

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

PUBLIC HEARING AND BOARD MEETING
MINUTES

JANUARY 10, 2012 – 2:00 P.M.

Board Members Present: Darnell Knippa, Chairman (Pct. 2), Clem Waskow, Vice-Chairman (At Large), Gil Riedesel, Director (Pct. 4), Tim Pennell, Director (Pct. 1), and Wilbert Sauermilch, Secretary/Treasurer (Pct. 3).

Board Members Absent: All present.

Also in attendance: Charlotte Krause, GM; Marcia Mann, Admin. Asst.; and Jim Allison, Board Attorney.

Guests: Will Bledsoe (Pioneer); Robert Garner, Charles Cole, James Pittman, and Brittney Harryman (Petrohawk); and Charles Minze.

1. Call to Order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Chairman welcomed guests and thanked them for their interest.
3. Public Comment: No public comment.
4. Public Hearing – Petrohawk Energy – Mildred Boothe Estate
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Mildred Boothe Estate's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on Blank Road near Hochheim, Texas and involves 294.32 acres: No public comment or objection.
 - B. Discussion and possible action on the Operating Permit Application from Petrohawk Energy on Mildred Boothe Estate's property. A motion to approve the Operating Permit in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Fay Nell Walters
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Fay Nell Walters' property. The proposed permit application is to be used to hydraulic fracture and oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on FM 108 near Yorktown, Texas and involves 48.69 acres: No public comment or objection.
 - B. Discussion and possible action on the Operating Permit Application from Petrohawk Energy on Fay Nell Walters' Property: A motion to approve the Operating Permit in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Gil Riedesel, and carried unanimously.

6. Public Hearing – Petrohawk Energy – David Warzecha
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on David Warzecha's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on FM 2542 near Mustang Mott, Texas and involves 61.24 acres: No public comment or objection stated.
 - B. Discussion and possible action on the Operating Permit Application from Petrohawk Energy on David Warzecha's property: A motion to approve the Operating permit in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
7. Public Hearing – Petrohawk Energy – Edmund Friedel, Jr.
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Edmund Friedel Jr.'s Property. The proposed permit application 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 Hwy 183N near Cuero, Texas and involves 236.6 acres: No public comment or objection stated.
 - B. Discussion and possible action on the Operating Permit Application from Petrohawk Energy on Edmund Friedel Jr.'s property: A motion to approve the Operating Permit Application in the amount of 40 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.
8. Public Hearing – Burlington Resources – Jack Wallis et al
 - A. Public Hearing on the Operating Permit Application from Burlington Resources on Jack Wallis et al's Property. The proposed permit application 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 Chaddock Lane near Cheapside, Texas and involves 123.49 acres: No public comment or objection stated.
 - B. Discussion and possible action on the Operating Permit Application from Burlington Resources on Jack Wallis et al's property: A motion to approve the Operating permit in the amount of 40 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
9. Public Hearing – Talisman Energy – Mary Klaevemann
 - A. Public Hearing on the Operating Permit Application from Talisman Energy on Mary Klaevemann's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF (acre feet) of water per year. This property is located on Scheffler Road near Nordheim Texas and involves 280 acres: GM reported the application as being incorrect and requested it be withdrawn from consideration and Board action at this time.
 - B. Discussion and consideration on the Operating Permit Application from Talisman Energy on Mary Klaevemann's property: Application withdrawn, no action taken.
10. Public Hearing – Talisman Energy – Bill Blackwell
 - A. Public Hearing on the Drilling and Operating Permit Applications from Talisman Energy on Bill Blackwell's Property. The proposed permit application is to be used to hydraulic fracture

an oilfield location. The Operating Permit Application is requesting 10 AF (acre feet) of water per year. This property is located on Hwy 72 near Nordheim, Texas and involves 1052 acres: No public comment or objection stated.

