

Minutes
Carlsbad Brine Well Remediation Authority Meeting
City of Carlsbad Municipal Annex
April 18, 2018

Agenda Item 1: Chair McQueen called the meeting to order at 3:02 pm and recognized Mayor Dale Janway for the welcome. Mayor Janway thanked everyone for joining the first Brine Well Authority meeting after the legislative session. He thanked everyone for their hard work and team effort. Michael Hernandez was recognized as the new City Administrator.

Mayor Janway recognized legislators Rep. Brown and Townsend and Senators Griggs and Leavell for the legislation they pushed in support of the remediation of Carlsbad Brine well. He also thanked Sen. John Arthur Smith who played a huge roll in sponsoring legislation, the brine well received a unanimous vote in the House and Senate, also appreciated the Governor's support.

Mayor Janway also recognized the support of John Heaton, Don Purvis, Dr. George Vini, the Bat Brigade, Eddy County, Carlsbad Irrigation District, Members of Carlsbad Chamber of Commerce, Brine Well Remediation Authority Members, and Secretary McQueen and staff.

Mayor Janway said the upcoming funding stream will involve working very closely with Secretary Church and Dept. of Transportation. The past legislative session is something to be very proud of. HB 319 required transfer of Chair of the Brine Well Remediation Authority from the City of Carlsbad to Energy Minerals and Natural Resources. City of Carlsbad will continue to work closely with everyone and will continue to host meetings for Brine Well Remediation Authority.

Agenda Item 2: Kyle Markstiener reported that Open Meetings Act (OMA) announcements and requirements had been met.

Agenda Item 3: Kyle Markstiener called the roll for attendance. The following members were present:

EMNRD Secretary Ken McQueen, Chair
City of Carlsbad Designee John Heaton
Eddy County Commission Susan Crockett
Carlsbad Irrigation District Dale Ballard
NM Dept. of Transportation Secretary Tom Church (via telephone)
NM Dept. of Environment Secretary Butch Tongate (via telephone)
State Engineers Office Andy Morley (via telephone)
State Attorney General Designee P. Cholla Khoury (via telephone)
State Attorney General Office Bill Grantham via telephone (via phone)

Agenda Item 4: The Authority and/or their designees were introduced.

Agenda Item 5: Chair McQueen requested approval of agenda. A motion was made and seconded and the agenda was approved.

Agenda Item 6: Chair McQueen requested approval of the minutes. The minutes were amended to reflect the meeting date of January 10, 2018, and Mr. Grantham stated the minutes in Section

9-D which state “non-payment of taxes might not result in transfer of property” should state “will not result in transfer of property”

A motion was made and seconded to adopt the minutes as amended, motion passed.

Agenda Items 7 and 8: Kyle Markstiener reviewed of public information provided, media coverage, and meeting announcements.

Agenda Item 9: Chair McQueen opened with comments as new chair; stated that contract has been fully executed and notice to proceed was issued yesterday, the successful Bidder was AMEC Foster Wheeler, a/k/a Wood; bid amount was 43.985 million dollars. Based on previous legislative session, total project funding stands at 45.4 million dollars.

The recent legislative session approved two bills, SB 226 provides for \$30 million from DOT. HB 319 changed the structure of this Authority and included the following changes: (1) Removes the word “Advisory” from Authority title, (2) administratively attaches Authority to EMNRD (sets requirements for procurement, audit and transparency, (3) changes the Authority chair to EMNRD Secretary, (4) Requires annual reporting to Radioactive & Hazardous Committee by November 15th of each year, (5) Allows acceptance of funds from other sources, including contributions, and (7) Sunset provision of Authority advanced from 2029 to 2025. Two additional considerations were deleted from the bill by the legislature, (1) Imminent Domain and Bond Financing.

Representative Cathryn Brown expressed her thanks for getting HB 319 passed, and recognized key individuals, including City of Carlsbad Mayor Dale Janway, and all council members; Eddy County Board of Commissioners, legislature delegation leadership from Senator Carol Leavell, Senator Gay Kernan, Senator Ron Griggs, Representatives, Jim Townsend, Larry Scott and David Gallegos; leaders in the House Nate Gentry and Brian Egolf; leaders in the Senate Peter Wirth and Stuart Ingle, Joseph Cervantes, Secretary Ken McQueen, and Governor Susana Martinez. Rep. Brown also expressed appreciation to the science and tech team, John Heaton, Don Purvis, and Dr. George Vini. John Waters and staff was recognized for their economic data and analysis, Kyle Markstiener was recognized for communications. Carlsbad Chamber of Commerce and the Bat Brigade also played an important role.

