

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

FEBRUARY 15, 2011 – 4:00 P.M.

BOARD MEMBERS PRESENT: Darnell Knippa, Chairman (Pct. 2); Ted Aven, Vice-Chairman (Pct. 1), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Gil Riedesel, Director (Pct 4), and Clem Waskow, Director (At Large)

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

GUESTS: Charles Cole and Paige Powers, Petro Hawk Energy; Monte Richardson, J&S Water Wells; John Bryant, Geo Southern; John Justiss, and James Mann.

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 Knippa and thanked for their interest.
3. PUBLIC COMMENT: No public comment at this time.
4. OPEN PUBLIC HEARING: Public Hearing was opened by Chairman at 4:05 P.M.
  - A. PUBLIC HEARING ON THE NON-EXEMPT DRILLING PERMIT APPLICATION FROM PRECISION DRILLING COMPANY LP FOR A MONITOR WELL ON EDWIN & LUCILLE THIEME'S PROPERTY (#1) LOCATED AT 1720 FM 3157 IN CUERO INVOLVING 40 ACRES: GM stated that the Railroad Commission has required the drilling of monitor wells in connection with a previous oilfield blowout on adjoining property.
  - B. DISCUSSION AND CONSIDERATION OF THE NON-EXEMPT DRILLING PERMIT APPLICATION FROM PRECISION DRILLING COMPANY LP FOR A MONITOR WELL ON EDWIN & LUCILLE THIEME'S PROPERTY (#2) LOCATED AT 1720 FM 3157 IN CUERO INVOLVING 40 ACRES: A motion to approve this Drilling Permit Application was made by Gil Riedesel. Motion was seconded by Clem Waskow and carried unanimously.
5.
  - A. PUBLIC HEARING ON THE NON-EXEMPT DRILLING PERMIT APPLICATION FROM PRECISION DRILLING COMPANY LP FOR A MONITOR WELL ON EDWIN & LUCILLE THIEME'S PROPERTY (#2) LOCATED AT 1720 FM 3157 IN CUERO INVOLVING 40 ACRES.: GM stated that the Railroad Commission has required the drilling of monitor wells in connection with a previous oilfield blowout on adjoining property.
  - B. DISCUSSION AND CONSIDERATION OF THE NON-EXEMPT DRILLING PERMIT APPLICATION FROM PRECISION DRILLING COMPANY LP FOR A MONITOR WELL ON EDWIN & LUCILLE THIEME'S PROPERTY (#2) LOCATED AT 1720 FM 3157 IN CUERO INVOLVING 40 ACRES: A motion to approve this Drilling Permit Application was made by Ted Aven. Motion was seconded by Clem Waskow and carried unanimously.
6.
  - A. PUBLIC HEARING ON THE OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO LP REQUESTING 47 AF OF WATER PER YEAR TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION ON THE SCHENDEL FAMILY PARTNERSHIP LTD'S PROPERTY, LOCATED ON CR 350 IN NORDHEIM INVOLVING 797.9 ACRES: It was noted that the well log submitted by the driller did not provide drawdown or pump test information. The District does not have the authority to require this information; however, TDLR is working with the District to collect more complete information on well logs.

B. DISCUSSION AND CONSIDERATION OF THE OPERATING PERMIT APPLICATION FROM BURLINGTON RESOURCES O&G CO LP REQUESTING 47 AF OF WATER PER YEAR TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION ON THE SCHENDEL FAMILY PARTNERSHIP LTD'S PROPERTY, LOCATED ON CR 350 IN NORDHEIM, INVOLVING 797.9 ACRES: A motion to approve this Operating Permit Application was made by Clem Waskow, seconded by Ted Aven, and carried unanimously.

7.

A. PUBLIC HEARING ON THE NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM PETRO HAWK ENERGY REQUESTING 15 AF OF WATER PER YEAR TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION. PROPERTY IS OWNED BY MICHAEL GWOSDZ AND IS LOCATED APPROXIMATELY 7 MILES NORTHWEST OF YORKTOWN ON FM 2980 AND INVOLVES 54.6 ACRES: No comment or objections.

