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ALAN R. COYNER
Administrator

ACTIVITY AND ACHIEVEMENTS REPORT

MARCH, 2011

ADMINISTRATION (ALAN)

1. Gave a presentation to the Assembly Agriculture, Mining, and Natural Resources Committee on the activities of the Division. Commissioner Snow also attended.
2. Gave interviews to various media persons concerning the AML accident in Jersey Valley.
3. Arranged for the use of the state seal by the Northwest Territorial Mint for commemorative coins for use by the Governor.
4. Received additional questions from LCB concerning the Division's budget.
5. Conducted several additional TV interviews concerning the AML accident in Jersey Valley.
6. Participated in an IOGCC conference call concerning budget cutbacks at IOGCC.
7. Met with Ken Bonin of Gradient Geothermal concerning the new power plant at Patua.
8. Met with BLM representatives concerning the Oil and Gas Leasing Task Force.
9. Facilitated a meeting with Rocky Chase of Barrick concerning the Cordero mine site near McDermitt and possible AML issues and mercury issues.
10. Gave a presentation to the Senate Natural Resources Committee concerning the activities of the Division.
11. Attended the bimonthly meeting of the Nevada Geothermal Council. Commissioner Snow and Lowell also attended.
12. Gave a presentation on the Nevada mineral industry to the American Association of Professional Landmen.
13. Attended the International Mining Competition at UNR.
14. Met with representatives of Churchill County, NDEP, and DWR concerning the recent accident in Churchill County where a resident burned himself in an old geothermal well.
15. Responded to a request from LCB concerning open mine shafts and the Nevada AML program.
16. Submitted a response document to the second round of follow-up questions from the LCB concerning the Division's budget.
17. Attended the geothermal lease sale at BLM-Reno and met with several representatives of geothermal companies concerning NDOM activities.
18. Met with the NBMG advisory board to discuss budget issues and review their response to the program review document from UNR and the future of the NBMG.
19. Finalized technical sessions and workshops for the NAAMLPL annual meeting.
20. Sent emails to several of the companies which will be receiving AML hazard notification letters from NDOM requesting they give prompt attention to securing the hazards.
21. Reviewed the state response to the information letter requested in the meeting concerning the hazards associated with unpermitted geothermal wells in the Stillwater area.

RECLAMATION BOND POOL (DOUG)

1. Issued notice level bonds for Redstar Gold USA; GeoXplor, MGC Resources; La Quinta and Harvest Gold.
2. Prepared invoices for bond pool participants on a quarterly premium schedule.
3. Responded to an audit request regarding the status of Plum Mining LLC's bond. There was a discrepancy of the deposit amount, which they fixed on their books.

MINING, LAND AND OTHER ISSUES (DOUG)

1. Received acceptances from all 8 summer intern candidates who were offered positions.
2. Prepared and submitted a contract amendment for AML re-visit work for Environmental Protection Services.
3. Dealt with a small portion of the aftermath of the AML fatality at the Murphy Mine.
4. The contract amendment (#3) for Environmental Protection Services AML re-visit work was approved. Amendment #4 for \$80,001 was prepared and submitted for BOE approval, expected April 12, 2011.
5. Began work on an amendment to Geotemps contract.
6. Met with Alan, Mike, Rocky Chase (Barrick), Nicole Weingart (BLM), and Tim Dunkelman (EPA via phone) regarding AML sites near Cordero.
7. Began a work program to move money from reserve to AML support. This is for another field truck, intern per-diem and supplies, and other associated AML work.
8. Several different people brought in suspected meteorites. One was a 35 +/- pound piece of magnetite collected at the Gardnerville dump.
9. Approved 5 geothermal permits and one sundry.
10. Worked on an amendment to the Geotemps contract.

AML / PUBLIC AWARENESS - NORTH (MIKE)

1. Received a report via Ed Tomany regarding an AML incident in Jersey Valley near Ormat's geothermal project. Subsequent research determined it be at the Rex/Jersey/Murphy mine complex in Pershing County very near the Lander County line. Some limited mine information and a UG sketch map was discovered which might aid rescue/recovery operations. The downhole camera on loan from NDOW was also requested. The information and camera were delivered on scene. Continued technical information and assistance was provided to the Lander County Sheriff, Pershing County Deputy, and SAR teams. The victim, Devin Westenskow, was exploring the upper portion of the mine with two co-workers, lost his footing and fell 183' down a steeply inclined shaft/stope. A robotic camera from the Lander County water and sewer department was lowered into the shaft, and after several attempts finally provided a view of the unconscious victim. Despite the truly heroic efforts by the Washoe County HASTY Team, Fallon NAB personnel, State Mine Inspector personnel, Lander County SAR, and Mine Rescue personnel from Newmont's Phoenix Mine, dangerous conditions underground prevented the actual visual sight of, or access to, the victim. The victim passed away, from injuries sustained from the fall (48 hours prior), shortly after rescue efforts were called off. A temporary barricade was constructed at the scene pending final determination of risk to the public and proper closure methods.
2. Spoke with Ron Espell and Rocky Chase (Barrick) regarding a meeting to discuss to the AML features at the Cordero mercury mine complex. Meeting scheduled for next week.
3. Provided an AML presentation to the Reno Gem and Mineral Society. (1 presentation – 105 people)

