



KENNY C. GUINN
Governor

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

Las Vegas Branch:
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
SEPTEMBER, 2006

ADMINISTRATION

1. Attended and chaired the State Environmental Commission meeting in Reno.
2. Attended, with Commissioners Parratt, Bryan, DeLong, and Mudge, the Nevada Mining Association annual convention at Incline Village.
3. Attended, with Commissioner Fagan and Christy, the Geothermal Resource Council annual meeting in San Diego.
4. Attended with Christy the Geopowering the West annual state summit held in conjunction with the GRC meeting in San Diego.
5. Attended, with Commissioner Parratt and Bryan, the GSN monthly meeting.
6. Accompanied Commissioners Bryan and DeLong to a meeting with Steve Robinson, Governor's Deputy Chief of Staff, to discuss the CMR maps created by NBMG to address the USFS Roadless Area Management Plan.
7. Attended a meeting with Steve Robinson (Governor's Office), Allen Biaggi (DCNR), Pam Wilcox (State Lands), and Pete Anderson (Forestry) concerning the "Letter of Agreement" with the USFS and the Roadless Management Plan. Submitted revised language for the proposed MOU.
8. Agreed to serve a 3 year term on the Steering Committee for the Interstate Oil and Gas Compact Commission.
9. Accepted an invitation to speak at the Nevada Landman's annual meeting in March.
10. Spoke with Amy Leuters, BLM NSO, concerning the appointment of Gary Johnson, DSD Minerals of New Mexico, to the parallel position in Nevada formerly held by Del Fortner.
11. Attended the Nevada Geothermal Council meeting.
12. Attended the Nevada Renewable Energy Task Force meeting.
13. Attended a briefing for state agencies on the White Pine County Public Lands bill.
14. Assisted John Sielmeyer, Northern Nevada Business Weekly, with information concerning oil and gas leasing and underground mining.
15. Assisted Mark Waite, Tonopah Times Bonanza, with information concerning the USFS Roadless Management Plan.
16. Assisted John Cleary with information concerning a possible precious metal in cinder scam.
17. Provided a tentative agenda to the Nevada Abandoned Mine Lands Environmental Task Force (NAMLET) for the October 24th meeting.
18. Presented the FY08/FY09 agency budget to the Dept. of Administration and Legislative Counsel Bureau.
19. Submitted 4 work programs to the Dept of Administration for the MacArthur Project, NBMG map projects, DOE Geothermal grant, and the replacement truck.

RECLAMATION BOND POOL

1. Wrote to Bill Fisher (Tonopah BLM) to request an extension of time to decide on the bond pool's course of action related to the BLM's demand on the Manhattan Millsite bond.
2. Wrote to Tony Selig (the underlying owner of the Manhattan Millsite) about the BLM's demand and the bond pool's choices. Had 2 follow up phone calls with Mr. Selig about his plans for the millsite. Tony wants to process ore from the White Caps Mine at his mill. He would need to submit a plan of operations, reclamation plan, and post a bond with the BLM. Presumably, this would replace the existing, forfeited bond underwritten by the Bond Pool.
3. Also spoke with Earl Harrison, formerly with Western Mine Development.
4. Spoke with Stephanie Porter (BLM-NSO) about the partial release of AuEx, Inc.'s bond. Initiated the partial release of AuEx's deposit. Sent a written request to the BLM for total release of the remainder of AuEx, Inc.'s bond.
5. Spoke with Craig Smith and Jon Brown about the MacArthur Mine reclamation project. Currently, the lowest bid is higher than the amount of money available. The revegetation and engineering run on controls have been removed from the scope of work, in an effort to have the bid amount reduced.
6. Spoke with Richard Bellum, Precious Metals Recovery Systems and new owner of the Bovie-Lew Mine, about his bonding requirements. The bond will increase from \$16,368 to \$27,700. He is deciding whether to post a cash bond or participate in the bond pool.
7. Spoke with Larry Creek of Specialty Clays Corp. They are trying to raise funds to build a bagging plant at their bentonite deposit east of Fallon.
8. Visited American Flats southwest of Virginia City, and saw the reclamation of the former Houston Oil and Minerals Mill. The reclamation is in progress and is about 40% complete.
9. Issued 3 notice level bonds for MGC Resources, Meridian Gold, and American Goldfields. There are now 75 notice level projects bonded by the pool for a total of \$585,226.00.
10. Worked with Janet Hess on an "Opposition to Debtor's Motion for Turnover and Accounting" related to the continuing bankruptcy of Pallas Resources.

MINING AND LAND USE ISSUES

1. Worked with Debbie on the Exploration Survey graphs, prepared a second draft, finalized the survey, sent it to State Printing, received the printed survey, and began distribution.
2. Obtained the plaque for the Excellence in Mine Reclamation award and attended the Nevada Mining Association's convention at Incline Village.
3. Issued a press release on the mine reclamation award.
4. Attended the Interim Finance Committee hearing at which our work program for transferring \$50,000 from reserve to AML enhancement was approved.
5. Provided historical mine production for the Rabbit Creek and Chimney Creek Mines to Sharon Byrum of Newmont.
6. Gave 3 presentations on "What it is like to be a geologist" at Gardnerville Elementary School's Career Day (3 presentations - 57 fifth graders total).

AML / PUBLIC AWARENESS – NORTH

1. Sent letter to Chalk Bluff, Reno property owners acknowledging receipt of photographs documenting satisfactory securing work to three hazards.
2. Sent letter to claimants, F. Solheim and D. Osborne, acknowledging receipt of photographs documenting satisfactory securing work to six hazards in Pershing County.
3. Spoke with Allen Newberry, State Parks, regarding Downeyville hazards and what are next step options. Allen will schedule a discussion/planning meeting and/or site visit in the next month or so, to include representatives from State Parks, SHPO, NDOW, and NDOM.

4. Spoke with Mark Henderson (BLM-Ely) and claimant Mike Pasek regarding their assistance in the potential backfill of 10-12 hazards within the Hogum historic area, immediately adjacent to Pasek's operating placer mine. Chris Ross (BLM-NVSO) will perform the necessary biological clearances of each hazard on or around November 1st. Cultural clearances and additional assistance will be provided by the BLM Ely Field Office during the same week. Assuming weather allows and Mr. Pasek is still working at the site, he will use his excavator to backfill the hazards.
5. Visited the Cassidy Mine, north of Gerlach, with Chris Ross (BLM-NVSO) to investigate claimant's reported securing work. Five hazards were found properly secured, one low hazard found not secured. Six minimal hazards were posted with warning signs. Letter of findings was sent to claimant along with photographs.
6. Spoke with Steve Tognoli, Mason Valley Fire Protection District Chief, regarding another abandoned vehicle fire at the patented Bluestone Mine open pit. Copies of NDOM letter to owner (7/27/06) were faxed to his office to assist with Lyon County's efforts to get a response from the owner.
7. Spoke with Bill Wilson (BLM-Ely) regarding claim and mining activity in the Hogum District and availability of operators to assist with proposed AML backfill program.
8. Logged 11 hazards and 33 non-hazards near Painted Rock north of I-80 in Washoe County. Ownership research indicates ten of them are orphans and will make ideal securing projects for Scout projects.
9. Re-visited ten hazards in the Jumbo Mining District for securing status and suitability for Scout securing projects or backfills. A list of potential sites will be forwarded along with photos to BLM-CC and BLM-NSO for consideration
10. Communicated with claimant, Todd Hilditch (TGC Holdings Ltd.), in response to letter from DOM regarding the securing of a hazard near Tuscarora. While they have returned the property to Newmont, TGC will be performing reclamation work shortly and will secure the identified hazard at the same time.
11. Communicated with TGC Holdings and Enviroscientists, Inc regarding an unsecured hazard near Tuscarora. While TGC is conducting reclamation on the property, the claims have since been deeded back to Newmont. A letter informing Newmont of the unsecured hazard was sent to their Reno office.
12. Provided copies of hazard inventory sheets for the Adelaide district (Humboldt County) and copies of appropriate topo coverage to Chris Ross (BLM) for use in an upcoming AML recognition and training field trip for the BLM Winnemucca Field Office.
13. Communicated with property owner, Adam Sax, regarding location coordinates for logged hazards on his Pershing County property and available historic mining information.
14. Forwarded safety concerns of the Chollar Mine in Virginia City, on to the State Mine Inspector's Office. Teachers reported noticeable and significant squeezing of drift (height) since similar tour with children last year.
15. Provided package of hazard inventory sheets and maps to Ken Maas (USFS) referencing hazards identified at the Linka and Conquest Mines in Lander County. The USFS performed nighttime bat surveys in anticipation of using more permanent means of securing previously fenced hazards.
16. Communicated with property owner, Matt Denio (Nevada Land Assets), regarding three unsecured hazards near new development in Dayton. A site visit was made with Mr. Denio to locate these hazards and discuss securing options.
17. Provided an estimate of hazards inventoried and secured on BLM land during the last federal fiscal year to the BLM Nevada State Office.
18. The photographic database of NDOM logged and secured hazards was organized and archived to CD.

19. Sent letter of reference and thanks to the summer interns.
20. Supervised and assisted Boy Scout Andy Haskin and his work crew of 12 with the securing of six hazards in Washoe County as part of an Eagle Service award project.
21. Met with Scout, Robbie Ayres, and signed off on his completed Eagle Service award project report.
22. Communicated with Kavika Fisher, father of Scout Kai Fisher, regarding potential securing sites for Eagle Service Project.
23. Communicated with Boy Scouts Kai Fisher and Paul Pearson regarding dates available to perform field reconnaissance of orphaned hazards suitable for their Eagle Projects.
24. Staff attended the Dayton Valley Days celebration answering AML questions and distributing AML literature and giveaways to approximately to 75 people (one presentation – 75 people).
25. Delivered broadcast versions of PSA to BLM-NSO for use in purchased spots in Las Vegas market during the last three weeks of September. Discussed doing the same in Northern Nevada next spring.
26. Attended NvMA Education Committee meeting to discuss the Carson City Workshop results and ways to improve next year's workshops.
27. Three Rocks/Minerals/AML presentations were made to three classes of fourth-graders at Sarah Winnemucca Elementary School in Reno (3 presentations - 84 children total).
28. Attended Education Committee conference call to discuss changing session schedules for 2007 Workshops and review a promotional tri-fold brochure to be used for mass mailings.
29. Attended Mackay Economic Geology Seminar at UNR.

AML / PUBLIC AWARENESS – SOUTH

1. Participated in the Harvest Festival at Red Rock National Conservation Area Visitor's Center. The agency exhibit covered minerals and their uses, fluorescent minerals and AML. An estimated 700 visitors stopped by the display – an excellent NDOM venue (one presentation – 700 people).
2. Participated in the annual Las Vegas Hard Assets Investment Conference at the Mandalay Bay Hotel/Casino. The Division was given a complimentary booth space. The conference showcased international, US and Nevada mineral (precious metals, moly, uranium and strategic minerals) and energy (oil, gas and geothermal) exploration projects and investment opportunities. Approximately 70 presentations were made during the two-day event and an estimated 600 visitors stopped by the booth. This is a very important venue for NDOM to attend in the future. There were many questions on the exploration climate, geologic potential of the state, taxation, and permitting. NOTE: NDOM received high praise by a number of visitors for the notice level bond pool (70 presentations – 600 people).
3. Received a summons from the United States District Court to give testimony regarding a Nevada mining fraud case that involves investors in England.
4. Met and assisted in orientation of four student volunteers at the McCaw School of Mines. The volunteers are from Las Vegas High School and part of the Partnership at Las Vegas (PAL) internship program. They are dedicated to McCaw for the 2006-2007 school year and will be available on Wednesdays. They will conduct McCaw Mine tours in the morning and assist in classrooms at McCaw Elementary School in the afternoon.
5. Assisted in clean-up and re-organization of the McCaw Mine mining equipment and geology exhibit rooms.
6. Attended a meeting of the Yellow Pine Rail Trail committee. Funding for a feasibility study of the project has been submitted by Clark County Comprehensive Planning to the Southern Nevada Public Land Management Act (SNPLMA) committee for Round 7 appropriations.

7. Wrote and submitted an AML article to the Tonopah-Times Bonanza newspaper as a follow-up to a report that children were seen playing inside the fence next to a deep shaft on the west side of Tonopah. The fence was repaired and tightened. The article was published in the September 28, 2006 edition.
8. Work is in progress on Nye County claim research for AML sites discovered by Geotemps contractors, summer interns and Chief-SNO.
9. Contacted the Clark County Commission for assistance in motivating claimants to re-secure AML hazards located off of Warm Springs Road on the west side of Las Vegas. Referred to the Clark County Manager's office. Information on the hazards and the County's authority (NRS 455.020-.060) has been provided to the County Manager's Southwest Area Liaison staffer. NOTE: Staff was contacted on September 22 by one of the claim holders who indicated that they will be consulting with a fence company next week to get work done as soon as possible. Our notification letter of July 24 was not opened until this week as the addressee was out of town for the last month and a half.
10. Responded to a number of claimants receiving recent AML notification letters for hazards in Esmeralda County. Contractor lists and warning signs were sent out. One claimant is deceased and his patented claims are in trusteeship of the Esmeralda County Treasurer (securings could be done by the County through a request for funding from our medallion fund or as a courtesy by NDOM staff).
11. Signed an approval for two Eagle Scout candidates from Boy Scout Troop 95 in Henderson to conduct painting and repair projects for the McCaw School of Mines buildings and exhibits for their Eagle service projects. Work is expected to commence within the next month.
12. Assisted BLM biology staff from NSO and Tonopah Field Station in conducting external night time bat surveys of mine openings proposed for backfill in the Rays area in Nye County. Two of the sites had a small number of bats sighted and the mine openings were covered with bird netting for two days prior to backfilling (bats will exit through the bird netting but will not re-enter).
13. Traveled to Tonopah to participate in the Rays area AML backfill project in Nye County. 52 mine openings (45 logged AML hazards plus 7 non-hazards) were backfilled. The project was a cooperative effort with the BLM State Office/Tonopah Field Station, the Nevada Mining Association and NDOM. On the ground personnel included Chief-SNO, Chris Ross, AML lead for the BLM NSO, Jon Brown – Nevada Mining Association, and Alfred Anderson – equipment operator – Round Mountain Gold. Cashman Equipment in Las Vegas provided the D-6 dozer and Paul DeLong Trucking of Las Vegas furnished the tractor/trailer rig to transport the dozer.
14. Attended the Nevada Mining Association Education Committee meeting in Reno. The committee reviewed the August Carson City workshop and began planning for the April 2007 Las Vegas workshop. The summer 2007 workshop is scheduled for Elko and NvMA has received an invitation from the Tonopah Historic Mining Park to hold the summer 2008 workshop in Tonopah.
15. Staff has been apprised by NDEP that negotiations for a lease renewal on the 1771 E. Flamingo space are at a standstill. It appears that there is about a 95% chance that the lease will not be renewed and it expires December 31, 2006. Staff are working with NDEP management and state Buildings and Grounds personnel to track negotiations and is seeking new office space options and obtaining estimates for moving costs. The latest word on is that a deadline date of Monday, October 16, 2006 has been requested by NDEP.

OIL AND GAS

1. Presented White Pine County information to the Renewable Energy Task Force. Received new GIS files of proposed wilderness areas as in the Senate bill. WP county poster, OFR 06-5, revised and on the NBMG website. Arranged for County Land poster presentation at NACO meeting in November. Attended State Agency update on WP land bill presented by K.Kirkeby.
2. USFS roadless area maps on the web NBMG open file report 06-12. Accompanied Commissioners to present concern on roadless and the State's response to S. Robinson. Working with State Lands on a USFS / NV MOU.
3. Registered for IOGCC in Austin in October.
4. Notified by **Noble Energy** that they will start the process of modifying the Rattlesnake 12-26 well into a water supply well and requested information for Division of Water Resources regarding converting an oil well to a water supply well. DWR response was not encouraging. They require a licensed water well driller to be the original driller of the well. Their response seems to negate NAC 522.450. Gathering further information for the operator.
5. Letter sent to **Grant Canyon Oil and Gas** confirming bond in place.
6. Contacted by Discovery Channel about small oil operators.
7. Received the organization report for **Nevada Oil and Gas Operations, LLC**.
8. **Neuhaus** working on clean up at 33RR, 1-5 and 4-1 well sites.
9. Received two Notices of Staking from **Plains Exploration and Production Company**.
10. Received sundry from **Makoil** regarding questions on rig. Approved. Spudded 12-14, drilling ahead. Requested daily reports.
11. Coordinating with NDEP Spill Control to establish a programmatic response to small oil spills which are reportable.
12. Sent information to Ehni Enterprises for Oil Reporter.
13. Discussing bonding requirements for the **Deerfield to Meritage Energy** sale of 30 wells.
14. **Empire Petroleum** spudded Cobble Cuesta 1-12 9/14. Drilling ahead.
15. **Energy Operations NV** requesting siting information. Three sundries received regarding supplies and rig set up. Approved.
16. Forwarded letter from J. **Isern** regarding sale and P&A of Gigante well to BLM. Paperwork is not in order and NDOM will take no action at this time.
17. Voiced concern to BLM regarding initiating third party testing of BOPE on all wells. NDOM does not think the history of drilling in the state, and the absence of over pressure justifies this. Lack of vendors in the state could seriously delay programs and increase costs. Asked BLM to put their concerns, justifications, and projected time and cost analysis into a form for consideration by the Commission.
18. Compiled well status spreadsheet of **Meritage** purchase of Deerfield wells.
19. **Makoil**, 12-43 shut down for rig repairs.
20. Reviewing the conversion of **Texeco's** Jakes Valley well to water supply well.
21. **Neuhaus** update on getting bids to P&A wells. Requesting to re-enter Current Creek 31-1.
22. Researched RRV well for **G.Vrame**. Well P&A in 1981.
23. Coordinating with **Energy Operations of Nevada** on three NOS in RRV.
24. Looking for more information from **Grant Canyon Oil** on air injection program.

GEOHERMAL

1. Received BLM corrected bonding letter for **Vulcan Power**.
2. Received sundry on BOPE change for 26A-14, **Nevada Geothermal Power**, approved. Received test graphics. Approved flow test program and fluid storage system.
3. Coordinating with **Ormat** on renewal of SBH 83B-6 drilling permit.

4. Approved sundry for **Ormat** Desert Peak 86-23 fishing for tubing.
5. Approved **Ormat** push pull on Desert Peak 74-21, setting 27 stage pump deeper.
6. **Earth Power Tuscarora** notified us that they have the owner's permission to do dirt work on private leases.
7. Coordinating with **Ormat**, USFS and Sierra Fire Control on fire plan for construction project at Steamboat Hills.
8. Received six applications to drill on private land at Steamboat Complex. Reviewed and approved **Ormat** Steamboat Hills Fire Plan in conjunction with USFS and NDF
9. Voiced concern to BLM SO regarding Buffalo Valley permits which were submitted in Feb 06 and are projected to be another 40 days out.
10. Coordinating with **GRID** on Hazen PA of TG holes, completion reports required.
11. Coordinating with **Esmeralda Energy** on sampling program.
12. Sent letter reminding **Amp Resources** that change of ownership is due on Salt Wells project. Received change of ownership forms and fees on Amp Salt Wells project.
13. Worked with Brady to correct **Desert Peak** production reports. DP 2 on line and delivering approx. 9 MW.
14. Received BLM approved APD for **Esmeralda Energy**.
15. Coordinating with **TG Power** on permits and fees for Tuscarora.
16. Received revised monthly reports from SB 2-3, March thru August 06, regarding replacement production well.
17. Pyramid Lake Paiute Tribe spudded observation hole north of Needles. Site visit with BLM. Advised using NBMG and NDOM as repositories for logs and cuttings. TD'd their observation well with good results.
18. Provided information to Lahontan Valley News on geothermal projects.
19. Geothermal Newsletter edited and posted on Web.
20. Prepared handouts for DOE State Working Group meeting at GRC.
21. Attended the GRC conference in San Diego.
22. Responded to Platts on Renewable projects.
23. Sent comments to MMS and BLM on changes in Steam Act regulations; reviewed GEA comments.
24. Attended Nevada Geothermal Council luncheon. Carl Linville guest speaker.