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RICHARD PERRY
Administrator

COMMISSION ON MINERAL RESOURCES
Legislative Counsel Bureau
555 E. Washington Ave., Ste 4412
Las Vegas, Nevada 89101

Thursday, February 13, 2014

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. October 10, 2013 meeting

FOR POSSIBLE ACTION

II. OLD BUSINESS

A. Fiscal Year 2013-14 Work Plan and Forecast Update

FOR DISCUSSION ONLY

Background: The approved fiscal year 2014 work plan calls for expenditures of \$2.4 M with total revenues from mining claim and other fees of \$2.17 M, and a draw-down of reserves of \$0.3 M. 2013 mining claim fees, which impact the fiscal year 2014 work plan are forecast to be ten percent below estimates, or approximately \$200,000. A fiscal year 2013-14 forecast of revenues, expenditures and obligations will be presented for discussion.

B. Recommendations from Subcommittee on Oil and Gas Fee

FOR POSSIBLE ACTION

Increases. The subcommittee on oil and gas fees met on January 16th, 2014 and voted to recommend changes to the CMR to oil and gas drilling and production fees. A table with these recommendations is attached. Due to low volume and increased time associated with processing oil and gas drilling permits, the current fee structure does not cover the NDOM manpower and travel cost associated with permitting and compliance functions. Any increase in permit fees would require approval of the legislature during the 2015 session. An increase in production fees from \$0.10/bbl to \$0.20/bbl can be affected by the Commission in the current process of modifying NAC 522. NDOM Staff is seeking direction from the Commission on fee increases and approval to draft a BDR for the 2015 session.

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- C. Request for support in FY14 of the UNR Mackay School Recruitment and Retention Program in FY15 **FOR POSSIBLE ACTION**
(tabled from CMR meeting 10/10/13)-Russ Fields
NDOM has supported this effort through donations from claim fees for the past 6 years (2008-2013) for \$100,000 per year. This request was approved and paid for FY 2013-14 and is being requested again for the 2014-15 fiscal year.

- D. Update on the NBMG projects funded by the CMR and consideration for Funding in FY-2015 **FOR POSSIBLE ACTION**
Jim Faulds , Nevada Bureau of Mines and Geology
- John Muntean will provide a short presentation on new web applications for mineral resource data.
-NDOM has contracted for support services with NBMG for \$100,000 in FY 2013-14 for 1. Sample curation, 2. Mineral Industry reports and 3. Minerals database development. The current contract is for 2013-14. NBMG is seeking a commitment for similar support for FY 2014-15.

III. NEW BUSINESS

- A. Presentation by Tamara Josserand, Director of Development **FOR POSSIBLE ACTION**
-UNLV, on the Goldfield Collection.

- B. NDOM Logo **FOR POSSIBLE ACTION**
NDOM Staff have discussed developing an official logo for the Division. NDOM is one of the few State agencies with no official logo or branding. This discussion was brought forth during recent work on developing a new web site using State web development software. NDOM Staff is recommending the Commission request a design concept for the next meeting for consideration.

- C. Request for funding from the UNR John Mackay Club **FOR POSSIBLE ACTION**
for travel to the SME meeting and the International Mining Competition- letter of Nov 25, 2013 included in packet.

- D. Discussion of LCB Audit. **FOR DISCUSSION ONLY**
A performance audit was conducted in 2013 by the Legislative Council Bureau Audit Division. Periodic performance audits are conducted on state agencies and reported to the Legislative Audit Committee, which consists of 5 legislators. Audit results were reported at public meeting on January 7, 2014. The purpose of the audit was to evaluate the Division's efforts to monitor oil, gas and geothermal operations for compliance with regulations and the AML program. The Division has 60 days to develop and submit a plan for corrective action and 6 months to implement the plan. The Administrator will present the audit results and corrective plan.

- E. Discussion regarding potential changes to NAC 522.235 **FOR DISCUSSION ONLY**
Location and spacing of wells. This section of NAC addresses the spacing of oil & gas wells in the absence of a special order of the Division establishing drilling units or authorizing different densities of wells. There has been some discussion by staff and commissioners that parts of the current code are obsolete and do not accommodate the drill spacing needed for unconventional wells.

IV. REPORT OF THE ADMINISTRATOR

A. Division of Minerals Activities

1. Administration – Rich Perry
2. Mining/Reclamation Bond Pool – Mike Visher
3. Abandoned Mine Lands (Update of AML Summer Internship 2014)– Rob Ghiglieri
4. AML/GIS – Rachel Wearne (Website update)
5. Southern Nevada Operations – Bill Durbin
6. Oil, Gas, and Geothermal – Lowell Price

COMMENTS BY THE GENERAL PUBLIC

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COMMISSION BUSINESS

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

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@govmail.state.nv.us

I. MINUTES

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

Great Basin Science Sample and Records Library, 2175 Raggio Parkway, Reno, NV 89512

**MEETING MINUTES (DRAFT-Subject to Commission Approval)
Thursday, October 10, 2013**

**COMMISSIONERS PRESENT
IN RENO:**

Mr. Fred D. Gibson, Jr., Chairman
Mr. Dennis Bryan, Vice-Chairman
Mr. Richard DeLong, Commissioner
Mr. John Mudge, Commissioner
Mr. Arthur Henderson, Commissioner

COMMISSIONERS ABSENT:

Mr. David Parker, Commissioner
Mr. John H. Snow, Commissioner

**STAFF PRESENT IN
RENO :**

Mr. Bryan Stockton, Attorney General's Office
Ms. Valerie Kneefel, Administrative Assistant, NDOM
Mr. Mike Visher, Deputy Administrator, NDOM

I. OPEN MEETING AND INTRODUCTIONS

Chairman Fred D. Gibson Jr.: Opened the meeting at 9:00 a.m. Confirmed that the meeting was posted in accordance with Nevada's Open Meeting Law. Chairman Gibson asked all the Commissioners and attendees to introduce themselves for the record.

II. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment and there was none.

III. ADOPTION OF AGENDA

Action Item

MOTION: Move to approve the adoption of the Agenda
BY: Commissioner Dennis Bryan

SECOND: Commissioner Richard DeLong
VOTE: The vote was unanimous in favor of the motion

IV. INTERVIEWS FOR ADMINISTRATOR POSITION AT NEVADA DIVISION OF MINERALS

Commissioner Mudge: Described the interview process. He noted that there were three applicants. He stated that the commission members would ask each applicant the same questions and added that they had allocated 45 minutes for each one. He said once this initial process was completed the applicants would be escorted to another room. He said the commission members would hold discussions with a view to making a decision at the 12:30 p.m. meeting.

Chairman Gibson: Asked what specifically interested her about the position.

A. Naomi Duerr, President, Desert Pacific Exploration: Responded that over the years she had been impressed with the work done by the commission and its staff. She made reference to the work done by the staff in managing a difficult claim refund process. She noted that she had seen the commission tackle the fracking process issue and adopt a resolution to address that in addition to supporting the staff in establishing rules. She stated that she had observed Alan Coyner at the Nevada Legislature do an excellent job on some key bills and said she was impressed with the commission's support of that process.

She added she was impressed by the annual report put out by the commission in addition to the work done on abandoned mines. She stated she thought the commission working with companies to fence off abandoned mines for public safety was impressive. She also said that the way the commission had been promoting the mineral, energy and industrial minerals industries was excellent. She thought that the commission had established itself and had put into place a solid foundation. She cited the commission's work with the Mining Oversight & Accountability Commission (MOAC) which had been a challenge but also represented an important aspect of the work of the commission. She said that she had done many things that fit into the commission's public service and technical role including education, and policy, management of staff and budgets.

Commissioner DeLong: Asked why she felt she was qualified for the position and what particular knowledge, skills or abilities would she bring to help her succeed in the position. **Naomi Duerr,** President, Desert Pacific Exploration: Responded that she had laid out in the cover letter her qualifications but it also expressed her passion about the field. She stated that she had experience working for the state having managed a division similar to the Nevada Division of Minerals (NDOM). She noted that that division had 14 staff. She added she had also managed other groups over the last 25 years with staff varying from 5 to 800 with budgets ranging from \$1 million to \$350 million. She said that she had also managed the Truckee River Flood Project which was a \$1.6 billion project so she had excellent experience with capital projects.

She made reference to her management skills and said she had won awards and had been recognized for her ability to manage and control budgets. She also commented about the work products they had put out which had won awards, for example, the Nevada State Water Plant. She stated that she was a geologist and had worked all over Nevada. In reference to her management skills she noted that the Nevada State Water Plant had to be a consensus document and that many groups, urbanites, environmentalists, ranchers and miners all agreed and supported it which was an accomplishment as it concerned water, a sensitive topic in Nevada.

Commissioner DeLong: Noted that the division had to work closely with the Department of Conservation, the Governor's Office and legislature. He asked what specific experience she had that would help the NDOM meet those requirements. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she managed an agency, the Division of Water Planning which was within the Department of Conservation and Natural Resources (DCNR). She said during her seven years there she established connections and understood the way the agency worked and all the divisions within the department and its perspective. She stated that she had gotten to know Leo Drozdoff, the head of the DCNR. She said she was not familiar with the Governor's staff as she had been out of that role. She added that she was familiar with the legislature. She said with her lobbying during the last session she had met almost all the legislators when advocating on the issue of additional taxes on mining. She stated that her history and knowledge of the process would serve her well in the position.

Commissioner DeLong: Asked her who she had been lobbying for in the legislature. **Naomi Duerr**, President, Desert Pacific Exploration: Responded she had been lobbying for a company. She said as a small business owner she had wanted the legislature to understand the effect of proposed regulations, whether it might be a new property tax on mining claims or increased taxes on mining in general. She noted that she had not been lobbying on behalf of Nevada Mineral Exploration Coalition (NMEC) or the alliance. She said she gave the presentation for the Nevada Mineral Exploration Coalition with two other team members.

Commissioner Bryan: Stated if she were to be hired for the position to describe what she would do during the first year. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she felt it would be critical to become acquainted with the staff and learn the processes. She said she did not think it was good for new leadership to make dramatic changes during the first 30 days. She stated it was better to take a measure of the people. She commented that the administrator would provide the leadership but the staff did the hard work so it was key to understand the strengths and weaknesses of the staff.

She said during the job application process she had looked at the website. She noted it had a great amount of good material but she stated some was difficult to find. She said that one of the goals was public education, outreach and one of the key ways people learned about organizations now was through a website. She thought it could be organized better to facilitate locating information and documents.

She said that the fracking laws, statutes, regulations would be of key importance. She gave as an example Noble Energy which had wanted to do drilling and she said at the moment they appeared to have only an oil and gas permit. She indicated that she had been very involved during her career in adopting statutes and regulations and had moved such processes along leading to more effective management.

She added that also during that first year budget issues would have to be tackled. She referred to the last legislative session where the NDOM withstood an effort to be consolidated with the DCNR. She commented that their company had supported the commission's position as they felt it was important for the commission to have its own identity.

She acknowledged that the commission had done an excellent job in promoting the industry but that more could be done. She noted that they could follow through and see if there were other groups that

they could work with to increase investor dollars. She indicated that she thought the Nevada Mining Association (NvMA) had a strong role. She stated that she was aware that state agencies had to be careful to be an arbiter of truth, providing independent analysis and independent data.

Commissioner Dennis Bryan: Asked what her goals would be for the position three to five years down the road. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that by that timeline the focus would have to be on the energy sources and geothermal. She stated that if natural gas was found in Nevada through fracking that they would have to prepare for an onslaught and the subsequent increase in workload and demand. She referred to the abandoned mines program and said although quite advanced they should have more of a handle on that. She said there had been discussion of the role of the counties, would they receive funding or who would be handling the process. She thought the program would be on good footing. She said there was the internship program to consider and noted that one of the reasons she was on the School and Mines Advisory Board was because she was an advocate of education and was aware of the importance of and increasing science in general and earth science knowledge specifically.

Commissioner Bryan: Asked about her personal long-term goals for five, ten years in the future. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she had committed herself to public service and it was a continuing theme during her career. She noted she began in the industry and then followed public service, after which she returned once again to private industry. She gave details about her group of companies, its progress and current status and explained why she was ready once again to commit to public service. She said she had received a master's degree in public administration as well. She stated that the job was always more important than the pay as a deciding factor. She said she had lived in Nevada for over 40 years, was educated in Nevada and was committed to the State of Nevada and its future.

Commissioner Mudge: Asked if she would envision being in the position long-term. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she could not confirm it would be 15 years like the previous administrator. She noted that based on her resume she had changed jobs approximately every six years which might be more realistic although she had noted that challenges on a job tended to drive her.

Commissioner Henderson: Asked about her communication style and what style she would use to effectively manage the staff. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she had had varying numbers of staff and felt she brought a similar approach. She stated that she first would like to get to know them as individuals. She said she would say she was open-minded and did want to hear other people's opinions. She noted that for almost every agency she had headed she usually had a weekly staff meeting to review and assess. She said she had also had periodic staff retreats for team-building. She commented that she had never run an agency as a one-man show, for her the concept of team was important. She said she would consider her style to be listen and learn, then give directions.

Commissioner Mudge: Asked if she liked to delegate or do more herself or did she see herself as a doer or a manager that oversaw people. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she was both. She confirmed that she was a doer and a leader but at the same time gave examples of how she had inspired her staff and had given them opportunities to think and grow on their own which had given them confidence.

Commissioner Mudge: Stated that she was probably aware that there were issues among the mining operators, the large mining companies and the pure exploration companies which had been brought up in the legislature regarding claim fees and potential net proceeds of mine tax increases and such. He confirmed that a fair amount of work had been done to bring that together. He asked her what she would do to make sure the whole gamut of exploration through small and large mines was properly represented and promoted. He asked also what she would do to ensure that all the parties worked well together. **Naomi Duerr**, President, Desert Pacific Exploration: Stated that the response would be what had she already done. She stated she was not part of the dispute when it all happened during the special session and she acknowledged there was a lot of hard feelings in the NvMA and with the small explorationists. She stated she was not a person who had hard feelings but her approach was more, what could be done to fix this. She said what had happened was there were two exploration groups formed, the Nevada Mineral Resource Alliance (NMRA) and the Nevada Mineral Exploration Coalition (NMEC) and she noted she had joined both. She said she also joined the Nevada Mining Association Exploration Committee which was an effort to bridge the relationship between exploration and big mining. She noted she had been a personal friend of Tim Crowley for a long time, respected him and he was an easy person to reach out to. She stated that many people felt it was purposeful, to increase claim fees and protect the big miners at the expense of others. She said she did not see it that way. She noted that it was her approach to view people as having good intentions but some people did not always think things through. She indicated that during her career she had always reached out and gave several examples of how she had been able to find common ground among groups that historically had not gotten along well.

Commissioner Mudge: Asked if there was anything in her past or throughout any of those processes that might hinder her going forward. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she held views that could support two different ideas. She explained that she had won an environmental award but had also advocated for mining issues. She stated that mining could be done responsibly and when she had worked on regulations she had always been conscious of environmental impacts. She said that she had done both things, held both views and was not an advocate for just one.

Commissioner Henderson: Asked her about her experience with the oil and gas industry and also what were her thoughts and opinions on hydraulic fracturing. **Naomi Duerr**, President, Desert Pacific Exploration: Responded that she worked for numerous oil and gas companies but not in the oil and gas arena. She stated that she worked for Phillips Petroleum, Conoco, Placid Oil but stated she had worked in the uranium division, not oil and gas so her knowledge was somewhat restricted. She said her only experience with oil and gas was when she worked on the mines and mining subcommittee. She referred to the hydraulic fracturing process and stated it was a technique to obtain a precious resource and was underway in about 25 states and many regulations had been written. She said that she thought they could build on the experience of other states and put a good set of regulations together that supported the industry and would allay public fears. She said, personally she was not for it or against it. She said she had no strong opinions but was in favor of it if it provided an alternate source of energy.

Commissioner Mudge: Thanked her for her responses and asked if she had any questions. **Naomi Duerr**, President, Desert Pacific Exploration: Referred to the question from Commissioner Bryan about what she would do during the first and fifth year. She said she would like to know where the commission saw things going in the future, or what did the commissioners see as the big topics coming up? **Commissioner DeLong:** Responded that the big things on their agenda would be ensuring they put together a good set of fracking regulations that would meet the statute and the

intent of the public. He said the other issue was budget-related and what was happening with mining claims. He explained that the budget for the commission came from that source and he stated that things did not look good regarding where claim fees were going. He said the number of mining claims was decreasing. He said every claim generated \$8-10 for the budget and if they had dropped 100,000 claims it would have an extreme adverse effect. **Commissioner Bryan:** Responded that the commission was also the target of the state legislature and he thought that the legislature might one day attempt to take the claim fees. **Chairman Gibson:** Added it was important to remember that the fees funded the commission and towns so there were players beside the commission who were anxious about what was happening in mining. He stated that for all the resources, the recovery of gas, oil and minerals was going to bring a continuing conflict often between producers and users. He considered that one of the bigger challenges. **Commissioner Bryan:** Noted that AML (Abandoned Mine Lands) would go forward too. He said it had established itself and it had a long way to go.

Commissioner Bryan: Asked about the candidate's involvement in Desert Pacific Exploration. He asked if there could be a conflict of interest. **Naomi Duerr,** President, Desert Pacific Exploration: Responded that the company had been in existence for 18 years. She said when she was state water planner she took a background role. She stated she would step down as president, would hold in fact no officer position. She confirmed that she would be a shareholder. She said she had always filled out her financial disclosure forms and would continue. She confirmed she did not think there would be a conflict of interest. **Commissioner Bryan:** Explained that there could be a perception if there were hearings on permitting for example. **Naomi Duerr,** President, Desert Pacific Exploration: Responded she could be independent and unbiased on those types of issues.

B. Richard LaPrairie, LMI Engineering: Introduced himself to the commission members.

The members of the Commission on Mineral Resources introduced themselves to the candidate and explained the process.

Chairman Gibson: Asked what interested him about the position.

Richard LaPrairie, LMI Engineering: Responded that he was a third-generation mining engineer. He said that in his opinion no wealth is generated until someone takes something out of the ground, improves it and sells it to someone else. He stated that his father and grandfather were mining engineers and his other grandfather sold explosives to the mining industry and was inducted into the Canadian Mining Hall of Fame. He noted that being involved in the mining industry was something that he had been doing for about 40 years and he wanted to continue. He indicated that the position was a good opportunity to meet people, network. He stated that he has known Alan Coyner and Doug Driesner for many years. He stated that it was a position he felt he would be both good at and enjoy doing.

Commissioner Mudge: Asked why he was interested in this position now. He noted that he had been all over the world and had been involved in many things in mining. **Richard LaPrairie,** LMI Engineering: Responded that during the last six years he had hardly been in Nevada. He noted he had been in Bolivia, Southern Mexico, Greenland and Costa Rica and for family reasons he wanted a position that would keep him closer to home. He said he would look forward to travelling throughout Nevada, meeting the people and visiting operations.

Commissioner DeLong: Asked why he felt he was qualified for the position and what particular knowledge or skills or aptitudes he had that would help him in the position. **Richard LaPrairie,**

LMI Engineering: Responded that he was involved in mining and during his career had done grassroots exploration, lived in bush camps, flew in with helicopters, been a diamond driller, had been an underground mining laborer, had been a shift boss, had been a mining supervisor, had been a mining manager and a general manager. He said he had also constructed mineral processing plants, done a startup and obtained the permits for mines. He said that was his background. He referred to the technical end of things and confirmed that he could use the computer and basic software and CAD. He said he had recently given a talk to a school in Nevada about the importance of mining and he showed 22 thank you letters for the presentation. He said he had created some CDs for the students about his mining presentation called "Mining Around the World". He invited the commissioners to review it outside of the interview time. He explained that he wanted to be an ambassador for mining. **Commissioner Bryan:** Asked him if he had ever participated in the teachers' workshops sponsored by the Nevada Mining and the Division of Mining. **Richard LaPrairie,** LMI Engineering: Responded no but mentioned that he had given a talk at UNR (University of Nevada, Reno) at one time for some mining students. He explained that during the last six years he had been out of the United States so was not able to get involved locally.

Commissioner DeLong: Stated that the Division was required to work closely with the DCNR and the Governor's Office and the legislature. He asked what in his experience and skillset would help him to be able to fill those roles. **Richard LaPrairie,** LMI Engineering: Responded that his experience had been dealing with government officials, mine inspectors throughout various locations in French, English and Spanish which was challenging. He referred to government work and noted he was part of the team involved with work at Meridian Land at Merrills where they had done an exchange, a Circle West Coal Exchange where they traded certain blocks of coal reserves with the federal government to consolidate and make a mining unit. **Commissioner Mudge:** Asked if he had experience with the state regulators and legislators or the DCNR. **Richard LaPrairie,** LMI Engineering: Responded not specifically in Nevada. He commented that people are people and if you can express ideas and make concise reports then he did not see a problem working with them.

Commissioner Bryan: Said if he was hired for the position could he describe what he would do during the first year. **Richard LaPrairie,** LMI Engineering: Responded that he would start making contacts, making sure that he knew where the mines were and who the people were, personal contacts. He noted that gold was a substantial part of the mining industry in Nevada but there were other operations including industrial minerals, an area that he had experience in and noted several. He said he was licensed as both a mining and a civil engineer with the Board of Nevada. He said one of the first things would be to network, see who is out there, where they are and what was going on with their operations. He said the Northwest Mining Association meets in December and he thought that would be a good starting point. **Commissioner Bryan:** Asked about goals for the position, long-term of three to five years. **Richard LaPrairie,** LMI Engineering: Responded that he felt what they should be doing was trying to help the smaller miners in obtaining permits to make mining easier. He thought getting smaller operations moving would be a good goal. **Commissioner Bryan:** Asked what about personal or professional goals: **Richard LaPrairie,** LMI Engineering: Stated that he would still be working in five to ten years as he enjoyed his work. He said he had no plans to retire but would still like to work and be productive. **Commissioner Mudge:** Asked if he had any thoughts regarding the AML program or current events taking place with regard to oil or gas. **Richard LaPrairie,** LMI Engineering: Responded that petroleum and geothermal were not big in Nevada but it would have to be reviewed. He said his first task would be to orient himself to all the specifics going on in Nevada.

Commissioner Henderson: Asked about his communication style and what style would he use to effectively manage the staff. **Richard LaPrairie, LMI Engineering:** Stated it was his opinion that a manager had to be firm but fair and friendly. He said he felt he had always been known as a good guy to work for and also many companies had considered him a good employee and had provided recommendations. **Commissioner Henderson:** Asked if he liked to delegate authority or do much of the work himself. **Richard LaPrairie, LMI Engineering:** Responded with smaller operations where he had tended to work more he had usually done much of the work himself. He said, however, if there was an employee who knew how to do the job then delegating was the best course. He said if an employee needed help he felt it was important to be able to assist and point them in the right direction. He said in his career as a general manager for various mines he had had employees in accounting, warehousing, purchasing, budgeting, mining and mill superintendents all reporting to him. He commented on the challenges of working in locations like Greenland with his staff.

Commissioner Mudge: Noted that he was not sure if he knew about this as he had worked overseas but over the last few years there had been a division between smaller exploration companies and the larger miners which played out in the legislature with increased claim fees and potential increases to net proceeds of mine tax. He asked how he would work to advocate for all aspects of the mining industry from exploration with small mines through to large mines. He also asked what he would do to try to keep everyone aligned. **Richard LaPrairie, LMI Engineering:** Responded that he thought public education was part of the problem. He said mining was different from other manufacturing. He said in mining, the gold or base metal industry was forced to deal with the international price for the metal. He said raising taxes would increase operating costs. He made the point that if people were educated to appreciate that fact then they would not go after the mining industry.

Commissioner Mudge: Asked if there was anything in his past that would hinder him in doing the job. **Richard LaPrairie, LMI Engineering:** Responded that he did not believe so. He said the experience obtained throughout his career would help with the position.

Commissioner Arthur Henderson: Asked about his experience in the oil and gas industry. **Richard LaPrairie, LMI Engineering:** Responded that he did not have any direct experience in that area. He said he did have experience with drill rigs and drilling. He thought that drilling for oil and gas was a bit larger. He noted his experience would be something that he could transition over into that area.

Commissioner Henderson: Referred to hydraulic fracturing regulations that would have to be put into effect for some future exploration. He asked about his opinion or thoughts on hydraulic fracturing. **Richard LaPrairie, LMI Engineering:** Responded that he thought it should be done as long as it was done according to regulations and the environment was not adversely affected.

Commissioner Mudge: Asked the candidate if he had any questions for the commissioners. **Richard LaPrairie, LMI Engineering:** Asked who the position reported to. **Commissioner Mudge:** Responded that the administrator would report to the commission. **Commissioner Bryan:** Asked how many years of experience he had in the State of Nevada. **Richard LaPrairie, LMI Engineering:** Responded he had lived in Nevada for 18 years but much of his work had been international. He gave details about his experience in the state. **Commissioner Mudge:** Asked if there was anything else that the candidate wanted to tell them about himself. **Richard LaPrairie, LMI Engineering:** Gave additional details about his experience as an engineer. There was some discussion about uranium and recycling. **Commissioner Mudge:** Asked if he thought the Division of Minerals should take a position on that: **Richard LaPrairie, LMI Engineering:** Responded that agencies could not

always be neutral though he felt they should take a position. He acknowledged that there was some public sensitivity about the issue. **Commissioner Henderson:** Referred to his working periods in France and asked if he was familiar with nuclear energy there. **Richard LaPrairie,** LMI Engineering: Responded that he had only been to France several times. He stated he had worked in Slovakia where there was a Chernobyl -type reactor. He noted the French references referred to Quebec, Canada, not France.

Commissioner Bryan: Stated that the funding for the division came from the mining claim fees. He asked what would his feeling be down the road, not knowing whether the number of mining claims would go up or down and did he see any other opportunities for funding. **Richard LaPrairie,** LMI Engineering: Responded he would not want to see increased taxes. He spoke about the importance of staying within a budget with a limited amount of dollars. He suggested donations from the mining industry if they perceived the commission as being beneficial or helpful to them.

C. Richard Perry, State of Nevada, Department of Water Resources

The members of the Commission on Mineral Resources introduced themselves to the candidate and explained the process.

Chairman Gibson: Asked the candidate what interested him about the position. **Richard Perry,** State of Nevada, Department of Water Resources: Responded that he was looking for a new challenge. He said he had reached the point where he had accomplished what he could for the state engineer in Elko and what he had done for an elected position with the city. He referred to the administrator position and noted that it fit with much of his history and background. He explained that his background was in all of the different representations of the commission. He said he had worked in large-scale mining and started his career in exploration in Reno. He said he had worked with a small mining company in Goldfield, Nevada after graduate school. He noted that he had spent three months in geothermal in college as a geologist. He referred to the other components of the position, the public relations aspect. He said he had a strong background there having been a vice president of a mining company. He said he had also been an elected official as a city councilman. He commented because of those positions he had dealt with the media a lot. He said he felt he had good communication skills and this included dealing with governmental agencies. He said he was both familiar with and excited about the position. He indicated that he was ready for the challenge.

Commissioner Mudge: Noted that he lived in Elko and had an elected official position. He asked how he would manage that if he was selected for the position. **Richard Perry,** State of Nevada, Department of Water Resources: Responded that he would resign as the state engineer and hand over the duties. He said that the state engineer was aware that he was interviewing. He said he would resign as city councilman and would begin the process immediately if selected. He said that transition period would be completed in a few weeks.

Commissioner DeLong: Asked why he felt he was qualified for the position and what knowledge or skills or abilities did he have that would help him succeed in the position. **Richard Perry,** State of Nevada, Department of Water Resources: Responded that he had mentioned some of his background details that would qualify him. He said that he had been involved in the Nevada natural resource industry for 31 years. He said he knew the landscape well and many of the people involved in the industry, both operations and exploration. He said his position in Elko had expanded the network of people he knew. He said that in the job that he had with the state engineer there were substantial contacts because he had dealings with the water side of geothermal oil and gas.

Commissioner DeLong: Said the division was required to work closely with the DCNR as well as the governor and the legislature. He asked what in his skillset or experience would facilitate a good working relationship between the division and those other entities. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that he knew most of the people. He said he felt that many of the entities and how the division would communicate with them was process-oriented with steps and public involvement. He said that the skills would involve understanding how the state regulatory agencies worked and he had those skills having worked for water resources.

Commissioner Mudge: Noted that occasionally the previous administrator had had to testify in front of the legislature and work within that process. He asked what kind of experience he would bring that would show those skills. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that he had testified during the last session as the representative for the City of Elko. He said that he was the person on the city council who was looked to review EISs (Environmental Impact Statement) when the city was a participating agency.

Commissioner Bryan: Asked if he was hired for the position could he describe what he would see himself doing during the first year. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that when a person had held a position for a long time there was always the feeling of wanting to make changes. He said that he thought it was important to go slowly. He noted that there was the urgency for the regulations on fracking as there was a timeline. He stated that he would want to talk and spend some time individually with all the commissioners in their respective areas and determine what their thoughts would be. He said he would be interested in knowing things like how often would they want to be communicated with and what did they see as the constraints to better economics and progress in each of their represented areas. He said he would be interested in determining the things that could bring more mineral, oil, gas and geothermal companies to Nevada. He said he would want to spend time with the staff to learn more about details in different areas such as the AML program and permitting issues. He said that he thought the website needed to be revamped to see how the website could better serve the different companies and businesses.

Commissioner Bryan: Asked him to describe what he would see himself doing in the longer term like three to five years. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that would depend on the strategic plan that the commission would develop. He said he was a planner by nature and although he did not know the specifics he thought that the development of a long-term strategic plan detailing where the commission was going would be the preferred method. **Commissioner Bryan:** Asked him to describe where he wanted to be professionally in ten years. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that professionally he would view the position as the final stop in his career. He stated that he would like to work in that position for the commission for the next ten years. He thought it a challenging position. He stated that he did not have aspirations to go back to operating mining. He noted that if he was given the position and moved into the area that he would also become involved in the community.

Commissioner Henderson: Ask about his communication style and what style would he use to effectively manage the staff. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that he felt there were two different communication styles. He said the staff would find that he would ask many questions at the beginning. He said he would consider himself hands-off and would let staff do what they needed to do unless they asked for help. He said he would always have an open-door policy. He stated that he liked the term, matrix in management and if he found people on staff were good at certain things, use them in that context. He summarized his approach as an

open-door policy and that communication should go both ways. He referred to external communications and stated that with the public there were statutory things the division needed to do. He noted that if there was a sensitive issue then he would like the commission to approve the message beforehand.

Commissioner Mudge: Referred to his earlier comments about revamping the website and asked if he saw further opportunity there in terms of the general public and how it could be used to better promote the industry. **Richard Perry,** State of Nevada, Department of Water Resources: Responded yes he did. He said he felt there were two basic customers, the industry and the general public. He said the public could search issues such as abandoned mine lands and minerals education.

Commissioner Mudge: Noted that over a number of years there was some animosity between the exploration community and the large miners over some issues such the net proceeds of mine tax, taxes on mining claims. He said things had improved. He said if he was given the position, could he describe how he would help bridge that and represent everything from small-scale exploration through small mining, mineral development and then large-scale mining. **Richard Perry,** State of Nevada, Department of Water Resources: Responded that he was aware of the position between the two groups. He said he felt education might be a big part of that. He said that to him the way the industry worked in Nevada and how the three inter-related that there was a value chain, i.e. one group needed what the other had and vice versa.

Commissioner Mudge: Referred to his background in exploration and then executive, he asked if there was anything in his background that would hinder him in the position. **Richard Perry,** State of Nevada, Department of Water Resources: Stated that he didn't have any concerns as far as people were concerned. He said the one perception that he would be seen as a big miner might be something that he would have to bridge with the exploration world. He said there was nothing major but he just needed to re-engage with the exploration community.

Commissioner Henderson: Asked about his experience with the oil and gas industry. **Richard Perry,** State of Nevada, Department of Water Resources: Responded that from a drilling standpoint he had worked in geothermal and the geysers, he said those were oil drilling rigs. He said other than that he had not been deeply involved in oil and gas in his career. He said that he could give an explanation of fracking and had to meet with a group in Elko who had questions about the wells and ground water. He said he had obtained a video of a fracking well being drilled and had shared it with his colleagues. He said the process was not new but had revolutionized gas and oil production.

Commissioner Mudge: Said the process was controversial and had many misperceptions. He asked about his approach, i.e. how would he balance the public's concern versus the promotion of the industry and ensuring that Nevada was seen as a good place to do this. **Richard Perry,** State of Nevada, Department of Water Resources: Suggested producing a video and putting it on the website. He said the video he had seen had explained it well to him. He thought education was a key factor. He said the main concerns he had heard were about contaminated ground water. He thought there would always be certain NGOs who did not like it and it would be difficult to convince them otherwise.

Commissioner Henderson: Indicated he wanted to follow up on some of his comments about the website. He said they had been involved in reviewing the website and videos but most came from the industry such as Noble or BP. He said they had been reluctant to put them on the website. He stated that they considered they should remain more with the academic world, i.e. petroleum engineering schools, Texas A&M, the University of Oklahoma and Stanford and use those to inform

the public. He asked for his opinion. **Richard Perry**, State of Nevada, Department of Water Resources: Responded that he thought they might be better served using a credible third party as the commissioner had just described. **Commissioner Henderson**: Mentioned that these third parties were often funded by the industry for their research. He asked if he would still agree. **Richard Perry**, State of Nevada, Department of Water Resources: Responded yes.

Commissioner Mudge: Asked if the candidate had any questions for the commission. **Richard Perry**, State of Nevada, Department of Water Resources: Asked what the commissioners saw as the future and their role about where they thought the commission was going. **Commissioner Bryan**: Responded that one of their main issues down the road was fracking which was an immediate concern. He stated other than that the State of Nevada at the moment was controlled by southern Nevada. He said they had a presence down there but it was limited. He said they would like to address that especially for education. He noted that the issue of education was more of a major issue in a city like Las Vegas as opposed to a city like Elko. He stated they were also interested in providing more assistance to the small miners. **Commissioner Henderson**: Stated the promotion of the state as a favorable place to do natural resource business was also a high priority. **Chairman Gibson**: Stated that the NvMA had sublet an office for him in Clark County for the purpose of educating the legislators, the majority of whom came from that area. He stated that it was critically important that they be informed about the industry. **Commissioner Bryan**: Advised that the commission had been historically based on being funded by mining claims. He said that they appeared to have an opportunity in the oil and gas business to generate some revenue. This was an issue they were considering. He said they also wanted to ensure that more of the business was done with the people of Nevada as opposed to business being done by out-of-state companies that used their own labor and contacts. **Commissioner Mudge**: Indicated that he was very interested in developing a long-term strategic plan for their industry and an appropriate approach. They needed to ascertain who they should approach to work with, for example, the Governor's Office in economic development.

V. DISCUSSION OF INTERVIEWS

Action Item

Commissioner DeLong: Stated his views starting with Naomi Duerr. He said from the pro-perspective she had managed a regulatory agency and she knew Nevada. He said from the con-perspective he did not like the comment that she was good at starting programs but once up and running she noted it was a good time to leave. He said he did not feel she conveyed a strong management style during the interview although her resume did project that. He noted for Richard LaPrairie that he knew the mining industry but had a limited knowledge of Nevada's current regulatory or legislative environment. He stated that he did not come across as if he understood how a state agency operated and that included the division. He noted for Richard Perry, he had 31 years in the Nevada mining industry and knew the industry in Nevada. He showed a good knowledge of how the Nevada regulatory adoption process operated. He said his statement about developing a strategic plan was impressive as he appeared to be thinking big-picture. He said no negatives for him.

Commissioner Henderson: Stated his views starting with Naomi Duerr. He said she had a good public service record and had worked for a regulatory agency. He said a con was a lack of oil and gas experience and knowledge of hydraulic fracturing. He said the length of time that she was willing to commit already sounded like it had an end date. He noted for Richard LaPrairie there was good industry experience. He said the cons again, was oil and gas exploration and no research to discuss in the interview process. He had no experience with the legislature and limited understanding of the functions of the commission. He noted for Richard Perry that he had government service and

public service and there was also the wish to stay until he retired. He had good knowledge of the mining industry. He did not know oil and gas as his first knowledge but he had some knowledge that he was able to discuss it. He did know something about hydraulic fracturing and he did want to create a strategic plan. He said no negatives for him.

Commissioner Mudge: Stated his views starting with Naomi Duerr. He said she was articulate with a strong personality and clearly had a lot of good experience and had developed many relationships. He said she got things done but he thought she might be too strong which was a concern. He was concerned about her comment about leaving after a certain period as they wanted continuity. He was impressed. He noted for Richard LaPrairie that he was disappointed in that he stated he was a mine engineer with all the experience but had not done any homework as far as minerals was concerned and did not know anything about the programs or issues. He thought with the responsibilities of the position being articulate was important. He needed to be a better communicator. He noted with Richard Perry he had a lot of great experience. He thought although he did not have the knowledge of oil and gas but was researching the topic. He said reviewing his career path he could see him being happy within the position of administrator. He noted as a negative, he had worked with big mining firms and what would the perception be.

Chairman Gibson: Noted he did not have a lot to add. He said he had had a personal relationship with Richard Perry for a long time. He said the comments he had heard about Naomi Duerr he considered appropriate. He said with regard to Richard Perry he thought that he represented the industry well and reflected progressive views about the industry. He thought this was evident in his views about education and how his family and colleagues viewed his career. He stated that it was a good group to choose from for the position.

Commissioner Bryan: Noted with regard to Naomi Duerr, he said she was a strong personality, was very intelligent but agreed that it could also be a weak point. He referred to Richard LaPrairie and noted that he did not know anything about the functions of the division and did not do suitable research before the interview. He referred to Richard Perry and said he agreed with all comments on his pros. He said that he had a presence and commanded respect when speaking and sounded intelligent.

Mike Visher, Deputy Administrator, NDOM: Referred to the comments of Naomi Duerr when she said she had had a chance to meet with some staff in Carson City. He said it was telling. He said she had taken it upon herself to meet with them. He said she brought passion but they were looking for someone who could represent the commission well and long-term. He said that did not appear to be on her agenda. He said he was disappointed with Richard LaPrairie as he had not done his research. He thought he was a great advocate for mining but the administrator's role was broader and required a different skillset. He referred to Richard Perry and said he had an air of authority without ego and spoke well. He noted he had seen him testify in front of the legislature and he had done well. He thought the fact he had considered long-term goals was great. He thought he would represent the division well in public workshops. He thought the only negative was a start date.

VI. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on

a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment and there was none.

VII. ADJOURNMENT

MOTION: Move to adjourn the meeting

BY: Commissioner DeLong

SECOND: Commissioner Henderson

VOTED: The vote was unanimous in favor of the motion

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

Great Basin Science Sample and Records Library, 2175 Raggio Parkway, Reno, NV 89512

**MEETING MINUTES (DRAFT-Subject to Commission Approval)
Thursday, October 10, 2013**

**COMMISSIONERS PRESENT
IN RENO:**

Mr. Fred D. Gibson, Jr., Chairman
Mr. Dennis Bryan, Vice-Chairman
Mr. Richard DeLong, Commissioner
Mr. Arthur Henderson, Commissioner
Mr. John Mudge, Commissioner
Mr. John H. Snow, Commissioner (by telephone)

COMMISSIONERS ABSENT:

Mr. David Parker, Commissioner

**STAFF PRESENT IN
RENO :**

Mr. Bryan Stockton, Attorney General's Office
Ms. Valerie Kneefel, Administrative Assistant, NDOM
Mr. Mike Visher, Deputy Administrator, NDOM

I. OPEN MEETING AND INTRODUCTIONS

Chairman Fred D. Gibson Jr.: Opened the meeting at 12:30 p.m. and led the Pledge of Allegiance to the Flag. He confirmed that the meeting was posted in accordance with Nevada's Open Meeting Law. **Chairman Gibson:** Asked all the Commissioners and attendees to introduce themselves for the record.

II. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment and there was none.

MOTION: Moved to revise the order of the agenda by bringing Item VI. E. Appointment of the new Administrator of the Nevada Division of Minerals (NDOM) first and then continue with the agenda in the stated order.
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

Commissioner Mudge: Stated that they had had interviews of the three candidates at the October 10, 2013, 9:00 a.m. meeting followed by discussion among the commissioners. He suggested that each commissioner give their choice followed by discussion. He noted if it was unanimous they would go to a motion.

Commissioner Richard DeLong: Stated that he considered the top candidate Richard Perry.

Commissioner Henderson: Stated that the top candidate for him was Richard Perry.

Commissioner Mudge: Stated that he agreed with his fellow commissioners. **Chairman Gibson:** Agreed. **Commissioner Bryan:** Agreed, Richard Perry. **Commissioner John Snow:** Stated his choice was Rich Perry.

MOTION: Moved that the Commission offer the position of Administrator to the candidate, Mr. Richard Perry.
BY: Commissioner Richard DeLong
SECOND: Commissioner Art Henderson
VOTED: The vote was unanimous in favor of the motion

III. APPROVAL OF THE AGENDA

Action Item

MOTION: Move to approve the adoption of the Agenda
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTE: The vote was unanimous in favor of the motion

IV. MINUTES OF THE AUGUST 15, 2013 MEETING AND MINUTES OF THE AUGUST 29, 2013 MEETING

Action Item

MOTION: Moved to approve the Minutes of August 15, 2013 and August 29, 2013.
BY: Commissioner Richard DeLong
SECOND: Commissioner Art Henderson
VOTED: The vote was unanimous in favor of the motion

Mike Visher: Stated that there was a discussion point on the minutes. He noted that in the past they had used a certain service to transcribe from audio to create the minutes. But it had been apparent that there was insufficient detail being recorded in the minutes. He explained a summary as opposed to a more detailed account was being produced. He added that commissioners were also not self-identifying when they spoke. He felt that they had two options, either self-identify or rely on the staff present to identify speakers from memory after the meeting.

Chairman Gibson: Addressed Mr. Richard Perry and confirmed to him that he was the new Administrator. He congratulated him on behalf of the commission and stated that they looked

forward to having a great relationship. **Richard Perry**, Administrator, NDOM: Thanked the commissioners and indicated that it was great to be there and he looked forward to working with the commissioners.

V. OLD BUSINESS

A. Request for support in FY14 of the UNR Mackay School Recruitment and Retention Program in FY15 (tabled from CMR meeting 8/15/13)

Action Item

Russell Fields, Director, Mackay School of Earth Sciences and Engineering: Stated that he was there to discuss the Recruiting and Retention Budget. He referred the commissioners to their packets and the proposed budget for FY14. He noted that it laid out the details of how the \$100,000 would be allocated between two employees at the University of Nevada, Elizabeth Ball, the coordinator for recruiting and Katia Albright, the coordinator for career development. He stated that they employed some hourly workers from their student center and also paid some funds toward travel expenses for the two coordinators.

He confirmed that the expenditures made by the commission in support of their recruiting effort had worked well. He circulated a document called "Mackay at a Glance" which illustrated growth at the school in undergraduate enrollment specifically in the mining and mineral arena. He noted that three or four years ago the numbers in those areas were very low but now they had 120 undergraduates in the mining program, largely due to the efforts of the recruiters but also improvement in the mining economy. He noted that the other assistance they gave was in helping the students to identify career opportunities during and at the end of their programs. He commented that Katia Albright had held hundreds of sessions bringing employers in, managing employer fairs and matching employers with suitable students and managing internships. He said that students are receiving two to three offers for employment at the end of their programs. He stated that Mackay stood apart in providing excellent student services in contrast to many other institutions and this was because of the help from the Commission on Mineral Resources (CMR) as well as other generous donors. He said the request before the commission today was to continue to do the great work that had been done in the past.

Commissioner Mudge: Asked how soon the funds were needed. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded that they would like to receive the funds at the beginning of the spring semester or January, February. **Commissioner DeLong**: Noted that they usually would hold their next meeting during the month of February. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Indicated that he would prefer to know the commission's decision so they could plan accordingly. He said, if they agreed, what time would be appropriate to forward an invoice. **Commissioner Mudge**: Noted that he supported the efforts at Mackay but indicated he was anxious about the commission's budget. **Commissioner DeLong**: Agreed with Commissioner Mudge and said he would like to act on it today but thought they needed a budget discussion first. He said for the Special Projects section they were standing at just under \$600,000 in unobligated amounts. He thought they should make a decision after the budget discussion. **Chairman Gibson**: Agreed it would be deferred. **Commissioner Bryan**: Suggested moving the Agenda Item VII. B. Budget Update forward.

MOTION: Moved to revise the order of the agenda by bringing forward Item VII. B. Budget Update, 1. Budget Status Report – FY14 to date as an immediate item and then continue with the agenda in the stated order.

BY: Commissioner Dennis Bryan

SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

Budget Update – Moved from Item VII.

1. Budget Status Report – FY14 to date

Mike Visher, Deputy Administrator, NDOM: Referred to the main revenue stream which was the mining claims. He noted that they had received a number of checks from counties that only provided revenue on a quarterly basis. He said the CMR would not receive those checks until the second or third of October. He said it was difficult to say what their trend would be as the CMR received about 85% of their revenue in the first six months of the FY. He said by the end of December they would have a better idea of their position. He said looking at the counties that had paid from last year to this year they were looking at a 10% decrease right now. He said that two of the counties were likely to be impacted by increases and there was more activity there than in recent years and Elko and White Pine had not paid at the present time. He said some of the increased activity in those two counties might offset that 10% decrease. He said what Russell Fields was asking for was equivalent to 10% of what the commission ran on.

He said they also had some capacity in their budget on the expenditure side to cut back pending the certainty of some of the revenue. He mentioned several, the AML (Abandoned Mine Lands) enhancement; work program at over \$200,000 and they had spent to date only \$19,000; and they expected to incur another \$30,000 during the next few months on previously-committed projects. He noted that if the CMR did not do any more contracting there would be a surplus if the commission decided to change how that revenue would be allocated.

He referred to the audit that the CMR had been undergoing and stated that they expected to incur significant increases in their in-state traveling which was a result of the oil and geothermal well inspections. He said that the commission had the authority to inspect the wells by statute and there was an implication that if the CMR was the regulator that there would be some oversight and supervision that would be included in the well and site inspections. He said the regulations stated that certain aspects had to occur, e.g. signage, recordings and spills, leaks etc. so the response had been to develop an inspection program. He said this was implemented and they were about 20% through the process. He said it would probably entail approximately ten weeks over the next six months of well inspection site visits for which they had not previously allocated funds in their budget. He stated that there were also visits to the Noble site to view progress so they could witness what they were supposed to oversee and the costs for those visits were also not anticipated.

He said they had worked on work programs to increase the authority of the commission to expend monies in certain categories such as travel that would come about because of the promulgation of the hydraulic fracturing regulations and the workshops that would require the attendance of the commissioners. He said the commission needed to decide who would attend but they needed to budget for that. He referred to the oil and gas regulations and noted that they needed to stay on top of pending developments and needed to be aware of the latest information on regulations from other states so the commissioners and staff needed to attend conferences like the IOGCC (Interstate Oil and Gas Compact Commission). He said they needed to increase authority on work program totals and these were about \$62,000 for the three categories. He said an option was they could pull the funds out of reserves or do a reallocation of funds from another area.

He said currently it did appear that they had a shortfall coming although there was no certainty. He said there was a cushion built into the existing budget and a sizable reserve. He said in the past the commission had wanted to see a stable reserve with approximately six months of operating budget. He noted that there would probably not be too much of an excess considering the money they would be spending on oil and gas, hydraulic fracturing regulations and if they entertained a contract for assistance with the promulgation of the hydraulic regulations that would also have to be deducted and that was not part of the existing budget or work programs. **Commissioner Mudge:** Asked about the cost of having the contractor work on the regulations. **Mike Visher,** Deputy Administrator, NDOM: Responded there were two options. He said option A. was about \$10,000 to go to January 2014 predicated on how much momentum they gained in the coming months. He said that if they took it as a phased approach it might be more prudent but the commission could be flexible and later they would have a better idea of what their revenue stream would look like. He said the commission would not really know how much money they would have to spend until mid-to- late January when they would have the first six months of the fiscal year and revenue brought in.

He commented that by the end of October 2013 they would have a better idea but that was not enough to make big commitments. He said long-term the commission would have to look for other revenue sources if there were ongoing oil and gas commitments. He said if the commission wanted to increase their capacity for revenue the statutes would have to be changed and that could not happen until the next legislative session. He stated that short-term the commission did have some things they could work on but long-term it might be 18 months in the future. He commented that they did have a surplus, a reserve and two areas that were discretionary and that was special projects and AML enhancements. He referred to the special projects and said that \$2 for every claim that would come in would go straight to Mackay and so that would come out of that special project. He said it was historically working around \$400,000 or 200,000 claims. He said typically they had been holding back specific sums for dedicated projects. He said that could be the contracting which could come from that source and recruiting and retention had always come from special projects. He reviewed some of the discretionary spending and noted that there would not be much discretionary spending. He said they would look at what they were currently committed to doing.

Chairman Gibson: Stated that the issue at the moment was the \$100,000. He asked for clarification that that was coming from the special projects. **Mike Visher,** Deputy Administrator, NDOM: Confirmed it was. **Commissioner Bryan:** Referred to the sum of \$675,000 and asked if part of that was for Mackay. **Mike Visher,** Deputy Administrator, NDOM: Responded give or take. **Commissioner Bryan:** Asked about the remaining \$275,000 allocation. **Mike Visher,** Deputy Administrator, NDOM: Responded it was not anything in particular. It was part of the amount that they had the authority to spend. **Commissioner Bryan:** Asked if the \$100,000 allocated to the Nevada Bureau of Mines & Geology (NBMG) was part of the \$275,000. **Mike Visher,** Deputy Administrator, NDOM: Responded yes. **Commissioner Mudge:** Stated that although they had given the amount for years perhaps they should act with prudence as they did not know what claim fee revenues would be and they were required to do the fracking statutory requirement. He said the commission should delay discretionary spending until they knew their financial position. He suggested that they table it until they had a better idea of the claim fees. **Commissioner DeLong:** Agreed as many issues in the budget were unsettled. **Mike Visher,** Deputy Administrator, NDOM: Noted that he would feel more comfortable waiting until the end of October 2013 when the commission would have all the first quarter of revenue in and he offered to share the numbers with commission members at that time. He said the commission would not know until mid-January a more comprehensive idea of how much revenue they were holding and how much they would have to spend. **Chairman Gibson:** Advised Russell Fields that the commission would defer a decision.

Commissioner Bryan: Asked Russell Fields if they had a Plan B. **Russell Fields**, Director, Mackay School of Earth Sciences and Engineering: Responded there would be no effect within the next 12 months so there was time. **Chairman Gibson:** Noted within a few months they would have a better idea. He said if it became a crisis for Mackay the commission could have a special meeting.

