

**STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS**

Great Basin Science Sample and Records Library, 2175 Raggio Parkway, Reno, NV 89512

**MEETING MINUTES (DRAFT-Subject to Commission Approval)
Thursday, October 10, 2013**

**COMMISSIONERS PRESENT
IN RENO:**

Mr. Fred D. Gibson, Jr., Chairman
Mr. Dennis Bryan, Vice-Chairman
Mr. Richard DeLong, Commissioner
Mr. Arthur Henderson, Commissioner
Mr. John Mudge, Commissioner
Mr. John H. Snow, Commissioner (by telephone)

COMMISSIONERS ABSENT:

Mr. David Parker, Commissioner

**STAFF PRESENT IN
RENO :**

Mr. Bryan Stockton, Attorney General's Office
Ms. Valerie Kneefel, Administrative Assistant, NDOM
Mr. Mike Visher, Deputy Administrator, NDOM

I. OPEN MEETING AND INTRODUCTIONS

Chairman Fred D. Gibson Jr.: Opened the meeting at 12:30 p.m. and led the Pledge of Allegiance to the Flag. He confirmed that the meeting was posted in accordance with Nevada's Open Meeting Law. **Chairman Gibson:** Asked all the Commissioners and attendees to introduce themselves for the record.

II. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment and there was none.

MOTION: Moved to revise the order of the agenda by bringing Item VI. E. Appointment of the new Administrator of the Nevada Division of Minerals (NDOM) first and then continue with the agenda in the stated order.
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

Commissioner Mudge: Stated that they had had interviews of the three candidates at the October 10, 2013, 9:00 a.m. meeting followed by discussion among the commissioners. He suggested that each commissioner give their choice followed by discussion. He noted if it was unanimous they would go to a motion.

Commissioner Richard DeLong: Stated that he considered the top candidate Richard Perry.

Commissioner Henderson: Stated that the top candidate for him was Richard Perry.

Commissioner Mudge: Stated that he agreed with his fellow commissioners. **Chairman Gibson:** Agreed. **Commissioner Bryan:** Agreed, Richard Perry. **Commissioner John Snow:** Stated his choice was Rich Perry.

MOTION: Moved that the Commission offer the position of Administrator to the candidate, Mr. Richard Perry.
BY: Commissioner Richard DeLong
SECOND: Commissioner Art Henderson
VOTED: The vote was unanimous in favor of the motion

III. APPROVAL OF THE AGENDA

Action Item

MOTION: Move to approve the adoption of the Agenda
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTE: The vote was unanimous in favor of the motion

IV. MINUTES OF THE AUGUST 15, 2013 MEETING AND MINUTES OF THE AUGUST 29, 2013 MEETING

Action Item

MOTION: Moved to approve the Minutes of August 15, 2013 and August 29, 2013.
BY: Commissioner Richard DeLong
SECOND: Commissioner Art Henderson
VOTED: The vote was unanimous in favor of the motion

Mike Visher: Stated that there was a discussion point on the minutes. He noted that in the past they had used a certain service to transcribe from audio to create the minutes. But it had been apparent that there was insufficient detail being recorded in the minutes. He explained a summary as opposed to a more detailed account was being produced. He added that commissioners were also not self-identifying when they spoke. He felt that they had two options, either self-identify or rely on the staff present to identify speakers from memory after the meeting.

Chairman Gibson: Addressed Mr. Richard Perry and confirmed to him that he was the new Administrator. He congratulated him on behalf of the commission and stated that they looked

forward to having a great relationship. **Richard Perry**, Administrator, NDOM: Thanked the commissioners and indicated that it was great to be there and he looked forward to working with the commissioners.

V. OLD BUSINESS

A. Request for support in FY14 of the UNR Mackay School Recruitment and Retention Program in FY15 (tabled from CMR meeting 8/15/13)

Action Item

Russell Fields, Director, Mackay School of Earth Sciences and Engineering: Stated that he was there to discuss the Recruiting and Retention Budget. He referred the commissioners to their packets and the proposed budget for FY14. He noted that it laid out the details of how the \$100,000 would be allocated between two employees at the University of Nevada, Elizabeth Ball, the coordinator for recruiting and Katia Albright, the coordinator for career development. He stated that they employed some hourly workers from their student center and also paid some funds toward travel expenses for the two coordinators.

He confirmed that the expenditures made by the commission in support of their recruiting effort had worked well. He circulated a document called "Mackay at a Glance" which illustrated growth at the school in undergraduate enrollment specifically in the mining and mineral arena. He noted that three or four years ago the numbers in those areas were very low but now they had 120 undergraduates in the mining program, largely due to the efforts of the recruiters but also improvement in the mining economy. He noted that the other assistance they gave was in helping the students to identify career opportunities during and at the end of their programs. He commented that Katia Albright had held hundreds of sessions bringing employers in, managing employer fairs and matching employers with suitable students and managing internships. He said that students are receiving two to three offers for employment at the end of their programs. He stated that Mackay stood apart in providing excellent student services in contrast to many other institutions and this was because of the help from the Commission on Mineral Resources (CMR) as well as other generous donors. He said the request before the commission today was to continue to do the great work that had been done in the past.

Commissioner Mudge: Asked how soon the funds were needed. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded that they would like to receive the funds at the beginning of the spring semester or January, February. **Commissioner DeLong**: Noted that they usually would hold their next meeting during the month of February. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Indicated that he would prefer to know the commission's decision so they could plan accordingly. He said, if they agreed, what time would be appropriate to forward an invoice. **Commissioner Mudge**: Noted that he supported the efforts at Mackay but indicated he was anxious about the commission's budget. **Commissioner DeLong**: Agreed with Commissioner Mudge and said he would like to act on it today but thought they needed a budget discussion first. He said for the Special Projects section they were standing at just under \$600,000 in unobligated amounts. He thought they should make a decision after the budget discussion. **Chairman Gibson**: Agreed it would be deferred. **Commissioner Bryan**: Suggested moving the Agenda Item VII. B. Budget Update forward.

MOTION: Moved to revise the order of the agenda by bringing forward Item VII. B. Budget Update, 1. Budget Status Report – FY14 to date as an immediate item and then continue with the agenda in the stated order.

BY: Commissioner Dennis Bryan

SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

Budget Update – Moved from Item VII.

1. Budget Status Report – FY14 to date

Mike Visher, Deputy Administrator, NDOM: Referred to the main revenue stream which was the mining claims. He noted that they had received a number of checks from counties that only provided revenue on a quarterly basis. He said the CMR would not receive those checks until the second or third of October. He said it was difficult to say what their trend would be as the CMR received about 85% of their revenue in the first six months of the FY. He said by the end of December they would have a better idea of their position. He said looking at the counties that had paid from last year to this year they were looking at a 10% decrease right now. He said that two of the counties were likely to be impacted by increases and there was more activity there than in recent years and Elko and White Pine had not paid at the present time. He said some of the increased activity in those two counties might offset that 10% decrease. He said what Russell Fields was asking for was equivalent to 10% of what the commission ran on.

He said they also had some capacity in their budget on the expenditure side to cut back pending the certainty of some of the revenue. He mentioned several, the AML (Abandoned Mine Lands) enhancement; work program at over \$200,000 and they had spent to date only \$19,000; and they expected to incur another \$30,000 during the next few months on previously-committed projects. He noted that if the CMR did not do any more contracting there would be a surplus if the commission decided to change how that revenue would be allocated.

He referred to the audit that the CMR had been undergoing and stated that they expected to incur significant increases in their in-state traveling which was a result of the oil and geothermal well inspections. He said that the commission had the authority to inspect the wells by statute and there was an implication that if the CMR was the regulator that there would be some oversight and supervision that would be included in the well and site inspections. He said the regulations stated that certain aspects had to occur, e.g. signage, recordings and spills, leaks etc. so the response had been to develop an inspection program. He said this was implemented and they were about 20% through the process. He said it would probably entail approximately ten weeks over the next six months of well inspection site visits for which they had not previously allocated funds in their budget. He stated that there were also visits to the Noble site to view progress so they could witness what they were supposed to oversee and the costs for those visits were also not anticipated.

He said they had worked on work programs to increase the authority of the commission to expend monies in certain categories such as travel that would come about because of the promulgation of the hydraulic fracturing regulations and the workshops that would require the attendance of the commissioners. He said the commission needed to decide who would attend but they needed to budget for that. He referred to the oil and gas regulations and noted that they needed to stay on top of pending developments and needed to be aware of the latest information on regulations from other states so the commissioners and staff needed to attend conferences like the IOGCC (Interstate Oil and Gas Compact Commission). He said they needed to increase authority on work program totals and these were about \$62,000 for the three categories. He said an option was they could pull the funds out of reserves or do a reallocation of funds from another area.

He said currently it did appear that they had a shortfall coming although there was no certainty. He said there was a cushion built into the existing budget and a sizable reserve. He said in the past the commission had wanted to see a stable reserve with approximately six months of operating budget. He noted that there would probably not be too much of an excess considering the money they would be spending on oil and gas, hydraulic fracturing regulations and if they entertained a contract for assistance with the promulgation of the hydraulic regulations that would also have to be deducted and that was not part of the existing budget or work programs. **Commissioner Mudge:** Asked about the cost of having the contractor work on the regulations. **Mike Visher,** Deputy Administrator, NDOM: Responded there were two options. He said option A. was about \$10,000 to go to January 2014 predicated on how much momentum they gained in the coming months. He said that if they took it as a phased approach it might be more prudent but the commission could be flexible and later they would have a better idea of what their revenue stream would look like. He said the commission would not really know how much money they would have to spend until mid-to- late January when they would have the first six months of the fiscal year and revenue brought in.

He commented that by the end of October 2013 they would have a better idea but that was not enough to make big commitments. He said long-term the commission would have to look for other revenue sources if there were ongoing oil and gas commitments. He said if the commission wanted to increase their capacity for revenue the statutes would have to be changed and that could not happen until the next legislative session. He stated that short-term the commission did have some things they could work on but long-term it might be 18 months in the future. He commented that they did have a surplus, a reserve and two areas that were discretionary and that was special projects and AML enhancements. He referred to the special projects and said that \$2 for every claim that would come in would go straight to Mackay and so that would come out of that special project. He said it was historically working around \$400,000 or 200,000 claims. He said typically they had been holding back specific sums for dedicated projects. He said that could be the contracting which could come from that source and recruiting and retention had always come from special projects. He reviewed some of the discretionary spending and noted that there would not be much discretionary spending. He said they would look at what they were currently committed to doing.

Chairman Gibson: Stated that the issue at the moment was the \$100,000. He asked for clarification that that was coming from the special projects. **Mike Visher,** Deputy Administrator, NDOM: Confirmed it was. **Commissioner Bryan:** Referred to the sum of \$675,000 and asked if part of that was for Mackay. **Mike Visher,** Deputy Administrator, NDOM: Responded give or take. **Commissioner Bryan:** Asked about the remaining \$275,000 allocation. **Mike Visher,** Deputy Administrator, NDOM: Responded it was not anything in particular. It was part of the amount that they had the authority to spend. **Commissioner Bryan:** Asked if the \$100,000 allocated to the Nevada Bureau of Mines & Geology (NBMG) was part of the \$275,000. **Mike Visher,** Deputy Administrator, NDOM: Responded yes. **Commissioner Mudge:** Stated that although they had given the amount for years perhaps they should act with prudence as they did not know what claim fee revenues would be and they were required to do the fracking statutory requirement. He said the commission should delay discretionary spending until they knew their financial position. He suggested that they table it until they had a better idea of the claim fees. **Commissioner DeLong:** Agreed as many issues in the budget were unsettled. **Mike Visher,** Deputy Administrator, NDOM: Noted that he would feel more comfortable waiting until the end of October 2013 when the commission would have all the first quarter of revenue in and he offered to share the numbers with commission members at that time. He said the commission would not know until mid-January a more comprehensive idea of how much revenue they were holding and how much they would have to spend. **Chairman Gibson:** Advised Russell Fields that the commission would defer a decision.

Commissioner Bryan: Asked Russell Fields if they had a Plan B. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded there would be no effect within the next 12 months so there was time. **Chairman Gibson:** Noted within a few months they would have a better idea. He said if it became a crisis for Mackay the commission could have a special meeting.

MOTION: Moved to table Item V. A. for the next commission meeting.
BY: Commissioner Richard DeLong
SECOND: Commissioner John Mudge
VOTED: The vote was unanimous in favor of the motion

B. Update on the NBMG projects funded by the CMR, Jim Faulds, Nevada Bureau of Mines & Geology **Action Item**

James Faulds, Research Professor, NBMG, UNR: Stated that he would present on the projects that had been funded through the CMR. He noted that John Muntean was supervising some of the projects. He reviewed through slides the funding and expenditures from grants awarded for FY13. He said that everything was extended out except the Spring Work Studies Project which was begun with seed money for getting a big project going in collaboration with the mining industry. He said the project got off to a slow start but that there would soon be a lot of work related to the project.

He discussed the new awards for FY14. He stated UNR had the funds but was slow to invoice and said they could only invoice quarterly. He said that Alan Coyner had requested that they do this monthly. He said the awards totaled \$100,000 and they had divided that into three projects. He said the first was for sample curation and activities for the Great Basin Science Sample and Records Library (GBSSRL). He said the second was for the project producing the mineral industry reports and third, working on databases. He reviewed the expenditures through the end of September.

He said the primary expenditures on the new awards had been on the reports and noted that John Muntean had been doing a substantial amount of work on that. He said the savings from the previous year were applied to first quarter expenditures. He said for the new awards, specifically the sample curation, for FY14 was \$33,000 and he reviewed the details and accomplishments noted on the packet handout.

He referred to the mineral databases work and noted that \$100,000 was allocated in FY13. He noted the balance left in the account and explained the reasons, mentioning the payment of staff and how they were paid. He said some went toward faculty salaries and noted that some faculty were paid from soft money as they had lost state funding.

He commented on some recent accomplishments and activities such as: mining district web updates; preparing 23,000 mining district files for uploading into the National Geologic and Geophysical Data Preservation Project; GIS database updating; stated that they had had a Congressional delegation from Senator Reid's office which was a bipartisan effort to prepare maps overlaying and showing the relationships of mineral and geothermal potential with respect to sagebrush habitat as they were working collaboratively on legislation to resolve the problem of where habitat will and will not be protected. He explained that they wanted maps but did not provide dedicated funding so they were using some of the funding from the Nevada Division of Minerals (NDOM). He noted that they had done some initial work on the project.

John Muntean: Said the request had dovetailed with what they had planned to do with the Mineral Deposit database. He said it was compiling old claim data, where claim activity had been in the past, where notices and plans had been approved by the BLM. He noted that he thought looking at where people had explored in the past would offer insight of potential. He said they were making a new active mines map and that had dovetailed into the request to show active mines for Senator Reid. He referred to the exploration activities and said he had been monitoring that, the drill projects over the last seven or eight years. He said many of the databases they had planned were being expedited by Senator Reid's request. He thought that if they needed that information they should provide the funding.

Commissioner Bryan: Asked James Faulds if they received such a request and there was no money what would happen. **James Faulds,** Research Professor, NBMG, UNR: Stated they would say no. He said all of their staff were soft money and there was accountability. **Commissioner Bryan:** Stated if they were making such a request should they not provide funding. **James Faulds,** Research Professor, NBMG, UNR: Said he had asked for funding and it had led to some small donations coming in. He said they expected the Nevada Bureau of Mines and Geology to use their money to do that work. He discussed some of the other databases and funding issues. **Commissioner Bryan:** Referred to the sagebrush and said there had been a lot of testimony during the last legislative session with regard to it and noted that there were other organizations out there that had some of the data related to that such as the Nevada Mineral Resources Alliance (NMRA) and the Nevada Mineral Exploration Coalition (NMEC). **Commissioner Mudge:** Said they had provided information through the Nevada Mining Association (NvMA). **Commissioner Mudge:** Asked if the maps prepared by the consulting firms for the governor had been prepared with the commission information. **James Faulds,** Research Professor, NBMG, UNR: Said that some of the testimony in Carson City used the information that they had provided.

James Faulds, Research Professor, NBMG, UNR: Reviewed the funding and completion of projects under the guidance of John Muntean. He noted it included expenditures in the state for exploration, mineral and geothermal exploration and was approximately \$675 million. He discussed the mineral industry reports and mineral databases divided into two projects. He referred to the Geologic Framework Studies and said it got a slow start as they had appropriate consultation with industry groups and reviewed certain areas. He said they had decided on the Northeast of Nevada for a new project addressing the newly-discovered mineral deposits in the region. He said the study was now moving forward in a significant way and he described the details of the project and studies they were doing on deposits. He said that they had two focus areas in the state in terms of new mapping, one being Clark County and the other was Northeast Nevada. He said a state map was the U.S. GS (Geologic Survey) program and was part of the National Geologic Mapping Initiative. He said the funding was consistent and the Nevada Bureau of Mines & Geology received about \$200,000 per year. He said a lot of good work had been done in the area by academics, the mining industry and the U.S. GS geologists and he said they were trying to find the good maps, publish them or merge them with the regional geo-database so a coherent geologic map could be produced.

He stated that at the next meeting of the CMR with the level of funding that they currently had they would be making another request for funding. He acknowledged the limitations of the CMR. He said the funding at UNR had stabilized and he had put in a request for an additional faculty position in the area of economic geology, structural geology and additional staffing positions. He noted the importance of state funding for some of the key positions at the NBMG for a variety of reasons.

C. Request to the CMR to amend NAC 522.342 to increase the administrative fee paid on oil and gas production

Mike Visser, Deputy Administrator, NDOM: Stated it was tabled from the CMR meeting of August 15, 2013. He said it concerned the consideration of other revenue sources for the agency, specifically with regard to oil and gas if they were going to expand more resources such as staff and travel costs. This concerned the administrative fee and he said there had been no change for some time. He said it was at 10 cents and the statutory cap was 20 cents. He said the decision was whether they wanted to double the revenue. He said currently they were budgeting, based on the figures from last year at \$39,000 based on 10 cents. He said this was on production, not exploration or permits. He said if production went down it would still trickle down. He said if Noble was successful they were still years away from seeing any revenue from that source. **Commissioner Bryan**: Referred to the fees and asked what the cost was. **Mike Visser**, Deputy Administrator, NDOM: Responded that oil and gas and geothermal fees in total would not pay for Lowell Price's position plus expenses. He said the funds came to the agency and then the CMR decided how the money was spent.

He said it was detailed in the budget and the increases and the costs associated with doing more inspections would also increase. He said there had been discussion about trying not to pin the small producers with having to pay for new exploration that was coming in. He said it was felt that those expenses should be tied to that group. He said new producers coming in who were placing an additional burden on the CMR should be contributing more. He said that to affect that it would require a statutory change. He said to create a new permit fee that would be something that could come from the regulations if the commission chose to do so. He said they could not increase the caps in the statutes or permit fees now as the legislative session was over. He said they could take a proactive approach and say it might be a good opportunity to generate more revenue if oil and gas production increased and they could do that but it was part of the regulation change.

Commissioner Henderson: Stated that he had done a preliminary study of several states and he said that their permit fees were in line with other states at approximately \$200. He added that they did not have other fees that were charged in other states, for example, fees for deepening a well. He said there were other types of fees that could bring in revenue. He recommended that during their study of the hydraulic fracturing that they should go ahead and make some recommendations for additional fees that were customary in that industry in other states at the same time the commission presented the hydraulic fracturing regulations for consideration for the commission to approve. He said he wanted to support the smaller companies in Nevada and did not want to put an undue burden on the smaller companies but he said they did need to look at additional sources of income so was not opposed to the increase. **Commissioner Bryan**: Asked if it was the sense of the commission that the oil and gas regulations should pay for themselves. **Commissioner DeLong**: Asked Commissioner Arthur Henderson what were the fees of the CMR compared to other states as far as the production side was concerned. **Commissioner Henderson**: Responded that production fees were more or less similar. He said Alan Coyner would have more historical data on that issue. **Alan Coyner**: Indicated that he didn't think you could create a new fee by way of regulation. You'll have to wait until next legislature session. You are maxed out on drilling permit fee.

Commissioner DeLong: Asked how 10 or 20 cents per barrel compared to what Oklahoma would charge. **Alan Coyner**: Responded that the federal royalties are 12.5% which on \$100 per barrel would be \$12.50. He said the difference was between 10 and 20 cents and since the fee had been 10 cents since 1999 he considered it almost a token issue. **Commissioner Henderson**: Commented that surely the industry would expect that any inspections done by the Division would have to be paid for

by that industry and he thought that reasonable. **Commissioner Bryan:** Agreed it was reasonable but the legislature would have to establish the fee schedule. **Commissioner Henderson:** Agreed and said that the commission should propose it.

Alan Coyner: Stated that they charge a sundry fee in oil and gas. He said every change made by a geothermal producer, any change to their drilling by sundry notice is charged a \$100 fee. He said currently oil and gas could make as many changes as they wanted because there were more sundry notice fees built into the statutes. **Commissioner Henderson:** Stated that if they were talking about hydraulic fracturing it might mean weeks of operations. He said if the commission wanted to be prudent at the early stages they would have to be there to witness those activities resulting in a larger cost. He thought it should be fixed by statute in the future.

Commissioner Bryan: Asked if they could put together a subcommittee to come up with recommendations on how to do this. **Commissioner DeLong:** Stated that he agreed with the commission that they should submit a statutory request in the next session. He commented that it might be better to increase the fees on one occasion as opposed to doing it in two increases so it might be better to wait until after a submission to the legislative session. **Commissioner Henderson:** Agreed the industry would like the commission to be consistent and raise fees one time. **Commissioner Henderson:** Stated that there was different work that had to be done associated with fracking such as issues with chemicals and ground water. It would require more work of the commission and at the moment there were no fees associated with those services.

Chairman Gibson: Asked Commissioner Henderson to chair that subcommittee with Commissioner Richard DeLong, Commissioner Dennis Bryan and Commissioner John Snow. **James Faulds:** Noted that as the NBMG stated that they were required to catalogue the cuttings in skeletonized core from any oil and gas wells that consideration should be made for a small percentage of the fees. **Chairman Gibson:** Stated that the subcommittee would give the report at the next scheduled meeting with their findings and recommendations. **Bryan Stockton,** Attorney General's Office: Noted that the committee would have to comply with Nevada's Open Meeting Law and post agendas and provide access for the public to the meetings and materials. He said that would apply for meetings with multiple members.

D. Request to the CMR to amend NAC 534A.170 to change the definition of a domestic geothermal well. Action Item

Mike Visher, Deputy Administrator, NDOM: Stated that it was also tabled from the last commission meeting on August 15, 2013 but they did not have any additional information at the present time. He said the issue would have to be tabled until the next meeting.

E. Request to the CMR to amend NAC 519A.634 to increase the amount of the fee paid per acre for approved surface disturbance on public land. Action Item

Mike Visher, Deputy Administrator, NDOM: Stated that it was also tabled from the last commission meeting on August 15, 2013. He said these issues were put before the commission to allow them to see what they could make impacts to with regard to increasing revenue in the near term. He said the cap was at \$30 per acre and currently the commission was charging \$20 per acre by regulation. He said if the commission wanted to change that it would mean a change in regulation through a suitable process like workshops where they could increase the revenue that would come in and he said this one was Category 3770. He referred the commissioners to the budget status report, Category 3770.

He said their work program was for \$9,800 but they had gone back and audited the last three fiscal years and found that there were operations for which approvals for plans of operation had gone unnoticed. He said they had sent out letters to the operators to remind them of their requirement to pay the CMR \$20 an acre once they received approval. He clarified that the regulation said it is their responsibility and the CMR is not required to invoice them. He said that the majority were not adhering to that process and many declared they had no knowledge of the requirement. He said he felt they needed to better educate and clarify the language for the recipients. They needed to understand it was a one-time and not an annual fee. He thought that it was an opportunity where they could nominally increase the fee. He noted that it was a dedicated AML fee by statute. He stated that the regulation stated \$20 and the statute capped it at \$30 per acre. He said in the packets he had listed the ones that they were projecting to come in during the next three fiscal years showing the comparisons of \$20 versus \$30 per acre. **Commissioner Mudge:** Stated that he felt in an industry that was retracting and trying to cut costs and deferring and tabling projects due to high capital costs, that it would not be the responsible thing to do to increase. He recommended that they decline and not continue to table it. **Commissioner Bryan:** Agreed.

MOTION: Moved that the commission not increase the \$20.00 per acre fee for approved surface disturbance on public land
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

VI. NEW BUSINESS

A. Discussion of framework of hydraulic fracturing regulations. Action Item

Commissioner Henderson: Stated that they would have a PowerPoint presentation. He said that they all knew about Senate Bill (SB) 390 for which the commission was charged in coming up with new regulations for hydraulic fracturing. He indicated that they would be talking about: Section 1, Chapter 522 of the NRS "is hereby amended by adding thereto a new section to redispense the division of minerals and the division of environment protection showed jointly; develop a hydraulic fracturing program to assess the effect of hydraulic fracturing on the waters of the State of Nevada; required person who engages in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing and provide for notice for members of the general public concerning activities relating to hydraulic fracturing in the state."

He indicated that each one of the sections would be discussed in the PowerPoint presentation. He noted the first slide concerned the discussion of the framework for hydraulic fracturing regulations. He said the CMR was to review Chapter 522 of NAC the Division of Minerals and the Division of Environmental Protection (NDEP) were both to jointly develop a hydraulic fracturing program. He indicated that the program development team had been put together and was for NDOM, Commissioner DeLong, Michael Visher, Lowell Price, Commissioner Henderson, Colleen Cripps (NDEP), Dave Gaskin, (NDEP) and Allan Tinney (NDEP). He said they would meet at least monthly for program coordination meetings. He said that NDEP and NDOM would collaborate for stakeholder meetings and workshops and would share knowledge and information to make the initiative successful. He said they would develop each agency's responsibility as they moved forward.

He referred to Section 1, assessing the effects of hydraulic fracturing on the waters of the State of Nevada. He said they had to make some distinctions about the waters of the State of Nevada by necessity. He said from the petroleum engineering and drilling point of view there were some distinctions. He said that NDEP had the responsibility to protect and not to degrade any waters, surface or subsurface. He read a definition of surface water. He noted that in hydraulic fracturing there was a potential for surface waters to be contaminated if there were mechanical failures in hoses, pumps, equipment etc. He said they were not discounting it as a potential source of degradation of groundwater but were stating that they did not foresee any new regulations in Chapter 522 due to the significant regulations already in effect.

He read a definition of groundwater, also called drinking water. He deferred discussion about groundwater until later in the presentation. He read a definition of groundwater/other. He referred to flow back water which was water recovered from a hydraulic fracturing process. He said this did not require new regulations in Chapter 522 due to sufficient regulations in place. He confirmed that surface and flow back water were already covered by NDEP.

He referred to the protection of groundwater and other, drinking and other. He stated from a petroleum engineering point of view protection of the two types of groundwater would require different solutions. He said for both types of groundwater the most efficient and agreed best practice was for the protection of the water would be to have good well bore integrity and he explained what they meant in detail and commented on the group's views on casings.

He said the American Petroleum Institute (API) best practice said at a minimum that it was recommended that surface casing be set at least 100 feet below the underground source of drinking water. He said they had a report called "The State of the State Gas Regulation" from 2013 which was a compilation of all the state regulations. He said the average depth of the surface casing was set at only 64 feet below the underground source of drinking water. He said their proposed regulation would require 100 feet of surface casing below the groundwater to be in compliance with the API best practice.

He noted that surface casings were not only for the protection of the water but also for the mechanical integrity of the well. He said that Nevada would propose to regulate the surface casing be cemented with circulation to the surface and he described this process. He discussed intermediate casings and stated it was recommended during the drilling of unconventional wells and making that mandatory would be discussed at stakeholder meetings. He discussed what the State of Nevada would propose to regulate the type and amount of cement to be used for securing intermediate casings. He described some of the requirements of other states and API's recommendations. He described production casings.

He referred to the assessment of the area, pre-drilling. He said the operator would submit publically available information on the geology and hydrology of the drilling area including faults and fractures in existing and historical wells, known groundwater, drinking water locations and quality. He said that groundwater, drinking water location and its quality would be proposed to be included as part of a larger monitoring program.

Dave Gaskin, (NDEP) noted that as they went through the presentation commission members should keep in mind that some of the concepts which were still in the working phase, for designation of water as drinking water or usable water were not consistent with the Nevada Water Pollution Control Association (NWPC), as the group had discussed. He said they would have to be careful when

developing regulations not to conflict with existing water regulations. **Commissioner Henderson:** Agreed and said he had tried to make that clear that there was a distinction between the definitions of the NDEP and the definitions of CMR. He said from a drilling point of view they had to make some clarifications. He said they would have to figure out a way to get that accomplished.

Commissioner Henderson: Stated that the purpose of the water sampling rules was to develop a baseline water quality prior to oil and gas development occurring in a particular area and to gather additional data after drilling and completion of operations. He said the DRI (Desert Research Institute) would be involved in this for ongoing activities. He said the MOU (Memorandum of Understanding) between the operator and the DRI and NDOM was in the working phase with attorneys. He said he hoped it would be accomplished soon. **Mike Visser,** Deputy Administrator, NDOM: Stated the timeframe would be dependent on the responsiveness from the attorneys of Noble. He explained that DRI had a contract and the funds would not come in until the MOU was signed. He said DRI had been on the site and was working with Noble's environmental crew and had assisted with the collection of water for testing. **Commissioner DeLong:** Question to Henderson, does this apply to every well? **Commissioner Henderson:** To my knowledge, yes to every well.

Commissioner Henderson: Stated that even though Nevada was late to hydraulic fracturing and regulations they had all the research and technology done in other states plus large oil companies that had research and development, the academia, all the resources at their disposal. He stated that many of the major oil companies had given out a lot of information to the public with the intent of educating the public. He said that they should take advantage of all that information out there. He gave as an example the Colorado Rule 609 which had just gone into effect. He said it discussed the requirement for sampling of water wells and they advised that they wanted to adapt more of the Colorado Rule 609. He acknowledged there would be much discussion.

He discussed open pits in the petroleum industry used since the beginning of the 1900s. He said they were currently regulated by NDEP. He outlined what their requirements would be. He said there would be no permits required for pitless drilling as there was little chance of contamination.

He referred to Section 1, Item b, that required a person who engaged in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing. He said the proposal and requirement that they had in effect was that they would put a list of chemicals sourced from FracFocus (an independent reporting agency) and they would post it on the NDOM website. He said they could use their website to list the chemicals and their intended use in hydraulic fracturing operations. He said if there was an operator who wanted to use a chemical not listed on the website then the chemical must receive prior approval under the Hydraulic Fracturing Program. He said when they would receive such a request about an unlisted chemical they would refer it to Dave Gaskin for assistance as none of them had toxicologists on staff. He said that it was up to the operator of the well to submit new chemicals for approval no less than 30 days before the hydraulic fracturing procedure. He noted that delays at hydraulic fracturing would be at the owner's expense. He noted that they had discussed the issue with Dave Gaskin and they felt that 30 days was adequate for research and for them to allow or deny the request.

Commissioner Bryan: Referred to his description of chemicals and asked if that included the natural ingredients like barite for example. **Commissioner Henderson:** Responded no, that was for the drilling process and they were not required to be listed. He said they were talking about only for the hydraulic fracturing, so that would be friction reducers and suspension agents for example.

Commissioner DeLong: Stated that he was hearing what sounded like an ongoing role with the

NDEP helping to implement the program. He asked if that relationship would be managed by an MOU or regulation. **Dave Gaskin:** Responded that an MOU was necessary. **Commissioner Henderson:** Stated yes, they needed to know who was responsible for doing each thing. He said they wanted NDEP's knowledge of chemicals. **Commissioner DeLong:** Stated he was thinking about the process, thinking the MOU versus trying to incorporate it into their regulations. **Commissioner Henderson:** Confirmed that was correct.

Commissioner Henderson: Referred to trade secrets in frac operations. He noted that the companies that did frac were not the same as the companies that drilled or operated the wells. He said a lot of these third parties had trade secrets. He said these companies might list trade secrets and the commission would not go into trying to regulate trade secrets as the Nevada state laws already had laws in place that concerned the disclosure of trade secrets. He said the law was very long with many requirements. He said one of the requirements was that there should be a record-keeper of the confidential information. He confirmed that it was trade secrets so would have to be kept confidential. He confirmed that NDOM would be the record-keeper of any confidential information related to these chemical trade secrets.

He stated there were obvious reasons that people had to know what was in the chemicals for the safety of the people on the site, groundwater protection and degradation. He said they proposed to keep it at NDOM and if NDEP needed access to the information they could contact NDOM and refer to the confidential files. **Commissioner Bryan:** Asked if there were MSDS (Material Safety Data Sheets) sheets at the rig showing everything. **Commissioner Henderson:** Responded yes. He said the MSDS sheets had to be at the rig for all chemicals brought to the rig site. He noted that the MSDS sheets did not have detailed information on how the chemicals were blended or details on concentration.

Commissioner Henderson: Referred to the disclosure of chemicals during the drilling permit application. He said when he came on board he was told that they required that the operator disclose the list of chemicals at the time of the drilling permit application. He said that Nevada would be the only state that would require this information at the time of the drilling permit. He explained why this might cause potential problems. He said that an operator might say he would put 5,000 gallons of XYZ in the well. He stated that a fracking operation was not a finite operation but a dynamic operation. He said that when they would be fracking a well it would be controlled by load rates, pressures, several variables so the amount of liquids, sands, chemicals that were put into the well would be variable and might be adjusted during the job. The end result might be that more chemicals might be put into the well than were listed on the application permit. **Dave Gaskin:** Noted that the intent was that there should be a list of chemicals, not quantities or concentrations. **Commissioner Henderson:** Said yes but Nevada did require quantities and concentrations. He said if at the stakeholder meetings and moving forward they did not need to have quantities or concentrations then he confirmed that they did not need to consider this section of the presentation. **Alan Coyner:** Stated that there had been concern over people putting dangerous chemicals into the wells. He said they put it into a three-step process. He said putting it into the permit allowed the public to know. He said they were trying to balance the public interest and then the public would know what was going into the ground.

Commissioner Henderson: Stated prior to the hydraulic fracturing completion procedure and no later than 72 hours the operator of the well must notify NDOM of the final chemicals to be used and the estimated quantities. He said that this could be modified during stakeholder meetings and workshops. He referred to the disclosure of the chemicals after the hydraulic fracturing procedure

and noted they would require the information within 60 days after completion of the fracturing procedure regarding chemicals used, quality and concentration must be reported to FracFocus. He said that if there was any chemical not previously named or the quantities exceeded 25% of the disclosed amounts the operator of the well must provide in writing to the Administrator the reasons for the deviation and the operator might be subject to penalties.

Commissioner Henderson: Referred to Section C. concerning provision of notice to the general public concerning activities relating to hydraulic fracturing in Nevada. He said for the implementation and approval of the program they would have commission reviews, stakeholder meetings, public workshops, the same being scheduled by the NDOM Administrator. **Mike Visher,** Deputy Administrator, NDOM: Confirmed that the stakeholders' meeting was scheduled for November 21, 2013 at NDEP at 9:00 a.m. **Commissioner Henderson:** Stated that for the public notice they would say general industry information of hydraulic fracturing available on the NDOM website. He asked members what kind of industry information they wanted to put on the website, staying with industry or academia. He said they had to ensure that the information was both scientific and correct.

He said drilling permits indicating conventional or unconventional applications would be posted on the NDOM website. **Dave Gaskin** (NDEP) clarified that a stakeholder meeting was not a public workshop. He said they wanted a select group of key stakeholders to constructively work together to help them formulate regulations. He said that meeting was by invitation. **Mike Visher,** Deputy Administrator, NDOM: Stated that they hoped to be meeting with the NDEP, NDOM and BLM (Bureau of Land Management) to meet the week prior and then to send out electronically the proposed draft regulations so the stakeholders could review the document, generate discussion and work on specifics.

Commissioner Henderson: Stated that he anticipated they would have to have a special commission to review the proposed regulations as in early January they wanted to go to the LCB (Legislative Counsel Bureau) as they needed to get on record so that they would be in line and on time to get the work completed for the legislature. **Mike Visher,** Deputy Administrator, NDOM: Stated that the commission had to approve the regulations by July 2014 and had to have a program completed. **Commissioner Henderson:** Stated that they would still have time to modify them after they went to the LCB. **Mike Visher,** Deputy Administrator, NDOM: Explained why the LCB needed time to review the draft regulations. He noted that they could still move forward with other things including planning the workshops which they anticipated doing in Reno or Carson, Elko and Las Vegas. He said they needed to ensure that the public had a chance to participate in the process.

Commissioner Mudge: Commented that a flowchart would be appropriate, a schedule that could be referred to by all commissioners. **Commissioner Mudge:** Commented that he wondered what other stakeholders might bring up that could cause delays or issues. **Commissioner Henderson:** Responded that they had used the API recommendations for best practice and had put themselves in a position where they could defend their regulations and decisions. He said that protection of the groundwater was by far one of his priorities. **Commissioner DeLong:** Referred to his reference of unconventional drilling. He asked if the regulations would apply to fracking and oil/gas wells whether they were conventional or unconventional. **Commissioner Henderson:** Responded they would be. He said the fracking of unconventional wells was slightly different than fracking of vertical wells because the models of the frac were different. He discussed the different models, types of fracturing and the science behind fracturing. He said that at a commission meeting he had talked with Mike Visher about having a hydraulic fracturing third-party company come and give a short

presentation on how they can control the frac in hydro carbon producing formations. He stated that he would not impose the same well monitoring on conventional wells. **Mike Visser**, Deputy Administrator, NDOM: Stated that SB 390 did not distinguish between conventional and unconventional wells.

B. Request approval to pursue a contract to support the administrative rulemaking process for adoption of new regulations. Action Item

Mike Visser, Deputy Administrator, NDOM: Asked the commissioners to refer to the proposal submitted to the CMR. He said at a previous meeting services had been offered to assist with the rulemaking process with regard to hydraulic fracturing. He said the commission needed to have an idea of the cost and how it would affect their budget. He referred commissioners to their packet with the proposal which was broken down into option one and two.

Thomas Gallagher, Nevada Water Solutions, LLC: Thanked Mike Visser for putting the issue on the agenda to be considered by the commission. He congratulated the new Administrator, Rich Perry on his new position. He referred to the packet and proposal for consulting services to assist the NDOM and the CMR through the rulemaking process that had to be completed to amend and adopt new regulations on the gas rigs and under the existing Chapter 522 of the NAC. He noted he had broken the proposal into two options, one to get the commission through the near term, to get a significant or substantially-complete amended regulation submitted to the LCB by January 2014. He said the final hearing and the final adoption of the regulations would come in option two. He explained that option one was to obtain agreement from all the stakeholders on what the regulations would look like, specifically for hydraulic fracturing. He said they were also opening up Chapter 522 so any other changes that needed to be fixed and also including the potential for adjusting fees that would be incorporated in Chapter 522. He said that that would be the opportunity to include it in the first draft to submit to LCB.

He referred to what he had proposed in option one C. which would be to get a substantially complete draft regulation before the commissioners before January 2014. He said that however that would be done by telephone, special commission meeting or other electronic communication the commissioners would have to meet under Nevada's Open Meeting Law and confirm that they would be in agreement with the draft regulation. He noted the time issues as the CMR typically did not meet again until February 2014. He confirmed that the formal draft regulations would be substantially complete and strike a fair balance to address the concerns of the public in a regulated industry. He said they would be working closely with the CMR, the NDOM, NDEP staff and other stakeholders to ensure some consensus initially and there they would prepare the formal draft to submit to the LCB in January 2014.

He said that with agency assistance he was proposing that the CMR make the draft regulations available to the public by posting them on the website, including the information on any available mailing lists, advising the stakeholders and any parties that were associated with SN 390. He said that the CMR would send them a notice that the draft was out and then the CMR would set the time for the workshops. He said that the word would be out on the street at the same time that the draft regulation would get to LCB. He said they could then set a timeline for the workshop schedule probably in March and noted that there was a minimum of 30 days notice but 45 or 60 days would be preferable. He thought the workshops should be done during a one-week timeframe. He noted that he had experience having done it on three other occasions as an employee of the State Engineer's

Office in writing the regulation pertaining to underground water and wells. He said that when he was at the Division of Water Resources in the early 80s he had worked with the NDOM in developing the geothermal regulations that later became the NDOM regulations under 534 A. He confirmed that he knew the process well.

Commissioner Henderson: Referred to the two options. He asked what would happen if they selected option one at the current time and at the end of the year the commission decided they wanted him to continue on. He asked if it would be a simple subtraction. **Thomas Gallagher:** Confirmed that was correct. **Commissioner Henderson:** Asked if they decided to take option one at the current time and then in December if he had done a great job and then after the commission had its special meeting they could make a decision to proceed with option two.

Thomas Gallagher: Confirmed that was why he framed the proposal in that manner. He added that option two involved the follow through and this would be key in the process and some issues might be contested in the workshops. He said he was offering to facilitate the workshop process as a facilitator, consensus builder and mediator as he had no stake in the outcome. He described some of the process in achieving a broad consensus during the workshops. He confirmed that in option two he would guide the agency through the process which he estimated should be complete by about June 2014. He said separate from the workshops there was one final hearing scheduled for everyone to be heard one final time and that would be where the agency, notwithstanding significant objections, would adopt the final regulation. It would then be handed off to LCB.

He said the final process in the approval of any agency regulation was something called a legislative commission that would review all agency regulations that were finally adopted. He said that it was his experience that if questions were raised at that point that the legislative commission would ask any stakeholders or other parties who attended, where they had been during the workshop process. He said at that stage nothing new should come up in that final review. He said that he would also look after all the housekeeping chores like the small business report or any other requirements that should be done as per the Administrative Procedures Act.

Bryan Stockton, Attorney General's Office: Stated that if the CMR decided to go forward that they could select option one or two but not approve. He said he had some concerns about the terms and conditions in the contract and he added that all contracts had to be approved by the Attorney General's Office. He said if they choose to go ahead then the NDOM should draft the independent contractor contract. He stated he had some concerns with the payment schedule and also some language about the quality of work and other parts of the contract.

Mike Visher, Deputy Administrator, NDOM: Stated that one of their challenges was that the CMR could not just hire Thomas Gallagher as there was a contract and procedure they had to adhere to. He said that there was a limit that was placed in the sum of \$9,999. He explained if it was in excess of that sum it would have to be approved by the Board of Examiners and in order to obtain that approval it would have to be submitted to them ahead of their meetings. He said for their November 22, 2013 meeting the information would have had to be submitted by October 8, 2013. He said because option one started at \$10,000 they could submit a contract for \$9,999 and that would only require the signature of the clerk for the Board of Examiners. He said they would still have to submit all the requirements and they would prepare their own scope of work. He said he appreciated Thomas Gallagher getting the information together for the meeting at short order. He noted that they did not expect that a contract would be ready that would be put forward. He said he was the certified contract manager in the agency. He stated he would work on the process and submit all of that. He

added depending on the workload of the clerk he did not know how long that that would take but typically it took several weeks. He confirmed that Summit Engineering was registered as a vendor with the State of Nevada. He asked the commissioners where the funding would come from for the contract. He said if it was \$10,000 it could be easily accomplished taking it from Special Projects or the Reserve Fund. He said he could do two things, go ahead and put in an initial contract and then submit an amendment. The amendment could be for the remainder and he could submit that in time for the next meeting. He said he could not process an invoice from Summit Engineering in excess of \$10,000 until that contract was approved. He said as Thomas Gallagher was a professional engineer he did not have to solicit bids. **Commissioner DeLong:** Noted that the commission should choose option one and then approve option two at the next meeting. **Thomas Gallagher:** Commented that he appreciated the remarks made with regard to the contract. He stated what he was asked to do in a short period of time was to put something together so the commission would have a ballpark figure. He said that he could amend or work with any other contract language that the commission might want. He said the purpose of the proposal at the meeting was to provide a scope of his services to guide them through the process.

MOTION: Moved that the commission allow the Administrator and Deputy Administrator to choose the option one deliverables for a contract from Nevada Water Solutions, LLC not to exceed \$9,999 for services provided by Thomas Gallagher with regard to Chapter 522 regulations and to adhere to the guidelines required by the submission of a contract to the Attorney General's Office in accordance with their set rules.

BY: Commissioner Henderson

SECOND: Commissioner Dennis Bryan

VOTED: The vote was unanimous in favor of the motion

C. Discussion on the Marigold royalty and the potential need for CMR/NDOM assistance to Mackay. Action Item

Russell Fields, Director, Mackay School of Earth Sciences and Engineering: Thanked the commission for the opportunity to update them on the Marigold Agreement. He said the Marigold Royalty Agreement referred to Section 19 of the Marigold Mine which was owned by the UNR. He noted that the CMR had entered into an agreement with the UNR starting out as a letter in July 2008. He said it was further developed where an agreement was made that royalties in the production of gold under Section 19 would go to the UNR to the end of the contract period which was 2018. He said it was in the process of being renegotiated. He said the amount would be split between the Mackay School and the university itself according to a set formula. He said the mine had progressed to the point where they were in gold in Section 19. He said the university had received two checks totalling \$163,000. He said the way royalties worked would be after \$500,000 was received by the university in a period of one fiscal year then monies would start to come to the Mackay School. He said what the Mackay School had to do was create an endowment or endowments to the allocation for those monies for educational purposes in earth sciences, economic geology, mining and metallurgy.

He said that there was a meeting of a subcommittee of the CMR and members of the Mackay advisory board which had met October 7, 2013 and they had created a draft plan. He said the plan was to create an umbrella endowment that they would refer to as the Mackay School of Earth Sciences and Engineering Marigold Mine Royalty Endowment. He said it would not be specific about amounts but a committee would direct those decisions and would be written into the agreement. He said it was suggested that the committee be made up of the Chairman and

Vice Chairman of the CMR, two members of the executive board at the Mackay School of Earth Sciences and Engineering, Jeff Thompson, the Dean of the College of Science and himself as Director and a representative from the Marigold Mine. He said they were in the early stages of organizing that and they had sent out an early draft.

He said Duane Peck, the manager of the Marigold Mine had advised that Section 19 had become their most important source of production over the next two to three years. He said their annual production was expected to be about 150,000 oz. of gold. He said the gross royalty was 5%. He acknowledged that it was extremely important for the Mackay School. He said one of their first priorities was to endow a Chair of Mining Engineering which was about \$2.5 million. He said it was an internal university agreement but they wanted advice on the allocation of funds.

Commissioner Mudge: Noted that they had spoken about whether it was a calendar or fiscal year. He asked if he was sure that it was a fiscal year. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded that it was an internal agreement, an endowment, a foundation agreement and everything that the foundation and university did would be based July 1/June 30. **Commissioner DeLong:** Asked if the first two checks that had come in came in in the fiscal year. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded yes. **Commissioner Mudge:** Said that's about \$10 million a year in royalties at \$1300 and half of that would go to Mackay. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded yes. He confirmed they could only take out 4.5%. **Commissioner Bryan:** Referred to the 150,000 oz. of gold and asked if they had a forecast beyond the next two to three years. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded they probably did but he said the manager of the Marigold Mine was careful to say that things were in a state of flux as they were changing mining plans due to the price and demands of investors.

He said he had sent out an email to everyone who attended the meeting and also to Richard Harris and it basically said what the provisions in the foundation agreement had to be, the background. He said that he had detailed his suggestions for the members of the committee and asked for comments. He said they should have an agreement within a week or two. He said there were two meetings, one in the fall and in the spring. **Commissioner Bryan:** Stated the fall meeting was to put the budget together. He said if the CMR wanted to recommend which endowments to endow first they would need to see that. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Stated that the allocation of the funds would be done in the spring.

D. Discussion of Special Collection at UNLV

Action Item

Chairman Gibson: Stated that he had been approached several times as people had started to collect mine-related things. He stated that his suggestion was that they make a presentation at a CMR meeting. He thought that it could be a cooperative process including the Mackay School. He noted he would continue to be involved but Clark County and Greater Las Vegas was now 2.5 million people and many of those people were involved with the university. He thought it would be another way to build up a relationship with Reno and the mining community. He stated if there was no objection he would encourage them to make that presentation. He said it was equipment and materials and it was one person that he had been communicating with about it. He said that this type of collection was foreign to them at the library and they needed some guidance.

VII. REPORT OF THE ADMINISTRATOR

Division of Minerals Activities

1. Administration

Mike Visher, Deputy Administrator, NDOM: Stated that Alan Coyner had pointed out that they did not know how much money would come out of Special Projects for the mining claim fees because it was for 2013. He said from Special Projects where they had \$675,000 they would deduct \$436,000 which would be the payment to Mackay. He said a year ago they made the payment in February. He referred to the audit and said on October 7, 2013 he had met with the LCB auditors and they presented their draft final findings. He said they had had dialogue weekly and they advised they would focus on three things: the notification to the responsible parties; the notification to the counties and how that should occur; and inspections.

2. Mining/Reclamation Bond Pool

John Penton: Stated that in July 2013 he gave a talk at the library in Minden. He said there were about 77 people and many were children who asked a lot of questions. He said they brought rocks in and wanted them identified. He said he received some media coverage from the local paper. He said what they had been working on was looking at high hazards that they had in the state that were not secured. He said they found they had addressed most of them and a lot were secured.

3. Abandoned Mine Lands

Robert Ghiglieri, NDOM: Stated that currently they had 17,731 hazards. He said 14,107 of them were secured. He said this would give a 79.6% scan rate. He said they had a total and there were 88 unsecured high hazards in the state in July 2013. He said with the assistance of all in the AML they were now down to 41 and only 5 were orphans and those are the Blue Diamond/ Arden Gibson site.

4. AML/GIS

Rachel Wearne, (NDOM): No presentation given.

5. Southern Nevada Operations

Bill Durbin, NDOM: Stated that he attended the NAA in West Virginia where he did a presentation on Nevada's program. He said about half of the staff were members of the NvMA Education Committee and that committee was awarded the 2013 Prazen Living Legend of Mining Award from the National Mining Hall of Fame for excellence in their mineral education program. He said he was beginning his Eagle Scout projects once again. He said in October and November he had two reconstructions scheduled and four Eagle Scout projects booked. He said they located clusters of mines and had Eagle Scout candidates fence those for their Eagle Scout service projects. He said they had started in 1992 and had so far completed 137 Eagle Scout projects resulting in 641 securings and 118 repairs made to sites.

6. Oil, Gas, and Geothermal

Mike Visher: Noted that Lowell Price was not in attendance. He advised he was at the Noble site. He noted that the Gradient Resources would soon be producing to the grid. He discussed the Desert Rose facility. He said that he and Lowell Price had attended the Geothermal Energy Association Conference held in Las Vegas in early October. He said attendance was down but they did hear encouraging remarks from some of the finance parties who thought there was an upswing coming on geothermal. He added that the renewable portfolio standards in California and Nevada would be driving a lot.

VIII. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment.

Kevin Vorhaben, Noble Energy: Congratulated the staff on the award they had received. Thanked the commission for inviting him and working with Noble on the regulation. He added that they were happy to help and assist in any way.

Commissioner Henderson: Indicated that since Alan Coyner had left Mike Visher had assumed the reins on many things. He thought that he had done an excellent job and thought it was important that it be acknowledged.

IX. COMMISSION BUSINESS

Determination time and place of next CMR meeting

Action Item

Chairman Gibson: Indicated that the next meeting would be a telephone meeting. He said the next scheduled meeting was usually in February in Las Vegas. They noted that the date of that meeting should be Thursday, February 13, 2014.

X. ADJOURNMENT

Action Item

MOTION: Move to adjourn the meeting
BY: Commissioner Dennis Bryan
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion