

STATE OF NEVADA COMMISSION ON MINERAL RESOURCES

DIVISION OF MINERALS

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> RICHARD PERRY Administrator

December 22, 2015

This letter is to inform you the proposed regulatory changes to the Nevada Administrative Code (NAC) 522 by the Nevada Division of Minerals (NDOM) were approved by the Commission on Mineral Resources on November 5th, the Mining Oversight and Accountability Commission on December 2nd and the Interim Legislative Commission on December 21st. The approved regulations were subsequently filed with the Secretary of State and the regulatory changes to NAC 522 are now in full effect.

The changes in regulations can be found on the Division of Minerals web site:

R056-15: http://minerals.nv.gov/uploadedFiles/mineralsnvgov/content/About/R056-15A.pdf R081-15: http://minerals.nv.gov/uploadedFiles/mineralsnvgov/content/About/R081-15A.pdf

Highlights of R056-15 include:

- Conventional well permitting fee: \$1,000.
- Unconventional well permitting fee: \$3,500 on federal lease, \$4,500 on private lease/land.
- Sundry notice fees: \$0 for informational sundry, \$100 for administrative sundry, and \$300 for sundries which change the terms of the permit, or require technical evaluation by the Division.
- No change in the administrative fee charged per barrel or 50,000 cubic feet of gas, this remains at \$0.15.

Highlights of R081-15

- 522.220: Enables the Division to grant an extension to an active drilling permit for no more than 24 months.
- 522.380: Clarifies that Underground Injection Control (UIC) permits for injection are permitted by the Nevada Division of Environmental Protection (NDEP), but the actual injection well is permitted by NDOM.
- 522.430: Clarifies when an unused well must be plugged and abandoned, and allows for an extension from plugging for up to one year for good cause.
- 522.480: Incorporates Form 12 to be used for the record of plugging of a well.
- 522.495: Eliminates \$50 fee and location plat for a permit to drill. Deepening or plugging back wells will require a sundry fee.
- 522.505: Clarifies types of activities which must be filed with the Division on a sundry (Form 4) for approval.
- 522.510: Clarifies the well completion report, Form 5, must be submitted within 30 days after drilling operations are completed, and within 30 days of a well going into production.
- 522.540: Clarifies that a well log can be confidential for one year, eliminates confusion on a "series of wells in a given region".
- 522.450: Eliminates language requiring Division approval for an oil and gas well to be converted to a water well. Conversion of an oil well to a water well requires approval by the Nevada Division of Water Resources.

Please contact the Division of Minerals if you have any questions.

Richard M. Perry

Administrator

Nevada Division of Minerals