B. DISCUSSION AND CONSIDERATION OF THE NON-EXEMPT DRILLING AND OPERATING PERMIT APPLICATIONS FROM PETRO HAWK ENERGY REQUESTING 15 AF OF WATER PER YEAR TO BE USED TO HYDRAULIC FRACTUR AN OILFIELD LOCATION. PROPERTY IS OWNED BY MICHAEL GWOSDZ AND IS LOCATED APPROXIMATELY 7 MILES NORTHWEST OF YORKTOWN ON FM 2980 AND INVOLVES 54.6 ACRES: A motion to approve these applications as submitted was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

8.

A. PUBLIC HEARING ON THE OPERATING PERMIT APPLICATION FROM PIONEER NATURAL RESOURCES ON VERNA LEE GOHMERT'S PROPERTY. PROPOSED PERMIT IS TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION AND IS REQUETING 20 AF OF WATER PER YEAR. PROPERTY IS LOCATED AT 8978 FM 953 IN CUERO AND INVOLVES 102.12 ACRES: No comment or objections.

B. DISCUSSION AND CONSIDERATION OF THE OPERATING PERMIT APPLICATION FROM PIONEER NATURAL RESOURCES ON VERNA LEE GOHMERT'S PROPERTY. PROPOSED PERMIT IS TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION AND IS REQUESTING 20 AF OF WATER PER YEAR. PROPERTY IS LOCATED AT 8978 FM 953 IN CUERO AND INVOLVES 102.12 ACRES: A motion to approve the Operating Permit Application was made by Clem Waskow, seconded by Ted Aven, and carried unanimously.

9.

A. PUBLIC HEARING ON THE OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY ON EDNA MILLER & OPAL GILL'S PROPERTY. PROPOSED AMENDMENT IS REQUESTING AN ADDITIONAL 15 AF OF WATER PER YEAR, TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION, FOR A TOTAL OF 53.89 AF PER YEAR. PROPERTY IS LOCATED 5.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 298.76 ACRES. No comment or objections.

B. DISCUSSION AND CONSIDERATION OF THE OPERATING PERMIT AMENDMENT APPLICATION FROM PETRO HAWK ENERGY ON EDNA MILLER & OPAL GILL'S PROPERTY. PROPOSED AMENDMENT IS REQUESTING AN ADDITIONAL 15 AF OF WATER, TO BE USED TO HYDRAULIC FRACTURE AN OILFIELD LOCATION, FOR A TOTAL OF 53.89 AF PER YEAR. PROPERTY IS LOCATED 5.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 298.76 ACRES.: A motion to approve Amendment Application was made by Ted Aven, seconded by Wilbert Sauermilch, and carried unanimously.

10.

A. PUBLIC HEARING ON THE NON-EXEMPT DRILLING PERMIT APPLICATION ON GEORGE BISHOP'S PROPERTY. THE NON-EXEMPT DRILLING PERMIT APPLICATION IS REQUESTING 2 AF OF WATER PER YEAR FOR IRRIGATION. PROPERTY IS LOCATED 4.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 926.66 ACRES. No comment or objections.

