

**OFFICIAL MINUTES  
PIGEON RIVER COUNTRY ADVISORY COUNCIL  
April 17, 2009**

A meeting of the Pigeon River Country Advisory Council was held on Friday, April 17, 2009 at the Pigeon River Country Management Unit Headquarters. Chairman Glasser called the meeting to order at 6:30 pm.

**MEMBERS PRESENT:** Ken Glasser, Carol Clute, Pete Gustafson, Mike Brown, Jack Deming, Mike Castle, Jim Supina, Arch Reeves, Mike Estes, Rique Campa, Mark Ennes, Paul Rose, Dave Smethurst, Bob Bolinger and Dick Myers

**MEMBERS ABSENT:** John Walters, Randy Sanders and Bob Hess

**EX-OFFICIO PRESENT** Brian Mastenbrook, Dave Borgeson, Rick Henderson and Scott Whitcomb

**EX-OFFICIO ABSENT:** None

**OTHERS PRESENT:** Alex Code, Bob Jacobson, Jim Maturen, Mindy Koch, Wally Larson, John Moore, Nick Torsky, Dayle Garlock, Chris Christopherson, Darlene Alexander, Kerry Mase, Judi Jarecki, Tim Reis, Bob Strong and Joe Jarecki

**CHAIR'S OPENING REMARKS:**

Chairman Glasser welcomed everyone and commented that in less than a week we have gone from knee deep snow to bare ground. The fire danger is extremely high, so be careful. He said the agenda is full so he will keep things moving along.

**AGENDA**

No changes were made to the published agenda.

**APPROVAL OF JANUARY 16, 2009 ADVISORY COUNCIL MEETING MINUTES**

**Motion** by Gustafson, support by Bolinger to approve the January 16, 2009 minutes as published.

**Motion** carried.

**PUBLIC COMMENTS**

John Moore, Nunda Township Supervisor, asked what the intentions were with the Ford property, especially since the state owned minerals under it are listed as development for the upcoming Oil and Gas Lease sale. Regarding ORVs, Nunda Township wants to keep the county roads in the PRC open. He said he is not aware of any ORV issues as a result of the Cheboygan County roads being open for the last 20 years.

Bob Jacobson, President of the Michigan Conservation Foundation, described his background/experience with the PRCSF and passed out several handouts. He thanked Director Humphries and her staff for updating the Concept of Management.

Jim Maturen, Michigan Wild Turkey Hunters Association, said they advocated for updating the Concept of Management. With development increasing statewide, the PRCSF becomes more valuable. He described some of the reasons, especially those associated with horse use, that he supported updating the Concept. He thanked the Director and the Assistant Director for updating the Concept.

**OLD BUSINESS**

**Otsego County ORV Ordinance**

Ken Glasser said Montmorency County will close a segment of Blue Lakes Road to ORVs at the Montmorency and Otsego county line. He said the Otsego County Townships are not all in agreement about opening/closing roads at their borders to ORVs. However, the consensus has been to close the core of the PRCSF and leave the edges open. Because of the disagreements between Townships, some County Commissioners are considering not passing a County Ordinance, which would send the issue to the Townships for them to figure out.

### **Ford Property Acquisition**

Scott Whitcomb said that a Trust Fund application, as described by Kerry Wieber at the January Council meeting, has been submitted to purchase the Ford property.

In response to the question raised by Nunda Township Supervisor John Moore, Glasser asked the Oil and Gas Committee to look into whether or not state owned minerals under the Ford property are in the process of being leased as development.

### **SUBCOMMITTEE REPORTS**

#### **Oil and Gas Committee Report**

Committee chair Mike Brown said the Oil and Gas Committee met on February 12<sup>th</sup>, March 11<sup>th</sup>, and April 8<sup>th</sup>. Copies of the Committee minutes were passed out (copies attached) and Brown discussed the highlights.

The annual production and cash flow report (copy attached) from Merit Energy showed that all wells were profitable for the year. If prices drop, some wells may become unprofitable. To meet the marginal well standard and qualify for plugging and abandoning, a well must be unprofitable for the entire year, not just a month or two.

A letter was sent to the Fletcher family inquiring about their interest in selling the mineral rights under Blue Lakes. Whitcomb said he had a phone response that indicated it is worth beginning discussions. Dayle Garlock said that Tom Wellman had discussions with Mr. Fletcher. The minerals are leased until 2011. The DNR will not buy the minerals while they are under lease, but negotiations can begin while they are under lease. Garlock said DNR staff will appraise the minerals. Mr. Fletcher will get a copy of the appraisal and then negotiations will begin.

Scott Whitcomb and Rick Henderson are working on a response to Committee concerns that were raised regarding aging infrastructure, required testing protocols, and evaluation of infrastructure. There are two projects in the southwest corner of the PRC involving injecting carbon dioxide. One is about sequestering carbon dioxide and the other is about enhanced oil recovery.

Brown said that Forest, Mineral and Fire Management Division Property Specialist Cynthia Watson discussed two proposals for non-development direct leases at the April 8<sup>th</sup> Committee meeting. One was a project by Schmude Oil with at least six Antrim wells on private surface with bottom hole locations under Green Timbers. A problem with this project is that it includes a flow line in Green Timbers in the power line right of way along Fontinalis Road. The other project is a proposal by Paxton Resources for an Antrim well project on the Higgins and Hartl properties. There is no bottom hole under state land proposed at this time, but state minerals under Green Timbers are involved. There is a chance that Paxton might ask for bottom hole locations under Green Timbers in the future. Brown said that Ken Glasser made motions to approve both proposals and both motions were defeated by 4 to 3 votes. Therefore, the Oil and Gas Committee recommends to the Advisory Council that the Council recommend to the DNR that the proposed non-development direct leases should be denied.

Brown apologized to Merit Energy and Randy Sanders for incorrectly saying that a spill at the Charlton 4 CPF was not reported in a timely manner. He requested that a protocol be developed to record the

history of spills on a spread sheet so it is easier to keep track of them. He commended Merit for their spill reporting practices.

Rick Henderson was asked if water flood wells can be allowed in the PRCSF. He said nothing prohibits water flood wells in the Consent Order area or the annexed area. He was asked if water flood is considered secondary recovery and if secondary recovery is allowed in the PRC. Henderson said that water flooding is considered secondary recovery. He said Shell verbally agreed to not do secondary recovery in the Consent Order area.

Brown said the Oil and Gas Committee would like a definitive answer one way or the other whether or not secondary recovery is allowed in the Consent Order area of the PRCSF, and if secondary recovery is not allowed, the specific document references, such as the Guyer Agreement, where it says that.

DNR Resource Management Deputy Mindy Koch said the Guyer Agreement only addressed new exploration. She does not think there is any legally binding agreement that would prohibit secondary recovery, but she will have Tom Wellman do a document search again to check into it.

Koch said that the Paxton proposal is for the state to lease the rest of the drilling unit, part of which they already leased from the private owner. If the DNR refuses to lease, Paxton can petition the Supervisor of Wells to ask for a smaller drilling unit. The history of that type of petition is that they are approved, which means the well is drilled and the party that refused to lease does not get any royalties.

After discussion and Mike Estes stating that he recuses himself from the vote due to investments, **Motion** by Brown, support by Gustafson that the Pigeon River Country Advisory Council recommends to the DNR that the Schmude Oil non-development direct lease proposals be denied. **Motion** defeated, 5 yes, 9 no and one abstention.

The discussion prior to the vote was:

Pro - Because the Concept allows something, does not mean that the Advisory Council must approve it; drilling is not consistent with the management objectives of the PRCSF; approval would make it harder to oppose similar future development; it is an industrial activity and unintended consequences can happen; the EPA guidelines now state that carbon is deemed to be a threat to public health and welfare in the U. S., so the PRC should not contribute to carbon emissions.

Con - Non development leases in the annexed areas of the PRCSF are consistent with the Concept of Management; adverse drainage is occurring so not leasing will mean loss of money to the Trust Fund; except for a new pipeline in an existing cleared power line right-of-way east of Fontinalis Road, there would be no surface impact on the PRCSF from the new wells; if the DNR allows this type of drilling, adjacent landowners would have less opportunity for additional revenues due to drainage of state minerals and owners of desirable lands adjacent to the PRC would therefore have more incentive to sell their land to the state.

**Motion** by Smethurst, support by Bolinger that the Pigeon River Country Advisory Council recommends to the DNR that the Schmude non-development direct lease proposals be approved. **Motion** carried, 11 yes, 2 no and 2 abstentions.

**Motion** by Brown, support by Gustafson that the Pigeon River Country Advisory Council forward to the DNR the Oil & Gas Committee recommendation to not issue the proposed Paxton non-development direct leases and, if the motion does not pass, the issue will be referred to the Oil & Gas Committee for further consideration.

After discussion, the part of the motion about sending the issue to committee if the motion failed was

rescinded by Brown and Gustafson, so the new main motion became: **Motion** by Brown, support by Gustafson that the Pigeon River Country Advisory Council forward to the DNR the Oil & Gas Committee recommendation to not issue the proposed Paxton non-development direct leases. **Motion** defeated, 3 yes, 11 no and one abstention.

**Motion** by Brown, support by Deming that the Paxton proposal be referred back to the Oil & Gas Committee for further deliberation. **Motion** defeated, 5 yes, 10 no.

**Motion** by Estes, support by Smethurst that the Pigeon River Country Advisory Council recommends approval of the Paxton Resources proposed non-development direct leases for the SE 1/4 of Sec 21 and the SW 1/4 of Sec 22, T32N, R2W, Central Corwith Twp, Otsego County, MI from the DNR. **Motion** carried, 12 yes, 2 no and one abstention.

There was a request that, in the future, the Oil and Gas Committee provide more complete background information about issues to be considered by the Advisory Council. There was also a request for a written staff recommendation for future Oil and Gas Committee issues. Koch said that would be done.

Smethurst made a future agenda suggestion that Council members agreed was a good idea. He suggested that, since proposals of a similar nature for non-development direct oil and gas leases are anticipated, have a Committee of the Whole meeting to look at this issue and maybe create some guidelines. It would be helpful if the DEQ prepares a map of producing gas wells in and immediately adjacent to the Forest showing the boundary of the PRC, state and private land so Council members can see the potential of this type of request. Council members should also look at the template for the Environmental Impact Assessment that is completed as part of drilling and other DEQ applications. It will behoove us down the road, maybe just for information, or maybe to establish some guidelines so the Council would not need to spend as much time on each proposal because they will probably all be very similar.

#### **Charlton 4 CPF Contamination Cleanup Update**

Rick Henderson said he recently received the 2008 fourth quarter data. The map of the contamination is very similar to the last report. There are two areas of contamination, one 400 and the other 200 parts per billion total PTEX. Both are inside of the facility fence. There was no statistical change from the last quarterly report. This summer, when air sparging becomes more efficient, he expects the numbers to go down.

Henderson said earlier in the meeting, he was asked to provide the definition of secondary recovery. Part 615, Rule 103, J says that: "Secondary recovery means the introduction or utilization of fluid or energy into or within a pool for the purpose of increasing the ultimate recovery of hydrocarbon from the pool."

#### **BREAK**

8:47 pm to 9:05 pm

#### **Standards and Limitations Committee Report**

Committee Chairman John Walters was absent and did not submit a written report. Chairman Glasser said the report will be presented at the July Council meeting.

#### **Horseback Use Committee Report**

Committee Chair Dave Smethurst said the purpose of the recent Horseback Use Committee meeting was to identify concerns or problems that occurred in 2008 under the new policy. Large numbers of people attended and it was made clear to them that the agenda was to discuss concerns/problems with the

existing policy and not to revisit the policy decision that the DNR had made.

DNR employees in attendance were Mindy Koch, Lynne Boyd, Scott Whitcomb, Brian Mastenbrook and Robin Pearson. Smethurst said he made a commitment to hold another Committee meeting in the fall and to email the minutes of the recent meeting to everyone who was there.

Smethurst said he thinks people left feeling that they had a chance to list their concerns and that folks were listening to them. Suggestions brought up at the meeting included:

- There are safety concerns associated with riding horses on county roads that have substantial vehicular traffic. Ideas to reduce safety hazards include putting caution horses signs on some sections of roads; post warning signage on curves; heavy vehicular use county roads can be avoided in many cases if horses were allowed on management/closed roads that run parallel to them.
- Elk Hill Trail Camp (not the Group Camp) - This is technically the only place in the PRCSF that individuals can camp with horses, so consider making it horses only since campers without horses have many other options. Make a reservation system for Elk Hill Trail Camp because, if it is full, there is no other choice that is very close.
- Elk Hill Group Camp - Many picket posts are wearing out and need replacing. Clean the manure bunkers on a more regular basis.
- Need more communication about how and where horse riders can use the PRC. Where can day users park?
- A significant number of people said they want to ride on the closed roads.
- Much horseback use has moved from the PRCSF to nearby areas outside the PRC like the Camp 30 Hills area in Montmorency County and is impacting those areas.
- Some people bought land close to the PRC to ride from their property to the PRC and now need to trailer there.

Rique Campa said a research proposal has been submitted to the DNR to investigate interactions between bike riders, horse riders and wildlife.

Scott Whitcomb presented the camper use data for both the Destination Camp and the Group Camp at Elk Hill for 2008 (copy attached). There was a substantial decline in use at Elk Hill. There may have been many reasons such as fuel prices, the misconception that the PRC was closed to horse use, the new regulations, the economy, etc. He also discussed some of the changes in permitting at the Elk Hill Group Camp due to switching to the Event Permit process rather than the Group Camp Permit and said they are working through the issues raised by the change.

## **NEW BUSINESS**

### **Biodiversity Stewardship Area Planning**

Dave Borgeson said Amy Clark Eagle was unable to attend. He was asked to make the Biodiversity Stewardship presentation since he is a member of the team working on the project and is familiar with the presentation. He passed out a handout and made a Power Point presentation about the DNR Biodiversity Stewardship Area program to give Council members an idea of what is being worked on throughout the state. Garlock, Whitcomb and Borgeson answered many questions. Chairman Glasser said the issue will be on the agenda of the July Advisory Council meeting.

### **Otsego County Draft Master Plan**

Joe Jarecki said that Otsego County is in the process of updating their Master Plan. At the public input meeting, he recommended that language be added to say the PRCSF warrants special consideration. The Planning Commission agreed and empanelled a sub committee to draft language. The Planning Commission also had a presentation about the Pigeon River Habitat Initiative, which is a partnership of several groups that recognize that private lands near the PRCSF influence its wild character, the wildlife

that live there, and most of the ecological functions operating there. The PRHI goal is to work with private landowners and local units of government bordering the PRCSF to protect the ecological characteristics and diversity of wildlife as well as to maintain and improve corridors wildlife need to thrive. The Planning Commission decided to include language in the draft Master Plan that includes both the PRC and the prioritization areas of the PRHI.

Jarecki passed out the language that was added to the draft Otsego County Master Plan (copy attached). He said it is significant because, if the draft Master Plan is approved, it will provide the basis to modify the Otsego County Zoning Rules to create an overlay zone which would limit development that might adversely affect the PRCSF.

## **EX-OFFICIO REPORTS**

### **Law Enforcement Update**

Conservation Officer Nick Torsky said that there have been no significant developments since the last Council meeting.

### **DNR Forest, Mineral & Fire Management Division Update**

Dayle Garlock said he has nothing more to report in addition to the Blue Lakes minerals negotiations that he discussed earlier in the meeting.

### **Forest, Mineral & Fire Management**

Scott Whitcomb passed out his written ex-officio report (copy attached). He also passed out the updated Advisory Council member information and standing Subcommittee rosters to the Chairs. He asked Council members and subcommittee Chairs to let him or Peggy Moczul know if any additional changes/corrections need to be made.

Whitcomb said construction of the new Sturgeon Valley Road Bridge across the Pigeon River is scheduled to begin May 27<sup>th</sup> and to be completed by August 27<sup>th</sup>. The Pickerel Lake campground renovation is scheduled to be completed in mid June. The two High Country Pathway foot bridges have been repaired. There will be a DNR summer campground worker as well as a student intern whose stipend will be paid by the PRC Association.

### **Wildlife Division**

Brian Mastenbrook introduced his boss, Wildlife Unit Supervisor Tim Reis. He discussed the elk hunts and said they expect to take about the same number of elk this year, which should put the elk population in the 800 – 900 animal range that is the population goal of the Elk Management Plan.

## **FUTURE AGENDA ITEMS**

Hold a Committee of the Whole meeting to look at the issue of direct oil and gas leasing, especially when the bottom hole is within the boundary of the PRCSF, and maybe create some guidelines. (See discussion above at the end of the Oil & Gas Committee report for more details.)

Standards & Limitations Committee report about using snowmobiles behind gates to retrieve elk.

Glasser asked about interest in the July meeting including a field trip, probably set up for a regular Friday meeting and a Saturday field trip. There was enough interest expressed that he said the July meeting will probably include a field trip.

## **OTHER BUSINESS**

Dave Smethurst said he had some comments and would make them if Jim Maturen were still here. (During Public Comments, Jim Maturen stated things that he thought were problems like: he saw nothing being done to address horse problems; when a Fisheries Biologist cited stream damage from horses,

nothing was done; snowmobile riders were chasing elk to pick up sheds and nothing was done; from 1988 to 2008, 2000 acres of openings were lost from planting them to red pine; what was planned for the Pigeon has been compromised over the years; and Horseback Use Committee Chair Smethurst's December 4, 1992 comments that the Committee goal is to try to enhance people's experiences on a horse in the Pigeon River Country State Forest is one of the reasons that we have the problems that we have.)

Jim Maturen tended to imply that things had gone to hell in a hand basket in the Pigeon River Country in the last 30 years. We tend to focus on tough issues here and to talk about negative things. When I first came here, there was a snowmobile trail in Pigeon River Country. There isn't anymore. There was a proposal for a huge snowmobile trail through the Pigeon River Country. It never happened.

When I moved here and later, when the Pigeon River Country State Forest was created, there were less than 200 elk. After Bob Strong came and led the restoration effort, we now kill 200 – 300 elk every year. Last summer, I finally saw a pine marten from the animals that were reintroduced in 1985. There is more fishing in the Pigeon River Country now than there was in 1969 when I moved into this area. Other than the Pigeon River below the dam, it is just as good or better fishing than before. I still hunt birds here without seeing other bird hunters. When I fish here, the only people that I see are people that I've gone fishing with. Before this Forest and the Advisory Council were created, there used to be clearcuts that were hundreds of acres. Those don't happen anymore.

The implication that the Pigeon River Country has gone to hell in a hand basket is not correct in my opinion. It has had great public servants like Bob, like Joe, like Ned Caveney, and predecessors of Dave Borgeson like Steve Swan who said I'm not going to let brown trout take over the Black River and did drastic intervention. To imply that things aren't well here does not serve the great public servants that we've had in this Forest and does not serve the predecessors that have served on this Advisory Council. We are better off because of the Advisory Council, because of the Pigeon River Country State Forest. That's not to say that there are not problems or controversy, but on the scale, we are tipping far more towards the good than towards the bad.

### **ADJOURN**

Chairman Glasser adjourned the meeting at 10:29 p.m.

Minutes were taken and summarized by Joe Jarecki.

Minutes corrected 7/17/09

Respectfully Submitted,

Scott Whitcomb, Secretary