

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

PUBLIC HEARING AND BOARD MEETING
MINUTES

MAY 15, 2012 – 2:00 P.M.

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

Board Members Absent: Gil Riedesel, Director (Pct. 4).

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

Guests: Will Bledsoe (Pioneer); Bill Pace (ConocoPhillips); Charles Minze (BHP Billiton); Mike Chandler, and James Mann.

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 – BHP Billiton – Harvey Mueller
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Harvey Mueller'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 Rogge Siefert Road near Nordheim, Texas and involves 398.99 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Harvey Mueller's property: A motion 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.
5. Public Hearing – BHP Billiton – Johnnie Bednorz
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Johnnie Bednorz'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 Czaja Road near Yorktown, Texas and involves 142.66 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Johnnie Bednorz's property: A motion to approve the Operating Permit Application in the amount of 20AF (acre feet) of water per year was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

6. Public Hearing – BHP Billiton – Johnnie Bednorz
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Johnnie Bednorz's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 20 AF (acre feet) of water for a total of 40 AF of water per year from two water wells. This property is located on Czaja Road near Yorktown, Texas and involves 142.66 acres: No public comment or objection stated. A discrepancy was noticed in the amount stated in the posted Legal Notice and Agenda.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Johnnie Bednorz's property: A motion to approve the Operation Permit Application in the amount of 20 AF (acre feet) of water for a total of 40 AF of water per year from two water wells was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
7. Public Hearing – BHP Billiton – Louis Willeke
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Louis Willeke's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 22 AF (acre feet) of water per year for a total of 55 AF of water per year from two water wells. This property is located Salt Creek Cemetery Road near Yorktown, Texas and involves 167.536 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Louis Willeke's property: A motion to approve the Operating Permit Application in the amount of 22 AF (acre feet) of water for a total of 55 AF of water per year from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
8. Public Hearing – BHP Billiton – Louis Willeke
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Louis Willeke's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 23 AF (acre feet) of water per year for a total of 55 AF of water per year from two water wells. This property is located Salt Creek Cemetery Road near Yorktown, Texas and involves 167.536 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Louis Willeke's property: A motion to approve the Operating Permit Application in the amount of 23 AF (acre feet) of water per year for a total of 55 AF of water per year from two water wells was made by Clem Waskow, seconded by Tim Pennell, and carried unanimously.
9. Public Hearing – BHP Billiton – Evelyn Pieprzyca
 - A. Public Hearing on the Operating Permit Application from BHP Billiton on Evelyn Pieprzyca'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 Cottonpatch Road near Yorktown, Texas and involves 92.43 acres: No public comment or objection stated.
 - B. Discussion and consideration of Operating Permit Application from BHP Billiton on Evelyn Pieprzyca's property: A motion to approve the Operating Permit Application in the amount of

20 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

10. Public Hearing – BHP Billiton – Nelda Kahlich

- A. Public Hearing on the Operating Permit Application from BHP Billiton on Nelda Kahlich'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 from this water well for a total of 81.89 AF per year from two water wells. This property is located Arndt Road near Westhoff, Texas and involves 727 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from BHP Billiton on Nelda Kahlich's property: A motion to approve the Operating Permit Application in the amount of 15 AF (acre feet) of water per year from this water well for a total of 81.89 AF of water per year from two water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

11. Public Hearing – Marathon Oil EF, LLC – Edwin Steinmann

- A. Public Hearing on the Drilling and Operating Permit Applications from Marathon Oil EF, LLC on Edwin Steinmann's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 120 AF (acre feet) of water per year. This property is located on FM 2542 near Westhoff, Texas and involves 796.32 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Marathon Oil EF, LLC on Edwin Steinmann's property: A motion to approve the Drilling Permit Application and to approve the Operating Permit Application in the amount of 120 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

12. Public Hearing – Pioneer Natural Resources – Mueller Family

- A. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Mueller Family's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 20 AF (acre feet) of water per year for a total of 40 AF (acre feet) of water from this water well with a total of 80 AF (acre feet) of water per year from two water wells. This property is located on Metting School Road near Yorktown, Texas and involves 651.25 acres: No public comment or objection stated.
- B. Discussion and consideration of the Operating Permit Amendment Application from Pioneer Natural Resources on Mueller Family's property: A motion to approve the Operating Permit Amendment Application in the amount of 20 AF (acre feet) of water per year for a total of 40 AF (acre feet) of water from this water well and a total of 80 AF (acre feet) of water per year from two water wells was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

13. Public Hearing – Pioneer Natural Resources – Larry Gohmert

- A. Public Hearing on the Drilling and Operating Permit Applications from Pioneer Natural Resources on Larry Gohmert'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 for a total of 80 AF (acre feet) of water per year from two water

wells. This property is located on FM 952 near Yorktown, Texas and involves 276.57 acres: No public comment or objection stated.

- B. Discussion and consideration of Drilling and Operating Permit Applications from Pioneer Natural Resources on Larry Gohmert's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 40 AF (acre feet) of water per year for a total of 80 AF (acre feet) of water per year from two water wells was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

14. Public Hearing – Pioneer Natural Resources – Hope Schorlemer

- A. Public Hearing on the Operating Permit Amendment Application 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 Amendment Application is requesting 40 AF (acre feet) of water per year for a total of 80 AF (acre feet) of water per year. This property is located on Garfield Road near Yorktown, Texas and involves 200 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Amendment Application from Pioneer Natural Resources on Hope Schorlemer's property: A motion to approve the Operating Permit Amendment Application in the amount of 40 AF (acre feet) of water per year for a total of 80 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

15. Public Hearing – Burlington Resources – W.E. Butler

- A. Public Hearing on the Operating Permit Application from Burlington Resources on W.E. Butler'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 for a total of 89 AF (acre feet) of water per year from two water wells. This property is located on County Road 323 near Nordheim, Texas and involves 1,306 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Burlington Resources on W.E. Butler's property: A motion to approve the Operating Permit Application in the amount of 15 AF (acre feet) of water per year for a total of 89 AF (acre feet) of water per year from two water wells was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

16. Public Hearing – Burlington Resources – James & Carolyn Jendry

- A. Public Hearing on the Operating Permit Application from Burlington Resources on James & Carolyn Jendry'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 Westhoff, Texas and involves 229 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Burlington Resources on James & Carolyn Jendry's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year was made Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

17. Public Hearing – Burlington Resources – Warren & Jeannie Seidel

- A. Public Hearing on the Operating Permit Application from Burlington Resources on Warren & Jeannie Seidel'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 Seidel Road near Westhoff, Texas and involves 237 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Burlington Resources on Warren & Jeannie Seidel'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 Clem Waskow, and carried unanimously.

18. Public Hearing – Ann Mary Vaughn Williams

- A. Public Hearing on the Operating Permit Application from Ann Mary Vaughn Williams. The proposed permit application is to be used for commercial use for an RV Park. The Operating Permit Application is requesting 1.50 AF (acre feet) of water per year. This property is located at 72 Thomaston River Road near Thomaston, Texas and involves 3 acres: No public comment or objection stated.
- B. Discussion and consideration of Operating Permit Application from Ann Mary Vaughn Williams: A motion to approve the Operating Permit in the amount of 1.50 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

19. Public Hearing – Kinder Morgan Crude & Condensate, LLC

- A. Public Hearing on the Drilling and Operating Permit Applications from Kinder Morgan Crude & Condensate, LLC. The proposed permit application is to be used for commercial use. The Operating Permit Application is requesting 1.0 AF (acre feet) of water per year. This property is located at 343 Bell Road near Cuero, Texas and involves 99.59 acres: No public comment or objection stated.
- B. Discussion and consideration of Drilling and Operating Permit Applications from Kinder Morgan Crude & Condensate, LLC: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 1.0 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

20. Public Hearing – Mobile-Crete of South Texas, LLC

- A. Public Hearing on the Drilling and Operating Permit Applications from Mobile-Crete of South Texas, LLC. The proposed permit application is for manufacturing use. The Operating Permit Application is requesting 14.5 AF (acre feet) of water per year. This property is located on Five Mile Road near Cuero, Texas and involves 29 acres: No public comment or objection stated.
- A. Discussion and consideration of Drilling and Operating Permit Applications from Mobile-Crete of South Texas, LLC: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 14.5 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

- 21. Minutes from 04-17-2012 Meeting (provided prior to meeting): A motion to approve the minutes from the 04-17-12 meeting as presented was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

22. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.
23. Discussion and consideration of funding pilot program for Water Wise education packet for Meyersville and Nordheim ISDs: GM reported that there would be approximately 30 students participating in the two schools combined. She estimated a cost of approximately \$1,000.00 for materials. Westhoff ISD has not responded to any phone or email messages requesting an appointment to discuss providing the program to their students. A motion to approve the necessary funds for Meyersville and Nordheim ISDs was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously. Tim Pennell will contact Westhoff ISD superintendent to discuss their participation in the program.
24. Discussion and consideration of Policy Statement regarding Day & McDaniel v. EAA decision: Attorney Allison summarized the Texas Supreme Court ruling on this case and provided a Public Statement of the District's position on this ruling. A Resolution approving and accepting the Public Statement as prepared was adopted with a motion by Tim Pennell, seconded by Clem Waskow, which carried unanimously.
25. Discussion and consideration of enforcement actions regarding Robert Moore: With a motion by Tim Pennell and a second by Wilbert Sauermilch, Board directed GM to follow the District's Enforcement Policy, notifying Mr. Moore of his violation of District Rules by certified letter. Motion carried unanimously.
26. Discussion and consideration of enforcement actions regarding Bill Oliver: No action necessary. Mr. Oliver has voluntarily complied with District Policy.
27. Discussion and consideration of enforcement actions regarding Anthony J. Maresh dba Maresh Drilling Co.: With a motion by Tim Pennell and a second by Wilbert Sauermilch, Board directed GM to notify Mr. Maresh of his violation by certified letter and to carry out all necessary action(s) to report violation(s) to the appropriate outside authorities. Motion carried unanimously.
28. General Manager Report:
 - GM reminded Board of dates for the Texas Groundwater Summit in Austin. Summit will be held August 28 – 30, 2012. Board was asked to let the office know as soon as possible if they planned to attend so reservations can be made.
 - Efforts are being made to contact landowners of TWDB historic monitor wells to increase the District's monitor well program. Letters were sent to the first 100 landowners with some positive responses being received.
 - GM is working on a 3-part series of articles for the newspapers. Copies of the draft of the first article were handed out for the Board's review and feedback prior to publication.
29. 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: Executive session was called at approximately 3:00 P.M. for discussion on Agenda Items 25-27, as well as other personnel matters.

30. 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: Open meeting resumed at 3:25 P.M. for action on Agenda Items 25-27.
31. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for June 19, 2012, at 2:00 P.M. A special board meeting is scheduled for May 22, 2012, at 2:00 for the presentation of Final Report on the Groundwater Study by Steve Young, Intera, Inc.
32. Adjournment: Meeting was adjourned at 3:35 P.M. by the Chairman with a motion from Wilbert Sauermilch, seconded by Tim Pennell, which carried unanimously.



Sec/Wilbert Sauermilch
Recorded: Marcia Mann, Admin. Assistant