MOTION: Moved to table Item V. A. for the next commission meeting.
BY: Commissioner Richard DeLong
SECOND: Commissioner John Mudge
VOTED: The vote was unanimous in favor of the motion

**B. Update on the NBMG projects funded by the CMR, Jim Faulds, Nevada Bureau of
Mines & Geology Action Item**

James Faulds, Research Professor, NBMG, UNR: Stated that he would present on the projects that had been funded through the CMR. He noted that John Muntean was supervising some of the projects. He reviewed through slides the funding and expenditures from grants awarded for FY13. He said that everything was extended out except the Spring Work Studies Project which was begun with seed money for getting a big project going in collaboration with the mining industry. He said the project got off to a slow start but that there would soon be a lot of work related to the project.

He discussed the new awards for FY14. He stated UNR had the funds but was slow to invoice and said they could only invoice quarterly. He said that Alan Coyner had requested that they do this monthly. He said the awards totaled \$100,000 and they had divided that into three projects. He said the first was for sample curation and activities for the Great Basin Science Sample and Records Library (GBSSRL). He said the second was for the project producing the mineral industry reports and third, working on databases. He reviewed the expenditures through the end of September.

He said the primary expenditures on the new awards had been on the reports and noted that John Muntean had been doing a substantial amount of work on that. He said the savings from the previous year were applied to first quarter expenditures. He said for the new awards, specifically the sample curation, for FY14 was \$33,000 and he reviewed the details and accomplishments noted on the packet handout.

He referred to the mineral databases work and noted that \$100,000 was allocated in FY13. He noted the balance left in the account and explained the reasons, mentioning the payment of staff and how they were paid. He said some went toward faculty salaries and noted that some faculty were paid from soft money as they had lost state funding.

He commented on some recent accomplishments and activities such as: mining district web updates; preparing 23,000 mining district files for uploading into the National Geologic and Geophysical Data Preservation Project; GIS database updating; stated that they had had a Congressional delegation from Senator Reid's office which was a bipartisan effort to prepare maps overlaying and showing the relationships of mineral and geothermal potential with respect to sagebrush habitat as they were working collaboratively on legislation to resolve the problem of where habitat will and will not be protected. He explained that they wanted maps but did not provide dedicated funding so they were using some of the funding from the Nevada Division of Minerals (NDOM). He noted that they had done some initial work on the project.

John Muntean: Said the request had dovetailed with what they had planned to do with the Mineral Deposit database. He said it was compiling old claim data, where claim activity had been in the past, where notices and plans had been approved by the BOM. He noted that he thought looking at where people had explored in the past would offer insight of potential. He said they were making a new active mines map and that had dovetailed into the request to show active mines for Senator Reid. He referred to the exploration activities and said he had been monitoring that, the drill projects over the last seven or eight years. He said many of the databases they had planned were being expedited by Senator Reid's request. He thought that if they needed that information they should provide the funding.

Commissioner Bryan: Asked James Faulds if they received such a request and there was no money what would happen. **James Faulds,** Research Professor, NBMG, UNR: Stated they would say no. He said all of their staff were soft money and there was accountability. **Commissioner Bryan:** Stated if they were making such a request should they not provide funding. **James Faulds,** Research Professor, NBMG, UNR: Said he had asked for funding and it had led to some small donations coming in. He said they expected the Nevada State Geological Survey to use their money to do that work. He discussed some of the other databases and funding issues. **Commissioner Bryan:** Referred to the sagebrush and said there had been a lot of testimony during the last legislative session with regard to it and noted that there were other organizations out there that had some of the data related to that such as the Nevada Mineral Resources Alliance (NMRA) and the Nevada Mineral Exploration Coalition (NMEC). **Commissioner Mudge:** Said they had provided information through the Nevada Mining Association (NvMA). **Commissioner Mudge:** Asked if the maps prepared by the consulting firms for the governor had been prepared with the commission information. **James Faulds,** Research Professor, NBMG, UNR: Said that some of the testimony in Carson City used the information that they had provided.

James Faulds, Research Professor, NBMG, UNR: Reviewed the funding and completion of projects under the guidance of John Muntean. He noted it included expenditures in the state for exploration, mineral and geothermal exploration and was approximately \$675 million. He discussed the mineral industry reports and mineral databases divided into two projects. He referred to the Geologic Framework Studies and said it got a slow start as they had appropriate consultation with industry groups and reviewed certain areas. He said they had decided on the Northeast of Nevada for a new project addressing the newly-discovered mineral deposits in the region. He said the study was now moving forward in a significant way and he described the details of the project and studies they were doing on deposits. He said that they had two focus areas in the state in terms of new mapping, one being Clark County and the other was Northeast Nevada. He said a state map was the U.S. GS (Geologic Survey) program and was part of the National Geologic Mapping Initiative. He said the funding was consistent and the Nevada Bureau of Mines & Geology received about \$200,000 per year. He said a lot of good work had been done in the area by academics, the mining industry and the U.S. GS geologists and he said they were trying to find the good maps, publish them or merge them with the regional geo-database so a coherent geologic map could be produced.

He stated that at the next meeting of the CMR with the level of funding that they currently had they would be making another request for funding. He acknowledged the limitations of the CMR. He said the funding at UNR had stabilized and he had put in a request for an additional faculty position in the area of economic geology, structural geology and additional staffing positions. He noted the importance of state funding for some of the key positions at the NBMG for a variety of reasons.

C. Request to the CMR to amend NAC 522.342 to increase the administrative fee paid on oil and gas production

Mike Visser, Deputy Administrator, NDOM: Stated it was tabled from the CMR meeting of August 15, 2013. He said it concerned the consideration of other revenue sources for the agency, specifically with regard to oil and gas if they were going to expand more resources such as staff and travel costs. This concerned the administrative fee and he said there had been no change for some time. He said it was at 10 cents and the statutory cap was 20 cents. He said the decision was whether they wanted to double the revenue. He said currently they were budgeting, based on the figures from last year at \$39,000 based on 10 cents. He said this was on production, not exploration or permits. He said if production went down it would still trickle down. He said if Noble was successful they were still years away from seeing any revenue from that source. **Commissioner Bryan**: Referred to the fees and asked what the cost was. **Mike Visser**, Deputy Administrator, NDOM: Responded that oil and gas and geothermal fees in total would not pay for Lowell Price's position plus expenses. He said the funds came to the agency and then the CMR decided how the money was spent.

He said it was detailed in the budget and the increases and the costs associated with doing more inspections would also increase. He said there had been discussion about trying not to pin the small producers with having to pay for new exploration that was coming in. He said it was felt that those expenses should be tied to that group. He said new producers coming in who were placing an additional burden on the CMR should be contributing more. He said that to affect that it would require a statutory change. He said to create a new permit fee that would be something that could come from the regulations if the commission chose to do so. He said they could not increase the caps in the statutes or permit fees now as the legislative session was over. He said they could take a proactive approach and say it might be a good opportunity to generate more revenue if oil and gas production increased and they could do that but it was part of the regulation change.

Commissioner Henderson: Stated that he had done a preliminary study of several states and he said that their permit fees were in line with other states at approximately \$200. He added that they did not have other fees that were charged in other states, for example, fees for deepening a well. He said there were other types of fees that could bring in revenue. He recommended that during their study of the hydraulic fracturing that they should go ahead and make some recommendations for additional fees that were customary in that industry in other states at the same time the commission presented the hydraulic fracturing regulations for consideration for the commission to approve. He said he wanted to support the smaller companies in Nevada and did not want to put an undue burden on the smaller companies but he said they did need to look at additional sources of income so was not opposed to the increase. **Commissioner Bryan**: Asked if it was the sense of the commission that the oil and gas regulations should pay for themselves. **Commissioner DeLong**: Asked Commissioner Arthur Henderson what were the fees of the CMR compared to other states as far as the production side was concerned. **Commissioner Henderson**: Responded that production fees were more or less similar. He said Alan Coyner would have more historical data on that issue. **Alan Coyner**: Indicated that he didn't think you could create a new fee by way of regulation. You'll have to wait until next legislature session. You are maxed out on drilling permit fee.

Commissioner DeLong: Asked how 10 or 20 cents per barrel compared to what Oklahoma would charge. **Alan Coyner**: Responded that the federal royalties are 12.5% which on \$100 per barrel would be \$12.50. He said the difference was between 10 and 20 cents and since the fee had been 10 cents since 1999 he considered it almost a token issue. **Commissioner Henderson**: Commented that surely the industry would expect that any inspections done by the Division would have to be paid for

by that industry and he thought that reasonable. **Commissioner Bryan:** Agreed it was reasonable but the legislature would have to establish the fee schedule. **Commissioner Henderson:** Agreed and said that the commission should propose it.

Alan Coyner: Stated that they charge a sundry fee in oil and gas. He said every change made by a geothermal producer, any change to their drilling by sundry notice is charged a \$100 fee. He said currently oil and gas could make as many changes as they wanted because there were more sundry notice fees built into the statutes. **Commissioner Henderson:** Stated that if they were talking about hydraulic fracturing it might mean weeks of operations. He said if the commission wanted to be prudent at the early stages they would have to be there to witness those activities resulting in a larger cost. He thought it should be fixed by statute in the future.

Commissioner Bryan: Asked if they could put together a subcommittee to come up with recommendations on how to do this. **Commissioner DeLong:** Stated that he agreed with the commission that they should submit a statutory request in the next session. He commented that it might be better to increase the fees on one occasion as opposed to doing it in two increases so it might be better to wait until after a submission to the legislative session. **Commissioner Henderson:** Agreed the industry would like the commission to be consistent and raise fees one time. **Commissioner Henderson:** Stated that there was different work that had to be done associated with fracking such as issues with chemicals and ground water. It would require more work of the commission and at the moment there were no fees associated with those services.

Chairman Gibson: Asked Commissioner Henderson to chair that subcommittee with Commissioner Richard DeLong, Commissioner Dennis Bryan and Commissioner John Snow. **James Faulds:** Noted that as the NBMG stated that they were required to catalogue the cuttings in skeletonized core from any oil and gas wells that consideration should be made for a small percentage of the fees. **Chairman Gibson:** Stated that the subcommittee would give the report at the next scheduled meeting with their findings and recommendations. **Bryan Stockton,** Attorney General's Office: Noted that the committee would have to comply with Nevada's Open Meeting Law and post agendas and provide access for the public to the meetings and materials. He said that would apply for meetings with multiple members.

D. Request to the CMR to amend NAC 534A.170 to change the definition of a domestic geothermal well. Action Item

Mike Visher, Deputy Administrator, NDOM: Stated that it was also tabled from the last commission meeting on August 15, 2013 but they did not have any additional information at the present time. He said the issue would have to be tabled until the next meeting.

E. Request to the CMR to amend NAC 519A.634 to increase the amount of the fee paid per acre for approved surface disturbance on public land. Action Item

Mike Visher, Deputy Administrator, NDOM: Stated that it was also tabled from the last commission meeting on August 15, 2013. He said these issues were put before the commission to allow them to see what they could make impacts to with regard to increasing revenue in the near term. He said the cap was at \$30 per acre and currently the commission was charging \$20 per acre by regulation. He said if the commission wanted to change that it would mean a change in regulation through a suitable process like workshops where they could increase the revenue that would come in and he said this one was Category 3770. He referred the commissioners to the budget status report, Category 3770.

He said their work program was for \$9,800 but they had gone back and audited the last three fiscal years and found that there were operations for which approvals for plans of operation had gone unnoticed. He said they had sent out letters to the operators to remind them of their requirement to pay the CMR \$20 an acre once they received approval. He clarified that the regulation said it is their responsibility and the CMR is not required to invoice them. He said that the majority were not adhering to that process and many declared they had no knowledge of the requirement. He said he felt they needed to better educate and clarify the language for the recipients. They needed to understand it was a one-time and not an annual fee. He thought that it was an opportunity where they could nominally increase the fee. He noted that it was a dedicated AML fee by statute. He stated that the regulation stated \$20 and the statute capped it at \$30 per acre. He said in the packets he had listed the ones that they were projecting to come in during the next three fiscal years showing the comparisons of \$20 versus \$30 per acre. **Commissioner Mudge:** Stated that he felt in an industry that was retracting and trying to cut costs and deferring and tabling projects due to high capital costs, that it would not be the responsible thing to do to increase. He recommended that they decline and not continue to table it. **Commissioner Bryan:** Agreed.

MOTION: Moved that the commission not increase the \$20.00 per acre fee for approved surface disturbance on public land
BY: Commissioner John Mudge
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

VI. NEW BUSINESS

A. Discussion of framework of hydraulic fracturing regulations. Action Item

Commissioner Henderson: Stated that they would have a PowerPoint presentation. He said that they all knew about Senate Bill (SB) 390 for which the commission was charged in coming up with new regulations for hydraulic fracturing. He indicated that they would be talking about: Section 1, Chapter 522 of the NRS "is hereby amended by adding thereto a new section to redispense the division of minerals and the division of environment protection showed jointly; develop a hydraulic fracturing program to assess the effect of hydraulic fracturing on the waters of the State of Nevada; required person who engages in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing and provide for notice for members of the general public concerning activities relating to hydraulic fracturing in the state."

He indicated that each one of the sections would be discussed in the PowerPoint presentation. He noted the first slide concerned the discussion of the framework for hydraulic fracturing regulations. He said the CMR was to review Chapter 522 of NAC the Division of Minerals and the Division of Environmental Protection (NDEP) were both to jointly develop a hydraulic fracturing program. He indicated that the program development team had been put together and was for NDOM, Commissioner DeLong, Michael Visher, Lowell Price, Commissioner Henderson, Colleen Cripps (NDEP), Dave Gaskin, (NDEP) and Allan Tinney (NDEP). He said they would meet at least monthly for program coordination meetings. He said that NDEP and NDOM would collaborate for stakeholder meetings and workshops and would share knowledge and information to make the initiative successful. He said they would develop each agency's responsibility as they moved forward.

He referred to Section 1, assessing the effects of hydraulic fracturing on the waters of the State of Nevada. He said they had to make some distinctions about the waters of the State of Nevada by necessity. He said from the petroleum engineering and drilling point of view there were some distinctions. He said that NDEP had the responsibility to protect and not to degrade any waters, surface or subsurface. He read a definition of surface water. He noted that in hydraulic fracturing there was a potential for surface waters to be contaminated if there were mechanical failures in hoses, pumps, equipment etc. He said they were not discounting it as a potential source of degradation of groundwater but were stating that they did not foresee any new regulations in Chapter 522 due to the significant regulations already in effect.

He read a definition of groundwater, also called drinking water. He deferred discussion about groundwater until later in the presentation. He read a definition of groundwater/other. He referred to flow back water which was water recovered from a hydraulic fracturing process. He said this did not require new regulations in Chapter 522 due to sufficient regulations in place. He confirmed that surface and flow back water were already covered by NDEP.

He referred to the protection of groundwater and other, drinking and other. He stated from a petroleum engineering point of view protection of the two types of groundwater would require different solutions. He said for both types of groundwater the most efficient and agreed best practice was for the protection of the water would be to have good well bore integrity and he explained what they meant in detail and commented on the group's views on casings.

He said the American Petroleum Institute (API) best practice said at a minimum that it was recommended that surface casing be set at least 100 feet below the underground source of drinking water. He said they had a report called "The State of the State Gas Regulation" from 2013 which was a compilation of all the state regulations. He said the average depth of the surface casing was set at only 64 feet below the underground source of drinking water. He said their proposed regulation would require 100 feet of surface casing below the groundwater to be in compliance with the API best practice.

He noted that surface casings were not only for the protection of the water but also for the mechanical integrity of the well. He said that Nevada would propose to regulate the surface casing be cemented with circulation to the surface and he described this process. He discussed immediate casings and stated it was recommended during the drilling of unconventional wells and making that mandatory would be discussed at stakeholder meetings. He discussed what the State of Nevada would propose to regulate the type and amount of cement to be used for securing intermediate casings. He described some of the requirements of other states and API's recommendations. He described production casings.

He referred to the assessment of the area, pre-drilling. He said the operator would submit publically available information on the geology and hydrology of the drilling area including faults and fractures in existing and historical wells, known groundwater, drinking water locations and quality. He said that groundwater, drinking water location and its quality would be proposed to be included as part of a larger monitoring program.

Dave Gaskin, (NDEP) noted that as they went through the presentation commission members should keep in mind that some of the concepts which were still in the working phase, for designation of water as drinking water or usable water were not consistent with the Nevada Water Pollution Control Association (NWPC), as the group had discussed. He said they would have to be careful when

developing regulations not to conflict with existing water regulations. **Commissioner Henderson:** Agreed and said he had tried to make that clear that there was a distinction between the definitions of the NDEP and the definitions of CMR. He said from a drilling point of view they had to make some clarifications. He said they would have to figure out a way to get that accomplished.

Commissioner Henderson: Stated that the purpose of the water sampling rules was to develop a baseline water quality prior to oil and gas development occurring in a particular area and to gather additional data after drilling and completion of operations. He said the DRI (Desert Research Institute) would be involved in this for ongoing activities. He said the MOU (Memorandum of Understanding) between the operator and the DRI and NDOM was in the working phase with attorneys. He said he hoped it would be accomplished soon. **Mike Visser,** Deputy Administrator, NDOM: Stated the timeframe would be dependent on the responsiveness from the attorneys of Noble. He explained that DRI had a contract and the funds would not come in until the MOU was signed. He said DRI had been on the site and was working with Noble's environmental crew and had assisted with the collection of water for testing. **Commissioner DeLong:** Question to Henderson, does this apply to every well? **Commissioner Henderson:** To my knowledge, yes to every well.

Commissioner Henderson: Stated that even though Nevada was late to hydraulic fracturing and regulations they had all the research and technology done in other states plus large oil companies that had research and development, the academia, all the resources at their disposal. He stated that many of the major oil companies had given out a lot of information to the public with the intent of educating the public. He said that they should take advantage of all that information out there. He gave as an example the Colorado Rule 609 which had just gone into effect. He said it discussed the requirement for sampling of water wells and they advised that they wanted to adapt more of the Colorado Rule 609. He acknowledged there would be much discussion.

He discussed open pits in the petroleum industry used since the beginning of the 1900s. He said they were currently regulated by NDEP. He outlined what their requirements would be. He said there would be no permits required for pitless drilling as there was little chance of contamination.

He referred to Section 1, Item b, that required a person who engaged in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing. He said the proposal and requirement that they had in effect was that they would put a list of chemicals sourced from FracFocus (an independent reporting agency) and they would post it on the NDOM website. He said they could use their website to list the chemicals and their intended use in hydraulic fracturing operations. He said if there was an operator who wanted to use a chemical not listed on the website then the chemical must receive prior approval under the Hydraulic Fracturing Program. He said when they would receive such a request about an unlisted chemical they would refer it to Dave Gaskin for assistance as none of them had toxicologists on staff. He said that it was up to the operator of the well to submit new chemicals for approval no less than 30 days before the hydraulic fracturing procedure. He noted that delays at hydraulic fracturing would be at the owner's expense. He noted that they had discussed the issue with Dave Gaskin and they felt that 30 days was adequate for research and for them to allow or deny the request.

Commissioner Bryan: Referred to his description of chemicals and asked if that included the natural ingredients like barite for example. **Commissioner Henderson:** Responded no, that was for the drilling process and they were not required to be listed. He said they were talking about only for the hydraulic fracturing, so that would be friction reducers and suspension agents for example.

Commissioner DeLong: Stated that he was hearing what sounded like an ongoing role with the

NDEP helping to implement the program. He asked if that relationship would be managed by an MOU or regulation. **Dave Gaskin:** Responded that an MOU was necessary. **Commissioner Henderson:** Stated yes, they needed to know who was responsible for doing each thing. He said they wanted NDEP's knowledge of chemicals. **Commissioner DeLong:** Stated he was thinking about the process, thinking the MOU versus trying to incorporate it into their regulations. **Commissioner Henderson:** Confirmed that was correct.

Commissioner Henderson: Referred to trade secrets in frac operations. He noted that the companies that did frac were not the same as the companies that drilled or operated the wells. He said a lot of these third parties had trade secrets. He said these companies might list trade secrets and the commission would not go into trying to regulate trade secrets as the Nevada state laws already had laws in place that concerned the disclosure of trade secrets. He said the law was very long with many requirements. He said one of the requirements was that there should be a record-keeper of the confidential information. He confirmed that it was trade secrets so would have to be kept confidential. He confirmed that NDOM would be the record-keeper of any confidential information related to these chemical trade secrets.

He stated there were obvious reasons that people had to know what was in the chemicals for the safety of the people on the site, groundwater protection and degradation. He said they proposed to keep it at NDOM and if NDEP needed access to the information they could contact NDOM and refer to the confidential files. **Commissioner Bryan:** Asked if there were MSDS (Material Safety Data Sheets) sheets at the rig showing everything. **Commissioner Henderson:** Responded yes. He said the MSDS sheets had to be at the rig for all chemicals brought to the rig site. He noted that the MSDS sheets did not have detailed information on how the chemicals were blended or details on concentration.

Commissioner Henderson: Referred to the disclosure of chemicals during the drilling permit application. He said when he came on board he was told that they required that the operator disclose the list of chemicals at the time of the drilling permit application. He said that Nevada would be the only state that would require this information at the time of the drilling permit. He explained why this might cause potential problems. He said that an operator might say he would put 5,000 gallons of XYZ in the well. He stated that a fracking operation was not a finite operation but a dynamic operation. He said that when they would be fracking a well it would be controlled by load rates, pressures, several variables so the amount of liquids, sands, chemicals that were put into the well would be variable and might be adjusted during the job. The end result might be that more chemicals might be put into the well than were listed on the application permit. **Dave Gaskin:** Noted that the intent was that there should be a list of chemicals, not quantities or concentrations. **Commissioner Henderson:** Said yes but Nevada did require quantities and concentrations. He said if at the stakeholder meetings and moving forward they did not need to have quantities or concentrations then he confirmed that they did not need to consider this section of the presentation. **Alan Coyner:** Stated that there had been concern over people putting dangerous chemicals into the wells. He said they put it into a three-step process. He said putting it into the permit allowed the public to know. He said they were trying to balance the public interest and then the public would know what was going into the ground.

Commissioner Henderson: Stated prior to the hydraulic fracturing completion procedure and no later than 72 hours the operator of the well must notify NDOM of the final chemicals to be used and the estimated quantities. He said that this could be modified during stakeholder meetings and workshops. He referred to the disclosure of the chemicals after the hydraulic fracturing procedure

and noted they would require the information within 60 days after completion of the fracturing procedure regarding chemicals used, quality and concentration must be reported to FracFocus. He said that if there was any chemical not previously named or the quantities exceeded 25% of the disclosed amounts the operator of the well must provide in writing to the Administrator the reasons for the deviation and the operator might be subject to penalties.

Commissioner Henderson: Referred to Section C. concerning provision of notice to the general public concerning activities relating to hydraulic fracturing in Nevada. He said for the implementation and approval of the program they would have commission reviews, stakeholder meetings, public workshops, the same being scheduled by the NDOM Administrator. **Mike Visher,** Deputy Administrator, NDOM: Confirmed that the stakeholders' meeting was scheduled for November 21, 2013 at NDEP at 9:00 a.m. **Commissioner Henderson:** Stated that for the public notice they would say general industry information of hydraulic fracturing available on the NDOM website. He asked members what kind of industry information they wanted to put on the website, staying with industry or academia. He said they had to ensure that the information was both scientific and correct.

He said drilling permits indicating conventional or unconventional applications would be posted on the NDOM website. **Dave Gaskin** (NDEP) clarified that a stakeholder meeting was not a public workshop. He said they wanted a select group of key stakeholders to constructively work together to help them formulate regulations. He said that meeting was by invitation. **Mike Visher,** Deputy Administrator, NDOM: Stated that they hoped to be meeting with the NDEP, NDOM and BLM (Bureau of Land Management) to meet the week prior and then to send out electronically the proposed draft regulations so the stakeholders could review the document, generate discussion and work on specifics.

Commissioner Henderson: Stated that he anticipated they would have to have a special commission to review the proposed regulations as in early January they wanted to go to the LCB (Legislative Counsel Bureau) as they needed to get on record so that they would be in line and on time to get the work completed for the legislature. **Mike Visher,** Deputy Administrator, NDOM: Stated that the commission had to approve the regulations by July 2014 and had to have a program completed. **Commissioner Henderson:** Stated that they would still have time to modify them after they went to the LCB. **Mike Visher,** Deputy Administrator, NDOM: Explained why the LCB needed time to review the draft regulations. He noted that they could still move forward with other things including planning the workshops which they anticipated doing in Reno or Carson, Elko and Las Vegas. He said they needed to ensure that the public had a chance to participate in the process.

Commissioner Mudge: Commented that a flowchart would be appropriate, a schedule that could be referred to by all commissioners. **Commissioner Mudge:** Commented that he wondered what other stakeholders might bring up that could cause delays or issues. **Commissioner Henderson:** Responded that they had used the API recommendations for best practice and had put themselves in a position where they could defend their regulations and decisions. He said that protection of the groundwater was by far one of his priorities. **Commissioner DeLong:** Referred to his reference of unconventional drilling. He asked if the regulations would apply to fracking and oil/gas wells whether they were conventional or unconventional. **Commissioner Henderson:** Responded they would be. He said the fracking of unconventional wells was slightly different than fracking of vertical wells because the models of the frac were different. He discussed the different models, types of fracturing and the science behind fracturing. He said that at a commission meeting he had talked with Mike Visher about having a hydraulic fracturing third-party company come and give a short

presentation on how they can control the frac in hydro carbon producing formations. He stated that he would not impose the same well monitoring on conventional wells. **Mike Visser**, Deputy Administrator, NDOM: Stated that SB 390 did not distinguish between conventional and unconventional wells.

B. Request approval to pursue a contract to support the administrative rulemaking process for adoption of new regulations. Action Item

Mike Visser, Deputy Administrator, NDOM: Asked the commissioners to refer to the proposal submitted to the CMR. He said at a previous meeting services had been offered to assist with the rulemaking process with regard to hydraulic fracturing. He said the commission needed to have an idea of the cost and how it would affect their budget. He referred commissioners to their packet with the proposal which was broken down into option one and two.

Thomas Gallagher, Nevada Water Solutions, LLC: Thanked Mike Visser for putting the issue on the agenda to be considered by the commission. He congratulated the new Administrator, Rich Perry on his new position. He referred to the packet and proposal for consulting services to assist the NDOM and the CMR through the rulemaking process that had to be completed to amend and adopt new regulations on the gas rigs and under the existing Chapter 522 of the NAC. He noted he had broken the proposal into two options, one to get the commission through the near term, to get a significant or substantially-complete amended regulation submitted to the LCB by January 2014. He said the final hearing and the final adoption of the regulations would come in option two. He explained that option one was to obtain agreement from all the stakeholders on what the regulations would look like, specifically for hydraulic fracturing. He said they were also opening up Chapter 522 so any other changes that needed to be fixed and also including the potential for adjusting fees that would be incorporated in Chapter 522. He said that that would be the opportunity to include it in the first draft to submit to LCB.

He referred to what he had proposed in option one C. which would be to get a substantially complete draft regulation before the commissioners before January 2014. He said that however that would be done by telephone, special commission meeting or other electronic communication the commissioners would have to meet under Nevada's Open Meeting Law and confirm that they would be in agreement with the draft regulation. He noted the time issues as the CMR typically did not meet again until February 2014. He confirmed that the formal draft regulations would be substantially complete and strike a fair balance to address the concerns of the public in a regulated industry. He said they would be working closely with the CMR, the NDOM, NDEP staff and other stakeholders to ensure some consensus initially and there they would prepare the formal draft to submit to the LCB in January 2014.

He said that with agency assistance he was proposing that the CMR make the draft regulations available to the public by posting them on the website, including the information on any available mailing lists, advising the stakeholders and any parties that were associated with SN 390. He said that the CMR would send them a notice that the draft was out and then the CMR would set the time for the workshops. He said that the word would be out on the street at the same time that the draft regulation would get to LCB. He said they could then set a timeline for the workshop schedule probably in March and noted that there was a minimum of 30 days notice but 45 or 60 days would be preferable. He thought the workshops should be done during a one-week timeframe. He noted that he had experience having done it on three other occasions as an employee of the State Engineer's

Office in writing the regulation pertaining to underground water and wells. He said that when he was at the Division of Water Resources in the early 80s he had worked with the NDOM in developing the geothermal regulations that later became the NDOM regulations under 534 A. He confirmed that he knew the process well.

Commissioner Henderson: Referred to the two options. He asked what would happen if they selected option one at the current time and at the end of the year the commission decided they wanted him to continue on. He asked if it would be a simple subtraction. **Thomas Gallagher:** Confirmed that was correct. **Commissioner Henderson:** Asked if they decided to take option one at the current time and then in December if he had done a great job and then after the commission had its special meeting they could make a decision to proceed with option two.

Thomas Gallagher: Confirmed that was why he framed the proposal in that manner. He added that option two involved the follow through and this would be key in the process and some issues might be contested in the workshops. He said he was offering to facilitate the workshop process as a facilitator, consensus builder and mediator as he had no stake in the outcome. He described some of the process in achieving a broad consensus during the workshops. He confirmed that in option two he would guide the agency through the process which he estimated should be complete by about June 2014. He said separate from the workshops there was one final hearing scheduled for everyone to be heard one final time and that would be where the agency, notwithstanding significant objections, would adopt the final regulation. It would then be handed off to LCB.

He said the final process in the approval of any agency regulation was something called a legislative commission that would review all agency regulations that were finally adopted. He said that it was his experience that if questions were raised at that point that the legislative commission would ask any stakeholders or other parties who attended, where they had been during the workshop process. He said at that stage nothing new should come up in that final review. He said that he would also look after all the housekeeping chores like the small business report or any other requirements that should be done as per the Administrative Procedures Act.

Bryan Stockton, Attorney General's Office: Stated that if the CMR decided to go forward that they could select option one or two but not approve. He said he had some concerns about the terms and conditions in the contract and he added that all contracts had to be approved by the Attorney General's Office. He said if they choose to go ahead then the NDOM should draft the independent contractor contract. He stated he had some concerns with the payment schedule and also some language about the quality of work and other parts of the contract.

Mike Visher, Deputy Administrator, NDOM: Stated that one of their challenges was that the CMR could not just hire Thomas Gallagher as there was a contract and procedure they had to adhere to. He said that there was a limit that was placed in the sum of \$9,999. He explained if it was in excess of that sum it would have to be approved by the Board of Examiners and in order to obtain that approval it would have to be submitted to them ahead of their meetings. He said for their November 22, 2013 meeting the information would have had to be submitted by October 8, 2013. He said because option one started at \$10,000 they could submit a contract for \$9,999 and that would only require the signature of the clerk for the Board of Examiners. He said they would still have to submit all the requirements and they would prepare their own scope of work. He said he appreciated Thomas Gallagher getting the information together for the meeting at short order. He noted that they did not expect that a contract would be ready that would be put forward. He said he was the certified contract manager in the agency. He stated he would work on the process and submit all of that. He added depending on the workload of the clerk he did not know how long that that would take but

typically it took several weeks. He confirmed that Summit Engineering was registered as a vendor with the State of Nevada. He asked the commissioners where the funding would come from for the contract. He said if it was \$10,000 it could be easily accomplished taking it from Special Projects or the Reserve Fund. He said he could do two things, go ahead and put in an initial contract and then submit an amendment. The amendment could be for the remainder and he could submit that in time for the next meeting. He said he could not process an invoice from Summit Engineering in excess of \$10,000 until that contract was approved. He said as Thomas Gallagher was a professional engineer he did not have to solicit bids. **Commissioner DeLong:** Noted that the commission should choose option one and then approve option two at the next meeting. **Thomas Gallagher:** Commented that he appreciated the remarks made with regard to the contract. He stated what he was asked to do in a short period of time was to put something together so the commission would have a ballpark figure. He said that he could amend or work with any other contract language that the commission might want. He said the purpose of the proposal at the meeting was to provide a scope of his services to guide them through the process.

MOTION: Moved that the commission allow the Administrator and Deputy Administrator to choose the option one deliverables for a contract from Nevada Water Solutions, LLC not to exceed \$9,999 for services provided by Thomas Gallagher with regard to Chapter 522 regulations and to adhere to the guidelines required by the submission of a contract to the Attorney General's Office in accordance with their set rules.

BY: Commissioner Henderson

SECOND: Commissioner Dennis Bryan

VOTED: The vote was unanimous in favor of the motion

C. Discussion on the Marigold royalty and the potential need for CMR/NDOM assistance to Mackay. Action Item

Russell Fields, Director, Mackay School of Earth Sciences and Engineering: Thanked the commission for the opportunity to update them on the Marigold Agreement. He said the Marigold Royalty Agreement referred to Section 19 of the Marigold Mine which was owned by the UNR. He noted that the CMR had entered into an agreement with the UNR starting out as a letter in July 2008. He said it was further developed where an agreement was made that royalties in the production of gold under Section 19 would go to the UNR to the end of the contract period which was 2018. He said it was in the process of being renegotiated. He said the amount would be split between the Mackay School and the university itself according to a set formula. He said the mine had progressed to the point where they were in gold in Section 19. He said the university had received two checks totalling \$163,000. He said the way royalties worked would be after \$500,000 was received by the university in a period of one fiscal year then monies would start to come to the Mackay School. He said what the Mackay School had to do was create an endowment or endowments to the allocation for those monies for educational purposes in earth sciences, economic geology, mining and metallurgy.

He said that there was a meeting of a subcommittee of the CMR and members of the Mackay advisory board which had met October 7, 2013 and they had created a draft plan. He said the plan was to create an umbrella endowment that they would refer to as the Mackay School of Earth Sciences and Engineering Marigold Mine Royalty Endowment. He said it would not be specific about amounts but a committee would direct those decisions and would be written into the agreement. He said it was suggested that the committee be made up of the Chairman and Vice Chairman of the CMR, two members of the executive board at the Mackay School of Earth

Sciences and Engineering, Jeff Thompson, the Dean of the College of Science and himself as Director and a representative from the Marigold Mine. He said they were in the early stages of organizing that and they had sent out an early draft.

He said Duane Peck, the manager of the Marigold Mine had advised that Section 19 had become their most important source of production over the next two to three years. He said their annual production was expected to be about 150,000 oz. of gold. He said the gross royalty was 5%. He acknowledged that it was extremely important for the Mackay School. He said one of their first priorities was to endow a Chair of Mining Engineering which was about \$2.5 million. He said it was an internal university agreement but they wanted advice on the allocation of funds.

Commissioner Mudge: Noted that they had spoken about whether it was a calendar or fiscal year. He asked if he was sure that it was a fiscal year. **Russell Fields,** Director, Mackay School of Earth Sciences and Engineering: Responded that it was an internal agreement, an endowment, a foundation agreement and everything that the foundation and university did would be based July 1/June 30. **Commissioner DeLong:** Asked if the first two checks that had come in came in in the fiscal year. **Russell Fields,** Director, Mackay School of Earth Sciences and Engineering: Responded yes. **Commissioner Mudge:** Said that's about \$10 million a year in royalties at \$1300 and half of that would go to Mackay. **Russell Fields,** Director, Mackay School of Earth Sciences and Engineering: Responded yes. He confirmed they could only take out 4.5%. **Commissioner Bryan:** Referred to the 150,000 oz. of gold and asked if they had a forecast beyond the next two to three years. **Russell Fields,** Director, Mackay School of Earth Sciences and Engineering: Responded they probably did but he said the manager of the Marigold Mine was careful to say that things were in a state of flux as they were changing mining plans due to the price and demands of investors.

He said he had sent out an email to everyone who attended the meeting and also to Richard Harris and it basically said what the provisions in the foundation agreement had to be, the background. He said that he had detailed his suggestions for the members of the committee and asked for comments. He said they should have an agreement within a week or two. He said there were two meetings, one in the fall and in the spring. **Commissioner Bryan:** Stated the fall meeting was to put the budget together. He said if the CMR wanted to recommend which endowments to endow first they would need to see that. **Russell Fields,** Director, Mackay School of Earth Sciences and Engineering: Stated that the allocation of the funds would be done in the spring.

D. Discussion of Special Collection at UNLV

Action Item

Chairman Gibson: Stated that he had been approached several times as people had started to collect mine-related things. He stated that his suggestion was that they make a presentation at a CMR meeting. He thought that it could be a cooperative process including the Mackay School. He noted he would continue to be involved but Clark County and Greater Las Vegas was now 2.5 million people and many of those people were involved with the university. He thought it would be another way to build up a relationship with Reno and the mining community. He stated if there was no objection he would encourage them to make that presentation. He said it was equipment and materials and it was one person that he had been communicating with about it. He said that this type of collection was foreign to them at the library and they needed some guidance.

VII. REPORT OF THE ADMINISTRATOR

Division of Minerals Activities

1. Administration

Mike Visher, Deputy Administrator, NDOM: Stated that Alan Coyner had pointed out that they did not know how much money would come out of Special Projects for the mining claim fees because it was for 2013. He said from Special Projects where they had \$675,000 they would deduct \$436,000 which would be the payment to Mackay. He said a year ago they made the payment in February. He referred to the audit and said on October 7, 2013 he had met with the LCB auditors and they presented their draft final findings. He said they had had dialogue weekly and they advised they would focus on three things: the notification to the responsible parties; the notification to the counties and how that should occur; and inspections.

2. Mining/Reclamation Bond Pool

John Penton: Stated that in July 2013 he gave a talk at the library in Minden. He said there were about 77 people and many were children who asked a lot of questions. He said they brought rocks in and wanted them identified. He said he received some media coverage from the local paper. He said what they had been working on was looking at high hazards that they had in the state that were not secured. He said they found they had addressed most of them and a lot were secured.

3. Abandoned Mine Lands

Robert Ghiglieri, NDOM: Stated that currently they had 17,731 hazards. He said 14,107 of them were secured. He said this would give a 79.6% scan rate. He said they had a total and there were 88 unsecured high hazards in the state in July 2013. He said with the assistance of all in the AML they were now down to 41 and only 5 were orphans and those are the Blue Diamond/ Arden Gibson site.

4. AML/GIS

Rachel Wearne, (NDOM): No presentation given.

5. Southern Nevada Operations

Bill Durbin, NDOM: Stated that he attended the NAA in West Virginia where he did a presentation on Nevada's program. He said about half of the staff were members of the NvMA Education Committee and that committee was awarded the 2013 Prazen Living Legend of Mining Award from the National Mining Hall of Fame for excellence in their mineral education program. He said he was beginning his Eagle Scout projects once again. He said in October and November he had two reconstructions scheduled and four Eagle Scout projects booked. He said they located clusters of mines and had Eagle Scout candidates fence those for their Eagle Scout service projects. He said they had started in 1992 and had so far completed 137 Eagle Scout projects resulting in 641 securings and 118 repairs made to sites.

6. Oil, Gas, and Geothermal

Mike Visher: Noted that Lowell Price was not in attendance. He advised he was at the Noble site. He noted that the Gradient Resources would soon be producing to the grid. He discussed the Desert Rose facility. He said that he and Lowell Price had attended the Geothermal Energy Association Conference held in Las Vegas in early October. He said attendance was down but they did hear encouraging remarks from some of the finance parties who thought there was an upswing coming on geothermal. He added that the renewable portfolio standards in California and Nevada would be driving a lot.

VIII. PUBLIC COMMENT NOTICE:

No vote or action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. (NRS 241.020) Comments will be limited to three minutes per person and persons making comment will be asked to begin by stating their name for the record and to spell their last name. The Committee Chair may elect to allow additional public comment on a specific agenda item when the item is being considered.

Chairman Gibson: Asked if there was any public comment.

Kevin Vorhaben, Noble Energy: Congratulated the staff on the award they had received. Thanked the commission for inviting him and working with Noble on the regulation. He added that they were happy to help and assist in any way.

Commissioner Henderson: Indicated that since Alan Coyner had left Mike Visher had assumed the reins on many things. He thought that he had done an excellent job and thought it was important that it be acknowledged.

IX. COMMISSION BUSINESS

Determination time and place of next CMR meeting

Action Item

Chairman Gibson: Indicated that the next meeting would be a telephone meeting. He said the next scheduled meeting was usually in February in Las Vegas. They noted that the date of that meeting should be Thursday, February 13, 2014.

X. ADJOURNMENT

Action Item

MOTION: Move to adjourn the meeting
BY: Commissioner Dennis Bryan
SECOND: Commissioner Richard DeLong
VOTED: The vote was unanimous in favor of the motion

II. OLD BUSINESS

II. A. Fiscal Year 2013-14 Work Plan and Forecast Update

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

FY14

January 31, 2014

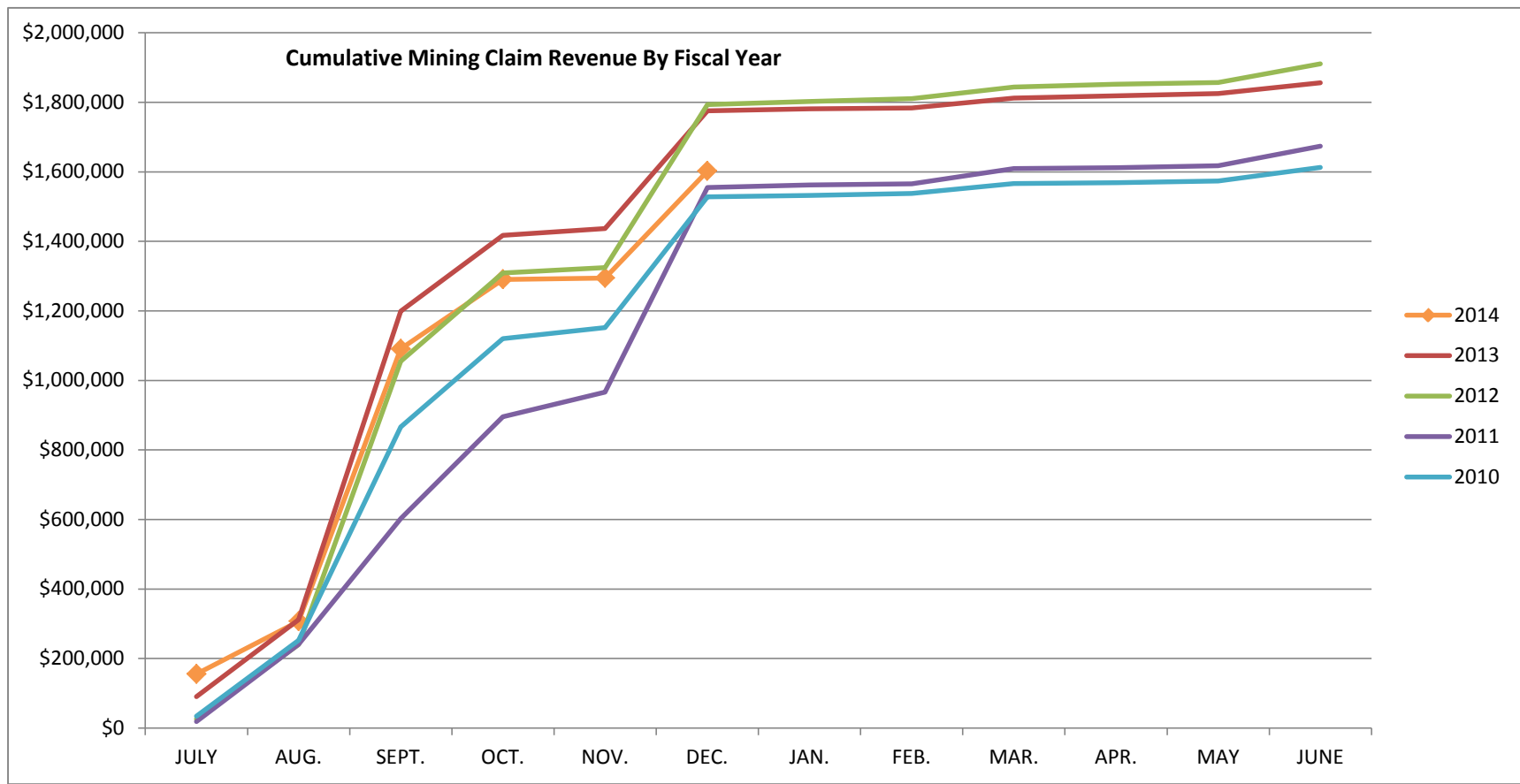
			Week:	31
			Year %:	60%
REVENUES	Work Program	Actual	% of Work Program	Balance Remaining
Balance Forward From Prev. Yr. (2511)	\$1,037,786	\$1,037,786	100%	\$0
Federal BLM Corporative Agreement (3578)	60,025	0	0%	60,025
USFS Assistance Agreement (3580)	0	29,707	0%	(29,707)
Oil Assessment Fees (3654)	39,336	16,272	41%	23,064
Oil Permit Fees (3717)	3,000	2,800	93%	200
Mining Claim Fees (3718)	1,310,986	1,097,442	84%	213,544
Dangerous Mine Fees (3727)	561,930	457,268	81%	104,663
Geothermal Fees (3736)	134,539	73,800	55%	60,739
Abandoned Mine Securing Fees (3770)	9,800	40,880	417%	(31,080)
Printing Sales (4011)	207	0	0%	207
Publication Sales (4027)	5,503	1,785	32%	3,718
Medallion Royalty Income (4311)	0	0	0%	0
Treasurer's Interest Distribution (4326)	3,127	0	0%	3,127
Transfer frm Reclamation Bond Pool (4620)	41,063	0	0%	41,063
FY13 Revenues Received	\$2,169,516	\$1,719,953.45 YTD	79%	\$449,563
TOTAL REVENUES	\$3,207,302	\$2,757,739.45		

EXPENDITURES	Work Program	Actual	% of Work Program	Balance Remaining
Personnel (01)	\$963,035	\$584,825	61%	\$378,210
Out of State Travel (02)	24,317	8,151	34%	16,166
In State Travel (03)	54,143	11,873	22%	42,270
Operating (04)	109,078	72,766	67%	36,312
Board Travel (08)	8,090	2,015	25%	6,075
Special Projects (09)	675,390	36,247	5%	639,143
Las Vegas Office (14)	35,455	24,161	68%	11,294
AML Support (18)	197,000	66,287	34%	130,713
Bond Pool Expenses (19)	0	0	0%	0
County Royalty Grants (20)	0	0	0%	0
Computer H & S Ware, EITS(26)	27,643	18,300	66%	9,343
AML Enhancement (39)	151,183	37,468	25%	113,715
SageBrush Ecosystem Trx to DCNR (69)	141,364	141,364	100%	0
Purchasing Assessment (87)	928	696	75%	232
State Cost Recovery (88)	73,405	18,351	25%	55,054
AG Cost Allocation (89)	17,485	8,743	50%	8,743
FY13 Expenditures	\$2,478,516	\$1,031,245.19 YTD	42%	\$1,447,271
Reserve Balance (86)	\$728,786	\$1,726,494.26 YTD	237%	(\$997,708)
TOTAL EXPENDITURES PLUS RESERVE	\$3,207,302	\$2,757,739.45		

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

Fiscal Year	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE
2014	\$155,703	\$306,646	\$1,090,754	\$1,290,496	\$1,294,661	\$1,602,233						
2013	\$90,253	\$311,806	\$1,199,622	\$1,417,171	\$1,437,104	\$1,775,803	\$1,781,575	\$1,783,870	\$1,812,217	\$1,818,745	\$1,825,571	\$1,856,460
2012	\$26,248	\$239,904	\$1,055,539	\$1,309,017	\$1,324,445	\$1,793,687	\$1,802,901	\$1,810,432	\$1,843,795	\$1,852,541	\$1,857,012	\$1,910,562
2011	\$18,504	\$241,374	\$602,803	\$895,475	\$966,603	\$1,554,871	\$1,562,053	\$1,565,649	\$1,609,424	\$1,612,118	\$1,618,145	\$1,674,304
2010	\$34,315	\$252,520	\$866,626	\$1,120,355	\$1,151,704	\$1,527,997	\$1,532,639	\$1,537,911	\$1,566,170	\$1,569,088	\$1,574,207	\$1,613,142

12 Counties pay quarterly: CC, CH, DO, ES, HU, LA, LI, LY, NY, PE, ST and WP
 FY14 data as of 2/3/14



II. B. Recommendations from Subcommittee on Oil and Gas Fee

RECOMMENDATIONS ON OIL AND GAS FEE INCREASES TO NRS 522, FROM CMR SUBCOMMITTEE MEETING ON 1-16-14.

1. DRILLING PERMIT FEES: (currently \$200 for permit application, \$0 for sundries)

Proposed:

<u>DEPTH (FT)</u>	<u>CONVENTIONAL WELL PUBLIC OR PRIVATE LAND</u>	<u>UNCONVENTIONAL WELL ON PUBLIC LAND</u>	<u>UNCONVENTIONAL WELL ON PRIVATE /STATE LAND</u>
<5,000'	\$500	\$3,500	\$4,500
>5,000<10,000'	\$1,000	\$3,500	\$4,500
>10,000'	\$1,500	\$3,500	\$4,500

Introduce several new fees:

Re-classification fee: for re-classifying a conventional to unconventional well: pay difference.


Sundry fees: \$100 for an administrative sundry, \$300 all other sundry's

Cuttings curation fee: \$500 per drill hole

Trade Secret fee: \$500 per trade secret in frac solution

2. PRODUCTION FEE STATUTORY CAP: (currently \$0.20/bbl)

Proposed: Raise statutory cap to \$0.50/bbl



NDOM OIL & GAS PROGRAM REVENUES CALENDAR 2013

- 23 APD'S received @ \$200 each = \$4600
- 56 sundry notices processed @ \$0 each = \$0
- 118 well inspections @ \$0 = \$0
- 335,627 barrels produced X \$0.10 = \$33,562
in production fees.
- Total permitting and compliance fees
collected in C2013 = \$37,705

NDOM OIL & GAS PROGRAM COSTS – CALENDAR 2013

DESCRIPTION	% OF TIME	COST
OIL & GAS ADMINISTRATOR	65.00%	\$79,706
PROGRAM OFFICER (financials)	20.00%	\$17,242
Administrator/Deputy	12.00%	\$16,119
Field Specialist (George)	3.00%	<u>\$2,305</u>
Total personnel cost:		\$115,371
IOGCC DUES		\$5,651
IOGCC MEETINGS		\$5,000
NBMG CUTTING CURATION	33%	\$10,000
NDOM OPERATING	12%	<u>\$13,089</u>
Total for Program:		\$149,112

OIL & GAS FEE REVENUES BASED ON SUBCOMMITTEE FEE INCREASE RECOMMENDATIONS

DESCRIPTION	NUMBER	/PER PERMIT APP	TOTAL FEES
UNC WELL ON PRIVATE LAND	9	\$4,500	\$40,500
UNC WELL ON PUBLIC LAND	1	\$3,500	\$3,500
CONV WELL 5-10KFT ON PUBLIC/PRIVATE	9	\$1,000	\$9,000
CONV WELL <5KFT PUBLIC/PRIVATE	4	\$500	\$2,000
			\$55,000
SUNDRY	55	\$300	\$16,500
ADMINISTRATIVE SUNDRY	1	\$100	\$100
RE-CLASSIFICATIONS	1	\$3,300	\$3,300
CUTTINGS CURATION FEE	5	\$500	\$2,500
TRADE SECRET FEE	2	\$500	\$1,000
			\$23,400
PRODUCTION FEE/BBL	\$0.10	335,627	\$33,563
	\$0.15	335,627	\$50,344
	\$0.20	335,627	\$67,125
TOTAL PROGRAM REVENUE @ \$0.20/BBL			\$145,525
TOTAL PROGRAM REVENUE @ \$0.15/BBL			\$128,744
TOTAL PROGRAM REVENUE @ \$0.10/BBL			\$111,963

RECOMMENDATION ON OIL AND GAS FEES BASED ON 2013 PROGRAM COSTS

- Field inspection costs estimated at 1/3 of program costs in 2013, ~ \$50k
 - Raise production fee to \$0.15/bbl = \$50,344
 - Can be done in current NAC process to effect 2014-15
 - This can be adjusted down if production increases to match actual field inspection costs
- Approve subcommittee-recommended permit fees to generate \$80-\$100k/yr to pay for actual NDOM costs and prepare BDR for 2015 legislature. If successful, increases would be effective in FY 2015-16.
- These fee increases would fund additional staffing in Oil & Gas if production and activity levels double:
 - Examples: 100,000 bbl/yr = \$257 k/yr
4,000,000 bbl/yr = \$990 k/yr (1990 NV production)

Approved motion from Oil & Gas Subcommittee meeting of 1/16/2014

- **A sliding scale, three-tier drilling fee: 0-5,000 feet = \$500; 0-10,000 feet = \$1,000; and, 0-10,000+ = \$1,500 for a conventional well on public or private land**
- **Increase the drilling fee for unconventional wells on public property from \$200 to \$3,500**
- **Increase the drilling fee for unconventional wells on private property from \$200 to \$4,500**
- **A reclassification fee to either \$3,500 for an unconventional well on public property minus the fee already paid or \$4,500 for an unconventional well on private property minus the fee already paid.**
- **The Division to review the increase of the cap to \$0.50 with a requirement to not collect administrative fees greater than oil and gas costs audited at the first Commission meeting of each new year and to present this at the next CMR meeting.**
- **Administration of chemicals used in hydraulic fracturing claiming trade secrets would be \$500.**
- **Cutting fees: \$500.**
- **Sundry Fees: NDOM to propose utilizing the current geothermal regulations to be used in oil and gas with the oil and gas nomenclature to be presented at the next Commission meeting.**

II. C. Request for support in FY14 of the UNR Mackay School

FY14 Recruitment Budget

Professional Salaries

Elizabeth Ball @ .50 FTE Salary and Fringe	\$53,500
Katia Albright @ .55 FTE Salary and Fringe	\$39,800

Hourly Wages

For student and hourly workers to assist with operation of the Arentz Student Center and with recruitment and retention activities.	\$2,500
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Travel Expenses

To visit Great Basin area high schools, southern Nevada high schools and neighboring states' high schools for recruitment.	\$4,200
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Total	\$100,000
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Recruitment and Retention Payments for Mackay

CMR Approved	NDOM FY	Date Paid	Amount Paid
7/03/2007 for 1 year	FY-08	3/20/2008	\$100,000
5/1/2009 for 1 year	FY-09	6/30/2009	\$100,000
2/11/2010 for 2 years	FY-10	5/10/2010	\$100,000
	FY-11	4/18/2011	\$100,000
2/7/2011 for 1 year	FY-12	1/26/2012	\$100,000
		Total	\$500,000
08/17/2012 for 1 year	FY-13	Pending Invoice	\$100,000
02/21/2013 for 1 year	FY-14	Pending CMR Approval	\$100,000
		Pending Total	\$700,000

II. D. Update on the NBMG projects funded by the CMR

Proposal to the Commission on Mineral Resources
Nevada Bureau of Mines and Geology (NBMG), 13 February 2014

NBMG requests that the Commission support three projects that will allow NBMG to continue to carry out its legislative mandate to “serve as a bureau of information and exchange on Nevada’s mineral industry, mineral resources, and geology”. The projects will 1) maintain staffing at the Great Basin Science Sample and Records Library (GBSSRL), and 2) produce reports or make available data on Nevada’s mineral and energy resources, which help to stimulate exploration and development in Nevada. The total request is for **\$100,000** (see Table 1 for itemized budgets). Three primary continuing projects are proposed:

Project 1: Sample Curation (\$35,000): The GBSSRL serves as a repository for cuttings and core of all geothermal and oil-gas wells in Nevada. In addition, the GBSSRL occasionally receives collections and cuttings-core from industry. NBMG staffing is needed to catalogue and curate such samples, as well as digitize well logs. Specific deliverables include:

- Cataloguing and curation of all new wells drilled in Nevada during the funding period.
- Continued progress in digitizing existing well logs, reports, and sample collections.
- Staff and maintain public access for the GBSSRL at NBMG.

Project 2: Mineral Industry Reports (\$30,000): NBMG has produced annual reports on the state of Nevada’s mining and energy industry for ~30 years. NBMG currently lacks sufficient state-funded staff to produce these important reports that document production and exploration activity in Nevada. With dedicated funding, NBMG can continue to produce these reports. Specific deliverables:

- Nevada Mineral Industry Report (by December 1 each year).
- Major Mines of Nevada (by December 1 each year).

Project 3: Database Development and maintaining staff at GBSSRL (\$35,000): Mineral deposits and viable geothermal systems are becoming increasingly difficult to discover, and exploration is commonly undertaken by small companies with limited capital. NBMG can continue to play a major role in producing databases that can be utilized for successful exploration. Specific deliverables:

- Continue to build and maintain databases developed with FY-13-14 grants from the Commission, including: 1) compilations of BLM exploration permits and mining claims data from BLM’s LR2000 database into GIS format; 2) compilation of annual mineral exploration data compiled in the *Mineral Industry Report* into GIS data; 3) compilation of 43-101 technical reports on mining properties into GIS format; and 4) updating geothermal databases (e.g., temperatures, well locations, chemistry) in critical areas.
- A continuation of ongoing work in correcting locations and flagging duplicates in the Mineral Resources Data System (MRDS) of mineral deposits of the U.S. Geological Survey (USGS).
- Helping to maintain staff at the GBSSRL to ensure public access to databases, samples, maps, and reports for the coming fiscal year (FY-2015).
- Developing new and enhancing existing web applications to access data related to mineral, geothermal, and petroleum resources.

The College of Science at UNR is willing to supplement the funding requested in this proposal by allocating resources derived from current annual support from the Commission for education. This support will be up to \$60,000 in FY 2015 if available after meeting current commitments to support the mining and metallurgical engineering programs. These funds will be used to ensure public access to the GBSSRL.

Table 1. Budgets for Proposed Continuing Projects

Expenses	Project 1 Sample Curation	Project 2 MI Reports	Project 3 Mineral Databases
Classified Salaries and Fringe	\$25,500	\$14,000	\$29,000
Faculty Salaries and Fringe	\$6,000	\$14,000	\$7,000
Students	\$2,500	-	-
Operating	\$1,000	\$2,000	-
Total	\$35,000	\$30,000	\$35,000

Two additional projects critical for evaluating exploration activity and resources and are proposed, with expenditures summarized in Table 2:

Project 4: Exploration Survey (\$35,000): This project involves preparing a second edition of the expanded survey of exploration activities conducted in the State. The economic impact of exploration for mineral deposits is significant, exceeding \$675M in 2011. Funds will be allocated toward:

- A survey of mineral and geothermal exploration completed by companies in 2013 similar to that carried out for 2011. Periodic assessments are critical for defining industry trends, which will provide insights into future economic impacts on the State.
- In addition to a traditional survey being distributed to mining and exploration companies, information on exploration activities and expenditures will be compiled from company websites and stock exchange filings.
- Specific deliverable: An expanded exploration survey that will complement the annual *Nevada Mineral Industry* and *Major Mines of Nevada* reports and build on previous exploration surveys by the Nevada Division of Minerals and the detailed NBMG report for 2011, which was funded by the Commission. The proposed new report will be completed prior to the 2015 legislative session (by December 31, 2014) and thus available for consideration for any resource-related legislation.

Project 5: Railroad Valley Synthesis (\$50,000-Year 1 of a 2-3 year study): Railroad Valley is the largest oil field in Nevada, producing over 45 million barrels of oil between 1954 and 2009. This accounts for 89% of Nevada’s total oil production. Railroad Valley continues to produce ~400,000 barrels per year of oil, but some estimate this could be much higher. Oil source rocks in Railroad Valley are the Mississippian Chainman Shale and lacustrine deposits of the Paleocene-Eocene Sheep Pass Formation. Reservoir rocks occur in multiple stratigraphic intervals, including Devonian-Pennsylvanian carbonate rocks, Paleocene-Eocene clastic sedimentary rocks, and Oligocene volcanic rocks. The model that has guided exploration over much of the last 30 years is that oil generation results from Neogene stratigraphic burial and subsequent heating of source rocks during formation of the Railroad Valley extensional basin. However, this model has not been tested or significantly updated in ~20 years. Our proposed work will involve:

- Characterization of the geologic setting through synthesis of existing geologic maps and geophysical data, as well as new mapping in critical areas.
- Synthesis of well data, historic development, and production of all oil fields in Railroad Valley.
- Integration of all geologic, geophysical, and well data into one geodatabase (ArcGIS).
- Development of a comprehensive 3D model of Railroad Valley, utilizing sophisticated 3D software and incorporating all available geologic, geophysical, and well data.
- Comparative analysis of Railroad Valley to determine whether other basins in eastern Nevada have similar characteristics and thus may have high potential for petroleum resources.
- Completion of both an NBMG Bulletin and peer-reviewed papers, which will guide future exploration efforts in both Railroad Valley and elsewhere in Nevada.

Table 2. Budgets for Proposed New Projects

Expenses	Project 4 Exploration Survey	Project 5 Railroad Valley
Classified Salaries and Fringe	\$24,000	\$20,000
Faculty Salaries and Fringe	\$10,000	\$20,000
Students	-	5,000
Operating	\$1,000	5,000
Total	\$35,000	\$50,000

III. NEW BUSINESS

III. A. Presentation by Tamara Josserand

Erin Speer

From: Tamara.Josserand@unlv.edu
Sent: Monday, January 06, 2014 4:32 PM
To: Fred.d.Gibson@gmail.com
Cc: Erin Speer
Subject: UNLV Library Mining proposal
Attachments: goldfieldminingproposal.doc

Dear Fred:

Happy new year! I hope that this message finds you and your family well.

As promised, at long last am enclosing for your review a draft of the short document requested describing our "Goldfield Collection" Once you and Erin have looked it over, please let me know what you think, what questions I may answer, and what can I add or change to improve it.

Once the final edits have been made- I will have images from the collections added to the document, to further illustrate what we are trying to describe. I look forward to hearing from you.

Sincerely
(See attached file: goldfieldminingproposal.doc)

Tamara

Tamara Michel Josserand

Director of Development
University Libraries
University of Nevada, Las Vegas
Box 457001
4505 S. Maryland Parkway
Las Vegas, NV 89154-7001
tamara.josserand@unlv.edu
702.895.2239
702.895-2287 Fax



UNLV University Libraries – Special Collections

An important mission of the UNLV University Libraries is to document, collect and preserve the rich history and culture of Southern Nevada, Las Vegas as well as the region. A cornerstone of the University Libraries, the Special Collections Department is renowned for housing many of the unique, rare, and specialized research materials that documents this history and culture. Our collections include books, pamphlets, posters, serials and periodicals, scrapbooks, business and corporate archives and manuscripts, maps, architectural drawings, photographs, video and audio tapes.

Goldfield Consolidated Mining Company Collection

Over the years, UNLV Special Collections has acquired the most extensive collection in the country of materials relating to the Goldfield and Tonopah mining boom. From a remarkable series of private letters penned by a young mining clerk, to the corporate archives of the major mining operations, to photographs, maps, and engineering surveys. Our collections document the frontier boomtowns when the Old West was giving way to the New West, when the local economic boom and bust in southern Nevada shook the nation's financial establishment from Wall Street to San Francisco. From all of this emerged a new Nevada with vibrant urban centers in Reno and Las Vegas.

The UNLV Libraries have created a web based portal, "Southern Nevada: The Boomtown Years." This portal is open and accessible to the public and makes available some of the rich litany of materials related to the Goldfield and Tonopah mining collections. This portal captures and details an important time in Nevada and American history and makes it available to students, faculty, journalists, film makers and the general public though posterity.

In order to continue to support this significant historical project, we seek additional funding that is not otherwise available to us through our state budget. In order to properly support this project, the UNLV University libraries would like to continue to digitize the wealth of materials in this collection (including personal and company archives, photographs, correspondence, diaries and organizational records), and would like to continue to acquire more materials to add to the collection.

Giving Opportunity

In recognition of your support, your company logo will be placed on the UNLV University Libraries website as benefactor of the Southern Nevada Boomtown Years Project, and a room within the Library would be named for your company in honor of your generosity.

Your gift supporting the Goldfield Mining Company Collection would not only enhance the Libraries ability to serve its wide community of users, but it would also provide a named legacy and testament of your generosity for the future.

- **\$50,000** **Media Conference Room**

- **\$25,000** **Group Study Room**

For more information, please contact: Tamara Josserand, Director of Development
(702)895-2239, or tamara.josserand@unlv.edu

III. C. Request for funding from the UNR John Mackay Club



College of Science
University of Nevada, Reno

Mackay School of Earth Sciences and Engineering
Building on the traditions of the Mackay School of Mines

November 25, 2013

Nevada Div. of Minerals
Alan Coyner
400 W. King #106
Carson City NV 89703

RECEIVED

DEC 04 2013

Division of Minerals

Dear Mr. Coyner:

We are writing to you today on behalf of the members of the John Mackay Club at the University of Nevada, Reno. Our club is a student chapter of both the Society for Mining, Metallurgy and Exploration (SME) and the National Stone, Sand, and Gravel Association (NSSGA). Membership consists of students in the Mackay School of Earth Sciences and Engineering from a variety of disciplines: Mining Engineering, Geology, Geological Engineering, Hydrogeology, and Geophysics. We would like to bring Nevada Div. of Minerals up to date on the successes of the club's activities over the last year as well as to seek support for our upcoming activities and events.

The John Mackay Club hosts general meetings to discuss upcoming events as well as have industry professionals present information on current topics in mining, geology, and earth sciences. Our club emphasizes the importance of the monthly SME meeting and encourages our members to attend. Last year we participated in the first John Mackay Alumni Networking event; the event was very successful with over 30 alumni present. We were also able to send 40 students to the Mine Expo in Las Vegas. Our club focuses on student-industry involvement, and every event our club attends is crucial to enhance our students' networking experience.

In 2011, two teams from Mackay competed in the SME/NSSGA Student Mine Design Competition at the SME Annual Meeting in Denver, Colorado. Both teams placed in the top six and one of these teams placed first overall. The club was also able to send 34 students from various disciplines to the annual meeting to attend technical sessions, tour the show floor, and network with professionals and alumni. In 2012, we sent one team and 25 students to the SME Annual Meeting in Seattle, Washington.

Last Spring, our mining teams competed in the international intercollegiate Mining Competition held in Golden, Colorado. The competition consists of historical mining methods, a few of which are still used today, such as jackleg drilling and mine surveying. Two teams competed; one men's and one women's. The men's team placed second in hand steeling, eighth overall and placed in the top ten in five of seven events. The women's team placed first in gold panning and third overall.

The John Mackay Club has plans to attend many major industry networking events and activities this academic year. In December, we are planning on sending the majority of our members to the Northwest Mining Convention in Reno. In February 2014, our club is planning to send 40 students to the Annual SME Conference in Salt Lake City, Utah, including our Mine Design teams. The purpose of both conferences is for industry professionals and students to attend technical sessions, field trips, short courses and networking luncheons.

In March 2014, the club will send men's, women's, and co-ed teams to compete at the International Intercollegiate Mining Competition in Rolla, Missouri. In the past, Mackay has placed well in the competition, and we intend to continue our tradition of excellence. In addition to the competition, we will have the opportunity to tour mines in the area.

Due to increased enrollment at the Mackay School of Earth Sciences and Engineering, we have higher interest

Director's Office
University of Nevada, Reno/168
Reno, Nevada 89557-0168
(775) 784-6987 office
(775) 784-1766 fax
<http://www.mines.unr.edu/mackay/>

and participation in our events and activities. This extra involvement is growing our competitiveness in both the Mine Design team and Mining Competition teams. We hope to continue this growth teaching our members the skills needed to succeed in industry. We invite Nevada Div. of Minerals to consider supporting our club in our upcoming events with either monetary or in-kind donations. If you have any questions, feel free to contact us at johnmackay1831@gmail.com, our faculty advisor, Dr. Charles Kocsis, at kkocsis@unr.edu or Director of Development for Mackay, Char Hagemann at chagemann@unr.edu.

To make a tax deductible gift to the club, please send a check payable to: UNR Foundation with a note in the memo line: "John Mackay Club".

Mail your check to:

John Mackay Club
Department of Mining Engineering
University of Nevada, Reno
Mail Stop 0173
Reno, NV 89557

Thank you again for your time and consideration of the John Mackay Club,



Sebastian Areitio
President



Evan Fellhauer
Vice President



Zachary Ward
Treasurer

cc:

Russ Fields, Mackay Director
Char Hagemann, Director of Development
Charles Kocsis, Faculty Advisor

III. D. Discussion of LCB Audit

For full audit report please go to this link:

<http://leg.state.nv.us/Division/Audit/Full/BE2014/Mineral%20Resources,%20LA14-12%20Full.pdf>



STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS

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<http://minerals.state.nv.us/>

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BRIAN SANDOVAL
Governor

January 17, 2014

RICHARD PERRY
Administrator

Dear Claimant:

I am writing in reference to a letter sent in April of 2012 regarding unsecured hazardous mine features of which you are the apparent owner or responsible person, per Nevada Administrative Code (NAC) 513.270 or 513.290. As of this date, the Division has not received any information notifying us that these features have been secured. As a reminder, it is the responsibility of the claimant/owner to secure any unsafe conditions so that no one may accidentally be exposed to danger. If you have already addressed this matter, or have any questions or concerns, please contact us as soon as possible.

Since the Division has not received a statement of compliance plus photographs or other evidence of securing these and other mine openings, or a statement that a wildlife or historical preservation survey is in progress, the Division is now required to report the hazard(s) to the appropriate county commission per Nevada Revised Statute (NRS) 513.094. Upon receipt of this information, the board of county commissioners has the statutory authority, under NRS 455.030 & 455.040 to serve notice, seek judgment, and collect a fine.

NRS 455.030 Board of county commissioners to transmit information concerning dangerous condition at mine no longer operating to sheriff or constable; service of notice upon owner or responsible person.

1. If a board of county commissioners receives information from the Division of Minerals of the Commission on Mineral Resources that there is in the county a dangerous condition that results from mining practices which took place at a mine that is no longer operating, if the information identifies a person responsible for the condition, the board shall transmit this information to the sheriff or the constable of the township where the condition exists.

2. Upon receipt of information pursuant to subsection 1 or upon the filing of the notice, as provided for in [NRS 455.020](#), the sheriff or constable shall serve a notice, in the same manner and form as a summons, upon each person identified as owner or otherwise responsible.

NRS 455.040 Contents of notice; judgment; criminal penalty.

1. The notice served pursuant to subsection 2 of [NRS 455.030](#) must require the person or persons to appear before the justice of the peace of the township where the hole, excavation, shaft or other condition exists, or any municipal judge who may be acting in the place of the justice of the peace, at a time to be stated therein, not less than 3 days nor more than 10 days from the service of the notice, and show, to the satisfaction of the court, that the provisions of [NRS 455.010](#) to [455.180](#), inclusive, or the standards established by the Commission on Mineral Resources for the abatement of dangerous conditions have been complied with, or if the person or persons fail to appear, judgment will be entered against the person or persons for double the amount required to abate the condition.

2. All proceedings had therein must be as prescribed by law in civil cases.

3. Such persons, in addition to any judgment that may be rendered against them, are liable and subject to a fine not exceeding the sum of \$250 for each violation of the provisions of [NRS 455.010](#) to [455.180](#), inclusive, which judgments and fines must be adjudged and collected as provided for by law.

Please refer to the attached list of hazards that appear to be on your claims. If you require any additional information or the claim status in this area has changed, please contact us. Thank you for your cooperation.

Sincerely,

Robert Ghiglieri
Chief, AML Northern Nevada Operations
Carson City Office
775-684-7048
rghiglieri@govmail.state.nv.us

(For: Carson, Churchill, Douglas, Elko, Eureka, Humboldt, Lander, Lyon, Mineral, Northern Nye, Pershing, Storey, or Washoe)

William F. Durbin
Chief, AML Southern Nevada Operations
Las Vegas Branch Office
702-486-4344
bdurbin@govmail.state.nv.us

(For: Clark, Esmeralda, Lincoln, Southern Nye, or White Pine)

CC: Board of County Commissioners - XXXXX



JIM GIBBONS
Governor

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS

400 W. King Street, Suite 106
Carson City, Nevada 89703
(775) 684-7040 • Fax (775) 684-7052
<http://minerals.state.nv.us/>
Xxx xx, 2007

Las Vegas Branch:
1771 E. Flamingo Rd.
Suite #120-A
Las Vegas, Nevada 89119
(702) 486-4343
Fax (702) 486-4345

ALAN R. COYNER
Administrator

Board of County Commissioners
Address
City, State, Zip

Re: Notification of dangerous mine conditions in your county

Dear Commissioners:

The following company/claimants were notified by this office of their responsibility to secure hazardous mine conditions on their property. As of this date, the Division has not received any documentation or calls confirming the sites have been secured. Enclosed are packets for each company/claimant that consists of a letter, a hazard ID sheet, and a map. A copy of the applicable Nevada Administrative Code is also enclosed.

(List all names)

The 1987 State Legislature authorized the establishment of the Abandoned Mine Lands Program under Nevada Revised Statute (NRS) 513.094(2) which states as follows:

2. The Administrator shall, within the limits of the money provided by this fee, establish a program to discover dangerous conditions that result from mining practices which took place at a mine that is no longer operating, identify if feasible the owner or other person responsible for the condition, and rank the conditions found in descending order of danger. The Administrator shall annually during the month of January, or more often if the danger discovered warrants, inform each board of county commissioners concerning the dangerous conditions found in the respective counties, including their degree of danger relative to one another and to those conditions found in the State as a whole. In addition, the Administrator shall work to educate the public to recognize and avoid those hazards resulting from mining practices which took place at a mine that is no longer operating. [Emphasis added].

The degree of danger is listed on the enclosed hazard condition sheets and the ranking of the danger is provided for in NAC 513.340¹, 513.350², and 513.360³.

The Division of Minerals system for operation of the Abandoned Mine Lands Program can be found in Nevada Administrative Code (NAC) 513.200–.390. Property owners and responsible persons are defined in NAC 513.270 and 513.290 as follows:

NAC 513.270 “Owner” defined. “Owner” means the owner of real property who is shown to be the owner on records located in the courthouse of the county in which the real property is located.

NAC 513.290 “Responsible person” defined. “Responsible person” means the owner of a patented claim or the claimant of an unpatented claim.

The property owners and responsible persons’ duty for securing hazardous conditions is stated under NAC 513.300.

¹ **NAC 513.340 Rating of degree of danger.** The degree of danger for a dangerous condition must be rated in the following manner:

1. One point must be assigned to a dangerous condition consisting of:
 - (a) A vertical or near vertical hole 8 to 20 feet, inclusive, in depth and highly visible upon approach;
 - (b) An inclined hole less than 50 feet deep from which a person could climb out;
 - (c) A horizontal hole with no associated stopes, winzes or raises; or
 - (d) A high wall of an open pit.
 2. Two points must be assigned to a dangerous condition consisting of:
 - (a) A vertical or near vertical hole 8 to 20 feet, inclusive, in depth which is not visible upon approach;
 - (b) Any vertical or near vertical hole 20 to 50 feet, inclusive, in depth; or
 - (c) Any inclined hole greater than 50 feet deep from which a person could climb out with no associated stopes, winzes or raises.
 3. Three points must be assigned to a dangerous condition consisting of:
 - (a) Any vertical or near vertical hole 50 to 100 feet, inclusive, in depth; or
 - (b) Any horizontal or inclined hole with associated stopes, winzes or raises with less than a 20-foot vertical opening.
 4. Four points must be assigned to a dangerous condition consisting of:
 - (a) Any vertical or near vertical hole which is at least 100 feet deep and visible upon approach; or
 - (b) Any horizontal or inclined hole with associated stopes, winzes or raises with a vertical opening greater than 20 feet.
 5. Five points must be assigned to a dangerous condition consisting of any vertical or near vertical hole which is at least 100 feet deep and not visible upon approach.
- The administrator or his representative may assign a higher degree of danger to a dangerous condition if other factors such as loose ground or the presence of water increase the danger, but the degree of danger for a single dangerous condition may not be scored higher than five points.

² **NAC 513.350 Dangerous condition causing fatality or injury.** Any dangerous condition that has been the cause of a documented fatality or injury must be ranked as a high hazard, regardless of its numerical score.

³ **NAC 513.360 Rating of dangerous condition.** Dangerous conditions must be rated as follows:

1. A dangerous condition with a total number of 2 or 3 points is a minimal hazard;
2. A dangerous condition with a total number of 4 or 5 points is a low hazard;
3. A dangerous condition with a total number of 6 or 7 points is a moderate hazard; and
4. A dangerous condition with a total number of at least 8 points is a high hazard.

NAC 513.300 Scopes. The provisions of NAC 513.200 to 513.390, inclusive, apply to all owners or other responsible persons for dangerous conditions on private or public land.

It has been our experience that a sternly worded letter from the County will spur the property owners or responsible persons into action. The property owners and responsible persons must secure dangerous conditions in a manner as specified in NAC 513.370. and 513.390.

If the responsible party does not respond, the County Commission is then authorized to have the Sheriff's Department notify the responsible party of the dangerous condition; the responsible party will then have 30 days to post an orange warning sign and then make the necessary securing measures, as provided by NAC 513.370.

NAC 513.370 Posting warning sign. A dangerous condition regardless of its ranking must be posted with a warning sign mounted on an orange post. The sign must be posted within 30 days after the responsible person is notified by the county sheriff of the existence of the condition.

NAC 513.390 Methods for securing dangerous condition. A dangerous condition must be secured by one or more of the following:

1. A barricade made of wood, metal or plastic, set in place in a solid manner with an orange warning sign attached.
2. A fence constructed to prevent a person or animal from accidentally exposing himself to the dangerous condition.
3. Permanently anchored seals constructed of material not subject to rapid decomposition and, if used to secure a vertical opening, strong enough to support the weight of any person or animal.
4. Backfilling so that no void spaces remain.

Securing of dangerous conditions must occur within the time periods specified in NAC 513.390.

NAC 513.380 Period after notification to secure dangerous condition. Upon notification of the existence of a dangerous condition, the responsible person shall:

1. Secure within 180 days a dangerous condition rated as a low hazard;
2. Secure within 120 days a dangerous condition rated as a moderate hazard; and
3. Secure within 60 days a dangerous condition rated as a high hazard, in the manner prescribed in NAC 513.390.

If the responsible persons still do not respond to the County, the County is authorized to secure the dangerous conditions and may charge the responsible party up to double the cost of the work, and impose a fine of up to \$250 per violation, also specified in NRS 455.040. The notice requirements are in NRS 455.030 and in 445.040:

NRS 455.030 Board of county commissioners to transmit information concerning dangerous condition at mine no longer operating to sheriff or constable; service of notice upon owner or responsible person.

1. If a board of county commissioners receives information from the Division of Minerals of the Commission on Mineral Resources that there is in the county a dangerous condition that results from mining practices which took place at a mine that is no longer operating, if the information identifies a person responsible for the condition, the board shall transmit this information to the sheriff or the constable of the township where the condition exists.

2. Upon receipt of information pursuant to subsection 1 or upon the filing of the notice, as provided for in NRS 455.020, the sheriff or constable shall serve a notice, in the same manner and form as a summons, upon each person identified as owner or otherwise responsible.

[3:16:1866; B § 111; BH § 292; C § 273; RL § 3235; NCL § 5632]—(NRS A 1983, 905; 1987, 1869; 1993, 1625; 1999, 3624).

NRS 455.040 Contents of notice; judgment; criminal penalty.

1. The notice served pursuant to subsection 2 of NRS 445.030 must require the person or persons to appear before the justice of the peace of the township where the hole, excavation, shaft or other condition exists, or any municipal judge who may be acting in his place, at a time to be stated therein, not less than 3 days nor more than 10 days from the service of the notice, and show, to the satisfaction of the court, that the provisions of NRS 445.010 to 455.180, inclusive, or the standards established by the Commission on Mineral Resources for the abatement of dangerous conditions have been complied with, or if he or they fail to appear, judgment will be entered against him or them for double the amount required to abate the condition.

2. All proceedings had therein must be as prescribed by law in civil cases.

3. Such persons, in addition to any judgment that may be rendered against them, are liable and subject to a fine not exceeding the sum of \$250 for each violation of the provisions of NRS 445.010 to 445.180, inclusive, which judgments and fines must be adjudged and collected as provided for by law.

[4:16:1866; B § 112; BH § 293; C § 274; RL § 3236; NCL § 5633]—(NRS A 1979, 1476; 1987, 1869; 1993, 881; 2005, 905)

Further, the county has no civil liability for the repairs per the following statute:

NRS 41.0331 Construction of fence or other safeguard around dangerous condition at abandoned mine. A person, the State of Nevada, any political subdivision of the State, any agency of the State or any agency of its political subdivisions is immune from civil liability for damages sustained as a result of any act or omission by him or it in constructing, or causing to be constructed, pursuant to standards prescribed by the Commission on Mineral Resources, a fence or other safeguard around an excavation, shaft, hole or other dangerous condition at an abandoned mine for which the person, State, political subdivision or agency is not otherwise responsible.

(Added to NRS by 1989, 1556)

The Division's goal not to have any injuries or fatalities because of abandoned mines. This is of course, what the County Commissioners want for their constituents and visitors. Abandoned mine incidents garner extensive attention by the press and rescue/recovery efforts can place rescue teams in high-risk situations.

If you wish for me to appear at one of your meetings, for additional information or assistance, please contact me any time at 486-4344 or by email bdurbin@govmail.state.nv.us. I am also available to speak at your schools on our outreach abandoned mines program, "Stay Out and Stay Alive".

Sincerely,

Bill Durbin, Chief
Southern Nevada Operations
Abandoned Mine Lands Program

cc: find out the particular name Sheriff Find out the particular DA's name and send a copy to him or her might want to send to the justice of the peace to in a small county with only one.



BRIAN SANDOVAL
Governor

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
400 W. King Street, Suite 106
Carson City, Nevada 89703
(775) 684-7040 • Fax (775) 684-7052
<http://minerals.state.nv.us/>

Las Vegas Branch:
2030 E. Flamingo Rd.
Suite #220
Las Vegas, Nevada 89119
(702) 486-4343
Fax (702) 486-4345

RICHARD PERRY
Administrator

January 31, 2014

Board of County Commissioners
Carson City County
201 N. Carson Street
Carson City, NV 89701

Dear County Commissioners:

The Nevada Division of Minerals is responsible for the physical hazards associated with abandoned mine openings in the state.

Pursuant to NRS 513.094 Section 2:

The administrator shall annually, during the month of January, inform each board of county commissioners concerning the dangerous conditions found in the respective counties, including their degree of danger relative to one another and to those conditions found in the state as a whole.

We continue to work with claimants, land owners, and federal land managers to address those sites that are not currently secured. Counties will be copied on notification letters when requests to claimants and land owners to secure these features have gone unanswered after 6 months.

Please find attached a summary of all the hazardous abandoned mine openings by county in Nevada. The summary shows sites discovered, sites secured, percent secured, unsecured sites by hazard rank, and the percent of unsecured hazards statewide.

If you have any questions or need any additional information please call the Division of Minerals at 775-684-7040.

Sincerely,

Richard Perry
Administrator

III. E. Discussion regarding potential changes to NAC 522.235

NAC 522.235 Location of wells. ([NRS 522.040](#)) In a proven oil and gas field the spacing of wells will be governed by special rules for each particular field, to be adopted by the division after notice and hearing. In the absence of a special order of the division establishing drilling units or authorizing different densities of wells or patterns of location for particular pools or parts of pools, the following requirements apply:

1. Each well drilled for oil with a projected depth of 5,000 feet or less must be located not less than 330 feet from the outside boundary of a government quarter-quarter section, or of a lot, tract or combination of lots or tracts substantially equivalent to a quarter-quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce oil from the same reservoir within the same quarter-quarter section.

2. Each well drilled for oil with a projected depth of greater than 5,000 feet must be located not less than 330 feet from the outside boundary of a government quarter section, or of a lot, tract or combination of lots or tracts substantially equivalent to a quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce oil from the same reservoir within the same quarter section.

3. Each well drilled for gas with a projected depth of 5,000 feet or less must be located not less than 660 feet from the outside boundary of a government quarter section, or of a lot, tract or combination of lots or tracts substantially equivalent to a quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce gas from the same reservoir within the same quarter section.

4. Each well drilled for gas with a projected depth of greater than 5,000 feet must be located not less than 990 feet from the outside boundary of a government section, or of a lot, tract or combination of lots or tracts substantially equivalent to a section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce gas from the same reservoir within the same section.

5. The requirements of this section for the location of a well do not apply to:

(a) Federal units.

(b) Wells drilled pursuant to a working interest agreement.

(c) Areas subject to existing orders for drilling and spacing.

6. The administrator will determine the pattern for the location of wells which are adjacent to an area in which the spacing of wells is prescribed by the division or under application for spacing, where there is sufficient evidence to indicate that the pool or reservoir for which the spacing of wells is or will be prescribed by the division may extend beyond the boundary of the

spacing order or application, and the uniformity of the pattern of spacing is necessary to ensure an orderly development of the pool.

7. As used in this section, the term “working interest agreement” means a written agreement entered into by the persons who are responsible for paying the cost of drilling one or more wells and that specifies the location of the well or wells.

[Div. of Mineral Res., § 201, eff. 12-20-79]—(NAC A by Dep’t of Minerals, 7-22-87; A by Div. of Minerals by R156-98, 12-18-98)

IV. REPORT OF THE ADMINISTRATOR



BRIAN SANDOVAL
Governor

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
400 W. King Street, Suite 106
Carson City, Nevada 89703
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Las Vegas Branch:
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Fax (702) 486-4345

Administrator

ACTIVITY AND ACHIEVEMENTS
SEPTEMBER 2013

ADMINISTRATION (ALAN)

1. Met with Art Wilson to discuss AML incident at Ludwig and review possibility of deed of trust as collateral for Silver Peak reclamation bond. Sent letter to Jim Lawrence (Administrator – Nevada State Lands) requesting reconveyance of deed of trust due to the fact that the bond is whole (115% funded).
2. Met with our new Oil and Gas Commissioner Arthur Henderson.
3. Met with Mark Kersey (United Resource Holdings Group) to discuss his pending mining permits and bond options.
4. Identified, and reviewed with Mike, agency business items needing attention in the immediate future.
5. Reviewed administrator files and packed up personal items from office.
6. Last day as Administrator was September 20, 2013.

RECLAMATION BOND POOL (MIKE)

1. Worked with Dave Marlow (State Lands) to reconvey a deed of trust for a Carson City parcel no longer needed as collateral for Art Wilson's Silver Peak bond executed in 1991. The bond amount is \$124,017 and the total deposit plus premium and late fees paid to date is \$142,626.
2. Processed a bond refund for Nevgold and communicated with several other bond pool participants attempting to receive bond refunds.
3. Researched bond documents requested by State Lands as part of deed of trust reconveyance for Art Wilson bond.
4. Processed bond reductions for Renaissance (2) and Paradigm Minerals.
5. Researched and contacted new parent company of Black Hawk Exploration for past due premiums. They sent a check and will be working with BLM to submit change of operator form approved and to get obligation released.
6. Processed bond release for Laurion Minerals and Max Resource.
7. Communicated with new owners of Rimfire Minerals (Kiska Metals) and provided them with necessary documents for Change of Operator and reassignment of bond.
8. Researched history on bond for TXAU Investments and found a discrepancy with BLM's spreadsheet for our statewide bond and provided that to Lacy Trapp (BLM) for review.
9. Met with Paul Gianoli and John Torok to discuss bonding options and review details of the bond pool program.
10. Processed bond release for Geoinformatics. Supplied vendor registration information to Walker Lane Gold, Laurion Minerals and Silverthorn Exploration for pending bond refunds. Executed new bond documents with Renaissance.

MINING, LAND AND OTHER ISSUES (MIKE)

1. Alan and I met with new Oil and Gas Commissioner Art Henderson to discuss the agency, its program, personnel and upcoming issues of interest to him.
2. Attended Interstate Mining Compact Commission finance committee conference call.
3. Met with LCB auditors to review their latest test of the AML notification program and discuss findings and recommendations. Continued with additional documentation research as requested.
4. Attended the Nevada Mining Association annual convention at Lake Tahoe.
5. Communicated with Laura Richards (NDOW) regarding future AML hard closure opportunities and partnerships.
6. Spoke with Dave Catalano (NDOW) regarding their agency's helicopter support for two bat gates proposed on Peavine Mountain (USFS).
7. Prepared 2012 mine production numbers with percentage from federally-managed public and private lands.
8. Reviewed and edited CMR minutes from 8/15 and 8/29 CMR meetings.
9. Conducted more AML documentation research as requested by LCB auditor. Discussed their test results and proposed workable solutions to our internal controls for AML notifications.
10. Division of State Lands requested updated research on AML and environmental hazards which may be present on Storey County parcel half-owned by the State and inquired as to current zoning requirements. Met with Dave Marlow (State Lands) and provided hard copies of all research results.
11. Reviewed administrator files with Alan.
12. Reviewed contractor's work status, invoice, and near term plans for AML program.
13. Reviewed Noble's surface casing cement bond log with Lowell.
14. Along with AML staff, met with John Callan, the new BLM AML Lead for Nevada and discussed our AML program, our joint assistance agreement and future plans.
15. Reviewed and edited agency monthly for July and August weeklies.
16. Began Work Programs to increase spending authority for Category 03 (Out-of-State Travel) and Category 04 (In-State Travel) due to increased travel from OGG inspections, Noble's work, and upcoming NAAML, IOGCC and IMCC conferences.
17. Worked on the 2012 Major Mines publication.
18. Lowell and I met with Commissioner Henderson to review the HF program components.
19. Answered general mining exploration questions from Las Vegas Review Journal reporter.
20. Spoke with property owner Coraline Vogt regarding possible unapproved mining activity at the Muddlebury gypsum mine in Pershing County. Followed up with NDEP to ascertain permits or applications associated with the property.
21. Commissioner Henderson, Lowell and I met with Dave Gaskin and Colleen Cripps (NDEP) to discuss elements of a hydraulic fracturing program.
22. Spoke with Jim Thomas (DRI) and arranged meeting with him to review work plans on behalf of Noble Energy.
23. Provided historic mine production statistics to Applied Analytics who is preparing a report for NvMA.
24. Commissioner Henderson and I met with Tom Gallagher (Nevada Water Solutions) to review his potential contract assistance with the promulgation of new regulations.

AML / PUBLIC AWARENESS - NORTH (JOHN)

1. Received more enquiries from claimants by phone and/or e-mail in response to the massive Notice to Secure mailing on July 30th, and responded back by phone or e-mail to them.
2. Performed more land research, and returned correspondence with claimants regarding Securing Notices.
3. Continued to make the appropriate changes to errors found in the database during research instigated from the Securing Notice enquiries by claimants.
4. Compiled and mailed Notification of Hazard(s) Secured letters to claimants who have complied with the notice to secure letters mailed to them.
5. More photos and securing info was added to the database from hazard securings performed by claimants.
6. Attended a Sexual Harassment Prevention course.
7. Helped George shuttle fleet vehicles to various venues in Carson City to receive repairs following the 2013 summer intern season.
8. Performed 5.5 days of AML field visits and securing work in Lyon and Storey Counties.
9. Attended NMA Education Committee meeting – planning meeting for the 2014 Las Vegas teacher workshop as well as other upcoming events.
10. Attended a meeting with the new BLM AML Program Lead, John Callan, along with Mike, Rob, Rachel, and Bill was on conference phone. Discussion of the Nevada AML program from the perspectives of the BLM and NDOM. Items discussed included: closure projects, policies and procedures, and funding.
11. Attended GSN September monthly meeting in Reno.
12. Took and completed the Information Systems Security awareness class.

AML / GIS (RACHEL)

1. Logged two non-hazards in the Mountain City area north of Elko. Found several roads that lead to AML features needing to be inventoried to be inaccessible. Marked this information and updated the data to the AML database.
2. Conducted land research for all sites logged this past summer by interns and found to be on patented claims. Recorded the new owner information and updated the database accordingly.
3. Located several points in the Virginia City area in the NV Points layer that did not correspond to any AML feature in the field. Edited the NV Points layer to reflect the most accurate field data.
4. Received new loggings on USFS land from Ken Maas. Created new hazard ID sheets and updated the database with this new information.
5. Traveled to the Artesia Lake area of Lyon County with Rob in order to assess hazards on Art Wilson claims that had been secured and those that had not. Resolved issues with UTM's and hazard ID numbers for several sites in the area and updated the database accordingly.
6. Received securing information from several claimants. Updated the database and sent thank you letters as needed.
7. Received a phone call from Jason Williams with NDOW regarding newly logged hazards inventoried by NDOW. He is working on assembling a spreadsheet so that new NDOM numbers may be assigned.
8. Received securing information on hazards that had not been logged by NDOM in Churchill County. Assigned new NDOM numbers and added photos and hazard ID sheets to the database.

9. Began working through the securing documentation received from claimants in response to the 7/30/2013 mail-out to make sure information had been updated properly in the database. Changed several records and researched new owners on sites that had since been recorded as unknown.
10. Attended the Education Committee meeting at the Nevada Mining Association with Valerie Kneefel.
11. Continued reviewing all responses received from the AML mail-out. Updated the database with new land status and ownership for those claimants stating hazards were not on their claims. Created a map showing claim boundaries for a claimant questioning where a hazard was in relation to their property boundary.
12. Met with John Callan who is the new AML lead for the BLM. Attended the meeting with Mike, Rob, and John. Discussed data sharing between NDOM and BLM and how we can better work together on future projects.
13. Brian Breiter with EPS located a few hazards in Humboldt County that had been double logged. Located these hazards and deleted the numbers and photos from the database.
14. Updated patent information for claims in the Ludwig area of Lyon County.
15. Attended a meeting with Rob and Jenni Jeffers (NDOW) in order to discuss moving forward on hard closures. Will plan on moving some of these closures forward before the weather changes.
16. Traveled to the Perry Canyon area of Washoe County and surveyed WA-395 with the down-hole camera. No bats were observed. Revisited several sites in the area as well.
17. Per George Bishop: NDOM gave out 80 each of the usual six SWAG items on September 21st at Dayton Valley Days
18. Sent Jenni Jeffers (NDOW- Fallon) maps of AML features that can be closed in the Evening Star area of Pershing County and at the Saint Anthony Mine in Churchill County.
19. Received a report of an unsecured shaft near a motorcycle race route north of Nightingale. Received the coordinates and plotted them to determine that the area has not been investigated by NDOM. From looking at the air photos and topo maps, there are several additional sites in the area. Will plan on visiting this site in the coming weeks in order to investigate the area.
20. Updated the database with information received from Ken Maas (USFS), EPS, and claimants. Performed routine database QA/QC. Added new securing, logging, and revisit photos to the photo archive.
21. Traveled to WA-383 (near Perry Canyon north of Spanish Springs) with personnel from NDOW in order to survey the site for closure.
22. Traveled to the Nevada Quicksilver mine in Pershing County with EPS and Jenni Jeffers in order to measure and exclude hazards slated for closure in the coming weeks.

AML / GIS (ROB)

1. Represented NDOM for an AML incident that happened near Ludwig on the north east side of Smith Valley on September 1st. Lacey Parrot from Mason Valley Fire called John and explained that a 17 year old boy drove his dirt bike into a shaft (LY-0027) and fell 60'. I contacted Lacey Parrot, received the location of the incident, and correlated the claim ownership. With Mike and Alan we contacted Art Wilson the claimant informed him of the accident and correlated a trip out to the site to secure the hazard.
2. Went to the incident site with three Art Wilson employees and secured LY-0027 as well as repaired the fence around LY-0008 (site of fatality on 10/2008). Discussed the

possibility of bringing one of Art's dozers onto the property to start backfilling the accessible hazards this fall

3. Re-researched all hazards ownership status in the area surrounding Art Wilson Co Ludwig claims. Gave Art the most up-to-date hazard information on his claims.
4. Provided Art Wilson with two of the larger "Warning" signs to put on his property to warn people of the hazards.
5. Performed QA/QC and updated the AML database with claimant's responses.
6. Discussed the AML enhancements budget with Mike to plan the fall / winter 2013/2014 NDOM AML hard closures.
7. Went to the Ludwig area (09-01-2013 incident site) with Rachel and revisited the hazards in the area to identify their securing status. Logged 4 hazards, revisited 38 hazards, logged 27 non-hazards.
8. Researched all patented claim ownership status around the Ludwig area. Updated ownership, as well as APN/MS numbers, for all Ludwig area hazards in the AML database.
9. With Debbie, started correlating Greenfield Environmental's hazards on their patented claim block in Lincoln County.
10. Updated the AML hard closure database with recent information. Received price proposals from contractor EPS for securing the remaining hazards in Chukar 2 and CC-0068 hard closure project areas.
11. Had Mike review NDOM's AML budget process with me to better understand where AML's budget stands.
12. Discussed the AML enhancements budget with Rachel to prioritize the fall / winter hard closure projects.
13. Contacted Jenni Jeffers from NDOW to receive updates on her biological surveys and to discuss the plans for hard closures this fall / winter. It resulted in setting up a meeting for September 19th for Jenni to come into NDOM's office and formally discuss the hard closure matters.
14. EPS logged 9 new hazards, 77 non-hazards, and revisited 76 sites in Humboldt County.
15. Attended the NVMA Education Workshop committee meeting in Reno.
16. Held a meeting with Mike, Rachel, John, and John Callan, the new AML state lead for the BLM. Discussed future plans, needs, and best possible ways to share AML information.
17. Attended a BLM conference call between all BLM district AML personnel, as well as, BOR. Discussed progress and updates for the future closure projects.
18. Held a meeting with Rachel and Jenni Jeffers from NDOW and reviewed NDOM's AML hard closure priority list. Discussed financial situations for all sites with closures planned this fall/winter. Planed future field visits to sites that need further information.
19. Held a meeting with Brian from EPS. Discussed his recent field work, as well as, coordinated his future schedule for hard closures in the Chukar and Nevada Quicksilver areas.
20. Updated all Robinson Mining hazards notifications in the AML database. Created an updated map, set up a meeting for September 30th at the Robinson Mine.
21. Researched the proposed hardrock mining tax to better understand the topic during the NAAMLPLP conference.
22. Discussed the Category 26 budget with Debbie for the possibility of purchasing tablets for AML field work.
23. Created a map for NDOW LV of known AML hazards in central Esmeralda County. This will be used by NDOW in reference to Mineral Ridge Gold LLC's proposed expansion.

24. Performed a down-hole camera survey in the Perry Canyon area on WA-0395 with Rachel. Revisited multiple sites and familiarized myself with all hazards to be included in the Pyramid Lake closure process.
25. Finalized all travel plans for the 2013 NAAML P conference in West Virginia.
26. Attended the 2013 NAAML P conference in Daniels, West Virginia. Networked with nation's leading AML personnel including all officers of the NAAML P, Greg Conrad from IMCC, the BLM and NPS AML leads, and many of the states AML representatives. Attended nine different technical sessions discussing a variety of AML topics. Represented Nevada during the annual fall NAAML P business meeting.
27. Created an agenda for fall NDOM staff AML meeting on the progress and future of the program.
28. Prepared data for a meeting with Robinson Mining concerning their AML hazards.
29. Received confirmation from Sue Fox, consulting biologist for Metallic Goldfield, that all hazards on the Goldfield backfill project in 2012 are filled; a total of 295 hazards in Esmeralda County.
30. Replied to claimants responses concerning the July 30th notifications.
31. EPS logged 5 new hazards in Nye County during the week of September 23rd -27th.

AML / PUBLIC AWARENESS - SOUTH (BILL)

1. Met with Carson City staff to discuss auditor findings on the AML program.
2. Conducted AML claim research at the Esmeralda County Courthouse.
3. Completed and passed Sexual Harassment Refresher Course.
4. Updating recent White Pine County AML research.
5. E-mail and phone conversations with contractors hired to secure AML sites for recently notified claimants and property owners.
6. Received one new request for an Eagle Scout service project (#173).
7. Logged in securing information received from claimants in Clark and Lincoln Counties.
8. Prepared and sent an AML project package to Eagle Scout candidate Mason Reid (#173).
9. E-mail and phone outreach to Las Vegas Rock, Aggregate Industries Sloan quarry, PABCO Gypsum and Southern Nevada Liteweight requesting tours for the 2014 Las Vegas teacher workshop.
10. Updated AML database with recent White Pine County claimant research.
11. Updated the teacher workshop mineral and rock kit list with updated information on the samples on-hand in the Carson City and Las Vegas storage units.
12. Attended National Mining Hall of Fame awards banquet and presentation in Denver. The NvMA Education Committee received the 2013 Prazen Award for Excellence in Education. Committee attendees were Joe Riney, Jon Price, Katie Neddenriep (outgoing Committee chair), Patti McClelland (incoming Committee chair), Kathy Freeman and Bill Durbin.
13. Attended (by conference call) NvMA Education Committee meeting. Planning for the 2014 Las Vegas teacher workshop and upcoming events.
14. Accompanied staff from Simplot Silica to CL-1987, an open pit mine near Logandale, Clark County. Crew posted nine warning signs along pit highwalls. Follow-up to recent AML notification letter.
15. Attended (by phone) a meeting with the new BLM AML Program Lead John Callan, Mike, John, Rob and Rachel. Discussion of the Nevada AML program from the BLM and NDOM perspectives, special issues, funding, closure projects, policies and procedures.
16. Completed final preparations for the NAAML P Conference in West Virginia.

17. Attended National Association of Abandoned Mine Lands Programs (NAAML) annual conference in Daniels, West Virginia with Rob Ghiglieri. Participated in Hard Rock Committee meeting, field trips and business meeting.
18. Made a presentation at NAAML conference on Nevada's AML program in the "Program Overview" technical session for approximately 30 session attendees.

GEOHERMAL (LOWELL)

1. Reviewed Ormat Nevada's sundry notice to perform mechanical integrity testing (MIT) on the Steamboat 23-33 injection well. Received UIC approval on procedure. Mike approved.
2. Reviewed US Geothermal's sundry notice to change conductor size and drillhole size in the 58A-33 observation well at San Emidio. Alan approved.
3. Reviewed US Geothermal's sundry notice for a change in the drilling program, surface casing depth, in the 58A-33 observation well at San Emidio. Alan approved.
4. Reviewed ORNI 43 LLC's (Ormat Nevada) sundry notice to change approved Tungsten Mountain 84-22 (permit 1324) drilling program from rotary/core to rotary only. Alan approved.
5. Transferred geothermal well site inspection information to Excel spreadsheet.
6. Reviewed HSS II's sundry notice to reclassify the Tuscarora 57-8 production well to an injection well. Site inspection on September 3rd showed this well was actually being used as an observation well, due to the well not being plumbed in. Received UIC approval. Mike approved.
7. Reviewed Enel Stillwater LLC's sundry notice to change the drilling program for the 68-31 injection well. Changes were related to well bore construction, approved total depth of 2,000 feet remains the same. Mike approved.
8. Reviewed Gradient Resources sundry notice to run an MIT on the 44-21 production well. Gradient wants to convert the well to an injection well. Tracer testing required by UIC. Received UIC approval. Mike approved.
9. Reviewed Nevada Geothermal Power LLC's sundry notice to pull pump in the Blue Mountain 25-14 production well, clean out well bore to total depth, and run 9 5/8" liner. Waiting on BLM approval.
10. Reviewed Brady Power Partners' sundry notice to run a short term injection test on the Brady 15-12 production well. Waiting on BLM approval. UIC has also been contacted for their review of the injection test.
11. Reviewed US Geothermal's sundry notice to extend the approved total depth of the San Emidio 58A-33 observation well from 3,000 to 4,000 feet.
12. Wells drilling: Gradient Resources Patua 38(22-28)-21 ST3; Gradient Resources Patua 14(11)-28 production well; ORNI 43 LLC Tungsten Mountain 84-22 observation well; US Geothermal San Emidio 58A-30 observation well.

OIL AND GAS (LOWELL)

1. The Noble Energy Humboldt M2-M2C-21B well was spud at 11:45pm on Monday, 9/2/2013. I was on location when the well was spud. The well is located approximately 21 miles (as the crow flies) to the east-southeast of Elko, T34N R58E, NE4 NW4 Section 2.
2. Reviewed Makoil's mechanical integrity testing (MIT) sundries on the Trap Spring 13 and 20-X water wells. Sundries were sent to NDOM due to the wells being permitted through NDOM. Procedure had been previously approved my UIC. Alan approved.

3. Witnessed the running, cementing and pressure testing of the surface casing in the Noble Energy M2C-M2-21B well. There were no issues in running the casing. I observed cement returns coming back to the surface. Approximately 60 barrels of cement returned to the surface.
4. Witnessed the running and cementing of the intermediate casing in Noble Energy's M2C-M2-21B well. There were no issues in running the casing. I observed cement returns coming back to the surface. A minimum of 30 barrels excess cement was returned to surface. Also witnessed casing pressure test at the completion of the cementing procedure.
5. Reviewed Western General's Tom Spring 4-34 permit application and drilling program. Permit application had to be corrected due to the BLM APD having a different location. Received correction. The proposed well is located in Nye County, Railroad Valley, T8N R57E SW4 SE4 Section 4. The proposed total depth of the well is 9,780 feet. Received BLM notification of approval. Mike approved.
6. Reviewed Tetuan Resources' Mariagnes 32-30 permit application and drilling program. The well is proposed to be located in Nye County, northern area of Railroad Valley, T15N R57E SW4 NE4 Section 30. The proposed total depth is 4,500 feet. Received BLM notification of approval. Mike approved.
7. Reviewed MTS Energy's information sundry on the Ferguson Spring 7-33 shut-in well, where monthly casing and tubing pressure reports are required by NDOM. Mike approved.
8. Drilling/Completion: Noble Energy Humboldt M2-M2C-21B.

OTHER (LOWELL)

1. Spent entire week traveling to Beowawe, Noble M2-M2C-21B location, Tuscarora, Tomera Ranch, Blackburn, and Trap Spring/Munson Ranch. Well and site, and pipeline (where exposed) inspections were conducted at all locations. Images were taken of all wells inspected. The number of wells inspected are as follows:
 - A. Beowawe: 8 (3 production, 2 injection, and 3 observation)
 - B. Tuscarora: 12 (3 production, 5 injection, and 4 observation)
 - C. Tomera Ranch: 4 (1 producer, 1 shut-in, 2 plugged and abandoned - 2 other recently plugged and abandoned wells could not be located)
 - D. Blackburn: 8 (5 producers, 2 injection, and 1 water well)
 - E. Trap Springs/Munson Ranch: 44 (34 producers, 5 shut-in, 5 water wells)
2. Noble M2-M2C-21B well:
 - A. Verified size, grade, and weight of surface casing.
 - B. Witnessed running, cementing, and pressure testing of surface casing at the Noble M2-M2C-21B well.
 - C. Witnessed BOPE tests at the Noble M2-M2C-21B well.
 - D. Verified size, grade, and weight of intermediate casing.
 - E. Witnessed running, cementing, and pressure testing of intermediate casing at the Noble M2-M2C-21B well
3. Took a look at the Secret Pass area (State Hwy 229), separating the Ruby Mountains and the East Humboldt Range, and the northwestern flank of the Ruby Mountains for possible AML locations. No potential AML sites were seen.
4. Continued to look for possible AML sites in the Secret Pass and northeastern end of the Ruby Mountains. Drove up the Soldier Creek drainage looking for possible sites, none were seen.

5. Spoke with four ranchers concerning possible AML sites in the Secret Pass and northeastern Ruby Mountains region. All four ranchers informed me that they had never seen any old abandoned mine sites up in the mountains. I gave all four ranchers my business card and told them to contact me if they have any issues related to Noble's drilling project. All ranchers were quite happy a representative from NDOM had contacted them. They all told me that so far there are no issues and Noble was operating better than they had expected, especially in repairing the county road after Noble mobed in the drilling rig. They all told me they would contact me if Noble was not cooperating with them in the manner they believe Noble should respond.
6. Met with Mark Hooper, one of the four ranchers mentioned above, at Noble's drill location. Mr. Hooper owns the land Noble Energy is current drilling on. Explained the overall drilling and completion processes to Mr. Hooper. Introduced Mr. Hooper to the appropriate Noble Energy and H&P Drilling Services personnel. Gave Mr. Hooper a brief tour of the site. Mr. Hooper was particularly interested in the casing, primarily its thickness, and seemed to be quite pleased with the surface and intermediate casing he was shown.
7. Mike and I met with Commissioner Henderson to discuss his research of other states' hydraulic fracturing regulations, and how some of the regulations could be utilized, in part or whole, in writing regulations for NDOM. Regulations related to the effects of hydraulic fracturing on the waters of the State of Nevada need to be presented to the LCB in January 2014. Discussed posting chemicals used in hydraulic fracturing on the agency's website. Art obtained the list from Frac Focus. We decided to add a column describing common uses of the chemicals, if the information can be located.



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ACTIVITY AND ACHIEVEMENTS OCTOBER 2013

ADMINISTRATION (MIKE)

1. Met with the LCB auditors to review a first draft of their Final Findings report and discuss preliminary responses from NDOM to their issues of concern.
2. Naomi Duerr requested a meeting to discuss agency programs. Met with her and provided general overview of programs and staffing.
3. Our budget analyst requested completion of a worksheet detailing short, mid and long-term impacts to agency programs resulting from a federal government shutdown and a memo detailing our options for addressing any potential impacts. Minor impacts to our AML program are possible due to semi-annual fiscal assistance programs from the BLM and USFS. No agency staff will be impacted; any revenue shortfalls are accommodated by reductions in AML enhancements (e.g. contracted work).
4. Submitted two Work Programs to increase expenditure authority for Categories 02, 03 and 08. The Cat 08 Work Program was approved, the other Work Program will be considered at the December 9th meeting of the Interim Finance Committee.
5. Updated NDOM's portion of the Nevada Taxpayers Association's "Tax Facts" publication to reflect FY13 production and economic impacts due to mining.
6. Met with representatives from NDEP and the Desert Research Institute (DRI) to review status of DRI's AQUA program.
7. Met with Commissioner Henderson to continue working on HF program elements.
8. Provided Rich Perry's press release to the Elko Daily Free Press, Reno Gazette Journal, Nevada Appeal and Las Vegas Review Journal newspapers as well as to GSN.
9. Worked with Governor's office to have official appointments made for representation at the upcoming Interstate Oil and Gas Compact Commission (IOGCC) annual meeting. A letter from Fred Gibson was submitted to the Governor for recommending the appointment of Lowell Price as Associate Representative and Rich Perry as the Official Representative at future meetings.
10. Lowell and I met with Tim Wilson (DWR) and Brad Platt and Ashley Smith (Enel) to review aspects of the Stillwater geothermal field and interaction history with nearby residents.
11. Entered contractual information into CETS pertaining to proposed contract with Tom Gallagher (Nevada Water Solutions, LLC). Sent Tom a Scope of Work for review as well as required insurance types, amounts, and terms.
12. Attended the joint Geothermal Resources Council (GRC) and Geothermal Energy Association (GEA) conference in Las Vegas. Worked exhibit booth with Lowell providing information related to geothermal issues in Nevada, as well as our AML program, to some of the 1,600 attendees.

13. Traveled to San Antonio and attended the mid-year meeting of the Interstate Mining Compact Commission (IMCC) as the representative for Nevada.
14. Attended the State Environmental Commission (SEC) meeting with Commissioner Henderson to answer any questions related to hydraulic fracturing if they came up. The SEC requested an overview presentation on the subject from NDOM at its December 4th meeting.
15. Attended special meeting of the CMR to interview candidates for administrator of NDOM.
16. Attended quarterly CMR meeting and provided agency updates to the Commission.

RECLAMATION BOND POOL MINING, LAND AND OTHER ISSUES (MIKE)

1. Researched other states' regulations related to ensuring well-bore integrity.
2. Received a request from Southern Nevada Liteweight for a bond increase. Prepared a worksheet detailing payment requirements and provided that to them.
3. Met with Dave Marlow (State Lands) to receive deed reconveyance paperwork related to a bond for the Art Wilson Company.
4. Processed bond release for Silverthorn Exploration and Walker Lane Gold.
5. Researched and provided reference information to claimant regarding overlapping of placer and lode claims.
6. Conducted AML hard closure site assessment in Virginia City with Rob and contractor Brian Breiter.
7. Provided additional historic mine production data to Applied Analytics and answered questions related to assorted variances between numbers reported by NDOM versus those from Taxation.
8. Received request from Southern Nevada Liteweight to increase their reclamation bond. Created increase worksheet and submitted it along with payment history to Lacy Trapp (BLM-NSO) for approval as required under MOU.
9. Provided LCB auditors with requested information from draft version of 2012 Major Mines report, plus 2012 oil and geothermal production numbers.
10. Worked up new bond packet for Channel Gold.
11. Lowell and I traveled to the Stillwater geothermal field and met with two property owners to assess their domestic geothermal wells, discuss their permit issues, and listen to alleged impacts to their wells by Enel's adjacent Stillwater geothermal operations.
12. Attended the annual meeting of the Nevada Mineral Exploration Coalition.
13. Provided answers and reference information related to basalt, pumice, and perlite production in Nevada to Todd Valline (Governor's Office of Economic Development).
14. Attended annual 8-hour MSHA underground refresher training provided by Bill Collins (Mine Safety and Training).
15. Provided requested historical gold production in Nevada and information on Comstock history to reporters from the Las Vegas Review Journal newspaper.
16. Provided requested modern gold and silver production numbers and associated updated graphs to reporter from the Mining Journal trade publication.
17. Provided requested total Carlin gold production to Dean Heitt (Newmont) for upcoming AIPG presentation.
18. Responded to requests for information from three auditors representing bond pool participants.
19. Completed the quarterly bond pool reconciliation and submitted it to Eric Scheetz (Controller's Office).

AML / PUBLIC AWARENESS - NORTH (ROB)

1. Held a meeting with Robinson Mining at their mine in Ruth. Discussed their unsecured hazards issues and concerns, as well as, their possible plans of closures with Eric Heinbaugh and Blair Davis.
2. With Mike and EPS visited the Sutro Air shaft #4 (ST-0067) and Mint shaft (ST-0081) in the Virginia City area. Determined the best possible locations for the chain link fence posts that will enclose ST-0067.
3. Started working on the NV Quicksilver hard closure project in Pershing County with EPS and NDOW. Familiarized myself with all 14 hazards that are included in the project, as well as, the surrounding area. EPS was able to build 2 bat gates and 1 grate.
4. Logged 9 hazards and 39 non-hazards in Pershing County.
5. Revisited 6 hazards for the possible NV Quicksilver #2 hard closure project in Pershing County.
6. Replied to claimants responses concerning the July 30th notifications.
7. Attended the NVMA Education Workshop committee meeting in Reno.
8. Attended the Commission on Mineral Resources Meeting in Reno.
9. Entered all field data collected from the previous week in Pershing County into the database.
10. Researched a shaft that was brought to our attention by Commissioner Snow. It is located in Esmeralda County in an area that NDOM has not inventoried yet. The area has multiple mining related features that all fall on orphan land. A field visit is being planned in the future.
11. With Rachel, put up exclusion netting on all eight hazards in the Chukar 2 hard closure project.
12. Continued working on the NV Quicksilver hard closure project. EPS built 1 bat gate, 1 grate, 1 cupola, 2 culverts, and 2 polyurethane foam closures.
13. Performed three down-hole camera surveys for the possible Nevada Quicksilver 2 hard closure project in Pershing County.
14. Replied to claimants responses concerning the July 30th notifications.
15. Led an NDOM AML meeting with Mike, Bill, Rachel, Debbie, and John to discuss the progress and future on the Division AML program.
16. Research land ownership on hazards logged in 2012, with unknown land status in the database.
17. With Dan Erbes (BLM), put up exclusion netting on two hazards at the Monarch mine BLM closure project. Reviewed with Dan the exclusion netting work previously installed on the Chukar project.
18. Finished the NV Quicksilver hard closure project. EPS built 2 bat gates, 1 backfill, and 1 Polyurethane foam closure.
19. Replied to, and updated the AML database with, claimant's responses concerning the July 30th notifications.
20. Research land ownership on hazards logged in 2012, with land status "Unknown" in the database.
21. Presented NDOM's AML internship program to the John Mackey Club at UNR. A total of 30 persons present. (1 presentation – 30 people)
22. Reviewed and corrected the AML database with the Lynn district BLM logging data from spring 2013. Correlated the data with previously logged hazards, entered the information into the database, removed the incorrect logging information from the AML database, and provided the new Eureka County ID #'s to Whitney Wirthlin of the BLM.

23. Discussed BLM's Elko Districts AML 2013 field work and upcoming personnel changes with Whitney Wirthlin.
24. Registered for the 2013 ESRI Southwest User Conference in Salt Lake City.

AML / GIS (RACHEL)

1. Completed routine monthly back up and updates to the AML photo archive and database.
2. Received securing information from claimants and updated the database with these changes. Added photos to the archive and sent "Thank you" letters acknowledging the securing work completed.
3. Updated the database with securing documentation received from Metallic Goldfield for nearly 300 sites that had been backfilled. The documentation received did not include photos, so these sites will need to be field checked in the future.
4. Met Brian Breiter (EPS) and Ken Maas (USFS) in order to discuss closures of two open mine shafts on Peavine Mountain in Northwest Reno. These sites will be closed with bat grates in the near future. A site visit was conducted in order to determine access and materials needed for the upcoming work.
5. Began researching recently logged hazards on public land that need to be researched.
6. Conducted two classroom presentations with Valerie Kneefel at Miguel Sepulveda Elementary School in Sparks. Two "Paste with a Taste" activities were taught to a total of 65 second grade students. (2 presentations – 68 people)
7. Continued conducting land research on public lands throughout the state for hazards listed in database with "Unknown" ownership status.
8. Attended the education committee meeting in Reno at the Nevada Mining Association
9. Downloaded and tested the most recent version of the AML app. Worked on discovering and noting issues in current version.
10. Traveled to the Chukar mine in Douglas County with Rob in order to put exclusion netting over several shafts and adits in the area. These sites will be backfilled during the last week of October and first week of November.
11. Traveled to the Nevada Quicksilver site with Rob in order to meet Jenni Jeffers (NDOW) and Brian Breiter (EPS). Conducted three down-hole camera surveys with Rob and discussed mine shaft closure options with Jenni.
12. Spoke with Tim Lewis at purchasing regarding methods and steps that the division should take to move forward with the AML and other databases. Spoke with Debbie regarding this matter as well and how we want to move forward.
13. Attended a meeting with Rob, Bill, Mike, and John regarding the AML program and how we are moving forward.

AML (JOHN)

1. Performed 7 ½ days of AML field work in Lyon and Storey Counties.
2. Added photos, re-visit, and securing info to the database from AML work performed in Storey and Lyon counties.
3. From September 9th – October 25th work along the V&T corridor near Virginia City includes: 63 re-visits and 4 new hazards in Lyon County logged. In Storey County there have been 23 re-visits and 2 new hazards logged. 21 repairs and 5 securings were performed on these hazards during this time frame.
4. Attended the Commission on Mineral Resources meeting in Reno.
5. Attended the Nevada Mining Association Education Committee meeting in Reno. Items discussed were the planning for the 2014 Southern Nevada teacher workshop next

Spring, education events in northern Nevada this Fall, and tentative dates for the 2014 Northern Nevada workshop (July 14-17).

6. Attended the AML staff meeting in Carson City, with Rob, Rachel, Bill, Mike, and Debbie – also attended the retirement get-together for Alan Coyner.
7. Gave 2 “Paste with a Taste” classroom presentations (37 and 22 students) to second graders at Miguel Sepulveda Elementary School in Sparks. (2 presentations – 62 people)

AML / PUBLIC AWARENESS - SOUTH (BILL)

1. Assisted Lowell Price with display set-up for the Geothermal Energy Association conference at the MGM Grand – Las Vegas.
2. Presented minerals and commodities, “Birdseed Mining”, “What a Geologist Does” and AML for the 4th and 5th grade “Mighty Miners” (student tour guides) at the McCaw School of Mines – Henderson – total of 30 students. (1 presentation – 30 people)
3. Conducted an Eagle Scout reconnaissance site visit with candidate Mason Reid (#173). Three hazards will be secured in the Keyhole Canyon area between Nelson and Searchlight in Clark County.
4. Presented minerals and commodities, “Birdseed Mining”, “What a Geologist Does” and AML for 30 4th grade students at Carolyn Reed Elementary School – Las Vegas. (2 presentations – 32 people)
5. Logged in two AML securings completed by Corvus Gold (US)/Mineral Ridge Gold LLC in Esmeralda County (response to notification letter).
6. Attended Commission on Mineral Resources meeting in Reno. Reported on Southern Nevada activities in education and AML.
7. Attended MSHA 8-hour underground mine refresher training course in Carson City.
8. Attended AML staff meeting in Carson City and retirement gathering for former administrator Alan Coyner.
9. Logged in securings completed in Lincoln County by a contractor for Greenfield Environmental Trust (Kerr/McGee patented claims).
10. Prepped materials for display at Henderson National Trail Days event scheduled for Saturday, October 5.
11. Las Vegas staff set up and manned display at Henderson National Trail Days event – Cornerstone Park – Henderson. The display showcased AML information and handouts and Division materials – approximately 300 visitors.
12. Worked at McCaw School of Mines “Haunted Mine” Halloween open houses – Wednesday, Oct. 23 for students, parents and teachers of Gordon McCaw Elementary School; Thursday, October 24 open house for general public.
13. Researched and found a Lincoln County AML securing project for an Eagle Scout candidate (#174) who lives in the Pioche area.
14. Conducted Rheuben Trotter’s (#169) Eagle Project reconnaissance site visit. Four hazards will be re-secured and one site will be secured in the Crescent Peak area in Clark County.
15. Sent an Eagle Project package to Lincoln County Scout Derek Mathews (#174) for securing seven hazards in the Fairview Peak area, northwest of Pioche.
16. Received an inquiry for an Eagle Scout AML securing project from Jared Gibson (#175).
17. Conducted Max Ridenour’s Eagle Project reconnaissance visit. Due to access issues, the original project was abandoned. A new project has been located and a new information package has been prepared and sent.
18. Completed revisits to 10 AML hazards in the Crescent Peak area, Clark County.

19. Prepared and sent Eagle Scout AML project package to Todd Polley (#172). One hazard will be secured and three previously secured hazards will be repaired – Crescent Peak area west of Searchlight.
20. Attended Nevada Mining Association Education Committee meeting in Reno. Planning for the 2014 Southern Nevada teacher workshop, fall 2013 education events in northern Nevada and proposed dates for the 2014 Northern Nevada workshop tentatively scheduled for July 14-17.

GEOHERMAL (LOWELL)

1. Worked NDOM's booth at the Geothermal Resource Council annual conference in Las Vegas.
2. Reviewed Ormat Nevada's sundry notices to inject tracers into Steamboat injection wells IW-1, IW-3, IW-5, IW-6, and 23-33 in order to perform a field wide survey of fluid movements. Mike approved.
3. Reviewed Brady Power Partners' sundry notice to perform a short term baseline injection test in the Brady 15-12 production well. Testing is expected to last less than eight hours. Mike approved.
4. Reviewed US Geothermal's sundry notice to extend the approved total depth of the 58A-33 observation well from 3,000 feet to 4,000 feet. Mike approved.
5. Reviewed US Geothermal's sundry notice to perform a work-over operation on the 61-21 production well at San Emidio. Mike approved.
6. Reviewed ORNI 15 LLC's (Ormat Nevada) sundry notice to perform mechanical integrity tests on the 81-28 injection well. MI testing is being coordinated by Ormat through UIC.
7. Reviewed ORNI 39 LLC's (Ormat Nevada) permit application and drilling program for the McGinness Hills 25-10 production well. Proposed total depth is 5,000 feet. Received BLM notification of approval. Mike approved.
8. Reviewed ORNI 39 LLC's (Ormat Nevada) permit application and drilling program for the McGinness Hills 27-10 production well. Proposed total depth is 4,475 feet. Received BLM notification of approval. Mike approved.
9. Reviewed ORNI 39 LLC's (Ormat Nevada) permit application and drilling program for the McGinness Hills 35-10 production well. Proposed total depth is 4,475 feet. Received BLM notification of approval. Mike approved.
10. Reviewed ORNI 15 LLC's (Ormat Nevada) sundry notices to inject tracers into the Jersey Valley 14-27, 81A-28, and 81-28 injection wells. Tracers are to be used to track reservoir continuity. Received UIC approval. Received BLM notification of approval. Mike approved.
11. Reviewed Ormat Nevada's sundry notice to repair or replace the pump in the Steamboat 28-32 production well. Received BLM notification of approval. Mike approved.
12. Reviewed Brady Power Partners (Ormat Nevada) sundry notice to perform a 29 day injection test in the Brady 15-12 production well. The test is to be preceded by an 8 hour baseline injection test. Received BLM notification of approval. Mike approved.
13. Reviewed Gradient Resources' sundry notice to perform a 29 day injection test in the 38(25)-21 production well. Gradient is working with UIC to re-classify the well as an injection well. Received UIC approval. Mike approved.
14. Wells drilling: ORNI 43 LLC Tungsten Mountain 84-22 observation well; US Geothermal San Emidio 58A-30 observation well.

OIL AND GAS (LOWELL)

1. Reviewed MTS Energy's sundry on the Ferguson Spring 7-33 shut-in well, where monthly casing and tubing pressure reports are required by NDOM. Mike approved.
2. Reviewed Grant Canyon LLC's sundry notice to perform mechanical integrity testing on the Blackburn 21 well. Grant Canyon wants to convert the well to a water injection well. Testing is being coordinated through UIC. Mike approved.
3. Spent majority of week at Noble Energy's M2C-M2-21B well site. Witnessed running and cementing of casing. Witnessed casing pressure test.
4. Reviewed Wesco Operating (Kirkwood Oil and Gas) sundry notice to repair the Eagle Springs 1-34 injection well. UIC approved. Mike approved.
5. Reviewed Grant Canyon LLC's informational sundry notice on the completion of the Blackburn 16 well. Mike approved.
6. Drilling/Completion: Noble Energy Humboldt M2-M2C-21B (11,689', hole has reached total depth, running gyro survey, will run suite of logs after gyro run).

OTHER (LOWELL)

1. Spoke at the Nevada Landman's Association meeting on Friday, October 11th, where hydraulic fracturing was the main topic. The audience was quite inquisitive and had numerous excellent questions.
2. Missed the Commission on Mineral Resources quarterly meeting in Reno due to being on Noble Energy's well site at the time.
3. Was on Jim Faulds' panel at the Nevada Mineral Exploration Coalition meeting along with John Snow and Jerry Walker. The panel discussed oil and geothermal exploration in Nevada.
4. Mike and I went to Stillwater to inspect the domestic geothermal wells on Freeman Lane. Each location has production and injection wells in place. Only one geothermal permit has been issued (1991). DWR is trying to ascertain whether or not they permitted the remaining three wells. If the three wells have been permitted by DWR, the permits may be transferred to NDOM. If the three wells have not been permitted by DWR, NDOM and DWR will decide which agency will new permits for the wells. Mike and I also visited the new Gradient Resources' Patua Power Plant on the way back to Carson City. One of the three 10MW cells has been synced to the grid. A second 10MW cell was being synced during our visit.
5. Mike and I met with Art to discuss possible regulations related to hydraulic fracturing, as well as possible regulations to satisfy SB 390.
6. Mike and I met with John Menghini to discuss the upcoming BLM rule on hydraulic fracturing, as well as NDOM's possible regulations on hydraulic fracturing. The rule has received over one million comments that the BLM is working through. The BLM will have to address the comments.
7. Mike and I met with Art to discuss possible regulations related to hydraulic fracturing, as well as possible regulations to satisfy SB 390. We also discussed general COA's concerning hydraulic fracturing that will be posted on the web site.



BRIAN SANDOVAL
Governor

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RICHARD PERRY
Administrator

EXECUTIVE SUMMARY AND MONTHLY ACTIVITY REPORTS NOVEMBER 2013

EXECUTIVE SUMMARY

Statutory Programs:

- Industry Relations - Commission Staff participated in meetings of the Interstate Oil & Gas Compact Commission, Geological Society of Nevada, Mining Oversight and Accountability Commission (MOAC), and monthly meetings with the Governor's Chief of Staff.
- Minerals Education – Calendar year-to-date, staff has conducted 175 classes state-wide, which were attended by 15,243 students. The primary areas served were elementary schools in the Las Vegas-Henderson area, Earth Science Workshops for teachers in Reno and Las Vegas, and specific or annual requests for speakers by various organizations.
- Abandoned Mine Lands (AML) – 667 AML hazards have been logged year-to-date with 266 secured. 79.8% of all AML hazards logged to date have been secured. Planning is underway for the AML work program for summer, 2014.
- Reclamation Bond Pool - Notice-level bond pool activity for calendar year 2013, through November, included eight new bonds, six increases and 54 reductions. There are 128 bonds totaling \$1.66M. There are ten plan-level bond pool participants, with \$1.40M in bonds.
- Oil & Gas permitting and inspection - No new geothermal or oil & gas wells were permitted in November. With regards to annual inspections, 66 out of 435 geothermal wells have been inspected, or 15%. 97% of oil wells have been inspected, 114 out of 117 wells.

Financial, Personnel and Projects:

- At the end of November the Division was fully staffed with 11 full-time employees.
- YTD mining claim fees are tracking 9 percent below 2012 levels.
- Development of regulations for Hydraulic Fracturing (HF) for oil & gas drilling. This work was assigned to NDOM and NDEP at the 2013 legislative session through NRS 522.119 (SB390). Much work was completed by Staff and Commissioner Henderson during the month which included meetings with NDEP, BLM, industry and environmental community stakeholders. The following is a snapshot and tentative schedule:
 - First draft of proposed changes to NAC 522 to be reviewed by staff on December 20th. A final recommended draft will be sent to Commissioners as soon as possible for review.
 - CMR public meeting scheduled in Carson City on January 16th to review, take public comment and consider tentative approval for submission to the Legislative Council Bureau (LCB).
 - Targeting submission to LCB by end of January, 2014.
 - Current version of proposed changes to NAC 522 included a one-mile radius map and detailed description in the application, sampling of wells within a one mile radius before and after HF occurs, additional casing and cement requirements, chemical disclosure on FracFocus and public disclosure of permits issued for oil & gas drilling on the Division's web site. These proposed changes would only apply to wells where HF is used in well completion.

The following are detailed reports from NDOM staff for November activities:

RECLAMATION BOND POOL (MIKE)

1. Updated Plan of Operations fee tracking spreadsheet and two new and three reminder (late) invoices were mailed out.
2. Completed draft version of 2012 Major Mines publication and delivered draft along with photo submissions to Jack Hursh (NBMG).
3. Executed new reclamation bond with Channel Gold.
4. Responded to audit requests for Bravo Alaska and Rio Fortuna Exploration.
5. Received request from NDEP and concerned investor for information regarding factual mining activity by AIVN and/or Aurum Exploration.
6. Prepped and received documents for new bond for Mineral Maxx.
7. Answered questions from property owner regarding various issues involving split mineral estates.
8. Provided project bond and premium amounts for NV Gold to their auditor as requested.
9. Researched and provided additional production information to Jack Hursh (NBMG) for the 2012 Major Mines publication.
10. Communicated with Comstock Mining regarding proposed presentation and field trip for attendees at next year's Interstate Mining Compact Commission annual meeting.

MINING, LAND AND OTHER ISSUES (MIKE)

1. Attended quarterly meeting of the Mining Oversight and Accountability Commission (MOAC) and presented an update on agency activities and FY14 revenues derived from mining, oil, and geothermal permits and fees.
2. Update incoming administrator Rich Perry on agency activities and upcoming meetings.
3. Review and sign final MOU between Noble, DRI, NDEP and NDOM.
4. Participated in Interstate Mining Compact Commission (IMCC) strategic planning meeting via conference call.
5. Responded to request from State's Certified Professional Manager Program to facilitate mine tour in Reno/Carson City region in December as part of an executive seminar.
6. Continued working with Lowell and Commissioner Henderson on HF program elements.
7. Governor Sandoval sent a letter to IOGCC appointing Lowell Price as Associate Representative at next week's annual meeting and Rich Perry as Official Representative for Nevada at future meetings.
8. Attended the Interstate Oil and Gas Compact Commission (IOGCC) annual meeting in Long Beach, California with Lowell and Commissioner Henderson.
9. Met with LCB auditors and reviewed their draft final findings. Suggested minor modifications which will be incorporated in the final findings report. Upon receipt of this report, a formal response from NDOM is required within ten days. The report and response will be presented at an upcoming LCB Audit Hearing, tentatively scheduled for mid-December.
10. Continued working on hydraulic fracturing program elements with Lowell and Commissioner Henderson.
11. Welcomed new administrator Rich Perry and provided him with updates on various agency projects.
12. Rich and I met with the LCB auditors to review their second draft of the final findings report and discuss the remainder of the audit process.
13. Provided the Governor's office with a letter from Commissioner Gibson recommending the appointment of Rich as representative for Nevada to the Interstate Mining Compact Commission (IMCC).
14. Worked on hydraulic fracturing program and presentation for next week's stakeholders meeting and finalized list of invited attendees.
15. Reviewed and proofread the minutes from the previous CMR meeting. Reviewed October weekly and monthly reports from staff for distribution to the CMR and public.

16. Completed the final draft of the 2012 Major Mines publication and delivered it to Jack Hursh (NBMG) for typesetting and graphics preparation.
17. NDOM staff met with representatives from NDEP and BLM to review proposed HF program and potential new regulations.
18. NDOM staff met with representatives from NDEP, DRI and Noble Energy to review and discuss aspects of DRI and Noble's AQUA program.
19. Held a stakeholders meeting to review the proposed HF program and solicit feedback. The meeting was attended by representatives from NDOM, NDEP, DWR, BLM, and included individuals, or their representatives, who submitted testimony on SB 390 during the legislative session.
20. Rich and I, along with Paul Comba and Shawn Gooch (NDEP) conducted a site visit to Dun Glen Mining's proposed placer operation in Pershing County as part of a review of their reclamation bond application submittal.
- 21 Assisted Dave Marlow (State Lands) with soliciting offers of mineral evaluation from three geologists knowledgeable of a state-owned patented parcel in Storey County.
21. Submitted the Division's written response to the LCB audit team's final findings letter.
22. Executed one new reclamation bond and processed two bond refunds.
23. Continued working with Lowell, Rich and Commissioner Henderson on the list of standardized conditions of approval for drilling operations which are proposed to include hydraulic fracturing.
24. Reviewed and approved final draft of 2012 Major Mines for publication.

MAJOR ACTIVITIES – CHIEF, ABANDONED MINE LANDS PROGRAM (ROB)

1. Finished the Chukar and Peavine hard closure projects. EPS built three bat grates.
2. Replied and updated the AML database with claimant's responses concerning the July 30th notifications.
3. Prepared and provided the BLM with both Nevada Quicksilver and Chukar hard closure reports.
4. Compiled all known unsecured hazard data for Comstock Mining, and provided the data to Comstock's new AML contact Olivia Amos. Set a date for a training exercise in the Virginia City area.
5. Attended the ESRI Southwest User Conference in Salt Lake City. Created contacts for possible future database designs; as well as, viewed Colorado's and Utah's AML SQL databases.
6. With Rachel, logged 10 new hazards, securing 5, and logged 31 non-hazards in Esmeralda County south of Coaldale Junction.
7. Contacted the Washoe Tribe concerning the closure of CC-68. Informed the tribe of the current closure situation and the possible plans of closing the hazard.
8. Started preparing paperwork for a BLM CX request on the Perry Canyon hard closure project and submitted a BLM CX request on the Wonder Mountain hard closure project.
9. With Mike and Rachel we compiled a response to the 2013 State of Nevada performance audit regarding the AML program notification process.
10. Performed two underground bat surveys at Wonder Mountain with Rachel, Jenni Jeffers, and George in Churchill County.
11. Finished researching land ownership on hazards logged in 2012 and 2013, with unknown land status in the database. Started to prepare for a December mail out for all new hazards.

AML Hazard Statistics

	<u>Logged</u>	<u>Secured</u>	<u>Securing %</u>
All Hazards to Date	17,807	14,221	79.8
2013 Calendar Year	667	266	39.9

AML / GIS (RACHEL)

1. Reviewed the AML tablet app and submitted suggestions and questions to Brian Breiter (EPS). Clarified some questions from his end and will wait to test the next version with upgrades included.

2. Assembled 38 bags of rocks and minerals for head start classroom presentations at Desert Heights Elementary in Stead. With Rob, presented on common rocks, minerals, and their uses to 2 classes of 17 3 and 4 year olds as well as 2 teachers. A total of 36 people were presented to. AML swag was handed out to both groups.
3. Traveled out to WA-116 north of Stead with Rob in order to revisit a hazard that was reported to have a compromised fence. Upon visiting the site, a new fence was constructed around the hazard and documented. Two new non-hazards were also logged in the area.
4. With Rob, met with a BLM archeologist at CC-68. Exclusion netting was placed over the shaft so that the hazard can be foamed closed once BLM approves.
5. Traveled to Virginia City to check on the status of a high ranked hazard that was reported by John to be unsecured. Assessed the extent and degree of the hazard with Rob. The property owner will be notified of the unsecured hazard on their claims.
6. Continued updating the database with new ownership information for sites logged within the past year. Completed routine QA/QC on the database and conducted end of month back-ups and archiving.
7. Traveled to Cottonwood Elementary in Fernley with Linda and Valerie. Conducted the "Pet Rock" activity and discussed geology with 5 classes of first graders for Cottonwood's Nevada Day Celebration. A total of 127 first graders made pet rocks and were given AML swag.
8. Sorted through several hazards submitted to NDOM by the BLM in Elko. New hazards were logged in the Ferber District in southeastern Elko County. Updated the database with this new information, corrected old information that was improperly added, labeled and added photos to the photo database, and completed hazard ID sheets for all of the sites.
9. Clipped the database to show known hazards on BLM land. Submitted the files to John Callan (new AML lead at the Reno BLM). Discussed different aspects of the database and our codes and documentation with him so that he can better understand and use our information.
10. Compiled maps, hazard ID sheets, and photographs in preparation for a site visit to the Desert Queen mine in Churchill County. Traveled to the Desert Queen area with Jenni Jeffers (NDOW) in order to assess abandoned mines in the area and match them up with bat surveys that had been previously completed. Will work towards determining which sites need bat compatible closures and which ones can be filled. The area is being frequented by people and several of the openings are in poor condition. Overall, the fences in the area were in good condition.
11. Received several new logged and secured hazards from Pilot Gold in far eastern Lincoln County. Created new hazard numbers for the sites and updated the database with this information and photographs documenting securing work completed. Sent Pilot Gold thank you letters confirming the securing work completed.
12. Continued land research for sites logged during the past year.
13. Traveled with Rob to Reno in order to meet Ken Maas (USFS) and Brian Breiter (EPS) to construct bat gates on two hazards (WA-421 and WA-422) located in the foothills of Peavine Mountain in northwest Reno. Documented the securing work completed and updated the database with this information.
14. Received photographs documenting secured hazards on Hugh Roy Marshall claims and associated properties. Updated the database with securing information and added photos to the archive.
15. Received a request for AML hazard information inside the Barrick Bullfrog property in southern Nevada. Created a shapefile and sent the information to JBR so that Barrick can begin securing work in the area.
16. Continued work researching unsecured hazards logged in 2013. Updated the database with new information found and completed routine QA/QC of the AML database.
17. Traveled to Salt Lake City to attend the ESRI Southwest Users Conference with Rob. Attended several different training seminars and explored ways to move our database and data collecting methods forward.
18. Compiled an outline of things to discuss during the week of November 9th when Debbie is up. Explored different options for IT solutions within the division and contacted EITS to see about costs associated with their IT assistance and setting up a meeting to discuss moving forward.

- 19 Finished researching unsecured hazards logged in 2013. We will work towards moving forward on upcoming AML notifications.
- 20 Discovered several hazards with incorrect information entered in the database. Went through these records and corrected the information.
- 21 Traveled to the Coaldale area in Esmeralda County with Rob in order to log and secure hazards in the area. Logged a total of 11 new AML hazards and secured 5 hazards. Investigated all AML features on the topographic maps in the four sections we were visiting.
- 22 Added new hazard and non-hazard information to the database. Received new information from Ken Maas regarding a hazard in Elko County – added the new information to our records.
17. Drafted a response to the audit regarding notification of claimants and counties of abandoned mine features.
18. Set up a meeting with Tim Lewis at EITS in order to discuss options of hosting a server with EITS
19. Added photos of securing and logging work completed in Esmeralda County to the photo staging folder.
20. Traveled to the Wonder Mountain area with Rob, Jenni Jeffers (NDOW), and George Baumgardner (State of Nevada) in order to conduct revisits and underground surveys to determine bat habitat and closure type.
Spoke with a few claimants regarding closure methods and timing for hazards on their claims.

AML / GIS (JOHN)

1. Prepared photos and hazard data sheets for this weeks' AML field work.
2. Added photos, re-visit, securing, and new logging info to the database from AML work performed in Storey, and Lyon Counties.
3. AML field work was performed in Storey and Lyon Counties. 11 re-visits were performed in Storey County and 2 re-visits in Lyon County. On 11 of the 13 revisited sites repairs were conducted. Also, there were 4 new hazards logged in Storey County.
4. Prepared and mailed a Thank You Notification Letter to a claimant who completed the securing of 2 hazards in Nye County.
5. Distributed "Stay out and Stay Alive" stickers and tattoos to 65 Trick-or-Treaters on Halloween.
6. Entered securing data and photos into database from claimant securings in response to the NDOM Notice to Secure mail-out.
7. Prepared and mailed 2 Thank You Notification Letters to claimants who completed securing work in response to the NDOM Notice to Secure mail-out. In Nye County claimants secured 10 hazards, and in Eureka County claimants secured 9 hazards.
8. Prepared photos and hazard data sheets for this weeks' AML field work.
9. Added photos, re-visit, securing, and new logging info to the database from AML work performed in Storey, and Lyon Counties.
10. AML field work was performed in Storey and Lyon Counties. 17 re-visits were performed in Storey County and 6 re-visits in Lyon County. On 7 of the revisited sites repairs were conducted.
11. Prepared photos and hazard data sheets for this weeks' AML field work.
12. Added photos, re-visit, securing, and new logging info to the database from AML work performed in Storey, and Lyon Counties.
13. Delivered a flash drive containing Abandoned Mines information (maps, hazard sheets, photos, etc...) to Comstock Mining regarding hazards located on their property.
14. AML field work was performed in Storey and Lyon Counties. Re-visits were performed on 18 hazards in Storey County and 6 re-visits were performed on hazards in Lyon County. Repairs were conducted on 9 of these 24 revisited sites. In Lyon County 2 new hazards were logged. In Lyon County 1 hazard was secured, and in Storey County 1 hazard was also secured.
15. Attended the GSN November monthly meeting in Reno.

AML / PUBLIC AWARENESS - SOUTH (BILL)

1. Claim research conducted for AML hazards in Clark County recommended for permanent closure by BLM.

2. Conducted revisits to AML sites and investigated and ranked one new hazard on the Fourth of July Mountain quadrangle east of Searchlight, Clark County.
3. Participated in a geologic and ecologic field trip to the Spring Mountains with teacher Mary Shane and 37 junior and senior honors science students from Advanced Technologies Academy High School – Las Vegas. “Arm-waved” geologic points of interest between Las Vegas and the Kyle Canyon area. Discussed AML and provided “Stay Out and Stay Alive” handouts.
4. Meeting and AML site visits planned for Wednesday, November 6 with John Callan (BLM AML program lead), Lorri Dee Dukes and Shonna Dooman (BLM Southern Nevada District Office). Sites east of Searchlight proposed for permanent closure and Arden Mine are on the visit schedule.
5. Logged in securing information and photos provided by patented claim owners in Lincoln County.
6. Conducted AML site visits with John Callan (BLM AML program lead), Lorri Dee Dukes and Shonna Dooman (BLM Southern Nevada District Office). Meeting with Bob Wineland, claimant at the Oakland Mine east of Searchlight to discuss bonding of AML hazards he does not want permanently closed on his claims. Toured a heap leach site southwest of Searchlight (reclamation in progress) and visited the site of the November 2012 AML accident south of Henderson.
7. Work is in progress by BLM to complete categorical exclusions on 146 AML hazards proposed for permanent closure in Clark County. The BOR crew will be returning to Clark County to begin work probably in early December.
8. Packed 5 mineral and 5 rock kits requested by a Clark high School science teacher.
9. Prepped materials for Caden Roberts’ Eagle service project scheduled for November 9.
10. Completed Caden Roberts’ Eagle Scout Service Project. Seven previously secured AML hazards were repaired southwest of Goodsprings, Clark County. This is the Division’s 138th Scout project.
11. Attended an Eagle Scout Court of Honor ceremony for five Scouts in Troop 372 who secured AML hazards for their Eagle Service projects: Ross Tate, Seth Stewart, Tyler and James Reed and Alexander Barlow. Congressman Joe Heck presented the Eagle badge to each of the Scouts.
12. Re-visited and re-secured two AML hazards in the Goodsprings area, Clark County.
13. Logged in Scout project and re-visit photos – updated AML database with securing information.
14. Presented 5 assembly sessions of “What a Geologist Does”, “Minerals and Commodities” and “Stay Out and Stay Alive” for 520 7th graders at Lawrence Middle School, Las Vegas.
15. Attended McCaw School of Mines Foundation Board meeting. Review of funding, policy and procedures for accounting and personnel. Discussion of planned displays, repairs and improvements. All school days for the rest of the 2013-2014 school year are booked with Mine tours.
16. Completed Jacob Eckersley’s (Scout #161) Eagle project reconnaissance site visit. Four AML hazards in the Goodsprings/Sandy Valley area of Clark County will be secured.
17. Completed Jonathan Rolle’s (Scout #171) Eagle project reconnaissance site visit. Two interconnected AML hazards will be secured on valley of Fire State Park land southwest of Overton, Clark County.
18. Presented one assembly session of “What Geologists Do”, “Minerals and Commodities in Nevada” and AML for 128 5th graders at Grant Bowler Elementary School - Logandale.
19. Presented five assembly sessions of “What Geologists Do”, “Minerals and Commodities in Nevada” and AML for 420 7th graders at Lied Middle School – North Las Vegas.
20. Conducted AML patented claim research through the Lincoln County Assessor’s office.
21. Prepped materials for Eagle Scout Rheuben Trotter’s project scheduled for Saturday, November 23 (Scout #169).
22. Received information from office visitors on unsecured AML hazards in the Mt. Potosi area of Clark County.
23. Completed Rheuben Trotter’s (Scout #169) Eagle Scout service project. One AML hazard was secured and four hazards were re-secured in the Crescent Peak area west of Searchlight, Clark County. This was the 139th completed project. To-date Scouts have secured 642 AML hazards and re-secured 129.
24. Assembled materials and supplies for Mason Reid’s Eagle Scout mine securing project scheduled for Saturday, December 7.

GEOHERMAL (LOWELL)

1. Reviewed ORNI 15 LLC's (Ormat Nevada) sundry notice to perform mechanical integrity testing on the Jersey Valley 81-28 injection well. Waiting for UIC and BLM approvals.
2. Reviewed Gradient Resources' sundry notice to reclassify the Patua 44-19 production well to an injection well. Contacted UIC, in which they are currently reviewing the well.
3. Reviewed Ormat Nevada's sundry notice to run a pressure-temperature-spinner survey (PTS) in the Desert Peak 67-21 production well. Mike approved.
4. Reviewed Ormat Nevada's sundry notice to run a pressure-temperature-spinner survey (PTS) in the Desert Peak 77-21 production well. Mike approved.
5. Reviewed Ormat Nevada's sundry notice for changes to well bore construction in the McGinness Hills 25-10 production well. This well has not been drilled. Rich approved.
6. Reviewed Ormat Nevada's sundry notice to remove a packer within the Jersey Valley 81-28 injection well. Mike approved.
7. Involved in a teleconference between the BLM (Winnemucca and State Offices) and US Geothermal concerning the San Emidio 58A-33 observation. US Geothermal would like to keep the well bore open until at least September 2014 due to Department of Energy involvement in the well.
8. Reviewed Ormat Nevada's sundry notice to clean out the Desert Peak 21-1 production well. Mike approved.
9. Reviewed Ormat Nevada's sundry notice to repair or replace the pump in the jersey Valley 77A-28 production well. Mike approved.
10. Wells drilling: ORNI 43 LLC Tungsten Mountain 84-22 observation well; Wild Rose 38-12 observation well.

OIL AND GAS (LOWELL)

1. Reviewed EFT Nevada LLC's permit application and drilling program for the Cedar Ridge 1 well in Elko County. The proposed well location is NW4 NE4 Section 29 T29N R54E (1 to 2 miles southeast of Robinson Mountain, along the far western edge of southern Huntington Valley). The proposed total depth of the well is 8,000 feet. Waiting on BLM approval.
2. Reviewed Noble Energy's cementing procedure for the M2C-M2-21B borehole. Mike approved.
3. Revised and added Conditions of Approval to the draft COA's being proposed for wells that are to be hydraulically fractured.
4. Reviewed MTS Energy's informational sundry on tubing and annulus pressures in the MTS Ferguson Spring 7-33 well.
5. Witnessed the running and cementing of the intermediate casing in the Noble M10C-M10-11B well. Also witnessed casing pressure test after cement job was completed.
6. Inspected the MTS Energy Ferguson Spring well and location on November 14th, approximately 25 miles south of Wendover.
7. Inspected all wells in the Grant Canyon, Bacon Flat, Sans Spring, Kate Spring, Ghost Ranch, and Eagle Springs oil fields in Railroad Valley on November 15th.
8. Inspected the Trap Spring 20-X water well, Portuguese Mountain 14A-12 shut-in exploratory well, Current Creek 31-1 temporarily abandoned exploratory well, East Hogback shut-in exploratory well, Santa Maria de Los Angeles 1 shut-in exploratory well, and the Radio 6-31 shut-in exploratory well in Railroad Valley on November 16th. Also inspected the FLT 1 shut-in exploratory well east of Eureka in the Pancake Range on November 16th.
9. Reviewed VF Neuhaus' request to release the bond (certificate of deposit) covering the Tomera Ranch 33-2RR well. This well was plugged and abandoned in July 2007. Rich approved.
10. Drilling/Completion: Noble Energy Humboldt M2C-M2-21B; Noble Energy Humboldt M10C-M10-11B.

OTHER (LOWELL)

1. Mike and I met with Art to discuss possible regulations related to hydraulic fracturing, as well as possible regulations to satisfy SB 390. We also discussed general COA's concerning hydraulic fracturing that will be posted on the web site at a later date.
2. Met with Scott Spenser, possible developer of greenhouse in Wadsworth, and Steve McKay, driller, to discuss permitting and drilling requirements.
3. Mike, Art, and I attended the IOGCC conference in Long Beach, California, on November 4th through November 6th.
4. 97% of oil wells have been inspected, 114 out of 117 wells (production, injection, disposal, and related water wells).
5. 66 out of 435 geothermal wells have been inspected, or 15%. The wells inspected are located at Steamboat, Beowawe, and Tuscarora. I plan on inspecting an additional 216 geothermal wells in December, located within Churchill, Humboldt and Lyon Counties, where the total geothermal wells inspected should be 282, or 66% of the 435 well total.
6. Rich, Mike, Art, and I met with Gary Johnson and John Menghini of the BLM State Office to discuss NDOM's proposed well bore construction and hydraulic fracturing COA's, a part of which would be converted to regulations related to SB 390, in order to determine if there would be any direct conflicts with the BLM Onshore Orders. Met on Tuesday, November 19th.
7. Rich, Mike, Art, and I met with Noble Energy and NDEP concerning Noble's water sampling program in the Elko area on Wednesday, November 20th.
8. Rich, Mike, Art, and I attended the SB 390 Stakeholder's meeting on Thursday, November 21st.
9. Worked on information for Mike's response to NDOM's audit (risk assessment, well inspection, and BOP tests).
10. Inspected all geothermal wells at Ormat Nevada's Dixie Hope, Terra-Gen's Coyote Canyon, and Terra-Gen's Dixie Valley (except 76-28 observation well, playa too wet and soft to get to well). 103 out of 428 (24%) have now been inspected.

AML Database Statistics Current to
January 31, 2014

COUNTY	SITES DISCOVERED	SITES SECURED	PERCENT SECURED
Carson	76	76	100.00%
Churchill	667	549	82.31%
Clark	2145	1654	77.11%
Douglas	199	186	93.47%
Elko	661	527	79.73%
Esmeralda	2651	2308	87.06%
Eureka	775	706	91.10%
Humboldt	797	700	87.83%
Lander	575	473	82.26%
Lincoln	686	545	79.45%
Lyon	1025	867	84.59%
Mineral	1540	1314	85.32%
Nye	2521	1860	73.78%
Pershing	1475	1042	70.64%
Storey	193	162	83.94%
Washoe	428	394	92.06%
White Pine	1423	910	63.95%
TOTAL (Since 1987)	17,837	14,273	80.02%
9/24/2013	17,725	13,947	78.69%
Sites recorded as Discovered/Secured Since last meeting:	112	326	