

**STATE OF NEVADA**  
**COMMISSION ON MINERAL RESOURCES**  
**Thursday, February 13, 2014 – 1:00 p.m.**  
**Legislative Counsel Bureau**  
**555 E. Washington Ave., Ste. 4412**  
**Las Vegas, Nevada 89101**

**COMMISSIONERS IN ATTENDANCE:**

Fred Gibson (Chairperson)  
John Snow  
Dennis Bryan  
John Mudge  
Richard DeLong  
David Parker  
Art Henderson

**ALSO IN ATTENDANCE:**

Lowell Price (NDOM)	Rachel Wearne (NDOM)
Mike Visher (NDOM)	Rob Ghiglieri (NDOM)
Jim Faulds (NBMG)	John L. Muntean (NBMG)
Bill Durbin (NDOM-LV)	Deborah Selig (NDOM)
Russ Fields (UNR)	Tamara Josserand (UNLV)
Rich Perry - Administrator (NDOM)	Valerie Kneefel (NDOM)
Bryan Stockton (Deputy Attorney General)	

**CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE** - Chairperson Gibson called the meeting to order at 1:00 p.m., with a quorum of seven members present. The Pledge of Allegiance was conducted.

**COMMENTS BY THE GENERAL PUBLIC** – Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. All public comments will be limited to 5 minutes for each person. **ACTION WILL NOT BE TAKEN**

There were no public comment requests.

**I. MINUTES**

A. October 10, 2013 Meeting

**FOR POSSIBLE ACTION**

Commissioner DeLong noted he clarified some of the wording in the minutes with staff.

**Richard DeLong moved to approve the October 10, 2013 meeting minutes as amended. John Snow seconded the Motion. Motion carried unanimously.**

**II. OLD BUSINESS**

**A. Fiscal Year 2013 -14 Work Plan and Forecast Update**

**FOR DISCUSSION ONLY**

Background: The approved fiscal year 2014 work plan calls for expenditures of \$2.4 M with total revenues from mining claim and other fees of \$2.17 M, and a draw-down of reserves of \$0.3 M; 2013 mining claim fees, which impact the fiscal year 2014 work plan are forecast to be ten percent below estimates, or approximately \$200,000. A fiscal year 2013-14 forecast of revenues, expenditures and obligations will be presented for discussion.

With a PowerPoint© presentation, Rich Perry reviewed a year-to-date work plan and forecast. He stated the work plan was approved by Legislature. Travel costs needed to be changed through the Interim Finance Committee, to allow for additional money for inspecting oil, gas and geothermal wells. Operating Costs for Carson City and Las Vegas were more than

projected in the work plan. Obligated monies include the mining claim fees to the Mackay School of Mines and the remaining monies from the Nevada Bureau of Mines projects. Nevada Water Solutions has one-third of their funding remaining. They have assisted with hydraulic fracturing regulations. Mining claim fees from 2012 were carried over and have decreased this year by approximately 10%. AML securing fees have increased. A regulation change is needed for collecting bond pool administrative fees. The change should be agendized for approval at the May CMR meeting. The reserve was expected to decrease by approximately \$300,000, but it has decreased more than projected. At the beginning of the fiscal year, the reserve was a little over \$1 million. At the end of the fiscal year, the reserve will be at approximately \$764,000. A budget forecast for FY 2015 may be presented at the May meeting.

Commissioner DeLong asked if the 10% decrease in claim fees was forecasted for FY 2015. Mr. Perry replied no, but it may be reviewed by the May meeting.

Commissioner Mudge requested to know if any additional funding was expected from claim fees. Mike Visher stated 90% of fees have been received for the fiscal year. There may be an additional 10% from new claims from last year.

Commissioner Henderson commented oil and gas fees will be decreasing by approximately 8% per year, unless there is success with the new wells. Mike Visher stated that was anticipated and was being taken into account for the FY 2014 forecast and FY 2015 budget.

Chairperson Gibson asked how much was left on the authorization for claim fees. Mike Visher replied \$1.50. Chairperson Gibson suggested this information be provided to the Legislature to increase this fee. Mike Visher clarified the \$1.50 is by regulation; therefore, the Commission has the authority to increase this fee up to the cap of \$10.00 per claim, per NRS statute. Chairperson Gibson noted an increase in the authorization needed to be approved by the Legislature in the past. He suggested the Legislature be approached to approve an increase in the authorization fee over time over the current \$10.00 cap.

Commissioner Parker requested to know what reserve amount would be comfortable to the Commission. Rich Perry stated he discussed this issue with the previous administrator who suggested half-a-year's worth of revenues should be in the reserve for operations. Most of the claim fees are received during the first half of the year. There may be a significant decrease in claim fees next year, due to the sage grouse. Mike Visher confirmed it may be closer to \$1 million for a half year. He suggested the starting point for the reserve should be no less than \$500,000. He explained the reserve is for the first several months. Monies from mining claim fees should begin coming in around October and are expected to be 60% of the \$1.8 million.

Chairperson Gibson suggested the issue of the \$400,000 taken from the bond pool be addressed.

Commissioner Bryan asked if fifty percent of the budget includes money given to the Mackay School of Mines. Mike Visher stated no. Monies that go to Mackey are over and above the special projects.

Commissioner Mudge commented that, in his opinion, there may be another funding request for sage grouse. He asked if it should be known that another request may not be approved. Rich Perry stated the sage grouse commitment was for two years; therefore, it is budgeted for FY 2015.

**B. Recommendations from Subcommittee on Oil and Gas Fee Increases** **FOR POSSIBLE ACTION**

The Subcommittee on Oil and Gas Fees met on January 16, 2014 and voted to recommend changes to the CMR to oil and gas drilling and production fees. A table with these recommendations is attached. Due to low volume and increased time associated with processing oil and gas drilling permits, the current fee structure does not cover the NDOM manpower and travel cost associated with permitting and compliance functions. Any increase in permit fees would require approval of the legislature during the 2015 session. An increase in production fees from \$0.10/bbl to \$0.20/bbl can be affected by the Commission in the current process of modifying NAC 522. NDOM Staff is seeking direction from the Commission on fee increases and approval to draft a BDR for the 2015 session.

With a PowerPoint© presentation, Rich Perry reviewed program revenues for 2013. He stated approximately \$37,000 in revenue was collected and expenditures were at approximately \$149,000. Commissioner Henderson reported the Subcommittee made the following recommendations:

- A three-tiered, sliding scale for drilling fees for conventional wells on public or private land:  
0-5,000 feet with an increase in fees from \$200 to \$500  
0-10,000 feet with an increase in fees to \$1,000  
0-10,000 feet with an increase to \$1,500
- Increase the drilling fee for unconventional wells on public property from \$200 to \$3,500 and for unconventional wells on private property from \$200 to \$4,500. The justification for this increase is that BLM charges \$6,500 per well for their service sand for the drilling permit on public property.
- Establish a reclassification fee to \$3,500 for an unconventional well on public property or \$4,500 for an unconventional well on private property, minus the fee already paid in case a well is drilled as conventional and later converted to an unconventional well.
- Increase the \$0.20 per barrel cap for administrative fees to \$0.50 per barrel with the caveat not to collect administrative fees greater than oil and gas costs, with an audit at the first Commission meeting of each New Year, and to present this information at future CMR meetings.
- To charge \$500 for each trade secret for administration of confidentiality.
- To charge \$500 per well for cutting fees.
- Sundry fees would be the same as geothermal regulations: \$100 for administrative sundries and \$300 for operational sundries.

Commissioner Henderson noted the increase of the administrative fee from \$0.10 to \$0.20 was not included in the recommendations, but will be discussed in more detail during future workshops when there is new well production.

Commissioner Parker asked if monitoring or closure fees were taken into account. Commissioner Henderson stated those fees were discussed by the Subcommittee, but no action was taken as bonds were already in place.

Rich Perry commented on the decrease in oil production in the State of Nevada. He suggested a standard fee be established in case oil production increases. He recommended drilling permit fees be regulated by the Commission rather than the Legislature and for fees to be NAC rather than NRS for fees to be reviewed on an annual basis.

Commissioner DeLong stated he was strongly in favor of allowing the Commission to regulate fees rather than the Legislature.

Commissioner Snow asked if geothermal revenues were being taken into account before increasing oil fees. Rich Perry stated 2013 geothermal revenues were reviewed. Commissioner Henderson added there was approximately \$10,000 more in the geothermal budget over the fees received and spent. There was still a deficit of approximately \$100,000 in oil and gas for 2013. Mike Visser noted this figure included inspections. Commissioner Henderson stated the biggest concern is with the travel expense. Mike Visser stated the cost of the new employee has not been factored in.

Commissioner Mudge asked if the approximately \$150,000 would be enough to comply with the audit. Mike Visser replied it may be, with the inspections being proposed for once every three years. The additional surplus could be applied to an additional half-time position. Rich Perry noted there is a vacancy in AML, but they were also looking for an individual with oil, gas, and geothermal background.

Commissioner Snow commented some of the wells are on BLM land. He suggested there be communication with BLM to share in some of the incremental inspection costs, if there is not a memo of understanding (MOU) where inspections are shared to accomplish the work with indirect costs. Rich Perry stated there is a proposal to hire and train a Petroleum Engineering Technician to assist with inspections and share the costs with NDOM if activity increases. Commissioner Snow commented there is push back from the public, so there needs to be good justification, and working with the BLM to soften increases would be good for establishing a friendly, regulatory environment.

**Art Henderson moved to approve the recommendations from the Subcommittee on Oil and Gas in order to proceed with legislative action in approving the fee changes and to move the fee-making decision to the CMR level. Dennis Bryan seconded the Motion.** Discussion followed.

Commissioner Snow asked for clarification that there was no recommendation to increase the \$0.10 administrative fee. Commissioner Henderson clarified the administrative fee is in the draft hydraulic fracture regulations and is not included in the recommendations. This fee will be discussed for amendment during the March public workshop meetings.

Commissioner Mudge stated he was concerned about the best path through the Legislature and that he did not care for establishing a cap based on actual cost. Mining is currently carrying the burden of extra oil and gas and will exceed expenditures. He suggested future revenues for oil and gas should be a little bit higher to cover other programs. Commissioner Snow noted there is a production fee that will increase as activity increases.

Commissioner Parker stated he agreed with Commissioner Mudge's comment, because there needs to be some assurance that there is revenue to pay for duties completed. Rich Perry stated he will present, at the May meeting, draft language and a strategy for introducing this action to the Legislature.

Commissioner Henderson requested a roll call vote be taken.

**The Motion carried by a vote of 4-3 based on the following roll call vote:**

**David Parker – No**  
**Dennis Bryan – Yes**  
**Art Henderson – Yes**  
**Richard DeLong – No**  
**Fred Gibson – Yes**  
**John Mudge – No**  
**John Snow - Yes**

**C. Request for support in FY14 of the UNR Mackay School**

**FOR POSSIBLE ACTION**

Recruitment and Retention Program in FY15 (tabled from CMR meeting 10/10/13) - Russ Fields NDOM has supported this effort through donations from claim fees for the past 6 years (2008-2013) for \$100,000 per year. This request was approved and paid for FY 2013-14 and is being requested again for the 2014-15 fiscal year.

Russ Fields, Director Mackay School of Earth Sciences and Engineering, presented the request. He stated the request is for support of a significant portion of salaries for two individuals. This item had been tabled from the last CMR meeting. The CMR has provided support for recruiting and retention for the past six years at the rate of \$100,000 per year. He commented that the success of recruiting and retention has helped Mackey become a very strong mining minerals school again. Overall, the undergraduate student head count has continued to increase. A major focus over the last five years has been on mining and metallurgical engineering, which has grown from 45 undergraduates in 2008 to 120 undergraduates in 2013. A lot of time is focused on retention and persistence to graduation. Retention includes career development and academic advising, which is assisting students in learning about making career choices and how to get through the process of going to college and receiving degrees. In 2013, 153 interview slots were provided. CMR's support has become critical as salaries and expenses have been derived over the last eleven years from soft money or money that is not a part of the state budget. The Howard Win endowment contributes to recruiting and retention, as well as annual corporate gifts, but \$100,000 is still needed yearly to continue these services.

Commissioner Mudge commented that the budget shown is not the budget in its entirety. He asked how much the program costs and what additional revenues currently exist. Mr. Fields stated the \$100,000 request covers approximately 50% of salaries and benefits. Salaries constitute 85% of the total cost; therefore, the entire program may cost approximately \$275,000.

Commissioner Parker asked what percentage of individuals is employed after graduation. Mr. Fields stated it is close to 100%. Commissioner Parker asked if there may be a fluctuation with the decrease in mining exploration. Mr. Fields replied yes. There may be a reduction in jobs in the mining and metallurgical fields, but individuals may find employment in an engineering field.

Commissioner Mudge commented he believes in the program, but it would not be responsible to support the program. at this time. when expenditures exceed revenues and the reserve is decreasing.

Rich Perry stated he agreed with Commissioner Mudge's comments regarding the program, and funding a recruiter at Mackay is not a part of NDOM's statutory obligation.

Commissioner Snow commented it is a sad day when they have to fund sage grouse and not Mackay.

Commissioner Bryan stated he agreed with Commissioner Snow's comment.

Russ Fields commented that most of the Commissioners are either graduates or a part of the Board. He thanked the

Commission for their previous support and stated he will do the best he can to make up the difference to keep the program in operation. He suggested reducing the request down to \$50,000 for the retention portion only.

Commissioner DeLong agreed with Commissioner Snow and Commissioner Bryan's comment. He suggested this item be deferred to the next meeting.

Chairperson Gibson tabled this item to the next meeting.

**D. Update on the NBMG projects funded by the CMR and consideration for funding in FY 2015 FOR POSSIBLE ACTION** Jim Faulds, Nevada Bureau of Mines and Geology; John Muntean will provide a short presentation on new web applications for mineral resource data. NDOM has contracted for support services with NBMG for \$100,000 in FY 2013-14 for 1. Sample curation; 2. Mineral Industry reports; and, 3. Minerals database development. The current contract is for 2013-14. NBMG is seeking a commitment for similar support for FY 2014-15.

At this time, Jim Faulds provided an approximately seven-minute presentation for the Nevada Bureau of Mines and Geology. With a PowerPoint© presentation, Jim Faulds reviewed the NBMG projects funded by CMR in 2013 and 2014 and remaining funding for those projects. He stated there was funding remaining in the framework studies project, because there were delays in starting the project due to selecting the best area to apply those funds. Most of the funds for the Mineral Industry (MI) Report project will be expended by the end of the fiscal year; 4,200 individuals have visited the "gold" building and, from 2009, there have been approximately 240,000 hits on the website. Total revenue from purchases, over the phone or over the website, is \$110,000. There is a slight decline, which reflects the slight downturn in the minerals industry over the past few years. The majority of publications are offered free to the public. A total of \$83,000 has been received over the past two fiscal years for support of the sample curation project; there is \$24,000 remaining for the current fiscal year. The proposal is for an additional \$35,000 to maintain staffing at the "Gold" building, to continue curation of samples and cuttings; and, to continue development, maintenance, and enhancement of the web applications. There is \$18,000 left for staffing of the MI Report project. John Muntean added projects were in the process of being completed. Jim Faulds stated the 2011 MI Reports were completed. The 2012 MI Reports will be completed soon. Reports are completed a year later, in order for complete data to be received and reported; \$30,000 is needed to complete the MI Reports. Reports have been completed for the past thirty years, but state funding was eliminated in July 2012. The next installment of the MI Report is due by the end of next year. Then, they will co-op with the Nevada Division of Minerals to produce a small report called "Major Mines of Nevada". In addition, they are requesting \$35,000 to complete an exploration survey every other year to be presented at the Legislative Council Bureau (LCB). They were also requesting additional funding to complete a geologic framework study in the Railway Valley area. They would co-op with some of the companies and use their data to better characterize the basin. Mr. Faulds stated 90% of state funding was lost due to budget cuts and they are only receiving \$28,000 to continue operations at the "Gold" building. Another \$29,000 is generated from publication sales. He reviewed interactive web applications being developed. John Muntean reviewed the technical map that lists coordinates of locations where the 43101 report has been completed. Mr. Faulds expressed his appreciation to the Commission for their continued support. He commented that there were indicators the economy was improving for the school and that the school was looking elsewhere for support, but additional support was needed from the Commission at this time.

Commissioner Bryan asked about the likelihood that the State would reinstate some of the funding that was taken away. Mr. Faulds stated it was not possible in this biennium; maybe 1/3 will be reinstated during the next biennium, but not all at once.

Commissioner Henderson asked if there were any reserves in the school's budget. Mr. Faulds stated there was approximately \$200,000 in reserves. They receive a small percentage on the bonds associated with un-reclaimed mining lands, which totals \$70,000 a year.

Commissioner Snow asked about the operating hours of the "Gold" building. Mr. Faulds stated it was four days a week and they close an hour earlier each day.

Commissioner Parker thanked Mr. Faulds and Mr. Muntean for their presentation. He asked about the stage of the digitization of well logs and how available that is. Mr. Faulds stated the PDFs of the well logs are available on some digitized databases, but not available through web applications. They do not have the staffing at this time to digitize well logs.

Commissioner Parker asked if there was any thought to digitizing well logs for cross-section analysis. Mr. Faulds stated that is completed on some individual projects. Mr. Muntean added the oil well data is in the system.

Commissioner Bryan suggested the Commission review their overall budget to determine if other budget items are

completely appropriate at this point in time. He asked if AML should be funded. Rich Perry commented, going forward, there is flexibility in the hard closure work that is contracted out in AML. Mike Visser stated, in FY 2015, \$201,000 is budgeted for AML enhancements. Commissioner Bryan commented AML enhancements were completed when the Commission had a lot of money. The Commission does not have a lot of money anymore; therefore, he did not want other programs to suffer because of that fact. He suggested the Commission decide what is more important for the industry and the Commission.

Commissioner DeLong stated he agreed with Commissioner Bryan's comments, and that this issue be agendaized for the next meeting. Rich Perry stated AML enhancement was a placeholder and that the Commission can discuss whether or not to continue this funding.

Commissioner Snow proposed to address the line items specific to the "Gold" building and the curation of cuttings, logs, well files for oil, gas, and geothermal, which is an extension of the Division of Minerals and a vital part of keeping the industry moving forward.

Jim Faulds noted contracts will need to be set up by April. He commented other states receive some portion of oil and gas revenues for their statutory functions. He suggested this be considered if new regulations are developed in the future. Rich Perry commented that, in his opinion, money can be shuffled around to make the commitment for next year. He will present this information at the May meeting.

Commissioner DeLong asked what is budgeted for the Mackay claim fee amount in FY 2015. Rich Perry stated it would be a percentage of \$436,000 based on the ratio. Commissioner DeLong commented, in his opinion, money can be moved around and the \$100,000 can be approved, which he was in favor of.

**Art Henderson moved to approve \$100,000 to NBMG projects. Dennis Bryan seconded the Motion.** Discussion followed.

Commissioner Mudge commented he felt uncomfortable with this motion because the NBMG is not their division, yet they have become dependent on the Commission for support and that he felt guilty saying the Commission has no money. Commissioner Mudge stated he would go along with the consensus of the Commission on this motion. In his opinion, what is lacking in the presentation was their effort in finding support from other entities. Jim Faulds stated they are seeking federal funding from a variety of sources.

Rich Perry recommended funding NBMG projects through 2015.

**Motion carried unanimously.**

At this time, Chairperson Gibson called for a ten-minute break. At 3:28 p.m., the meeting resumed.

### **III. NEW BUSINESS**

#### **A. Presentation by Tamara Josserand, Director of Development – UNLV, on the Goldfield Collection FOR POSSIBLE ACTION**

Chairperson Gibson commented on his upbringing in the mining industry and the cooperation needed between UNR and UNLV.

With presentation slides, Tamara Josserand, Director of Development and External Relations for UNLV University Libraries, stated they are the only public research library. There are four libraries: 1) music; 2) architectural; 3) curriculum materials; and, 4) main/lead library. Resources and material is shared with other higher education schools, especially Nevada State College and the College of Southern Nevada. They are also a large community resource with over 2.1 million users. They document the history and the culture of southern Nevada and make collections and material available to the public for posterity. The Special Collections Department has an oral history research center. The center is in its tenth year of operation. The Center for Gaming Research serves as a hub for the scholarly community around the study of gaming and gambling. It contains the largest, most comprehensive collections and materials related to gaming and gambling in North America. Once a collection is acquired, a digital exhibit is created for an on-line portal. She reviewed material acquired over many years for the Goldfield collection. They have partnered with other state and local museums, libraries, and individual collectors to create the on-line portal, "Southern Nevada: The Boomtown Years". The portal tells the story of the Old West as it was given way to the New West when the boom and bust in Southern Nevada shook the entire country's financial establishment from Wall

Street to San Francisco. The portal also provides lessons by subject and grade level for elementary to college level students.

Chairperson Gibson asked where the collections came from. Ms. Josserand stated it was derived, over the years, from a variety of sources. The primary goal is to collect and preserve the history. Items in the Goldfield Collection were purchased through auctions.

Commissioner Parker asked if there were any mineral specimens in the collection. Ms. Josserand stated there is only information about minerals, but not mineral samples.

Rich Perry commented that one his first jobs was as a Mine Geologist for mining Goldfield and there was a vault that included all original geologic maps hand done from around 1910. He asked if this information was included in the collection. Ms. Josserand stated there are items like that in the collection.

**B. NDOM Logo**

**FOR POSSIBLE ACTION**

NDOM Staff have discussed developing an official logo for the Division. NDOM is one of the few State agencies with no official logo or branding. This discussion was brought forth during recent work on developing a new web site using State web development software. NDOM Staff is recommending the Commission request a design concept for the next meeting for consideration.

Rich Perry stated this item was agendized for the Commission to determine if an NDOM logo should be established when redesigning the website. Rachel Wearne reviewed logo examples and the new website home page.

Commissioner Bryan commented it was a great idea.

Rich Perry suggested staff select logo samples to be presented to the Commission for approval.

Commissioner Mudge suggested a logo showing more active mining.

Commissioner DeLong suggested incorporating geothermal in the logo.

Commissioner Henderson suggested receiving input from students at the Mackay school.

**C. Request for funding from the UNR John Mackay Club**

**FOR POSSIBLE ACTION**

For travel to the SME meeting and the International Mining Competition- letter of Nov 25, 2013 included in packet.

Rich Perry noted a funding amount was not provided for the request. Commissioner DeLong suggested the Mackay Club not be funded, if recruiting cannot be funded. Commissioner Snow suggested weaning the club off of funding by providing only one-half of their request. Chairperson Gibson deferred this item to the next meeting, as more information is needed.

**D. Discussion of LCB Audit**

**FOR DISCUSSION ONLY**

A performance audit was conducted in 2013 by the Legislative Council Bureau Audit Division. Periodic performance audits are conducted on state agencies and reported to the Legislative Audit Committee, which consists of five legislators. Audit results were reported at public meeting on January 7, 2014. The purpose of the audit was to evaluate the Division's efforts to monitor oil, gas and geothermal operations for compliance with regulations and the AML program. The Division has sixty days to develop and submit a plan for corrective action and six months to implement the plan. The Administrator will present the audit results and corrective plan.

Rich Perry stated the audit period was from FY 2010-2013. There were three findings: 1) The Division had not established a rigorous inspection process that was documented on oil, gas, and geothermal operators; 2) The Division lacked documentation to show wells were being inspected. Mr. Perry stated the Division is not required to conduct inspections, by statute, but it was the LCB's contention that inspections should be conducted and documented by the Division since the Division is the regulatory agency. A plan was established several months ago to inspect all wells and build a data file that showed well location, photos, well condition, and to contact any operators that had deficiencies; and 3) The Division did not conduct safety tests on geothermal well operations, which is the blow-out prevention tests. Mr. Perry stated, in statute, the Division is required to conduct these tests. Language was changed to allow a third-party or some form of documentation to show these tests were conducted. These tests are now being witnessed. Rob Ghiglieri reviewed the notification process for the AML follow-up on hazards. He stated, in the past, the response rate was approximately twenty percent. A three-step program has been developed that notifies the County, Board Commissioners, and the Claimant of hazards by letter. Mr.

Ghiglieri reviewed sample letters.

Commissioner DeLong asked if the program would be for private land or unpatented mining claims. Mr. Ghiglieri stated it was for all hazards on all claims, private and federal.

Commissioner Mudge asked if counties address hazards in their area. Mr. Ghiglieri replied no, but the audit requires the Division to notify counties of hazards and follow-up.

Commissioner Parker asked if the BLM is notified. Mr. Ghiglieri stated BLM and Forest Service receive copies of the database on a quarterly basis. They do not receive copies of the hazard letters. He commented on the need to update the database, drastically, in order to capture notification activity.

Commissioner Henderson noted that, if they are required to inspect oil and gas wells, he would like to know what needs to be inspected before going forward.

Commissioner Snow stated he agreed with Commissioner Henderson. He did not know why "housekeeping inspections were needed. He suggested these types of inspections be conducted every five years and a strategy be established for inspecting new, ongoing activity.

Commissioner Parker commented the wells he inspected had only housekeeping items that needed to be taken care of, but unless notified, these items were forgotten. He stated it was also important to see where production is at.

Commissioner Snow stated they have no statutory or regulatory authority through the Nevada Division of Minerals to complete beautification inspections on spills.

Lowell Price stated he inspected 295 out of 430 geothermal wells and 121 out of 123 oil wells to-date. He explained his procedure of visiting the site and taking photos. There were six geothermal wells that had fluid in the cellars and oily sludge in two oil wells. Operators were notified of the findings.

Commissioner Parker asked if there was authority to issue a compliance letter. Mr. Price stated the only issue on fee lands was sign issues and the operator was notified. He notified the operator of those geothermal wells with fluid and also stated that the BLM wanted primacy to correct this issue with a copy of the letter going to the BLM.

Rich Perry noted, if they had the documentation Lowell Price completed, the Division would not have been cited by the auditor. The Division has thirty days to develop a risk-based approach.

Commissioner Henderson suggested a summer intern complete inspections.

Lowell Price noted wells are in very good shape, especially well heads.

Commissioner Snow questioned why the auditor wants the Division to conduct well head inspections when the Division has no jurisdiction and no enforcement and NDEP has a well head inspection program. Lowell Price commented that, due to the quality in which the geothermal and oil fields are maintained, he did not believe further inspections were needed, in his opinion.

**E. Discussion regarding potential changes to NAC 522.235**

**FOR DISCUSSION ONLY**

Location and spacing of wells - This section of NAC addresses the spacing of oil & gas wells in the absence of a special order of the Division establishing drilling units or authorizing different densities of wells. There has been some discussion by staff and commissioners that parts of the current code are obsolete and do not accommodate the drill spacing needed for unconventional wells.

Commissioner Snow suggested a task force be established comprised of Commissioner Snow, Commissioner Henderson, Lowell Price, John Mendgini, and two members of the Nevada Petroleum and Geothermal Society to address well spacing and density when drilling is completed unconventionally and to present recommendations to the Commission. Rich Perry stated that he agreed.

Commissioner Henderson asked when is the latest that changes can be presented. Rich Perry stated it can be initiated anytime the Commission wants to begin the process, since it will be changes to NAC and does not go through the legislature.



Commissioner DeLong stated the only issue with amending the NAC is determining if it will be a permanent or temporary regulation.

#### **IV. REPORT OF THE ADMINISTRATOR**

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

1. Administration – Rich Perry stated he had no additional information to report.
2. Mining/Reclamation Bond Pool – Mike Visher stated the bond pool status report was provided to Commissioners in their packets. He stated they were still at 130%+ with regards to funding. Junior activity has increased, which is reflected in the increase in gold prices. The LCB reviewed and slightly amended the regulation change approved by the CMR in August 2013, to include a business impact statement. The regulation will be reviewed during a public workshop and sent to the CMR for approval, then to LCB.

Commissioner Bryan asked if it was fair that some people were bonded over 100%. Mr. Visher stated that is what the regulation states.

At this time, agenda item IV6 was presented.

6. Oil, Gas, and Geothermal – Lowell Price stated another 90 geothermal inspections may be completed by the end of the month. He reviewed oil well inspections he will complete. He stated, in 2013, 21 geothermal permits were issued and 15 geothermal wells; 16 oil permits were issued and 5 oil wells were drilled. Nobel Energy drilled two wells that were currently under evaluation.

Commissioner Henderson thanked Mr. Price for conducting inspections.

At this time, Chairperson Gibson asked for public comment.

#### **COMMENTS BY THE GENERAL PUBLIC**

Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. All public comments will be limited to 5 minutes for each person. **ACTION WILL NOT BE TAKEN**

There were no public comment requests.

#### **IV. REPORT OF THE ADMINISTRATOR (CONTINUED)**

##### **A. Division of Minerals Activities (Continued)**

At this time, agenda item IV4 was presented.

4. AML/GIS – Rachel Wearne (Website update) – Rachel Wearne introduced the new website format to the Commission.

Commissioner Parker asked if there was a way to track the number of hits received. Debbie Selig stated there was a way to track hits when work first started on the website, which may still be in place or a BOT may be added.

3. Abandoned Mine Lands (Update of AML Summer Internship 2014) – Rob Ghiglieri reviewed 2013 securings and unsecured hazards. He stated securing rates are higher than inventory rates, because more revisits need to be completed. If AML enhancements are cut, funding will need to be found for UTV, tablets and to update databases.

Commissioner Mudge suggested looking at other options for claim holders to take responsibility.

5. Southern Nevada Operations – Bill Durbin stated preparations were underway for the 2014 Teacher Workshop in Las Vegas. The workshop will be held on April 15-16, 2014. The Mackay School of Mines has estimated 81,000+ students have attended the school. A fund-raising event for the school will be held

on Saturday, April 26, 2014 at the Henderson Convention Center and a golf tournament event at the Boulder City Golf Course will be held on Friday, April 25, 2014; the theme will be authentic 1950 and '60's revue. The Bureau of Reclamation has permanently closed 29 sites in Clark County around the Search Light area during the months of November, December, and January; most of which were moderate to high hazards. He attended the Southern Nevada Science Teacher's Association Conference last week, which displayed information regarding the Workshop and twelve registrations have been received for the workshop.

Commissioner Bryan asked for information regarding the Interstate Mining Compact Commission meeting to be held in April 2014. Rich Perry stated it will be hosted at the Peppermill. The Governor will offer the welcome speech. Tim Crowley will present a speech regarding Nevada Mining and Alan Biaggi will present the sage grouse issue. Assistance will be provided for sign-ins. Three people are currently registering for the meeting.

## **COMMISSION BUSINESS**

- A. Determination of time and place of next CMR meeting** – The next meeting will be held on May 8, 2014 in Carson City at 1:00 p.m.

## **ADJOURNMENT**

There being no further business, the meeting adjourned at 4:42 p.m.

**Dennis Bryan moved to adjourn the meeting. Richard DeLong seconded the Motion. Motion carried unanimously.**