

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

MARCH 19, 2013 – 2:00 P.M.

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

Board Members Absent: Gil Riedesel, Director (Pct. 4), Tim Pennell, Director (Pct.1), and Jim Allison, Board Attorney.

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

Guests: Brittney Harryman (Petrohawk/BHP); Will Bledsoe, Gilbert Nino, Josh Atkins, and Joe Gray (Pioneer); Robert Egg; and Donald Goldman (Goldman Hunt & Notz CPA).

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. Discussion and consideration of annual audit from Goldman, Hunt & Notz: Donald Goldman summarized the annual outside financial audit. A motion to approve and accept the audit findings as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

PUBLIC HEARINGS OPENED AT 2:10 P.M.

5. Public Hearing – Ramona Sample
 - a. Public Hearing on the Operating Permit Application from Ramona Sample. The proposed permit application is to be used for irrigation purposes. The Operating Permit Application is requesting 33 AF of water per year. This property is located on Kozelski Rd. near Cuero, Texas and involves 66.7 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application Ramona Sample: A motion to approve the Operating Permit Application in the amount of 33 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.
6. Public Hearing – Rooms On The Go
 - a. Public Hearing on the Drilling and Operating Permit Applications from Rooms On The Go. The proposed permit application is to be used for commercial purposes for an RV park. The Operating Permit Application is requesting 7 AF (acre feet) of water per year. This property is located at 1500 W. Hwy 7s near Yorktown, Texas and involves 14 acres: No public comment or objection stated.

- b. Discussion and consideration of drilling and operating permit applications from Rooms On The Go: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 7 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

7. Public Hearing – Edward Gips

- a. Public Hearing on the Drilling and Operating Permit Applications from Edward Gips. The proposed permit application is to be used for commercial purposes. The Operating Permit Application is requesting 16.5 AF (acre feet) of water per year. This property is located at 639 FM 2980 near Yorktown, Texas and involves 33 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from Edward Gips: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 16.5 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

8. Public Hearing – EFS Midstream, LLC

- a. Public Hearing on the Drilling and Operating Permit Applications from EFS Midstream, LLC. The proposed permit application is to be used irrigation and industrial purposes. The Operating Permit Application is requesting 4 AF (acre feet) of water per year. This property is located on Sunday Lane near Yorktown, Texas and involves 30 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from EFS Midstream, LLC: A motion to approve the Drilling Permit and to approve the Operating Application in the amount of 4 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

9. Public Hearing – GreenHunter Water, LLC

- a. Public Hearing on the Drilling and Operating Permit Applications from GreenHunter Water, LLC. The proposed permit application is to be used for the drilling a disposal well and for office space. The Operating Permit Application is requesting 2 AF (acre feet) of water per year. This property is located on FM 2816. near Westhoff, Texas and involves 13 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from GreenHunter Water, LLC: A motion to approve the Drilling Permit and to approve the Operating Application in the amount of 2 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

10. Public Hearing – Sabine South Texas, LLC – Clint Metting

- a. Public Hearing on the Drilling and Operating Permit Applications from Sabine South Texas, LLC, on Clint Metting's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 90 AF (acre feet) of water per year. This property is located on Scheffler

Lane near Nordheim, Texas and involves 240 acres: No public comment or objection stated.

- b. Discussion and consideration of drilling and operating permit applications from Sabine South Texas, LLC, on Clint Metting's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 90 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

11. Public Hearing – Sabine South Texas, LLC – Jim Frank Loos

- a. Public Hearing on the Drilling and Operating Permit Applications from Sabine South Texas, LLC, on Jim Frank Loos'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 for a total of 60 AF (acre feet) of water per year from two water wells. This property is located near Hochheim, Texas and involves 696 acres: No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit applications from Sabine South Texas, LLC, on Jim Frank Loos's property: No action taken. Application withdrawn for consideration to be resubmitted at a later date.

12. Public Hearing – Petrohawk Energy – Sandra Oehlke

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Sandra Oehlke'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 with two other water wells permitted for a total of 90 AF (acre feet) of water per year. This property is located on Kozelski Rd. near Cuero, Texas and involves 221.85 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Sandra Oehlke'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 90 AF (acre feet) of water per year was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

13. Public Hearing – Petrohawk Energy – Donald Elder

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Donald Elder'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 two other water wells permitted for a total of 60 AF (acre feet) of water per year. This property is located on Elder Rd. near Cuero, Texas and involves 656 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Donald Elder'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 60 AF (acre feet) of water per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

14. Public Hearing – Petrohawk Energy – Robert & Karla Davis

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Robert & Karla Davis'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 Cuero, Texas and involves 274 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on Robert & Karla Davis'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.

15. Public Hearing – Petrohawk Energy – Wallace Crozier

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Wallace Crozier's Property. The proposed permit amendment 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 40 AF (acre feet) of water per year. This property is located on Weischkamper Rd. near Yorktown, Texas and involves 200 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Wallace Crozier'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 per year was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

16. Public Hearing – Petrohawk Energy – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Blake Muir's Property. The proposed permit amendment 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 (acre feet) of water per year from this water well and a total of 269.89 AF (acre feet) of water per year from 7 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,876 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Blake Muir'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 33 AF (acre feet) of water per year from this water well and a total of 269.89 AF (acre feet) of water per year from 7 water wells, was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

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17. Public Hearing – Petrohawk Energy – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Blake Muir's Property. The proposed permit amendment 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 289.89 AF (acre feet) of

water per year from 7 water wells. This property is located on FM 766 near Cuero, Texas and involves 1.876 acres: No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Blake Muir'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 289.89 AF (acre feet) of water per year from 7 water wells, was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

18. Public Hearing – Petrohawk Energy – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Blake Muir's Property. The proposed permit amendment 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 50 AF (acre feet) of water per year from this water well and a total of 309.89 AF (acre feet) of water per year from 7 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,876 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Blake Muir'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 50 AF (acre feet) of water per year from this water well and a total of 309.89 AF (acre feet) of water per year from 7 water wells, was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.

19. Public Hearing – Petrohawk Energy – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from Petrohawk Energy on Blake Muir's Property. The proposed permit amendment 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 40 AF (acre feet) of water per year from this water well and a total of 329.89 AF (acre feet) of water per year from 7 water wells. This property is located on FM 766 near Cuero, Texas and involves 1,876 acres: No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Petrohawk Energy on Blake Muir'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 per year from this water well and a total of 329.89 AF (acre feet) of water per year from 7 water wells, was made by Clem Waskow, seconded by Wilbert Sauermilch, and carried unanimously.

PUBLIC HEARINGS WERE CLOSED AT 2:25 P.M.

20. 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 Clem Waskow, and carried unanimously.

21. Financial Report: A motion to approve the financial reports as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 22. Discussion and consideration of the collateralization of deposits at Cuero National Bank: Board was in favor of this proposal and authorized GM to move deposits at banks outside of DeWitt County into Cuero National Bank with a motion by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.
 23. Discussion and consideration of GMA 15 Bylaws: A motion to approve and adopt GMA 15 Bylaws as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 24. Discussion and consideration of GMA 15 Interlocal Cost Sharing Agreement: A motion to approve and adopt the GMA 15 Interlocal Cost Sharing Agreement as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 25. Discussion and consideration of General Manager serving as GMA 15 Joint Planning Committee Treasurer: A motion to approve General Manager serving as GMA 15 Joint Planning Committee Treasurer was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 26. Discussion and consideration of new checking account for GMA 15 – Joint Planning Fund: A motion to approve GM opening a checking account for GMA 15 Joint Planning Fund under the PVGCD's EIN was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 27. Discussion and consideration of new board members: Two potential candidates have expressed interest in serving as a replacement for Gil Riedesel. Board will consider these two, along with any other interested candidates, and appoint Mr. Riedesel's replacement at the April Board meeting.
 28. Discussion and consideration of annual report: GM presented her Annual Report to the Board. A motion to accept the report as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, and carried unanimously.
 29. Discussion and consideration of bi-annual monitor well report: GM reported the monitor well static level readings taken during February.
 30. Discussion and consideration of the 83rd Legislative Session Bills concerning groundwater districts: Bills currently being considered by the legislature were summarized by GM and how they could impact the District. Updates will be provided at upcoming Board meetings of the progress of these Bills.
 31. 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.
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32. 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.

33. Next Scheduled Board Meeting Date: Next regular board meeting is scheduled for April 16, 2013, at 2:00 P.M.

34. Adjourn: Meeting was adjourned at 3:30 with a motion by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant