



**BRIAN SANDOVAL**  
*Governor*

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
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## MEETING MINUTES

**COMMISSION ON MINERAL RESOURCES**  
West Wendover City Hall Council Chambers #137  
1111 N. Gene L. Jones Way, West Wendover NV 89883

**Thursday August 25, 2016**

**1:00 P.M. MST**

### 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

Richard DeLong  
Dennis Bryan  
Fred Gibson  
Arthur Henderson  
John Mudge  
David Parker by phone  
John Snow

### Staff Present:

Rich Perry  
Mike Visher  
Valerie Kneefel  
Bryan Stockton

### PLEDGE OF ALLEGIANCE

### COMMENTS BY THE GENERAL PUBLIC

There were no comments by the public.

### I. MINUTES

A. Approval of the May 19, 2016 meeting minutes

**MOTION: Minutes were approved by Dennis Bryan and  
Seconded by Fred Gibson and unanimously passed**

### II. NEW BUSINESS

Draft language for a bill draft request (BDR) to enable the permitting and regulation of dissolved mineral resource wells within the geothermal statute (NRS 534A).

Rich gave a power point presentation:

Nevada has the only operating lithium mine in the U.S. – located in Clayton Valley, Esmeralda County

- Operated since 1967, employs 85 people
- Produces lithium carbonate
- Uses surface evaporation ponds to concentrate lithium after treating brines pumped from 4 aquifers

Geologic Model for a lithium brine deposit:

- Salar deposits – a salt flat that may represent the basin of a salt lake
- Accumulations of saline groundwater that are enriched in dissolved lithium. Ex: Clayton Valley originally had 400 ppm Li as Li chloride, salar de Atacama in Chile had up to 2500 ppm Li (Ihor Kunasz, verbal communications)

Preliminary Deposit model for Lithium brines, from USGS Open-File report 2013-1006:

All producing lithium brine deposits share a number of first-order characteristics:

- Arid climate
- Closed basin containing a playa or salar
- Tectonically-driven subsidence
- Associated igneous or geothermal activity
- Suitable lithium source-rocks
- One or more adequate aquifers
- Sufficient time to concentrate the brine

Lithium exploration in Nevada

- >8000 placer claims staked since 1/1/15 in playas, presumably for lithium brine
- 15 different hydrographic basins in Nevada
- 25 different exploration entities, mainly “Juniors”
- Typical initial exploration is drilling of boreholes, sampling both sediment and brines, using a method called “dual wall reverse rotary”. Sample buckets collect sediment and solution for off-site analysis.
- 9 exploration companies have contacted NDOM, some with question about “how do we drill a well to sample aquifers?”
- NDOM now has 4 Lithium exploration projects in the bond pool, all in the last 6 months.

Regulatory authority

- Lithium brines are a locatable mineral using a placer claim on Federal lands
- NOI's or POO's administered by BLM, BMRR also for reclamation if a POO
- Drilling of unlined boreholes, same as any mineral exploration, under NAC 534.4369 (NDWR regulations) cannot divert water and groundwater cannot be contaminated. Must be plugged within 60 days of drilling.
- A borehole that is completed with casing becomes a well (NAC 534.220) and must be completed according to NAC 534.360
- A well must have a water right before being drilled – NRS 534.050
- Dissolved or entrained minerals can be recovered in the process of removing geothermal energy – NRS 534A.010 (NDOM statute)
- A claimant cannot drill a geothermal well to remove energy or dissolved minerals unless they have a geothermal lease on Federal land
- In summary, one cannot legally drill a well to sample for dissolved mineral brines without a water right or a geothermal lease.

Proposed remedy: Add Dissolved Mineral Resource to Geothermal Statutes in NRS 534A

- Proposed a definition of dissolve mineral resource to NRS 534A
- In geothermal statutes, this would allow for drilling a cased well and reasonable use of water to sample without a water right
- Would require a water right for permanent consumptive use. i.e., if a process was built
- Would allow for reinjection of brine without a water right, but would require a UIC permit
- Proposed bill is now BDR 258, an agency policy bill, which is one of the Governor's 110 allotted bills.
- State Engineer (NDWR) supportive, does not want lithium exploration to be regulated using water law; results in protests and hearings.
- NDEP supportive, wants to ensure groundwater in basins is not contaminated by requiring casing and cement for wells.
- Industry: NVMA, mineral attorneys and those who contacted NDOM regarding this issue were sent copies of the proposed language for comments. Received several positive comments and one written letter in favor.

If bill is passed, rule-making in NAC 534A.170-690 would be required to address:

- Applications
- Fees
- Casing
- Bonding (if necessary)
- Well logs (no cuttings)
- Abandonment and plugging
- This would be done in Q3, 2017

John Mudge: asked for clarification on company Rich met with that may not be supportive of the bill.

Rich Perry: Albemarle is the Company, and is the new owner of Rockwood Lithium the operator of the Silver Peak lithium operation.

Dennis Bryan: made a statement that this is just for exploration, not production, right?

Rich Perry: stated that the next step would be developing the regulations to address some of these questions.

Art Henderson: asked, what are the economic impacts to Albemarle, would this bill make their water rights less valuable?

Rich Perry: No, but the perceived concern is that brines may be coming from outside their claim block.

John Snow: he had questions regarding fluids and rights....concerned we will be responsible to address someone who is harmed from drainage.

Rich DeLong: stated that these potential resources are on public land, so what will drive the issue is the Mining Law of 1872 and locatable minerals, not correlative rights.

Dennis Bryan: stated, I think the lithium brine production issue will get addressed in the courts.

Dave Parker: asked a question regarding ownership of mineral rights on the surface and ownership of geothermal.

Rich DeLong: stated that when there is a claim staked, the federal government no longer owns the rights.

Regarding geothermal, the BLM maintains the rights.

Rich Perry: if we are talking about private property, the owner owns the mineral rights and geothermal rights.

Owner of dissolved mineral, he stated that he believes it exists in law now.

Dave Parker: asked for clarification on NRS 534A.050 and should we add the term "dissolved mineral" as well.

John Snow: asked Rich Perry to read the NRS to make sure he understands what Parker wants to change.

Rich Perry: he read NRS534A.050 for the record.

Rich Perry: stated that if it is private property there is no locatable mineral

Bryan Stockton: stated that if you own the mineral rights then you own the lithium.

John Snow: Good point. If I own the land, mineral and geothermal rights I can choose the route and terms I negotiate with an operator.

Bryan Stockton: under definition on Geothermal don't you have to

Dennis Bryan: asked if you own the mineral rights on private property don't you also own the geothermal?

John Snow: in the absence of a prior conveyance, yes

Dennis Bryan: asked then why are we questioning this?

Dave Parker: stated that we should then take out .050 altogether, because it is a given, or add mineral resources.

Rich Perry: said we will take a look at it.

Art Henderson: what is our timeline?

Rich Perry: stated that this is a Bill and it is through the Governor's office and then LCB and then the legislature.

The Commission doesn't have to approve any changes. It's already in the system.

Art Henderson: asked, don't we need to approve changes?

Bryan Stockton: stated that it's a Bill being supported by the Governor. The Governor has to agree to any changes at this point. You can suggest changes once it gets to the Legislature. If it doesn't get through the Legislature by a certain deadlines or then it dies.

Dennis Bryan: I think it's important to realize that industry came to us with specific questions about making their exploration less onerous and this bill would assist exploration. Other mining issues would be addressed in other venues or at other agencies.

Rich Perry: stated that this is a bill for the Legislature, it is a BDR.

John Snow: will the committees ask about the economic impact to the Division?

Bryan Stockton: said that usually there is a fiscal note attached to the Bill and it will be addressed there.

John Snow: stated that we don't currently regulate mining in 534A, but if we go down that path I have concerns about the technical details that will be involved in those new regulations and new permits.

Rich Perry: we are only interested in permitting the well just like geothermal, other surface disturbances are regulated by the BLM.

John Snow: said that he is not in favor of allowing the BLM to run and regulate this whole program.

John Mudge: asked if Rich Perry scoured the law to see if there is anything we could do for changes so we wouldn't have to go through this legislative process.

Rich Perry: Yes, but there wasn't a way to get there without new language.

Art Henderson: this is for possible action, what possible action can we do?

Rich Perry: stated that the motion in the context to endorse the current language with any concerns or anything we wanted to have researched as Bryan Stockton said there is language we proposed but there may be additional changes after it comes back from LCB.

John Snow: question on testing from multiple zones, would we be involved in the technical aspects of design and testing of these zones.

Rich Perry: said that in the Geothermal chapter allows for a reasonable amount of water to test. Yes, we would get involved. It's no different than the MOU with NDEP we have now.

John Snow: Have you looked at whether this would meet EPA's criteria for class 5 injection well activity?

Rich Perry: Nobody is doing this, so it's kind of a step in the process.

Art Henderson: how do we protect the ground water, can they not drill a well now to explore before this goes through legislation?

Rich Perry: Correct, they cannot legally drill a well unless they have the water rights.

Art Henderson: agrees with John Snow; these wells need to be regulated to protect the ground water.

Rich DeLong: any recommendations from the Commission?

John Snow: Just for conversation, since the train is on the track it is going to be a bill and it is going to committee maybe we ought to be prepared to address the concerns brought up today.

Rich Perry: stated that we need to see what gets approved at the legislation first then we will have a chance to voice our concerns and discuss changes.

Rich DeLong: let's move forward.

Bryan Stockton: stated that this Commission's input will be very important to the legislature.

Art Henderson: stated, I'm not ready today to comment to endorse it or not.

Rich Perry: we will have time at our next meeting in November to discuss before legislation meets.

Rich DeLong: bring this back in November.

Dennis Bryan: suggest we come up with questions we want addressed before then.

John Snow: We could go through 534A from the operational standpoint if that is what is going to happen and address each and every one and decide which are applicable and apply emergency regulations.

Bryan Stockton: I think you mean temporary regulations. You can only have temporary regulations on even years. For example July 1, 2016 through July 1, 2017 you can only have temporary regulations. Temporary regulations expire on November 1 of odd years. On July 1, 2017 you can enact permanent regulations.

John Snow: given the impact lithium has and may have, can we promulgate temporary regulations?

Bryan Stockton: You can, but then you would be promulgating regulations twice.

Rich DeLong: the issue is timing. If it gets approved in February then yes I think temporary regulations may be appropriate. But if it doesn't get approved until June then let's just wait and do this once with permanent regulations in July.

Art Henderson: stated that our biggest problem, if changes are made to Chapter 534A, is it appears we may be giving authority to BLM.

Rich Perry: I see our authority no different than geothermal regulation. Drilling and operating of the well and not the process of production.

Art Henderson: asked to have more time to understand this Bill.

Rich DeLong: suggested to Rich Perry to explain and answer questions to Commission on the side.

John Mudge: wants to know if it does pass do we have enough authority to pass regulations. Is there enough flexibility within this boundary for us to change regulations?

Rich Perry: yes, absolutely.

Art Henderson: right now no one can explore for minerals of lithium or dissolved solids unless they have water rights. What is the timeline if this approved that they will be able to explore without a water right?

Rich Perry: They can explore for lithium with a borehole but not a well, right now. If the Bill is passed, then approximately 3 months of rulemaking before they can explore using a well without having to have a water right first.

Rich Perry: stated that we can't do any changes of the code until legislation approves.

Mike Visher: stated that if the bill is passed then the Division has the authority to permit the well. We can add conditions of approval and add them to the permit. That might take some time off the process.

John Snow: In mining, do you need to demonstrate by diligence if you have the right to drill on a claim, by that I

mean is it the claimant or can it be a partner, how does that work?

Mike Visher: there will be another component here because the BLM will be involved if it's on public land. A notice or claim needs to be filed. The BLM will have to approve the activity that is proposed.

### III. OLD BUSINESS

#### A. NDOM fiscal year 2016 recap and fiscal year 2017 forecast presentation.

Fiscal year 2016 closed June 30, 2016. The 2017 forecast includes impacts from changes in claim fees approved at the last CMR meeting.

15 minutes. Mike Visher

Mike Visher gave a power point presentation:

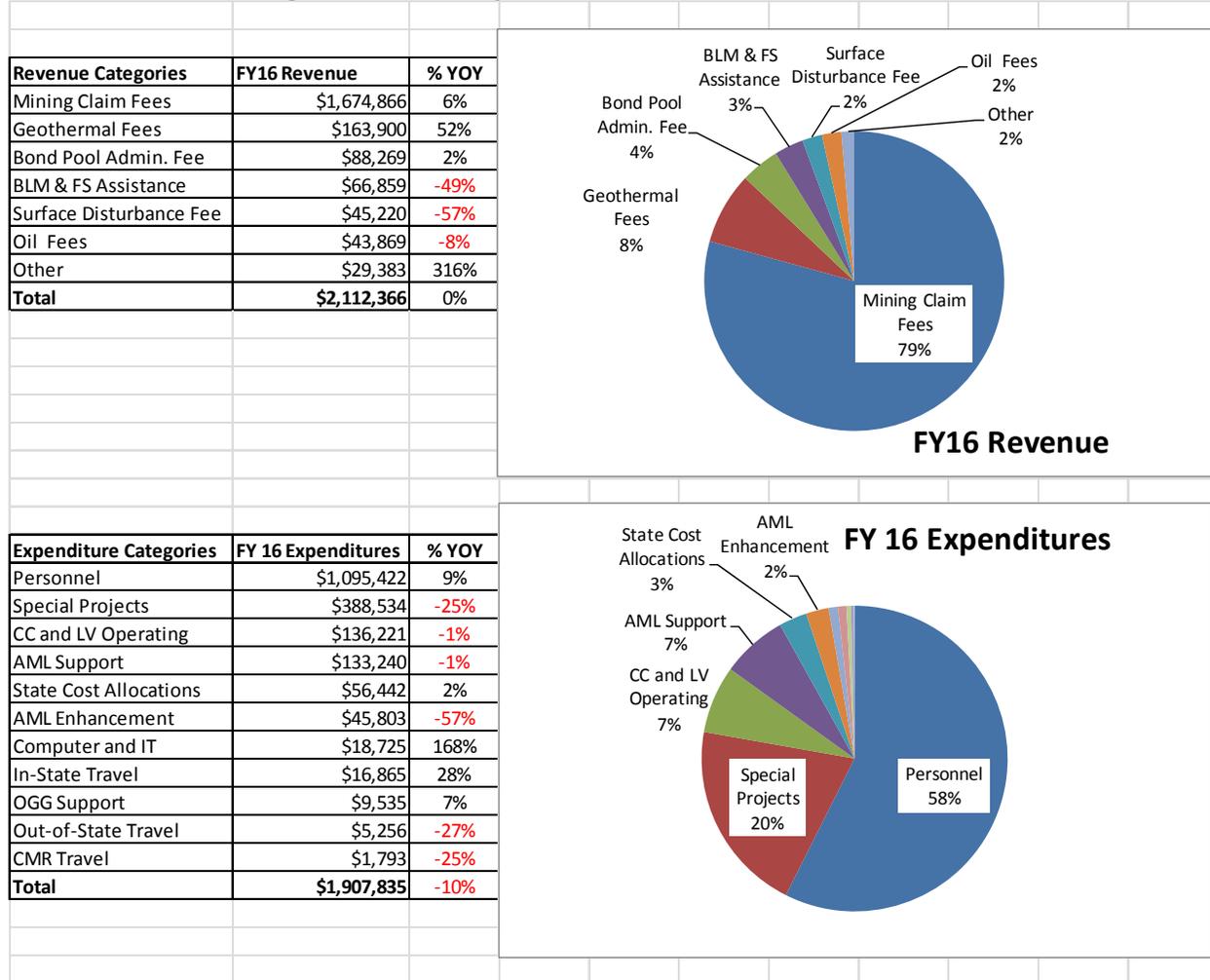
#### Fiscal Year Cumulative Mining Claim Revenue By Month

Fiscal Year	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	YOY	Total Claims
2016	\$92,072	\$219,020	\$999,082	\$1,158,219	\$1,168,827	\$1,415,769	\$1,418,574	\$1,420,520	\$1,450,134	\$1,453,118	\$1,458,388	\$1,674,866	5.6%	197,043
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

#### Analysis of early mining claim filings in advance of July 1, 2016 fee increase

COUNTY	Q4 FY11	Q4 FY12	Q4 FY13	Q4 FY14	Q4 FY15	Q4 FY16	% FY16 change over FY11-15 avg.	Change in # of FY16 claims over FY11-15 avg.	Variance Value
Carson	\$0.00	\$0.00	\$0.00	\$0.00	\$34.00	\$8.50	25.0%	0	\$1.70
Churchill	\$1,674.50	\$1,819.00	\$127.50	\$374.00	\$2,524.50	\$8,780.50	573.4%	880	\$7,476.60
Clark	\$3,978.00	\$2,320.50	\$1,300.50	\$960.50	\$1,479.00	\$1,776.50	-11.5%	(27)	-\$231.20
Douglas	\$93.50	\$408.00	\$0.00	\$340.00	\$229.50	\$93.50	-56.3%	(14)	-\$120.70
Elko	\$4,785.50	\$17,085.00	\$17,229.50	\$3,051.50	\$9,095.00	\$61,064.00	495.8%	5,978	\$50,814.70
Esmeralda	\$9,180.00	\$5,244.50	\$4,318.00	\$4,309.50	\$3,510.50	\$32,988.50	521.0%	3,256	\$27,676.00
Eureka	\$4,777.00	\$3,901.50	\$5,287.00	\$1,360.00	\$1,649.00	\$30,583.00	800.9%	3,199	\$27,188.10
Humboldt	\$3,969.50	\$8,075.00	\$1,742.50	\$2,669.00	\$1,581.00	\$33,260.50	822.0%	3,489	\$29,653.10
Lander	\$1,555.50	\$1,870.00	\$1,096.50	\$4,029.00	\$4,522.00	\$24,922.00	853.2%	2,624	\$22,307.40
Lincoln	\$3,247.00	\$654.50	\$1,003.00	\$170.00	\$2,252.50	\$2,057.00	40.4%	70	\$591.60
Lyon	\$1,011.50	\$731.00	\$578.00	\$399.50	\$382.50	\$502.00	-19.1%	(14)	-\$118.50
Mineral	\$4,760.00	\$3,179.00	\$578.00	\$1,198.50	\$1,853.00	\$1,572.50	-32.0%	(87)	-\$741.20
Nye	\$18,190.00	\$8,296.00	\$4,513.50	\$4,845.00	\$1,980.50	\$21,037.50	178.1%	1,585	\$13,472.50
Pershing	\$5,831.00	\$11,645.00	\$833.00	\$5,049.00	\$3,068.50	\$3,085.50	-41.6%	(259)	-\$2,199.80
Storey	\$68.00	\$340.00	\$204.00	\$0.00	\$51.00	\$8.50	-93.6%	(15)	-\$124.10
Washoe	\$289.00	\$59.50	\$289.00	\$977.50	\$59.50	\$2,507.50	648.7%	256	\$2,172.60
White Pine	\$1,470.50	\$1,139.00	\$1,360.00	\$773.50	\$765.00	\$484.50	-56.0%	(73)	-\$617.10
<b>Totals</b>	<b>\$64,880.50</b>	<b>\$66,767.50</b>	<b>\$40,460.00</b>	<b>\$30,506.50</b>	<b>\$35,037.00</b>	<b>\$224,732.00</b>	<b>273.4%</b>	<b>20,847</b>	<b>\$177,201.70</b>

