

CHEHALIS BASIN PARTNERSHIP
Chehalis Tribe “Lucky Eagle” Casino
Rochester, Washington
April 27, 2007
9:30 a.m. – 12:30 p.m.

Approved Meeting Summary

MEMBERS & ALTERNATES PRESENT

Steve Craig, Department of Ecology
Lyle Hojem, Citizen, Lewis County
Glen Connelly, Confederated Tribes of the Chehalis (Alternate)
Bob Beerbower, Grays Harbor
Ann Wick, WA Department of Agriculture
Dick Stone, City of Montesano
Mark White, Confederated Tribes of the Chehalis (Alternate)
Charles Caldwell, Port of Grays Harbor

Bob Macleod, Thurston County
Chanele Holbrook-Shaw, Citizen, Thurston County
Kahle Jennings, City of Centralia (Alternate)
Terry Harris, City of Chehalis
Art Lehman, Port of Centralia

OTHERS PRESENT

Randy Lehr, Grays Harbor College
Bruce Jones, Quinault Indian Nation
Jim Hill, Lewis County Citizen (Alternate)
J Roach, Thurston County Citizen
Joshua Berger, Intern, Environmental Education Association of WA
John Storman, Department of Natural Resources
Jerry Louthain, HDR Engineering Inc.

Petra Shenk, UCSB
Cheri Lindgren, Recording Secretary, Puget Sound Meeting Services
Taylor Pittman, US Fish & Wildlife Service
Steve Pappajohn, Vice President, Regulatory, Environmental and Community Affairs, Cascadia Energy Corporation

GENERAL PARTNERSHIP BUSINESS

Welcome, Introductions and Roundtable Comments

Mark White called the meeting to order at 9:36 a.m. Everyone present provided self-introductions.

Discuss and Adopt Draft Meeting Summary for March 23, 2007 Meeting

The following changes were requested to the March 23, 2007 minutes:

- Within the third line of the last paragraph on page 2, change “DOD” to “BOD”
- Reword the last line within the fifth paragraph on page 5 to read, “Ann Wick offered to ask USDA about adding the questions to the survey.”

Terry Harris moved, seconded by Chanele Holbrook-Shaw, to adopt the March 23, 2007 minutes as amended. Motion carried.

Ann Wick said she contacted the US Department of Agriculture (USDA) about the farm computer usage and ownership survey. The USDA conducts a survey and updates data every two years. She provided a copy of the 2005 survey and website information. Nationally, at least 50% or more of all farms have access to the internet. The next survey is scheduled this year.

J Roach distributed a list of acronyms, glossary of terms, and Salmon Recovery Data Viewer information.

SPECIAL PROJECTS

Progress Report Regarding Planning for the 2007 Watershed Festival

Lee Napier reported she received a copy of a revised proposal from Kathy Jacobson. The Watershed Festival is scheduled for October 13, 2007 at Morrison Park. The City of Aberdeen will pay the facility fees. Ms. Jacobson, ESD 113, is coordinating the festival. The \$10,000 budget for the event covers the costs for "Fin," public outreach, publicity, and Ms. Jacobson's time. There is also an opportunity to coordinate activities with the Historic Sea Port event.

Ms. Holbrook-Shaw briefed members on the committee meeting held earlier in the week. The goal is to celebrate the entire Chehalis Basin Watershed by including timber and agriculture industries in addition to water and fish. The public can tour and/or sail on the Tall Ships as well as using paddleboats. Les Bolton, Captain of the Lady Washington, is involved and plans to promote and bring the festival to the public. The Quinault Indian Nation (QIN) plans to participate. The committee discussed vendors and other organizations that might participate. "Fin" will tour the schools for three days. There is a need to reach those within the upper watershed. Ideas include distributing flyers throughout the schools and initiating a logo contest with students. Mr. Schillinger offered to coordinate timber tours. The next committee meeting is scheduled for May 23, 2007 at 3:00 p.m. at the ESD.

Taylor Pittman reported on watershed activities (organic farm tours) planned a week before the festival to help generate participation and attendance. The committee discussed limiting concessions to those in the watershed (timber, agriculture, organic). A member from the audience suggested contacting Schafner Farms.

Ms. Napier said she would follow up with cost information to rent a Grays Harbor Transit van for the day.

Ms. Pittman asked for suggestions for stand-alone entertainment.

Mr. White reported the Lucky Eagle Casino general manager has offered to present a letter from the Partnership to the Gaming Commission about utilizing the billboard on the freeway to advertise the festival.

Presentation Overview of the Education, Environment, and Economy Program

Ms. Napier introduced Joshua Berger, Intern, Environmental Education Association of Washington (EEAW).

Mr. Berger reported on his work with the EEAW that is tasked with leadership and coordination of the E3 (environment, education, economy) planning process. E3 is a strategy to educate environmental decision makers of the future. Environmental education is fundamental in creating thriving environments for everyone and is important to environmental literacy across the state. Environmental literacy is uncoordinated, under-funded, redundant, and barely visible. State and local leadership summits are planned.

Mr. Berger distributed two handouts describing the planning process mission, vision, and outcomes. The summits are action-oriented strategy sessions designed to solicit input from leaders to ensure environmental education meets the needs of schools (preK-20), communities, and businesses throughout the state. Since the statewide kick-off in September, two regions conducted leadership summits. The Thurston/Mason summit is scheduled for June 1, 2007. Other regions are coordinating plans for summits. By early 2008, E3 will deliver a statewide plan defining coordinated and phased actions, resources, and

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commitments needed at the state and local levels for environmental literacy and sustainability for the state.

Mr. Berger reported he met with Ms. Jacobson and other local environmental education leaders last week. The EEAW will help facilitate and coordinate initiation of steering committees and advisory councils. He reviewed outcomes of the process.

Ms. Pittman said following the festival planning meeting, there was discussion about whether it might be helpful for a member from the Partnership to attend the June 1, 2007 summit or attend the summit debriefing on June 2, 2007 to gain an understanding of the efforts for Lewis County. Mr. Berger replied EEWA is inviting state leaders to attend, facilitate, and observe the Thurston/Mason summit, followed by a debriefing session. The EEWA has a comprehensive planning process and tool kits to share with regions across the state.

Discussion ensued about whether the Citizens Advisory Committee (CAC) should participate in the planning process and whether it makes sense to use the Chehalis Basin watershed as the boundary for a local summit meeting.

Steve Craig said organizing environmental education around watershed groups is beneficial.

Mr. Berger conveyed that he's currently working with on-the-ground E3 environmental education leaders as the planning process gears up. The Chehalis Basin Partnership (CBP) could serve an advisory role unless there are members interested in planning a summit. Ms. Jacobson has expressed interest in taking on a leadership role.

Discussion followed about fully engaging Chehalis Basin watershed representatives in the planning process.

Randy Lehr reported he and others at Grays Harbor College met with EEWA representatives. The college informally agreed to support Ms. Jacobson's work within its existing framework for ongoing projects in the lower portion of the watershed.

Mr. Berger invited members to contact the EEAW office with questions about the planning process.

Follow up Discussion Regarding the April 24, 2007 Workshop

Kahle Jennings briefed the Partnership about the April 24, 2007 workshop. Workshop attendees discussed integrating Detailed Implementation Plan (DIP) Strategy #18 into Strategy #3 of the DIP. The work was not completed. Mr. Jennings reminded the Partnership that the first tier of strategies did not include Strategy #18. He reviewed strategies 1-5. The QIN identified Strategy #18 as a priority.

Workshop attendees tentatively added another Interim Milestone to Strategy #3 (#3.5) and include the work plan identified in Strategy #18. A follow up meeting is scheduled for May 22, 2007 from 9:00 a.m. to 3:00 p.m. at the Department of Ecology's (DOE) training room. Strategy #18 includes reevaluating instream flows based on new data and science.

Mr. Jennings volunteered to lead the oversight of the implementation activity but noted other organizations will be asked to contribute to the work.

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Ms. Napier reminded the Partnership that an amended DIP will be presented at the June meeting. A different strategy was used for the workshop and attendees were asked to create new tasks or refine current ones. The approach worked well and generated additional input and new ideas.

Mr. Jennings invited everyone to attend the May 22, 2007 meeting.

Status Report – Watershed Plan Implementation Phase 4 Grant

Ms. Napier distributed a program summary budget status report, proposed scope of work (SOW), and budget information. She reviewed the spreadsheet. The intent of the budget summary is to help the Steering Technical Committee (STC) with its work program by identifying what other agencies are contributing. The goal is to provide the Partnership with quarterly budget reports.

Glen Connelly stated it would be helpful to know what funds are already obligated. Ms. Napier said a goal is to use the Plan 2 Fund database. The software provides a number of report outputs.

The primary funding source for the Partnership is the Phase 4 Watershed Plan Implementation Year 1 \$125,000 grant, which began on October 1, 2005. Deliverables required by the grant have been completed. The grant was amended to include refinement and implementation of the watershed plan tasks. The amendment expired at the end of March 2007. Ms. Napier reported she is working with DOE on an amendment. The grant balance for Year 1 is \$17,258. One question for the Partnership is how to spend remaining Year 1 funds. The balance will not fund the Partnership through the end of the current biennium.

At its last meeting, the STC provided guidance concerning a Year 2 grant application detailed on the SOW attachment. Ms. Napier said her time is billed from the salaries and benefits budget line item of the grant contract. Costs for the workshops and outcomes are also covered under the Year 1 grant. The initial \$75,000 budget was to cover the costs for Puget Sound Meeting Services (PSMS) and the festival. Based on other revenue resources, the STC recommends placing all administrative costs under the Phase 4 grant and reserve the balance of the legislative appropriation for implementation. One issue is whether to move PSMS to the watershed plan implementation source for Year 1 or Year 2. The easiest solution is to begin billing the new PSMS contract beginning with Year 2. Additional funds are required to cover the costs for the additional workshop.

Mr. Craig said he'd like the budget summary to include milestones and the work tasks for the 2007-2008 timeframe. The Partnership could review the summary monthly and the status of the work tasks. As an example, PSMS could be listed under the administration category with the report documenting expenditures to date.

Dick Stone suggested that if moving PSMS to a different funding source doesn't violate the letter or spirit of the contract, Grays Harbor County has the flexibility to manage the resources as appropriate. Jim Hill agreed.

Discussion followed about using Plan 2 Fund to display budget information.

Ms. Napier referred to the proposed Phase 4, Year 2 SOW developed with STC input. She reviewed the seven project tasks. Task 4, project coordination, does not include administering the grant contract. DOE asked to move administration of the Partnership to project coordination.

Task 5 includes identifying a mechanism to track progress (Plan 2 Fund).

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Ms. Napier referred to Task 6, which incorporates Interim Milestone 2.2 (develop an education and outreach work plan to solicit funding). The STC believes that any one of the outcomes would be appropriate for Year 2 funds. Work associated with Task 6 will begin on July 1, 2007.

Mr. Roach commented that the tasks involve significant work for a CAC that currently consists of only two or three members.

Mr. Hill referred to Task A and reported he and others are working together on a video brochure.

Discussion followed about the \$10,000 festival budget source (currently in the \$75,000 Year 1 grant). Mr. Hill said that Ms. Jacobson is also supplementing the budget with in-kind contributions.

Ms. Napier said funds for the festival can come from another line item leaving \$14,500 for Task 6, education and outreach, if approved by the Partnership.

Mr. Jennings said there are two issues - the list of tasks and who will take on the tasks.

Mr. Craig referred to Task C and suggested rewording the first line to read, "The Citizens Advisory Committee/Chehalis Basin Partnership will." There were no objections. He noted decisions about who's responsible for the tasks can be made at a later date.

Mr. Roach said tasks previously assigned to the CAC have not been completed due to a variety of reasons. The tasks are important and should be completed. All member agencies are responsible for successful completion of the tasks.

