



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/>



BRIAN SANDOVAL
 Governor

RICHARD PERRY
 Administrator

Las Vegas Office: 2030 E. Flamingo Rd. #220, Las Vegas, NV 89119
 Phone: (702) 486-4343; Fax: (702) 486-4345

COMMISSION ON MINERAL RESOURCES
 Nevada Department of Agriculture
 405 South 21st Street-Conference Room, Sparks, NV 89431

Friday, May 1, 2015

1:00 P.M.

AGENDA

CALL TO ORDER

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

ROLL CALL

PLEDGE OF ALLEGIANCE

COMMENTS BY THE GENERAL PUBLIC

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

I. MINUTES

- A. Approval of the February 24, 2015 meeting minutes

FOR POSSIBLE ACTION

II. NEW BUSINESS

- A. Chairman’s discussion on administrative functions of Commission- vice chair, subcommittees, and matters related thereto.

FOR DISCUSSION ONLY

- B. Well Database

The Division began inspecting all geothermal and oil/gas wells in Nevada on a risk-based schedule in 2014. Documentation and follow-up of well inspections was previously all on paper. The Division undertook a project to move all well file information to an electronic format. A Geothermal database has been developed on a Microsoft Access platform. Erik Langenfeld will report on progress.

FOR DISCUSSION ONLY

- C. AML and Minerals Education

Bill Durbin will report on the Southern Nevada earth Science teacher’s workshop and educational activities in Southern Nevada, and Lucia Patterson will report on educational activities in Northern Nevada.

FOR DISCUSSION ONLY

D. Reimbursement Policy for Professional Organizations and Meetings. The Division has operated with an informal policy in the past. Per NRS 513.063(4), the CMR must approve administrative policies for the Division. A draft policy has been prepared for consideration. Rich Perry **FOR POSSIBLE ACTION**

E. Interstate Mining Compact Commission IMCC Nevada joined the IMCC as an associate member in 2012. Associate members are allowed a five year period to gain full membership while being assessed at a fixed annual rate. Dues will increase from \$5000 per year in 2015 to \$10,000 per year in FY 2016 and 2017. Using the current IMCC formula, full membership would be assessed at \$41,858 per year thereafter. The CMR can make a recommendation to the Governor regarding Nevada's continuing membership in IMCC. **FOR POSSIBLE ACTION**

III. OLD BUSINESS

A. BLM/AML Program Update John Callan, BLM **FOR DISCUSSION ONLY**

B. AML Intern Work Program and funding sources for program Rob Ghiglieri will present the 2015 work program including past and present funding for the program. **FOR DISCUSSION ONLY**

C. NDOM Reserve Balance Tracking At the February 28, 2015 meeting Commissioners asked for updated information on tracking NDOM financial reserves. Mike Visher will present a graph of reserve balance by week for FY 2014 and FY 2015. **FOR DISCUSSION ONLY**

D. 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 mining claim forms which are available on the Division web site. Task force members Bryan, Parker, Visher and Perry will report on progress. **FOR POSSIBLE ACTION**

E. SB-44 Update SB 44 is the CMR bill to change the way fees are set for oil and gas drilling. The current draft of SB 44 has caps for conventional and unconventional wells, and an increase in the Administrative fee. Rich Perry will report on the status of the bill, and other bills that could affect NDOM. **FOR DISCUSSION ONLY**

IV. STAFF REPORTS

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

COMMISSION BUSINESS

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

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**

ADJOURNMENT

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 contact Valerie Kneefel at (775) 684-7043 or Email Vkneefel@minerals.nv.gov

The Commission will be attending a field trip on Friday, May 1, 2015 to Nevada Department of Agriculture, Reno NV. Members of the public may attend but must provide their own transportation and safety equipment. Advanced notification is required. Please call Valerie Kneefel at (775) 684-7043.

I. MINUTES

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
Tuesday, February 24, 2015 – 9:00 a.m.
Clark County Government Center
Commission Chambers
500 S. Grand Central Pkwy.
Las Vegas, Nevada 89155

COMMISSIONERS IN ATTENDANCE:

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

ALSO IN ATTENDANCE:

Mike Visher (NDOM)	Jim Faulds (NBMG)
Rob Ghiglieri (NDOM)	Sasha Jhasser
Deborah Selig (NDOM)	Bryan Stockton (Deputy Attorney General)
Bill Durbin (NDOM-LV)	Russ Fields (UNR/Mackay)
Rich Perry - Administrator (NDOM)	Alan Coyner (Ret.)
Valerie Kneefel (NDOM)	

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. No public comments were made.

I. MINUTES

A. Approval of the December 11, 2014 meeting minutes

ACTION TAKEN: Richard DeLong moved to approve the December 11, 2014 meeting minutes. David Parker seconded the Motion. Motion carried unanimously.

II. NEW BUSINESS

A. Election of Chairman –

Commissioner Bryan stated that because this is a legislative session he wondered if it would be appropriate to consider putting a vote off until the next meeting. He further stated that Chairman Gibson is the current Chairman of the Commission and if anything comes up at the legislature this following three or four months, Chairman Gibson has been the head of the Commission for so and Commissioner Bryan wondered if that would be a consideration to put the vote off for three or four months in case something comes up.

Chairman Gibson stated that his personal feeling is today is the day. He had a lot of discussion with Mr. Perry and a couple of others, and he thinks they're prepared to change.

Commissioner Bryan stated that was fair enough.

Chairman Gibson further stated that 33 years is a long time.

Commissioner Henderson commented that along the same lines as Commissioner Bryan, he'd like to see if the Commission might consider moving forward with the Vice Chairman until the next committee meeting or until Dennis is reappointed or not by the Governor and then they can make their decision. He stated he would hate today to have two or three people and then elect someone that may or may not be there after the next appointments. He asked if anyone there had any comment about that. He further stated that deep in his heart he would've liked for those people that are considering being the chairman today might have worked that out amongst themselves because as a Commissioner they all get along very well there and it's hard for him to make that decision to choose among one or two or three people. He stated he wanted to throw that out for discussion and asked if anyone had a comment about that.

Commissioner Mudge stated he was with Chairman Gibson and wanted to get it done today. He stated he knew unofficially who was interested but he'd like to hear officially who wants to raise their hand too, and he thinks they should get it out all on the table and talk it through and come to a decision.

Commissioner DeLong stated he wanted to say a few things and wanted to respond to Commissioner Henderson. Commissioner DeLong stated from his perspective, no matter who is chairman he doesn't see a problem working with any of them. He wasn't sure that issue was out there. He does hear what Commissioner Henderson is saying with regards to if John Snow becomes chairman or if Dennis becomes chairman and they happen to not be reappointed then they would have a very short tenure, but he stated that potential exists no matter when they reelect a chair. He stated it might be as short as two months or two years. He stated he thinks they have a good working group there and no matter who becomes chair they will all continue to work well together.

Commissioner Bryan stated that he would agree with Commissioner DeLong that whoever becomes chair would have the complete support of everybody else and everybody is qualified.

Chairman Gibson stated that they will move ahead and the Chair will entertain a nomination or nominations for the position of chairman.

Commissioner DeLong stated he will nominate himself and Dennis Bryan.

Commissioner Parker stated he will nominate Art Henderson just so there's more of a selection.

Chairman Gibson asked for any others with no response. He further stated nominations were closed.

Commissioner Mudge stated that he would like to hear a few words from each of the candidates.

Chairman Gibson asked for Commissioner Bryan to begin.

Commissioner Bryan stated that being Vice Chair of the Commission for the last two to three years has been very satisfying to him and has enjoyed the position, especially working under Chairman Gibson. He stated that he realized that after Chairman Gibson he's the longest sitting Commissioner and it seems like he just started this a few years ago but now he's got seniority. He stated he is very active up at Mackay. He's on the Executive Advising Board. He's active in the Nevada Mining Association. He's on the Board of Directors. He chairs the Exploration Committee. He's active in the Nevada Mineral Exploration Coalition. He testified at Exploration Day last month. He feels that he stays very active on the Commission and he enjoys that time and he would be very honored to be the chair of the Commission, but no matter who gets it he'll be fully supportive of that and stated that as Ronald Reagan said the youth and inexperience of some of the other candidates I'm not going to take that into account.

Commissioner Henderson stated he is very honored by Commissioner Parker to nominate him. However, at this time he believes that the new chairman should still be in the mining commissioner. He thinks hopefully one day the fluids commissions will have their industries grow up where they could be considered as the chairman of this

Committee. He won't remove his name because he's honored to have it there, but he thinks the other two Commissioners are better qualified to lead the Commission at this time with where they are with the industry in this 2015.

Commissioner DeLong stated that given his perspective in the industry serving in the last 10 years as a large-scale mining Commissioner along with the business side, which represents all aspects of the mining industry from exploration through development through closure gives him a very broad perspective on the issues that are of concern to the industry, particularly as it relates to Nevada. He further stated he has also been a past member of the Board of Directors of the Nevada Mining Association, past president of the American Exploration and Mining Association and still on their board so very involved in the trade associations which are working on trying to manage the issues that are in front of the industry. He stated for those reasons he thinks he brings a good breadth of experience that will help guide the Commission.

Chairman Gibson thanked the Commissioners and asked for any further comments with no response.

Mr. Stockton stated that the vote has to be public. They can't do a secret ballot.

Commissioner Mudge stated he felt the need that they're so blessed to have had Chairman Gibson be their leader for all of these years and the best of all worlds to have Chairman Gibson stick around on the Commission and pass the baton. He further stated he is fine with whatever the selection is knowing either Dennis or Rich will do a great job.

Commissioner Snow echoed what Commissioner Mudge said and asked if the Vice Chairman were to be elected as the Chairman what would be the succession process for the Vice Chairman.

Mr. Stockton stated the Vice Chairman serves at the pleasure of the Chairman. There's nothing in the statute that talks about that, so it's whoever the Chairman wants.

Mr. Perry stated in response to Commissioner's Snow question because at the beginning he actually thought that both should be on the agenda today but reading the statutes there's no definition of Vice Chairman. It's just Chairman who serves at the leisure of the Commission that they choose. Historically, the Chairman has asked for or has designated a Vice Chairman but it's his understanding it was never a vote; it was at the leisure of the Chairman. It was before his time but that's the history that he found on that one.

Chairman Gibson asked for a vote.

Commissioner Parker stated even though Commissioner Henderson is qualified and did a great job on the oil and gas regulations in a trial by fire, he realizes it would be awkward for him to step into this role right now, so his vote is for Rich DeLong.

Commissioner Mudge voted for Rich DeLong.

Commissioner DeLong abstained from the vote.

Commissioner Bryan voted for Rich DeLong

Chairman Gibson voted for Dennis Bryan.

Commissioner Henderson voted for Rich DeLong.

Commissioner Snow voted for Rich DeLong.

Chairman Gibson indicated Rich DeLong is the new Chairman of the Commission.

Commissioner DeLong thanks everyone for their support.

(ROUND OF APPLAUSE)

Mr. Stockton indicated that Rich DeLong is the Chairman effective as of now.

ACTION TAKEN: Richard DeLong appointed as new Chairman of the Commission on Mineral Resources effective immediately.

B. Biennium Budget Presentation

With a PowerPoint© presentation, Administrator Rich Perry, Division of Minerals, presented the NDOM budget submitted to the Department of Administration in September 2014. Mr. Perry stated he had the presentation that was given to the Department of Administration as their annual budget presentation last September and much of it they discussed earlier this year when they went through the budget assumptions but he thought it was very timely if they went through what they did present because what they see is in the Governor's budget and now going through the legislative process. Then following this presentation, the next agenda item Deputy Administrator Visser is going to present their re-forecast, and Mr. Perry thought this would be a good way to look at the financials at least once a year. It is his intent to do this to be transparent and communicate what they have going on on the financial side. He presented the mission statement. As he mentioned last night, it's very close to actually what is in the statutes in Chapter 513 with the word responsible added to it. The activities of the Division of Minerals, and keep in mind this is kind of a template that the Department of Administration asks for when a state agency does their budget so other agencies do something similar to this, and these are our primary activities that are in our budget: The Abandoned Mine Land Program; General Administration, and you can see those things that are in there under that, the mine registry, the publication, minerals education, and the reclamation bond pool; and oil, gas, and geothermal. That is from an accounting standpoint how their budget is setup and looked at by the state. Every state agency has performance measures, and these are reported every two years to the Governor's Office and to the legislature. The legislature gets a written form of this and then when he presents to them like last week to Senate Natural Resources he actually puts this up so they can see where we are against our measures. So State agencies all have metrics, and we have three of them. We changed one this last year. General Administration is the minerals education presentations, and these performance measures were setup many years ago by the previous administrator, Administrator Coyner, and worked well.

Every employee in the Division of Minerals is required to do one presentation per month, and you can see last year we actually averaged more than that, 17.8 per person. Some people do more of them. Mr. Durbin does many more than that in Southern Nevada, but everybody does participate and do these in our shop. Abandoned Land Mines, Rob Ghiglieri keeps tracks of this and it's reported annually in the AML report, the secured hazards divided by the hazards that are inventoried so that we maintain a ratio above 70 percent so that we're doing closures and not just inventory work. The third is a new one this year, and this one really came from our legislative audit earlier this year when we were criticized for not doing well inspections. There is some story behind that between us and the BLM that he won't get into, but we last year inspected all of the geothermal and oil wells so that we had the data to go into a data file, and we're building that data file now. At the next meeting, we'll have Erik Langenfeld report on that. The fourth is the number of permits process in 10 working days and that was 100 percent and is fairly typically, depending on how it's measured, achieved. We have dropped that one because we generally do respond and issue permits rapidly but we can only do that on federal ground once the BLM has issued theirs. So there's some cloudiness on how that's calculated but to keep three metrics we dropped processing in 10 working days and went to inspecting all of the oil, gas, and geothermal wells, a third of them, each year so that we had a program that was transparent that we could show to the legislature and others. Budget assumptions for 2016/2017 biennium that we put into this where claim fees would remain flat and revenues at 2015 levels; \$0.15 per barrel on oil production, administrative fees. We didn't assume changes in geothermal fees. In a state budget, if you assume that you're going to be successful at legislation and rulemaking that might change fees, then you have to do parallel budgets and that becomes very complicated, so it's much easier just to go into this and say, okay, nothing is going to change, we're not going to assume that fees are going to go up in oil or geothermal and run through with the budget on that and then we can look at the re-forecasts to see where we're exactly at.

You can see the rest of the assumptions in there, the BLM assistance partnering at \$50,000 a year and \$75,000 to \$80,000 from the bond pool, which now rolls over since we changed the regulations on that last year and 100-percent fee funded in our budget. Eleven (11) FTE's. We did reduce our AML summer interns from 8 to 6 due to budgetary reasons, budgetary and how many we can actually handle to some extent, but mostly budget. \$50,000 in contracted AML closure work. We did have a placeholder here for curation at the Bureau of Mines and Geology, and he will show at the end where they might be on that one. Some of the other assumptions there, the IOGCC dues. We have IMCC in with annual dues as an associate member for the next two years and that's a decision that will have to be made in the future because at some point they are going to want us to become a full member, which is going to cost approximately \$50,000 a year, and I don't see that as being value.

The reason for our decline in reserves, because that was the question we were given to be prepared to answer when we did our budget presentation because they looked at our finances two years ago and now and saw

clearly that the reserve has been depleted. Mining claim fees are a big part of that. They are not down a full 10 percent this past year, but it's a significant reduction in what our revenues would've been. Our two-year support of the of the Sagebrush Ecosystem Committee was just shy of \$280,000. Development of the hydraulic fracturing regulations were about \$57,000 in unbudgeted costs.

Mr. Perry opened the discussion for questions.

Commissioner DeLong asked does the 11 FTE's in Carson City include George's position?

Mr. Perry answered that yes it does, so they are really sitting at 10 right now. In the state budget process to change or increase a headcount you have to go through a pretty significant process. How do we address the declining reserves? That again was one of the questions we knew they were going to ask because they wanted to make sure we were viable as a fee-funded agency and that we weren't going to show up at IFC with a request for general fund monies to keep operating. Some of these you're very familiar with that we're in the middle of, but again, this is what they presented in September. The first is higher fee revenues, and of course, oil and gas fee revenues is what they're pursuing right now through Senate Bill 44. They discussed at the last meeting the possibility of changing regulations for an increase in geothermal fees in the second half of this calendar year and he thought the Commission had agreed upon a couple of fees that could be done. They also discussed on the mining claim fee increases that they would defer that out of this year and go back and take a look at it in 2016 at the last meeting.

Commissioner Gibson stated he wanted to talk about the oil and gas fee. He asked what they had left on their authority.

Mr. Perry stated on the oil and gas fee they are at the maximum on the permit fee of \$200. They're administrative fee capped by statute is \$0.20 per barrel and they are at \$0.15.

Commissioner Gibson asked about the mining claim fee.

Mr. Perry stated the statutory cap on the combined mining claim fees is \$10 per claim and they are currently at \$8.50.

Commissioner Gibson asked Mr. Alan Coyner what they asked for to begin with when it was agreed to establish \$10 or \$15 and that saved the Commission the problem of going to the legislature every time they wanted to increase fees and they could do it when they wanted to do.

Mr. Coyner stated it was a two-step process as per his recollection. There was a step done immediately when he became administrator and then about a year or two later they took another step and he recalls that was to maximize the general use number at \$6 and \$4, and they maximized the \$6 that doesn't have any strings attached to it on how it's spent. The abandoned mine fee, which is a \$4 maximum, is sitting at \$2.50. That was the history behind that. He stated he would have to go into the records to find out exactly the year that that happened, but he imagined it was somewhere around 2000, 2001, 2002.

Commissioner Gibson stated he thought they were down to about \$2.

Mr. Perry stated they have \$1.50 left.

Commissioner Gibson asked if they considered asking for authority for another \$10 or \$15.

Mr. Perry stated they haven't in this session. Since they pushed out the mining claim fee potential increases to 2016, they could look at that for the 2017 session. Strategically when they discussed about what they wanted to do, they said they really wanted to focus on the oil and gas fee increase because that was a piece of legislation they needed to change.

Mr. Coyner stated that Carol Vilaro was the person that requested the cap of \$10, and the Division and the Commission has been able to stay under that \$10 to this point and time. So yes, they would legislatively have to go back and raise that number to essentially create a new cap.

Commissioner Gibson stated that was correct and asked if now is not the time.

Mr. Perry stated he thought it was too late in this session. He believed that fee increases in this legislature are not well received because it has taken them a lot of work to get a hearing on SB44 and as he'll talk to shortly an agreement in changing the language that there be a cap. Mr. Perry asked for any other questions and none were indicated.

Using the PowerPoint© presentation, Mr. Perry stated they reported on how they might address declining reserves going into the biennium and one is with fee increase on the revenue side and the other is on the expenditure side, and they did work a lot of that into the budget. They have a fairly austere budget for this next biennium. The unknown is where claim fees are going to be since that makes up over 80 percent of their revenue. He thought this was a lot of what they actually talked about when the Commission approved going forward with their bill, but some of the direction they were given was to try to maintain a four-month balance forward going into each year and have the oil, gas, and geothermal programs fully fund their respective programs. The slide just shows the assumptions of what they assumed should go into the costs and overhead for the oil, gas, and geothermal programs.

Mr. Perry stated the next slide shows the declining revenues for 2014. He indicated the next slide the Commissioners had previously seen and they used it when they visited with legislators of revenues from oil and what they estimated what the cost of the program was. He stated the next slide was basically fundamentally what is in SB44 that they were reporting at the time to the Department of Administration.

Commissioner Henderson asked if Mr. Perry could go back one slide and stated that looking over this they had their budget planned based on a lot of activity coming up and asked what Mr. Perry saw now and if any of these budgets are possible to decrease with the decline in oil and gas exploration.

Mr. Perry stated he thought the travel and field expenses and field inspections are probably the one in there that could be most impacted this upcoming year if there's a hiatus in oil activity. The other part of the assumption is he basically built it on oil is half and geothermal is half with respect to the cost of the whole program because they run it together. It is the same resources. It's Mr. Price and half of Mr. Langenfeld's time. It's 25 percent to oil and 25 percent to geothermal so 50 together and he believes it's going to slow down, but that doesn't mean that the overhead goes away or that the people go away.

Commissioner Henderson stated the fees for IOGCC are there and the revenue decrease also because of declining oil and gas production and lower limited number of permits.

Commissioner Bryan asked if they were going to get hit again with the unbudgeted Sagebrush Ecosystem Committee funding.

Mr. Perry stated no they weren't and it's being budgeted for somewhere else out of the general fund. In this meeting in September when we presented this was one of the meetings to establish that, and that was the answer we were given by the Department of Administration was no, do not budget for that. He stated that in the end though it's the Governor's budget and ultimately it has to be approved by the legislature so until it's over it's not over.

Using the PowerPoint© presentation, Mr. Perry stated with geothermal they discussed fee changes of increasing the fee for an industrial or commercial well and adding a new fee for a monitoring well, and if that moved forward that would be in the second half of this year and he would be looking for guidance in probably the May meeting for that at that point in time because he thinks they envision this as after the legislature meets if we're successful with our SB44 then we could potentially go into rule making on both oil and geothermal. As far as mining claims, this is what former Commissioner Coyner had mentioned there as far as the caps, the statutory cap and dangerous mine fees at \$2.50 and the Commission made the determination to defer this into 2016 at the last meeting. Additional risks to budget that mining claim fees come in below forecast and Mr. Visher will report on that. That is actually a bright spot. Geothermal, oil drilling, and production activity decline. On the expenditure side, we have not had any litigation associated with the development of the HF regulations and he hopes they don't, but if they do they can see a higher allocation going in the future. The AG allocations for this next biennium did go up significantly, but some of the other allocations did not. If unfamiliar with that, they're given allocations in the budget for IT, the AG's office, purchasing, and the shared services that the state provides for us.

Commissioner Henderson asked about salary increases for the staff. He's been there since August, a little over a year-and-a-half, and hasn't heard of any increases in staff salary. He asked how long has it been since the staff has had an increase and why have they not had an increase because he thinks they do a fantastic job and further asks if Mr. Perry can enlighten him on the procedure.

Mr. Perry stated he would be happy to because this is an issue. In the state system, they have two types of employees in the Division of Minerals. They have three classified employees and those employees are in a discreet scale with 10 steps in their classification and two of those three are at the top of their scale and one still has room and did receive a step increase this last year. They have 8 unclassified employees and they're rather unique in that because most unclassified employees are department heads of agencies in the state, but all 8 of theirs is unclassified, which basically means they're at-will employees in the state system and there is a table that is looked at at the end of the legislature with all of these and there's probably more than 100 of them in the state and they set the maximum salary in that by legislative action in a bill at the very end of the legislature. Going back in history in talking, there have not been any increases in that cap in the Division of Minerals for a long time. It takes legislative action. He did work into that this year a little bit of how that's done and learned a few things and did put forward using benchmarking a justification to increase several of those that I thought were low. He worked with the Governor's Office on that. That sits with the Department of Administration right now, but there are several of them he has proposed that he thought really should be higher. The field specialist is one of them. They should be at least equivalent to an Engineer I in conservation and natural resources. Some of their unclassified employees they hired in below that cap, which they do, and he believes two or three of them this year there was room and he initiated annual evaluations this year for all employees and two or three of them received an increase getting closer to that cap, but at least half if not more of the employees have not seen any increases in over five years.

Commissioner Henderson thanked Mr. Perry for his answer. He stated the reason he asked the question is because they are very generous with giving donations to many organizations and he thinks they should take a look at trying to take care of their own people first.

Mr. Perry thanked Commissioner Henderson for his comments.

Commissioner Henderson asked Mr. Perry if there is a material increase in overhead as a result of if the Governor does lift the furlough; does that actually increase the salary overhead?

Mr. Perry responded that it will, and Mr. Visher will show them that in the reforecast because they have the assumption that the furlough is going to be lifted, which he believes is a 2.5 percent wage reduction and has been. That's basically it. They're not going to pay you 2.5 percent. All the state employees have to take that. If they lift the furlough, then their costs for salaries is going to go up 2.5 percent.

Commissioner Parker asked if there's any way that the Commission itself can send a letter or go in and talk to people about raising those salaries.

Mr. Perry responded yes, he though there was. The person he was directed to is the Governor's Chief of Staff, Mike Willden, who appears to be the gatekeeper.

Commissioner Mudge asked if there's any reason to consider moving people from unclassified to classified and is that within Mr. Perry's power and if that would help resolve this.

Mr. Perry stated it was not within his power. It would take legislative action to do that, and he thought there would probably be some resistance to it at the Governor's Office, but he believes it would have to be a bill that was proposed to do that. Mr. Perry then asked for any further questions.

Commissioner Mudge stated he was intrigued to see the metrics at the start of the presentation and he would enjoy at a future meeting as you're setting metrics for the next biennium for us to have a discussion around those and are they the right ones and should there be a target and can they raise the bar.

Mr. Perry stated that he agreed and he will put that on the agenda for the next budget cycle when it starts which will be about a year away.

Commissioner Parker asked about the cuttings of \$33,000 and he thought that the industry paid for their own submittal of those cuttings.

Mr. Perry stated they don't. They require in the statutes that a geothermal or oil company operator submit two sets of cuttings and he believes also in the statutes or code of the Bureau of Mines and Geology that they're required to house those cuttings but nowhere is it addressed who is going to pay for the curation and for the last four or five

years since the Commission has provided funding to the Bureau of Mines and Geology it's been \$100,000 a year and it sort of specifically says a third of that is for curation of the cuttings but there's no mechanism anywhere to fund that.

Commissioner Henderson stated that in their workshop they looked at ways to increase fees and at that time they were interested in charging \$500 to the operator for submittal of cuttings and in Senate Bill 44 they had requested that they be allowed to set their own fees, and that was one of the fees that they would've voted on as a Commission if that SB44 was approved. He understands SB44 had to have been modified and they're not going to be allowed any longer to charge that \$500 fee, but he thinks they would have room in the cap of the drilling permit to include that as part of the drilling permit fee and asked if that was correct.

Mr. Perry answered that was correct and he'll talk about that because that's the way he sees it also.

Chairman DeLong asked for further question or comment with no response.

NO ACTION NEEDED

C. Financial update

Using a PowerPoint© presentation, Mr. Mike Visher, Deputy Administrator, reported on the YTD revenues and expenditures, including claim fees and OGG fees. Mr. Visher handed out a packet that should go in new business C, the first page of which is a copy of what was presented to the Commission in August of last year, August 28th. It was the forecast at the time that was presented to the Commission. It is not the same budget that's presented to the Department of Administration. It's an internal and what they really think it's going to look like. He stated he has updated that. The second page they'll see a bunch of red text on it and everything in red has been revised. The reasons for the revisions are in the remarks, but what he stated he will do is go through the important categories for the budget, forecast what they expect FY '15 to end out as well as forecast for '16 and '17 so you can understand where we expect to exit each year and what happens to their reserves. Page 2 showed an updated cumulative mining claim revenue and goes back to 2010 and they can see where they sit right now. They're at 3.5 percent reduction from FY '14. Their mining claim revenue is their most important revenue category. It's two different fees, but 80 percent of their agency revenue is tied up in this so it's very important for them to keep track of it. There's a slight disconnect between the number of claims that are filed at the BLM and the amount of mining claim revenue they receive, so while their forecast or what they saw at the BLM was closer to 8 percent, actually what they're looking at for mining claim revenue is only down 3.5 percent. That is significantly less than the 10 percent that they were budgeted for FY '15. That's a good thing. He stated he'll come back to that slide later in the presentation.

The next page, oil, gas, and geothermal revenue, that goes back to Commissioner Henderson's comments with regards to decreased and expiration activities. It's significant. So things have changed a lot. The price of oil has dropped significantly from August of last year when they were forecasting things. One of the things that helped offset that decreased activity was the 50-percent increase in the administration fee for produced barrels and they saw that start to come in with the reports for November production. If they recall, their fee was made official October 24th. They sent out notice to everybody that when it came time to report their numbers they're going to have to increase it up to \$0.15 a barrel. So that helped to offset some of the decrease in activity. What that did was actually increase their revenue for FY '15 because of that \$0.15, but because of the decreased activity as well as expected decline in production they see a \$42,000 decrease for FY '16 and '17. So this goes to what happens to their revenue on the oil, gas, and geothermal side. They are seeing a slight uptick hopefully for geothermal activity and so they're forecasting a 2.5-percent increase and a 5-percent increase for FY '17. This is largely due to NV Energy and their RPS for two 100-megawatt and are looking for suppliers to provide that to them. That should be a boost for the industry and we're seeing significant increases for activity at Ormat projects. So that's a positive thing but not something they can count on to a huge degree.

Commissioner Henderson stated that last year they were reluctant to increase the administration fee on oil and gas to the \$0.20 cap because we were trying to protect the legacy producers and they thought by increasing drilling permit fees and other fees that they would actually place the burden of the oil and gas costs onto those that were fracking and doing things like that. Now that it appears due to this lower oil and gas prices, they're not going to have any fracking activities or very limited amount over some period of time until the oil and gas prices increase. Commissioner Henderson asked what would be the procedure to increase from \$0.15 to \$0.20; is that something they would do after the legislature once the SB44 is complete? He thinks in SB44 they've asked for additional increase in the cap, so if things stay the same he thinks they need to go ahead and increase that administration fee at

least a little bit to try to cover the costs of oil and gas and would that have any effect on the budget if they're able to do an increase in the cap.

Mr. Visher responded yes, it would have an increase. It would assist with revenue coming in to support the program. It would require rulemaking just like they've gone through in the past as well as the rulemaking that would be required to establish the fees.

Commissioner Henderson responded that he thought his question was if SB44 is approved and they increase the drilling permit fee from \$200 to some number below the cap at the same time we can increase the administrative fee because they'll have rulemaking in any case; is that correct?

Mr. Visher responded correct.

Using the PowerPoint© presentation, Mr. Visher stated on the other revenue that they have coming into the agency, the surface disturbance fee is \$20 per acre. There's a cap at \$30 an acre. What is nice to see is that they're seeing a fairly consistent stream coming in for the next several years of roughly \$100,000 a year. As most know, the permits that go in are not necessarily tied to the commodity price. It takes a long time for those permits to reach fruition. So they've got a lot of modifications to existing mine sites that are finally getting to that point even though the price has dropped from when the permits were first started. So they're seeing an increase and that's a good thing that they can look to count on and what's in the pipeline looks to be fairly stable so they're counting on that. The ALM assistance, no real change there. They really don't receive much for the AML sign sales or the medallion royalty or copy fees, so those are relatively insignificant. They're expiration activity continues to decline. It may have stabilized a little bit, but they are still expecting that the transfer from the bond pool is going to diminish by about \$5,000 a year, and that's included in there as well.

For the expenditure side, category 01 is their personnel. They updated it to reflect the terminal payouts for George Bishop's retirement. They could not include those into the previous budgets because the paperwork had not been submitted. Since they've gone through that process, they understand better what those actual costs are and can kind of forecast what those are expected to be. They're also putting in some placeholders for two additional payouts over the next two fiscal years. The reason for this is it's a significant hit to the Agency, and they need to account for that. When an employee leaves, the payouts are anywhere from \$20,000 to \$30,000, and it's not something that they can necessarily see coming and they can't plan for it in a state budget sense unless they've submitted the paperwork. This is their informal in-house budget, so they want to take that into account.

The \$16,600 a year hit to the Agency is from the furlough, so if the furloughs go away their category 01 costs increase. Essentially before, that was a cost savings. That money came back to the Agency. So it came back into our reserve. Now it's going to go away. It's a nice thing to have that 2.5 percent come back to the employees, but we need to address that in the budget. In a lot of these categories for expenditures, they are trying to as Rich said put forth a relatively austere budget. So they have cost-cutting measures in a lot of these categories. In category 01, they've eliminated two intern positions. That's roughly \$37,000 a year savings, and they're forecasting that through FY '17. They have not backfilled George Bishop's field specialist position for the remainder of FY '15. That's a savings of about \$40,000. They do have one intern from last year, Alain Nowakowski, who is working a day-and-a-half a week for the remainder of the fiscal year to help out with some general administration in the office, but her cost is relatively small.

On the travel expenditures, he lumped categories 2, 3 and 8. Those are in state, out of state, and Commission travel. They're forecasting a 10 to 20-percent reduction in all of those, maybe not sending as many people to conferences, limiting some of the in-state travel for some of the meetings, and they've already seen some of that take place in FY '15. They are accounting for some inflationary costs, so FY '16 and '17 basically include a 3-percent increase for inflation. Category 09 is special projects. These can be largely viewed as discretionary at least to some degree because of the 3.5-percent decrease in mining claim revenue, not the 10-percent projected, that means their FY '16 payout on the \$2 per claim fee to Mackay goes up. So that's actually a hit to them. What they did is carry that 3.5\ percent going forward rather than stabilizing it. So don't really see any long-term increases and so they've got a savings or an increased cost \$48,000 through FY '17 when you actually look at the whole thing. Special projects to NBMG, seeing the placeholder in there for curation \$34,000 a year. They still carry forward the \$10,000 a year for donations, publications, other projects that the Commission might approve in those fiscal years. In categories 18 and 39, AML's support includes the per diem to the interns and so with two fewer interns they've eliminated some of those costs. And then the other part is the truck, so they're not adding another truck in FY '16. Historically, they've replaced a vehicle every year so now it's going to be every other year. So the next vehicle replacement will be in FY '17.

Category 39, the AML enhancements and the contracts, historically this had been a pretty big category and they've gotten a lot accomplished through their contractors even peaking out at one year at almost \$300,000. This is significantly less. They're looking at \$60,000 a year, \$50,000 for contracts and \$10,000 for materials. The materials is high because it includes the cost of the foam when we're looking at hard closures, so that's a significant hit to that category. Cost allocations are lumped altogether. These are things that they don't have any input on. The State Budget Office puts that together, and they try to smooth things out as best they can for the agencies so that any one hit in any one fiscal year is smoothed out but what they did see is they finally got tagged with the AG cost allocation and it went up 400 percent. So that's something that they don't see until the budget actually hits the press. The good thing is that some of the allocations for the other categories went down and so compared to the August forecast it's a relatively minor increase total there.

The next is the agency reserves going back a few years to FY '13 showing the steady decline in revenue. The decline is tapering off a little bit. That 3.5 is continuing. Their expenditures have come down significantly, a lot of those in discretionary, AML funds have leveled off. As a result of the declining revenue, their reserve continues to decline and we're just under \$500,000 at the end of FY '17. So the outlook as they enter FY '18 is that they have about 4.3 months of capital. The bar on the chart shows as the money comes in that's where they would be. As the money comes in, that's where they would be. They receive the bulk of their money in the first two quarters of each fiscal year. So the goal of having four months reserve as a minimum is probably okay. On the non-discretionary annual expenses, those categories are summed up that are keeping the doors open. It doesn't count AML enhancements, doesn't count the interns, so it's just staff keeping the doors open. Because the Mackay payment occurs in the third quarter of the fiscal year, that's not part of that 1.4 because that payment usually comes much later in the year and at that point their revenue has come up to about 90 to 95 percent of the total for the fiscal year.

Those are the special projects and the discretionary expenses that you see. The NBMG payments, \$100,000 through FY '15 which the Commission approved and then the placeholders for \$34,000 for FY '16 and '17. The Mining Association Education Committee, \$15,000. Special reports and projects, any special requests that come up before the Commission, that's also very austere, only \$10,000 a year. The enhancements at \$60,000 and the summer interns to get a flavor of what costs in fuel, materials, per diem, salary is about \$37,000 a year for two interns. They generally work in twos because they have two interns per truck, so it's easier to look at it that way. So they save \$37,000 each year by just having six interns over eight but if they need to reduce that further that's the equivalent savings that they'd be looking at.

The next page is actually not part of the PowerPoint© and was in the book already, and that's again just the cumulative mining claim revenue which was on the previous chart and then they are used to seeing this one, which is their work program and where they stand to date. It's a bit misleading because what they see is where they are versus what their work program says, which is really just what they are authorized to either receive or spend. That's what they have to do when they deal with the State Budget Office, but since all the money is theirs it doesn't mean as much as those forecasts that they look at just making sure they had those in front of them. The listing, the last three pages in Tab C are the listings of special projects approved, what is outstanding and what still needs to be paid, so they can see where they are at on those. This is meant to bring them up to date on where they see the budget to date and put things in perspective as they move forward with any additional spending decisions they make today. Mr. Visher ended his PowerPoint© presentation and then asked for any questions.

Chairman DeLong stated that he thought Mr. Visher stated he was going to change the cycle on replacing vehicles from one new one every year to one new one every other year. Chairman DeLong asked if he had accounted for the likely increase in maintenance since the vehicles are going to have to last 25 percent longer.

Mr. Visher stated the maintenance costs will be offset by the fact they have fewer users as well.

Commissioner Henderson stated that in the past they've talked about the reserve. Commissioner Henderson then asked what is the appropriate amount of money to have in the reserve, because he couldn't remember exactly if they said \$750,000 or \$500,000 in the last meeting.

Mr. Visher stated he thought it was closer to the \$750,000.

Commissioner Henderson stated that's what he was thinking, so they're getting below that point now. He doesn't think they have any mandate by the Commission to require that \$750,000 but he personally thinks they should, as a Commission, set a limit on the reserve and that way when they think about the other programs they have to cut the expenditures to keep that reserve because once again going back to the salaries they have to take care of themselves before they try to take care of everyone else.

Mr. Visher stated he thought the number of \$750,000 came from their total expenditure cost and what he tried to do was just show the keeping the doors open number and just the non-discretionary cost to the Agency and then pushed off the Mackay payment just because of the timing when that occurs. He feels the 1.4 is a little more realistic. The timing of that and what the Commission feels is an appropriate amount of time to have money to carry them through, that's a decision for the Commission to make. He thinks to decide on what the amount is or the timeframe would be helpful so that they understand where they stand next to that benchmark moving forward and knowing do they need to raise fees, do they need to cut costs because they can't dip below that level. That would be helpful for them to manage the programs, but the actual determination of either that level or that number is up to the Commission.

Mr. Perry said that indeed Mr. Visher was correct the \$750,000 included, they just averaged out their total costs including their donations for the year. The keep the doors open costs doing what they do on average is about \$125,000 a month for the Division of Minerals, so he thinks what Mr. Visher and he discussed is trying to have somewhere in the four to five-month range of reserves there especially since they're getting most of their revenue, like two weeks ago they hit their peak revenue for the year and now it will decline steadily because they've collected all the claim fees, all the geothermal fees, and all they have trickling in is monthly oil fees, which aren't a lot, and permit fees. That will decline through August when they hit their lowest point. So they've got to have a reserve to just have their own internal working capital if that's a good word to operate, and he thinks that number is in the \$500,000 to \$600,000 range, somewhere around four to five months at \$125,000 a month.

Commissioner Henderson stated he agreed with what they were saying but if they go back to the fundamental of economics everybody recommends six months cash for unforeseen causes, so personally he'd like to see it closer to that \$750,000 number just to allow their job to be easier in the future.

Mr. Visher thanked Commissioner Henderson and said he would sleep better. He was certainly not against that.

Commissioner Snow stated he wanted to address the intern situation. He found it ironic and sad that they have to reduce the internship program, which has been hugely successful for AML, at a time when he thinks without taking away from Director Fields' thunder a little later today when Mackay School has got record enrollment and graduation rates and we're having to eliminate two interns when we're at a very positive situation on creating a pipeline of future employees. The Division itself has been the beneficiary of two employees from that program and to him it would be given AML's mission critical that they find a way to restore those two positions when the budget cycle can afford it.

Mr. Visher stated it was a measure of the times, a reflection on the industry itself. The industry is cutting back on their internship opportunities as well, so they're seeing the same thing. One of the facets that was in the PowerPoint© that he didn't speak to was the opportunities for additional monies coming from the BLM and Mr. Ghiglieri is going to discuss that, and they look at those as things that they can't count on but if they represent themselves in advance enough it would allow them the opportunity to hire more interns or direct more contract work. It's a matter of they can't really count on that until it actually comes in, and there's always strings attached and it can be additional bookkeeping, additional tracking of the dollars. Any money that comes from the federal government is not just a gift, but there are opportunities and Mr. Ghiglieri will speak to that a little bit later. They're not part of the budget because they didn't want to go there. They want to be as conservative as they needed to be, but those are opportunities that may come through and John Callan with the BLM has been fighting very hard to secure more monies. He recognizes that they can put more work on the ground and affect more work more quickly than the BLM themselves can, and so that's a good thing. It's a win/win, but it's a lot of paperwork, a lot of bureaucracy to keep track and push forward, but they have the track record to demonstrate that they can do that. And certainly with a contract in place, which they're looking to renew and have a new one in place for AML effective July 15th it will give them the capacity to spend that money quickly.

Chairman DeLong asked for any further questions.

Commissioner Mudge stated he agreed with Commissioner Henderson. He doesn't know if they can mandate \$750,000 but they should target something like that and it would be good to come to that agreement. Further to that point, what he thinks would be helpful would be a graph as to what is predicted the amount of money in the bank in essence. So starting in fiscal year '18 with \$500,000 in the bank and after one month you've brought that down, after a second month you've brought that down, and then revenues start to come in and so that starts to increase and just

to make sure that they stay above that liquidity line to give them a better visual of that. The other thing is just building off the BLM and he's mentioned it before but hasn't followed his comments up with any kind of real action but it drives him crazy the fees that go to the federal government on the claims and how none of that comes back into AML. It seems to him there's got to be a political way to work the system to get money back into not only Nevada but all the states from the claim fees that go into the federal government. He would urge all of them to think about if there are any ways politically, act of Congress, or whatever to get some of that money back in their state.

Chairman DeLong stated he concurred with Commissioner Henderson and Commissioner Mudge with regard to the reserve. Half a million he understands the logic, but it seems to be cutting it very close.

Commissioner Parker asked when they say they've got this minimum budget and they're just barely keeping the doors open are they actually meeting the criteria that they're required to meet or are they just keeping the doors open.

Mr. Visher stated he thought they were meeting the criteria for sure. They're still doing AML field work. They're still doing inventory work. It would shift to more staff in the field but he doesn't see that they'll be missing any of the benchmarks required statutorily.

D. Update on Donation Requests and Approvals

Using handouts in consideration of annual education support to UNR/Mackay, Mackay Director Russ Fields presented an accounting of where NDOM support was used in the past year and proposed for next year. Mr. Fields introduced himself as the Director of the Mackay School of Earth Sciences and Engineering which is a very gracious recipient of much support from this Commission over a number of years. Mr. Fields stated unfortunately he did not have the opportunity to put his presentation today in the form of a PowerPoint© presentation. He handed out a letter on College of Mackay School letterhead and another handout called Mackay at a Glance, which is a series of tables that he'll be referring to in his remarks. He asked Bill Durbin to make sure that the members of the audience had a copy of that as well. He stated he was asked today by Administrator Perry to report on the funds that have gone to the Mackay School for education. He stated he'll talk about the funds that have been used to support academic and support positions in the school. Later on in the agenda, they'll hear from Jim Faulds about the funding that has gone to the Nevada Bureau of Mines and Geology.

So with regard to the \$2 per mining claim fee that's collected by the Division of Minerals since 2008 and provided to the Mackay School pursuant to the 2008 inter-local agreement between the Commission and the University. Fiscal year '15, the year they're currently in at the University, \$435,819 has been and is being used this fiscal year to support a portion of payroll expenses for six faculty members in the Department of Mining and Metallurgical Engineering and a geological information specialist at the Nevada Bureau of Mines and Geology. This funding has supported mining and metallurgical faculty who are engaged in mine design, mine ventilation, rock mechanics, mineral processing, and extractive metallurgy. A portion of the funds are also used to support the Chairman of the Mining Engineering Department. The geological information specialist at the Bureau provides information and assistance to the public and to faculty with regard to mines and geology as well as supporting activities at the Bureau. So that's their current fiscal year.

In the next fiscal year, FY '16 that will begin next July 1st, the amount of money that they will receive they are told that it's \$390,064. He saw in the budget he thinks they have \$390,068. He wasn't sure what happened to the \$4. Looking forward into that FY '16, it's much the same as he just described except they'll be supporting five faculty members from the Department of Mining and Metallurgical Engineering recognizing the decline in funds from FY '15 to FY '16. The one academic area that won't be included in their plans for FY '16 is rock mechanics. They're, of course, piecing and parting numbers of sources of funds together to support faculty. This \$2 fee is a very critical part but it's not the whole thing. They're going to continue in FY '16 to support the geological information specialist at the Bureau. Of course, this has made such a huge difference. The agreement that was cast in 2008 basically was made to replace a loss of budget of about \$400,000 a year, and it has been quite close to that. The current fiscal year was higher. That reflects the lag in how the money is sent to the University. It was actually collected in FY '14. He can't tell them how grateful. They basically saved the core part of mining education at Mackay, and so he can't tell them how grateful they are. He can though tell them what the results have been, and that's what the table Mackay at a Glance is all about.

The mining industry asked them about the time period that this was beginning to get the numbers up in mining and at the time they didn't even have metallurgical engineering in Mackay, but they said they want more mining engineers. They've got a growing industry. They've got a lot of senior people beginning to move out of the industry, mining engineers in particular with retirements. They need more kids in the pipeline, so they've focused a

large amount of effort on creating more mining engineers. They do that through efforts of our recruiting, efforts at the Mackay School, and they've been able to add new and younger faculty in a couple of their course areas which has helped. But looking at the spreadsheet, it shows the disciplines at the Mackay School: geography, geological sciences and engineering, mining and metallurgical engineering. The undergraduate enrollment they measure that in the fall of every year. In 2009, basically when the funding began, they had 53 students in the mining and metallurgical engineering department. At that time, it was just a mining engineering department. They've added metallurgical engineering. The past year they had 129 undergraduates in mining engineering. That's a major increase. The school overall has grown from 240 in 2009 to 345 in 2014. Graduate enrollment, that's a different function. They don't really recruit for graduate students working on master's degrees and PhD's. That is more a function of faculty. The next page is the one that they really care a lot about and that's students that get through the process and do earn a degree and are ready to go to work in the industry. Again, scanning down to mining engineering, they had 24 in the 2013/14 academic year.

Commissioner Henderson stated they had a \$400,000 shortfall in 2008 and that's when the Commission agreed to fund this and now they have it looks like 125 more enrollment. Commissioner Henderson then asked at what point do you not need this money that the Commission provides?

Mr. Fields stated they need that at the point where the state will help us.

Commissioner Henderson asked how many students is that; how many students would that be? Back in 2009, for example, if they had 345 students you obviously wouldn't have needed all the \$400,000. Today they have 345 and they still need the \$400,000. Commissioner Henderson asked where is the point where you don't need the funding here any longer?

Mr. Fields stated the costs are related to faculty that's required to teach specific courses that are required for the degrees. Where they would cease to need the \$400,000 is at the point that they can replace the \$400,000 in another way.

Commissioner Henderson stated that was his point. They have 125 additional tuition and fees from the students. Commissioner Henderson asked doesn't that count in some manner toward this deficit?

Mr. Fields stated it helps those specific kids with certainly their education at the university but some of that certainly does go into the operations of the school and the university but they've also seen the growth in demands on faculty continuing to need the \$400,000 even with the growth in students.

Chairman DeLong stated that in-state students, their tuition goes essentially to the general fund and is reallocated by the legislature while out-of-state students those funds remain in the university and can be allocated by the university.

Mr. Fields stated he believes that has changed. He stated that he believes the university does have those funds in its general fund.

Commissioner Bryan asked if he could address Commissioner Henderson's concern. Some of the background here was the Commission back in 2008 did go to the mining industry in the state and that's where that \$2 claim fee increase came from and specifically earmarked to support Mackay because at that time Mackay was in dire need and the college, it quite being a college, went to the college of science as just a school. The whole program was in jeopardy and they had workshops and the mining industry in the State of Nevada agreed to up their fees for \$2, so that's where that \$400,000 a year came from and there's an agreement with the university still in place and it's been extended. Who knows how long that will keep going and it's tied in with Marigold royalties, et cetera, so the industry itself wanted to help Mackay out and he doesn't know if that has changed at anytime.

Commissioner Henderson asked to Commissioner Bryan that isn't the landscape different now; isn't the school more healthy than it was at that time or is it still in this desperate situation in needing funds.

Commissioner Bryan stated it's more healthy but if you take away those funds he doesn't know what would happen.

Mr. Fields stated that what would happen is they would lose at least three positions, maybe more, of faculty. He thinks if they go back a few Commission meetings ago there was a decision to extend the agreement that I think now extends to 2018. That would be through June 30th of '18. That coincides with the Marigold Mine situation, which

was addressed a little bit in previous talks with the Commission, where the University had agreed to put roughly half of its royalties into the Mackay School. There's a formula there that helps fund an endowment. So those funds are going to an endowment, the endowment as mentioned last time in talking about the Marigold Mine, now it's a little over \$2 million. An endowment is a lockbox that is just able to earn at the foundation's determined rate of 4.5 percent, so \$1 million is \$45,000; \$2 million is \$90,000 a year. So that's growing and he stated to Commissioner Henderson that that is going to help. They are going to start fairly soon directing some of those dollars towards faculty in mining engineering, those endowment dollars, but as they've seen from the budget the mining claims are down and so to are the \$2 per mining claim fee that's attached to those mining claims. So where we really need to go and it's looking forward down the road at 2018 is not that far away, he needs to implore upon the administration of the University that this is a problem that must be addressed legislatively or at least administratively through the University that there's a decision they are going to reinstate mining and metallurgical engineering to the point that it was in 2008. This is also a conversation they need to have about the Nevada Bureau of Mines and Geology. There was no entity on the University campus that took a larger percentage hit than the Nevada Bureau of Mines and Geology. Their contributions over the years to those functions have really kept the Nevada Bureau of Mines and Geology able to move forward and Mr. Faulds will be talking about that later in the agenda.

At the same time, there's a development process that goes on, development in the sense that myself, our dean, our director for development are constantly working on talking with corporations about assistance with our programs. The mining industry has stepped forward and in addition to this \$2 fee, Newmont has been extraordinarily helpful supporting chairs and activities in the school; Gold Corp, Barrick, Kinross, all of these have come forward to support things like term professorships. This is to the tune of several hundred thousand dollars per year. This is some of the other part of funding the faculty, but these are one-shot deals. They don't go on forever. So fundraising is a constant effort.

Commissioner Bryan stated if the \$400,000, the \$2 per mining claim fee at some point in time were to not be required by Mackay he thinks that the Commission would be obligated to go back to the industry because that's what that \$2 was for and talk to the industry, give them a \$2 break on the claim fees, or have some kind of rationale for them to keep it and do something else with it, so he thinks that's an obligation for the Commission.

Mr. Fields stated they don't need to worry about that right now. They don't need to go back to the industry with the \$2 because it's very much being used for this work.

Commissioner Parker asked Mr. Fields about Mackay's graduation rate. In 2009/2010 they had 240 to 255 students involved and their graduation rate in 2013 was about 56. He asked if that's standard for most universities.

Mr. Fields stated there's a lot of variables that go into graduation rate calculations. It's not really doable from the numbers that they've got in front of them, but the College of Science routinely goes through all of its academic departments and looks at graduation rates. Right now, the graduation rate is quite a bit higher than that. It's probably in the 56 to 65-percent range.

Commissioner Parker then stated that at the last meeting Mr. Fields talked about this fund going to help education almost exclusively but that included the people at the Bureau of Mines of Geology, which included everyone from Director Jim Faulds at a 25 percent of their time was being spent and paid for through this. He asked that it seems to have changed to where they're just supporting one field person, field information specialist.

Mr. Fields stated he was not sure what they were looking at, the 25 percent.

Commissioner Parker stated it was in response to a question from Commissioner Bryan that said each of the faculty members from the Bureau of Mines and Geology and that includes everyone from the Director, Jim Faulds, on down to the most recent research faculty in the Bureau has a .25 FTE. That's 25 percent of their time to be picked up by the Department of Geologic Science and Engineering.

Mr. Fields stated that what that is is the University administration made the decision that it wanted members of the faculty to teach and the place these faculty members, geologists primarily, teach is in the Department of Geological Sciences and Engineering. .25 of their salary is picked up at the administrative level by the University. That's different than the \$2 mining claim fee, which is focused primarily on mining engineering.

Commissioner Parker thanked Mr. Fields for the clarification.

Commissioner Bryan stated one other thing is that Mr. Fields was at SME last month and SME is the largest professional organization in the world that covers the mining industry and the mining industry through SME has stepped to the plate with what they call the SME PhD fellowship and grant program, and they have committed \$9.5 million over the next seven years to fund one of the biggest impacts to mining and metallurgy the lack of future professors. They're going to lose 50 percent of their professors in the next four to five years. So he hopes that Mackay can take advantage of that program because it's going above and beyond just scholarship tuition. It's much more than that, living expenses and getting people into the professors that teach our future students.

Mr. Fields stated it's a tremendous decision on the part of the SME to recognize that they have failed to adequately backfill PhD's who are going to be retiring and through the help of SME he thinks they've applied for some of that for a couple of students that they have at Mackay right now. They know they're going to have to go out into the world and replace PhD faculty members in all of their programs and academia has not produced the number of PhD's that it needs for its future operations. It's a great move and they appreciate all of Commissioner Bryan's efforts on that. It's a critical thing to do.

Commissioner Mudge stated in thinking about the longer term and the whole fiscal and budget and Commissioner Henderson's question and just a little bit more on the history, the mining engineering degree used to be the most expensive in the entire college for the university and President Milt Glick assigned Mr. Fields and himself and Greg Lang and possibly others to go out and find money because President Glick said he's got to cut the whole university and he's going to cut funding in half because that degree is more than double every other degree in the university. So they did that at that time and his understanding is year on year the revenues come in and they allocate whatever they allocate to the College of Science and then somehow some monies get allocated down to Mackay, and it's not like the Mackay tuition dollars come in and then they go out for that program. So that is a little bit of history. It strikes him as they talk about this claim fee and Mackay talks about where it's being used, they have a view into their budget that's only looking at part of it as opposed to the whole thing and he's thinking about that the Commission's commitment runs out in 2018. He thinks the claim monies from Marigold go through 2020 but he thinks it might be helpful if they're willing sat down and looked at their entire budget and forecasting for future years and where it's all going, what's coming in, what's going out, kind of the trends they've seen in the past couple years to help from a planning standpoint. He asked if that made sense.

Commissioner Henderson thanked Commissioner Mudge for the clarification. He then stated that his only point was that they need to be good stewards of the mining companies' money and at some time if they're always receiving this allocation people don't look for that money to be replaced by legislation or other ways and that was his question. He supports 100 percent what they do. The graduation rates are great. At some point though, there needs to be self-sufficiency in his opinion that they can go back and give the money back or use it somewhere else or other things. In 2008 they said they were desperate. It now looks like things have improved a lot, so that was his question.

Mr. Perry stated he wanted to explain the nuts and bolts of where he sees as the administrator is, if he can, because part of the agenda item is to vote to approve the donation, the \$390,000 donation today. Referring to Mike's analysis, the second page which has the red numbers in it there, this is the way they were looking at this and go down to the bottom and on the bottom there is reserve, balance forward to next year, which is that magic number that Commissioner Henderson said he thinks they should have it around \$750,000 or six months. So if they look at where they forecast at fiscal year '15, the third column over, or going back to '14, the end of '14 last June they finished the year with that \$889,000 number they are forecasting for fiscal year '15 to finish right at \$700,000. The difference there between the two is they paid the Sagebrush Ecosystem Council this last year, which goes away. Going into the future there, they can see the reserve forecasts under their current assumptions declines. He thinks they're pretty close to the \$700,000 now so he thinks that his recommendation if they asked him would be to approve the Mackay donation. All along here one of the assumptions they don't have in this reforecast is are they going to be successful at increasing fees in oil, gas, or geothermal, which even at a modest increase without a lot of activity probably would increase revenue somewhere in the road of around \$100,000 particularly if it went from the \$0.15 to the \$0.20. In one sentence, he thinks they are safe this year with this donation. If fees don't change next year and they're not successful in oil and gas and geothermal fees, they're going to have a hard decision to make.

Commissioner Bryan stated he was confused in why they have to approve this \$400,000 to the school. He thought they had an agreement with the school through 2018.

Mr. Perry stated they do. He was just told that the Commission wanted to approve things. That was one of the previous meetings where one of the Commissioners said since they're tight they'd like every donation to be approved.

Commissioner Parker stated a point of clarification that the inter-local agreement made the commitment for just five years of payments and then I think the royalty went out to 2020. The Commission made a unilateral decision to commit for another five years but that's not written in any agreement, but he would agree with Commissioner Bryan that he thinks they've pretty much made that decision when they made that commitment to extend it five years. He thinks it's probably wise that it comes up to a vote every year, but he thinks what overhangs that vote is the previous internal commitment.

Chairman DeLong stated he would agree with that and part of that yearly review and vote was to get information from Mr. Fields and to the school as to what those monies were going to be used for so they at least had some input on that. Doing an annual vote on the amount is still appropriate. Chairman DeLong asked for further questions with no response. Chairman DeLong asked for a motion to either approve or disapprove the payment of the \$2 per claim.

Commissioner Bryan moved to approve the \$2 per claim fee to go to Mackay for this coming year.

Commissioner Henderson seconded the motion.

Chairman DeLong asked for further discussion with no response. Motion was voted on and approved unanimously.

ACTION TAKEN: Commissioner Bryan moved to approve THE \$2 per claim fee to go to Mackay for the coming year. Commissioner Henderson seconded the Motion. Motion carried unanimously.

(BREAK TAKEN)

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

Using handouts, Mr. Perry conducted a 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. Mr. Perry stated he put the item in the agenda and wanted to provide some history to it and then ask for some consensus on a plan of how to move forward. The one-and-a-half page document that you see here was sort of hastily put together by himself with input from Mr. Fields and Mr. Hendricks at the request of one of the assemblymen who when he was visiting them talking about SB44 asked what would economic development in mining be defined as. Mr. Perry said since they had the AMEA meeting in Reno last December that he had met with several people and they looked at base metal deposits in Nevada and all the activity that's happening around copper. Copper production had not seen a lot of growth in recent years but knowing that all of those copper concentrates that are being produced by the two producers now are going out of the country because of the lack of smelting capacity, this could be an opportunity to conduct a business study that could be used as a marketing study to attract a base metal smelter to Nevada. Furthermore, this could bring forward some of these base metal deposits that are struggling right now in economics because of their third-party downstream processing risk. A lot of this is verbiage that Mr. Fields wrote that was included in here, and he needed to provide this to the legislator very quickly so he did and the number that's shown on the second page that they came up with is a business study with technical input of around \$100,000. Also backing up, he talked with Dan Kappes and Gene McClelland a little bit about the concept too, and that's how they hastily put this together. Mr. Perry envisioned this as a strategic effort by the Commission with help from the University. Basically what that legislator was asking for was to try and get it into an economic development bill to come up with \$100,000 to do this through the state legislative process. Further since then he's come to the conclusion that what they really should do as a next step even waiting while the legislature goes is put together a small committee of people to do a better scoping study on this if it does become something that gets funded, and he would see State Geologist Faulds being a part of that because we looked at the state in the report as being a feeder of helping in that and some of the metallurgical staff at the University. Mr. Perry asked for direction to put together that team and do a round table meeting sometime in the next months to six weeks and see if they can put more flesh to this and see if there's any fatal flaws in it.

Chairman DeLong asked if he was thinking of having any Commissioners on that fact finding or taskforce?

Mr. Perry stated absolutely.

Chairman DeLong stated he was thinking Commissioner Bryan would be a good fit on that.

Mr. Perry stated they'd have Commissioner Bryan and Director Fields and Jim Hendricks and Jim Faulds and himself and maybe one of the two metallurgical consultants, Gene McClelland or Dan Kappes if they're interested on being on it and asked if that made sense.

Chairman DeLong stated that would work and does make sense.

Commissioner Mudge stated recognizing that one small issue would be getting an air permit if they get to that point and it might be good to visit at least with NDEP about and get some input or even have one of those folks on this little review group might be good.

Mr. Perry stated he thought that was a great idea also. He stated he has talked with Dave Gaskin about it a bit and actually one of the items that maybe makes it more realistic in Nevada is overprinting where base metals are produced, where there are railroad tracks, where there is water, and where there is an air basin that is unfilled is sort of a step down the road but he thinks Nevada is one of the few states where that actually probably could be done because they've permitted coal-fired power plants and things like that here, but he will enlist Dave Gaskin's advice.

Chairman DeLong stated they might want to look at the administrator level because there's also waste management is a critical aspect in operating a smelter as well as an air permit.

Mr. Perry stated then Greg Lovato might be the right person.

Commissioner Bryan stated they went to see Assemblyman Edwards from Las Vegas, they went to see him on another topic, and the first thing he did was hand them that memo that was given to him. He is very supportive of it, and he is very supportive of going to the Governor's economic development and asking for that if this proves feasible and gets some legs under it.

Commissioner Parker asking who is coming up with the \$100,000.

Mr. Perry stated that the request is for economic development money through the budget process. The comment that he heard from this particular legislator was they spend a lot of money doing studies in the state for a lot of different things, but they've not done anything in mining and natural resources and yet that's one of their biggest industries. He asked what would constitute a study that would be classified as economic development that could create or analyze whether there's a business model that could work for the mining and minerals industry, which he thinks was an excellent question that hasn't been answered. He doesn't think mining and natural resources has ever really gotten much discussion versus some of the other industries that they do spend money trying to attract to the state. It's already here.

Chairman DeLong asked if he'll move forward with that.

Mr. Perry stated yes, that's really all he needed was direction.

Commissioner Bryan stated he had one last comment. The Mining Association funds 50 percent of Todd and he's gone so what's going to happen to that money and asked if Mr. Perry has approached the Mining Association.

Mr. Perry stated he did talk to President Dana Bennett and she did discuss it with some of her major precious metal producers and informed him that there wasn't a lot of interest but that didn't surprise him. A base metal smelter does nothing for them. She is supportive because she sees this as being one that hits her mid-tier people would support, but he did not try to solicit money from them on this and Mr. Valine is gone and doesn't know what their plan for replacing him is.

NO ACTION NEEDED

II. OLD BUSINESS

A. SB44 Update

Mr. Perry reported on the status of SB44, a bill that 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. He stated they got some good news on Monday. SB44 is their bill draft to change the way fees are collected in the oil and gas industry and as everyone is aware as they went through last year their permit fees are capped at \$200 for an oil and gas well and they are pretty under water on that with the amount of time that they spent on those. So SB44 was the designation of the pre-filed bill that went to Senate Natural Resources first and they weren't getting much activity until last week when a meeting occurred between Chairman Gustavson of Senate Natural Resources and the two representatives of the oil and gas industry in the state, and they sat down in his office and they basically said, yes, they are in favor of this Bill. Fee bills are not view very positively in this session right now from what he gathers. They have a hearing on Thursday and that was confirmed yesterday from that committee. However, the results of that meeting last week were concerns from interested parties about the open-endedness if they just eliminated the \$200 fee and did not cap it. So on Friday afternoon knowing that they had to react quickly to that, he and Bryan Stockton sat down with the bill and added some language to it in Section 1, Number 3. It was added, "the fee for a conventional well that is not intended to be hydraulically fractured shall not exceed \$2,000, and the fee for an unconventional well intended to be hydraulically fractures shall not exceed \$5,000. The fee for applications to make changes to a permit shall not exceed \$400." Those are sundries. And then in Section 2, Number 3, they reduced the \$0.50 to \$0.30. And then the direction he got was when they bring this bill forward, at the end of that he will propose this as a friendly amendment to their existing bill. That's the first step hopefully in a five-step process to get a bill through. Senate Natural Resources is first. Then if they approve it, it has to be a two-thirds vote, then it would go to the Senate floor and then it would refer to Assembly Natural Resources and then to the Assembly floor. So the next couple months if they're successful, he's going to be busy in Carson City. The fee caps that he put in are the highest fee from the matrix that the Commission approved earlier this year, so the bill would still give the Commission the ability to set that matrix of fees, just not to exceed these caps.. So it's still consistent with what the Commission said they wanted to do but with a cap.

Chairman DeLong asked for any questions with no response and stated that at least it's moving forward.

NO ACTION NEEDED

B. AML Database Update/AML 2015 Plan

Mr. Ghiglieri presented an update on the AML database project. Mr. Ghiglieri discussed the budget of the AML program because they've been in discussion of that for a little bit. So since 2012, the budget for the AML program was basically \$400,000. Currently with these cuts for FY '15, they are down to \$232,118, so that's a 42-percent cut in the AML program between the interns, contracts, internal work being done. They've worked through a few different ways to try to come up with some money to replace that. One thing is their agreements with the BLM and the Forest Service. The Forest Service is a little unique. For one thing, it's a reimbursement program. They have to do the physical work to get any of the money back. Until they have the money in place to pay for someone to go out there, they can't do that work. They can't earn money back. Another issue with that is the Forest Service, as the Commission knows, doesn't have much land in Nevada compared to the BLM. They are getting into further and further locations and with their trucks and their capabilities of getting in the field it's getting harder and harder for them to get to these locations, especially on Forest Service land. When there are abandoned mines that are in the Toiyabe Range and can't get a truck within five miles, it's hard for them to get to these locations, but they can drive an ATV straight to these so there's some concerns with that. The BLM, there's a few hurdles to jump. Currently, they have an assistance agreement with the BLM. This agreement goes through FY '16. It caps out at \$250,000. Currently, he's asked for \$110,000 for this FY year. That would pay for \$50,000 which the BLM earmarked for a closure project in Tonopah and then \$60,000, so the annual is \$50,000 to \$60,000. The BLM is willing to give them extra money but as soon as they reach that cap of \$250,000, their agreement is over. They can't ask for any further money. So for them to continue to get money they're looking to create a new agreement. They've discussed this with John Callan with BLM where everybody is willing to work on it and get it done but it's just getting the time for him to set aside and sit down with possibly Bryan Stockton and their contractors to get the agreement signed, hopefully in the future, but it's something they can't guarantee to hold onto. So the \$50,000 per year in the next year is a good assumption. One good thing with the BLM is in the State of Nevada they just did an inventory assessment that was released last November or December. They did inventory over three states; the State of Nevada, the State of Arizona, and the State of California. They estimated that Nevada had 300,000 to 400,000 abandoned mine features. They did not break those out by hazards versus non-hazards, but that's what they estimated so that's actually a little bit on the upper end of what they've estimated. That's strictly on BLM land. That's not counting the

rest of the state. So they actually think that there's more out there. That is one good thing for the BLM because now John Callan will actually be able to say, look, we have the most in the United States, he's going to be pushing to get more funding. He understands that he doesn't want to create an inventory program at the moment so he's thinking that may be able to push money towards them, but for that to happen they have to have these new agreements in place. There's a lot of steps before they can assume or even count on any of this money or the possibility of the money.

Another program that they've gone into is the Army Corps of Engineers, their restoration of abandoned mine sites program, which is currently helping fund the database. They receive a \$2 million budget this year, so \$1 million more than last year and that's \$2 million more than two years ago. One concern with that is Mike Feese who was running the program also just took a new job so this is his side program that he's trying to run on top of his civil defense program he's trying to run too. He and Rich Perry put together a few letters and sent them off to Senator Reid, Senator Heller, and Congressman Amodei last year to help support the Army Corps program and those letters did help. One thing he's trying to do minus the database program is he submitted a scope of work to the Army Corps for a 50/50 cost share for inventory work in the State of Nevada for \$100,000. So that means they would match the \$100,000. The Commission's \$100,000 will be completely covered in kind in the design of this. The only issue is no contract has been written with the state for this type of work so their legal is looking into how this can be written. It's a good possibility but it's not a guarantee they will get this. That may help make up \$166,000 deficit from two years ago in the AML program. All these fixes are temporary and they all have a lot of ifs, ands, or buts and can't rely on these fixes. So they still have to look internally to figure out where they can get the AML program to get it back to what it once was or what they're going to pursue in the future. Mr. Ghiglieri asked for any questions with no response.

Using a PowerPoint© presentation, Mr. Ghiglieri discussed the AML notification process. He doesn't think it's ever been presented of what the AML notification process is. There are a few flowchart diagrams to look over. When he was doing the database project, he realized he needed to get a flowchart diagram for everything they do in the Division so when they give it to the contractor to build the database they know how the flow is and understand the process. They do three notifications. The first notification is every abandoned mine feature that they find to be unsecured to a new claimant, so this claimant does not know about this or they have not notified them. This notification is done twice a year. This one has been going on since 2011 twice a year. It had decent return. They will be working on the next one this March or April. This one is continuing. The second notification is once they catch up with the process, so they're behind in the second notification. So since 2011 they've only done one reminder notification. This reminder notification also cc's the county and gives the county the ability to contact the county sheriff and have the sheriff actually legally pursue the companies that they send that were non-compliant. So these are the people that have had six months, the maximum amount of time to secure an abandoned mine and they have not received contact from them or not received documentation from them actually trying to do work in that area. Last week he received a letter from the Eureka County Sheriff who was pursuing some people, so the sheriff is getting involved. Since that time though, both of those companies had re-contacted them and said they will take care of them, so the sheriff stopped the pursuit but these are being passed now to them. The one issue he's having with the second notifications is with this new database project they're going through the database and cleaning data. They're redoing research. They're redoing a lot of information, quality control. For him to send out a notification to a county sheriff saying these people are not replying he wants to be 100-percent sure that he knows it's on their claim and that they have notified them. So with this new database, Debbie has been amazing help with cleaning out and working on it. Eventually, they'll get to this process and hopefully it will be a monthly mail out and hopefully in the new database it will be automatically populated. The last notification is the process of securing. This is when they secure stuff, the Division of Minerals, the interns, contractors, when they secure stuff on other people's claims or private land, patented land, they do a notification every December or January to let them know that year they secured it and it's on their land but is their responsibility from this point forward to maintain securing status. This is a general flowchart of the entire AML program, extremely general. Every time a step is seen in there there's another whole flowchart associated with it. They can be provided. Basically, they determine the field area to go. That's how the AML program starts. Inventory, revisit, securings. Did they secure them? Are they unsecured? Do they need to perform land research to send notification for them to be secured or need to perform the land research for them to get a proactive securing? It's a flowchart that goes around over and over again.

The first notification has its own flowchart. Have they done the research? Has it been done? Is it up to date? Did they do the research four years ago on BLM land? Should redo again because claims change almost every year in some areas. So it's a constant update. They're always having to re-research these things over and over again. The second notification process is very similar. The difference is is it still the previous owner that they did notify at one time before. There's a couple ways to get out of it on both of these. If the ownership changed, then it falls back to the first notification. So the next time they do the first notification they should be capturing that one. Sometimes they'll be in the process of doing wildlife closures and sometimes those may take a year or two to be

done, so they want to make sure they're not notifying the county that these people haven't responded in six months but they are talking with wildlife for the BLM. Then the process of securing is just once a year. They notify everybody that they secured on their claims for securing work. After every time they mail out it's a huge process to capture all of this information. It's got to be captured in the database when we notify them. It's captured when any claimant responds, what information is provided to them, was it a phone call or email. They will save it into some different folders. They save hard copies whenever they get a chance. They're always updating the databases, a constant update, especially when it's secured. Every time then response letters are sent out. So it's a long process. When something is started in March, sometimes you will continue to hear stuff six, eight months later. Mr. Ghiglieri then asked for any questions on the notification process with no response.

Using a PowerPoint© presentation, Mr. Ghiglieri talked about the interim planning. He and Lucia Patterson put it together. It was similar to what they've done in previous years when Commissioner Mudge talked to Mike about creating a ranking system why we're going where we're going. So they took that and they elaborated on it pretty significantly. Just a couple photos of last year's interns. This looks really bad because they were supposed to go one-by-one but apparently they're not. So paying attention just to the top, TopoQuads of Interest Topo Rank. So that Topo Rank was the initial program what they did, 1 through 7, how high does this rank by the stuff they used before to quantify these numbers. Then Lucia Patterson came in and this was done previously with Rachel and Mike and himself, but it was done a lot in their heads and it wasn't put down into paper. Lucia has been able to come up with this resource and she puts up the Topo Rank Town Buffer, is it close to a town or is it out in the middle of nowhere. Accessibility, so known accessibility by us being there before by looking at maps, looking at roads, near roads or trails so is it by the Vegas Arena off-road race or is it by one of the other races, is it near hiking trails. Average Hazard Rank of Orphans, Loggings needed, the amount of non-secured orphans. So that increases it significantly. If we know there's 10 non-secured orphans, that's an area that's going to be priority for us to get to. Percentage of Importance, so I believe she had that one being up to a total of 32 different points for a percentage of points combining what was already there, adding up the rest of them. Known issues, there's a lot of quads we'll go out to. There's one quad that has 2,400 points to investigate, but they know out of those 2,400 probably 2,300 of them are dozer cuts because there's a prospecting area in the flats outside of Tonopah. They have ideas of how to take care of those with remote sensing which will be discussed shortly. And then known issues, notes, what have we been in there before, access, anything they can add. Lucia has this down for every quad she created she did this for. She started creating work areas, so on the left is work areas and she just started out with area one which was near Tonopah and she started counting up and continued going and this created an area for us. These are combined by accessibility and what can be done hopefully within a week with interns. Ranking each quad, she created these and from that we were able to create the summer intern plan which is the map on the right. It includes everything but the one week we're going to do in Southern Nevada with Bill. They haven't determined that area yet. What this ability has is eventually this is all captured in one sheet and they can update it easily every year so when there's more unsecured orphans, if go out and didn't realize there were orphans, they can add it to the sheet and it will continuously update. It's never going to have to restart from the beginning again. Hopefully, in one day, they can incorporate this into the database. This is a possibility for us to get incorporated so it's automatically ranking Topo Quads by an amount of hazards, proximity to population, proximity to roads. It's a quantitative way for us to say this is where we want to go. Before she did this, he gave her a couple ideas of areas they felt they needed to go to just by experience of being in the field. Every one of those areas was captured in this, so it does work. The ideas of what we have is shown on paper. Mr. Ghiglieri then asked for questions with no response.

Using a video presentation, Mr. Ghiglieri showed a video of the new database. He stated he got this yesterday when he met with TerraSpectra Geomatics. They are the contracting agency for the Army Corps. They dealt with us in 2008. This is what's going to be the web app. This is version 0.1. This is the very beginning. This is the idea. This is an ESRI product. This is going to be what they call the web app. If the BLM was to log online and they wanted to look at an area in BLM, they log on and this is what they see. This is a seven-minute video. They can speed it up as needed, but this will go over just some basic information of what can be done. You're going to have to sign in. You're not going to be able to just log in. Each agency will have their own sign in. They'll have their own information. You'll be able to zoom in, locate any area. Currently right now with this, the photos are not associated to it. They're doing the geo-processing and geo-tagging process to them, so they will be incorporated in this so eventually when you click on a hazard you'll get the attributes and the photos of it. What's shown here is base maps, changing between any of the base maps that are provided by ESRI and can switch between them pretty quickly. Zoom into areas, locate attributes, do queries on it, shape files. Add any shape file. Getting to the point which is the layers on the top right, add shape files, non-hazards, everything is included in this. They're able to modify it. It is an out-of-the-box product that will require little coding. Eventually what's being designed is an input form. They'll be able to input information directly into this and then be transferred to the database. This is only for people to logon and work online. They're not going to be working from this on the division 100 percent. They're still going to be using their desktop license. This does not have all the features, but this gives the ability for anybody

that is allowed to have access to the database to log online at any point, view information, download information, print information. Here's the query opportunity here. It can be queried by AML sites, sites not visited. There's only four in there. By the end of it, they'll probably about 15 different types of queries that will be involved in this and be able to see everything in the state. You can zoom into the exact feature and zoom into 1 to 1,000 scale, 1 to 100 scale. There's attributes for WA29. This was logged back in 1989. It's been filled since. That's why there hasn't been much information captured since then. Queries can be done by the hazard rank, so showing anything that's a nine or ten in there. Use the filter, add result. There's only nine or ten in that location, WA21. So this is the ability of what they'll have to eventually query by give me everything on BLM, give me everything on Forest Service, everything on state lands, private land. What's shown here, the key thing for him in what they're doing is this will be what the interns eventually get on their handheld device. When they're in the field, this will be the program that is running, not through the web. It will be cached on the device. So when they walk up to it, they're going to have this availability of different maps, all the information associated with the photo, so when they walk up to the feature and they want to know is this the right one they can look at the photos. They'll have the ability to press a button say log new feature, revisit feature, log non-hazard. This will be in their hand in the field. This is a basic introduction of it and it's version 0.1, the very beginning of it. And printing from this will also be available.

Commissioner Parker stated he saw where they have the claim name and asked if they have the claim ownership on it.

Mr. Ghiglieri answered yes.

Commissioner Parker asked who will have access to this, if the general public will.

Mr. Ghiglieri answered no, it will be a logon secured site. The access will be the Division of Minerals and that will have different layers with two administrators, people who can go in and modify it, they users, and then they'll have data entry people, so interns. They can't modify anything. All they can do is strictly data entry. They'll have access points for any state contractor to have their own availability. They'll be able to set it and make a map so the Forest Service only sees Forest Service and maybe a buffer 50 meters around it. Shape files are not 100-percent accurate, so sometimes you want to know what's right over the other side of the line just for reference. They can set it for BLM or set it for state lands. It's going to be strictly you have to have a login ID to get into this database. The last thing when you're zoomed in on 1 to 5,000 scale but you need to move five miles away, you can do that easily there without dragging and pulling everything over. It's just showing the different features, measurement tools, calculate area, distance, any of that stuff. This is just strictly out of the box. They have the ability to have TerraSpectra modify this. What the Army Corps proposed to them last month was the ability of possibly creating a five-year contract. This contract would be funded 100 percent by the Army Corps of Engineers and would give the ability of year one you have options for bug fixes so \$25,000. Find a bug in the database, TerraSpectra fixes it. They bill the Army Corps. This has to be approved. This is an idea, but they're trying to move for this. There's options to incorporate mail outs in this. They exercise a \$50,000 option, TerraSpectra writes a code to incorporate mail outs into the database and it's incorporated into the database. This all depends on if the contract is approved and if the Army Corps has funding, so the continuation of funding for the RAMS program is pretty significant but they will be trained in SQL. So before this initial contract is done, they will be trained with basic SQL training and they should be able to modify anything in the database that they need. The availability of that contract will give them an opportunity to have an outside contractor who does this for a living to modify it whenever they need him to.

Commissioner Parker asked how many people are anticipated being educated in SQL.

Mr. Ghiglieri stated it will be Lucia, Debbie, Erik, and himself.

Commissioner Mudge stated he was hung up on the 42-percent reduction mentioned at the start and harkening back to John Snow's comment that he's going to lose sleep tonight over are they really doing everything they should in this state from an AML standpoint. He asked what the BLM spends annually on AML in Nevada besides the \$50,000.

Mr. Ghiglieri stated he did not know. They do spend significantly more because they go through the hard closure process. They close a couple hundred every year. Those average from \$2,000 to \$10,000 per feature, probably an average of \$3,000 to \$4,000 per feature. They spend a lot but John Callan at the BLM currently is fighting to get more money. Some states are actually finishing up the AML programs on BLM, smaller states back east and the Midwest have very little BLM. They're done. They've done all of the reclamation. They're monitoring. They are

slowly moving funds to different areas. John has his hand up high. They know about us. They know about the State of Nevada. They know about the issue in Nevada. It's good news for the BLM and it's also very good news for the Commission.

Commissioner Mudge suggested they meet with John Callan and turn their sights up to \$500,000 a year as opposed to \$50,000.

Mr. Ghiglieri stated he did invite Mr. Callan to the meeting but he couldn't make it. Mr. Callan will try to make the May meeting so once they figure out the date he will invite Mr. Callan to the meeting and hopefully try to get him on the agenda to discuss and meet. The Commission met Chris Ross multiple times and Mr. Callan is his replacement so Mr. Callan would like to meet the Commission and talk about the AML program in the State of Nevada.

Mr. Perry stated he wanted to commend Mr. Ghiglieri and his team on all the work they've done. Mr. Ghiglieri has managed to leverage the U.S. Army Corps of Engineers for an all new software system that takes this off their access database where they're backing it up manually in their office and eventually link it to photos and the net result of this is efficiency because if they can have people go into the field and have access to this, they're not spending near as much time figuring out, A, where they're at, B, what they're supposed to be doing, and especially with their summer hires that their effectiveness of doing physical closures is going to increase with time.

Mr. Ghiglieri stated this ability for the interns will be huge to give them this format since kids today like digital. For them to find themselves on a paper USGS map and say, I'm right here, and look at them and you're over there. It's a difference of 100 yards, maybe 200 yards on a map, but it makes a difference where they think they went and then they come back to the office and they says they got everything and looking at you realize they didn't. This will give them the ability to see exactly where they are on that map and where the rest of the features are. It will eliminate a lot of duplication of work and eliminate a lot of time wasted in the field of trying to figure out where you are. Also when they're flipping through 30 pieces of paper, the ID sheets and the photo stapled to them, trying to figure out which one they're at because there's a cluster of six of them in a row, they'll know where they are. They'll be able to take the photos. They'll know where the photos are. They'll be able to update the UTM's. These photos initially with these devices will be geo-tagged photos so they'll have the location of the photo. Once they're processed, they're going to erase that location. Mr. Ghiglieri stated they will keep the original files but to get every file in the database they have to be compressed and geo-tagged and they will geo-tag those photos on top of the site, not where the photo is taken so it will help increase the locations and the accuracy of these sites.

Mr. Perry stated if Mr. Ghiglieri wanted to speak to the safety statistics.

Mr. Ghiglieri stated he believed they actually increased from 79 percent securing rate. It is now at 80 percent now so went up slightly. They did inventory less hazards. They had the contractor in the field less amount of time. He doesn't know off the top of his head and is waiting for the BLM to give him the final numbers from Elko. They are the most in-depth program for the BLM AML program. He believes they're close to 1,100 were secured this year and around 800 were logged. It's a little below last year, but they did have less time in the field, less contractor in the field, and this directly related to that. The mail outs do help. They are a lot of work. They may only get response from 20 percent if less than that but at least they're getting response and they are getting hazards secured by these mail out procedures.

Mr. Perry stated for Mr. Ghiglieri to comment on accidents/incidents.

Mr. Ghiglieri stated there were zero accidents/incidents reported in 2014. That has happened only a few times in the program. A lot of one offs every other year, but last year was zero accidents or incidents reported in the AML program for 2014. A lot of that is what they discuss when they go out and do minerals education, they always throw five minutes in on the AML. The amount of work Bill does in promoting the AML Stay Out Stay Alive is unbelievable. He sees more kids every year than most people can imagine. The active outreach program is effective in his opinion and that's one of the many reasons that the incidents actually look to be decreasing in a trend over the last 15 years.

Commissioner Mudge stated he would like to acknowledge Mr. Ghiglieri and the team for great innovation and suggest that if they hadn't considered it to make the access available to the State Mine Inspector and first responders.

Mr. Ghiglieri stated yes, they've actually developed a good relationship with the Washoe County Hasty Team. He and Mike were invited to their annual dinner this last month but were unable to make it because they invited them the night before, but they do have a good relationship building with them. Upstairs they continue to build the relationship. They actually came down last year and gave a first aid and off road training to interns. That is the first time they've come down and done that. They're trying to build the relationship and he 100-percent agrees that first responders should be able to have access to the database but asked which first responders. He doesn't want to give it to every single county and people get into the sheriff's office, find this database, and then go out exploring that next weekend. There's that double-edged sword of giving it to the right people and not letting it get to the hands of the wrong people. Washoe County Hasty is definitely the people they want to keep in contact with 24/7 for these things. They know Mike and himself. They have their cards. They have their numbers. They've gone to trainings with them this last year. They went to the possibility of investigating other incidents as well this last summer.

Chairman DeLong asked for other comments with no response. He thanked Mr. Ghiglieri for his presentation.

NO ACTION NEEDED

C. Mining Claim Form Taskforce Update

Commissioner Bryan reported on the progress of the taskforce to review certain language on the mining claim forms which are available on the Division website as directed at the December 2014 CMR meeting. Commissioner Bryan spoke to the background. A few months ago he brought this to the attention of the Commission and because the Commission has suggested mining claim forms on the website they would like to put them out there and have them be adequate. They're finding through Western Lithium, they have over 2,500 mining claims active and they had some issues and their attorney brought it to his attention that there's some questions on some of these forms. The verbiage is sometimes unnecessary and there's ambiguities that really create some confusion. Rich and Mike Visher and himself got together and they met with Richard Harris and Tom Erwin, renowned mining attorneys in the State of Nevada and they agreed to review the forms and come back with some recommendations, and they have done that. Commissioner Bryan stated he hasn't had time to absorb it yet, but everybody has copies of this now. He would suggest that they meet again and review these things and come up with their own forms with this language and run it by legal counsel, et cetera.

Commissioner Parker stated he wasn't able to attend the meeting, but he did submit comments. The problem's he sees is in the law itself. It intermixes the terms claimant, owner, agent as one in the same. That seems to be carried forward in what's proposed here. It says locator on the certificate but owner on the affidavit. Without changing the law, they could make this a little simpler and try to lump them all under locator, owner, agent.

Commissioner Bryan stated they brought that up at the time and he sees that here too. He's also confused. He stated they needed to clean that language up.

Chairman DeLong asked if the group that's been working on this think they can come back to the Commission by the next meeting with a finalized form or set of forms.

Commissioner Bryan stated yes.

Chairman DeLong stated they should set that as a goal.

Mr. Perry stated he thinks they need to have another working session on it because they just got it today so they're appreciative of Attorneys Erwin and Harris doing the work, but they need to have a sit-down. He will set that meeting up at Commissioner Bryan's office in the next month for the working group and invite Commissioner Parker and the two attorneys.

Commissioner Mudge asked if they own the form or whose form is it. One it gets completed, do they have to petition somebody to change or is it their form?

Mr. Perry stated it's their form. He stated Mike Visher has a lot of the history on that.

Mr. Visher stated under statute they are to develop the form, but they have to make sure that it meets the requirements for recorded documents. They work with county recorders to make sure that it meets their

requirements. Those requirements are set by the state, but this is their form. They make it available on their website. The Commission can use other forms, but this is the form that most people use and this is a form that's readily available. It's what the BLM puts forth and the county refers everybody to the website for these forms as well. They need to be careful that they put forth the best form that contains everything that's required and that the majority of the mining industry approves as well as the county who has to accept these forms. They do have a little bit of work to do on this with the working group.

Chairman DeLong asked for anything else with no response.

ACTION TAKEN: The mining claim form will be put on the next meeting agenda for final forms for approval.

D. NBMG Activity Update

Using a PowerPoint© presentation, Mr. Jim Faulds spoke to the NBMG progress report. Mr. Faulds thanked the Commission for all the support over the past few years and it really helped them through a very difficult fiscal time and provided what they all hoped for which was bridge funding to hopefully a brighter future. This is a very quick history from fiscal year '13 up through '15, which is on the next slide and the funds that were provided for sample curation, mineral databases, exploration survey in that first year, and framework geologic studies. The last project there has been extended, so they're still working on that and have \$40,000 remaining in that project. All of the funds in the other projects for fiscal year '13 and '14 have been expended and with appropriate results, sample curation, building mineral databases. They completed that exploration survey in '13. This is where they are with fiscal year '15 projects. There are three projects funded totaling \$100,000, sample curation, the mining industry reports, and then the mineral databases. Those are the expenditures through January and the remaining funds in each, and there's actually more than expected remaining funds in the latter two partly because at the last minute before the beginning of the fiscal year the college actually did come through and supported the information specialist position and then they obtained a significant amount of funding from the National Geologic and Geophysical Data Preservation Program for part of this work. Most of these funds will be expended before the end of this fiscal year.

This has supported in a big way the activities at the gold building, which very briefly, for curation information, public sales, publication sales. It's a repository collections outreach. This is the visitation number, approximately 1,200 walk-ins per year. That's how the numbers break out in terms of approximately the last year and what people are coming in the doors for. He realizes most of the efforts these days is done online and about 40,000 to 50,000 visitors per year online, and that amounts to about 16,000 or so unique visitors. So they're serving most of their clientele these days through the website. This is important because they're just about to unveil their new shopping cart in the first week of March, which will make it much easier to purchase products and allow them more flexibility on what products they charge for and what they have available for free downloads. Sample curation, the new funding was \$35,000 primarily to maintain staffing at the gold building, curation, develop and maintain databases, web maintenance. They actually used those funds for partial match to obtain the largest grant they've been able to obtain to date from the National Geologic and Geophysical Data Preservation Program. On the aspect of curation, it's more than just bringing the samples in to the repository for the first time. A lot of the work associated with curation is associated with making those samples available for the general public and walk-ins and so on. For example, in the last year, they've worked a lot with Noble Energy coming in and looking at samples from wells that may have been drilled 10, 20, 30 years ago and they even provide splits to companies like Noble Energy for analyses and so on. In fact, they just rewrote all of the sort of requirements for those type of analyses to ensure that they get the analytical data back so that then that can be released to the public. It was a five-year release on new data acquired cuttings. It's reduced to two years.

Commissioner Parker asked on that previous slide, did he show the curation, the amount of time that was spent on showing those to Noble; has that been broken out?

Mr. Faulds responded no, they have not. In terms of overall curation most of the work is after they get the samples in terms of cataloguing them, putting certain elements on line and so on. Again, having that data available for the general public afterwards, so they do get a lot of traffic coming into the building to view cuttings. The percentage of the traffic into the building, going back to the previous slide, if you just think about natural resources in general that's between 20 to 25 percent of the traffic of the walk-ins coming into the building and that would be combining mining, geothermal, and oil and gas. These are some specifics. In the last year over 700 mining district files have been ascension. Oil and gas since July 1st, 30 logs for 8 wells, et cetera. Geothermal, four new permits received and filed three sets of new cuttings. Realize that because of the delay, for example geothermal well, there's a five-

year proprietary period for any cuttings. They store those samples initially. That curation is pretty quick and dirty and simple. Then they bring those samples into the repository five years later at which time they become available to the general public. So for example, since July 1st of 2014, there's been 49 sets of cuttings from geothermal wells now brought into the repository available for general public use. That's because of all the activity five years ago. There were a lot of geothermal wells being drilled at that time. Mineral databases, specific deliverables they're thinking about or proposing staff and maintain public access again at the gold building, revising the data points for the mineral database by the USGS. A lot of those are inaccurate. Development of web-based GIS services and interfaces and so on including in those databases geologic maps, geophysical data, information on known mineral deposits, exploration activity, and then continuing to update the geothermal and oil and gas databases. For the mineral databases, \$35,000 was allocated. They've only spent about \$4,000 so far this fiscal year. That's for staffing at the gold building but as mentioned the college came through and funded David Davis for the year so that relieved some of the pressure on this specific award. Some accomplishments, there's a lot that goes on behind the scenes here with these databases in terms of web maintenance and they're now working through a whole bunch of complicated aspects with respect to their website and security and protocol and go and so on trying to move it into sort of this century and working with UNR IT Group on that. A lot of work actually occurs behind the scenes so that they can have that website as modern and updated and secure as possible. In addition to that, they're working on various web applications and so on. One of the new web applications they've started is a web application for mining district files, a lot of the work that Rachel Wearne has done since coming to the Bureau. Just to highlight that a little bit, this is not released yet so it's sort of a data form they're working on behind the scenes. There's an interactive map. You can go to a specific part of Nevada, click on it, or if you know the name of a specific mineral district you can enter that or you can enter the name of a specific mine, et cetera, and up will come data associated with that mining district. There's sort of a widget shown on the left and various layers that you can enter the specific county or a mining district, name of a mine, et cetera. You can portray features on various layers and face maps. They're trying to get all of the aspects of the mining district files also linked to the most modern geologic maps or the best available geologic maps. You can, also, again go to a specific mining district or actually do this graphically and just sort of put a box around a specific part of Nevada and up will come details on individual mining districts. The MI reports, John Muntean has a lot of obligations these days running the CREG program so they had hoped to release this by the end of December. It looks like the new release date is now mid-March and they're now in the process of finalizing that, expanding a lot of the funds associated with this report so hopefully this will be out soon. All of the data has been collected. Several of the chapters have been written. There's just a couple chapters remaining to be written and then they'll do the final editing soon. Here's a summary again of the fiscal year '15 awards. He pointed out a couple things. They've talked about the remaining funds and there will be more funds expended in the second half of this fiscal year than the first half for a couple reasons, again, Dave Davis's position was funded and also they did carry over some funds from the previous year. In general, they used to run the gold building on \$300,000 a year and six positions. They lost all of the state funding for that except for \$30,000 in the big budget cuts two-and-a-half years ago. They've been running that entire outfit with three people, three positions since that time, and the only reason they were able to do that is thanks to the support from the Commission. So what he wants to do in the remaining part of the fiscal year is ramp up. They have a couple people half time that have been half time since the cuts a couple years ago, ramp them up to full time, and essentially expend most of the remaining funds on these grants. That's not going to last forever, but they know they have the support from the college for David Davis's position for the following year. They also are using some of these funds for match so that they can get as much out of the national geologic and geophysical database preservation program, which helps to support efforts in that building. They don't have a full solution here yet to funding the gold building. They have gotten great support recently from UNR and the college for new faculty positions so they're now advertising for a new geothermal specialist and retirement replacement on neotectonics position, and as many know they hired a new economic geologist Mike Russell last year. So they're growing again on the faculty side of things, but so far there's been no support and only one small call for new support positions or funding for support positions. That new call was a grand total of five support positions for the entire University. He understands the Bureau put forward a request for one of those positions and he understands the college actually did rate it number one priority in the college. They were able to put forth two priorities, and the other priority was funded by the upper administration. So that's where they are lacking. They're growing again. The budget has actually increased in the last couple years by about 15 percent, but that increase has been entirely in the faculty lines rather than in the support staff, so they're still suffering at the gold building. The northeast Nevada project, the funds remaining from a project funded in that first fiscal year, and what they're doing here is that blue box in the area of northeast Nevada, they're studying that in detail partly because of the new discovery, the Long Canyon deposit that will open the next couple years and that's a Carlin deposit in an area previously thought to not contain such deposits. It's a little bit different carbonate rocks than the typical Carlin trend deposition so they want to be at the forefront of development and in addition the oil and gas play by Noble Energy in that area so they're actually producing new geologic maps in this area. They've used

the funding provided by the Commission a couple of years ago to do that. The new mapping is in two areas, the upper right red dot in the Long Canyon area and the new mapping over in the Mary's River Basin where the Noble Energy play is. They have two maps that should be released in the next few months and then using funding to support additional mapping. This is one of the maps in the Mary's River Basin adjacent to one of the areas that Noble Energy has been drilling in showing details of the basin deposits and some of the young faults in that area and then actually using some of these funds also to publish other maps that they've worked on in the area, other mining districts such as Eureka and then the Emigrant Pass area right in the middle of the Carlin trend. To remind everyone the status of geologic mapping in Nevada, only about 20 percent of the state has been completed. They're focusing the award from the Commission a couple years ago in that area of northeast Nevada because it's rich in resources and they're trying to fill in that box in kind of the northeast corner of that red box with new work that will tie into oil and gas and mineral exploration.

Chairman DeLong asked for any questions with no response and thanked Mr. Faulds for the presentation.

NO ACTION NEEDED

IV. STAFF REPORTS

1) Mining/Reclamation Bond Pool - Mike Visser stated that on the first page after the staff reports tab is just a current status report of the reclamation bond pool. They're at 126 percent of funding so still financial well-situated. The Commission will see that activity still remains fairly low. They have many more reductions than anything else. They did receive in the last two weeks two new bond requests so somebody is finding some money so hopefully they're seeing a turn around there but just the typical status update on where the bond pool is at. Mr. Visser asked for any questions on the bond pool with no response.

2) Oil, Gas, and Geothermal - Mike Visser stated he would cover this update for Lowell Price. As they know, Mr. Price had a death in the family that was unexpected and had to make a trip to Texas but despite that he has inspected 99 percent of the one-third requirement of oil, gas, and geothermal wells for the fiscal year. He and Erik have already inspected 188 wells. They need to have 190 for their one-third of all wells inspected. They have a template now that's being used for notify the operators for any corrective actions that are necessary as well as providing them with a report of everything that was inspected, not just the stuff that there's issues but everything that was inspected. It's on a federal lease. Copies are being provided to the BLM as well. They're making great headway on that, and Erik Langenfeld has been diligently working on updating their oil, gas, and geothermal, really the geothermal first, and incorporated the well inspection database into it. It should be ready for use on a tablet or laptop here this summer. Everything will be tied together into one streamlined database. With a program like geothermal that's been around for a while, there's a lot of history and there's some bugs in the system that haven't been captured until now but incorporating it into a GIS format you can see a lot of these inaccuracies. They're manifesting themselves. Sometimes it means going back to the original permits and actually looking at what was in there, garbage in/garbage out. So this is part of the quality control and he's really excited for how far they've come on that part and hope to have Erik provide a demonstration of where that database is at at the next meeting. With regards to activity, in the fourth quarter of 2014, there were three geothermal permits issued. That compares to 27 for all of last year. For oil, there were three permits issued in the last quarter for a total of 13 for the entire calendar year. There was only one geothermal well drilled in the last quarter and that was by Ormat. That's one of ten for the year. There was two new wells drilled during this first quarter so far in 2015. One by USG in Crescent Valley. The other Ormat at Wild Rose. Wild Rose is looking at doubling their production. McGinness Hills just completed the doubling of theirs. So that bodes well. Two really nice resources and see the ongoing development of those. For oil for the quarter last year, there was just one well drilled by Noble Energy. That gives them five for 2014. Twenty-five (25) sundries in geothermal. It's somewhat misleading on the geothermal side. They get a lot of informational sundries. That's all they are is just information, not necessarily an action. So it gives them a lot of information but it doesn't necessarily mean that there was an evaluation that went along with it. There's still a signature that has to be put on it, but the evaluation time is not the same for all the sundries. For the first quarter to date in 2015, they've got 12 geothermal sundries and 10 on the oil side. They've seen a dramatic decrease in exploration on the oil front but there's still interest out there. They are expecting to get another permit in within the next few months and a couple more sundries on the oil side. They're not done. They are seeing production at the last Noble well that they completed. They're waiting for their air permit from NDEP. Then we'll see production that one. The production is not bad. They'd like to see more of that and hopefully Noble will continue exploring in Nevada. That's really a summary of the expiration activities in oil, gas, and geothermal.

Commissioner Bryan asked what is the Sage grouse impact on exploration for oil, gas, and geothermal?

Mr. Visher stated that varies on region and it varies on district. They had one oil well that was supposed to be drilled in February but they did not feel that they would be able to complete it by the March 1 deadline. They would not be able to drill in March, so while they put the conductor casing in they did not spud the well and that was strictly because they felt they could not complete the well in the 10 days left in the month. So it does have an impact. They're trying to work around it. It depends on what district you're in. It depends on the interpretation of the BLM geologist and the biologist, but a lot of the permits are very restrictive and that is definitely having an impact.

Commissioner Parker asked if the impact was caused by just a seasonal restriction?

Mr. Visher stated yes.

Commissioner Snow asked with respect to the one-third of the wells inspection strategy, is that now if they were to undergo another audit that the auditors would hold them accountable for?

Mr. Visher stated yes.

Commissioner Snow then asked how did the one-third become the one-third, what was the rationale?

Mr. Visher stated it was an achievable goal. It was something that would allow them the flexibility of inspecting problematic wells, not just every single well within three years. So what that means is if they have a problematic well it may require that they be out there several times even in just one year to check to make sure that corrective actions are taken or that the risk assessment factors said they needed to go out and inspect it more often. So this is a risk-based inspection criteria. It doesn't necessarily mean that every well is going to be inspected within three years. They've got observation wells that are inactive, very remote, low risk that probably don't need to be inspected except maybe once every five years. The risk assessment provides a score and they quantify that, and that drives how they get to the fields to do the inspections. Once there in the field, you cover as much of that field for inspection as possible. What's taken place is when Lowell or Erik are out for BOP inspections, as time allows either before, during, or after, they'll continue on with inspections in that field to do those inspections and get those done. He stated that yes, they will be measured by that one-third. He reminded that Lowell did a valiant effort last year and inspected every single well in the state. That required a lot of work and they certainly saw an impact on their expenditures for their in-state travel, but that was also a reason why they broke out oil, gas, and geothermal into its own category so they can track those costs. They're currently forecasting for a week a month through the end of the year for continued field either inspections for BOPs and they have the funds to do that, so they're more than exceed their one-third, but they felt that was an achievable goal, a proper goal, and it was not too dissimilar from the federal requirements for their inspection.

Commissioner Snow asked as they ramp up compliance have there or are there assessments or penalties or follow up or things that are wrong that require that the operator is not cooperating with or is everybody 100-percent cooperating?

Mr. Visher stated with regard to inspections they have some that are slow to respond but they have not had to take it to the next level and subject them to a fine. They do have one letter that they sent off for one operator, and that was with regards to submission of the proper reports. It was not tied to the inspection. They are moving forward on those as well. So far the operators have been fairly attentive and by copying the BLM it provides them a heads up that there's not just one agency looking at them. There's another. That's the active oversight they were looking for.

Mr. Perry stated that after the first round of inspections were done they had a list of wells going back to the compliance question that needed to be addressed with regards to plugging and abandonment. They had gone beyond their time and we sat down with the BLM and said here's the one on federal ground, you do those. If we find something on a well on federal ground we notify them and they do the compliance activity. They're supposed to get a hold of the operator and do that. There were three on private ground and two of those were addressed with plugging and abandonment after letters were sent by NDOM. There was one that's not and the operator has not responded despite phone calls. In fact, when their office is called, we can't get a hold of anybody. A letter was sent with a fine, first ever fine of \$1,000 about two months ago. It said unless you respond within 30 days then this is going to continue. After they didn't respond once again, he tried to call them. It's a company that it's suspected is

defunct. We sat down with Bryan Stockton to see what could be done and sent another letter and we're basically clicking off daily fines until we have a point at which we would be able to take their bond and try to address the plugging of the well. That's the first time it's gotten to that point. Despite a year of trying to work with this company we have got nowhere.

Commissioner Parker asked what would it cost to plug that well if it becomes an orphan?

Mr. Perry stated that's a good question and one they're addressing now because they had the same question. The current code says they're to charge a minimum of \$10,000 for a single well and a minimum of \$50,000 for all the wells that a company owns. That's a minimum. They can go over that if they make that determination. They actually asked Lowell to contact several different companies that would plug wells and get quotes on what it would cost to plug a well so they'd have something physical in their hand. Those were obtained last week. In the case of the Ferguson Springs well, the one that has a fine on it, it's about \$32,000. There's a \$10,000 bond on it. So they're trying to answer that question now to answer the question of what should bonds be.

Commissioner Henderson stated that in the quote received did he give them the wellhead and others as compensation?

Mr. Perry stated no, he didn't believe so.

Commissioner Henderson stated they should do that. They should look at compensating them for the assets that are on the well against plugging the well and also removing casing if there's any casing inside.

Mr. Perry stated they just got it last week and they really haven't digested it. They're probably going to need the Commission's help to sit down and go through it.

3. Education Outreach Update - Using a video and PowerPoint© presentation, Bill Durbin stated they've got some busy times coming up in southern Nevada. He just put together a list of things that are coming up here pretty soon. Actually, tomorrow and Thursday he has five presentations he'll be doing at A-Tech High School, one of their activities. Plus, they'll have AML, all of the swag boxed up and ready to go to pass out to all of those kids. The Nevada State Science Olympiad, he was just given the wonderful news that he will be coordinating the fossil competition and that's driving him nuts because he's not into crispy critters but he'll give it his best shot. Their Las Vegas Teacher Workshop is coming up at Faith Lutheran School March 31st through April 1st. The McCaw School of Mines Foundation Gala Fundraiser is April 18th, so hopefully they will all receive invitations and possibly be able to come. The last point, and they spoke about it last meeting, they had nominated the McCaw School of Mines for the IMCC Education and Outreach Award for 2015 and he found out later that the principal of the school had nominated her science coordinator for one of their teacher of the year awards. They've not heard as yet if they're the winners, but Nevada might take the honors this year in a couple of categories. Here are the school presentations that they've got coming up. There's quite a number of them so they'll get the word out here. Eagle Scouts are coming out now. These are photos of their latest scout, Dustin Morris. The 155th Eagle Scout project completed. This is what they have on the agenda. They've got 13 scout projects on the books, one in Lincoln and 12 in Clark County. They did the Jared Brady site visit this last Saturday, a horrible hike up Bonanza Hill out by Sandy Valley, but he's all excited and ready to go. These are some of the other scouts that we're either doing the site visits for and a couple of projects scheduled. Backing up to the video, they saw him pounding the post in the ground to mark the spot of that particular hazard they found that had opened up. It was actually CL-1335 out in the Goodsprings area. It was backfilled back in 2013 by the Bureau of Reclamation Crew and it must've bridged up with some timber or whatever. There's been several rain storms out there over the past six months or so and that little hole they see is about two by three feet. If you throw a rock down there, it dribbles down about 30 feet. The shaft was originally logged at 80 to 90 feet deep. It's now fenced. As you can see, it's been reported to John Callan and Lori Dee Dukes who is the AML program leader down here at the Vegas BLM. It's on the list to be re-backfilled when they get the funding to go ahead and start doing more permanent closures with the Bureau of Reclamation. Mr. Durbin then asked for any questions.

Commissioner Bryan asked if in association with the Boy Scouts down here, the mining merit badge has been out for about a year, has anybody taken advantage of that?

Mr. Durbin stated not a one he was sorry to say. He's got a leaflet that goes to each and every scout that he talks to when they send out a letter, a package for their project, he includes that. He's talked to scout masters. He's talked to parents, talked to some of the kids themselves, but to date he's had no takers unfortunately.

Commissioner Bryan stated you have to have the certification to be able to teach, a facilitator and asked if Mr. Durbin had that.

Mr. Durbin stated not an official signed document.

4) Correspondence - No update given.

NO ACTION NEEDED

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 he would love to have that TV reporter come up to Reno and interview the Chairman and ask him about the cuts in the AML program. He shares the heartburn that Commissioner Mudge does with the 42 percent. When Mackay was cut 50 percent the Commission jumped up and did a \$2 mining claim fee increase and that didn't seem to be out of the stretch. He's overseen three mining claim fee increases, two when he first came on fairly small, and then the \$2 one in 2008. 2008 is seven years ago now, so the mining claim fee hasn't been changed for seven years. The fluids guys have lifted some heavy water. They had to change statute to change that fee. The mining commissioners, all they need to do is have a series of regulation meetings to take that \$1.50. That \$1.50 would generate \$300,000 nominally, which would double the program from what he's getting. The surface disturbance fee hasn't been raised in years. Again, a regulation change from \$20 to \$30 an acre on public land. Those are on projects where companies are putting out \$500 million to \$1 billion to build that new mine and you don't think there's a need for the \$10 fee especially when you're cutting the program 42 percent. Granted the money that will come into fluids by their fee increase was mining claim money which will now back up and go back over onto that side, but he really thinks the Commission needs to take a real hard look at this. The BLM raised their fee, and the fluids guys might not know this, on mining claims last September 1st from \$140 a year to \$155 a year, a \$15 per claim increase. Here we are sitting on our hands talking about \$1.50. The inaction is a little troublesome. So he'll finish with his, again, holistic pitch to the Commission. They heard about the efficiencies that are being gained in AML by the use of the computers and the programs and so forth. It's marvelous. It's unbelievable. He and Russ were back there just saying it's unbelievable. It's really fantastic. They also know that as they chase more and more of these sites, their sites per visit are going down because of the inaccessibility so forth and so on. As he's mentioned before, one of the ways to sell an increased mining claim fee is to begin a more holistic program. The legality of holding mining claimants feet to the fire on that in a push-shove situation legally has never really been proven even though there's state law that essentially says that. A more holistic approach is to fund the program at the level that the Division can just go out, excluding private property, but public lands and just take care of business. The great example is you go up a canyon and there's two AML sites and you've expended all of that effort and time to get out there and your trucks and your personnel and so forth and so on. One's on a claim and one's on unclaimed public land and you only secure one of them. It's nonsensical. So he understands the principle that the owners of the claims or the owners of the private property should be responsible. There is an underlying it's your problem you should take care of it philosophy. On the other hand thinking out of the box a little more, you get a funding level that's appropriate for the program and you just take care of business and get them done. Lee Chapman once told the Commission at a meeting in Eureka, "if it was up to me, I'd take a bulldozer from the northeast corner of Nevada and just drive it right down to Las Vegas and fill them all in as he went." So that's a little extreme, can't really do that as you know, but he hates to tie the hands of the Division in getting the job done because of the statutes that could be changed. He really thinks they need to look at that mining claim fee. He really thinks they need to look at the surface disturbance fee and give these guys the resources that they deserve. They're doing a great job. Cutting the intern program, that's not advisable. It's helped those students up there. It's given them money to continue their education. It fits very well into the Division and the Commission's mission with Mackay, and so to cut the people back by two people, he doesn't think that's appropriate either.

Chairman DeLong thanked him for his comments and asked for further comments with no response.

COMMISSION BUSINESS

A. Determination of time and place of next CMR meeting – The next CMR meeting was tentatively scheduled for Friday, May 1st, 2015 from 1:00 to 5:00 in Reno, Nevada.

ADJOURNMENT

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

II. NEW BUSINESS

**II. A. Chairman's discussion on
administrative functions**

This section is intentionally left blank.
A presentation will be made at the meeting.

II. B. Well Database

Nevada Commission on Mineral Resources Meeting

Reno, NV
5/1/2015

Erik Langenfeld

Oil, Gas, Geothermal and AML Field Specialist

Geothermal Data Input Form

[Add Record](#)[Find Record](#)[Find Next](#)

API#: Permit#: County: Operator:



Well Name: Alias: Well Type: Project Area: Field: Land Type:

Section: Township: Range: Quarter Quarter: NAD_TYPE: 83: UTM_E_: UTM_N_: Elevation:

Permit Issued: Permit Expires D.: Spud Date: Completion Date: Status: Original TD: Confidential?: Plug Due?: Plug Date:

Logs?: Samples?:
Report Due?: Completion Due?:

Remarks

Originally permitted as industrial injection well. AMOR IV, Nevada Operations, Constellation Operating. Changed ownership from AMP Resources to ENEL Stillwater 6/20/2007.

Re-Drill Information

Re-Drill: RD Spud Date: RD Completion Date: Re-Drill Total Depth:

Sidetrack Information

Side Track Status:

ST Spud Date: ST Comp Date: ST TD: ST API:

ST 2 Spud Date: ST 2 Comp Date: ST 2 TD: ST 2 API:

ST 3 Spud Date: ST 3 Comp Date: ST 3 TD: ST 3 API:

Project Area Input Form

Add Record

Find Record



Permit#

OPERATOR

FIELD

PERMIT_ISS

Prod

Inj

Obs

REMARKS



Fee Table Input

Add Record

Find Record

Find Next



Permit #

Request Received:

Action Type

Request Approved:

Permits

Completion

Well Type

Well Depth

Sundries

SundryType1 (\$300)

SundryType2 (\$100)

SundryType3 (\$0):

Annual Fee

Prod/Inj Year Billed (\$475):

DateInvoiced:

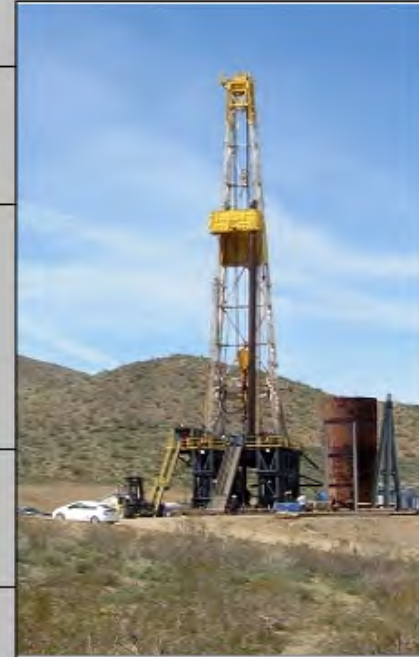
Fee

Payment Received:

Delinquent

Remarks:

Changed hole size from 12-1/4" to 13-3/4".



Inspections Data Input

Add Record

Find Record



Archive

Well Name	Alias	NDOM Permit #	Inspection Date	Inspector:	Red Flag
16-28		288	6/12/2014	LDP/E	No

Previous Inspection Date		Date Notice Issued	
Previous Risk Assessment	26	Date All Issues Fixed	



Lease Type	Fee	Rank1	2	Well Status	Active	Rank4	4
Resource Type	Geothermal	Rank2	2	Year Completed	1992	Rank5	2
Well Type	Ind-Inj	Rank3	4				

Signage Adequacy	Adequate	Rank6	0	Tank Battery/ Pipeline Condition	Good	Rank11	0
Pad Condition	Good	Rank7	0	Reserve Pit Condition	NA	Rank12	0
Wellhead Condition	Poor	Rank8	4	Proximity Public Or Watershed	Visible	Rank13	1
Leaks Present	Moderate	Rank9	2				

Cellar Resource Fluid	Wet	Rank10	4	Cellar Fluid Temp (°F)	
-----------------------	-----	--------	---	------------------------	--

Risk Assessment Score	52	Remarks	
Change From Previous Score	26		



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/>



BRIAN SANDOVAL
 Governor

Las Vegas Office: 2030 E. Flamingo Rd. #220, Las Vegas, NV 89119
 Phone: (702) 486-4343; Fax: (702) 486-4345

RICHARD PERRY
 Administrator

OPERATOR **Field** **Inspection Date**

US Geothermal SE 4/7/2015 Inspector: EML

Well Name	Well Alias	NDOM Permit #	Year	Well Type	Well Status
53A-21	OBS 15	1367	2014	Obs	Active

Signage	Pad Condition	Well head Condition	Leaks Present	Tank Battery/ Pipeline	Reserve Pit Condition	Cellar Fluid	Cellar Temp F
Needs Sign	Good	Good	None	NA	NA	Dry	

Well Name	Well Alias	NDOM Permit #	Year	Well Type	Well Status
63-21	OBS 14	1366	2014	Obs	Active

Signage	Pad Condition	Well head Condition	Leaks Present	Tank Battery/ Pipeline	Reserve Pit Condition	Cellar Fluid	Cellar Temp F
Needs Sign	Good	Good	None	NA	NA	Dry	

Well Name	Well Alias	NDOM Permit #	Year	Well Type	Well Status
75-16		312	1992	Ind-Prod	Shut-in

Signage	Pad Condition	Well head Condition	Leaks Present	Tank Battery/ Pipeline	Reserve Pit Condition	Cellar Fluid	Cellar Temp F
Adequate	Good	Good	None	Good	NA	Dry	

Thursday, April 16, 2015

Page 1 of 1

Progress and Future Functions

- Yearly/ Monthly Report for permits, sundries, drilled wells & inspections- in development
- Yearly/ Monthly Fee Report
- Well Inspection Risk Assessment Report
- Commercial and Industrial Class Geothermal Electric Producers Table and Report

II. C. AML and Minerals Education

**May 2015 Commission on
Mineral Resources Meeting**

Overview of Educational Activities

Compiled by:

Lucia M. Patterson

Cupcake Core Drilling

Presented to:

**4th Grade Pinion Elementary in
Gardnerville, Nevada (Fits in with 4th
grade Nevada history education)**

This is a combination activity:

- 1. Minerals Education**
- 2. Cupcake Core Drilling Activity**
- 3. AML Education**

How do We find Minerals- Areas to drill??

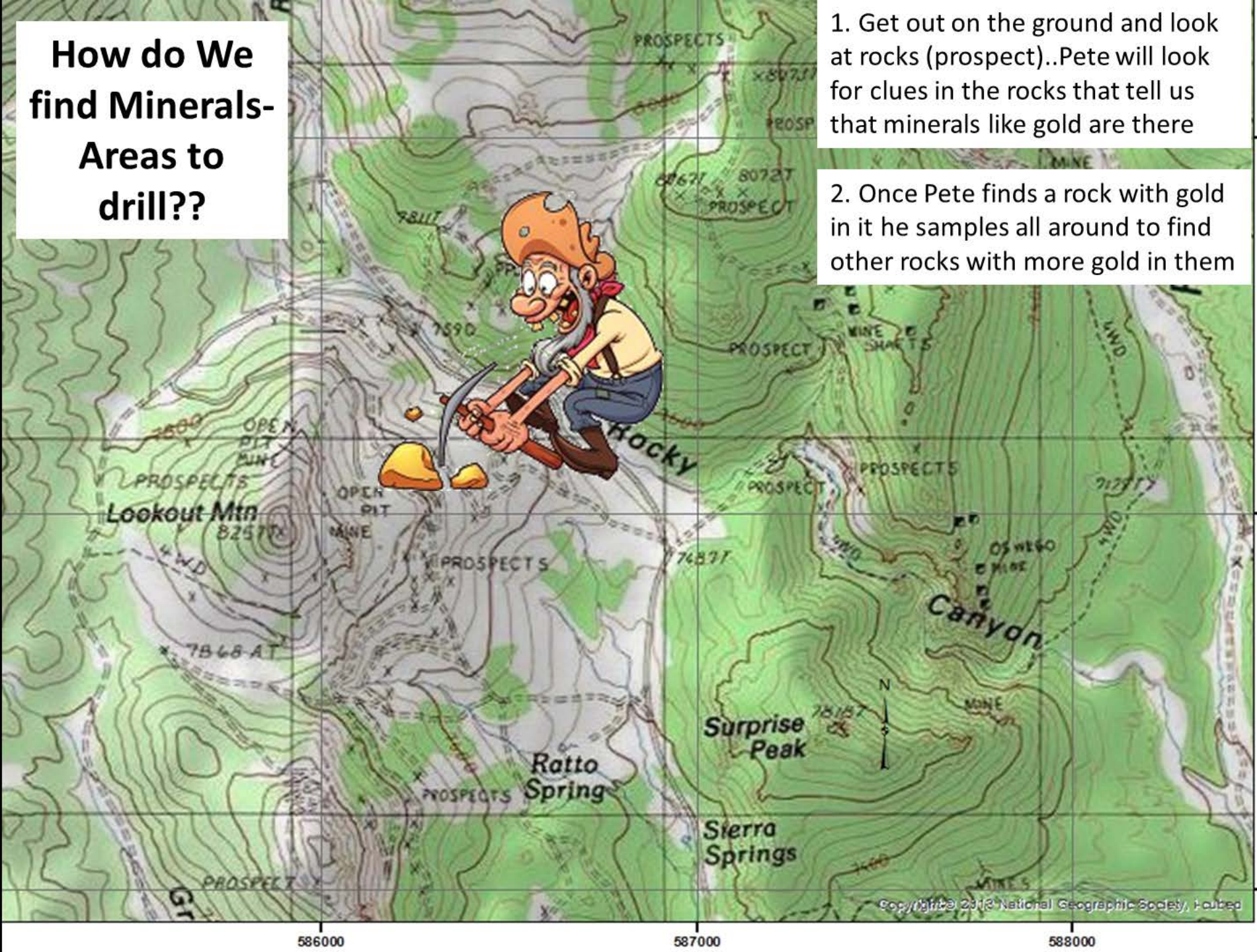
I'm Pete the Prospector!!



How do We find Minerals- Areas to drill??

1. Get out on the ground and look at rocks (prospect)..Pete will look for clues in the rocks that tell us that minerals like gold are there

2. Once Pete finds a rock with gold in it he samples all around to find other rocks with more gold in them



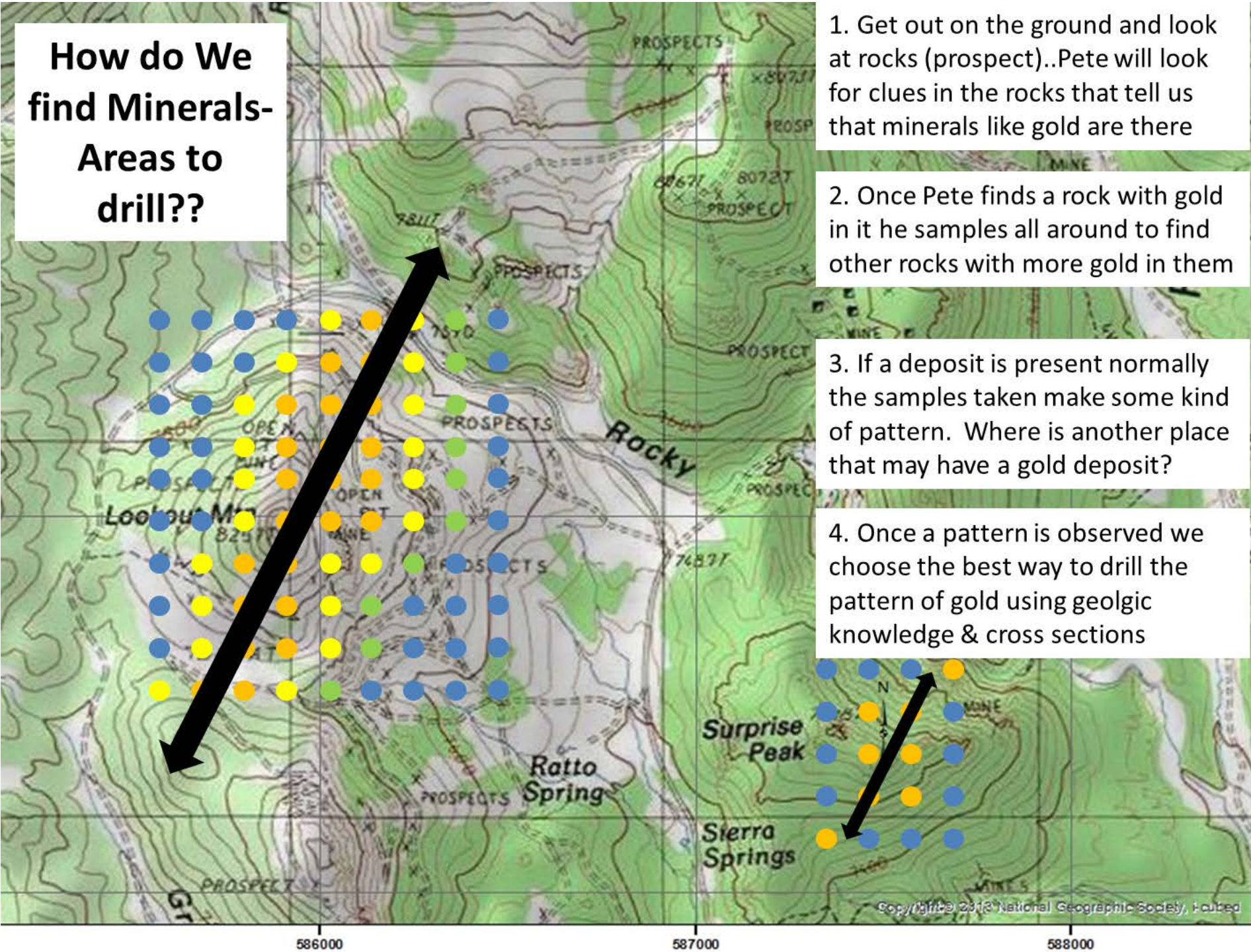
How do We find Minerals- Areas to drill??

1. Get out on the ground and look at rocks (prospect)..Pete will look for clues in the rocks that tell us that minerals like gold are there

2. Once Pete finds a rock with gold in it he samples all around to find other rocks with more gold in them

3. If a deposit is present normally the samples taken make some kind of pattern. Where is another place that may have a gold deposit?

4. Once a pattern is observed we choose the best way to drill the pattern of gold using geologic knowledge & cross sections



586000

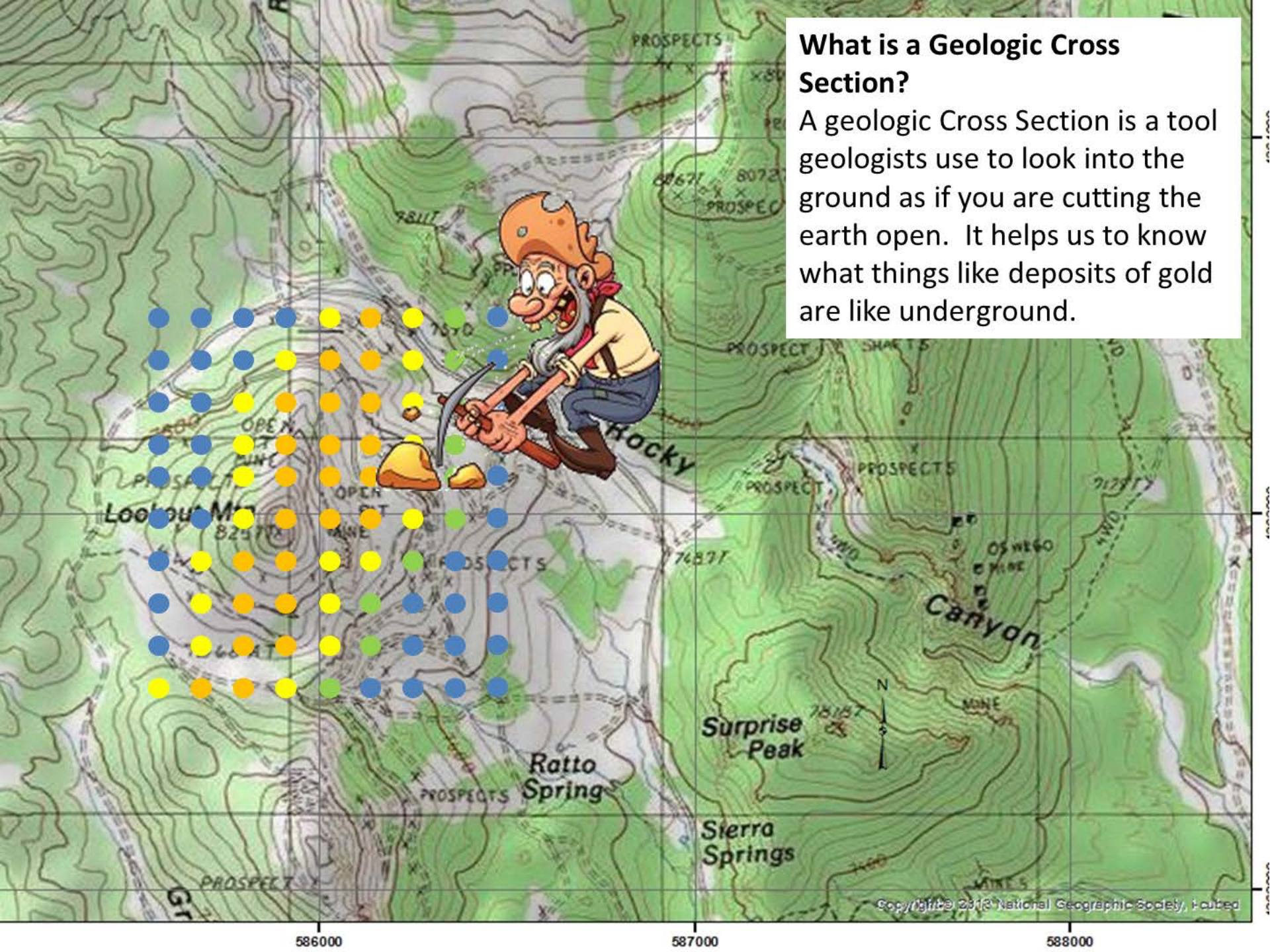
587000

588000

Copyright © 2013 National Geographic Society, Inc.

What is a Geologic Cross Section?

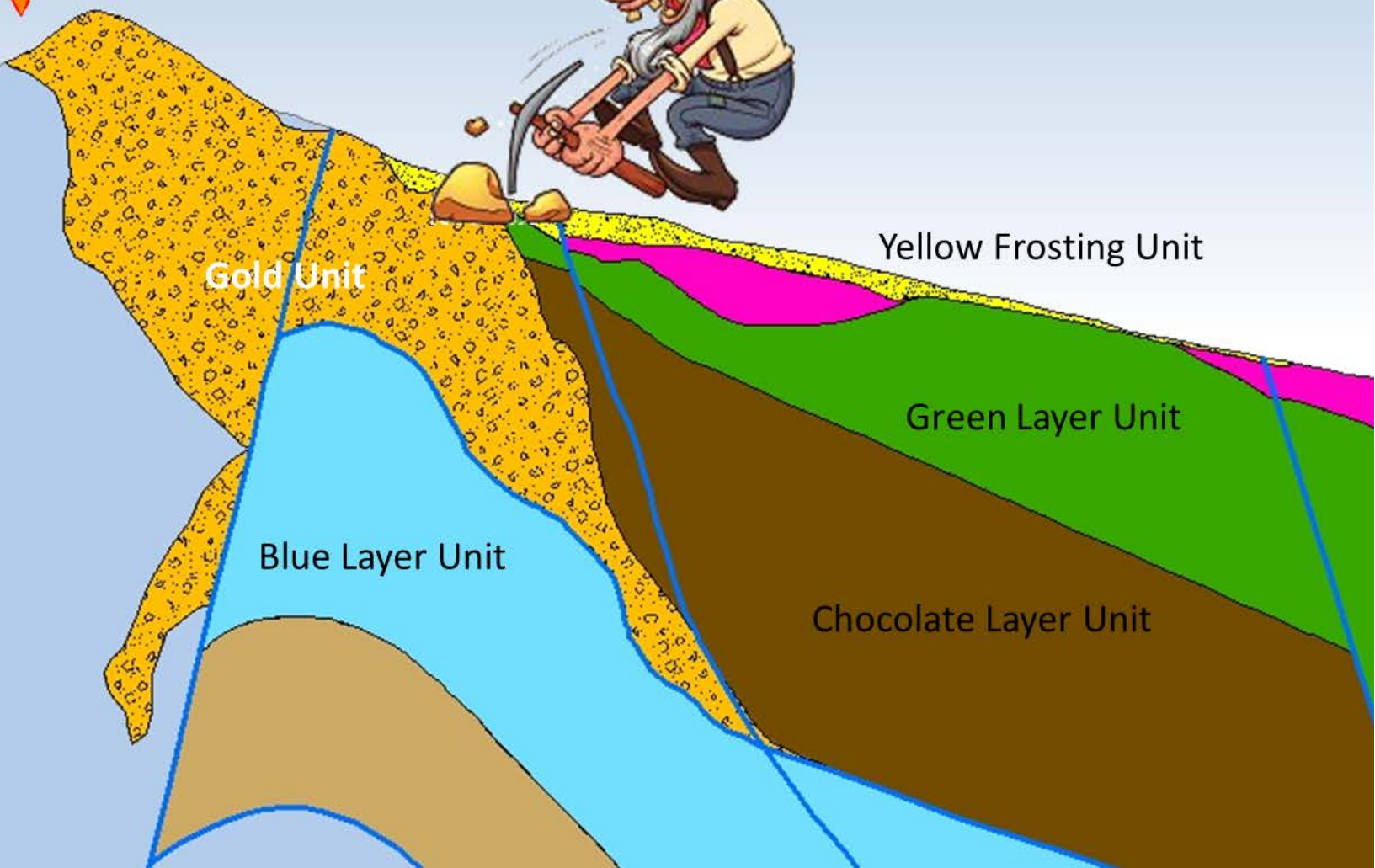
A geologic Cross Section is a tool geologists use to look into the ground as if you are cutting the earth open. It helps us to know what things like deposits of gold are like underground.



586000

587000

588000



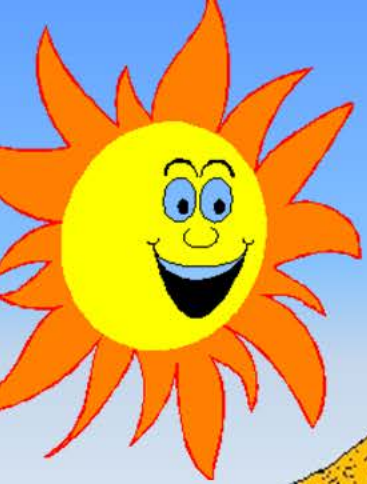
Gold Unit

Yellow Frosting Unit

Green Layer Unit

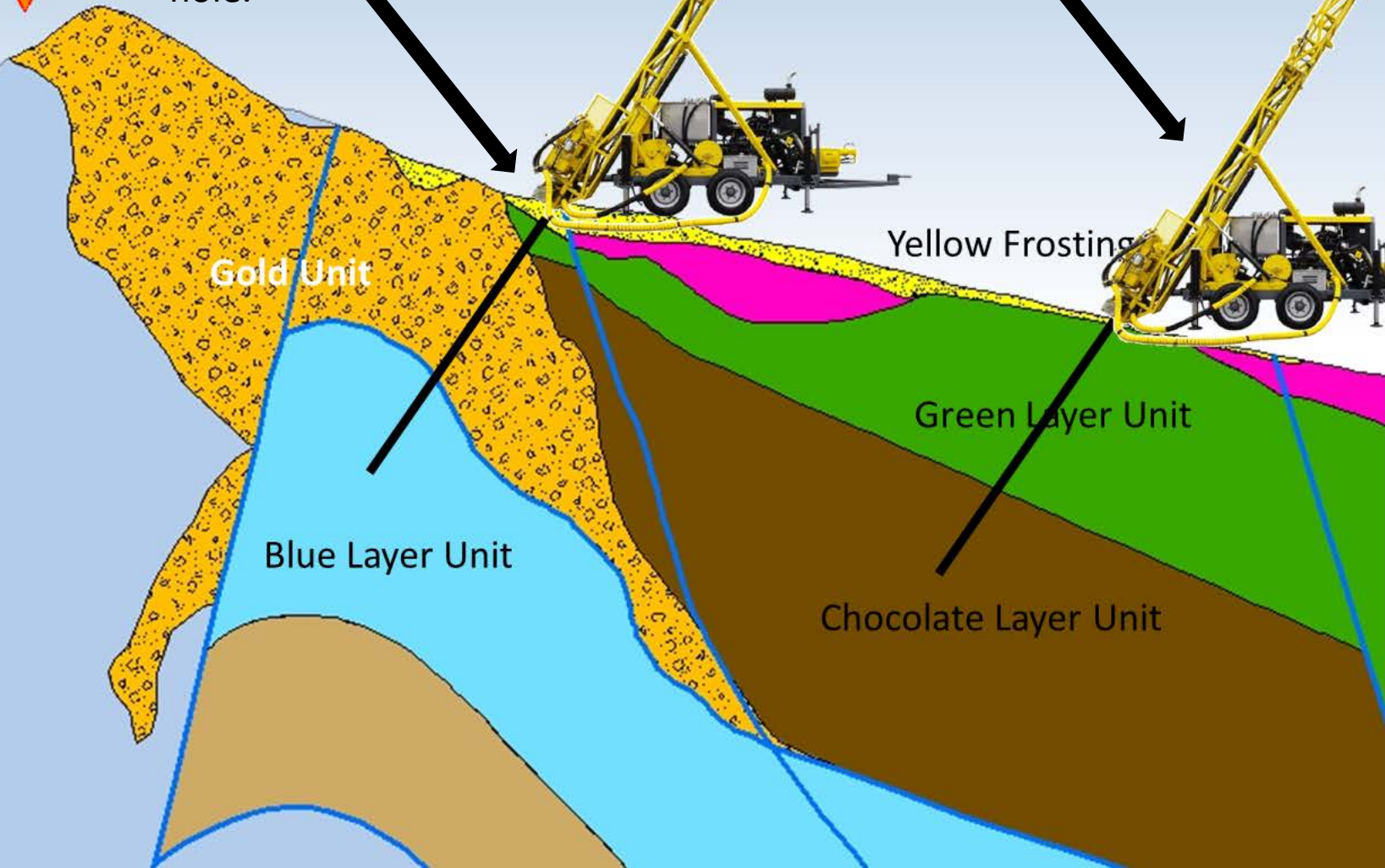
Blue Layer Unit

Chocolate Layer Unit



This would be where they drill their cupcake with a straw. Four layers are present in the cupcake which correspond to the units present in this drill hole.

This rig comes in later at which time the students are asked why they would not drill a hole here.



Gold Unit

Blue Layer Unit

Yellow Frosting

Green Layer Unit

Chocolate Layer Unit

585000

586000

587000

588000

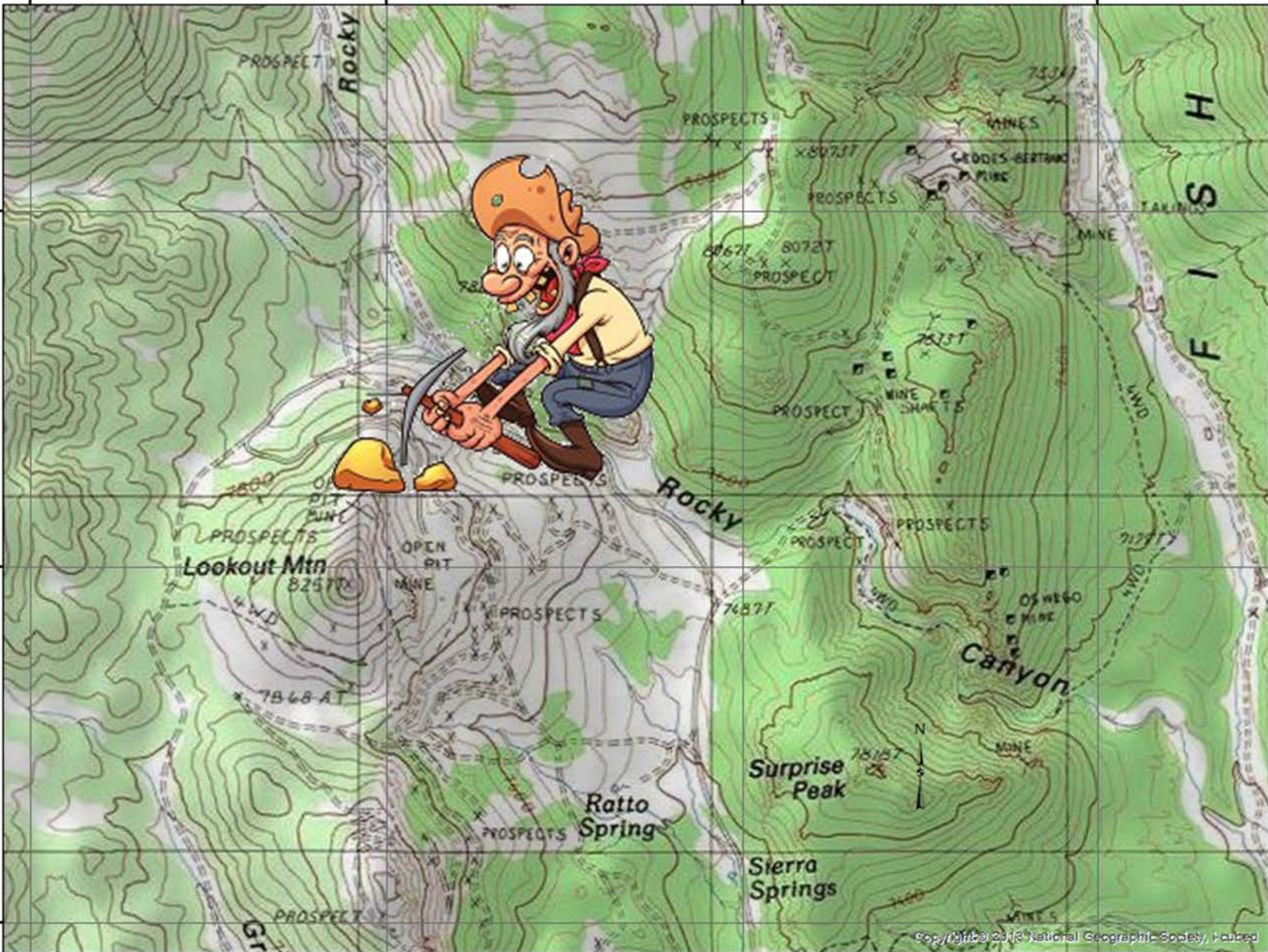
4364000

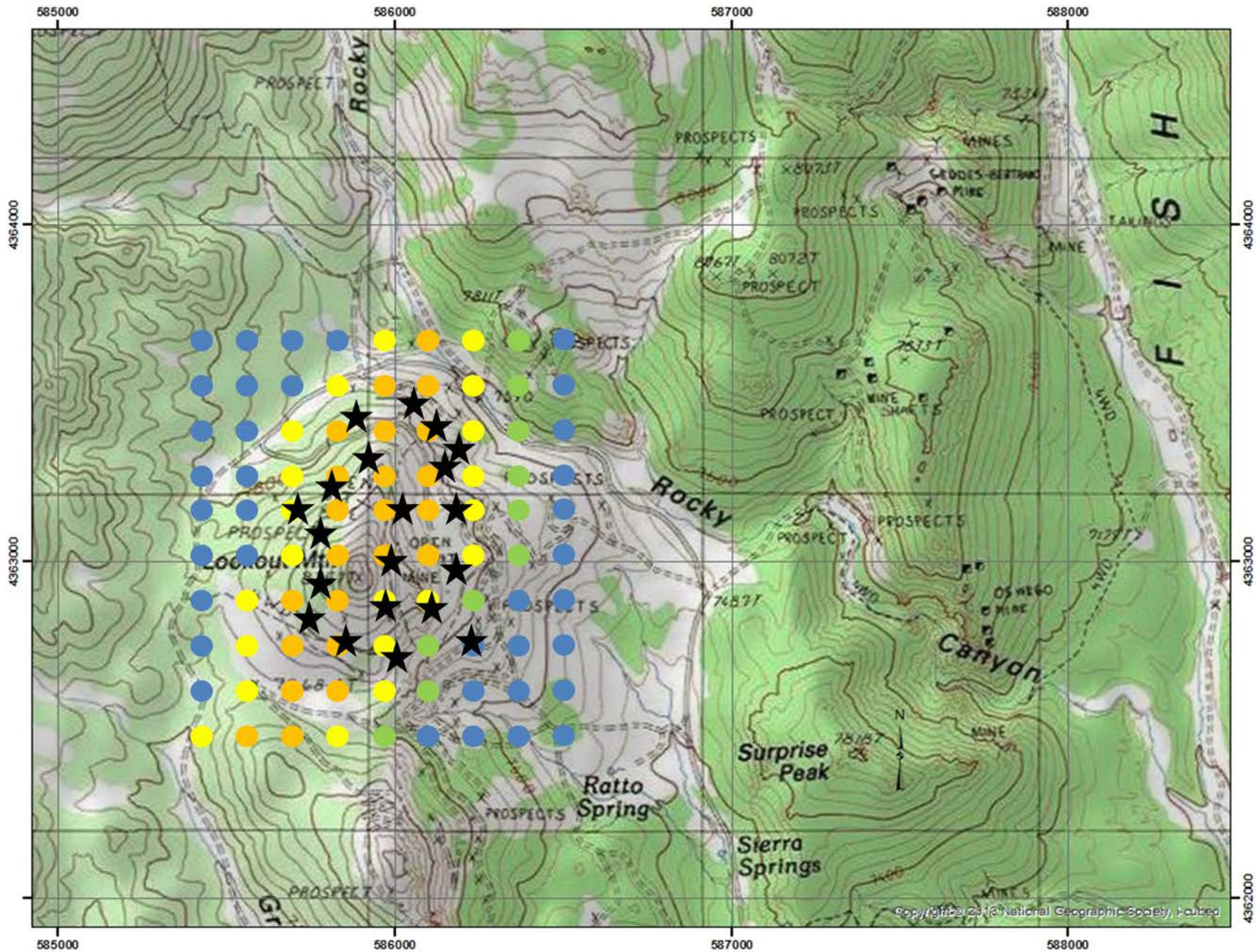
4364000

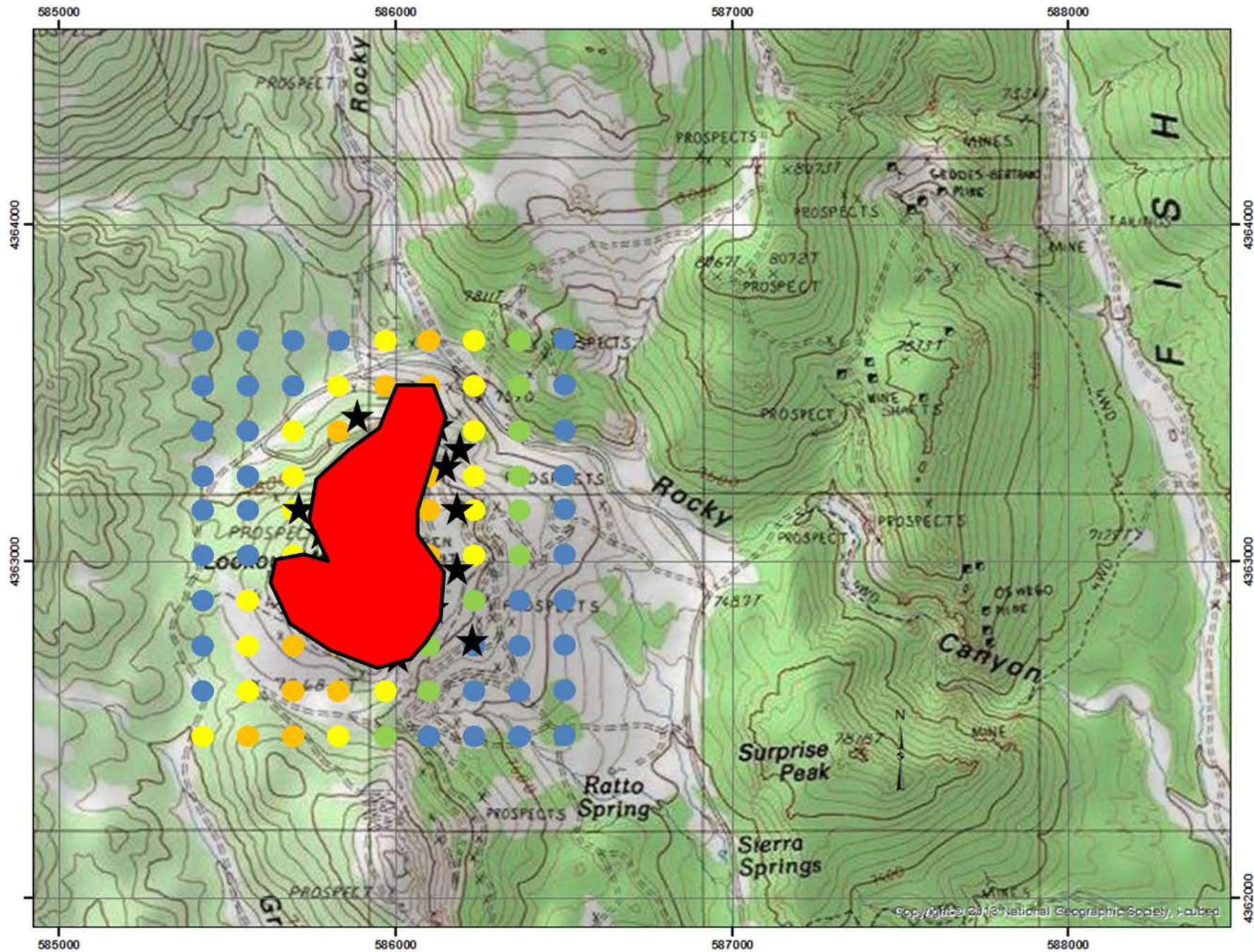
4363000

4363000

4362000







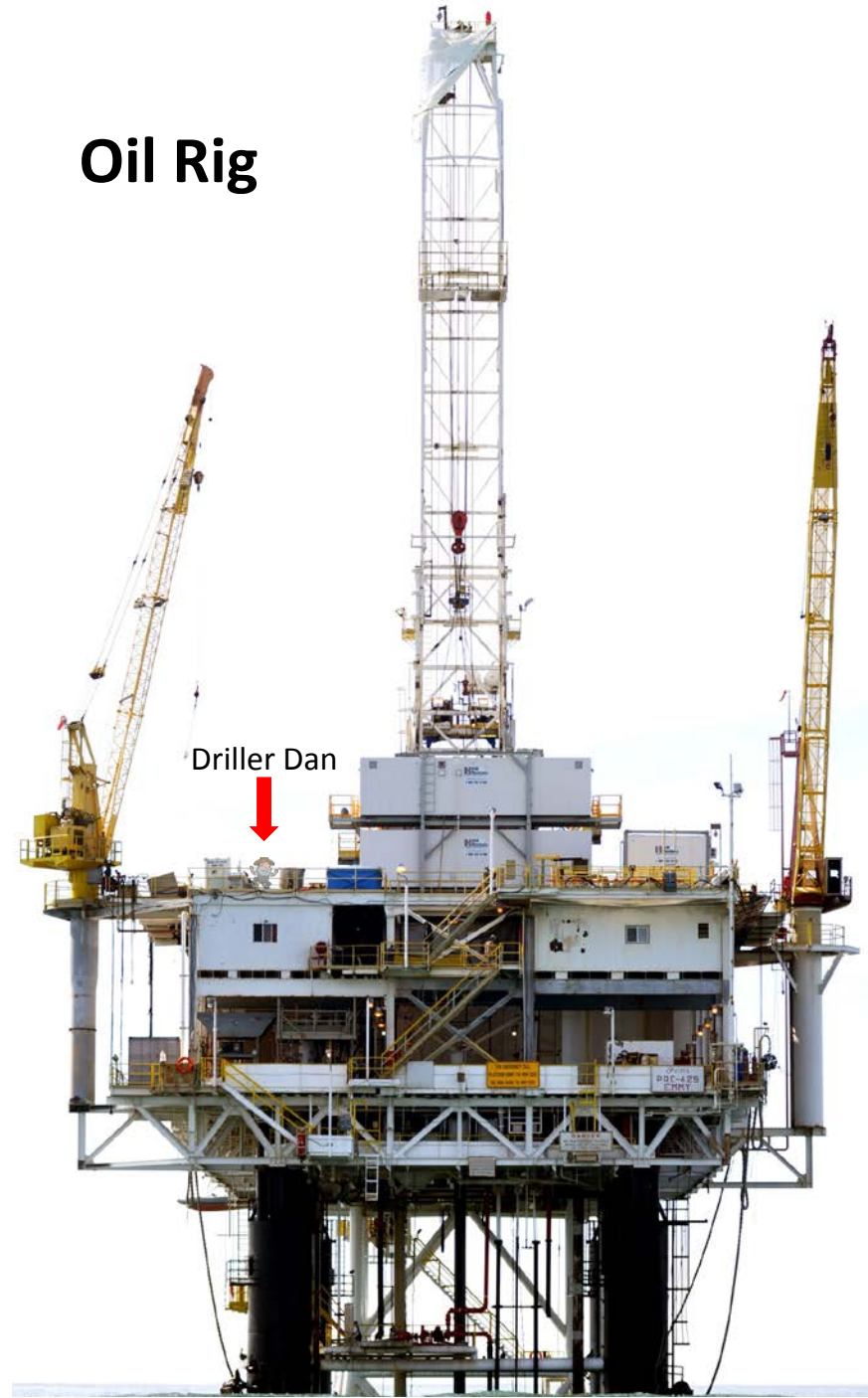


Posters:

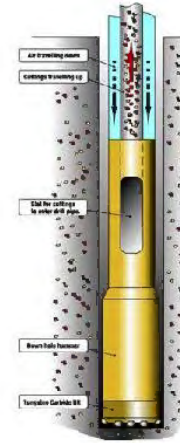
Posters are on display to show the variance among different drill rig types. The three types discussed are as follows:

1. 22" x 34" poster of and oil rig with Driller Dan for scale

Oil Rig



Reverse Circulation Rig



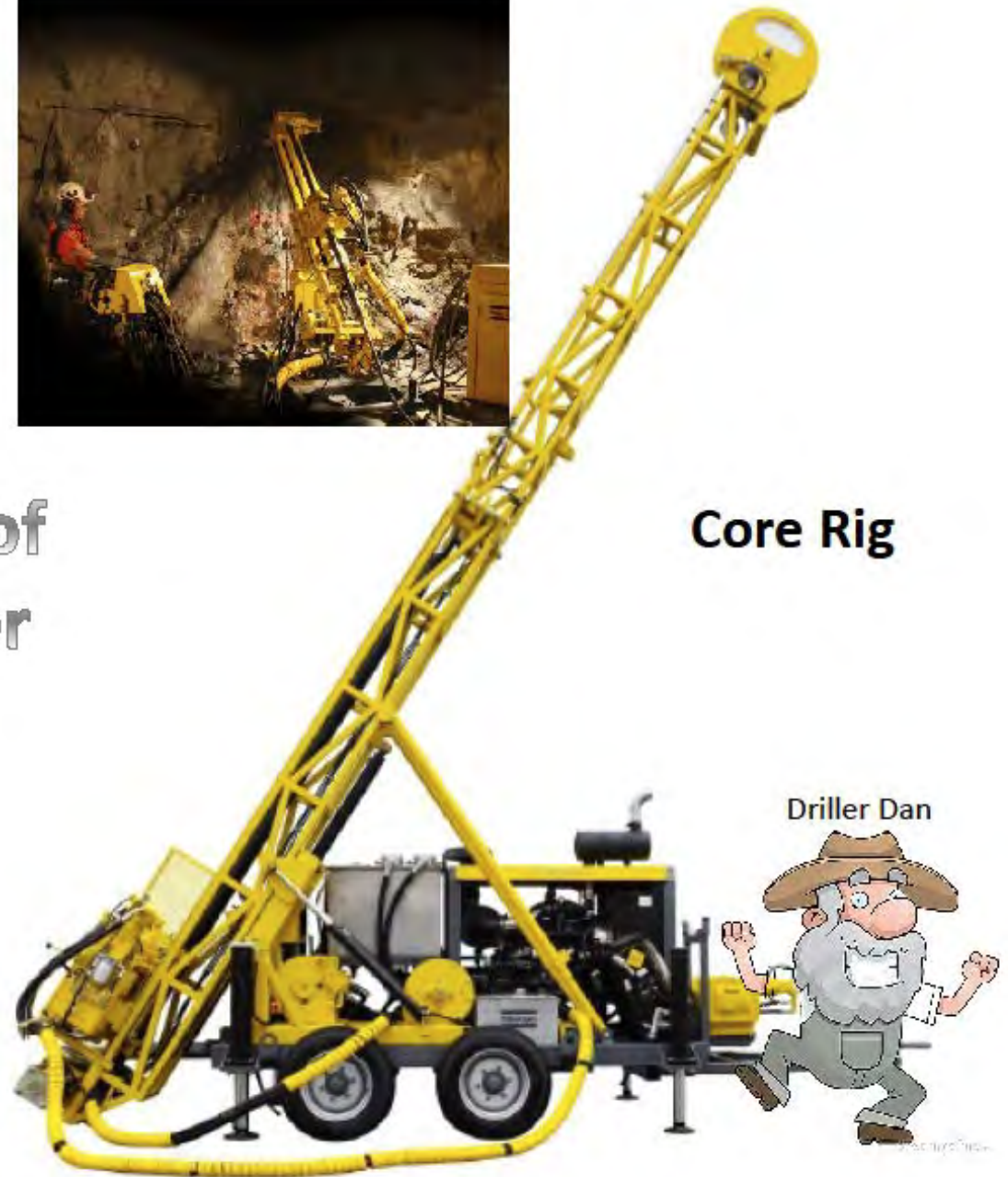
2. 11" x 17" poster of a
RC rig with Driller Dan
for scale



Driller Dan



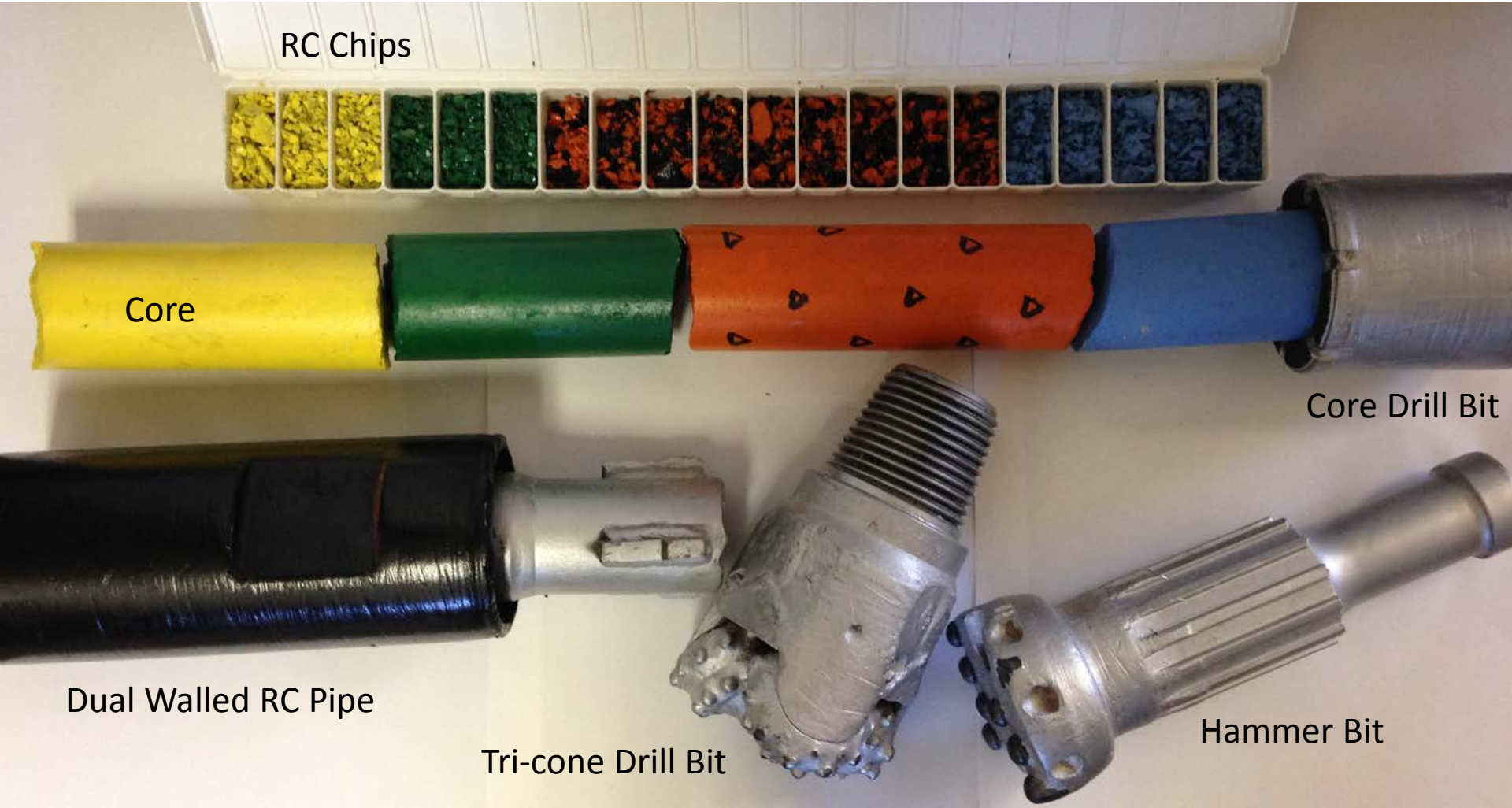
3. 8.5" x 11" poster of
a Core rig with Driller
Dan for scale



Core Rig

Driller Dan

Also discussed are tools used and drill cuttings produced from the different drill rig types. The Core and RC chips are color coded to match the cross section used during the presentation with prospector Pete and their cupcake that they drill.



RC Chips

Core

Core Drill Bit

Dual Walled RC Pipe

Tri-cone Drill Bit

Hammer Bit

Finally, finish with a coloring activity in which the kids have the opportunity to draw what they observe.



The Rock Cycle/Metamorphic Squishie

Presented to:

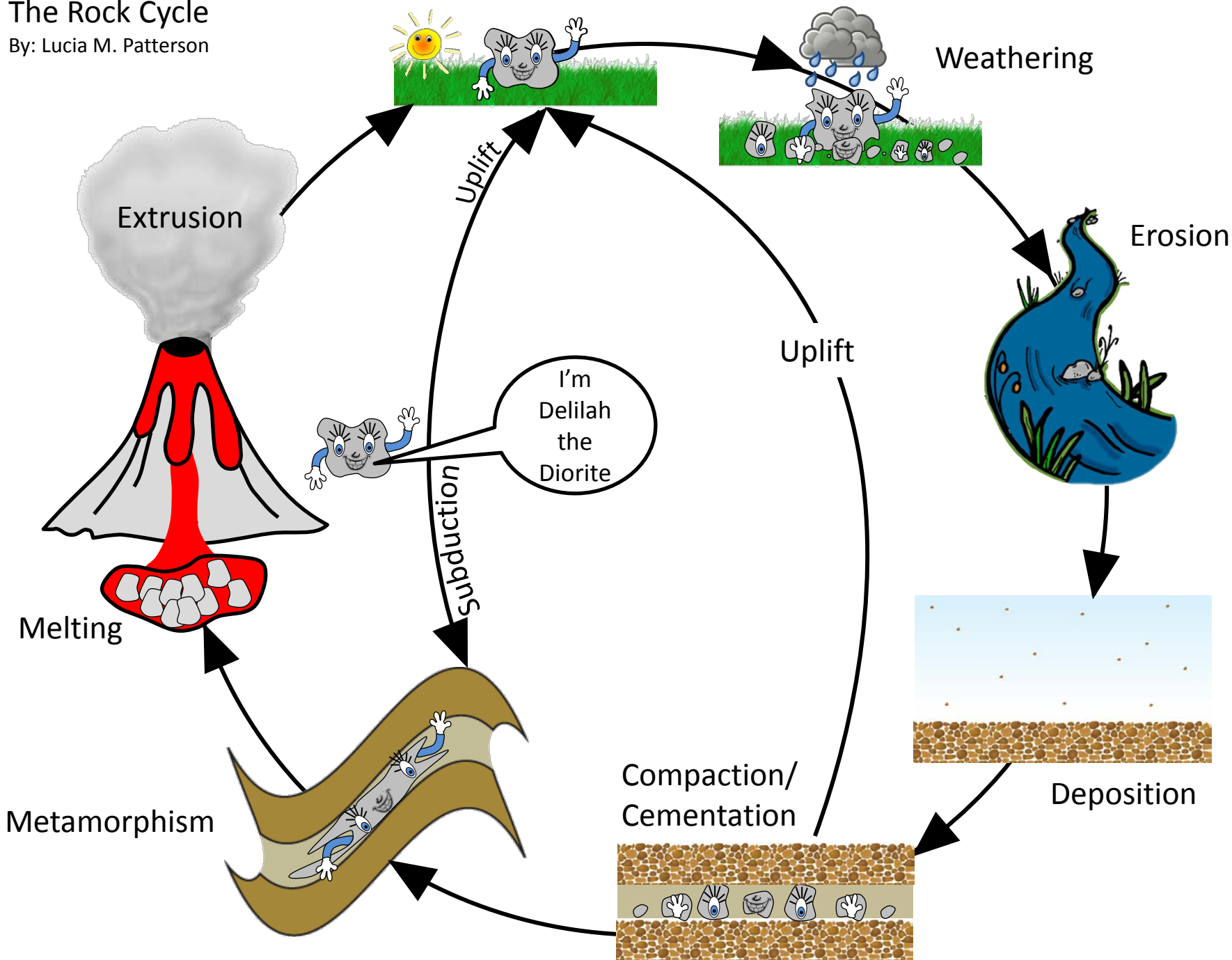
**2nd Grade students studying the rock cycle
at Brown & Cold Springs Elementary in
Reno, NV**

This is a combination activity:

- 1. Rock Cycle Education**
- 2. Modified Metamorphic Squishie Activity**
- 3. AML Education**

The Rock Cycle

By: Lucia M. Patterson



We then walk back through the rock cycle while
doing the modified version of the Metamorphic
Squishie Activity

We start with our volcano:



We erupt our volcano:



We erode our volcano:



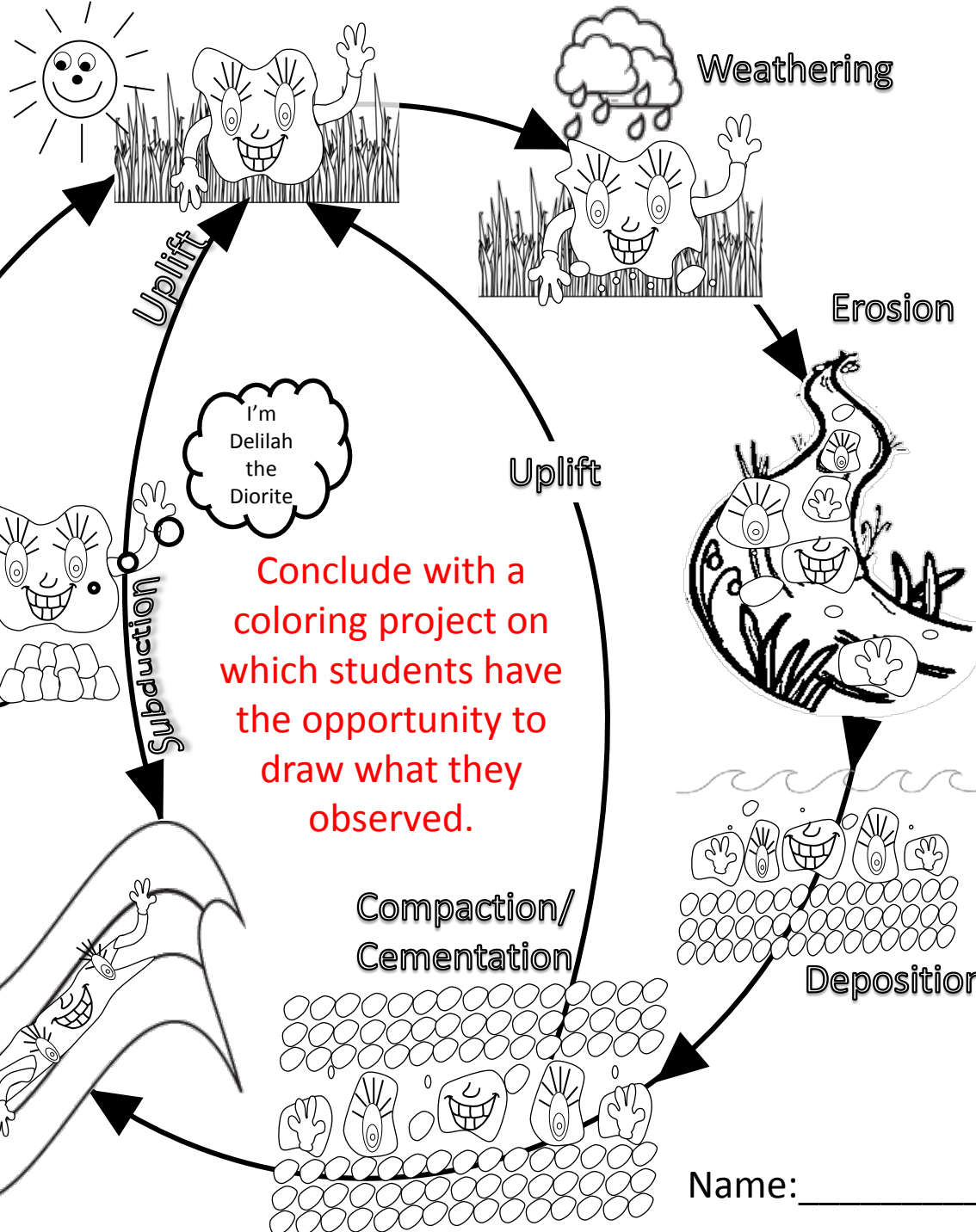
We deposit and compact our eroded volcanic products:



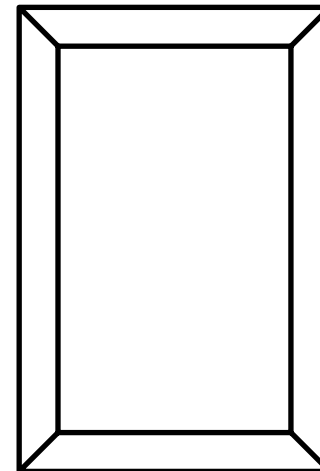
We metamorphose our previously formed sedimentary rock:



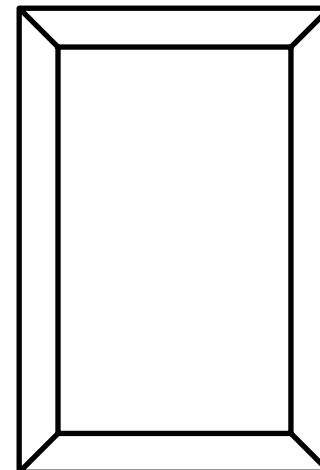
The Rock Cycle
By: Lucia M. Patterson



Draw your sandstone here and label the drawing!



Draw your metamorphosed sandstone here and label the drawing!



Name: _____

Geologic Timescale/Make Your Own Fossil

Make Your Own Fossil Presented to:

Echo Loder Pre-School

&

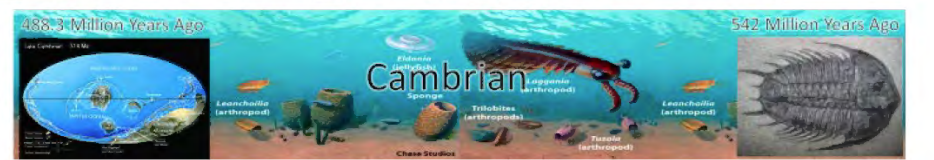
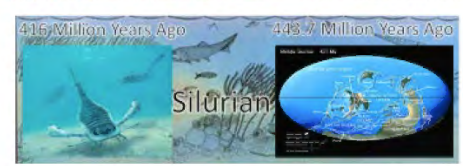
Linda Well's Grandkids!!

Targeting 5th grade for entire activity (The geologic timescale is taught in the 5th grade)

This is a combination activity:

- 1. Fossil Education**
- 2. Construction of the Geologic Timescale**
- 3. Make your own Fossil**

The Students first put the Geologic timescale together like a puzzle. The pieces of the timescale are 3" tall and scaled to 1" = 1 million years. The bounding years of each period/epoch are placed at the beginning and end of each piece of the puzzle serving as the clues for construction of the entire timescale. The entire timescale when laid out is 36 yards!! Pictures represent events relevant to the period/epoch.



After the timescale is built a brief discussion of geologic history follows and toy fossils representative of each period/epoch are placed accordingly. The kids can draw for the fossil they will make or they can just make a fossil collage.





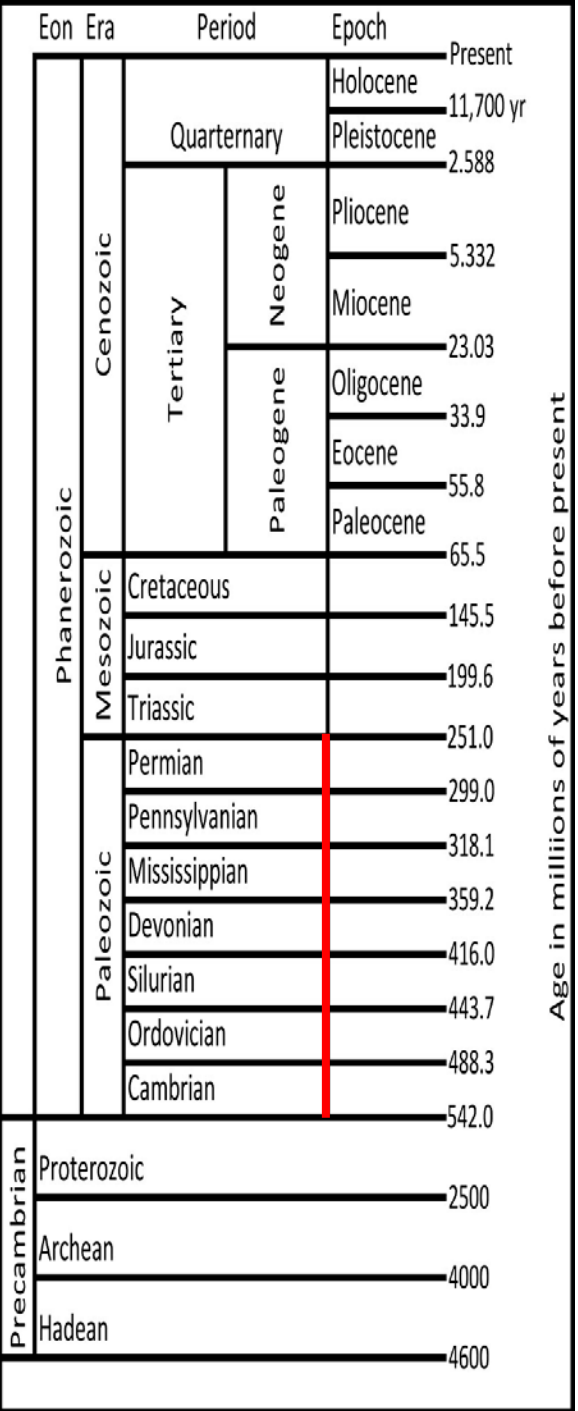
Coloring Activity

- **The students will then receive a coloring activity which will have information on the fossil they just made such as:**
 - Where the organism lived**
 - How long the organism lived**
 - Any other interesting facts**


Name _____

Trilobite:

- Marine Arthropod that appeared in the Cambrian
- Went extinct at the end of the Permian
- Lived on the sea floor as scavengers or filter feeders



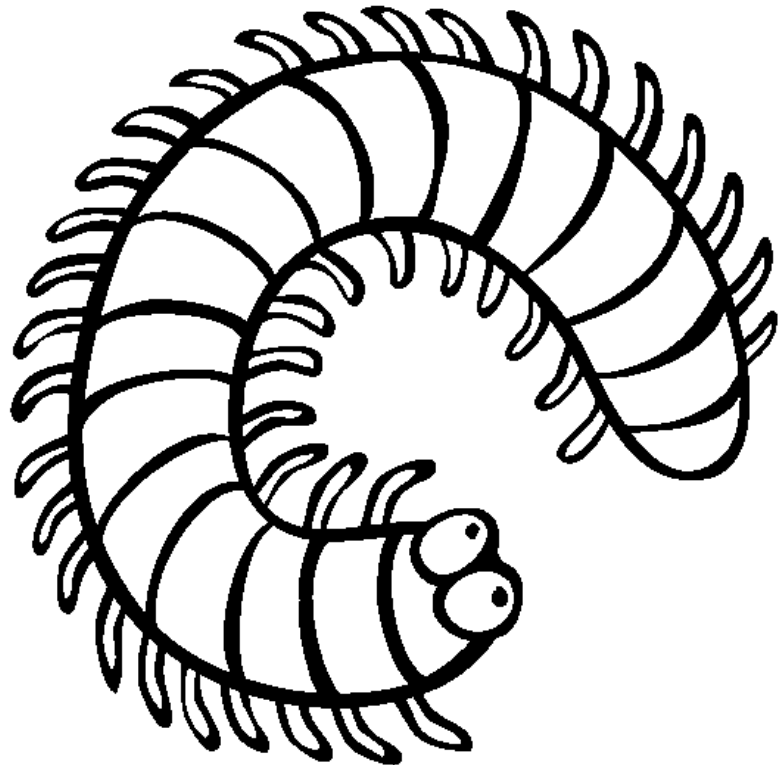
Age in millions of years before present

 = The Duration of time your organism was/has been alive

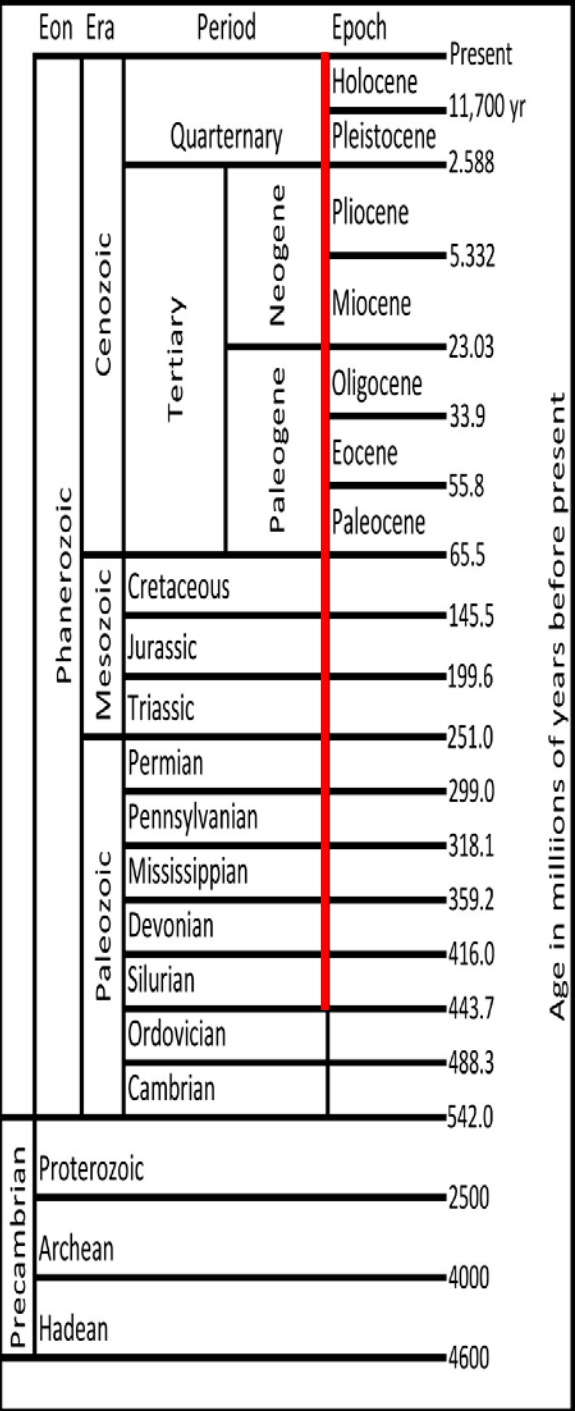
Name _____

Millipede:

- First appeared in the Silurian and are some of the oldest known land animals.
- Some prehistoric millipedes were over 6 feet long!!!!
- They occupy almost all terrestrial habitats but are mostly forest floor dwellers.
- The majority of detritivores (feeding on decomposing vegetation, feces, or organic matter mixed with soil). The rest are either herbivorous and occasionally carnivorous.



— = The Duration of time your organism was/has been alive

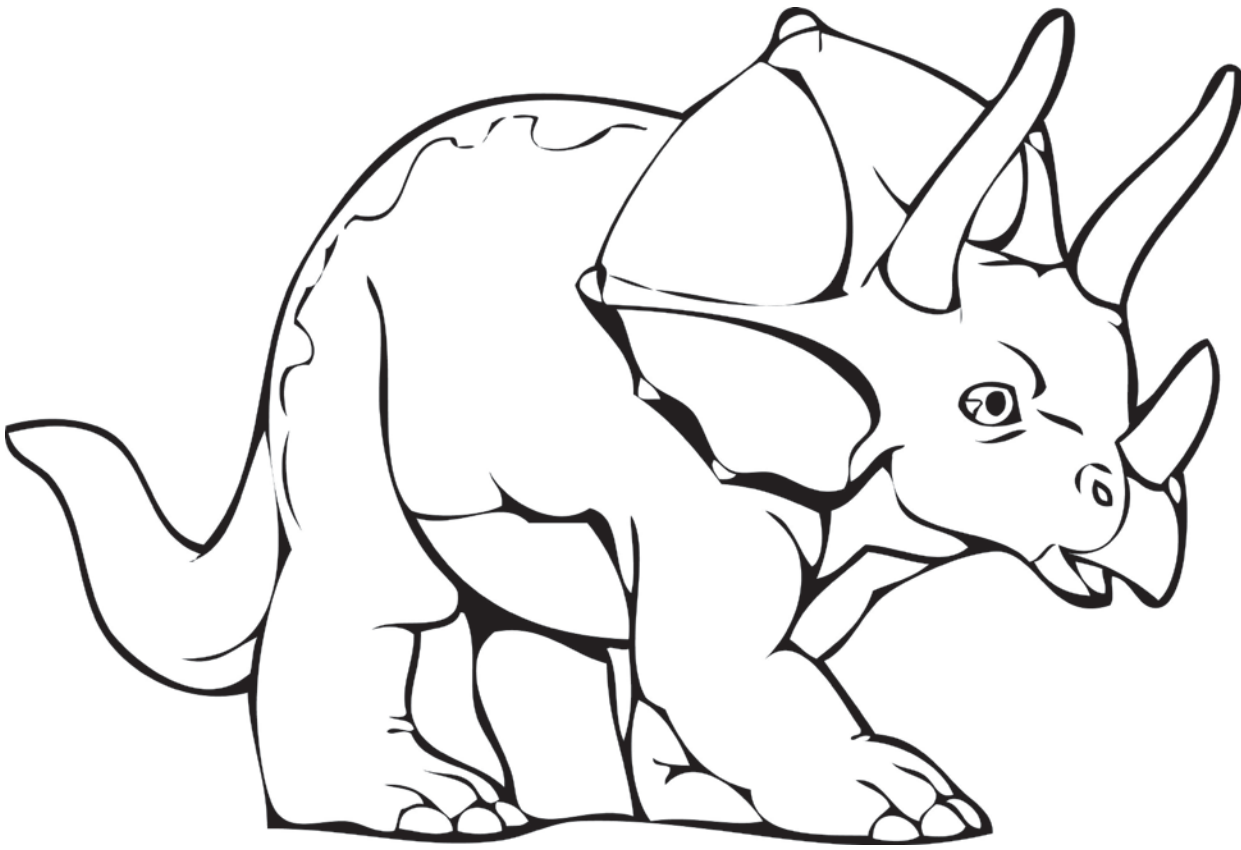



Age in millions of years before present

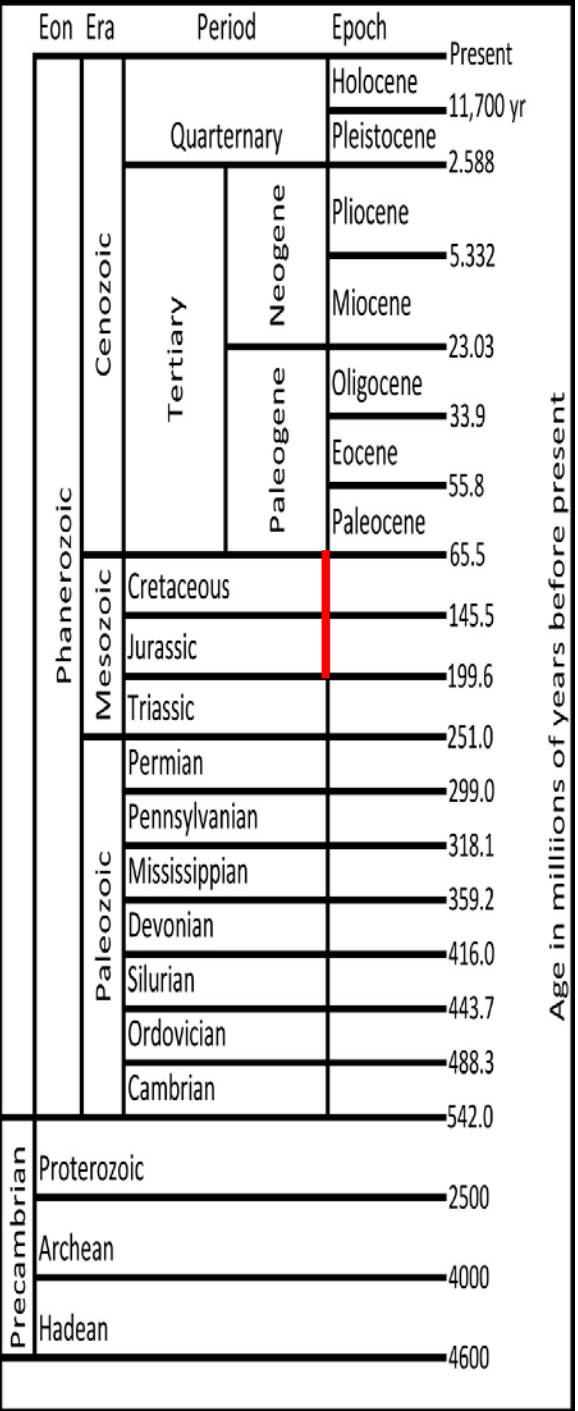
Name _____

Dinosaurs:

- Dinosaurs were the dominant land vertebrates for 135 million years from the Jurassic to the end of the Cretaceous.
- Paleontologists have identified 1,500 species of dinosaurs.
- Dinosaurs were herbivorous and carnivorous
- Dinosaurs made nests and laid eggs
- The word *dinosaur* means "terrible lizard"



 = The Duration of time your organism was/has been alive



Age in millions of years before present

II. D. Reimbursement Policy for Professional Organizations



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/>



BRIAN SANDOVAL
Governor

Las Vegas Office: 2030 E. Flamingo Rd. #220, Las Vegas, NV 89119
Phone: (702) 486-4343; Fax: (702) 486-4345

RICHARD PERRY
Administrator

May 1, 2015

SUBJECT: Reimbursement Policy for Professional Organizations and Professional Meetings

BACKGROUND: Per NRS 513.063(4), the Commission on Mineral Resources shall formulate the Administrative policies for the Division.

It is the policy of the Nevada Division of Minerals to encourage staff to pursue professional registration in their area of expertise, and to be active members of professional organizations. Staying current with industry practices, exploration and development projects, and fluid minerals regulatory issues is consistent with the Division's mission to encourage and assist in the responsible development of minerals, oil/gas and geothermal resources in Nevada. It is also consistent with the Commission's philosophy to encourage the professional development of Division Staff.

The Division will reimburse employees annual dues for one of the following professional certification organizations, up to a maximum of \$200 per year:

- Nevada Professional engineering registration (Mining, Civil, Petroleum, Chemical, Metallurgical, Geological engineering)
- American Association of Professional Geologists –AIPG - (Certified Professional Geologist registration)
- Any US State Geology Registration

The Division will also reimburse employees annual dues for up to three professional associations which are education-focused, on the following list, up to a combined maximum of \$200 per year:

- Geological Society of Nevada
- SME - Society of Mining, Metallurgical and Exploration
- Nevada Landman's Association
- Association of Environmental and Engineering Geologists (AEG)
- Nevada Petroleum and Geothermal Society (NPGS)
- Nevada GIS users group
- Society of Economic Geologists
- Geological Society of America
- Women in Mining Education group

Employees may request reimbursement for lunch or dinner meeting costs for the organizations listed above. Attendance at professional association meetings is encouraged, but not eligible for comp or overtime unless the employee is acting as the speaker for the meeting at the request of the organization.

II. E. Interstate Mining Compact

Commission IMCC

Review of Nevada's Membership in the Interstate Mining Compact Commission

- At its 2/27/2012 meeting, the Commission on Mineral Resources heard a presentation from Greg Conrad (IMCC President) regarding the mission of IMCC and what benefits Nevada might see by joining. He stated that associate members pay \$5,000/year for the first five years, then an amount determined by the IMCC dues formula (based on USGS reported non-fuel mineral production) which was capped at \$55,000. After some discussion, the CMR unanimously approved recommending to Governor Sandoval that Nevada pursue membership in IMCC as an associate member state in order to remain an integral part with other states on hard rock mining issues, and recommending the Division of Mineral's Administrator as the Governor's official designee.
- 22 of the 25 states in IMCC are coal producing states which work closely with, and receive funding from, the federal Office of Surface Mining Reclamation and Enforcement.
- Effective 7/1/2012, the state of Nevada became an associate member of IMCC, with annual dues of \$5,000. At that time, other associate member states included Alaska, Colorado, New Mexico, Utah and Wyoming. Associate members do not have the right to vote. Associate members are provided five years to pursue full membership which must be legislatively approved.
- Nevada representatives have attended each of the two meetings held per year, as well as the Western Region Hard Rock Symposium in 2013.
- In 2014, Nevada hosted the IMCC Annual Meeting in Reno and Governor Sandoval provided the welcoming remarks. During that meeting Newmont received an IMCC National Reclamation Award for their Twin Creeks Mine Pinion Tailings Facility and the Nevada Mining Association's Education Committee won an IMCC Minerals Education Award for the Teachers Workshops.
- At the 2015 Annual Meeting in Maryland, the McCaw School of Mines received an IMCC Minerals Education Award.

- In April, 2015 the IMCC Finance Committee approved the dues assessment for fiscal years 2016 and 2017. The dues for associate members still in their first five years increased to \$10,000 per year. This only applies to Nevada. Currently, the two other associate member states are Colorado and New Mexico, whose annual dues will be \$29,946 and \$22,992, respectively, based on the member dues formula.
- Fiscal 2018 would be the first year Nevada would be expected to pay regular membership dues, regardless of its membership status. If regular membership dues had been required of Nevada's for 2016 and 2017, the annual amount would have been \$41,858. Currently, only West Virginia and Wyoming pay annual dues in excess of this amount.
- According to IMCC bylaws, an Associate Member State may withdraw at any time by filing written notice thereof, signed by its Governor.

Budget Considerations over two years	1,264,000.00
Member States	25
Yearly cap	50,560

Rank Order	Member States	Production Value (in thousands of \$)		% of IMCC Value		Straight Split Share	Pro-rated Share	Annual Dues	Share from IMCC reserve	Adjustment Amount
		Coal	Non-Coal	Total	Value					
1	Alabama	2,092,563	1,080,000	3,172,563	4.39%	25,280	27,775	\$ 26,528		
2	Alaska	39,984	3,510,000	3,549,984	4.92%	25,280	31,080	\$ 28,180		
3	Arkansas	4,946	1,030,000	1,034,946	1.43%	25,280	9,061	\$ 17,170		
4	Colorado	1,437,156	2,320,000	3,182,368	4.41%	25,280	27,861	\$ 26,571		
5	Illinois	2,493,422	1,460,000	3,953,422	5.48%	25,280	34,612	\$ 29,946		
6	Indiana	1,972,384	818,000	2,790,384	3.87%	25,280	24,430	\$ 24,855		
7	Kentucky	4,789,226	857,000	5,646,226	7.82%	25,280	49,432	\$ 37,356		
8	Louisiana	68,845	554,000	622,845	0.86%	25,280	5,453	\$ 15,366		
9	Maryland	99,619	277,000	376,619	0.52%	25,280	3,297	\$ 14,289		
10	Mississippi	87,587	192,000	279,587	0.39%	25,280	2,448	\$ 13,864		
11	Missouri	10,143	2,480,000	2,490,143	3.45%	25,280	21,801	\$ 23,540		
12	New Mexico	819,884	1,870,000	2,364,886	3.28%	25,280	20,704	\$ 22,992		
13	New York	-	1,370,000	1,370,000	1.90%	25,280	11,994	\$ 18,637		
14	North Carolina	-	1,290,000	1,290,000	1.79%	25,280	11,294	\$ 18,287		
15	North Dakota	496,396	232,000	728,396	1.01%	25,280	6,377	\$ 15,829		
16	Ohio	1,221,585	1,150,000	2,371,585	3.29%	25,280	20,763	\$ 23,021		
17	Oklahoma	66,729	734,000	800,729	1.11%	25,280	7,010	\$ 16,145		
18	Pennsylvania	3,498,461	1,560,000	5,058,461	7.01%	25,280	44,286	\$ 34,783		
19	South Carolina	-	581,000	581,000	0.80%	25,280	5,087	\$ 15,183		
20	Tennessee	80,472	1,070,000	1,150,472	1.59%	25,280	10,072	\$ 17,676		
21	Texas	827,453	4,240,000	5,067,453	7.02%	25,280	44,365	\$ 34,823		
22	Utah	603,023	4,180,000	4,783,023	6.63%	25,280	41,875	\$ 33,577		
23	Virginia	1,563,639	1,110,000	2,673,639	3.70%	25,280	23,407	\$ 24,344		
24	West Virginia	8,689,758	371,000	9,060,758	12.55%	25,280	79,326	\$ 52,303	Yes	\$ 1,743
25	Wyoming	5,438,694	2,350,000	7,788,694	10.79%	25,280	68,189	\$ 46,735		
Total		36,401,969	36,886,000	72,188,183	100.00%	632,000	632,000	\$ 632,000		\$ 1,743

Associate Member State
Nevada

2014 (with) non-fuel mine & production 10K

79,786,183

9.40%

24,308 x 59,408 = 83,716/2 = 41,858

Interstate Mining Compact Commission

[Who We Are](#)

[What We Do](#)

[Member States](#)

[Publications](#)

[Governing Document](#)

[COALEX Information](#)

[COALEX Topical List](#)

[Conference Info](#)

[Awards](#)

[Links](#)

[Site Map](#)

[Contact](#)

Article VII Finance

- a. The Commission shall submit to the Governor or designated officer or officers of each party State a budget of its estimated expenditures for such period as may be required by the laws of that party State for presentation to the legislature thereof.
- b. Each of the Commission's budgets of estimated expenditures shall contain specific recommendations of the amount or amounts to be appropriated by each of the party States. The total amount of appropriations requested under any such budget shall be apportioned among the party States as follows: one-half in equal shares, and the remainder in proportion to the value of minerals, ores, and other solid matter mined. In determining such values, the Commission shall employ such available public source or sources of information as, in its judgment, present the most equitable and accurate comparisons among the party States. Each of the Commission's budgets of estimated expenditures and requests for appropriations shall indicate the source or sources used in obtaining information concerning value of minerals, ores, and other solid matter mined.
- c. The Commission shall not pledge the credit of any party State. The Commission may meet any of its obligations in whole or in part with funds available to it under Article V (h) of this Compact; provided that the Commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the Commission makes use of funds available to it under Article V (h) hereof, the Commission shall not incur any obligation prior to the allotment of funds by the party States adequate to meet the same.
- d. The Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the Commission shall be audited yearly by a qualified public accountant and the report of the audit shall be included in and become part of the annual report of the Commission.
- e. The accounts of the Commission shall be open at any reasonable time for inspection by duly constituted officers of the party States and by any persons authorized by the Commission.
- f. Nothing contained herein shall be construed to prevent Commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the Commission.

[index](#) | [previous page](#) | [next page](#)



© Interstate Mining Compact Commission
445-A Carlisle Drive | Herndon, VA 20170 | Tel. 703.709.8654 | Fax. 703.709.8655

HISTORY OF PAYMENTS TO THE INTERSTATE MINING COMPACT COMMISSION

Voucher Number	Voucher Amount	Remarks	Check Number	Status	Process Date	Vendor Number	Vendor Name
PV50000001208093	\$5,000.00	2013 Dues	AD00005775563	C	10/9/2012	T27031430	IMCC
PV50000001208096	\$175.00	Business Mtg Registration	AD00005775564	C	10/9/2012	T27031430	IMCC
PV50000001251123	\$700.00	Annual Mtg Registration (x2)	EF00009244851	C	4/17/2013	T27031430	IMCC
PV50000001288457	\$175.00	Business Mtg Registration	EF00009311981	C	9/11/2013	T27031430	IMCC
PV50000001293543	\$5,000.00	2014 Dues	EF00009319678	C	9/27/2013	T27031430	IMCC
PV50000001318081	\$2,000.00	Annual Mtg Sponsorship	EF00009371256	C	1/23/2014	T27031430	IMCC
PV50000001323389	\$1,050.00	Annual Mtg Registration (x3)	EF00009383887	C	2/19/2014	T27031430	IMCC
PV50000001353111	\$5,000.00	2015 Dues	EF00009453006	C	7/2/2014	T27031430	IMCC
PV50000001406216	\$375.00	Annual Mtg Registration	EF00009580001	C	3/9/2015	T27031430	IMCC

The Commission shall keep minutes which shall fully and clearly describe all matters discussed in a closed meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed and the record of any roll call votes. All documents considered in connection with an action taken during a closed meeting shall be identified in the minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the Commission.

[Adopted by unanimous vote of the Executive Commission meeting in Reno, Nevada on April 30, 2014.]

f. **Membership** —

Section 1. Any State is entitled to become a regular member of the Commission by executing the Compact in the manner provided therein.

Section 2. There is hereby established associate membership in the Commission. Any State expressing interest in the protection and restoration of land, water and other resources affected by mining may become an associate member in the following manner: any such State may make application to the Commission in writing, signed by its Governor. Said application shall state in substance that the State is vitally interested in the program of the Interstate Mining Compact Commission and desires to participate in the Commission's activities and to pursue regular membership in the Commission. Said application shall be presented at an official meeting of the Commission, and such State may be admitted to associate membership by a resolution which must have the affirmative vote of all Member States present at such meeting. An Associate Member State shall not have the right to vote or hold office, but shall be entitled to all other privileges and benefits of regular membership. Such a State shall be permitted to participate in all Commission meetings, Committee meetings, and other activities of the Commission, but shall assume no responsibilities except those which the State voluntarily assumes. The Commission shall agree upon an appropriate contribution from Associate Member States toward the expenses of the Commission related to associate membership. An Associate Member State may withdraw at any time by filing written notice thereof, signed by its Governor. Associate membership in the Commission shall be limited to a maximum period of five years, unless extended by an affirmative vote of the Member States at an official meeting of the Commission, during which time period it is expected that the Associate Member State will pursue regular membership in the Compact through the adoption of the necessary legislation.

[Adopted by unanimous vote of the Executive Commission meeting at Nashville, Tennessee on March 2, 1994.]

Article VII

d. **Finance** —

Section 1. The fiscal year of the Commission shall be from July 1 to June 30.

Section 2. The Executive Director shall on behalf of the Commission maintain accurate accounts of all receipts and disbursements. The Commission shall select a qualified public accountant upon the recommendation of the Executive Director to conduct a yearly audit. Such qualified public accountant shall serve at the pleasure of the Commission.

Article VIII

Entry Into Force and Withdrawal

Upon the dissolution of the Commission, any net assets will be distributed to the member States in proportion to the support paid by each member State during the most recently concluded fiscal year of the Commission, and the member States receiving such a distribution shall expend such assets for a public purpose.

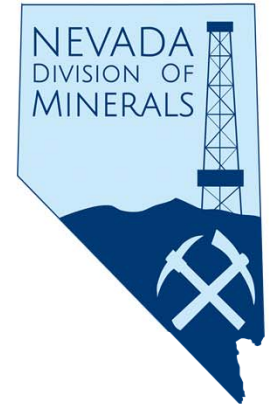
[Adopted by unanimous vote of the Executive Commission meeting in Shreveport,

III. OLD BUSINESS

III. A. BLM/AML Program Update

This section is intentionally left blank.
A presentation will be made at the meeting.

**III. B. AML Intern Work Program and
funding sources for program**



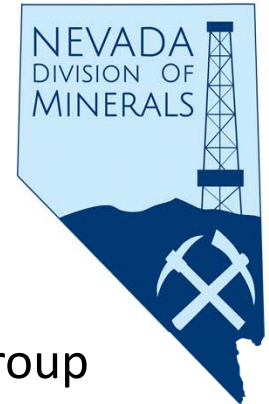
NDOM AML Program Update

Rob Ghiglieri

May 1st 2015

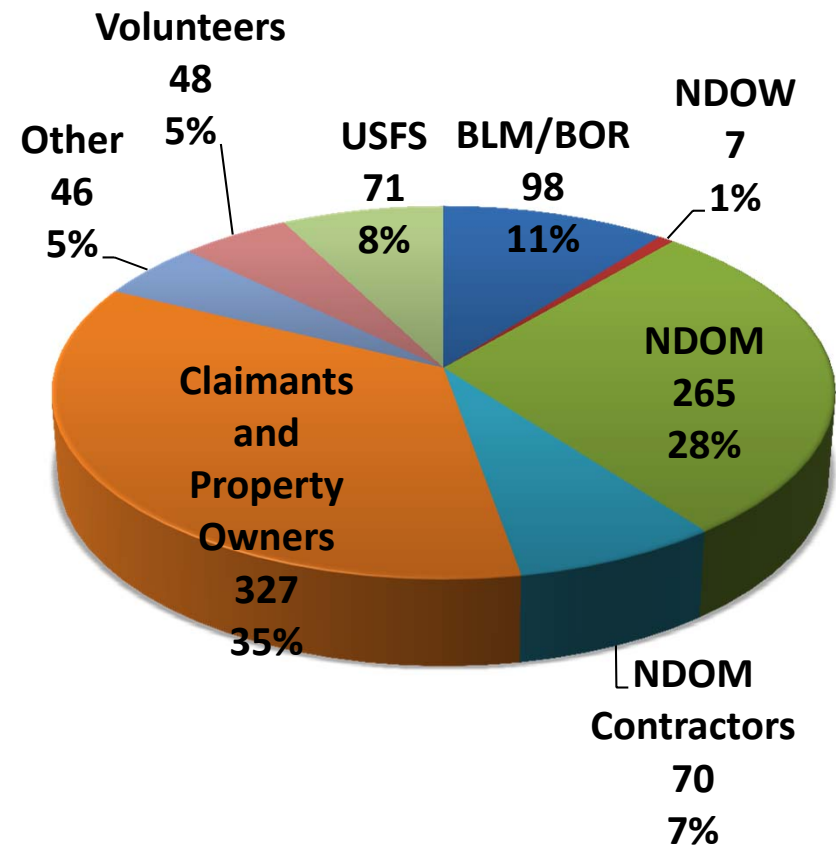
Commission Meeting

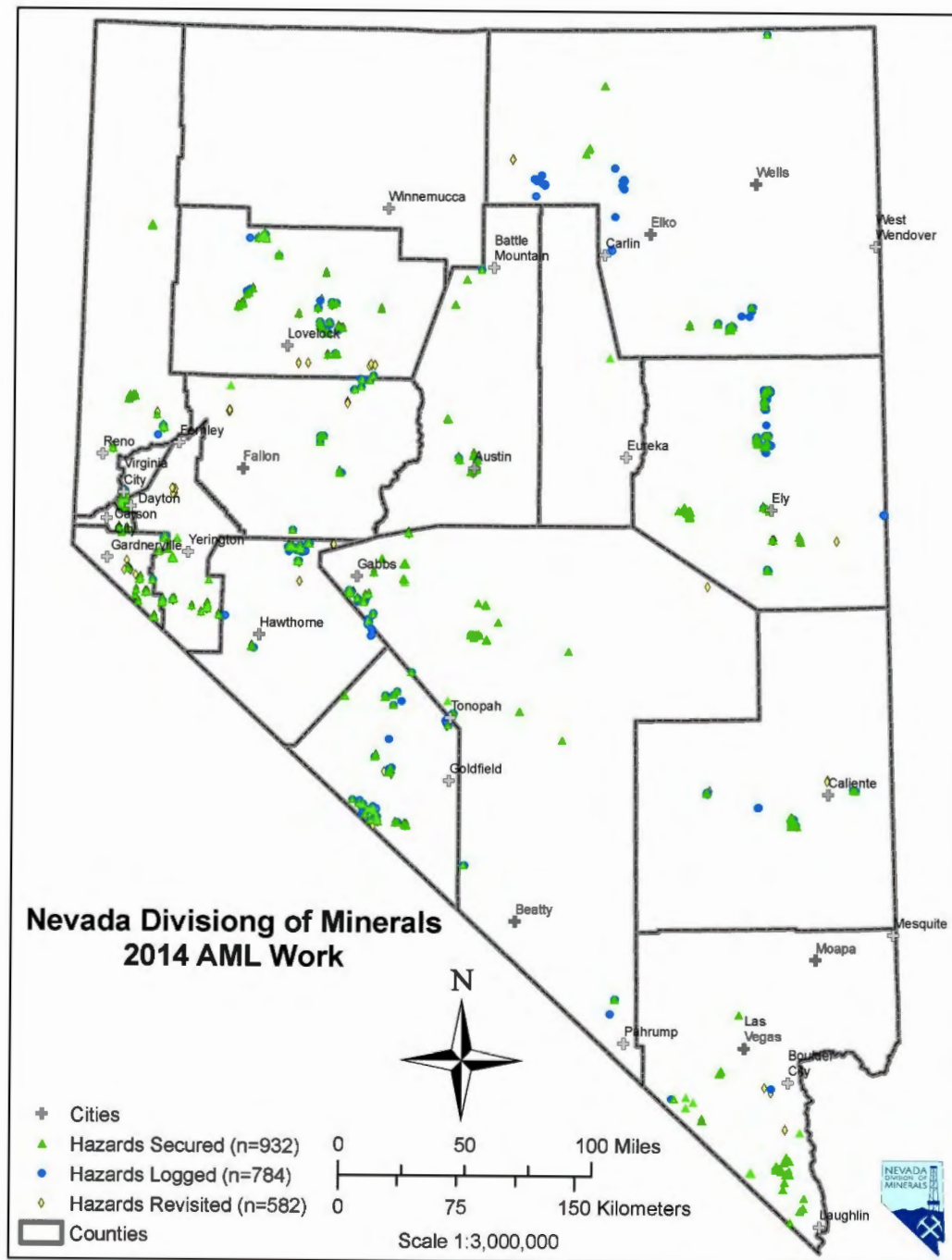
2014 Numbers



- NO Reported AML Incidents
- 784 Hazards logged in 14 counties
 - up 8% from 2013
- 932 Hazards secured in 16 counties
 - down 15% from 2013
- 582 Hazards revisited in 14 counties
 - down 41% from 2013

Securings by Agency or Group





NEVADA DIVISION OF MINERALS ABANDONED MINE LANDS 2014 SUMMER INTERN PROGRAM



Many Thanks to These
Hard Working Students:

Sean Diggins
Alain Nowakowski
Ralston Pedersen
Vince Ugalde
Sarah Ullrich
Nolan Weintz
Alex Wheatley
Gunnar Young

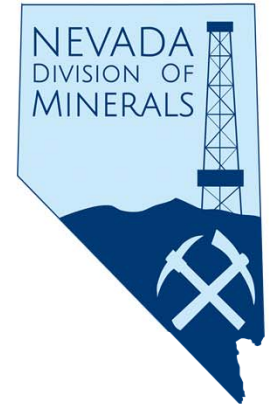


2014 Accomplishments:
Logged 2,945 Non-Hazards
Identified 451 New Hazards
Secured 284 Hazards
and Revisited or Repaired 332 Hazards



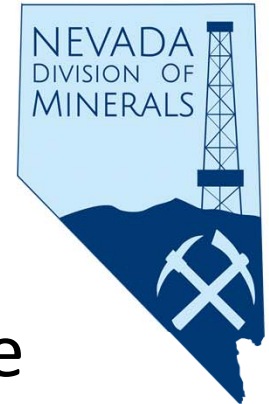
Flat tire...the impossible is happening

2015 Summer Interns

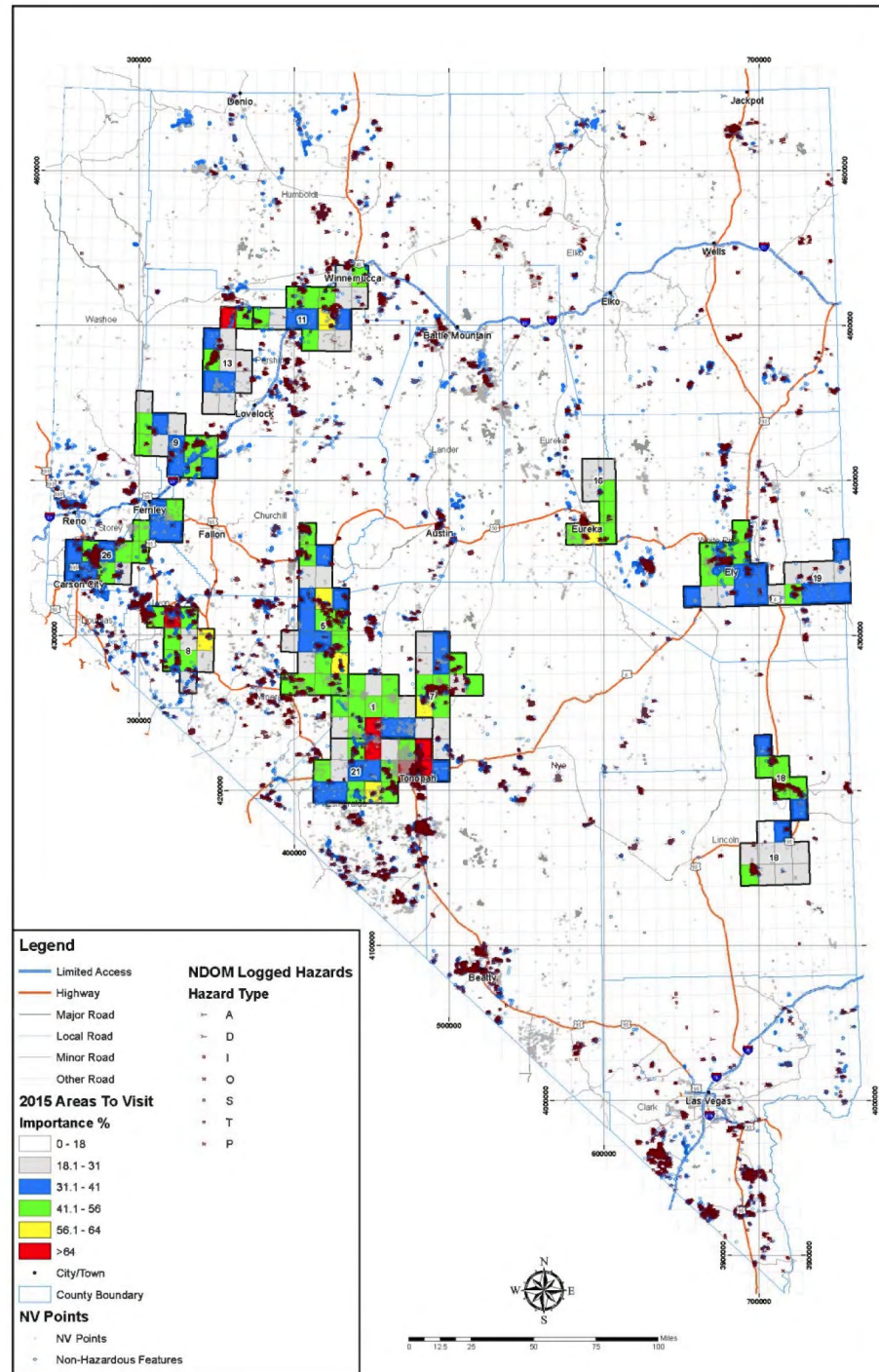


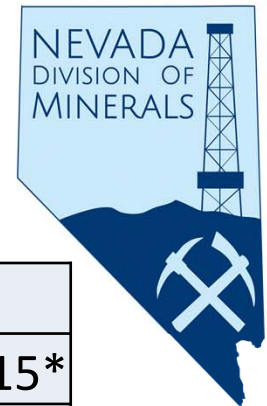
- Six new interns will start May 18th
 - Alain Nowakowski (2014 intern) will start June 29th after her field camp.
 - Seven total interns
- 13 week program ending August 14th

Planning



- Lucia used all of these factors to quantify the locations of the interns:
 - Over all Topo Quad Rank
 - Used the existing system in place
 - “NVPoints” left to inventory vs. already inventoried, & possible modifiers
 - Town buffer
 - Accessibility
 - Near Main Roads or Trails
 - Average Hazard Rank of Orphans
 - Orphans that need securings
 - Other known issues



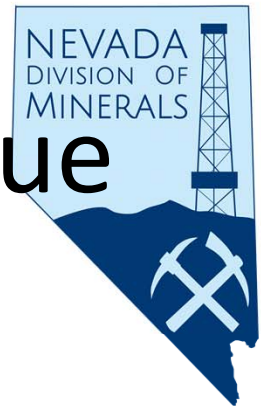


AML Budget

AML Expenses from Category 18 and 39				
	2012	2013	2014	2015*
18 (AML)	\$203,989	\$218,874	\$140,771	\$166,883
39 (AML Contractor)	\$310,452	\$150,290	\$141,364	\$65,235
Total	\$514,441	\$369,164	\$282,135	\$232,118
% Decrease from previous year	-	28.2%	25.4%	17.8%

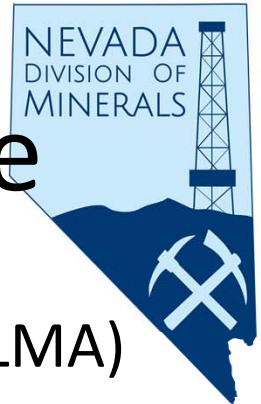
*2015 is projected

- This pays for AML supplies, computer software, travel Per Diem, trucks, truck maintenance and supplies, fuel, contracting work, mail-outs, and printing.
- This does not include NDOM salaries, or overhead



Additional Federal AML Revenue

- BLM
 - The current Assistance Agreement (AA) expires on 6/29/2016
 - A total of \$201,000 has been obtained since July 2011 by NDOM and there is \$49,000 left on the agreement
 - A new AA is going to be developed in CY 2015
- USFS
 - NDOM has to perform the work and then gets reimbursed for the work completed on USFS ground.
 - \$71,000 left in the current MOU
- USACE
 - Building the new AML database.
 - Will start developing a new contract to improve the database within the next few months
 - The USACE legal team is currently working on developing a 50/50 cost share agreement between NDOM and RAMS for AML inventory work
 - 1 year out, with possibilities around \$100,000 per year.
 - NDOM's share of the cost will mostly be in-kind cost.



Other Potential AML Revenue

- Southern Nevada Public Land Management Act (SNPLMA)
 - Work can only be performed in certain counties
- Supplemental Environmental Projects (SEP)
 - SEP are environmentally beneficial projects which a defendant/respondent agrees to undertake in settlement of and enforcement action, but which the defendant/respondent is not otherwise legally required to perform”
 - Public Health and Environmental Restoration and Protection projects are SEP approved
 - Working with NAMELT to create a Nevada Environmental AML Project list.
 - The project must be “shovel ready” projects
 - This requires a large amount of leg work to be completed before the project can be listed on the list

III. C. NDOM Reserve Balance Tracking

III. D. Mining Claim Form Task Force

update

This section is intentionally left blank.
A presentation will be made at the meeting.

III. E. SB-44 Update

3 Home

5 BDRs

G Bills

D Budgets

q Committees

, Reports & Links

W Personalized Legislative Tracking ▼

SB44

clear navigate

Overview

Text

Votes (1)

Fiscal Notes (1)

Meetings (3)

Exhibits (2)

▶ Assembly Bills

▲ Senate Bills

SB1

SB2

SB3

SB4

SB5

SB6

SB7

SB8

SB9

SB10

SB11

SB12

SB13

SB14

SB15

SB16

SB17

SB18

SB19

SB20

SB21

SB22

SB23

SB24

SB25

SB26

SB27

SB28

SB29

SB30

SB31

SB32

Summary:

Makes various changes to provisions related to oil and natural gas. (BDR 46-344)

Title:

AN ACT relating to minerals; revising provisions relating to certain fees for permits to drill and operate oil and natural gas wells; making various other changes to provisions relating to oil and natural gas; and providing other matters properly relating thereto.

Introduction Date:

Saturday, December 20, 2014

Fiscal Notes:

Effect on Local Government: No.
Effect on the State: Yes.

Digest:

[expand] Existing law requires the Commission on Mineral Resources to prescribe by regulation a

Primary

Senate Committee on Natural Resources

Sponsor(s):

Most Recent History

Action

In Assembly. Read first time. Referred to Committee on Natural Resources, Agriculture, and Mining. To committee. (See full list below)

Upcoming Hearings

Assembly Natural Resources, Agriculture, and Mining	Apr 23, 2015	1:30 PM	Agenda	Minutes not yet available.
---	--------------	---------	------------------------	----------------------------

Past Hearings

Senate Natural Resources	Feb 26, 2015	1:30 PM	Agenda	Minutes	Heard, No Action
Senate Natural Resources	Mar 12, 2015	1:30 PM	Agenda	Minutes not yet available.	Amend, and do pass as amended

Final Passage Votes

Senate Final Passage	(1st Reprint)	Apr 03, 2015	Yeas: 20, Nays: 0, Excused: 1
----------------------	-----------------	--------------	-------------------------------

- SB33
- SB34
- SB35
- SB36
- SB37
- SB38
- SB39
- SB40
- SB41
- SB42
- SB43
- SB44
- SB45
- SB46
- SB47
- SB48
- SB49
- SB50
- SB51
- SB52
- SB53
- SB54
- SB55
- SB56
- SB57
- SB58
- SB59
- SB60

Bill Text

[As Introduced Reprint 1](#)

Adopted Amendments

[Amendment 120](#)

Proposed Amendments

None recorded

Other Amendments

None recorded
(see bill history below or [search the journals](#))

Bill	Sort
History	Descending
Dec 20, 2014	
Prefiled. Referred to Committee on Natural Resources. To printer. Dec 22, 2014 From printer. Feb 02, 2015 Read first time. To committee. Feb 09, 2015 Notice of eligibility for exemption. Apr 01, 2015 From committee: Amend, and do pass as amended. Apr 02, 2015 Read second time. Amended. (Amend. No. 120.) To printer. Apr 03, 2015 From printer. To engrossment. Engrossed. First reprint. Read third time. Passed, as amended. Title approved, as amended. (Yeas: 20, Nays: None, Excused: 1.) To Assembly. Apr 06, 2015 In Assembly. Read first time. Referred to Committee on Natural Resources, Agriculture, and Mining. To committee.	



3 Home

5 BDRs

G Bills

D Budgets

q Committees

, Reports & Links

W Personalized Legislative Tracking ▾

SB44

clear navigate

Overview

Text

Votes (1)

Fiscal Notes (1)

Meetings (3)

Exhibits (2)

▶ Assembly Bills

▶ Senate Bills

SB1

SB2

SB3

SB4

SB5

SB6

SB7

SB8

SB9

SB10

SB11

SB12

SB13

SB14

SB15

SB16

SB17

SB18

SB19

SB20

SB21

SB22

Committee: [Assembly Natural Resources, Agriculture, and Mining](#)

Meeting: [Thursday, April 23, 2015 1:30 PM](#)

Location(s): [Room 3138 of the Legislative Building, 401 S. Carson St., Carson City, NV.](#)

Document(s): [b Agenda](#)
Minutes not yet available.

Action(s):

Exhibit(s): [Exhibits \(0\)](#)

Committee: [Senate Natural Resources](#)

Meeting: [Thursday, March 12, 2015 1:30 PM](#)

Document(s): [b Agenda](#)
Minutes not yet available.

Action(s): [Amend, and do pass as amended](#)

Exhibit(s): [Exhibits \(0\)](#)

Committee: [Senate Natural Resources](#)

Meeting: [Thursday, February 26, 2015 1:30 PM](#)

Document(s): [b Agenda](#)
[1 Minutes](#)

Action(s): [Heard, No Action](#)

Exhibit(s): [+ Exhibits \(2\)](#)



3 Home

5 BDRs

G Bills

D Budgets

q Committees

, Reports & Links

W Personalized Legislative Tracking ▼

SB44

clear navigate t

Overview

Text

Votes (1)

Fiscal Notes (1)

Meetings (3)

Exhibits (2)

▶ Assembly Bills

▶ Senate Bills

SB1

SB2

SB3

SB4

SB5

SB6

SB7

SB8

SB9

SB10

SB11

SB12

SB13

SB14

SB15

SB16

SB17

SB18

SB19

SB20

SB21

Final Passage

Assembly

No Vote Recorded

Senate

Passed: Yes (2/3 of Elected Members)

Date: Friday, April 3, 2015

Votes:

All: 21	▼
7 Yea: 20	▼
6 Nay: 0	▼
9 Excused: 1	▼
# Not Voting: 0	▼
9 Absent: 0	▼



SENATE BILL NO. 44—COMMITTEE ON NATURAL RESOURCES

(ON BEHALF OF THE DIVISION OF MINERALS)

PREFILED DECEMBER 20, 2014

Referred to Committee on Natural Resources

SUMMARY—Makes various changes to provisions related to oil and natural gas. (BDR 46-344)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to minerals; revising provisions relating to certain fees for permits to drill and operate oil and natural gas wells; making various other changes to provisions relating to oil and natural gas; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires the Commission on Mineral Resources to prescribe by
2 regulation a fee, not to exceed \$200, for a permit to drill a well in search of oil or
3 gas. (NRS 522.050) **Section 1.5** of this bill: (1) revises the statutory limit on the fee
4 for such a permit; (2) establishes a statutory limit on the fee for a request to change
5 the terms of an existing permit; and (3) authorizes the Commission to include in
6 such fees the reasonable administrative costs of the Division of Minerals of the
7 Commission relating to the filing and examination of applications for such permits
8 and requests.
9 Existing law requires the Commission to prescribe by regulation a fee, not to
10 exceed 20 cents for each barrel of oil or each 50,000 cubic feet of natural gas
11 produced from a well in this State, which must be assessed against the producer of
12 the oil or natural gas. (NRS 522.150) **Section 2** of this bill raises the statutory limit
13 on the fee from 20 cents to 30 cents.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 522 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“Hydraulic fracturing” or “hydraulically fractured” means the*
4 *process of pumping a fluid into or under the surface of the ground*
5 *to create fractures in the rock to facilitate the production or*
6 *recovery of oil or gas.*

7 **Sec. 1.3.** NRS 522.020 is hereby amended to read as follows:
8 522.020 As used in this chapter, unless the context otherwise
9 requires, the words and terms defined in NRS 522.021 to 522.0395,
10 inclusive, *and section 1 of this act* have the meanings ascribed to
11 them in those sections.

12 **Sec. 1.5.** NRS 522.050 is hereby amended to read as follows:
13 522.050 1. A person ~~desiring to drill a well in search of~~
14 *shall not drill or operate an* oil or gas ~~shall notify~~ *well unless he*
15 *or she first obtains a permit from* the Division ~~of that intent on a~~
16 ~~form prescribed by the Division and shall pay a fee in an amount~~
17 ~~established pursuant to subsection 2 for a permit for each well.~~
18 *Upon receipt of* pursuant to this section.

19 2. *Every person desiring to drill and operate an oil or gas well*
20 *or requesting a change in the terms of an existing permit to drill*
21 *and operate an oil or gas well must:*

22 (a) *Submit an application for a permit or for a request to*
23 *change the terms of an existing permit, as applicable, to the*
24 *Division on the form prescribed by the Division; and*

25 (b) *Pay the applicable fee prescribed pursuant to subsection 3.*

26 3. *The Commission on Mineral Resources shall prescribe by*
27 *regulation the fees for a permit to drill and operate an oil or gas*
28 *well and for a request to change the terms of an existing permit.*
29 *The amount of each fee prescribed by the Commission may*
30 *include the reasonable administrative costs of the Division relating*
31 *to the filing and examination of applications for such permits or*
32 *for requests for changes in the terms of such existing permits, as*
33 *applicable, but the amount of the fee must not exceed:*

34 (a) *For a permit to drill and operate an oil or gas well that is*
35 *not intended to be hydraulically fractured, \$2,000.*

36 (b) *For a permit to drill and operate an oil or gas well that is*
37 *intended to be hydraulically fractured, \$5,000.*

38 (c) *For a request to change the terms of an existing permit to*
39 *drill and operate an oil or gas well, \$400.*

40 4. *The Division shall, as soon as practicable after receiving*
41 the ~~notification and fee, the Division shall promptly~~ *proper*
42 *application and fee, issue to the person a permit or change the*



1 *terms of an existing permit , ~~{to drill,}~~ as applicable,* unless the
2 drilling *or operation* of the well is ~~{contrary to}~~ *prohibited by any*
3 law or ~~{a}~~ regulation or order of the Division. ~~{The drilling of a well~~
4 ~~is prohibited until a permit to drill is obtained in accordance with the~~
5 ~~provisions of this chapter.~~

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

9 *5. The Division shall deposit with the State Treasurer, for*
10 *credit to the Account for the Division of Minerals created*
11 *pursuant to NRS 513.103, all money received pursuant to*
12 *subsection 2.*

13 **Sec. 1.7.** NRS 522.119 is hereby amended to read as follows:

14 522.119 1. The Division of Minerals and the Division of
15 Environmental Protection shall, jointly, develop a hydraulic
16 fracturing program to:

17 (a) Assess the effects of hydraulic fracturing on the waters of the
18 State of Nevada;

19 (b) Require a person who engages in hydraulic fracturing to
20 disclose each chemical used to engage in hydraulic fracturing; and

21 (c) Provide for notice to members of the general public
22 concerning activities relating to hydraulic fracturing in this state.

23 2. The Commission on Mineral Resources shall adopt
24 regulations to implement the hydraulic fracturing program required
25 by subsection 1.

26 3. As used in this section , ~~{~~

27 ~~—(a)}~~ “Division of Environmental Protection” means the Division
28 of Environmental Protection of the State Department of
29 Conservation and Natural Resources.

30 ~~{(b)} “Hydraulic fracturing” means the process of pumping a~~
31 ~~fluid into or under the surface of the ground to create fractures in the~~
32 ~~rock to facilitate the production or recovery of oil or gas.~~

33 **Sec. 2.** NRS 522.150 is hereby amended to read as follows:

34 522.150 1. Any expenses in connection with Nevada’s
35 affiliation with the Interstate Oil *and Gas* Compact Commission
36 must be paid from the Account for the Division of Minerals created
37 pursuant to NRS 513.103.

38 2. ~~{To pay}~~ *For the purpose of paying* the expenses of the
39 Division, ~~{every}~~ *each* producer of oil or natural gas in this state
40 shall, on or before the last day of each month, report to the Division
41 and the State Treasurer ~~{his or her}~~ *the producer’s* production in this
42 state of oil in barrels and of natural gas in thousands of cubic feet
43 during the *immediately* preceding month, and ~~{at the same time}~~
44 shall pay to the Division , *concurrently with the submission of the*
45 *report,* a fee in an amount established pursuant to subsection 3 on



1 each barrel of oil and each 50,000 cubic feet of natural gas produced
2 and marketed by the producer during the *immediately* preceding
3 month. The Division shall deposit with the State Treasurer, for
4 credit to the Account for the Division of Minerals, all money
5 received pursuant to this subsection. ~~Every~~ *Each* person
6 purchasing such oil or natural gas is liable for the payment of the fee
7 for each barrel of oil or each 50,000 cubic feet of natural gas, unless
8 ~~the~~ *the fee* has been paid by the producer.

9 3. The Commission on Mineral Resources shall, by regulation,
10 establish the administrative fee required pursuant to subsection 2 in
11 an amount not to exceed ~~20~~ *30* cents for each barrel of oil or each
12 50,000 cubic feet of natural gas.

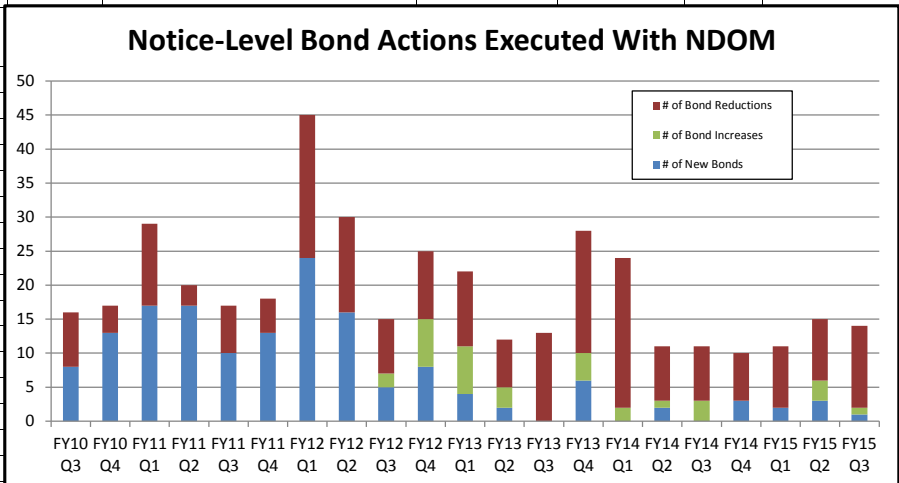
13 **Sec. 3.** This act becomes effective on July 1, 2015.



IV. STAFF REPORTS

Reclamation Bond Pool Status Report			Current to:	3/31/2015							
Plan-level Bonds -Company	Project	Entry Date	Bond Amount	% of Pool	Comments	Deposit	Premiums Paid	% Bond Whole	Premium Schedule	Current thru	
Custom Details	Bovie-Lew	11/17/2006	\$24,364.00	0.82%		\$ 12,217.11	\$18,280.79	125.2%	\$190.23 quarterly	6/30/2015	
Nevada Rae	Black Rock Canyon	4/15/2005	\$369,255.00	12.50%		\$ 197,937.54	\$220,729.65	113.4%	\$2,769.41 quarterly	3/31/2015	
So. NV Liteweight	Money Pit	5/21/2004	\$395,514.00	13.39%		\$ 213,055.61	\$216,687.30	108.7%	\$2,966.36 quarterly	3/31/2015	
Specialty Clays	Bentonite	12/11/1997	\$209,900.00	7.11%		\$ 31,485.00	\$179,351.94	100.4%	\$1,574.25 quarterly	3/31/2015	
Western Mine Dev.	Victorine Mine	5/24/2000	\$45,875.39	1.55%	terminated	\$ -					
Western Mine Dev.	Kingston Mill	5/24/2000	\$100,450.00	3.40%	terminated	\$ -					
Western Mine Dev.	Manhattan Mill	5/24/2000	\$114,288.77	3.87%	terminated	\$ -					
TNT Venture	Big Canyon	1/27/2010	\$60,711.00	2.06%		\$ 30,664.40	\$30,183.34	100.2%	\$455.33 quarterly	3/31/2015	
Dun Glen Mining	Dun Glen	8/11/2014	\$359,155.00	12.16%		\$ 192,159.52	\$30,287.99	61.9%	\$8,454.62 quarterly	6/30/2015	
Statewide Notice-Level	Various	various	\$1,273,893.00	43.13%	106 Notice-level bonds						
									Premiums due		
Total Bond Amount			\$2,953,406.16	100.00							
Cash in Pool's Account (From BSR - 3/31/15)			\$3,859,809.52								
Unfunded Amount			-\$906,403.36								
Percent funded			130.7%								

Date	# of New Bonds	# of Bond Increases	# of Bond Reductions
FY10 Q3	8	0	8
FY10 Q4	13	0	4
FY11 Q1	17	0	12
FY11 Q2	17	0	3
FY11 Q3	10	0	7
FY11 Q4	13	0	5
FY12 Q1	24	0	21
FY12 Q2	16	0	14
FY12 Q3	5	2	8
FY12 Q4	8	7	10
FY13 Q1	4	7	11
FY13 Q2	2	3	7
FY13 Q3	0	0	13
FY13 Q4	6	4	18
FY14 Q1	0	2	22
FY14 Q2	2	1	8
FY14 Q3	0	3	8
FY14 Q4	3	0	7
FY15 Q1	2	0	9
FY15 Q2	3	3	9
FY15 Q3	1	1	12



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

FY15

April 17, 2015

**Week: 42
Year %: 81%**

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	23,854	61%	15,482
Oil Permit Fees (3717)	3,000	1,800	60%	1,200
Mining Claim Fees (3718)	1,312,892	1,087,332	83%	225,560
Dangerous Mine Fees (3727)	561,930	453,055	81%	108,875
Geothermal Fees (3736)	134,539	98,725	73%	35,814
Abandoned Mine Securing Fees (3770)	9,800	101,320	1034%	(91,520)
Printing Sales (4011)	207	104	50%	103
Publication Sales (4027)	5,503	1,785	32%	3,718
Medallion Royalty Income (4311)	0	398	0%	(398)
Treasurer's Interest Distribution (4326)	3,127	2,150	69%	977
Transfer frm Reclamation Bond Pool (4620)	41,063	0	0%	41,063
FY15 Revenues Received	\$2,171,429	\$1,842,236.27	85%	\$329,193
TOTAL REVENUES	\$3,061,346	\$2,732,153.27		

EXPENDITURES

	Work Program	Actual	% of Work Program	Balance Remaining
Personnel (01)	\$1,030,095	\$764,824	74%	\$265,271
Out of State Travel (02)	10,376	5,285	51%	5,091
In State Travel (03)	18,041	11,499	64%	6,542
Operating (04)	109,856	95,473	87%	14,383
Board Travel (08)	2,658	2,381	90%	277
Special Projects (09)	675,390	457,309	68%	218,081
Las Vegas Office (14)	35,439	29,218	82%	6,221
Oil, Gas Geothermal (17)	11,000	6,964	63%	4,036
AML Support (18)	197,795	87,076	44%	110,719
Bond Pool Expenses (19)	0	0	0%	0
County Royalty Grants (20)	0	0	0%	0
Computer H & S Ware, DOIT(26)	20,859	6,067	29%	14,792
AML Enhancement (39)	201,226	39,362	20%	161,864
SageBrush Ecosystem Trx to DCNR (69)	141,742	131,572	93%	10,170
Purchasing Assessment (87)	928	928	100%	0
State Cost Recovery (88)	34,734	26,051	75%	8,684
AG Cost Allocation (89)	19,913	14,935	75%	4,978
FY15 Expenditures	\$2,510,052	\$1,678,943.24	67%	\$831,109
Reserve Balance (86)	\$551,294	\$1,053,210.03	191%	(\$501,916)
TOTAL EXPENDITURES PLUS RESERVE	\$3,061,346	\$2,732,153.27		

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

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, Teacher
1/19/2006	Mackay SEG Student Chapter	\$1,000	\$1,000	\$0	Funds sent to SEG student chapter for spring geology field trip
1/19/2006	NBMG - NV Interactive Map of Metal Deposits	\$7,765	\$7,765	\$0	Funds paid to NBMG, work is complete
8/17/2006	Minerals and Energy Resource maps for the 17 Nevada counties	\$24,000	\$15,159	\$8,841	Contract with NBMG - White Pine completed, Mineral-Esmeralda-Lyon-Douglas completed, Nye County underway.
8/17/2006	Mineral and Energy Potential Map	\$5,361	\$5,361	\$0	Mineral & Energy Potential Map given to USFS by NBMG - Project Complete
8/17/2006	AML Contractors Spring 2007	\$50,000	\$50,000	\$0	Abandoned mine work completed in Esmeralda Co.
8/17/2006	NWMA Mackay Centennial	\$1,000	\$1,000	\$0	Funds paid to Mackay School
10/19/2006	4th Ward School - AML Display	\$5,000	\$5,000	\$0	Abandoned mine display completed, payment made
10/19/2006	USFS Roadless Plan Contractor	\$25,000	\$25,000	\$0	GIS Land Services contracted, work completed
1/19/2007	UNR John Mackay Club	\$2,500	\$2,500	\$0	Funds paid to UNR Mackay School for travel to SME annual meeting
1/19/2007	AML contract for claim research	\$9,561	\$9,561	\$0	Geotemps contract complete
4/19/2007	NBMG GBSSL - Support #1	\$100,000	\$100,000	\$0	Project Support #1 completed
4/19/2007	Mackay Recruitment and Retention NDOM FY08	\$100,000	\$100,000	\$0	Invoice paid 03/20/08
4/19/2007	AML Contractors Fall 2007	\$50,000	\$50,000	\$0	Abandoned mine work with Geotemps contract completed
10/23/2007	4th Ward School - AML Hologram	\$27,174	\$27,174	\$0	Abandoned mine hologram display completed
10/23/2007	Office Expansion/Remodel - CC	\$50,776	\$50,776	\$0	Project complete
1/17/2008	Mackay Centennial Celebration	\$10,000	\$10,000	\$0	Paid to UNR Mackay School
1/17/2008	Mackay Club SME and IMC trips	\$5,000	\$5,000	\$0	Paid to UNR Mackay to support travel to mining competition
1/17/2008	UNR SEG student chapter field trip	\$3,000	\$3,000	\$0	Paid to UNR Mackay to support SEG student chapter field trip
4/22/2008	NvMA Teacher's Workshop- Tonopah '08	\$15,000	\$15,000	\$0	Paid to Nevada Mining Assoc to pay teacher stipends to attend workshop
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

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
7/28/2008	AML Fencing at Tonopah Mining Park	\$49,000	\$49,000	\$0	\$19,800 from Medallion funds sent 6/30/08, \$49,000 paid FY09
7/28/2008	NBMG RETAAC II GIS Mapping	\$11,750	\$11,750	\$0	Project complete
11/7/2008	UNR Mackay Club SME and IMC trips	\$10,000	\$10,000	\$0	Paid to UNR Mackay to support travel to mining competition
11/7/2008	UNR SEG student chapter field trip	\$2,500	\$2,500	\$0	Paid to UNR Mackay to support SEG student chapter field trip
2/12/2009	NBMG GBSSL - Support #2	\$119,243	\$119,243	\$0	Project complete
5/1/2009	4th Ward School - Interactive Mining Exhibit	\$40,000	\$40,000	\$0	Invoice from 4th Ward School Foundation paid
5/1/2009	Mackay Recruitment and Retention NDOM FY09	\$100,000	\$100,000	\$0	Invoice paid 06/30/09
5/1/2009	NvMA Teacher's Workshops	\$10,000	\$10,000	\$0	Invoice paid to Nevada Mining Association
10/21/2009	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Paid to UNR Mackay to support travel to SME meeting and IMC in Australia
10/21/2009	White paper on permitting timelines	\$20,000	\$0	\$20,000	On Hold
2/11/2010	Mackay Recruitment and Retention (NDOM FY10 and FY11)	\$200,000	\$200,000	\$0	FY10 Invoice paid 5/10/10 and FY11 invoice paid 4/18/11
2/11/2010	UNR Mackay Geography Mapping Project	\$33,180	\$33,180	\$0	Project complete and invoice paid
2/11/2010	GSN Symposium 2010	\$10,000	\$10,000	\$0	Invoice paid
2/11/2010	NvMA Teacher's Workshops	\$45,000	\$45,000	\$0	FY10 invoice paid, items purchased in FY11 and FY12
2/11/2010	Mining Claim Fee support for Mackay for FY09 claims	\$391,302	\$391,302	\$0	FY10 invoice paid for FY09 claim filings
10/19/2010	Mining Claim Fee support for Mackay for FY10 claims	\$379,554	\$379,554	\$0	FY11 invoice paid for FY10 claim filings
2/7/2011	Mackay Recruitment and Retention (NDOM FY12)	\$100,000	\$100,000	\$0	Invoice paid on 01/26/12
2/7/2011	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Invoice paid
7/27/2011	4th Ward School projects	\$5,425	\$5,425	\$0	"Going Deep" booklet, Bat cupola panel, Backdrop, Mineral case locks
7/27/2011	Curate Geothermal, Oil, Gas Samples at NBMG-GBSSL	\$50,000	\$50,000	\$0	Invoice paid, June 26,2012
7/27/2011	Expand AML contracts (Cat 39 AML enhancement)	\$200,000	\$200,000	\$0	All work completed
11/2/2011	4th Ward School projects	\$14,700	\$14,700	\$0	Additional "Going Deep" booklets, building security, fluorescent minerals
2/27/2012	Mining Claim Fee support for Mackay for FY11 claims	\$394,178	\$394,178	\$0	FY12 invoice paid for FY11 filings on 4/24/12
2/27/2012	UNR Mackay Club SME and IMC trips	\$12,000	\$12,000	\$0	Invoice paid in April, 2012
2/27/2012	Projects proposed by the NBMG	\$200,000	\$200,000	\$0	project complete
2/27/2012	NvMA Teachers Workshops \$15k/yr for (FY13 - FY15)	\$45,000	\$34,746	\$10,254	FY13 & FY14 invoices pd; \$3,775 for books pd 2/18/15;SME for 4 kits pd 3/3/15
2/27/2012	Expansion of the NDOM exploration survey	\$50,000	\$50,000	\$0	paid 2/11/13

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
2/27/2012	Removal of hollow pipe plastic claim markers	\$27,000	\$27,000	\$0	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
2/24/2015	Mining Claim Fee support for Mackay for FY14 claims	\$390,068	\$390,068	\$0	Paid 2/25/2015
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
8/28/2014	NMEC support at Roundup and PDAC	\$2,500	\$1,250	\$1,250	Paid 3/2/15
Total of Special Projects		\$5,267,652	\$5,177,307	\$90,345	
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		\$5,267,652	\$5,177,307	\$90,345	
Current Reserve				\$1,053,210	(as of 4/17/15)
Unobligated Reserve				\$962,865	

OIL, GAS, AND GEOTHERMAL ACTIVITY

2015 Permitting Activity (Through 1st Quarter)

Permit Type	Issued 2012	Drilled 2012	Issued 2013	Drilled 2013	Issued 2014	Drilled 2014	Issued 2015	Drilled 2015
Geothermal - Ind Production	16	12	10	5	5	5	4	2
Geothermal - Ind Inj	8	1	2	2	2	2	---	1
Geothermal - Observation	18	8	7	6	10	3	---	---
Geothermal - TG	7	2	1	1	---	---	---	---
Geothermal - Com	---	---	---	---	---	---	---	---
Geothermal - Dom	---	---	1*	---	8**	4	---	---
Geothermal - Misc*	---	---	---	---	---	---	---	---
Geothermal - Project Area	2	---	---	---	1	---	---	---
Geothermal - Total	51	23	21	15	27	15	4	3
Oil & Gas	14	9	16	5	16	5	2	---

*Existing well, drilled in 1939; ** Includes 4 wells previously drilled and completed.

Active During 1st Qtr 2015	Geothermal	Ormat Nevada	Drilled McGinness Hills 27C-10 (prod) and Wild Rose 26A-6 (inj), 64-11 (prod), 64A-11 (prod). Currently drilling Wild Rose 64B-11 (prod).
		US Geothermal	Drilled Crescent Valley 67-3 production well.
	Oil	Makoil	Currently in the permitting process with the BLM for the Murphy Gap 14-23 in Lincoln County. NDOM waiting on BLM approval.
		Noble Energy	Completion of the MR S25G-S25-33A has been delayed until August 2015. Waiting on air permit from NDEP before constructing tank farm at Huntington K1L-1V.
		Tetuan Resources	Tetuan Resources permitted the Mariagnes 12-29. Will spud the well in May or June
		Petro-Hunt	Permitted the Jake's Valley #1 in White Pine County, but federal lease expired end of March 2015.

Geothermal Activity – 1st Quarter 2015

ORNI 39 LLC (Ormat Nevada) completed the drilling of the McGinness Hills 27C-10 production well. The well was spudded in late December 2014. I witnessed all required

BOPE/FIT tests for this well. The 27C-10 production well is part of the field expansion at McGinness Hills, where a doubling of the electrical generation capacity is 108MW (nameplate). A duplicate plant of the existing 54MW (nameplate) plant was constructed in 2014.

ORNI 47 LLC (Ormat Nevada) drilled and completed the 26A-6 injection well and the 64-11 production well at Wild Rose. The 64A-11 production well was spudded at the end of the 1st quarter and was completed in April 2015. The 64B-11 production well is currently being drilled at Wild Rose. I have witnessed all BOPE/FIT tests for these wells. The 64C-11 production well, to be drilled, is expected to be the last well drilled during the current expansion phase at Wild Rose. ORNI 47 LLC is doubling the capacity of Wild Rose from 26.5 to 53 MW (nameplate) through the current construction of a duplicate plant of the original plant.

US Geothermal permitted the Crescent Valley 67-3 production well in December 2014. The well was drilled and completed during the 1st quarter of 2015. US Geothermal has not permitted any subsequent wells in Crescent Valley. I coordinated the BOPE tests with Ian Warren, where the test data was submitted to NDOM for approval. I verbally gave US Geothermal approval to drill ahead at the completion of the BOPE tests.

Oil Activity – 1st Quarter 2015

Tetuan Resources permitted the Mariagnes 12-29 conventional well in White Pine County in February 2015. Tetuan Resources drilled the Mariagnes 32-30 in 2014, but plugged and abandoned the well. The 12-29 well will be spud in May or June of 2015, after the sage grouse mating season is over in the Mount Hamilton area.

Petro-Hunt permitted the Jake's Valley #1 conventional well in White Pine County in January 2015. However, the well bore was going to be constructed to comply to the new NAC 522 HF regulations, in the event Petro-Hunt located a non-conventional target during the drilling of Jake's Valley #1. Petro-Hunt needed to drill the well before the end of March 2015, in order to hold their federal lease. Petro-Hunt decided not to drill the well after it was permitted.

SAM Oil returned to the Pluto 27-1R location and tested the well in April 2015. The well is located in White Pine County, west of Ely. The well was plugged and abandoned after the testing program was completed.

Noble Energy is waiting to obtain an air permit from NDEP before beginning construction on a tank farm at the Huntington K1L-1V location. Noble Energy is expected to complete the MR S25G-S25-33A well during 2015. The MR S25G-S25-33A well was drilled during the 4th quarter 2014.

NDOM is currently withholding final approval of EFT Nevada LLC's Cedar Ridge 1 permit application until notification of approval is received from the BLM. The proposed location for the well is in Elko County, west of Jiggs.

The BLM Oil and Gas Lease Sale was held on March 10, 2015. Twenty-four parcels from the BLM Elko District Office were offered.

BLM Nevada State Office

Competitive Oil and Gas Lease Sale Results Summary

March 10, 2015

1. Total number of parcels offered: 24
2. Total number of acres offered: 25,882.470
3. Total number of parcels receiving bids: 13
4. Total number of acres receiving bids: 15,243.970
5. Total sum of high bids: \$30,496.00
6. High bid per parcel: \$4,574.00
7. High bid per acre: \$2.00
8. Total receipts: \$55,383.00

BLM Nevada State Office

Non-competitive Oil and Gas Lease Sale Results

March 2015

Offers filed	3
Offers rejected	0
Offers returned for correction	0
Parcels available for NCO	5
Parcels receiving offers	3
% parcels receiving offers	60.00%
Parcels receiving multiple offers	0
Acres available for NCO	6,474.090
Acres receiving offers	4,387.250
% acres receiving offers	67.77%
Total rental collected (all parcels)	\$6,583.50
Rental fees retained	\$6,583.50
Filing fees collected	\$1,215.00
Total fees retained	\$7,798.50
Total deposit	\$7,798.50
Refund	\$0.00

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

The required number of well inspections has been completed for Fiscal Year 2015. Please refer to the chart below for inspections required and completed:

	Total Wells	Wells Needed for FY15	Wells Inspected	% of Total Needed	Wells Remaining
Geothermal	440	147	158		
Oil	127	43	33		
Totals	567	190	191	101%	0

Areas in which inspections took place:

Location	Wells Inspected
Steamboat	48
McGinness	21
Wild Rose	16
Jersey Valley	12
Tuscarora	13
Patua	26
Salt Wells	18
Salt Wells (Gradient)	1
Virginia Lake	3
Blackburn	8
N Willow Creek	2
Current	1
Duckwater	1
Trap Spring	13
Tomera	3
Pluto	1
Marys River	1
Huntington	1
KBE 1	1
Pipeline	1
Total Inspections	191

Sundry Notice Activity

A total of forty-one sundry notices were approved during the 1st quarter. Twenty-seven sundries were related to geothermal activities, and fourteen sundries were related to oil activities. Since the close of the 2nd quarter (through 4/17/2105), three geothermal sundries and three oil sundries have been approved.

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.
05/01/2015- NDOAgriculture

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

