

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

FEBRUARY 19, 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).

Also in attendance: Charlotte Krause, GM, Marcia Mann, Administrative Assistant, and Jim Allison, Board Attorney.

Guests: Brittney Harryman (Petrohawk/BHP); Pete Spicer (Conoco Phillips), Ross Horak (Basic Energy); David Spooner (CCRC); and Dawn Otto.

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 – Basic Energy Services, LP
  - a. Public Hearing on the Drilling and Operating Permit Applications from Basic Energy Services, LP. The proposed permit application is to be used for industrial purposes. The Operating Permit Application is requesting 8.9 AF (acre feet) of water per year. This property is located on Hwy 111 West near Yoakum, Texas and involves 17.94 acres: No public comment or objection stated.
  - b. Discussion and consideration of drilling and operating permit applications from Basic Energy Services, LP: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 8.9 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.
5. Public Hearing – Petrohawk Energy – Ginger Baker
  - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Ginger Baker's Property (1). 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 with two other water wells permitted for a total of 80 AF (acre feet) of water per year. This property is located on Lincke Road near Westhoff, Texas and involves 170.5 acres: No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from Petrohawk Energy on Ginger Baker's property: A motion to approve the Operating Permit Application in the amount of 30 AF (acre feet) of water per year with two other water wells permitted

for a total of 80 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

6. Public Hearing – Petrohawk Energy – Ginger Baker

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Ginger Baker's Property (2). 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 with two other water wells permitted for a total of 80 AF (acre feet) of water per year. This property is located on Lincke Road near Westhoff, Texas and involves 170.5 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Ginger Baker's property: A motion to approve the Operating Permit Application in the amount of 20 AF (acre feet) of water per year with two other water wells permitted for a total of 80 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Tim Pennell, and carried unanimously.

7. Public Hearing – Petrohawk Energy – Sandra Hahn

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Sandra Hahn'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 with one other water well permitted for a total of 40 AF (acre feet) of water per year. This property is located on Dubose Ranch Road near Westhoff, Texas and involves 316.5 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Sandra Hahn's property: A motion to approve the Operating Application in the amount of 20 AF (acre feet) of water per year with one other water well permitted for a total of 40 AF (acre feet) of water per year, was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

8. Public Hearing – Petrohawk Energy – Frances Ckudre

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Frances Ckudre's Property (1). 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, with one other water well permitted for a total of 40 AF (acre feet) of water per year. This property is located on Ckudre Rd. near Yorktown, Texas and involves 100.6 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Frances Ckudre's property: A motion to approve the Operating Application in the amount of 20 AF (acre feet) of water per year, with one other water well permitted for a total of 40 AF (acre feet) of water per year, was made by Tim Pennell, seconded by Wilbert Sauermilch, and carried unanimously.

9. Public Hearing – Petrohawk Energy – Frances Ckudre

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Frances Ckudre's Property (2). 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, with one other water well permitted for a total of 40 AF (acre feet) of water per year. This property is located on Ckodre Rd. near Yorktown, Texas and involves 100.6 acres: No public comment or objection stated.

- b. Discussion and consideration of operating permit application from Petrohawk Energy on Frances Ckodre's property: A motion to approve the Operating Application in the amount of 20 AF (acre feet) of water per year, with one other water well permitted for a total of 40 AF (acre feet) of water per year, was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

#### 10. Public Hearing – Kenneth Benbow

- a. Public Hearing on the Operating Permit Application from Kenneth Benbow. The proposed permit application is to be used for commercial purposes. The Operating Permit Application is requesting 445 AF (acre feet) of water per year. This property is located on FM 1447 near Cuero, Texas and involves 890 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Kenneth Benbow: A motion to approve the Operating Permit Application in the amount of 445 AF (acre feet) of water per year was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

#### 11. Public Hearing – Charlie Weldon

- a. Public Hearing on the Operating Permit Application from Charlie Weldon: The proposed permit application is to be used for irrigation purposes. The Operating Permit Application is requesting 31 AF (acre feet) of water per year. This property is located on Smith Ranch Road near Cuero, Texas and involves 710 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Charlie Weldon: A motion to approve the Operating Permit Application in the amount of 31AF (acre feet) of water per year was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

#### 12. Public Hearing – Kinder Morgan Crude & Condensate

- a. Public Hearing on the Drilling and Operating Permit Applications from Kinder Morgan Crude & Condensate. The proposed permit application is to be used for industrial purposes. The Operating Permit Application is requesting 49.5 AF of water per year for a total of 50.5 AF (acre feet) of water per year from two permitted wells. This property is located on Bell Road near Cuero, Texas and involves 147.23 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from Kinder Morgan Crude & Condensate: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 49.5 AF (acre feet) of water per year for a total of 50.5 AF (acre feet) of water per year from two permitted wells, was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.

13. Public Hearing – Kotal Investments

- a. Public Hearing on the Drilling and Operating Permit Applications from Kotal Investments. The proposed permit application is to be used for irrigation purposes. The Operating Permit Application is requesting 100 AF (acre feet) of water per year. This property is located at 4458 Hwy 87 S. near Cuero, Texas and involves 325 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from Kotal Investments: A motion to approve the Drilling Permit and 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 Clem Waskow, and carried unanimously.

14. Public Hearing – H&S Constructors

- a. Public Hearing on the Drilling and Operating Permit Applications from H&S Constructors. The proposed permit application is to be used for commercial purposes. The Operating Permit Application is requesting 2.5 AF of water per year. This property is located at 1467 West 6<sup>th</sup> Street in Yorktown, Texas and involves 5 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from H&S Constructors: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 2.5 AF (acre feet) of water per year was made by Clem Waskow, seconded by Tim Pennell, and carried unanimously.

15. Minutes from 01-22-13 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Tim Pennell, seconded by Clem Waskow, and carried unanimously.
  16. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
  17. Discussion & consideration of annual audit from Goldman, Hunt, & Notz: Audit report was distributed to the Board for review. Board requested that GM schedule Donald Goldman to attend a Board meeting for his summary of the annual audit and answer any questions. No action taken on this agenda item.
  18. Discussion and consideration of potential water quality testing program: No action taken on this item pending a report from Intera with more information expected in April. Attorney Allison suggested that GM contact the cities for the results of water quality testing to meet Management Plan requirements until a District plan can be developed and implemented.
  19. Discussion and consideration of board member resignation: Board member Gil Riedesel has submitted his resignation from the Board. A motion to accept his resignation was made by Tim Pennell, seconded by Clem Waskow, which carried unanimously. Board members will begin looking for a replacement immediately.
  20. Discussion and consideration of purchasing tablets for board meetings: Board members were shown a Galaxy Tab II, tablet computer which would be used for Board meeting
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documents, replacing current paper documents. A motion to approve the purchase of 5 tablets, one for each Board member's use, was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

21. GM Report:

- a. Monitor Wells – GM is currently taking static level readings on all monitor wells. Levels are measured twice annually, in February and August.
- b. GMA 15 Meeting - GM reported on the quarterly GMA 15 meeting held February 14, 2013, in Victoria. Board members were briefed on plans to conduct a joint study to help with setting updated DFC standards across the GMA. Each member district will help in funding the study.
- c. Attorney Allison distributed copies of documents prepared to amend District Enabling Act changing election schedule from odd to even numbered years, coinciding with federal, state, and county general election schedules. Documents will be submitted to legislators for action in the current legislative session.

22. 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.

23. 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.

24. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for March 19, 2013, at 2:00 P.M.

25. Adjourn: Meeting was adjourned at 3:15 with a motion by Tim Pennell, seconded by Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant