

**STATE OF NEVADA  
 COMMISSION ON MINERAL RESOURCES MEETING  
 Friday, May 3, 2013 – 1:30 p.m.  
 Great Basin Science Sample Records Library (GBSSRL)  
 Desert Research Institute  
 2175 Raggio Parkway  
 Reno, Nevada**

<p style="text-align: center;"><b>COMMISSIONERS IN ATTENDANCE</b></p> <p>Fred Gibson (Chairperson)          John Snow          Dennis Bryan          John Mudge          John Stout (<i>via telephone</i>)</p>	<p style="text-align: center;"><b>STAFF IN ATTENDANCE</b></p> <p>Alan Coyner                      John Penton          Rachel Wearne                Mike Visher          Lowell Price                    Valerie Kneefel          Bill Durbin                      Rob Ghiglieri            Kristen Geddes (Deputy Attorney General)</p>
<p style="text-align: center;"><b>GUESTS/PUBLIC IN ATTENDANCE</b></p> <p>Craig DePolo          Jim Faulds          Rich Perry          Peter Hummel          Charlie Gillespie</p>	

**I. OPENING AND INTRODUCTIONS**

Chairperson Gibson called the meeting to order at approximately 1:30 p.m. Alan Coyner introduced Commissioners, Staff, and guests in attendance.

**II. PUBLIC COMMENT –**

Chairperson Gibson introduced former Commissioners Peter Hummel and Charlie Gillespie, who were in attendance in the audience.

**III. APPROVAL OF THE AGENDA**

**It was moved, seconded and carried unanimously to approve the agenda.**

**IV. MINUTES OF THE FEBRUARY 21, 2013 MEETING**

**It was moved, seconded, and carried unanimously to approve the February 21, 2013 meeting minutes.**

**V. OLD BUSINESS**

**A. Request for Support of the UNR Mackay School Recruitment and Retention Program in FY14 (TABLED FROM CMR MEETING 2/21/13) –** The Commission discussed and decided to table this item to the next CMR meeting.

**It was moved, seconded, and carried unanimously to table agenda item V.A. to the next meeting.**

**B. Update on the NBMG Projects funded by the CMR** – Jim Faulds, NBMG, stated four projects were funded last fiscal year: 1) Sample Curation; 2) Mineral Database; 3) Exploration Survey; and, 4) Framework Studies. Funding for the first three projects will be expended by the end of the current fiscal year, but some funding has been saved for the first quarter of the next fiscal year. The focus of the framework studies will be in the Northeast Nevada area. With presentation slides, Mr. Faulds reviewed projects. He stated approximately \$8,000 remained for the sample curation project, which will be expended at the end of the current fiscal year. Funding was being used to continue collecting samples. There is approximately \$7,000 left for the mineral database project. The expected release date for the MI Report is December 1, 2013. The 43-101 reports were completed and are available for viewing on the BLM website. Geologic mapping for Clark County has been revised. Mr. Faulds noted only 20% of Nevada is well mapped. The remaining funding for the Exploration Survey will be used to continue building databases, but there was not enough funding to complete a 2012 Exploration Survey. Framework studies will be completed for the northeast Nevada area. In addition, a small amount of funding will be used to complete legacy maps of mineral districts. Mr. Faulds provided an update on FY14 projects with funding approved at the last meeting. He stated the amount for the sample curation project was reduced to \$33,000; the MI Report will be completed with \$34,000 and will include the Major Mines of Nevada publication; and, they will continue to maintain database development and staff for \$33,000. He noted approximately \$49,000 was contributed by the college from the mining claim fee money, because the total payment exceeded \$400,000. Mr. Faulds noted the GBSSRL may need to be closed some days during the week, even with the funding received. Discussion followed.

Alan Coyner indicated the Division is now using the value of gold sold as reported to the Department of Taxation as the value for gold production in the Major Mines publication.

## **VI. NEW BUSINESS**

**A. Request to the CMR to amend NAC 534A.270 concerning the requirement to witness the blowout prevention test on geothermal wells** – Alan Coyner provided background information on the requirement that was established in 1985. He explained current language in NAC 534A.270 can be interpreted as requiring someone to physically witness the test. Lowell Price commented on how the results of tests are communicated to the Division. The Commission discussed the following suggestions:

- To change the language from “must witness” to “may witness”;
- To eliminate language regarding witnessing geothermal well testing;
- To leave the current language “as is”;
- To amend the language for a future workshop

The following amended language was suggested: “These tests must be witnessed or otherwise assured by the Division or an authorized representative before the guide shoe is drilled out of the casing.”

**It was moved, seconded and carried unanimously to amend the language in NAC 534A.270 regarding blowout prevention testing of geothermal wells under point 3 to read: “These**

**tests must be witnessed or otherwise assured by the Division or an authorized representative of the Division before drilling out the guide shoe of the casing”.**

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

## **VII. REPORT OF THE ADMINISTRATOR**

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

**1. Administration** – Alan Coyner stated the Division has responded to the issue of geothermal wells no longer in use and began the process of enumerating those wells. He reviewed legislative bills that will have an impact on the taxation of minerals. Discussion was heard about the Commission reviewing legislative bills before hearings are held at the Legislature. He reviewed Senate Bill 390 regarding hydraulic fracturing. He stated there was discussion regarding the development of a program in the State of Nevada for hydraulic fracturing. There were three things in the original bill that may cause the Division of Minerals to have an increase in costs: 1) the possible promulgation of regulations by the CMR; 2) the AG’s Office may have to address lawsuits; and 3) the enforcement of regulations promulgated by the NDEP through the CMR, which may incur additional inspection and enforcement costs. He reviewed possible oil and gas fee increases which might be utilized to address the additional costs from regulating hydraulic fracturing. It was noted the Western States Petroleum Association testified against S.B. 390 at the Senate Natural Resource Committee and also stated that S.B. 390 may prevent companies from coming to Nevada. The Interior Department will release their hydraulic fracturing regulations from OMB for comment from the public in October 2013. Mr. Coyner stated Noble Energy has proposed an MOU which would provide an opportunity for the Desert Research Institute to collect the data from hydraulic fracturing operations. Discussion followed.

Peter Hummel commented that the issue of hydraulic fracturing was political.

**2. Mining/Reclamation Bond Pool** – Mike Visher reported very few new exploration projects for junior companies are being permitted or bonded due to a lack of funding. The overall bond pool was 127.7% funded. Alan Coyner noted there is no sign of another sweep of the bond pool.

**3. Abandoned Mine Lands** – John Penton reviewed closures done by the Division. He reported the approval was given to go forward on the Mound House project. The 2012 AML annual report is projected to be complete in May. Twenty-seven resumes for the summer intern program were received; twenty-six were interviewed and eight candidates were chosen to start May 20, 2013.

**4. AML/GIS** – Rachel Wearne reviewed the Intern Schedule. She stated interns will be hired for fourteen weeks. Their last week will begin on August 19<sup>th</sup>. This year, interns will be out in the field for two ten day trips and will be used four weeks less in the office. With a presentation map, Ms. Wearne reviewed areas that will be investigated by the interns. The goal is to address “hot” spots in the region and focus on securings on Forest Service land.

Robert Ghiglieri stated topographic maps were being re-done. Land research was also being completed. Another mail-out will be completed this spring. Over 400 hazards to sixty different companies will be mailed out. He completed his first teacher's workshop lesson on topographic maps. He received the Robinson Mining Company's claim block and Plan of Operations boundary map to correlate over 200 AML hazards in the area.

**5. Southern Nevada Operations** – Bill Durbin reported the Teacher's Workshop was very successful. Seventy-nine teachers were in attendance. The Reno Workshop at Bishop Manogue High School will be held on July 16-18, 2013. Field trips will be held on July 17-18, 2013. The McCaw Fundraising Gala was held on April 6, 2013, and just over \$60,000 was raised. Mr. Durbin reported claims on public land were being staked and sold on E-bay and bat gates are being breached. He stated BLM was investigating the issue, because it is occurring primarily on BLM land. With a PowerPoint© presentation, Mr. Durbin reviewed sites that have been targeted.

A question was asked regarding what the motivation is behind breaching a bat gate and taking pictures of a mine from inside. Mr. Durbin stated it was to promote the area for recreation purposes with artifacts, bats, and possible gold mining prospects.

**6. Oil, Gas, and Geothermal** – Lowell Price clarified there have been only four 2012 oil permits issued and not five. He stated geothermal activity is continuing to decrease. There is more maintenance oriented activity than permitting activity. One oil well has been drilled to date, this year. Testing of the well will begin shortly. Mr. Price reviewed well permits and activity. A geothermal lease sale was held on January 29, 2013 with only seven parcels offered; five of which were sold. Ormat Nevada purchased four of the five parcels with Presco Energy purchasing the fifth parcel. The lease sale for oil and gas was held on March 12, 2013. A total of thirty-five parcels were up for sale; twenty-nine parcels were sold; bids and payments were \$1.271 million.

## **B. Budget Update**

**1. Budget Status Report: FY13 to date** – Alan Coyner stated the budget was on track; there was no new information to report.

## **VIII. PUBLIC COMMENT**

There were no public comment requests.

## **IX. COMMISSION BUSINESS**

**A. Determination of Time and Place of Next CMR Meeting** – It was discussed and decided for the next CMR meeting to be held on August 15-16, 2013 in Tonopah.

## **X. ADJOURNMENT**

There being no further business, the meeting adjourned.