

Riata Corporate Park
12357-A Riata Trace Parkway, Suite 210
Austin, Texas 78727
tel: +1 512 346-1100
fax: +1 512 345-1483
cdmsmith.com

October 8, 2012

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

Subject: Monthly Progress Report for September 2012 for Contract No.: 1004831106

Class I - Class II Injection Well Permitting Roadmap Project

Dear Sanjeev:

This letter presents the September 2012 project progress report as required by the referenced TWDB contract. During this period, there have been expenditures made and labor expended, but there are still no payment submissions or requests made by the CDM team thus far for this project.

- 1. TWDB Contract Number: 1004831106
- 2. Total Expenses for Billing Period from September 1, 2012 through September 30, 2012: \$250 fee for data conversion fee to ASCII format from the EBCDIC format on the RRC Well Bore data.
- 3. Total Services for this period: None
- 4. Total TWDB Share of Total Study Grant Funds: \$130,000
- 5. Project Participants: CDM Smith Inc., San Antonio Water System, Poznecki-Camarillo Inc., LBG-Guyton Associates
- Project Completion: 14 month project schedule beginning February 2, 2012. Draft report due November 30, 2012 and project completion due by March 29, 2013

Recent Project Activities:

Bill Mullican (Bill Mullican Associates), Colin McGahey (Poznecki-Camarillo, Inc.), Erin McAuley and Melissa Woo (CDM Smith) and I met with the TCEQ Underground Injection Control (UIC) Section at TCEQ on September 14, 2012. The purpose of this meeting was to review the draft permitting flowcharts



Mr. Sanjeev Kalaswad October 8, 2012 Page 2

(roadmaps) that the CDM Smith team had developed and to discuss the draft Class I-II wells permitting approach. The need for a future meeting with the Railroad Commission and TWDB along with TCEQ UIC Permits Section and CDM Smith team was identified and is scheduled for October 19, 2012. Professional services were expended or billed to this project for this September 2012 period (see below).

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

Task 1 – Project Management: None (88%)

Task 2 - Identification and Completion Characteristics of Class II Wells in Study Area and in Texas: None (75%)

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 (95%)

Task 5 – Develop Roadmap for Permitting Process: None (73%)

Task 6 - Manual for Permitting Process: None (19%)

Estimates for task completion are based on CDM Smith Current Period Charges Report (CPCR) for labor and expenses for this project through the September 29, 2012.

Please let me know if you have any questions.

Sincerely,

Roger E. Schenk, Jr. Principal Scientist

Koger E. Achenk,

CDM Smith Inc.

Texas TBPE Firm Registration No. F-3043