

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT  
107 N. GONZALES CUERO, TX 77954  
PUBLIC HEARING AND BOARD MEETING  
MINUTES  
MARCH 18, 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), Marvin Sager, Director (Pct. 4), and Tim Pennell, Director (Pct. 1).

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

Guests: Johnny Hernandez (BHP); Mary Martin; Robert Egg; Blake Stewart; Andrew Donnelly and Michelle Sutherland (Daniel B. Stephens & Associates, Inc.).

1. Call to order: The meeting was called to order by the Chairman at 2:00 P.M.
2. Welcome guests: Guests were welcomed by Chairman.
3. Public comment: No public comment.

PUBLIC HEARINGS OPENED AT 2:05 P.M.

4. Public Hearing – Stingray Wells, LLC – Wayne Blank
  - a. Public Hearing on the Drilling and Operating Permit Applications from Stingray Wells, LLC, on Wayne Blank's property: The proposed permit application is to be used for industrial use for office space for an injection well. The Operating Permit Application is requesting 2 AF of water per year. This property is located at 5121 US Hwy 183 North near Cuero, Texas and involves 125 acres. No public comment or objection stated.
  - b. Discussion and consideration of drilling and operating permit applications from Stingray Wells, LLC, on Wayne Blank's property: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 2 AF of water per year was made by Tim Pennell, seconded by Clem Waskow, which carried unanimously.
5. Public Hearing - Kyle S. Powell
  - a. Public Hearing on the Drilling and Operating Permit Kyle S. Powell: The proposed permit application is for commercial use for an RV Park/Man camp. The Operating Permit Application is requesting 3.5 AF of water per year. This property is located on State Highway 72 West near Yorktown, Texas and involves 7 acres. No public comment or objection stated.

- b. Discussion and consideration of drilling and operating permit applications from Kyle S. Powell: A motion to approve the Drilling Permit and to approve the Operating Permit Application in the amount of 3.5 AF of water per year was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.
6. Public Hearing – Petrohawk Energy – Bonnie Burton & Lanette Gips
- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Bonnie Burton & Lanette Gips'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 US Highway 87 North near Westhoff, Texas and involves 114 acres. No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from Petrohawk Energy on Bonnie Burton & Lanette Gips's property: A motion to approve the Operating Permit Application in the amount of 30 AF of water per year was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.
7. Public Hearing – Petrohawk Energy – August & Hazel Schulle
- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on August & Hazel Schulle'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 US Highway 87 North near Westhoff, Texas and involves 182.43 acres. No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from Petrohawk Energy on August & Hazel Schulle's property: A motion to approve the Operating Permit Application in the amount of 40 AF of water per year was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.
8. Public Hearing – Petrohawk Energy – Leonard Kolodziejczyk
- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Leonard Kolodziejczyk'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 FM 2656 near Yorktown, Texas and involves 105 acres. No public comment or objection stated.
  - b. Discussion and consideration of operating permit application from Petrohawk Energy on Leonard Kolodziejczyk's property: A motion to approve the Operating Permit Application in the amount of 20 AF of water per year was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

9. Public Hearing – Petrohawk Energy – John Paul Mokwa

- a. Public Hearing on the Operating Permit Application from Petrohawk Energy on John Paul Mokwa's property: The proposed permit application is to be to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 40 AF of water per year. This property is located on Lincke Road near Yorktown, Texas and involves 172 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from Petrohawk Energy on John Paul Mokwa's property: A motion to approve the Operating Permit Application in the amount of 40 AF of water per year was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

10. Public Hearing – Sabine Oil & Gas, LLC – Gary Boening

- a. Public Hearing on the Operating Permit Application from Sabine Oil & Gas, LLC on Gary Boening'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 Dagg Road near Yoakum, Texas and involves 131 acres. Mary Martin, property owner adjacent to Gary Boening, stated some concerns regarding the way water was being moved from one side of Mr. Boening's property to the other through a pipe. Because of the way the pipe has been run, it is causing water to back up on Ms. Martin's only road access to her property. Attorney Allison explained that the District has no authority over the water once it has been pumped. She was advised to contact Sabine and was given a contact name by GM.
- b. Discussion and consideration of operating permit application from Sabine Oil & Gas, LLC on Gary Boening's property: A motion to approve the Operating Permit Application in the amount of 40 AF of water per year was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

11. Public Hearing – Pioneer Natural Resources – Charles Riedesel

- a. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Charles Riedesel's property: The proposed permit amendment application is to be 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 60 AF of water per year from this water well and a combined total of 80 AF of water per year from two permitted water wells. This property is located on FM 119 near Yorktown, Texas and involves 323 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Pioneer Natural Resources on Charles Riedesel's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 40 AF of water per year from this water well and a combined total of 80

AF of water per year from 2 permitted water wells, was made by Clem Waskow, seconded by Tim Pennell, which carried unanimously.

12. Public Hearing – Pioneer Natural Resources – Charles Riedesel

- a. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Charles Riedesel's property: The proposed permit amendment application is to be 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 60 AF of water per year from this water well and a combined total of 120 AF of water per year from two permitted water wells. This property is located on FM 119 near Yorktown, Texas and involves 323 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Pioneer Natural Resources on Charles Riedesel's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 40 AF of water per year from this water well and a combined total of 120 AF of water per year from 2 permitted water wells, was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.

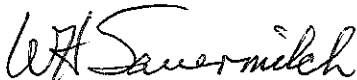
13. Public Hearing – Pioneer Natural Resources – Charles Riedesel

- a. Public Hearing on the Operating Permit Amendment Application from Pioneer Natural Resources on Charles Riedesel's property: The proposed permit amendment application is to be 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 60 AF of water per year from this water well. This property is located on FM 240 near Yorktown, Texas and involves 194 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from Pioneer Natural Resources on Charles Riedesel's property: A motion to approve the Operating Permit Amendment Application in the amount of an additional 40 AF of water per year for a total of 60 AF of water per year from this water well, was made by Wilbert Sauermilch, seconded by Tim Pennell, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 2:20 P.M.

14. Minutes from 02-18-14 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
15. Financial Reports – February (provided prior to meeting): A motion to approve the February financial reports as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.

16. Discussion and consideration of adoption of Revised Management Plan: A motion to approve and adopt the Revised Management Plan as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
17. Discussion and consideration of updates from Daniel B. Stephens & Assoc. regarding water quality testing program: Andrew Donnelly presented an overview of their preliminary data analysis and recommendations for water quality testing program development. A summary of possible testing options, along with an estimated cost structure, were included for the Board's consideration.
18. Discussion and consideration of monitor well report: GM reported that monitor well readings have been taken on the majority of wells in the current monitoring program. The remaining well readings will be completed shortly.
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 called.
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 called.
21. Next Scheduled Board Meeting: Next meeting is scheduled for April 15, 2014.
22. Adjournment: The meeting adjourned at 3:35 P.M. with a motion by Marvin Sager, seconded Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant