

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

PUBLIC HEARING AND BOARD MEETING

MINUTES

APRIL 17, 2012 – 2:00 P.M.

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

Board Members Absent: Darnell Knippa, Chairman (Pct. 2), and Gil Riedesel, Director (Pct. 4).

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

Guests: Will Bledsoe (Pioneer); and Brittany Harryman (BHP Billiton).

1. Call to Order: The meeting was called to order by the Vice-Chairman at 2:01 P.M.
2. Welcome Guests: Vice-Chairman welcomed guests and thanked them for their interest.
3. Public Comment: No public comment.
4. Public Hearing – Burlington Resources – Joel & Tiffany Smith
 - A. Public Hearing on the Operating Permit Application from Burlington Resources on Joel & Tiffany Smith's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF (acre feet) of water per year. This property is located on FM 119 near Yorktown, Texas and involves 163.4 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Burlington Resources on Joel & Tiffany Smith's property: A motion to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Donald Turner
 - A. Public Hearing on the Operating Permit Application from Petrohawk Energy on Donald Turner's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 25 AF (acre feet) of water per year. This property is located on Leaky Road near Westhoff, Texas and involves 80 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from Petrohawk Energy on Donald Turner's property: A motion to approve the Operating Permit Application in the amount of 25 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
6. Public Hearing – Petrohawk Energy – James Nelson
 - A. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on James Nelson's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 25 AF (acre

feet) of water for a total of 30 AF of water per year. This property is located on FM 2656 near Yorktown, Texas and involves 91.5 acres: No public comment or objection stated. A discrepancy was noticed in the amount stated in the posted Legal Notice and Agenda. These documents stated a request for 15 AF of water for a total of 40 AF of water per year.

- B. Discussion and consideration of Operating Permit Amendment Application from Petrohawk Energy on James Nelson's property: Applicant requested that the Operating Permit Amendment Application be changed to request from 25 AF of water to 15 AF of water, to match the posted Legal Notice and Agenda. A motion to approve the change in amount requested was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously. A motion to approve the Operation Permit Amendment Application in the amount of 15 AF (acre feet) of water for a total of 30 AF of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

7. Public Hearing – Marathon Oil EF, LLC – Friar Thomas Ranch

- A. Public Hearing on the Operating Permit Application from Marathon Oil EF, LLC on Friar Thomas Ranch's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 100 AF (acre feet) of water per year. This property is located on Hwy 183 N near Hochheim, Texas and involves 809 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Marathon Oil EF, LLC on Friar Thomas Ranch's property: A motion to approve the Operating Permit Application in the amount of 100 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

8. Public Hearing – Pioneer Natural Resources – Marilyn Hamilton

- A. Public Hearing on the Drilling and Operating Permit Applications from Pioneer Natural Resources on Marilyn Hamilton'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 Mueller Road near Westhoff, Texas and involves 308 acres: No public comment or objection stated.
- B. Discussion and consideration of Drilling and Operating Permit Applications from Pioneer Natural Resources on Marilyn Hamilton's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

9. Public Hearing – Pioneer Natural Resources – Stanley Garvel

- A. Public Hearing on the Drilling and Operating Permit Applications from Pioneer Natural Resources on Stanley Garvel's Property. The Operating Permit Application is requesting 44.23 AF (acre feet) of water per year. This property is located on FM 2980 near Yorktown, Texas and involves 88.46 acres: No public comment or objection stated.
- B. Discussion and consideration of Drilling and Operating Permit Applications form Pioneer Natural Resources on Stanley Garvel's property: Attorney Allison asked Pioneer representative if the total available water to be permitted was necessary, since this will prevent additional water being permitted by the landowner. Pioneer's response was that this will be a triple well pad and that a total of approximately 60 AF of water will ultimately be needed for fracking purposes, requiring the transporting of water from another source. By permitting all available water on this property, the transportation of water from another source would be

minimal. Landowner Garvel was notified by letter of Pioneer's request and no negative response was received. Pioneer then requested that the Operating Permit Application be changed to reduce the amount requested from 44.23 to 42 AF (acre feet) of water per year. A motion to approve applicant's request to reduce the amount requested from 44.23 AF to 42 AF was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously. A suggestion was made that future notification letters to landowners be sent by Certified/Return Receipt Requested, rather than regular first class mail. A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 42 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

10. Public Hearing – Redistricting

A. Public Hearing on redistricting of existing director precincts: Public Hearing opened at 2:30 P.M. No public comment or objection stated. Public Hearing closed at 2:32 P.M.

B. Discussion and consideration of redistricting of existing director precincts: Attorney Allison explained the process of periodic changes made in precinct boundaries for County Commissioner Precincts to accurately reflect population changes and PVGCD's desire to adopt those same precinct borders for Board Members. Precinct border changes for DeWitt County have been approved by DOJ and recommended therefore, that PVGCD approve the Order Adopting Redistricting Plan for Board Members as presented in Board packets. A motion to approve the Order Adopting Redistricting Plan for Board Members, as presented in Board packets, was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

11. Minutes from 03-20-12 Meeting (provided prior to meeting): A motion to approve the minutes from the 03-20-12 meeting as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

12. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

13. Discussion regarding Annual Report: A copy of the GM's Annual Report was distributed to each Board member. A motion to approve and accept the Annual Report was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

14. General Manager Report:

- GM spoke at the TWUA Hot Wells Association meeting in Floresville regarding the "Impact of the Eagle Ford Shale and our water".
- GM will be speaking at GBRA's next meeting and in Nordheim for the TWUA in May.
- Responses to the preliminary State Audit report were submitted. A copy was included in Board packets. A correction was necessary to reflect that all statutory requirements were met by the District.
- GM is still working on the Water Wise program with local school districts.

15. 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.

16. 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.
17. Next Scheduled Board Meeting Date: Next meeting is scheduled for May 15, 2012, at 2:00 P.M.
18. Adjournment: Meeting was adjourned at 1:55 p.m. by the Chairman with a motion from Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant