

Texas Brine Company, LLC Daily Update – 1/16/13

Fifth Amendment to the Declaration of Emergency and Directive dated 12/7/12 and Amended Fifth Amendment issued on 1/14/13

Per the requirement in the Fifth Amendment, the daily update on progress in implementing all Directives is provided below:

1. Directive 1:
 - a. The temporary geophone installed on 12/14/12 continues to work and generate data which is being reported as required. The work plan required by the Directive was submitted on 12/15/12 with additional information being provided on 12/19/12 in response to DNR's follow up question.
 - b. A vibro-seismic study is tentatively planned for the third week in January to work with the surface seismic stations, geophone well, and USGS stations. UT Vibrator scheduled to arrive onsite 1/17/13 with work to begin on 1/18/13.
 - c. A permanent geophone plan was submitted to DNR by MEQ on 1/4/13. DNR approval of the permanent geophone array was received today. All long lead items have been ordered. The installation is tentative for 2/2/13.
2. Directive 2 a-e (Amended Fifth Amendment): Given DNR's issuance of an amended Fifth Amendment on 1/14/13, the requirements of this Directive have changed. TBC has begun planning and preparation to address the requirements of Directive 2 a-e.
 - a. 3D seismic planning continues; Land access approval work is underway; Field surveying is expected to begin this week.
 - b. OG 1 hanging strings were removed over the weekend and a VSP is being conducted on this well today; A cement bond log (CBL), variable density log (VDL), and VSP were completed on this well on 1/15/13; Work is underway on design of the down-hole geophone array for this well.
 - c. An approved of the EUA from Office of Coastal Management (OCM) was received on 1/15/13 to allow work to upgrade and raise the Rig Road as needed for multiple reasons; A location for G-03 (1000' geophone well) near ORW 4 is being finalized; Work continues on securing a drilling rig for G-03; The EUA previously submitted for the deep geophone well is being revised and will be coordinated with OCM to get final approval.
 - d. Modifications to the pressure monitoring systems for OG 1, OG 2, OT 9, and OT 10 brine wells have been made and cavern pressures were reported to DNR and AP OEP starting yesterday, 1/15/13, and will continue.
 - e. OG 2-VSP was completed over the weekend; A sonar survey was conducted on this well on 1/10/13; A CBL was done on this well on 1/15/13; Hanging strings will be re-installed as work is completed on the planned workover in the next week.
3. Directive 3:
 - a. TBC and its consultant submitted the work plan for the additional MRAA monitor wells on 12/28/12; Comments were received from DNR on 1/5/13 and are being reviewed. A revised work plan was submitted on 1/10/13. DNR responded with comments on Installation of the additional monitor wells on 1/12/13.
 - b. Installation of the two monitor wells for location MRAA 03 began on 1/14/13.

4. Directive 4:
 - a. TBC and consultants submitted a work plan required by this Directive on 12/28/12.
 - b. The VSP on OG 1 was done on 1/15/13.
5. Directive 5:
 - a. TBC submitted the first daily report on 12/12/12 for OG 1 pressure monitoring as required. These will be submitted daily going forward
6. Directive 6:
 - a. TBC submitted the first daily report on 12/12/12 for OG 2 pressure monitoring as required. These will be submitted daily going forward.
7. Directive 7:
 - a. TBC and consultants are developing plans for the required work. Past sonar inspection reports have been compiled. A sonar survey of Oxy Geismar Well 1 was completed on 1/3/13. A sonar survey was conducted on Oxy Geismar Well 2 on 1/10/13. A contract engineering firm will review the data and provide a professionally stamped report on the comparisons.

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