

STATE OF NEVADA COMMISSION ON MINERAL RESOURCES DIVISION OF MINERALS

400 W. King Street, Suite 106 Carson City, Nevada 89703 (775) 684-7040 • Fax (775) 684-7052 http://minerals.state.nv.us/ Las Vegas Branch: 1771 E. Flamingo Rd. Suite #120-A Las Vegas, Nevada 89119 (702) 486-4343 Fax (702) 486-4345

ALAN R. COYNER Administrator

ACTIVITY AND ACHIEVEMENTS REPORT FOR OCTOBER, 2005

ADMINISTRATION

- 1. Chaired the State Environmental Commission meeting in Reno on October 4.
- 2. Toured three abandoned mine sites (Olinghouse, MacArthur, and Yerington) with Ted Murphy (BLM Solid Minerals Team Lead, Washington, DC and Criag Smith (BLM-NDEP liaison, Carson City).
- 3. Attended the Mackay School of Earth Sciences and Engineering Executive Advisory Board meeting at UNR with Commissioners Gibson, Parratt, Bryan, and Perry.
- 4. Attended the Mackay School of Earth Sciences and Engineering Alumnus of the Year in Reno with Commissioners Parratt and Bryan. Russ Fields was honored as the Alumnus of the Year.
- 5. Met with Commissioner DeLong to discuss the Division's programs and finances.
- 6. Participated in the Nevada Tribal Geothermal Workshop.
- 7. Assisted Assemblyman John Carpenter with an AML issue on the Hot Springs Ranch in Lander County.
- 8. Held the CMR quarterly meeting in Winnemucca and toured the Turquoise Ridge JV's Getchell and Turquoise Ridge underground mines.
- 9. Attended the monthly Natural Resources Cabinet meeting.
- 10. Provided information concerning the Nevada mining industry to Kirk Johnson of the New York Times newspaper.
- 11. Provided information to the Humboldt County and Lander County recorders concerning the filing of amended certificate of location for mining claims.
- 12. Attended the monthly meeting of the Geological Society of Nevada.
- 13. Met with Ted Wynn, UNR College of Science Development Director concerning royalty recipients listed in the NPOM tax publication.
- 14. Gave 8 presentations on mineral commodities and AML at Bordewich-Bray Elementary School in Carson City with George (240 second and third graders).
- 15. Attended mandatory sexual harassment training.

RECLAMATION BOND POOL / MINING ISSUES

- 1. Attended Northeast Nevada Chapter of SME (Society of Mining Engineers) Mining Renaissance 2005 at Elko.
- 2. Picked up the Division's award statue at the Elko Convention Center for 20 years of continuous participation in the Elko Mine Expo.
- 3. Attended Northern Nevada Development Authority 2005 Business & Tech Expo in Carson City.
- 4. Helped a "walk-in" with a smelting question.
- 5. Summarized mining claim filings by county for FY-05.
- 6. Created a summary of mining claim filings for FY-04 and FY-05.

- 7. Called Susan Kaller at the BLM NSO regarding the AML Assistance Agreement money.
- 8. Called Larry Steward at the BLM NSO regarding the Instruction Memorandum for the notice level bonds.
- 9. Spoke with Kelly Mills at Min-Ad about the notice level bond process.
- 10. Sent information to independent auditors regarding the status of AuEx, Inc.'s bond.
- 11. Attended an initial scoping session for the Gooseberry Mine Brownfields assessment project.
- 12. Reviewed bond pool transactions with the Legislative Council Bureau auditor.
- 13. Spoke with Cynthia Norby of BH Minerals USA, Inc. about notice-level bonding.
- 14. Spoke with Art Wilson about the Gooseberry Mine and reclamation progress at Silverpeak.
- 15. Updated bond pool information for the Division's web site.
- 16. Met with Alan and Jeff Bixler of the State Mine Inspector's office about commencement of operations paperwork.
- 17. Issued notice level bonds for White Knight Gold (U.S.) Inc.'s Wall Project, BH Minerals USA, Inc., and MIN-AD, Inc.
- 18. Attended creditor's meeting regarding Pallas Resources bankruptcy filing.
- 19. Spoke with Janet Hess about the Bond Pool's proof of claim for Pallas Resources.
- 20. Spoke with 4 potential bond pool applicants.
- 21. Gave 5 presentations on mineral commodities and AML at Cottonwood Elementary School in Fernley with Wanda. The presentations included dressing up as "Mr. Shaft." (123 second graders, 5 teachers, and 3 other adults).

AML / PUBLIC AWARENESS - NORTH

- 1. Traveled to Elko for regional SME Conference. Attended presentations on a variety of environmental and geologic topics.
- 2. Two previously identified mine hazards, and one newly discovered hazard, were fenced at Spruce Mountain in Elko County. Rory Lamp, Nevada Department of Wildlife (NDOW), assisted NDOM staff with the fencing.
- 3. Staff met with Ralph McMullen (Executive Director) and Tom Lester (Tourism and Convention Manager) with the Elko Convention and Visitors Authority (ECVA) to discuss their promotion plans and timing for the Spruce Mountain OHV Trail and how NDOM's "Stay Out, Stay Alive" signs and message may be incorporated with their materials and added to the BLM kiosks. ECVA expects to begin promoting the trail, and two others later this year and then more strongly next spring. The Sunflower Flats/Merritt Mountain Trail, north of the Wildhorse Reservoir will encourage travel in the eastern portion of the Mountain City mining district. The Hamilton Bullion Trail, southeast of Elko, includes regions with prospects not previously visited by NDOM.
- 4. At NDOM's request, Platte River Gold submitted claim maps which depict the location of their recently staked "NBO" claims and the proximity of various patented claims.
- 5. External night bat surveys were performed with BLM and NDEP on four shafts and one adit at Perry Canyon. Since a minimal number of bats were seen, the sites will be outfitted with exclusion netting prior to the planned backfill project.
- 6. Claimant Joe Nichols called to discuss letters he received from NDOM regarding hazards on patented and unpatented claims near Lida. He asserted that the mine hazards are not abandoned as he is actively working the property and needs to keep them open to assist with attracting investors. He further asserted that the "LC" claims, which contain 52 hazards, are not his, nor do they belong to Nevada Pacific Rim Mining (he's listed as President) or Dee Explorations (he's listed as Resident Agent). Claim paperwork found on a "LC" location monument indicates they were staked in December 2004 for Nevada Pacific Rim by Szolt Rosta of Reno. Mr. Nichols would not provide his phone number, however, a phone message of inquiry was left for Mr. Rosta.

- 7. Joe Trully with Wachovia Bank called to ask question regarding the potential sale of nine patented claims covering the Bell Mine, near the townsite of Union, north of Eureka. Over \$46,000 was spent in 2005 securing abandoned mines on the property and the current trustees (all living on the East Coast) want nothing to do with these "liabilities" and are interested in selling the property. Mr. Trully was provided a brief lesson in minerals exploration, the production history of the mine (NBMG Bulletin 64) and the potential importance of patented mining claims in Nevada. Interested in gaining additional geologic insight on the property, Mr. Trully was referred to the GSN for a list of consulting geologists and GeoTemps for a general cost estimate for his clients.
- 8. Robert Hartley, Moundhouse, called and expressed interest in performing an AML securing project for his Eagle Scout service project.
- 9. Detective Lee Dove, Humboldt County Sheriff's Department, called for information on a mine shaft with the name of "Devil Creek Mine" and/or "VI Vein" near Golconda, relating to a 2003 murder investigation. A "Red Devil Mine" reference for the K & K mercury mine north of Golconda was found in NBMG Bulletin 59; however no other references were discovered. When informed of our findings, he reported that an "old timer" said the Adelaide Mine had been called the Devil Creek Mine. Mr. Dove was provided directions to the Adelaide District and told of the many shafts in the area.
- 10. Discussions were held with NvMA regarding upcoming events related to Nevada Mining Week and how NDOM and NvMA might coordinate efforts to get individual and joint messages on mining out to the media and the public.

AML / PUBLIC AWARENESS – SOUTH

- 1. A discussion was held with the public relations manager at the Association of General Contractors regarding the White Grow gypsum mine in Valley of Fire State Park. The small open pit mine (2 pits) is a danger to ATV enthusiasts and the proposed plan is to reslope pit high walls and partially fill in the pits. A volunteer work project is sought. The PR manager will forward the proposal to their Las Vegas office for follow-up.
- 2. Las Vegas NBC affiliate KVBC Channel 3 was contacted regarding doing an AML news story during Nevada Mining Week (Oct. 24-28). They may send a crew to Beatty Rhyolite during the up-coming backfill project. The programming director has not returned calls regarding acceptance of the new AML public service announcements.
- 3. A summary of AML work performed during 2005 on the Inyo National Forest in Esmeralda County was completed and sent to the USFS district office.
- Assisted in training of student docents (4th and 5th grade) at McCaw School of Mines. The students will assist in leading Mine tours for students from Las Vegas areas schools. The sessions included a walking tour of the surface facilities and discussion of AML for 40 students (2 presentations at 20 students each).
- Attended the Nevada Mining Association Education Committee meeting in Reno. The focus was on planning for the 2006 Las Vegas Mineral Education Workshop (April 10-12). The Summer 2006 workshop will be held in Carson City (tentatively scheduled for August 9-11).
- 6. Participated in the "Second Saturday" program organized by the Nevada Mining Association at the Las Vegas Natural History Museum complex. Activities presented included "Paste with a Taste", "Making Concrete Paving Stones", a fluorescent mineral display and a static AML display with handout materials. Approximately 100 children and parents attended. The event was a kick-off for National Earth Science Week.
- 7. Completed a map of the surface exhibits at the McCaw School of Mines. The map will assist in planning future construction and placement of new exhibits and was done at the request of the McCaw Board facilities manager, Russ Fields.
- 8. Attended the McCaw School of Mines Board meeting. Topics of discussion included plans for a two-day open house during Nevada Mining Week sponsored by the Nevada

Mining Association, proposal to hire a part-time executive director, updates on the new McCaw School of Mines website, and plans for the 2006 Gala and fundraiser.

- 9. Traveled to Beatty and Rhyolite with Chris Ross of the BLM Nevada State Office to conduct bat surveys of mine openings proposed for backfill. Seven mine openings (mostly short adits and shallow shafts) were investigated using a 3-million candle power spotlight. The seven openings were cleared for bats, have previously been cleared for archaeology, and are suitable for backfill.
- 10. A total of seven new mine openings were investigated and ranked near the Rhyolite Cemetery and town site. Three non-hazard pits were also documented.
- 11. Three unsolicited securings in Lincoln County were logged into the AML records.
- 12. Manned an AML display at the Mt. Charleston Hotel Oktoberfest (one presentation and 50 people).
- 13. A media advisory for the Beatty/Rhyolite AML backfill project and John Crepeau's Eagle project was completed and sent out to KVBC Channel 3 in Las Vegas and to R&R Partners public relations firm.
- 14. Final arrangements were completed for the Beatty/Rhyolite backfill project including purchase of materials for polyurethane foam (PUF) closures that will be done on two of the mine openings.
- 15. Bill Durbin was interviewed by Ed Gladding, a private investigator working for the new law firm hired by Argentena Mine accident victim Robert Lord (October 2002 scavenger hunt incident). The interview involved the phone conversation with the scavenger hunt organizer in September 2002. The same information was provided to him that was provided to the P.I. for the former law firm in April of 2003.

AML / PUBLIC AWARENESS – NORTH & SOUTH

- 1. Bill Durbin and Larry Turner manned an AML display at the grand opening of the River Mountains Trail Loop that runs from Henderson to Boulder City and Lake Mead. The event was held at Equestrian Park in Henderson. At least 200 people visited the display including Henderson Police Department officers and members of equestrian, biking and hiking groups. Several people expressed interest in the McCaw School of Mines docent program and a number of teachers took flyers on the 2006 Nevada Mining Association Minerals Education workshops (one presentation and 200 people).
- 2. The Beatty/Rhyolite AML backfill project was conducted October 24 through 28. This was a cooperative effort of the Bureau of Land Management Nevada State Office and the Tonopah Field Station; the Nevada Mining Association, and the Division of Minerals. A total of **37** mine openings were backfilled. **33** were NDOM-logged mine shafts and adits backfilled with rock dump material, **1** shaft was sealed with a polyurethane foam (PUF) plug, and **3** prospect pits adjacent to logged mine hazards were also backfilled with rock dump material. Participants included: Chris Ross BLM Nevada State Office, Susan Rigby and Michael Oberndorf, and Nancy Army BLM Tonopah Field Station, Jon Brown Nevada Mining Association, Cashman Equipment D-6 dozer, DeLong Trucking dozer transportation, Manuel (Manny) Sandoval dozer operator courtesy of Chemical Lime Company, David Spicer owner of D&H Mining, and Bill and Mike NDOM.

OIL & GAS

- 1. Notified by BLM of on site visit schedule for Huntington Valley and Butte Valley.
- 2. Coordinated with NDEP on Deerfield 81-35 rework program.
- 3. Coordinated with Neuhaus concerning testing of Current Creek 31-1.
- 4. Issued a drilling permit to Sawyer Oil and Gas for the Santa Maria well.
- 5. Spoke with L. Billingsley of Winn Exploration on permitting an oil and gas well in Long Valley on a federal lease.
- 6. Revised NDOM/BLM MOU for oil, gas and geothermal operations.

- 7. Commented on bond release requests for two operators. One was approved.
- 8. Provided statistics for IOGCC 2004 report.
- 9. Sundry sent by Tri Valley and waiting on completion rig.
- 10. Geyser Petroleum is looking for a completion rig.
- 11. Provided information to B. Ehni for the NV Oil Reporter.
- 12. Provided Conley Smith with list of missing data required to release bonds.
- 13. Responded to an information request from IHS Energy
- 14. Provided information to UNR researchers on Currant Creek wells.
- 15. Coordinated with Russ Land and J. Menghini on requirements for testing Deerfield Production injection well.

GEOTHERMAL

- 1. Coordinated with Caithness on due diligence on Dixie Valley well status.
- 2. Received final reports on GRID drilling at Hazen.
- 3. Coordinated with D. Trexler on MITs on Virginia Townhouse and reviewed report and videos.
- 4. Reviewed draft Drilling Permitting document from Geo-Biz and requested edits.
- 5. Coordinated with GeothermEx on Washoe County report of hydrology for Steamboat area.
- 6. Organized and participated in the Nevada Tribal Geothermal Workshop held at the Nugget in Sparks. The event was co-sponsored by the DOE Geopowering the West and the Nevada Inter-Tribal Council. Approximately 30 people attended and 12 of the 27 Nevada tribes were represented. The workshop included presentations from 14 speakers and a half day field trip to the Brady Geothermal Facility.
- 7. Reviewed and amended a letter confirming the change of ownership and assumption of liability for the Dixie Valley wells from Oxbow to Caithness.
- 8. Spoke with Vosika King on a domestic well design for a home in Wells.
- 9. Spoke with Hackworth Drilling in Elko to confirm drilling plan for Vosika King domestic well. Permit was compiled and sent.
- 10. Sent information on hydrocarbon well use for geothermal energy to Tom Rolfsen of Williston, ND.
- 11. Coordinated with the Bonneville Power Authority for a tour of the Steamboat Facility.
- 12. Approved a change of location for the Piccolo domestic geothermal well.
- 13. Issued a permit for the Longe domestic geothermal well.
- 14. Retired six permits for monitoring wells at the Dixie Valley geothermal facility.
- 15. Spoke with B. Loundagin, Chemetall on permitting and drilling TG wells
- 16. Prepared files for Tribal Geothermal powerpoints.
- 17. Prepared and sent a letter of support on Blue Mt. project to BLM Winnemucca for scoping document.
- 18. Made site visits to Blue Mt and Pumpernickel Valley to inspect geothermal wells.
- 19. Coordinated with Carson City Environmental Health on domestic well permit.
- 20. Provided permitting information to Triad Resorts on commercial wells.
- 21. Spoke with Nevada County Commissioners on implementation of the Steam Act amendment.
- 22. Provided information on prevailing wage elements in DOE grants to Anna Carter, consultant.
- 23. Coordinated with Ormat Steamboat on BOPE equipment requirements.
- 24. Provided information on Washoe tribal contacts to Ormat for SBH expansion.
- 25. Provided information to WC Craig on domestic use well.
- 26. Attended Nevada Energy and Economics Conference in Elko.