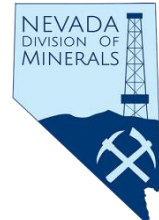




STEVE SISOLAK
Governor

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MICHAEL VISHER
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Thursday, March 10, 2022
1:00 P.M.

MINUTES

Commissioners	Staff	Public
Josh Nordquist	Mike Visher	Robert Ernaut, R&R Partners via Zoom
Mary Korpi via Zoom	Rob Ghiglieri	Chris Lynch, UNR BEP
Art Henderson	Sherrie Nuckolls	
Bob Felder	Cortney Luxford	
Nigel Bain via Zoom	Garrett Wake	
Stephanie Hallinan via Zoom	Becky Ely	
Randy Griffin	Dustin Holcomb	
	Deborah Selig	
	Anthony Walsh, DAG via Zoom	

CALL TO ORDER

1:06 PM

COMMENTS BY THE GENERAL PUBLIC

None

AGENDA

A. Approval of the Agenda

Motion to approve the agenda made by: Nigel Bain

Seconded by: Randy Griffin

Unanimously approved

II. MINUTES

A. Approval of the December 15, 2021, quarterly meeting minutes

Motion to approve the October 27, 2021, minutes made by: Stephanie Hallinan

Seconded by: Bob Felder

Unanimously approved

III. NEW BUSINESS

A. **Introduction of New Staff**

Mike Visher: Dustin is delayed from his flight from Phoenix and Garrett is picking him up so once he comes in, we'll insert the introduction into that part of the agenda at that point.

B. Nevada Business Environmental Program Presentation

Mike Visher introduced Chris Lynch, Director of UNR Business Environmental Program. Chris then provided an overview of the program, within UNR's College of Business, and the services provided.

Art Henderson: Did you say where your office is? Are you located at UNR?

Chris Lynch: Yes, I'm up in Reno but we serve the whole State through there.

Bob Felder: How long has your program been in existence?

Chris Lynch: Since 1988, we got started.

Bob Felder: I'm really glad you're here because I've worked the last 35 years in the exploration mining side and I had no idea you existed, so I'm glad the word is starting to get out, it seems like there's so many junior companies coming into this jurisdiction for mining investment and they immediately have to go out and hire high cost environmental consultants to guide them through this process so I'll sure spread the word around because it's a great resource.

Chris Lynch: Well good, glad to hear it. We're not here to put consultants out of business, we work with the businesses as much as we can and sometimes, they need additional help, we're a good first start for people.

Bob Felder: In the example you gave about the mining operation, by the time a company is in production they have an environmental department so how is it that a mining operation didn't have that internal resource and had to come get your help?

Chris Lynch: It was a pretty small operation; I think the principles were engineers but they're also having to do everything else.

Bob Felder: I understand companies not wanting to have that department in-house, that's interesting. I've either been living under a rock, or this program isn't that well publicized.

Mike Visher: I was shocked when I found out about it at SEC, as long as I've been in State government, I hadn't heard about it. Obviously, it's an underutilized resource and under advertised resource, I was hoping to get it out to plant a seed with you so you can propagate the message that Chris has this resource available. I was thinking about synergies between our agency which is really at the front stage of exploration for a lot of businesses from oil, geothermal, lithium brine and to a degree mineral exploration and so mining companies, some of these are really small groups that would have to have a foreign jurisdiction, they're coming into the state new and they want to understand what permits are required, it isn't enough to give them a sheet that says here's the agencies you need to contact, it's really how do I go about this with some technical help, what do I need and this is a real help.

Nigel Bain: Went over the charter of the Commission and said we can be a resource to you if he gets contacted by someone looking for help on the added value of the minerals, a lot of Nevada's minerals are mined in Nevada and then sent elsewhere, to the best of my knowledge Nevada doesn't have a final refinery for gold. Lithium is something that's coming along, I hope we don't lose that second and third stage of manufacturing it in the State of Nevada, even the property that the Commission is going to visit, a lot of time they were mining certain minerals and discarding other minerals there the variety of clays and just waiting for the third party to be

contacted and put together. If you can kind of keep us in the back of your mind that maybe, we can help on the second or third phase on refining or manufacturing of Nevada's minerals.

Chris Lynch: That's a great idea, thank you.

Mike Visher introduced Dustin Holcomb, NDOM's newest employee, to the Commission. Dustin started in the later part of December 2021 and Mike asked Dustin to give a brief description of himself.

Dustin Holcomb: Introduced himself and shared his background and experience to the commission.

The Commissioners and Anthony Walsh, our DAG introduced themselves and gave descriptions of their backgrounds.

Josh Nordquist arrived at the meeting.

Mary Korpi turned the meeting over to Chairman, Josh Nordquist.

Josh Nordquist: Thanked Mary, for stepping in while his flight was delayed.

C. Federal Hardrock AML and Good Sam Legislation Update

Rob Ghiglieri went over a PowerPoint presentation on the development of a new federal hardrock abandoned mine lands program, its funding status, and possible mechanisms for financial support to states (refer to attachment).

Art Henderson: We had a big effort to get rid of our orphan oil and gas wells several years ago, do we have any left in the State?

Rob Ghiglieri: There are, but none on private, there are 6 total on BLM land.

Cortney Luxford: Realistically there are operators that are defunct and there might be a bond out on them but the bond's not sufficient to cover the abandonment.

Rob Ghiglieri: We're not like Pennsylvania or the Dakotas or Texas that they're getting hundreds, millions of dollars to do these, we're one little dot when they showed the nationwide map that show up in Nevada.

Cortney Luxford: I've been working with the BLM to identify potential wells that are most likely abandoned but haven't officially been classified as such.

Rob Ghiglieri also went over proposed legislation for a Good Samaritan Hardrock AML Pilot Program.

Mike Visher: One of the good things about the Hardrock Mining Bill there's actually now going to be a program at the federal level that recognizes the need for remediation of abandoned hardrock mine sites which obviously is big for Nevada, it is likely tied funding wise to the mining industry, both Senator Masto's office and Governor Sisolak's office are not in favor of the gross royalty and it sounds like the Mining Association would be willing to entertain discussions on a net royalty and we'll see how that actually plays out and how the funding formula would work because it would be on production on federal lands only so again, Nevada's going to be generating the bulk of the revenue. Good Sam is a really good opportunity for Nevada to showcase multi agency projects, how we can get stuff done. I think NDEP is very much interested but until the money is showing up how do we do that. Congress wants to see a quick turn around on the investment, they want to see projects done.

Rob Ghiglieri: One thing I wanted to mention is I added these three highlighted GAO reports to Congress of what's going on in AML. But there are many flaws throughout it but nobody's going to explain the flaws, so we heard rumors that they're going to do another one so we're hoping they'll reach out to us so we can continue to help provide as much information, an actual true picture of what's out there.

Mike Visher: But at least the discussion is there, the framework is there, the program will be developed, now we're just waiting on the funding to actually do something. Nevada's in a really good position to benefit from this regardless of how it shakes out because we've been able to demonstrate how it can be done and how it can work and with Rob's role as the chair of the hardrock committee. It provides us additional opportunities to voice our concerns but also our successes and showcase those as to what works and what the limitations are. The biggest one is still staffing at the BLM. At a time when you have oil at an all-time high and new interest in geothermal and have high commodity prices and you have critical mineral development and lithium all playing out in Nevada and they still have all these vacancies they can't fill and then you're going to put an additional program on them, no matter what, whether it's administered at the BLM, BLM is going to have a role to play and there aren't enough resources there., Fortunately, IMCC is there and they're good at communicating with the states and with the Legislators and providing really well written documents to them that lay out all the issues and the flaws and what works. We're really fortunate to have Tom Clark there as a former state regulator and mining engineer that understands the issues. the Division pays \$5K a year to be a partner with IMCC.

Rob Ghiglieri: In the past, IMCC has been mostly focused on coal issues, but since Tom took on the role, there's been a new push for hardrock. At the last NAAML meeting, the discussion was 50/50 hardrock and coal, which has never happened in the past so there's a lot more discussions and potential future.

Mike Visher: We need to take a break so we can check into our flights for tomorrow.

Josh Nordquist: We're taking a 15-minute break.

D. Agency Education and Outreach Activities Update

Rebecca Ely talked about education and outreach events and activities conducted by agency staff in 2021 and shared plans and goals for 2022 (see attachment).

Randy Griffin: Asked if we include a range in the pay scales as he thinks that would interest kids.

Rebecca Ely: Lucia made a map that's a 3D representation of the average pay in Nevada and Garrett and I both use this in a lot of our presentations, it has information like tax revenue each County receives, how many employees are with the mining industry. She talks about the career paths and jobs in mining whether they have a high school diploma all the way up to a PhD and that the mining industry pays very well and offers a lot of benefits.

Randy Griffin: Good, I've talked to people about having their children go into the mining field and they respond with, "mining is dangerous."

Rebecca Ely: In middle schools and high schools, we show how safe it is and shows comparisons with what historical mining looks like which looks dangerous and then what modern mining actually looks like. We talk about the laws on safety and worker rights, we highlight all the

protections that the United States has in place and also the State of Nevada has in place that provide that good balance for protecting the environment and the workers.

Bob Felder: Asked if she ever had a student that took her class like 8 years ago and one day down the road, she ran into them, and they said I took your class and I'm going to become a geologist. Just curious how effective were we and does it attract people in our industry. I don't know if there's an easy way to make that happen.

Rebecca Ely: I've always been curious too; I did have a kid come up to me at a school and say "you came to my school last year and now you're at my new school" I thought that was really neat that he recognized me, so I feel it is impactful, but I haven't had that experience.

Rob Felder: I think K-12 when you go into a classroom that's kind of far out, you probably wouldn't get feedback unless they were in high school

Rebecca Ely: Right, you just never know when you're going to inspire somebody.

Bob Felder: you could say if you ever end up in this field call us.

Rebecca Ely: I say in the high schools, don't be afraid to reach out to me, I love hearing from everyone, if you have more questions contact me so I do try to make myself available to everybody.

E. Fluid Minerals Program Update

Cortney Luxford gave a PowerPoint presentation of oil, gas, geothermal, and dissolved mineral resource exploration permitting, drilling activity and production. He also gave a review on financial impacts from the temporary regulation change to NAC 522 affecting the administrative fee paid on oil production (see attachment).

Nigel Bain: Asked if the State government knows about NASA's request there.

Cortney Luxford: Yes, there's been a lot of push back from 3PL they've been trying to find proponents in both State and federal government to help them. I think it's a touchy subject because NASA use the satellites for measuring greenhouse gases, but the withdrawal is potentially impacting a large lithium resource, so its green vs. green.

Mike Visser: We assisted a consulting geologist for NASA who was asked to prepare the mineral potential report for the segregation area. He spent a better part of a day at our office to get as much information as he could from us on some of the facets of minerals in Railroad Valley and also make contact with additional folks that could provide him with information. He was supposed to have his report to NASA done early March so he may have it done now. 3PL also worked with the counties to demonstrate the potential impacts that they could probably have, part of it is educating NASA about the actual impacts from their project so they hadn't really understood there was not a very good likelihood of a brine facility being destructive there and that was never the intent of 3PL, theirs has always been extracting lithium from the brine and re-injecting the fluids not large evaporation ponds. NASA has stated that they're not interested in the full 36 square miles, but we don't know exactly how much they want. Because of the mining law and the ability for anybody to stake a claim and then pursue mining from it and the inability for the BLM to say no, that NASA is having to pursue this mineral withdrawal path. So hopefully they'll be able to work out some compromise with the actual footprint they're looking to protect will be small and not impact the potential lithium resources there and yes, the Governor's office is aware of the potential and the impacts, they're watching that as well.

IV. OLD BUSINESS

A. Financial Update

Mike Visher went over a PowerPoint presentation of the agency's 2021-2023 budget and forecast to include a discussion on mining claim revenue and appropriate projections to use for 2024-2025 budget planning (see attachment).

Mike Visher: I would like to have some discussion and feedback as we embark the process of our biennium budget is crystal ball forecast, do you think mining claim fees are going to go up, down, or stay the same so that we can prepare our budget appropriately understanding we're not in control of that. He proposed at the next CMR meeting in May the Division comes forward with additional proposals for expenditures to address the significant increase in revenue and some options for the CMR to consider as we start on our next budget. Understanding we have deadlines, one of those is we want to consider adding staff, we have to submit the paperwork by June 1, obviously there's got to be justifications for that. There are some other opportunities for partners or requests from other parties that can be considered by the Commission for additional projects, and we'll pull those from some of other agencies and entities to see what we can do, and we'll present that at the next meeting. It's a really nice problem to have, I think it's still reflective of what the Commission is tasked with doing, it's reflective of the increase for the digital marketing campaign that's built in this, the Railroad Valley project, the project of the Discovery Museum that you already approved. The ongoing amendments to the Bureau's projects and their funding that's built into this. Mike would like to hear from the Commission regarding mining claim fees revenue, he asked if they thought it will stay where it's at currently and what their thoughts were. What are your thoughts, what are your feelings in your area of expertise as we budget into FY24 and FY25 because that's what we're looking at as by the end of August the Chair will have to sign off on our budget proposal that carries us through FY25.

Bob Felder: I wouldn't assume another 15% increase each year, I think it's reasonable to assume it will stay at the current level. It's crystal ball territory, right? A certain approach would be level for next year, you have to think 2 years out.

Mike Visher: We're actually looking at 3 years out, so we're looking at next year, we have to plan for FY24 and FY25 so we're looking all the way through June 30, 2025.

Bob Felder: As we know it's cyclical and we can't expect it to grow every year so I think it would be conservative to maybe have a slight decrease for a couple of years and if we're wrong, great.

Josh Nordquist: I throw out the same input and with this year we'll have 3 straight years of growth if it went back in time, we've seen a couple years of growth followed by years of decrease, I think we have to stay somewhat conservative. I can't speak in regard to lithium without knowing any more at this point.

Mike Visher: What do you think Mary?

Mary Korpi: You know what is going through my brain, it used to be we budget from year to year but they've got budget plans too, I think it would be interesting if we could talk to a few people and gets some input from them on what are they looking at from their crystal ball, I know we don't get that information, the annual but those of us who know some people follow up and see if we can get some kind of indication knowing that nobody has control of the future.

Mike Visher: That's a good thought.

Bob Felder: Mike, do you have stats with the 15% increase of claims maybe how much of that comes from the big operators vs all new operators that come into Nevada?

Mike Visher: No, that would be easy for us to break out so we can do that, typically it's 50/50. What we've seen with both Newmont and Barrick is both separately as well as with their joint venture that they're not pursuing so much of the grassroots anymore and instead they're focusing on extensions of new operations. This presents an opportunity for the junior companies, and they are driven by the ability to raise money and so as you said if it's difficult to raise the capital that they need to afford either because they're finding competition from cryptocurrency or other commodities it poses a challenge. We're seeing a lot more interest from Australian companies than we've seen in quite a while. It will be interesting to hear what transpires at PDAC in June as to what the sentiment is. It was very positive from AME, we didn't attend in person, but we attended remotely, and everybody was excited about the prospects and everybody's looking for increased exposure to battery metals because the investors want that, if you have a project that has some resource already identified it's not too hard to raise money but grassroots, no.

Bob Felder: If you look at the industry, it was kind of in the tank, the economics of our industry whenever the recovery was called it, maybe 2018, we bounced back, gold prices went up and a lot of funding came to Nevada.

Mike Visher: I was hoping to get some ideas and I appreciate the approaches and we'll look at those and see what it does, and I think we'll get probably a consensus amongst those that will put forward in May, so we have something to use for our budget building. Nigel, did you have any comments you wanted to add?

Nigel Bain: Just with what's going on in the world I don't know if anyone will have time or bother with any mining reforms in Washington DC, the price of gold, copper, silver is all going up. If 3PL loses that land there's a ton of claims in that block, it's a little bit of both, I think it's a huge upside for mining company opportunities with a bunch of downsides. I would just sit on where we are knowing full well, we're going to have an excess at the end of the year.

Mike Visher: Ok.

Randy Griffin: One other comment, I still have contacts at Lhoist, and they said they've had five price increases in the last year, the latest one went out last week and they didn't give their customers a 30 day notice it was effective April 1st they're trying to maintain their budget, like every company does.

Josh Nordquist: Very well, you have some suggestions to go with.

Mike Visher: Yes.

COMMISSION BUSINESS

A. Staff update on status of various agency contracts

Rob Ghiglieri gave an update on all the current contracts

B. Review of staff monthly activity reports

Mike explained that the activity reports are more detailed than what the Commission gets in their monthly summary and if there are any questions this is the time to ask about those. No questions asked.

B. Set date for next Commission meeting

The next meeting will be Thursday, May 19, 2022, at 1:00 p.m. in Reno.

COMMENTS BY THE GENERAL PUBLIC

None

ADJOURNMENT

4:42 p.m.

DRAFT