



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:
Tuesday February 24, 2015 at
Clark County Government Center
500 S. Grand Central Pkwy. –Commission Chambers Las Vegas, Nevada 89155
9:00 A.M. P.S.T.

Attached with this notice is the agenda for said 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:

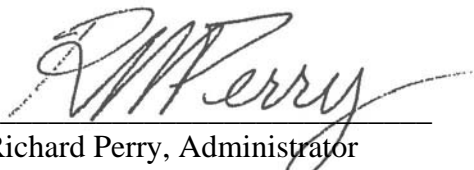
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DIVISION OF MINERALS- CARSON CITY AND LAS VEGAS OFFICES
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CLARK COUNTY GOVERNMENT CENTER-LAS VEGAS

The public may contact Valerie Kneefel at (775) 684-7043 or Email 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

Dated this 13th day of February, 2015

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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Clark County Government Center
500 S. Grand Central Pkwy. –Commission Chambers Las Vegas, Nevada 89155

Tuesday February 24, 2015

9:00 A.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 December 11, 2014 meeting minutes

FOR POSSIBLE ACTION

II. NEW BUSINESS

- A. Election of Chairman

FOR POSSIBLE ACTION

Chairman Fred Gibson communicated at the last Commission meeting his desire to step down as Commission Chairman.
Per NRS 513.043(1), the Commission needs to elect a Chairman.

- B. Biennium Budget Presentation

FOR DISCUSSION ONLY

Administrator Perry will present the NDOM budget submitted to the Dept. of Administration in Sept. 2014

- C. Financial Update- Mike Visher

FOR DISCUSSION ONLY

The Deputy Administrator will report on YTD revenues and expenditures, including claim fees and OGG fees.

- D. Update on Donation Requests and Approvals

FOR POSSIBLE ACTION

Consideration of annual educational support to UNR/Mackay. Mackay Director Russ Fields will present an accounting of where NDOM support was used in the past year and proposed for the next year.

- E. Discussion of the need for a scoping level study for a concentrate smelter in Nevada

FOR DISCUSSION ONLY

Strategic discussion on the idea of a “business study with technical input” to evaluate if there is a need for a base metals concentrate smelter in Nevada.

III. OLD BUSINESS

- A. SB44 Update – this bill seeks to change the way permit fees are charged for oil and gas drilling. The Bill has been directed to the Senate Natural Resources Committee. The Administrator will report on the status of SB44.

FOR DISCUSSION ONLY

- B. AML Database Update/ AML 2015 Plan
Rob Ghiglieri will present an update on the AML database project.

FOR DISCUSSION ONLY

- C. Mining Claim Form Task Force update
At the December, 2014, CMR meeting the Commission Directed Staff to form a task force to review certain language on the mining claim forms which are available on the Division web site. Task force members Bryan, Visher and Perry will report on progress.

FOR POSSIBLE ACTION

- D. NBMG Activity Update
Jim Faulds

FOR DISCUSSION ONLY

IV. STAFF REPORTS

- 1) Mining/Reclamation Bond Pool – Mike Visher
- 2) Oil, Gas, and Geothermal – Mike Visher
(Oil and geothermal drilling update)
- 3) Education Outreach Update – Bill Durbin
- 4) Correspondence

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ACTION WILL NOT BE TAKEN

COMMISSION BUSINESS

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

ADJOURNMENT

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I. MINUTES

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
Thursday, December 11, 2014 – 1:00 p.m.
DCNR/Division of Water Resources-Tahoe Hearing Room
Suite 2002
901 S. Stewart Street
Carson City, Nevada 89701-5250

COMMISSIONERS IN ATTENDANCE:

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

ALSO IN ATTENDANCE:

Lowell Price (NDOM)	Erik Langenfeld (NDOM)
Mike Visser (NDOM)	Rob Ghiglieri (NDOM)
Lucia Patterson (NDOM)	Bryan Stockton (Deputy Attorney General)
Bill Durbin (NDOM-LV)	Russ Fields (UNR/Mackay)
Rich Perry - Administrator (NDOM)	Alan Coyner (Ret.)
Valerie Kneefel (NDOM)	Jaron Hildebrand (NTA)
George H. Taylor (Attorney General's Office)	

CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

Chairperson Gibson called the meeting to order. Valerie Kneefel took roll call 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. Chairperson Gibson asked for any public comments and asked if Alan wanted to say anything. Alan Coyner just responded with hello. No other comments were made.

I. MINUTES

A. August 28, 2014 Meeting

ACTION TAKEN: John Snow moved to approve the August 28, 2014 meeting minutes. Richard DeLong seconded the Motion. Motion carried unanimously.

II. NEW BUSINESS

- A. **Open Meeting Law Training** – Presentation on Nevada Open Meeting laws by a representative of the Attorney General's Office by George Taylor.

With presentation material, George Taylor discussed the open meeting law; 2014 legislative amendments. Mr. Taylor informed everyone to start in the very back of the PowerPoint®, and it was noted that it was an actual Army flowchart. Mr. Taylor then instructs everyone to flip back over to the front. He then turned to page 7 and right in the middle of page 7 is a short primer, a member's short primer for protecting your public and private

communications on electronic devices. He stated that this is a cutting edge issue for open meeting laws. He stated there is no law in Nevada and he was not there to tell them what to do or how to do it, but he wanted to raise consciousness, going through other state's case law with regard to members of public bodies using smart phones, tweets, Instagram, or any type of electronic communication, especially emails. He stated as long as you know the ground rules and as long as you know that there's a good possibility that if a member of a public body is conducting business on their smart phone, sending emails and so forth, it may be discoverable. He stated that's not the law in Nevada, but they have some cases that are close and he'll mention those kinds of cases. The last slide on page 7 is for public disclosure about private emails, text, Twitter feeds, or any other communication which public business is discussed or conducted whether on a publicly-owned smart phone or a publicly-owned electronic device and even if it is privately owned. Many public bodies, for example, Marshall County School District Trustees, are paid a stipend from the district to use their personal smart phones to communicate with the district, so they're paid for that. There may be other instances in the state. He has not done a survey but does know it is possible. In every public talk that he gives to public bodies, someone either comes up later and says, well, we use our smart phones or emails to communicate with each other, and that's not exactly what he means. It's not exactly the same thing as conducting public business. He believes the courts that have looked at it have concluded that conducting public business means actually deliberating or making a commitment, not exactly voting, but making a commitment is still a problem under the open meeting law, a problem for members of a public body.

Commissioner DeLong asked if he was drawing a distinction between discussions and deliberation.

Mr. Taylor stated that was a good question, and that for purposes of the open meeting law discussion it is the same thing, to assume that. In the dictionary, of course, it is not. Discussion is a much bigger definition than deliberation, but deliberation clearly connotes that you are discussing something with the idea of reaching a conclusion and voting on it, coming to a conclusion. He stated, but just to be on the safe side he suggests that members of public bodies treat the usage of the word discussion as synonymous with deliberation as far as open meeting law goes.

Commissioner DeLong then asked if Mr. Taylor is drawing a distinction between smart phones and laptops.

Mr. Taylor stated no, any electronic device. He meant to include all of them. He just used the smart phone as the first thing that came to his mind. He stated that anything that's capable of sending an email, Twitter, and even Instagram, but email is primarily what he's talking about. He went on to say that when there are questions as he goes through this to raise hand and they'll talk about it then. He hopes to leave time at the end for questions about anything else. Mr. Taylor proceeded to page 8, the slide at the top, right to privacy. That's where many people and people who are members of a public body, you have a right to privacy. There's nothing in your private life that is subject to disclosure. It's only when this combines here, when you commingle with your private life and your public business, and then it's up to the courts to decide; that is those courts that have looked at this and for which there is some law in their jurisdiction about these kinds of things. Your private life is your private life and your private business. Mr. Taylor then directed to the middle slide, and this is fairly recent, Landmark vs. EPA. This is in federal court and is still in federal court. The requestor, which was Landmark is a think tank in Washington D.C. and they're a watchdog over the EPA. They asked for any and all EPA records indicating that the EPA may have deliberately slowed or delayed issuance of a controversial regulation until after the presidential elections, so it's going back to 2012. I just checked and it's still hanging around in the district court of the D.C. circuit. Mr. Taylor then directed to the second bullet of the slide.

Commissioner Snow asked Mr. Taylor if there's a FOIA process for the state or is that only a federal process.

Mr. Taylor stated FOIA is the federal process, but what has happened is that many states like Illinois and Washington have adopted FOIA, and it's called the Illinois FOIA or the Washington State FOIA, but that Nevada did not.

Commissioner Snow then asked for confirmation if Nevada has adopted the FOIA.

Mr. Taylor confirmed that Nevada does not have a state FOIA. He adds that they do have State Public Records Act that's in Chapter 249. His office goes over every year, every session, with a request for something to make public records a little more clear. He states Nevada is one of the few states, if any, that does not have a definition of public record. He informed that they will be going to the legislature this year and asked them to put a definition of a public record there and trying to raise consciousness. Mr. Taylor continued on to page 8, the second bullet. The federal court found that further discovery was necessary in the Landmark vs. EPA case regarding, "possible exclusion of

relevant personal emails of certain high-level EPA officials." The court furthermore noted the existence of a Congressional investigation into whether the EPA regularly used private communications to conduct agency business to avoid FOIA obligations. Mr. Taylor noted though this is at the federal level and is only using this case as an example since it received so much press and media attention in Congress and in print media. Mr. Taylor then continued on to the last slide informing that the district court stated that the record left open the possibility that the agency had engaged in bad-faith conduct by excluding top politically appointed leaders of the EPA from its initial response to the FOIA request. He stated that generally when a FOIA request is made all the federal agency has to do is show good faith in making things available. If it does get to court and the court determines it was in good faith or they made a reasonable effort, that's good. It doesn't go beyond that. In the Landmark vs. EPA case, the judge thought Landmark has made a case here for the fact that their replies were not made in good faith and the court ordered discovery be conducted into whether and what extent the EPA officials utilized their personal email accounts to conduct official business, and this case was still there. He stated there are also state cases he's looked at, like Illinois and others, that have considered these and by in large it's the issue of determining whether they had conducted public business, even discussions of public business. That's the issue for the state cases. The state cases are not all the same and some have come to different conclusions. He further stated that there's no doubt if you're using your smart phone and laptop in a public meeting like this that someone, the media, could ask what you're doing and who you're texting and that sort of thing. He asked to remember he's only trying to raise consciousness because Nevada has no law. His bottom line is to be careful and realize that if you do use your laptops and smart phones in public meetings that if the media ever asks for it just make sure there's nothing in there that you wouldn't want to be disclosed, no private business to be disclosed. He asked for any other questions concerning other slides in his PowerPoint©. He also pointed out the Nevada Supreme Court said the open meeting law does not prohibit every private discussion of a public issue by members of the public body or even forbid lobbying for votes, but a quorum must not be involved. He stated that the Commission can talk with each other but to make sure there's no serial communications and no quorum of the body is implicated in any discussion.

Commissioner DeLong asked Mr. Taylor to define serial communication.

Mr. Taylor defined serial communications using an example that Bryan and himself are on a public body and are talking about something coming up on our agenda for a zoning issue and talking about the issue coming up and discussing it and deliberating as far as two people. The public body they're on has five people and just the two are talking about it. Then one decides to call John Snow and let him know what we talked about it and see what he thinks, so serially we've had this communication, called John, and discussed the ins and outs of what we discussed and what our conclusions were and even if I just leave it at that all the sudden we've created a serial communication among a quorum in that hypothetical public body.

Commissioner Bryan asked if that's allowed.

Mr. Taylor responded it is not allowed.

Commissioner Bryan asked on their body that they have seven, that three can get together and talk but if they bring in a fourth even afterwards that they can't do that.

Mr. Taylor responded they can't do that. Mr. Taylor goes on to discuss committees and what they do. He informed that committees are subject to the open meeting law because if a committee is created it also is subject to the open meeting law. He went to page 5 where it states to the extent a group is appointed by a public body, a committee for example, it is given the task of making decisions or even a recommendation coming back to the public body, the group would be governed by the open meeting law. He went to the next slide that stated if a recommendation to a public body is more than mere fact finding. He stated fact finding is okay and the legislature defined deliberation the last session and fact finding is no longer in the definition. If a committee engages in more than mere fact finding then it is subject to the open meeting law.

Commissioner Bryan asked if he said that fact finding is no longer a part of the definition

Mr. Taylor stated fact finding is not in the definition of deliberation and fact finding is okay to do.

Commissioner Bryan then asked if they could have five people on a fact finding mission.

Mr. Taylor confirmed that would be all right to do as long as a recommendation is not made as on page 5 of the last slide where it shows the change in law that says deliberation means to collectively examine, weigh, and reflect upon the reasons for or against the action or a choice.

Mr. Stockton stated, if you come back with more than facts to the Commission and you say we looked at all the facts and we liked this one then that's a violation.

Mr. Taylor stated, if you send a committee out to various lines or gather some facts about production, a lot of that stuff is done by staff, but if there's any fact finding you have to do, that wouldn't be subject to the open meeting law.

Mr. Perry asked, what if there's been a taskforce formed and they don't have a quorum and they're mostly staff and the Commission has asked staff to form a taskforce to go out and do something in particular, but sometimes there's a Commissioner with that specialty on that taskforce then that's okay.

Mr. Taylor informed that scenario is okay. Mr. Taylor used that as an example where a Commission has given an instruction to staff and staff creates the taskforce and staff asks one of the Commissioners to join or less than a quorum to join because of the expertise, then that is okay.

Commissioner Bryan stated that a taskforce is like a fact finding body.

Mr. Taylor stated, no, it's another example and not fact finding and they're not subject to the open meeting law because they're not a public body, they're staff, and they were not created by the Commission. The Commission asked the staff to create the taskforce. Mr. Taylor stated an example where the administrator is given the authority to use the staff he wants and appoint staff or appoint one or two Commissioners, and that avoids the open meeting law.

Commissioner Parker asked what if they come back with a recommendation.

Mr. Taylor said that is fine and they are not subject to open meeting law. The taskforce can make recommendations and bring anything back that they want.

Commissioner Bryan stated, they couldn't appoint the four of us to that taskforce?

Mr. Taylor stated, not four.

Commissioner DeLong asked, if the Commission went on a fact finding activity, does it have to remain less than a quorum?

Mr. Taylor replied no, it's okay. Mr. Taylor gave an example of traveling to the mines and everyone would go out and talk and was altogether, and that was fine.

Commissioner Bryan stated they had always posted those under public meeting.

Mr. Taylor stated that was always done even then and invited the public to accompany. He doesn't think what he's describing is any different than what's been done in the past. He just wanted to make sure that with the advent of the smart phone and email and the laptop that anything Commissioners put on their laptop that is business related may be discoverable and to keep that in mind.

Commissioner Bryan then stated, on the other hand, anything that you write on a piece of note paper.

Mr. Taylor stated he presumes but won't go there. He was just speaking on electronic communications and would defer to Counsel Bryan Stockton about a piece of paper.

Commissioner Mudge asked a question about being on a subcommittee and being asked to go out and meet with someone in gathering information and has that meeting and composes an email and sends it to the subcommittee or maybe send it to the Commission, is that okay or does that information that I gathered and maybe that includes some figures of mine that needs to be disclosed?

Mr. Taylor stated, it's an important issue and has done research on it. If one member of a public body sends an email to all the other members of the public body and even if the email has conclusions in it, recommendations, that sort of thing, what happens; is that illegal? Mr. Taylor said in his review backed by case law is that the passive receipt of an email to another member of a body does not offend the open meeting law, at least not in the state of Washington and California and other states. Mr. Taylor read on passive receipt, if you receive something from one of your members and you don't do anything with it, you don't do anything with it, you just receive it, you don't respond, don't hit reply all, don't respond to someone else, so in this State of Washington case the court concluded that an exchange of emails can constitute a meeting but the mere use or passive receipt of email does not automatically constitute a meeting. It depends on what you do with it after it's sent. The court explained in this case there was a meeting by email and it explained how it happened because after a school board in Washington sent emails to each other, then the board started discussing various emails with each other and going back and forth. There's nothing in Nevada according to the research Mr. Taylor has looked at have stated the passive receipt of an email does not offend the open meeting law without more activity.

Mr. Stockton stated that what he's done in the past, if there's something big going on and I have to email everyone, he will send an email but it will say in the email not to reply to everybody, only reply to him. If there's litigation going on, he'll communicate to all the Commissioners but if you reply all then the open meeting law has been violated whereas if you just reply to him the law is not violated.

Commissioner Parker stated about the passive to just reply and say thank you for the information.

Mr. Taylor stated that would be fine. He asks for any further questions regarding the PowerPoint© or anything discussed.

Commissioner Bryan thanked Mr. Taylor for his presentation. Mr. Bryan also stated his name and explained he is the Vice Chair of the Commission on Mineral Resources and is in charge for the meeting because Chair Gibson is on phone but out of town.

Administrator Rich Perry introduced the staff in attendance including Lowell Price, Rob Ghiglieri, Erik Langenfeld, Mike Visser, Bill Durbin, and Lucia Patterson.

Commissioner Bryan then asked for others in attendance to identify themselves.

Mr. Russ Fields introduced himself as the Director of Mackay School of Earth Sciences and Engineering, University of Nevada.

Mr. Alan Coyner introduced himself as former administrator of Nevada Division of Minerals.

Mr. Jaron Hildebrand introduced himself with the Nevada Trucking Association.

Commissioner Bryan welcomed everyone to the meeting and proceeded to the next agenda item.

NO ACTION NEEDED

B. Nevada Earth Science Teachers Workshop

Administrator Rich Perry, Division of Minerals, reviewed a letter from the Nevada Mining Association requesting a continued partnership for the Nevada Earth Science Teachers Workshop that is co-sponsored by the Nevada Mining Association and the Nevada Division of Minerals. This historically has been an amount of money that the Commission has donated for this cause, and the Commission does the direct purchasing of materials for the teachers workshop, so it doesn't go to the Nevada Mining Association directly but we purchase the rock boxes, the earth science reference books, hand lenses, and other materials for the workshops and also typically pay for the bus fee for the teachers to go out on a field trip for the one that's in Las Vegas in March/April and the one which is in Northern Nevada in July. Dana Bennett, President of the Nevada Mining Association, and Patti McClelland, Chair of Education Committee, were planning on being here but were unable due to weather. The Commission has budgeted for, it's consistent with what the Commission does, and is a proper use of the funds and consistent with the statutes.

Commissioner Parker stated he didn't realize there was direct purchasing power for this. He had thought it went through the Nevada Mining Association and was glad for the clarification.

Commissioner Bryan stated the Commission has done this for a long time and asked for a motion to approve.

Richard DeLong moved to approve the Motion for request for financial support. John Snow seconded the Motion. Motion carried unanimously.

C. 2014 Mining Claims

Administrator Rich Perry indicated he would like to give updates every year because the numbers for the mining claims are in and Lucia has mined those numbers and has something to report and thinks it is appropriate to look at these every year because it has such a large impact on the revenue, so we're kicking this off as an annual affair.

Commissioner Bryan asked Lucia to introduce herself.

Ms. Lucia Patterson stated she is from Susanville, California and received Bachelor's Degree at Chico State University in 2006 and started at the University of Nevada-Reno in 2006 doing Master's Thesis under John Muntean with the Nevada Bureau of Mines and Geology. Ms. Patterson's Thesis was entitled "The Hydrothermal Footprint of Carlin-Type Deposits at the District Scale from the Jerritt Canyon Mining District in Elko County, Nevada". She finished the thesis in 2009 and started working with Staccato, which later became Timberline Resources in 2008 and worked with them up until this last year. Ms. Patterson did some contracting this past year helping people interpret stratigraphy out in Eureka.

Commissioner Bryan thanked her and asked her to proceed.

With a PowerPoint© presentation, Ms. Lucia Patterson gave an overview of the 2013/2014 versus 2014/2015 claim assessment year with some statistics. First, an assessment year is defined as being a period of time between September 1st of one year to September 1st of the following year; for example, the 2014/2015 assessment year would be from September 1st of this year to September 1st of next year. Ms. Patterson informed she used the abbreviation A-Y throughout the presentation. Ms. Patterson moved on to the next slide showing a comparison of the active claims between the 2013/2014 assessment year and 2014/2015. This year has 176,198 active claims in Nevada, which is an 8.5% decrease in claims from the prior year. Ms. Patterson did research in regards to which claims were owned by producing claimants versus exploration claimants and approximately 52 percent of all active claims in Nevada are held by exploration or non-producing claimants and 48 percent by producing claimants such as Barrick and Newmont and other small producers. Ms. Patterson's next slide showed a chart of the distribution of the claims per county with Elko County and Eureka County holding the most claims in the state and descending down to Storey County and Carson, which have the least amount of claims. Ms. Patterson's final slide showed a slide of the revenue that the Division gets from the counties from the claim fees. The red line is the 2015 assessment year and the data is only through September because a lot of counties pay quarterly, and basically the message is getting back down to 2011 in terms of the claims.

Commissioner Bryan asked for any questions. With none indicated, he thanked Ms. Patterson for her presentation and felt it's good to know the exploration versus the production.

NO ACTION NEEDED

D. RAMS Database Project

Mr. Rob Ghiglieri gave his presentation on the database upgrade project. In March of 2014, the U.S. Army Corps of Engineers, Restoration of Abandoned Mine Sites (RAMS) program was going to receive funding for this year. It had been a while since they had received it. In 2008, NDOM used that funding to get into the ArcMap database. Everything was digitized, and now the next steps are being taken to try to create a geo-database system off a virtual server host system that is going to be hosted on Enterprise IT, so the state IT system. In April, funding was requested. Last October official word came that TerraSpectra Geomatics of Las Vegas, Nevada was awarded the contract through the Army Corps of Engineers. So they actually are currently working on building a new SQL server system database. There are four main tasks of the database: one, develop a new AML database which is similar to what exists but have many more capabilities; two, develop a web application hosted on a virtual service

with a limit of 10 users; three, photo optimization and geotagging, which is redigitizing and having everything in one spot; and four, create an application for the end-user mobile device which is basically digital field logging with ruggedized tablets with an RTS program background having the two basic maps and with all the information needed already logged into it, take the photos, log the hazards, update, tag the photos, and upload directly to the database skipping the manual data entry saving a lot of time.

Commissioner DeLong asked if they can actually get tablets with GPS that are submeter accuracy.

Mr. Ghiglieri responded saying they don't need submeter accuracy for what they're doing and two to three meter accuracy is good enough. GPS submeter accuracy is available, but they cost \$7,000. NDOM is not looking to purchase any of those features, but yes, they do have the tablets that get sub-foot accuracy. In regard to timeframes, Mr. Ghiglieri will meet with TerraSpectra in Las Vegas to discuss future development. TerraSpectra has a format for the new database but hasn't transferred any data yet, so Mr. Ghiglieri will go over that with TerraSpectra and perhaps by the end of the month they'll have a draft database. It is to be implemented by May before the interns start. However, the digital field logging will not be implemented until later in the year so they know what approach to go to; it'll be tested over the summer but won't be implemented directly until the end of this year or beginning of next year. NDOM will incur some costs. NDOM has to purchase ArcServer, at an initial price of \$5,000 with an annual license of \$1,250 and also the GPS devices at a range of \$800 to \$3,000 looking at the \$1,500 range. Also, the platform to be used is still being looked at. Mr. Ghiglieri then talked about the existing format of the database. The existing process has a Windows workstation connected to a drive on the business industry server. Everything goes in and out of that, must be logged onto their server. This allows for human errors. There are no safeguards from accidentally deleting or removing files; no double-checking; allows for overwriting existing data without going back unless having a safe copy. The new setup will have a Windows 2012 system, the SQL server. That will be at Enterprise IT. Inside of that, there will be a database for the photos, a geo-database inside the SQL database so they will be interacting, and also an Arc GIS server to allow web-capable mapping features. Then comes out to a forms and reports map viewer by a third-party software. The web application is what TerraSpectra is building currently. Everything is going to be run from the desktops, and the only difference is that log in can happen anywhere from house or hotel, et cetera and will allow immediate work so this will allow us to skip many steps. There also will always be the ability for hand entry from claimants, companies, et cetera. That capability will always be there.

Commissioner Bryan asked if you click on a feature, will that feature have all the history of all the visits in the past.

Mr. Ghiglieri answered, yes.

Commissioner Bryan then asked, in other words, you'll be able to say, okay, we've had to go back and re-fence this thing six times and that's going to tell you something that maybe you should hardwire.

Mr. Ghiglieri answered, exactly, do a physical hard closure on those, and that's what they're doing right now. With the new database currently, they're combining so it's all one table and list every time they were there, what was done on each trip, so they will have a list of what was done and who did it.

Commissioner Bryan asked that every bit of information including correspondence to the claim owner or whatever, would that be there?

Mr. Ghiglieri explained it will be in the notes and may be limited to character length. When Mr. Ghiglieri meets with TerraSpectra he will discuss what's a character length for the notes, because the more you add, the larger the files get, and there's a restricted size. To go bigger, it will cost more money so they are trying to keep it under the 40 gigabyte limit.

Commissioner Snow asked as far as being dedicated to the contractor, how do you envision it evolving for maintenance in out years and is this something that we'll internally be able to take over or will there always be a contractor need.

Mr. Ghiglieri stated right now the contract is open until June of 2016 and there's still ability to add more funding to it. Currently, they're trying to get it developed and trying to get a little background history in SQL to where once it's built they're going to build it to where we can modify it ourselves from that point forward. Mr. Ghiglieri stated that they've had that talk and that's the way they try to build databases. They're going to build it simple enough to where if we need to add a field it will be very simple to add a field and won't take much coding. It may come down to at

one point in time to put a contract out if there's the need for a complete revamp, but they are trying to predict to the future so they don't have to do that.

Commissioner Parker asked, if these people have had similar experience with developing these?

Mr. Ghiglieri stated they are building currently the Navajo Nation's database for the AML. They also dealt with us in 2008, so they saw what we have. They've already got us to the point where we are digitally with being able to have everything in this access database. They are also starting the NDEP database now for their AML program.

Commissioner Bryan asked for further questions, with none indicated and thanked Mr. Ghiglieri for his presentation.

E. Letter from Commission to UNR-Mackay

Commissioner Bryan introduced Rich Perry.

Mr. Rich Perry referred to a draft letter that Commissioner Mudge and Commissioner Bryan requested. Mr. Perry stated Commissioner Mudge had done the final editing to communicate to the School of Mines what the status of financing was and the condition. Mr. Perry then referred to Commissioner Mudge for comments.

Commissioner Mudge stated that when the committee that was formed to look at the mining claim fees got together, one of the topics was the funding that NDOM has provided over the years to the Nevada Bureau of Mine and Geology and the fact that over the years the funding from the university had fallen off and NDOM was in position to be able to step up and fill the void left. So through discussion, Commissioner Mudge had been tasked with visiting Dean Jeff Thompson of the College of Science about the university's plan on funding going forward through the Nevada Bureau of Mines and Geology with the thought of letting them know that NDOM revenues are down and won't be able to fund even close to the level we're at. NDOM recognizes that revenues were up some at the state and we're hopeful that the university and the College of Science could allocate more funding for the bureau. So Commissioner Mudge and Jeff Thompson had a good discussion, and of course, Jeff and the College of Science are great allies of NDOM. Mr. Thompson assured he was well aware of the situation, and he's met with folks with the bureau and he was working on things to help. Mr. Thompson said it's difficult to have limited teaching roles and difficult that they're not right on campus, but he was working on it. Mr. Thompson said what would be helpful if Commissioner Mudge continued to convince the university that you, as the Commission and Division, let me know the importance of the Bureau of Mines to the industry. So that was discussed and agreed that a letter from NDOM to him stating that importance would be a good idea. So Commissioner Mudge talked with Rich Perry some and felt like putting it all in context in terms of our support over the years, our support from Mackay, but at the same time the revenue has dropped a lot and what we were planning on supporting going forward and what we weren't going to be able to support going forward. Specifically, being able to continue the claim fee money that we committed to but backing way off on bureau funding, at least any new commitments on funding. So I think Jeff got it and Rich and I talked and we drafted up this letter that's in the packet here, so consider approving. Commissioner Mudge then asked for any questions?

Commissioner Bryan asked if everyone has had a chance to look at the letter. With no indication, he then asked for any other comments.

Commissioner Parker commented if it was considered to cc the Governor's office, whether that would be advisable.

Mr. Perry stated he thinks it's more applicable just to the university on this so doesn't think that would have any impact.

Commissioner Henderson asked that for the \$2 that's given to support, do we have any control where that \$2 goes; are we able to direct that money in any way, or is it just given to them and they do as they wish?

Commissioner DeLong stated that Russ has always come in every year and presented the budget for our concurrence, so we do see where it's going and are able to weigh in though Commissioner DeLong would not say they have any direct control over it.

Commissioner Mudge commented, he thinks Russ had communicated that some money has been routed to the bureau. If you go back to the agreement that we had with the university and the basis for the original work that led to

that claim fee, it was very specifically cutting the mining engineering program in half and asking the industry and the Commission to make up for those monies and we were able to do that with the claim fee. Commissioner Mudge felt it was very specific that it was to be for education purposes in mineral disciplines.

Commissioner Bryan stated that down at the Nevada Bureau of Mines and Geology they have more of an education commitment up at Mackay and could that qualify for what the original intent of that \$2 is.

Commissioner Mudge responded possibly.

Commissioner Bryan asked if Russ would like to say something.

Mr. Russ Fields, Director of the Mackay School of Earth Sciences and Engineering, which is within the College of Science and reports to the Dean of the College of Science to whom the letter is written stated that with regard to the \$2 fee as Commissioner Mudge indicated, that was spawned at a time when the university was faced with some very significant cuts and looking at all of the units within the university it was clear that mining engineering was an area that based on cost per units of production, that mine engineering was not a real efficient operation. Dollars were cut from the university's budget, effectively cutting in half the budget for mining and engineering at the Mackay School, but it was this Commission under the leadership of Chairman Gibson and John Mudge especially who led the charge to actually go out and seek a funding mechanism that could be used to help offset that one half or so cut in the budget of the mining and engineering department. Like most units of government, the highest cost aspect of the unit was personnel, and that equals faculty. So in order to carry out the teaching mission we were faced with needing to support faculty. And that's where all of the \$2 claim fee has gone. And Commissioner DeLong is correct, I've come back to the Commission numerous times on a near annual basis to show actually the individual faculty who would be supported together with their other supports all within the mining and engineering department. And it wasn't for approval with the Commission; it was just to make sure that we were doing our due diligence of keeping this Commission informed of how those dollars were being spent.

Commissioner Bryan asked Russ if the university is stepping up to the plate in the helping with salaries for the mining and engineering folks more than they have in the past.

Mr. Fields stated the only place we've seen relief in operating costs from the university has been in the operations, other than faculty, for example the staff operations. We've gotten some equipment able to support staff but the quick answer right now realizing that we've got a legislative session coming in the future is not yet. The question was asked, could these dollars be used for anything else? I think technically the language in the agreement is mineral exploration and production. I think it could be shunted into other things, but clearly the objective of that money in the beginning was mining and engineering. We still have substantial needs even while funding is going down, so I would doubt it would be a decision in Jeff's area or certainly in mine to shunt away from our basic mission, which is teaching.

Commissioner Bryan stated but yet some of the Nevada Bureau of Mine people now are teaching; right?

Mr. Fields responded yes. In fact, each of the faculty members within the Bureau of Mines and Geology, and that includes everyone from the Director, Jim Faulds, on down to the most recent research faculty within the bureau has a .25 FTE. That's 25 percent of their time is to be picked up in the Department of Geological Sciences and Engineering, which is the academic unit in geology of the Mackay School. So that is going to be directed at teaching.

Commissioner Bryan asked John Mudge, where do we want to leave this?

Commissioner Mudge hoped to get approval from the Commission of this letter and Fred's name is in the signature block so if we can approve it and have Fred sign it and send it to Jeff.

Commissioner Bryan stated he likes the last sentence that says, "I would appreciate the opportunity to talk with you more about this and to help explore options." Commissioner Bryan thinks that says it all in the letter.

Commissioner DeLong stated he has one edit to the second to last paragraph, last line. He thinks it should read committed to funding this program through 2018.

Commissioner Bryan stated, good point.

Commissioner DeLong stated other than that, the letter reads really well and certainly has his support.

Commissioner Bryan asked for a motion.

Richard DeLong moved to approve the draft letter. David Parker seconded the Motion. Motion carried unanimously.

F. Discussion of Commission Bill Draft Request 46-344

Mr. Rich Perry presented the discussion item on the discussion of Commission Bill Draft Request 46-344. He stated from the standpoint of the Commission and the Division, he really sees it as the most critical item they have to accomplish in the next eight months. This, of course, is the bill draft request that the Commission approved when they went through the logic of how much they were raising in fees in the oil and gas program and the realization that they were pretty far under water and they went through the promulgation of the hydraulic fracturing regulations last year which require them to be in the field significantly more before and the time spent. So this bill, they drafted and it went through the Governor's Office. It's one of his 110 bills that he introduced from other state agencies, and they were asked to talk to and communicate with the oil produces and they did that by conference call and in person to achieve the consensus that, yes, they were onboard with this. That was important to the Governor's Office. It actually has the draft from LCB, which acts as a cover sheet to this, but that doesn't become public until December 22nd that will come out along with all of the other ones. There's a protocol to the whole draft and their release to everyone, the public, legislators at the same time. This particular bill will require a two-thirds vote because it does impact financing. That was established by LCB in their review. So it means that in reaching out to legislators they will need to do that with both parties because neither party has two-thirds. So from his standpoint, what he's asking the Commission to do is to meet with legislators that you know now that the election is over and they know who is going to be there, to reach out to them. Mr. Perry stated he will reach out to as many as he can and has talked to several already who are supportive of it; Pete Goicoechea, John Ellison, and Jim Settlemeyer. They've got a lot more people they need to talk to about this to socialize it with them. When Mr. Perry talked to them, he took this copy of it and said we did the hydraulic fracturing regulations but we're way under water on fees. He gave them a copy and said can you support us on this? The questions he had were, you want to remove the \$200 fee from here. One particular senator asked who actually approves the new fee, and Mr. Perry reiterated it's the Commission that does that, not the Division, so it's not a state agency that sets the fee. The Commission, who is appointed by the Governor and are outside folks are the ones that would set the fees ultimately. And the way this is written it is to set reasonable fees for the review of plan specifications and changes thereto by the administrator and for services provided by the Division that allow them to collect enough money. So it really means just enough to cover the program, and we've estimated that somewhere around \$160,000 a year. Mr. Perry was hoping to generate discussion how they move forward and talk to legislators to get some help on this one.

Commissioner Bryan stated to be careful to start making too much strategy and then you're deliberating.

Commissioner Henderson stated one thing is to remind the people you talk to is our drilling permit fees are \$200 and BLM is \$6,500 so there's a big discrepancy, and we do operate in parallel and we do a little extra than they do with the area of review and different things like that. So that's one way, when we're discussing this we can give a little bit of credibility to this \$200 fee being too low.

Commissioner DeLong asked Mr. Stockton if their discussion with any of the legislators considered lobbying.

Mr. Stockton stated he'll have to get back to them on that. He hasn't been asked that question before so doesn't know the definition of lobbying.

Commissioner DeLong stated his concern is if they need to be registered then to talk to someone other than our own legislator.

Mr. Stockton stated he'll have to look up on that. He doesn't think so, but he needs to do research to make sure. He'll send an email out that lets everyone know what he comes up with.

Commissioner Bryan stated he's been down lobbying on behalf of other organizations but personally talking to every legislator you can find. This was for the Nevada Mining Association, the exploration group.

Mr. Stockton stated that other Commissions have done that too. He's just never been asked if that's lobbying or not and whether they have to be registered, so he will look into that.

Mr. Perry stated, the comment the Governor's Chief of Staff gave when this was approved and they called him over is tell your Commissioners they're now free to talk to legislators about this bill.

Commissioner Mudge gave some thoughts on it would be good to generate two or maybe three talking points, pretty simple concise things to be saying the same thing to help explain what they want to do. Another thought is it'd be a good idea to educate Dana Bennett and the relations groups at the Nevada Mining Association on this so they can be supportive or at least not opposed. A third thought is just the politics, the legislative session and logic doesn't necessarily win the day and it strikes him that they could have some advisor that could help us figure out the way through that legislative session would be helpful.

Commissioner Bryan asked who Commissioner Mudge would suggest.

Commissioner Mudge stated he thinks there are a number of people. Paul Enos is really astute when it comes to that, but the question is does that outside hiring a lobbyist and can we even do that.

Commissioner Bryan stated he wouldn't think so.

Mr. Perry commented that he can develop some talking points and pass those out to the Commissioners. He stated that he is meeting with Dana Bennett next week for lunch, so he will do that. Tim Crowley was very aware of that, but he will certainly talk to Dana Bennett and the Nevada Mining Association staff. He's had various presentations to various state agencies a slide of what they have going, so there are other state agencies that are aware of it. With regards to an outside advisor, clearly they can't have any, but Mr. Perry states he knows Noble Energy's folks will be active in this arena too, they are external relations people.

Commissioner Snow asked Mr. Perry that when he works on these high-level talking points would that be something they can envision using like as testimony at committee meetings.

Mr. Perry responded yes. He will make them short and sweet because it's a fairly short and sweet bill, but he can write them such that they can be used for talking points for testimony.

Commissioner Snow also asked in fast-forwarding to one of those, would it necessarily need to be Commissioners or could it be staff that would give the message.

Mr. Perry responded he's sure he's going to get called up as the agency head to talk about the bill when it reaches Senate Natural Resources and Assembly Natural Resources and Mining. The Chairman of the Senate Natural Resources is Don Gustavson. He's been chosen. The Assembly, Mr. Perry states he did hear a name that morning but thinks it's still in flux. The name he heard was Robin Titus, but he doesn't know if it's finalized.

Commissioner Snow stated they have industry support, but do they anticipate any opposition.

Mr. Perry responded, not that he's aware of.

Mr. Stockton clarified a previous question about the lobby question. He was able to look up the statute and there's two parts to being a lobbyist. One, is that you appear in the legislative building so if you're talking to a legislator outside the building then the definition doesn't apply. The second is, communicates with the member of the legislative branch on behalf of someone other than themselves, and so when you talk to them you're talking in your individual capacity, not as a representative of the Commission. Mr. Stockton informs the Wildlife Commission was very careful to do that when they were lobbying for their bills. So you're just to make it clear you're not talking to them on behalf of the Commission; you're talking to them as an individual. You can let them know you're on the Commission and you should clearly identify your connections to the industry and the Commission. So the answer is no as long as you don't go beyond those items mentioned in NRS.218H.080.

Commissioner Bryan asked for any further comments or discussion. No indications are made.

NO ACTION NEEDED

G. Analysis of Certificate of Location Language

Commissioner Bryan passed out a Certificate of Location and Affidavit and Notice of Intent to Hold. Where this came from is for the last 30 years Commissioner Bryan has been using the forms suggested by the Division of Minerals, and sometimes those forms are certainly accepted everyone. It raises question on some legal language. He's always wondered why they appear to be somewhat confusing, some ambiguity. NDOM's attorney has brought this out to them also. We, being the State of Nevada, the experts so to speak on mining claims, we should have this down and it's time to revisit some of these forms. He would like to recommend a review of the forms and possibly some revisions to make them more user friendly and to run them by some mining attorneys as well to get their input. What Commissioner Bryan passed out is generally the form that promotes the inclusion of ambiguous information particularly regarding ownership in the Certificate and Notice of Location forms. There are a lot of forms involved other than the two forms passed out. They are all on the website. The Notice of Intent form allows for ambiguous language of the statute to the date of the Notice of Intent is made or recorded. He's been told it's an irrelevant date, but it starts with a Certificate of Location. This is used by many entities in the state both mining companies and individuals. The first line up there, "The locator hereby certifies that he." Well, it should be the undersigned certifies that it because it could be a person; it could be an entity; a company; et cetera. Down at the bottom, the owner, the claimant, the agent; you're supposed to circle one of those, whichever you are. Well, the locator is the owner. For instance, if Company X is locating a claim, that should be the undersigned; Company X is located by John Doe. If John Doe is locating the claim and it's by an agent, so that would be locator John Doe by See-More Hard Rock, title agent for the locator. It needs to be clearer because when these things are filed, our attorney has brought out the fact that when there's litigation or there's property issues down the road, they have to go in and clean this up as to who the real owner is because there's the locator, there's the claimant, there's an agent, and if you don't put the agent down you don't know if that guy is the locator. So Commissioner Bryan says it needs to be looked at. Then the Affidavit and Notice of Intent to Hold, Commissioner Bryan asks them to read that first paragraph and tell him what it says. He bets a lot of people don't really understand what that really says. He reads, "The undersigned certifies that the owner or claimant intended or intends to hold the mining claims, mill sites, and/or tunnel sites listed from 12:00 p.m. on September of the year before this Affidavit was made until 11:59 a.m. on September of the year that this Affidavit was made and recorded. Commissioner Bryan states if you were to locate something on say August 1st of 2014 but you don't file it until September of 2015, what year are you filing it for? And it's rather confusing. Commissioner Bryan suggests maybe it's time to clean it up because these are suggested forms on our website. Commissioner Bryan told Rich Perry he'd be happy to work with the staff to get it cleaned up. He asked who on the staff Mr. Perry would suggest.

Mr. Rich Perry clarified that Commissioner Bryan wants to form a taskforce to work on this and report back to.

Commissioner Bryan suggested that Dave get involved and he would like to help out, and then come back possibly next time with recommended forms that they would then send out to three attorneys and to Bryan Stockton to make sure it conforms with the statutes, et cetera, but they have some attorneys out there that want to get involved to clean this up. Commissioner Bryan believes it's part of their mandate to clean this up.

Mr. Rich Perry then asked the Commissioner Bryan to assign him that taskforce and he will choose two members of the Commission.

Commissioner Bryan so assigned Mr. Perry a taskforce.

Mr. Perry clarified that he's to report back at the next meeting.

Commissioner Bryan confirmed to report back at the next meeting and for possible action at the next meeting, but not necessarily. They can look at it and tweak it more or some possible action. No motion is needed to form a taskforce. Commissioner Bryan asked for further discussion.

Commissioner DeLong stated he brings up some good points and feels it's worth revisiting it.

ACTION TAKEN: Richard Perry to form taskforce and report back at next meeting

Brief break taken

II. OLD BUSINESS

A. Update on Marigold Royalty

Using a PowerPoint® presentation, Mr. Russ Fields, Director of the Mackay School of Earth Sciences and Engineering at the University of Nevada in Reno, gave an update on the status of the Marigold Royalty. He's talked to the Commission before about Marigold and has given the Commission background on Marigold, so this is for an update. For those that have not seen the Marigold Mine in recent years, it's become a fairly significant open pit mine. In the slide, they're looking at what's called the Mackay Pit. That has to do with the ownership and royalty distribution. The Commission is familiar with this operation. The slide shows a major electric shovel working at the north end of the pit, hydraulic shovel, the truck fleet consisting of 400-ton Komatsu large loader, drilling pattern going over on this part of the pit. These standards are holding the electric cable that is the umbilical to the big P&H shovel, which will be a close-up on the last slide. The unique thing about the shovel is that each bucket load is about 120 tons and three rather full bucket loads is about all one of those 400-ton trucks wants, which is pretty fast. This is the background. This will be repetitious to some certain members like Commissioner Bryan and John Snow and John Mudge. Nevertheless, the University of Nevada owns a square mile of land, section 19 in the particular township in the area of what is now the Marigold Mine in Humboldt County. That ground is subject to a mining lease between the current operator, which is Silver Standard Resources, and the university. This is where the Commission comes in. In 2008, an agreement was made between the university and the Nevada Commission on Mineral Resources where the Commission committed to support a funding mechanism to transfer approximately \$400,000 per year to the Mackay School for money and exploration education. This takes us back to the conversation about the \$2 fee. In turn, for that support, the university, the President at the time, Mil Glick, agreed to share its royalty from the mining lease with the Mackay School. It's also important to note that at the time the production at the Marigold Mine was very limited and there were no obvious plans for major operations in the section of land the university owned. So at the time, it seemed like this may or may not turn into something. Now, what happens to the royalty money that is coming towards the Mackay School? In February of this year, we completed the establishment of the Marigold Royalty Quasi-Endowment Agreement, and this is held within the UNR Foundation. It's a strange term, a quasi-endowment. The explanation is we know this is a one-time arrangement. There is no donor. The endowment will build until mining is no longer taking place. The big part of it is there is no donor. The endowment is where the royalty proceeds allocated for the Mackay School are directed. The proceeds for the endowment are to be used for the educational purposes in the Mackay School in support of mineral exploration and production at the direction of the Director of the Mackay School (Russ Fields) in consultation with the Dean of the College of Science (Jeff Thompson), and members of the Marigold Royalty Endowment Committee. The Marigold Royalty Endowment Committee is made up of the Chairman of the Nevada Commission on Mineral Resources, one other designee from that Commission, two representatives of the Mackay Executive Advisory Board, a representative from Marigold Mining Company (the operator of the mine/Silver Standard), the Executive Director of UNR's foundation (Vice President John Carothers). Mr. Carothers is an ex-official position as are Director of the Mackay School and the Dean of the College of Science. The Royalty Endowment Committee serves in an advisory capacity making recommendations to the Director and the Dean with regard to the endowment. Where we are with the endowment is the royalty payments started to come into the university in late December 2013, late last year about a year ago. The current balance that is now in the Mackay Marigold Royalty Endowment is just short of a million dollars as of yesterday, so approximately \$1,000,000. The spending authority to begin using those earnings is not going to be available until the first quarter of 2015. However, that doesn't mean spending has to start at that time. There is no requirement to spend. It's not a use it or lose it situation. It can continue to build. Those are the kind of decisions that we and the Committee are going to have to be looking at. Now, how endowments at the university work, the endowment is held in the foundation and the monies in the endowment are invested pursuant to a Board of Trustees' oversight over the foundation director. They determine what the suitable investments are for foundation money. The other thing the trustees decide on an annual basis is what is the earnings rate that can be put back to the spending authority and the current rate is 4.5 percent. So the spending authority on \$1,000,000 is \$45,000, which is nice but to have enough of a fund to identify and attract a chairman of a department it's probably in the neighborhood that you need spending authority around \$300,000 or so. So it's a start. It's not going to make huge changes, but it is so important to have this mechanism, and we've learned a lot about the Marigold Mine in Section 19, and it is in an area that they expect to be mining for several years at least. The other thing learned about this particular section, and Administrator Perry is cognizant of this situation, the cutoff is .005 and high grade is .035. Those are OPT. The recent decline in the price of gold, at this point; no changes are immediately planned at this mine. You can see with a mine operation like this that that's a

fairly narrow margin. This is the large shovel shown at the beginning. This is P&H 4100. That holds nominally 120 tons. This holds 400 tons, which is rather impressive. Mr. Fields states that he had the good fortune after visiting the mine March of last spring of accompanying Fred Gibson and some other friends out to the property.

Commissioner Gibson stated he had a nice time visiting the Marigold Mine.

Mr. Fields stated he'd be happy to answer any questions.

Commissioner Bryan asked for any questions.

Commissioner Mudge asked if there's any kind of rough forecast going forward.

Mr. Fields stated they did, but he believes it's being revised on a near daily basis at the mine, so he has nothing he could tell you with any degree of certainty.

NO ACTION NEEDED

D. Summary of items discussed by the Well Spacing and Setback Taskforce (Item D on agenda is taken out of order per request)

Using a handout, Mr. Lowell Price gave a summary on the Well Spacing Taskforce established last spring. The group associated with the taskforce met twice in April and May. Essentially, the taskforce covered numerous aspects of oil and gas related to well spacing. The taskforce also discussed issues related to setbacks, drilling unit size, unitization, federal units, vertical segregation of reservoirs, commingling of oil, flaring, directional drilling whether it be inclined for a particular target or an actual horizontal oil, correlative rights, and forced pooling. In the handout, many of these subjects are covered by existing NRS or NAC statutes or regulations. Mr. Price illustrated three of the aspects related to the potential of horizontal drilling in Nevada and those three items will be well spacing, setbacks, and the drilling unit size. Current regulations (back page of handout), this is what typically has been established or the regulations that are established for conventional type drilling in Nevada for both shallow oil and shallow gas and deep oil and deep gas. The setbacks remain the same for oil whether it is above 5,000 feet or below. The taskforce came to the determination that they really need to concentrate on the establishment of particular regulations related to horizontal drilling, the well spacing setbacks, and the drilling unit sizes related to those. Looking at the diagram, a horizontal well, an 8,000-foot lateral, could literally go from this lower southeast corner section, an 8,000-foot lateral drilling to the north, you could go up into the northeast corner of the section above it with that lateral. So basically, it would be best if regulations were developed specifically related to that; not only setbacks from the actual point of the well but setbacks to either lease boundaries, section lines, and so forth. That should be the focus of moving forward, is to establish similar regulations that are in place in other states like Utah, Wyoming, Colorado, Arkansas. Art and Mike recently met with a group of regulators in Salt Lake City at the Utah Oil and Gas Division in which well spacing related to horizontal drilling was discussed, and the taskforce needs to establish a well spacing method more or less dependent on the effective drainage area so the operator can utilize that to recover all the oil available or gas within that section that they would be drilling.

Commissioner Henderson added the point that with the legislation coming up that this is something that needs to be done but it's not something that has to be done immediately.

Mr. Price agreed with the statement.

Commissioner Henderson further stated that the administrator can make these decisions without any problems, so since this is for possible action this probably should wait until after the legislation period has been completed.

Mr. Price fully agreed with the statement and added that in the event the BDR actually becomes law to where it gives the funds to pursue these actions, then Mr. Price would recommend to begin to draft regulations for the Commissions review to move forward. However, if the BDR does not pass, funds would not be in place in order to pursue what's been discussed with all the related activities associated with moving the hydraulic fracturing regulations forward with all the workshops and so forth.

Commissioner Henderson stated the need for the regulations is going to be there even if the BDR doesn't get passed. He further states the Commission may still have to act even without the funding.

Mr. Price stated what he was referring to was more or less providing more detailed-type regulations. The existing regulations allows the Division to handle the horizontal drilling now. Basically, an operator can come to the Division, file an application, in which he wants to deviate from the established regulation. The Division would review it and Rich would either say yes and issue a special order for that particular well, or it would be disapproved. So currently the ability is there to take care of that. However, if regulations were established and drilling units were say 640 acres were established in regulation, then that might cut down on the need.

Commissioner Henderson stated some companies will come for much larger and that's not in the regulations, so if there is success in the oil and gas industry this will be too much of a burden on the administrator and the staff as we have now. With or without passage of the BDR, Commissioner Henderson believes this has to be looked at after the legislative session.

Commissioner Snow asked about statewide spacing for oil, given there's no definition to distinguish between oil wells and gas wells, only addresses 160-acre units so the mechanism that Mr. Price is referring to would be an exception location to 160 acres.

Mr. Price indicated that was right, an exception to the regulation in which they would file application with the Division. A hearing would be set. Mr. Price and Rich and Mike would review the application. The operator would come to the hearing, lay out all information needed to support what they wanted to do, and then a determination would be made whether or not an order could be issued for that.

Commissioner Snow recommended that if Mr. Price does get into a situation where he needs to evaluate and give an exception to vertical statewide rules or horizontal that maybe it would be temporary and subject to revision based on performance of the well.

Mr. Price stated that all the orders would be a temporary order.

Commissioner Snow stated there's a big difference between distributing the money one way and redistributing it a second way, so if other states are looked at then temporary spacing is a very formal process that is succeeded by proper formal spacing after the well has got enough performance data to tell the proper drainage area.

Mr. Price stated in terms of the drilling unit size would all be determined on the effective drainage of that well, and that wouldn't be known until after the well has been drilled and it has produced for a while in order to determine what that drainage area is and then that would affect the correlative rights of the various mineral interest owners.

Commissioner Snow stated not to put yourself in a position of having to distribute the monies differently.

Mr. Rich Perry stated that in the next seven months that if there is a request for a hearing which would trigger this, and that mechanism is in their administrative code, that Mr. Perry would want to have a couple people from the Commission at the hearing to help with the determination on that because that hasn't been faced before and they would want to think it out pretty well. Mr. Perry thought that based on the activity level he wasn't sure if there would be a request, but that it could be. He saw the logic in the timing of this going back to if the bill draft is successful then NAC 522 will be opened up to set fees, and Mr. Perry thought setting the fees and doing this because this is also in NAC 522 at the same time in the second half of this upcoming year makes sense instead of doing it separately because of the time involvement, doing workshops all at once, doing small business impact statements, so Mr. Perry suggested asking or directing staff to come up with as best a draft as they could with the Commission to look at after July 1st because the Commission is frozen in doing any rule making until after the legislature is done.

Mr. Price stated the Commission can be researching what other states have already done so they don't go down paths that didn't work and it would help shortcut the process and pick and choose what other states have done to see how well they will fit within Nevada.

Commissioner Henderson stated his recommendation would be not to do anything until the legislature is over, maybe until the middle of summer, because if there's not activity there's no real need to open up 522 even if BDR is not approved. If BDR is approved, then they may or may not have to open up, so they need to see what is the activity in the state, because as of now they have had zero horizontal wells drilled.

Mr. Price stated that was correct.

Commissioner Snow stated he agreed with Commissioner Henderson because there's four highly prospective areas in Nevada right now, and three of those are all within federal units which are outside the need for proper spacing for unconventional wells. So there's only one area that the Commission is likely to get an application for a horizontal well where we don't have a mechanism to properly space it.

Mr. Price stated he agreed, and that it doesn't mean that somebody may not come in and permit a well application in White River Valley next week and they hit and they go for it. So Mr. Price thought they needed to be prepared.

Commissioner Henderson stated they already had an application for a horizontal well that's not in a BLM land.

Mr. Price stated that was correct; that it hadn't been drilled yet.

Commissioner Henderson stated just one area, but that it hasn't been approved yet.

Mr. Price stated they had approved it.

Commissioner Henderson stated the horizontal well remains in one section only.

Mr. Price stated that was right and all the mineral rights remain the same.

ACTION TAKEN: Commissioner Bryan tabled the item until after the legislative session and asked Mr. Perry to put it on the agenda next summer.

B. Recommendations on geothermal fee

Using a PowerPoint© presentation, Mr. Eric Langenfeld presented the recommendations on geothermal fees. Mr. Langenfeld stated that at the last Commission meeting a taskforce made up of Commissioner Henderson, Commissioner Snow, Administrator Perry, and Mr. Langenfeld looked at the costs of the geothermal program and the fee revenue we were getting to see if it was paying for the program. On the first page of the slide, was a breakdown of all the costs incurred by the program in 2014.

Mr. Stockton stated just to make it clear for the record, the PowerPoint© title indicated oil and gas but they are talking about geothermal.

Mr. Langenfeld stated these are all the costs occurring for the geothermal program, and the bottom shows the fee revenue taken in in 2014. So it left us around \$44,000 deficient in what we were spending. The next slide showed a breakdown of all the 2014 drilling. Mr. Langenfeld went through all the records and put in all the production, injection, observational, thermal gradient, and domestic wells that we had drilled and then also the sundry fees, the administrative fees, and the annual fees for 2014 equaling a revenue of \$120,750, which the last slide had the same total for 2014. We looked at changing permit prices and looked at changing the fee prices and changing the sundry fee prices to try to manipulate to get around to pay for the program. It was recommended that we do not touch the permit fees because we don't want to discourage any resource companies that are looking to expand. We decided that we did not want to increase sundry fees because we wanted to make sure that the resource companies were informing us on what they were doing with their wells. So what we then went to was an open hole fee for an observation well, and an open hole fee for thermal gradient well. Those would be \$100. Right now, there's no fee for them. That would be an annual fee. Also, one of the incentives behind this one would be if a resource company was not using that observation or thermal gradient well then they you'd have some incentive in plugging it because we're going to be charging them every year for it. Then also a cuttings fee of \$500, that mainly is to curate the samples at Nevada Bureau of Mines and Geology. Then, also increase the annual fee for the wells that are injecting and producing from \$475 a year to \$600 ultimately a year. Then, in the total fees column, the revenue that would've been generated in 2014 and look at the 2014 total cost of the program at the bottom is that \$164,888. With the added on additional revenue of \$53,629, the program itself would be funded. The fees that would be funding the program would be \$174,379, so it's pretty close to what we're spending plus it gives a margin for error. The annual fees we have given a pretty good idea of what we're going to be getting in per year, but we don't have a good idea of future activity. We can look at rates, but we can't predict exactly what that will be. Then, also in the packet, there's a last page that folds out. If we're to add the additional fee structure in, the revenues for the last three years are on

there. So the Division's recommendation is to implement a \$100 a year for observation well and temperature gradient well open hole fee, implement a cuttings fee to \$500 per hole to help pay for the NBMG curation and increase the annual fees from \$475 a year to \$600 a year. The process would be that there is no rulemaking through to July 1st, 2015, draft language for approval by the Commission, begin process July 1st, 2015.

Commissioner Snow acknowledged and thanked Mr. Langenfeld for a really good staff job of putting all the numbers and statistics together for the group.

Commissioner DeLong asked Mr. Stockton on the process that if they choose to move forward with this can they be reviewing or approving language for regulations prior to July 1st, 2015.

Mr. Stockton stated yes, they could approve the language that's going to LCB to start the process, so they could do that at any time and tell staff you approve this language once July 1st passes or August 1st actually, and then you can submit the draft to LCB. So you can do that before the deadline, but the filing with LCB is what starts the rulemaking process.

Commissioner Henderson recommended tabling the matter until the second meeting of 2015 also. He didn't see any other things to do at this point because even if they were able to write the language now they're going to be very busy during the legislative period so to have the proper time he thought if they start in July of 2015 they'll have enough time.

Mr. Perry stated that the language is pretty simple. He stated they could do the language and have it ready for the second meeting in May or June for the Commission to take a look at to make a determination. What he thinks could be done on this particular one because they're not waiting for legislation on it and there's not a lot to the language they would do in this because that chapter is pretty much set up with some of this type of stuff in there. We just changed the \$475 to \$600, add a few sentences to the temperature gradient holes and the cuttings fee, if you wanted to look at it by then. And then he thinks its July 1st.

Mr. Stockton stated July 1st is correct.

Mr. Perry stated then you could look at the language, comment, bless it, and then we could start the process. Mr. Perry believed also if this is the direction the Commission wants to go he thought they could socialize this with the industry be it discussions, we're trying to true up the program, we're probably going to have to raise some fees and let them know even though it won't be a workshop because they can't do a workshop until the fall of 2015, but he thought it would be good to socialize it.

Commissioner Bryan asked who would do that.

Mr. Perry stated that he and Mr. Price had talked about doing that.

Commissioner Snow stated the end date won't change. The target date in terms of new monies coming in will be subject to that.

Commissioner Bryan asked for a motion.

ACTION TAKEN: John Snow made a Motion to direct the staff to formalize language along the recommendations in the exhibit for the second meeting in July of 2015, which was seconded by Art Henderson and unanimously approved.

C. Recommendations on mining claim fees

Mr. Perry stated the Mining Claim Fee Taskforce had two meetings, and that committee was made up of Commissioner Mudge, Commissioner Bryan, Commissioner Parker, and Mr. Perry as the Administrator. The goal of the taskforce was to look at the current claims and what revenues were coming out of that. That was seen earlier when Lucia Patterson presented her numbers. Mr. Perry stated he would read through the findings, and the taskforce more or less came to a recommendation at the end. The claim fees are a large part of the Commission's funding, about 80 percent this last year, and they are seeing declining claim fee revenues. The Commission is cutting back on AML activities as that is what gets removed in this and a lot of that is the contracted work activities that we have

done more of in the past and the exploration survey which we did not fund this last year. We concluded that the process by which if we determined that we wanted to go through a claim fee increase, we currently collect \$8.50. There's a cap of \$10 between two different fees that are defined there, but the total is \$10 and \$2 of that is collected for Mackay so we're collecting \$6.50. The taskforce concluded that to go through the process of trying to increase it for a small amount was fairly significant in cost as there are a lot of claim holders out there and the small business impact statement on this one is going to be fairly significant. If there was going to be a fee change, that we should probably do something for something larger going into the future. Ultimately, the taskforce concluded that the proper time to go back and review claim fees is not in 2015 because in 2015 we need to move through the oil, gas, and geothermal fee increases and it's probably about all the capacity our organization can handle to be opening two chapters into the second half and to go back and look at this at the beginning of 2016 when we know what claim fees for 2015/'16 AY are for next year. So the taskforce recommendation is to review this one again, go through the same process that we did at this meeting, look at these numbers at the final meeting of 2015 and see what claim fees are, look at what our costs are, see if we've been successful. By then we'll know raising geothermal and oil fees and what that would do for us from a funding standpoint and then reviewing it in early 2016.

Commissioner Parker asked on question five, that he wasn't quite grasping, you said you could increase the amount of work you could do on AMLs by \$400,000 a year and was wondering if that was predicated on BLM funding.

Mr. Perry stated no, this was actually a question that Commissioner Mudge asked, which is documented, because these are from the minutes of the last meeting, and Commissioner Mudge asked if we had more money could we supercharge this program and get a lot more of these closures done if we had more resources, revenues and so forth. That question I posed to Rob and Mike who have been intimately involved with this in the past of how much could you handle if you had an unlimited amount of dollars to do that, and the conclusion was somewhere around \$400,000 a year, which we've never done before.

Mr. Ghiglieri commented that one of the reasons they have it at that money is because the very end of that last sentence says, "other agencies ability to sign-off on the work." So we have to get categorical exclusions to do any of these hard closures. Sometimes we wait over a year to get these done. Sometimes we can get them done if it's an emergency in a matter of a week. The majority of the time it's six to eight months. So for us to get these done, we have to get a BLM or Forest Service archeologist and wildlife biologist out to every one of these sites and get investigations on these. So it's a very slow process. We can get large chunks done, but realistically to get more than \$400,000 out a year we're going to have to increase not only our staff but we'd have to rely on BLM or Forest Service to increase their staff, which is not going to be a realistic goal.

Commissioner Gibson stated that he missed some of the comments, but he wanted to remind the Commission that the last time around he and Alan negotiated with Senator Raggio allowing a substantial increase in fees to be taken in increments as we needed it so that we did not have to return to the legislature every time we wanted to increase the fees. We lived that way for a long time and invariably it was very difficult. So however this thing is structured, it ought to follow that example. It worked very well for us, and he thought Alan would confirm that.

Mr. Perry stated that Commissioner Gibson and he had that talk too and the cap right now is \$6 and \$4 for a total of \$10. The last time it was raised was a number of years ago, and we are approaching it, if we do another raise of \$1.50 we're going to hit the cap. So it would take legislation to raise that cap, which he thinks should probably be considered. It's too late in this session because we're not there at the cap yet, but the session after this we'll probably want to consider a BDR to do that.

Commissioner Bryan stated that that would go along with their review in 2016 of the fees, so that would dovetail right in. Commissioner Bryan asks for further comments. No indication was given. Commissioner Bryan tables the matter until the next meeting.

E. Update on 2013 Performance Audit

Mr. Mike Visser asked the Commission to turn to Tab E in the handout. Mr. Visser stated if they recalled, they went through a fairly lengthy audit review by LCB, who are on a seven-year cycle so we had one seven years prior. We had their auditor in our office for seven or eight months reviewing a number of programs, and they issued some recommendations at the conclusion of that, which was a year ago. We then put forth our recommendations for addressing their conclusions and findings, so essentially corrective actions. It is required that the Department of Administration and their Audit Division review where we were in that process, and then they submit their findings

to the Legislative Audit Committee and back to LCB. That auditor was only in our office for about an hour-and-a-half and in two weeks in a letter that really didn't say much except that we still had work to do. Turning to the second page of the letter in Tab E, at the very bottom in the last paragraph is the most pertinent. "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." This was presented at the Legislative Audit Commission and they approved and passed it and we're done. So I think we've made great headway, and we still have a little bit of work to fine-tune some of the database aspects for capturing the well inspection, but the AML Group has done a phenomenal job to band-aid and retrofit our existing access database to address all of the concerns and capture all of the interactions that we have with agencies, claimants, with each other to capture all those things and notify the county as we're required to, but it required a huge amount of work especially by Debbie in the Las Vegas office to modify her database. We're at the limit of what access can handle, which is really good to see, we're going to have robust database to take us to the next level and allow us to do everything we're required to but much more efficiently. We'll be able to capture the information, provide it to other agencies, counties, and claimants and property owners. The bottom line is we did what we were supposed to do, we did it in a timely manner, and they didn't have any questions or concerns.

Commissioner Bryan stated that on behalf of the Commission, congratulations on doing a great job and to the rest of the staff as well. This looks like they might leave us alone for a while.

Mr. Perry stated that Mr. Visser has been on this throughout and he credits him largely with driving the resolutions. He's done a wonderful job along with Rob and Lowell, because he got to inspect 600 wells this last year largely because the MOU that we have with the BLM they're not inspecting so we really kind of took a beating for something that should've been happening there.

NO ACTION NEEDED; FOR DISCUSSION ONLY

F. Education and Outreach

Using a PowerPoint® presentation, Mr. Bill Durbin went through one of the Divisions very important functions, which is education and public outreach. Under the Division performance indicators, staff are required to do one presentation per month per staff person. So with our staff of 11, that would mean 132 individual presentations per year. Mr. Durbin stated he's happy to report that for calendar year 2014 through December 5th staff have made 162 presentations, so we're at about 123 percent of the performance indicators. The outreach has gotten to at least 6,700 people. Mr. Durbin stated he divided things up by various target audience; civic clubs, groups, organizations. Of the 162, we had 128 presentations. The variety of people and organizations can be seen that the Division has reached; county Commissions, special events, and so on. The information is a lot more accessible nowadays thanks to Valerie who set up a public outreach spreadsheet, so every time one of us does a presentation it gets added to the spreadsheet so it makes tracking our activities a lot better and a lot easier. The big thing, of course, has been classroom presentations, outreach at school events, and so forth. 113 of the presentations have been to schools or education types of activities. The Nevada Science Olympiad, we did that for the first time back in March of this year and have been asked to come back and do it again next year at Clark High School. So basically, we'll be in charge of setting up the rock and mineral test for junior high and high school kids statewide for competitions. We've done some that are strictly AML-targeted presentations. Now, basically, there's a component of AML in virtually all of our publications because it's such an important part of the Division's function. The PowerPoint® presentation showed the groups the Division has reached out to with pretty much AML presentations. So staff-by-staff person of January 1st through December 5th and went through a list of everybody in alphabetical order and these are the numbers of presentations that we have recorded by each staff person who has done presentations. Rachel Wearne did a lot of them before she left. Of the total, 88 presentations have been in various parts of Northern Nevada, 72 in Southern Nevada, and 2 at various out-of-state venues.

Commissioner Bryan asked about the out of state.

Mr. Durbin stated Mike did presentations in State Lake City, Utah and TRC in Oregon. Mr. Durbin thought they had had a very good year overall. He had done quite a few presentations because he has a network down south and when he goes to a school or some event he gets tagged with next year's calendar. Things coming up for December, Rich has two more presentations not on the list that have already been done. He and Mike both have more presentations before the end of the year. Mr. Durbin talked about how they are coming to the end of the calendar

year with Eagle Scout projects. They've done 11 completions, 8 in Clark County. Rob has done 3 up here, so we've completed 154 projects. We have just under 700 mines secured and 136 have been re-secured. Regarding the December 13th project that may be delayed by weather and the final sign-off approval hasn't been obtained from the Eagle Board yet. If they're able to get that done, they'll go over 700 securings for a total this year.

Commissioner Bryan stated the Nevada Mining Association had their annual board meeting in Las Vegas last month and one of the trips was to the McCaw School of Mines and Bills name came up a couple of times of being very instrumental in helping them out, so Commissioner Bryan complimented Bill for being their face in Las Vegas and that's where the population is. When help is needed down there from the mining industry, how much resources does Bill get down there to draw on; who does Bill go to?

Mr. Durbin stated he sent out something to GSN in the hopes that someone in the Southern Nevada Chapter will chip in.

Commissioner Bryan asked if they ever help.

Mr. Durbin stated he had an overwhelming thing that came up but had to cancel it because of illness, the First Friday event held in the Arts District. They're telling me that can bring in 30,000 people, so that was supposed to be on December 5th. They contacted him about a week-and-a-half before so there wasn't much time to prepare. He did send a notice out to GSN. He got one call the day before and one call the week after for GSN. He basically got no response from NMA.

Commissioner Bryan asked who he contacts at NMA.

Mr. Durbin stated he usually contacts Joe.

Commissioner Bryan asked about UNLV, if there's a student chapter up there of geologists.

Mr. Durbin stated that most of the students belong to the southern chapter of GSN. Mr. Durbin asked for other ideas on who to contact.

Commissioner Bryan stated there's a lot of industrial mineralist people down there and he asked Mr. Durbin if he ever talks to them.

Mr. Durbin stated not really because they don't think they're mining; they think they're quarrying. He stated they have very limited access to them because they don't want to be associated with miners.

Commissioner Bryan asked about AGC.

Mr. Durbin stated he hasn't really pursued them much and that might be a good avenue to go to. He's done presentations for them and attended their meetings.

Commissioner Bryan stated in the newspaper yesterday Barrick is moving their IT office to Las Vegas, 25 people, and are moving it from Toronto, and there may not be a lot of earth science-type people in that office, but that might be of help.

Mr. Durbin stated they are good with assistance on McCaw. In past years they had done Earth Day and did a big thing.

Commissioner Bryan stated he was talking about some of the employees that are moving to Las Vegas.

Mr. Durbin stated he'll be pounding on their door.

Mr. Perry stated he joined NDOM just a year ago and that these presentations are enjoyable to do to get out to these civic organizations and so forth. He further stated that they reached 6,700 people and the vote that just happened was by 3,500 votes and thinks that all the efforts that have gone into this for all the years that people put into it maybe had an impact.

NO ACTION TAKEN

III. STAFF REPORTS

- 1) **Mining/Reclamation Pool** – Mike Visser stated the first page of tab 4, snapshot on the bond pool that things continue to be very slow as everybody knows. The takeaway on this is the exploration community is finding it hard to come up with monies to do new projects and they have to wait a significant amount of time before they see the refund of their deposits for projects. The work can take two to three years for vegetation to take place for those releases and we're seeing quite a few companies go bankrupt, get swallowed up by other companies, and in order for those participants to stay in the bond pool regardless of the level of obligation they have they still have to pay the 2 percent annual premium for the bond pool on the amount of the bond and we continue to have to send out termination notices to companies that no longer exist. The whole point of the bond pool is to have money set aside so there is monies in the bond pool for somebody to do reclamation work and in the third quarter a call was made for some money on a project where the operator is no longer around, we have the money, they requested that we transfer the money and the money went to the field which is how it's supposed to work and there are six more pending. BLM is getting ready to request that money but they still have procedures they have to put in place and letters to certify out, wait for 30 days, and then do another notice. Commissioner DeLong asked if those are all notices. Mr. Visser stated these are all notices. In one example, Mr. Visser stated they still do not have payment due by September for a project and they have 70 days by the end of the due date at which time they can be terminated. So notification has been made and it's a significant amount. The deposit they have is almost \$200,000 in the bond pool and the premium is \$2,769 every quarter. They are looking at losing \$200,000 for lack of a \$2,700 payment. All we can do is point it out to them. Since this is a plan level operation both BLM and NDP are notified. The bond pool is still very healthy, 123 percent funded. Commissioner DeLong asked what kind of operation is the Nevada Ray. Mr. Visser stated it's a placer operation. Commissioner Mudge asked if he understood correctly that the BLM secured the money from NDOM and used it to do the work on the ground. Mr. Visser responded that was correct. Mr. Visser stated it has been a challenge getting the field offices to work together to get this done and we're trying to educate the different field offices. There is a separate account the monies go into and it's held until the field office needs to put it to work and they code it to the notice number so the monies are always tagged to that notice but there's a pot of money that's available for the field office to use for reclamation projects. Commissioner DeLong asked about TNT Venture. Mr. Visser stated they had just paid. Commissioner Parker asked if BLM got back to you and what stage they're in. Mr. Visser stated they notified the participants when they were getting ready to be terminated from the bond. We give 30 days' notice before terminating. At the same time, the BLM is notified. At that point, the BLM state office sends out a letter to the operator stating you are 30 days away from being terminated from the State of Nevada bond pool and if you are terminated you have to supply a new bond or proof of a bond to the state office. They can leave the bond pool, but the BLM will still require a new bond be put in place and if they don't they will seek action against the operator, but that's another process the BLM does. Commissioner Parker asked how far along in the process are they? Mr. Visser stated on the one they requested money, there was a small amount of earth work that needed to be done and that was done, and surface seeding was done. So it will be a couple years before the re-vegetation takes place and is completed but with regards to onsite reclamation that was completed. There are six others in the same situation but the authority stays with the field office to make that happen. Commissioner Parker asked if he has heard back on whether the funds were sufficient for the reclamation. Mr. Visser stated he did not.
- 2) **Oil, Gas, and Geothermal** - Lowell Price stated he would go through the activity for the year to date and give a few more details on what's happened within the Elko area, Railroad Valley and so forth. This year four production wells have been permitted. Three have been drilled. Ormat has just completed another production well in McGinness Hills. They have one more permit for a production well in McGinness Hills. They are currently building the second generation unit at McGinness Hills rated at 54 megawatts. Ormat has permits in place to drill at Wild Rose, south of Dixie Valley. There's no indication of when or if that will occur, but they do have plans to expand production in Wild Rose as well earlier this year. They have two permits in place to start drilling additional production. Ormat also permitted two injection wells and drilled two injection wells; one at Steamboat and one at McGinness Hills. Ten observations wells have been permitted this year and two have been drilled. U.S. Geothermal reentered an observation well that they began to drill in early 2014 and completed that well located in San Emidio. They are looking to expand the reserve at San Emidio and may be permitted to either 6 TG or observation wells in the future. U.S.G. is also looking at possibly drilling in Crescent Valley. Domestic wells, we permitted 4 wells already in existence and that was out of the Stillwater area and issued four other permits for domestic wells this year. Oil wells, 12 permits were issued in 2014. In 2014, 5 of those wells were drilled. Over the past year when Noble was active in Nevada, the first round of activity, 7 oil wells have been drilled in Nevada; 4 by Noble, one by SAM Oil, one by Tetuan, and one by Andromeda at Tomera Ranch. Of the 4 wells Noble has drilled, 3 have been hydraulic fractured. The one near Jiggs

was the most recent stimulation activity. They drilled a well in the Mary's River area. After that, they moved the rig back to Colorado so Noble is not currently drilling within the state. Tetuan plugged and abandoned their well. Andromeda had a discovery. That well has been put on production. We don't know what it's capable of producing yet. Hopefully, by end of December, we'll have an idea of production. Commissioner Snow asked if that's in Tomera Ranch. Mr. Price stated it was in Tomera Ranch close to a well that V.F. Neuhaus had previously drilled. Sam Webb (owner of Andromeda Oil) drilled to the west of that and struck. The hydraulic fracturing that took place in the Jiggs area, that was on private or fee surface BLM minerals and BLM was there to witness the fracturing as well and all went quite well with no major problems. Mr. Price stated he witnessed the fracturing for the Portuguese Mountain 14A-12 well in the more northern portion of the producing area of Railroad Valley on November 23rd. It was actually a nitrogen gas fracturing in which the water they used for the fracture was produced formation water so they didn't utilize any freshwater for that fracturing. Actually, the water was utilized to create foam by the introduction of nitrogen into the water and it was actually what they call a foam frack. Makoil is currently going through the process of cleaning up that well and hopefully bringing it in. That's the activity that's been going on lately. There are permit applications in from Petro-Hunt, one from EFT Nevada, LLC in the Jiggs area as well, and one application in for Railroad Valley, and one for Makoil. They are all waiting on notification of BLM approval before moving forward. The price of oil has dropped significantly over the last few months. That could be a double-edged sword and people are looking at it from a negative standpoint. However, it can be looked at as an opportunity because you can get oil rigs for far cheaper and drill for less money than normally. Activity may stay up due to being able to drill a hole deeper. In general, oil activity may slide a bit. Geothermal activity, there are some potential projects. ML drilled an observation well recently. Commissioner Snow asked which one of the oil wells is the unconventional one that's permitted, the horizontal well. Mr. Price stated the horizontal well is incorporated within the 12 permits issued. It was actually issued as a slight directional well and came back in with a sundry wanting to change the drilling program from a slight directional well to a horizontal well. We approved that. That would be in the Humboldt lease area. Commissioner Snow asked if it's a reentry or a new well. Mr. Price stated it was a new well and they are utilizing the same pad. Commissioner Henderson stated he sent a letter, not as a Commissioner but as a citizen, to Governor Sandoval and Senator Heller recommending that we look at putting import anti-dumping tariff's on foreign oil and we've already had a nice discount from the consumer point of view, but if the price of oil is allowed to drop you stop the domestic production and stop the exploration in Nevada. Commissioner Henderson stated he heard back from Governor Sandoval and he is concerned about the price of oil and the exploration in Nevada. Mr. Price stated that was good to hear.

- 3) **Correspondence** - Mr. Perry stated that Noble Energy entered into an agreement last year to do what's called the aqua study, the second of those reports will be out this week and we will link it to our site. They had pre-fracking and post-fracking water chemistry for the first two wells drilled. Mr. Perry stated in his short year he's had two contacts at the Governor's Office, the Chief of Staff who left and the Deputy Chief of Staff who is gone now too, so my new contact is going to be Chris Nielsen, Deputy Chief of Staff. Mr. Perry will be meeting with him in the next couple of weeks. The Governor's Office at a meeting several months ago asked if we are interfacing with GOED enough on major projects in mining. Mr. Perry stated he started reaching out to Chris Sanchez in Las Vegas, who is their financial person, who goes out and travels the world and finds financiers who want to finance things in Nevada. Mr. Perry has facilitated a phone conversation between General Moly and a financier to get them talking and gave a presentation on other mining projects where people are looking for financing. Mr. Perry stated he gave a presentation to the Office of Energy on major mining projects coming down the pipeline and how that will affect energy and opportunities for energy production for mines that have an electrical grid to them. Mr. Perry stated there's a number of letters and he pointed out a letter to County Recorders and during their annual convention, Mr. Perry got correspondence from them and they were discussing mining claim fees and the Division went through a few things because they found that some counties were doing things different than others. One clarification that was put out was what they should be collecting because they collect this money for us and do us a great service by statute, and the clarification was on Amended Certificates of Location which actually had been clarified in the past but as one of the County Recorders brought forward an Attorney General opinion of 1985 the way some counties were doing this if someone had to file an Amended Certificate of Location, they just filed one and collected one fee. The Attorney General's opinion stated you have to collect one fee for each one of the claims so we had to do a clarification so it was clear as to what it should be. Nothing has been heard back on. Commissioner DeLong asked on any updates on NDEP. Mr. Perry talked about an updated on the Memorandum of Understanding that we've been updating with them, stating several months ago when doing the hydraulic fracturing regulations we realized the old MOU was going to be obsolete and it was in some areas unworkable, so we decided to throw it all out and start all over again. We've since done one draft at a meeting and edited that draft last week, so it will go back to discussion with NDEP and it will focus on what each organization does with regards to those hydraulic fracturing regulations and will address such needs as requiring water samples within a mile around a well and that chemistry is specific. We're clarifying that with some of the companies because the aqua

study really covered the period pre-hydraulic fracturing rates but as of October 24, 2014 when the legislature approved these the new regulations are in place so any well permitted after that date now falls under our regulations which is different than what the AQUA study was doing. Within a month or two months, those will be finalized as time allows and they do address needs for assistance in looking at water chemistry because we don't have that in-house expertise. We need that from NDEP, and we've set up a time next month in January where jointly NDOM staff and NDEP staff will go over the understanding of the water analyses they did, so we have a working knowledge of all that. It also outlines the crossover with UIC re-injection wells that they permit and how we help them with that and notify operators of what they need to do. Commissioner Gibson stated that he's discussed his future with Mr. Perry and thought it would be an appropriate time to tell everyone that he will complete his sojourn as Chairman of the Commission at the meeting in February in Las Vegas, which completes an odyssey that began in 1970 on an advisory mining board. The Commission was created in 1983, so Commissioner Gibson believes that is long enough, and he looks forward to seeing everyone in Las Vegas.

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

Mr. Alan Coyner stated a claim under lease are not evident in that producers versus exploration diagram or chart, so you have to be careful, and he notes Commissioner Bryan's comment about operators versus explorers, the claim could still be in the explorers name so you've got to be careful. Mr. Coyner stated he noticed no limit or cap was placed on the oil permit fee, and he guaranteed that Carole Vilardo would place a cap on that fee, and he insisted from the Nevada Taxpayers Association that there be a cap, so you might want to discuss what a reasonable cap is beforehand so you've got some number. You may get away without it because there's no caps on geothermal fees, but advises you might want to establish a cap number. Mr. Coyner stated to remember the Marigold Royalty split is dictated by how much is paid in annually and the first \$500,000 to the university, the next \$250,000 to the Mackay and then 50/50 after it. What was left out of that language and was an oversight, we assumed it to be annual but didn't describe as a calendar year or fiscal year and if royalty payment should interrupt or stop because they stop mining in a section it would be very relevant as to what that year is with regards to the split so to keep that in mind in terms of how that money is accounted for. In regard to geothermal well bonds, Mr. Coyner stated he does have members of the public that come to him for a second opinion from time to time. There's a private landowner under lease to a geothermal company that has several deep wells on his property and the question is if the geothermal facility goes down, is he then responsible for the P&A on the deep well. These wells are going to cost hundreds of thousands of dollars to P&A, and he doesn't think it's been addressed in any statute or regulation but it's something to consider in case there's not money because the geothermal bonds are small. Mr. Coyner stated he was down at the McCaw property two weeks ago and it was interesting to view it from an outsider's eyes and he saw how the problem of old versus new is there, where it tends to dwell on the historic aspect of Tommy-knockers like grandparents talking to grandkids. Mr. Coyner stated the biggest problem is in busses, in getting the money to get the kids to the facility, but there needs to be more of a modern mining angle to that place because it is rooted in history. Mr. Coyner stated he is serving on a committee at Bishop Manogue High School that is committed to starting a mining academy in Reno at the high school level, so the idea is to have signature academies and this idea is one that has come at Bishop Manogue. This would offer a high school level mining 101-type course that a kid from Washoe County School District could come to Bishop Manogue and could get a flavor over a semester or a year about what it is to be a mining person, a geologist, a geophysicist, et cetera, and there is an alliance with Mackay and it could serve as a feeder school to Mackay as well and that will start in the fall of 2015.

Commissioner Bryan stated the recent AEMA convention a couple weeks ago in Sparks, the exploration community in Nevada wants to run a potential geological material center. Commissioner Bryan also reminded that he, David Parker, and John Snow are coming up for renewal of their Commission positions.

COMMISSION BUSINESS

A. Determination of time and place of next CMR meeting – The next CMR meeting was tentatively scheduled for February 24, 2015.

ADJOURNMENT

There being no further business, Commissioner DeLong made a motion to adjourn the meeting which was seconded by Commissioner Parker.

II. NEW BUSINESS

II. A. Election of Chairman

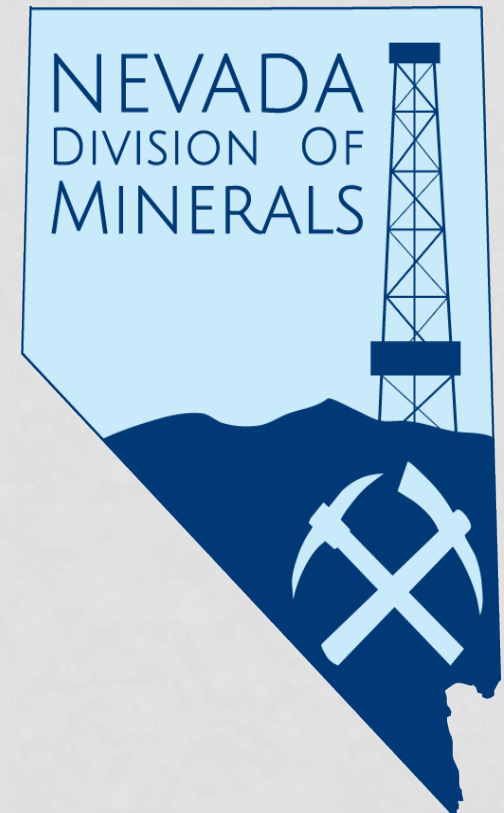
THIS SECTION IS INTENTIONALLY LEFT BLANK.
HAND OUTS AND PRESENTATION WILL BE GIVEN AT THE
MEETING.

II. B. Biennium Budget Presentation

COMMISSION ON MINERAL RESOURCES NEVADA DIVISION OF MINERALS (NDOM)

MISSION STATEMENT:

*To encourage and assist
in the responsible
exploration for and the
production of minerals, oil,
gas and geothermal
energy which are
economically beneficial
to the State*



DIVISION OF MINERALS ACTIVITIES

1. ABANDONED MINES (AML)

- Identify, rank, establish ownership, physically secure, report and increase public awareness.

2. GENERAL ADMINISTRATION

- Fiscal, personnel, IT, mine registry, annual state-wide production publication, minerals education, reclamation bond pool.

3. OIL, GAS AND GEOTHERMAL (OGG)

- Permit, inspect, monitor oil, gas and geothermal activities on public and private lands.

PERFORMANCE MEASURES

Activity	Description	FY-14 Actuals	FY-16	FY-17
General Administration	Number of abandoned mine land (AML) and minerals education presentations	196 /11 FTE's = 17.8	12	12
Abandoned Mines	Number of hazardous abandoned mine openings secured, expressed as a percentage of the total number inventoried	14,492 secured/18,331 inventoried = 79.1%	70%	70%
Oil, Gas, and Geothermal	Monitoring of Oil, Gas, and Geothermal Wells	556 Wells Inspected in FY14)/ 558 Permitted Wells = 99.6%	33%	33%
Oil, Gas, and Geothermal	% of Permits Processed in Ten Working Days	42 permits processed / 42 total permits processed = 100%	N/A	N/A

BUDGET ASSUMPTIONS FOR 2016-17 REVENUES

- Claim fees flat in 2016-17 at 2015 levels.
- Administrative fees for oil production increase due to higher production of oil & recent increase to \$0.15 per barrel.
- No change in geothermal fees from 2015
- AML securing fees based on estimates
- No new USFS cost-sharing agreements
- BLM assistance for AML work at \$50k/yr
- \$75k to \$80k from Reclamation bond pool admin fees
- No assumptions of fee increases not already approved
- NDOM at 100% fee funding, no general fund monies

BUDGET ASSUMPTIONS FOR 2016-17

EXPENDITURES

- 11 FTE's, as per current staffing (9 in CC, 2 in LV)
- 6 AML interns in summer, down from 8 in 2014
- \$50k/yr for contracted AML closure work
- \$34k for curation at NBMG
- Replacement PU truck every 2 years (2017)
- Increase in-state travel for OGG inspections
- Increase in in-state travel costs for administration of hydraulic fracturing regulations and compliance program.
- No transfer to DCNR for Sage brush ecosystem committee (no enhancements)
- IOGCC annual dues of \$7,500
- IMCC annual dues of \$5,000
- PC replacements on 3 year cycle.

REASON FOR DECLINE IN RESERVES

- Decline in revenues from mining claim fees of -10% in 2014, assuming another -10% in 2015 due to downturn in exploration activity. Total for 2 years is -\$330k.
- Unbudgeted Sagebrush Ecosystem committee funding was -\$282k over 2014-15 combined.
- Development of hydraulic fracturing regulations from SB 390 (NRS 522.119) in 2014 -\$57k in unbudgeted expenditures. (\$37k in unbudgeted consulting fees and \$20k in travel for workshops).

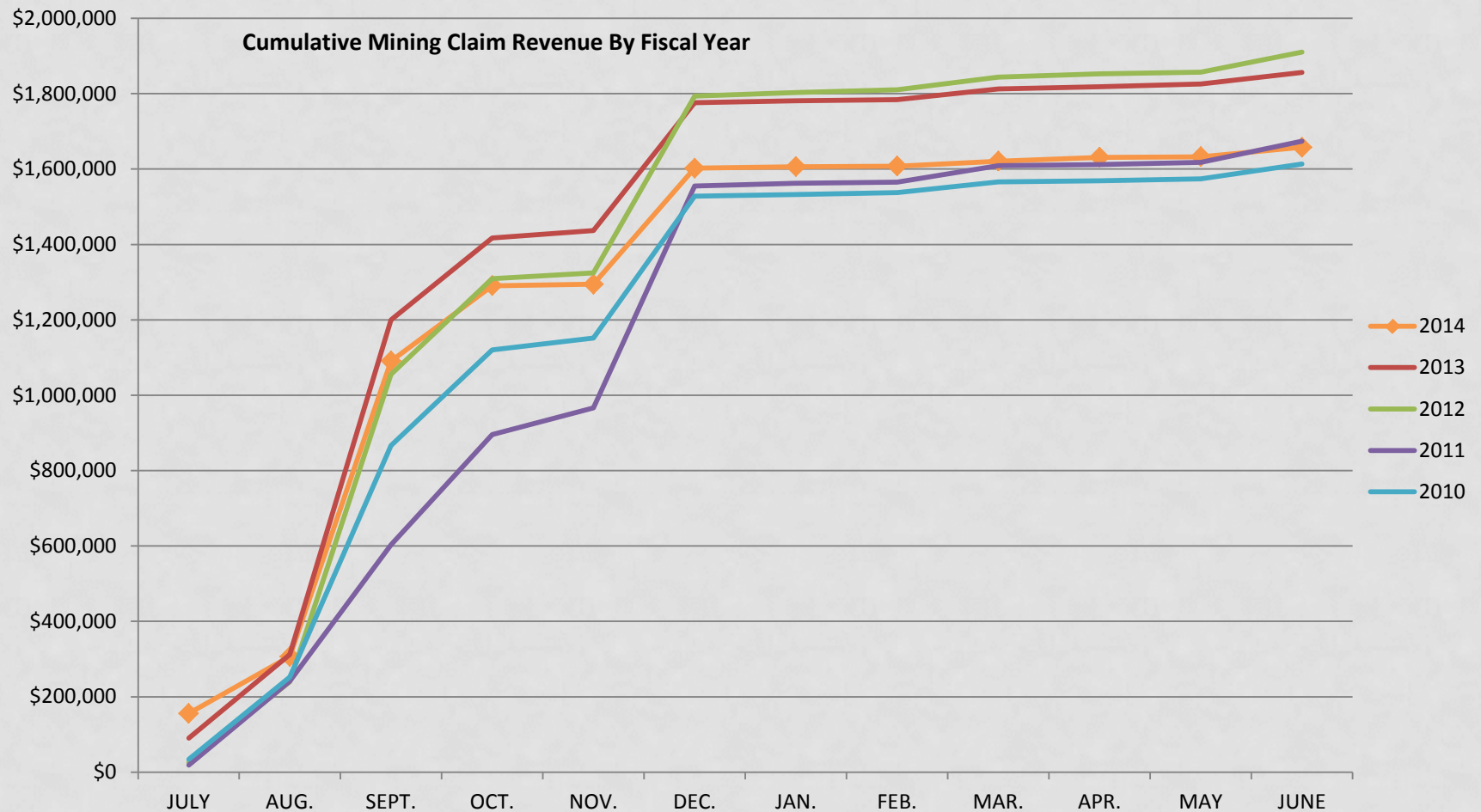
HOW DO WE ADDRESS DECLINING RESERVES ?

- WITH HIGHER FEE REVENUES
 - CMR is considering fee Increases:
 - Oil and Gas fee permit fee increases – BDR #344
 - Geothermal fee increases
 - Mining Claim fee increases
- WITH LOWER EXPENDITURES
 - Austere budget for 2016-17 with decrease in AML activities.
 - If claim fees are less than forecast:
 - Additional activities can be cut if claim fees are below forecast
 - Reduction of one head count from an anticipated 2015 retirement if necessary.

OIL AND GEOTHERMAL FEE INCREASES – COMMISSION DIRECTION

- GOAL IS \$750k FY BALANCE FORWARD (4-months)
- GOAL IS TO HAVE OIL AND GEOTHERMAL FEES FULLY FUND THEIR RESPECTIVE PROGRAMS, INCLUDING:
 - NDOM overhead costs at 24% of total, including web site, DAG allocation, office overhead for rent, supplies, etc.
 - Vehicle purchase and operating for inspectors
 - 1.5 inspectors
 - 24% of NDOM supervisory costs (Administrator and Deputy)
 - 40% of Program Officer costs
 - Fund NBMG cuttings curation at \$34K/yr total
 - \$326K per year for OGG program combined/\$1.84M 2014 OpCost would be 17.7 % of 2014 costs

CUMULATIVE MINING CLAIM REVENUE FISCAL YEARS 2010-2014



OIL PERMITTING AND COMPLIANCE PROGRAM COSTS VS. REVENUES, FY 2014

Description	Ratio of OGG Total	Cost	Revenue
Oil & Geothermal Program Manager	50%	\$50,956.00	
Program Officer II	20%	\$15,584.00	
Administrator / Deputy	12%	\$29,355.00	
GIS Field Specialist	25%	\$14,118.00	
Travel - Field Inspections	50%	\$12,736.00	
IOGCC Dues	100%	\$7,500.00	
IOGCC Meetings	100%	\$3,000.00	
NBMG Cuttings Curation	33%	\$11,333.00	
NDOM Overhead	12%	\$16,623.00	
Oil Permit Fees	100%		\$2,800.00
Oil Administrative Fees	100%		\$32,162.00
Total for Program		\$161,205.00	\$34,962.00

POSSIBLE FEE INCREASES - OIL

- Increase Oil Permitting and Administrative fees to cover \$126K deficit in program cost:
 - Increase oil and gas permit fees per CMR-approved recommendations of February 13, 2014 meeting.
 - Requires legislative change on fee setting in 2015 session. BDR 344 approved by Governor's office, assuming legislative action followed by changes to NAC 522, earliest impact would be Q2, FY 2016.
 - Administrative fee increased at 8/28/14 CMR meeting from \$0.10 to 0.15/bbl. (included in budget submittal)
 - Increase in fee revenue realized only if there is an increase in oil drilling and production

GEOHERMAL PERMITTING AND COMPLIANCE PROGRAM COSTS VS. REVENUES, FY 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	100%		\$7,300.00
Geothermal Administrative Fees	100%		\$67,925.00
Geothermal Sundry Fees	100%		\$45,525.00
Total for Program		\$164,888.00	\$120,750.00

POSSIBLE FEE INCREASES - GEOTHERMAL

- Increase geothermal permitting and annual production fees to make up \$44K deficit in program cost:
 - Fees for geothermal drilling and production are set in NAC 534A. Can be set by CMR through NRS 233B - public rule-making process.
 - Task force to make recommendations formed by CMR on August 28, 2014. Recommendations at December, 2014, CMR meeting.
 - Would require rule-making process to change NAC 534A for changes effective Q2 FY 2016.

POSSIBLE FEE INCREASES – MINING CLAIMS

- Increase dangerous mine claim fees from \$2.50 to up to \$3.00 (\$4 is statutory cap on dangerous mine fee) to restore AML closure activities:
 - CMR formed a task force to make recommendation for fee increases on mining claims. This could range from \$0.00 to +\$1.50 per claim.
 - \$0.50 increase x 170,000 claims = \$85K
 - Requires rule-making process to change NAC 513 to be effective in 2016 assessment year.

ADDITIONAL RISKS TO BUDGET

- Revenues:
 - Mining claim fees decrease below forecast
 - Geothermal and/or oil drilling and production activity decline
- Expenditures:
 - Litigation associated with the development and implementation of the hydraulic fracturing regulations increases AG cost allocation.
 - Salary increases (8 of 11 staff are unclassified and there have been no increases in caps for >10 years)



BRIAN SANDOVAL
Governor

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
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Fax (702) 486-4345

RICHARD PERRY
Administrator

DATE: January 29, 2015
TO: Cindy Jones, Assembly Fiscal Analyst
FROM: Richard Perry, Administrator
SUBJECT: Expanded Program Narrative
BUDGET ACCOUNT NUMBER: 4219

DESCRIPTION OF PROGRAM

The Nevada Division of Minerals, a part of the Commission on Mineral Resources, is responsible for administering programs and activities to encourage and assist in the responsible exploration for and production of minerals, oil, gas, and geothermal energy which are economically beneficial to the State.

The Commission on Mineral Resources is a seven-member body appointed by the Governor for their knowledge in the mining, geothermal and oil and gas fields. The Commission directs mineral-related policy for the Division and advises the Governor and Legislature on matters relating to mineral resources. The Division focuses its efforts on three main areas: Industry relations and public affairs, including minerals education, abandoned mine lands, and regulation of geothermal, oil and gas drilling and production.

The Division of Minerals has 11 full-time employees and offices in Carson City and Las Vegas. The Division is entirely fee-funded through mining claim fees, geothermal fees, oil and gas fees, and matching support for abandoned mine land work from the US Forest Service, Bureau of Land Management and US Army Corps of Engineers. No revenues are derived from the state general fund.

I. APPLICABLE NEVADA REVISED STATUTES, PURPOSE AND CRITICAL NEED

NRS 513 – Commission on Mineral Resources, Division of Minerals

- Encouragement of minerals exploration, collection and dissemination of educational information and maintenance of a register of all active mining, geothermal and oil and gas operations in the state, and abatement of dangerous conditions of non-operating mines.
 - The Division issues an annual publication each year entitled “Major Mines of Nevada”, which has production data for the State’s mines, oil wells and geothermal energy plants. This publication is used by industry, public, trade organizations, elected officials and other government agencies.

- The abandoned mine lands (AML) program is designed to discover dangerous conditions from historic mining practices that pose a safety risk to the public. The Division identifies the owner or responsibly party, reports hazards to county commissions, secures hazardous mine openings and educates the public about these hazards. Division staff respond to law enforcement on matters relating to abandoned mine shafts and operate remote equipment for inspection of shafts and tunnels. The annual Nevada Abandoned Mine Lands Report documents work completed the previous year, performance measures and accidents/fatalities. Mine securing work is performed by Division staff, summer interns, and staff-directed Boy Scout service projects.
- Education and Outreach - Division personnel provide classroom programs and demonstrations on minerals education to public and private schools, and presentations to civic and trade organizations by request. The Division partners with the Education Committee of the Nevada Mining Association to provide earth science teacher workshops in southern and northern Nevada each year.

NRS 517 – Mining Claims, Mill Sites and Tunnel Rights

- This statute, which dates back to 1873, defines all of the critical laws and procedures for filing and keeping unpatented mining claims on Federal lands in Nevada. These include the persons entitled to locate unpatented mining claims, monumenting of the various types of claims, maps and surveys required, recording of claims with counties, and definitions of unlawful acts related to mining claims. The Division maintains approved forms for the various types of mining claims on its web site and responds to public and industry information requests.

NRS 519A.290 – Program for Pooling of Reclamation Performance Bonds

- The Division administers a reclamation bond pool for small miners and exploration companies operating in Nevada. The Division issues reclamation bonds which are required by the Nevada Division of Environmental Protection and/or the Bureau of Land Management before Federal land can be disturbed for exploration. Most of this reclamation pool is in “notice level projects”, which disturb five acres or less of Federal land. This program is important to the minerals exploration community as it cuts months off the reclamation bonding process at the BLM.

NRS 522 – Oil and Gas.

- The Division of Minerals is the permitting and compliance agency responsible for evaluating and issuing drilling permits for oil and gas wells, completion and operation of wells, conservation of the resource and protection of fresh water. Procedures to resolve questions and disputes through hearings and orders regarding pooling and unitization of hydrocarbon resources are defined in this chapter.
- Nevada is a member of the Interstate Oil and Gas Compact Commission (IOGCC), a multi-state government agency that works to ensure our nation's oil and natural gas

resources are conserved and maximized while protecting health, safety and the environment. The Administrator of the Division has historically been appointed as the Governor's representative to IOGCC. The Division pays Nevada's IOGCC dues with fees collected from oil and gas production each year.

- The Division of Minerals and Division of Environmental Protection jointly developed regulations for the use of hydraulic fracturing in oil and gas drilling in 2013-14. The regulations, which included an update of the State's oil and gas code (NAC Chapter 522), achieved final approval in October, 2014.

NRS 534A – Geothermal Resources

- The Division of Minerals is the permitting and compliance agency for the drilling of geothermal wells and geothermal well field production in Nevada. Nevada has over 430 geothermal wells, and is second only to California in the US in geothermal energy production. Geothermal wells are inspected on a three year cycle.

NEW PROGRAMS OR MODIFICATIONS TO EXISTING PROGRAMS

The Division of Minerals has no new programs or modifications of existing programs proposed in the 2015-17 executive budget.

II. PERFORMANCE INDICATORS

The Division had three performance indicators during the 2014-15 biennium. The Division exceeded all three of these performance indicators. In response to the findings of a legislative audit conducted in 2013, the oil, gas and geothermal performance indicator was changed to bring a greater focus to field inspection frequency rather than the number of permits issued within ten working days.

DIVISION OF MINERALS PERFORMANCE INDICATORS

Activity	Description	FY-14 Actuals	FY-16	FY-17
General Administration	Number of abandoned mine land (AML) and minerals education presentations	196 /11 FTE's = 17.8	12	12
Abandoned Mines	Number of hazardous abandoned mine openings secured, expressed as a percentage of the total number inventoried	14,492 secured/18,331 inventoried = 79.1%	70%	70%
Oil, Gas, and Geothermal	Monitoring of Oil, Gas, and Geothermal Wells	556 Wells Inspected in FY14)/ 558 Permitted Wells = 99.6%	33%	33%
Oil, Gas, and Geothermal	% of Permits Processed in Ten Working Days	42 permits processed / 42 total permits processed = 100%	N/A	N/A

III. WORK LOAD STATISTICS

The Division of Minerals does not use work-load statistics. The Division does track numbers of permits issued for oil, gas and geothermal drilling, the number of well inspections performed, the number of minerals education presentations given by staff, and abandoned mine land work completed.

IV. RECAP OF BUDGET REDUCTION MEASURES IMPLEMENTED IN CURRENT BIENNIUM

The budget reduction measures for the 2013-15 biennium were related to reducing operating reserves. Operating reserves were reduced from both planned, and unplanned occurrences.

1. Revenues from mining claim fees declined 10.5 % in FY 2014 and 8.5% in FY 2015. This had a negative impact on revenues of \$330,000 during the 2013-15 biennium.
2. Division reserves were used to fund a portion of the Governor's Sagebrush Ecosystem Council. Total support from the Division's reserves for the 2014-15 biennium was \$273,314.
3. Unbudgeted cost for the development of the hydraulic fracturing regulations and update of NAC 522 (oil and gas code), was \$57,000 in FY 2014-15.

The Division should end FY 2015 with a three to four month operating reserve, and has budgeted significantly less abandoned mine lands closure work during the 2015-17 biennium due to the expected continuing decrease in revenues from mining claim fees.

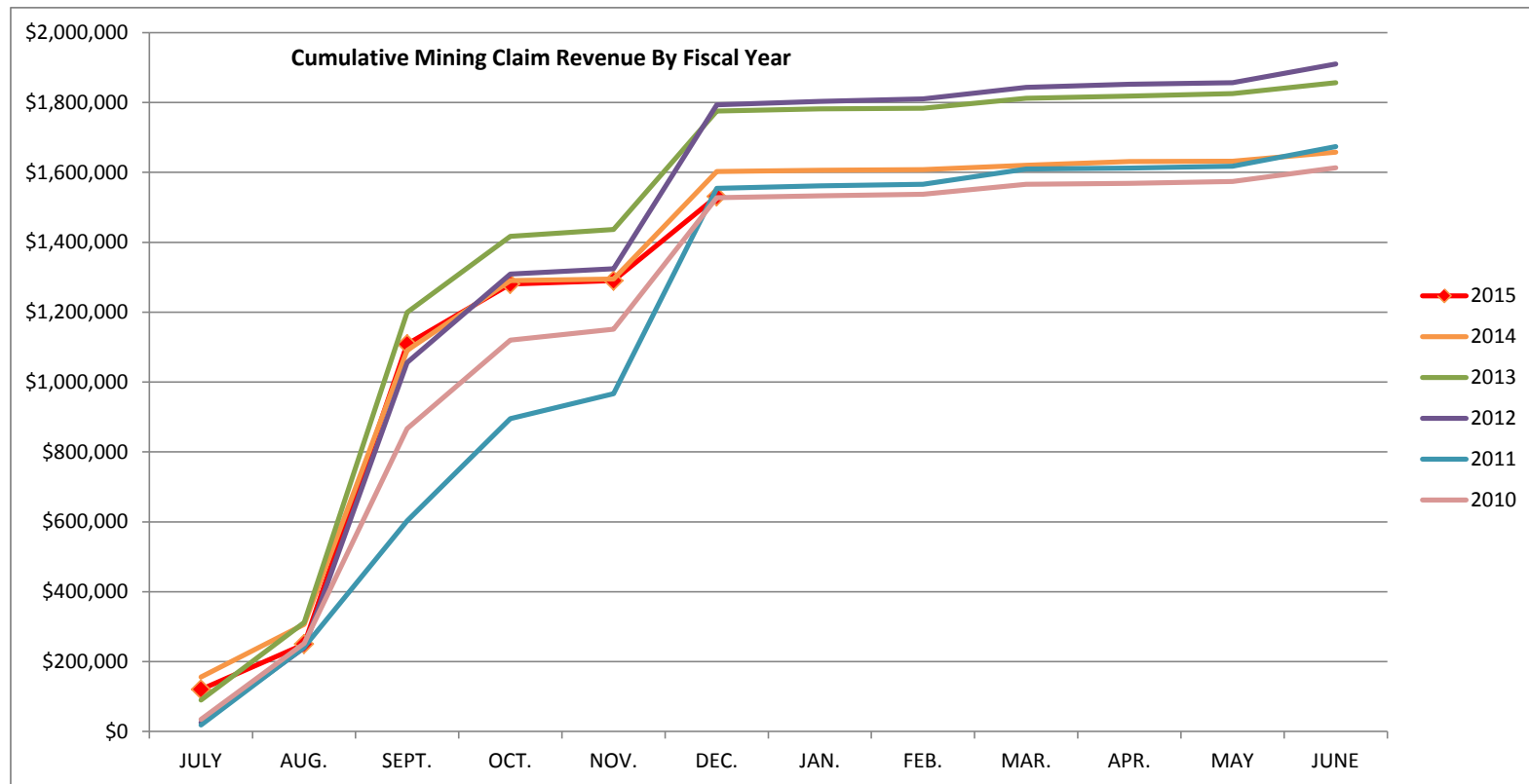
II. C. Financial Update- Mike Visser

Fiscal Year Cumulative Mining Claim Revenue By Month

Fiscal Year	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	YOY	Total Claims
2015	\$120,352	\$250,079	\$1,108,417	\$1,280,687	\$1,290,241	\$1,531,683							-4.4%	180,198
2014	\$155,703	\$306,646	\$1,090,754	\$1,290,496	\$1,294,661	\$1,602,233	\$1,606,177	\$1,607,656	\$1,620,857	\$1,631,235	\$1,632,417	\$1,657,789	-10.7%	195,034
2013	\$90,253	\$311,806	\$1,199,622	\$1,417,171	\$1,437,104	\$1,775,803	\$1,781,575	\$1,783,870	\$1,812,217	\$1,818,745	\$1,825,571	\$1,856,460	-2.8%	218,407
2012	\$26,248	\$239,904	\$1,055,539	\$1,309,017	\$1,324,445	\$1,793,687	\$1,802,901	\$1,810,432	\$1,843,795	\$1,852,541	\$1,857,012	\$1,910,562	14.1%	224,772
2011	\$18,504	\$241,374	\$602,803	\$895,475	\$966,603	\$1,554,871	\$1,562,053	\$1,565,649	\$1,609,424	\$1,612,118	\$1,618,145	\$1,674,304	3.8%	196,977
2010	\$34,315	\$252,520	\$866,626	\$1,120,355	\$1,151,704	\$1,527,997	\$1,532,639	\$1,537,911	\$1,566,170	\$1,569,088	\$1,574,207	\$1,613,142		189,781

12 Counties pay quarterly: CC, CH, DO, ES, HU, LA, LI, LY, NY, PE, ST and WP

FY15 data as of 2/3/15



Special Projects Approved by the Commission on Mineral Resources (Updated 2-6-2015)

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

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
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
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

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
2/27/2012	NvMA Teachers Workshops \$15k/yr for (FY13 - FY15)	\$45,000	\$30,850	\$12,263	FY13 & FY14 invoices paid; \$3,775 for books (invoice pending)
2/27/2012	Expansion of the NDOM exploration survey	\$50,000	\$50,000	\$0	paid 2/11/13
2/27/2012	Removal of hollow pipe plastic claim markers	\$27,000	\$27,000	\$0	Invoice 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	Invoices paid
	Mining Claim Fee support for Mackay for FY14 claims	\$390,068	\$0	\$390,068	
2/13/2014	NBMG Projects	\$100,000	\$50,000	\$50,000	1st 3 Invoices paid on 1/6/15; 2nd 3 invoices paid 2/4/15
	Total of Special Projects	\$5,265,152	\$4,782,093	\$481,172	
Obligated Monies					
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
	Special Projects & Obligated Monies	\$5,265,152	\$4,782,093	\$481,172	
	Current Reserve			\$1,652,784	(as of 2/6/15)
	Unobligated Reserve			\$1,171,612	

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

FY15

February 6, 2015

**Week: 32
Year %: 62%**

REVENUES

	Work Program	Actual	% of Work Program	Balance Remaining
Balance Forward From Prev. Yr. (2511)	\$889,917	\$889,917	100%	\$0
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	17,535	45%	21,801
Oil Permit Fees (3717)	3,000	1,600	53%	1,400
Mining Claim Fees (3718)	1,312,892	1,081,188	82%	231,704
Dangerous Mine Fees (3727)	561,930	450,495	80%	111,435
Geothermal Fees (3736)	134,539	90,350	67%	44,189
Abandoned Mine Securing Fees (3770)	9,800	94,340	963%	(84,540)
Printing Sales (4011)	207	104	50%	103
Publication Sales (4027)	5,503	735	13%	4,768
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
FY15 Revenues Received	\$2,171,429	\$1,808,126.67	83%	\$363,302
TOTAL REVENUES	\$3,061,346	\$2,698,043.67		

EXPENDITURES

	Work Program	Actual	% of Work Program	Balance Remaining
Personnel (01)	\$1,030,095	\$589,748	57%	\$440,347
Out of State Travel (02)	10,376	4,943	48%	5,433
In State Travel (03)	18,041	7,567	42%	10,474
Operating (04)	109,856	77,659	71%	32,197
Board Travel (08)	2,658	710	27%	1,948
Special Projects (09)	675,390	61,387	9%	614,003
Las Vegas Office (14)	35,439	25,574	72%	9,865
Oil, Gas Geothermal (17)	11,000	5,854	53%	5,146
AML Support (18)	197,795	72,134	36%	125,661
Bond Pool Expenses (19)	0	0	0%	0
County Royalty Grants (20)	0	0	0%	0
Computer H & S Ware, DOIT(26)	20,859	4,994	24%	15,865
AML Enhancement (39)	201,226	35,098	17%	166,128
SageBrush Ecosystem Trx to DCNR (69)	141,742	131,572	93%	10,170
Purchasing Assessment (87)	928	696	75%	232
State Cost Recovery (88)	34,734	17,367	50%	17,367
AG Cost Allocation (89)	19,913	9,957	50%	9,957
FY15 Expenditures	\$2,510,052	\$1,045,259.33	42%	\$1,464,793
Reserve Balance (86)	\$551,294	\$1,652,784.34	300%	(\$1,101,490)
TOTAL EXPENDITURES PLUS RESERVE	\$3,061,346	\$2,698,043.67		

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

II. D. Update on Donation Requests and Approvals



University of Nevada, Reno

Via e-mail
January 30, 2015

Mr. Richard M. Perry, Administrator
Nevada Commission on Mineral Resources
Division of Minerals
400 W. King St., Ste 106
Carson City, NV 89703

Subject: Support for the Mining Engineering Program

Project Title: *NV Division of Minerals Support for Mining Engineering Program*
UNR Principal Investigator: Dr. Jeffrey Thompson
UNR Sponsored Projects No.: 0907001-02
UNR Invoice No. 115GC001569
Proposed Funding: \$390,068 (\$390,068 Direct Costs; \$0.00 Indirect Costs)
Proposed Project Period: 07/01/2015 – 06/30/2016

Dear Mr. Perry:

The University of Nevada, Reno (UNR) wishes to thank the Nevada Commission on Mineral Resources (NDOM) for its continued support of the Mining Engineering program and is pleased to continue our partnership with NDOM. Enclosed please find the above referenced Invoice.

Please issue the award check to our legal name and send to the address below:

Board of Regents, Nevada System of Higher Education, on behalf of the University of Nevada, Reno

Sponsored Projects / Mailstop 325
University of Nevada, Reno
Reno, NV 89557-0240
(via email: ospadmin@unr.edu)

For questions of a program nature, please contact Dr. Jeffrey Thompson. For contractual matters or business questions, please contact this office and refer to the above Sponsored Projects number.

Sincerely,

Tracy D. Wheeler
Research Administrator

Enclosure

cc: Dr. J. Thompson, Dean, College of Science

Sponsored Projects
Ross Hall, Room 204
University of Nevada, Reno/325
Reno, Nevada 89557-0325
(775) 784-4040 office
(775) 784-6680 fax
www.unr.edu/ospa

INVOICE

DATE: January 20, 2015

BILL TO:

Commission on Mineral Resources
Nevada Division of Minerals
400 W. King Street, Suite 106
Carson City, NV 89703

UNR INVOICE 1156C001569

DESCRIPTION:

NDOM Support for the Mining Engineering Program at UNR
Project Period: July 1, 2015-June 30, 2016
Funds from NDOM FY14
Acct. No. 1321-114-2057
(OSPA No. 0907001-02 Thompson, Jeffrey S.)

Total: \$390,068

Please issue the check payable to:

Board of Regents, Nevada System of Higher Education, obo University of Nevada, Reno

University of Nevada, Reno
Sponsored Projects/MS 0325
Reno, NV 89557

II. E. Discussion of the need for a scoping level study for a concentrate smelter in Nevada



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

WHITE PAPER: BUSINESS STUDY FOR A NEVADA CONCENTRATE SMELTER
2-10-2015

The idea of attracting a private company to build a concentrate smelter in Nevada has been the conversation of several meetings between NDOM, University and Industry people for the past couple of months. Copper concentrates produced from Nevada mines are currently being shipped out of the country for smelting due to the lack of a base-metal smelter in Nevada and little spare capacity at existing smelters in Arizona and Utah. Smelting is a major cost of production to a base metal producer, and freight is significant. No single Nevada base metals producer has enough concentrate to consider a smelter, as they are a significant investment to build. Nevada has deposits of copper, molybdenum, vanadium, and other base metals that could benefit from a Nevada-based smelter. Sub-economic mineral deposits could become economically viable with the reduction in transportation for shipping concentrates. In addition, smelters often attract downstream businesses such as copper wire and specialty alloy manufacturers.

When we discuss what would be an economic development project that would create jobs and new industries in Nevada, this topic usually crops up. A Nevada concentrate smelter has little benefit to the State's precious metals producers, as they already ship a product they can sell. Precious metal mines have on-site refineries in Nevada and ship a marketable dore' product, with little transportation or downstream processing cost.

Engineering and construction contractors already know how to design and build a smelter. What we can do, however, is survey concentrate producers and collect cost data to produce a scoping-level study. We can also make some estimates of how much mineral resource (new mines or expansion of existing mines) in Nevada may become feasible to mine if a smelter were located here. Russ Fields, Director at the Mackay School at UNR and Jim Hendrix, Mackay Mining Department Chair put together a list of what a Nevada smelter scoping study would require:

1. Identify where the concentrates are or will be produced.
2. Determine where the concentrates are shipped today.
3. Determine the costs for transportation of concentrates to custom smelters outside of Nevada
4. Estimate the cost of locating a modern smelter for custom smelting in Nevada
5. Match the infrastructure needs of a modern smelter with what is available near existing rail, power, and natural gas distribution lines in Nevada
6. Evaluate the feasibility and cost of air and water permitting
7. Estimate how much more base metal production would occur if Nevada had a custom smelter
8. Estimate what downstream industries might locate near a smelter

While the smelter survey would not have as many mining properties listed as the Annual Exploration Surveys conducted by the Nevada Bureau of Mines and Geology (NBMG), it would need to be more in-depth in its examination of markets for the metals. The companies that may be interested in this type of study are those that already operate smelters, or are producing concentrates in Nevada. ASARCO,

Freeport, Kennecott, Teck, and Sumitomo Metals operate smelters elsewhere. Two companies in Nevada ship concentrates, with another expected to go into production in the next two years. We estimate the cost of such a study to be inside of \$100,000, with involvement from NDOM, UNR-Mackay and the NBMG. The purpose of the study is to determine if there is a need. If the answer to that is yes, then the study could be used as a marketing document to begin a dialogue with industry.

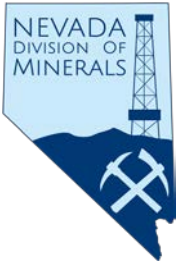
III. OLD BUSINESS

III. A. SB44 Update

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HAND OUTS AND PRESENTATION WILL BE GIVEN AT THE
MEETING.

III. B. AML Database Update/ AML 2015

Plan



NDOM AML Notification Process

Rob Ghiglieri

Las Vegas Commission Meeting

February 24, 2015



Notification Procedures

First Notification:

Happens twice a year, (Spring and Fall) and is sent to any claimant that has unsecured hazards on their claim/land and have not been previously notified. This starts a six month response period.

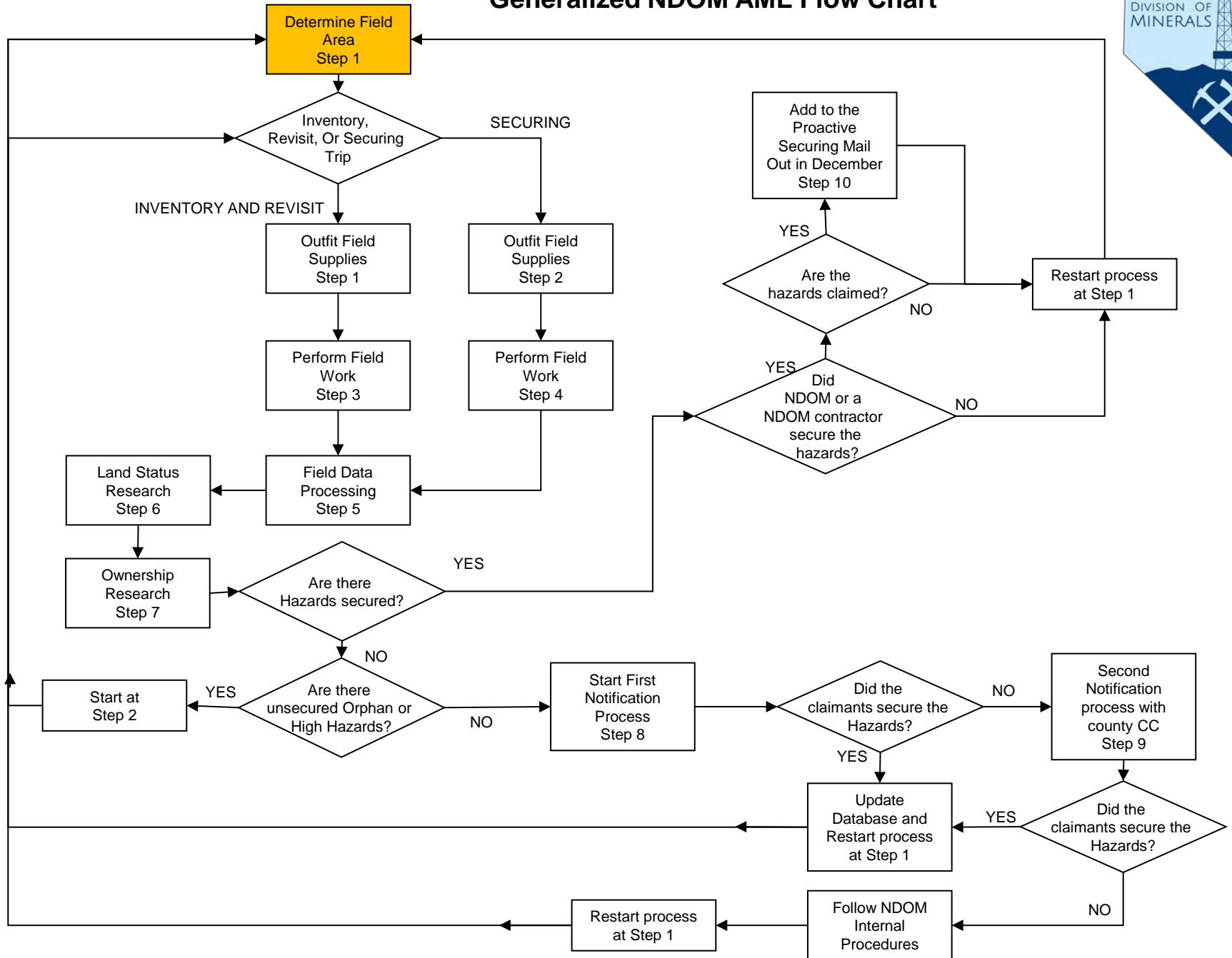
Second Notification:

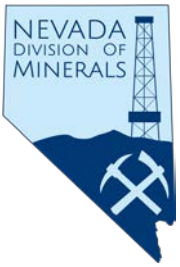
Once NDOM catches up with the process, the second notifications will hopefully happen every month. They are sent to any claimant that has an unsecured hazard on their claim/land and have already been notified by NDOM for the specific hazard before. The second notification must be at least six months after the first notification. The appropriate county commission is CC'd on the second notification. If the claimant responds to the first notification but does not send securing documentation to NDOM the second notification will occur six months after the response date.

Proactive Securing Notification:

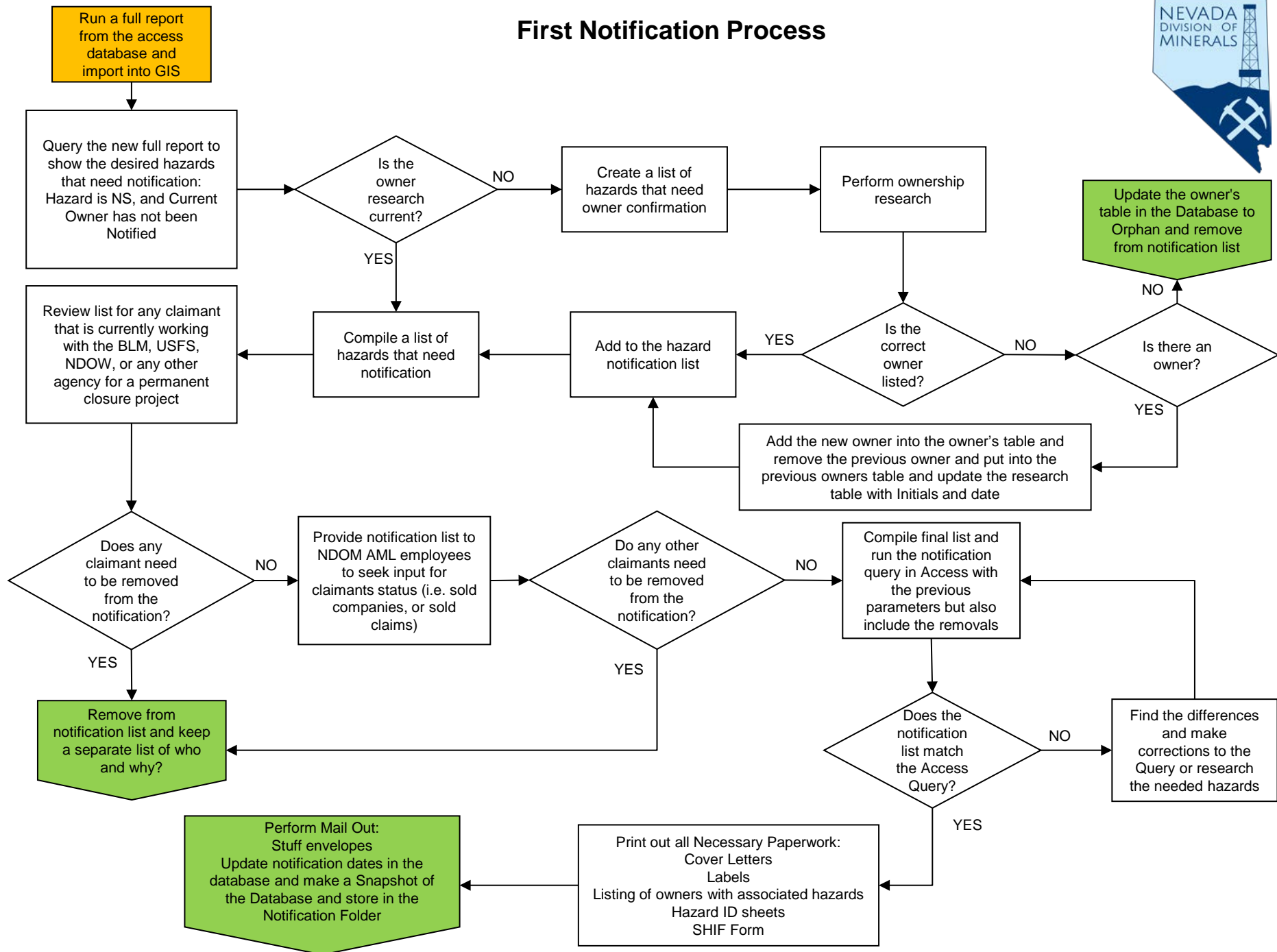
Occurs every December where a notification is sent to any claimant that has hazards on their claim/land that were secured by NDOM, an NDOM contractor, or a good Samaritan. The purpose is to notify the claimant that it is now their responsibility to maintain securing status for the hazard.

Generalized NDOM AML Flow Chart

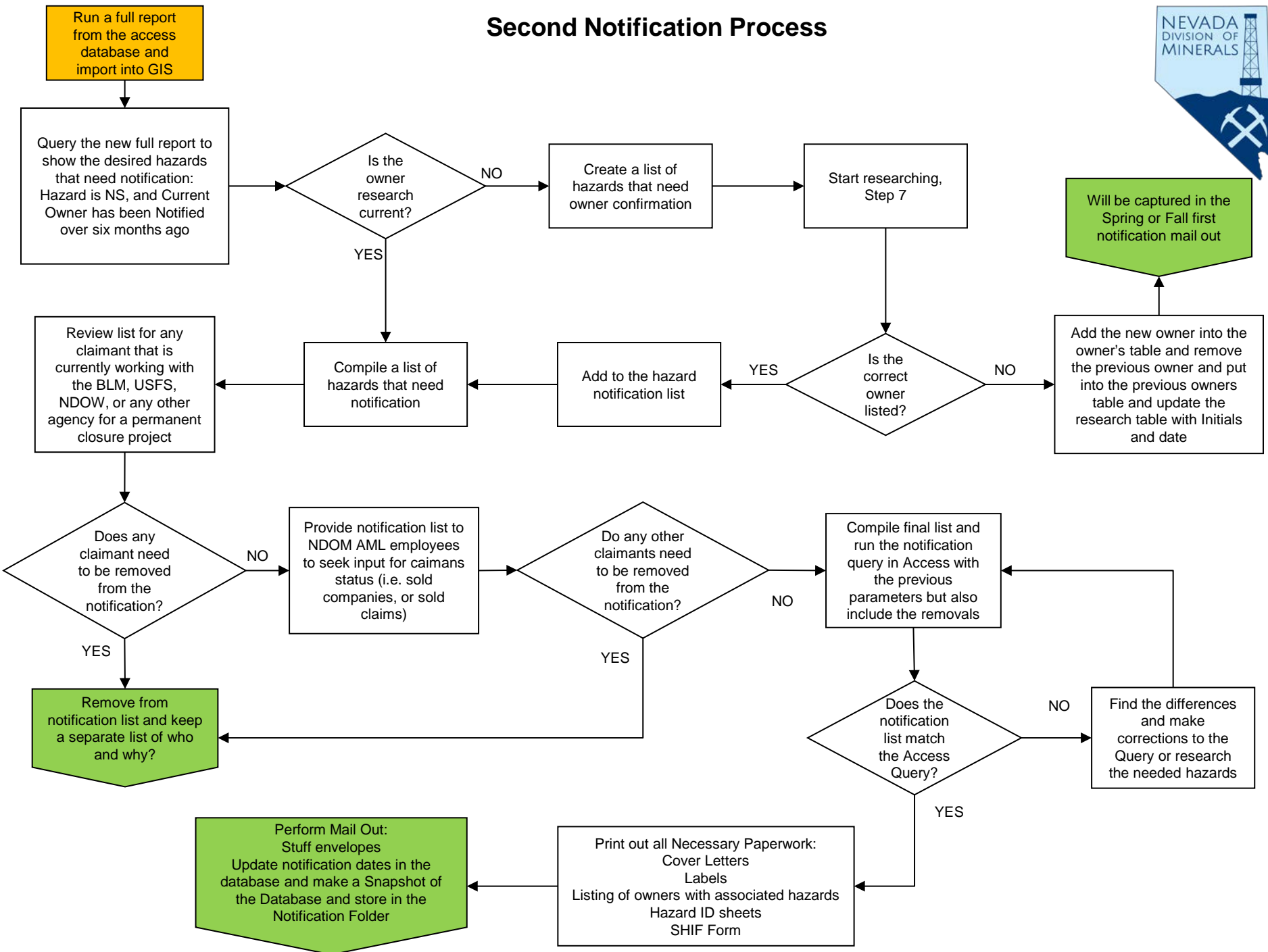




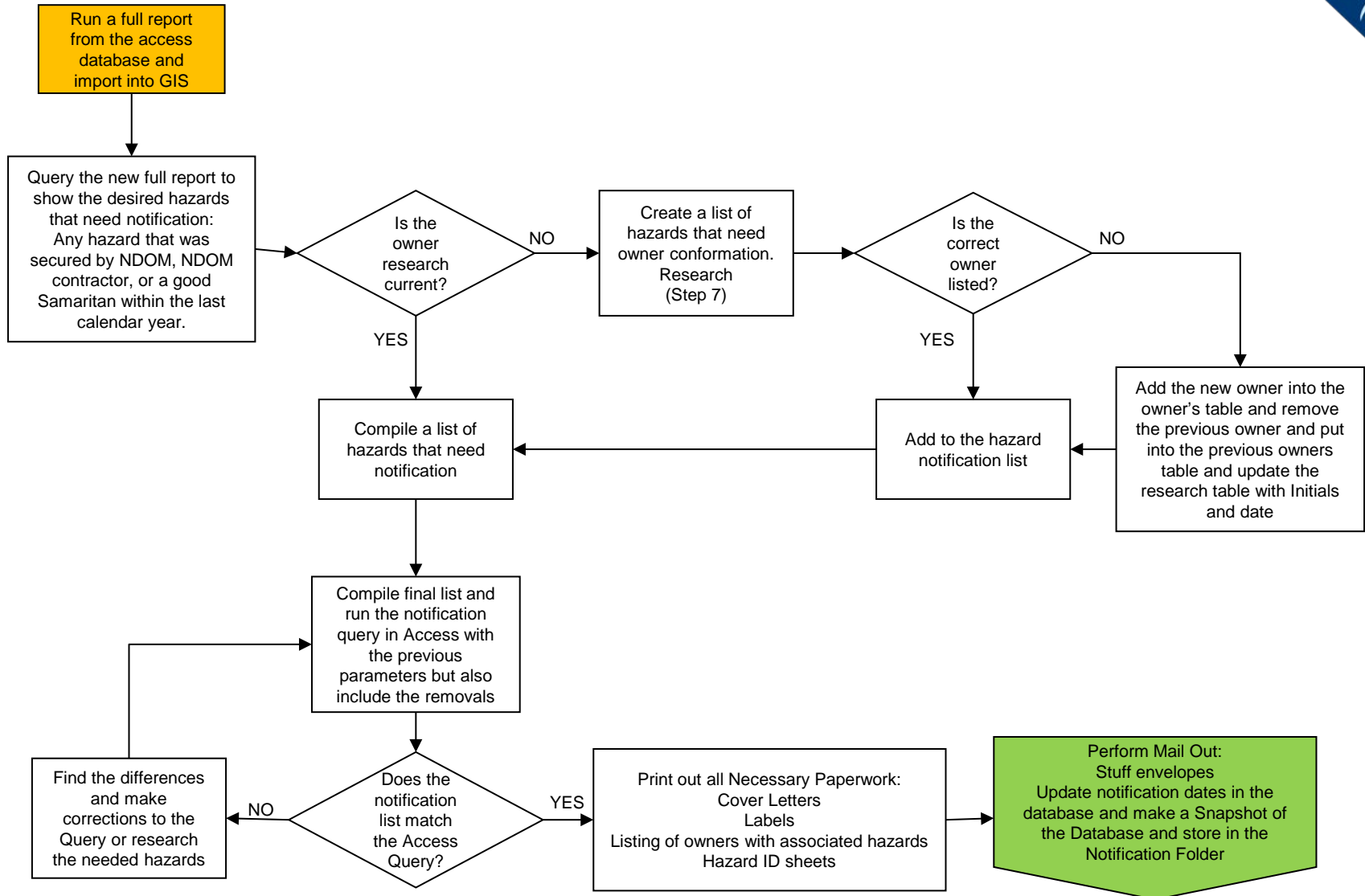
First Notification Process



Second Notification Process



Proactive Securing Notification



Capturing the Responses

- After each notification we try to capture all responses from the claimant/owner.
 - Keep a folder with all responses
 - Update the database with the responses
 - Add emails and digital data to the claimants/owners correspondence folder on the M Drive
- A constant update

2015 Intern Planning



**Robert Ghiglieri
&
Lucia Patterson**

2015 Summer Intern Planning Methodology

Area #	TopoQuads of Interest	Topo Rank	Town Buffer	Accessibility	Near Main Roads or Trails	Average Hazard Rank of Orphans that need securing	Logging Needed 1-5	NS Orphans	% Importance	Known Issues	Notes	Number of known Orphans to secure	Number of Orphans to Revisit	NV pts to Log	Summaries
1	Black Spring	6	1	3	2	0	4	0	50						Area 1
1															Known Hazards to Secure
1															pts to Log
1	Dicali														to Revisit
1	Kil														
1															
1	Liberty Springs														
1	Outlaw Springs														
1	Outlaw Springs NE	6	0												
1	Outlaw Springs SE	4	1												
1	Rainier Mountain	6	0	3	2	0	5	0	50		in upper NE corner, placer digs	0	0		217

Topo Rank: Used same number system as previously defined.
7 points Possible for 2015

Topo Rank: Visual Inspection
Used same number system as previously defined
8 points possible

Town Buffer:
None = 0
5 mile = 3
10 mile = 2
25 mile = 3

Accessibility: Visual and from previous logging
Easy = 3
Moderate = 2
Difficult = 1

Near Main Roads or Trails:
Visual
No = 1
Yes = 2

Logging Needed:
0-50 NV Pts = 1
51-100 NV Pts = 1
101-150 NV pts = 1
151-200 NV pts = 1
>200 NV pts = 5

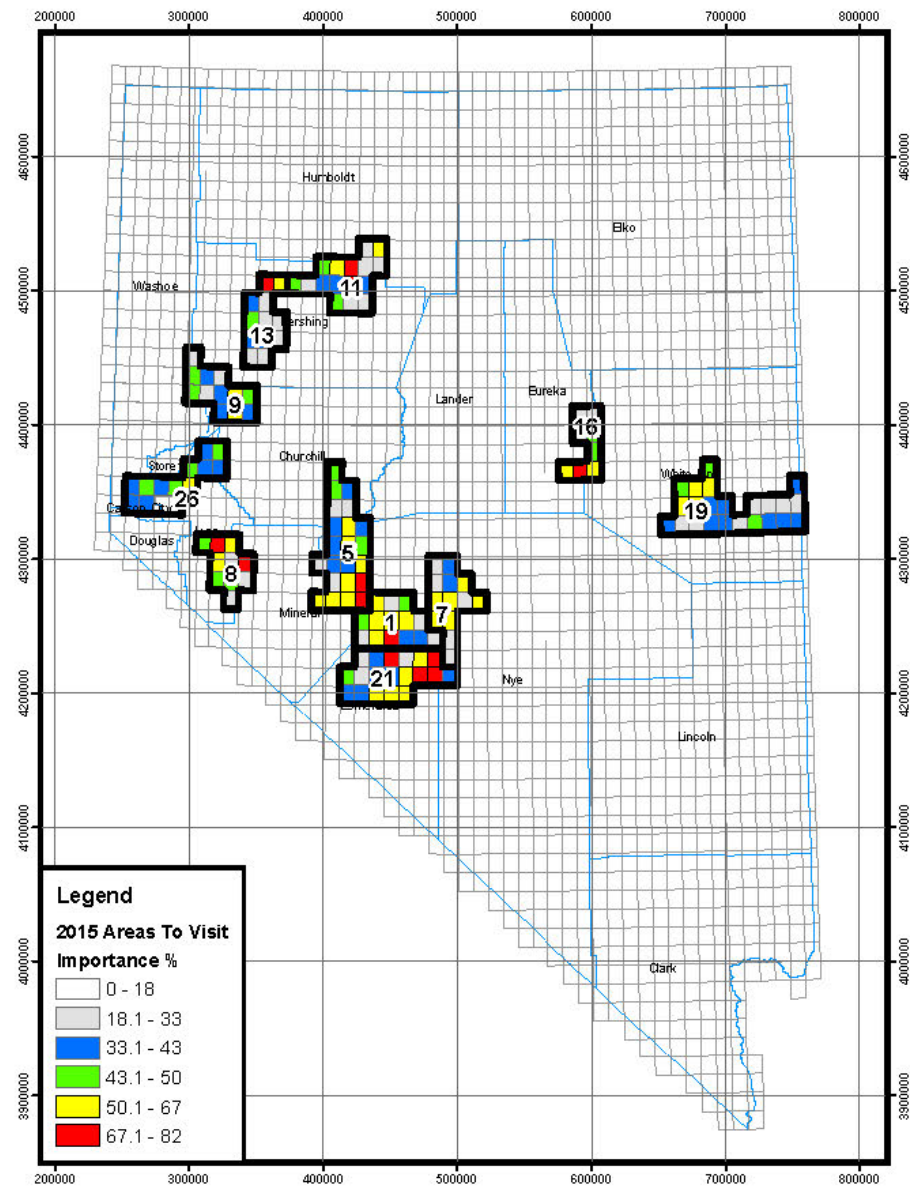
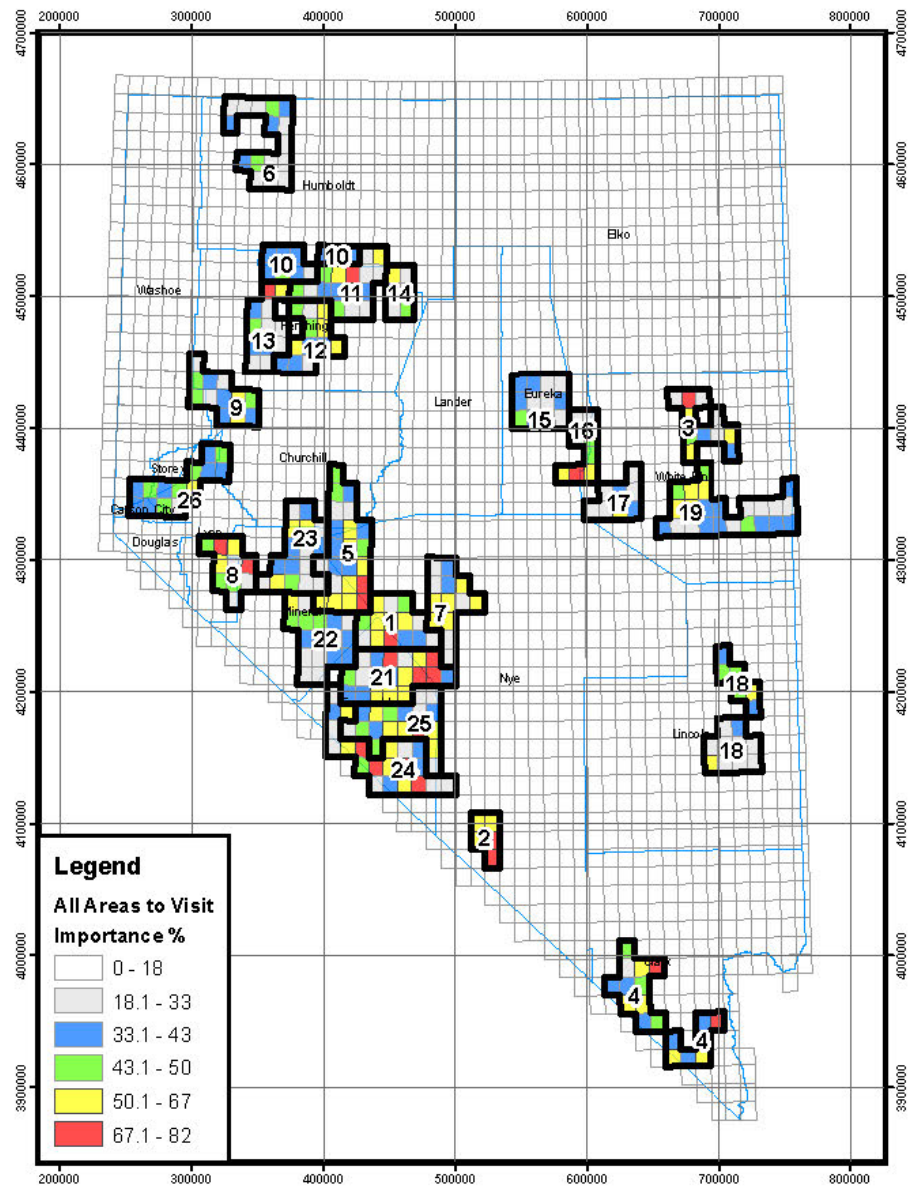
NS Orphans: Point system derived off Statistical Analysis/Graphical Population Definition (Will Change Yearly)
0 pts= none
1 pt= 1-5 (Mode)
2 pts = 6-7 (mean + 1 stdv)
3 pts = 8-10 (90th percentile)
4 pts = > 10 (95th percentile)

Summaries: Verify there is enough work to keep interns busy for a week

A total of 32 points are possible

Staff Input

Should have more than enough logging to keep them busy



III. C. Mining Claim Form Task Force update

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HAND OUTS AND PRESENTATION WILL BE GIVEN AT THE
MEETING.

III. D. NBMG Activity Update

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HAND OUTS AND PRESENTATION WILL BE GIVEN AT THE
MEETING.

IV. STAFF REPORTS

OGG Well Inspection Status Report

Well Type	Total Wells	Wells Inspected	1/3 of All Wells Needed to Be Inspected in FY15	% of Total Needed	# of Wells Remaining to Be Inspected
Geothermal	440	135			
Oil	127	32			
Totals	567	167	190	87.9%	23

Field	Wells Inspected
Steamboat	44
McGinness Hills	21
Wild Rose	16
Jersey Valley	12
Tuscarora	13
Patua	26
Virginia Lake	3
Blackburn	8
N. Willow Creek	2
Currant	1
Duckwater	1
Trap Spring	13
Tomera	3
Pluto	1
Marys River	1
Huntington	1
KBE 1	1
Total	167

2010-2015

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

2/24/15

Battle Mountain

July 30, 2010 – Tour of Newmont
Phoenix Mine

Tonopah

8/15/13 - Solar Reserve Plant

8/16/13 - Tonopah Mining Park

