

**STATE OF NEVADA
 COMMISSION ON MINERAL RESOURCES MEETING
 Monday, February 27, 2012 – 12:30 p.m.
 American Pacific Boardroom
 3883 Howard Hughes Parkway #700
 Las Vegas, Nevada**

COMMISSIONERS IN ATTENDANCE	STAFF IN ATTENDANCE
Fred Gibson (Chairperson) Dennis Bryan Richard DeLong John Stout David Parker John Snow	Alan Coyner Mike Visher Rachel Wearne Bill Durbin Kristen Geddes (DAG) – <i>(via telephone)</i> <u>Others</u> Russ Fields - UNR Jon Price - NBMG James Faulds – NBMG Greg Conrad - IMCC Trent Sweeney – UNR <i>(via telephone)</i> Jenny Lesieutre - BLM <i>(via telephone)</i> Cory Hunt - Governor's Office <i>(via telephone)</i>

I. OPENING AND INTRODUCTIONS

Chairperson Gibson called the meeting to order at approximately 12:30 p.m. Alan Coyner introduced Commissioners, Staff, and others in attendance.

II. APPROVAL OF THE AGENDA

Alan Coyner requested only questions regarding staff reports be asked in lieu of presenting staff reports due to the number of items on the agenda to be reviewed.

It was moved to approve the February 27, 2012 meeting agenda as amended. John Stout seconded the Motion. Motion carried.

III. MINUTES OF THE NOVEMBER 2, 2011 MEETING

Dennis Bryan moved to approve the November 2, 2011 meeting Minutes. Richard DeLong seconded the Motion. Motion carried.

IV. PUBLIC COMMENT – There were no public comment.

V. PRESENTATION CONCERNING THE INTERSTATE MINING COMPACT COMMISSION AND POSSIBLE MEMBERSHIP IN THE IMCC FOR THE STATE OF NEVADA

Alan Coyner introduced Greg Conrad, Executive Director from the Interstate Mining Compact Commission. Greg Conrad stated the IMCC is a sister organization to the Interstate Oil and Gas Compact Commission. IMCC's work is focused on mining and related environmental issues. Mr. Conrad reviewed State and Federal organizations IMCC has worked with on these issues. He made available additional information about IMCC. Mr. Conrad stated, currently, IMCC is working on legislation to authorize the use of AML trust fund monies for additional hard rock AML reclamation work, as well as providing additional funding for this work. He commented that, if the State of Nevada joined the IMCC, it would receive the backing of the twenty-four member states.

A question was asked regarding IMCC's budget. Mr. Conrad stated it was \$450,000 paid by dues assessments from the member states and some limited federal grant money. Associate members pay \$5,000 a year for the first five years. Full-member state dues are based upon the value of mineral production in their respective state. He noted West Virginia is the state with the largest dues even if the State of Nevada joined IMCC. There is also a cap of \$55,000 on due assessments.

A comment was made that IMCC member states are primarily coal states. A question was asked regarding how IMCC manages the hard rock issue when the organization is primarily a coal-based organization. Mr. Conrad stated the organization has shifted more resources to the hard rock issues since the organization's inception.

Chairperson Gibson stated his recommendation would be to recommend to the Governor that Nevada become an associate member of the IMCC in order to remain an integral part with other states on hard rock mining issues.

It was moved to recommend to the Governor that Nevada pursue membership in the Interstate Mining Compact Commission as an associate member and that the Administrator of the Division of Minerals be the Governor's designee in representing the State in the IMCC. Motion carried.

VI. REPORT OF THE ADMINISTRATOR

Chairman Gibson asked for brief reports from staff concerning the following:

A. Division of Minerals Activities

- 1. Administration**
- 2. Mining/Reclamation Bond Pool**
- 3. Abandoned Mine Lands**
- 4. AML/GIS**
- 5. Southern Nevada Operations**
- 6. Oil, Gas, and Geothermal**

Lowell Price announced a recent oil discovery at Tomera Ranch and stated that steady production was at 80 barrels a day.

Mike Visher reviewed updates to the Bond Pool. He reported thirty interviews have been completed for the AML summer intern program and that offers will be made to eight students from the Mackay School.

Rachel Wearne provided information regarding location work for the summer interns. She also noted securing information on claimants was being received.

Bill Durbin stated a GeoTemps contractor has been hired to assist with AML revisit work in the Clark County area. A shaft call was responded to and secured in the Gold Field area. Dynamite was found in a mine in White Pine County and will be secured. The Teacher's Workshop will be held on April 3-5, 2012 at Faith Lutheran School. The McCaw School of Mines Gala will be held on Saturday, April 14, 2012. The Arizona case in which he testified as an expert witness was settled out of court. He would provide settlement amount information at a future meeting, if available.

B. Budget Update

1. Budget Status Report: FY12 to-date – Alan Coyner reviewed the February 17, 2012 Budget Report. He reported revenue from mining claims was over budget and work program authority would be increased. An increase is planned for the AML Work Program. Unobligated reserve funding available was approximately \$1.5 million.

A question was asked about unobligated reserve funding in the past. Mr. Coyner stated it has been in the \$1.5 million range for about 4-5 years.

At this time, agenda item VIIB was presented.

VII. OLD BUSINESS

B. Review of the Budget for the FY12 Mining Claim Fee Payment to the UNR Mackay School of Earth Sciences and Engineering – Russ Fields, MSESE, commented on the importance of the CMR support to the Mining Engineering Program. He stated the proposal for FY12 was for \$394,000. He provided a breakdown of that amount. Mr. Fields noted no funding is used towards administrative costs. An additional \$100,000 from the CMR would be used for recruiting and retention. Alan Coyner stated it was important to note that faculty support was increased for metallurgical engineering.

Mr. Coyner asked if there was difficulty finding students for metallurgical engineering. Mr. Fields stated, in the Mining Engineering Department, there were 27 students out of the 77 students leaning towards metallurgical engineering. In the fall of 2012, there may be an additional 30 students in the program.

Richard DeLong moved to approve the budget for the FY12 Mining Claim Fee Payment to the UNR Mackay School of Earth Sciences and Engineering. Dennis Bryan seconded the Motion. Motion carried.

At this time, agenda item VIII F was presented.

VIII. NEW BUSINESS

F. Request for Financial Support for the Nevada Earth Science Teacher's Workshops – Mike Visser stated the request was the same as the CMR's previous commitment of \$15,000 per year for three years for material needed for the Teacher's Workshops. The support would be for fiscal years FY13, FY14, and FY15.

A question was asked regarding if the Nevada Mining Association would match this amount. Mr. Visser replied no, but the Mining Association does have their own budget line item for the Teacher's Workshops.

Lowell Price asked if there was a way to track results from the workshops. Mr. Visser stated it was extremely difficult to assess that information, but attempts have been made in the past.

It was moved and seconded to approve \$15,000 per year for three years (FY13, FY14, and FY15) for the Nevada Earth Science Teacher's Workshops. Motion carried.

At this time, the Chairman called for a 10-minute break.

VII. OLD BUSINESS (Continued)

A. Request for Financial Support for Projects proposed by the Nevada Bureau of Mines and Geology – Jon Price thanked the Commission for allocating \$50,000 to the NBMG for the sample curation function which links to the CMR regulations that deal with oil, gas, and geothermal sample curations. He stated a revised proposal was being presented to the Commission because the Commission had requested that NBMG find additional commitments for funding. Mr. Price stated they have received a commitment of up to \$60,000 from the Dean of College of Science and the Mackay School if the mining claim fee payment exceeds \$400,000. There were two proposals for financial support from the Commission: 1) for public access to information through the Great Basin Science Sample and Records Library, including updating databases; and 2) projects with industry, which would build new programs within NBMG and provide funding that could be matched with federal funding. Jim Faulds provided additional information regarding the two proposals. He stated proposal 1 was to continue to build mineral and geothermal databases and to provide access to this information at the GBSSL. Proposal 2 was to provide "seed" money to building big projects in the future and to "wean" NBMG off of state funding. He noted some of the funding would be used for staff to assist with building databases and for staff that was lost due to budget cuts.

A comment was made that the last proposal presented to the Commission included the publication of the "Major Mines of Nevada" publication. He was asked if this publication was included in the proposal. Mr. Faulds stated that was included in the proposal. It was noted \$60,000 from the College of Science was being used towards the publication. A question was asked regarding what was meant by developing a "geochronological database". Mr. Faulds stated it would be a database to better understand mineral deposits, which could assist in exploration.

A question was asked regarding where on the list of unfunded mandates was the creation of a sample library from mineral deposits in Nevada. Mr. Faulds stated it was priority, but it was difficult to fund it.

Commissioner DeLong asked if various mining companies will be approached about research needs, as far as mining districts. Mr. Faulds replied yes. Mr. Price reviewed mining companies that have been approached. Commissioner DeLong asked if

the industry has been open with ideas, but not with funding. Mr. Price stated companies were willing to provide endowment funding if other companies joined in, but the problem was that only 5% in endowment funding is allowed to be spent, which would mean a substantial amount of endowment funding is needed in order to spend \$100,000 a year. Another approach is establishing specific projects and building on the geochronological database. Commissioner DeLong asked if funding for proposal 2 would be used for these specific projects or to continue having meetings with mining companies. Mr. Price stated it would be to continue meetings, but that the majority of funding would not be used for meetings.

A question was asked regarding if information would be provided by the industry and, if so, would this information be confidential. Mr. Faulds stated they did not want to handle too much information that is confidential.

A question was asked regarding if key staff for these projects will be lost due to additional budget cuts. Mr. Faulds stated some key staff would be lost on the first of July, if additional funding is not received.

More information was requested regarding the meeting of the Nevada Mineral Exploration Coalition with the NBMG. Mr. Faulds provided a summary of the meeting and UNR's planned merger of the Geo Science Units.

Lowell Price asked if it would be more cost effective to complete this work through these programs. Mr. Faulds stated their work would be a broader geologic framework study.

Alan Coyner asked if they were trying to salvage the merged database created by the US Bureau of Mines. Mr. Faulds stated they were attempting to make it useful. Mr. Coyner asked if the geochronologic work would include money to do determinations on samples or incorporate into the database. Mr. Faulds stated it was to bring it into the database at this point.

A motion was made and seconded to accept the proposal of \$200,000 in funding for both project 1 and project 2. Motion carried.

VIII. NEW BUSINESS (Continued)

A. Request for Financial Support from the John Mackay Club of UNR MSESE to attend the SME Annual Meeting and the International Mining Competition – Trent Sweeney stated financial support was being requested to assist with the next semester and summer events. The request was for \$12,000. He noted UNR won the SME Student Evaluation Competition.

Richard DeLong moved to approve \$12,000 for the John Mackay Club of UNR MSESE. David Parker seconded the Motion. Motion carried.

At this time, Chairperson Gibson called for a 10-minute break.

B. Proposal to Expand the NDOM Exploration Survey through the use of a Contractor to be more comprehensive and show the economic impact from exploration – Commissioner Bryan explained the request was for \$50,000 to expand the NDOM exploration survey through the use of a contractor to be more comprehensive and show the economic impact from exploration. He requested this be in place by the end of the year before the next legislative session. Discussion followed regarding the information in the survey and who would conduct the survey.

It was moved and seconded to approve \$50,000 for the Nevada Bureau of Mines to expand the NDOM Exploration Survey and have it completed by December 25, 2012. Motion carried.

C. Proposal to Support an effort to reduce the number of plastic pipe claim markers on public land – Commissioner Parker stated plastic pipe claim markers had been used in the past to mark claims on public land. It was explained this request was to educate the public on legislation that allows for plastic pipe claim markers to be knocked down in order to prevent the demise of animal and wildlife species that nest in the pipes. It was noted information on the location of plastic pipe claim markers can be found at County Courthouses.

It was moved and seconded to approve \$27,000 to assist in the reduction of the number of plastic pipe claim markers on public land in Nevada. Motion carried.

D. Proposal to Support a “Nevada Room” at the Prospectors and Developers Convention in Toronto, Canada – Commissioner Bryan explained the request was to support a “Nevada Room” at the Prospectors and Developers Convention to promote economic development in Nevada.

Dennis Bryan moved to approve \$2,000 to NMEC for promoting Nevada at the Prospectors and Developers Convention. The motion was seconded and carried.

E. Proposal for a Letter from the CMR concerning payments to counties from the Federal Geothermal Royalties – Commissioner Snow provided background history on federal geothermal royalties. He stated the Commission has a draft letter addressed to the Governor to review that requested his support to request Congress to pass legislation that would allow counties to continue to receive 25% of royalties. Chairperson Gibson expressed his support for the letter.

It was moved to approve the letter from the CMR to the Governor concerning payments to counties from the Federal Geothermal Royalties. Dennis Bryan seconded the Motion. Motion carried.

H. Proposal to Hire an additional NDOM Field Specialist/Minerals to assist the AML and Bond Pool Programs – Alan Coyner explained the position was to assist with the Bond Pool Program and stated the salary and overhead for the position would be approximately \$80,000 per year.

It was moved to approve an additional NDOM Field Specialist/Minerals to assist with the AML and Bond Pool Program. Dennis Bryan seconded the Motion. Motion carried.

G. Proposal to Fund AML closures at the Mountain Vista underground Gypsum mines near Blue Diamond – With presentation material, Bill Durbin provided a brief history of the gypsum mines. He stated the mines being proposed for securing are located on Clark County surface estate. With presentation maps, he reviewed the proposed locations. He stated there are 33 mine openings being proposed for securing. Nine openings on BLM land have been permanently closed. He stated it may cost approximately \$492,000 depending on bat survey information. He reviewed the different options for priority securings and stated some recreational opportunities were also being proposed by Clark County.

Lowell Price asked if the BLM was willing to pay for any portion of the closures. Mr. Durbin stated not at this point.

It was asked if grant funding was available for the closures. Mr. Durbin stated he did not know.

A question was asked regarding why it would cost approximately \$180,000 to complete some securings. Mr. Durbin stated the estimates were based on measurements taken of the openings.

It was asked if more work was needed on active claims in good standing before securing the site. Mr. Durbin stated the County was working on those issues currently. He noted the claims are active, but the mines have not been active since the 1930's.

Commissioner Bryan asked if the BLM or the County has considered validity exams on the mining claims.

Chairperson Gibson suggested tabling this item until the next meeting. Mr. Durbin stated more information would be available at the next meeting.

Alan Coyner suggested the Nevada Mining Association of Nevada might assist in the back filling of some of the mines.

This item was deferred to the next meeting.

IX. PUBLIC COMMENT – There were no public comment requests.

X. COMMISSION BUSINESS

A. Determination of Time and Place of Next CMR Meeting – The next meeting was scheduled for Friday, May 4, 2012.

XI. ADJOURNMENT

There being no further business, the meeting adjourned.