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COMMISSION ON MINERAL RESOURCES
Elko Convention Center
700 Moren Way Elko, Nevada 89801

Thursday August 27, 2015

1:00 P.M.

AGENDA

CALL TO ORDER

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

ROLL CALL

PLEDGE OF ALLEGIANCE

COMMENTS BY THE GENERAL PUBLIC

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

I. MINUTES

- A. Approval of the May 1, 2015 meeting minutes

FOR POSSIBLE ACTION

II. NEW BUSINESS

- A. Presentation on 2014 Nevada Mineral, Oil and Geothermal Production
Production data from operators in Nevada has been compiled and will be presented. Rich Perry

FOR DISCUSSION ONLY

- B. Oil and Gas code (NAC 522) proposed update.
A new fee structure which was enabled by S.B. 44 in the 2015 legislative session was developed by staff which also includes general cleanup of the code. The proposed changes were submitted to LCB for legal review on July 15. The Division is requesting the Commission provide direction prior to the required public workshop and business impact statement process. Rich Perry

FOR POSSIBLE ACTION

- C. Geothermal code (NAC 534A) proposed update.
A draft update of the geothermal code including proposed increases in some fees was developed by staff, and submitted to LCB for legal review on July 15. The Division is requesting the Commission provide direction prior to the required public workshop and impact statement process. Rich Perry

FOR POSSIBLE ACTION

D. Possible modifications to NAC 513.370 and 513.390

FOR POSSIBLE ACTION

The Division is seeking approval by the Commission to proceed with drafting new language for fencing standards and location rating. Rob Ghiglieri

E. Review of cost and bonding requirements for plugging wells.

FOR DISCUSSION ONLY

The Commission requested a status update at the May 1, 2015 meeting regarding the cost of plugging of oil, gas, and geothermal wells. Lowell Price

III. OLD BUSINESS

A. NDOM FY-2015 Closeout and FY-2016-2017 Forecast

FOR POSSIBLE ACTION

Fiscal year 2015 has been closed and the Division reserve entering FY 2016 will be available. A forecast of FY '16 and '17 with assumptions on claim fees and Division activities will be presented. Mike Visher

B. Update of Mining Claim Forms

FOR POSSIBLE ACTION

Staff and legal counsel have updated all 17 mining claim forms that are described in statutes (NRS 517) and available on the NDOM web site. Inside and outside legal review is complete and recommendations from the Nevada County Records were included in the updates. The updates are ready for Commission consideration. Rich Perry

C. Presentation of projects performed by the Nevada Bureau of Mines and Geology (NBMG) for NDOM for FY 2015.
NBMG Director Jim Faults

FOR DISCUSSION ONLY

IV. STAFF REPORTS

- 1) Minerals Education update – Bill Durbin
- 2) Mining/Reclamation Bond Pool – Mike Visher
- 3) Oil, Gas, and Geothermal – Lowell Price (Oil and geothermal drilling update)
- 4) Administrator's report- Rich
- 5) Correspondence – Governor's Consistency Review letter and BLM Response letter on the Nevada and Northeastern California Greater Sage Grouse Proposed Land Use Amendment and FEIS

COMMISSION BUSINESS

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

COMMENTS BY THE GENERAL PUBLIC

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ADJOURNMENT

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Division of Minerals, 400 W. King Street, suite 106, Carson City, NV 89701 or contact Valerie Kneefel at (775) 684-7043 or Email Vkneefel@minerals.nv.gov

The Commission will be attending a field trip on Friday, August 28, 2015 to visit two sites: Noble Energy's Huntington K1L Well at 8:00 AM and a tour of General Moly's Mt. Hope project north of Eureka at 1:00 PM. Members of the public may attend but must provide their own transportation and safety equipment. Advanced notification is required. Please call Valerie Kneefel at (775) 684-7043.

I. MINUTES

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
Friday, May 1, 2015 – 1:00 p.m.
Nevada Department of Agriculture
405 South 21st Street-Conference Room
Sparks, Nevada 89431

COMMISSIONERS IN ATTENDANCE:

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

ALSO IN ATTENDANCE:

Rob Ghiglieri (NDOM)	Erik Langenfeld (NDOM)
Bryan Stockton (Deputy Attorney General)	Lucia Patterson (NDOM)
Rich Perry - Administrator (NDOM)	Alan Coyner (Ret.)
Valerie Kneefel (NDOM)	Lowell Price (NDOM)
John Callan (BLM)	John Menghini (BLM)

CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

Chairperson DeLong called the meeting to order. Valerie Kneefel took roll call with a quorum of seven members present. The Pledge of Allegiance was conducted.

COMMENTS BY THE GENERAL PUBLIC – Pursuant to N.R.S. 241, this time is devoted to comments by the public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified as an item for possible action. All public comments will be limited to 5 minutes for each person.

ACTION WILL NOT BE TAKEN

A. Chairperson DeLong asked for any public comments. No public comments were made.

I. MINUTES

A. Approval of the February 24, 2015 meeting minutes

ACTION TAKEN: Commissioner moved to approve the February 24, 2015 meeting minutes and motion was seconded. Motion carried unanimously.

II. NEW BUSINESS

A. Chairman's discussion on administrative functions – Discussion of Commission, vice chair, subcommittees, and matters related thereto.

Chairman DeLong talked about the selection of Vice Chair for Commissioner Bryan to continue in that position.

Commissioner Bryan stated he would continue in that position.

Chairman DeLong then moved on to discussion of subcommittees. His thought was since they don't really use their subcommittees that often that it might be a better approach to use taskforces. One reason for this is less issues with Open Meeting Law and they can also pull in staff as needed on various tasks to help deal with issues that come up.

Commissioner Bryan stated they just formed a taskforce not too long ago.

Mr. Perry stated if they call it a taskforce and it can have Commissioners on it and have staff on it, but it's not subject to Open Meeting Law so they don't have to keep minutes and it can report back to the Commission whatever their findings are and can have a maximum of three Commissioners on a taskforce at one time.

Commissioner stated though it was temporary and they take care of an issue.

Commissioner clarified that technically they don't take care of an issue. They produce a product and bring it back. If they want somebody to take care of an issue where a vote is needed, they're going to have to form a subcommittee and comply with the Open Meeting Law.

Commissioner asked that in terms of some of the standing committees like HR that is supposed to kind of manage those issues on an ongoing basis, would they just dissolve that and then if there is time to work on an HR issue they'd form a taskforce?

Chairman DeLong stated if there is an HR issue, that was his thought.

Commissioner Bryan asked what other subcommittees they have?

Chairman DeLong stated they have the bond pool, HR, and budget.

Mr. Perry stated they've actually had four or five taskforces since he's started that have worked pretty good.

Commissioner Bryan stated he was all for the taskforce.

Commissioner Parker stated he thought it was a good idea.

Commissioner Mudge asked if that would allow members on the taskforce to be from outside agencies like BLM and whatnot as well?

Mr. Stockton stated that anybody could be on the taskforce. He further stated the problem with going around the table and seeing what everybody does, they've already got close to a majority and they can't do that because this is a discussion and the Chair makes the final decision anyway so they really should not go around and get everyone's opinion on how they should do it.

FOR DISCUSSION ONLY- NO ACTION TAKEN

B. Well Database

Administrator Rich Perry, Division of Minerals, stated the Division began inspecting geothermal and oil/gas wells last year after their audit occurred and all of the oil, gas, and geothermal wells were inspected last year and the decision was made that they really needed to start migrating to more of an electronic format and something that is easier to use in the field than generating paper, which is where most of their oil, gas, and geothermal well inspections were. Mr. Langenfeld was assigned that and Lowell Price and others have worked with him, and he's going to present the geothermal database progress to date.

Mr. Langenfeld stated he has been complying all of their geothermal well information taking out of multiple Excel sheets and trying to combine it into a database. The real purpose of this is so we can generate reports and actually have all of this data in one central location and you can cross query and actually come up with some good valued information. Using a PowerPoint © presentation, Mr. Langenfeld showed the Commission the main input form. Going through it, it has all the nuts and bolts of the well. It's all separated out and all searchable. Previously, it was in an Excel sheet where things might not have been broken out by date or by field or whatnot, so now it's all contained in its own identifier so it's searchable and put limitations to it to see if there's any issues or whether wells are about to expire as far as a permit goes, if they need to be plugged, things like that. Mr. Langenfeld stated he has one report built now and is currently putting together a monthly report where it will track basically all the fee money that came in, what type of fee it was whether a sundry or permit fee or things like that, so he's trying to get all the money and the well locations and all the well data into one central place. Another thing that arose is they have

project areas which weren't broken out in their old sheets as project areas are broken as well permit numbers because the project will have a permit number associated to it so now all the project area permits that other well permits will be under will be broken out into a different table and its own identifier. There are things in the remarks listing where it is and the details about it. Mr. Langenfeld talked next about the fee input table. As stated earlier, you basically put the permit number in, the action type, when received, when approved, so you can track how long the paperwork gets pushed through the office. If it's a permit, you put down what type of permit whether injection, production, observation, a TG hole, completion and then sundry types. There's three types of sundries. One is associated with the \$300 fee, second with a \$100 fee, and a third which has no fee. It's all ranging from how much paperwork needs done to process them and it's all in accordance with the regulations as far as fee structure. Also on the table is annual fee, so they can start tracking when companies will be paying their annual production fees which prior to that was on a separate Excel sheet so now they can combine all the data in one report and have it generate what they took in for the year and who paid it, what wells it was associated with, so it's a lot more higher level of tracking than previously. At the bottom with the fee, Mr. Langenfeld stated he couldn't get the database to auto-populate certain things so as you go through and fill things out it will actually show you the charge needed at the bottom and that goes into its own separate field to be added up later. There's also remarks and also if a company has been delinquent on a payment. Next is the inspection data input. This is the further along. Mr. Langenfeld stated his idea is in the future having a tablet to go out in the field instead of having pen and paper and having to write down all of the well information which takes a while. The idea behind it is everything is connected to the database and it's all drop down. For instance, all the wells on file that have been drilled are in the well name. It also has the permit. If it does have an alias, a lot of times you go out on the field and you have certain names for the well but the company is calling it something different, so in this the alias for the well can be entered. Going down, you can put in the previous date it was inspected, its previous risk assessment score which is developed by Mr. Visher, and looking down to the drop down below you can see rankings after each option. It's a weighted scale of how high the risk is for those certain aspects of that well. For example, if it's feed it will be on a scale of 1 to 2 and we'd be solely responsible for that fee as a state, so that's ranked higher than a BLM or federal lease which would be a 1 because we share responsibility between it. Resource type, geothermal, that's always going to be geothermal on this one and hoping to get this over to an oil database as well. For example, injection well is listed as 4. A production well would be listed as a 3 and an observation well as a 2. So those are the scales on the hazards that could be produced. For example, if the signage is adequate it gets no score but if it needs a sign it would get a 1, where a sign might not be as important as a production well leaking, so the numbers are represented that way. Ideally, this would be out in the field. We'd be able to add it all up. At the top you can see previous score, risk assessment was 26, then going down to the current score, a 52, adding up all the numbers and so a change to 26 meaning this well has declined in maintenance or the care that has been provided to it. So it's something we would go and notify the resource company and then also we would have this in the database and look at a field that had maybe increasing scores over time and it would show that we need to start inspecting those fields more often to make sure that they're up to code. One of the things that comes out of the database and having inspection input is the inspection form that's been created and what this will do when having a computer out in the field, we can run a report for the time period of the inspection just done and it will give a full report that we can hand to the operator onsite and give to their main operations so they had a record of us being there and a record of what was wrong throughout the wells on their site. Also, we'd have a record for us that wouldn't just be a piece of paper, a stack of each well individually getting assessed. Also, we can add this to writing the resource company once back at the office and say out of the whole field this is what we inspected and these are the issues that need addressed. So it cuts down on a lot of time and effort. Also, Mr. Langenfeld stated he's working on a yearly/monthly report for permit, sundries, drill wells, and inspections. He's also working on a yearly/monthly fee report so they can track fees per month, know where they are in 2014, know where they are in 2015, and what they've brought in the past month. He's also working on a well inspection risk assessment report which the bottom number, the risk assessment number would be controlling and if it's a high number that field has issues that would be taken care so there would be need to inspect them more. Commercial, industrial class, geothermal, electric, when it's reported what the wells have been producing and the temperatures of the reservoirs, they do give that information and Mr. Langenfeld wants to incorporate that into the database too so they can track it and run reports off of that as well.

Commissioner Snow stated to Mr. Langenfeld that it was excellent work and asked in future work when it says drilled wells and inspections, would that be where it would include blowout prevention inspections when onsite witnessing a specific activity?

Mr. Langenfeld stated that was correct.

Commissioner Snow then asked that there will be something other than the housekeeping-type inspections?

Mr. Langenfeld stated that was correct.

Commissioner Parker asked if Mr. Langenfeld would be able to write monthly reports for the previous month to when something is due like an inspection or do you have to go through individual?

Mr. Langenfeld stated they could run queries on that which wouldn't necessarily be a paper report on it, but a query could be run to the point where reports could be generated that way. That's not in the plan, but that could be done.

Commissioner Parker stated otherwise how would you plan on going out to the field the next month or knowing which fields you had to go to inspect?

Mr. Langenfeld stated you go through knowing your inspection dates.

Commissioner Parker asked how do you know your inspection dates?

Mr. Langenfeld stated it's on there.

Commissioner Parker stated that you have to look at each one individually.

Mr. Langenfeld stated you have to look at fields. It all depends on how it's grouped and if you want to group it by field then you can see the last time that field is having an inspection date and then also you can look at the risk assessment score so you can say we've inspected that within the last year and this one has also been inspected in the last year but had its issues the last time there so we should go back to it sooner. That's part of trying to figure out the queries in there to produce good information.

Chairman DeLong asked if they have the equipment for doing this in the field?

Mr. Langenfeld stated they do not but it will work off a laptop and once back you just import the new information in, so they can use a laptop. It would be easier to use a tablet and AML has a tablet and maybe trying it out on that to see if it would work.

Commissioner Mudge stated he had a couple of questions around the whole risk ranking. He asked if there is a threshold and if it's above a certain number then you report to the operator and has there been any issues with the operator taking issue saying, well, my wellhead condition you said it was poor and I disagree I think it's good?

Mr. Lowell Price stated they haven't had any issues related to the operators. When things have been pointed to the operators, they've just addressed the issues and then they get back to us letting us know how they addressed it either through digital images or writing a letter, which Mr. Price stated if he didn't have any images he would go back out to the well or field just to verify it. The risk assessment, if it gets beyond a certain threshold the well would be red flagged and that would be high on the priority list probably for the next two to three rounds of inspections just to ensure that that well is good.

Commissioner Mudge stated there is a number but they're not sure what it is.

Mr. Price stated that was correct and that anything probably above 60 would be a red flag.

Mr. Langenfeld stated the numbers are also relatively dynamic when going out in the field and inspecting. They might have a signage issue one time and not so really what they're doing is looking at the overall, looking at the highest score they have and then moving down to that upper percentage, probably 20 percent below it, saying these guys are the ones we want to go see more often because they have the highest rank in our system. They have the ability to red flag. If the well is spewing geothermal fluid out everywhere, if there's major issues, they can red flag it and that will automatically give it a top score of 100 saying this is not okay, you need to shut this down and mitigate whatever is going on. From the numbers produced so far, Mr. Langenfeld stated the highest may be 70s from their inspections so from that you take the top 20 percent and that's what you're focusing on.

Mr. Price stated that anything that's leaking will warrant a revisit just to make sure that the issue has been adequately repaired.

Commissioner Mudge stated he was thinking about a more regulated community and would just say to be careful that this is very objective and doesn't get into subjective to whatever, maybe like Mr. Langenfeld is a harder grader than Mr. Price.

Mr. Price stated that basically he and Mr. Visser and Mr. Langenfeld have sat down and discussed it and have come to the conclusion that certain levels warrant this type of rating, certain levels of issues related to good wellhead maintenance primarily. Something like fluid in the cellar would rank much lower than an actively leaking valve on a wellhead. The fluid in the cellar could very easily be meteoric water at which he basically gets with the operator and write the operator a letter telling them they need to pump out all of the fluid in the cellar, that the cellar is to remain dry as much as possible, realizing that after a heavy snow or after a rain fluid will be in the cellar, but it's up to them to address something like that. Now, if they have an actively leaking wellhead or valves on a wellhead that is contributing to that fluid in the cellar, that is a completely different issue, where the operator basically had to either shut in the well or repair the issue. Of course, they're going to repair the issue as soon as possible.

Mr. Perry stated that a lot of what drove this is the fact they've failed an audit and this was the second audit they failed, and they needed to have something that wasn't just paper for when auditors come in. The agreement coming out of the audit because they got beat up pretty hard in the legislative committee on this, my people for you're not doing your job as regulators basically because you can't prove it, and indeed the inspections were happening it's just there was not proper documentation that could be retrieved that showed that we did the follow up on it much like DEP does as a regulated industry. So that drove what Mr. Langenfeld has put together here, and the agreement in coming out of that audit was that they would develop a risk adjusted mechanism for prioritizing the inspection of wells and that they would inspect a third of the total geothermal and oil wells every year based on that risk inspection. That doesn't mean it's going to be a third, a third, a third. Those third because they are most recent, they had a problem, but in numbers that was the commitment when they came through this and that they would inspect all wells in a five-year period over time. So this sets the precedent and priority. And it's worked well this year. They've done it and they're above 100 percent of what they were expected to do and if they get an audit or someone comes in, this will eventually be running and it will be easy to look at and see what they're doing.

Mr. Langenfeld stated the really nice thing about it is you can look at it and say in Dixie Valley how many inspections did they do in the past two months and you can set your filters to it to actually give you those numbers, how many fields did you inspect in the last two months, how many wells were in that field that you inspected. So being in the database now makes it easy to produce good data on what they've done.

Mr. Perry stated it also helps Ms. Linda Wells come up with the numbers who has and hasn't paid fees so it pulls on the financial side of this and it's an access database. It's not like a new piece of software. Mr. Langenfeld and Mr. Price went to access database class and learned it and largely put it together themselves. It's an in-house access database. Mr. Perry stated he wanted to say one thing about how they asked about follow up, and Mr. Price said most of the housecleaning stuff has been, but we had several wells that needed to be plugged. They had gone long past when our statutes required them to be plugged and had been lingering there for years, and we actively took hold of those and started working through them with the BLM because the ones that are on federal ground the BLM follows through. On the ones that were not on federal ground, we did. The ones on private ground, we were successful in getting all but one of them plugged. The one that wasn't was MTS Energy, the Ferguson Springs well, a company that had drilled one well. We couldn't get any response for them. We got right down to fining them \$1,000, gave them two more months. We were fining them \$1,000 a day before we finally got them to wake up and commit. Then I sent them a letter and we negotiated over the phone and backed off on the \$1,000 a day fee but they have to get the well plugged by June 30th or they're back in that hole. It's a Louisiana company. Some Commissioners helped to try to find out where they're at because they are down to one or two people, but we wanted to make sure that got plugged. We have a \$10,000 bond on it if we needed to, but our estimate of plugging costs ran, Lowell?

Mr. Price stated \$30,000 to \$40,000.

Mr. Perry stated it was \$32,000 to plug that one. There has been a first ever fine and they still have to pay a \$1,000 fine along with plugging the well.

Mr. Price stated they have been using the risk assessment. There have been some wells visited multiple times. Other wells have only been visited once and that's just because they're a much lower risk, so they are utilizing the risk assessment.

FOR DISCUSSION ONLY- NO ACTION TAKEN

C. AML and Minerals Education

Mr. Perry stated that Bill Durbin was scheduled to report on the AML and minerals education but is ill and not present so Ms. Lucia Patterson will begin with her presentation.

Ms. Lucia Patterson stated she's going to go over a few educational activities put together over the last couple of months that have been presented to schools mainly around the Reno area and are hoping and trying to get more in Carson City. The first activity they put together was cupcake core drilling activity. So far it's only been presented to five 4th grade classes at the elementary school in Gardnerville. This particular activity fits in with the 4th grade Nevada history education. It's a combination activity so when we did this Ms. Patterson went in and did a brief overview on minerals education and their uses and then we did the cupcake core drilling activity and then concluded with some AML education. They all seemed to flow very nicely together from beginning to end. This is the actual cupcake core drilling activity. Start out with Prospector Pete and explain to the children how we find minerals and basically Pete gets out and looks on the ground, he looks around for minerals, maps the rocks, give them a little bit of background on exploration, mapping, rock sampling, just looking around. Once Pete finds a rock with some gold in it he samples all around to find other rocks with gold in them and show them kind of a soil grid basically and explain to them normally when deposits are present there can be some kind of pattern that you can see in these soil samples. Right here you would ask them if there's any other places that they would potentially target and they normally target the area here on the right by Surprise Peak. They say that's where they would go drill and explain to them once we have our pattern, our area, to explore for gold we use our geologic knowledge and cross sections to further define where we're going to drill, explain to the students what a geologic cross section is. This is a nice representation of explaining to them the mountain and the topography a little bit and rotating the earth up so that they're actually looking inside of the earth and they all seem to get a pretty good grasp on that. Explain to them Pete sitting up on his hill with his nugget of gold and the next thing we do is bring a drill rig in. So the students at this point have a cupcake sitting in front of them and it has yellow frosting and a green unit and an orange unit and a blue unit and they have big malt or milkshake straws. We drill our core hole through the cupcake. Previously, they've used clear straws so you could see the core in it, but the big straws where they blow out the cupcake core sample they have a blast. That's the most fun of the whole activity. Here they do the cupcake core drilling activity and they play with their cupcakes for a while and then bring in another drill rig and ask them why we wouldn't drill a hole here and they catch on pretty quick because there's no gold so that works out pretty good. Then we go through and reiterate what we've done; Pete found some gold, soil sample. We drilled out the soil sample using our geologic cross section and geologic knowledge. We delineate an ore body and then that ore body gets mined. Then we walk into the AML presentation so it all flows really nicely. Along with the three presentations, there's also posters hanging up that are displayed in the classroom. There's a 22 X 34 inch poster of an oil rig and we have driller Dan up on the oil rig for scale. We go down in size to an 11 X 17 poster of an RC rig with our little buddy driller Dan and try to do a brief explanation of an RC rig to 4th graders. It kind of works. Then 8.5 X 11 poster of a core rig just to show them the variations in size between these rigs. Then I also took some chips that I had and some core and drill bits that she has and put it together so they can see the difference between the RC drilling and the core drilling. Ms. Patterson stated she had somebody cut some dual walled pipes so they can see inside the pipes to give them a general idea of some of the stuff at the drill rig. Ms. Patterson explained to the one class of 4th graders that the dual walled pipes are about 200 pounds and the guys working on these rigs are tough guys and this little 4th grader said I could do it. Also, the core and the chips, that's all color coated to match the cross section. Finally, they get a coloring activity which they get to draw what they see and teachers like that to kind of bring it all back home. The next one Ms. Patterson has done a lot is the rock cycle. This is 2nd grade. 2nd grade is going through cycles of life, rock cycles, everything. She's presented this to 280 students over the last two-and-a-half months. This is also a combination activity, the rock cycle education. That was added together with the metamorphic squishy activity and if there's time at the time depending on how quickly the class moves along in the rock cycle activity, we do AML education as well. We start off with the rock cycle. Our volcano erupts. Delilah erupts from the volcano and she's on the surface and then we go through the weathering process and ask them different ways what can possibly happen to a rock on the surface and go through the different methods of weathering. And then Delilah is all in little pieces. They normally get a little bit sad but they're glad that she looks happy in this picture. Then we get erosion and Delilah is carried down the stream and deposition and compaction and sedimentation. This is all asking children

how the erosion would happen, how the sedimentation happens, what happens after she's at the bottom of the lake. What could possibly happen to her at this point, metamorphism. So Ms. Patterson runs through the rock cycle with them one time like this and then we go through the metamorphic squishy activity taking pastry bags and make them all volcanoes with Play-Doh in them. We start with our volcano. We walk back through the rock cycle, erupt the volcano. Then they erode their volcano into a bunch of little pieces and then they deposit and compact their eroded products and then metamorphize their Play-Doh. By the end of the cycle they can watch me go through that twice because it's a pretty slow process going back through the Play-Doh. They can recite the rock types and the different products from different situations described. Actual rocks are brought in and they're shown different end products. Again, there's a coloring activity where they can draw what they've done, what they've seen, and have something to take home. The third one that was compiled is the geologic timescale make your own fossil activity. This one should target 5th grade because they do actually learn about the geologic timescale at that point. For now though, Ms. Patterson has been to preschools and they've been doing fossil education and then they make their own fossil. Ideally, what would happen, there's a bunch of little pieces of the geologic timescale and on each side of the piece is years. So the students would go and they would put the geologic timescale together like a puzzle. The scale, it's 1 inch equals a million years so when they put this geologic timescale together it's 36 yards. There's pictures across the geologic timescale of major things that were going on during each period just so they get a visual representation of what's going on. After they put the puzzle together, we would walk back through and they're given a brief geologic rundown of what has happened through time. And then there would be a bunch of toy fossils placed across the timescale and either they could draw four fossils, which would be better with the older kids, but the little kids basically made fossil collages with these. Here's pictures of Linda's grandkids doing the activity here. We walked through the whole thing and put the puzzle together and they seemed to really enjoy it. Also at the very end what Ms. Patterson also put together to give to each of the kids so when they draw for their fossil after we got through the exercise we would get a coloring activity with just some basic information, maybe where the organism lived, how long it lived, and any other interesting facts about that particular organism. So this is the example of the one put together for a Trilobite. To bring it all back home for them, they'll have their fossil and then some little facts about their fossil. A Millipede and dinosaurs and there's two critters per period set up so we can do 36 children in a class and each child would receive one of these as well. As an overview, 2015 activities to date, 73 educational presentations have been given that have reached over 3,671 Nevadans. There's been 52 classroom presentations, 16 civic groups, clubs, and trade organizations; two Boy Scout youth organizations and 42 of those were in Northern Nevada and 30 in Southern Nevada.

Commissioner Bryan asked if Ms. Patterson had done all of those slides and graphics herself?

Ms. Patterson stated yes.

Commissioner Parker asked do they have a Rachel reclamation plan for the future that show how the lines and the exploration?

Ms. Patterson said she does not but they do briefly touch on that but that can be put together.

FOR DISCUSSION ONLY - NO ACTION TAKEN

D. Reimbursement Policy for Professional Organizations

Mr. Perry stated this is a cleanup thing here. The Division has had an informal policy in the past and previous Commissioners had something they had laid out. Mr. Perry stated he wanted to update that for current such that there is an administrative policy for reimbursement for certain things that employees do. Under 513.063, all policies of the Division of Minerals must be approved by the Commission, so that's why this draft policy is before you and it's really just a one-page policy that proposes that the division will reimburse an employee for annual dues for one professional certification organization up to a maximum of \$200 a year and we've actually listed those that are possibilities that are related to what we do. Mr. Perry believes they're all there. Any US state geology registration, AIPG, certified professional geologist registration, or any professional engineering registration. The second is the Division will reimburse employees annual dues for up to three professional associations which are education focused on the following list up to a combined maximum of \$200 a year. We have our employees that are members of all of these and we want to encourage them to go to the meetings and be active participants. The final thing there is that our reimbursement would include lunch or dinner meeting costs for those organizations when they go to those. As previously stated, it was an informal policy before. Really, it's just formalizing it to a greater extent. Mr.

Perry did add the Society of Petroleum Engineers as a professional organizations as well as the American Association of Petroleum Geologists.

Commissioner Henderson asked if they can add a clause that certain organizations can be added from time to time without having to come back here?

Mr. Perry stated that was fine.

Commissioner Bryan stated he's unaware of any US state geology registration.

Mr. Perry stated he wasn't sure, but if you're a registered California state professional geologist, don't they have to pay an annual fee? So any other state and Nevada doesn't have an in-state and most people if they have an out-of-state one would like to keep it.

Chairman DeLong asked for a motion.

Commissioner Bryan moved to approve as modified by Commissioner Henderson with a second.

ACTION TAKEN: Dennis Bryan moved to approve the Reimbursement policy for professional organizations and meetings as amended. Motion was seconded. Motion passed unanimously.

E. Interstate Mining Compact Commission IMCC

Mr. Perry stated the State of Nevada joined IMCC in 2012 and this is some history that's before Mr. Perry's time, but Mike Visser put some history together here with regard to IMCC. IMCC, of course, is a compact that states join and Mr. Perry is assuming when they joined that it required a letter from the Governor. However, Mr. Perry hasn't found that letter but it had to have something to that affect for them to join as an associate member, which is what they have remained. It takes an act of the legislature to make them a full member. However, there's a mechanism here where over the first five years when we first joined it was as an associate member at \$5,000 a year and we have remained at that for the last three years. In July, the dues come due again. They redid their dues and we would be the only associate members and they have given us a fee of \$10,000, which would be valid for two more years at which time even if we did not have the legislature pass this and make us officially a member our dues would go to the full amount which are \$41,000 a year because we are the second largest mining state in the union and that's how dues are assessed with IMCC. IMCC is a good organization. It is primarily an organization that represents coal states. It does have hard rock states in it. But one of the mechanisms that the coal states use to pay their dues or something similar to this is basically they get money back from the Office of Surface Mining and that's what a lot of IMCC's focus is. They have sort of entered into some hard rock issues. They have taken some stances on the sage grouse and some other things. We have received three awards through the state through IMCC. We hosted the annual meeting last year, but this is in here because July is the date that we're going to see an invoice for \$10,000 and Mr. Perry thinks it's time to make a decision whether we want to stay in this or not. The Governor's Office has said whatever you recommend we will do because it takes a letter from the Governor to say we don't want to be in this anymore if we choose to go that direction. That's the framework to look at it in. It does eat up a fair amount of time. We have gone to a couple of the meetings. We were going to have Bill Durbin at the meeting this week. Their annual meeting is going on right now in Baltimore. Mr. Perry asked for questions.

Commissioner Bryan stated he went to one of these meetings a couple years ago because he was curious about what IMCC was all about. It was in Cincinnati. It revolves around coal and the regulators get together and talk about regulations and reclamation and stuff like that. It really didn't talk about a lot of things really pertinent to us out west as far as he is concerned. \$5,000 a year, that's fine, but \$41,000 a year down the road, he doesn't see the value himself.

Commissioner Parker stated he was on the boat to initially get them into IMCC with the idea that it was sort of a test just to see how it would go and see what feedback we'd get from them and how much they'd be able to provide, and to this day he hasn't seen anything, so he'd be remiss to renew it again.

Mr. Perry stated though they did get three awards.

Commissioner Bryan asked what is the Administrator's recommendation?

Mr. Perry stated that his recommendation is that they remove themselves from this. He stated it's time. It consumes a fair amount of time in phone calls and annual evaluations of their administrator. He doesn't see the value in it at this time. He thinks it's fair if they just let them know they're out and they don't count on us. Otherwise, they're going to count, oh, we're going to get \$41,000 a year here in a couple of years out of Nevada. Mr. Perry stated he thinks what they do is covered by the things they already do; that the Nevada Mining Association does; our Governor. Like the sage grouse issue, they funded a big chunk of the Sage Grouse Ecosystem Committee. We were way more active in a resolution to that that's going to have a good outcome than what this organization can do. Mr. Perry stated that his recommendation is that you take a vote with a recommendation that we don't be an associate member.

Commissioner Parker made a motion to notify the Governor to send a letter to the IMCC to drop our membership.

Commissioner Bryan seconded the motion.

Chairman DeLong asked for any other comments and took the vote.

ACTION TAKEN: David Parker made the motion to notify Governor to send letter to the IMCC to drop from their membership. Motion seconded. Motion passed unanimously.

II. OLD BUSINESS

A. BLM/AML Program Update

Mr. Perry started the BLM/AML update by introducing Mr. Callan and Mr. Ghiglieri.

Mr. Callan stated he's the Abandoned Mine Lands Lead for the Bureau of Land Management in the Nevada State Office in Reno. He's been the AML Lead since Chris Ross retired two years ago come the end of May. Before that, he was working for the BLM doing hazardous material AML under 3809. So the primary mission for the BLM's Abandoned Mine Land program is to protect human health and safety through physical abatement and that's primarily the work. A lot of the work we focus on with Rob and some of the agreements we have in place. Second is to protect the watershed and water quality issues and we have several projects right now where we're working either through NAMELT or working with NDEP to improve water quality at several locations because they can be the sage grouse areas. We have a project to try to do restoration work as well as in the mountains in Elko. So that's a primary mission as part of AML. We can typically get more funding when we have those kind of issues tied into a project. And then to educate the public concerning the AML hazards and the threat that's out there and that's combining working with Rob. So how do we go about this? We conduct surveys and that's a key component to the process. Before we do any closures we're required to do under NEPA and under FLPMA, which is the main law that BLM operates under for land management, is to do cultural and biological surveys for each of the hazards. So we go out there. We get the survey work conducted and build up a database, submit that information through the NEPA process to conduct and get the process underway. So this is key to determine what type of closure we're going to have. Do we need to protect a head frame or work around a shaft? Those kinds of things are all built into that survey work and it's key to how we approach and do the closures. And then some of the things we're dealing with, desert tortoises, we have actually some snails in certain types of adits that are producing. We have adits that have water quality issues coming out of draining either acidic water or in the case of one site the Birthday Mine up in Humboldt County that has a large level of arsenic in the water. So how do we do this? We try to identify a closure area, start the survey work, and send letters out to the claimant. So working with Rob, we go through, we assess the hazard ID sheets, and there's a variety of ways these areas come to our attention. A perfect example is Rob called and said, we've got a problem that we've identified some areas along the Reno to Vegas Off-Road Race that are next to AML sites where they do their maintenance pit stops and there's some large openings there. So we go back. We go to try to do an inventory. At that point, we determine that we've got 25, 30, 100 different features to attend to, and that's everything from adits to trenches, any type of prospect that's any of that type of feature. We go ahead and get a cost estimate. That's either based off of Environmental Protective Services that works through with Rob or through the Bureau of Reclamation who we have an interagency agreement with to get cost estimates of how much that project is going to end up costing the BLM and then we can allocate funding as we go through. We use the NEPA process. We use a category exclusion. We have an agreement with the State Historic Preservation Office. We go through that process as a streamline method to be able to do closures because we're identifying these features as individual features and going through and taking the required survey work and get a CX approved. So

the time between getting the survey work done and having the CX done could be two months or less we can get a CX process, especially if we have an issue because it's an emergency response because of an incident we can move that quickly especially if we identify the features there are 8 and 9 in the hazard ranking system. Then we initiate the closures, get that work done. We do final reports back so obviously the BLM keeps a report. We upgrade and work with Rob to get the database of record, NDOM, as well as letting NDOW know so we can do monitoring and those kind of things and then obviously we do closure reports back to the SHPO so that it meets their requirements as well. So I wanted to bring one site as an interesting area up in the Santa Rosa Range in Humboldt County near McDermitt. This is a map from 1912 showing the different types of claims put in during that timeframe. They use the historic mining district, viewing the handouts, Radiator Hill is here and there's a lot of car parts that they used in naming some of these claims as well as other unique ones out there. In this area, there was a town here and in photos there's not much that remains there. There's an adit that has been responsible for the death of cattle over a period of years, and we're moving forward to do a project to get that water quality at a level so it's not an ecological impact to the area. With that comes the issues, so you can see the variety of work that's done. This was a very productive high-grade area back in the 1910 to 1920s. We've got a pattern here and the adit is over here by these trees and because the cadastral hadn't been done we went back and this is an important aspect to AML work is that we have cadastral work that hasn't been surveyed possibly in over a hundred years if not more and then we need to go back and verify what the land ownership is, work cooperatively with the claimants and/or the patent owner to go ahead and move forward so we can do the closure work as well as doing the environmental work to prevent degradation of water quality. There are multiple claims in that area and we just finished the cadastral. On this slide, it's showing the complexity. This places the Double O Mine complex that is sulfur in the Humboldt County/Pershing County line not far from the Hycroft Mine. We originally went in and we had like 15 I think in here. We went through and re-inventoried what we thought were going to be simple pushes because they were in a drainage area here and you couldn't see any of these. They're straight down going 60 feet. What we didn't know was they actually connected. So we had to change what we thought was going to be the preferred method of closure which again now changes the cost of the project. As we continued, obviously we had increase in the number of features that we're going to have to deal with. Most of these are straight shafts going down about 60 feet. We went and did another 40 here and then Bryan through working with Rob went back out and we were up to about another 80 feet to add. The majority of these have been closed. We've got to finish up with about 15 sites.

Mr. Ghiglieri stated that's another example there's probably for that entire area 10 shaft symbols on a map. There isn't that much. This is one of the areas that you go there and they're everywhere. It's like American Canyon has one shaft symbol and in a smaller area there's 113 shafts by a half mile long by a quarter mile wide. It's one of those type of areas.

Mr. Callan stated if you step backwards you step into a hole, and they're right next to each other. And this is very similar in that nature. You can see it's high disturbance. This area was 1912, somewhere in there, the same as the Rosebud area which is a couple canyons down. From there onwards it was just people coming in and I learned different terminology. They call them snipers. They'd come in and snipe on somebody else's claim. In this area just to the south was a town of about 5,000 people. There's no foundations, everything is gone. That's the kind of cultural thing we have to tie in when we do these closure works. So funding, money, what everybody is always interested in, I try to get as much from anybody else as I can and spend their money. So we get through the Department of Interior through the Act when it's published as part of the process of the budget. So once the bill has been passed, there is no money earmarked specifically for AML. Mining Law Administration does have money earmarked but AML does not. When we do get this funding, the first thing we cover our base funding. Because we have one of the biggest programs, I'm continually pushing to get an increase in our funding to be able to cover some of these projects and that is typically what I do is submit projects to cover closures, to cover survey work so it's clear that's what we're requesting to be able to put that money into, but we can also have separate streams, SNPLMA being one of them. Right now we have one SNPLMA project and that is for Lincoln County to do work in that area. So Rob and I are working towards being able to utilize that SNPLMA money to do surveys, record it, inventory first, get a true picture of what we have on the ground, and then go through the process and determine what closure methods and all the process just explained. The budget will fluctuate depending on how much is going to be given up for the AML program. There is a mine site in Alaska called Red Devil Mine that has taken roughly \$4,000,000 to \$5,000,000 every year from the AML budget and in the last two years they've taken that money from the Central HAZMAT from the Department of Interior to pay for that. We get that money back. But unless things change, we could lose drastically \$15,000,000 to \$20,000,000 in the next coming years to go specifically to Red Devil, and that will come against all the AML budgets for every state that's out there. And some of our states are in the process almost winding down their AML program. They have less land, less land that was mined, and therefore less than an inventory. So their inventories are really getting caught up. As you're probably well aware of, BLM manages about

61 percent of the state and we have over a million mining claims. So how does the BLM try to work doing our closures? Right now we have a financial assistance agreement in place. We're trying to propose and put in a new one with a \$500,000 cap, roughly for each year \$100,000. That will be utilized for inventories but also for closure work, so with that we can help support NDOM's mission as well as increase the BLM's ability to do closures because we use the NDOM database as our database of record so when we're working on closure areas and to give an example, Freeport-McMoRan Mining Company gave their own numbers to a site and then we had the BLM people come in and they gave a separate number. So now you've got three or four different numbers. We go by what is in the register here so that we can keep that numbering system the same when we're talking about the same feature so that we don't have this mix up when we start talking about closures, which feature is what. So that's what we're looking for trying to do now. Right now I have a financial assistance agreement ongoing with The Great Basin Institute to do the cultural survey work and for every one of these projects an archaeologist gets all that work done to submit to the district so that they can approve that through the CX project. They don't have the staff on hand to be able to handle it. We have one district that is a robust AML process, and that is the Elko District where they do a lot of their own inventory and they have their own archaeologist and biologist on staff to produce follow through less support coming from the state office. Again, the same thing with the Department of Wildlife is to go out and do the bat surveys as well as tortoise, those kinds of survey work so that we can go ahead and get the approval to go ahead. We have an interagency agreement with the Bureau of Reclamation as well as the Forest Service. BOR is the primary method of getting closure work done. They have a crew specifically setup. They've been trained in a variety of things but as district archaeological technicians so when they're doing closures they're in compliance and work with the archaeologist. They'll come down with their crews to do an assessment, give an idea for cost analysis, so that we can turn around and move money into that agreement and get the closure work going. And at the Forest Service, it's the same. Primarily, they've been working up in Elko, but we're going to start trying to use them down in White Pine County, in that part of the state as well. Using the handout, Mr. Callan stated that this document just came through 2014 was completed and it's very interesting because we chuckled when we looked at it. The reason being it has 2.2 site and inventory that remain to be inventoried. In here it's going to talk about the Abandoned Mine - Site Cleanup Module (AMSCM). That's the Department of the Bureau of Land Management's database. That's in the process of being upgraded. Those numbers are not correct because when they did a merger at one time they merged a lot of different information and it needs to be updated. Basically we're looking at for this state 297,000 features. That's only based on, and how they came up with this formula, every X on a topographical map, multiple that by three because commonly that's what the number is, and you come up with that figure 297,000. As probably a lot of you know, not every mine site had an X put on it. There is a map in here showing Nevada, page 9. You can see total almost 80,000 and there's tons of sites out there no X that was ever put on the topographical map. We've got a lot inventory to the point that was their estimate. Looking at the last page, conclusions, it's stating in hours of work required for 10 crews of two people, 1,952 work months to complete the inventory. 162 years. It's a big, robust program. We're trying to get more funding from the Washington office. We're going to get the lead to come out here in June so we can get additional dollars and try to get a more robust program going and at the same time supporting NDOM to be able to get out and get the inventory work identifying claimants, making contact with them, and making sure they understand the liability issues concerning this. We're not talking about going out and working on additional sites that are mill sites and those things that might be an environmental issue. Mr. Callan asked for questions.

Commissioner Mudge stated it was a great presentation and he really appreciated what Mr. Callan and the BLM are doing. What is your typical annual budget for the program here in Nevada?

Mr. Callan stated it's roughly a million dollars, but with that it gets to either the districts or within the agreements that are currently going on plus overhead.

Commissioner Mudge stated that Mr. Callan alluded to the Mining Law Program within the U.S. but it sounded as if there was not any money coming to you from that?

Mr. Callan stated that one of the big issues that deal with a hard line with AML in 3809 regulations, which are the Mining Administration Law, is 1980. Post that everything is supposed to fall under 3809. Prior to that, it falls under the AML program to deal with. So we could have sites like Eagle Mining that's down by Goldfield that has workings from 1912, 1920, 1940, 1980, 2000 all on top of where some of that work obviously should've been bonded if it had fallen under a 3809 permit. Between 1980 and 2003, either no bond was collected or an inadequate bond was collected. So they're in the gray area. We need to be able to move forward and do work on those we've got to kind of separate. So in the case of the Eagle Mine, the AML closure work would follow, all the shafts and adits associated would fall under the program to do the closure, but when you start talking about if there's

environmental damage or issues concerning tailings and waste rock, pits, those kind of things, we'd have to sort out what that came from and what program is responsible for cleanup and at that point we get the 3809 program engaged to work on taking care of those.

Commissioner Mudge asked a follow up question that knowing that the claim fee paid by current claimants to the federal government is \$155 a claim so maybe that's \$20,000,000 or \$25,000,000 coming out of this state going to the federal government that none of that is coming back into your program?

Mr. Callan stated that is correct because typically as collected it goes back to the U.S. Treasury and when it does that it's not earmarked specifically. Typically, when you do have a fee like that and you're able to put it in the legislation as it's passed that it will go directly for recovery or for remediation or reclamation, no, that's not what is occurring at the moment.

Commissioner Bryan asked both Mr. Callan and Mr. Ghiglieri that it sounds like they're working together on this and so is there any duplication between the BLM and the Division that we could streamline things.

Mr. Callan stated that was a good point and they tried not to have that and that's why they've had discussions frequently.

Mr. Ghiglieri stated that the biggest thing they would see is they would notify a claimant of an abandoned mine and then the BLM would notify we're planning to secure it, so that was something we streamlined and cleaned up. So every time they're notifying claimants we're knowing the areas that they're doing it so we're not doing that as well, but we've had such a good agreement since Mr. Callan and Chris Ross and Bill before them set it up that we know we're primarily trying to be out there to inventory and do the barbed-wire fencing and they're primarily trying to do the hard closures. As long as we continue this process where we're staying with one database and they're not having their own database and they're using their neighbors and we're using our numbers, we're not seeing duplication as much. And that's one big reason why we are getting as much as we are done with small amount of monies because we have good agreements with the BLM and Forest Service. Looking at the last page, conclusions, California to inventory 22,000 more sites they want \$118,000,000. For us to inventory almost 70,000 sites, we're estimating at \$86,000,000 so almost triple the sites and less money. We can get a lot more for the bang for the buck here in Nevada because we have better agreements. The federal and state agencies work together as well as the claimants and property owners work better together here in Nevada than any other state. When going to the National Abandoned Mine Conference the last year or year before, they were BLM this and BLM that, the Forest Service this, they never wanted to work together. They never did. This is the greatest working relationship we have and the State of Nevada has the best one for those types of agreements.

Chairman DeLong stated to Mr. Callan that they really appreciate the BLM working with them, particularly helping to maintain that single database. That really makes what's going on in Nevada unique and it's really important to try and use our dollars effectively.

Mr. Callan stated that was without a doubt. That's one of the things he drives home back to his fellow state leads from other states and this is what they should be working on because just like NDOW is going to be looking at the bat habitat and monitoring it long term we've got to make sure we've got cooperation out there and because we have such a large inventory still to go, it's very key that we're working together on that. We've got one district Elko that will go out and do the inventories but then they'll send the filled-out sheets requesting numbers. Once those are generated that's the number that will be assigned so we have that coordination and we try not to get into duplication.

Commissioner Parked asked on the cultural and biological surveys and getting your CX in less than two months, are you doing that and then we do some of the work or how are you coordinating those efforts?

Mr. Callan stated typically it will be longer but when we are moving forward because we have a project we'll get our resources on that so it's not relying on the district to get that survey work done. We're pulling in either through an agreement with NDOW or with GBI to get the cultural surveys done as quickly as possible and at the same time keeping the district appraised so that that CX will get moved through and the district manager or field manager is quite aware that it's high priority. Typically, that's because we have an issue. We try to give a six-month timeframe working out we're going to approach trying to do these closures next fall. I try to have them down in the south during winter in Southern Nevada and have them up in the summertime up here when they can have access. So timing and pushing those through each of the districts to give them that timeframe. Typically when they know it's

an AML CX they know they're going to get all this information with it and they're pretty good about reviewing that and getting it moving.

Commissioner Parker asked Mr. Ghiglieri if he goes through the same process.

Mr. Ghiglieri stated when submitting a project, a CX request is submitted to John and the District office. The majority of time with Wildlife surveys, we'll be working with NDOW previously, we'll get the recommendations before we even submit the CX. We'll try to get Wildlife and that we want X amount back compatible or these are all excluding closures closed by any means, but Mr. Ghiglieri stated he requires and relies on John to get the cultural done. So they meet at least once a month and go over a list of here's our target list, here is yours, and then John tries to sit there and fit in the GBI contract or sometimes rarely Rachel Cruz out of the Sierra Front Office, sometimes she's able to come out on day trips because they're local and she'll come out and do the cultural work. But we do rely on the BLM to do the cultural and Wildlife does the wildlife surveys with no charge to us because they have their own objective of protecting the bat habitat so they want to do the surveys themselves too.

Mr. Callan stated it's a work in progress.

FOR DISCUSSION ONLY- NO ACTION TAKEN

B. AML Intern Work Program and Funding Sources for Program

Mr. Ghiglieri stated he would do a quick update on the AML program. He stated yesterday he handed off the draft 2014 AML report to Mr. Perry to review so it should be out this month. Last year the biggest thing is there were no reported AML incidents. This is the first time that's happened in probably five years. A total of 784 new hazards were logged in 14 different counties. That's up 8 percent from last year. A total of 932 hazards were secured in 16 counties and that's down a little bit from last year. That's due to a few things. They didn't have their contract out as much. Another big thing is the Elko/BLM district, they were getting up to 200 done a year and their dozer operator ended up getting really sick so they didn't do a lot of the work that they normally do. So it was a combination of different agencies, funding sources. That's why that one is down a little bit. Then 582 hazards were revisited in 14 counties. That's down 41 percent from 2013, and we were doing that for a reason. A lot of these were trying to focus on only revisiting the orphan hazards that we know because it was getting to the point where we were doing more revisits. Our legislative mandate is to identify and rank new features not to revisit all of them. We want to revisit. We want to make sure the orphan ones are secured. When we notify the claimants in these mass mail outs, we let them know that it's their responsibility to maintain securing status. And even when we secure them and send out proactive mail outs, we also remind them it is still their responsibility to maintain securing status of these. So on the right it's a little pie chart showing by agency the securings done. Once again, just like the last year, the claimants and property owners, it's the mining companies, they're getting more done than any other agency. Quick map, this is the map of all the work that was done last year in Nevada. The only county that actually didn't have anything done was Humboldt County that happened to be the one county. This is everybody's work. This is claimants. This is BLM. This is NDOM. This is Wildlife. This is everyone's work showing locations of where work was done last year. So the 2014 intern program was another good year. We had 8 interns. They logged 2,945 non-hazards, 451 new hazards. They secured 284, and they revisited 332 hazards. This is one of the biggest years. Mr. Ghiglieri believes it was the highest securing year yet for interns. It was top five or so for loggings. The 2015 summer interns, we'll be having 6 interns starting May 18th and then Alain Nowakowski upfront at our front desk who was an intern for us last year, she's doing her geologic field camp this summer, and what we're going to have her do is come in right after field camp and start working for us the second half of the summer. She's already gone through all the training so it makes it a lot easier for us to bring her in halfway through the year. So she'll start June 29th and a total of 7 interns from that point forward and it's a 13-week program starting May 18th and ending August 14th. This was reviewed the last Commission meeting but the planning, Ms. Patterson, took all this information that we've always had and statistically put it into Excel sheets and gave us an actual value and a ranking of all the different areas throughout Nevada. She used different things, the overall Topo Quad rate, which is something we did before. She took that and then she used existing NVPoints left versus ones that needed to be inventoried, possible modifiers, so if there's an open pit in that area, what we know that is a higher priority because that pit has taken out of these possible potential AML features. She had town buffer, accessibility, so previous experience being out there we'll know these roads aren't good anymore, we can't get to these, or the new Vegas to Reno race route was right by these and all these roads are being maintained, stuff like that. Near main roads or trails, average hazard rank of orphans. There was a rank to these orphans. Are these all minimal or are these a lot of moderate to high ranking orphans. Orphans that need securing, of course, and any other known issues. We've factored all of those into it. This is what

we came up for our plan this summer. The first four weeks either Erik and I or Erik by himself, we'll be with them the entire first four weeks, week six, week eight, and possibly week 11 and 12. So we'll be with them a lot. They're going to have a lot of overhead out there to help move forward and also maybe help with having one or two less interns during that timeframe. Everything on the map is color coded by ranking priority so we have our areas broken out in where we're planning to go and Ms. Patterson has already broken out the highest priority quads to start working on. It's going to help streamline the process. We already have maps made. We have a lot of everything printed out. It's going to be a little bit faster process this year for us. Mr. Ghiglieri asked for questions.

Chairman DeLong stated since they have an odd number of interns this year, are there going to be three in one vehicle.

Mr. Ghiglieri stated that yes, they've done it before when a truck goes down they'll put three in a truck. The Dodges have a lot more room than the GMCs in the backseat.

Commissioner Snow commented that this morning at the Mackay Advisory Board meeting they were giving the statistics on mining engineers and there was a chart they showed that's in the packets that he wanted to share with the Commission and the staff and it's titled summer interns 2015 and lists all the companies that hire summer interns and then based on the size of the font in here it is the magnitude of that entity's impact to summer interns and the development of mining engineers at Mackay and the Nevada Division of Minerals is also. It steps down there. He stated he'll circulate it as a testimony of what a homerun their internship program has been. At the Las Vegas meeting last month, they had to look at the budget and the likelihood of reducing the number and now down to an odd number now, and hopefully commodity prices and such will turn around where we can boost that back up because what a great program.

Mr. Ghiglieri stated another thing about the odd number, once Alain comes back that's also when they will be rotating one intern into the office a week, so a lot of those weeks there still will only be six interns in the field. They'll have one in the office doing data entry as well as helping plan the next few weeks prioritizing areas.

Commissioner Parker stated he sees there's a percentage decrease in the previous years from 2013, 2014, 2015. What do you attribute the increase in the number you were able to address in 2014 with the decrease in mining?

Mr. Ghiglieri stated that was a lot prioritization of the Division of Minerals sending the interns to try to focus more on securings some weeks. Also, a lot of the securings, the number of securings as shown is the claimants, the property owners, so how effective are these mail outs? We're not notify as many people because we've already notified but I think they're getting used to our letters in a way and they're understanding that we're not out saying you need to do this right now. We're saying this is on your property, it is your responsibility, you do have this NAC 513 timeframe. We want to work with you to get this done. I think more and more companies are also starting to understand their responsibility in this. This morning we got a voicemail from someone that we never notified and he said, I saw your website and we have some claims and we have some abandoned mines, what do I need to do? So it's working out that way and Mr. Ghiglieri's thinks their outreach over the last 28 years of consistent outreach and talking about it is paying off.

Commissioner Parker told him to keep it up because doing more with less is usually not the case.

Commissioner Mudge stated just to build upon that he had no idea the securings were so large by the private entities, 35 percent which matches what we do. He knows they've talked about the challenge of getting responses back to those folks, but it strikes him it would be worthwhile to continue to look for arenas where we can really get out and communicate and get the folks out there to step up for them.

Mr. Ghiglieri stated he agrees with that. They've been trying to do some more rural Nevada because that's where a lot of these people are, rural Nevada education outreach. Unfortunately, Bill was planning to do the Round Mountain Safety Fair on May 8th but he's no longer going to be able to do that. We are trying to get out there a little bit more and do some more of these rural Nevadas. In past years, Doug Driesner used to go to each county commission and do a presentation on that. We've discussed the possibility of doing that as well and talking to the county commissioners because those guys know the companies. They know the people in the mom and pop operations in those small communities. So there's some options we're looking into. The next slide, this is the expenses from Category 18. This is how much was actually spent in Category 18, which is the AML category, and Category 39, which is what is called the AML enhancement or the contractor's category. In 2012, we had a lot of

money. It was nice. We used it and we got a lot done those years. But since then with the decrease in mining claim fees, the funding has gone down as well. 2015, this is projected. These 18 and 39 pays for the supplies, computer software, travel, per diem, truck, truck maintenance, fuel, contracting work, the mail outs, the printing, the labels, all that. It doesn't pay for salary. It doesn't pay to operate the building, pay for electricity, any of that. Just because it's showing a decrease in this doesn't mean we're looking to reduce right now. We're just trying to be more effective with our money. One of the big reasons why 39 is still what it is because of John Callan right here. We've done some real big agreements. Today we're supposed to receive \$60,000 from our assistance agreement. The BLM, the Forest Service have stepped up a little bit, but there's always room for more and it's also a point for us to start looking elsewhere to see if there is any other revenue that we can bring into these programs. The additional federal AML revenue, BLM, apparently we have an assistance agreement that expires June 29th, 2016. So far we've spent \$201,000 out of that agreement. There's \$49,000 left. That \$201,000 includes the \$60,000. We have a new agreement which John is going to talk about a little bit, and we're going to start developing it hopefully shortly and have it implemented by calendar year 2015. The Forest Service we have a reimbursement agreement with them, an MOU, and so when we're out in Forest Service land and we do logging and securing, we actually created an equation with the forest service since each logging is worth X amount of money, securings are worth this much money. So when we do this on a quarterly, sometimes biannually basis we'll notify the Forest Service depending on how much work we've done. We've done X amount of work and can we please get reimbursed for this and they'll send us money. There's only \$71,000 left in that. This is falling a lot into using our contractor for these because we are getting especially on the Forest Service land harder and harder to get to locations. To get to these couple of sites is taking a lot more effort than it used. They're getting further and further out there. And Ken Moss with the Forest Service, he has a really strong closure program for how small his program is and he's getting a lot done every year. The next one is the Army Corps of Engineers. So this was mentioned a few times. Monday we're going to see the first beta release of our new ALM database. We will be playing with that. They'll be in Carson City next week training us on the new database but another key thing is on Tuesday Mr. Ghiglieri stated he'll be meeting with the new Army Corps contractor who will be looking to develop a new contract hopefully at five years for continuing database improvements throughout the entire five years. So if we say it'd be great for our database to do X, Y, and Z, we'll put it in, submit a scope of work, they'll contract it out and see if someone can build X, Y, and Z for us. It's a future contract that we're trying to look to get ourselves to the next level. Currently, Mr. Ghiglieri submitted a scope of work for a 50/50 cost share for inventory work in Nevada with the Army Corps of Engineers. This has never been done with a state agency for inventory, so they're apparently having their legal build a contract and they're talking about maybe by the end of the calendar year they may have something in place where next year we might be able to create a 50/50 cost share and almost all of our costs will be in kind with that. It will be us planning out the areas, us actually physically going out there. So it's going to be really beneficial. It could help benefit \$50,000 to \$100,000 a year in inventory efforts. Other potential revenues, John Callan will talk about this a little more, the Southern Nevada Public Land Management Act (SNPLMA), we have used this before and we're trying to see if it's a possibility for us to use this to help with our inventory work in certain counties. And then something with what we've been doing with NAMELT, the Nevada Abandoned Mine Environmental Taskforce. We've been looking into possibly getting projects back on the SEP list, the supplemental environmental projects. So these projects will be both environmental as well as physical safety. So when we go out to an area that has environmental hazards, let's take care of the physical safety hazards at the same time. And we need to get these projects, what needs done, is we need to have basically shovel-ready projects with a dollar figure next to it and qualify for these programs under NDEP. So they can say I'd rather put it towards this project and pay for that project and that environmental project can be taken care of with those funds. So it's just another option for us to look into additional funding sources, but the key to it is they have to be shovel ready and a lot of these projects are far from that and they take a lot of time and effort from multiple agencies to get to that point, but it is a definite goal for us and the NAMELT process.

FOR DISCUSSION ONLY- NO ACTION TAKEN

C. NDOM Reserve Balance Tracking

Mr. Perry stated at the last Commission meeting in Las Vegas Commissioner Mudge suggested we develop a mechanism for weekly looking at the reserve tracking. Mike Visser actually took this on and started with some graphs looking at expenditures and revenues and eventually we settled into this which simply shows the reserve balance, just what we wanted. This was developed and we've shown here 2014 and 2015 year to date and walking through the events of the year, many of you already know this, but the first number there shows the year has a cycle when they get their revenues and expenditures. The first is the bond pool transfer which happens early in the year. That's something the Commission approved last year so we could take the three percent fee legally out of there.

That happened in July after the fiscal year closes and we can calculate it and then you can see the second one there is actually something in '14/'15 and that is the funding of the SageBrush Ecosystem Committee. That was \$140,000 over a two-year period there, so you can see the money has gone down as it comes out there. The third number there is the revenue from mining claim fees which start more or less in September. There was a bump in 2014, but the big bump seen there occurs in September/October when claim fees are collected by the recorders and the counties, some of which remit monthly, some of which remit quarterly, start to send us those revenues. That occurs all on through November. Shown there in November some of the counties that pay quarterly are paying then, and then at that point after November those revenues are largely collected. We do collect mining claim fees. The counties remit them to us all year long. Those are mainly new claims or refilling of claims of things that come in that don't have the direct correlation with their annual fee. Number four, thank you Mr. Callan and Forest Service monies when those came through this year. There's one pending that Mr. Callan mentioned of \$60,000 that will happen in the latter part of the year that helps fund our program. The fifth is the annual geothermal production fees, which are mailed out and then start to come in after the first of the year. Oil fees come in continuously through the year because they're paid monthly by the producers, and there's not a big number there so you don't see that here as one impact. It's continuous. Then the final, the sixth one, the big one there, which is the Mackay \$2 claim fee donation which shows there in the spring. It's shown where we are at today. Year to date is about \$100,000 below where we were last year. That's largely due to the fact that claim fees declined again this last year. Looking at the rest of the year here, there's two revenues that could potentially keep us above that \$750,000 reserve guidance limit that the Commission has discussed and laid out, and it's shown that line we put in there. One is the \$60,000 from the BLM assistance agreement that we have and potentially \$32,000 from Newmont's - Long Canyon, which would be the \$20 per acre fee that we collect for new plans of operation. That was approved last month, so we're anticipating that might come in by the end of the month and between those two we're estimating we probably would stay right just above the \$750,000 by the end of the fiscal year, which is June 30th. That's really it. Mr. Perry asked for any questions and if that explained the year?

Commissioner Mudge stated the only thing he would add is maybe a projection through the end of the fiscal year.

Mr. Perry stated that at the last meeting Mike Visser did an estimate of that in a spreadsheet and that will be put up again. They've been tracking that to show where they think they will be at the end of the year, but it wasn't put in this one this time but will at the next meeting.

Commissioner Bryan stated that John Snow alluded to the Advisory Board Meeting this morning at Mackay and Russ Fields brought up the fact to the Advisory Board and anyone who wanted to listen that the school, College of Science-Mackay be assured of that \$400,000 in perpetuity. There's no guarantee that that \$400,000 from the Commission will keep coming to the school.

Commissioner Snow stated that Commissioner Bryan was right. They went further on to say that they were going to be heavily reliant on it through 2018.

Commissioner Bryan stated that the agreement is through that, but they're going to go to the university to see if they can replace some of that money so there's no reason to do anything but two, three, four years down the road just to keep it on the radar.

Commissioner Mudge stated that Russ also said that they've got \$3.3 million from Marigold in the endowment now. That agreement that provides the royalty monies to Mackay expires in 2020, and of course, their second five year is a unilateral that we committed to do. There's no real agreement, so that five year would end before that. We'll want to be pretty strategic in when we approach the university and potentially discuss potentially another deal in which we would ask for royalty to continue and maybe in return give a commitment for more claim fee. Commissioner Mudge stated he doesn't think they want to do it today to sign something that far out.

Commissioner Bryan stated the question is if that agreement does cease in 2020, what do we do with the \$2 claim fee.

Mr. Perry stated he agrees that now is not the time to discuss anything. We'll be at the end of this fiscal year where we're okay if we want to hold the \$750,000 a half a year of reserve and strategically we laid out a plan a little over a year ago that had its first component kind of come together today and that is let's fix the fees for oil, gas, and geothermal because you can't really go back and ask people for more claim fees when they're paying somebody else's program. So the second half of this year we can go into rulemaking on oil, gas, and geothermal fees and that

should positively impact us next year. We will not have the SageBrush Ecosystem funding so that will positively impact us next year. The big question is what's going to happen with claim fees. If it continues to decline as it has, Mr. Perry stated he can't tell them that at some point next year they won't be below \$750,000 and have to do something. That's a call that the Commission will have to make. Mr. Perry stated he thought about the \$2 fee and understands how important it is to them but he also believes right now they've had to let go of the recruiter and they don't have in the budget any money for the Bureau of Mines and Geology next year. That is going to be the first thing that hits us. As Russ articulated and we got what the monies for the \$2 is used for, it's all going to pay salaries in mining engineering. That's what it's used for. We have gotten a lot of value over the years with the Bureau of Mines and Geology for this for the exploration report that they do and the annual report. We don't know what's going to happen there next year. The way the agreement is set up is it can go either way. In reading the agreement, you as the Commissioners can request a meeting about where and what the money is being used for and make recommendations. Ultimately, the way it reads, they get to decide but you may want to say, half of our claimants are companies and Lucia put that up two meetings ago, 52 percent are junior companies, 48 percent are major companies, so if you look at where the revenue is coming from it's about half and half. Right now that \$2 is 100 percent going to pay for mining engineering which might fit more of the large mine's needs but not so sure the junior companies are going to say that's fair if the Gold Building and the folks up there say, you're not giving us \$100,000 anymore, we're going to shut the Gold Building down and not be open anymore. That is a question of what the next year make look like, is this fair? Maybe it's time to ask that question of the university of there's two stakeholders here that are paying fees and one of them wants the Bureau of Mines and Geology to stay open so they serve their customers and the other one wants the other. That's what the next year might look like.

Commissioner Mudge stated in his opinion, one, they stay above \$750,000 and we make sure we do that. Two, we do whatever we need to do for fees to get our AML program back up. Three, we'll want to continue as long as there's a good royalty forecast for Marigold we're going to want to continue this \$2 claim pass through to the university. The last thing, a little bit of history, when Milt came to us and said the mining engineering program is the most expensive one on campus and it was \$800,000 a year and I'm cutting it to \$400,000, you guys in the industry go find me the \$400,000. It was for the mining engineering program. It doesn't mean we can't change it. It's worth broaching but just that little bit of history.

Mr. Perry stated that's good history but since 2008 they have twice as many students and they've hired three more people in the department. We're down one here. We just want to make sure that the Division of Minerals is priority one.

Commissioner Parker stated that Russ Fields made it perfectly clear that you would listen but that money was definitely going to go to the teachers and the engineering program as long as he was there, so not too sure if he's really open to these negotiations without some of you folks working on it in the community, trying to balance that out.

Commissioner Bryan stated he doesn't know if he would agree with that. He doesn't think Russ Fields is going to make waves with the Commission.

Commissioner Mudge stated he didn't get that sense and stated we do have a meeting on the 14th to talk about this very thing.

Chairman DeLong stated specifically for the Mackay royalty but we can tie this into that discussion.

Commissioner Gibson stated has anybody ever resolved how they're going to handle the \$400,000 out of the bond fund or just ignore it. No one has approached the Governor he assumes and asked Mr. Perry if he's had any communication on the subject.

Mr. Perry stated he has not broached that subject.

Commissioner Gibson asked if they wanted him to.

Mr. Perry stated that he can. Historically, what happened just the last two, three months ago, the state before the legislative session started to meet didn't have enough money to make it to the end of the year, so this Governor, which is his right, swept reserves out of all state agencies just to get the state through this legislative session. The

State of Nevada is not in good financial state at all. We did not get swept, but we have almost a million dollars sitting in the same account right now, which will be reported on in a minute. The legality of that, he's not sure.

Commissioner Snow stated he had one follow up to reemphasize what Rich said about the division between the salaries for mining engineering and the Gold Room, we as a regulatory and oversight body have statutory regulatory requirements for Gold Room data, cuttings, core, well logs to be deposited there and we've consistently funded and helped support that effort to keep it alive. There needs to be definitely consideration for the two sides of it, the Nevada Bureau of Mines and Geology via the Gold Building and the responsibility because if they were to shut it down, which is probably unlikely, we require that data to be submitted by industry. It's got to go somewhere. Jim Faulds stated it's improved. He's looking to hire a manager for the Gold Building so his budget has improved some.

FOR DISCUSSION ONLY- NO ACTION TAKEN:

D. Mining Claim Form Task Force Update

Mr. Perry asked Commissioner Bryan to set the stage for how this started.

Commissioner Bryan stated that there was 2000 mining claims and we have an attorney and we were talking mining claims and said somebody you should probably, since you're on the Commission, look on what's on your website that you give to the public as this is the form for the mining claims, so that's where it came from and we started looking at the ambiguities in the mining claim form. We've had two meetings so far involving himself, Dave Parker, Rich Perry, and Bryan Stockton from the AG's Office and Mike Visser. We had a meeting last Friday. This is the latest form. Not sure if we're ready to vote on this as of yet. Richard Harris was there and he gave his approval to this. This is the first time we've seen the final version. This is what came out of last week's meeting.

Mr. Perry stated that was correct.

Commissioner Bryan stated that he would propose that we don't vote on it this meeting and wait until next meeting to absorb it all and see if anybody else has any comment.

Mr. Perry stated there are 17 forms in here. That's how many mining claim forms there are on the website. Some of them are very seldom used. We actually took four or five of them that were the basis of the ones that we really wanted to look at and he and Mike worked through and changed some of the other ones to match because the changes were pretty minor.

Commissioner Bryan stated there were two major issues that he recalled. The affidavit annual assessment actually was the ambiguity of September 1 of this year and last year and future years and hopefully we've cleared that up because it was very unclear. Plus down on the bottom, the owner, the claimant, the agent, the lessee, that's still a little confusing, but Bryan, that's kind of the ambiguity that comes from the actual language in the law.

Mr. Stockton stated he believes that's been cleared up but it comes from certain statutes like in the early part of Chapter 517 it talks about the locator and the requirements for the location and for a locator and that's where that came from so we made those changes to the location forms.

Commissioner Parker stated the idea to come up with circle one of these comes from the fact that any one of these people could be filing this document and the name of the person that the document is being filed for is up at the top, but then at the bottom whoever signs it that needed clarification of whether it was going to be the owner or the claimant, agent, or lessee. The circle one came in because we just had those names in there and so nobody really identified who they were. Hopefully, this will make them at least circle one of those so it's a little clearer on who is filing this on behalf of the owner. That was pretty much the same for all the documents.

Mr. Perry stated there was some reordering of things and shortening of things to make them clearer. One we put a lot of time into, going to the Affidavit and Notice of Intent to Hold, if you recall the form we have now has quite a large amount of verbiage that's a little bit confusing about last year's assessment year, this year's assessment year, and there was a lot of thought put in by the group to try to make this clearer to a user. Now it says the undersigned certifies that the owner or claimant intends to hold the mining claims for the assessment year end being September 1 and then the date insert assessment year to try and clear up. The previous one had the year before and then the year in the future. It's had some really good legal pro bono work by both Rich Harris and Tom Erwin in the meetings.

He and Bryan had spent time looking at the statutes and going through each of the forms to make sure that what is in the statutes is reflected on the form so that we checked all those boxes. One of the final steps here other than just taking one final look is Mr. Perry had given a talk a couple months ago to the county recorders in Virginia City at their annual convention and asked them and told them something is going on here with these, we're looking at them, would you assign somebody in the county recorder's office to take a look because there's legal things about the font, the spacing, the amount of space that the recorder needs here on each one of these claims so it was sent to them two days ago. They were very appreciative of being involved in it and probably over the next three weeks we'll get some comments back from all the recorders. They're the people that collect our fees for us so we want to be very upfront with them and let them know what's going on. We'll spend a little time in conference calls with them just explaining some of these other forms that many of them aren't familiar with. Placer Claim Association by Aliquot, Mr. Perry stated he's never done one of those and didn't know what it was until we sat down and went through this process.

Commissioner Parker stated that throughout this process he'd like to make clear that there was never any legal problems with the documents that had been provided over the years. This stemmed from trying to clarify some of the language and simplify the forms so it would help reduce the number of calls that Mike and the Department were getting to answer some of those questions so hopefully this will help resolve it.

Commissioner Snow stated that working with the recorders is excellent because these conform to the state statutes on the borders in the square area here whereas oil and gas ones don't, and every time you have to file depending on the county, Lincoln County as an example, for non-conformant for this square area here, a federal lease for example, will not have that. Rather than the \$1 per page filing fee, you pay a \$25 per document setup fee and then a penalty per page for each page that doesn't conform so it adds up. It's a fairly big difference in the bill when these things are right.

Chairman DeLong asked Mr. Perry to put that on the agenda for the next meeting.

FOR DISCUSSION ONLY- NO ACTION TAKEN:

E. SB-44 Update

Mr. Perry updated the Commission on Senate Bill 44. Senate Bill 44 started a little over a year ago with the review of costs in oil and gas and the decision to request a change in the cap in the statutes and in Chapter 522. The Commission approved in September a theoretical chart of fees, actually on 1/16/14 on the basis of the CMR subcommittee, and we used that as we went through this process when we wrote the bill language and it started in the Senate and we got the feedback that legislators said we should have a cap on this, don't want things to be open-ended. So it got three numbers put in a cap for a conventional well of \$2,000, a cap for an unconventional well of \$5,000, and that's based on that January table that the Commission approved. Just took the highest number and added \$500 to it. It doesn't have a cuttings fee like was envisioned so if that's added it's right at that number of the cap. Also, a cap for a change on a well permit which is the verbiage that's used in the bill because sundry is not defined, but it's really a sundry. There was no sundry in oil. There's a cap of \$400 in that. We get a lot of sundries every year. So that passed the Senate. It went through Senate Natural Resources, passed the Senate as you all know, went through Assembly Natural Resources last week with testimony by Commissioner Henderson who did a great job and had second reading yesterday and it went to the Full Assembly today and was voted affirmatively 35 to 7. There was a little bit of confusion yesterday. Some of the lobbyists from the oil companies and also actually from the Nevada Conservation League assisted in getting some of those things back on track. Mr. Perry stated he started at 7:00 and worked his way through. Here's the list how you work the assembly. It's a lobbyist card of who to talk to. We made the rounds this morning and came up with the last few votes. We needed a two-third vote so we needed 28 votes. We got 35. At this point now it will go to the Governor for his signature, so we're there. With that, it would be prudent if we put together draft language for what we've talked about on fee increases for the next meeting for the Commission to look at because we've pretty much got all that done. We did geothermal. We did oil and gas. We need to take the actual language in the statutes and work that in so that there's something for you to look at, give a blessing to or modify before we head down that path. We've got a legislative change. Now we get to do rulemaking again.

Commissioner asked if there were any reasons why the 7 voted against it.

Mr. Perry stated that yes, there was a group that signed the no tax pledge and apparently what happened yesterday is those who were outside the legislature they entered into this that this is a fee increase so this would violate your signature of the no tax pledge. That's the explanation from this morning.

Commissioner Mudge asked as the legislatures typically passes laws you hear about something goes into effect on January 1st and something goes into effect in a year, but this goes into effect right away as soon as the Governor signs it.

Mr. Perry stated it's in the bill July 1st, 2015.

Commissioner Mudge stated it will be in effect by the time we meet again.

Mr. Perry stated that was correct, which will allow them to start rulemaking.

Commissioner Mudge commented a great job for Commissioner Henderson and Mr. Perry. It's not easy getting a bill through the legislature in Nevada and they were very strategic and worked very hard.

Mr. Perry stated he never expected to be lobbying.

Mr. Stockton stated you weren't lobbying but explaining.

Mr. Perry stated it was one of the first few ones that made it through and it's the only one that's conservation and natural resources related by a bill that's made it so far, and that's attributed to the Commissioners that went with him and the key was the first two weeks getting the folks in natural resources in the Senate and Assembly so they knew because if it doesn't come out of that first committee and it lingers, that's trouble. We put it in the right one in the Senate where we have friends that people knew, and it got out after a month of what is this and we had to go in and explain it to them because they're coming in for their 120 days. After realizing some of the Assembly people were new and don't know anything about the business, and Mr. Perry said he was remiss on talking to just those on Assembly natural resources. If there's another bill, have to go to them next time. Mr. Perry stated he didn't think they could've done it without the lobbyists, Western States Petroleum Association and Noble were there.

Commissioner Henderson stated the Governor put this on his list of bills for us, which if he hadn't done that we would've never got there so also he helped a lot.

Mr. Perry stated the Governor and his staff helped us with this strategically early on.

FOR DISCUSSION ONLY- NO ACTION TAKEN:

IV. STAFF REPORTS

1) Mining/Reclamation Bond Pool - Mr. Perry stated he would report for Mr. Visser. Changes in the bond pool since the last session, the ones listed above are plan level bonds that we have, and then the notice level bonds of which there's many, many more are not listed here individually so you can see our total bond amount is \$2,953,000. Cash in the pool's account \$3,859,000 so we have a reserve. However, going up through there when we bond for plan level we do not require 100 percent. Notice level we require 100 percent upfront, and those are typically \$5,000 to \$25,000 bonds for exploration because those are defined as 5 acres or less. The plan level we do not start off with the full amount. Over the first three years they're required to pay it so we need some reserves should any of these plan level folks default on us and we have some that are not fully paid up yet, so it's unfair really to say we haven't a reserve of \$906,000. The activity in the last three months, the Art Wilson Company exited the plan level bond pool. That's the gypsum mine. Art Wilson Company had been in it for many years, started when the calculation was a little different, so actually they paid an enormous amount of that reserve over the years, and we actually had lunch with Art and he explained some of the history of that to me and we really recommended that Art exit the pool, take his money which was fully paid, and go directly to the BLM and not have to pay this three percent every year so that is what happened. He's bonded with the BLM now. The activity levels are low, more refunds than increases. There was one new one, two new ones, TNT and the Big Canyon Placer, which are in here already. That's the activity on the bond pool.

Commissioner Bryan stated Southern Nevada Lightweight down in Southern Nevada is kind of in the same position that Art Wilson was. They've been in the bond pool for literally years and years, and it would be nice for them to get a little break.

Mr. Perry stated he would look into that and see if they can make a recommendation to them similar to that. We have three right now that are terminated. Western Mine Development, all three of those, so we're chasing those down. That's the bond pool. Mr. Perry stated he had a couple things he wanted to make the Commission aware of on oil, gas, and geothermal before Mr. Price gave his update. Several times in the last several months we have met with the Governor's Office of Economic Development trying to engage them in what kind of synergies we could do, and Mr. Perry gave them a presentation last year after discussions with some Commissioners and some people from industry, and next week we actually have something set up called the Nevada Mining and Exploration Investment Initiative. It's with Kris Sanchez with GOED and one of his assistants and Dana Bennett and Dave Shaddrick who wanted involvement. Mr. Shaddrick pushed this and said he'd like to meet the GOED people, understand what they do, and the intent is there's two people from GOED that travel internationally looking for investment money to come to Nevada. That's a big deal with the junior exploration companies, so Rich has been invited. It's next Wednesday in Carson City, so we're going to sit down and talk and see if we can start some mechanism here where we have linkage and they are helping the junior companies find financing and that's one of the major things not just with junior companies but some of the mid tiers right now. Some of the projects have a tough time moving forward due to lack of financing.

Commissioner Bryan stated they've helped the Nevada Mineral Exploration Coalition when they went to PDAC.

Mr. Perry stated with the roundup with the donation for their booth.

Chairman DeLong asked if that's meeting on the 13th?

Mr. Perry stated it is the 13th, Wednesday. Early on in the session one of the legislators, Assemblyman Edwards, asked in meeting with him about the bill what would constitute economic development in mining. Mr. Perry called Russ Fields and had to come up with kind of an answer fairly quickly. He was looking for something of a white paper that he could plug into a legislative nuts and bolts thing that happens at the end that funds economic development stuff. So we cooked up a white paper shared at the last meeting with the Commission on toll processing or a smelter in Nevada which is something that some of us concluded was lacking here. We've got deposits. We've got base metals, but we're shipping base metals to other countries and yet we have copper deposits we're drilling out; is there something we could do here that would make sense in a business study? We put down \$100,000 and we talked to him this morning and he said it's got a placeholder so we'll see if it goes. That would be \$100,000 for us to go and probably jointly with the University hire someone to do a business study. We're not designing the smelter but sort of gather up the facts and do a study of what kind of deposits we have, what kind of processing are we lacking, and if there was that where would this thing go.

Chairman DeLong stated he continues to put thought in that. One of the other items that he continues to hear from some of the companies he deals with in his business is carbon processing on the gold side, a centralized facility similar to what Barrick has done with their mines. They ship carbon internally.

Mr. Perry stated that was a good point and stated that Mike is at the IOGCC in Salt Lake City next month. He'll go in Mr. Perry's place and they'll rotate back and forth so they both stay involved with that.

2) Oil, Gas, and Geothermal (Oil and Geothermal Update) - Mr. Lowell Price stated off with showing the Commission the current Noble location K1L-1V near Jiggs, Nevada. He and Erik went out last Sunday. They were supposed to have a loadout sale on Monday. However, things were a bit delayed, and they didn't actually bring the well on until Monday. He presented the crude. It had a bit of wax in it. The actual oil is around 35 degrees so it's a lighter oil. It just has quite a bit of paraffins associated with it. This is just a portion of the pad. Basically, what they've installed is a small tank farm with six tanks. Two are dedicated to water and four are dedicated to oil, which is very nice. Normally here in Nevada, it's the opposite, less oil and more water. Each tank holds 400 barrels of fluid. More or less the impoundment area right here, even though this looks fairly short, this impoundment area will hold all the fluid in all the tanks plus a bit more. There's about 660 percent impoundment rate. This shows it closer. This is where they actually loadout the oil. There's another one on the other end of the tank for the water. Again, this is the impoundment area. It's gravel lined. It's underlined with plastic. This line here, of course, this is how the oil is fed into the tanks. But also, this is an insulated line and they utilize glycol and they heat up glycol with a heat

trigger. Everything from the wellbore to the oil, gas, water separator and then onto the tanks, everything is lined. Going on to the next one, this is actually the well head. The oil basically will come out through the well head. The line comes out of the well head, goes over here, and then it goes underground back to the tank battery. This top piece, they call it the stuff box, that's probably in terms of leakage which is usually very, very minor, but that's usually where leakage is seen on these well heads out in the oil fields. It's not that prevalent but for the issues related to oil fields it's probably the most common. Basically, it's a seal and they can keep tightening that seal to the rod right here to keep it sealed but after a certain period of time it just wears out. This is heat trigger. This is what heats up the glycol here. This is the vertical component or vertical piece of equipment. This is the oil, gas, and water separator. The well comes into this building right here. It comes into the building through the top, comes down, goes into the oil, gas, and water separator and then the various fluids come out in their own circuit basically. They utilize the natural gas that's being produced with the well to run a generator which basically runs all the equipment onsite including I'd say a rather sophisticated alarm system that they have setup for any potential problems. If there are problems, the well automatically shuts in. They give it certain parameters. If the well pressure exceeds a certain amount, then the well automatically shuts in. One of the lines will go out to the flare. The excess gas that's not needed, it will go out to the flare and it will be burned off. There's another flare. These are the two flares. This is the main flare for the excess gas that they produce that they don't utilize. This is a smaller flare and what they flare from this one is the gas that will collect at the top of the oil tanks that wasn't totally stripped out of the fluids as it went through the separator. Whether it be the oil tanks or the water tanks, that excess is basically drawn off. This is the pipeline and will go out to where it will be burned off. It actually will pass through this vessel here which is an additional separator which if there's still any liquid within that gas it will actually pull them out before it's been burned. This particular house is where they measure the flow of the gas. Back to the tank battery, this is the actual here for the tank. It heats from the bottom up. It has a one-inch gas pipeline that comes into this heater. They maintain the temperature of the tanks at 140 degrees. The reason it's that high is that they've got probably a five-hour trip to Salt Lake City to the refinery because it's being trucked right now. So they keep it at an elevated temperature. That way it will hopefully hold that temperature all the way to Salt Lake City and stay at that 90 degrees. Once it reaches around 90 degrees everything just starts to solidify. This is actually within that building. This is the device. They use an orifice-type flow metering system. This is the actual control box for that.

Commissioner Mudge asked what's their production rate or once they get up and running full steady?

Mr. Price stated they hope it's a whole lot. They don't know at this point. They're guessing at around 400 barrels a day, but they just don't know. They started the production Monday afternoon, and the well is actually flowing on its own. They weren't having to utilize the pump jack that you see there in the picture. There's more gas in the system than what they actually thought there would be and so right now the well is flowing just through a gas lift basically. In time, that will dissipate off. It may have already. I just haven't heard from them on that, but they're hoping for around 400 barrels a day. I've heard estimates up to 800 barrels a day, but that may be pretty optimistic, primarily because we're probably talking a zone that's definitely less than 100 feet. So 800 barrels a day just may be a little bit optimistic. We don't know what the water cut will be yet and it hasn't been established yet either because the only thing that's come out of this wellbore is after they hydraulically fractured the well, it was just a flow back coming back from the well. That's the only thing that's been produced so far. So now that they're on production mode if they do it like the M2C well they'll run various production tests for around a month, maybe a bit more to try to find that optimal production level for the well. However, on this one they have to keep the gas in mind as well. The actual gas they're encountering in the well may limit their production. Their air quality permit with NDEP allows an average of 300 MCF a day. Some days they might produce 500. Other days maybe 100. But all in all at the end of the year it has to average out 300 or less MCF per day for the flaring aspect. When they brought this well on, they had to choke it back quite a bit so they wouldn't exceed basically their daily allocation for gas. They didn't mention what size it was. However, this well has been sitting here since December basically. They may have more or less kind of an initial gas cap where it's collected around the well water and in a short period of time that gas that's migrated in may just dissipate off and we may get more of a normal background type of gas.

Commissioner Parker asked what did they do with the water that they were fracking with?

Mr. Price stated it's going to be fairly expensive for them. They're going to continue trucking it over to Duchesne, Utah. There's a commercial disposal well in Duchesne. That's where the flow back from the frack job went on the first well was the Duchesne disposal well. Donald Peacock, who is a completion engineer for them, he said unless you'll let me put it in the M10-C, and that's not up to us; that's up to UIC and he seemed to be surprised that it was an agency outside of ours that would actually approve the disposal of the fluid. We went through the history to let them know that if they wanted to utilize that well they need to get things going with UIC, which they may end up

doing. Actually, if they start having better and better production like this well, Mr. Price stated he can foresee them actually drilling an injection well for disposal within each of the project areas assuming they develop all three project areas; the two federal units on the south end and north end and the private area in between.

Commissioner Snow stated obviously there's some temperature involved to get the stuff out of the ground flowing, natural temperature.

Mr. Price stated it's flowing out of the ground at over 110 degrees so they've got a natural heat source, which is excellent. The only problems that they're going to have with the paraffins and actually what the drilling superintendent said in going back to this particular for the second round of fracking, the initial interval sanded out while they were towards the very tail of the frack job and so that job was terminated. They probably had not even 95 percent of the frack job behind them when they terminated it. They did have flowback with proppants and we were able to get those proppants shipped off to Idaho as well, which was a very positive thing, tracers within the proppants we had sent back. Mr. Price then asked Commissioner Snow to repeat his question.

Commissioner Snow stated he was asking about the natural temperature and he assumes it's tank gauging, not a LACT unit.

Mr. Price stated that was right, everything is gauging for now, so that's depending on you guys.

Mr. Menghini stated he'd got a little knowledge of this well and it's an outstanding well that will put Nevada on the map. It is federal subsurface state surface so it's all BLM. They have seals on all the tanks that it's illegal to break a seal so when they do sell a load they have to break a federal seal. It's like a little metal band and we put those on all the valves when the valves are in the closed position. So when the truck comes out and loads out, he does a grind out and if it's within the percent that the refinery will accept it then he'll load out based on tank measurements of tank gauges. Then when he leaves, he'll put new seals on them so at any time our inspectors or anybody can go out there and make sure that the seal number matches the run tickets and then they have to submit their run tickets to Honor, and that's how we get our 12.5 percent royalties and in turn that's how you guys get your royalties or your portions, your half. So it is exciting. The issues are the pumping unit came in at 45 feet tall. The environmental document for the California trail only allowed 30 feet and if you know anything about oil and gas you can't sink a well 15 feet into the ground to abide by a height limitation so they have a SHPO clearance that the visual is okay. They have so much gas out there now they have to bring in another flare so they're dealing with disturbing the Sage-grouse with the additional flare.

Commissioner Snow asked if there's an estimation how long before the start of the participating area calculation?

Mr. Menghini stated he will probably start within two to three months if it stabilizes. Right now, he doesn't foresee the gas drive going too much. Part of it might be the bio-stuff what they used to frack the well is causing remedial gas spoiling down the hole, so not sure if there's a big gas drive on this. Once they start using the pumping unit everything that they produce gas-wise will, of course, go down because they have to run the unit. They'll be running more treaters. They'll be running more tanks. That gas issue will go away and then when they start stabilizing he'll do a reservoir parameter and figure out what the size of that drainage circle is.

Commissioner Snow stated when Grand Canyon and Kane Springs came online and with those kind of surface temperatures you're outside the API spec and the algorithm to net back to 60 degrees F and one atmosphere. At that point, they were approved for special management disposition.

Mr. Menghini stated he hadn't looked that far into it, but that might be something to look at. Right now, the units that Lowell speaks about is the two federal units. They're required to drill two more wells in each unit. So October/November is their deadline.

Mr. Price stated they need to drill. He was talking with Tom Schmidt with the Elko District. If they're lost, they probably won't come back due to Sage-grouse. They are grandfathered in. They have releases.

Mr. Menghini stated that was correct because of the new ruling that came out about Sage-grouse no longer being threatened to be listed.

Mr. Price stated it's just the bi-state, the one to the south, down towards Bridgeport so that won't affect this. In terms of permitting, this is not through the first quarter. This is actually up to from the first of the year to date. We've permitted seven geothermal wells. Five of them are production wells. Four at Wild Rose. One at Salt Wells. We permitted one domestic production and one domestic injection. On the oil side of things we've only permitted two oil wells. One is the Tetuan Resources, Mariagnes. This will be drilled. It's a follow-up well to the original Mariagnes well and it will start most likely end of May, mid-June, somewhere in there, May 16th. The other well was Petro-Hunt, Jake's Valley #1. This is the only time that we have ever permitted a well on the BLM lease, on a BLM lease prior to the BLM. In this particular case, the Division of Water Resources would not issue a water well permit without having either the BLM permit in hand or our permit in hand. So we went ahead and permitted that well. However, they decided basically not to drill it and they've lost the lease. They pulled out of Nevada. In terms of activity on the geothermal side in drilling, Ormat Nevada has drilled one injection well at Wild Rose and Wild Rose if any of you don't know where it is, it's about 8 miles as the crow flies east/southeast of the Rawhide Mine. As you go south out of Dixie Valley up over that summit and then drop into the next valley, it's just north of Hawthorne. The Rawhide Mine is on your right as you enter that valley and Wild Rose is out to the southeast. Ormat is expanding the Wild Rose facility. They currently have a 22.5 megawatt capacity plant there that is running. They're building a duplicate plant to it and with four production wells and they'll actually end up drilling two injection wells are to be dedicated to this second circuit. U.S. Geothermal, they completed the drilling of a production well in Crescent Valley down near the Cortez Pipeline area just north. No information as to the outcome of this well. U.S. Geothermal also currently has five TG hole permits with NDOM. They just received BLM approval, so the permits should be approved sometime next week. SAM Oil tested the Pluto 27-1R well out just to the west of Ely about 20 miles along Highway 50. The testing didn't really go well in that they didn't find what they were looking for so they abandoned that well. Makoil is still working with the BLM to permit a Murphy Gap well in Coal Valley and Tetuan should be spudding here in the very near future as a follow-up well to the original well near Mount Hamilton.

3) Correspondence - Mr. Perry stated there was nothing really significant in terms of correspondence.

Commissioner Henderson stated to Mr. Perry that moving forward they need to look at their bonding for oil and gas wells in light of this recent P&A that we almost got caught with, so maybe in the next meeting we can start looking at bonding for oil and gas.

Mr. Perry stated he can put that as an agenda item and they can pull out the work that Lowell's done on what it costs and then the statutes too so we can have that discussion.

Commissioner Henderson stated they also have history of other state requirements they can put together so he and Lowell can work towards that for the next meeting.

Mr. Perry asked for possible future agenda items.

Commissioner Bryan stated the BLM has just extended their common period for 30 days for their draft resource management plan on environmental impact statement, and he wanted to let everybody know if they haven't commented, they would like to see more comments. They're proposing to withdraw 450,000 acres from the mineral laws, mining districts involved.

Mr. Perry stated he does get something from the Nevada State Clearing House on just about every EA and EIS that comes through, mining projects and all. Every state agency gets them and the requests it's organized by State Lands and it basically comes together and forms the state's response from various different agencies to any of those. The question is how does this impact your agency and so forth, and he does respond to some of those. This one he did, and he shared it with the Commission. He can start sharing responses that they're doing. Some state agencies there was five alternatives there. State Land Use Planning had a very different view than we did, but he did comment back because they engaged the BLM back in January at the Geothermal Resource Conference and did a map of all geothermal resources in the whole area that Erik put together and we supplied that to them because we wanted to make sure there was no reduction of areas.

Commissioner Bryan stated the Nevada Mineral Exploration Coalition asked him why the Division of Minerals is not more involved with furnishing factual data because some of the data they're using is confusing and lacking.

Mr. Perry stated they did supply to them AML data within the envelope of what was there.

Commissioner Bryan stated that was at the last minute. The next one coming up as he understands is Battle Mountain, and that's going to be an important area. This is oil and gas and geothermal and everything.

Commissioner Mudge stated what's the driver for these withdrawals; is it Sage-grouse?

Commissioner Bryan stated you'll have to ask the BLM. They've got to update their resource management plans every so often. They might know more about it.

Commissioner Parker stated it hasn't been updated in 20, 30 years, so they're way behind and a lot of the withdrawals were particularly for the gravel pits. They wanted to concentrate what areas they had already taken gravel from and not have these areas open for material to be taken cavalierly. They have lands with wilderness characteristics that they've had to address that they haven't addressed before, so some of those withdrawals come from that.

Commissioner Bryan stated there's a lot of Sage-grouse involved. It's 1,500-page document with hundreds of maps and it's a formidable document to go through.

Commissioner Parker stated the Sage-grouse will mirror exactly what the federal mandates are. That's how they'll address that and it bodes fairly well for the other Sage-grouse areas.

Commissioner Bryan stated it needs to be discussed.

Commissioner Henderson stated on the hydraulic fracking, the regulations, the BLM has come out with their own hydraulic fracking regulations and will quickly say that we weren't deficit in any area and maybe we were a little more protective in some areas and maybe in the next meeting might give a little analysis of how we compare to those hydraulic fracking that the government has come out.

Mr. Perry stated they should have an answer from the BLM on their variance request too. The Geothermal Resource Conference has got a September meeting in Reno this year and with that we were discussing at the last GRC meeting about the fact that we've had 30 years of geothermal power production. It started December of 1984 and came online in 1985, so we thought should we have something that commemorates for this meeting since it's in Reno 30 years of geothermal power production in Nevada. When John and some of us started talking about this, we contacted the Governor's Office of Energy and they said we'll help you run with the ball on that. First, there was a discussion of the Governor doing a proclamation and they took that to the Governor and determined it didn't qualify as a proclamation, but the Governor could still do a certificate and a welcome letter commemorating it at the beginning of that meeting. So we put together some names but we will organize that soon to put together the plan. It will be Governor's Office of Energy and Commissioner Snow and myself and a couple people from the Geothermal Council to come up with a plan to commemorate how to do that to celebrate a real success.

Commissioner Snow stated as a follow up to that, Rich had asked about the likelihood of having minted some medallions similar to like a mine opening. In 1994, the Nevada Petroleum Society minted to celebrate the 50th anniversary of oil production from 1954 and those are distributed and there's one of six hanging in the Division's office. Commissioner Snow stated he's an officer of Nevada Petroleum and Geothermal Society and yesterday that was a board meeting and got approval to take that effort on. A taskforce was formed so John Menghini, himself, Bill Ehni and Mike Evans are the taskforce and we were the taskforce when we did the 1994 oil ones so we had the Marshall Mint mint those and have authority for the budget to go forward with it. One of the issues is would we put the state seal on there, so we're going to do that as a society and work with the group to make that event nicer.

Commissioner Bryan stated along that same line what about the hundredth-million ounce for the Carlin Trend; when is that coming up?

Chairman DeLong stated he talked to John Price and he thinks it's in the 2020s.

Mr. Perry stated also need to look at the Battle Mountain Eureka Trend. There's going to be a celebration of 50 years on the Carlin Trend next month. We'll have to start looking and gathering that information to celebrate those things. We would need to get enlistment with the Nevada Mining Association. That's where it was originally, the 50 million ounce coin because we can't mint the coin but we can certainly help and validate we're there.

NO ACTION NEEDED

COMMISSION BUSINESS

- A. Determination of time and place of next CMR meeting** – The next CMR meeting was tentatively scheduled for Thursday, August 27th and Friday, August 28th, 2015 in Elko, Nevada.

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

No public comments were made.

ADJOURNMENT

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

II. NEW BUSINESS

II. A. Presentation on 2014 Nevada

Mineral, Oil and Geothermal Production

Nevada Division of Minerals

2014 Nevada Mineral, Oil, and Geothermal Production Update

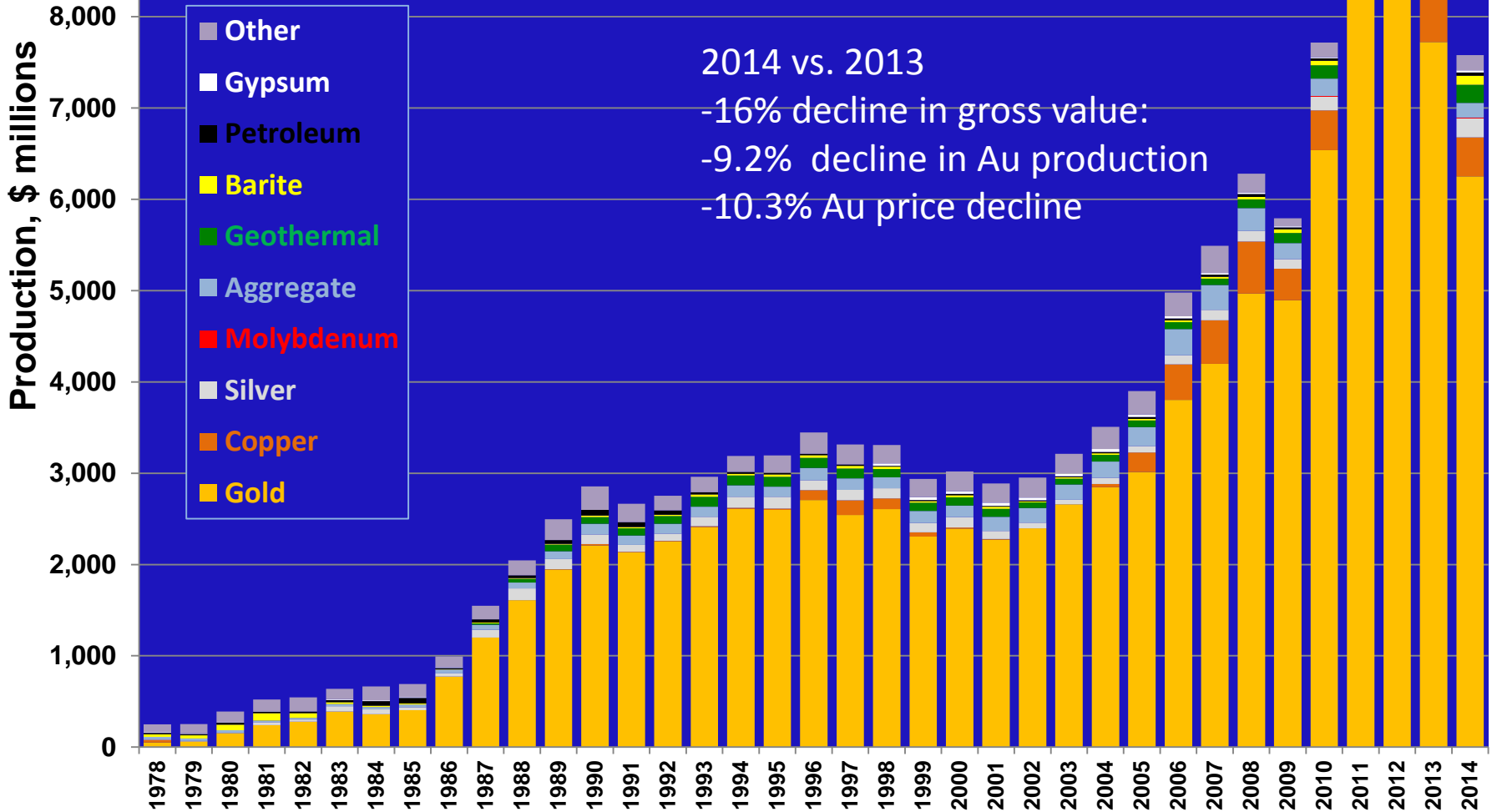
Commission on Mineral Resources 3rd Quarter Meeting

August 27, 2015

by: Richard Perry, Administrator



Nevada mineral and energy production





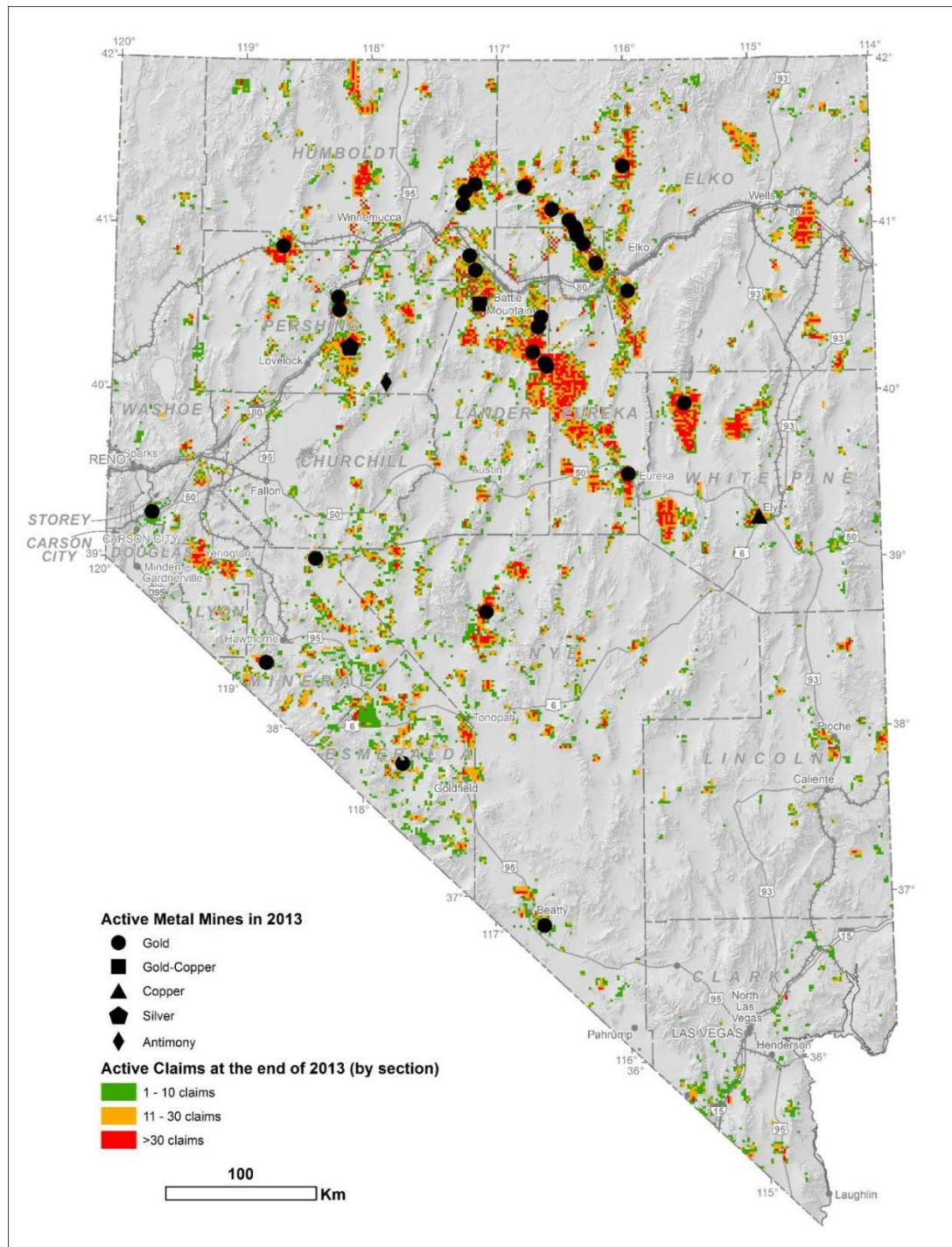
2014 Metal Production

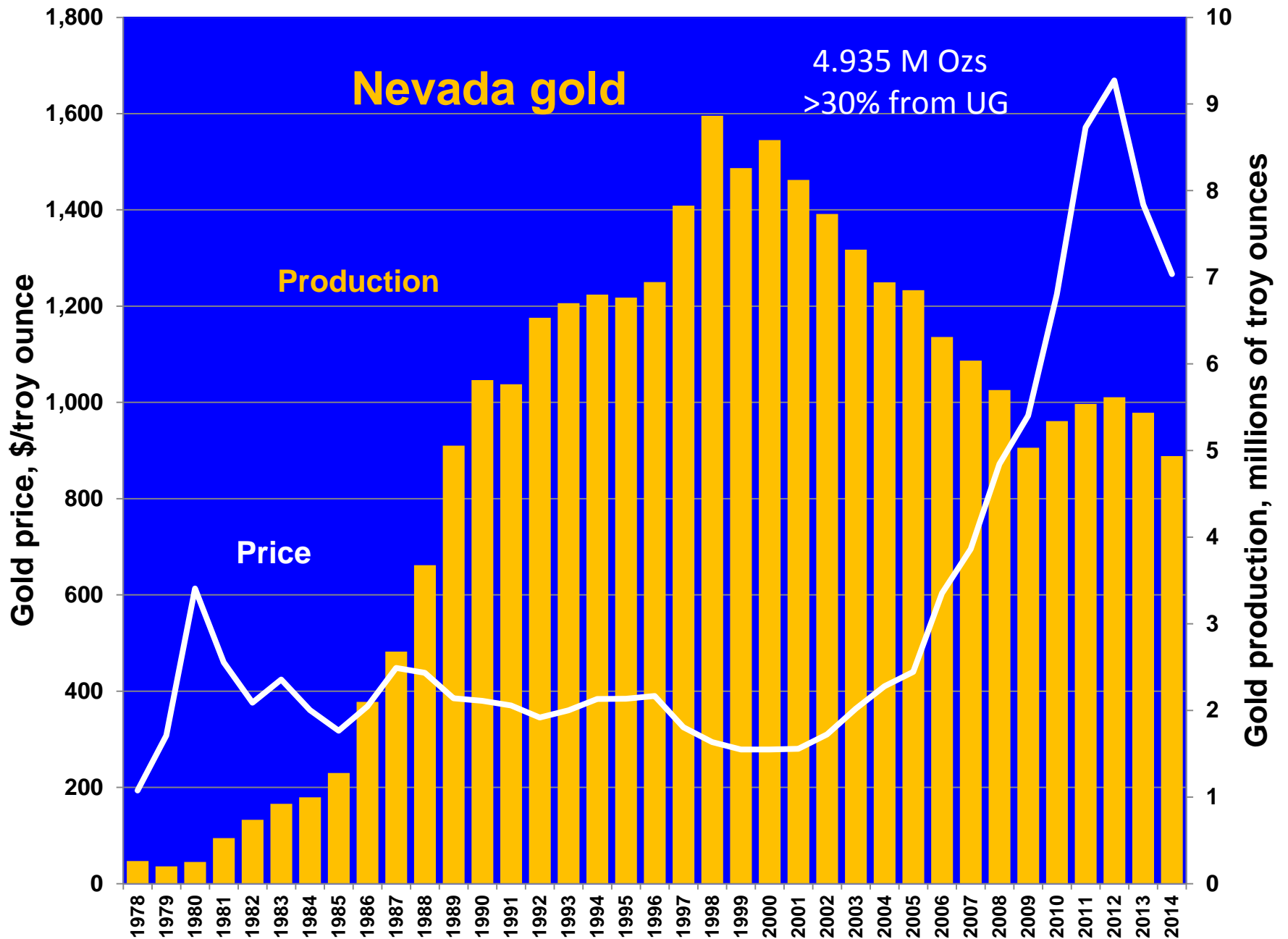
4,940,540 ozs gold

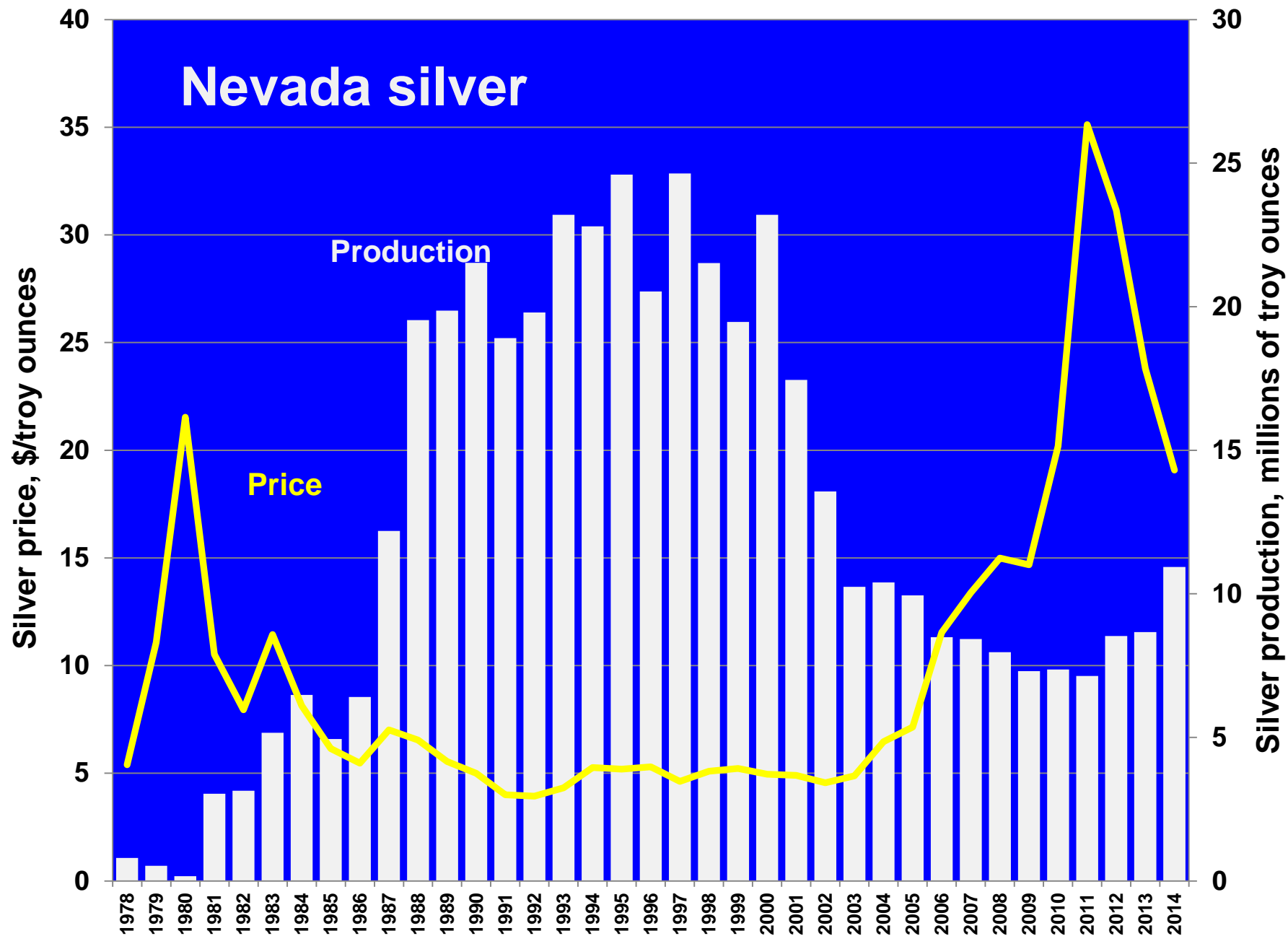
10,933,774 ozs silver

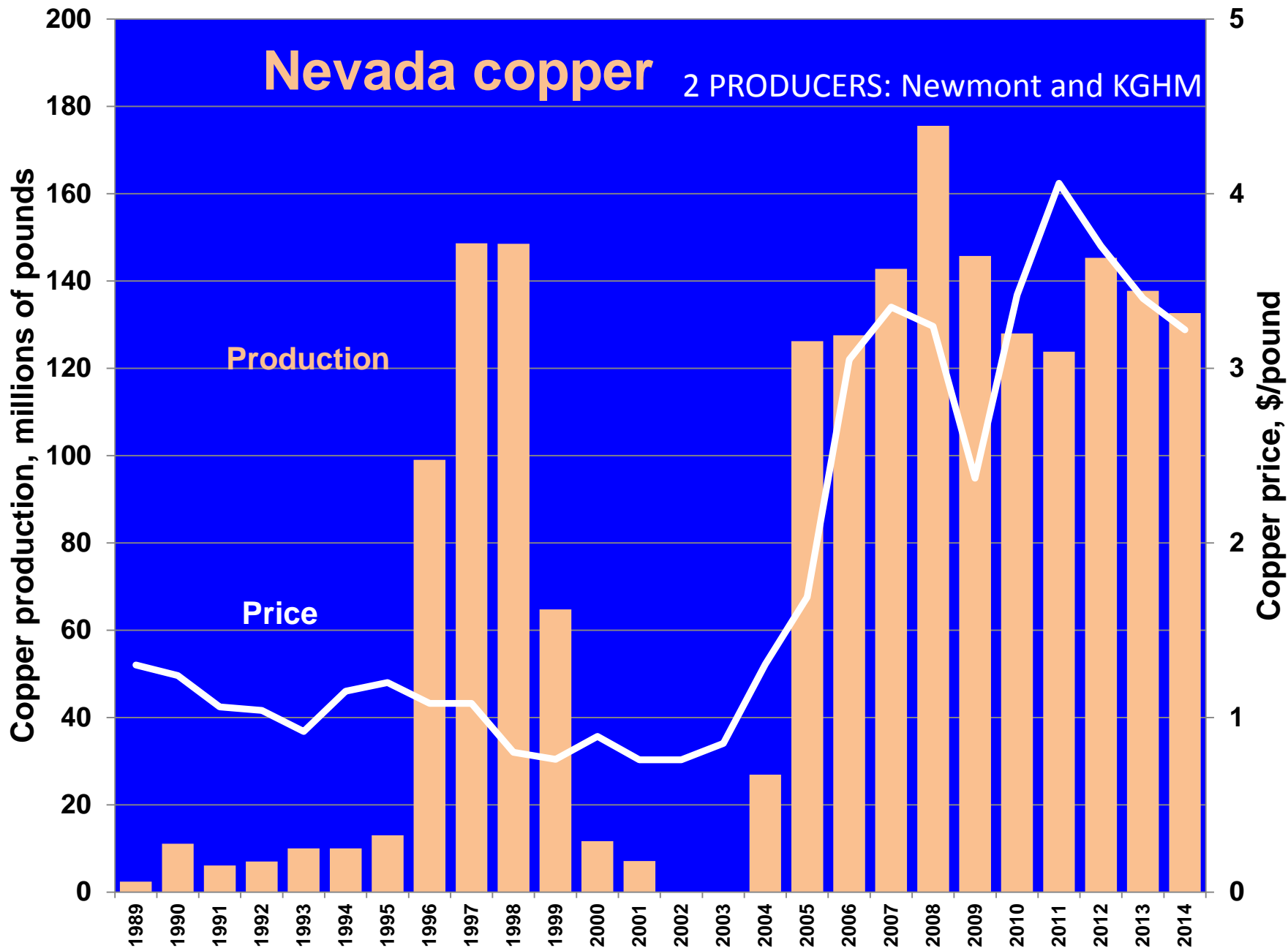
132,616,318 lbs copper

741,717 lbs molybdenum





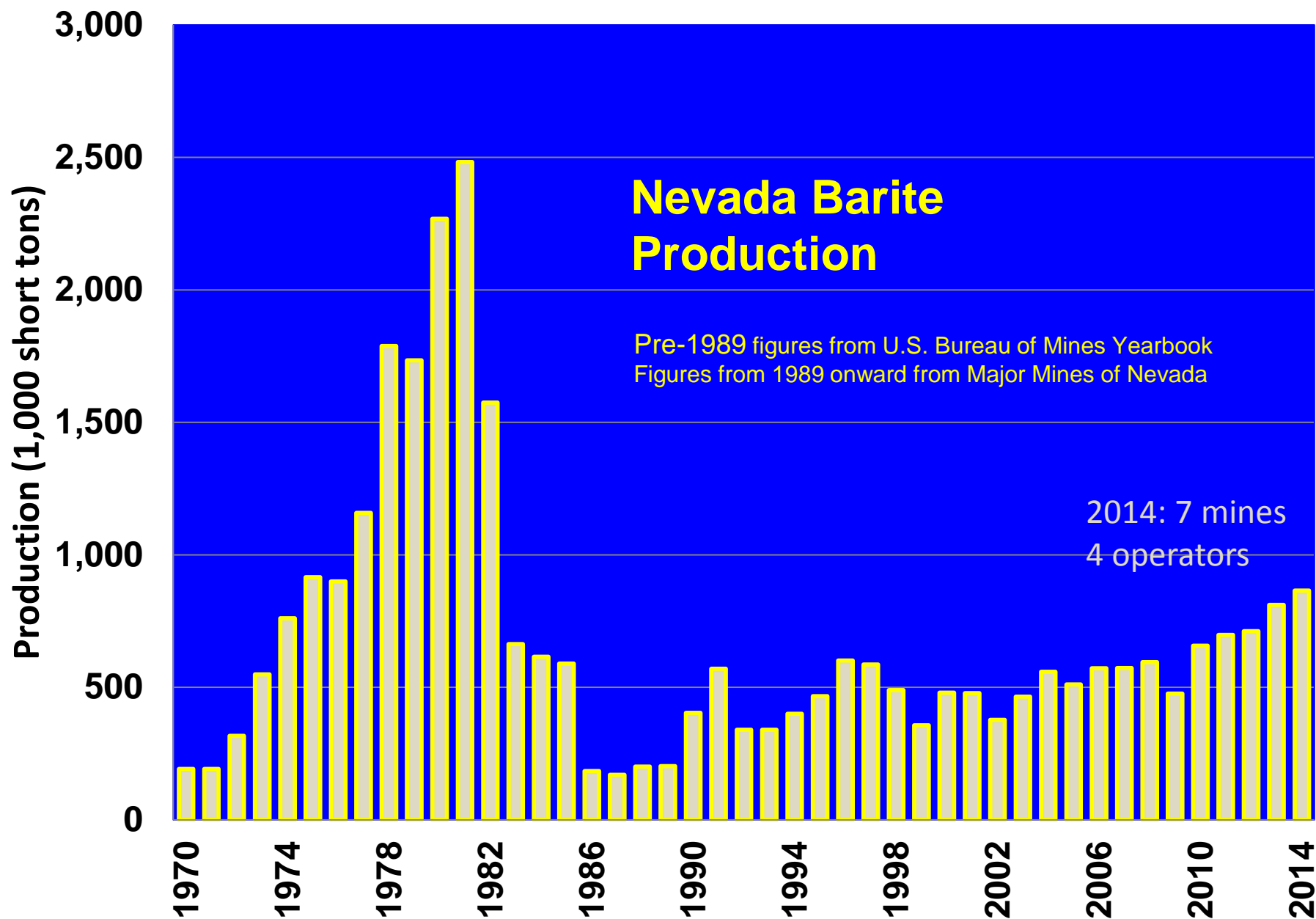


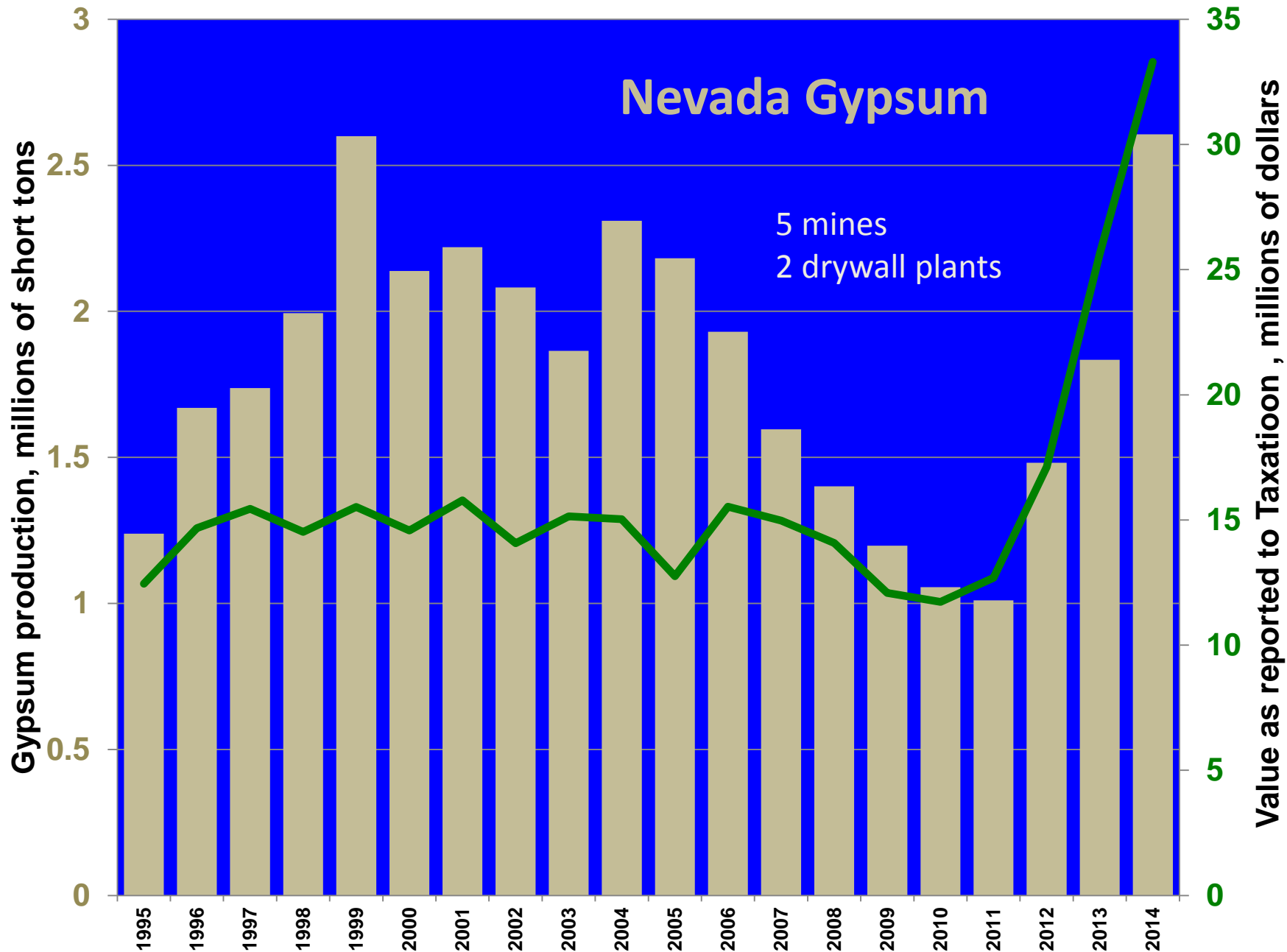


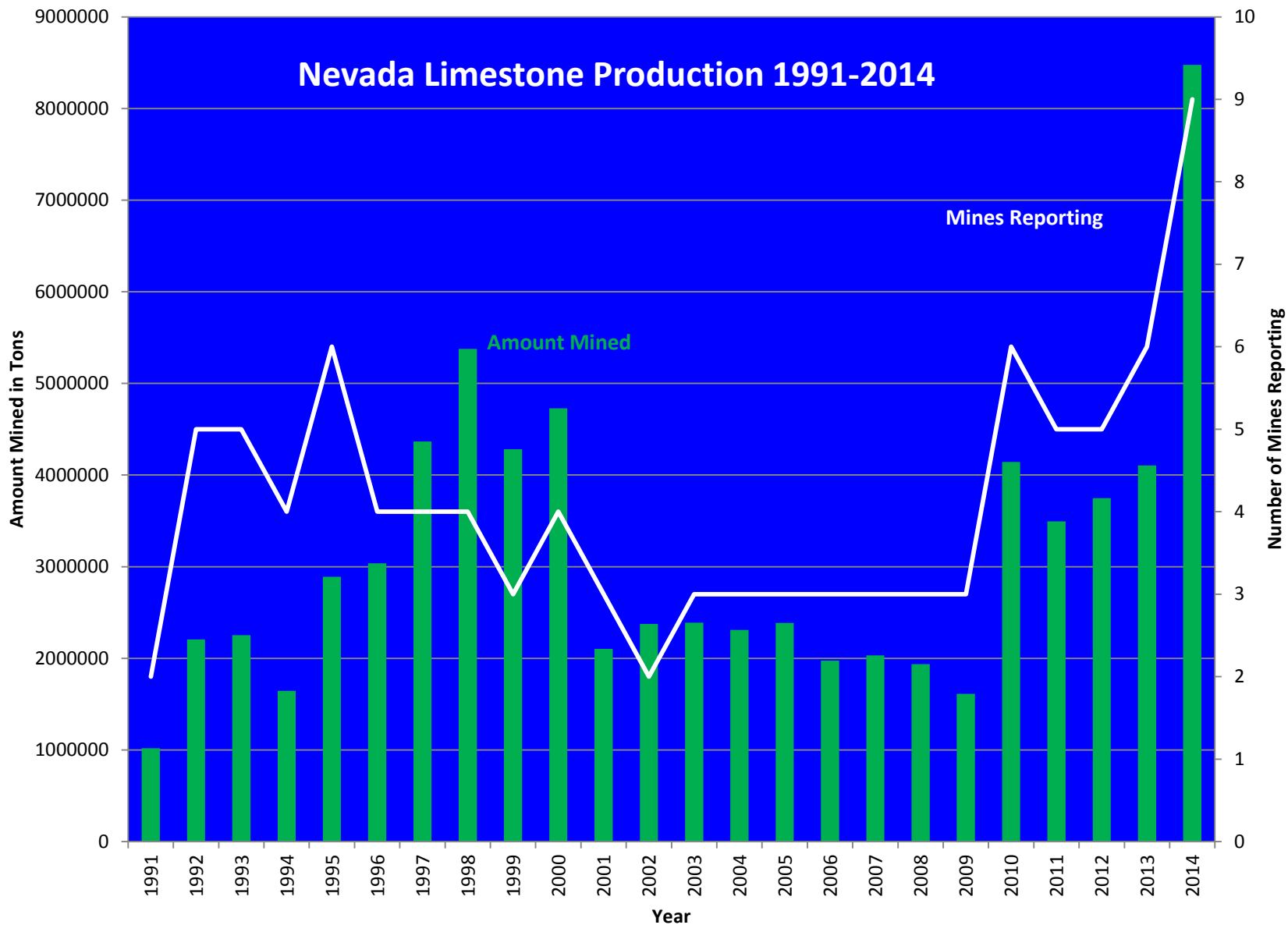


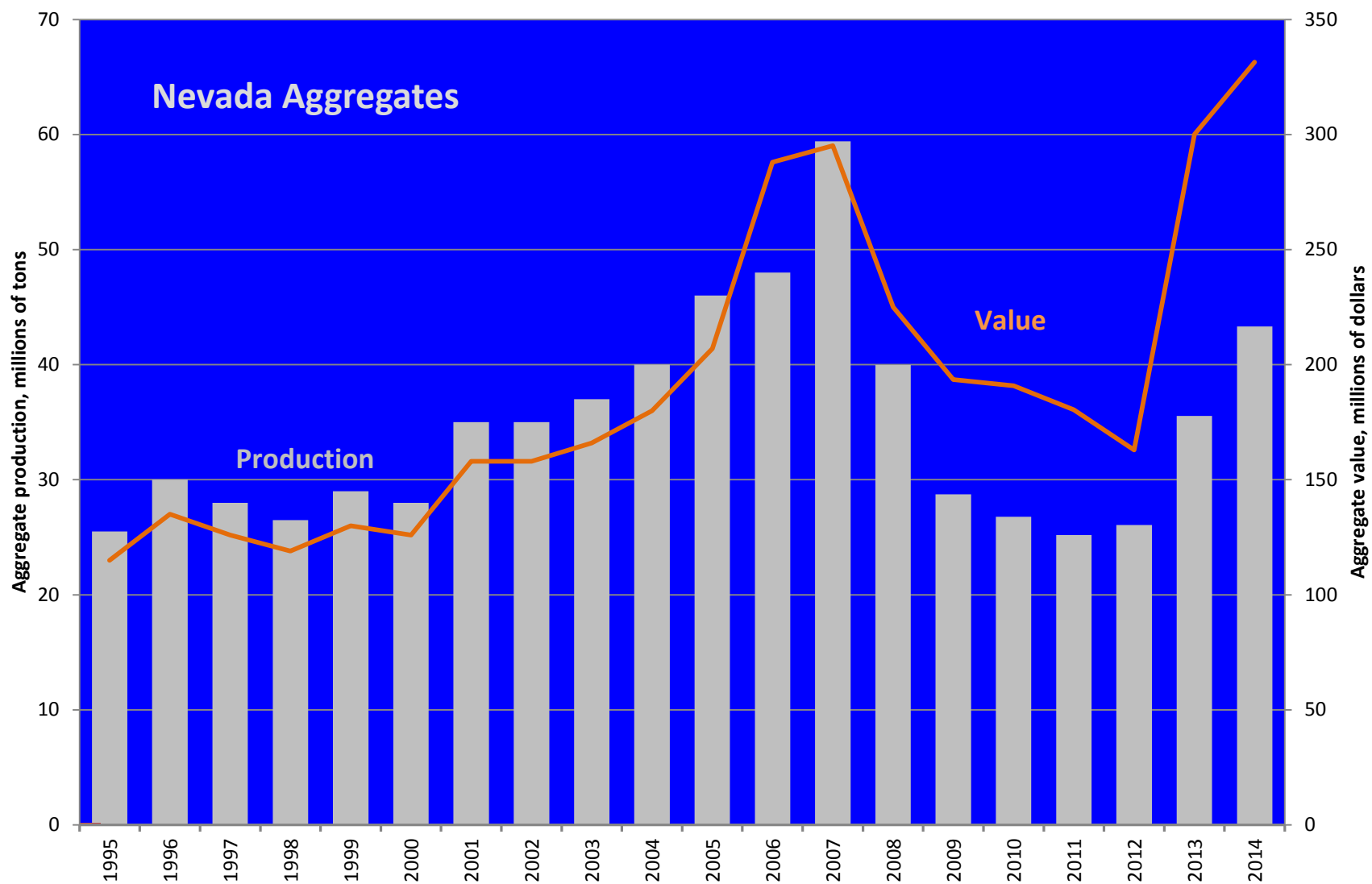
2014 NEVADA METAL PRODUCTION, BY PRODUCER

Operator	Gold (ozs)	Silver (ozs)	Copper (lbs)	Moly (lbs)
Barrick	2,357,391	758,848		
Newmont	1,571,847	2,170,978	46,014,331	
Allied Nevada Gold	214,345	1,818,637		
Kinross	165,036	290,343		
Silver Standard Resources	162,382	3,085		
Veris Gold	160,921	7,273		
Klondex	84,255	1,364,911		
Coeur Rochester	44,887	4,189,071		
Mineral Ridge Gold	40,814	18,182		
Jipangu International	40,311	79,231		
Rawhide Mining	28,446	256,138		
KGHM International	26,303	0	86,601,987	741,717
Comstock Mining	19,601	222,416		
Borealis Mining	10,859	35,133		
Sterling Gold Mining	5,700	0		
Atna Resources	3,780	0		
Waterton Global Mining/Carlin Resources	2,342	9,433		
A.U. Mines Inc.	1,230	419		
Sunrise Minerals	90	19		





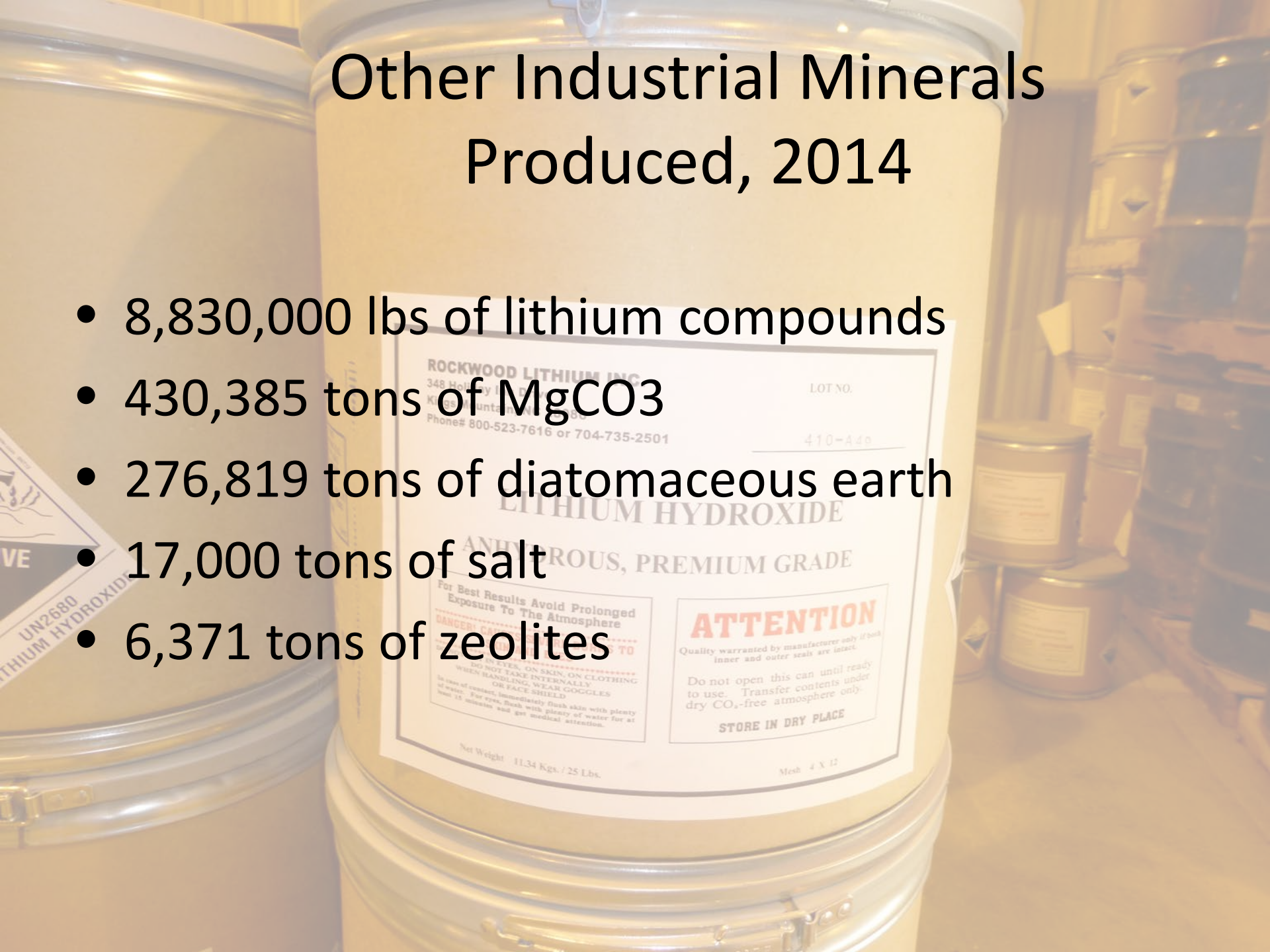


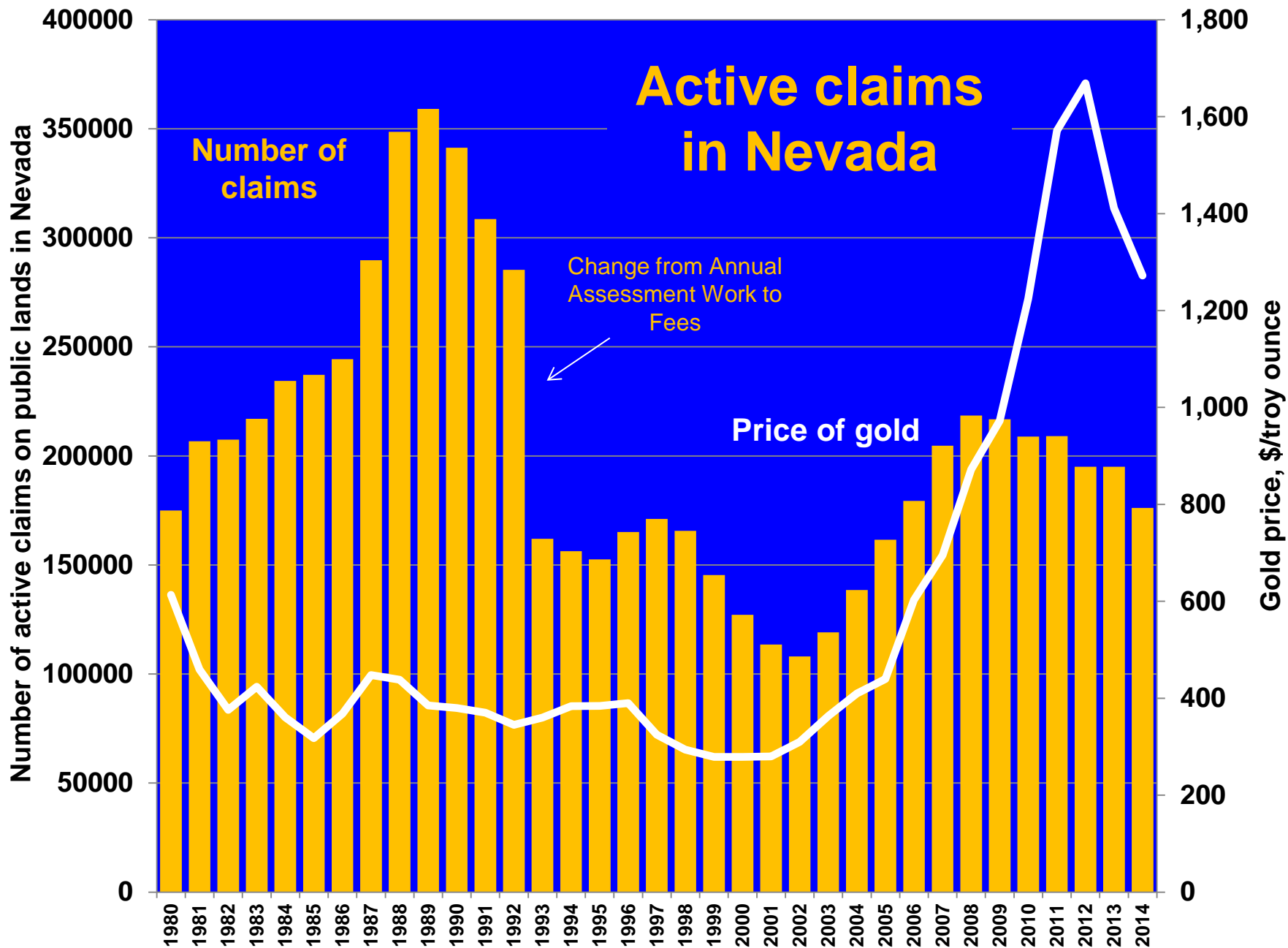


From USGS annual mineral commodity summaries

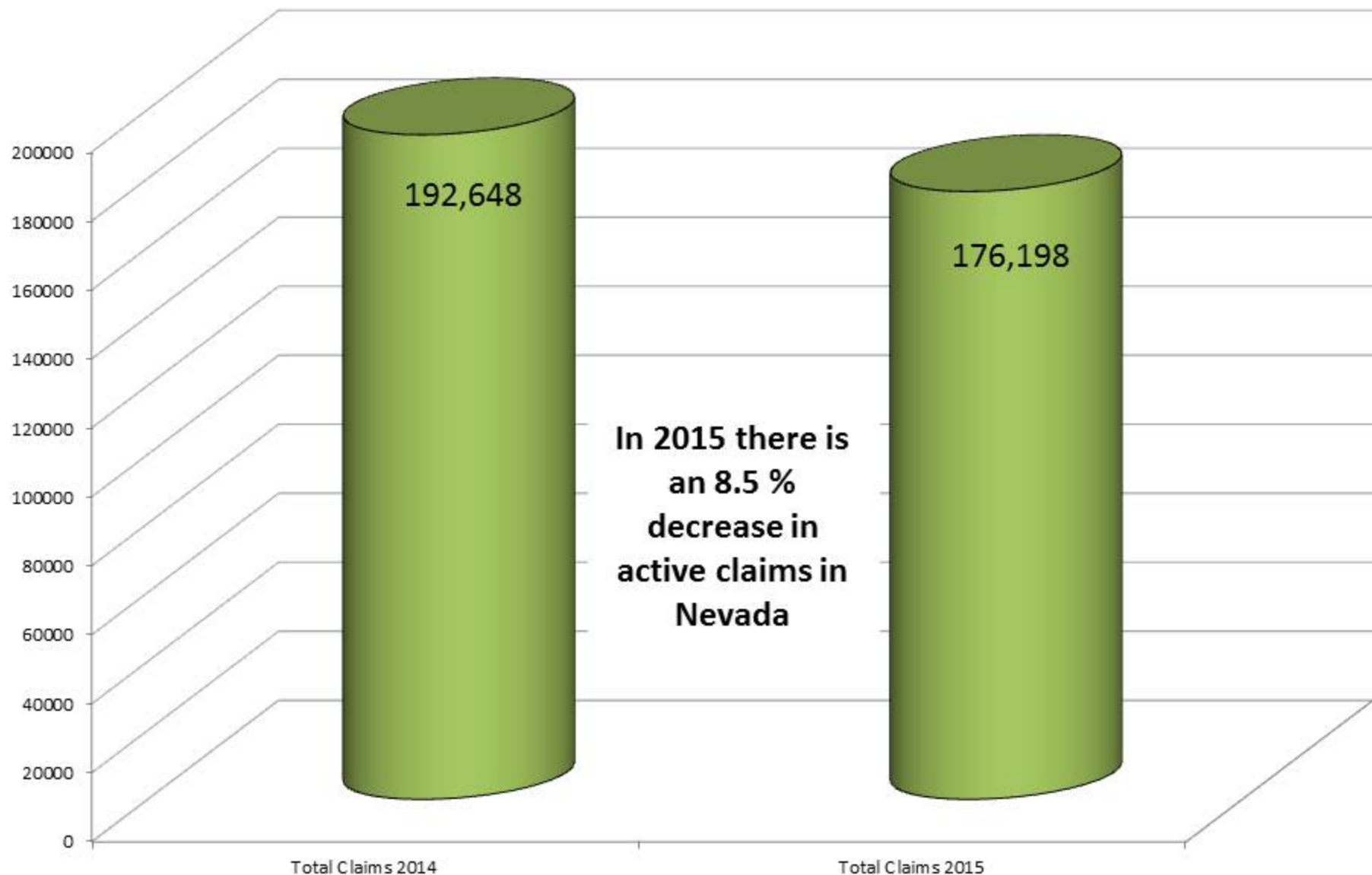
Other Industrial Minerals Produced, 2014

- 8,830,000 lbs of lithium compounds
- 430,385 tons of MgCO_3
- 276,819 tons of diatomaceous earth
- 17,000 tons of salt
- 6,371 tons of zeolites

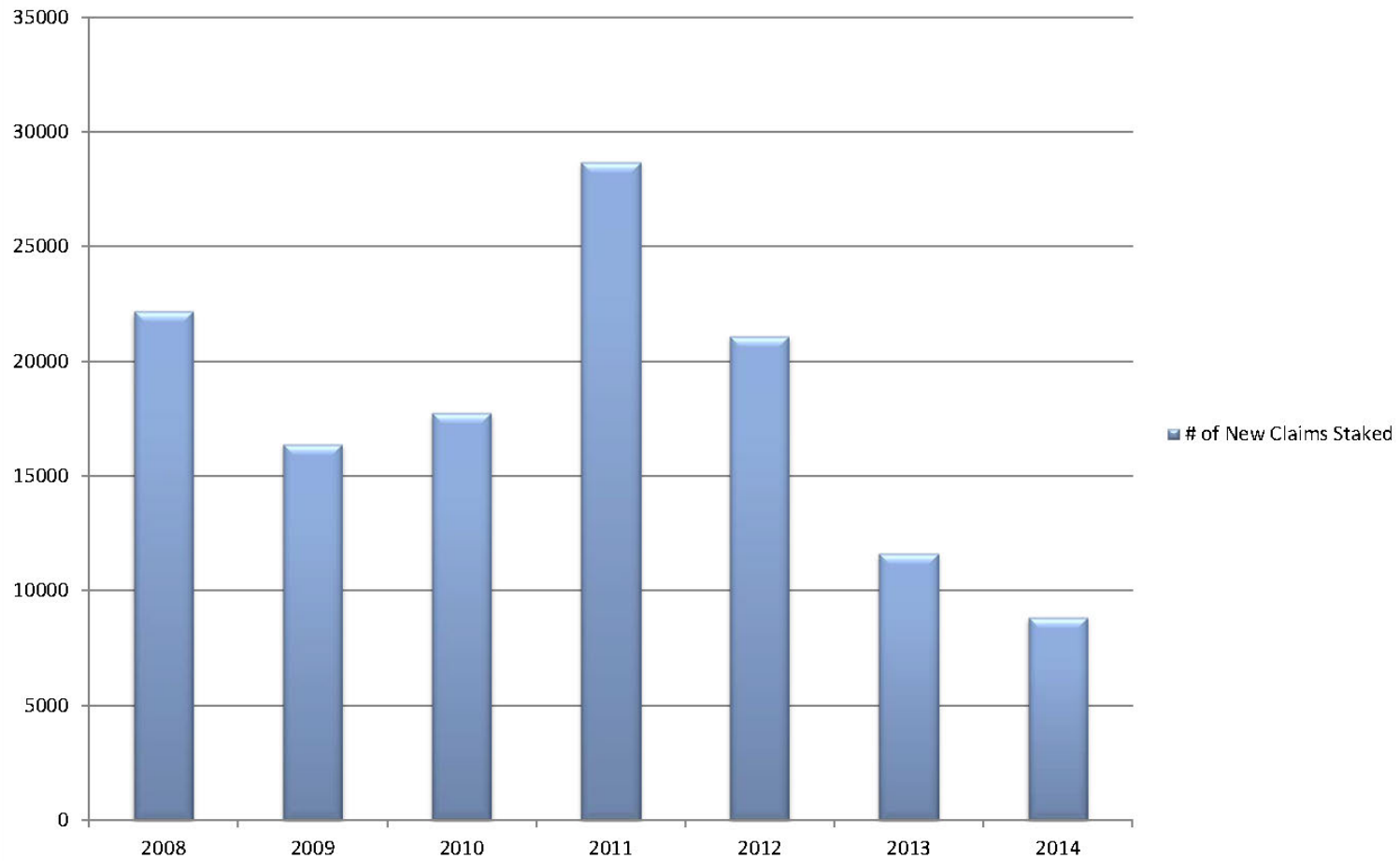




2014 vs 2015 Active Claims



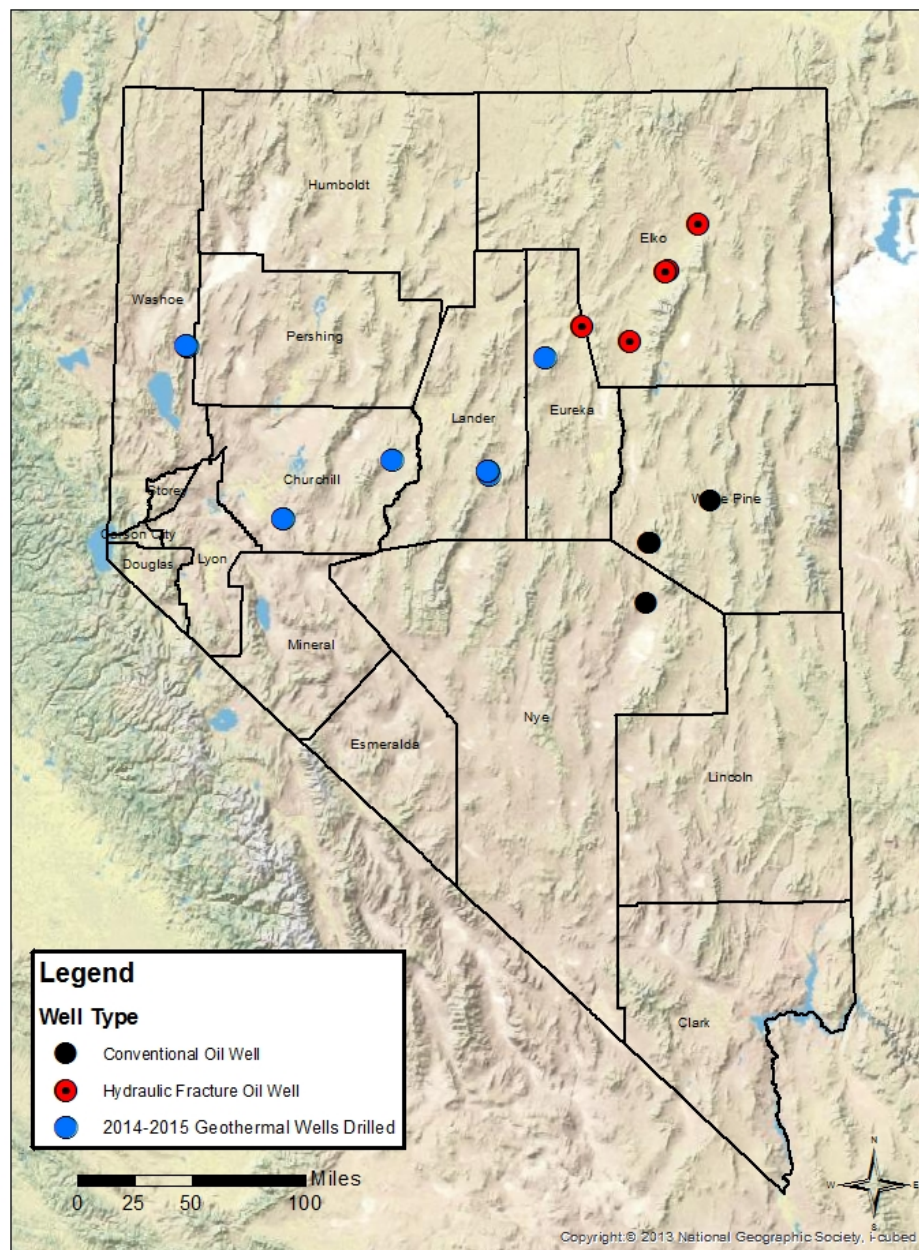
of New Claims Staked

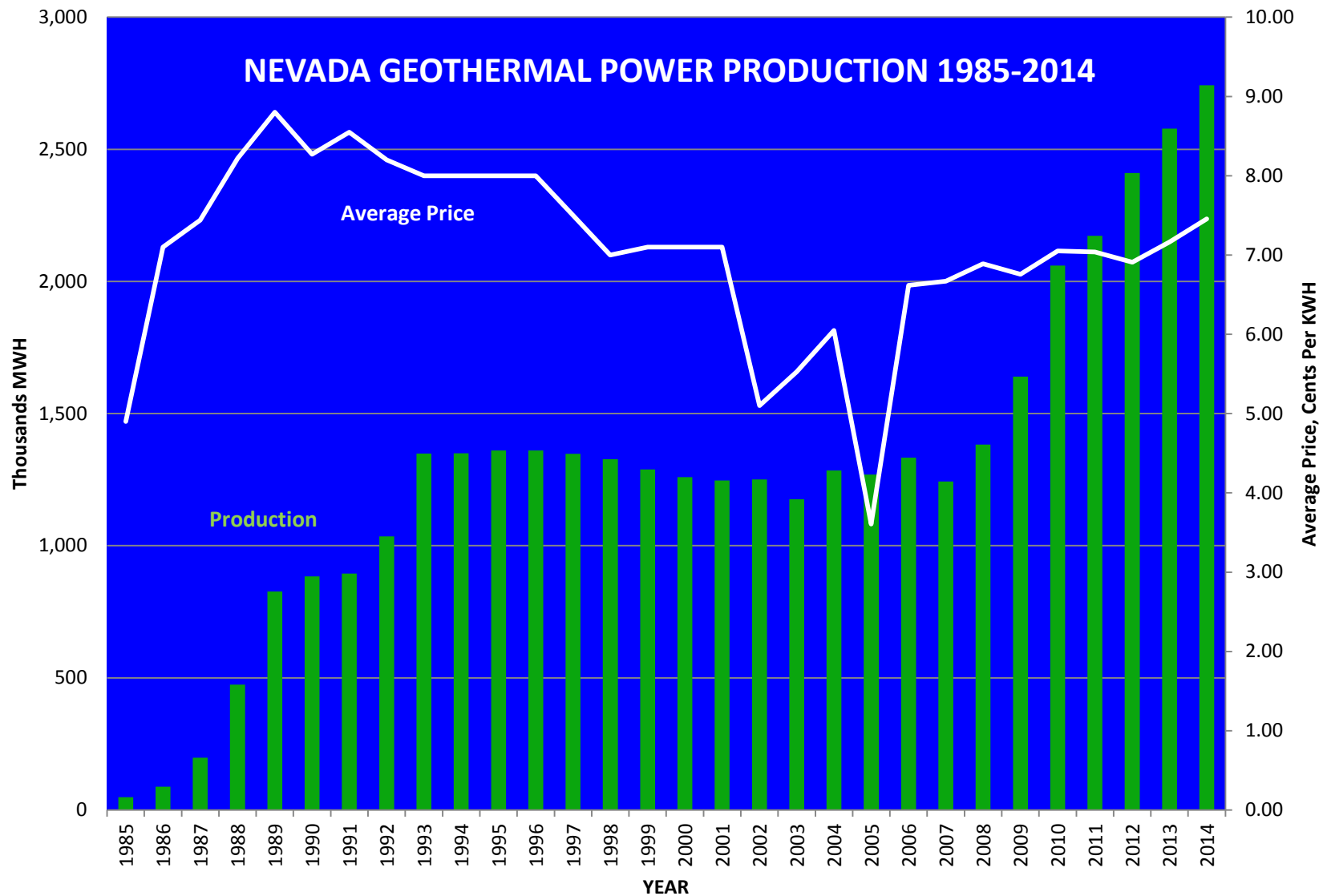




FLUID MINERALS DRILLING ACTIVITY

- 8 OIL EXPLORATION WELLS DRILLED
- 6 GEOTHERMAL PRODUCTION WELLS DRILLED





NEVADA OIL PRODUCTION

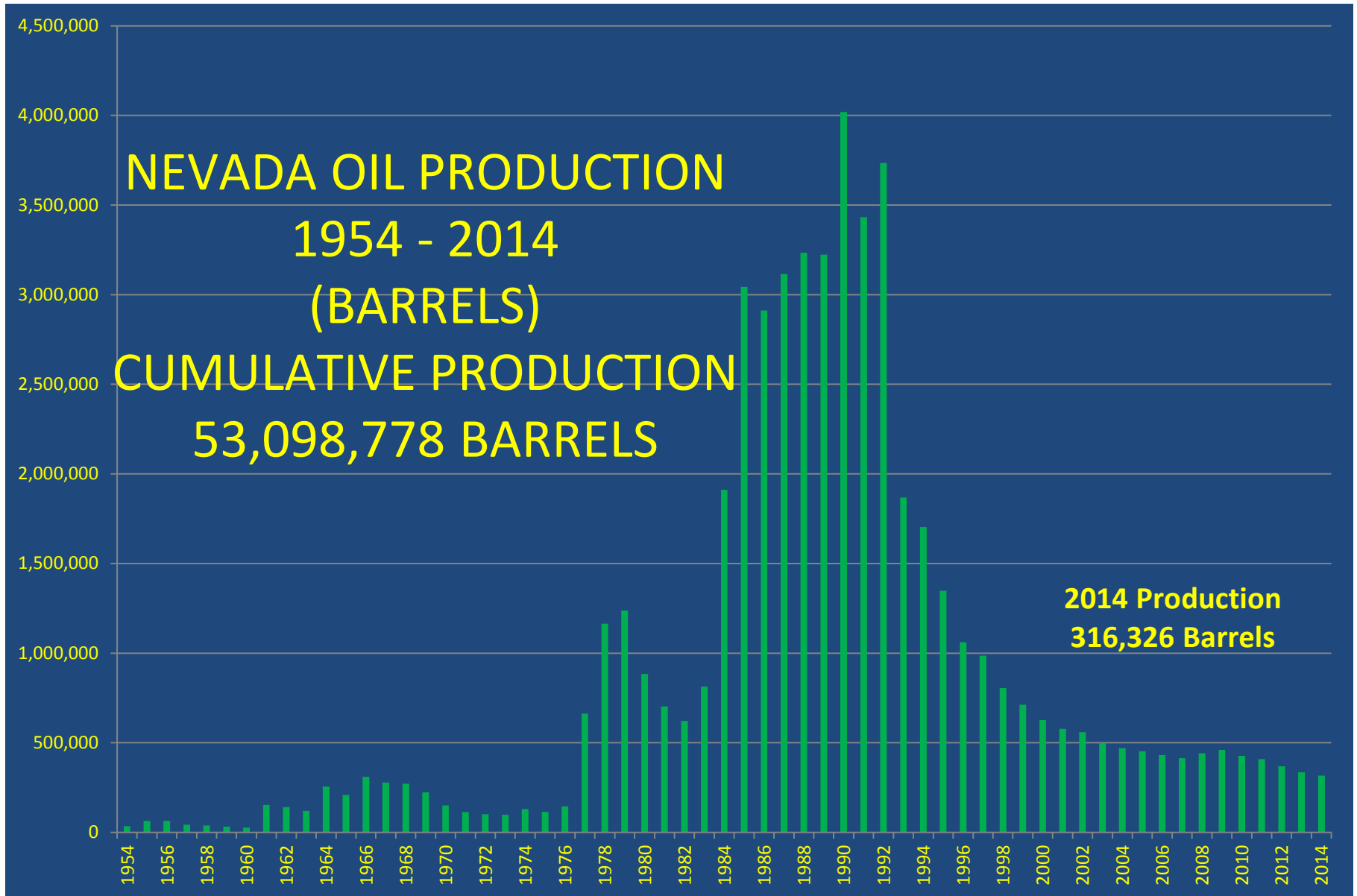
1954 - 2014

(BARRELS)

CUMULATIVE PRODUCTION

53,098,778 BARRELS

2014 Production
316,326 Barrels



PRODUCTION SUMMARY 2014

- Gold and Silver were ~ 85 % of gross minerals revenue of \$7.578B USD in 2014
- Nevada fell to #2 in gross revenues behind Arizona
- Base metal (Cu, Mo) production growth has huge potential, financing and smelting capacity present challenges and opportunities.
- Industrial minerals and materials production up w/rebound of construction – aggregates, gypsum, limestone
- Geothermal production on a steady increase, consolidation in market occurring
- Oil production declined again in 2014, tight shale target in Elko County saw first hydraulic fracturing technology used in State; first unconventional oil production in Nevada.



State of Nevada
Commission on Mineral Resources
Division of Minerals



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Cortez open pit Barrick Gold Corp. - Lander County, NV

Important Links

- > [State and Federal Permits Required Before Mining or Milling Can Begin - February 2015](#)
- > [2014 Nevada Mineral, Oil and Geothermal Production Update - July 9, 2015](#)
- > [Mineral, Geothermal and Oil & Gas Potential Maps of Sagebrush Focal Areas](#)
- > [Final Approved Regulations for Hydraulic Fracturing - October 24, 2014](#)
- > [NDOM YouTube Channel](#)
- > [Nevada Bureau of Mines and Geology](#)

Nevada Excellence in Mine Reclamation Awards for 2015

- [Invitation for Nominations](#) (Submissions are due by August 7, 2015)

Employment Announcement(s)

- [Commission on Mineral Resources, Division of Minerals, Field Specialist/Abandoned Mine Lands Position Description](#) - Location: Carson City
- [Commission on Mineral Resources, Division of Minerals, Administrative Support/Public Service Intern 1 Position Description](#) - Location: Carson City; Part time Seasonal from Sept. 2015 through January 2016.

How To Apply for a State Job

II. B. Oil and Gas code (NAC 522) proposed update

NAC 522.212 Fees for permits to drill. (NRS 522.050)

(1). The amount of the fee that a person desiring to drill a well in search of oil or gas must pay to the Division pursuant to subsection 1 of NRS 522.050 for a permit is ~~\$200~~ according to the following schedule:

Depth (ft)	Conventional Well Public or Private Land	Well intended for Hydraulic Fracturing On Public Land	Well intended for Hydraulic Fracturing On Private/ State Land
<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

(2). An application to reclassify a well from Conventional to a well that is intended for Hydraulic Fracturing shall pay the difference between the fee paid and the fee for the intended category.

(3). Once a well is completed, any subsequent applications to change the terms of a permit must be submitted on the Sundry Notice and Report on Wells (NDOM form 4), and accompanied by a fee of

(a) \$100 for administrative changes, or

(b) \$300 for all other changes.

(Added to NAC by Comm'n on Mineral Resources by R069-99, eff. 8-19-99)

NAC 522.195 Tentative approval of oral or telegraphed request. If the division gives tentative approval of ~~an oral or telegraphed~~ a request or plan, the person requesting the approval must promptly submit the request or plan in writing on the proper form for final approval and confirmation by the division.

[Div. of Mineral Res., § 105, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

From: Adopted Regulation R011-14

Sec. 20. NAC 522.342 is hereby amended to read as follows:

522.342 1. The amount of the administrative fee that a producer or purchaser of oil or natural gas must pay pursuant to subsection 2 of NRS 522.150 is ~~15~~ 20 cents per barrel of oil or per 50,000 cubic feet of natural gas, as appropriate.

2. The administrative fee must be paid on or before the last day of each month and must be prorated to reflect the amount of oil or natural gas produced during the preceding month.

NAC 522.380 Procedure for underground disposal of water.

1. The *construction of a well intended for* underground disposal *permitted by the Nevada Division of Environmental Protection Underground Injection Control* of salt water, brackish water or other water unfit for domestic use or for livestock, irrigation or other use is permitted only upon approval of the administrator.

2. Disposal wells must be cased and the casing cemented in such a manner that no damage is caused to fresh water, oil, gas or other minerals. All injection must be through tubing and below the packer unless another means is approved by the administrator.

3. The application *for the construction of a well* to dispose of salt water, brackish water or other water unfit for domestic use or for livestock, irrigation or other use must be verified by the applicant and filed in duplicate with the division. The application must include:

(a) A plat showing the location of each disposal well and the location of all oil and gas wells, including abandoned wells, wells being drilled and dry holes, and the names of lessees of record of land within one-half mile of the proposed disposal well;

(b) The formation and depths to which all wells are currently completed;

(c) The name, description and depth of the formation into which water is to be injected;

(d) Logs of each disposal well, or a description of the typical stratigraphic level of the disposal formation in each disposal well;

(e) A description of the casings in each disposal well of the proposed casing program, and the proposed method for testing the casings before use of each disposal well;

(f) A statement specifying the source of water to be injected;

(g) The estimated minimum and maximum amount of water to be injected daily;

- (h) The estimated minimum injection pressure; and
- (i) The names and addresses of the operator of the project.

[Div. of Mineral Res., § 600, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.430 *Permanent and Temporary abandonment of well.*

1. Each well in which production casing has been run but which has not been operated for 1 year, and each well in which no production casing has been run and for which drilling operations have ceased for 30 days, must be immediately *and permanently* plugged.

2. The administrator may, for good cause, grant *extensions of up to 1 year* ~~an additional 6 months~~ for the well to be plugged.

3. Extensions shall be requested on Sundry Notice and Report on Wells (NDOM form 4).

[Div. of Mineral Res., § 305, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

~~**NAC 522.450** *Water wells.*~~

~~—1. If a well or exploratory hole which is to be plugged may safely be used as a fresh-water well, and the landowner wishes so to use it, the well need not be filled above the required sealing plug set below the fresh-water stratum. Written authority for use of the well or hole as a water well must be secured from the landowner on Form 10 and filed with and approved by the division. Authority from the landowner must also include the assumption of full responsibility by the landowner for the final plugging of the well.~~

~~—2. Approval by the division to convert the well to a fresh-water well and approval of the plugging of the well to the base of the fresh-water producing stratum releases and discharges the principal and surety from any liability under any bond given to assure that the well would be properly plugged and abandoned.~~

[Div. of Mineral Res., § 304, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.465 Record of plugging. Within 30 days after the plugging of a hole or well, a record of the plugging must be submitted to the division on Form ~~4~~ *5A*.

[Div. of Mineral Res., § 307, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.485 **Forms required by chapter.** Where the provisions of this chapter require forms to be filed, the forms listed in NAC 522.490 to 522.530, inclusive, ~~or other approved machine accounting~~

~~forms, may be filed. Applicable forms of the United States Geological Survey may be filed. in place of Forms 4, 5 and 7A.*~~

~~—*(See agency for forms.)~~

[Div. of Mineral Res., § 702, eff. 12-20-79]

NAC 522.495 Form 2: Application for permit to drill, ~~deepen or plug back~~ oil and gas wells.

1. A person who desires to drill, ~~deepen or plug back~~ any oil or gas well must file Form 2, properly completed, with the division. ~~A fee of \$50 and a location plat must accompany the application for a permit to drill. No additional fee or location plat is required to deepen or plug back a well which has been drilled.~~

2. The location plat required by this section must be of convenient size, and must have the location of the proposed well within a 40-acre legal subdivision by an accurate course and distance tie to an established corner of a section or quarter section. The plat must contain a full description of the corner to which the tie is made, together with all markings thereon. Ties to offset section or quarter corners on township lines must also show the nearest corner of the adjoining township together with the offset distance. Lots within a lotted section must be shown and designated. The plat must indicate the method used in obtaining all bearings and must show the declination used for compass bearings and the source of the bearing if an angle is turned from a line of known bearing. The person who prepares the plat must note on the plat whether solar or polaris observations have been used.

[Div. of Mineral Res., § 704 subsecs. 1 & 2, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.500 Forms 3 and 3a: Drilling bond.

1. Form 3,* properly prepared, must accompany the bond required by NAC 522.230 for the drilling of a single well.

2. Form 3a,* properly prepared, must accompany the bond required by NAC 522.230 for the drilling of more than one well.

~~—*(See agency for form.)~~

[Div. of Mineral Res., § 705, eff. 12-20-79]

NAC 522.505 Form 4: Sundry notices and reports on wells.

1. Form 4 must be used to:

(a) Notify the division and request its approval of:

- (1) A change of *drilling* plans.
- (2) A test of water shutoff.
- (3) A reentering or reopening of a plugged hole.
- (4) A shooting, acidizing or fracture treating.
- (5) A pulling or altering of casing.
- (6) An intention to abandon a well.

(7) To deepen or plug back a well which has been drilled

(8) Permit extensions.

(9) Change of location of well.

(10) Major work-over or cleaning of a well.

(11) Change in status of well.

(12) Administrative Change in name of well.

(13) Administrative change in operator or owner.

(14) Any other proposed activity for which the Division conducts extensive review.

Permission in advance does not relieve the operator of the requirement to file the notice.

- (b) Report progress or completion of the activities designated in paragraph (a).
- (c) Report the supplemental history of a well.

2. The presence of a representative of the division at the scene of any of the activities required to be reported on Form 4 or any approval of an activity of which the division must be notified on Form 4 does not relieve the operator of the requirement to file the form or the notice. The division may observe and report on these activities.

[Div. of Mineral Res., § 706, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.510 Form 5, *and 5A*: Well completion report.

1. Form 5, the well completion report, must be filed for all wells drilled in Nevada. In the case of a dry hole, this report may accompany Form 4. In the case of a well placed in commercial production, Form 5 must be filed with the division within 30 days after the ~~well is placed in production~~ *completion of drilling operations*. ~~Only one Form 5 is required for each well.~~ A second Form 5 is ~~not~~ required upon *commencement of production* ~~the abandonment of any producing well~~.

2. Two copies of all logging surveys run in the wellbore by the operator must be filed with the division. The division will file one of the sets with the bureau of mines and geology. The copy at the bureau will be available for public inspection when the records are no longer confidential.

3. Form 5A is required for the abandonment of all wells drilled in the State of Nevada.

[Div. of Mineral Res., § 707, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

~~NAC 522.525 Form 8A: Notice of change of owner. Any owner or part owner who is bound under a drilling bond and who conveys his interest to another shall file Form 8A, notice of change of owner, with the division.~~

[Div. of Mineral Res., § 710, eff. 12-20-79]—(NAC A by Dep't of Minerals, 7-22-87)

NAC 522.540 Confidentiality of well records.

1. Records concerning a well will not be kept confidential by the division unless the owner of the well requests confidentiality in writing or marks "confidential" on the logs of an exploratory well. Upon receiving such a request or log, the division will keep the records confidential for ~~6 months~~ *one year* after ~~their receipt~~ *completion of drilling operations* unless the owner provides a written authorization for an earlier release.

~~—2.— An operator who plans to drill a series of exploratory wells within a given region or area may apply to the division to have the records for all his exploratory wells kept confidential. Such an application must specifically describe the area to be explored and the number and location of exploratory wells contemplated. Upon approval of the application, the administrator will keep all records of the project confidential for 6 months after receipt of the record. The operator may amend the plan of the project with the written approval of the administrator.~~

(Added to NAC by Dep't of Minerals, eff. 7-22-87)

II. C. Geothermal code (NAC 534A)
proposed update

NAC 534A.205 Location of well: Survey required; filing of certified plat of location. (NRS 513.063, 534A.090)

1. Except as otherwise provided in subsection 3, the location of an individual geothermal well or the geothermal wells in a project area must be surveyed by a state ~~water-right~~ *licensed* surveyor.

2. Except as otherwise provided in subsection 3, a certified plat of the location must be filed with the Division within 30 days after the completion of the construction of the well. The plat must:

(a) Be of a standard size;

(b) Show the location of any designated lots; and

(c) Contain a description of the location of the proposed well:

(1) Within a 40-acre legal subdivision; or

(2) Which includes an accurate course and distance tied to an established corner of a section or quarter section and a full description of the corner to which the tie is made, together with all markings thereon.

3. The provisions of this section do not apply to a thermal gradient well.

(Added to NAC by Comm'n on Mineral Resources, eff. 12-16-92)

NAC 534A.214 Annual fee for geothermal production ~~well~~, ~~or~~ geothermal injection, *observation or thermal gradient wells*. (NRS 513.063, 534A.090)

1. On or before January 31 of each year, the owner of the geothermal resource or the operator of an *industrial or commercial* geothermal production well or geothermal injection well shall submit to the Division a fee of \$~~475-600~~ for each well which produced (*other than for testing an industrial well where no power is produced*) or was used to dispose of fluids derived from geothermal resources into an underground reservoir during the preceding calendar year.

2. *On or before January 31 of each year, the owner or operator of an observation or thermal gradient well shall submit to the Division a fee of \$100 for each observation or thermal gradient well that is not plugged and abandoned during the preceding calendar year.*

(Added to NAC by Comm'n on Mineral Resources, eff. 12-16-92; A by R069-99, 8-19-99)

NAC 534A.350 Filing of logs and other records. (NRS 513.063, 534A.090)

1. The operator shall, within 60 days after the completion or cessation of drilling, file with the Division the electrical logs required to be kept.

a. Two printed copies

b. One digital copy, and

c. One LASer (LAS) file format copy.

2. The operator shall, within 60 days after the removal of the rig, file with the Division all required logs not already filed pursuant to subsection 1, the record of the core, the history of the well and the summary.

(Added to NAC by Comm'n on Mineral Resources, eff. 11-12-85)

NAC 534A.410 Monthly reports of production and temperature; annual reports. (NRS 513.063, 534A.090)

1. The owner of a geothermal resource or the operator of a producing industrial or commercial well shall file, on a form provided by the Division, a monthly report of production and temperature on or before the last day of each month for the preceding month.

~~—2. The owner of a geothermal resource or the operator of a producing domestic well shall file, on a form provided by the Division, a report of production and temperature on or before January 31 of the year immediately following the first full calendar year in which the geothermal resource or domestic well was in use. On or before January 31 of each year thereafter, the owner or operator shall file, on a form provided by the Division, a report which indicates whether the geothermal resource or domestic well was in use during the preceding year. The Division may require such additional information as the Administrator determines is necessary to carry out the provisions of chapter 534A of NRS.~~

(Added to NAC by Comm'n on Mineral Resources, eff. 11-12-85; A 9-11-95)

NAC 534A.480 Abandonment of thermal gradient ~~or observational~~ well. (NRS 513.063, 534A.090)
For abandonment of a thermal gradient ~~or an observational~~ well, the following provisions apply:

1. If the well was drilled with air and no water was encountered, the hole must be backfilled with cuttings and a cement plug 50 feet long must be placed at the top of the well.
2. If the well was drilled with mud, the bore must be filled with mud, and a cement plug of 50 lineal feet must be placed at the top of the well.
3. The surface must be restored as near as practicable to its original condition.

(Added to NAC by Comm'n on Mineral Resources, eff. 11-12-85)

NAC 534A.490 Abandonment of geothermal *production*, ~~or~~ injection, *or observation* well. (NRS 513.063, 534A.090) For abandonment of a geothermal *production*, ~~or~~ injection, *or observation* well., the following provisions apply:

1. Cement used to plug the well, except cement used for surface plugging, must be placed in the hole by pumping through drill pipe or tubing. The cement must consist of a mix which resists high temperatures.

2. Cement plugs must be placed in the uncased portion of wells to protect all subsurface resources. These plugs must extend a minimum of 100 lineal feet above the producing formations and 100 lineal feet below the producing formations or to the total depth drilled, whichever is less. Cement plugs must be placed to isolate formations and to protect the fluids in those formations from interzonal migration.

3. Where there is an open hole, a cement plug must be placed in the deepest casing string by:

(a) Placing a cement plug across the guide shoe extending a minimum of 100 lineal feet above and below the guide shoe, or to the total depth drilled, whichever is less; or

(b) Setting a cement retainer with effective control of back pressure approximately 100 lineal feet above the guide shoe, with at least 200 lineal feet of cement below, or to the total depth drilled, whichever is less, and 100 lineal feet of cement above the retainer.

4. If there is a loss of drilling fluids into the formation or such a loss is anticipated or if the well has been drilled with air or another gaseous substance, a permanent bridge plug must be set at the casing shoe and capped with a minimum of 200 lineal feet of cement.

5. A cement plug must be placed across perforations, extending 100 lineal feet below, or to the total depth drilled, whichever is less, and 100 lineal feet above the perforations. When a cement retainer is used to squeeze cement into or across the perforations, the retainer must be set a minimum of 100 lineal feet above the perforations. Where the casing contains perforations at or below debris or collapsed casing, which prevents cleaning, a cement retainer must be set at least 100 lineal feet above that point, and cement must be squeezed in the interval below the retainer.

6. The approval of the Administrator must be obtained before casing is cut and recovered. A cement plug must be placed in such a manner as to isolate all uncased intervals and guide shoes that are not protected by an inner string of casing. The plug must extend a minimum of 50 feet above and below any such interval or guide shoe.

7. All annular spaces extending to the surface must be plugged with cement.

8. The innermost string of casing which reaches ground level must be cemented to a minimum depth of 50 feet below the top of the casing.

9. The hardness and location of cement plugs placed across perforated intervals and at the top of uncased or open holes must be verified by setting down with tubing or drill pipe a minimum weight of 15,000 pounds on the plug or, if less than 15,000 pounds, the maximum weight of the available tubing or drill pipe string. If a cement retainer or bridge plug is used to set the bottom plug, a test is not required for that interval.

10. The surface must be restored as near as practicable to its original condition.
 11. Any interval that is not filled with cement must be filled with good quality, heavy drilling fluids.
- (Added to NAC by Comm'n on Mineral Resources, eff. 11-12-85)

NAC 534A.540 Permission to engage in certain activities; report of progress or completion; authority of Division. (NRS 513.063, 534A.090)

1. A person shall not engage in an activity listed in subsection 3 or 4 without the permission of the Division.

2. The owner of the geothermal resource or operator shall submit an application for permission to engage in an activity listed in subsection 3 or 4 on Form 4 (Sundry Notices and Reports on Wells). Upon request, the Administrator may, as he or she deems appropriate in extraordinary circumstances, grant oral permission to engage in an activity listed in subsection 3 or 4. Oral permission to engage in an activity listed in subsection 3 or 4 does not relieve the owner of the geothermal resource or operator of his or her obligation to submit an application pursuant to this section.

3. The fee is \$300 to file an application for permission to engage in any one of the following activities:

- (a) Increasing the depth of a well;
- (b) Testing of water shut-off;
- (c) Entering or opening a plugged well;
- (d) Shooting, acidizing or fracture treating;
- ~~(e) Abandoning and plugging a well;~~
- ~~(f)~~ (e) Drilling in a direction which is not intended to be vertical, including directional drilling;
- ~~(g)~~ (f) Changing the construction of a hole or well, including:
 - (1) Placing a plug in the hole or well; and
 - (2) Recovering or altering the casing;
- ~~(h)~~ (g) Conducting a major work over or cleaning of a well; ~~and~~
- (h) Any other proposed activity for which the Division conducts an extensive review, and*
- (i) Any other proposed activity for which the Division:
 - (1) Conducts a field inspection; or

(2) Evaluates information or documentation regarding the construction of a hole or well.

4. The fee is \$100 to file an application for permission to engage in any one of the following activities:

- (a) Extending a permit;
- (b) Changing the ownership of a well;
- (c) Changing the status of a well;
- (d) Changing the name of a well;
- (e) Changing the location of a proposed well; and

~~—(f) Any other proposed activity for which the Division conducts an extensive review.~~

(f) Abandoning and plugging a well;

5. The owner of the geothermal resource or operator shall report to the Division any progress regarding or the completion of an activity for which permission was required pursuant to this section and any supplemental history of the well.

6. In the case of a domestic well, the owner of the geothermal resource or the operator shall:

(a) Not engage in an activity listed in paragraph (a), (c) or (e) or subparagraph (1) of paragraph (g) of subsection 3 without the permission of the Division; and

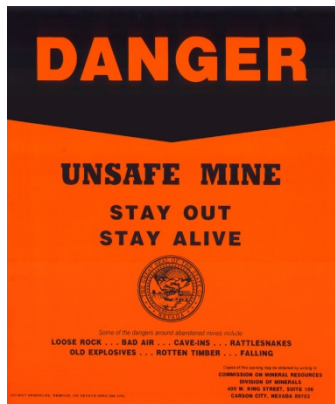
(b) Submit to the Division an application for permission to engage in an activity listed in paragraph (a), (c) or (e) or subparagraph (1) of paragraph (g) of subsection 3. The owner or operator shall file the application on Form 4 (Sundry Notices and Reports on Wells) and is not required to pay a fee to file.

7. The Division may, as it deems appropriate, observe and release information which is not confidential regarding activities for which permission was required pursuant to this section.

(Added to NAC by Comm'n on Mineral Resources, eff. 11-12-85; A 12-16-92)

II. D. Possible modifications to NAC

513.370 and 513.390



NAC 513 Language

Commission on Mineral Resources
Meeting

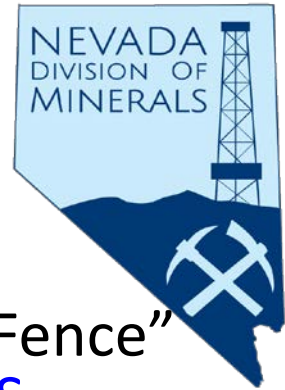
August 27th 2015

Rob Ghiglieri



Purpose

- To inform the Commission that there is language in NAC 513 that needs updating.
 - Fencing
 - Securing Standards
 - Ranking location
 - Securing timeframe



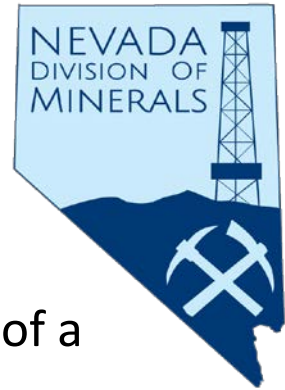
NAC 513.260

- **NAC 513.260 “Fence” defined.** ([NRS 513.094](#)) “Fence” has the meaning ascribed to it in subsection 5 of [NRS 207.200](#). (Added to NAC by Comm’n on Mineral Resources, eff. 12-21-88)
- **NRS 207.200 Unlawful trespass upon land; warning against trespassing.**
 - 5. As used in this section (a) “Fence” means a barrier sufficient to indicate an intent to restrict the area to human ingress, including, but not limited to, a wall, hedge or chain link or wire mesh fence. **The term does not include a barrier made of barbed wire.** [1911 C&P § 500; RL § 6765; NCL § 10447]— (NRS A [2007, 981](#);)
- The change to not include barbed wire happened in 2007.

NAC 513.260



- Possible resolutions
 - Remove reference to NRS 207.200 as the definition of a fence.
 - Define a fence under NAC 513.260.



NAC 513.330

- **NAC 513.330 Rating of location.** ([NRS 513.094](#)) The location of a dangerous condition must be rated in the following manner:
 - 1. One point must be assigned to a dangerous condition located at least 5 miles from an occupied structure or a public road maintained by some governmental entity.
 - 2. Two points must be assigned to a dangerous condition located between 1 and 5 miles from an occupied structure or a public road maintained by some governmental entity.
 - 3. Three points must be assigned to a dangerous condition located 1/2 to 1 mile, inclusive, from a town.
 - 4. Four points must be assigned to a dangerous condition located not more than 1/2 mile from a town or not more than 1 mile from an occupied structure or a public road maintained by some governmental entity.
 - 5. Five points must be assigned to a dangerous condition located within a town or within 100 feet of an occupied structure or a public road maintained by some governmental entity.



NAC 513.330

- Issue
 - There is nowhere that allows the Administrator or his or her representative to adjust the location ranking due to the physical circumstances around the site.
 - On top of a cliff
 - Difficult accessibility
 - ATV track near feature
 - Obvious high visitation site



NAC 513.370

- **NAC 513.370 Posting warning sign. ([NRS 513.094](#))** 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. (Added to NAC by Comm'n on Mineral Resources, eff. 12-21-88)
- Issues:
 - Orange posts are not used.

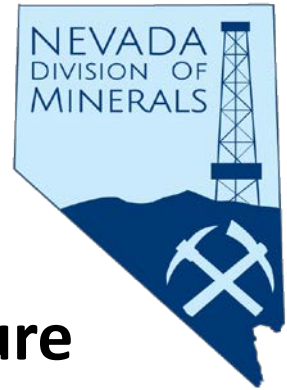


NAC 513.370

- Possible resolution

- Remove the word “orange” to read:

A dangerous condition regardless of its ranking must be posted with a warning sign mounted on a ~~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.



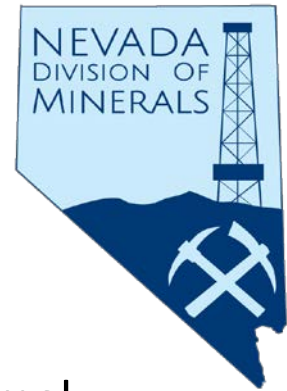
NAC 513.380

- **NAC 513.380 Period after notification to secure dangerous condition. ([NRS 513.094](#))** 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](#).
- (Added to NAC by Comm'n on Mineral Resources, eff. 12-21-88)



NAC 513.390

- **NAC 513.390 Methods for securing dangerous condition. ([NRS 513.094](#))** 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 or herself 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. (Added to NAC by Comm'n on Mineral Resources, eff. 12-21-88)



NAC 513.390

- Issue
 - Since the late 1980's posting a warning sign in front of a minimal hazard has been considered a sufficient securing method.
 - This was known as an internal policy that was approved by the Commission but no records of the approval can be found in meeting minutes.
 - The Division has been informing claimants/owners that a posting is a sufficient securing method and has been considering all postings on minimal by a claimant/owner as secured to NAC 513.
 - In very select cases a posting on a hazard ranked higher than a minimal are considered secured as well.
 - Unsafe to construct a fence around the entire feature.
 - Cannot physically put t-posts into the ground.
 - Currently there are approximately 1400 minimal hazards and 500 low - high ranking hazards considered secure by posting.



NAC 513.390

- Possible resolutions:
 - Add postings as a securing method for minimal hazards
 - Make postings an internal policy for the Division
 - Do nothing to the coding and considered all posted hazards as not-secure
 - Give the Administrator, or his or her representative, the ability to make a decision on a case by case scenario

Solution

- Recommend a task force team be created to draft new language.
- Questions?



II. E. Review of cost and bonding requirements for plugging wells

Well Plugging Estimates and Bonding in Place

Oil (Regular) with open hole

Estimate Is Based On Depth Of	Intermediate Casing To Surface	Number of plugs (2-100', 1-50')	Cementing Costs*	Workover Rig Mobe	Workover Daily Cost	Number of Days	Total Cost
7,000'	7"	3	\$32,700	\$10,000	\$10,000	2	\$62,700

* For larger casing diameters, additional costs would be added cement at ~\$38-42/sack - Class G (1.15 ft³/sk), and additional pumping time charges of ~\$700/hour may occur if pumping time exceeds 4 hours

Oil (Large)

Estimate Is Based On Depth Of	Production Casing To Surface	Number of plugs (2-100', 1-50')	Cementing Costs*	Workover Rig Mobe	Workover Daily Cost	Number of Days	Total Cost
7,000'	7"	3	\$32,200	\$10,000	\$10,000	2	\$62,200

* All plugs within 7" production casing

Geothermal (Ind.)

Estimate Is Based On Depth Of	Intermediate Casing To Surface	Number of plugs (2-100', 1-50')	Cementing Costs*	Workover Rig Mobe	Workover Daily Cost	Number of Days	Total Cost
2,400'	16"	3	\$43,100	\$10,000	\$10,000	2	\$73,100

*Estimate based on largest diameter production wells; smaller diameter wells would have reduced costs in number of sacks of cement at ~\$55-60/sack; additional pumping time charges of ~\$700/hour may occur if pumping time exceeds 4 hours

Geothermal (Ob.)

Estimate Is Based On Depth Of	Intermediate Casing To Surface	Number of plugs (2-100', 1-50')	Cementing Costs	Workover Rig Mobe	Workover Daily Cost	Number of Days	Total Cost
2,400'	5.5"	3	\$21,100	\$10,000	\$10,000	2	\$51,100

	Cash	Interest on Cash	Certificate of Deposit	Surety
Bonding				
Geothermal	\$360,000		\$270,000	\$330,000
Oil & Gas	\$40,000		\$100,000	\$50,000
	<u>\$400,000</u>	\$4,376	<u>\$370,000</u>	<u>\$380,000</u>

Total Bonding	\$1,154,376
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Review of State Bond Requirements

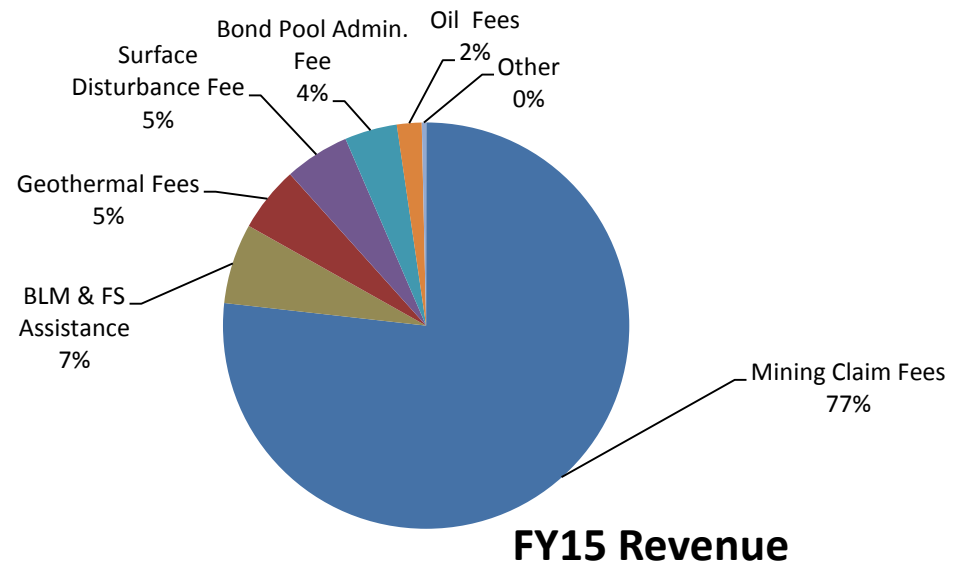
Alaska	<table><tr><td>Per Well</td><td>Blanket</td></tr><tr><td>\$100,000</td><td>\$200,000</td></tr></table>		Per Well	Blanket	\$100,000	\$200,000																
Per Well	Blanket																					
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California	<table><tr><td>< 5,000 Ft</td><td>> 5,000 < 10,000</td><td>> 10,000 Ft</td><td>< 50 Wells</td><td>> 50 Wells</td><td>> 50 Wells Including All Fees</td></tr><tr><td>\$15,000</td><td>\$20,000</td><td>\$30,000</td><td>\$100,000</td><td>\$250,000</td><td>\$1,000,000</td></tr></table>	< 5,000 Ft	> 5,000 < 10,000	> 10,000 Ft	< 50 Wells	> 50 Wells	> 50 Wells Including All Fees	\$15,000	\$20,000	\$30,000	\$100,000	\$250,000	\$1,000,000									
< 5,000 Ft	> 5,000 < 10,000	> 10,000 Ft	< 50 Wells	> 50 Wells	> 50 Wells Including All Fees																	
\$15,000	\$20,000	\$30,000	\$100,000	\$250,000	\$1,000,000																	
Colorado	<table><tr><td>< 3,000 Ft</td><td>Equal to or > 3,000 Ft</td><td>Blanket < 100 Wells</td><td>Blanket: 100 Wells Or More</td></tr><tr><td>\$10,000</td><td>\$20,000</td><td>\$60,000</td><td>\$100,000</td></tr></table>				< 3,000 Ft	Equal to or > 3,000 Ft	Blanket < 100 Wells	Blanket: 100 Wells Or More	\$10,000	\$20,000	\$60,000	\$100,000										
< 3,000 Ft	Equal to or > 3,000 Ft	Blanket < 100 Wells	Blanket: 100 Wells Or More																			
\$10,000	\$20,000	\$60,000	\$100,000																			
Montana	<table><tr><td>2,000 Ft Or Less</td><td>> 2,000 to < 3,501 Ft</td><td>> 3,501 Ft</td><td>Blanket</td></tr><tr><td>\$1,500</td><td>\$5,000</td><td>\$10,000</td><td>\$50,000</td></tr></table>				2,000 Ft Or Less	> 2,000 to < 3,501 Ft	> 3,501 Ft	Blanket	\$1,500	\$5,000	\$10,000	\$50,000	All bonding can be doubled if deemed warranted									
2,000 Ft Or Less	> 2,000 to < 3,501 Ft	> 3,501 Ft	Blanket																			
\$1,500	\$5,000	\$10,000	\$50,000																			
Nevada	<table><tr><td>Per Well</td><td>Blanket</td></tr><tr><td>\$10,000 (minimum)</td><td>\$50,000 (minimum)</td></tr></table>		Per Well	Blanket	\$10,000 (minimum)	\$50,000 (minimum)	Administrator can raise bonding to value deemed appropriate, no cap															
Per Well	Blanket																					
\$10,000 (minimum)	\$50,000 (minimum)																					
New Mexico	<table><tr><td>Per Well*</td><td>Blanket Bond</td></tr><tr><td>\$5,000+\$1/ft & \$10,000+\$1/ft</td><td>\$50,000</td></tr></table>		Per Well*	Blanket Bond	\$5,000+\$1/ft & \$10,000+\$1/ft	\$50,000	* = Dependent on County															
Per Well*	Blanket Bond																					
\$5,000+\$1/ft & \$10,000+\$1/ft	\$50,000																					
N Dakota	<table><tr><td>Per Well</td><td>Blanket Bond</td></tr><tr><td>\$50,000</td><td>\$100,000 per 6 wells</td></tr></table>		Per Well	Blanket Bond	\$50,000	\$100,000 per 6 wells																
Per Well	Blanket Bond																					
\$50,000	\$100,000 per 6 wells																					
Utah	<table><tr><td>Individual</td><td colspan="3"></td><td>Blanket</td><td></td></tr><tr><td>< 1,000 Ft</td><td>> 1,000 to < 3,000 Ft</td><td>> 3,000 to < 10,000 Ft</td><td>> 10,000 Ft</td><td>< 1,000 Ft</td><td>> 1,000 Ft</td></tr><tr><td>\$1,500 (minimum)</td><td>\$15,000 (minimum)</td><td>\$30,000 (minimum)</td><td>\$60,000 (minimum)</td><td>\$15,000 (minimum)</td><td>\$120,000 (minimum)</td></tr></table>				Individual				Blanket		< 1,000 Ft	> 1,000 to < 3,000 Ft	> 3,000 to < 10,000 Ft	> 10,000 Ft	< 1,000 Ft	> 1,000 Ft	\$1,500 (minimum)	\$15,000 (minimum)	\$30,000 (minimum)	\$60,000 (minimum)	\$15,000 (minimum)	\$120,000 (minimum)
Individual				Blanket																		
< 1,000 Ft	> 1,000 to < 3,000 Ft	> 3,000 to < 10,000 Ft	> 10,000 Ft	< 1,000 Ft	> 1,000 Ft																	
\$1,500 (minimum)	\$15,000 (minimum)	\$30,000 (minimum)	\$60,000 (minimum)	\$15,000 (minimum)	\$120,000 (minimum)																	
Wyoming	<table><tr><td>< 2,000 Ft</td><td>> 2,000 Ft</td><td>Blanket Bond</td><td>Idle Wells</td></tr><tr><td>\$10,000</td><td>\$20,000</td><td>\$75,000</td><td>Up To \$10/Ft</td></tr></table>				< 2,000 Ft	> 2,000 Ft	Blanket Bond	Idle Wells	\$10,000	\$20,000	\$75,000	Up To \$10/Ft										
< 2,000 Ft	> 2,000 Ft	Blanket Bond	Idle Wells																			
\$10,000	\$20,000	\$75,000	Up To \$10/Ft																			
BLM	<table><tr><td>Lease (OGG)</td><td>State (Geothermal)</td><td>State (Oil & Gas)</td><td>National (OGG)</td></tr><tr><td>\$10,000</td><td>\$50,000</td><td>\$25,000</td><td>\$150,000</td></tr></table>				Lease (OGG)	State (Geothermal)	State (Oil & Gas)	National (OGG)	\$10,000	\$50,000	\$25,000	\$150,000										
Lease (OGG)	State (Geothermal)	State (Oil & Gas)	National (OGG)																			
\$10,000	\$50,000	\$25,000	\$150,000																			

BLM may increase bond above minimums stated above due to various infractions of regulations by operator, or if the bond doesn't cover estimated reclamation

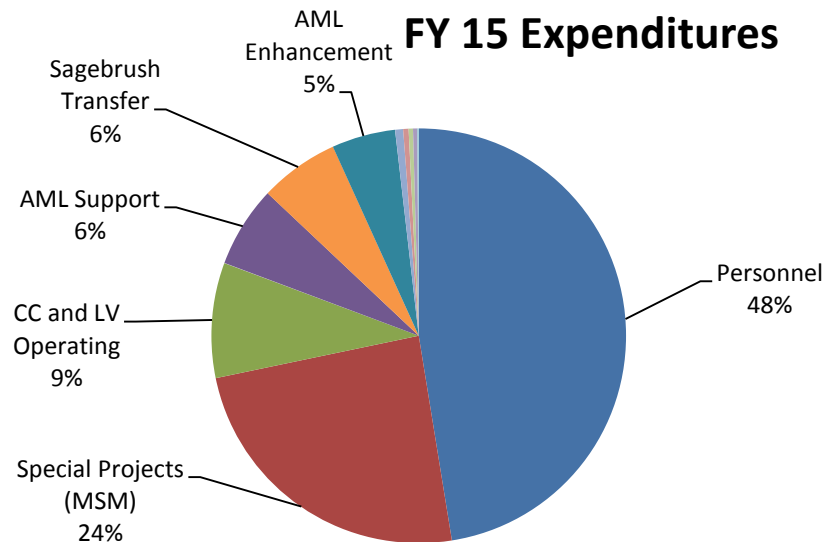
III. OLD BUSINESS

III. A. NDOM FY-2015 Closeout and FY-2016-2017 Forecast

Revenue Categories	FY15 Revenue
Mining Claim Fees	\$1,585,539
BLM & FS Assistance	\$131,713
Geothermal Fees	\$107,525
Surface Disturbance Fee	\$106,320
Bond Pool Admin. Fee	\$86,498
Oil Fees	\$40,640
Other	\$7,057
Total	\$2,065,292



Expenditure Categories	FY 15 Expenditures
Personnel	\$1,009,184
Special Projects	\$516,550
CC and LV Operating	\$190,861
AML Support	\$134,759
Sagebrush Transfer	\$131,572
AML Enhancement	\$105,448
In-State Travel	\$13,218
OGG Support	\$8,943
Out-of-State Travel	\$7,250
Computer and IT	\$6,984
CMR Travel	\$2,381
Total	\$2,127,150

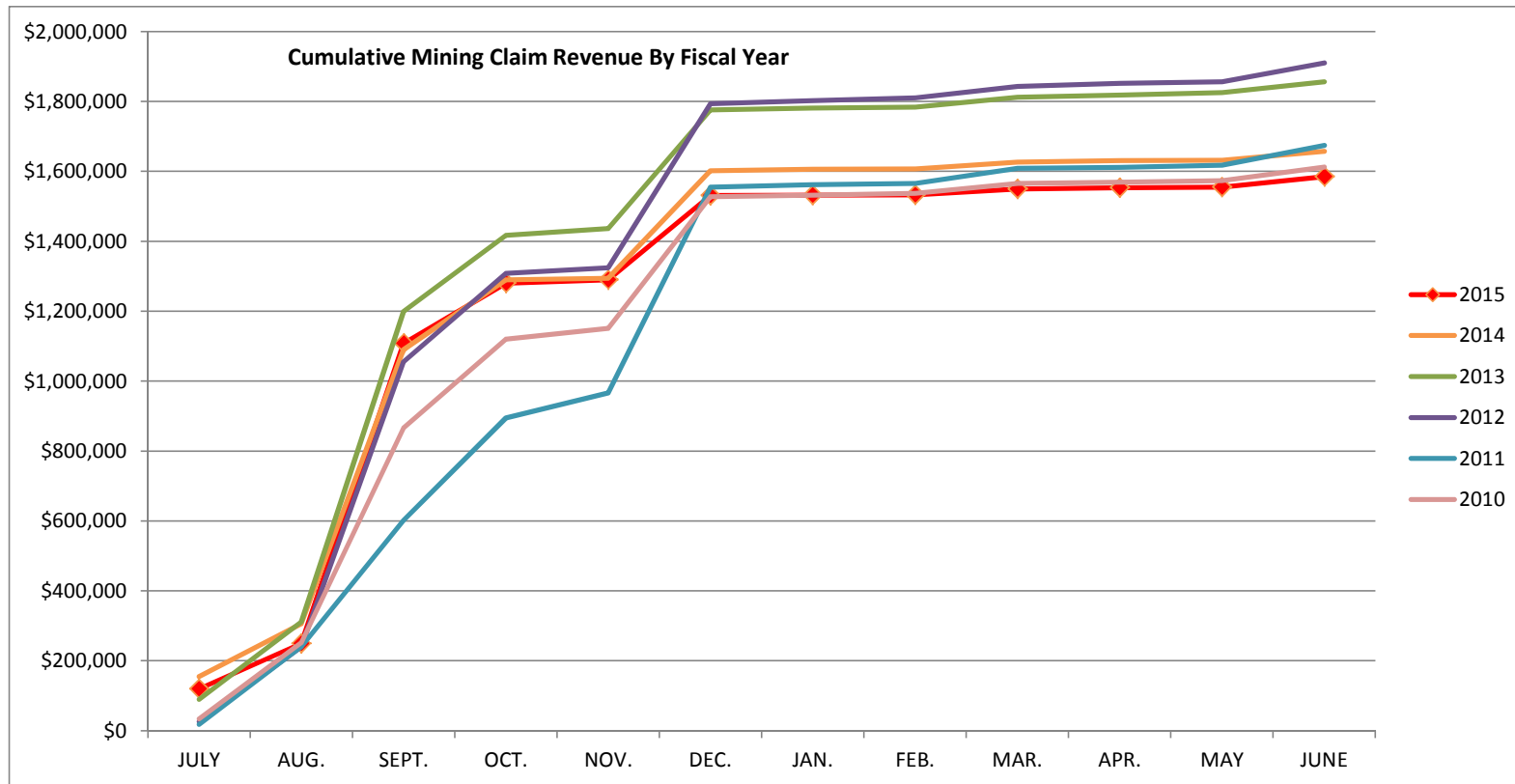


Fiscal Year Cumulative Mining Claim Revenue By Month

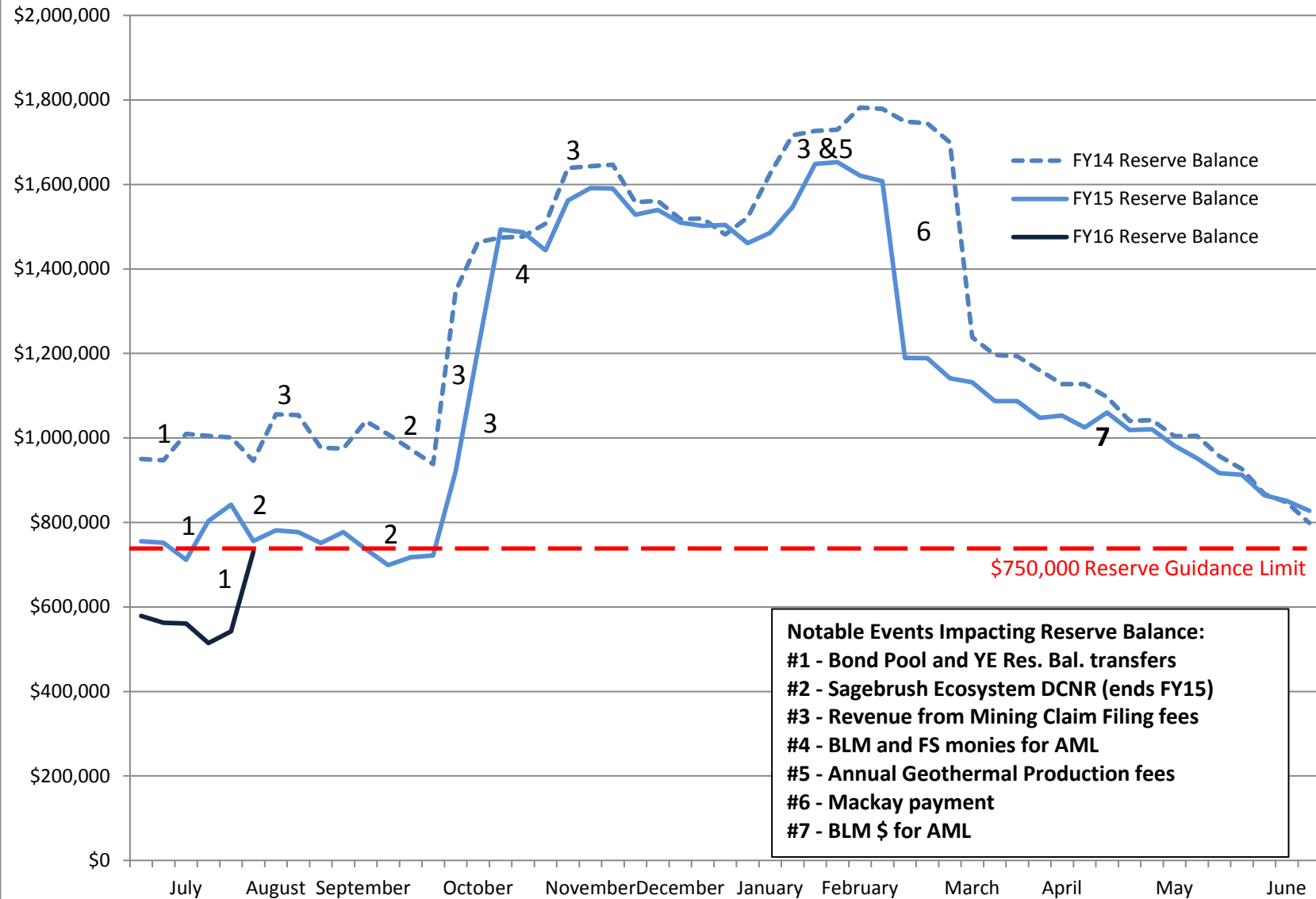
Fiscal Year	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	YOY	Total Claims
2015	\$120,352	\$250,079	\$1,108,417	\$1,280,687	\$1,290,241	\$1,531,683	\$1,532,431	\$1,533,349	\$1,550,247	\$1,553,571	\$1,555,211	\$1,585,539	-4.4%	186,534
2014	\$155,703	\$306,646	\$1,090,754	\$1,290,496	\$1,294,661	\$1,602,233	\$1,606,177	\$1,607,656	\$1,627,283	\$1,631,235	\$1,632,417	\$1,657,789	-10.7%	195,034
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	-2.8%	218,407
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	14.1%	224,772
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	3.8%	196,977
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		189,781

12 Counties pay quarterly: CC, CH, DO, ES, HU, LA, LI, LY, NY, PE, ST and WP

FY15 data as of 8/5/15/15



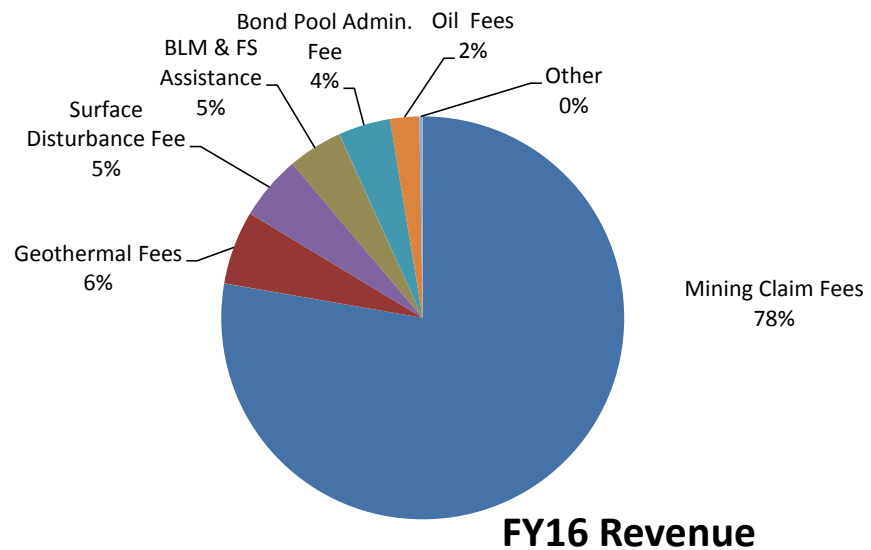
NDOM Reserve Balance by Week for FY14 - FY16



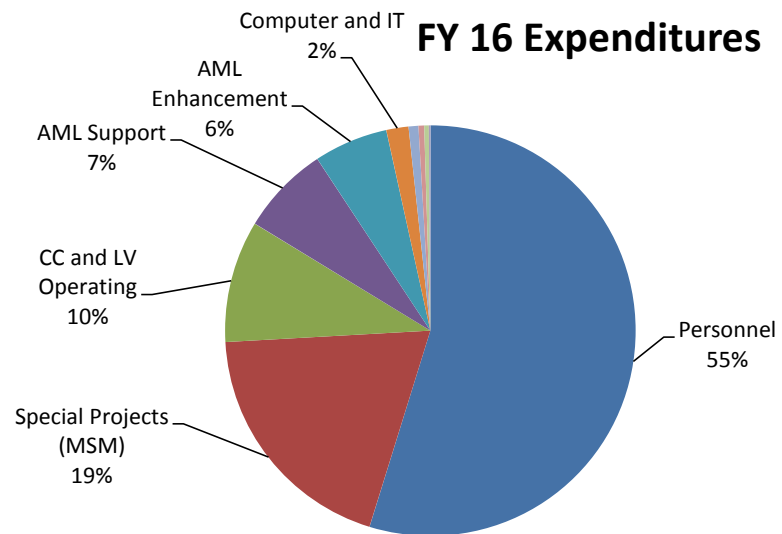
DIVISION OF MINERALS - FORECAST OF REVENUE AND EXPENDITURES THROUGH FISCAL YEAR 2017

Revenue						
GL #	Description	FY14 Actuals	FY 15 Actuals	FY16 Forecast	FY17 Forecast	Remarks
2511	Balance Forward Previous Year	1,037,786	889,917	828,059	705,771	
3578	BLM Cooperative Agreement	50,000	110,000	50,000	50,000	Assumes we receive \$50k each year
3580	USFS Assistance Agreement	42,002	21,713	35,000	36,000	\$71,000 available for reimbursement through May 2017
3654	Oil Production Fee	32,162	38,640	44,700	43,950	Assumes \$0.15/bbl x 298k bbls in FY16 and 293k in FY17
3717	Oil Permit Fees	2,800	2,000	800	800	Assumes 4 permits in FY16 and FY17
3718 & 3727	Mining Claim Fees	1,657,789	1,585,539	1,506,262	1,430,949	4.4% decline in FY15, and 5% projected decline in FY16 and 17
3736	Geothermal Fees	120,750	107,525	114,488	120,213	2.5% increase for FY16 +9 additional production wells, 5% increase for FY17
3770	Surface Disturbance Fee (AML)	125,300	106,320	100,000	90,000	Yearly forecasts based on what's in the pipeline
4011	Copy Machines - Sales to Public	0	104	40	40	
4027	Publication Sales (AML signs)	2,757	2,390	2,000	2,000	
4311	Medallion Royalty Fee	1,550	616	200	200	
4326	Treasurer's Interest	3,076	3,947	3,000	3,000	
4620	Transfer from Recl. Bond Pool	90,859	86,498	81,000	76,000	Steady decline tied to exploration activity
	TOTAL	\$3,166,831	\$2,955,209	\$2,765,549	\$2,558,923	
Expenditures						
CAT #	Description	FY14 Actuals	FY15 Actuals	FY16 Forecast	FY17 Forecast	Remarks
01	Personnel (Sal.,WC, PERS,OT)	1,033,398	1,009,184	1,128,412	1,128,991	11 FTE's, 7 interns, elimination of furloughs, leg. appr. salary increases 1%/2%, 2 retirement payouts
02	Out-of-State Travel (Staff, CMR)	11,947	7,250	7,468	7,692	Assumes annual 3% increase
03	In-State Travel (Non-AML)	29,337	13,218	15,862	16,337	20% increase for FY16 (GW), then 3% annual increase
04	Carson Operating Expenses	105,893	100,628	103,647	106,756	Assumes 3% annual increase
08	CMR Travel (In-State)	2,911	2,381	2,452	2,526	Assumes 3% annual increase
09	Special Projects (Mackay, NBMG)	574,238	516,550	398,068	379,415	FY15-\$390,068 (Mackay),\$100k(NBMG), \$12k(NvMA Ed), \$11k (NWS), \$10k publ/other; FY16 and FY17 - \$372,941/\$354,294 (Mackay), \$15k (NvMA Ed), \$10k publ/other
14	Las Vegas Operating Expenses	33,541	34,658	37,698	38,829	Assumes 3% annual increase, +\$2k (GW)
17	Oil, Gas and Geothermal	0	8,943	9,211	9,488	Travel and equip. costs related to OGG; assumes 3% annual increase
18	AML Support (per diem, trucks, fuel, AML supplies and travel, SOSA supplies)	140,773	134,759	144,516	182,369	Assumes 6 interns thru FY17; each @ \$1,556/4 weeks; \$10k swag; 10% increase in FY16 (GW); 4 interns for 3 wks in winter; replacement truck in FY17 (\$28,850); 3% annual increase
26	Computer and IT	22,044	6,984	36,003	31,161	Legislature approved budget
39	AML Enhancements(contracts, equip.)	90,429	105,448	120,000	120,000	FY16 and FY17 -Assumes \$100k contracted annually, plus \$20k materials
69	Sagebrush Ecosystem Transfer	141,364	131,572	0	0	FY15 transfer was last one
87 & 88 & 89	Cost Allocations (State, Purchasing, AG)	91,040	55,575	56,442	112,160	Actuals per Leg. approved budget
	Total	\$2,276,915	\$2,127,150	\$2,059,778	\$2,135,723	
86	Reserve - Balance Forward to Next Year	\$889,916	\$828,059	\$705,771	\$423,200	

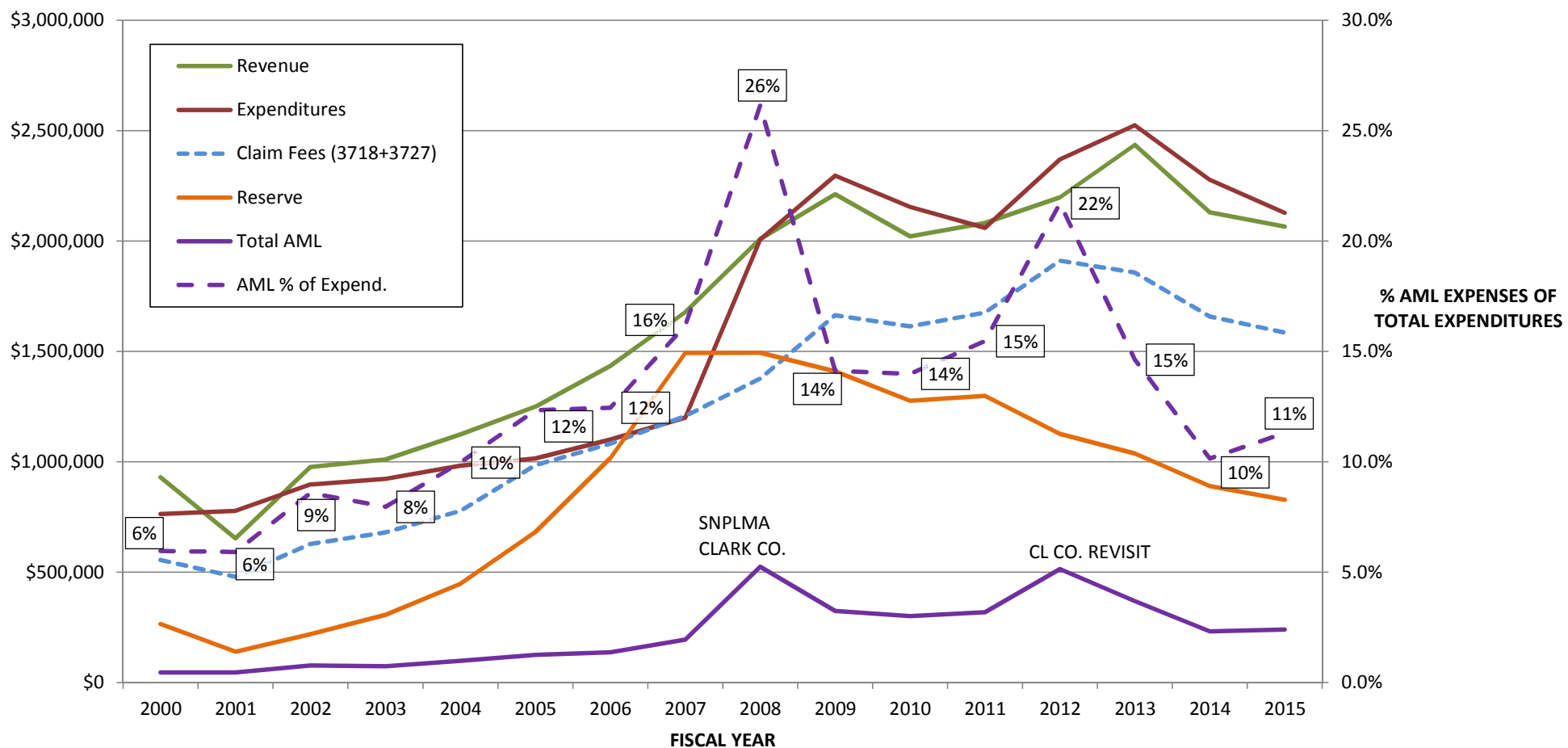
Revenue Categories	FY16 Revenue
Mining Claim Fees	\$1,506,262
Geothermal Fees	\$114,488
Surface Disturbance Fee	\$100,000
BLM & FS Assistance	\$85,000
Bond Pool Admin. Fee	\$81,000
Oil Fees	\$45,500
Other	\$5,240
Total	\$1,937,490



Expenditure Categories	FY 16 Expenditures
Personnel	\$1,128,412
Special Projects	\$398,068
CC and LV Operating	\$197,787
AML Support	\$144,516
AML Enhancement	\$120,000
Computer and IT	\$36,003
In-State Travel	\$15,862
OGG Support	\$9,211
Out-of-State Travel	\$7,468
CMR Travel	\$2,452
Total	\$2,059,778



KEY NDOM FINANCIALS AND AML EXPENSES



III. B. Update of Mining Claim Forms

**The following Document contains no Personal Information
as defined by NRS 603A.040**

AFFIDAVIT OF ANNUAL ASSESSMENT WORK

TO ALL WHOM IT MAY CONCERN:

_____(Owner or Claimant) certifies that at least ONE HUNDRED AND 00/100 DOLLARS (\$100.00) per claim was expended for development, labor and improvement, or equivalent value added, as the annual assessment work for the assessment year ending September 1, _____ for the following unpatented mining claim(s) in _____ County, generally located in the following section(s):

RECORDER'S STAMP

<u>Name of Claim(s)</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	MDB&M
_____	_____	_____	_____	MDB&M
_____	_____	_____	_____	MDB&M

BLM Serial No.(s):	Name and mailing address of owner or claimant:
NMC- _____	_____
NMC- _____	_____
NMC- _____	_____

A total number of _____ claims are being filed with this document.

The work consisted of: _____
The work described above was performed at the following locations: _____

Said work was performed between the _____ day of _____, 20____, and the _____ day of _____, 20____. A total of more than _____ and 00/100 DOLLARS (\$_____) was expended in performing the work, or equivalent value added. The work was performed by: _____.

All of the aforesaid unpatented mining claims are contiguous and work on, or for the benefit of, any one claim or group of claims tends to develop all the claims. The work was performed for the purpose of developing the mineral potential of the claims and to maintain and hold such claims.

Dated this _____ day of _____, 20____.

By _____
Owner, Claimant, Agent, or Lessee Signature
(circle one)

STATE OF _____
COUNTY OF _____

Subscribed and sworn to by

(Owner, Claimant, Agent, or Lessee)
before me this
_____ day of _____, 20____.

NOTARY PUBLIC (Signature)

Owner, Claimant, Agent, or Lessee Name (printed)

**The following Document contains no Personal Information
as defined by NRS 603A.040**

**CERTIFICATE OF LOCATION
LODE MINING CLAIM**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

RECORDER'S STAMP

located the _____ Lode Mining Claim in the following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The Claim is approximately _____ feet long and _____ feet wide, such that _____ feet are claimed in a _____ direction and _____ feet in a _____ direction from the point of discovery (monument of location), at which the Notice of Location was posted, together with _____ feet on each side of the monument of location and center line of the Claim. The general course of the lode or vein is from the _____ to the _____ direction.

The number, location and markings on each corner monument are as follows:

	<u>Location</u>	<u>Markings</u>	<u>Description</u>
No. 1:	_____	_____	_____
No. 2:	_____	_____	_____
No. 3:	_____	_____	_____
No. 4:	_____	_____	_____

As erected on the ground each corner monument is marked by _____
(metal tags, paint, etc.)

The undersigned certifies that work of location included making a claim map as provided in NRS 517.040.

Dated this _____ day of _____, 20____.

By _____
Locator or Agent Signature
(circle one)

Locator or Agent Name (printed)

**Suggested Form - Nevada Division of Minerals (REV. 8-3-2015)
Nevada Lode Certificate of Location - NRS 517.050**

The following Document contains no Personal Information
as defined by NRS 603A.040

CERTIFICATE OF LOCATION
MILL SITE

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

located the _____ Mill Site in the following
quarter section(s):

RECORDER'S STAMP

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

Said locator is the proprietor or owner of the _____ (un)patented mining claims
generally located in _____ County, Nevada.

The Mill Site is approximately _____ feet in the _____ direction and _____ feet in the
_____ direction. Said Mill Site contains _____ acres, more or less.

The monument of location is located as follows:

--

The number, location and markings on each corner monument are as follows:

	<u>Location</u>	<u>Markings</u>	<u>Description</u>
No. 1:	_____	_____	_____
No. 2:	_____	_____	_____
No. 3:	_____	_____	_____
No. 4:	_____	_____	_____

As erected on the ground, each corner monument is marked as described above by
_____ (e.g. metal tags, paint, etc).

Dated this _____ day of _____, 20____.

Locator or Agent Name Signature (circle one)

Locator or Agent Name (printed)

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
MILL SITE LOCATED BY ALIQUOT PART OF
RECTANGULAR SURVEY**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

RECORDER'S STAMP

located the _____ Mill Site in the

following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The monument of location is located as follows:

Said locator is the proprietor or owner of the _____ (un)patented mining claims
generally located in _____ County, Nevada.

The Mill Site is approximately _____ feet in the _____ direction and _____ feet in the
_____ direction, being the _____ (legal subdivision) of the above described section.

Said Mill Site contains _____ acres, more or less.

Dated this _____ day of _____, 20____.

Locator or Agent Name Signature (circle one)

Locator or Agent Name (printed)

**Suggested Form - Nevada Division of Minerals (REV. 8-3-2015)
Nevada Mill Site Certificate of Location
Located by Aliquot Part of Rectangular Survey NRS 517.140**

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
PLACER MINING CLAIM**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

RECORDER'S STAMP

located the _____ Placer Mining Claim

in the following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The Placer Claim is approximately _____ feet in the _____ direction. Said Placer Claim contains _____ acres, more or less.

The monument of location is located on the north boundary of the Claim, as follows:

The number, location and markings on each corner monument are as follows:

	<u>Location</u>	<u>Markings</u>	<u>Description</u>
No. 1:	_____	_____	_____
No. 2:	_____	_____	_____
No. 3:	_____	_____	_____
No. 4:	_____	_____	_____

As erected on the ground, each corner monument is marked as described above by _____ (e.g. metal tags, paint, etc.).

Dated this _____ day of _____, 20____.

Locator or Agent Signature (circle one)

Locator or Agent Name (printed)

**Suggested Form - Nevada Division of Minerals (REV. 8-3-2015)
Nevada Placer Certificate of Location - NRS 517.110**

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
PLACER MINING CLAIM (ASSOCIATION)**

TO ALL WHOM IT MAY CONCERN:

The locator hereby certifies that he has caused to be located the
_____ Placer Mining Claim in the
following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

RECORDER'S STAMP

in _____ County, Nevada, on the _____ day of _____, 20_____.

The Placer Claim is approximately _____ feet in the _____ direction. Said Placer Claim
contains _____ acres, more or less.

The monument of location is located on the north boundary of the Claim, as follows:

--

The number, location and markings on each corner monument are as follows:

	<u>Location</u>	<u>Markings</u>	<u>Description</u>
No. 1:	_____	_____	_____
No. 2:	_____	_____	_____
No. 3:	_____	_____	_____
No. 4:	_____	_____	_____

As erected on the ground, each corner monument is marked as described above by
_____ (e.g. metal tags, paint, etc.).

Dated this _____ day of _____, 20_____.

Please indicate to which address receipts should be mailed after recording.

1	Signature	_____
	Name (printed)	_____
	Address, City, ST Zip	_____
2	Signature	_____
	Name (printed)	_____
	Address, City, ST Zip	_____

3	Signature	
	Name (printed)	
	Address, City, ST Zip	
4	Signature	
	Name (printed)	
	Address, City, ST Zip	
5	Signature	
	Name (printed)	
	Address, City, ST Zip	
6	Signature	
	Name (printed)	
	Address, City, ST Zip	
7	Signature	
	Name (printed)	
	Address, City, ST Zip	
8	Signature	
	Name (printed)	
	Address, City, ST Zip	

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
PLACER MINING CLAIM LOCATED BY ALIQUOT PART OF
RECTANGULAR SURVEY**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

RECORDER'S STAMP

located the _____ Placer Mining Claim

in the following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The monument of location is located on the north boundary of the Claim, as follows:

The Placer Claim is approximately _____ feet in the _____ direction and _____ feet in the _____ direction, being the _____ (legal subdivision) of the above described section. Said Placer Claim contains _____ acres, more or less.

Dated this _____ day of _____, 20____.

Locator or Agent Signature (circle one)

Locator or Agent Name (printed)

**Suggested Form - Nevada Division of Minerals (REV. 8-3-2015)
Nevada Placer Certificate of Location - NRS 517.110
Located by Aliquot Part of Rectangular Survey**

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
PLACER MINING CLAIM LOCATED BY ALIQUOT PART OF
RECTANGULAR SURVEY (ASSOCIATION)**

TO ALL WHOM IT MAY CONCERN:

The locator hereby certifies that he has located the
_____ Placer Claim

RECORDER'S STAMP

in the following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The monument of location is located on the north boundary of the Claim, as follows:

--

The Placer Claim is approximately _____ feet in the _____ direction and _____ feet in the _____ direction, being the _____ (legal subdivision) of the above described section. Said Placer Claim contains _____ acres, more or less.

Dated this _____ day of _____, 20____.

Please indicate to which address receipts should be mailed after recording.

1	Signature	
	Name (printed)	
	Address, City, ST Zip	
2	Signature	
	Name (printed)	
	Address, City, ST Zip	

3	Signature	
	Name (printed)	
	Address, City, ST Zip	
4	Signature	
	Name (printed)	
	Address, City, ST Zip	
5	Signature	
	Name (printed)	
	Address, City, ST Zip	
6	Signature	
	Name (printed)	
	Address, City, ST Zip	
7	Signature	
	Name (printed)	
	Address, City, ST Zip	
8	Signature	
	Name (printed)	
	Address, City, ST Zip	

The following Document contains no Personal Information
as defined by NRS 603A.040

**CERTIFICATE OF LOCATION
TUNNEL RIGHT**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

RECORDER'S STAMP

located the _____ Tunnel Right

in the following quarter section(s):

<u>1/4</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>
_____	_____	_____	_____	<u>MDB&M</u>

in _____ County, Nevada, on the _____ day of _____, 20____.

The proposed course or direction of the tunnel is _____; the proposed height is _____ and width is _____, and proposed length is _____.

The location of the tunnel entrance is as follows:

The position and character of the surface monuments including the location monument are as follows:

Dated this _____ day of _____, 20____.

Locator or Agent Signature (circle one)

Locator or Agent Name (printed)

**Suggested Form - Nevada Division of Minerals (REV. 8-3-2015)
Nevada Tunnel Right Certificate of Location - NRS 517.170**

**The following Document contains no Personal Information
as defined by NRS 603A.040**

MAP FILING FORM

Map of the _____ Mining
Claim Group, in Section_____, Township_____
Range_____, Meridian MDB&M , in the
_____ Mining District,
_____ County, Nevada,
Located on the _____ day of _____, 20____ by
Locator name and address (please print):

RECORDER’S STAMP

Describe here the position of the Claim Location Monument, if one is used.

**The following Document contains no Personal Information
as defined by NRS 603A.040**

**AFFIDAVIT AND NOTICE OF INTENT TO HOLD
MINING CLAIM(S) AND SITE(S)**

TO ALL WHOM IT MAY CONCERN:

The undersigned certifies that the owner or claimant intends to hold the mining claim(s) for the assessment year ending September 1, _____ (insert assessment year).

RECORDER'S STAMP

The claim map showing said claim(s) is filed in the _____ County records. Claims are generally located in Section(s): _____ Township: _____ Range: _____

Name of claim(s) or site(s):

BLM Serial No(s):

_____	_____
_____	_____
_____	_____
_____	_____

A total number of _____ claims is being filed with this document.

Name and mailing address of owner or claimant:

Dated this _____ day of _____, 20____.

By _____
Owner, Claimant, Agent, or Lessee Signature
(circle one)

Owner, Claimant, Agent, or Lessee Name
(printed)

STATE OF _____
COUNTY OF _____

Subscribed and sworn to by

(Owner, Claimant, Agent, or Lessee)
before me this
_____ day of _____, 20____.

NOTARY PUBLIC (Signature)

**The following Document contains no Personal
Information as defined by NRS 603A.040**

**NOTICE OF LOCATION
LODE MINING CLAIM**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

located the _____ Lode Mining Claim on the _____ day of
_____, 20__.

The Claim is approximately _____ feet long and _____ feet wide, such that _____ feet
are claimed in a _____ direction and _____ feet in a _____ direction from the point of
discovery (monument of location), at which the Notice of Location was posted, together with _____
feet on each side of the monument of location and center line of the Claim. The general course of the
lode or vein is from the _____ to the _____ direction.

Claim is generally located in _____ County, Section(s): _____ Township: _____ Range: _____
Description (optional):

By _____
Locator or Agent Signature
(circle one)

Locator or Agent Name (printed)

**The following Document contains no Personal Information
as defined by NRS 603A.040**

NOTICE OF LOCATION

MILL SITE

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

located the _____ Mill Site on the _____ day of _____,
20____.

The monument of location is located at the _____ corner (northerly boundary) of the Mill Site, at which point this Notice of Location was duly posted.

Said locator is the proprietor or owner of the _____ (un)patented mining claims generally located in _____ County, Nevada.

The Mill Site is approximately _____ feet in the _____ direction and _____ feet in the _____ direction. Said Mill Site contains _____ acres, more or less.

The Mill Site is generally located in _____ County, Section(s): _____ Township: _____
Range: _____

Description (optional):

Locator or Agent Signature
(circle one)

Locator or Agent Name (printed)

**The following Document contains no Personal
Information as defined by NRS 603A.040**

NOTICE OF LOCATION
PLACER MINING CLAIM

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

located the _____ Placer Mining Claim on the _____ day of
_____, 20__.

The monument of location is located at the _____ corner (northerly boundary) of the Placer
Claim, at which point this Notice of Location was duly posted.

The Placer Claim is approximately _____ feet in the _____ and _____ feet in
the _____ direction. Said Placer Claim contains _____ acres, more or less.

Claim is generally located in _____ County, Section(s): _____ Township: _____ Range: _____
Description (optional):

By _____
Locator or Agent Signature
(circle one)

Locator or Agent Name (printed)

**The following Document contains no Personal Information
as defined by NRS 603A.040**

NOTICE OF LOCATION
PLACER MINING CLAIM (ASSOCIATION)

TO ALL WHOM IT MAY CONCERN:

The locator hereby certifies that he has caused to be located the _____ Placer Mining Claim in _____ County, Nevada, on the _____ day of _____, 20____.

The monument of location is located at the _____ corner (northerly boundary) of the Placer Claim, at which point this Notice of Location was duly posted.

The Placer Claim is approximately _____ feet in the _____ direction and _____ feet in the _____ direction. Said Placer Claim contains _____ acres, more or less.

General Location: Section(s): _____ Township: _____ Range: _____
Description (optional):

--

Please indicate to which address receipts should be mailed after recording.

1	Signature	
	Name (printed)	
	Address, City, ST Zip	
2	Signature	
	Name (printed)	
	Address, City, ST Zip	
3	Signature	
	Name (printed)	
	Address, City, ST Zip	
4	Signature	
	Name (printed)	
	Address, City, ST Zip	

5	Signature	
	Name (printed)	
	Address, City, ST Zip	
6	Signature	
	Name (printed)	
	Address, City, ST Zip	
7	Signature	
	Name (printed)	
	Address, City, ST Zip	
8	Signature	
	Name (printed)	
	Address, City, ST Zip	

**The following Document contains no Personal Information
as defined by NRS 603A.040**

**NOTICE OF LOCATION
TUNNEL RIGHT**

TO ALL WHOM IT MAY CONCERN:

Name and mailing address of locator:

located the _____ Tunnel Right in _____ County, Nevada,
on the _____ day of _____, 20____.

The proposed course or direction of the tunnel is _____; the proposed height is _____ and
width is _____, and proposed length is _____.

The location of the tunnel entrance is as follows: Section: _____ Township: _____ Range: _____
Description (optional)

The position and character of the surface monuments including the location monument are as follows:

Locator or Agent Signature
(circle one)

Locator or Agent Name (printed)

The following Document contains no Personal Information
as defined by NRS 603A.040

**NOTICE OF REMONUMENTATION
MINING CLAIM(S) AND SITE(S)**

TO ALL WHOM IT MAY CONCERN:

Pursuant to N.R.S. 517.030(7), the locator hereby gives notice that he
replaced plastic claim monuments during the period _____,
20____ through _____, 20____ for the following claim group(s)
situated in _____, County, Nevada. The claims are generally located in
Section(s):_____ Township_____ Range:_____ :

<u>Claim Name(s)</u>	<u>Certificate Recorded in Book/Page</u>	<u>Amendments Recorded in Book/Page</u>	<u>NMC Number</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The claim map filed pursuant to N.R.S. 517.040 was recorded as Document Number _____,
Book _____, Page _____.

The plastic monuments described in the original Certificate(s) and claim map(s) have been replaced by:
(Description of new monuments)

and marked with the claim name and designation of the monument. The side centers of the claim were
not replaced.

Dated this _____ day of _____, 20____.

Locator or Agent Signature (circle one)

Locator or Agent Name (printed)

Address, City, State, Zip

**III. C. Presentation of projects performed
by the Nevada Bureau of Mines and
Geology (NBMG) for NDOM for FY 2015g**

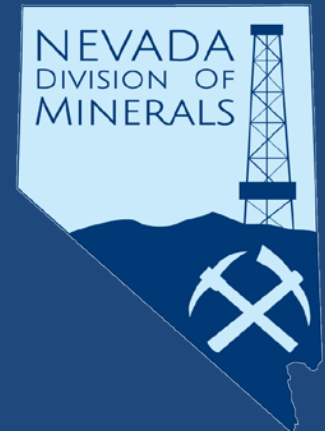
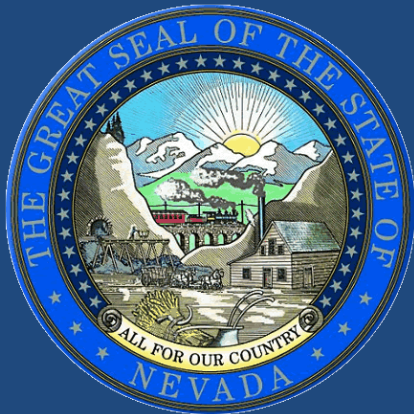
THIS SECTION IS INTENTIONALLY LEFT BLANK.
HAND OUTS AND PRESENTATION WILL BE GIVEN AT THE
MEETING.

IV. STAFF REPORTS

EDUCATION AND PUBLIC AWARENESS SOUTHERN NEVADA AML

**Commission on Mineral Resources Meeting
August 27, 2015
Elko, Nevada**

Bill Durbin



31st Annual Northern Nevada Education Workshop

July 14-16, 2015

68 teachers attended

Classroom Activity Sessions

Under the Earth/Iron Extraction from Cereal/Mineral ID



Art Wilson Gypsum/VC tour



Mc CAW SCHOOL OF MINES



CELEBRATING!

WELCOME TO MCCA W SCHOOL OF MINES JEWEL OF THE WEST

H.M. Smith Elementary
March 2, 2015

90,000
STUDENT-TOURS SINCE 1996

90,000th Student
Jarom Langkilde

**McCAW SCHOOL OF MINES
HENDERSON MAYOR ANDY HAFEN AND HENDERSON CITY COUNCIL
CELEBRATE THE MINE'S 19TH YEAR AND 90,000 STUDENT VISITORS
MARCH 3, 2015**



McCaw School of Mines 2015 Gala/Fundraiser/Golf Tournament April 18, 2015

Mexican Fiesta Theme



McCaw School of Mines Gala/Fundraiser/Golf Tournament

April 18, 2015

Gala/Golf Tournament Income:	\$58,520.36
------------------------------	-------------

Expenses	\$12,299.91
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Net Income	\$46,220.45
-------------------	--------------------

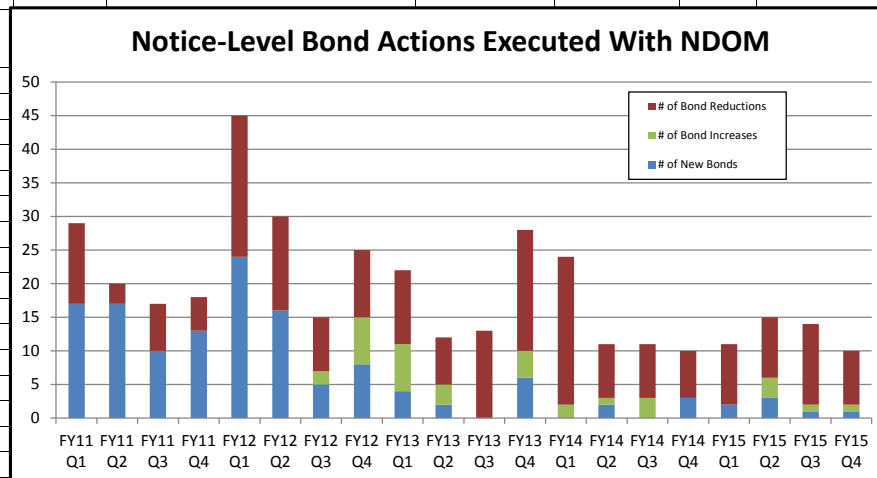
(2015 net is approximately 46% of the Mine's annual operating cost)

Eagle Scout Service Projects Southern Nevada

- **Summer hiatus until October 1**
- **9 projects pending in Clark County**
- **1 site visit and 1 project scheduled in October**
- **Calling Scouts to re-schedule projects cancelled in Spring**

Reclamation Bond Pool Status Report			Current to:	7/31/2015							
Plan-level Bonds -Company		Project	Entry Date	Bond Amount	% of Pool	Comments	Deposit	Premiums Paid	% Bond Whole	Premium Schedule	Current thru
Custom Details		Bovie-Lew	11/17/2006	\$24,364.00	0.82%		\$ 12,217.11	\$18,471.02	126.0%	\$190.23 quarterly	9/30/2015
Nevada Rae		Black Rock Canyon	4/15/2005	\$369,255.00	12.46%		\$ 197,937.54	\$226,268.47	114.9%	\$2,769.41 quarterly	9/30/2015
So. NV Liteweight		Money Pit	5/21/2004	\$395,514.00	13.34%		\$ 213,055.61	\$222,620.02	110.2%	\$2,966.36 quarterly	9/30/2015
Specialty Clays		Bentonite	12/11/1997	\$209,900.00	7.08%		\$ 31,485.00	\$182,500.44	101.9%	\$1,574.25 quarterly	9/30/2015
Western Mine Dev.		Victorine Mine	5/24/2000	\$45,875.39	1.55%	terminated	\$ -				
Western Mine Dev.		Kingston Mill	5/24/2000	\$100,450.00	3.39%	terminated	\$ -				
Western Mine Dev.		Manhattan Mill	5/24/2000	\$114,288.77	3.86%	terminated	\$ -				
TNT Venture		Big Canyon	1/27/2010	\$78,161.00	2.64%		\$ 39,615.03	\$31,901.84	91.5%	\$1,931.75 quarterly	6/30/2015
Dun Glen Mining		Dun Glen	8/11/2014	\$359,155.00	12.12%		\$ 192,159.52	\$30,287.99	61.9%	\$8,454.62 quarterly	6/30/2015
Statewide Notice-Level		Various	various	\$1,267,384.00	42.75%	103 Notice-level bonds					
										Premiums due	
Total Bonded Amount				\$2,964,347.16	100.00						
Cash in Pool's Account (From BSR - 7/31/15)				\$3,809,380.68							
Unfunded Amount				-\$845,033.52							
Percent funded				128.5%							

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



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

FY15

August 14, 2015

**Week: 52
Year %: 100%**

REVENUES

	Work Program	Actual	% of Work Program	Balance Remaining
Balance Forward From Prev. Yr. (2511)	\$889,917	\$889,917	100%	\$0
Federal BLM Cooperative Agreement (3578)	60,032	110,000	183%	(49,968)
USFS Assistance Agreement (3580)	0	21,713	0%	(21,713)
Oil Assessment Fees (3654)	39,336	38,640	98%	696
Oil Permit Fees (3717)	3,000	2,000	67%	1,000
Mining Claim Fees (3718)	1,312,892	1,119,204	85%	193,688
Dangerous Mine Fees (3727)	561,930	466,335	83%	95,595
Geothermal Fees (3736)	134,539	107,525	80%	27,014
Abandoned Mine Securing Fees (3770)	9,800	106,320	1085%	(96,520)
Printing Sales (4011)	207	104	50%	103
Publication Sales (4027)	5,503	2,390	43%	3,113
Medallion Royalty Income (4311)	0	616	0%	(616)
Treasurer's Interest Distribution (4326)	3,127	3,947	126%	(820)
Transfer frm Reclamation Bond Pool (4620)	41,063	86,498	211%	(45,435)
FY15 Revenues Received	\$2,171,429	\$2,065,291.22	95%	\$106,138
TOTAL REVENUES	\$3,061,346	\$2,955,208.22		

EXPENDITURES

	Work Program	Actual	% of Work Program	Balance Remaining
Personnel (01)	\$1,030,095	\$1,009,184	98%	\$20,911
Out of State Travel (02)	10,376	7,250	70%	3,126
In State Travel (03)	18,041	13,218	73%	4,823
Operating (04)	109,856	100,628	92%	9,228
Board Travel (08)	2,658	2,381	90%	277
Special Projects (09)	675,390	516,550	76%	158,840
Las Vegas Office (14)	35,439	34,658	98%	781
Oil, Gas Geothermal (17)	11,000	8,943	81%	2,057
AML Support (18)	197,795	134,759	68%	63,036
Bond Pool Expenses (19)	0	0	0%	0
County Royalty Grants (20)	0	0	0%	0
Computer H & S Ware, DOIT(26)	20,859	6,984	33%	13,875
AML Enhancement (39)	201,226	105,448	52%	95,778
SageBrush Ecosystem Trx to DCNR (69)	141,742	131,572	93%	10,170
Purchasing Assessment (87)	928	928	100%	0
State Cost Recovery (88)	34,734	34,734	100%	0
AG Cost Allocation (89)	19,913	19,913	100%	0
FY15 Expenditures	\$2,510,052	\$2,127,148.17	85%	\$382,904
Reserve Balance (86)	\$551,294	\$828,060.05	150%	(\$276,766)
TOTAL EXPENDITURES PLUS RESERVE	\$3,061,346	\$2,955,208.22		

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

Special Projects Approved by the Commission on Mineral Resources (Updated 8-14-2015)

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
10/20/2005	Mackay Mining Team	\$1,000	\$1,000	\$0	Funds sent to John Mackay Club for travel to Mining Competition
10/20/2005	AML Contractors Spring 2006	\$40,000	\$40,000	\$0	Abandoned mine work completed in Esmeralda Co.
10/20/2005	NBMG - digitize mining files	\$21,000	\$21,000	\$0	Funds paid to NBMG and project is complete
10/20/2005	NBMG - state geologic map	\$5,000	\$5,000	\$0	Funds paid to NBMG - project is complete
10/20/2005	NBMG - geologic mapping program	\$12,000	\$12,000	\$0	Funds paid to NBMG and tentative field assignments have been made
10/20/2005	MacArthur Reclamation Project	\$20,000	\$20,000	\$0	NDOM received \$176K from BLM and \$10K from NvMA, mine reclamation is
10/20/2005	NvMA Teacher's Workshops Minerals Education	\$20,485	\$20,485	\$0	Flash drives - \$4,400, Rock and Mineral boxes - \$2,200, shirts - \$3,400, Teacher
1/19/2006	Mackay SEG Student Chapter	\$1,000	\$1,000	\$0	Funds sent to SEG student chapter for spring geology field trip
1/19/2006	NBMG - NV Interactive Map of Metal Deposits	\$7,765	\$7,765	\$0	Funds paid to NBMG, work is complete
8/17/2006	Minerals and Energy Resource maps for the 17 Nevada counties	\$24,000	\$15,159	\$8,841	Contract with NBMG - White Pine completed, Mineral-Esmeralda-Lyon-Douglas completed, N. Nye County completed. (Research to see if paid)
8/17/2006	Mineral and Energy Potential Map	\$5,361	\$5,361	\$0	Mineral & Energy Potential Map given to USFS by NBMG - Project Complete
8/17/2006	AML Contractors Spring 2007	\$50,000	\$50,000	\$0	Abandoned mine work completed in Esmeralda Co.
8/17/2006	NWMA Mackay Centennial	\$1,000	\$1,000	\$0	Funds paid to Mackay School
10/19/2006	4th Ward School - AML Display	\$5,000	\$5,000	\$0	Abandoned mine display completed, payment made
10/19/2006	USFS Roadless Plan Contractor	\$25,000	\$25,000	\$0	GIS Land Services contracted, work completed
1/19/2007	UNR John Mackay Club	\$2,500	\$2,500	\$0	Funds paid to UNR Mackay School for travel to SME annual meeting
1/19/2007	AML contract for claim research	\$9,561	\$9,561	\$0	Geotemps contract complete
4/19/2007	NBMG GBSSL - Support #1	\$100,000	\$100,000	\$0	Project Support #1 completed
4/19/2007	Mackay Recruitment and Retention NDOM FY08	\$100,000	\$100,000	\$0	Invoice paid 03/20/08
4/19/2007	AML Contractors Fall 2007	\$50,000	\$50,000	\$0	Abandoned mine work with Geotemps contract completed
10/23/2007	4th Ward School - AML Hologram	\$27,174	\$27,174	\$0	Abandoned mine hologram display completed
10/23/2007	Office Expansion/Remodel - CC	\$50,776	\$50,776	\$0	Project complete
1/17/2008	Mackay Centennial Celebration	\$10,000	\$10,000	\$0	Paid to UNR Mackay School
1/17/2008	Mackay Club SME and IMC trips	\$5,000	\$5,000	\$0	Paid to UNR Mackay to support travel to mining competition
1/17/2008	UNR SEG student chapter field trip	\$3,000	\$3,000	\$0	Paid to UNR Mackay to support SEG student chapter field trip
4/22/2008	NvMA Teacher's Workshop- Tonopah '08	\$15,000	\$15,000	\$0	Paid to Nevada Mining Assoc to pay teacher stipends to attend workshop
7/22/2008	Mining Claim Fee support for Mackay for FY08 claims	\$424,422	\$424,422	\$0	FY09 payments of \$180,500 and \$243,922 made for FY08 claim filings

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
7/28/2008	AML Fencing at Tonopah Mining Park	\$49,000	\$49,000	\$0	\$19,800 from Medallion funds sent 6/30/08, \$49,000 paid FY09
7/28/2008	NBMG RETAAC II GIS Mapping	\$11,750	\$11,750	\$0	Project complete
11/7/2008	UNR Mackay Club SME and IMC trips	\$10,000	\$10,000	\$0	Paid to UNR Mackay to support travel to mining competition
11/7/2008	UNR SEG student chapter field trip	\$2,500	\$2,500	\$0	Paid to UNR Mackay to support SEG student chapter field trip
2/12/2009	NBMG GBSSL - Support #2	\$119,243	\$119,243	\$0	Project complete
5/1/2009	4th Ward School - Interactive Mining Exhibit	\$40,000	\$40,000	\$0	Invoice from 4th Ward School Foundation paid
5/1/2009	Mackay Recruitment and Retention NDOM FY09	\$100,000	\$100,000	\$0	Invoice paid 06/30/09
5/1/2009	NvMA Teacher's Workshops	\$10,000	\$10,000	\$0	Invoice paid to Nevada Mining Association
10/21/2009	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Paid to UNR Mackay to support travel to SME meeting and IMC in Australia
10/21/2009	White paper on permitting timelines	\$20,000	\$0	\$20,000	On Hold
2/11/2010	Mackay Recruitment and Retention (NDOM FY10 and FY11)	\$200,000	\$200,000	\$0	FY10 Invoice paid 5/10/10 and FY11 invoice paid 4/18/11
2/11/2010	UNR Mackay Geography Mapping Project	\$33,180	\$33,180	\$0	Project complete and invoice paid
2/11/2010	GSN Symposium 2010	\$10,000	\$10,000	\$0	Invoice paid
2/11/2010	NvMA Teacher's Workshops	\$45,000	\$45,000	\$0	FY10 invoice paid, items purchased in FY11 and FY12
2/11/2010	Mining Claim Fee support for Mackay for FY09 claims	\$391,302	\$391,302	\$0	FY10 invoice paid for FY09 claim filings
10/19/2010	Mining Claim Fee support for Mackay for FY10 claims	\$379,554	\$379,554	\$0	FY11 invoice paid for FY10 claim filings
2/7/2011	Mackay Recruitment and Retention (NDOM FY12)	\$100,000	\$100,000	\$0	Invoice paid on 01/26/12
2/7/2011	UNR Mackay Club SME and IMC trips	\$12,500	\$12,500	\$0	Invoice paid
7/27/2011	4th Ward School projects	\$5,425	\$5,425	\$0	"Going Deep" booklet, Bat cupola panel, Backdrop, Mineral case locks
7/27/2011	Curate Geothermal, Oil, Gas Samples at NBMG-GBSSL	\$50,000	\$50,000	\$0	Invoice paid, June 26, 2012
7/27/2011	Expand AML contracts (Cat 39 AML enhancement)	\$200,000	\$200,000	\$0	All work completed
11/2/2011	4th Ward School projects	\$14,700	\$14,700	\$0	Additional "Going Deep" booklets, building security, fluorescent minerals
2/27/2012	Mining Claim Fee support for Mackay for FY11 claims	\$394,178	\$394,178	\$0	FY12 invoice paid for FY11 filings on 4/24/12
2/27/2012	UNR Mackay Club SME and IMC trips	\$12,000	\$12,000	\$0	Invoice paid in April, 2012
2/27/2012	Projects proposed by the NBMG	\$200,000	\$200,000	\$0	project complete
2/27/2012	NvMA Teachers Workshops \$15k/yr for (FY13 - FY15)	\$45,000	\$45,000	\$0	FY13 & FY14 invoices pd; \$3,775 for books pd 2/18/15; SME for 4 kits pd 3/3/15; \$2314.20 for 500 tote bags paid 5/22/15; \$2,572 to SME for 250 bookmarks; \$3,105 to SME for bookmarks and poster
2/27/2012	Expansion of the NDOM exploration survey	\$50,000	\$50,000	\$0	paid 2/11/13

Approval Date	Project	Amount Approved	Amount Expended	Amount Remaining	Current Status
2/27/2012	Removal of hollow pipe plastic claim markers	\$27,000	\$27,000	\$0	Invoice paid on 11/28/12 to Audobon Society
2/27/2012	Support for the "Nevada Room" at PDAC	\$2,000	\$2,000	\$0	Invoice paid 2/12/13
8/17/2012	Mackay Recruitment and Retention (NDOM FY13)	\$100,000	\$100,000	\$0	Invoice paid 2-25-13 (project period 7-1-13 - 6-30-14)
8/17/2012	Nevada's membership in Western Governor's Association	\$2,500	\$2,500	\$0	Invoice paid
8/17/2012	Fourth Ward School window coverings	\$950	\$950	\$0	Invoice paid
11/9/2012	UNR Senior Mining Engineering class field trip	\$15,000	\$15,000	\$0	Invoice Paid
11/9/2012	Tonopah Historic Mining Park for AML Fencing	\$27,500	\$27,500	\$0	Invoice Paid 3/12/2013
11/9/2012	UNR Mackay Club SME and IMC trips	\$20,000	\$20,000	\$0	Invoice Paid 02/11/13
8/1/2012	Mining Claim Fee support for Mackay for FY12 claims	\$449,544	\$449,544	\$0	Paid on 2/27/13 UNR Mackay budget
2/21/2013	NBMG Project	\$100,000	\$100,000	\$0	Funding for FY-14 projects, final of four invoices paid on 7/31/14
2/21/2013	UNR Mackay SEG student chapter for Iberian Pyrite Belt	\$4,000	\$4,000	\$0	paid 01/08/14
10/10/2013	Contract support for rulemaking process-Tom Gallagher	\$9,900	\$9,900	\$0	6 of 6 invoices paid
2/21/2013	Mining Claim Fee support for Mackay for FY13 claims	\$436,814	\$436,814	\$0	Paid 3/19/2014
10/10/2013	Contract support for rulemaking process-Tom Gallagher	\$26,000	\$26,000	\$0	Inovices paid
2/24/2015	Mining Claim Fee support for Mackay for FY14 claims	\$390,068	\$390,068	\$0	Paid 2/25/2015
2/13/2014	NBMG Projects	\$100,000	\$100,000	\$0	1st 3 Invoices pd on 1/6/15; 2nd 3 invoices pd 2/4/15; 3rd 3 invoices pd 5/1/15, 4th
8/28/2014	NMEC support at Roundup and PDAC	\$2,500	\$2,500	\$0	Paid 2/27/15, and 4/21/15
Total of Special Projects		\$5,267,652	\$5,238,811	\$28,841	
Obligated Monies					
2/21/2013	Sagebrush Ecosystem-FY14	\$141,364	\$141,364	\$0	Sagebrush Ecosystem Program by the Governors Office
2/21/2013	Sagebrush Ecosystem-FY15	\$143,977	\$131,572	\$0	Sagebrush Ecosystem Program by the Governors Office
Special Projects & Obligated Monies		\$5,267,652	\$5,238,811	\$28,841	
Current Reserve				\$730,762	(as of 8/14/15)
Unobligated Reserve				\$701,921	

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Office of the Governor

June 15, 2015

Greg Conrad, Executive Director
Interstate Mining Compact Commission
445-A Carlisle Drive
Herndon, VA 20170

Dear Mr. Conrad:

Nevada joined the Interstate Mining Compact Commission (IMCC) in 2012 as an associate member. When Nevada joined, it was our intention to evaluate the value of full membership through the five-year associate membership period. We are now three years into this five-year period.

The Nevada Commission on Mineral Resources considered full IMCC membership status at their May 1, 2015 meeting, and voted unanimously to forego the final two years of associate membership status and not pursue full membership. I respect the Commission's decision on this matter.

IMCC's efforts related to the Extractive Industries Transparency Initiative, sage grouse protections, water quality issues and the government efficiencies initiative between coal-producing states and the Office of Surface Mining are excellent. While we appreciate IMCC's work in these areas, some are duplicative of initiatives our State is already funding and involved in, and Nevada has no coal production.

Thank you for the opportunity to have participated in the IMCC as associate members. Should you have any questions, please contact Mr. Richard Perry, Administrator of the Nevada Division of Minerals at (775) 684-7040 or rmperry@minerals.nv.gov.

Sincere regards,

A handwritten signature in blue ink, appearing to read "Sandoval".

BRIAN SANDOVAL
Governor

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Office of the Governor

July 29, 2015

John Ruhs, Acting State Director
BLM Nevada State Office
1340 Financial Blvd
Reno, NV 89502

RE: Governor's Consistency Review of the Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement

Dear Mr. Ruhs:

Pursuant to the rights afforded to me as Governor of the State of Nevada under the Federal Land Policy and Management Act 43 USC 1701 and 43 CFR 1610.3-2, please be advised of significant inconsistencies between the Nevada and Northeastern California Greater Sage-grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement (LUPA/FEIS), and Nevada's state and local plans, policies and programs. I also propose recommendations that will create a reasonable balance between the national interest and Nevada's interest, while still achieving a net conservation gain for the Greater Sage-grouse.

The LUPA/FEIS represents a significant departure from the process that was outlined in late 2011 by former Secretary of the Interior, Ken Salazar. The process was intended to be collaborative, inclusive and proactive; an unprecedented undertaking to bring federal agencies and states together to craft plans to adequately conserve the Greater Sage-grouse and preclude a listing under the Endangered Species Act. Western states and multiple agencies have participated in this effort in good faith. We have expended millions of dollars and thousands of hours to present a scientific, innovative and effective conservation plan.

The almost 2,000 page Draft Environmental Impact Statement was issued on November 22, 2013. Nevada identified hundreds of inconsistencies with state and local plans, and best available science at that time. The BLM and USFS then took approximately 18 months to revise the document and released the nearly 3,500 page LUPA/FEIS on May 28, 2015. The BLM and USFS made significant changes from draft to final, leaving the citizens of Nevada with only 30 days to review and protest the LUPA/FEIS.

Importantly, many of the identified inconsistencies were left unresolved and often ignored or dismissed without consideration. Especially troubling is that new concepts such as Sagebrush Focal Areas (SFAs) and other management actions with significant environmental and societal implications were introduced without adequate public notice or opportunity for comment in the LUPA/FEIS. Many significant methodologies were also changed with little scientific justification or explanation provided to the public.

It is also important to note that the LUPA/FEIS contains many new elements that disregard best science, Nevada's state and local plans, and federal law. It is disappointing that this process has changed from a collaborative, proactive approach, to a now heavy-handed, federal approach that uses status-quo approaches and relies primarily on information from federal officials in Washington D.C., rather than expertise from state conservation and wildlife agencies, and local input.

NEVADA'S DEMONSTRATED COMMITMENT TO CONSERVATION

Long-term Engagement

Nevada has focused on sage-grouse conservation for well over a decade. Under the leadership of previous Nevada Governors, a working partnership of state agencies including the Nevada Department of Wildlife, local area working groups, private citizens, industry and local governments have developed and implemented conservation strategies across the range since at least the year 2000.

Even with these accomplishments, we have done more. Nevada accepted Secretary Salazar's invitation in good faith and took immediate action to revitalize our efforts, and develop and implement a program for Greater Sage-grouse conservation. In response, I issued Executive Order 2012-09, which established the Governor's Greater Sage-grouse Advisory Committee, and later enacted the recommendations from that entity through Executive Order 2012-19. That Order established the Sagebrush Ecosystem Council (SEC) and a new, inter-agency and inter-disciplinary Sagebrush Ecosystem Technical Team (SETT) dedicated solely to the sagebrush ecosystem.

Legislative Initiatives

The SEC has carefully guided the development and adoption of the full Nevada 2014 Greater Sage-Grouse Conservation Plan (State Plan). The Sagebrush Ecosystem Program, including the SEC and the SETT, were codified in Nevada Statute with the passage of Assembly Bill 461 during the 2013 Legislative Session, making Nevada the first, and still the only, state to recognize a programmatic commitment to the conservation of Greater Sage-grouse in state law.

To further solidify Nevada's commitment to the State Plan and Greater Sage-grouse conservation, I worked with the Nevada Legislature during the 2015 Legislative Session to pass a major budget initiative that included continued full funding for the SEC, the SETT, the full operation and adaptive management of our innovative Conservation Credit System (including funds for an independent audit of the system), continued contract services to ensure that habitat maps are utilizing the most current scientific

information, and \$2 million for implementation of conservation projects. The Nevada Legislature further showed its support for the State Plan by passing Senate Joint Resolution 5, which urged the BLM and USFS to adopt the State Plan as the preferred alternative in the FEIS.

State Plan Developed and Supported by Nevadans and Best Science

The SEC is comprised of voting members from the conservation and environmental communities, the Nevada Board of Wildlife Commissioners, local government, the mining, ranching, energy, and agriculture industries, tribal nations, and the general public. In addition, this Council has ex-officio representation from the U.S. Fish and Wildlife Service (USFWS), Bureau of Land Management (BLM), US Forest Service (USFS), Nevada Department of Wildlife, Nevada Department of Conservation and Natural Resources, and the Nevada Department of Agriculture.

In 2014, the SEC unanimously approved and adopted the State Plan per Nevada Revised Statute 232.162. The State Plan has subsequently been adopted by most Nevada counties, and has considerable support from industry, conservation groups, and the general public.

The process we utilized to develop the State Plan is exemplary. An overwhelming body of scientific, Nobel Prize-winning research¹ shows that management of common-pool resources, such as the sagebrush ecosystem, is *consistently more successful over time* when key policy design principles are followed. Nevada's process follows these leading principles of common-pool resource management by creating appropriation rules that are developed locally and related to local conditions, allowing for flexibility when it is needed and justified, defining clear boundaries, providing arenas for conflict resolution and internal policymaking, arranging clear methods for monitoring and sanctioning nonconformance, and establishing conflict-resolution mechanisms that are rapid and low-cost, among other factors.

The State Plan is the only plan that aligns with these areas of best science. Moreover, section 202(c) of FLPMA requires that in developing land use plans, the Secretary of the Interior *shall* "use and observe the principles of multiple use and sustained yield..." and, importantly, *shall* "use a systematic interdisciplinary approach to integrate physical, biological, economic, and other sciences." The Nevada State Plan is the only plan that meets these and other high standards called for by FLPMA and BLM policy.

¹ For example, see: Ostrom, Elinor (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press.; Poteete, Janssen, and Elinor Ostrom (2010). *Working Together: Collective Action, the Commons, and Multiple Methods in Practice*. Princeton University Press.; National Academy of Science, (2013). *Using science to improve the BLM wild horse and burro program: A way forward*. National Academies Press.; Reed, M.S., et al. (2015). *Climate change and desertification: Anticipating, assessing & adapting to future change in drylands*. Impulse Report for 3rd United Nations Convention Combating Desertification Scientific Conference. Agropolis International.

State Plan Addresses All Threats

The State Plan focused on addressing the threats as identified in the Conservation Objective Team (COT) report. The COT report identifies the cycle of wildfire and invasive grasses as the primary threat to Sage-grouse in Nevada. As a result, Nevada has increased our wildland firefighting capabilities and created mobile statewide forces targeting sage-grouse as their primary resource concern. We also have boosted noxious weed, native plant, and seed programs in the state. This process was recently validated by federal action, and I applaud Secretary Jewell for her leadership and meaningful efforts related to wildland fire; I am hopeful that our collective efforts will result in significant conservation benefit for sage-grouse and the sagebrush ecosystem.

Although anthropogenic disturbances are not the primary threat in Nevada, the State Plan includes a rigorous process of “avoid, minimize and mitigate” to achieve a net conservation gain for the Greater Sage-grouse. A key component of our “avoid, minimize and mitigate” strategy was the development and adoption of the Nevada Conservation Credit System (CCS). The CCS is a rigorous, scientifically based mitigation program that achieves consistent net conservation gain and a single method for determining mitigation across the entire Sage-grouse Management Area, covering approximately 48,627,000 acres in Nevada. More importantly, the CCS strategically recognizes the importance of protecting and enhancing limiting sage-grouse habitat such as late brood rearing habitat. This is *critical* to conservation in Nevada due to our unique topography, ecology and threats. The SETT is currently implementing both credit development and credit obligation (debit) projects in important sage-grouse habitat areas to test and adaptively manage the CCS.

In summary, the State Plan is consistent with the purposes, policies, and programs of federal laws and regulations applicable to the public lands, is based on the best available data and science, addresses each of the threats identified in the COT report, was developed entirely in a public and transparent process, including significant, direct involvement from federal agencies, and is supported by a wide array of stakeholders across the State of Nevada. Therefore, our plan is more likely to succeed over the long term as compared to the federally-driven policies envisioned in the LUPA/FEIS; I recommend and request that the State Plan be fully implemented.

SUMMARY OF KEY INCONSISTENCIES

Nevada has demonstrated a clear commitment to the conservation of Greater Sage-grouse and the sagebrush ecosystem. Throughout the process, it was understood that the State’s Plan would likely comprise a majority of the preferred alternative, and thus we worked closely with BLM, USFS and USFWS staff to meet numerous deadlines and incorporate the policy decisions and methodologies requested in the COT report, USFWS’s Mitigation Framework, and national policy direction. We compromised, considered alternative approaches, incorporated feedback and tested policies based on reality and pragmatic experience. However, the LUPA/FEIS shows that national level policy replaced Nevada’s state and local planning efforts, thus minimizing the

collaborative nature of this process, and stressing relationships between state, local, and federal agencies. The result is a document that is insufficient and flawed; not based on the best available science, or state and local plans, and not well rooted in federal law.

Inconsistencies Poorly Identified and Inadequately Addressed

The Draft LUPA/FEIS process did not comply with the BLM’s requirements to be consistent with other federal, state, local, and tribal plans and policies (see 43 CFR 1610). Many Nevada agencies, counties and stakeholders worked with your staff to minimize inconsistencies with federal and state law as well as state and local plans throughout this EIS planning process for the LUPA/FEIS. Some inconsistencies have been addressed, but most have been dismissed.

Commenters specifically showed that BLM’s goals, objectives, and management actions are inconsistent with the State Plan, the Nevada Rangeland Monitoring Handbook (NCE 2006), Pershing County, Nevada Land Use Planning, specifically the Pershing County Natural Resources Land Use Plan, the Pershing County Master Plan, the 2011 Nye County Comprehensive Master Plan, the Elko County GRSG Plan, Lincoln County’s policy of “no net loss” of AUMs within the County, the Lincoln County Lands Acts, the Ely Resource Management Plan, Lander County’s GRSG strategy, the Eureka County Master Plan and other plans, policies, and controls.

Of concern, the LUPA/FEIS fails to demonstrate how these plans are or are not inconsistent, and largely dismisses any potential inconsistencies with a brief, general explanation:

The BLM and Forest Service are aware that there are specific state or local laws relevant to aspects of public land management that are discrete from, and independent of, federal law. However, BLM and Forest Service are bound by federal law. As a consequence, there may be inconsistencies that cannot be reconciled. The FLPMA requires that BLM’s land use plans be consistent with state and local plans “to the extent practical.” In a situation where state and local plans conflict with federal law, there will be an inconsistency that cannot be resolved. Thus, while state, county, and federal planning processes, under FLPMA, are required to be as integrated and consistent as practical, the federal agency planning process is not bound by or subject to county plans, planning processes, or planning stipulations.²

² United States Department of the Interior and United States Department of Agriculture (2015). *Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement: Response to Comments on the Draft Land Use Plan Amendment/Environmental Impact Statement*. p C-24.

This vague and generic “response” to hundreds of identified inconsistencies is unacceptable, inconsistent with FLMPA, and could actually undermine legitimate efforts to preserve the species.

Recommendation: Reconsider the identified inconsistencies and either incorporate the State Plan, or provide legitimate responses for the inconsistencies. The State of Nevada is especially interested in specific responses regarding inconsistencies related to the issues detailed in this letter. Also, attached to this letter is correspondence and requests that I received from local jurisdictions, state agencies and other interested parties for your reconsideration and a more complete and legitimate response for the record. Please also identify, specifically, which federal laws are allegedly inconsistent with our state and local plans. Finally, please identify which federal laws preclude you from collaboration with state and local governments to resolve these inconsistencies, as opposed to simply dismissing them as the LUPA/FEIS does.

Sagebrush Focal Areas (SFA)

The creation of SFAs in the LUPA/FEIS is counterproductive and inconsistent with the State Plan and local jurisdiction plans. The concept was not properly considered through a public comment process or clearly part of the DEIS alternatives. And, it did not use data or Nevada-specific expertise relating to sage-grouse populations and habitats.

Importantly, the withdrawals and disturbance caps envisioned in the LUPA/FEIS reflect a significant misunderstanding of the true threats to, and opportunities for, sage-grouse in Nevada. Fire and invasive species have a much greater effect on sage-grouse than mineral development. To wit: over the past five years, mineral development has disturbed only 10,000 of the 57 million acres of federal land in Nevada. In comparison, wildfire has scorched approximately 1.5 million acres of federal land in the same timeframe.

Nonetheless, the State Plan provides rigorous avoidance measures and mandatory design features that will ensure that we make every effort to limit negative effects to sage-grouse.

The State Plan also takes into account indirect effects to sage-grouse, limiting habitat, ecological site descriptions, state-and transition-modeling, and resistance and resilience concepts that are scientifically *far superior* to the simplistic and outdated thinking surrounding exclusion areas. This notion is well supported in scientific literature and by experts in Nevada and abroad.

The primary issues with SFAs are:

- Methods provided for delineation of the SFAs are not scientifically defensible, or properly described. The criteria described for producing SFAs does not

incorporate the assessment of breeding bird densities (Doherty et al. 2010) or resistance and resilience mapping statewide (Chambers et al. 2014).

- Utilizing arbitrary boundaries for prioritizing management actions (e.g. vegetation management, grazing permit renewals, firefighting resource prioritization) that may unintentionally undervalue the importance of other non-SFA landscapes in greater need of assistance.
- Recommendation for mineral withdrawal and elimination of most mineral exploration within the SFA.
- Potential additional grazing management restrictions.

Recommendation: SFA designations should be eliminated as a component of the LUPA/FEIS. If SFAs must remain, BLM/USFS should work with the expertise of Nevada’s conservation and wildlife staff to identify the true “best of the best,” and must limit any moratorium, segregation or withdrawal of locatable minerals to a scientifically based time period that allows for re-entry or a lifting of any such moratorium at such time as science shows that relevant sage-grouse populations are stable or increasing.

Anthropogenic Disturbance Cap

Nevada has engaged in numerous discussions with federal representatives regarding why a disturbance cap is not necessary, given the unique basin and range topography of Nevada and the safeguards built into the State Plan, and why a disturbance cap can be counter-productive to Greater Sage-grouse conservation. The disturbance cap fails to account for the quality of habitat and seasonal habitat types, which should be considered based on best available science and to ultimately achieve a net conservation gain for greater sage-grouse. The “one-size-fits-all” approach does not assure greater conservation for sage-grouse and does not allow for adaptive management in a dynamic biological system.

We appreciate the specific disturbance management protocol outlined in the LUPA/FEIS for Nevada. However, strong concerns remain regarding the three percent disturbance cap. Based on LUPA meetings that recently occurred with federal and state agency staff that involved test runs of the disturbance caps, a three percent cap at the level of biologically significant unit (BSU) may be a moot point as that level of disturbance will likely never occur. At the project level it appears to create serious perverse incentives to move away from co-location with other existing disturbances. Ideally, disturbances should be incentivized to co-locate in existing disturbed areas. However, based on the test case scenarios, the three percent cap at the project level will be hit routinely forcing project proponent to move to undisturbed areas in order to remain below the three percent cap at the project scale.

Recommendation: The disturbance cap concept should be removed from the preferred alternative. The State of Nevada spent considerable time, resources and funding to create the rigorous and scientifically based CCS. The CCS adequately accounts for the quality of habitat and the availability of seasonal habitat types both at the BSU level and the project level, and makes a disturbance cap unnecessary, even possibly counter-

productive to achieving net conservation gains. If a disturbance cap remains in the LUPA/FEIS, additional conditions should be inserted whereby the cap at the BSU level is a temporary backstop to give time for the CCS to prove its effectiveness. When the CCS is proven to be effective the disturbance cap would no longer be required. I also recommend that if a disturbance cap remains that the cap be calculated solely at the BSU level and not the project level.

Land Use Allocations that Create Exclusion Areas

The LUPA/FEIS includes allocations that ultimately create exclusion areas for certain land uses. This is inconsistent with state and local plans and does not address the primary habitat threats in Nevada as identified in the COT report. The specious assumption that exclusion areas provide conservation for sage-grouse is not justified by scientific literature or data, and, in fact in many cases has proven to be less than effective at creating uplift for the species or habitat. The extent of habitat disturbance due to anthropogenic actions, such as mineral and energy development, is minimal compared to habitat loss due to wildland fire and invasive species. Relying on one-size-fits-all actions without specific analysis of the benefit provided to the species is unproductive.

Recommendation: Land use allocations that specifically close areas regardless of mitigation should be removed, and the LUPA/FEIS should instead utilize the rigor of the State Plan’s “avoid and minimize” process. Those disturbances that cannot be avoided or completely minimized should then run through the rigor of the CCS which identifies and recognizes the highest quality habitat, as mapped and verified on the ground and provides for a system through mitigation ratios, habitat quality, distance criteria and many other factors to ensure the protection and conservation of the habitat. If large areas of land use closures remain in the LUPA/FEIS, there needs to be an exception allowing for some level of disturbance provided that a net conservation gain can be achieved.

Mineral Rights

In addition to the State of Nevada’s opposition to mineral withdrawals considered in SFAs, we have concerns around the concept of “valid existing rights” (VERs) currently in the LUPA/FEIS. The use of this term related to locatable minerals on lands other than those that may be segregated or withdrawn is confusing and creates uncertainty.

Recommendation: Work with the Nevada Division of Minerals and the SEP to clarify that sage-grouse measures will be implemented within existing surface management regulations, that questions of VERs in relation to locatable mineral rights are limited to potential withdrawal areas, and that, if implemented, the three percent anthropogenic disturbance cap does not apply to exploration and mining disturbance authorized under surface management regulations.

Habitat Objectives and Associated Management Actions

The Habitat Objectives in Tables 2-2, 2-5, and 2-6 and their associated management actions are inconsistent with existing Resource Management Plans, as well as state and local plans. The level of specificity provided in the proposed LUPA management actions as they relate to the table are better handled at the local planning level through Stewardship Plans, Allotment Management Plans, Rehabilitation Plans, and other similar plans. Actions in the proposed plan that require management to “meet, restore, reestablish, and achieve” the narrowly focused habitat objectives, such as desired sagebrush height and cover amount, may very well be beyond the ecological potential of a particular site. Understanding the ecology of these systems is critical to the appropriate management of Nevada’s rangelands, and extends to the conservation of sage-grouse. These planning efforts must be cooperative with the landowner and interested parties need time to comment.

Recommendation: The BLM and USFS should incorporate the introductory language (text of Section 4.0) and the desired habitat conditions (Table 4-1) from the State Plan for consistency of application.

The FEIS implements unduly restrictive livestock grazing actions that do not include all available tools for proper range management to address site-specific concerns. At the same time, the proposed actions for wild horse and burro populations do not achieve proper grazing. State and local plans support proper grazing management practices, applicable to all large ungulates, which incorporate a high level of flexibility through adaptive management to achieve the overall management and resource objectives as defined by the permittee and the land manager through an allotment management planning process. The LUPA/FEIS should, like state and local plans per federal policy guidelines, empower local management with stakeholder input and collaboration to work toward the desired habitat conditions and overall ecosystem health to achieve a net conservation gain for sage-grouse, and adhere to all existing state and federal laws in its management actions.

Recommendation: The LUPA/FEIS should make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans, and should ensure that that the management actions are implemented according to federal law.

Mitigation for Anthropogenic Disturbances

As mentioned earlier, Nevada committed significant time, staffing, and funding to the creation of a mitigation system, the CCS, that provides a consistent, transparent and scientifically based methodology for mitigation. The preferred alternative allows for the development and use of other applicable mitigation systems in addition to the CCS, but fails to provide detail on the level of rigor and net conservation gain of these other systems, nor are there assurances that these programs incorporate the best available science. The CCS is a rigorous, scientifically based mitigation program that includes

measures for habitat suitability and availability at multiple scales to ensure net conservation gain for the greater sage-grouse. In addition, the CCS is a system that is transparent and consistently applied to credit and debit projects in each mitigation situation across jurisdictional boundaries. I understand the need to account for existing signed agreements (*i.e.* the Barrick Bank Enabling Agreement), as well as the need for flexibility in the unlikely event that the CCS is not able to fulfill mitigation requirements. However, the allowance of multiple mitigation systems, without specific detail requiring that alternative mitigation systems achieve, at a minimum, the same level of conservation gain, does not provide consistency or certainty for the Department of Interior, private industry, non-governmental conservation organizations, local governments, or the state. This in turn diminishes our ability to achieve and account for landscape level conservation gain.

Recommendation: The rigor of the CCS should be set as the bar that other allowed mitigation systems must meet to ensure that they are equitable, comparable and consistently provide net conservation gain for greater sage-grouse. The LUPA/FEIS should also recognize and honor pre-existing, signed sage-grouse agreements such as the Barrick Bank Enabling Agreement.

The LUPA/FEIS does not require mitigation in OHMA and, as such, is not consistent with the State Plan and the best available science (Coates et al 2014). Mitigation in OHMA provides conservation on an additional 7,620,000 acres that are spatially important to sage-grouse as they maintain connectivity throughout the range in the sub-region.

Recommendation: The LUPA/FEIS should adopt mitigation requirements in the OHMAs for both direct impacts on OHMAs and indirect impacts in PHMA and GHMA created by anthropogenic disturbances occurring in OHMAs. This adoption will help to ensure net conservation gain throughout Nevada and provide consistency across the range.

Map Updating Process

The State of Nevada Management Categories maps were created by USGS to be used in conjunction with the State Plan to determine management areas at the landscape scale that are then paired with on the ground, site specific data to determine mitigation requirements and assist with project prioritization. It is not a habitat map; it is a management category map and should be classified and used as such. The addition of land use allocations, and noise and travel restrictions, based solely on map designations and not on-the-ground data could have implications in areas where they are or are not necessary. This map is intended to be updated every three to five years based on emerging science and state collected lek and telemetry data. Ecosystems and human communities change through time in numerous ways that are directly related to sage-grouse and multiple-use land management. Recognizing these changes and refocusing on current and emerging priorities as science and resource inventories improve is part of essential adaption in land management. The LUPA/FEIS needs to be

able to adopt the map updates to incorporate best available science and to be consistent with state and local plans.

Recommendation: The LUPA/FEIS should include a method for using site-specific data when applying SSS1-SSS4, which contains noise restrictions and travel restrictions, particularly in GHMA. The BLM/USFS should use the process that was outlined in Appendix O of the Preliminary Proposed FEIS (CA Version) for future map updates. This process provides for the same framework and methods as were used to develop the maps in the LUPA/FEIS and specifically indicates that updates to the maps using these methods will be incorporated through plan maintenance not plan amendment. At the very minimum, if adopting the above process is not possible, the LUPA/FEIS should adopt the final version of the State of Nevada Management Categories map due mid-August from USGS in the signing of the ROD to ensure that the plan has the most current science and data.

Comprehensive Travel and Transportation Management

The LUPA/FEIS is unclear in the comprehensive travel and transportation management section and requires clarification in how it will be implemented, and also fails to outline procedures to address valid existing rights that have not been adjudicated in federal courts but nonetheless are valid existing rights (*i.e.* RS 2477 roads). Management of roads is under the jurisdiction of the state and local governments per NRS 405.191 (public roads include what are commonly referred to as R.S. 2477 rights-of-way) and NRS 405.201 (accessory roads are roads to which public use and enjoyment may be established). The proposed actions will restrict or eliminate access to roads which are founded upon existing and valid rights.

Recommendation: Provide clarification on the comprehensive travel and transportation management section that clearly outlines the intent of this section. Also include a statement that any roads that currently exist will be assumed to have underlying valid existing rights. As a starting point, BLM and USFS should use each county's provided road inventory as roads that may have a right of way under RS 2477 and cannot have restrictions imposed on them.

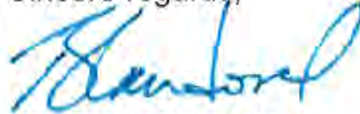
NEVADA STANDS READY

Thank you for your consideration of our comments, recommendations and concerns. I respectfully request your full consideration of these requests and recommendations. Despite our disappointment and frustration at this juncture, Nevada stands ready to discuss, consider, explain and forge a path forward with you and the Department of the Interior. I am hopeful that we can return to the collaborative relationship we once enjoyed during this process and that in doing so, we can agree on a final set of policies that will accomplish our mutual goal of conserving sage-grouse in Nevada.

Should you have any questions or wish to discuss this further, please do not hesitate to contact Tony Wasley, Director of the Nevada Department of Wildlife, Leo Drozdoff,

Director of the Nevada Department of Conservation and Natural Resources, Jim Barbee, Director of the Nevada Department of Agriculture, or Cory Hunt, a member of my staff.

Sincere regards,



BRIAN SANDOVAL
Governor

Attachments:

- Sagebrush Ecosystem Program Letter
- Elko County Commission Letter
- Eureka County Commission Letter
- Lincoln County Commission Letter
- Nevada Association of Counties Letter
- Washoe County Commission Letter
- Nevada Division of Minerals Letter

Cc:

- The Honorable Secretary of Interior Sally Jewell
- The Honorable Secretary of Agriculture Tom Vilsack
- BLM Director Neil Kornze
- USFS Chief Tom Tidwell
- Nevada Congressional Delegation
- Nevada Sagebrush Ecosystem Program
- Western Governors Association



United States Department of the Interior



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AUG 06 2015

In Reply Refer To:
1610 (NV930)

Honorable Brian Sandoval
Governor of Nevada
One Hundred One North Carson Street
Carson City, Nevada 89701

Dear Governor Sandoval:

This is in response to your letter dated July 29, 2015, which provided your consistency review of the Nevada and Northeastern California Greater Sage-Grouse Proposed Land Use Plan Amendment and Final Environmental Impact Statement (LUPA/FEIS). The Governor's consistency review is an important part of the Bureau of Land Management's (BLM) land use planning process. Partnership between the State and the BLM is an integral part of successful land management. Our partnership is particularly important as we work to address the threats to Greater Sage-Grouse (GRSG) and its habitat to potentially avoid a determination by the Fish and Wildlife Service (FWS) that the species is warranted for listing under the Endangered Species Act (ESA). We greatly appreciate the time and attention taken by you and your staff on this important effort.

The Nevada and Northeastern California Proposed LUPA/FEIS is part of an unprecedented and proactive partnership to conserve GRSG and its habitat by incorporating conservation measures in the land use plans. The Nevada and Northeastern California Proposed LUPA/FEIS builds upon the foundation for GRSG conservation initiated by the State of Nevada's GRSG plan. The Proposed LUPA/FEIS also reflects guidance developed by the BLM to incorporate FWS feedback on the draft EISs. All of the Proposed Plans and FEISs were developed in coordination with a range of stakeholders and cooperators, including state fish and wildlife agencies and the Western Governors Association Sage-Grouse Task Force.

The purpose of the GRSG planning effort is to identify and incorporate conservation measures to conserve, enhance and restore GRSG habitat by reducing, minimizing, or eliminating threats to that habitat in a manner that provides sufficient regulatory certainty to the FWS that will hopefully support a finding that Endangered Species protection is not warranted. The plans were developed in collaboration with state officials to reflect local ecological conditions and resource needs by incorporating many measures recommended by the State. In order to provide a high degree of certainty for regulatory mechanisms, the BLM has included some common elements across the range to address specific threats to the bird and to provide for a net conservation gain for the GRSG and its habitat to reduce the need to list the species under the Endangered Species Act. The plans allow for state-based variations where difference approaches or priorities were consistent with the overall conservation objectives, and can continue to provide adequate regulatory certainty

The BLM is able to address some of the concerns outlined in your letter either through a change or a commitment to clarify our intent, particularly with regard to valid existing rights, habitat objectives, mitigation for anthropogenic disturbance, habitat map updates, and travel management. The BLM looks forward to continued collaboration with the state in the coming weeks to finalize that language. The standard for review and the specific responses to issues raised is found below.

Statutory and Regulatory Framework for Consistency Review

In considering your recommendations, I am guided by the BLM's planning regulations in 43 C.F.R. §1610.3-2. These regulations implement Section 202 (c)(9) of the Federal Land Policy and Management Act of 1976 (FLPMA), as amended, 43 U.S.C. § 1712(c)(9), which states in part:

In the development and revision of land use plans, the Secretary shall...to the extent consistent with the laws governing the administration of the public lands, coordinate the land use inventory, planning, and management activities of or for such lands with the land use planning and management programs of other Federal departments and agencies and of the States and local governments within which the lands are located, including, but not limited to, the statewide outdoor recreation plans developed under the Act of September 3, 1964 (78 Stat. 897), as amended [16 U.S.C. 4601-4 et seq. note], and of or for Indian tribes by, among other things, considering the policies of approved State and tribal land resource management programs. In implementing this directive, the Secretary shall, to the extent he finds practical, keep apprised of State, local, and tribal land use plans; assure that consideration is given to those State, local, and tribal plans that are germane in the development of land use plans for public lands; assist in resolving, to the extent practical, inconsistencies between Federal and non-Federal Government plans, and shall provide for meaningful public involvement of State and local government officials, both elected and appointed, in the development of land use programs, land use regulations, and land use decisions for public lands, including early public notice of proposed decisions which may have a significant impact on non-Federal lands. Such officials in each State are authorized to furnish advice to the Secretary with respect to the development and revision of land use plans, land use guidelines, land use rules, and land use regulations for the public lands within such State and with respect to such other land use matters as may be referred to them by him. Land use plans of the Secretary under this section shall be consistent with State and local plans to the maximum extent he finds consistent with Federal law and the purposes of this Act.

The regulations state that RMPs and amendments to RMPs “shall be consistent with officially approved or adopted resource related plans, and the policies and programs contained therein” of State and local governments and Indian Tribes “so long as the guidance and resource management plans [of the State and local government and Tribe] are also consistent with the purposes, policies, and programs of Federal laws and regulations applicable to public lands....” 43 C.F.R. §1610.3-2(a). In the absence of such plans, RMPs and amendments shall “be consistent with officially approved and adopted resource related policies and programs” to the maximum extent possible and “so long as the guidance and resource management plans are consistent with the policies, programs, and provisions of Federal laws and regulations applicable to public lands....” 43 C.F.R. §1610.3-2(b).

Working in close collaboration with officials in the Nevada Department of Wildlife and your office, the BLM incorporated significant portions of the Nevada Greater Sage-Grouse Conservation Plan (State Plan) into the Nevada and Northeastern California Proposed LUPA/FEIS, including the concept of “avoid, minimize, and apply compensatory mitigation” at the project level in priority and general habitat management areas (PHMA and GHMA), future use of the Nevada Conservation Credit System (CCS), inclusion of the updated (August 2014) USGS habitat map, exclusion of the one per six hundred and forty acre disturbance density cap, and application of similar seasonal habitat objectives for GRSG.

However, the BLM has determined that some aspects of the State's recommendations would not be consistent with the purposes, policies, and programs of federal laws applicable to public lands. Specifically, FLPMA generally requires the BLM to manage public lands for multiple-use and sustained yield, taking into account the long-term needs of future generations for renewable and non-renewable resources -- including fish and wildlife -- and to seek achievement and maintenance in perpetuity of renewable resources. 43 U.S.C. 1732(a); 1702(c), (h); 1701(a)(8). The BLM's Special Status Species Manual sets forth BLM policy with respect to FLPMA's consideration of wildlife and fish and renewable resources. In particular, the objectives of the special status species policy are A) to conserve and/or recover ESA-listed species and the ecosystems on which they depend so that ESA protections are no longer needed for these species; and B) to initiate proactive conservation measures that reduce or eliminate threats to Bureau sensitive species to minimize the likelihood of and need for listing of these species under the ESA. Manual No. 6840, Section .02(A)(B).

Further policy is found in BLM's IM 2012-044 (Dec. 27, 2011), which initiated the "BLM National Greater Sage-Grouse Land Use Planning Strategy" and provided guidance and direction for the agency's consideration of GRSG conservation measures. The IM and the planning strategy were initiated in response to the FWS' March 2010 decision finding, in part, that existing regulatory mechanisms found in the BLM's LUPs were inadequate to protect the species. The IM states that "the BLM needs to incorporate explicit objectives and desired habitat conditions, management actions, and area-wide use restrictions into land use plans" in order to "conserve sage-grouse and its habitat and potentially avoid an ESA listing." IM 2012-044. In addition, the Approved RMP Amendment will be consistent with the BLM's 2004 National Sage-Grouse Habitat Conservation Strategy which calls for managing public lands in a manner that will maintain, enhance and restore sage-grouse and sagebrush habitats while continuing to provide for multiple uses of lands under BLM stewardship.

In accordance with FLPMA's direction to manage the public lands pursuant to principles of multiple use and sustained yield and the policy direction set forth in IM 2012-044 and the BLM's 2004 National Sage-Grouse Habitat Conservation Strategy, in addition to the BLM's Special Status Species Manual, the BLM's purpose for this planning effort is to identify and incorporate appropriate conservation measures in LUPs to conserve, enhance and/or restore GRSG habitat by reducing, eliminating, or minimizing threats to that habitat. The goal of the BLM's GRSG conservation strategy rangewide is to provide for the conservation of the GRSG and its habitat and to provide the FWS with regulatory certainty that in turn will potentially preclude a determination that the species is warranted for listing.¹ To the extent a particular recommendation is inconsistent with that goal or the policies identified above, the BLM has respectfully declined to adopt it. See 43 U.S.C. 1712(a)(9); 43 U.S.C. 1610.3-2.

To ensure that we have fully responded to your concerns, the issues you identified in your consistency review are listed below, and are followed by the BLM's response. Please note that the BLM generally only responded to issues that you identified as being inconsistent with your State's (or other local and tribal) plans and not issues of disagreements with portions of the Proposed LUPA/FEIS. In addition, the BLM provides information to resolve several areas of disagreement and provide appropriate clarification to address concerns as we finalize the plans.

¹ Notably, the chairs of the Sage Grouse Task Force recognized this goal in 2011 by making a commitment to develop an action plan that "prescribes near-term conservation measures, that when added to the body of past and current efforts would ensure a viable sage-grouse population in the West and preclude the listing of the species." (Mead, Hickenlooper, and Pool Letter, June 2011)

State of Nevada's Recommendations and the BLM's Responses

Issue: Inconsistencies Poorly Identified and Inadequately Addressed

Governor's Recommendation: Reconsider the identified inconsistencies and either incorporate the State Plan, or provide legitimate responses for the inconsistencies. The State of Nevada is especially interested in specific responses regarding inconsistencies related to the issues detailed in their letter. Attached to this letter is correspondence and requests that I received from local jurisdictions, state agencies and other interested parties for your reconsideration and a more complete and legitimate response for the record. Please also identify, specifically, which federal laws are allegedly inconsistent with our state and local governments to resolve these inconsistencies, as opposed to simply dismissing them as the LUPA/FEIS does.

BLM Response: Your letter alleges that BLM has not followed the process of identifying or addressing inconsistencies with state or local plans, policies, or programs. Since it does not itself identify a particular inconsistency for BLM to resolve, it is not the proper subject of consistency review under 43 1610.3-2(e) and BLM respectfully declines to adopt your recommendation. Chapter 6 of the LUPA/FEIS provides a thorough discussion of the Consultation and Coordination process. Specifically, section 6.4 discusses coordination and inconsistency with State Plans, policies and procedures; inconsistencies with County Plans, policies, and procedures; and inconsistencies with Tribal Plans, policies, and procedures. In addition, section 6.6.2 discusses the public comment process on the Draft LUPA/EIS. More specifically, there is a write-up on the comment analysis methodology. Every letter that was received was assigned an identification number, and logged into a Web-based database that allowed us to organize, categorize, and respond to comments. Each letter was carefully reviewed for substantive comments. Substantive comments from each letter were coded to appropriate categories based on content of the comment, retaining the link to the commenter. The BLM relied on the Council of Environmental Quality's regulations and BLM's NEPA handbook to determine what constituted a substantive comment. If substantive comments were received from the State, Counties or Tribes, they were responded to in Appendix C, *Response to Comments on the Draft Land Use Plan Amendment/Environmental Impact Statement*, in the Proposed LUPA/FEIS. Comments similar to each other were grouped under a topic heading, and the BLM drafted a statement summarizing the issues contained in the comments. The statements were crafted to respond to the comments, and, if warranted, a change to the FEIS was made.

The Proposed LUPA/FEIS identified known inconsistencies with officially-approved state or local plans, policies, or programs and how those issues were addressed. As described in the beginning of this letter, the BLM adopted several key components of the State Plan. However, through evaluation of the Draft EIS documents and draft plans with the FWS, the BLM determined that additional conservation measures were needed to provide additional regulatory certainty were necessary to meet the conservation objectives for the plan and . As a result, the BLM believes the Nevada and Northeastern California Proposed LUPA/FEIS provides the appropriate conservation measures to conserve, enhance and restore GRSG habitat by reducing, minimizing, or eliminating threats to that habitat on BLM administered lands and provides regulatory certainty for the conservation of GRSG and its habitat so as to potentially avoid the need to list the species.

Issue: Sagebrush Focal Areas (SFAs)

Governor's Recommendation: SFAs should be eliminated as a component of the Proposed LUPA/FEIS. If SFAs must remain, BLM should work with the expertise of Nevada's conservation and wildlife staff to identify the true "best of the best," and must limit any moratorium, segregation or withdrawal of locatable minerals to a scientifically based time period that allows for re-entry or a lifting of any such moratorium at such time as science shows that relevant sage-grouse populations are stable or increasing.

BLM Response: The BLM respectfully declines to adopt this recommendation because it would not be consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

On October 27, 2014, the USFWS provided the BLM a memorandum titled "Greater Sage-Grouse: Additional Recommendations to Refine Land Use Allocations in Highly Important Landscapes." The memorandum and associated maps provided by the USFWS identified areas that represent recognized "strongholds" for GRSG that have been noted and referenced as having the highest densities of GRSG and other criteria important for the persistence of the species. In this memorandum, FWS Director Dan Ashe specifically stated that, "Strong, durable, and meaningful protection of federally-administered lands in these areas will provide additional certainty and help obtain additional confidence for long term sage-grouse persistence."

To ensure that these areas received the highest level of protection possible, to provide durable protection from further surface disturbance while recognizing valid existing rights, and consistent with the statement of the Director of the FWS and direction provided by the FWS in their October memorandum, the recommendations by the National Technical Team and Conservation Objectives Team, the PRMP identifies a subset of the Priority Habitat Management Areas as "Sagebrush Focal Areas" (SFAs), which are a portion of the FWS identified "strongholds" administered by the BLM. The PRMP applied the following conservation measures in SFAs, all of which were analyzed in the draft EIS: recommending these areas for withdrawal from the Mining Law of 1872, subject to valid existing rights, and applying a no surface occupancy (NSO) stipulation, without waiver, exception, or modification, for fluid mineral leasing.

In November 2014, the states were notified, through a conference call, of this additional recommendation for stronghold conservation by the FWS and on January 20, 2015, the BLM presented BLM's draft proposed management for these SFAs to the 11 state agencies in attendance at the WGA Sage Grouse Task Force meeting. In addition, the State, as a cooperating agency, was provided with the opportunity to review the administrative draft proposed LUPA in early May 2015, where these conservation measures for SFAs were outlined.

As to your specific request to limit the recommended withdrawal to a scientifically-based time period, it is important to note that modifying the timing of the withdrawal is outside the scope of the LUPA/FEIS. The withdrawal recommendation does not include a recommendation as to the possible duration of the withdrawal, as that will be considered in a future process not related to this planning effort. The Proposed LUPA recommends the withdrawal; the Secretary of the Interior reviews the recommendation and based on the proposal and subsequent processes, including a public comment period, can make a withdrawal subject to particular time limits imposed by FLPMA (usually 20 years). The Secretary has stated that through the separate withdrawal process to implement the BLM plan recommendations – which will be public and transparent – she will work closely with the states and the public at large to consider information on mineral potential, including rare earths, as well as the importance of these areas as sagebrush habitat in making the decision as to what lands will be withdrawn and for how long.

In light of the BLM's Greater Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the GRSG and its habitat so as to potentially avoid the need to list the species, the BLM finds it is essential to manage SFAs as presented in the Proposed LUPA/FEIS, and respectfully declines to adopt your recommendation to eliminate or reevaluate their recommended boundaries or specifically impose a recommended time limit.

Issue: Anthropogenic Disturbance Cap

Governor's Recommendation: The disturbance cap concept should be removed from the preferred alternative. The State of Nevada spent considerable time, resources, and funding to create the rigorous and scientifically based CCS. The CCS adequately accounts for the quality of habitat and the availability of seasonal habitat types both at the BSU level and the project level, and makes a disturbance cap unnecessary, even possibly counterproductive to achieving net conservation gain. If a disturbance cap remains in the LUPA, additional conditions should be inserted whereby the cap at the BSU level is a temporary backstop to give time for the CCS to prove its effectiveness. When the CCS is proven to be effective the disturbance cap would no longer be required. I also recommend that if a disturbance cap remains that the cap be calculated solely at the BSU level and not the project level.

BLM's Response: The BLM includes the Disturbance Cap Protocol in GRSG PHMAs in Nevada as per the Proposed LUPA/FEIS, Appendix F, *Greater Sage-Grouse Disturbance Cap Guidance*, to limit development in PHMA and ensure regulatory certainty that development will not impact the continued conservation of GRSG. Based on best available science, when disturbance exceeds three percent at either scale, GRSG numbers are affected and tend to decline (derived from Holloran 2005, Walker et al. 2007, Doherty et al. 2008, Naugle et al. 2011). Disturbance caps at both the BSU and the project scale are necessary to account for the amount of existing disturbance at both scales. Calculating disturbance for each additional anthropogenic disturbance placed on the landscape is particularly important at the project scale to ensure that GRSG numbers and habitat acreages remain stable or increase. Further, calculations at both of these scales are intended to encourage clustering of disturbance and discouraging development in undisturbed habitat.

BLM understands and supports the State of Nevada's efforts to implement and demonstrate the effectiveness of the CCS. The Proposed LUPA/FEIS provides numerous opportunities to allow that to occur, especially for new mining activities and future rights-of-ways. As the CCS is implemented, the BLM looks forward to utilizing the CCS as an important tool in mitigating the impacts of habitat disturbance on Greater Sage-Grouse survival. It is important to note that some flexibility was provided in the three percent disturbance cap because of the limited nature of certain habitat types in Nevada and the likelihood that Nevada's Disturbance Cap Protocol will adequately protect habitat. Thus, the BLM respectfully declines to adopt this recommendation because it would not be consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Land Use Allocations that Create Exclusion Areas

Governor's Recommendation: Land use allocations that specifically close areas regardless of mitigation should be removed and the LUPA/FEIS should instead utilize the rigor of the State Plan's "avoid and minimize" process. Those disturbances that cannot be avoided or completely minimized should then run through the rigor of the CCS which identifies and recognizes the highest quality habitat, as mapped and verified on the ground and provides for a system through mitigation ratios, habitat quality, distance criteria and many other factors to ensure the protection and conservation of the habitat. If large areas of land use closures remain in the LUPA/FEIS there needs to be an exception allowing for some level of disturbance provided that a net conservation gain can be achieved.

BLM's Response: The Nevada and Northeastern California Proposed LUPA/FEIS clearly recognizes the "avoid and minimize" process and states it as Objective SSS 4 in the plan: "In PHMAs and GHMAs,

apply the concept of ‘avoid, minimize, and compensatory mitigation’ for all human disturbance not already excluded or closed, so as to avoid adverse effects on GRSG and its habitat. The first priority will be to avoid new disturbance; where this is not feasible, the second priority would be to minimize and compensate any unavoidable, new disturbance.” The proposed plan emphasizes avoiding new disturbance avoidance in the most important habitat through allocations that provide regulatory certainty to the FWS rather than defer decisions on protections to project-by-project authorizations.

In PHMA, commercial wind development is excluded specifically for the purpose of avoiding disturbance in the habitat most important for the bird. Although commercial wind development (20 megawatts or more) is excluded, the Proposed LUPA/FEIS still allows for wind facilities associated with existing industrial infrastructure to provide for on-site power generation, as well as wind facilities less than 20 megawatts, subject to a net conservation gain standard. These exceptions afford opportunities to work with the SETT on the CCS process.

It is important to note that the solar exclusion was established in the Programmatic Solar EIS completed in October 2012 and was not changed by this plan amendment. The Proposed LUPA/FEIS continues to allow for consideration of solar facilities on existing industrial infrastructure to provide on-site power generation (not commercial) subject to a net conservation gain. This exception provides opportunities to use the CCS when undergoing NEPA for such facilities.

The only other resource uses that are “closed” in PHMA are non-energy leasable minerals and salable minerals. Both of these allocations have exceptions to allow for expansion of existing mineral facilities, thus providing for some level of new disturbance that could be subject to the CCS, provided that a net conservation gain can be achieved. There are no closures or exclusions in GHMA except for commercial solar energy development, which was an allocation decision that was carried forward from the Programmatic Solar EIS, which was completed in October 2012.

The BLM respectfully declines to adopt this recommendation because it is not consistent with the purposes, policies and programs of federal laws and regulations applicable to public lands, in particular BLM’s Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Mineral Rights

Governor’s Recommendation: Work with the Nevada Division of Minerals and the SEP to clarify that sage-grouse measures will be implemented within existing surface management regulations, that questions of valid existing rights (VERs) in relation to locatable mineral rights are limited to potential withdrawal areas, and that, if implemented, the 3% anthropogenic disturbance cap does not apply to exploration and mining disturbance authorized under surface management regulations.

BLM Response: The recommendation does not identify an inconsistency with State or local resource related plans, policies, or programs; therefore a detailed response is not required under the Governor’s Consistency process. The BLM will seek to provide additional clarity regarding valid existing rights in the ROD and subsequent implementation direction.

Issue: Habitat Objectives and Associated Management Actions

Governor’s Recommendation: The Habitat Objectives in Table 2-2 and its associated management actions are inconsistent with existing Resource Management Plans, as well as state and local plans. The

BLM should incorporate the introductory language (text of Section 4.0) and the desired habitat conditions (Table 4-1) from the State Plan for consistency of application.

The FEIS implements unduly restrictive livestock grazing actions that do not include all available tools for proper range management to address site-specific concerns. The Proposed LUPA/FEIS should make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans, and should ensure that the management actions are implemented according to federal law.

BLM Response: The habitat objectives will be incorporated into all activities, including grazing permit renewals, Allotment Management Plans, Herd Management Plans, as well as restoration and rehabilitation plans associated with permitted or authorized anthropogenic activities on BLM lands. The BLM will provide clarification on this in the ROD.

Your comment indicates that the GRSG habitat objectives are inconsistent with existing Resource Management Plans. It is important to note that Nevada and Northeastern California GRSG planning effort is a Plan Amendment, and therefore will amend any existing BLM Resource Management Plans for purposes of consistency. Table 2-2 provides habitat objectives for management of GRSG habitats that are based on the best available and local science. The table was developed in cooperation with NDOW, USGS, SETT, a Nevada and northeastern California RAC Subgroup, and USFWS. The management actions in the Proposed LUPA/FEIS related to Table 2-2 will be applied and determined at the local site specific/project level and will be based on Ecological Site Descriptions. The potential for each site will be determined on the ground with NRCS, NDOW, permittees and other state and federal agencies. The habitat objectives are not “one size fits all” objectives and many variables will be considered at the site specific/project level. As is specified in the introduction to Table 2-2, these habitat objectives may not be obtainable on every acre within the designated GRSG habitat management areas. Therefore, the application and determination of whether the objectives have been met will be based on the specific site's ecological potential to meet the desired condition identified in the table.

In addition, there are very few differences between BLM's Table 2-2 and Table 4-1 in the State Plan. The science used is the same for both tables. The State's introduction to the table is also very similar to the BLM's. However, the State's introduction contradicts the BLM's intent for use of the table by excluding the table for landscape level application and incorporation of the table while conducting rangeland health assessments. The State's introduction includes several specifics regarding the application of the table on the ground. These specifics will be developed by the BLM under its implementation plan and is not required in the Proposed LUPA/FEIS, as it is not a site specific/project level document. For these reasons, the BLM respectfully declines to adopt the recommendation to use the State's introduction and the State's Table 4-1 because it is not consistent with the purposes, policies, and programs of federal laws and regulations applicable to public lands.

With regard to your recommendation on livestock grazing actions, livestock grazing is an integral part of the BLM multiple-use mission and is authorized by the Taylor Grazing Act (1934), the Federal Land Policy and Management Act (1976) and the Public Rangeland Improvement Act (1978). While livestock grazing is not recognized as a widespread threat to GRSG habitat, improper range management can be a localized threat to GRSG habitats. In light of the BLM's Greater Sage-Grouse Conservation Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the GRSG and its habitat so as to potentially avoid the need to list the species, the BLM finds it is essential to include these range management objectives and management decisions in the Proposed LUPA/FEIS and carry them forward into the Approved Resource Management Plan Amendment (ARMPA).

The majority of the livestock grazing management actions in the Nevada and Northeastern California GRSG LUPA are a clarification of our current grazing regulations, and therefore are not “unduly restrictive”, but are required by existing regulation. For purposes of clarification, however, the ARMPA grazing section will include minor edits to management decisions LG 1 and LG 5. Management decision LG 1 will add some supplementary management actions, and will make clear that “...Potential modifications include, *but are not limited to*, changes in the following grazing management practices to improve conditions:...” Management decision LG 5 will also include a qualifier that clarifies the management strategies “may include, *but are not limited to*, the following...” These minor edits should address the State’s concern about “available tools for proper range management to address site-specific concerns”.

By ensuring that the NEPA analysis associated with land-use activities, including, but not limited to, livestock grazing permit renewals and modifications, includes specific adaptive management thresholds and responses based on the GRSG habitat objectives table, Land Health Standards (43 CFR 4180.2), and ecological site potential, the BLM will be able to make adjustments to livestock grazing when necessary to respond to rangeland conditions that have already been analyzed under NEPA. This approach provides the FWS with the certainty that the BLM will take prompt action when any range-use, including wild horse and burro management, is not meeting, or moving toward meeting, a GRSG habitat objective or land health standard.

In exercising its authority to modify terms and conditions of a permit or lease following completion of the NEPA analysis, the BLM will engage in close consultation, cooperation, and coordination with the affected lessees or permittees, the State agency managing lands or responsible for managing resources within the area, and the interested public. Also, please note that all applicable procedures that are required pursuant to the grazing regulations will be followed, including the right to protest and appeal.

For the reasons above, the BLM respectfully declines to adopt your recommendation to make the management actions for both the Livestock Grazing and Wild Horses and Burros sections consistent with state and local plans because it is not be consistent with the purposes, policies, and programs of federal laws and regulations applicable to public lands, in particular BLM’s Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species.

Issue: Mitigation for Anthropogenic Disturbance

Governor’s Recommendation: The rigor of the CCS should be set as the bar that other allowed mitigation systems must meet to ensure that they are equitable, comparable and consistently provide net conservation gain for GRSG. The LUPA/FEIS should also recognize and honor pre-existing, signed sage-grouse agreements such as the Barrick Bank Enabling Agreement.

The LUPA/FEIS does not require mitigation in OHMA and, as such, is not consistent with the State Plan and the best available science (Coates et al 2014). Mitigation in OHMA provides conservation on an additional 7,620,000 acres that are spatially important to sage-grouse as they maintain connectivity throughout the range in the sub-region.

BLM Response: The BLM is committed to working with the SETT in the application of the CCS, as identified in the Proposed LUPA/FEIS. Under our Mitigation section in Chapter 2, our first management action states: “In Nevada, coordinate with the SETT on the application of a compensatory mitigation program, such as the Nevada Conservation Credit System (**Appendix L**) for mitigating activities that result in habitat loss and degradation of GRSG habitat in Nevada, where the application of compensatory mitigation would occur on or the credit would be applied to disturbance on BLM-administered lands.”

Further, a management action under the Special Status Species section of Chapter 2 states: “In Nevada only, the BLM would consult with the Sagebrush Ecosystem Technical Team (SETT) for application of the “avoid, minimize, and compensatory mitigation” strategy and the Conservation Credit System developed by the Nevada Natural Heritage Program and the SETT (2014a, 2014b) or other applicable mitigation system such as outlined in Appendix I. This would be to ensure that a net conservation gain of GRSG habitat occurs when mitigation is required to address human disturbances in PHMAs and GHMAs (see **Appendix L**) on all agency-authorized activities. The specifics of the coordination will be identified in a MOU between the agencies.” The BLM looks forward to utilizing the innovative approach developed by Nevada during the implementation of the plan.

Chapter 2 and Appendix I of the Proposed LUPA/FEIS contain an overview of the Regional Mitigation Strategy that will be developed within the next year for each of the three WAFWA zones in the Nevada and Northeastern California GRSG planning area. The mitigation practices will follow the Departmental manual and guidance contained in S.O. 3330, regulations from the White House Council on Environmental Quality (CEQ) (40 CFR 1508.20; e.g. avoid, minimize, and compensate), as well as BLM Mitigation Policy (such as the Draft Regional Mitigation Manual MS-1794), which will serve as a framework for developing and implementing the Regional Mitigation Strategy. This mitigation strategy will include “additionality” (i.e., the conservation benefits of compensatory mitigation are demonstrably new and would not have resulted without the compensatory mitigation project), “durability” (i.e., the maintenance of the effectiveness of a mitigation site and project for the duration of the associated impacts, which includes resource, administrative/legal, and financial considerations), and other concepts essential to effective mitigation. As specified in the Regional Mitigation Strategy (Appendix I), a WAFWA Management Zone Greater Sage-Grouse Conservation Team will develop a WAFWA Management Zone Regional Mitigation Strategy to guide the application of the mitigation hierarchy for BLM/USFS management actions and third party actions that result in habitat loss and degradation. This team will include the State and the strategy will identify rigorous mitigation criteria, considering any State-level Greater Sage-Grouse mitigation guidance that is consistent with the requirements identified in this Appendix.

The BLM will ensure that any mitigation that is applied is rigorous and will accomplish a net conservation gain to GRSG and its habitat. Other types of mitigation, such as the Barrick Bank Enabling Agreement, are also allowed and consistent with the net conservation gain to GRSG and its habitat. The BLM will include a reference to the Barrick Bank Enabling Agreement in the ARMPA, as an example of an approach to achieving the net conservation gain standard.

Although application of the CCS mitigation and a net conservation gain standard was not a requirement in OHMA in the LUPA/FEIS, the BLM has the discretion to apply mitigation through the implementation (site specific) NEPA analysis process. During the implementation NEPA analysis for any new anthropogenic disturbances in OHMAs, any impacts to GRSG and its habitat will be analyzed, as required under BLM’s regulations and policies.

For the reasons outlined above the PRMP is not inconsistent with the State plan and the BLM therefore respectfully declines to adopt this recommendation. However, the BLM will make clarifications addressed above in the ROD.

Issue: Map Updating Process

Governor’s Recommendation: The BLM should use the process that was outlined in Appendix) of the Preliminary Proposed FEIS (CA Version) for future map updates. This process provides for the same framework and methods as were used to develop the maps in the LUPA/FEIS and specifically indicates that updates to the maps using these methods will be incorporated through plan maintenance not plan

amendment. At the very minimum, if adopting the above process is not possible, the LUPA/FEIS should adopt the final version of the State of Nevada Management Categories map due mid-august from USGS in the signing of the ROD to ensure that the plan has the most current science and data.

BLM Response: As new information becomes available about GRSG habitat, the BLM, in coordination with the state wildlife agency and FWS, and based on best available scientific information, may revise the GRSG habitat management area maps and associated management decisions through plan maintenance or plan amendment, as appropriate and depending on the level of change. The BLM is committed to taking any changes in habitat maps into consideration when it makes future decisions in the planning area (e.g. where criteria for NSO exceptions may be met, determining appropriate RDFs/BMPs).

However, in order to change the allocations and other management decisions associated with the current habitat maps, the BLM must make a determination, under BLM planning regulations and implementing guidance, as to what procedure is required to implement that change. The BLM cannot make that judgment until it is presented with the facts of a particular mapping change and it cannot modify its regulations governing that determination as part of this planning process.

Moreover, in light of the BLM's Sage-Grouse Strategy, its Special Status Species Policy, and its goal to provide regulatory certainty for the conservation of the Greater Sage-Grouse and its habitat so as to potentially reduce the need to list the species, the BLM finds it is essential to provide the certainty that management actions will occur in the identified habitat management areas for the Greater Sage-Grouse. The BLM therefore respectfully declines to adopt this recommendation.

Issue: Comprehensive Travel and Transportation Management

Governor's Recommendation: Provide clarification on the comprehensive travel and transportation management section that clearly outlines the intent of this section. Also include a statement that any roads that currently exist will be assumed to have underlying valid existing rights. As a starting point, BLM should use each county's provided road inventory as roads that may have a right of way under RS 2477 and cannot have restrictions imposed on them.

BLM Response: While the recommendation does not identify an inconsistency with State or local resource related plans, policies, or programs, the ARMPA will clarify how this section will be implemented and clearly state that the future implementation travel management plans will be subject to valid existing rights. The BLM will not make any reference to RS 2477, however, as the planning decision in the GRSG plan is simply to assign an allocation decision to PHMA and GHMA of "limited to existing roads and trails." Until the implementation travel management plans are completed, the only restriction imposed by the LUPA/FEIS is to no longer allow cross-county motorized travel. All motorized travel will be limited to existing routes when the ROD is signed, and that decision, during this planning phase, does not involve RS 2477 assertions.

Please note that you have the opportunity to appeal this response to the Director of the BLM pursuant to 43 CFR 1610.3-2(e). Such an appeal must be filed within 30 days of your receipt of this letter, by September 8, 2015. Please submit appeals to:

BLM Washington Office
Attention: Director of the BLM
1849 C Street NW, Rm. 5665
Washington DC 20240

Thank you for your thorough, comprehensive and thoughtful consistency review. I also appreciate the hard work your staff and the various state agencies and local governments have contributed to the consistency review and BLM's Sage-grouse Planning Strategy. I look forward to my and BLM Nevada's continuing relationship and partnership with you and your State agencies as we work towards our mutual goal of Greater Sage-Grouse conservation in Nevada.

If you or your staff has any questions, please contact Lauren Mermejo at (775) 861-6580.

Sincerely,



John F. Ruhs
Acting State Director

2010-2015

Carson City

8/17/2012-Tour in Yerington

12/11/2014

Virginia City

Elko

08/29/14-Newmont LeeVillle Mine

08/27/15-Noble Energy's Huntington

K1L Well & General Molly Mt. Hope

Reno

5/12/2010

10/19/2010

4/29/2011

7/27/11 – Tour of Bat Cupola in VC

11/2/2011

5/03/2012- Virginia City

11/09/2012

5/03/2013- Hazen and Olinghouse

10/10/2013

05/09/2014- EP Minerals; Nevada
Cement Plant and Mine.

05/01/2015

Las Vegas

2/11/2010 – Tour of the McCaw
School of Mines - Henderson

2/7/2011 – Tour of Molycorp Mine

2/27/2012 – Searchlight Area

2/21/13

2/14/14- Tule Springs Park

2/24/15

Battle Mountain

July 30, 2010 – Tour of Newmont
Phoenix Mine

Tonopah

8/15/13 - Solar Reserve Plant

8/16/13 - Tonopah Mining Park

