

**STATE OF NEVADA  
 COMMISSION ON MINERAL RESOURCES MEETING  
 Wednesday, July 27, 2011 – 1:30 p.m.  
 Great Basin Science Sample Library (GBSSL)  
 Desert Research Institute  
 2175 Raggio Parkway  
 Reno, Nevada**

<b>COMMISSIONERS IN ATTENDANCE</b>	<b>STAFF IN ATTENDANCE</b>	
Fred Gibson (Chairperson)	Alan Coyner	Martha Henson
Dennis Bryan	Doug Driesner	David Davis
Richard DeLong	Lowell Price	Mike Visser
John Stout	Rachel Wearne	Lisa Shevenell
John Snow	Larry Garside	Raul Morales
David Parker	Alan Griffith	Craig DePaoli
	Jenny Lesieutre	
	Kristen Geddes (Deputy Attorney General)	

**I. OPENING AND INTRODUCTIONS**

Chairperson Gibson called the meeting to order at 1:48 p.m. Alan Coyner introduced Commissioners and Staff.

**II. APPROVAL OF THE AGENDA**

**Richard DeLong moved to approve the July 27, 2011 Meeting Agenda. John Snow seconded the Motion. Motion carried unanimously.**

**III. MINUTES OF THE APRIL 29, 2011 MEETING**

The following correction was noted: (a) on page 1, under “Staff in Attendance” Matt Deal should be listed as Deputy Attorney General rather than Assistant Attorney General.

**Richard DeLong moved to approve the April 29, 2011 Meeting Minutes as amended. Dennis Bryan seconded the Motion. Motion carried unanimously.**

At this time, agenda item V was heard.

**V. PUBLIC COMMENT**

**A.** Raul Morales, BLM’s Nevada State Deputy State Director, Natural Resource, Land and Planning, explained the Nevada BLM would be amending land use plans to implement appropriate conservation measures across the western states by 2014 to keep sage grouse from being listed on the endangered species list. He noted Fish and Wildlife have until 2015 to make the determination to list sage grouse on the endangered species list. A lengthy discussion followed regarding current land use plans that would be amended to implement the interim policy and that conservation measures would be put in place to ensure ecosystems are functioning at a healthy level and to identify and protect sage grouse buffer areas from such issues as potential fire hazards.

**B.** David Parker, the new Commissioner, introduced himself.

At this time, agenda item VIIB was presented.

## **VII. NEW BUSINESS**

**B. Request for financial support for projects proposed by the Nevada Bureau of Mines and Geology** – Craig DePaoli explained the Department’s budget has been reduced from \$2.4 million to \$1 million due to recent state budget cuts and that teaching assignments have been assigned to those individuals remaining in the Department. He reviewed the nine proposals in need of financial support and stated the proposals provide assistance to: 1) activities that are completed annually to support the Mining Industry; 2) transferring manual records to electronic records for on-line use; and, 3) finding ways to help the Mining Industry by using data for such thing as GIS systems.

A question was asked about specific cuts to the Bureau’s budget. Mr. DePaoli stated staff has been reduced by 30%. The Earthquake Program would also be cut, as well as core function programs. It was noted the core function of the Bureau would disappear within the next two years if external funding support is not found within the next year because Bureau faculty are being dispersed into other areas. Discussion was heard regarding Department budget amounts and that the \$4 million received in “soft” money was used for research and was not as reliable as “hard” money.

## **IV. REPORT OF THE ADMINISTRATOR**

### **A. Division of Minerals Activities**

#### **1. Administration** – Alan Coyner reported:

- The NAAMLPL meeting would be held at Lake Tahoe in October, 2011. He stated staff would be heading the field trip events scheduled for Nevada and California. Commissioners were welcome to attend. The meeting would have an environmental focus, but would also focus on physical hazard issues in the west.
- A District Court judge in Carson City declared the additional mining fee unconstitutional in response to a lawsuit. Language had been inserted in S. B. 491 to repeal the fee and put in place a refund system.
- The teacher workshop held at Bishop Minogue High School was very successful.
- The Legislature voted in against the consolidation of the Division into DCNR.
- Two Eagle Scout projects were completed at Walker Lake, which involved negotiations with the Walker River Paiute Tribe to complete work on the reservation.
- He and Commissioner Snow attended the IOGCC meeting in North Dakota. Mr. Coyner reported North Dakota was currently authorized for 17 new positions in oil and gas due to the Bakken Shale oil boom.
- He attended the Elko Expo.
- He participated in the Corporate Guarantee Review Panel, which reviews Barrick and Newmont’s corporate guarantee in Nevada. The current total financial assurance in Nevada is a little over \$1.6 billion; \$240 million of which is corporate guarantee.
- The Administrative Assistant Four position has been filled, which will include duties as Executive Secretary to the Commission; therefore, the new Administrative Assistant, Valerie Kneefel will be in attendance at the next Commission meeting.

#### **2. Mining/Reclamation Bond Pool** – Doug Driesner stated there were no items to present regarding mining. Regarding the Bond Pool, he reported:

- The current Bond Pool amount is a little over \$4.5 million; there is a little over \$4.7 million in cash. Therefore the unfunded amount is negative \$210,000. Fifteen bonds have been taken in since the last Commission meeting with three reductions and four releases.
- The Plum Mining Bond will have to be re-calculated through NDEP. The bond was in good standing at this time. Payments have been switched to quarterly for better matching with other bonds in the pool.
- A request was made to the BLM to increase the \$2 million authority on Notice Level Bonds to \$3 million because there are approximately 140 Notice Level Bonds which total close to \$1.8 million.

#### **3. Abandoned Mine Lands** – Mike Visher reported:

- The Intern Programs were going well with no serious incidents. Productivity was slightly ahead of schedule. They have been pro-active in securing areas with public access and making the owner responsible for any

additional securing work in order to prevent liability issues. Surveys were completed to determine BLM boundary lines.

- All closures were completed at the Murphy Mine complex.

At this time, Mr. Visher gave a slide show presentation regarding the securing work being conducted at the Chollar Mine Raise in Virginia City.

**4. AML/GIS** – Rachel Wearne distributed a recent AML map. She reviewed totals for hazard securings and notification letters that were sent out. She reported:

- Ninety-three teachers attended the teacher workshop. The workshop went very well.
- In regards to the NAAMLPL meeting, she sent e-mails out requesting possible presentations at the meeting.

Mr. Coyner asked Ms. Wearne about the 30% response rate with regards to the notification letters and, if not, what would be done about it. Ms. Wearne stated she would like it to be more, but initiative was being taken to secure the higher hazards. Mr. Coyner asked if re-notification letters will be issued to those individuals not notified in the first round. Ms. Wearne stated those individuals that have responded to the notification letter, but have not yet secured their sites will receive another letter regarding their status. Individuals that have not responded to the first round of notification letters due to address changes will receive new notification letters. She noted sites that have not been picked up might become the responsibility of the Division if they are orphan sites.

A question was asked regarding how the digital pens were working. Ms. Wearne stated the pens were being used by interns in the hazard database and that pens have decreased the data entry time by half with fewer mistakes.

A question was asked regarding if certified notification letters were being sent to ensure letters were being received. Mike Visher stated a mass mailing was done for the first round of letters. Certified notification letters can be sent to those individuals that have not yet received a letter, but it will increase the cost and slow down productivity. A question was asked regarding if letters to private land owners were sent out certified. Mr. Visher stated no, but counties will be notified during the next round of letters.

**5. Southern Nevada Operations** – Mike Visher stated Bill Durbin could not be in attendance at today's meeting due to personal matters. Mr. Visher reported:

- Bill conducted twenty-three classroom presentations in Henderson and Las Vegas, reaching almost 1,000 students.
- Bill attended the "Locate, Assess, Stabilize, and Transport (LOST)" Workshop for emergency personnel.
- The McCaw School of Mines has a new Chairwoman, Kerry Schroeder. The proceeds from this year's fundraising event were approximately \$63,765.
- Two Mackay students were hired through Geo Temps to work in the offices of Carson City and Las Vegas to assist with data entry and revisit work.
- Two Eagle Scout projects in Clark County have been completed.
- The Bureau of Reclamation has been doing permanent closures in Clark County using stimulus money. Work is almost complete. Over 330 mines have been closed in the county since 2007.

Mr. Visher gave a powerpoint presentation provided by Mr. Durbin that reviewed potential closures for the old gypsum mines at the Arden Quarries outside of Las Vegas.

**6. Oil, Gas, and Geothermal** – Lowell Price reported:

- 58 permits have been issued to date, which is approximately the same rate as this time last year.
- In Geothermal, permitting is occurring at the same rate as this same time last year, but drilling has decreased. Drilling may increase in the future. 16 geothermal wells have been drilled. Last year at this time, 72 wells were drilled.
- In Oil and Gas, three permits have been issued this year; two permits have been issued to HBF Exploration for Charity 1 and Charity 2, and one permit to B. F. Neuhaus for the East Hogback Ridge Well located in Railroad Valley. The Hogback Ridge Well should be completed in the near future. The Charity 1 well may

be drilled sometime in the future, but Charity 2 will be “spudded” by the end of the week. A Charity 3 well will be permitted to complete the BLM lease agreement regarding location.

- The Patua project area is close to being drilled out to make way for the Patua 2 project area.
- Magma is continuing with exploration in the Soda Lake area. Two observation holes should be drilled shortly.
- Nevada Geothermal has permitted six observation holes in the Blue Mountain area and one observation hole in Pumpernickel Valley.
- Ormat is continuing with TG core drilling to 1,000 feet rather than rotary drilling in Tungsten Mountain and Edwards Creek on the east side of the Dixie Valley area. A deeper observation hole of approximately 4,500 feet is also being drilled in an area west of Gabbs.
- Terra-Gen is currently drilling an observation well in the Coyote Canyon area within Dixie Valley.
- US Geothermal has permitted four observation wells that should be drilled in the near future.
- Emergent Value is still testing their well near Eureka. Testing of this well has been ongoing since January 30, 2011.
- Desert Discoveries, which used to be Empire Petroleum, was in the process of completing the Paradise 2 well. No notification has yet been received of its completion.
- Approximately 150,000 acres within 25 parcels were offered at the Oil and Gas Lease Sale that was held in June, 2011. Approximately \$663,000 was generated from the sale. There were no sales in the non-competitive lease sale that followed.
- Approximately 64 sundry notices were processed, primarily for Geothermal.
- The EIS for the Salt Wells has been produced. The EIS focused on locations for the transmission line. A 30-day public comment period will be held followed by a review and final action by the BLM.
- The Ormat Nevada surface leakage at their Jersey Valley Geothermal field is being addressed.
- Providing Stillwater residents notice and information regarding geothermal fluids exposure has not yet been completed.

A question was asked regarding if the new Hogback Ridge drilling would be a new field. Mr. Coyner stated it may be new production. Discussion followed to wait until production begins to determine fee amounts.

At 4:11 p.m., Chairperson Gibson called for a short break. At 4:19 p.m., the meeting resumed.

## **B. Budget Update**

**1. Budget Status Report: FY11 To-Date** – Alan Coyner reviewed the Budget Status Report. He stated the budgeted Work Program was from two years ago; therefore, it does not present an accurate reflection of the current budget. He reported approximately \$210,000 in Oil, Gas, & Geothermal fees were collected thus far in 2011. The Division’s revenue and expense were balanced, with the inclusion of the CMR special projects and the Mackay payments. The AML Enhancement budget for FY2012 was approximately \$129,000 and may be increased. The Division still has \$100,000 encumbered for the Endowed Chair of Economic Geology at the Mackay School.

## **VI. OLD BUSINESS**

**A. Report to the CMR concerning BLM permit timelines** – Commissioner DeLong stated a draft from the BLM was received. Edits would be completed next week and this should be completed in August, 2011.

**B. Report to the CMR concerning the continuation of quarterly statewide oil and gas lease sales by the BLM** – Commissioner Snow reported progress was still being made. The next phase would be the statewide stipulation to utilize grant funding. Discussion was heard to establish a Task Force to address the sage grouse issue. Mr. Coyner stated he would contact the Department of Wildlife regarding this issue.

**C. Reconsideration of the support for the Endowed Chair in Economic Geology at the UNR Mackay School of Earth Sciences and Engineering** (*tabled from the April meeting*) – This item was tabled to the next Commission meeting.

## **VII. NEW BUSINESS (Continued)**

**A. Election of the Vice Chairman of the CMR** – This item was tabled until the next Commission meeting.

**B. Request for financial support for projects proposed by the Nevada Bureau of Mines and Geology** – Alan Coyner expressed his support for Proposal #2. Discussion followed regarding support for Proposals #1, 2 and 3. The Commission discussed and decided to provide financial support for Proposal #2 only at this time.

**Richard DeLong moved to allocate \$50,000 to Proposal #2. John Snow seconded the Motion. Motion carried unanimously.**

**C. Request for financial support for projects proposed by the 4<sup>th</sup> Ward School** – Mr. Coyner provided a brief review of the proposed projects. He stated the request was for approximately \$38,000 for the water model and \$5,400 for the other projects. Discussion was heard to allocate the approximately \$5,400 with another presentation to be made to the Commission at a future meeting regarding the water model.

**Dennis Bryan moved to allocate \$5,425 to the 4<sup>th</sup> Ward School. John Snow seconded the Motion. Motion carried unanimously.**

**D. Request to expand the Division's AML program through hiring additional Division personnel and/or contractors** – It was noted \$1,000 was received from BLM for FY2012 for the AML Program. Commissioner DeLong requested a proposal be presented before funding is allocated regarding realistic, additional securing work that can be completed by the AML Program without having to hire a new full-time employee. Mike Visher expressed concern with spreading employees too thin. Discussion was heard regarding ways to begin securing work before the upcoming winter season.

**Richard DeLong moved to allocate \$200,000 to the AML Program to implement additional securings and inventory. Dennis Bryan seconded the Motion. Motion carried unanimously.**

#### **VIII. PUBLIC COMMENT**

There were no public comment requests.

#### **IX. COMMISSION BUSINESS**

**A. Determination of Time and Place of Next CMR Meeting** – The Commission discussed and decided to hold the next CMR meeting on Wednesday, September 28, 2011 at Winnemucca, Nevada.

#### **X. ADJOURNMENT**

There being no further business, the meeting adjourned at 5:29 p.m.