

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

MARCH 17, 2015 – 2:00 P.M.

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

Board Members Absent: Tim Pennell, Director (Pct. 1).

Also in attendance: Charlotte Krause, GM, Carole Moore, Admin.

Guests: Sixto Ortiz (BHP), Robert Egg, Tommy & Penny Matusek.

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: Thomas Matusek requested the protocol for permitting. Charlotte Krause, General Manager explained the details of the oil & gas permitting procedures and guidelines.

PUBLIC HEARINGS OPENED AT 2:13 P.M

4. Public Hearing – BHP Billiton – Roy Koenning
 - a. Public Hearing on the Operating Permit Application from BHP Billiton on Roy Koenning'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 Hwy 183N near Westhoff, Texas and involves 169 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from BHP Billiton on Roy Koenning's property: A motion was made to approve the Operating Permit Application from BHP Billiton on Roy Koenning's property in the amount of 40 AF of water per year by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
5. Public Hearing – BHP Billiton - Thomas Matusek
 - a. Public Hearing on the Operating Permit Application from BHP Billiton on Thomas Matusek'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 Westhoff

Cemetery Road near Westhoff, Texas and involves 112 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on Thomas Matusek's property: A motion was made to approve the Operating Permit Application from BHP Billiton on Thomas Matusek's property in the amount of 40 AF of water per year by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.

6. Public Hearing – BHP Billiton – Letty Hartman Lloyd

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Letty Hartman Lloyd'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 per year for two water wells. This property is located on FM 2816 near Westhoff, Texas and involves 330 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on Letty Hartman Lloyd's property: A motion was made to approve the Operating Permit Application from BHP Billiton on Letty Hartman Lloyd's property in the amount of 40 AF of water per year for a total of 60 AF per year for two water wells by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

7. Public Hearing – BHP Billiton – Johnny Blackwell

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Johnny Blackwell'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 90 AF per year for two water wells. This property is located on Boldt Road near Westhoff, Texas and involves 249 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on Johnny Blackwell's property: A motion was made to approve the Operating Permit Application from BHP Billiton on Johnny Blackwell's property in the amount of 40 AF of water per year for a total of 90 AF per year for two water wells by Clem Waskow, seconded by Marvin Sager, which carried unanimously.

8. Public Hearing – BHP Billiton – Kathleen Parks, Lawrence Ckudre, Robert Ckudre, Donald Ckudre, Justin & Dana Weddle & Gary Ckudre

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Kathleen Parks, Lawrence Ckudre, Robert Ckudre, Donald Ckudre, Justin & Dana Weddle & Gary Ckudre'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

Rogge Seifert Road near Nordheim, Texas and involves 126 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on Kathleen Parks, Lawrence Ckudre, Robert Ckudre, Donald Ckudre, Justin & Dana Weddle & Gary Ckudre's property: A motion was made to approve the Operating Permit Application from BHP Billiton on Kathleen Parks, Lawrence Ckudre, Robert Ckudre, Donald Ckudre, Justin & Dana Weddle & Gary Ckudre's property in the amount of 40 AF of water per year by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

9. Public Hearing – BHP Billiton – August & Hazel Schulle Estate

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on August & Hazel Schulle Estate's property #1. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting decrease usage from 80 AF to 30 AF of water per year. This property is located on FM 2816 near Westhoff, Texas and involves 188 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on August & Hazel Schulle Estate's property #1: A motion was made to approve the Operating Permit Amendment Application from BHP Billiton on August & Hazel Schulle Estate's property #1 requesting decrease usage from 80 AF to 30 AF of water per year by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.

10. Public Hearing – BHP Billiton – August & Hazel Schulle Estate

- a. Public Hearing on the Operating Permit Application from BHP Billiton on August & Hazel Schulle Estate's property #2. 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 for a combined total of 60 AF from two water wells. This property is located on FM 2816 near Westhoff, Texas and involves 188 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from BHP Billiton on August & Hazel Schulle Estate's property #2: A motion was made to approve the Operating Permit Application from BHP Billiton on August & Hazel Schulle Estate's property #2 in the amount of 30 AF of water per year for a combined total of 60 AF from two water wells by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.

11. Public Hearing – BHP Billiton – August & Hazel Schulle Estate

- a. Public Hearing on the Operating Permit Application from BHP Billiton on August & Hazel Schulle Estate's property #3. 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 for a combined total of 90 AF from three water wells. This property is located on FM 2816 near Westhoff, Texas and involves 188 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit application from BHP Billiton on August & Hazel Schulle Estate's property #3: A motion was made to approve the Operating Permit Application from BHP Billiton on August & Hazel Schulle Estate's property #3 in the amount of 30 AF of water per year for a combined total of 90 AF from three water wells by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

12. Public Hearing – BHP Billiton – Betty Warren

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Betty Warren's property #1. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting decrease usage from 51 AF to 40 AF of water per year for a new combined total of 106 AF per year from two water wells. This property is located on FM 2816 near Westhoff, Texas and involves 245 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Betty Warren's property #1: A motion was made to approve the Operating Permit Amendment Application from BHP Billiton on Betty Warren's property #1 requesting decrease usage from 51 AF to 40 AF of water per year for a new combined total of 106 AF per year from two water wells by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.

13. Public Hearing – BHP Billiton – Betty Warren

- a. Public Hearing on the Operating Permit Amendment Application from BHP Billiton on Betty Warren's property #2. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Amendment Application is requesting decrease usage from 56 AF to 40 AF of water per year for a new combined total of 80 AF per year from two water wells. This property is located on FM 2816 near Westhoff, Texas and involves 245 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit amendment application from BHP Billiton on Betty Warren's property #2: A motion was made to approve the Operating Permit Amendment Application from BHP Billiton on Betty Warren's property #2 requesting decrease usage from 56 AF to 40 AF of water per year for a new combined total of 80 AF per year from two water wells by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

14. Public Hearing – BHP Billiton – Betty Warren

- a. Public Hearing on the Operating Permit Application from BHP Billiton on Betty Warren's property #3. 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 combined total of 120 AF per year from three water wells. This property is located on FM 2816 near Westhoff, Texas and involves 245 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from BHP Billiton on Betty Warren's property #3: A motion was made to approve the Operating Permit Application from BHP Billiton on Betty Warren's property #3 in the amount of 40 AF of water per year for a combined total of 120 AF from three water wells by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.

15. Public Hearing – 1776 Energy Operators, LLC – Don & Susan Wieland

- a. Public Hearing on the Operating Permit Application from 1776 Energy Operators, LLC on Don & Susan Wieland'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 FM 2656 near Yorktown, Texas and involves 282 acres. No public comment or objection stated.
- b. Discussion and consideration of operating permit application from 1776 Energy Operators, LLC on Don & Susan Wieland's property: A motion was made to approve the Operating Permit Application from 1776 Energy Operators, LLC on Don & Susan Wieland's property in the amount of 30 AF of water per year by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.

16. Public Hearing – Westhoff Cemetery Association

- a. Public Hearing on the Drilling and Operating Permit Application, Waiver of Fees and Waiver of Distance Requirement for Replacement Well from Westhoff Cemetery Association. The proposed permit application is to be used for irrigation purposes. The Operating Permit Application is requesting 2 AF of water per year. This property is located on Westhoff Cemetery Road near Westhoff, Texas and involves 4 acres. The Westhoff Cemetery Association is also requesting a waiver of fees due to the association being a non-profit. The Association is also requesting a waiver of required spacing. The new water well will need to be placed further than the 30' minimum. No public comment or objection stated.
- b. Discussion and consideration of drilling and operating permit application and waivers from Westhoff Cemetery Association: A motion was made to approve the Drilling and Operating Permit Application in the amount of 2 AF

of water per year, Waiver of Fees and Waiver of Distance Requirement for Replacement Well from Westhoff Cemetery Association by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 2:27 P.M

17. Minutes from 2-17-15 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.
18. Financial Report – February (provided prior to meeting): A motion to approve the Financial Reports for February as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
19. Cancellation of Permits for Failure to Comply with District Rules
 - c. Brian Dlugosch Operating Permit #0243
 - d. Brian Dlugosch Operating Permit #0244
 - e. Carole Schultze Operating Permit #0321A motion was made to table the items as no further action is required by Clem Waskow, seconded by Wilbert Sauermilch, which carried unanimously.
20. Discussion and consideration of Annual Report: GM summarized her annual report of the past fiscal year activities of the District. A motion to accept and approve the annual report as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
21. Discussion and consideration of possible changes to the Well Plugging Assistance Program: No action taken.
22. Discussion and consideration of Petition for Rulemaking Notification of GCDs for Injection Wells to Texas RRC: A motion to approve the Petition was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
23. Discussion and consideration of possible new office space options and/or lease agreement with Frank Burns: No action taken.
24. Discussion and consideration of changing board meeting date and time: A motion to change meeting time to 9:00 A.M. on every third Tuesday of the month was made by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
25. Legal Counsel Report: No report given as attorney was not present.
26. GM Report: Charlotte Krause, General Manager presented the GM Report.

27. Closed Meeting: Executive session was called at 3:39 P.M. by Vice-Chairman Waskow to discuss matters regarding personnel pursuant to V.T.C.A. Government Code 551.074
28. Return to Open Meeting: Open Meeting was resumed at 3:50 P.M. A motion was made to approve the 90 day probationary period, for Carole Moore, was satisfactory and an increase in pay of \$1.00 per hour beginning March 16th, 2015 by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
29. Next Scheduled Board Meeting: Next meeting is scheduled for April 21, 2015 at 9:00 A.M.
30. Adjourn: The meeting adjourned at 3:53 P.M. with a motion by Marvin Sager, seconded Clem Waskow, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Carole Moore, Admin. Assistant