Chair McQueen noted that HB 319 was approved in last hour of the legislative session and appreciated Sen. Cervantes support from the Senate Conservation Committee in the final hours of the session. The EMNRD website is posting all inspection reports and relevant data related to the brine well to provide complete transparency.

Chair McQueen reviewed funding sources, State of NM general fund has already contributed \$250,000, and will contribute one million each year for the next three years for a total \$3.25 million dollars, City of Carlsbad has already paid \$125,000 and committed \$1.34 million over the next 3 years for a total \$4.145 million dollars, Eddy County has already paid \$125,000, and committed \$1.34 million dollars per year for the next three years for a total of \$4.145 million dollars, the road fund via SB 226 will contribute \$10 million per year for the next three years for a total of \$30 million, severance tax bonds are available for next fiscal year for \$1.9 million dollars, and the corrective action fund will contribute \$1 million in FY18 and FY19 for a total of \$2 million dollars.

Sen. Leavell asked about the construction time line, which is estimated to start in February 2019 and last two to two and one-half years.

Agenda Item 10: Jim Griswold reported on activity of Brine well since last Authority meeting. Monitoring has been fully functional. There were two reports of cavity pressure loss, first was evening of March 19th with a loss of 0.1 psi, preceded by tilt meter response, cavity pressure stabilized. On April 7th, 0.3 psi pressure drop was noted. No bore hole tilt meter or microseismic activity was not detected with the second incident. This was the 4th and 5th incident noted since monitoring started, both events triggered amber alarms.

Member Heaton asked if pressure stabilization then cavity pressure increase was normal, and Mr. Griswold said it was.

Agenda Item 10: Committee Reports

RFP/Liability Working Group

Deputy Secretary Sayer reported on RFP, summary of contract and timeline. The contract is divided into three phases: RFP process, Contracts divides, remediation into three phases.

Phase I, finalization of remediation plan will take six months to complete draft report.

Phase II is implementation of final remediation plan and will take two to two and one-half years to complete. This phase provides placement of 830 thousand cubic feet of high and low mobility grout, removal and disposal of 74 thousand barrels of brine.

Phase III is post remediation monitoring. Contractor will monitor site for 2 years following completion of Phase II.

Technical Workgroup Report

Dr. Vini stated that the goal of this committee was to produce the RFP proposal. With that complete, the committee will function in an advisory role, working with state, reviewing plans and proposals. Once construction starts, it will be important to have technical expertise for questions and involvement. Workgroup will continue to coordinate with Jim Griswold.

Foster Wheeler's contract resume: we are fortunate to have an engineering firm of their size and stature, one of the biggest engineering in world. They have demonstrated expertise, having done this type of work several times. They have significant project management skills, safety and transparency.

Financing Workgroup

Financing work group has completed their tasks, workgroup will be dropped from future agendas.

Agenda Item 12: General Strategy Path Forward

A discussion was held related to property access at the remediation site and the need to remove the buildings on the I&W site. Four properties are involved: Jenkins Property, Circle S Feedstore, I&W Property, and Jehovah's Witnesses Church. Absent voluntary agreements for access, condemnation may be required. Because the Authority is without condemnation or police powers, the Chair requested the City of Carlsbad to coordinate the site access. Mayor Janway agreed to have the City take this responsibility.

Agenda Item 13: Public Comments County Commissioner James Walterscheid asked if CID water flow would continue during irrigation season while remediation work was conducted. Chair McQueen said there were no plans to shut down CID during remediation.

Commissioner Walterscheid also asked about road closure on highway 285. Chair McQueen said road detour wouldn't start until early 2019, and DOT will give an update on the road detour at the next meeting.

Commissioner Walterscheid thanked everyone for all the work done.

Nathan Gurava- farmer, rancher, refers to map. Office building in red. No one has addressed if they need to be relocated. Outside of east end. Portion of property to be used, no relocation at this time.

Agenda Item 14: Next Meeting

Tentatively July 11, 2018 at 1:30 pm for next Brine Well Authority Meeting in City of Carlsbad Municipal Annex.

Agenda Item 15: Adjournment

A motion was made and seconded to adjourn at 4:16 pm. Motion passed.