- B. DISCUSSION AND CONSIDERATION ON THE NON-EXEMPT DRILLING PERMIT APPLICATION ON GEORGE BISHOP'S PROPERTY. THE NON-EXEMPT DRILLING PERMIT APPLICATION IS REQUESTING 2 AF OF WATER PER YEAR FOR IRRIGATION. PROPERTY IS LOCATED 4.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 926.66 ACRES: A motion to approve the Drilling Permit Application was made by Clem Waskow, seconded by Ted Aven, and carried unanimously.
- 11.
- A. PUBLIC HEARING ON THE NON-EXEMPT DRILLING PERMIT APPLICATION ON GEORGE BISHOP'S PROPERTY. THE NON-EXEMPT DRILLING PERMIT APPLICATION IS REQUESTING 448 AF OF WATER PER YEAR FOR IRRIGATION, AGRICULTURE, AND INDUSTRIAL. THIS PROPERTY IS LOCATED 4.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 926.66 ACRES: No comment or objections.
- B. DISCUSSION AND CONSIDERATION OF THE NON-EXEMPT DRILLING PERMIT APPLICATION ON GEORGE BISHOP'S PROPERTY. THE NON-EXEMPT DRILLING PERMIT APPLICATION IS REQUESTING 448 AF OF WATER PER YEAR FOR IRRIGATION, AGRICULTURE, AND INDUSTRIAL. THIS PROPERTY IS LOCATED 4.5 MILES NORTHEAST OF WESTHOFF ON CHEAPSIDE ROAD IN WESTHOFF AREA AND INVOLVES 926.66 ACRES: A motion to approve the Non-Exempt Drilling Permit Application was made by Ted Aven, seconded by Clem Waskow, and carried unanimously.
12. MINUTES FROM 1-18-11 MEETING (PROVIDED PRIOR TO MEETING): It was noted that in the heading of the minutes Gil Riedesel was incorrectly shown as representing Pct. 2. Heading was corrected to show Pct. 4. A motion to approve the minutes as corrected was made by Wilbert Sauermilch, seconded by Ted Aven, and carried unanimously.
13. FINANCIAL REPORT: The financial reports were presented by GM. A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Ted Aven, and carried unanimously.
14. DISCUSSION AND CONSIDERATION OF SPACING VARIANCE FOR ROBERT IBROM: A motion to approve the request for a waiver of spacing requirements was made by Ted Aven, seconded by Clem Waskow, and carried unanimously.
15. DISCUSSION AND CONSIDERATION OF RFP RESPONSES: After discussion the Board decided to accept the proposal submitted by Intera with a motion by Ted Aven. Motion was seconded by Wilbert Sauermilch, and carried unanimously.
16. DISCUSSION AND CONSIDERATION OF GROUNDWATER STUDY: GM will contact Intera representative to finalize objectives of the groundwater study.
17. DISCUSSION AND CONSIDERATION OF APPROVAL OF RESOLUTION AGAINST SB 332: A Resolution prepared by Attorney Jim Allison was presented to the Board for consideration. James Mann addressed the Board in favor of proposed Resolution. A motion to approve the Resolution, send copies of approved Resolution to Senator Glenn Hegar and Representative Geanie Morrison, provide copies and request approval by Cuero City Council and DeWitt County Commissioner's Court was made by Ted Aven. Motion was seconded by Gil Riedesel and carried unanimously.
18. DISCUSSION AND CONSIDERATION OF ANNEX FEES: GM reported that DeWitt County will begin charging a fee to keep the Annex open after 5:00 P.M. to cover the cost of Maintenance personnel staying late to lock the building. Various options were considered including changing meeting time or location.
19. DISCUSSION AND CONSIDERATION OF INTER-LOCAL WORKING AGREEMENT WITH DEWITT COUNTY: No action was taken.

20. DISCUSSION AND CONSIDERATION OF BOARD MEETING DATE, TIME, AND PLACE CHANGES:  
A motion to change the starting time of monthly Public Hearings and Board Meetings to 3:00 P.M. was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

21. GENERAL MANAGER'S REPORT:

- a) District has assisted TDLR in an investigation regarding one water well driller in our area. As a result, enforcement actions are being undertaken by TDLR.
- b) GM attended the Region L meeting in San Antonio on February 3, 2011.
- c) Hilcorp is in the process of completing permit applications including a new Carrizo well to be drilled in the Westhoff area.
- d) Monitor well checks are being conducted by field agent this month. Preliminary results indicate only two wells show a significant drop in static level; however, these wells showed a large increase last year and this year's drop brings them back to a level consistent with historical readings. When all wells have been checked, GM will disseminate the final report to Board members and publish in the local papers.
- e) Static levels in several wells in the Cheapside area are being checked to detect any drops after filling of oilfield frac pits in the area. Results should be received from field agent by next week.

22. EXECUTIVE SESSION: Chairman Knippa opened an Executive Session at 5:20 P.M.

23. RETURN TO OPEN MEETING: Open meeting was resumed at 5:55 P.M.

24. NEXT SCHEDULED BOARD MEETING: Next meeting is scheduled for March 15, 2011, at 3:00 P.M.

25. ADJOURNMENT: The meeting was adjourned at 6:00 P.M. by Chairman Knippa with a motion from Ted Aven, seconded by Clem Waskow, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Secretary