

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

JANUARY 15, 2013 – 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), and Jim Allison, Board Attorney.

Also in attendance: Charlotte Krause, GM, Marcia Mann, Administrative Assistant.

Guests: Charles Minze and Trey Warren (Petrohawk/BHP); Carolyn E. Petru, Ralph W. Manning, Alice Manning, and Robert Egg.

1. Call to Order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Guests were welcomed and thanked for their interest.
3. Public Comment: None at this time.
4. Public Hearing – NFR – Kenneth Gerdes
  - a. Public Hearing on the Operating Permit Application from NFR Energy on Kenneth Gerdes'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. This property is located on Gerdes Rd. near Yoakum, Texas and involves 261 acres: No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from NFR Energy on Kenneth Gerdes'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.
5. Public Hearing – Matador Production Company – Hilmar Cowey
  - a. Public Hearing on the Operating Permit Application from Matador Production on Hilmar Cowey's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 75 AF of water per year. This property is located on Simecek Rd. near Yorktown, Texas and involves 229 acres: No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from Matador Production on Hilmar Cowey's property: A motion to approve the Operating Permit Application in the amount of 75 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.
6. Public Hearing – Geosouthern Energy – Victor Kahlich

- a. Public Hearing on the Operating Permit Application from Geosouthern Energy on Victor Kahlich's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 40 AF of water per year. This property is located on Cheapside Rd. near Westhoff, Texas and involves 106 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Geosouthern Energy on Victor Kahlich'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 Tim Pennell, seconded by Clem Waskow, and carried unanimously.

7. Public Hearing – Petrohawk Energy – Aileen Manning

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Aileen Manning'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. This property is located on Oliver Road near Westhoff, Texas and involves 50 acres: Questions were asked by the landowner's family regarding the amount of water being used and expressing concern for water availability for livestock use during the current drought period. Answers provided by GM were satisfactory to the family and no further comment or objection was expressed.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Aileen Manning's property: A motion to approve the Operating Application in the amount of 20 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

8. Public Hearing – Petrohawk Energy – Lillian Witte Yancy

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Lillian Witte Yancy'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. This property is located on Chilek Rd. near Yoakum, Texas and involves 259 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Lillian Witte Yancy's property: A motion to approve the Operating Application in the amount of 20 AF (acre feet) of water per year was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

9. Public Hearing – Petrohawk Energy – Donald Elder

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Donald Elder's (1) 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 40 AF of water per year from two water wells. This property is located on Elder Rd. near Cuero, Texas and involves 656.85 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Donald Elder's (1) property: A motion to approve the Operating Application in the

amount of 20 AF (acre feet) of water per year 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.

10. Public Hearing – Petrohawk Energy – Donald Elder

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Donald Elder's (2) 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 for a total of 40 AF (acre feet) of water per year from two water wells. This property is located on Elder Rd. near Cuero, Texas and involves 656.85 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Donald Elder's (2) 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 40 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

11. Public Hearing – Petrohawk Energy – Jeanne Guerriero

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Jeanne Guerriero's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year. This property is located on Dubose Ranch Rd. near Westhoff, Texas and involves 150 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Jeanne Guerriero'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.

12. Public Hearing – Marathon Oil – Edwin Steinmann

- a. Public Hearing on the Operating Permit Amendment Application from Marathon Oil on Edwin Steinmann's Property. The proposed permit amendment application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting 60 AF of water per year for a total of 180 AF (acre feet) of water per year. This property is located on FM 2542 near Westhoff, Texas and involves 796 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Marathon Oil on Edwin Steinmann's property: A motion to approve the Operating Permit Amendment Application in the amount of 60 AF (acre feet) of water per year for a total of 180 AF (acre feet) of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

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

14. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.
15. 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.
16. Discussion and consideration of email from Mr. Weldon regarding 35 gpm pump in water well: GM reported a request by a landowner for an exception to the production limit for an Exempt well. Request was not approved.
17. 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.
18. 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.
19. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for February 19, 2013, at 2:00 P.M.
20. Adjourn: Meeting was adjourned at 2:30 with a motion by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.



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Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant