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Governor

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**ALAN R. COYNER**  
Administrator

## ACTIVITY AND ACHIEVEMENTS

### July 2010

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#### ADMINISTRATION (ALAN)

1. Created the POG (Priorities of Government) budget in NEBS (Nevada Executive Budget System).
2. Visited the Slater Mine east of Gardnerville in the Pine Nut Mountains for a bond pool inspection of a placer gold mining operation.
3. Arranged for a campus visit for a Colorado School of Mines graduate who is considering attending UNR for a master's degree in Geology.
4. Responded to Vulcan Power concerning the need for a geothermal reservoir model concerning their request for an exemption from reinjection for a portion of their production at the Patua Geothermal Project to be used for cooling water.
5. Attended a teleconference of the IOGCC Steering Committee concerning the EPA initiative on hydraulic fracturing.
6. Made logistic arrangements for the CMR meeting in Battle Mountain.
7. Facilitated the new officer signature for the Plum Mining reclamation bond.
8. Arranged a tour of the Ruby Hill mine for the summer interns with Andy Cole, mine manager for August 3.
9. Responded to an inquiry by Susan Russell of the State Department concerning possible mining initiatives between Nevada and the government of Mongolia. Ms. Russell is the new Economic and Environmental Officer at the U.S. Embassy in Mongolia.
10. Hired Rachel Wearne to fill the Field Specialist position in the AML program.
11. Attended a conference call held by Interstate Mining Compact Commission concerning the new EPA initiative on CERCLA Section 108.
12. Provided the NDEP projects list to John Muntean of NBMG for use in Mineral Industries of Nevada 2009.
13. Assisted Lowell in arranging a tour of ORMAT's Steamboat facility for a 4<sup>th</sup> grade class from Brown Elementary.
14. Assisted Lowell in reviewing the geothermal section of the NBMG Minerals Industries of Nevada 2009.
15. Posted the suggested form for "Affidavit and Declaration of Claims Held in Nevada" to the NDOM website.
16. Organized the submittals for consideration by the Nevada Excellence in Mine Reclamation committee.
17. Met with representatives of Vulcan Power, Jason King, State Water Engineer and Kelvin Hickenbottom, Water Engineer at DWR concerning consumptive use of geothermal fluids at the proposed Patua Geothermal Project.
18. Welcomed teachers at the Northern Nevada Earth Science Teachers Workshop and taught one session of "Just Drill It".
19. Received information from IOGCC concerning the newly introduced HR 5626 "Blowout Prevention Act of 2010".

20. Received information concerning a possible \$500,000 of funding (nationwide) for AML work for the USACE RAMS program.
21. Declined an invitation to meet with EPA concerning the CERCLA Section 108 initiative, based on input from Dave Gaskin of NDEP.
22. Provided a response to John Bosta of Armagosa Valley concerning his complaint about a grease trap operator that is disposing of sludge in Armagosa Valley (SEC business).
23. Facilitated the CMR field trip and meeting in Battle Mountain.

#### **RECLAMATION BOND POOL (DOUG)**

1. Issued notice level bonds for Gold Summit (2), Rio Fortuna, JKR Gold Resources (USA) Inc., La Quinta Resources, and BH Minerals.
2. Reduced one bond for Nevada Cement and three bonds for MGC Resources.
3. Spoke with Nancy McMillen of Springer Mining Company about changing bonds from Golden Predator to Springer.
4. Visited the Slater Mine with Alan to check on reclamation progress. Pine Nut Mines LLC has the bond for this project and is in the Bond Pool. It appears the dirt work has been done, but no request for a bond reduction has been made.
5. Received the amendments to Plum Mining Company LLC's bond and indemnity agreement that Kristen Geddes had prepared. The amendments reflect the change of leadership at Plum from James Golden to Corrado De Gasperis.
6. Spoke with Michael Pees at the EPA about the bond pool.
7. Met with Eric Scheetz of the Controller's Office about the bond pool.
8. Submitted a work program to balance forward the bond pool's FY-10 cash into FY-11.

#### **MINING, LAND AND OTHER ISSUES (DOUG)**

1. Completed the Biennial Internal Control Report.
2. Answered several questions about the additional mining claim fee.
3. Worked on the Major Mines booklet.
4. Prepared and submitted 2 work programs. One is for \$300K authority for the FY-12 payment to Mackay to be made in FY-11. The other is for \$310K, of which \$60K is authority for the FY-11 payment to Mackay and \$250K is for authority for AML enhancement.
5. Approved 7 geothermal sundries and 5 permits. Approved 1 oil permit.

#### **AML / PUBLIC AWARENESS - NORTH (MIKE)**

1. Conducted safety review with interns regarding stuck vehicle issues, hydration and heat exhaustion, and need for better communication of vehicle performance issues.
2. Lined out interns for work in Pershing and Humboldt counties. Pre-loaded all GPS units with hazard information. Contractor Rachel Wearne created orthophoto maps with topo and all NDOM data for use in the field.
3. Worked with Alan to arrange mine tour for interns at Ruby Hill in three weeks.
4. Summer interns completed their sixth week with 26 securings, 3 revisits, 131 hazards and 145 non-hazards logged in Pershing and Humboldt counties.
5. The interns completed their seventh week with 19 securings, 11 hazards and 211 hazards logged and 23 revisits completed in the greater Yerington area.
6. Summer interns completed their eighth week with four securings, six hazards and 335 non-hazards logged, and two revisits in northern Elko County.

7. The summer interns completed their ninth week of work with four interns assisting at the Teachers Workshop and the other four conducting inventory work in Washoe and Storey counties; two securings, four hazards and 87 non-hazards logged, and two revisits. All interns attended the workshop mine tours to Florida Canyon and Coeur Rochester.
8. The summer interns completed their tenth week with six securings, 15 hazards and 196 non-hazards logged, and two revisits in Lander County. The interns also attended the mine tour at Phoenix and met with the CMR commissioners over dinner.
9. Line out interns for work in Lander County. Review vehicle use and off-road driving procedures from prior week resulting in four flat tires. Discussed when is the right time to park and hike to features instead of attempting to get there by truck.
10. Provided training to two interns in office for data entry, land/ownership research, and planning for work in Lyon County.
11. Logged six hazards and 22 non-hazards in Washoe County. These will likely be fenced as part of one or more Eagle Scout projects this summer.
12. Met with and reviewed contractor Environmental Protective Services' securing work in Esmeralda County. 21 hazards were secured in late June. Planning for bat gate construction by EPS on two hazards in Douglas County continue with discussions held with NDOW and BLM personnel.
13. Line out contractor Environmental Protection Services for inventory and securing work east of Hawthorne and west Gabbs. Arrange for additional fencing materials for contractor EPS and assisted with pick-up.
14. Chris Ross received a request from the Marines for UG mine sites near Reno which could be used for Special Forces training purposes. More suitable sites exist on patented land and the owner contact information for two sites outside Yerington was forwarded.
15. Teresa Conner (Rodeo Creek Gold) called inquiring about assistance monies for securings on their Esmeralda mill site property. She was informed about the money available to the counties but not private entities, however a reasonable number of warning signs could be provided upon request.
16. Submitted paperwork to BLM-CC office requesting authorization to construct bat gates at two hazards in Douglas County.
17. Communicated with archaeologist Rachel Crews (BLM-CC) regarding plans for bat gates at the Divide Mine and necessary site visit.
18. Communicated with Ken Maas regarding upcoming intern work plans on FS-managed lands near Ely.
19. Meet with Nicholas Connelly (FS-Reno) to provide them with ID sheets and photos of hazards logged by NDOM at Treasure Hill and discuss need for FS-surveyed features dataset. He created a CD with spreadsheet and photos of sites to be inventoried in the coming weeks by the interns.
20. Conducted revisit and repair work to four hazards in Elko County.
21. The latest snapshot of our AML database was provided to Chris Ross (BLM-NSO) on CD at his request.
22. Completed hazard inventory sheets and data entry for seven hazards logged by Katie Miller (NDOW-Elko).
23. Take archaeologist Rachel Crews (BLM-Carson) to site of planned bat gates in Douglas County, review plans for construction and potential impacts to associated resources.
24. Communicated with two scouts in Elko for their respective projects south of Wells. One has since opted out of the project. A reconnaissance visit with Houston Mitchell is planned for July 28<sup>th</sup>.

25. Communicated with Boy Scout Houston Mitchell regarding fencing project in Elko County this fall.
26. Met scout Houston Mitchell and father in Elko then traveled south of Wells to reconnaissance nine hazards planned for securing as part of his Eagle Service Project.
27. Conducted reconnaissance visit with scout Ian McBryde to six abandoned mine hazards in Washoe County which will be fenced as part of his Eagle Project.
28. Ron Hess (NBMG) called to inquire about our interest in participating in state committee on standardization of GPS derived data.
29. Worked with Debbie to create Excel macro to parse AML non-hazard information collected by GPS units into proper format for importation to AML non-hazard database in Access. The process has eliminated the need for manual data entry of this information.
30. Discussed with Vicki Ariaz at Geotemps the hiring of part-time student data entry person. She forwarded several resumes for consideration.
31. Hired Mackay student Kyle Cahill (as a Geotemps contractor) to perform data entry and miscellaneous AML data work on a full-time basis initially until school starts then part-time as needed.
32. Prep rock and mineral samples for use in Teacher Workshop kits. Prepare educational materials need for three activities and collect and package all outreach materials for next week at workshop.
33. Worked on Teachers Workshop, including unloading materials, set-up, package presentations, conduct classroom activities, manage display booth and hand out outreach materials, facilitate tour at Fourth Ward School, tear-down, and clean-up. Approximately 80 teachers attended the workshop.
34. Visited Phoenix Mine with CMR and attended CMR meeting in Battle Mountain.

#### **AML / GIS (RACHEL)**

1. Helped interns organize and plan upcoming weeks.
2. Discussed the past week in Elko and the following week in Reno with the summer interns.
3. Worked on developing maps for the interns for following weeks.
4. Worked on developing maps for the interns for the following weeks in Eureka and Ely.
5. Aided the interns in uploading non hazard data collected from the past week in Elko onto the computers.
6. Imported new AML data from the database to reference in ArcGIS for future maps.
7. Worked on organizing files on the computer and maps in the office.
8. Completed maps in ArcGIS for Summer Intern projects in Virginia City and Reno, Austin and Battle Mountain, and Eureka/Ely areas.
9. Put together a new Statewide AML topographic index map using ArcGIS.
10. Worked on completing a map showing AML work completed since the last commission meeting in May 2010.
11. Worked on putting together a map of Clark County showing abandoned mine features within a 25 miles radius of towns with population greater than 1,000, with the last known securing date over one year.
12. Learned how to import shape files from ArcGIS onto Garmin GPS units for field use and uploaded data onto GPS units.
13. Uploaded non hazard data collected into the AML Database.
14. Received USFS hazard data from Nicholas Connolly that will be used in the field and uploaded the data onto GPS units.

15. Began using DNR Garmin for data exchange between ArcGIS and GPS units.
16. Updated non hazards to the AML Database.
17. Spoke with Brian from EPS who called with some questions concerning contract work currently being done in Mineral County.
18. Assisted Geotemps contractor Kyle Cahill in entering data and making changes to the AML Database.
19. Helped Mike Visher prepare for the teachers workshop.
20. Assisted with the Teachers Workshop in Reno.

#### **AML / PUBLIC AWARENESS - SOUTH (BILL)**

1. Map updates and claim research for sites in Esmeralda County logged and secured the previous week.
2. AML field investigations – Red Rock National Conservation Area – Clark County. Investigated and ranked 4 hazards and logged 4 non-hazards.
3. Conducted AML claim research – Clark County.
4. Participated in monthly conference calls for SNPLMA and ARRA-funded AML permanent closure projects in Clark, Lincoln and White Pine Counties.
5. Logged in photographs of Esmeralda and Nye County AML inventory and securing activities and photos from the Reno mineral education workshop.
6. Completed AML hazard inventory sheet and database updates for mine closure and re-visit/securing work performed by BOR and EPS on securings in Clark, Esmeralda and Nye Counties.
7. Collect and prep mineral and rock samples for Reno teacher workshop kits.
8. Assembling and packing teacher workshop materials.
9. Traveled to Reno for the 26<sup>th</sup> Annual Northern Nevada Earth Science Education Workshop for teachers. Las Vegas staff assisted in set-up, registration, classroom coordination (Bill's activities: Minerals, rocks, fault and fold modeling, cupcake core sampling, paste with a taste, and birdseed mining.) Assisted with local tours and participated in the post-workshop tour to the Coeur Rochester and Florida Canyon Mines.
10. Collected obsidian "Apache Tears" for classroom handouts and rhyolite and marble for teacher workshop rock kits on return trip from Reno to Las Vegas.
11. Compiled minutes from the June 18, 2010 McCaw School of Mines Foundation Board meeting.
12. Prepared summary of Las Vegas office activities for CMR meeting.

#### **GEOHERMAL (LOWELL)**

1. Reviewed Nevada Geothermal Power's revised plan of operation associated with the sundry notice previously given to NDOM for the re-entry into the Blue Mountain 23-14 production well to perform a clean-out of the well and replace the down hole pump.
2. Reviewed TGP Development Coyote Canyon 14-13 observation well permit application. The proposed total depth is 10,000 feet. NDOM has been waiting for BLM approval. Well may be converted to a production well if successful in finding adequate geothermal fluids. Doug approved.
3. Reviewed TGP Development Coyote Canyon 14-22 observation well permit application. The proposed total depth is 10,000 feet. NDOM has been waiting for BLM approval. Well may be converted to a production well if successful in finding adequate geothermal fluids. Doug approved.

4. Reviewed TGP Development Coyote Canyon 51-22 observation well permit application. The proposed total depth is 10,000 feet. NDOM has been waiting for BLM approval. Well may be converted to a production well if successful in finding adequate geothermal fluids. Doug approved.
5. Wells drilling: Ormat McGinness Hills 66B-22 production well (2,031', testing well); Ormat McGinness Hills 28A-10 (1923', cementing casing); Ormat Tuscarora 65A-8 (3047', nipples up to 13.375" casing); Vulcan Power Patua 78-36 (2,794', drilling); Vulcan Power Patua 36A-15 (5,058', nipples up to 13.375" casing).
6. Reviewed GAE Darrough LLC's permit applications for three temperature gradient holes in the Darrough Hot Springs area, Nye County. Applications had problems with company names stated and verification with the Secretary of State office. Informed Bill Ehni, consulting geologist, of the problems.
7. Reviewed HSS II (Ormat Nevada) permit application and drilling program for the Hot Sulphur Springs 66A-5 production well. The proposed total depth is 5,000' TVD. Doug approved.
8. Reviewed Enel North America's sundry request to re-enter the Stillwater 45-19 observation well and place a temperature probe down hole. Doug approved.
9. Reviewed Vulcan Power's sundry request to perforate the 45-9 production well in order to test potential zones behind casing. Doug approved.
10. Reviewed Vulcan Power's sundry request to perforate the 45-27 production well in order to test potential zones behind casing. Doug approved.
11. Reviewed Nevada Geothermal Power's sundry request to enlarge the reserve pit at the Blue Mountain 23-14 production well location. Received notification of BLM approval. Doug approved.
12. Reviewed Nevada Geothermal Power's sundry notice to clean out the Blue Mountain 23-14 production well and install a pump. Received notification of BLM approval. Doug approved.
13. Wells drilling: Ormat McGinness Hills 28A-10 (2,266', drilling); Ormat Tuscarora 65A-8 (3,427', drilling); Vulcan Power Patua 77A-19 (rigging up to spud); Vulcan Power Patua 36A-15 (6,295', drilling), Vulcan Power Patua 78-36 (rigging up to deepen hole – core).
14. Reviewed Gregory Barlow's domestic geothermal well permit. Well is to be drilled near Caliente. Alan approved.
15. Reviewed Nevada Geothermal Power's sundry notice to reclassify the Blue Mountain 91-15 production well to an injection well. Coordinated approval with Russ Land, UIC. Alan approved.
16. Reviewed GAE Darrough LLC's revised permit applications for TG-1, TG-2, and TG-3 near Darrough Hot Springs in Big Smoky Valley. Verified status of GAE Darrough LLC with the Secretary of State Office, found to be in good standing. Doug approved.
17. Reviewed Nevada Geothermal Power's 86-22 injection well permit application. Proposed total depth is 6,000 feet. Forwarded copy of application and supporting documentation to Russ Land, UIC, for review. Waiting on approval from BLM and Russ.
18. Wells drilling: Ormat McGinness Hills 28A-10 (3,214', logging open hole); Ormat Tuscarora 65A-8 (4,932', rigging down); Ormat Tuscarora 66A-5 (520', cemented 20" casing, waiting on cement prior to nipples up); Vulcan Power Patua 77A-19 (1,065', cemented 20" casing, waiting on cement prior to nipples up); Vulcan Power Patua 36A-15 (7,740', drilling), Vulcan Power Patua 78-36 (4,286', coring); Magma Energy Soda Lake 25A-33 (4,510', drilling).

## **OIL AND GAS (LOWELL)**

1. Reviewed Grant Canyon's sundry to repair casing leak in the Grant Canyon #1 well.
2. Wells Drilling: Fasken Oil and Ranch Papoose Canyon 1-14 (5,277', drilling sidetrack hole).
3. Reviewed Fasken Oil and Ranch 'informational' sundry as to their process in setting and cementing 9.625" casing in the Papoose Canyon 1-14 well.
4. Wells Drilling: Fasken Oil and Ranch Papoose Canyon 1-14 (7,090', drilling in sidetrack hole).
5. Visited the Fasken Oil and Ranch Papoose Canyon 1-14 well location on Wednesday, July 28th. Met with Company Man and discussed drilling problems, both with the hole and the Enel drilling rig. Inspected the drilling location for any safety concerns, all looked very good. My impression of Fasken is the company is a first class operator.
6. Reviewed Empire Petroleum's sundry notice for a drilling program change in the Paradise 2-12 well being drilled near Gabbs. Empire requested a change in bit size from 10.625" to 8.75".
7. Discussed Berry Petroleum's request for verbal approval for hole in casing isolation through an upper and lower packer in the Eagle Springs 84-35 injection well. Verbal approval had already been given by Tom Seeley, BLM, and Russ Land, UIC. Verbal approval was given by NDOM to proceed with repair. Hard copy of sundry is to follow.
8. Wells Drilling: Fasken Oil and Ranch Papoose Canyon 1-14 (8,327', drilling mostly blind, no to very partial returns, in sidetrack hole); Empire Petroleum Paradise 2-12 (1,224', drilling).

## **OTHER (LOWELL)**

1. Met with Steve Mackay, Mackay Drilling, and discussed what the Division of Minerals permits and what it does not permit.
2. Met with representatives of Vulcan Power, Kelvin Hickenbottom (DWR), Rob Martinez (DWR), and Alan at the Division of Water Resources to discuss consumptive use of geothermal fluids, as well as what all is needed for the permitting of consumptive use for geothermal fluids through DWR .
3. Attended the Commission on Minerals Phoenix Mine tour on Thursday, July 29<sup>th</sup>. Phoenix Mine personnel gave an excellent tour of the mine and mill.
4. Attended the Commission on Minerals 2<sup>nd</sup> quarter 2010 meeting in Battle Mountain on Friday, July 30<sup>th</sup>.
5. Met with representatives of Vulcan Power, Jason King (DWR), Kelvin Hickenbottom (DWR), and Alan at the Division of Water Resources on Tuesday, July 27<sup>th</sup>, to discuss consumptive use of geothermal fluids at Vulcan's Patua Project area near Hazen. Vulcan was informed by Jason King it will be an absolute minimum of two months before permits can be approved, if approved, due to publication period of one month and a public comment period of one month.