FY 2016 revenue and expenditure summary



FY14-16 actual and FY17 forecast revenue  
(Includes OGG and Mining Claim Fee Increases)

Description	FY14 Actuals	FY 15 Actuals	FY16 Actuals	FY17 Forecast	Remarks
Balance Forward Previous Year	1,037,786	889,917	856,757	1,061,288	FY16 Balance Fwd includes \$28,697 returned as unused by DCNR
BLM Cooperative Agreement	50,000	110,000	49,000	50,000	
USFS Assistance Agreement	42,002	21,713	17,859	31,000	FS Agreement ends 5/17
Oil Production Fee	32,162	38,640	39,769	35,250	Assumes \$0.15/bbl x 235k in FY17
Oil Permit Fees	2,800	2,000	4,100	2,500	Assumes 2 conv. and 5 sundries in FY17
Mining Claim Fees	1,657,789	1,585,539	1,674,866	1,656,243	FY16 \$177k increase (variance) due to early filings, if removed FY16 would have been -5.6% YOY; forecasting 5.5% decline for FY17
Geothermal Fees	120,750	107,525	163,900	168,817	Projecting 3% annual increase for FY17
Surface Disturbance Fee (AML)	125,300	106,320	45,220	40,000	Slight decline in FY17 based on decline in claims
Copy Machines - Sales to Public	0	104	0	0	
Publication Sales (AML signs)	2,757	2,390	1,831	1,500	
BOA Travel Card Refund	0	0	26	0	
Excess Property Sales (truck)	0	0	21,604	0	One-time insurance payout and salvage of totaled
Medal lion Royalty Fee	1,550	616	98	100	
Treasurer's Interest	3,076	3,947	5,824	5,800	
Transfer from Red. Bond Pool	90,859	86,498	88,269	83,000	Steady decline tied to exploration activity
<b>TOTAL</b>	<b>\$3,166,831</b>	<b>\$2,955,209</b>	<b>\$2,968,123</b>	<b>\$3,135,497</b>	

## FY14-16 actual and FY17 forecast expenditures

Description	FY14 Actuals	FY15 Actuals	FY16 Actuals	FY17 Forecast	Remarks
Personnel (Sal., WC, PERS, OT)	1,033,398	1,009,184	1,095,422	1,039,724	FY17 - 10 FTE's, 6.5 interns, 1 retirement payout
Out-of-State Travel (Staff, CMR)	11,947	7,250	5,256	5,414	Assumes 3% annual increase
In-State Travel (Non-AML)	29,337	13,218	16,865	17,370	Assumes 3% annual increase
Carson Operating Expenses	105,893	100,628	103,609	123,259	Assumes 3% annual increase, front desk P/T (25 hrs/week)
CMR Travel (In-State)	2,911	2,381	1,793	1,847	Assumes 3% annual increase
Special Projects (Mackay, NBMG)	574,238	516,550	388,534	419,086	FY17 - <del>\$394,086</del> (Mackay), \$15k (NvMA Ed), \$10k NBMG publ/other
Las Vegas Operating Expenses	33,541	34,658	32,612	33,590	Assumes 3% annual increase
Oil, Gas and Geothermal	0	8,943	9,535	9,821	Travel and equip. costs related to OGG; assumes 3% annual increase
AML Support (per diem, trucks, fuel, AML supplies and travel, SOSA supplies)	140,773	134,759	133,240	180,042	Assumes 6.5 interns for FY17; each @ \$1,556/4 weeks; \$10k swag; 4 interns for 3 wks in winter; \$5k/yr increased vehicle repair costs; replacement truck in FY17 (\$35,000); 3% annual increase
Computer and IT	22,044	6,984	18,725	32,453	FY17 Legislature approved budget
AML Enhancements (contracts, equip.)	90,429	105,448	45,803	125,000	Assumes \$120k contracted, plus \$5k materials
Sagebrush Ecosystem Transfer	141,364	131,572	0	0	FY15 transfer was last one
Cost Allocations (State, Purchasing, AG)	91,040	55,575	56,442	112,160	Leg. approved budget
<b>Total</b>	<b>\$2,276,915</b>	<b>\$2,127,150</b>	<b>\$1,907,835</b>	<b>\$2,099,767</b>	
<b>Reserve - Balance Forward to Next Year</b>	<b>\$889,916</b>	<b>\$828,059</b>	<b>\$1,061,288</b>	<b>\$1,035,731</b>	

Mike Visher: Went through his spreadsheets, explaining some of the changes in revenue and expenditures. Mentioned that the nominal increase in the bond pool activity was largely limited to lithium projects. Projecting 3% increase for inflation applied to most expenditure categories. He said that we are proposing 7 interns for next year with possibly one of those in the office doing more data entry. We expect to continue the \$15k Mining Association's Education Committee contribution and the \$10k to NBMG, temporary help for the front desk at 25 hours/week. Also, one more truck needs to be purchased, ordered this Fall and received in Spring of 2017.

Rich DeLong: is that the last vehicle we will purchase?

Mike Visher: yes, after this we migrate to Fleet Services for replacement trucks. Computer and IT goes up because of the 5 year replacement cycle for equipment.

### B. Presentation of 2018-19 biennium budget and plan.

During the May 2016 meeting draft budget assumptions were presented to the CMR and priorities were developed. The budget has been prepared based on current forecast assumptions and priorities developed by the CMR. Budgets are due to the Finance Office by September 1, 2016. 30 minutes. Mike Visher and Rich Perry

Rich Perry gave a power point presentation (see PP).

- Base budget built from FY 2016 actuals
- Claim fee and geothermal fee increases approved in 2016 are included
- Assumes 5.5% decrease in claims in FY 2017 (actual), 5% decrease in 2018 and 2019
- Assumes 3% annual increases in geothermal fees 2018-2019 ~ \$175K/YR
- Oil production and permit fees declining 5% per year in '18-'19 ~\$45K/YR
- BLM Cooperative agreement \$50K/YR '18-'19
- 11 F/T staff, but one vacancy to remain unfilled until 2018. Front desk ½ time staff from Manpower.
- \$2 /Claim fee payment to UNR-Mackay though current 5 year agreement, final payment February, 2018 (2 more years of payments).
- Contracted AML work increase from \$50k to \$125K/YR in 2018-19
- Minimum reserve increased from \$750K to \$900K (~1/2 YR OP. Cost)
- NBMG "directed reports and deliverables" from \$10K in 2017 to \$95K/YR in 2018 and 2019. (*Annual MI report, updated maps, scanning and archiving, yearly Exploration Survey report, a Critical Minerals (including thorium) study, special maps as needed*)
- 7 AML interns 14 weeks in summer, 3 weeks in winter

- New truck from Fleet Services in 2019
- PDAC Space and Display beginning 2018 \$35K + travel for 2 NDOM staff (Task Force recommendations)
- Stay-Out-Stay-Alive (S.O.S.A.) rebranding materials and new video in 2019 at \$80K (current video is 15 years old).
- Education Committee teacher workshops 2X/yr. \$15K each in '18 and '19.
- New trade show exhibit displays \$15K in 2018, \$5K in 2019

#### Contingency Plans

If claim revenues are significantly less than budgeted:

- Reduce AML contracted work
- Do not fill the remaining vacancy
- Defer S.O.S.A. video and re-branding

If claim fee revenues are significantly more than budgeted:

- Increase contracted AML closure activity
- decrease claim fee below current \$10 through rule-making

### BUDGET KICKOFF 2017 – 2019 Executive Budget

## Budget Cycle

- Agency Request
  - Due 5:00PM Thursday September 1, 2016
- Governor Recommends
  - Budget Message and Summary
  - Line Item Detail
  - Economic Development Incentives
  - Recommended Legislation
- Legislatively Approved
  - Session starts February 6, 2017
  - Session ends June 5, 2017
- Resources on the Budget Division website ([www.budget.nv.gov](http://www.budget.nv.gov))

Rich Perry: Stated that we are in better shape than we expected to be, largely because we received more claim fees due to the early filers. Recap on priorities and core functions. Went through 2018-19 budget assumptions-revenues. We're instructed to build this off of the 2016 actuals. We projected a 5% decrease for claim fee revenue. We can take in more revenue than we project but we need to be more exact on the expenditures. We would like to eventually keep the reserve at around \$900,000, about 6 months operating expenses.

Rich DeLong: asked on FY 18/19 is there an expected payout for retirement?

Rich Perry: not in this budget, but it is forecast and shown in the 2017 budget.

Rich DeLong: stated, let's take a 10-minute break, so everyone has a chance to review this and come back to ask any questions they may have.

**CMR recessed at 3:01 pm.**

**CMR reconvened at 3:15 pm.**

John Mudge: said it was a good presentation. I have two conflicting opinions: it would be nice to get the \$2/claim back to the claim holder as we unfold the Mackay payment and really nice to get more money into AML work while getting more money back into the reserve.

Rich DeLong: entertains a motion to approve the budget.

**MOTION: Dennis Bryan approved and John Snow seconded. Unanimously passed.**

### C. BLM proposed mineral withdrawal update.

NDOM developed maps and backup information on areas of high mineral potential to assist the Governor's office. NDOM has acted as a cooperating agency in the EIS process, with the intent of removing these areas of high mineral potential from the withdrawal

Rich Perry gave a PP presentation on proposed mineral withdrawal update.

#### Chronology of Mineral Withdrawal

- BLM issues Record of Decision on "Nevada and NE CA Greater Sage Grouse FEIS and LUPA".
- Eliminates oil/gas, geothermal and wind energy projects on almost 2.8 million acres of NV along Idaho border.
- Segregates 2.8M acres (called the Sagebrush Focal Areas) to new mineral claims. Existing claims valid, but a mineral analysis would be needed if ultimately removed. Can do this under FLPMA for 2 years.
- All this driven by USFWS, to "avoid" listing the sage grouse as an endangered species.
- Separate EIS begun by BLM for mineral withdrawal.
- During this process CMR issued a policy recommendation letter to Governor Sandoval opposing the FEIS/LUPA on 7/8/15.
- Governor's office enlists NDOM and NDOW to develop a "Nevada Alternative" to the proposed SFA boundaries being used for the mineral withdrawal. NDOM enlists NBMG for map of "high mineral potential" in SFA. NDOW develops maps of sage grouse lek populations.
- Governor Sandoval issued letter 1.15.16 to BLM Director Kornze stating that Nevada did not want a mineral withdrawal at all, the Nevada Sage Grouse Conservation Plan would address the issue, but if withdrawal application was approved, Nevada proposed different boundaries. The "Nevada Alternative" was introduced in this letter.
- 12 areas of high mineral potential were proposed to be removed from the MW, 4 areas of low habitat value also proposed to be removed, and 2 areas of high sage grouse populations were proposed to be added. Net acreage slightly less than original SFA-MW proposed boundaries.
- Governor's office holds meetings with USFWS, BLM, NDOM and NDOW to discuss alternatives.
- NDOM, NDOW, and several NV counties, through NACO, become Cooperating Agencies in the MW EIS process.
- NDOM comments on EIS process as C.A. on Scoping Report, (April, 2016), Workshop summary (June 2016), and Impact Analysis Plan (June, 2016).

Presented a chronology of the mineral withdrawal. Governor enlisted NDOM and NDOW to develop a Nevada Alternative to proposed SFA boundaries being used for Mineral withdrawal. Purpose was to change the boundaries so not to interfere with mineral entry in areas of mineral potential. Went on to describe potential outcomes. In the short term draft EIS choses the Nevada Alternative and in the final EIS there is no MW or the Nevada Alternative.

John Mudge: which BLM office is managing this?

Rich Perry: out of Denver, and we join the conference call. EIS is a multiple state but it is divided regionally, so Nevada and California are combined in one. We have a really good plan.

Dennis Bryan: congratulates division staff for a good job in working with the Governor's office.

Dave Parker: how many alternatives are being proposed right now?

Rich Perry: 3 primary alternatives.

## IV. STAFF REPORTS

### 1) Mining/Reclamation Bond Pool – Mike Visser

Mike went through bond pool status report. Last quarter saw a significant increase on the bond for what was formerly called NV Rae Gold now New Gold Nevada. The Bond Pool is down to 89 notice level bonds. The Bond Pool account is at 126% of obligation amount. Had to file a termination letter this past Tuesday. Western Pacific Clay failed to make the quarterly premium payment; had been bonded since 1997. The \$209,900 bond is now held and made available the BLM and NDEP for reclamation work at the property.

Rich DeLong: asked if this was the property near Salt Wells?

Mike Visser: answered yes.

## 2) Update on 2016 Summer Intern Program – Mike Visher

Mike gave an update on the summer AML interns. It was a stellar group of interns this year and Rob Ghiglieri did a phenomenal job. Mike displayed a map of areas of importance/ranking and reviewed the plan for 2016.

- 14 week program
- Increased emphasis on safety, with pre-employment drug-screening
- CPR and First Aid instruction by Garrett (certified instructor)
- Field-based 4WD orientation
- Increased staff supervision in the field

### Work Area Prioritization

- Analysis and rank of 7.5' topographic maps based on a number of parameters, including:
  - Number of mine features not already inventoried
  - Density of, and proximity to, maintained roads
  - Proximity to population and recreation areas
  - Number of high ranked hazards not permanently closed.
  - Average rank of orphan hazards needing securing
  - Intern specific logistics

Then he showed an intern program tracking sheet which shows mileage, securing's, etc... and then it compares the numbers to last years. The 2016 interns accomplished more this year than any other year and with a smaller crew. June 27<sup>th</sup> marked the inventory of the AML program's 20,000<sup>th</sup> hazard.

### 2016 Intern AML Program Accomplishments

- Inventoried 763 and secured 308 hazards
- Inventoried 9,162 non-hazards
- 166 re-visits
- Worked 61 field days in 11 counties and traveled a cumulative 19,756 miles
- Interns averaged 58 field hours per week
- Initiated use of MESA<sup>2</sup> tablets for field data collection
- New records for number of inventoried hazards and secured features

Rich DeLong: stated that you use to have 8 interns, is that right, is dropping back to 6 more productive?

Mike Visher: mentioned that 6 or 7 interns are easier to manage. If we go to 7 next year, hopefully we can have one in the office. It really depends on the team. Next meeting Rob can show you the tablets and our new database site.

John Snow: asked about the winter program.

Mike Visher: last year was our first time sending already seasoned interns to the Las Vegas area. A 10-day work hitch allowed for more work to be accomplished in the field. Found it to be a good way to get AML work done in Clark County. Still somewhat weather dependent.

Dennis Bryan: asked about hard closures vs fences. How often do you have to go back and re-secure?

Mike Visher: the fences usually last about 5 years largely due to weather and to a lesser extent vandalism. Even backfills need to be revisited as well, checked every 10 years. Gates or other semi-permanent closures also need to be checked depending on the ranking of the site.

John Mudge: stated that it was an impressive work this summer. Asked if there was any new technology in the future that can be applied?

Mike Visher: stated that there was a test case funded by Army Corps using Robison Engineering over the Wonder District in Churchill County with a fixed wing drone. You can get some great information and can give us pictures in some areas where we have no information. It would be one way to clear non-hazards remotely. LIDAR is also being used and we will be evaluating potential applications to AML. We would benefit from more contracted UTV work to reach areas we can't with our big trucks. A helicopter for a couple of days would be great to assess large numbers of claim assessment features, especially around Tonopah.

Dennis Bryan: stated that next time he would like to see the tablet technology demonstrated. Have you used the downhole camera much recently?

Mike Visher: answered, yes we used it in March to clear some shafts of biological habitat for backfill and then in April on several shafts in Goldfield for the claimant's assessment for potential use for backfill of waste rock from their proposed underground mining operation.

Mike Visher: talked about the oil gas and geothermal activity summary.

John Snow: stated that the BLM leases sales are experiencing protests and have had to be moved from their office to off-site facility with security. Asked how many wells have been shut in?

Mike Visher: stated, he didn't have numbers but thought it was 12-18 or so in FY16.

John Snow: indicated that he would rather Lowell be at the meetings to report the OGG activity.

### 3) Correspondence – Rich Perry

Rich Perry indicated Mike will be attending the IOGCC in October this year along with Commissioner Henderson. Commissioner Snow was appointed to two IOGCC subcommittees, Public Lands and Safety and Environmental. September 26-28<sup>th</sup> is the national Mine Expo in Las Vegas, where Garrett, Mike and Rich will be attending. He went through some letters in correspondence, including reclamation award letters. The reclamation awards will be presented on September 10<sup>th</sup> at the Nevada Mining Association annual meeting, which will be attended by the Governor. He reviewed letters submitted regarding the CERCLA 108-b bonding issue and showed off the new mining brochure developed by the Governor's Office of Economic Development with input from the Division.

## COMMISSION BUSINESS

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

#### **Carson City – November 1 and 2 (Tuesday and Wednesday)**

Potential topics for agenda items – Mesa<sup>2</sup> tablet demo and geodatabase, update on dissolved mineral BDR, update and demo of OGG databases, specifics on PDAC goals and plans

## COMMENTS BY THE GENERAL PUBLIC

No comments from the Public

## ADJOURNMENT

Meeting adjourned at 4:45 PM