, and Robert Garner from Petro Hawk; Wayne Scott from Pioneer; R. Mike Chandler from Chandler Drilling; Brian Olsovsky, Darryl Fowler,; and Harvey Mueller.

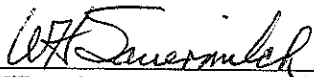
1. CALL TO ORDER: The meeting was called to order by the Chairman at 4:00 P.M.
2. WELCOME GUESTS: Guests were welcomed by Chairman Dietze and thanked for their interest.
3. PUBLIC COMMENT: Public comments were heard from Harvey Mueller and from Mike Chandler.
4. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRATURING USE ON HOPE GUI WELL 1: Attorney Allison has reviewed notarized Assignment of Right to Water Use Affidavit for completion and recommended that Board approve Operating Permit Application.
5. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATION FROM PIONEER NATURAL RESOURCES ON HOPE GUI WELL 1: Motion to approve Drilling and Operating Permit as submitted was made by Ted Aven and seconded by Darnell Knippa. Motion carried unanimously.
6. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM PIONEER NATURAL RESOURCES FOR HYDRAULIC FRATURING USE ON FRANK GUI WELL 1: GM clarified that the well in question is on Mr. Frank's property but designated as the Metting Unit. Attorney Allison has reviewed notarized Assignment of Right to Water Use Affidavit for completion and recommended that Board approve Operating Permit Application.
7. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATION FROM PIONEER NATURAL RESOURCES ON HOPE GUI WELL 1: Motion to approve Drilling and Operating Permit as submitted was made by Ted Aven and seconded by Darnell Knippa. Motion carried unanimously.
8. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM MARY ELLEN AND TOM HAMILTON REQUESTING 100 AF OF WATER PER YEAR FOR MINING USE BY OILFIELD COMPANIES: Water is to be sold and trucked to various oilfield locations. A water meter would have to be installed to measure use for usage fees. If water were transported outside of DeWitt County a Transport Permit would have to be issued in accordance with District Rules. GM has explained the procedures to all those involved.
9. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM MARY ELLEN AND TOM HAMILTON REQUESTING 100 AF OF WATER PER YEAR FOR MINING USE BY OILFIELD COMPANIES: Motion to approve Drilling and Operating Permit as submitted was made by Ted Aven and seconded by Darnell Knippa. Chairman Dietze recused himself due to possible conflict of interest and motion carried unanimously.
10. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM MARY ELLEN AND TOM HAMILTON REQUESTING 50 AF OF WATER PER YEAR FOR MINING USE BY OILFIELD COMPANIES: GM relayed the Applicant's wish to withdraw Permit Application.

11. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM MARY ELLEN AND TOM HAMILTON REQUESTING 50 AF OF WATER PER YEAR FOR MINING USE BY OILFIELD COMPANIES: No action taken since Permit Application was withdrawn for consideration by applicant.
12. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRAUSE GUA WELL 1 REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: No comments.
13. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KRAUSE GUA WELL 1 REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Motion to approve Permit Amendment request as submitted was made by Ted Aven and seconded by Darnell Knippa. Motion carried unanimously.
14. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON LANIK GUB WELL 1 REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: No comments.
15. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON LANIK GUB WELL 1 REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: Motion to approve Permit Amendment request as submitted was made by Ted Aven and seconded by Darnell Knippa. Motion carried unanimously.
16. PUBLIC HEARING ON OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KICKENDAHL GUA WELL 1 REQUESTING AN ADDITIONAL 13 AF OF WATER PER YEAR: No comments.
17. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON KICKENDAHL GUA WELL 1: Motion to approve Permit Amendment request as submitted was made by Ted Aven and seconded by Darnell Knippa. Motion carried unanimously.
18. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON BUTLER WELL 1: Applicant has not submitted documentation of their authority to use groundwater.
19. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON BUTLER WELL 1: No action taken because Applicant has not provided documentation of their authority for groundwater use.
20. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON MARALDO WELL 1: Applicant has not submitted documentation of their authority to use groundwater.
21. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON MARALDO WELL 1: No action taken because Applicant has not provided documentation of their authority for groundwater use.
22. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON KOOPMAN WELL 1: Applicant has not submitted documentation of their authority to use groundwater.
23. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G FOR HYDRAULIC FRACTURING USE ON KOOPMAN WELL 1: No action taken because Applicant has not provided documentation of their authority for groundwater use.
24. MINUTES FROM PRIOR MEETING (May 25, 2010): Minutes were presented in Board packets for review and approval. A motion to accept the minutes as presented was made by Bob Davis, seconded by Wilbert Sauermilch, and carried unanimously.

25. FINANCIAL REPORTS – OPERATING BUDGET TRANSACTIONS, AND P&L: The financial reports were reviewed as presented in the board packet. A motion was made by Wilbert Sauermilch to approve the financial reports as presented, seconded by Darnell Knippa, which carried unanimously.
26. CONSIDERATION OF GMA 15 DESIRED FUTURE CONDITIONS (DFC) STATEMENT: Copies of the June 2, 2010, GMA 15 meeting were presented in Board packets for review. The draft statement contains an agreement to a maximum drawdown of 12 feet. GMA 15 has requested Board approval from each District in their Area to proceed with this DFC statement. A motion was made to approve the draft statement as presented by Bob Davis. Motion was seconded by Wilbert Sauermilch, and carried unanimously.
27. APPOINTMENT OF NEW GMA 15 VOTING DELEGATE: A motion to appoint GM Charlotte Krause as the voting delegate for GMA 15 representation was made by Bob Davis. Motion was seconded by Darnell Knippa, and carried unanimously.
28. DESIGNATION OF TEXAS MUNICIPAL LEAGUE FUND CONTACT PERSON: A motion was made by Bob Davis to designate GM Charlotte Krause as the Fund contact person for Texas Municipal League matters. Motion was seconded by Darnell Knippa, and carried unanimously.
29. DEVELOPMENT AND SIMPLIFICATION OF STANDARD OPERATING PROCEDURES FOR OIL AND GAS ACTIVITIES IN DEWITT COUNTY: GM proposed the use of a standard letter outlining the District's Permitting and Reporting requirements. Letter would include the pertinent sections of Chapter 36, Texas Water Code, as well as a questionnaire and all Permit Application forms that could apply. This letter would be sent to oil and gas companies immediately upon their receipt of a Rail Road Commission drilling permit. A motion to begin using this standard procedure was made by Ted Aven, seconded by Darnell Knippa, and carried unanimously.
30. GENERAL MANAGER'S REPORT:
- Update on new website: GM reported meeting with J.D. Davis to revamp the District's website at a cost of \$200. Board directed GM to proceed with this process.
  - Update on meetings: GM gave the Board a schedule of various meetings scheduled for the months of June and July, as well as a schedule of District Board meetings upcoming through December 2010.

MISCELLANEOUS DISCUSSION: Ted Aven requested the Board to consider the creation of a new well category for any wells drilled in connection with oil and gas activities that would be turned over to landowners for their use. A workshop will be scheduled to discuss the possible creation of a new classification for these types of wells.

31. EXECUTIVE SESSION: No Executive Session called.
32. RETURN TO OPEN MEETING: No Executive Session was called.
33. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for July 20, 2010, which will include a Public Hearing for Operating Permit applications.
34. ADJOURNMENT: The meeting was adjourned at 5:35 P.M. by Chairman Dietze with a motion from Ted Aven, seconded by Bob Davis, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary