



**BRIAN SANDOVAL**  
Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
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**RICHARD PERRY**  
Administrator

The Commission on Mineral Resources will meet on:  
Thursday December 11, 2014 at  
DCNR/Division of Water Resources-Tahoe Hearing Room Suite 2002  
901 S. Stewart Street Carson City, Nevada 89701-5250  
at 1:00 pm P.S.T.

Attached with this notice is the agenda for the meeting of the Commission.  
This notice is posted pursuant to the NRS as amended by the 1995 Legislature.  
This notice is to be posted at the following public places:

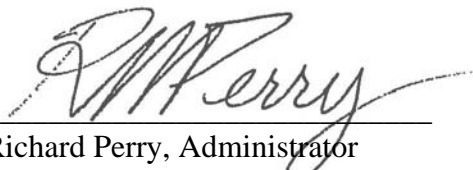
**LEGISLATIVE COUNSEL BUILDING-CARSON CITY  
STATE LIBRARY AND ARCHIVES  
DIVISION OF MINERALS- CARSON CITY AND LAS VEGAS OFFICES  
CAPITAL BUILDING-CARSON CITY  
DCNR-CARSON CITY**

The public may contact Valerie Kneefel at (775) 684-7043 or Email [Vkneefel@minerals.nv.gov](mailto:Vkneefel@minerals.nv.gov) to request supporting material for the meeting described herein. The agenda and supporting material is available at [www.minerals.state.nv.us](http://www.minerals.state.nv.us)

Dated this 3rd day of December, 2014

**NOTICE TO PERSONS WITH DISABILITIES**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Division of Minerals, 400 W. King Street, suite 106, Carson City, NV 89701 or by calling (775) 684-7043.

  
Richard Perry, Administrator  
Division of Minerals



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**COMMISSION ON MINERAL RESOURCES**  
DCNR/Division of Water Resources-Tahoe Hearing Room Suite 2002  
901 S. Stewart Street Carson City, Nevada 89701-5250

Thursday, December 11, 2014

1:00 P.M.

**AGENDA**

**CALL TO ORDER**

The Agenda for this meeting of the Commission on Mineral Resources has been properly posted for this date and time in accordance with NRS requirement.

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**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**

**I. MINUTES**

- A. Approval of the August 28, 2014 meeting minutes

**FOR POSSIBLE ACTION**

**II. NEW BUSINESS**

- A. Open Meeting Law Training

**FOR DISCUSSION ONLY**

Presentation on Nevada Open Meeting laws by a representative of the Attorney General's Office. George Taylor (30 Min)

- B. Nevada Earth Science Teachers Workshop

**FOR POSSIBLE ACTION**

Request for financial support. The Division has provided \$15,000 each year in direct financial assistance for the Northern and Southern Nevada Teacher Workshops. The Education Committee determines where the money is best used for purchases of texts, hand lenses, mineral kits and bus transportation costs, which the Division orders and receives. This expenditure was included in the FY 2015 and FY 2016-2017 budget. (10 Min)

- C. 2014 Mining Claims

**FOR DISCUSSION ONLY**

Claims for the 2015 assessment year have been filed and fees collected by County Recorders. Lucia Patterson will present an analysis of claims based on producing vs. non-producing claimholders, and compare yearly total claims. (15 Min)

D. RAMS Database Project **FOR DISCUSSION ONLY**  
Terraspectra Geomatics was awarded a grant from the USACE to develop a web-implemented database for the Nevada AML program. Rob Ghiglieri (20 Min)

E. Letter from Commission to UNR-Mackay **FOR POSSIBLE ACTION**  
regarding funding of programs at Mackay School of Earth Science and Engineering. Rich Perry (10 Min)

F. Discussion of Commission Bill Draft Request 46-344 **FOR DISCUSSION ONLY**  
Strategy for Legislative Session. The language of this BDR was approved at the May 8, 2014 meeting and was submitted to the Governor's office, where it was approved as one of the Governors allotted BDR's. This BDR changes the way Oil and Gas drilling fees are set. Rich Perry (15 Min)

G. Analysis of Certificate of Location Language on **FOR POSSIBLE ACTION**  
mining claim form. Commissioner Bryan requested a review of the form for legal compliance. (10 Min)

### III. **OLD BUSINESS**

A. Update on Marigold Royalty **FOR DISCUSSION ONLY**  
Russ Fields (10 Min)

B. Recommendations on geothermal fee changes from the **FOR POSSIBLE ACTION**  
Geothermal Fee task force. At the last CMR meeting a task force was formed to evaluate options for geothermal fees to cover the cost of the program. Erik Langenfeld will present options developed by the task force. Possible actions by the commission would be to direct staff to develop draft language for consideration at a future commission meeting. Any changes to the current Geothermal fee structure in NAC 534A would require rulemaking and public workshops after closing of FY 2015. (15 Min)

C. Recommendations on mining claim fees from the Mining **FOR POSSIBLE ACTION**  
Claim Fee task force. At the last CMR meeting a task force was formed to evaluate the current claim fee. Rich Perry will present options from the task force. Possible actions by the commission would be to direct staff to develop draft language for consideration at a future commission meeting. Any changes to claim fees would require rulemaking and public workshops after the closing of FY 2015. (15 Min)

D. Summary of items discussed by the Well Spacing and **FOR POSSIBLE ACTION**  
Setback task force. Lowell Price will present an overview of topics discussed and present options from the task force. Possible actions by the commission would be to direct staff to develop draft language for consideration at a future commission meeting. Any changes to NAC 522 would require rulemaking and public workshops after the closing of FY 2015. (15 Min)

- E. Update on 2013 performance audit  
Mike Visser (10 Min)

**FOR DISCUSSION ONLY**

- F. Education and Outreach  
Overview for 2014 Statewide Efforts  
Bill Durbin (10 Min)

**FOR DISCUSSION ONLY**

#### **IV. STAFF REPORTS**

- 1) Mining/Reclamation Bond Pool – Mike Visser (10 Min)
- 2) Oil, Gas, and Geothermal – Lowell Price  
(Oil and geothermal drilling update) (10 Min)
- 3) Correspondence

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

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**ACTION WILL NOT BE TAKEN**

#### **COMMISSION BUSINESS**

- A. Determination of time and place of next CMR meeting

#### **ADJOURNMENT**

#### **NOTICE TO PERSONS WITH DISABILITIES**

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# **I. MINUTES**

**STATE OF NEVADA**  
**COMMISSION ON MINERAL RESOURCES**  
**Thursday, August 28, 2014 – 2:00 p.m.**  
**Elko County Nannini Administration Building**  
**Room 102**  
**540 Court Street**  
**Elko, Nevada**

**COMMISSIONERS IN ATTENDANCE:**

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

**ALSO IN ATTENDANCE:**

Lowell Price (NDOM)	Rachel Wearne (NDOM)
Mike Visser (NDOM)	Rob Ghiglieri (NDOM)
Dave Gaskin (NDEP)	John L. Muntean (NBMG)
Bill Durbin (NDOM-LV)	Erik Langenfeld (NDOM)
Rich Perry - Administrator (NDOM)	Valerie Kneefel (NDOM)
Alan Tinney (NDEP)	Bryan Stockton (Deputy Attorney General)

**CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE**

Chairperson Gibson called the meeting to order at 2:05 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**

- A. Maureen O'Bannon stated she was Chairperson Gibson's granddaughter. She commented on the professionalism of the Commission during the Public Hearing meeting held earlier in the day.

**I. MINUTES**

**A. May 8, 2014 Meeting**

**Dennis Bryan moved to approve the May 8, 2014 meeting minutes. Richard DeLong seconded the Motion. Motion carried unanimously.**

**II. OLD BUSINESS**

**A. Budget Update** – End of FY 2014 actuals, FY 2015 forecast and 2016-17 biennium budget assumptions

With presentation material, Mike Visser reviewed budget information from the end of FY2014 to FY2017. He stated a minimum of \$50,000 per year was still expected from the BLM. Additionally, reimbursements were expected from expenses incurred by the AML Program, which are tied to a USFS Assistance Agreement that expires in May 2017. Currently, the balance available for reimbursements is approximately \$71,000. The oil production fees for FY2014 were \$32,000. The forecast was for a decrease in this amount because production was decreasing. The nominal amount that may occur because of Noble's production was tied to the incentive at the reduced rate for the

first year, but will increase oil production fees for FY16-17. Permitted fees are capped by statute at \$200, but an increase in the number of permits is expected. There was a 10.1% decrease in Mining Claim Fees from FY13 to FY14 which may continue given the increase in fees by the BLM, but may level off in FY16-17. No change was expected in Geothermal Fees as exploration activities are currently limited to Ormat. Amounts for Surface Disturbance Fees may change given the activity that will occur in the future. There is a slight increase projected in the Copy Sales to Public fees because the public may request more copies in the future. A slight decrease in publication fees for AML signs or is expected due to a decrease in unsecured hazards. The amount of the Medallion Royalty Fee was carried over from FY14 because of the sale of the third coin celebrating the State's Sesquicentennial. \$90,000 was transferred as an administrative fee from the Reclamation Bond Pool because of the approved increase to a maximum of 3% of total bonds. Personnel costs are being budgeted for six interns instead of eight interns. There was a 3% increase for annual costs in Out-of-State Travel. In-State Travel costs were separated by Non-AML support and Oil, Gas, and Geothermal support to better track costs. Funding for Mackay Special Projects will decrease because a decrease in claims is expected. Regarding AML Support, funding was adjusted from the FY14 actuals because of the decrease in interns. There were no further fuel costs borne by the AML Program for the Oil, Gas, and Geothermal inspections. The truck replacement scheduled for FY15 was also included. Another truck replacement was scheduled for FY17. Expenses for the Computer and IT category vary due to replacement of big-ticket items. There is still extra work needed for AML Enhancements. There would not be a transfer request in FY16-17 for the Sagebrush Ecosystem. There will be a nominal increase in State Cost Allocations. The Reserve Amount, to carry forward, at the end of FY17 is expected to be just under \$500,000.

Commissioner Snow stated it was his understanding NBMG would be allocated a sufficient amount of funding to assist with curation during lean years. Mr. Visser stated that is correct. The \$100,000 set aside for NBMG in FY15 is discretionary for future years and could be discussed by the Commission for revision.

Commissioner DeLong asked why Oil and Gas was not separated from Geothermal since they have different revenue sources. Mr. Visser stated it was not easy to separate the two as the activities occur during same trips to the field.

Commissioner Mudge requested to know if there were any salary increases proposed for Personnel. Mr. Visser stated there was not because salary increases would be a part of the legislative process.

Commissioner Snow expressed concern about the lack of funding projected for AML Enhancements given its importance to the AML Program. Mr. Visser stated it was subject to discussion, but they tried to strike a balance with the viability of the programs. If disturbance fees increase, this money could go towards AML Enhancements.

Commissioner DeLong commented he understood about having a low reserve due to a possible government sweep if reserves were too high. He was concerned reserves might be too low and that discretionary expenditures should be limited on a meeting-by-meeting basis.

Commissioner Snow asked about increased dues to the Interstate Mining Compact Commission. Mr. Visser stated those dues will not be reflected until Nevada became a full member. Mr. Perry noted it would cost \$50,000 annually in dues if Nevada changed status from an Associate Member to a Full Member.

Commissioner Bryan asked if the Commission should discuss what they would like to see as a reserve. Administrator Perry stated that would be discussed during the next agenda item. Mr. Visser clarified the last legislative session issued a letter of intent which stated less than \$1 million was needed in the reserve.

Commissioner Mudge noted there was no money for support of recruitment and retention at Mackay, which the Division has supported in the past. He asked if the funding allocated for the Sagebrush Ecosystem Transfer was non-transferable. Administrator Perry stated that was correct. Commissioner Snow noted additional funding for recruitment and retention was not approved by the Commission at the last meeting.

**B. Options for Increases in Mining, Oil, and Geothermal Fees** – At the May 8 meeting, the Commission requested recommendations for fee increases be prepared and presented at the next CMR meeting.

With a PowerPoint© presentation, Administrator Rich Perry reviewed the costs for the Oil Permitting and Compliance Program versus revenues for FY2014. Recommended fee increases include: NDOM overhead costs at 24% of the total program; vehicle purchase and operating for inspectors; salary for 1.5 Inspectors; 24% of NDOM

supervisory costs; 40% of Program Officer costs; funding NBMG Cuttings Curation at \$34,000 per year; \$326,000 per year for the programs combined. Recommended fee increases for Oil include: an increase in oil and gas permit fees to be set by the CMR if the Current Bill Draft Request (BDR) is approved next year by the Legislature; an increase of the administrative fee on oil production from \$0.10 to \$0.15/bbl, which the Commission took action on earlier this day; and, an increase to 600,000 bbl of production, which would fund the current activity level in the program. Recommended fee increases for Geothermal include an increase in permitting and annual production fees to make up for the \$44,000 deficit in the program, which would require CMR action and initiation of the rulemaking process. He suggested the process begin around July 2015 in order for changes to become effective in FY2016. Recommendations for fee increases for AML include increasing the dangerous mine claim fees from \$2.50 to \$3.00 to restore closure activities, which would restore the summer work program to eight interns and pay for computer and database upgrades and overhead costs. The increase would require the rule-making process by the Commission to change NAC 513 so it would be effective in the 2017 assessment year.

Commissioner DeLong pointed out an increase in the Mining Claim Fee would not take effect until FY2017.

Commissioner Snow reviewed the curation process. He stated scanning of the permits and well logs was behind schedule. He requested it be negotiated with NBMG for this scanning to be brought up-to-date.

Commissioner Snow stated it was bad timing to raise fees on geothermal when activity was decreasing.

Commissioner DeLong commented fees are not meeting the needs of the programs; therefore, programs should be cut or fees increased. Discussion followed regarding fee increases.

Commissioner Mudge commented he would like to see the reserve increased to \$750,000. Commissioner Bryan and Commissioner DeLong agreed.

Commissioner Henderson stated the original recommendation as part of the proposed fee increases was for the operators to pay for their own cuttings curation and that the money saved from this process can go towards the reserves.

Chairperson Gibson suggested a working group be appointed to discuss this issue in order to take a more firm stance.

Commissioner Bryan commented the Commission had asked Administrator Perry at the last meeting to present recommendations at the next meeting. He asked if those recommendations should be voted on. He commented there seems to be a consensus on raising oil and gas fees, but there is no consensus on raising mining claims. He asked if there should be a raise on mining claims.

Commissioner Henderson suggested voting to proceed with Oil and Gas in order to move forward with the resolution and to have a working group on mining claims and Geothermal. Administrator Perry clarified the Commission already provided direction on Oil and Gas. Commissioner Henderson suggested excluding Oil and Gas from the working group discussion.

Commissioner Parker stated he was not a big fan of raising fees. He suggested getting the miners together to review the overall program and provide input.

Commissioner Bryan commented exploration has improved.

Administrator Perry suggested promoting an increase in fees as not just supporting AML, but as also supporting mineral education.

Commissioners Parker, Mudge, and Bryan volunteered to serve on the Mining Claim Working Group.

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



### **C. NBMG Activity Update**

With a PowerPoint© presentation, Jim Faulds provided an update on the activities of the Nevada Bureau of Mines and Geology (NBMG). He explained funding support from the Commission began in FY2013. There was some carryover of funding from FY2014. For FY2015, funding was received for three projects: Sample Curation; MI Reports; and, continued work on mineral/geothermal databases. All projects are on schedule. He stated sample curation is an on-going process with access needed to the information on a day-to-day basis. They are now open only Monday thru Thursday because of the decrease in staff due to cuts. Publication sales provide some means of revenue. New funding received for sample curation supports a limited staff. One-third of funding received was to keep the mineral databases up-to-date in order to be used for MI Reports and for the 43-101 Reports. He commented on the Bureau's assistance with Oil, Gas and Geothermal activity. Funding for the Geologic Framework Study will be focused on developing maps for Northeast Nevada. He noted the Exploration Survey was not funded this fiscal year, but should be considered before the next legislative session. The total budget for operating the "Gold" Building is approximately \$300,000 per year. One-tenth of that funding is received from the State. One-tenth of that funding also comes from publication sales. About 40% of the funding shortfall has been funded by the Commission during the last couple of years. He suggested a portion of proposed fees for Oil, Gas and Geothermal be allocated to the Bureau in order to establish a steady stream of income for the Bureau. He reviewed the status of geologic mapping.

Commissioner Parker asked if they have been successful in working with the Industry on projects. Mr. Faulds stated they were working on obtaining some funds from the Oil and Mining Industries. He explained funding received goes towards grants with finished products and not toward operation of the Gold building.

Commissioner Snow asked if they were through the hurdle of bringing hard monies in for match to bring funding in. Mr. Faulds replied yes and no. They were over the match hurdle temporarily, but at a loss of faculty for the Geothermal Center. They plan to hire additional staffing for the center in the future.

**D. NDOM Logo** – At the February 13, 2014 meeting, the Commission directed staff to develop options. NDOM staff chose a design. Rachel Wearne will present several variants of the design for possible approval.

With a PowerPoint© presentation, Rachel Wearne presented four variations of the NDOM Logo for the Commission to review.

**Fred Gibson moved to approve the bottom left logo in blue. John Snow seconded the Motion. Motion carried by a vote of 4-2.**

### **III. NEW BUSINESS**

**A. Request for Donation to Nevada Mining Exploration Coalition** – Dave Schaddrick with the Minerals Exploration Coalition has requested assistance in funding the booth at the Toronto and Vancouver prospector's conferences. A letter is included.

Administrator Rich Perry presented the request. He suggested \$2,500 be allocated to support the fee for a booth at the Toronto and Vancouver Exploration trade shows where NMEC distributes materials for NDOM.

**Dennis Bryan moved to allocate \$2,500 to the Nevada Mining Exploration Coalition. Art Henderson seconded the Motion. Motion carried by a vote of 5-1 with one abstention.**

**B. Bill Draft Request** – At the May 8, 2014 meeting, the Commission approve draft language to initiate a bill draft request to modify language in NRS 522 (oil and gas) that would move the setting of oil and gas Permit fees to NAC 522, and raise the per barrel administrative fee. The Division prepared a BDR package which was accepted and approved by Governor Sandoval. A copy of the BDR is attached.

Administrator Rich Perry presented this item. He stated the Bill Draft Request (BDR) #344 was approved by Governor Sandoval. He requested the Commission provide assistance in lobbying for the BDR at the next legislative session.

#### IV. REPORT OF THE ADMINISTRATOR

##### A. Division of Minerals Activities

- 1) **Administration** – Administrator Perry had no further information to report.
- 2) **Mining/Reclamation Bond Pool** – Mike Visher stated the Bond Pool was decreasing, but still remained healthy. Next month's report will show a continued decrease in obligations.
- 3) **Abandoned Mine Lands (Update of AML Summer Internship 2014)** – Rob Ghiglieri stated the summer internship was completed. There were eight interns, with one student from UNLV. He stated the hazard revisits were down from last year, but all other work has increased since last year. He reviewed recent AML work completed by the interns between April 22, 2014 and August 18, 2014. They were beginning to implement a reminder notice series to notify owners of unsecured hazards on their property. The first reminder mail out may be on October 1, 2014. The Army Corp of Engineers has obligated \$250,000 to develop an NDOM, web-based database to review hazards and interact with other agencies. He stated he would be willing to discuss improving the AML program with Commissioners.
- 4) **AML/GIS** – Rachel Wearne provided a demonstration of the live website. She stated the website went live at the end of June 2014. The domain name was changed to minerals.nv.gov. She announced she was taking a position with the Nevada Bureau of Mines and Geology.
- 5) **Southern Nevada Operations** – Bill Durbin commented more work in AML is completed in Nevada than all other states combined that have BLM-managed lands. He reviewed AML sites being proposed for closure. Fourteen Eagle Scout projects were pending; twelve in Southern Nevada and two in Northern Nevada. Seventy-eight teachers attended the workshop in Reno, which was down from last year. He commented on the success of the workshop. He announced the Gordon McCaw Elementary School has been named a STEM magnet school for the 2015-16 school year, which was due to the resources from the McCaw School of Mines. Transportation was no longer available from the Clark County School District, but private schools that will be attending the McCaw School of Mines will be required to provide their own transportation.
- 6) **Oil, Gas, and Geothermal** – Lowell Price reviewed the twenty-two geothermal permits and nine oil permits that were issued this year. Two wells were approved for imaging. There were no incidences that occurred during the hydraulic stimulation of two Noble Energy wells. Twelve geothermal wells were inspected yesterday. Blackburn wells were also inspected and the Steamboat Field was revisited.
- 7) **Training** – With a PowerPoint© presentation, Erik Langenfeld reviewed the Top Corp training course he attended regarding shale energy. The course was attended by regulators and policymakers from around the country. He stated the BOP Test Form he developed could be time-stamped for better accuracy.
- 8) **Correspondence** – This item was not addressed.

**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.

#### COMMISSION BUSINESS

- A. **Determination of time and place of next CMR meeting** – The next CMR meeting was tentatively scheduled for December 11, 2014.

#### ADJOURNMENT

There being no further business, the meeting adjourned.



## **II. NEW BUSINESS**

# 2014 OPEN MEETING LAW; 2014 Legislative Amendments

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CATHERINE CORTEZ MASTO  
Nevada Attorney General  
2014

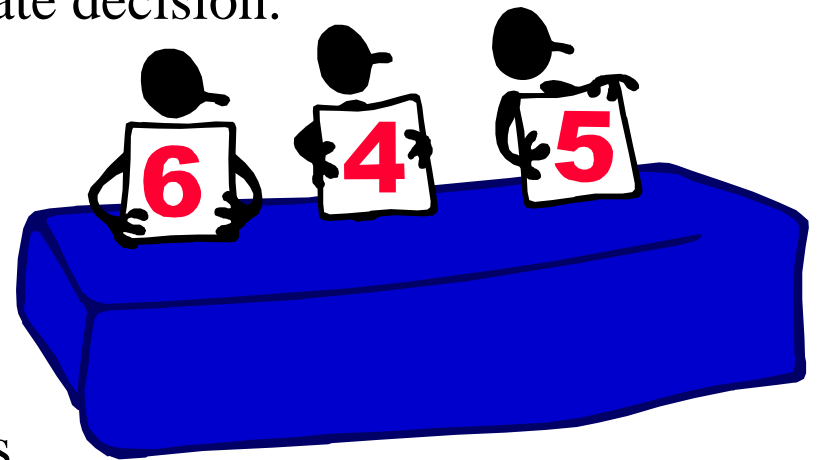
# What is a Meeting?

Three requirements:

- 1. **Quorum** of members of a public body;  
...and either, or both:
- **Deliberation** amongst the quorum toward a decision, or:
- **Action:** which means making a decision, commitment or promise; (NRS 241.015(1)) over a matter within the public body's supervision, jurisdiction, control or advisory power.

# Critical Definitions to understanding **how** public Bodies conduct business

- **Deliberation** is now legislatively defined. It means: “collectively to examine, weigh and reflect upon the reasons for or against the action. The term includes, without limitation, the collective discussion, or exchange of facts preliminary to the ultimate decision.”
- **Action** means voting:
  - (See Manual, section 5.01)
  - includes promise or commitment;
  - But no secret ballots or secret promises
  - Action is an affirmative vote by a majority of the members during a public meeting; there is a difference between elected body and appointed body requirements for action.



# “Deliberation” / “Discussion,” are they Synonymous?



- Why does it matter to you?
- In NRS 241.020(2)(c), it states that public comment must come after the public body “**discusses**” the action item, but before it takes action?
- 2013: new Legislative definition of **deliberation**: it is the collective **discussion** or exchange of facts, prior to ultimate decision that constitutes “**deliberation.**”



# Agenda **Basic** Rule

## “Clear and Complete” rule

NRS 241.020(2)(c)(1)



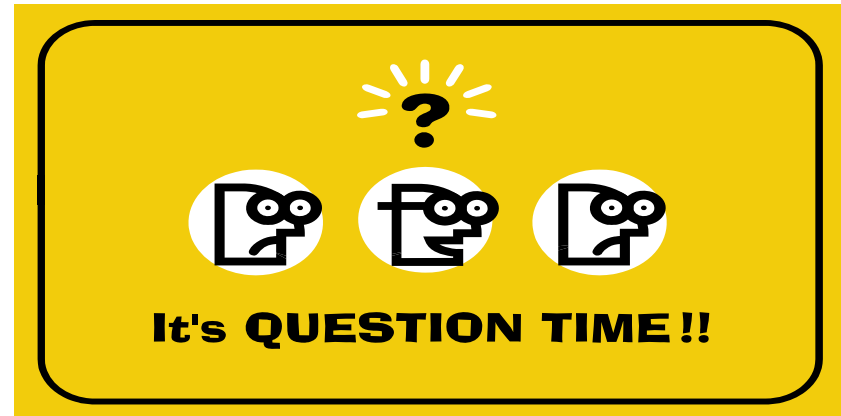
- Cornerstone of OML
- Nevada S.Ct.: *Sandoval v. Bd. Of Regents*, 119 Nev. 148 (2003);
- *Rejected the so-called “germane” standard.*
- *Agenda topics must be specific to alert the public to topics that will be discussed.*

# The agenda: “Is it clear and complete” ??



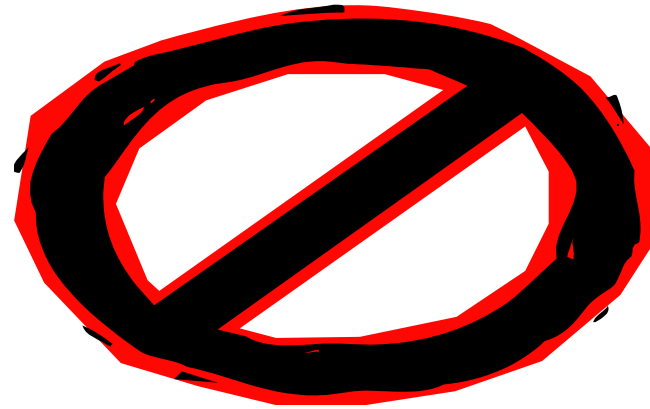
- Does the agenda item provide complete list of topics scheduled for consideration by the public body?
- Related matters to a agenda topic may not be discussed or the public body may have strayed from the agenda.
- Sandoval v. Bd. Of Regents, 119 Nev. 148
- AG’s Manual sec. 7.02 and 7.03

Are these items  
“clear and  
complete?”



- Many public bodies have used the following phrase on their agenda:  
“.... and all matters related thereto.”
- How about an agenda item announcing negotiations on a new city franchise agreement for waste disposal. In part it stated: “.... [public body will] address general issues relating to the upcoming franchise renewal for waste disposal, including **special provisions for inclusion in a new franchise agreement(s).**” [see next slide for result]

**No! After investigation it was determined **not to be clear and complete.****



Review of meeting video showed a motion had been made to direct staff to include mandatory trash service as a part of the bidding process for franchise agreement renewal or perhaps obtaining new services from other contractors.

- ✓ **“higher degree of specificity is needed when the subject to be debated is of special or significant interest to the public.”**  
*Sandoval v. Board of Regents of the University and Community College System of Nevada, 119 Nev. 148, 154-155, 67 P.3d 902, 905-906 (2003).*
- ✓ *We found that the matter of mandatory trash pickup and billing issues were of a significant interest to the public. The agenda item was not clear and complete. Public body “cured” violation at next meeting.*

## Another important Public Meeting Basic rule

**Stick to the Agenda:** Members and/or counsel must prevent public body discussion from wandering to related topics;

Example: Board of Regents agenda item:

*“Review state, federal statutes, regulations, case law and policies that govern the release of materials, documents, and reports to the public.”*

So far, so good. But ...[next slide]

# Board strayed from topic despite warning from counsel!



- Board discussed details of a Nevada Division of Investigation report into an incident on the UNLV campus; Board criticized the UNLV police department, and commented on the impact of drug use on campus among other items of discussion. Counsel warned the Board that they were straying from the agenda on several occasions.
- Supreme Court opinion said: Agenda did not inform public that these matters would be topic of discussion.
- Court rejected the “germane” standard for agenda items.
- *Sandoval v. Board of Regents of the University and Community College System of Nevada*, 119 Nev. 148 (2003).



OPENNESS IS THE  
NORM,  
NOT THE EXCEPTION;

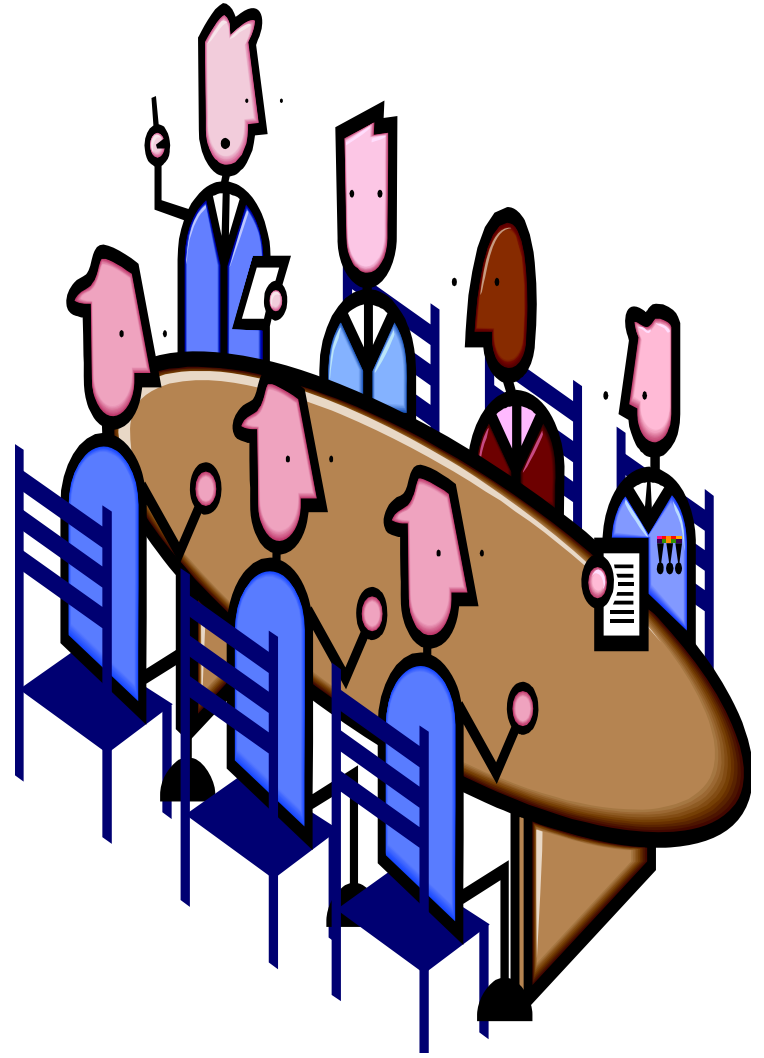
The OML is:  
“...for the public benefit  
and should be liberally  
construed and broadly  
interpreted to  
promote openness in  
government.”

*Dewey v. Redevelopment  
Agency of City of Reno,  
119 Nev. 87, 94 (2003)*



...But, the *Dewey Court* also said:

- OML does not prohibit every private discussion of a public issue by members of public body or even forbid lobbying for votes, but;
- ...a **quorum** must **not** be involved.
- see: ***McKay v. Bd of County Commissioners, (103 Nev. 490: 1987)*** members of public bodies may discuss matters with colleagues, but the “OML only prohibits collective deliberations or actions where a quorum is present.”



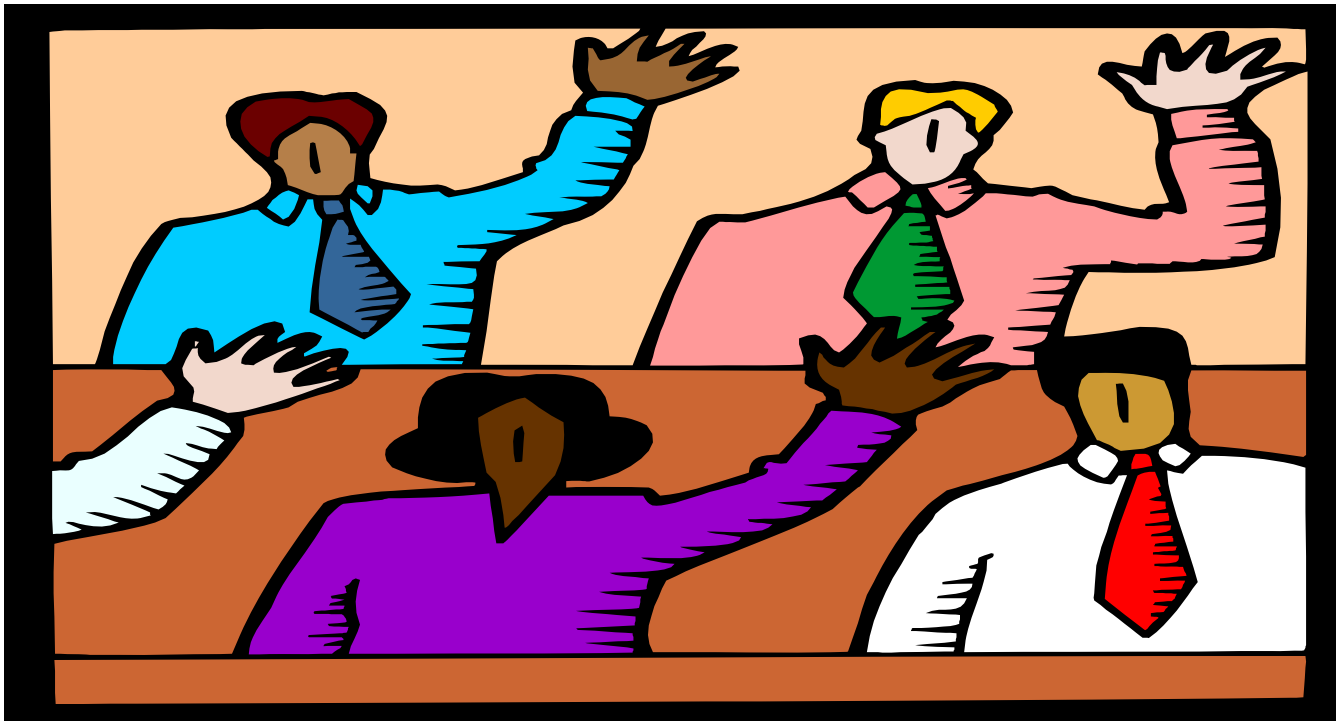


Serial communication amongst a quorum of a public body is prohibited!



# Committee or no committee:

- AG's Manual states: "...to the extent that a group is appointed by a public body and is given the task of making decisions for or recommendations to the public body, the group would be governed by the Open Meeting Law."



“Committees/subcommittees/... or any subsidiary thereof.” So, No matter what name it is known by,

- ... It may be a sub-committee. If a **recommendation to a parent body** is more than **mere fact-finding** because the sub-committee has to choose or accept options, or decide to accept certain facts while rejecting others, or if it has to make any type of **choice** in order to create a **recommendation**, then it has participated in the decision-making process and is subject to the OML. (unless specifically exempted by statute.)
- OML Manual: section 3.04

# Our Constitution is not a “Sunshine Law”



- Strong arguments can be made that the First Amendment could and should be interpreted to include a right of public access to the meetings of public bodies. However appealing that interpretation may be, it has not been adopted by the courts.



## Because ...

- U.S. Supreme Court has repeatedly has held that there is no Constitutional right of access in the public or the press to governmental proceedings.

*Gannett Co. v. DePasquale*, 443 U.S. 368, 404, 99 S.Ct. 2898, 61 L.Ed.2d 608 (1979) (Rehnquist, J., concurring)

- Violation of an open meeting law does not constitute a violation of due process unless arbitrary government action “shocks the conscience.”
- **However**, once a person is given a right to address a public body, [thereafter] that right may be limited only within constitutional parameters.

*Rosenberger v. Rector & Visitors of the Univ. of Va.*, 515 U.S. 819, 829 (1995);

# **1<sup>st</sup> Amendment:** public comment restrictions;

A public body may:

- restrict public speakers to the subjects within the body's supervision, control, jurisdiction or advisory power;
- limit public comment if the "speech becomes irrelevant or repetitious."
- apply reasonable time limitations to public comment,
- and it may limit caustic personal attacks by a speaker.
- **...But a public body may not limit public comment based disagreement with "viewpoint" of the speaker.**
- **NRS 241.020(2)(d)(3)(VII).**

# Public comment pitfalls



- Halting a citizen's comment based on belief defamation is occurring.
- Halting comment based on viewpoint of speaker.
- Halting critical comment of public official,
- But ... comment can be stopped if it strays from scope of agenda topic; or if an actual disturbance occurs.

OML:

A short member's primer for protecting  
your private and public  
communications on electronic devices

Are you a public officer serving on a public  
body whether appointed or elected?



## OML issue:

How safe from public disclosure are your private emails, texts, twitter feeds or any other communication in which public business is discussed or conducted? Whether on a publicly owned smart phone or a publicly owned electronic device.

October 2014

# U.S. Constitution, Source of our “right to privacy”.

- Right to privacy has constitutional source. (Also speech, religion, press, assembly and petition among others.)
- The substantive component of the XIV Amendment; and Article I, section 8(5)(due process clause of the Nevada Constitution), protects an asserted right to privacy that is recognized as being “deeply rooted” in tradition and history and so “implicit in the concept of ordered liberty” that “neither liberty nor justice would exist if [it] were sacrificed,” the asserted right is a fundamental one.
- *Eighth Judicial District Court v. Logan D.*--- P.3d ----, 2013 WL 3864448 (Nev.), 129 Nev. Adv. Op. 52

# Landmark v. E.P.A.

## Privacy rights or public records

- Requester asked for any and all E.P.A. records (limited to senior officials) indicating that E.P.A. may have deliberately slowed or “delayed” issuance of a controversial regulation until after the 2012 presidential election.
- Court found that further discovery was necessary regarding “possible exclusion of relevant personal emails” of certain high level E.P.A. officials.
- Court noted the existence of a congressional investigation into whether the E.P.A. regularly used private communications (emails) to conduct agency business to avoid FOIA obligations.

# Privacy vs. public records

- District Court stated that the “record left open the possibility that ... the agency engaged in bad faith conduct by excluding the top politically appointed leaders of the E.P.A. from its initial response to the FOIA request.
- Court ordered discovery be conducted into whether and to what extent high E.P.A. Officials utilized personal email accounts to conduct official business.

*Landmark Legal Foundation*, --- F. Supp.2d ---, 2013 WL 4083285 (D.D.C.) (August 14, 2013)

# Privacy vs. public records

- FOIA; 42 USCA 552 requires federal agencies to make certain records publicly available.
- Exemptions are narrowly construed by courts
- Agency must make an “adequate” search for public records request; “reasonableness” test;
- Agency declarations are presumed to be in good faith.

# Privacy vs. public records

Here's another example of a (FOIA) request for personal texts, email and twitter records:

A reporter for newspaper filed a FOIA request with City of Champaign seeking "All electronic communications, including cellphone text messages, sent and received by members of the city council and the mayor during city council meetings. Request specifically applied to both city issued and personal cellphones, and city issued or personal email addresses and Twitter accounts.

*City of Champaign v. Madigan*, --- N.E. 2d ---, 2013 IL App. (4<sup>th</sup>) 120662 (July 16, 2013)

# Privacy vs. public records

- Personal email records between school board members that did not document a transaction or activity of the district were found not to be public records although similar records on agency computers were disclosed.
- Location of emails on agency computer did not automatically imply it was a public record even if use of the computer violated agency policy that explicitly stated user had no expectation of privacy.
- But, an individual school board member acting in his or her official capacity constitutes agency activity when discussing agency business, implying that it is subject to records request regardless of where the email is found – on a personal computer or an agency computer.
- *Easton Area School District v. Baxter*, 35 A.2d 1259 (January 24, 2012)(on judicial review of order by Office of Open Records to provide requester with all records responsive to his request.)

# D.R. Partners v. Board of County Commissioners (Clark)

- LVRJ sought to compel Clark county to disclose billing statements that documented county officials use of publicly owned cell phones.
- Redacted records were released.
- R.J. filed petition for mandamus to compel release of unredacted records.
- S.Ct. found that Clark county failed to provide court with a particularized evidentiary showing that would have allowed a balancing of interests test. Court reversed trial court and ordered release of unredacted billing records. *D.R. Partners v. Board of County Commissioners*, 116 Nev. 616(2000).



# Reno Newspapers v. Sheriff

- Nev. Supreme Court determined that the identity of the holder of a concealed firearms permit is a public record, and it also included records of any post permit investigation, suspension, or revocation. This issue obviously raised the issue of personal privacy.
- Court noted governmental interests under balancing test is more narrowly interpreted by virtue of 2007 legislative amendments. Conversely open and accessible government must be more liberally interpreted. State's burden is heavier now. It must prove that its interest in non-disclosure "clearly outweighs the public's right of access."
- *Reno Newspapers v. Sheriff*, 126 Nev. \_\_\_, (2010)

# Reno Newspapers v. Jim Gibbons

- Newspaper filed petition for writ of mandamus for access to Gov. Gibbon's emails while he was in office.
- Court began its opinion from presumption that all government generated records are open to disclosure.
- Disclosure is subject to statutory provision of confidentiality;
- Absent provision of confidentiality then balancing of interests applies.

# Reno Newspapers v. Jim Gibbons

- 104 emails were identified.
- Court reversed and remanded to trial court with instructions to review a specially prepared log that described each email. Trial court Judge was instructed to apply the balancing test to each requested email. *Reno Newspapers Inc. v. Jim Gibbons*, --- P.3d ---, 2011 WL 6268856 (Nev.); 127 Nev. Adv. Op. 79

**QUESTIONS OR COMMENTS?**

# GEORGE H. TAYLOR

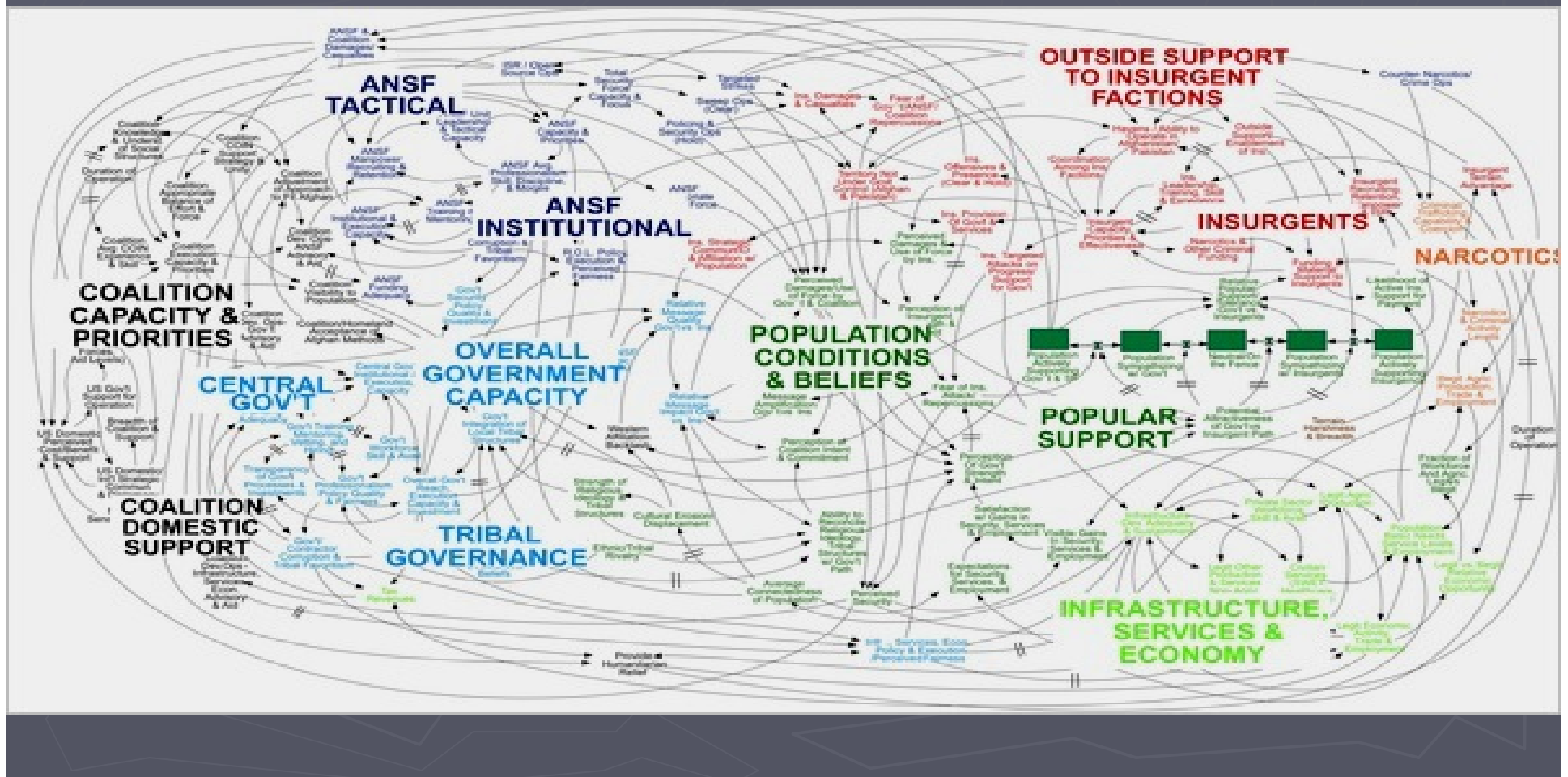
Senior Deputy Attorney General

- Telephone (775) 684-1230
- Fax (775) 684-1108
- 100 North Carson Street  
Carson City, Nevada 89701
- [www.ag.nv.gov](http://www.ag.nv.gov)

# POWERPOINT ROCKS

- If there is one thing I love, it is a good bullet point
- Can't get enough.
- Bullet, bullet, bullet.
- Bullet all day long.
- When in doubt, bullet.
- Bullet and they will come.

# When will we know the Answer?



II. B



**RECEIVED**

SEP 24 2014

**Division of Minerals**

September 22, 2014

**OFFICERS**

**CHAIRMAN**  
Tom Kerr

**CHAIRMAN ELECT**  
Kris Sims

**PAST CHAIRMAN**  
Duane Peck

**PRESIDENT**  
Tim Crowley

**DIRECTORS**  
Trent Anderson  
Steve Antonini  
Michael Brown  
Ken Brunk  
Dennis Bryan  
Randy Burggraff  
Mary Kaye Cashman  
Jeff Davis  
Don Deines  
Mary Beth Donnelly  
Mike Doolin  
Randy Griffin  
Rich Haddock  
Bruce Hansen  
William Hofer  
Jeff Jenkins  
Gregg Jones  
Deborah Lassiter  
Jack McMahon  
Brian Morris  
Joel Murphy  
Dan Rockwell  
Tony Sanchez  
Bob Sullivan  
Robert Stepper  
Jeff Thompson  
Bill Zisch

201 West Liberty Street  
Suite 300  
Reno, NV 89501  
(775) 829-2121 TEL  
(775) 852-2631 FAX  
[www.nevadamining.org](http://www.nevadamining.org)

Richard Perry, Administrator  
Nevada Division of Minerals  
400 W. King Street, #106  
Carson City, NV 89703

Re: Request for Financial Support of the Nevada Earth Science  
Teachers' Workshops

Dear Mr. Perry and the Nevada Commission on Mineral Resources:

I am writing to request continued financial support from the Nevada Commission on Mineral Resources for the Nevada Earth Science Teacher's Workshops co-sponsored by the Nevada Division of Minerals and the Nevada Mining Association.

In previous years the Commission has graciously provided the workshops with a funding commitment of \$15,000 per year for three years. This funding has been used to purchase materials needed to offer two earth science workshops to educators in northern and southern Nevada annually. Some of the items that we have used these funds for include educational rock boxes, earth science reference books (distributed to all attendees) and other educational materials that will assist workshop attendees in taking the information presented at the workshop back to their classrooms. Recognition is given to the Nevada Division of Minerals in all advertising opportunities to ensure that attendees are aware of the support received, and the partnership between the Division and the Nevada Mining Association.

We would like to request continuation of this funding, at the rate of \$15,000 per year for a period of three years, totaling \$45,000 in support of the Nevada Earth Science Teacher's Workshops for 2015-2017. This funding will be applied towards the same resources and materials as in previous years.

We appreciate your consideration of this request and look forward to your continued support.

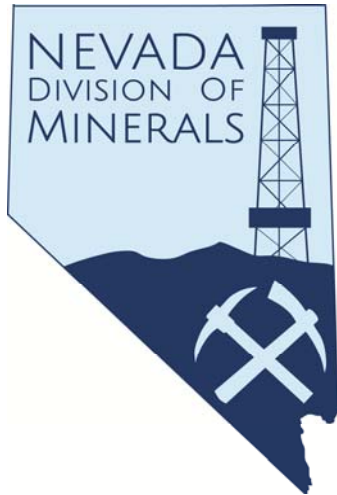
Sincerely,



Patti McClelland, Chair,  
Nevada Mining Association Education Committee

II. C

# 2013-2014 vs 2014-2015 Assessment Year Claim Statistics



## **Prepared for:**

The Commission on Mineral Resources  
December 2014 Quarterly Meeting  
December 11, 2014



## **Prepared By:**

Lucia M. Patterson  
GIS/Field Specialist - Geologist

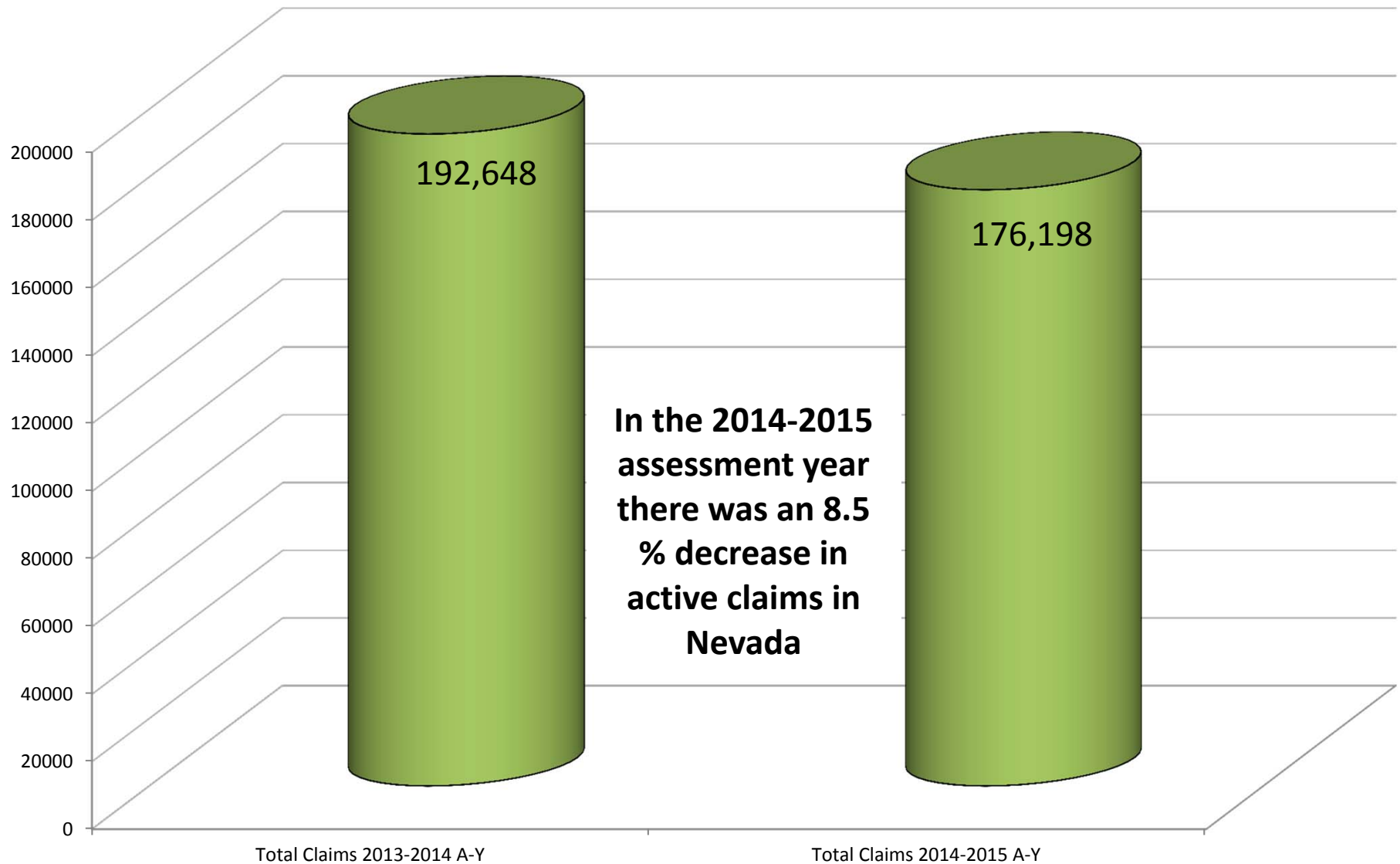
# ASSESSMENT YEAR (A-Y) DEFINED:

Claim fee assessment year (A-Y) is defined as being the period of time between  
Sept 1<sup>st</sup> of the year xxxx to September 1<sup>st</sup> of the year xxxx

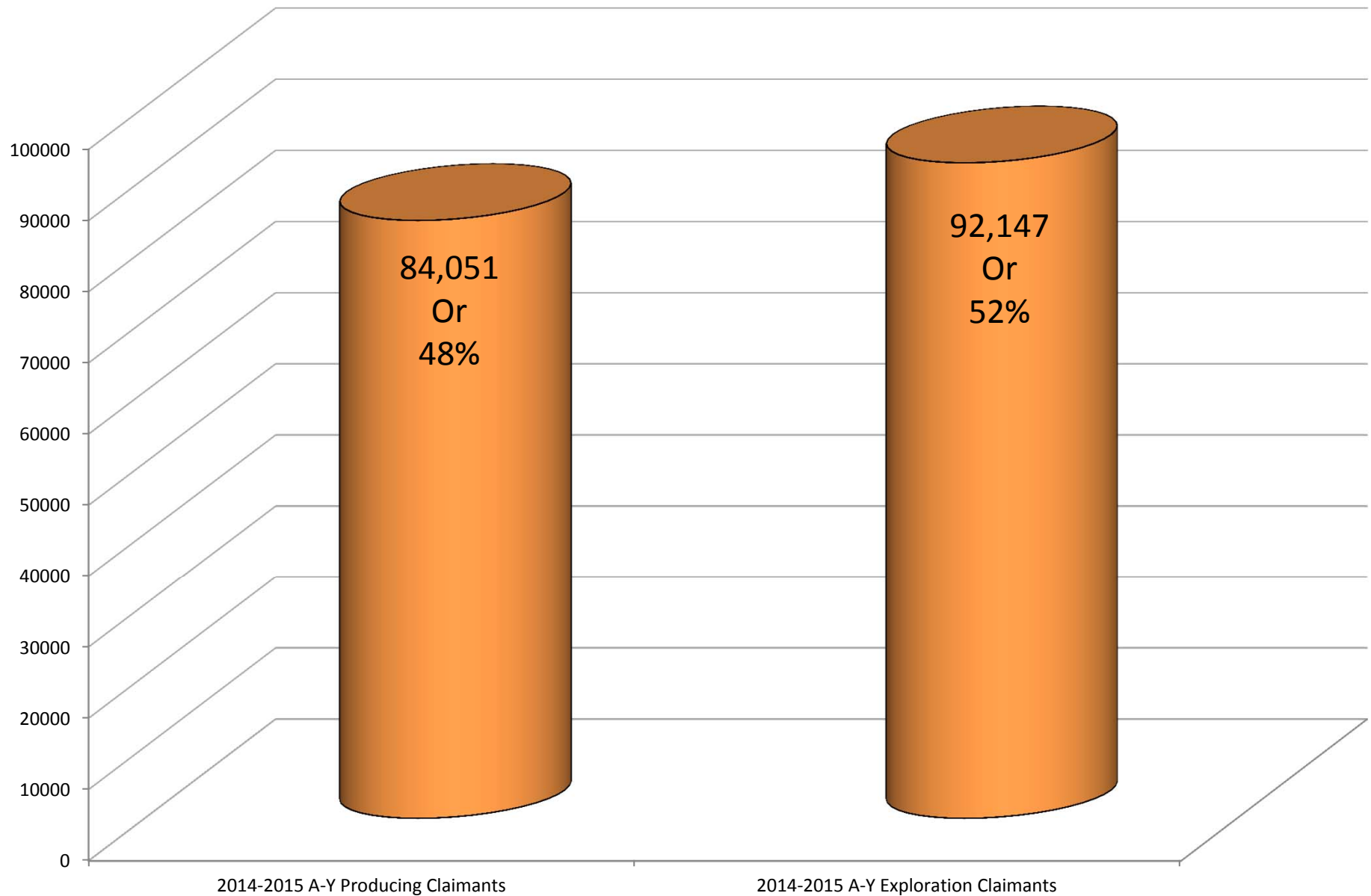
i.e. Sept 1<sup>st</sup> of the year 2014 to September 1<sup>st</sup> of the year 2015

# 2013-2014 A-Y vs 2014-2015 A-Y

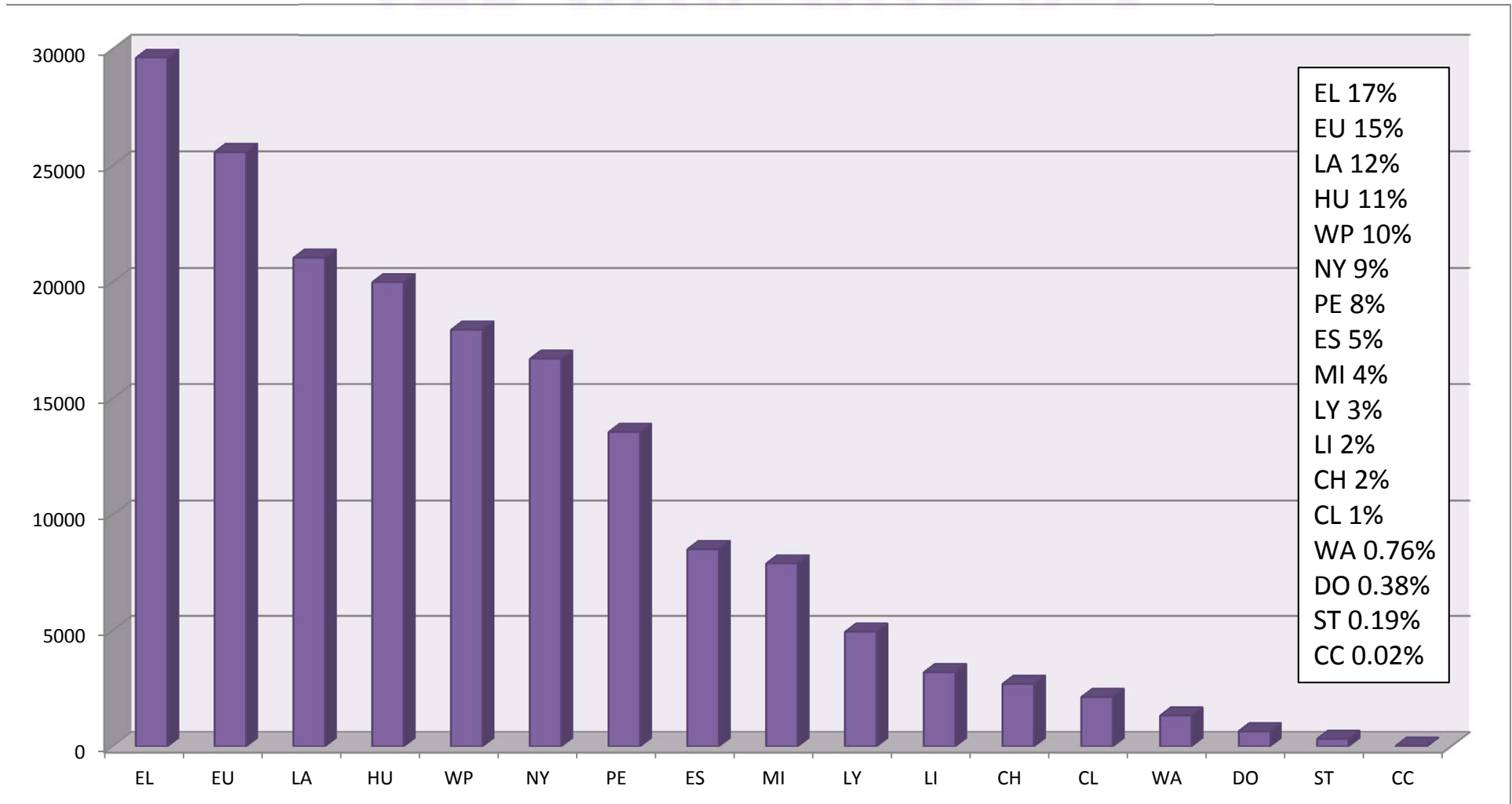
## Active Claims



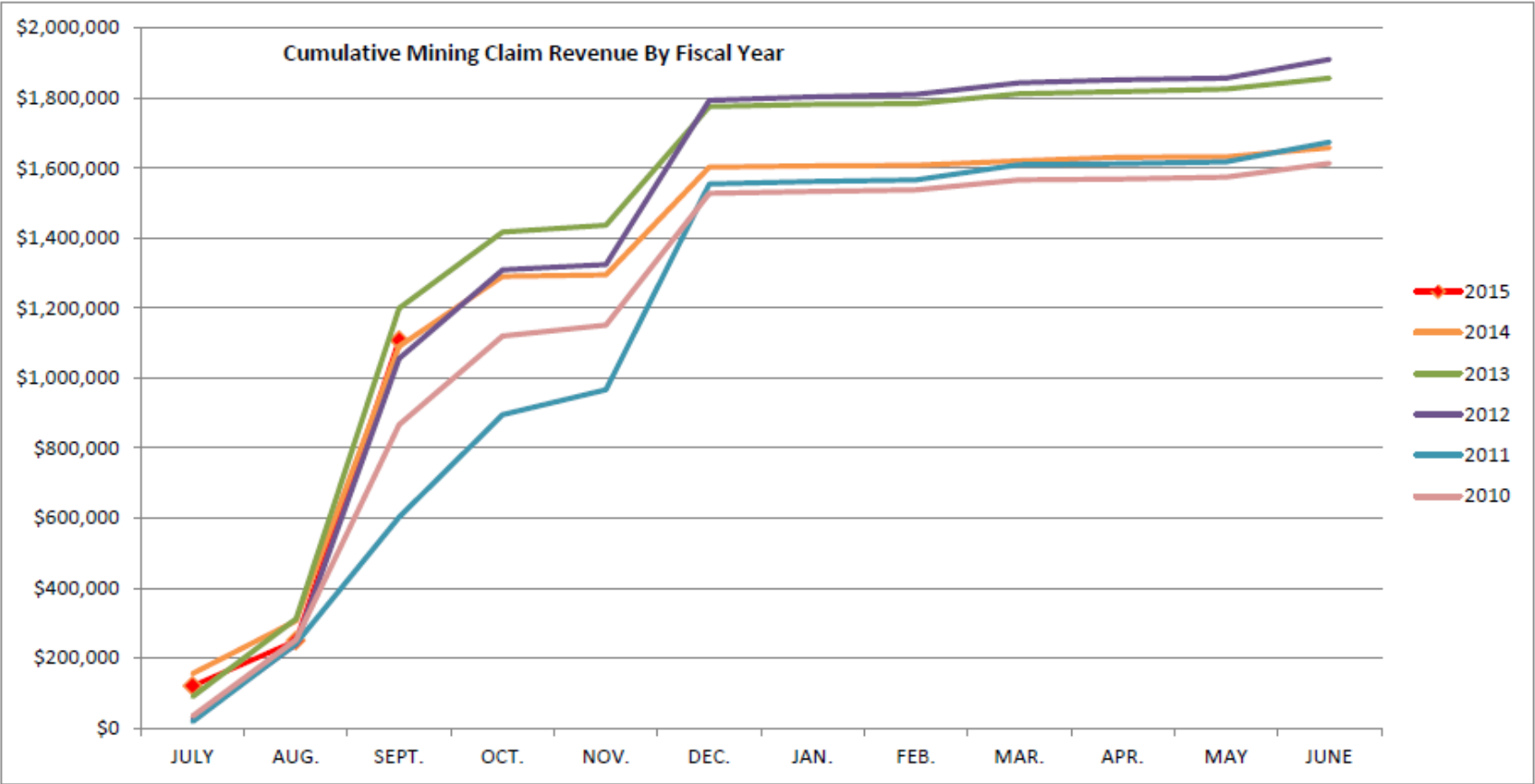
# 2014-2015 A-Y Claim Statistics



# NUMBER OF CLAIMS/COUNTY FOR THE 2014-2015 A-Y



FY15 data as of 11/6/14





## II. D



## **NDOM AML Database Upgrade Project**

On April 1, 2014 NDOM sent a request to the U.S. Army Corps of Engineers (USACE), Restoration of Abandoned Mine Sites (RAMS) program to design and develop a new NDOM AML database. In October 2014 NDOM was informed that the AML Database Upgrade Project had been approved and was awarded to TerraSpectra Geomatics out of Las Vegas. The project is comprised of four main tasks and is currently underway.

### **Task 1 – Develop a New AML Database:**

- Develop a SQL database to be stored on the Enterprise Information Technology Services (EITS) virtual server that allows remote access.
- Database must be compatible with ArcMap and other ESRI Software.
- Will have the capability of building queries and running reports
- Have automatic backup and take weekly snapshots of the database and store on a separate in-house drive.

### **Task 2 – Develop a Web-Application for Database Interface:**

- The WebApp will run predefined agency queries determined (Task 1).
- Users working with the WebApp will be able to run these queries and produce reports and maps as needed
- The WebApp will share the AML database with a restricted user-group via internet connection.
- Features in the database will be accessed through a developed hierarchy of user privileges.

### **Task 3 – Photo Optimization and Geotagging:**

- Incorporate and link all existing photos into the database and their associated hazard
  - Batch process all existing photos to a preferred file size.
  - Geotag all existing photos and develop a protocol for geotagging future photos that are added to the database



## **NDOM AML Database Upgrade Project**

### **Task 4 - Create an Application for the End-User Mobile Device:**

- Mobile device and application must allow user to load layers and known data to the device for viewing in the field even where there is no internet connectivity.
  - Layers may include topo base, Township Range Section, hazard and non-hazard data, USGS min and prospect symbols, and aerial imagery.
  - Ability to view photos and attributes of previously logged sites
- Perform all necessary field data collection from within the Application
  - Log new Hazards
  - revisits on logged Hazards
  - Log Non-Hazards
- Will be able to transfer all data between the Application and the database/geodatabase

### **Timeframe:**

The initial test version of the new database (Task 1) is anticipated to be in December. The final version and transfer of AML data to the new database, Tasks 1-3, will be completed in May 2015. Task 4, End-User Mobile Device will not be completed until winter 2015.

### **NDOM Incurred Costs:**

The additional costs will be:

- The mobile devices to be used by the end-user
- The monthly server hosting costs to EITS
- The initial purchase and annual license costs of ArcServer software
- The initial purchase and annual license costs of the decided mobile device software platform (e.g. ArcCollector)

II. E



**BRIAN SANDOVAL**  
Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
400 W. King Street, Suite 106  
Carson City, Nevada 89703  
(775) 684-7040 • Fax (775) 684-7052  
<http://minerals.nv.gov/>

**Las Vegas Branch:**  
2030 E. Flamingo Rd.  
Suite #220  
Las Vegas, Nevada 89119  
(702) 486-4343  
Fax (702) 486-4345

**RICHARD PERRY**  
Administrator

Dean Jeff Thompson  
College of Science  
University of Nevada, Reno  
Reno, NV 89557

Dear Jeff:

I am writing to update you on our ability to provide financial support for certain programs at Mackay. During the past 11 years, the Commission has provided \$3.88 million in financial support to the Mackay School and NBMG using funds collected from mining claim fees. The following table is a summary of the financial support from the Commission for fiscal years 2003 through 2014:

NBMG Support /Projects	\$739,519.93
Recruitment & Retention staff	\$600,000.00
\$2 Mining Claim fee education support	\$2,475,814.00
Mackay Club, Student travel, Printing, Misc.	\$64,958.06
Total:	\$3,880,291.99

Mining claim fees have historically comprised around 80 percent of the Division of Minerals operating funding. The statutory activities of the Division of Minerals are defined in NRS Chapters 513, 517, 519A, 522 and 534A. In the past, the Division experienced surpluses after funding of statutory work was completed, and was able to assist in funding a recruitment and retention program, staffing and projects at the Nevada Bureau of Mines and Geology, and various student activities.

The Division has experienced a reduction in revenue from mining claim fees for the past two years while experiencing increases in operating costs. This is partially the result of a downturn in industry activity from lower metal prices. In 2014 mining claim fees decreased 10.1 percent from the previous year, and claim fees are tracking another 8.5 percent reduction in the 2015 assessment year. On the operating cost side, the Division was tasked by the Legislature to develop regulations for hydraulic fracturing for oil exploration and production during the past year, and was asked to provide financial support to the Governor's Sagebrush Ecosystem Council for the past two years. These unbudgeted costs have depleted the Division's reserves resulting in a reduction in activity levels for abandoned mine land closure work.

Unfortunately due to the shortfalls, continued funding of the recruitment and retention effort is not possible. Recognizing the importance of recruiting and retaining students, the Division is hopeful that through other means, you will be able to sustain that very important and successful aspect of Mackay.

The Nevada Bureau of Mines and Geology is important to the exploration and mining community in Nevada. In addition to addressing the needs for geologic information by conducting research, publishing reports and maps, and creating computer databases, Bureau staff members assist the public, industry, and government agencies. Following cuts made to the University budget, the Commission on Mineral Resources helped bridge a funding gap starting in 2010 by providing \$100,000 per year for the past four years to the NBMG to assist in operating costs. This financial assistance was consistent with the Division of Minerals statutes in NRS 513.073(1) and (2). The Commission approved another \$100,000 in financial support for the NBMG for the current fiscal year but after this year, financial support is not possible. Given the importance of the Bureau we are hopeful that you can find a way within the University budget to return funding levels to those necessary to sustain the Bureau.

The 2008 inter-local agreement, whereby the Division of Minerals collects \$2 per year in claim fees for “educational purposes in support of exploration and production of mineral resources”, has been the cornerstone of our support. The Commission is committed to this program and again renewed this \$2 per claim commitment for a second five year period which will provide funds through fiscal 2018. We estimate that the \$2-per claim fee revenues will be around \$360,000 for the 2015 assessment year. The Commission is committed to funding through 2018.

We are proud of the programs at Mackay and the great progress made under your leadership and have been pleased to be in the situation to provide financial support for the programs at Mackay. We are pleased to continue such support, albeit at a reduced level, and are optimistic that you will find a means to keep these very important programs going. I would appreciate the opportunity to talk with you more about this and to help to explore options.

Sincerely,

Fred Gibson, Chairman  
Nevada Commission on Minerals Resources

II. F



Governor: **Brian Sandoval**  
Budget Period: **2015-2017 Biennium (FY16-17)**  
Budget Session: **78th Regular Session**  
BDR Number: **15A5001206**  
Title: **Modification to NRS 522 to allow change in oil and gas fee structure**

Y N R

## 1. Description

Primary Department: **50 COMMISSION ON MINERAL RESOURCES**  
Primary Division: **500 COMMISSION ON MINERAL RESOURCE**  
Description of the problem to be solved or the goal of the proposed measure, or both: **Fees collected by the Division of Minerals for processing oil and gas drilling applications and administration of the compliance program do not cover the cost of the program. This request is to change language in NRS 522, the oil and gas statute, to move the setting of fees for drilling permits to NAC 522 and allow the Commission on Mineral Resources to set a reasonable fee structure to pay for the program through regulation. Also included in the request is an increase in the maximum administrative fee from \$0.20 to \$0.50 per barrel of oil.**  
**The fee for drilling an oil or gas well in Nevada is set in NRS 522.050 as not to exceed \$200. This fee was last increased in 1999. The Division of Minerals currently charges \$200 to evaluate an application to drill and issue a permit. The current administrative fee cap in NRS 522.150 is \$0.20. The Commission on Mineral Resources is in the process of raising the administrative fee from the current \$0.10 through regulation.**  
**The Division of Minerals and Division of Environmental Protection jointly developed a program and regulations for hydraulic fracturing mandated by SB390 (NRS 522.119) from the 2013 session. The cost to evaluate an application to drill and perform field compliance inspections has increased with time and the use of hydraulic fracturing. Staff estimated the cost to administer the program at \$149,000 for the prior year, with permit and administrative fees collected for the same year totaling \$37,000. The shortfall is being funded by Division of Minerals revenues from mining claim fees, which are largely intended for abandoned mine closure work.**  
**The Commission on Mineral Resources voted to recommend a fee structure similar to that found in the Nevada geothermal resources regulations at its February 13, 2014 meeting. The geothermal resources fee structure is found in NAC 534A.210 through NAC 534A.216.**  
**The Commission recommends the attached modifications to NRS 522.050 and NRS 522.150 be adopted. These changes in the statute would allow the Commission to develop a drilling fee structure and adjust the administrative fee as needed to fund the oil and gas well permitting and compliance program.**  
Required effective date for the earliest measure **Upon Approval**

## 2. Related Budget Accounts

4219 MINERALS

## 3. Bill Type / Dec Units

Bill Type: **Policy-Substantive**

## 4. Contacts

a. Person to be consulted if more information is needed:

Name: **Richard M. Perry**  
Title: **Administrator**  
Mailing Address: **400 W. King Street, Suite 106  
Carson City, NV 89703**  
Phone: **(775) 684-7047**  
Extension:  
Email: **rmperry@govmail.state.nv.us**



b. Person to whom a copy of the completed draft should be mailed for review:

Name: **Richard M. Perry**  
Title: **Administrator**  
Mailing Address: **400 W King Street, Suite 106  
Carson City, NV 89703**  
Phone: **(775) 684-7047**  
Extension:  
Email: **rmperry@govmail.state.nv.us**

c. Person to be contacted to provide testimony regarding the measure during the legislative session:

Name: **Richard M. Perry**  
Title: **Administrator**  
Mailing Address: **400 W. King Street, Suite 106  
Carson City, NV 89703**  
Phone: **(775) 684-7047**  
Extension:  
Email: **rmperry@govmail.state.nv.us**

## 5. Fiscal Notes

### State

a. Would this measure, if enacted, create or increase any fiscal liability of state government or decrease any revenue of state government which appears to be in excess of \$2,000? (If Yes, must submit request as a Budget Bill)

**No**

b. Would this measure, if enacted, increase or newly provide for a term of imprisonment in the state prison or make release on parole or probation from the state prison less likely? (If Yes, must contact the relevant state agencies (i.e. Dept. of Corrections, Dept. of Public Safety, etc.) to determine if this should be submitted as a Budget Bill)

**No**

### Local

c. Would this measure, if enacted, reduce revenues or increase expenditures of a local government?

**No**

d. Would this measure, if enacted, increase or newly provide for a term of imprisonment in county or city jail or detention facility or make release on probation therefrom less likely?

**No**

### Unfunded Mandate

e. Would this measure, if enacted, have the effect of requiring one or more local governments to establish, provide or increase a program or service which is estimated to cost more than \$5,000 per local government and a specified source for the additional revenue to pay the expense is not authorized by this measure or another specific statute?

**No**

## 6. Supplemental Notes

a. Suggested language or proposed solution to the problem:

**Adopt the attached proposed language changes to NRS 522.050 and NRS 522.150. This language change was approved by the Commission on Mineral Resources at their February 13 and May 8, 2014 quarterly meetings.**

b. Special instructions (e.g. disfavored wording):

**None**

c. NRS title, chapter and sections, Nevada Constitutional provisions, administrative regulations (NAC) affected:

**Oil and Gas, NRS 522.050 and NRS 522.150**

**NAC 522.212 Fee for permit to drill (NRS 522.050) The amount of the fee that a person desiring to drill a well in search of oil or gas must pay pursuant to subsection 1 of NRS 522.050 for a permit is \$200.**

d. Similar measures from current or previous sessions:

**None**

e. Federal law, court cases, or attorney general opinions involved:

**None**

f. Similar statutes in other states:

**State Oil and Gas Commissions commonly set permit and administrative fees through regulation. Examples are Wyoming (30-5-104) and Pennsylvania (58 P.S. 601.201). However, the best example is Nevada's statute for geothermal resources:**

**NRS 534A.080; Fees; use of money.**

**1. The Commission on Mineral Resources shall impose and collect a fee for examining and filing an application for a permit to drill or operate a geothermal well or to drill an exploratory well. The fee must be deposited with the State Treasurer, for credit to the Account for the Division of Minerals created in the State General Fund pursuant to NRS 513.103.**

**2. The fee may be based in part on the number of acres of land being used by the person who holds the permit.**

**3. The Commission and the Division of Minerals may use the money deposited in the Account for the Division of Minerals pursuant to this section to administer the provisions of this chapter.**

## Approvals

Approval Level	User	Date
Agency Administrator Approval	rperr3	06/17/2014 15:47:47 PM
Agency Director Approval	rperr3	06/17/2014 15:48:05 PM
Received by EBO	sday	06/26/2014 09:34:20 AM
Budget Analyst Approval	sbarkdul	06/26/2014 09:57:49 AM
Team Lead Approval	cwatson	06/26/2014 12:07:55 PM
Governor Approval	mmorri5	07/31/2014 09:27:25 AM
Final Transmittal Approval	sday	08/04/2014 11:21:53 AM

**NRS 522.050 Permits to drill wells required; fees.**

1. A person desiring to drill a well in search of oil or gas shall notify the Division of that intent on a form prescribed by the Division. ~~[and shall pay a fee in an amount established pursuant to subsection 2 for a permit for each well.]~~ *The Division shall impose and collect a fee for examining and filing an application for a permit to drill or operate an oil or gas well. The fee must be deposited with the State Treasurer, for credit to the Account for the Division created in the State General Fund pursuant to NRS 513.103. [Upon receipt of the notification and fee, the Division shall promptly issue to the person a permit to drill, unless the drilling of the well is contrary to law or a regulation or order of the Division. The drilling of a well is prohibited until a permit to drill is obtained in accordance with the provisions of this chapter.]*

~~2.—The Commission on Mineral Resources shall, by regulations, establish the fee required pursuant to subsection 1 in an amount not to exceed \$200 per permit.~~

*2. The Commission may establish reasonable fees for the review of plans, specifications and changes thereto by the Administrator and for services provided by the Division.*

*3. The Division may use the money deposited in the Account to administer the duties of the Division.*

*4. Upon receipt of notification and payment of the fee, the Division shall promptly issue to the person a permit to drill, unless the drilling of the well is contrary to law or a regulation or order of the Division.*

*5. The drilling of a well is prohibited until a permit to drill is obtained in accordance with the provisions of this chapter.*

**NRS 522.150 Payment of expenses for Interstate Oil Compact Commission and operation of Division; administrative fee.**

1. Any expenses in connection with Nevada's affiliation with the Interstate Oil Compact Commission must be paid from the Account for the Division of Minerals created pursuant to NRS 513.103.

2. To pay the expenses of the Division, every producer of oil or natural gas in this state shall, on or before the last day of each month, report to the Division and the State Treasurer his or her production in this state of oil in barrels and of natural gas in thousands of cubic feet during the preceding month, and at the same time shall pay to the Division a fee in an amount established pursuant to subsection 3 on each barrel of oil and each 50,000 cubic feet of natural gas produced and marketed by the producer during the preceding month. The Division shall deposit with the State Treasurer, for credit to the Account for the Division of Minerals, all money received pursuant to this subsection. Every person purchasing such oil or natural gas is liable for the payment of the fee for each barrel of oil or each 50,000 cubic feet of natural gas, unless it has been paid by the producer.

3. The Commission on Mineral Resources shall, by regulation, establish the administrative fee required pursuant to subsection 2 in an amount not to exceed ~~20~~ 50 cents for each barrel of oil or each 50,000 cubic feet of natural gas.

II. G

The following Document contains no Personal Information  
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION  
LODE MINING CLAIM**

**TO ALL WHOM IT MAY CONCERN:**

The locator hereby certifies that he has caused to be located the  
\_\_\_\_\_ Lode Mining Claim in the  
following quarter sections(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	MDB&M
_____	_____	_____	_____	MDB&M
_____	_____	_____	_____	MDB&M
_____	_____	_____	_____	MDB&M

**RECORDER'S STAMP**

in \_\_\_\_\_ County, Nevada, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Name and mailing address of **locator is:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Claim is approximately \_\_\_\_\_ feet long and \_\_\_\_\_ feet wide, such that \_\_\_\_\_ feet  
are claimed in a \_\_\_\_\_ direction and \_\_\_\_\_ feet in a \_\_\_\_\_ direction from the point of  
discovery (monument of location), at which the Notice of Location was posted, together with \_\_\_\_\_  
feet on each side of the monument of location and center line of the Claim. The general course of the  
lode or vein is from the \_\_\_\_\_ to the \_\_\_\_\_ direction.

The number, location and markings on each corner monument are as follows:

	<u>Location</u>	<u>Markings</u>	<u>Description</u>
<b>No. 1:</b>	_____	_____	_____
<b>No. 2:</b>	_____	_____	_____
<b>No. 3:</b>	_____	_____	_____
<b>No. 4:</b>	_____	_____	_____

As erected on the ground, each corner monument is marked as described above by  
\_\_\_\_\_ (e.g. metal tags, paint on posts).

The work of location consisted of making a claim map as provided in NRS 517.040.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

NAME OF **LOCATOR:**

By \_\_\_\_\_  
**Owner, Claimant, or Agent Signature**

\_\_\_\_\_  
**Owner, Claimant, or Agent Name (printed)**

**Suggested Form - Nevada Division of Minerals (REV. 4/15/2009 LV)**  
**Nevada Lode Certificate of Location - NRS 517.050**

### **III. OLD BUSINESS**

This section is intentionally left blank.

A presentation will be made at the meeting.



### III. B

Geothermal Well Fees: Changes include an Annual Fee change from \$475 to \$600, Introduction of a \$100 Annual Fee for TG and OB wells, \$500 Cuttings Fee

NAC 534A.210 Fees for permits for individual geothermal wells.			NAC 534A.216 Payment of fee based on depth of well.			NAC 534A.250 Bond: Filing_Each Well	NAC 534A.214 Annual fee	Sundry Fees	Admin Fees	Fee for open hole OB/ TG	Cuttings Fees
Each Subsequent											
INDUSTRIAL WELLS	First Well	Well of same type	300' to 1,000'	1,001' to 5,000'	Over 5,000'						
Production Well	\$500	\$300	\$1,000	\$2,000	\$2,500	\$50	\$600				
Injection Well	\$500	\$300	\$1,000	\$2,000	\$2,500	\$50	\$600				
Observational Well (larger than a 7 -inch surface casing)	\$500	\$300	\$500	\$500	\$2,500	\$50					
Observational Well (a 7 -inch or smaller surface casing)	\$300	\$150	\$500	\$500	\$2,500	\$50					
Thermal Gradient Well	\$100	\$50	\$0	\$0	\$0	\$50					
COMMERCIAL WELLS											
Production Well	\$200		\$200	\$200	\$200	\$50	\$600				
Injection Well	\$200		\$200	\$200	\$200	\$50	\$600				
DOMESTIC WELLS	\$50		\$0	\$0	\$0	\$50					

2014							NAC 534A.214 Annual fee	Sundry Fees	Admin Fees	Fee for open hole OB/ TG	Cuttings Fees
INDUSTRIAL WELLS	# of wells	Fees	300' to 1,000'	1,001' to 5,000'	Over 5,000'	Bond					
Production Well= 3	3	\$1,500		\$6,000	\$2,500	\$150				# of OB	
Injection Well=2	2	\$1,000		\$4,000	\$2,500	\$100				112	\$11,500
Observational Well (larger than a 7 -inch surface casing)=9	9	\$4,500		\$500		\$450		\$3,600	\$1,900	# of TG	
7 -inch or smaller surface casing)		\$0				\$0	\$107,179	\$1,500	\$1,400	86	
Thermal Gradient Well=1	1	\$100				\$50		\$900	\$1,700	Total Fee	
COMMERCIAL WELLS										\$19,800	
Production Well=1	0	\$0	\$0			\$0		\$1,500	\$400		
Injection Well=2	0	\$0	\$0			\$0					
DOMESTIC WELLS=5	8	\$400	\$0			\$400					

Total	23	\$7,500	\$0	\$10,500	\$5,000	\$1,150	\$107,179	7500	5400	Reported Total \$143,079	Additional Fees \$31,300	Adj Total \$174,379
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2013							NAC 534A.214 Annual fee	Sundry Fees	Admin Fees	Fee for open hole OB/ TG	Cuttings Fees
INDUSTRIAL WELLS	# of wells	Fees	300' to 1,000'	1,001' to 5,000'	Over 5,000'	Bond					
Production Well= 10	10	\$5,000	\$1,000	\$14,000	\$5,000	\$500				# of OB	
Injection Well=2	2	\$1,000	\$2,000	\$8,000	\$5,000	\$100				103	
Observational Well (larger than a 7 -inch surface casing)=7	7	\$3,500	\$500	\$500		\$350		\$1,800	\$300	# of TG	\$10,500
Observational Well (a 7 -inch or smaller surface casing)		\$0				\$0		\$2,500	\$1,400	85	
Thermal Gradient Well=1	1	\$100	\$0			\$50	\$96,600	\$1,200	\$1,500	Total Fee	
COMMERCIAL WELLS										\$18,800	
Production Well=0	0	\$0	\$0			\$0		\$4,200	\$400		
Injection Well=0	0	\$0	\$0			\$0					
DOMESTIC WELLS=1	1	\$50	\$0			\$50					

Total	21	\$9,650	\$3,500	\$22,500	\$10,000	\$1,050	\$96,600	\$9,700	\$3,600	Reported Total \$155,550	Additional Fees \$29,300	Adj Total \$184,850
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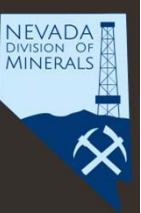
2012							NAC 534A.214 Annual fee	Sundry Fees	Admin Fees	Fee for open hole OB/ TG	Cuttings Fees
INDUSTRIAL WELLS	# of wells	Fees	300' to 1,000'	1,001' to 5,000'	Over 5,000'	Bond					
Production Well= 16	16	\$8,000	\$3,000	\$10,000	\$10,000	\$800				# of OB	
Injection Well=8	8	\$4,000		\$10,000	\$5,000	\$400				86	
Observational Well (larger than a 7 -inch surface casing)=17	17	\$8,500	\$1,500	\$4,000		\$850		\$3,100	\$300	# of TG	\$25,000
Observational Well (a 7 -inch or smaller surface casing)	0	\$0				\$0	\$87,442	\$3,000	\$700	76	
Thermal Gradient Well=9	9	\$900	\$0			\$450	\$1,200	\$1,500	\$700	Total Fee	
COMMERCIAL WELLS										\$16,200	
Production Well=0	0	\$0	\$0			\$0		\$3,000	\$900		
Injection Well=0	0	\$0	\$0			\$0					
DOMESTIC WELLS=0	0	\$0	\$0			\$0					

Total	50	\$21,400	\$4,500	\$24,000	\$15,000	\$2,500	\$88,642	\$10,600	\$2,600	Reported Total \$166,742	Additional Fees \$41,200	Adj Total \$207,942
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2009							NAC 534A.214 Annual fee	Sundry Fees	Admin Fees	Fee for open hole OB/ TG	Cuttings Fees
INDUSTRIAL WELLS	# of wells	Fees	300' to 1,000'	1,001' to 5,000'	Over 5,000'	Bond					
Production Well= 26	26	\$13,000	\$1,000	\$10,000	\$5,000	\$1,300				# of OB	
Injection Well=15	15	\$7,500	\$1,000	\$4,000	\$5,000	\$750				80	
Observational Well (larger than a 7 -inch surface casing)=22	22	\$11,000	\$500	\$1,000	\$2,500	\$1,100	\$72,455	\$31,000		# of TG	\$95,000
Observational Well (a 7 -inch or smaller surface casing)		\$0				\$0				62	
Thermal Gradient Well=123	123	\$12,300	\$0			\$6,150				Total Fee	
COMMERCIAL WELLS										\$15,904	
Production Well=2	2	\$400	\$0	\$400		\$100					
Injection Well=0		\$0	\$0			\$0					
DOMESTIC WELLS=2	2	\$100	\$0			\$100					

Total	190	\$44,300	\$2,500	\$15,400	\$12,500	\$9,500	\$72,455	\$31,000		Reported Total \$178,345	Additional Fee \$110,904	Adj Total \$289,249
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**Nevada Division of Minerals Oil & Gas Permitting  
and Compliance Program Costs and Revenues  
For F.Y. 2014**

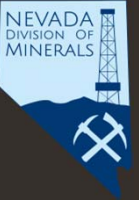


Description	Ratio of OGG Total	Costs	Revenue
Oil & Geothermal Program Manager	50%	\$50,956.00	
Program Officer II	20%	\$15,584.00	
Administrator / Deputy	12%	\$29,335.00	
GIS Field Specialist	25%	\$14,118.00	
Travel - Field Inspections	50%	\$12,736.00	
Geothermal Registrations	100%	\$1,870.00	
Geothermal Meetings / Travel etc.	100%	\$1,000.00	
NBMG Cuttings Curation	67%	\$22,666.00	
NDOM Overhead	12%	\$16,623.00	
Geothermal Permit Fees (NAC 534A.210 & NAC 534A.216)	100%		\$23,000.00
Geothermal Administrative Fees	100%		\$7,500.00
Geothermal Sundry Fees	100%		\$5,400.00
Annual Fee (NAC 534A.214)	100%		\$84,850.00

**Total for Program**

**\$164,888.00**

**\$120,750.00**



<b>2014 Geothermal Fee Breakdown</b>	<b>Number</b>	<b>Per Permit APP</b>	<b>Total Fees</b>
Production Well	3	\$1,500	\$10,000
Injection Well	2	\$1,000	\$7,500
Observational Well	9	\$4,500	\$5,000
Thermal Gradient Well	1	\$100	\$100
Domestic Wells	8	\$400	\$400
Sundry	25	\$300	\$7,500
Admin Fees	54	\$100	\$5,400
Annual Fee	179	\$475	\$84,850

**2014 Total Revenue      \$120,750**

<b>Proposed Fee Update</b>	<b>Number</b>	<b>Per Permit APP</b>	<b>Total Fees</b>
Open Hole OB Well Fee	112	\$100	\$11,200
Open Hole TG Well Fee	86	\$100	\$8,600
Cuttings Fee	23	\$500	\$11,500
Increase Annual Fee	179	\$125	\$22,329

**Additional Fee Revenue      \$53,629**

**Proposed Total Revenue      \$174,379**

**2014 Total Program Cost      \$164,888**

# Recommendations

- Implement \$100/year fee for Observation and Temperature Gradient open holes.
- Implement Cuttings Fee of \$500 per hole to help pay for NBMG curation.
- Increase Annual Fees (**NAC 534A.214**) from \$475 to \$600/ year for industrial and commercial wells.

# Process

- No “rulemaking” through July 1<sup>st</sup>, 2015
- Draft language for approval by Commission
- Begin process July 1<sup>st</sup>, 2015
  - LCB Submittal
  - S.B.I.S.
  - Workshops
  - Final Hearing by CMR
  - Target Completion Date January 1<sup>st</sup>, 2016

### III. C

## FINDINGS OF CLAIM FEE TASK FORCE

1. Claim fees are used to administer the AML program, minerals education, administration of the reclamation bond pool, and the exploration survey which was conducted by the NBMG in 2012, for the 2013 legislative session. With declining claim fee revenues, NDOM is reducing AML activities and is unable to fund the exploration survey.
2. No rule-making (rule-making = changes to a chapter in NAC) can begin during the year of a Legislative session, which is currently June 30, 2014 through July 1, 2015. Oil/gas fee increases can't be moved through the administrative rule-making process unless the legislature approves BDR 46-344. Any changes in geothermal fees would also have to be in the 2<sup>nd</sup> half of 2015 and go through rule-making process.
3. The small business impact statement process for raising claim fees is significant in that all claim owners have to be contacted for comment in this process and all comments must be addressed. The Task Force felt it is more logical to do something more than \$0.50 per claim to justify the cost of the process. Suggestions were to propose \$1.00 or \$1.50 if the process moved forward. This would be in NAC 513.315, which is currently at \$2.50 with a statutory cap of \$4.00.
4. Task force opinion is to evaluate the financial need for a claim fee increase in the first half of calendar 2016, after any changes to the oil/gas and geothermal fee structures are addressed in the second half of 2015. Assessment year 2016 claim notices would be available at that time.
5. Question: Is there a strategy to acquire federal monies to "Supercharge the AML program to get more hard closure work done"? BLM claim fee monies, allocation of some of the Federal land sales monies in Nevada, a congressional rider to route some monies in a bill to NDOM ?  
Currently we receive around \$50k/yr from the BLM for directed hard closure work in areas important to the BLM. NDOM receives these monies as it can more effectively get all the NDOW and SHPO hurdles completed and contract out the work. We discussed this internally at NDOM and believe we have the capacity to handle around \$400k/yr on contract closure work with our current staffing resources and other agencies ability to sign-off on the work.



**BRIAN SANDOVAL**  
Governor

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

400 W. King Street, Suite 106  
Carson City, Nevada 89703  
(775) 684-7040 • Fax (775) 684-7052  
<http://minerals.nv.gov/>

**Las Vegas Branch:**  
2030 E. Flamingo Rd.  
Suite #220  
Las Vegas, Nevada 89119  
(702) 486-4343  
Fax (702) 486-4345

**RICHARD PERRY**  
Administrator

September 25, 2014

TO: All State of Nevada County Recorders

Re: Clarification of fees for recording of mining documents

Thank you for the recent request for clarification on fees for amended certificates of location. We have listed below the fees to be collected by County Recorders on behalf of the Nevada Division of Minerals:

- 1) The filing fee is \$8.50, as currently set by the Commission on Mineral Resources in NAC 517.200 and NAC 513.315.
- 2) NRS 517.185 stipulates the mining documents to which this filing fee applies:
  - a. NRS 517.050 - Certificate of location (lode claims) - \$8.50 per claim
  - b. NRS 517.080 - Relocation of abandoned lode claim - \$8.50 per claim
  - c. NRS 517.110 - Certificate of location (placer claim) - \$8.50 per claim
  - d. NRS 517.140 - Certificate of location (mill site) - \$8.50 per mill site
  - e. NRS 517.170 - Certificate of location (tunnel right) - \$8.50 per tunnel right
  - f. NRS 517.200 - Amended certificate of location - \$8.50 per claim\*
  - \*See Attorney General opinion 85-18
  - g. NRS 517.230 - Affidavit of Annual Assessment Work and Affidavit of Notice of Intent to Hold - \$8.50 per claim

As a reference, the pertinent statutes and regulations noted above are attached. This letter and attachment has been added to our new website (<http://minerals.nv.gov>) and can be found in the Mining Program under "Claims". This clarification supersedes our letter of September 22, 2014.

If you have any questions, please don't hesitate to contact us at 775-684-7040 or by email at [ndom@minerals.nv.gov](mailto:ndom@minerals.nv.gov). Thank you for all you do in collecting these mining claim fees.

Sincerely,

Rich Perry  
Administrator

Attachment – List of filing fee statutes and regulations  
Attorney General's opinion 85-18



### III. D

This section is intentionally left blank.

A presentation will be made at the meeting.

III. E



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
400 W. King Street, Suite 106  
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Fax (702) 486-4345

**RICHARD PERRY**  
Administrator

August 26, 2014

Steve Weinberger, CPA, Administrator  
Division of Internal Audits  
209 E. Musser Street  
Room 302  
Carson City, NV 89701

RE: Status Report for Nevada Division of Minerals Performance Audit issued January 7, 2014.

Pursuant to Section 2404.4 of the State Administrative Manual, the Division of Minerals respectfully submits the following status report for the corrective action plan which was submitted on March 31, 2014.

The following is the current status of the Division's plans for the four audit recommendations:

1. ***Develop and implement a risk-based approach to determine the nature, extent, and timing of inspections performed on oil, gas and geothermal operations. Status: fully-implemented***
  - a. A new inspection program was promptly initiated by the Division during the audit process.
  - b. The initial phase of this program was to physically inspect all oil, gas and geothermal wells in Nevada in order to collect baseline data and photographs to document current well status and identify any conditions requiring remediation.
  - c. By the end of March 2014, 124 of the 124 oil-related wells (100%) and 432 of the 432 geothermal wells (100%) had been inspected under this initial phase.
  - d. Phase two of the inspection program was the development of a risk assessment methodology for the frequency and scope of future inspections. Parameters include:
    - i. type of well (Oil or Gas – conventional, unconventional, production, injection; Geothermal – production, injection, observation, domestic)
    - ii. current well status (active, shut-in, or temporarily abandoned)
    - iii. well age
    - iv. well location (fee vs. federal land)
    - v. adequacy of required signage
    - vi. wellhead, casing and cellar condition (where present)
    - vii. general condition of access, well pad, and sump (where present)
    - viii. history of well (any prior remedial actions required)
    - ix. history and responsiveness of operator
    - x. proximity to the public and/or surface waters

- e. Parameters were quantified and weighted to formulate a means of scoring each well inspection's risk assessment. The risk assessment scoring was utilized to generate a multi-tiered ranking hierarchy for the population of wells into high, moderate, and low risk categories. Phase two was completed in July of 2014.
- f. Phase three was the implementation of the risk-based inspection program and this began in August of 2014. The following minimum inspection schedule is currently envisioned for the program: high-risk wells every year, moderate-risk wells a minimum of once every three years, and low-risk wells a minimum of once every five years. As part of a newly proposed performance measure, at least one-third of all permitted oil, gas and geothermal wells will be inspected each year.

***2. Document inspections of oil, gas, and geothermal operations to indicate what requirements were checked, the inspection results, and any corrective action needed; and communicate this information to well operators. Status: Items a through f are fully implemented, item g partially-implemented. The estimated completion date for item g is March, 2015.***

- a. As noted above, baseline inspections were initiated during the audit and were completed in March 2014.
- b. Inspections are documented in three ways: written field inspection reports, geo-tagged digital photographs, and written letters to the operators; additionally to the Bureau of Land Management (BLM) if the well is on federal land, when deficiencies are noted and corrective action is required.
- c. The Division has a memorandum of understanding (MOU) with the BLM to inform them of any needed corrective actions required of operators of a well on federal ground. The Division met with the BLM on April 11, 2014 to review and discuss the information provided by the Division to the BLM during the prior six months. A subsequent meeting was held on July 31<sup>st</sup> to review the status of the BLM's corrective action progress and update relevant information.
- d. Well inspections document all the parameters referenced in 1(d) above and the information is entered into an Excel spreadsheet, wherein a risk assessment score is calculated.
- e. Geotagged digital photograph files are renamed to include codes for resource type, permit number and project name. The files are maintained as a searchable archive.
- f. Copies of the relevant field inspection reports and photographs are sent to the operators, and BLM when applicable, noting any corrective actions required. Copies of the reports and accompanying photographs for all inspections conducted on federal land are sent to the BLM.
- g. The Division will modify its current Access database to include the previous and ongoing inspection information, track corrective action notification and remediation efforts, and allow for the querying of risk assessment parameters to guide future inspections and their frequency.

**3. Obtain credible evidence, in accordance with state regulations, that documents geothermal well blowout prevention tests were performed by operators. Status: fully-implemented.**

- a. The Memorandum of Understanding (MOU) between the Division and the BLM, in place since 2006, provides for the coordination for oil, gas, and geothermal operations and inspections by eliminating duplication of effort and maximizing human and fiscal resources.
- b. On May 3, 2013, the Commission on Minerals approved draft language to amend NAC 534A.270 (3) to read: "Immediately after installation, the casing and equipment for the prevention of a blowout must be tested under pressure. These tests must be witnessed *or otherwise assured* by the Division *or an authorized representative* before the guide shoe is drilled out of the casing. The Division must be given reasonable notice of any such test. If necessary, conductor pipe must be equipped with annular blowout equipment which is hydraulically activated from a remote control station."
- c. The draft language has been included with other language proposed for modification as part of a larger review and update to both NAC 534A (Geothermal) and NAC 522 (Oil and Gas). It was submitted to LCB for the pre-adoption review in January and was returned with some modifications by LCB as Draft R011-14 on February 2014. The rulemaking is proceeding with an anticipated adoption by the CMR on August 28, 2014.
- d. If adopted, the new regulations will allow the Division to utilize its current MOU with the BLM to coordinate inspections efforts and will also allow the Division to receive some real-time electronic or otherwise verifiable BOPE test data to assure satisfactory results. Until then, it is the intent of the Division to physically witness every blowout prevention equipment (BOPE) tests at geothermal operations as is practical.
- e. Since October 2013 and to date, the Division has physically witnessed all 14 BOPE tests at geothermal operations in Nevada.
- f. The Division hired an additional field specialist who, beginning on April 14, 2014, has been assisting the Oil, Gas, and Geothermal Program Manager with field inspections and witnessing of BOPE tests.

**4. Establish a follow-up process to ensure that parties notified of their responsibility to secure abandoned mines do so, including referral to county officials so that enforcement action can be taken when appropriate. Status: Partially-implemented, Full implementation requires a year. The estimated completion date is March, 2015.**

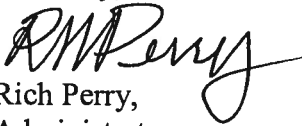
- a. The current abandoned mine lands (AML) database has been re-structured to include, among other improvements, a notification history component for the purposes of documenting and tracking the owner notification process.
- b. The Division will continue to implement a mass notification process to newly identified owners of unsecured hazards; this will occur twice a year and is currently envisioned to take place during the months of April and November. Due to delays in the Access database re-structuring, along with training of a newly hired field specialist

and the instruction and oversight demands of the summer intern program, the April mail-out was delayed until August 15, 2014.

- c. On a monthly basis, the AML database will be queried for owners who have not responded to a prior notification within six months, or have failed to submit documentation of their securing efforts within six months from their last communication date to the Division. From this query, and following updated ownership research, reminder letters will be issued and the appropriate county commission will be copied as part of the letter. The first round of reminder letters is anticipated to be mailed out in October 2014. This notification will provide the counties with the necessary information to proceed with enforcement action, if desired, under NRS 455.030 and 455.040.

Please call me if there are any questions regarding this status report.

Sincerely,



Rich Perry,  
Administrator

cc: Julia Teska, Director, Department of Administration  
Paul V. Townsend, Legislative Auditor  
Commission on Mineral Resources

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747  
~~Phone: (775) 684-6600~~



LEGISLATIVE COMMISSION (775) 684-6800  
MARILYN K. KIRKPATRICK, *Assemblywoman, Chairman*  
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821  
DEBBIE SMITH, *Senator, Chairman*  
Mark Krmpotic, *Fiscal Analyst*  
Cindy Jones, *Fiscal Analyst*

RICK COMBS, *Director*  
(775) 684-6800

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815  
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

November 21, 2014

**RECEIVED**

NOV 25 2014

Members of the Audit Subcommittee  
of the Legislative Commission  
Legislative Building  
Carson City, Nevada 89701-4747

**Division of Minerals**

In January 2014, we issued an audit report on the Commission on Mineral Resources, Division of Minerals. The Division filed its corrective action plan in April 2014. NRS 218G.270 provides that the Department of Administration shall issue a report within 6 months after the plan of corrective action is due outlining the implementation status of the audit recommendations.

Enclosed is the six-month report prepared by the Department of Administration on the status of the four recommendations contained in the audit report. As of October 3, 2014, the Department of Administration indicated one recommendation was fully implemented and three were partially implemented. The three partially implemented recommendations shown below relate to monitoring oil, gas, and geothermal operations for compliance with regulatory requirements, and securing abandoned mines.

**Recommendation  
Number**

1	Develop and implement a risk-based approach to determine the nature, extent, and timing of inspections performed on oil, gas, and geothermal operations.
2	Document inspections of oil, gas, and geothermal operations to indicate what requirements were checked, the inspection results, and any corrective action needed; and communicate this information to well operators.
4	Establish a follow-up process to ensure that parties notified of their responsibility to secure abandoned mines do so, including referral to county officials so that enforcement action can be taken when appropriate.

**Inspections of Oil, Gas, and Geothermal Operations**

Our audit found the Division could enhance the monitoring of oil, gas, and geothermal operations in the State. Specifically, by performing periodic inspections of operations, it can obtain greater assurance that these operations are complying with regulatory requirements. The regulations are intended to ensure safety, protect the environment, and minimize the waste of natural resources. Recommendation 1 concerning developing a risk-based inspection approach was deemed partially implemented by the Department of Administration since there was limited data on the Division's new risk matrix. Our follow-up found the Division subsequently added data on the various risk factors developed by the Division on each of the operations needing inspections. These risk factors were then scored and operations were grouped into high,



Members of the Audit Subcommittee  
of the Legislative Commission  
November 21, 2014  
Page 2

medium, and low risk categories. Depending on the category, operations were to be inspected every year, every 3 years, or every 5 years. Therefore, we consider this recommendation to be fully implemented.

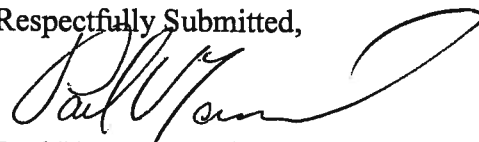
Recommendation 2 related to improving the documentation of inspections performed. The recommendation was deemed partially implemented because a database used to track inspection results has not been completed. However, we consider this recommendation to be fully implemented because the Division is documenting inspection results and corrective action needed, and communicating this information to well operators.

Follow-Up Needed When Parties Fail to Secure Hazards

Our audit found recent efforts by the Division to secure abandoned mines by notifying responsible parties have been effective. Based on our testing of Division records, responsible parties secured 642 hazards in the last 3 years after the Division notified them of their responsibility. However, the Division did not perform sufficient follow-up when parties failed to adequately respond after being notified. Recommendation 4 related to establishing a follow-up process in such instances. The Department of Administration considered it partially implemented because the Division had not yet sent notification letters to county officials for possible enforcement action. The Division sent these letters on October 24, 2014. Therefore, the recommendation is fully implemented.

Based on our review of the six-month report and other documents provided, we believe the Division has met the intent of the recommendations deemed partially implemented by the Department of Administration. Therefore, we consider all recommendations to be fully implemented at this time and do not have any questions for Division officials.

Respectfully Submitted,



Paul V. Townsend, CPA  
Legislative Auditor

PVT:da

Enclosure

cc: Mike Willden, Chief of Staff, Office of the Governor  
Julia Teska, Director, Department of Administration  
Steve Weinberger, Administrator, Division of Internal Audits  
Richard Perry, Administrator, Division of Minerals

III. F

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A presentation will be made at the meeting.

## **IV. STAFF REPORTS**

**Special Projects Approved by the Commission on Mineral Resources (Updated 11-25-2014)**

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
10/20/2005	Mackay Mining Team	\$1,000	\$1,000	\$0	Funds sent to John Mackay Club for travel to Mining Competition
10/20/2005	AML Contractors Spring 2006	\$40,000	\$40,000	\$0	Abandoned mine work completed in Esmeralda Co.
10/20/2005	NBMG - digitize mining files	\$21,000	\$21,000	\$0	Funds paid to NBMG and project is complete
10/20/2005	NBMG - state geologic map	\$5,000	\$5,000	\$0	Funds paid to NBMG - project is complete
10/20/2005	NBMG - geologic mapping program	\$12,000	\$12,000	\$0	Funds paid to NBMG and tentative field assignments have been made
10/20/2005	MacArthur Reclamation Project	\$20,000	\$20,000	\$0	NDOM received \$176K from BLM and \$10K from NvMA, mine reclamation is
10/20/2005	NvMA Teacher's Workshops Minerals Education	\$20,485	\$20,485	\$0	Flash drives - \$4,400, Rock and Mineral boxes - \$2,200, shirts - \$3,400,
1/19/2006	Mackay SEG Student Chapter	\$1,000	\$1,000	\$0	Funds sent to SEG student chapter for spring geology field trip
1/19/2006	NBMG - NV Interactive Map of Metal Deposits	\$7,765	\$7,765	\$0	Funds paid to NBMG, work is complete
8/17/2006	Minerals and Energy Resource maps for the 17 Nevada counties	\$24,000	\$15,159	\$8,841	Contract with NBMG - White Pine completed, Mineral-Esmeralda-Lyon-Douglas completed, Nye County underway.
8/17/2006	Mineral and Energy Potential Map	\$5,361	\$5,361	\$0	Mineral & Energy Potential Map given to USFS by NBMG - Project Complete
8/17/2006	AML Contractors Spring 2007	\$50,000	\$50,000	\$0	Abandoned mine work completed in Esmeralda Co.
8/17/2006	NWMA Mackay Centennial	\$1,000	\$1,000	\$0	Funds paid to Mackay School
10/19/2006	4th Ward School - AML Display	\$5,000	\$5,000	\$0	Abandoned mine display completed, payment made
10/19/2006	USFS Roadless Plan Contractor	\$25,000	\$25,000	\$0	GIS Land Services contracted, work completed
1/19/2007	UNR John Mackay Club	\$2,500	\$2,500	\$0	Funds paid to UNR Mackay School for travel to SME annual meeting
1/19/2007	AML contract for claim research	\$9,561	\$9,561	\$0	Geotemps contract complete
4/19/2007	NBMG GBSSL - Support #1	\$100,000	\$100,000	\$0	Project Support #1 completed
4/19/2007	Mackay Recruitment and Retention NDOM FY08	\$100,000	\$100,000	\$0	Invoice paid 03/20/08
4/19/2007	AML Contractors Fall 2007	\$50,000	\$50,000	\$0	Abandoned mine work with Geotemps contract completed
10/23/2007	4th Ward School - AML Hologram	\$27,174	\$27,174	\$0	Abandoned mine hologram display completed
10/23/2007	Office Expansion/Remodel - CC	\$50,776	\$50,776	\$0	Project complete
1/17/2008	Mackay Centennial Celebration	\$10,000	\$10,000	\$0	Paid to UNR Mackay School
1/17/2008	Mackay Club SME and IMC trips	\$5,000	\$5,000	\$0	Paid to UNR Mackay to support travel to mining competition
1/17/2008	UNR SEG student chapter field trip	\$3,000	\$3,000	\$0	Paid to UNR Mackay to support SEG student chapter field trip
4/22/2008	NvMA Teacher's Workshop- Tonopah '08	\$15,000	\$15,000	\$0	Paid to Nevada Mining Assoc to pay teacher stipends to attend workshop

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
7/22/2008	Mining Claim Fee support for Mackay for FY08 claims	\$424,422	\$424,422	\$0	FY09 payments of \$180,500 and \$243,922 made for FY08 claim filings
7/28/2008	AML Fencing at Tonopah Mining Park	\$49,000	\$49,000	\$0	\$19,800 from Medallion funds sent 6/30/08, \$49,000 paid FY09
7/28/2008	NBMG RETAAC II GIS Mapping	\$11,750	\$11,750	\$0	Project complete
11/7/2008	UNR Mackay Club SME and IMC trips	\$10,000	\$10,000	\$0	Paid to UNR Mackay to support travel to mining competition
11/7/2008	UNR SEG student chapter field trip	\$2,500	\$2,500	\$0	Paid to UNR Mackay to support SEG student chapter field trip
2/12/2009	NBMG GBSSL - Support #2	\$119,243	\$119,243	\$0	Project complete
5/1/2009	4th Ward School - Interactive Mining Exhibit	\$40,000	\$40,000	\$0	Invoice from 4th Ward School Foundation paid
5/1/2009	Mackay Recruitment and Retention NDOM FY09	\$100,000	\$100,000	\$0	Invoice paid 06/30/09
5/1/2009	NvMA Teacher's Workshops	\$10,000	\$10,000	\$0	Invoice paid to Nevada Mining Association
10/21/2009	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Paid to UNR Mackay to support travel to SME meeting and IMC in Australia
10/21/2009	White paper on permitting timelines	\$20,000	\$0	\$20,000	On Hold
2/11/2010	Mackay Recruitment and Retention (NDOM FY10 and FY11)	\$200,000	\$200,000	\$0	FY10 Invoice paid 5/10/10 and FY11 invoice paid 4/18/11
2/11/2010	UNR Mackay Geography Mapping Project	\$33,180	\$33,180	\$0	Project complete and invoice paid
2/11/2010	GSN Symposium 2010	\$10,000	\$10,000	\$0	Invoice paid
2/11/2010	NvMA Teacher's Workshops	\$45,000	\$45,000	\$0	FY10 invoice paid, items purchased in FY11 and FY12
2/11/2010	Mining Claim Fee support for Mackay for FY09 claims	\$391,302	\$391,302	\$0	FY10 invoice paid for FY09 claim filings
10/19/2010	Mining Claim Fee support for Mackay for FY10 claims	\$379,554	\$379,554	\$0	FY11 invoice paid for FY10 claim filings
2/7/2011	Mackay Recruitment and Retention (NDOM FY12)	\$100,000	\$100,000	\$0	Invoice paid on 01/26/12
2/7/2011	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Invoice paid
7/27/2011	4th Ward School projects	\$5,425	\$5,425	\$0	"Going Deep" booklet, Bat cupola panel, Backdrop, Mineral case locks
7/27/2011	Curate Geothermal, Oil, Gas Samples at NBMG-GBSSL	\$50,000	\$50,000	\$0	Invoice paid, June 26,2012
7/27/2011	Expand AML contracts (Cat 39 AML enhancement)	\$200,000	\$200,000	\$0	All work completed
11/2/2011	4th Ward School projects	\$14,700	\$14,700	\$0	Additional "Going Deep" booklets, building security, fluorescent minerals
2/27/2012	Mining Claim Fee support for Mackay for FY11 claims	\$394,178	\$394,178	\$0	FY12 invoice paid for FY11 filings on 4/24/12
2/27/2012	UNR Mackay Club SME and IMC trips	\$12,000	\$12,000	\$0	Invoice paid in April, 2012
2/27/2012	Projects proposed by the NBMG	\$200,000	\$200,000	\$0	project complete
2/27/2012	NvMA Teachers Workshops \$15k/yr for (FY13 - FY15)	\$45,000	\$30,850	\$14,150	FY13 & FY14 invoices paid
2/27/2012	Expansion of the NDOM exploration survey	\$50,000	\$50,000	\$0	paid 2/11/13

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
2/27/2012	Removal of hollow pipe plastic claim markers	\$27,000	\$27,000	\$0	Invoive paid on 11/28/12 to Audobon Society
2/27/2012	Support for the "Nevada Room" at PDAC	\$2,000	\$2,000	\$0	Invoice paid 2/12/13
8/17/2012	Mackay Recruitment and Retention (NDOM FY13)	\$100,000	\$100,000	\$0	Invoice paid 2-25-13 (project period 7-1-13 - 6-30-14)
8/17/2012	Nevada's membership in Western Governor's Association	\$2,500	\$2,500	\$0	Invoice paid
8/17/2012	Fourth Ward School window coverings	\$950	\$950	\$0	Invoice paid
11/9/2012	UNR Senior Mining Engineering class field trip	\$15,000	\$15,000	\$0	Invoice Paid
11/9/2012	Tonopah Historic Mining Park for AML Fencing	\$27,500	\$27,500	\$0	Invoice Paid 3/12/2013
11/9/2012	UNR Mackay Club SME and IMC trips	\$20,000	\$20,000	\$0	Invoice Paid 02/11/13
8/1/2012	Mining Claim Fee support for Mackay for FY12 claims	\$449,544	\$449,544	\$0	Paid on 2/27/13 UNR Mackay budget
2/21/2013	NBMG Project	\$100,000	\$100,000	\$0	Funding for FY-14 projects, final of four invoices paid on 7/31/14
2/21/2013	UNR Mackay SEG student chapter for Iberian Pyrite Belt	\$4,000	\$4,000	\$0	paid 01/08/14
10/10/2013	Contract support for rulemaking process-Tom Gallagher	\$9,900	\$9,900	\$0	6 of 6 invoices paid
2/21/2013	Mining Claim Fee support for Mackay for FY13 claims	\$436,814	\$436,814	\$0	Paid 3/19/2014
10/10/2013	Contract support for rulemaking process-Tom Gallagher	\$26,000	\$26,000	\$0	Inovices paid
	Mining Claim Fee support for Mackay for FY14 claims	\$390,068	\$0	\$390,068	
2/13/2014	NBMG Projects	\$100,000	\$0	\$100,000	
	<b>Total of Special Projects</b>	<b>\$5,265,152</b>	<b>\$4,732,093</b>	<b>\$533,059</b>	
<b>Obligated Monies</b>					
2/21/2013	Sagebrush Ecosystem-FY14	\$141,364	\$141,364	\$0	Sagebrush Ecosystem Program by the Governors Office
2/21/2013	Sagebrush Ecosystem-FY15	\$143,977	\$131,572	\$0	Sagebrush Ecosystem Program by the Governors Office
	<b>Special Projects &amp; Obligated Monies</b>	<b>\$5,265,152</b>	<b>\$4,732,093</b>	<b>\$533,059</b>	
	<b>Current Reserve</b>			<b>\$1,590,915</b>	<b>(as of 11/25/2014)</b>
	<b>Unobligated Reserve</b>			<b>\$1,057,856</b>	

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

**FY15**

**November 21, 2014**

**Week: 20  
Year %: 38%**

**REVENUES**

	Work Program	Actual	% of Work Program	Balance Remaining
<b>Balance Forward From Prev. Yr. (2511)</b>	<b>\$889,917</b>	<b>\$889,917</b>	<b>100%</b>	<b>\$0</b>
Federal BLM Cooperative Agreement (3578)	60,032	50,000	83%	10,032
USFS Assistance Agreement (3580)	0	21,713	0%	(21,713)
Oil Assessment Fees (3654)	39,336	8,439	21%	30,897
Oil Permit Fees (3717)	3,000	1,400	47%	1,600
Mining Claim Fees (3718)	1,312,892	901,248	69%	411,644
Dangerous Mine Fees (3727)	561,930	375,520	67%	186,410
Geothermal Fees (3736)	134,539	8,050	6%	126,489
Abandoned Mine Securing Fees (3770)	9,800	78,280	799%	(68,480)
Printing Sales (4011)	207	104	50%	103
Publication Sales (4027)	5,503	214	4%	5,289
Medallion Royalty Income (4311)	0	0	0%	0
Treasurer's Interest Distribution (4326)	3,127	67	2%	3,060
Transfer frm Reclamation Bond Pool (4620)	41,063	0	0%	41,063
<b>FY15 Revenues Received</b>	<b>\$2,171,429</b>	<b>\$1,445,035.00</b>	<b>67%</b>	<b>\$726,394</b>
<b>TOTAL REVENUES</b>	<b>\$3,061,346</b>	<b>\$2,334,952.00</b>		

**EXPENDITURES**

	Work Program	Actual	% of Work Program	Balance Remaining
Personnel (01)	\$968,998	\$390,817	40%	\$578,181
Out of State Travel (02)	10,376	4,059	39%	6,317
In State Travel (03)	18,041	6,654	37%	11,387
Operating (04)	109,856	60,511	55%	49,345
Board Travel (08)	2,658	710	27%	1,948
Special Projects (09)	675,390	11,387	2%	664,003
Las Vegas Office (14)	35,439	17,178	48%	18,261
Oil, Gas Geothermal (17)	11,000	4,069	37%	6,931
AML Support (18)	197,795	64,535	33%	133,260
Bond Pool Expenses (19)	0	0	0%	0
County Royalty Grants (20)	0	0	0%	0
Computer H & S Ware, DOIT(26)	20,859	2,619	13%	18,240
AML Enhancement (39)	201,226	30,823	15%	170,403
SageBrush Ecosystem Trx to DCNR (69)	141,742	131,572	93%	10,170
Purchasing Assessment (87)	928	464	50%	464
State Cost Recovery (88)	34,734	8,684	25%	26,051
AG Cost Allocation (89)	19,913	9,957	50%	9,957
<b>FY15 Expenditures</b>	<b>\$2,448,955</b>	<b>\$744,037.38</b>	<b>30%</b>	<b>\$1,704,918</b>
<b>Reserve Balance (86)</b>	<b>\$612,391</b>	<b>\$1,590,914.62</b>	<b>260%</b>	<b>(\$978,524)</b>
<b>TOTAL EXPENDITURES PLUS RESERVE</b>	<b>\$3,061,346</b>	<b>\$2,334,952.00</b>		

This report reflects receipts and expenditures processed by the division to date.





## OIL, GAS, AND GEOTHERMAL ACTIVITY

### 2014 Permitting Activity (Through 3<sup>rd</sup> Quarter)

Permit Type	Issued 2011	Drilled 2011	Issued 2012	Drilled 2012	Issued 2013	Drilled 2013	Issued 2014	Drilled 2014
Geothermal - Ind Production	17	13	16	12	10	5	4	3
Geothermal - Ind Inj	6	1	8	1	2	2	2	2
Geothermal - Observation	23	13	18	8	7	6	10	2
Geothermal - TG	35	14	7	2	1	1	1	---
Geothermal - Com	1	---	---	---	---	---	---	---
Geothermal - Dom	2	1	---	---	1*	---	8***	4
Geothermal - Misc*	---	---	---	---	---	---	---	---
Geothermal - Project Area	1	---	2	---	---	---	1	---
Geothermal - Total	85	42	51	23	21	15	26	11
Oil & Gas	5	4	14	9	16	5**	12	5

\*Existing well, drilled in 1939; \*\* Includes 1 well previously plugged and abandoned that was re-entered; \*\*\* Includes 4 previously existing wells.

### 3<sup>rd</sup> Quarter 2014 Activity

Active During 3 <sup>rd</sup> Qtr 2014	Geothermal	Ormat Nevada	Drilled Steamboat 21-32 injection well; drilling McGinness Hills 27B-10 production well. McGinness Hills 27C-10 production well permit approved.
		US Geothermal	Completed the drilling of the San Emidio 63-21 observation well; drilled the San Emidio 53A-21 observation well; completed the drilling of the Gerlach 18A-10 observation well.
	Oil	Makoil	Continuing evaluation of stratigraphic section in the Portuguese Mtn 14A-12, in Railroad Valley. One additional well permit application in Coal Valley waiting on BLM notification of approval.
		Noble Energy	Drilled the Huntington K1L-1V near Jiggs, completed well. Drilled the MR S25G-S25-33A near Deeth, well shut-in. The M2C-M2-21B and the M10C-M-10-11B wells have been shut-in. The H&P 330 drilling rig has mobed back to Colorado. One additional permit application in the Jiggs area waiting on BLM notification of approval.
		SAM Oil	SAM Oil drilled the Pluto-27R during the 3 <sup>rd</sup> & 4 <sup>th</sup> quarters, after re-entering the Plains Pluto 27-1 well west of Ely. The well was drilled to a new total depth. Well is expected to be tested by the end of 2014.

### **Geothermal Activity – 3<sup>rd</sup> Quarter 2014**

ORNI 39 LLC (Ormat Nevada) is currently drilling the 27B-10 production well. Intermediate casing BOPE tests and the subsequent FIT were viewed live over the internet. Ormat submitted pressure curves for the surface casing BOPE tests. This well is part of the field expansion at McGinness Hills, where a doubling of the electrical generation capacity is expected to yield 108MW (nameplate). The construction of a duplicate plant of the existing 54MW (nameplate) plant began in 2014. The permit application for the 27C-10 production well at McGinness Hills has recently been approved.

Ormat Nevada completed the drilling of the 21-32 injection well in the Steamboat Field. Mike and I witnessed the surface casing BOPE tests. I witnessed the intermediate casing BOPE tests.

Ormat Nevada established the Baltazor project area with NDOM. The project area is located on federal leases approximately 7 to 9 miles southwest of Denio along Nevada 140. The project area is proposed to consist of ten observation wells, ten production wells, and five injection wells. The observation wells have an estimated total depth of 1,000 feet, and the production and injection wells have an estimated total depth of 5,000 feet. The project area and six of the observation well permits have been approved. Drilling is now expected to begin in 2015.

US Geothermal drilled the 63-21 observation well at San Emidio during the late 2<sup>nd</sup> quarter and early 3<sup>rd</sup> quarters of 2014. Erik witnessed the surface casing BOPE tests. No intermediate casing was run in this well. US Geothermal drilled the 53A-21 observation well during the 3<sup>rd</sup> quarter of 2014. Erik witnessed the surface casing BOPE tests. No intermediate casing was run in this well. US Geothermal re-entered the Gerlach 18A-10 observation well during the 3<sup>rd</sup> quarter and drilled the well to total depth. US Geothermal submitted NDOM's new BOPE Test Form, along with beginning and ending photographs of the analog pressure gauge, for the related BOPE tests.

### **Oil Activity – 3<sup>rd</sup> Quarter 2014**

Noble Energy spudded the Huntington K1L-1V well, near Jiggs, in late September, and completed drilling the well in October. Erik witnessed the surface casing run, cement job, and casing pressure test. I witnessed the intermediate casing run, along with the associated cementing of the casing strings and the casing pressure tests. The cement jobs and casing pressure tests went very well. I, along with Deb McFarlane and Thomas Schmidt of the BLM Elko District, witnessed the well stimulation procedures performed on November 17<sup>th</sup> and December 4<sup>th</sup>. All stimulation fluids were flowed back into enclosed tanks. Noble Energy is now running production tests.

Noble Energy spudded the MR S25G-S25-33A in October. Noble completed the drilling of this well in November. I witnessed the surface and intermediate casing runs, along with each casing string's cement job and associated casing pressure test. The cement jobs and casing pressure tests went very well.

NDOM has one remaining permit application from Noble Energy in the Huntington lease area, the F36D-1V well. NDOM is waiting on the BLM's notification of approval for this well before moving the permit application forward.

Andromeda Oil drilled the 33-1B well at the Tomera Ranch in September 2014. The well was put on production in November. The amount of daily/monthly production is not known at this time.

Makoil spudded the Portuguese Mountain 14A-12 well in January 2013. Drilling was completed in March 2013. The Portuguese Mountain 14A-12 is located west of Currant in Railroad Valley. Makoil completed the well in November, where I and Mindy Seal (BLM Ely District) witnessed the well stimulation procedures. All stimulation fluids were flowed back into enclosed tanks.

Makoil has one pending permit application for a well proposed to be drilled in Coal Valley, Lincoln County, approximately 17 miles northwest of Hiko. NDOM is waiting on the BLM's notification of approval for this well before moving the permit application forward.

SAM Oil drilled the Pluto 27-1R well during September and October, west of Ely near the eastern base of Robinson Summit. SAM Oil re-entered the plugged and abandoned Plains Pluto 27-1 and drilled to a new total depth.

NDOM has been withholding approval on EFT Nevada LLC's Cedar Ridge 1 permit application and associated drilling program until notification of approval by the BLM. The proposed location for the well is in Elko County, nine to ten miles west of Jiggs.

Petro-Hunt, LLC, has submitted a permit application, along with drilling and completion programs, for a proposed well in Jakes Valley. The well is proposed to be located approximately 25 miles west of Ely. I have contacted Petro-Hunt requesting additional information that is needed. NDOM has not received BLM notification of approval for this well.

Two BLM Oil and Gas Lease Sales were held on September 9, 2014. The first sale was a sale postponed from June 24, 2014.

#### BLM NEVADA STATE OFFICE

##### Elko District Sale

#### **Competitive Oil and Gas Lease Sale Results Summary (1<sup>st</sup> Sale)**

September 9, 2014 (postponed sale from June 24, 2014)

1. Total number of parcels offered: 42
2. Total number of acres offered: 64,129.970
3. Total number of parcels receiving bids: 2
4. Total number of acres receiving bids: 2,046.330
5. Total sum of high bids: \$5,929.00
6. High bid per parcel: \$3,360.00
7. High bid per acre: \$7.00
8. Total receipts: \$9,309.50
9. Were there any disruptions or unusual events during the sale? No
10. Total number of parcels protested: 42
11. Total number of protests received on the sale: 1
12. Total number of acres protested: 64,129.970
13. Total number of protested parcels offered: 42
14. Total number of parcels withdrawn as a result of protests: 0
15. Total number of parcels withdrawn for other reasons: 0

16. Total number of acres deferred from the preliminary list for sage  
Grouse: 103,036.890  
17. All monies due were received? Yes

BLM NEVADA STATE OFFICE

Elko District Sale

**Non-competitive Oil and Gas Lease Sale Results (1<sup>st</sup> Sale)**

September 9, 2014 (postponed sale from June 24, 2014)

Offers filed: 13

Offers rejected: 0

Offers returned for correction: 0

Parcels available for NCO: 38

Parcels receiving offers: 12

% parcels receiving offers: 31.58%

Parcels receiving multiple offers: 1

Acres available for NCO: 62,083.640

Acres receiving offers: 23,676.650

% acres receiving offers: 38.14%

Total rental collected (all parcels): \$37,017.00

Rental fees retained: \$35,517.00

Filing fees collected: \$5,200.00

Total fees retained: \$42,217.00

Total deposit: \$40,717.00

Refund: \$1,500.00

BLM NEVADA STATE OFFICE

Carson City and Winnemucca Districts

**Competitive Oil and Gas Lease Sale Results Summary (2<sup>nd</sup> Sale)**

September 9, 2014

1. Total number of parcels offered: 29

2. Total number of acres offered: 53,707.800

3. Total number of parcels receiving bids: 7

4. Total number of acres receiving bids: 13,429.800

5. Total sum of high bids: \$37,873.00

6. High bid per parcel: \$10,240.00

7. High bid per acre: \$5.00

8. Total receipts: \$59,106.00

9. Were there any disruptions or unusual events during the sale? No

10. Total number of parcels protested: 8

11. Total number of protests received on the sale: 1

12. Total number of acres protested: 15,831.360

13. Total number of protested parcels offered: 8

14. Total number of parcels withdrawn as a result of protests: 0

15. Total number of parcels withdrawn for other reasons: 0

16. Total number of acres deferred from the preliminary list for sage grouse: 0

17. All monies due were received? Yes

BLM NEVADA STATE OFFICE

Carson City and Winnemucca Districts

**Non-competitive Oil and Gas Lease Sale Results (2<sup>nd</sup> Sale)**

September 9, 2014

Offers filed: 9

Offers rejected: 0

Offers returned for correction: 0

Parcels available for NCO: 75

Parcels receiving offers: 9

% parcels receiving offers: 12.00%

Parcels receiving multiple offers: 0

Acres available for NCO: 135,850.55

Acres receiving offers: 11,677.00

% acres receiving offers: 8.60%

Total rental collected (all parcels): \$ 17,516.00

Rental fees retained: \$17,516.00

Filing fees collected: \$3,600.00

Total fees retained: \$3,600.00

Total deposit: \$21,116.00

Refund: \$0.00

The next BLM Oil and Gas Lease Sale will be held on December 9, 2014, where currently 97 parcels will be offered from the Ely District Office.

The BLM held a state wide Geothermal Lease Sale, which included both Nevada and Oregon, on September 10, 2014. Only two parcels were offered, with only one parcel of 40 acres receiving the minimum bid of \$2.00 per acre. The next sale will be held on June 18, 2015.

**Proposed Regulation Additions and Changes Are Official**

The LCB issued NDOM's final proposed regulation additions and changes to NAC 522 in July 2014. The proposed regulations provide for the regulation of hydraulic fracturing specifically in Nevada, and revise or delete provisions governing the operation of wells for the extraction of oil, gas and geothermal resources. The Commission on Mineral Resources held a hearing on the morning of August 28<sup>th</sup> to determine if the proposed regulations are acceptable to the Commission. The Commission approved the proposed regulations with very minor modifications. Rich Perry presented the proposed regulations to MOAC in September 2014, where they were approved to move forward. Rich Perry then presented the proposed regulations to the Legislative Commission on October 24, 2014, where the procedures in which the proposed regulations were promulgated were reviewed by the Legislative Commission. The Legislative Commission approved the adopted regulations.

**Well Spacing Task Force**

Proposed actions related to the Well Spacing Task Force will be discussed during a separate CMR agenda item. Proposed actions are related to the potential of horizontal drilling in Nevada.

## **Summary of Geothermal and Oil Well Inspections (Fiscal Year 2015)**

Going forward, at least one-third of the geothermal and oil wells will be inspected each fiscal year. Inspections will be based on risk management evaluations of the wells. Currently, at least 150 geothermal wells and 45 oil related wells will be inspected during 2015 fiscal year. Images and GPS locations (if needed) are obtained at all well sites.

The number of geothermal wells inspected to date for fiscal year 2015 is 66:

- 42 wells at Ormat's Steamboat Field (July 2014)
- 12 wells at Ormat's Jersey Valley Field (August 2014)
- 12 wells at Ormat's Tuscarora Field (August 2014)

Sixty-six wells out of a current inventory of 444 wells, or 15% (out of minimum 34% needed), have been inspected. I will be inspecting at least 54 geothermal wells during December and January.

The number of oil related wells inspected to date for fiscal year 2015 is 21:

- 1 well – SAM Oil's exploratory well west of Ely
- 1 well – Noble Energy's Huntington lease exploratory well near Jiggs
- 3 wells – Andromeda Oil's Tomera Ranch Field
- 2 wells – Kirkwood Oil & Gas' North Willow Creek Field
- 1 well – Makoil's Currant Field
- 1 well – Makoil's Duckwater Creek Field
- 12 wells – Makoil's Trap Spring/Munson Ranch Field

Twenty-one wells out of a current inventory of 127 wells, or 16% (out of minimum 34% needed), have been inspected. I will be inspecting at least 26 oil related wells during December and January.

Letters related to inspection results are sent to the geothermal and oil operators.

## **Sundry Notice Activity**

A total of fifty-four sundry notices were approved during the 3<sup>rd</sup> quarter. Forty-one sundries were related to geothermal activities, and thirteen sundries were related to oil activities. Since the close of the 3<sup>rd</sup> quarter, thirteen geothermal sundries and fourteen oil sundries have been approved.

## **Miscellaneous**

Rich and I attended the annual meeting of the Interstate Oil and Gas Compact Commission in October. The two principle topics discussed during the two day meeting were hydraulic fracturing activities and induced seismicity.

Erik and I attend the first half of a two part training program on the development of Microsoft Access databases in November. Erik and I will be attending the second half of the training program in December. Mike, Erik, and I will be developing the Access databases for geothermal and oil in 2015.



**BRIAN SANDOVAL**  
Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
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<http://minerals.state.nv.us/>

**Las Vegas Branch:**  
2030 E. Flamingo Rd.  
Suite #220  
Las Vegas, Nevada 89119  
(702) 486-4343  
Fax (702) 486-4345

**RICHARD PERRY**  
Administrator

September 4, 2014

Mary Korpi  
**Newmont USA Limited**  
1655 Mountain City Highway  
Elko, NV 89801

Dear Mary:

Thank you for the extremely professional tour provided to the Commission on Mineral Resources and Division of Minerals Staff on Friday, August 29<sup>th</sup>. The Commissioners present were very impressed with the operation and the sinking of the new ventilation shaft using the freeze-wall technology.

We sincerely appreciate the time Mark Ward, Clem Hartery and Ryan Mullin spent explaining the safety philosophy, mining methods, development of the mine and how the mine life has been extended since start-up. Please also thank your operations staff for the underground tour and their attention to safety for those in the tour group.

Leeville has become a world-class underground mine in Nevada, and it was evident from the staff that they are very proud of their accomplishments.

Sincerely,

Rich Perry  
Administrator  
Nevada Division of Minerals





**STATE OF NEVADA  
MINING OVERSIGHT AND  
ACCOUNTABILITY COMMISSION**

**Web Site: <http://tax.state.nv.us>**  
1550 College Parkway, Suite 115, Carson City, Nevada 89706-7937

BRIAN SANDOVAL  
*Governor*  
JOHN RESTREPO  
*Chairman*  
KYLE DAVIS  
*Vice-Chairman*

(775) 684-2160

September 25, 2014

Brenda Erdoes  
Legislative Counsel Bureau  
Legal Division  
401 South Carson Street  
Carson City, Nevada 89701-4747

RE: LCB File No. R011-14  
Providing for the regulation of hydraulic  
fracturing and operation of wells for extraction oil,  
gas and geothermal resources

Dear Ms. Erdoes:

This letter is to advise you that the Mining Oversight and Accountability Commission (Commission) met on September 24, 2014 to consider a regulation adopted by the Commission on Mineral Resources. The Commission was created pursuant to SB 493 (2011). Among its duties, the Commission is charged with conducting a review of regulations governing the mining industry and reporting its findings and recommendations regarding the regulation to the Legislative Counsel for submission to the Legislative Commission. (NRS 514A.110).

As you know, Senate Bill No. 390 (2013) required the Division of Minerals and the Division of Environmental Protection of the State Department of Conservation and Natural Resources (NDEP), to jointly develop a hydraulic fracturing program for the State of Nevada. This regulation generally establishes that program. At the hearing on September 24<sup>th</sup>, representatives of Great Basin Watch and PLAN expressed their desire that the regulations be held pending further study and additional regulation. The Commission also heard comments from representatives of the Division of Minerals and NDEP about the need for regulations and how the regulations met the requirements of SB 390. The Commission concluded that the regulations as adopted by the Commission on Mineral Resources should go forward, particularly since the regulations had been the subject of extensive public review and comment prior to adoption.

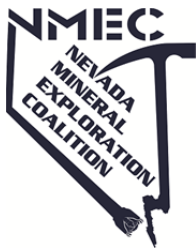
After hearing testimony on the regulations, the Mining Oversight and Accountability Commission recommended approval of LCB File No. R011-14 dated July 24, 2014 by unanimous vote (4-0).

Sincerely,

A handwritten signature in blue ink, appearing to read "John Restrepo".

John Restrepo  
Chairman

cc: Richard M. Perry, Director, Division of Minerals  
Dave Gaskin, Deputy Administrator, NDEP



## Nevada Mineral Exploration Coalition

### *The "Voice" of Nevada Exploration*

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September 25, 2014

Mr. Bob Fulkerson  
PLAN of Nevada  
821 Riverside Drive  
Reno, NV 89503

Dear Mr. Fulkerson,

As President of the Nevada Mineral Exploration Coalition (NMEC), I felt compelled to respond to your recent alert to members of PLAN relating to Dennis Myers' 9-18-14 article in the "And across town" section of the Reno News and Review.

Unfortunately, your irresponsible call to action for PLAN members to contact Governor Sandoval and members of the State Legislature concerning the Nevada Commission on Mineral Resources' \$2,500 contribution to NMEC for use to promote investment in Nevada's mineral industry contains several inaccuracies and misleading statements which PLAN members, the Governor's office and members of the Nevada State Legislature should be made aware of immediately.

To begin, the Nevada Mineral Exploration Coalition is a trade association registered as a 501c6 with the Internal Revenue Service. The Nevada Secretary of State's office revoked the organization's business license status because NMEC's Resident Agent in Nevada did not file the required Annual List of Officers, not because it is in violation of 501c3 status as your alert implies. PLAN has done the same thing on numerous occasions. Our Resident Agent is aware of this lapse and is submitting the required paperwork and paying the penalty fees on our behalf accordingly.

Secondly, NMEC has in fact been involved in supporting legislative candidates who understand and support the mineral exploration industry's vital contributions to our state and local communities since 2010. We are non-partisan as evidenced by our support of both democrat and republican candidates based again on their understanding of our industry and their

vision for the future of our state. Interestingly, in his Reno News and Review article Mr. Myers references the 2012 election between State Senator Greg Brower and State Senator Sheila Leslie, but fails to mention that NMEC made a \$1,000 contribution in 2012 in support of Ms. Leslie's campaign during that election cycle. I would also point out that NMEC has and continues to remain neutral on SJR 15.

We are proud of being involved in the electoral process as a trade association representing more than 200 individual and member companies who comprise Nevada's mineral exploration community and whose livelihoods can be favorably or unfavorably impacted by changes to state and federal laws and regulations. Like most trade associations, we keep our members informed of what is happening and encourage them to be civically active.

Finally, NMEC's primary mission as a trade association is to foster economic development in Nevada by encouraging investment in Nevada exploration by entities outside both our state and country. We look forward to continuing that work which, for years, has been solely paid for by the volunteer time and contributions of our members. We very much appreciate the Commission's recognition and support of our work on behalf of our state and emphasize that their financial support of our efforts to attract companies to invest in mineral exploration and development in Nevada is in keeping with the statutes for the Division of Minerals.

Sincerely,  
David Shaddrick  
President

Cc: Governor Brian Sandoval  
Richard Perry  
Senate Majority Leader Mo Denis  
Senate Minority Leader Michael Roberson  
Speaker Marilyn Kirkpatrick  
Assembly Minority Leader Pat Hickey  
Senator Debbie Smith  
Assemblyman David Bobzien  
Dennis Myers



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**RICHARD PERRY**  
Administrator

October 2, 2014

David Shaddrick, President  
Nevada Mineral Exploration Coalition  
P.O. Box 1734  
Elko, NV 89803  
[dave@dshaddrick.com](mailto:dave@dshaddrick.com)

Dave:

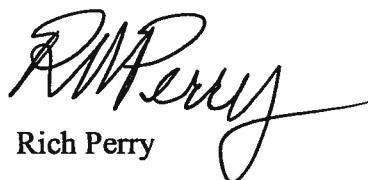
The Commission on Mineral Resources voted at its August 28, 2014 meeting to provide \$2500 in support of the booth rent and hospitality events for the Vancouver Roundup and Ontario PDAC that is attended by NMEC.

The Division of Minerals will also supply copies of the 2014 updated map of Nevada Active Mines and Energy Producers, and appreciate NMEC's efforts in distributing these and helping to attract exploration interest in Nevada.

Please send us an invoice for the registration or booth rent that we can pay all or part of the \$2500 directly to the convention.

Thank you for NMEC's efforts in promoting Nevada as a great place to explore for minerals.

Sincerely,



Rich Perry

2010-2014

### **Carson City**

8/17/2012-Tour in Yerington

12/11/2014

### **Virginia City**

### **Elko**

08/29/14-Newmont LeeVille Mine

### **Reno**

5/12/2010

10/19/2010

4/29/2011

7/27/11 – Tour of Bat Cupola in VC

11/2/2011

5/03/2012- Virginia City

11/09/2012

5/03/2013- Hazen and Olinghouse

10/10/2013

05/09/2014- EP Minerals; Nevada  
Cement Plant and Mine.

### **Las Vegas**

2/11/2010 – Tour of the McCaw  
School of Mines - Henderson

2/7/2011 – Tour of Molycorp Mine

2/27/2012 – Searchlight Area

2/21/13

2/14/14- Tule Springs Park

### **Battle Mountain**

July 30, 2010 – Tour of Newmont  
Phoenix Mine

### **Tonopah**

8/15/13 - Solar Reserve Plant

8/16/13 - Tonopah Mining Park

