

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
BOARD MEETING MINUTES
FEBRUARY 16, 2016 – 9:00 A.M.

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

Also in attendance: Charlotte Krause, GM, Carole Moore, Admin. Assistant, and Jim Allison, Attorney, per video conferencing.

Guests: Donald Goldman (Goldman Hunt & Notz CPA), Sandra Oehlke, James M. Baker (Turbo Control Corp.), Robert Egg, David Arndt

1. Call to order: The meeting was called to order by the Chairman at 9:00 A.M.
2. Welcome guests: Guests were welcomed.
3. Public comment: Sandra Oehlke requested clarification on the difference between mining and fracking wells, which were listed on the legal notice. Charlotte explained that the category for oil and gas wells was classified as mining and then there were sub-categories. Ms. Oehlke also asked why the need for additional water if fracking has slowed down. Charlotte stated that the oil company presented the permits at the end of last year and they have not requested that the permits be pulled from the agenda at this time.
4. Annual Audit Report 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 Marvin Sager, and carried unanimously.

PUBLIC HEARINGS OPENED AT 9:29 A.M.

5. Public Hearing – Burlington Resources:
 - a. Public Hearing on the Operating Permit Application from Burlington Resources. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 100 AF of water per year. This water well complies with the District's rules regarding additional production limits on deep water wells. This property is located on Respondek Road near Westhoff, Texas and involves 107 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Burlington Resources: A motion was made to approve the Operating Permit Application from Burlington Resources in the amount of 100 AF of water per year by Clem Waskow, seconded by Marvin Sager, which carried unanimously.
6. Public Hearing – Burlington Resources – N Farm & Ranches, LTD:
 - a. Public Hearing on the Operating Permit Amendment Application from Burlington Resources on N Farm & Ranches LTD's property. The permit is used for mining

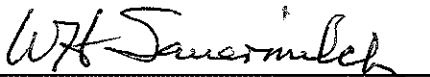
purposes. The Operating Permit Amendment Application is requesting an additional 80 AF of water for a total of 100 AF of water per year. This water well complies with the District's rules regarding additional production limits on deep water wells. This property is located on Nessel Road near Westhoff, Texas and involves 64 acres. No public comment or objection stated.

- b. Discussion and consideration of operating permit amendment application from Burlington Resources on N Farm & Ranches, LTD's property. A motion was made to table the approval of the permit until next scheduled board meeting pending Burlington Resources submitting the TDS (Total Dissolved Solids) Report to PVGCD by Marvin Sager, seconded by Tim Pennell, which carried unanimously.
7. Public Hearing – Burlington Resources – Bargmann Family Trust:
 - a. Public Hearing on the Operating Permit Amendment Application from Burlington Resources on Bargmann Family Trust's property. The permit is used for mining purposes. The Operating Permit Amendment Application is requesting an additional 190 AF of water for a total of 250 AF of water per year. This water well does not comply with the District's rules regarding additional production limits on deep water wells. This property is located on Simecek Road near Yorktown, Texas and involves 250 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit amendment application from Burlington Resources on Bargmann Family Trust's property: A motion was made to table the approval of the permit until a new application is filed which is compliant with the PVGCD rules by Tim Pennell, seconded by Clem Waskow, which carried unanimously.
 8. Public Hearing – Burlington Resources – James & Carolyn Jendry:
 - a. Public Hearing on the Operating Permit Amendment Application from Burlington Resources on James & Carolyn Jendry's property. The permit is used for mining purposes. The Operating Permit Amendment Application is requesting an additional 94 AF of water for a total of 114 AF of water per year. This water well complies with the District's rules regarding additional production limits on deep water wells. This property is located on FM 240 Road near Westhoff, Texas and involves 229 acres. No public comment or objection stated.
 - b. Discussion and consideration of operating permit amendment application from Burlington Resources on James & Carolyn Jendry's property. A motion was made to approve the Operating Permit Amendment Application from Burlington Resources in the amount of 94 AF of water for a total of 114 AF per year by Tim Pennell, seconded by Will Sauermilch, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 9:38 A.M.

9. Report on Uncontested Permits Granted by General Manager: (See attached report.) A motion to approve the Report on Uncontested Permits Granted by General Manager Krause as presented was made by Tim Pennell, seconded by Wilbert Sauermilch, which carried unanimously.

10. Minutes from 01-19-16 Meeting (provided prior to meeting): A motion to approve the minutes as presented was made by Tim Pennell, seconded by Clem Waskow, which carried unanimously.
11. Financial Report –January (provided prior to meeting): A motion to approve the January Financial Report as presented was made by Wilbert Sauermilch, seconded by Clem Waskow, which carried unanimously.
12. Discussion and potential action on proposal from TSG Architects: A motion to give General Manager Krause the authority to make decisions and complete tasks necessary to prepare the property for the PVGCD new office was made by Tim Pennell, seconded by Marvin Sager, which carried unanimously.
13. Legal Counsel Report: No report given.
14. General Manager Report: General Manager Krause presented report. (See attached report.)
15. 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: An Executive Session was called at 10:05 A.M. by the Chairman for private legal consultation regarding Agenda Item 12.
16. Return to Open Meeting (If Necessary): Returned to open meeting at 10:45 A.M.
17. Next Scheduled Board Meeting: Next meeting is scheduled for March 2, 2016 at 9:00 A.M.
18. Adjourn: The meeting adjourned at 11:07 A.M. with a motion by Tim Pennell, seconded by Marvin Sager, which carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Carole Moore, Admin. Assistant

**Uncontested Permits Granted By General Manager
February 2016**

Operating Permit Amendment Application from Burlington Resources on Rinehold Borchardt Estate's property. The Operating Permit Amendment Application is requesting an additional 96 AF of water for a total of 166 AF of water per year. This property is located on FM 240 near Westhoff, Texas and involves 332 acres.

Operating Permit Amendment Application from Burlington Resources on GEKABI Ltd's property. The Operating Permit Amendment Application is requesting an additional 85 AF of water for a total of 150 AF of water per year. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 2,889 acres.

Operating Permit Amendment Application from Burlington Resources on MJS Partnership LTD's property. The Operating Permit Amendment Application is requesting an additional 40 AF of water for a total of 100 AF of water per year. This property is located on Klein Road near Yorktown, Texas and involves 363 acres.

Operating Permit Amendment Application from Burlington Resources on K R Ranches LTD's property. The Operating Permit Amendment Application is requesting an additional 38.14 AF of water for a total of 100 AF of water per year. This property is located on Kubala Store Road near Yorktown, Texas and involves 243 acres.

Operating Permit Amendment Application from Burlington Resources on Bargmann Family Trust's property. The Operating Permit Amendment Application is requesting an additional 15 AF of water for a total of 100 AF of water per year. This property is located on FM 238 near Westhoff, Texas and involves 270 acres.

Operating Permit Amendment Application from Burlington Resources on W E Butler Estate's property. The Operating Permit Amendment Application is requesting to decrease the production limit from 74 AF to 30 AF of water per year. This would be a combined total of 165 AF of water per year from two water wells. This property is located on Simpson Ranch Road near Nordheim, Texas and involves 1,306 acres.

Operating Permit Amendment Application from Burlington Resources on W E Butler Estate's property. The Operating Permit Amendment Application is requesting an additional 135 AF of water for a total of 150 AF of water per year. This would be a combined total of 180 AF of water per year from two water wells. This property is located on Simpson Ranch Road near Nordheim, Texas and involves 1,306 acres.

Operating Permit Amendment Application from Burlington Resources on Turbo Control's Corp property. The Operating Permit Amendment Application is requesting an additional 110 AF of water for a total of 150 AF of water per year. This property is located on Salt Creek Cemetery Road near Yorktown, Texas and involves 411 acres.

Operating Permit Amendment Application from Burlington Resources on L C Thiele's property. The Operating Permit Amendment Application is requesting an additional 160 AF of water for a total of 200 AF of water per year. This property is located on A Metting Road near Yorktown, Texas and involves 449 acres.

Operating Permit Amendment Application from Burlington Resources on Warren & Jeannie Seidel's property. The Operating Permit Amendment Application is requesting an additional 40 AF of water for a total of 115 AF of water per year. This property is located on Seidel Road near Westhoff, Texas and involves 237 acres.

Operating Permit Amendment Application from Burlington Resources on Gohlke Resources LP's property. The Operating Permit Amendment Application is requesting an additional 40 AF of water for a total of 100 AF of water per year. This property is located on Gruenau Road near Yorktown, Texas and involves 220 acres.

Operating Permit Amendment Application from Burlington Resources on Jennie Hardesty's property. The Operating Permit Amendment Application is requesting an additional 40 AF of water for a total of 70 AF of water per year. This property is located on Leaky Road near Westhoff, Texas and involves 149 acres.

Operating Permit Amendment Application from BHP Billiton on Joachim Strenk's property. The Operating Permit Amendment Application is requesting to decrease the production amount from 40 AF to 30 AF of water per year from this water well and for a total of 83 AF of water per year from three water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 200 acres.

Operating Permit Amendment Application from BHP Billiton on Joachim Strenk's property. The Operating Permit Amendment Application is requesting to decrease the production amount from 40 AF to 30 AF of water per year from this water well and for a total of 73 AF of water per year from three water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 200 acres.

Operating Permit Amendment Application from BHP Billiton on Joachim Strenk's property. The Operating Permit Amendment Application is requesting an additional 17 AF for a total of 30 AF of water per year from this water well and for a total for a total of 90 AF of water per year from three water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 200 acres.

Operating Permit Amendment Application from BHP Billiton on H-E Partners, LTD's property. The Operating Permit Amendment Application is requesting an additional 15 AF for a total of 30 AF of water per year from this water well. This property is located on Catholic Church Road near Westhoff, Texas and involves 60 acres.

Operating Permit Amendment Application from BHP Billiton on H-E Partners, LTD's property. The Operating Permit Amendment Application is requesting an additional 10 AF for a total of 30 AF of water per year from this water well and a total of 50 AF per year from two water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 126 acres.

Operating Permit Amendment Application from BHP Billiton on H-E Partners, LTD's property. The Operating Permit Amendment Application is requesting an additional 10 AF for a total of 30 AF of water per year from this water well and a total of 60 AF per year from two water wells. This property is located on Catholic Church Road near Westhoff, Texas and involves 126 acres.

Operating Permit Amendment Application from BHP Billiton on Natho Hill Top Farm, LLC's property. The Operating Permit Amendment Application is requesting to decrease production amounts from 70 AF to 45 AF of water per year from this water well and a total of 60 AF per year from two water wells. This property is located on US Hwy 87 N near Westhoff, Texas and involves 216 acres.

Operating Permit Amendment Application from BHP Billiton on Natho Hill Top Farm, LLC's property. The Operating Permit Amendment Application is requesting an additional 30 AF of water per year for a total of 45 AF of water per year from this water well and a total of 90 AF per year from two water wells. This property is located on US Hwy 87 N near Westhoff, Texas and involves 216 acres.

Operating Permit Application from BHP Billiton on Marvin Migura's property. The Operating Permit Application is requesting 40 AF water per year from this water well and a total of 52.89 AF per year from two water wells. This property is located on Cotton Patch Road near Yorktown, Texas and involves 242 acres.

GENERAL MANAGER UPDATE – FEBRUARY 2016

Water Quality Testing

- **There are 164 Grid Cells in DeWitt County**
- **We have sampled or have scheduled to sample 67 of those grid cells**
- **We are working on a targeted mail out to water well owners in our database.**
- **Hopefully in the next few weeks we can have the mail out complete and the 15 remaining wells scheduled for tested completed**

Water Level Testing

- **We are working on the water level testing across DeWitt County this month. We should have results of water level changes at the March meeting.**