- B. Discussion and consideration on the Drilling and Operating Permit Applications from Talisman Energy on Bill Blackwell's property: A motion to approve the Drilling Permit and to approve the Operating permit in the amount of 10 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

11. Public Hearing – Talisman Energy – Bill Blackwell

- A. Public Hearing on the Drilling and Operating Permit Applications from Talisman Energy on Bill Blackwell's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 10 AF (acre feet) of water per year. This property is located on Hwy 72 near Nordheim, Texas and involves 1052 acres: No public comment or objection stated.
- B. Discussion and consideration on the Drilling and Operating Permit Applications from Talisman Energy on Bill Blackwell's property: A motion to approve the Drilling Permit and to approve the Operating permit in the amount of 10 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

12. Public Hearing – Marathon Oil – Steven Barker

- A. Public Hearing on the Drilling and Operating Permit Applications from Marathon Oil EF, LLC on Steven Barker's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 24 AF (acre feet) of water per year. This property is located on McCurdy Road near Cuero, Texas and involves 181.47 acres: No public comment or objection stated.
- B. Discussion and consideration on the Drilling and Operating Permit Applications from Marathon Oil on Steven Barker's property: GM clarified that Applicant submitted the application form for an over 360,000 gpd well; however, well will be under 360,000 gpd. A motion to approve the Drilling Permit and to approve the Operating permit in the amount of 24 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

13. Public Hearing – Brian Dlugosch

- A. Public Hearing on the Operating Permit Application from Brian Dlugosch. The proposed permit applications are for commercial use for an RV park. The Operating Permit Application is requesting 2 AF (acre feet) of water per year. This property is located on Hwy 72 near Yorktown, Texas and involves 50 acres: No public comment or objection stated.
- B. Discussion and possible action on Operating Permit Application from Brian Dlugosch: A motion to approve the Operating Permit Application in the amount of 2 AF (acre feet) of water per year was made by Gil Riedesel, seconded by Tim Pennell, and carried unanimously.

14. Public Hearing – Melvin Chaloupka

- A. Public Hearing on the Operating Permit Application from Melvin Chaloupka #1. The proposed permit application is for commercial use for an RV park. The Operating Permit Application is requesting 0.875 AF (acre feet) of water per year. This property is located on

Crestview Drive near Thomaston, Texas and involves 3.5 acres: No public comment or objection stated. Applicant is converting existing Exempt well to commercial use.

- B. Discussion and possible action on Operating Permit Application from Melvin Chaloupka #1: A motion to approve the Operating Permit Application in the amount of 0.875 (acre feet) of water per year was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

15. Public Hearing – Melvin Chaloupka

- A. Public Hearing on the Operating Permit Application from Melvin Chaloupka #2. The proposed permit application is for commercial use for an RV park. The Operating Permit Application is requesting 0.875 AF (acre feet) of water per year. This property is located on Crestview Drive near Thomaston, Texas and involves 3.5 acres: No public comment or objection stated. Applicant is converting existing Exempt well to commercial use.
- B. Discussion and possible action on Operating Permit Application from Melvin Chaloupka #2: A motion to approve the Operating Permit Application in the amount of 0.875 (acre feet) of water per year was made Tim Pennell, seconded by Gil Riedesel, and carried unanimously.

16. Public Hearing – Charles Klaevemann

- A. Public Hearing on the Drilling and Operating Permit Application from Charles Klaevemann. The proposed permit application is for commercial use for an RV park. The Operating Permit Application is requesting 0.998 AF (acre feet) of water per year. This property is located on Hwy 77/183N near Cuero, Texas and involves 1.997 acres: No public comment or objection stated. A spacing waiver request is included in Drilling Application.
- B. Discussion and possible action on spacing waiver from Charles Klaevemann: A motion to approve the Drilling Permit, including spacing waiver, and to approve the Operating Permit in the amount of 0.998 (acre feet) of water per year was made Gil Riedesel, seconded by Clem Waskow, and carried unanimously.
- C. Discussion and possible action on Drilling and Operating Permit Applications from Charles Klaevemann: A motion to approve the Drilling Permit, including spacing waiver, and to approve the Operating Permit in the amount of 0.998 (acre feet) of water per year was made Gil Riedesel, seconded by Clem Waskow, and carried unanimously.

