

KYCCS – Western Kentucky Project Meeting
May 22, 2008
KGS Well Sample and Core Library, Lexington

These people were present for the meeting of this sub-project group:

KGS Staff

Jim Cobb
John Kiefer
Dave Harris
Dave Williams
Rick Bowersox
Jim Drahovzal

ConocoPhillips

Scott Rennie
Paul Heard
Michelle Pittenger via teleconference

E.ON US

Roger Medina

Schlumberger

Dwight Peters

Smith Management

Karen Thompson

GEO Consultants

Jeff Douthitt
Ross Miller

Wyatt, Tarrant, & Combs

Troy Nichols
Phil Jaguki

Battelle

Nareej Gupta

Welcome and Introductions

Dave Williams called the meeting to order at 9 AM, welcoming members and guests Nareej Gupta and Phil Jaguki of the Battelle Memorial Institute, Columbus, Ohio.

Status of Agreements

Troy Nichols of Wyatt, Tarrant & Combs discussed the status of the 501(c)3 Foundation agreement. Scott Rennie and Roger Medina noted that there are pending minor changes in the document however the goal is to have the agreement executed by May 30 with Diana Tickner, Peabody Energy, nominated as the Foundation president. Scott Rennie and Jim Cobb stated that the MOA should also be ready for execution by May 30 pending minor changes expected from UK's legal department. Dave Harris reviewed four the MOA exhibits: Exhibit 1, Scope of Work; Exhibit 2, Project Schedule; Exhibit 3, Project Phase Funding Points; and Exhibit 4, Project Funding Structure. Execution of the Data Sharing Agreement with R&B Resources and the ROW and Injection Agreement with the landowner will follow the 501(c)3 and MOA in early June. Phases 1 and 2 of the project are completed and an initial funding request of \$550k will be forthcoming for Phase 3. Dave Harris noted that an expected contribution by the Illinois Geological Survey of \$250k will be made through the Foundation. Paul Heard stated that he will request in his next meeting with the landowner that the location of the test well as currently proposed be moved to save construction expense.

Contacts with Prospective Project Partners

Jim Drahovzal reported that ICON Construction had withdrawn from the Skillman Bottom site negotiations and is pursuing a site near Lewisport. Their participation in our project is still uncertain. Rick Bowersox reported that participation by TVA was still possible but will not be resolved before the end of June. However Roger Medina noted that their focus is shifting from

fossil fuels to nuclear power plants. Dave Williams reported that Cash Creek will not be participating in our project and Rick Bowersox had received an email from Diana Tickner that EEI will likewise not be participating.

Status of Bids for Services

Dave Williams reported that the title search was underway and bids for the Phase 1 environmental assessment had been reviewed. Bids were requested from six companies and three were complete and acceptable. Mr Williams recommended that the proposal for the environmental assessment by GeoScience Consultants be accepted and the project board concurred. Jeff Douthitt observed that permitting the test well is a critical-path activity. Nareej Gupta of Battelle stated that EPA permitting of both brine and CO₂ injection tests cannot be avoided but the permitting process should take less than six months. Dave Harris reported that the RFP for the seismic acquisition program had been completed and was available on the UK Purchasing Division website (www.uky.edu/Purchasing). Proposals by vendors are due on June 10 with the contract expected to be awarded by June 24. Four companies have been solicited to submit proposals: Appalachian Geophysical, Precision Geophysical, Western-GECO, and SSI. It was suggested by a representative of Battelle that Great Lakes Geophysical should be contacted.

Dave Harris is preparing the RFP for the project manager with input from Paul Heard. Nareej Gupta made a short presentation outlining Battelle's qualifications and experience managing CO₂ storage tests. Battelle has operated a project manager with complex contracts for the Ohio Stratigraphic Test, Mountaineer, and East Bend Projects as well as the proposed Michigan test. Battelle has worked collaboratively with the EPA in outlining project goals and procedures. Battelle's experience includes permitting at both state and Federal levels, contract negotiation, materials acquisitions, and services. Battelle personnel are on-site during operations working with a contractor that oversees project operations. Battelle is a non-profit 501(c)3 corporation providing research and development consulting and laboratory management among other services.

Drilling Project Status

The shallow seismic program across the proposed and alternative well sites is anticipated to be 4-6 lines and should be initiated by mid-June. Likewise, the baseline surface soil gas monitoring program should be underway at about the same time according to Dave Harris. Paul Heard made a presentation about his visit to the proposed wellsite with a drilling contractor to determine construction requirements and well testing (attached). As presently conceived, road and drillsite construction would exceed \$200k thus Mr Heard will discuss moving the wellsite to another, less costly location with the landowner. Upon execution of the agreement with the landowner, the drillsite will be surveyed and a plat prepared for KY DOG permitting. Dave Williams noted that drillsite construction could be delayed to comply with closure for the Indiana Bat hibernating season [September 1-April 30; USFWS, April 2007, Indiana Bat (*Myotis sodalis*) Draft Recovery Plan: First Revision, p. 121; see also Federal Register, v. 72, no. 43, p. 9913-9917, March 6, 2007]. Rick Bowersox distributed a map detailing wells of all types surrounding the proposed drillsite as well as a map of shallow geologic in the vicinity of the wellsite (attached). Mr Bowersox observed that there is a possibility of making a shallow (< 600 ft drill depth) hydrocarbon discovery with our proposed test well.

KGS Annual Seminar, May 23

Dave Harris invited the project advisory board to the KGS Annual Seminar on Friday, May 23, at which presentations would be made about the KYCCS projects.

Recap and Action Items

1. All documents should be executed by mid-June
2. Action items – responsible party:
 - a) Completion of title search – Dave Williams
 - b) Final drillsite location – Paul Heard
 - c) Drillsite location plat – Dave Williams
 - d) Shallow seismic program and background soil gas survey (including summary of soil gas monitoring procedure and goals) – Dave Harris
 - e) RFP for project manager – Dave Harris
 - f) Phase 3 funding proposal by the end of June – Dave Harris
 - g) Initiate permitting – Dave Williams
3. Next meeting: TBA, during the week of June 16 at the KGS Lexington Core Library.