Mr. Jennings indicated that there are consultants who specialize in outreach work. Mr. Hill and Mr. Connelly are researching outreach costs.

Ms. Napier said the STC identified another Interim Milestone 3.1, clarifying water rights and uses (Task #7). She reviewed the proposed work plan. Approximately \$22,000 is allocated for the task.

Lyle Hojem said each water right demands a legal interpretation and a court decision. It's a waste of the Partnership's time to work on water rights issues. The state and/or an individual's records are incomplete or unknown. He said he is unsure whether clarifying water rights is the Partnership's responsibility.

Mr. Stone said he shares similar concerns about Task C (initiate a detailed assessment of water claims in the Chehalis Basin to attain an initial idea as to their validity) because it could prove challenging for the Partnership. However, there is value in compiling the information to evaluate the extent of the issue.

Members discussed Lee Daneker's work, obtaining the data, how long it might take to compile the information, and mapping completed within the Skagit watershed.

Jerry Louthain described a mini-adjudication exercise conducted for water rights in the Skagit watershed. Locating exempt wells is problematic. However, DOE has some information available for mapping. Task C can be done. Task B would include water rights and not use. Accounting for return flows would be difficult. Related to item C, a cursory review of claims could be accomplished.

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Mr. Jennings reported there are approximately 2,540 water right permits in the Chehalis Basin, and there are in excess of 8,000 claims. DOE has initiated the process of mapping water rights beginning with Water Resource Inventory Area (WRIA) 1 in Whatcom County. There is no defined schedule for initiating work in the Chehalis Basin or a specific completion date.

Mr. Hill suggested amending the task to include a pilot project.

Ms. Napier said Task B could be reworded to, "Determine number of exempt wells using DOE's well logs..."

Mr. Hojem said the Partnership should let DOE conduct its study. The Partnership has sufficient work to do without taking on the tasks. He does not support the subtasks listed for Task #7.

Mr. Roach asked Mr. Craig to research what components DOE is working on and report back to the Partnership at a future meeting. By statute, clarifying water rights is DOE's responsibility.

Mr. Stone conveyed that insufficient information or lack of viewing the data is preventing the Partnership from making decisions and progress. Undertaking Task #7 is worthwhile. It might be DOE's statutory responsibility. However, if DOE is unable to complete the work, which keeps the group from moving forward, there might be value to do the work now. The Partnership needs to ensure that any work it does is compatible with DOE's format.

Mr. Jennings suggested modifying subtask A to read, "The Partnership will implement a pilot water mapping project in the Chehalis Basin." Subtask B could include the point of diversion or the point of withdrawal, place of use, and the type of use (irrigation, municipal, or industrial). Subtask C could be limited to, "Scope what it would take to do an assessment of water claims in the Chehalis Basin." He acknowledged Mr. Hojem's comments. A pilot project allows the Partnership to experiment a little and see what it can accomplish.

There were no objections to incorporating Mr. Jennings' suggested changes.

Mr. Harris requested emphasizing the term "pilot."

Ms. Napier said she will forward a contract to DOE with the changes. A copy of the contract will be presented to the Partnership at its May meeting. Task #7 could be refined at that time, if necessary.

Ms. Napier distributed copies of a letter mailed to legislators and others identifying watershed plan activities requiring funding. The Partnership received \$560,000 for the 2007-2008 biennium. She believes Senators Swecker and Fraser were instrumental in securing the funding. Ms. Napier thanked the friends of the Partnership who took time to talk to legislators about the needs of the Chehalis Basin. The allocation is identified specifically in DOE's budget for watershed plan implementation. The funds are available July 1, 2007. The SOW will reflect the items outlined in the letter.

Presentation Regarding Natural Gas Drilling in the Chehalis Basin

Mr. Craig introduced Steve Pappajohn, Vice President, Regulatory Environmental and Community Affairs, Cascadia Energy Corporation. Mr. Pappajohn briefed the Partnership about the corporation's plans to explore natural gas opportunities within the Chehalis Basin watershed.