17. Public Hearing – Brendan Ray Henze

- A. Public Hearing on the Drilling and Operating Permit Applications from Brendan Ray Henze. The proposed permit applications are to be used for irrigation purposes. The Operating Permit Application is requesting 71 AF (acre feet) of water per year. This property is located on FM 884 near Yorktown, Texas and involves 143.23 acres: No public comment or objection stated.
- B. Discussion and possible action on Drilling and Operating Permit Applications from Brendan Ray Henze: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 71 (acre feet) of water per year was made by Gil Riedesel, seconded by Clem Waskow, and carried unanimously with Wilbert Sauermilch abstaining from the vote.

18. Public Hearing – Roberto Leal

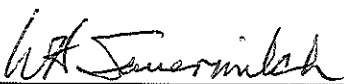
- A. Public Hearing on the Operating Permit Application from Roberto Leal. The proposed permit applications are to be used for agriculture/livestock purposes. The Operating Permit

Application is requesting 60 AF (acre feet) of water per year. This property is located on Pokluda Road near Nordheim, Texas and involves 120 acres: No public comment or objection stated.

- B. Discussion and possible action on Operating Permit Application from Roberto Leal: A motion to approve the Operating Permit in the amount of 60 (acre feet) of water per year was made by Gil Riedesel, seconded by Tim Pennell, and carried unanimously.

19. Minutes from 12-20-11 Meeting (provided prior to meeting): A motion to approve the minutes from the 12-20-11 meeting as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
20. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Gil Riedesel, and carried unanimously.
21. Quarterly Investment Report: Reports were not included in all Board packets for review. A motion to table action until next month's meeting was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.
22. Discussion and consideration of appointments to Audit and Finance Committee: A motion to appoint Wilbert Sauermilch and Darnell Knippa to the Audit and Finance Committee was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.
23. Discussion and consideration of changes to insurance policies/bonds: Since the current Crime Policy Bond is up for renewal, GM asked Board to review the \$10,000 coverage amount for possible increase. Staff was asked to obtain quotes for coverage amounts of \$10,000, \$25,000, and \$50,000.
24. Discussion and consideration of Registration for TNRIS sponsored training for General Manager: GM asked the Board's approval to attend a training seminar on the ARC GIS program in Austin. A motion to approve GM's attendance at the TNRIS sponsored training was made by Gil Riedesel. Motion was seconded by Tim Pennell and carried unanimously.
25. Annual Election of Officers: A motion to keep the same slate of officers for 2012 was made by Tim Pennell, seconded by Gil Riedesel, and carried unanimously.
26. General Manager Report:
 - Intra should have a draft of the final report on the groundwater study ready in approximately a week.
 - All Monitor wells will be measured during January. Efforts are underway to add additional wells to the program, specifically targeting areas of the county not sufficiently being covered.
 - Staff is researching additional sources for website hosting and redesign.
 - Second notification letter of Rules violation will be sent to Energy Equity, per Enforcement Policy procedures. GM will keep Attorney Allison informed of any response.

27. Closed Meeting (If necessary) – Close the meeting to conduct private consultation with PVGCD attorney regarding matters protected by the attorney-client privilege pursuant to V.T.C.A. Government Code 551. 07. or to discuss matters regarding personnel pursuant to V.T.C.A. Government Code 551.074: No Executive Session called.
28. Return to Open Meeting (If Necessary) – Return to open meeting and take any action deemed necessary based upon discussions in closed meeting pursuant to V.T.C.A. Government Code 551.102: No Executive Session called.
29. Next Scheduled Board Meeting Date: Next meeting is scheduled for February 14, 2012, at 2:00 P.M.
30. Adjournment: Meeting was adjourned at 3:15p.m. by the Chairman with a motion from Gil Riedesel, seconded by Clem Waskow, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant