August 23, 2012

Texas Water Development Board (TWDB)
Contract Administration
Attn: Sanjeev Kalaswad
P.O. Box 13231
Austin, TX 78711-3231

Subject: Monthly Progress Report for July 2012 for Contract No.: 1004831106
Class I - Class II Injection Well Permitting Roadmap Project

Dear Sanjeev:

This letter presents the July 2012 project progress report as required by the referenced TWDB contract. During this period, there have not been any expenditures made or labor expended, so there are no payment submissions or requests made thus far for this project.

1. TWDB Contract Number: 1004831106


3. Total Services for this period: None

4. Total TWDB Share of Total Study Grant Funds: $130,000


Recent Project Activities:

Bill Mullican (Bill Mullican Associates), Colin MaGahey (Poznecki-Camarillo, Inc.) and I met with Doug Johnson, Program Manager of Injection-Storage Permits and Support, of the Railroad Commission of Texas (RRCT) on July 10, 2012. Doug Johnson is the Underground Injection Control (UIC) program.
manager who oversees the Class I and Class II wells in Texas. The purpose of the meeting was to identify the best way to obtain UIC well data (specifically for Class II wells) that might qualify for use as a dual-permitted Class I-II well that is able to accept membrane concentrate disposal from municipal brackish water treatment facilities. Professional services were expended or billed to this project for this period in July 2012 (see below).

Task Description and Work Accomplished in July 2012 (% complete):

Task 1 – Project Management: None (84%)

Task 2 – Identification and Completion Characteristics of Class II Wells in Study Area and in Texas: None (50%)

Task 3 – Evaluation of Class II Wells in the SAWS Study Area: SAWS and LBG-Guyton are working independently

Task 4 – Coordination with TCEQ (and RRCT): None (67%)

Task 5 – Develop Roadmap for Permitting Process: None (35%)

Task 6 – Manual for Permitting Process: None (5%)

Estimates for task completion are based on CDM Smith Current Period Charges Report (CPCR) for labor and expenses for this project through the August 4, 2012.

Please let me know if you have any questions.

Sincerely,

Roger E. Schenk, Jr.
Principal Scientist
CDM Smith Inc.
Texas TBPE Firm Registration No. F-3043