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Cascadia Energy Corporation (CEC) is exploring natural gas sites in the State of Washington. More information is available on its website www.torrentenergy.com. CEC recently opened an office in Chehalis and is researching mineral ownership throughout the Chehalis Basin. If successful, the company will pursue leases from owners for the right to explore and produce natural gas.

Bob Macleod left the meeting at 11:29 a.m.

CEC specializes in new resource development for natural gas called coal bed methane. It is classified as an unconventional natural gas resource. CEC explores production of natural gas from deeply buried coal beds. Conventional natural gas sources have not typically involved coal beds. Mr. Pappajohn described the conventional natural gas drilling process.

Through the years, drillers and wildcatters have drilled through coal beds and noticed there is natural gas associated with coal as they drill to deeper oil and gas sources. When testing coal beds, the well fills with water. Coal beds are naturally saturated with water. The quality of the water varies greatly. The coal mining industry understands methane (natural gas) is associated with coal beds. However, the two didn't come together. Following the oil/energy crisis in the 1970s, there were efforts to look for other sources of natural gas, one of which was coal bed methane. The new, unconventional natural gas resource began to develop in the 1980s. Currently, 10% of natural gas supply is from coal bed methane.

Currently, there is negligible production of coal bed methane in Oregon, Washington, and Idaho. The Pacific Northwest was previously only a market area and not a production area. There are extensive deposits of coal from Bellingham to Coos Bay in southern Oregon. The Chehalis Basin is now an exploration area to determine whether there are sufficient amounts of unconventional natural gas.

Mr. Pappajohn described the equipment used for exploration purposes and measures used to protect groundwater sources. DOE and the Department of Natural Resources (DNR) regulate drilling and well operations. Water is needed for drilling and is typically drawn from a municipal supply.

Mr. Hill asked whether reclaimed water could be used in the drilling operation. Mr. Pappajohn said it is possible to use reclaimed water.

Coal is not a rock but rather a hydrocarbon. The way gas is held in coal is different. All water must be removed from the coal bed before gas is expelled. One issue is what happens to the water because the quality varies. How the water is managed becomes a determining factor as to whether the natural gas resource is economically viable. CEC considers innovative and creative ways to manage the water that is beneficial to both the environment and ecology of the area, such as creating brackish water wetlands.

Mr. Pappajohn reviewed the status of three test wells in the Winlock/Vader area.

Mr. Hojem questioned the depth of the exploration wells. Mr. Pappajohn replied that the wells range from 2,300 feet to 2,700 feet in depth.

Ms. Wick asked if the drilling impacts or changes natural gas storage. Mr. Pappajohn said drilling does not impact natural gas storage.

Mr. Louthain asked how much water is used for the drilling operation. Mr. Pappajohn replied 42 gallons of water per foot is used.

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Discussion ensued about collection and disposal of the waste and mud based on DOE and DNR regulations, the time required to evaluate the potential for unconventional natural gas in the Chehalis Basin and, if successful, how long it takes to drill the wells and produce the natural gas resource.

Mr. Pappajohn added that in the meantime, all stakeholders will benefit from the creation of new jobs and revenue streams.

Ms. Holbrook-Shaw asked that the Partnership continue to receive updates on the status of the project.

Members discussed how the corporation will process water containing high levels of chloride, reinjection, removal of heavy hydrocarbons resulting from grease used on the joints of well casings, how the energy will be distributed, infrastructure requirements, and how CEC's work is funded.

Mr. Pappajohn provided contact information and the location of the Chehalis office.

CLOSING COMMENTS AND ADJOURNMENT

Announcements

The next CBP meeting is scheduled for May 18, 2007.

The STC meets again on May 3, 2007 from 9:30 a.m. to 3:00 p.m. at the WDFW offices in Olympia.

A University of Washington professor is providing a discussion on climate change at Grays Harbor College on Friday, May 4, 2007 from noon to 1:00 p.m.

Adjournment

With no further business, Mr. White adjourned the meeting at 12:09 p.m.

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services