

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

MAY 17, 2011 – 2:00 P.M.

Board Members Present: 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: Susan Burrow; and Petrohawk Energy representatives James Pittman, Robert Garner, Paige Powers, and Charles Cole.

1. Call to Order: The meeting was called to order by the Vice-Chairman at 2:00 P.M.
2. Welcome Guests: Vice-Chairman welcomed guests and thanked them for their interest.
3. Public Comment: No public comment at this time.
4. A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Sandra Oehlke's Property. The proposed permit is to hydraulic fracture an oilfield location. The operating permit application is requesting 15 acre feet of water per year. This property is located at 1 mile down Kozelski Road near Westhoff, Texas and involves 221.15 acres: No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Sandra Oehlke's Property. The proposed permit is to hydraulic fracture and oilfield location. The operating permit application is requesting 15 acre feet of water per year. This property is located 1 mile down Kozelski Road near Westhoff, Texas and involves 221.15 acres: A motion to approve the operating permit was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.
5. A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Henry Byerly's Property. The proposed permit is to hydraulic fracture an oilfield location. The operating permit application is requesting 15 acre feet of water per year. This property is located at the intersection of FM 952 and FM 2656 near Yorktown, Texas and involves 228 acres: Application was deemed incomplete and GM recommended that action be tabled.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Henry Byerly's Property. The proposed permit is to hydraulic fracture an oilfield location. The operating permit application is requesting 15 acre feet of water per year. This property is located at the intersection of FM 952 and FM 2656 near Yorktown, Texas and involves 228 acres: A motion to table action on this item was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

6.

A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Betty Warren's Property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located at the intersection of FM 286 and Schlensted Road near Westhoff, Texas and involves 223.6 acres: No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Betty Warren's Property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located at the intersection of FM 286 and Schlensted Road near Westhoff, Texas and involves 223.6 acres: A motion to approve operating permit application was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
7.

A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Calvin Rayes' property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on FM 2980, 2 miles past the intersection of County Road 341 near Yorktown, Texas and involves 122.2 acres: Application deemed incomplete and GM recommended action be tabled.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Calvin Rayes' property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on FM 2980, 2 miles past the intersection of County Road 341 near Yorktown, Texas and involves 122.2 3 acres: A motion to table action on this item was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.
8.

A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Walter William's Property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located ¾ mile down McElroy Road near Cuero, Texas and involves 318.94 acres: No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Walter William's property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located ¾ mile down McElroy Road near Cuero, Texas and involves 318.94 acres: A motion to approve the operating permit was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
9.

A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Sandra Stulgis' property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located at the intersection of FM 766 and Wild Road near Cheapside, Texas and involves 170.49 acres: No public comment or objection stated.

- B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Sandra Stulgis' property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located at the intersection of FM 766 and Wild Road near Cheapside, Texas and involves 170.49 acres: A motion to approve the operating permit was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**
10. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Arthur Hermann III's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 1 mile down McCurdy Road near Cuero, Texas and involves 548.79 acres: Application was deemed incomplete and GM recommended action be tabled.**
- B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Arthur Hermann III's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 1 mile down McCurdy Road near Cuero, Texas and involves 548.79 acres: A motion to table action on this item was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.**
11. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Charles Jacob's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 13 AF (acre feet) of water per year. This property is located at the intersection of Blank and Richter Road near Yoakum, Texas and involves 29.48 acres: Application was deemed incomplete and GM recommended action be tabled.**
- B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Charles Jacob's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 13 AF (acre feet) of water per year. This property is located at the intersection of Blank and Richter Road near Yoakum, Texas and involves 29.48 acres: A motion to table action on this item was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**
12. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Donald Elder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 1 mile down Elder Road near Cheapside, Texas and involves 284.22 acres: No public comment or objection stated.**
- B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Donald Elder's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 1 mile down Elder Road near Cheapside, Texas and involves 284.22 acres: A motion to approve operating permit was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**
13. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Robert Dutton Lane's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on Hartman Road near Cheapside, Texas and involves 476.9 acres: Application deemed incomplete and GM recommended action be tabled.**

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Robert Dutton Lane's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on Hartman Road near Cheapside, Texas and involves 476.9 acres: A motion to table action on this item was made by Clem Waskow, seconded by Gil Riedesel, and carried unanimously.

14. **A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Ellyce Hansen's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on Bellevue Cemetery Road near Cheapside, Texas and involves 652.4 acres:** No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Application from Petrohawk Energy on Ellyce Hansen's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located on Bellevue Cemetery Road near Cheapside, Texas and involves 652.4 acres: A motion to approve the operating permit was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

15. **A. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Mark Zgabav'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 7 AF (acre feet) of water per year for a total of 20 AF (acre feet) per year. This property is located on Oliver Road near Cheapside, Texas and involves 40 acres:** No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Amendment Application from Petrohawk Energy on Mark Zgabav'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 7 AF (acre feet) of water per year for a total of 20 AF (acre feet) per year. This property is located on Oliver Road near Cheapside, Texas and involves 40 acres: A motion to approve operating permit was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.

16. **A. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Norma Hyatt'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 15 AF (acre feet) of water per year for a total of 40.89 AF (acre feet) per year. This property is located on Arndt Road near Westhoff, Texas and involves 541.27 acres:** No public comment or objection stated.

B. Discussion and consideration of the Operating Permit Amendment Application from Petrohawk Energy on Norma Hyatt'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 15 AF (acre feet) of water per year for a total of 40.89 AF (acre feet) per year. This property is located on Arndt Road near Westhoff, Texas and involves 541.27 acres: A motion to approve the operating permit amendment was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

17. **A. Public Hearing on the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Robert Grunder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 21.55 AF (acre feet) of water per year. This property is located at 3475 FM 766 near Cuero, Texas and involves 43.1 acres: No public comment or objection stated.**
- B. Discussion and consideration of the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Robert Grunder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 21.55 AF (acre feet) of water per year. This property is located at 3475 FM 766 near Cuero, Texas and involves 43.1 acres: A motion to approve drilling and operating permit applications was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.**
18. **A. Public Hearing on the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Hope Schorlemer's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 94.91 AF (acre feet) of water per year. This property is located on FM 119, ¼ mile past the intersection of FM 119 and FM 108 near Yorktown, Texas and involves 189.8 acres: Application was found to be requesting more than what is allowed by current District rules.**
- B. Discussion and consideration of the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Hope Schorlemer's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 94.91 AF (acre feet) of water per year. This property is located on FM 119, ¼ mile past the intersection of FM 119 and FM 108 near Yorktown, Texas and involves 189.8 acres: A motion to deny the drilling and operating permit applications and require that applicant reapply was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**
19. **A. Public Hearing on the Non Exempt Drilling Permit Application from Pioneer Natural Resources on Verna Lee Gohmert's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. This property is located at 8978 FM 953 near Cuero, Texas and involves 103.64 acres: No public comment or objection stated.**
- B. Discussion and consideration of the Non Exempt Drilling Permit Application from Pioneer Natural Resources on Verna Lee Gohmert's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. This property is located at 8978 FM 953 near Cuero, Texas and involves 103.64 acres: A motion to approve the drilling permit was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.**
20. **A. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Katherine Gips Malant's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 36.49 AF (acre feet) of water per year for a total of 56.49 AF per year. This property is located on Westside Cemetery Road near Yorktown, Texas and involves 112.9 acres: It was noted that this Amendment will permit all remaining allowable water on this landowner's property. GM was asked to request Pioneer representatives be present at next meeting to explain their request for this amendment and to be sure that landowner is aware of this situation.**

B. Discussion and consideration of the Operating Permit Amendment Application from Pioneer Natural Resources on Katherine Gips Malant's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 36.49 AF (acre feet) of water per year for a total of 56.49 AF per year. This property is located on Westside Cemetery Road near Yorktown, Texas and involves 112.9 acres: A motion was made to table action on this item was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

21. **A. Public Hearing on the Operating Permit Application from Talisman Energy USA on Bill Blackwell's Property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 3 miles west of Nordheim on State Hwy 72 and involves 578 acres: No public comment or objection stated.**

B. Discussion and consideration of the Operating Permit Application from Talisman Energy USA on Bill Blackwell's Property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 15 AF (acre feet) of water per year. This property is located 3 miles west of Nordheim on State Hwy 72 and involves 578 acres: A motion to approve operating permit was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.

22. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Company on Anne Friar Thomas's property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 104 AF (acre feet) of water per year. This property is located on Hwy 87 N near Hochheim, Texas and involves 314 acres: GM reported that this well has already been drilled and there have been some serious problems with it.**

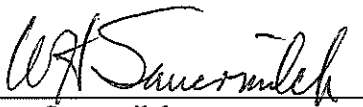
B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Company on Anne Friar Thomas's property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 104 AF (acre feet) of water per year. This property is located on Hwy 87 N near Hochheim, Texas and involves 314 acres: At GM's recommendation, a motion was made by Gil Riedesel to approve drilling permit but to table action on the operating permit. Motion was seconded by Wilbert Sauermilch, and carried unanimously.

23. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Company on the Leske Living Trust's property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 40 AF (acre feet) of water per year. This property is located on Boldt Road near Westhoff, Texas and involves 212.67 acres: Applications are not completed correctly, GM recommended action be tabled.**

B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications from Hilcorp Energy Company on Leske Living Trusts's property. The proposed permit is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 104 AF (acre feet) of water per year. This property is located on Hwy 87 N near Hochheim, Texas and involves 212.67 acres: A motion to table action on this item was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

24. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications for D.M. Collier's property. The proposed permit is to be used for irrigation purposes. The Operating Permit Application is requesting 250 AF (acre feet) of water per year. This property is located on FM 953 near Cuero, Texas and involves 2,113 acres: No public comment or objection stated.**
- B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications for D.M. Collier's property. The proposed permit is to be used for irrigation purposes. The Operating Permit Application is requesting 250 AF (acre feet) of water per year. This property is located on FM 953 near Cuero, Texas and involves 2,113 acres: A motion to approve the drilling and operating permit applications was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.**
25. **A. Public Hearing on the Non-Exempt Drilling and Operating Permit Applications for D.M. Collier's property. The proposed permit is to be used for irrigation purposes. The Operating Permit Application is requesting 360 AF (acre feet) of water per year. This property is located on FM 953 near Cuero, Texas and involves 2,113 acres: No public comment or objection stated.**
- B. Discussion and consideration of the Non-Exempt Drilling and Operating Permit Applications for D.M. Collier's property. The proposed permit is to be used for irrigation purposes. The Operating Permit Application is requesting 360 AF (acre feet) of water per year. This property is located on FM 953 near Cuero, Texas and involves 2,113 acres: A motion to approve the drilling and operating permit applications was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.**
26. **A. Public Hearing on the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Michael Schroeder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 122.5 AF (acre feet) of water per year. This property is located 2 miles down FM 108 near Yorktown, Texas and involves 245 acres: Applications are not completed correctly and the amount of water requested exceeds what is allowable by current District rules. Based on these facts, GM recommended denial of these permits. One of the landowners on this property stated her objection to the amount of water being requested and would like to be consulted before action is taken on these permits in future.**
- B. Discussion and consideration of the Non Exempt Drilling and Operating Permit Applications from Pioneer Natural Resources on Michael Schroeder's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 122.5 AF (acre feet) of water per year. This property is located 2 miles down FM 108 near Yorktown, Texas and involves 245 acres: A motion to deny drilling and operating permits was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**
27. **Minutes from 5-3-11 meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.**
28. **Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.**
29. **Discussion and consideration regarding spacing variance for Shane Fox in River Haven subdivision: A motion to approve the request for spacing variance for Shane Fox was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.**

30. Discussion and consideration regarding copy machine for office: Options for purchase or lease of a copier/network printer for the District office were presented for consideration. A motion to approve a 3-year lease of a copier/network printer was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.
31. Discussion and consideration regarding full time field technician and related expenses: Cost estimates were presented to Board relating to converting the part time Field Agent position to full time. Besides the increased salary, costs will include the purchase of furniture, computer, and telephone. A motion to approve all costs associated with conversion of the part time Field Agent position to full time, with benefits, was made by Wilbert Sauermilch, seconded by Gil Riedesel and carried unanimously. GM was instructed to begin this process immediately.
32. Discussion and consideration regarding MAG numbers and exempt figures: GM presented a summary of the GMA 15 meeting with regard to the MAG Report. She requested approval from the Board to submit adjustments of amounts reported previously so that the Report can be revised with more accurate figures. A motion to approve the submission of adjusted usage figures to more accurately reflect water requirements for the District was made by Gil Riedesel, seconded by Wilbert Sauermilch, and carried unanimously.
33. Closed Meeting: Executive session was called at 4:00 P.M. by Vice-Chairman Aven to discuss matters regarding personnel pursuant to V.T.C.A. Government Code 551.074.
34. Return to Open Meeting: Open meeting was resumed at 4:08 P.M.
35. Next Scheduled Board Meeting Date: Next meeting is scheduled for June 21, 2011.
36. Adjournment: Meeting was adjourned at 4:10 P.M. by the Vice-Chairman with a motion from Clem Waskow, a second by Wilbert Sauermilch, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant