

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

March 16, 2018

**SMALL BUSINESS IMPACT DETERMINATION
FILED IN ACCORDANCE WITH NRS § 233B.0608**

IN THE MATTER OF PROPOSED REGULATION CHANGES

As provided in Nevada Revised Statute (NRS) Chapter 233B, and NRS Sections (§§) 513.063(5) and Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3411, the Division of Minerals of the Commission on Mineral Resources is proposing to amend regulations for Dissolved Mineral Resource Exploration Chapter 534B of Nevada Administrative Code.

The Division of Minerals has made a concerted effort to determine if the proposed regulation changes are likely to impose a direct and significant economic burden on a small business or restrict the formation, operation or expansion of a small business.

The following information is provided pursuant to the requirements of NRS 233B.0608:

- 1) The Division of Minerals emailed a written request to 15 entities involved in dissolved mineral resource exploration in Nevada soliciting comment on the proposed regulation. Five entities responded with information and comments representing a broad spectrum of current familiarity and understanding. A summary of the comments received is available at the agency's Carson City office.
- 2) An analysis of the potential impact included received comments and calculating estimated impacts resulting from the new permit fee and operating cost increases to companies who engage in dissolved mineral resource exploration.
- 3) The estimated direct and indirect economic effect on small businesses in the regulated industry involves: the new statutory requirement that a licensed water well driller is required when drilling a dissolved mineral resource exploration borehole; a new application fee for those applying for a permit to drill a dissolved mineral resource exploration well; certain new reporting requirements for those who drill a dissolved mineral resource exploration borehole; certain new reporting and operational requirements for those who drill a dissolved mineral resource exploration well. The proposed fee is intended to cover the cost of administering the permitting and compliance program at the Division of Minerals. The adverse effect is a slightly higher cost to industry for exploring for dissolved mineral resources. The beneficial effect is a clearly defined regulatory path to industry for the exploration of dissolved mineral resources which does not require the issuance of a water right or temporary waiver from the Division of Water Resources. The short and long-term effects of the new fee and reporting requirements are not significant compared to the total cost of drilling; however certain operating requirements may be significant such as, if blow-out prevention equipment (BOPE), installed for the safety of drilling personnel, is required.
- 4) The required use of a licensed water well driller for drilling of a dissolved mineral resource exploration borehole was established by legislative passage of AB 52, so that impact could not be reduced by the proposed regulations. Wherever possible, in order to lessen the impact of completing forms required by the proposed regulations, the Division modified for its use existing forms from the Division of Water Resources which are already very familiar to licensed water well drillers. One change was made to the regulation as a result of the workshop, which would lessen the burden on

certain operators; the frequency for reporting of flow volumes was changed from monthly to quarterly. The Division carefully considered reducing the economic impacts to small business by limiting when BOPE might be required. The proposed regulation language allows for an exception to be granted on the requirement for use of BOPE if sufficient information is provided the administrator to demonstrate satisfactory workplace safety and protection of the environment is afforded without its use. Additionally, the boundaries on the "Areas with Limitations" map referenced in the proposed regulations are expected to be modified as additional information is received, which should reduce the size and number of locations wherein proposed well locations might require BOPE.

- 5) The additional cost to the agency for enforcement of the proposed regulation is solely dependent upon the type and degree of exploration activity for dissolved mineral resources. An estimate of the annual cost is \$20,000.
- 6) The estimated total of the new fees proposed to be collected in Nevada Administrative Code §534B is approximately \$20,000 annually and will be used to cover agency costs of administering Chapter 534B.
- 7) The proposed regulation may duplicate or overlap federal regulations only on public lands administered by the U.S. Department of the Interior, Bureau of Land Management. The proposed regulation is more stringent than current federal law as the current requirements of 43 CFR 3800 in that the exploration of locatable minerals, under the General Mining Law of 1872, does not require the use of a licensed water well driller or the use of blow-out prevention equipment.
- 8) The requirement that a licensed water well driller be present for drilling of a dissolved mineral resource exploration borehole or well was established by passage of AB 52 in the 2017 legislative session. While this legislative requirement may have an impact on the cost of drilling boreholes, the proposed new fee and operating and reporting requirements proposed in regulation are not significant when compared to the current cost of drilling a dissolved mineral resource exploration borehole or well.

The Division of Minerals has duly considered all of the statutory requirements in NRS 233B and has compiled this Small Business Impact Determination with the reasons and conclusions above. To my knowledge and belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and the information contained in this statement is accurate.

Respectfully submitted,



Richard Perry
Administrator
Nevada Division of Minerals