

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
PUBLIC HEARING AND BOARD MEETING
MINUTES
DECEMBER 16, 2014 – 2:00 P.M.

Board Members Present: Darnell Knippa, Chairman (Pct. 2), Clem Waskow, Vice-Chairman (At Large), Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Tim Pennell, Director (Pct. 1) and Marvin Sager, Director (Pct. 4).

Also in attendance: Charlotte Krause, GM, Marcia Mann, Admin Assistant, and Carole Moore, Admin Assistant.

Guests: Charles Cole, Michael Addison, Ryan Schietinger, and Bob Boyack (BHP), Robert Egg, Robert Oliver and Clarence Arndt.

1. Call to order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome Guests: Guests were welcomed.
3. Public Comment: None.

PUBLIC HEARINGS OPENED AT 2:01 P.M.

4. Public Hearing – Vaquero Energy Services – FX-5 Real Estate, LP
 - a. Public Hearing on the Drilling and Operating Permit Application from Vaquero Energy Services dba Rand Foley and Rand on FX-5 Real Estate, LP's property. The proposed permit application is for commercial use. The Operating Permit Application is requesting 5 AF of water per year. This property is located at 289 Lockhart Cemetery Road near Cuero, Texas and involves 10 acres. No public comment or objection stated.
 - b. Discussion and consideration of drilling and operating permit application from Vaquero Energy Services on FX-5 Real Estate, LP's property. A motion was made to approve the Operating Permit Application FX-5 Real Estate, LP in the amount of 5 AF of water per year by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
5. Public Hearing – BHP Billiton – Nick Ochoa
 - a. Public Hearing on the Operating Permit Application from BHP Billiton on Nick Ochoa'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 60 AF from two water wells. This property is located on Dworaczyk Road near Yorktown, Texas and involves 135 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on Nick Ochoa's property. A motion was made to approve the Operating Permit Application on Nick Ochoa's property in the amount of 20 AF of water per year for a total of 60AF from two water wells by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
6. Public Hearing – BHP Billiton – Darryl Boothe
 - a. Public Hearing on the Operating Permit Application from BHP Billiton on Darryl Boothe'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 for a total of 60 AF from two water wells. This property is located on Emil Blank Road near Yoakum, Texas and involves 294 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from BHP Billiton on Darryl Boothe's property. A motion was made to approve the Operating Permit Application on Darryl Boothe's property in the amount of 40 AF of water per year for a total of 60AF from two water wells by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.
7. Public Hearing – BHP Billiton – John Clark Ranch
 - a. Public Hearing on the Operating Permit Application from BHP Billiton on John Clark Ranch'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 for a total of 110 AF from two water wells. This property is located on Cheapside Road near Westhoff, Texas and involves 298 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from BHP Billiton on John Clark Ranch's property. A motion was made to approve the Operating Permit Application on John Clark Ranch's property in the amount of 40 AF of water per year for a total of 110AF from two water wells by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.
8. Public Hearing – BHP Billiton – Billie Hanke
 - a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Billie Hanke's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 15 AF of water per year for a total of 35 AF of water per year. This property is located on US Hwy 87 N. near Westhoff, Texas and involves 107 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit amendment application from BHP Billiton on Billie Hanke's property. A motion was made to approve the Operating Permit Amendment Application for an additional 15 AF of water per

year for a total of 35 AF of water per year by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

9. Public Hearing – BHP Billiton – Clarence Arndt

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Clarence Arndt's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 83 AF of water per year. This property is located on Arndt Road near Westhoff, Texas and involves 215 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Clarence Arndt's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 83 AF of water per year by Clem Waskow, seconded by Marvin Sager, which carried unanimously.

10. Public Hearing – BHP Billiton – Ellyce Hansen & Lisa Braly

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 21 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 305 AF from 6 water wells. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 758 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. A motion was made to approve the Operating Permit Amendment Application for an additional 21 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 305 AF from 6 water wells by Clem Waskow, seconded by Marvin Sager, which carried unanimously.

11. Public Hearing – BHP Billiton – Ellyce Hansen & Lisa Braly

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 40 AF of water per year for a total of 55 AF of water per year from this water well and a combined total of 345 AF from 6 water wells. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 758 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. A motion was made to approve the Operating Permit Amendment Application for an additional 40 AF of water per year for a total of 55 AF of water per year from this water well and a combined total of 345 AF from 6 water wells by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.

12. Public Hearing – BHP Billiton – Ellyce Hansen & Lisa Braly

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 50 AF of water per year from this water well and a combined total of 365 AF from 6 water wells. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 758 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Ellyce Hansen & Lisa Braly's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 50 AF of water per year from this water well and a combined total of 365 AF from 6 water wells by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

13. Public Hearing – BHP Billiton – Hyatt Family LTD

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Hyatt Family LTD's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 39.11 AF of water per year for a total of 80 AF of water per year from this water well and a combined total of 140 AF from 2 water wells. This property is located on Arndt Road near Westhoff, Texas and involves 541 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Hyatt Family LTD's property. A motion was made to approve the Operating Permit Amendment Application for an additional 39.11 AF of water per year for a total of 80 AF of water per year from this water well and a combined total of 140 AF from 2 water wells by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

14. Public Herring – BHP Billiton – John & Nelda Kahlich

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on John & Nelda Kahlich Family Trust's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of

water per year for a total of 60 AF of water per year from this water well and a combined total of 171.89 AF from 4 water wells. This property is located on Boldt Road near Westhoff, Texas and involves 757 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from BHP Billiton on John & Nelda Kahlich's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 171.89 AF from 4 water wells by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

15. Public Hearing – BHP Billiton – John & Nelda Kahlich

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on John & Nelda Kahlich Family Trust's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 45 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 216.89 AF from 4 water wells. This property is located on Boldt Road near Westhoff, Texas and involves 757 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on John & Nelda Kahlich's property. A motion was made to approve the Operating Permit Amendment Application for an additional 45 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 216.89 AF from 4 water wells by Marvin Sager, seconded by Tim Pennell, which carried unanimously.

16. Public Hearing – BHP Billiton – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Blake Muir's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 70 AF of water per year from this water well and a combined total of 394.89 AF from 8 water wells. This property is located on FM 766 near Westhoff, Texas and involves 1,867 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Blake Muir's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 70 AF of water per year from this water well and a combined total of 394.89 AF from 8 water wells by Tim Pennell, seconded by Clem Waskow, which carried unanimously.

17. Public Hearing – BHP Billiton – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Blake Muir's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 414.89 AF from 8 water wells. This property is located on FM 766 near Westhoff, Texas and involves 1,867 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Blake Muir's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 60 AF of water per year from this water well and a combined total of 414.89 AF from 8 water wells by Marvin Sager, seconded by Tim Pennell, which carried unanimously.

18. Public Hearing – BHP Billiton – Blake Muir

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Blake Muir's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 70 AF of water per year from this water well and a combined total of 434.89 AF from 8 water wells. This property is located on FM 766 near Westhoff, Texas and involves 1,867 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Blake Muir's property. A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 70 AF of water per year from this water well and a combined total of 434.89 AF from 8 water wells by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

19. Public Hearing – BHP Billiton – Robert Oliver

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Robert Oliver's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 47.11 AF of water per year for a total of 60 AF of water per year from this water well. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 362 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Robert Oliver's property. A motion was made to approve the Operating Permit Amendment Application for an additional 47.11 AF of water

per year for a total of 60 AF of water per year from this water well by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

20. Public Hearing – BHP Billiton – John Clark Ranch

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on John Clark Ranch's property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting an additional 20 AF of water per year for a total of 90 AF of water per year from this water well and a combined total of 130 AF from two water wells. This property is located on Cheapside Road near Westhoff, Texas and involves 298 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on John Clark Ranch's property. . A motion was made to approve the Operating Permit Amendment Application for an additional 20 AF of water per year for a total of 90 AF of water per year from this water well and a combined total of 130 AF from two water wells by Tim Pennell, seconded by Marvin Sager, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 2:18 P.M.

21. Minutes from 11-18-14 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.
22. Financial Report – November (provided prior to meeting): A motion to approve the financial report as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
23. Discussion and consideration of lease agreement with Frank Burns: Board decided to look at other locations and options.
24. Discussion and consideration of 2015 Holiday Schedule: GM presented the proposed holiday schedule for calendar year 2015. District has always kept the same holiday schedule as DeWitt County. Holiday schedule was approved as presented with a motion by made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
25. Discussion and consideration of exploring options with Texas A&M AgriLife Extension Service for setting up databases and mapping programs: A motion to approve to explore the options with Texas A&M AgriLife Extension Service was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.

26. Discussion and consideration of letter regarding deadline extension from TWDB: A motion to approve the letter regarding deadline extension from TWDB was made by Wilbert Sauermilch, seconded by Tim Pennell, which carried unanimously.
27. 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 called.
28. 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 Executive3 Session called.
29. Next Scheduled Board Meeting Date January 20, 2015
30. Adjournment: The meeting adjourned at 3:20 P.M. with a motion by Tim Pennell, seconded by Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Carole Moore, Admin. Assistant