

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

SEPTEMBER 21, 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), and Ted Aven, Director (Pct. 1)

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

GUESTS: Petro Hawk representatives Charles Cole and Paige Powers plus 37 member of the general public.

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: Comments from the audience addressed concerns over the amount of water being used for hydraulic fracturing of oil and gas wells, as well as the number of Drilling and Operating Permits being issued. Additional comments were made regarding Agenda Item 4K specifically. Chairman Dietze requested that all comments concerning Agenda Item 4K be made during the Public Hearing on that Item. Concerned citizens were encouraged to get their wells registered with the District if they have not already done so, and to report any adverse effects on wells to the District office for investigation and action if necessary.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Chairman at 4:20 P.M.
 - a. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON MARY KLAEVEMANN KACHLICH'S PROPERTY REQUESTING 6.5 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review applications for completeness. No other comment or written objections received.
 - b. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS (#1) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - c. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS (#2) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - d. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS (#3) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - e. PUBLIC HEARING ON DRILLING AND OPERATING PERMIT APPLICATIONS (#4) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was

therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.

- f. PUBLIC HEARING ON OPERATING PERMIT APPLICATION (#1) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY REQUESTING 12.89 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - g. PUBLIC HEARING ON OPERATING PERMIT APPLICATION (#2) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY REQUESTING 12.89 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - h. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON MICHAEL MARALDO'S PROPERTY REQUESTING 16 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - i. PUBLIC HEARING ON OPERATING PERMIT FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON HILMER KOOPMAN'S PROPERTY REQUESTING 20.5 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - j. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO., LP FOR HYDRAULIC FRACTURING USE ON WILLIAM BUTLER'S PROPERTY REQUESTING 25 AF OF WATER PER YEAR: Attorney Allison noted that application did not contain proposed depth and aquifer identification and was therefore incomplete. He recommended that Permits be approved, contingent upon completion of entire Application. GM will review Applications for completeness. No other comment or written objections received.
 - k. PUBLIC HEARING ON OPERATING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR O&G MINING PURPOSES REQUESTING 135 AF OF WATER PER YEAR: At this point, to avoid any conflict of interest, Chairman Dietze transferred Meeting Chair responsibility to Vice-Chairman Davis and abstained from any comment or opinion on this Agenda item. There were several property owners who voiced an objection to this permit being granted and concern that their wells would suffer adverse effects if granted. There was a response from Mr. Crites with an offer to answer any questions. Board Attorney Allison identified this as a preliminary hearing to determine written objections and to attempt to come to an agreement without a formal Contested Permit Hearing. A map was introduced and labeled as "Justiss #1" showing the Justiss, Steen, and Crites property locations. Attorney Jean Cullen, representing the Justiss family, requested that action be postponed until more definitive information can be obtained and investigated. Board Attorney Allison's recommendation was to request written statements and documentation from all parties with a justiciable interest within ten (10) days from this date for action at the next meeting scheduled for October 21, 2010.
 - 1.
5. CLOSE PUBLIC HEARING: Public Hearing was closed at 5:30 P.M. by Vice-Chairman Davis.
 6. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON MARY KLAEVEMANN KAHLICH'S PROPERTY: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit applications, contingent upon completion of applications and review by GM. Motion carried unanimously.
 7. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS (#1) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: A motion was

made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit applications, contingent upon completion of applications and review by GM. Motion carried unanimously.

8. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS (#2) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit applications, contingent upon completion of applications and review by GM. Motion carried unanimously.
9. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS (#3) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit applications, contingent upon completion of applications and review by GM. Motion carried unanimously.
10. CONSIDERATION OF DRILLING AND OPERATING PERMIT APPLICATIONS (#4) FROM ENDURING RESOURCES FOR HYDRAULIC FRACTURING USE ON EDOLINA AMADOR, MARGARITA FLORES, MARIA BAUMAN, AND GLORIA SHEPPARD'S PROPERTY REQUESTING 10 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit applications, contingent upon completion of applications and review by GM. Motion carried unanimously.
11. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION (#1) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY REQUESTING 12.89 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit application, contingent upon completion of applications and review by GM. Motion carried unanimously.
12. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION (#2) FROM PETRO HAWK ENERGY FOR HYDRAULIC FRACTURING USE ON GALE OLIVER'S PROPERTY REQUESTING 12.89 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit application, contingent upon completion of applications and review by GM. Motion carried unanimously.
13. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G, LP FOR HYDRAULIC FRACTURING USE ON MICHAEL MARALDO'S PROPERTY REQUESTING 16 AF OF WATER PER YER: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit application, contingent upon completion of applications and review by GM. Motion carried unanimously.
14. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G, LP FOR HYDRAULIC FRACTURING USE ON HILMER KOOPMAN'S PROPERTY REQUESTING 20.5 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit application, contingent upon completion of applications and review by GM. Motion carried unanimously.
15. CONSIDERATION OF OPERATING PERMIT AMENDMENT APPLICATION FROM BURLINGTON RESOURCES O&G, LP FOR HYDRAULIC FRACTURING USE ON WILLIAM BUTLER'S PROPERTY REQUESTING 25 AF OF WATER PER YEAR: A motion was made by Wilbert Sauermilch, seconded by Ted Aven, to approve permit application, contingent upon completion of applications and review by GM. Motion carried unanimously.
16. CONSIDERATION OF OPERATING PERMIT APPLICATION FROM EDWIN & JOY CRITES FOR COMMERCIAL WATER SALES FOR OIL & GAS MINING PURPOSES REQUESTING 135 AF OF WATER PER YEAR: : A motion was made by Ted Aven for all persons with justiciable interest to submit written documentation of potential harm to existing wells to the Board, including documented flow rates from all adjacent wells, within ten (10) days from this date, and that this information be disseminated to each side (Crites and Justiss). Motion was seconded by Darnell Knippa and carried unanimously with Chairman Dietze abstaining.
17. MINUTES FROM PRIOR MEETING (August 21, 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 Darnell Knippa, and carried unanimously.
18. FINANCIAL REPORT: 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 Ted Aven, which carried unanimously.

19. FY 2010 BUDGET AMENDMENTS: A list of proposed Budget amendments was presented by GM for consideration and Board approval. A motion to approve the amendments as presented was made by Wilbert Sauermilch, seconded by Bob Davis, and carried unanimously.
20. POSSIBLE RULE CHANGES: GM presented a list of proposed rule changes for Board's consideration. GM was instructed to prepare suggested wording for selected changes for discussion and action at a Rules Hearing to be scheduled.
21. CONOCO AGREEMENT FOR EFTPS (ELECTRONIC FUNDS TRANSFERS PAYMENT SERVICE): GM presented a request by ConocoPhillips to begin making electronic payments for fees. A motion to accept EFTPS payments from ConocoPhillips, as well as any other requesting companies, was made by Wilbert Sauermilch, seconded by Darnell Knippa, and carried unanimously.
22. REVIEW INVESTMENT POLICY: Current investment policy was included in Board packets for review. A motion to continue the current policy with no changes was made by Wilbert Sauermilch, seconded by Ted Aven, and carried unanimously.
23. REVIEW PERSONNEL POLICY: Current personnel policy was included in Board packets for review. GM requested a change in scheduled payroll. A motion to change scheduled payroll from monthly to bi-monthly, payday being the 15th and the last day of each month, was made by Bob Davis and seconded by Darnell Knippa. Motion carried unanimously.
24. GENERAL MANAGER'S REPORT:
 - a) GM reported that a few older wells were reported with incorrect GPS points. Landowners are being contacted to set up an appointment for new GPS coordinates to be taken.
 - b) GM discussed problematic issues involving water well drillers. A letter is being sent to all drillers in DeWitt and surrounding counties to address these issues and to inform all drillers that effective October 1, 2010, all water wells must be registered, staked, and GPS'd by PVGCD staff prior to drilling. This will eliminate most of the problems areas and ensure compliance with all District rules regarding spacing and well completion. New procedures will apply to all water wells drilled with no exceptions.
25. EXECUTIVE SESSION: No Executive Session called.
26. RETURN TO OPEN MEETING: No Executive Session was called.
27. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for October 19, 2010, which will include a Public Hearing for Operating Permit applications.
28. ADJOURNMENT: The meeting was adjourned at 6:45 P.M. by Chairman Dietze with a motion from Bob Davis, seconded by Wilbert Sauermilch, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary