

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES MEETING
Friday, August 17, 2012 – 8:30 a.m.
Nevada Division of Minerals
Suite 106
400 West King Street
Carson City, Nevada

COMMISSIONERS IN ATTENDANCE	STAFF IN ATTENDANCE
Fred Gibson (Chairperson) Richard DeLong David Parker John Snow Dennis Bryan	Alan Coyner Rachel Wearne Lowell Price Mike Visher Bill Durbin Valerie Kneefel Kristen Geddes (Deputy Attorney General)

I. OPENING AND INTRODUCTIONS

The meeting began at 8:30 a.m. Alan Coyner introduced Commissioners and Staff in attendance. He then introduced visitors Gary Johnson and Marci Todd with the BLM, Russ Fields with the Mackay School of Earth Science and Engineering, and Jim Faulds with the Nevada Bureau of Mines and Geology.

II. PUBLIC COMMENT

A. Marci Todd, BLM Associate State Director, introduced herself.

III. APPROVAL OF THE AGENDA

Dennis Bryan moved to approve the August 17, 2012 meeting agenda. Richard DeLong seconded the Motion. Motion carried.

IV. MINUTES OF THE MAY 4, 2012 MEETING

Richard DeLong moved to approve the May 4, 2012 meeting minutes. John Snow seconded the Motion. Motion carried.

V. REPORT OF THE ADMINISTRATOR

A. Division of Minerals Activities – Alan Coyner reviewed the CMR field trip from the previous day to the Nevada Copper mine and the Quattera Yerington mine site.

1. Administration – Alan Coyner reported the following:

- A letter was sent to the House of Representatives Resource Committee concerning AML hazards in the parcel of land proposed for a land transfer near Yerington and the Nevada Copper Pumpkin Hollow mine.
- A letter was also sent to Governor Sandoval from the CMR concerning the continued payment of geothermal royalties from BLM to the counties. It was noted payments would continue.
- Governor Sandoval requested membership in the Interstate Mining Compact Commission (IMCC). Dues were approved for payment. The mid-year meeting will be held in the first week of October 2012 in Chicago.
- The Mining Oversight and Accountability Commission (MOAC) continued to be active.
- He attended the IOGCC meeting in Vancouver BC with Lowell Price.
- Four candidates are being interviewed for the Chief of Abandoned Mines position.
- Approximately ten resumes have been received for the GIS Field Specialist position.

Mr. Coyner commented on the Commission's role with regards to regulating hydraulic fracturing.

2. Mining/Reclamation Bond Pool – Mike Visher reviewed bond pool funding and reductions. He reported they were still working with the BLM for a new MOU on the bond pool. It was noted for the record that this was the result from the legislative sweep of the account in the past. Discussion followed. Mr. Visher stated the new MOU should be signed within the next month. Funding for Bristlecone for claim post pulling was approved and has been obligated. No funding has been spent to date.

3. Abandoned Mine Lands – Mike Visher reported the following:

- A \$40,000 assistance agreement was accepted from the BLM for logging and securing work. A \$41,000 assistance agreement was also being secured from the Forest Service.
- The Commission had requested a \$200,000 increase in AML enhancement expenditures this fiscal year and the Division spent about \$195,000. Material was also purchased for bat gates to be installed in the fall.

4. AML/GIS – With a presentation map, Rachel Wearne reviewed completed AML work from May 3 thru August 3, 2012. She stated there were new securings being built on some of the revisits that had been previously reported as secured. Mr. Visher noted 1/3 of the revisits require additional securing and approximately 15% of the revisits need completely new securings. Ms. Wearne reported she received an email regarding mitigation that was completed on property in Lander County which had not yet been visited. Archeology work was also being completed on sites that will be hard closed. A meeting was held with Barrick, BLM, and Dept. of Wildlife for Barrick to secure and hard close several hazards on their claims throughout the state. Barrick was looking to contract for multiple types of hard closures on their properties. Ms. Wearne noted there were eight interns (six interns in the field and two interns in the office) and that the Division's maximum capacity for interns was eight interns with current personnel. Mr. Visher explained interns are rotated from the field to the office for a better understanding

of the AML securing process. Mr. Coyner noted, to date, there have been 79 interns in the 12 years of the summer intern program. Ms. Wearne reviewed the “Go Spot” system which keeps track of the location of interns through text messaging and topographic maps.

A suggestion was made to target interns from the geography department at UNR that have GIS skills.

5. Southern Nevada Operations – Bill Durbin reported the following:

- 31 classroom presentations have been completed in Southern Nevada including a summer school program at the Methodist Youth Camp.
- They participated in the Northern Nevada Earth Science Education Workshop.
- They participated in the Festival in the Pines event at Mt. Charleston held on the first Saturday in August.
- Things were going well for the McCaw School of Mines. Through the end of May 2012, 74,348 students have toured the mine. Registration for the coming school year began on August 1st and the school was approximately 60% booked for the 2012-2013 school year.
- The Bureau of Reclamation was back in Southern Nevada working in Lincoln County after completing 143 closures in Northern Nevada.
- Eagle Scouts completed three projects in Southern Nevada. To-date, 133 projects have been completed throughout the state resulting in 620 securings and 118 repairs. The 20th anniversary for Eagle Scout projects will be in September 2012. There are ten pending projects in Clark County.
- A securing notification letter was sent regarding the Arden Gypsum Mine. A response was received in favor of providing some securing for the area.
- The outdoor school in Winnemucca was still discussing transfer of mining claims to Clark County.
- Real Property Management in Clark County has reached a verbal agreement with the Clark County Building Department and Air Quality to waive permits and fees as long as closure work is overseen by a government agency. Bill requested Real Property Management look into the County providing assistance with the securings.
- The Commission was thanked for their support of the Tonopah Mining Park. Another funding request will be submitted before the next Commission meeting for additional fencing. A polyurethane foam closure of the Mizpah air shaft was being considered.

6. Oil, Gas, and Geothermal – Lowell Price reported geothermal well permitting continues to decrease. There was also a decrease in drilling activity. Oil activity is increasing. Permitting for oil activity has exceeded the second quarter. With presentation material, Mr. Price reviewed current drilling activity. He reported Churchill County was proposing additional regulations on the geothermal industry, which may be costly.

B. Budget Update

1. Budget Status Report: FY12 final (est.), FY13 to-date – This item was presented later in the meeting.

At this time, agenda item VIII was heard.

VIII. PUBLIC COMMENT

A. Gary Johnson officially introduced Marci Todd. He stated there was an increase in efforts to streamline the permitting process by holding coordination meetings with Winnemucca, Battle Mountain, and Elko. A new Adjudication Chief has been hired.

Mr. Coyner asked for an update on the withdrawal of acreage on the oil and gas lease sales. Mr. Johnson stated the Preliminary Priority Habitat (PPH) guideline was being used to defer parcels within those areas, so there should not be the level of impact as with the last two sales.

At this time, Chairperson Gibson called for a break.

VI. OLD BUSINESS

A. Update on NBMG Projects funded by the CMR – Jim Faulds provided updates on the following projects:

- Project 1: The database management project was still under further development. NDOM funding was being used to keep the information office open five days a week.
- Project 2: The geologic framework studies project - no funding has been spent.
- Project 3: The exploration survey to find out how much money has been spent on exploration in the state needs to be completed by the end of the year, so extensive work is underway. Approximately 20-25% of the funding has been spent for this project. The survey has been sent to over 300 companies. To date, approximately 100 companies have responded. Some responses have indicated that some companies were not active in Nevada. Another meeting on this project will be held on September 4, 2012. At some point, an analysis of which companies have not responded will be completed. The project is on schedule to be completed by mid-November, 2012. It was expected that 150 responses will be received, which would be an increase from the number of responses received in the past.
- Project 4: The sample curation project - a small percentage of funding has been spent on this project to maintain staff. The project was proceeding on schedule as samples arrive and staff is maintained to complete the work.

Mr. Faulds stated, as part of a cost benefit analysis, a questionnaire was posted on their website for feedback on the Bureau. Approximately 85 responses were received and results were being tallied. Mr. Faulds stated the questionnaire could be sent to the Commission for response.

A question was asked about additional funding for the Bureau for next year. Mr. Faulds stated it would be difficult to receive additional funding, especially from the State. Currently, the NBMG is “grant-rich” so additional funding may not be needed until FY2014. Mr. Faulds commented on reallocation of some funding to hire additional staff and the shift of the geothermal center to a more education-oriented center. Discussion followed.

Mr. Coyner asked for an update on the strategic realignment. Mr. Faulds stated their name change to Nevada Geological Survey was included in the questionnaire for feedback. He reviewed the academic reorganization. He stated there should be some transparency between the units and that additional resources may be received if the reorganization goes well.

At this time, agenda item VII. D. was presented.

VII. NEW BUSINESS

D. Funding for sage-grouse baseline data collection – Commissioner DeLong stated sage grouse was having a big impact on how industries operate in the State of Nevada and that data collected would be used to determine what should be done in the interim and in the future. Mr. Coyner reported the proposal of an approximately \$500,000 effort to refine the habitat maps for better accuracy with participation by the USGS Biology Division. Commissioner DeLong added the BLM will make land use planning decisions based on these maps, which may include withdrawing areas from mineral entry based on habitat. Mr. Coyner stated there may be another \$250,000 to set the metrics for offset.

It was asked if recent fire activity changed the habitat maps. Lowell Price stated there will be some impact and that this issue would be discussed at the next Governor's Task Force meeting.

It was noted the Commission was not one of the agencies listed on the technical team.

It was decided to continue this item at the next Commission meeting.

At this time, agenda item V. B1. was presented.

V. REPORT OF THE ADMINISTRATOR (Continued)

B. Budget Update

1. Budget Status Report: FY12 final (est.), FY13 to-date – Alan Coyner reported revenues were up again for FY2012 due to the increase in mining claim fees. Expenditures were also up because of special projects and the increase in AML enhancement expenditures. For FY2013, revenues are budgeted to be the same as FY2012 with an adjustment to federal grants to include USFS. Expenditures include the additional AML Field Specialist position and the increase to the Mackay claim fee payment. Mr. Coyner explained the budget for FY2013 could fluctuate based on mining claim fees.

Kristen Geddes noted some Commissioners serve on the Mackay Advisory Board. She requested Commissioners disclose conflicts of interest before voting on any funding requests. Mr. Coyner stated current Commissioners serving on the Mackay Advisory Board are Chairperson Gibson, Commissioner Snow, Commissioner Bryan, and Commissioner Mudge. Mr. Coyner disclosed he also serves on the Mackay Advisory Board. He stated for the record the Mackay Advisory Board does not control the budget of the Mackay School.

VII. NEW BUSINESS (Continued)

A. Request for financial support for the UNR Mackay School Recruitment and Retention Program – Russ Fields stated the school was requesting the Commission's continued support and that the \$100,000 funding request would be used to offset the salaries of the Recruitment

Coordinator and the Coordinator of Career Development for Student Services. With presentation material, Mr. Fields reviewed graduation rates.

Mr. Coyner asked how much is needed to operate the Recruitment and Retention Program in total. Mr. Fields replied \$250,000 with another \$60,000 for a new Academic Advisor. The Commission discussed tabling this item until the next Commission meeting to further discuss the budget.

A motion was made, seconded, and carried unanimously to approve \$100,000 to the UNR Mackay School Recruitment and Retention Program. It was clarified this amount was for one year.

B. Request for financial support from the Governor's Office for a portion of Nevada's membership in the Western Governors Association – Mr. Coyner noted the request was for \$2,500.

Richard DeLong moved to approve \$2,500 for a portion of Nevada's membership in the Western Governors Association. Dennis Bryan seconded the Motion. Motion carried unanimously.

C. Request for financial support from the Fourth Ward School in Virginia City – Mr. Coyner explained the request was for \$950 for window coverings.

John Snow moved to approve \$950 for the Fourth Ward School in Virginia City. David Parker seconded the Motion. Motion carried unanimously.

IX. COMMISSION BUSINESS

A. Determination of Time and Place of Next CMR Meeting – The Commission discussed and decided the next Commission meeting is to be held on Friday, November 9, 2012 in Reno.

X. ADJOURNMENT

There being no further business, the meeting adjourned.