

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
PUBLIC HEARING AND BOARD MEETING
MINUTES

OCTOBER 24, 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: Steve Young, Intera, Inc.

1. Call to Order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Chairman welcomed Steve Young.
3. Public Comment: None at this time.
4. Public Hearing – Petrohawk Energy – Blake Muir
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Blake Muir's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF of water per year for a total of 209.89 AF per year from 7 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,867 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Petrohawk Energy on Blake Muir's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year for a total of 209.89 AF (acre feet) of water per year from 7 water wells was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Blake Muir
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Blake Muir's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 20 AF of water per year for a total of 229.89 AF per year from 8 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,867 acres: No public comment or objection stated.

- b. Discussion and consideration of operating permit application from Petrohawk Energy on Blake Muir's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year for a total of 229.89 AF (acre feet) of water per year from 8 water wells was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

6. Public Hearing – Petrohawk Energy – Roger Krause

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Roger Krause'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 of water per year for a total of 33 AF per year from this water well for a total of 72 AF per year from 2 water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 427 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Roger Krause's property: Attorney Allison stated that he had reviewed this application and determined that it met all Rules and Regulations of the District. A motion to approve the Operating Amendment Application in the amount of 20 AF (acre feet) of water per year for a total of 33 AF (acre feet) of water from this water well, totaling 72 AF (acre feet) of water per year from 2 water wells was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

7. Public Hearing – ETC Pipeline, LLC

- a. Public Hearing on the Drilling and Operating Permit Application from ETC Texas Pipeline, LLC. The proposed permit application is to be for commercial office space. The Operating Permit Application is requesting 7.5 AF of water per year. This property is located on Hwy 87 N near Cuero, Texas and involves 15 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit application from ETC Pipeline LLC: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 7.5 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

8. Public Hearing – Spacing Variance – Ted Winslow

- a. Public Hearing on the Spacing Variance from Ted Winslow. The proposed variance is for two water wells to be placed closer than the required 50' spacing. This property is located on FM 2542 near Cuero, Texas: No public comment or objection stated.
- b. Discussion and consideration of spacing variance from Ted Winslow: A motion to approve the Spacing Variance request contingent upon Mr.

Winslow's agreement to make both wells available for monitoring as the District's discretion and that the two wells in question must produce from different zones, at least 100 vertical feet apart, was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

9. Public Hearing – Spacing Variance – Paul Hassfield

a. Public Hearing on the Spacing Variance from Paul Hassfield. The proposed variance is for a water well to be placed closer than the required 50' spacing from the property line. This property is located on Bur Oak Circle in the Pebble Ridge Subdivision in Cuero, Texas: No public comment or objection stated.

b. Discussion and consideration of spacing variance from Paul Hassfield: A motion to approve the Spacing Variance request, with the well to be placed no less than 30' from the adjoining property line, was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

10. Minutes from 09-18-12 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

11. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

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

13. Discussion and consideration regarding end of year uncommitted funds to committed funds: A motion to move \$100,000 from end of year uncommitted funds to "Legal Expenses" was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

14. Discussion and consideration of approving 2012 Tax Roll: A motion to approve the 2012 Tax Roll, as presented by the DeWitt County Tax Assessor/Collector was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

15. Discussion with Steve Young from Intera regarding Groundwater Study and possible Rules revision: After discussion, Board requested that GM request rules from districts covering brackish water and forward to Attorney Allison and Steve Young, Intera, for further review for possible inclusion during the Rules Revision process.

16. Discussion and possible action on rules revisions and setting a hearing date: GM was asked to seek input from local water well drillers on rules revisions being considered. No hearing date was set at this point.

17. Discussion and possible action on revising election schedule: Board discussed the merits of changing the Election Schedule from odd numbered years to even number years to coincide with the general election schedule. A motion was made by Tim Pennell requesting Attorney Allison to draft a Resolution changing the Election Schedule to even number years and to delete the current stipulation that all Directors must run for re-election every 10 years to avoid a lack of continuity in the event no current Board member is re-elected. Motion was seconded by Wilbert Sauermilch, and carried unanimously.
18. Discussion and possible action on purchase of vehicle: GM was authorized to purchase a 2013 Ford F150 short-bed pickup, per quotation in the amount of \$15,965 from Caldwell Country Ford in Caldwell.
19. 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.
20. 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.
21. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for November 20, 2012, at 2:00 P.M.
22. Adjourn: Meeting was adjourned at 4:00 with a motion by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

W. Sauermilch
11-20-2012