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ASSEMBLY BILL 52: DISSOLVED MINERAL RESOURCES

The purpose of this proposed legislation is to define a permitting path for lithium brine exploration, and to develop regulations to ensure exploration drilling for lithium brines is protective of groundwater and geothermal resources.

Mineral exploration for lithium brine resources in Nevada has experienced significant activity in the past two years. Over 13,000 claims have been located on Federal lands in 18 basins by 25 exploration entities. Nevada has the only lithium brine mine operation in the U.S., near Silver Peak in Esmeralda County, which has operated since 1966.

Lithium is a locatable mineral under the general mining law; however, it is unlike locatable metals in that it may be entrained in a brine solution. The only statutory reference to "dissolved or entrained minerals" is in Nevada Revised Statute (NRS) 534A.010 (Geothermal Resources), where dissolved or entrained mineral recovery is allowed as a by-product of geothermal resource extraction. At present, exploration on public land for lithium brines involves staking placer claims, conducting surface sampling and geophysics, and permitting surface disturbance with the Bureau of Land Management. These exploration projects often include drilling boreholes in playa sediments and decanting brine solution from samples collected while drilling. In the current statutes and code for water well drilling, brines can't be diverted for sampling from boreholes, and a water right or waiver from the Division of Water Resources is required to drill a well to sample brines by pumping. Nevada has never had statutes or code regulating dissolved mineral brine exploration, so this activity currently defaults to water well statutes and regulations. This has resulted in confusion and delays as lithium explorers attempt to determine what exploration activities must be permitted, how much brine solution can be sampled or pumped, and if water rights are needed for sampling brines from wells. Additionally, several active geothermal fields now have blocks of placer claims staked over them, on which the exploration for lithium could lead to future resource conflicts and safety issues.

Assembly Bill 52 proposes to place the regulation for dissolved mineral resource exploration boreholes and exploration wells within the Nevada Division of Minerals, where there is staff with mineral resource, geothermal, and specialty well knowledge that can evaluate permit applications for dissolved mineral resource exploration wells to ensure they are protective of fresh water and existing geothermal resources. If enacted, the Division of Water Resources (NDWR) and Division of Minerals (NDOM) would jointly develop regulations for dissolved mineral resource exploration boreholes and exploration wells during the second half of 2017. The bill proposes to allow sampling the chemistry of brine during the drilling of a borehole, and a permitting process for dissolved mineral resource exploration wells which would allow for a limited amount of brine to be pumped and sampled. The development of regulations would include input from the public, industry and other stakeholders, including a required public workshop.

If consumptive use of water for a dissolved mineral resource extraction process is required, an operator would follow the existing appropriation process through the Division of Water Resources to permit production wells for dissolved mineral resources. Plans of Operation (POO's) for processing and reclamation would continue to be permitted through the Nevada Division of Environmental Protection and Bureau of Land Management.

This would not apply to hard-rock lithium exploration or production, only exploration for dissolved mineral resources.

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