4. Completed emails to intern applicants who were not offered positions. Internet links and information about other potential internships were included.
5. Drove to Lovelock, along with contractor (Environmental Protection Services), and met with Pershing County Sheriff Rich Machado and Deputy Roger Jones, before continuing on to site of previous week's AML fatality. The two openings associated with the fatality and an additional one nearby were secured with polyurethane foam and nearby fill. Additional inventory and securing work was performed, resulting in the securing of 13 additional AML hazards in the vicinity. Five of these are proposed to the BLM for permanent securing, through the use of culvert gates and ventilation pipes to preserve significant bat habitat. One additional site is proposed for PUF/fill closure. BLM-Winnemucca has requested an archaeological site survey be conducted before this work can proceed. The site visits will occur in early April, and closures are anticipated to occur later in the month.
6. Attended a meeting with Rocky Chase (Barrick), Nicole Weingart (BLM-NSO), Tom Dunkelman (EPA via phone) and NDOM staff to discuss AML physical safety hazards at the old Cordero mercury mine. Barrick is not currently aware of any AML hazards on their patented ground (acquired from merger with Placer), but will make available aerial photo coverage planned for acquisition later this spring. This may assist with the on-the-ground inventory work. The BLM is working on a land status map showing ownership boundaries in the area, but definitive boundaries will require new land surveys. EPA has done some preliminary ownership research and has offered to make that available.
7. Updated AML and photo databases with inventory and securing information from work at Murphy Mine complex. Received permanent closure estimates from EPS and distributed them to NDOW and BLM.
8. Communicated with Dave Worley (JBR) regarding AML hazards discovered by him while doing work for Allied Nevada at the Hycroft Mine. In all, information and photographs for six hazards were provided by Dave. All but one are within the Hycroft perimeter fence and considered secured from public access. They are also proposed for biological surveys since they fall within the footprint for pit and waste rock expansion plans. There is one shaft near the old railroad site of Floka, whose ownership is still in question, but should be resolved shortly.
9. Met with Stephanie Livingston (archaeologist, Great Basin Institute) to drop off maps and information and discuss the permanent closure work proposed at the Murphy Mine complex. She will be doing the archaeological site assessment under contract with the BLM. Worked to resolve and clarify ground disturbance and documentation issues from previous permanent closure efforts conducted in the last 6 months.
10. Taught "Paste with a Taste" minerals education activity to a class of 3rd graders at Esther Bennett ES, Sun Valley. (One presentation – 23 people)
11. Met with Brian Breiter to review inventory and securing plans in Esmeralda County next week. Reviewed use of digital pen for recording non-hazard data and layout of new hazard inventory form developed by Debbie and Rachel.

AML / GIS (RACHEL)

1. Located all of the high hazards in the Tonopah and Gold Point areas that are currently not secured. Generated maps for the surrounding areas, and printed hazard ID sheets for EPS to survey and secure when they travel to the area in the near future.

2. Worked on updating new Garmin units using the DNR Garmin software. The new units do not appear to be compatible with the current version of DNR Garmin. With a little manipulation, points were able to be loaded onto the units.
3. Looked up the pricing of different Garmin GPS units in order to determine the best ones for replacing worn out units. Determined the new Garmin 62 series is not as versatile as the 60Csx, but stores twice as many waypoints.
4. Printed a new hazard rank monthly, updated the database and backed up both the local AML Drive and the networked drive and photo archive.
5. Made an AML/Geology presentation to second grade students at Donner Springs Elementary School. Discussed sedimentary and metamorphic processes and the importance in mining and abandoned mine safety (one presentation – 17 people).
6. Searched for any information or maps near the Jersey Valley AML incident. Found very little information on the site except for a few brief articles about mineralization and times of operation. Received some information from a bat survey done in the area and worked on marking up the potential hazards to the sketches.
7. Met Brian of EPS at the shed to load t-posts and barbed wire for upcoming field work. Delivered the maps, photos, ID sheets and GOS units for use in the field.
8. Spoke briefly with Katie Miller of NDOW to discuss any additional data we might like for them to include when logging new hazards – specifically for the Treasure Hill area.
9. Traveled to the Las Vegas office to assist Bill Durbin and Deborah Selig with the new revisit data from contractor Pete Herrera.
10. Worked with Debbie Selig on importing hazard data to the Access database using the Capturx software and pen technology. After we determined what the problems were in the import process, we were able to re-design the form so that data is able to be appended to the data base without any changes in Excel. Changes were made to the data base to make the import process work smoothly. This allows us to use the pen technology for collecting data on hazardous features rather than it being limited to non hazards. The next step will be to test the forms in the field and determine the functionality of the software.
11. Discussed options for sharing photos between Las Vegas and Carson City. The best option would be to sync both of the AML photo folders to determine what is missing and start updates from that point. Theoretically, from this point on each photo folder will have the same records and will be updated and shared from the different folders at the beginning of each month.
12. Attempted to re-install the Capturx pen software on the new GIS computer. After several failed attempts and issues with existing software, the software was installed for use on my computer. The program is working without any problems. Installed the additional drivers needed to print to the post script printer and updated the forms.
13. Printed off new Hazard ID sheets for Brian of EPS to use in the field in the coming weeks. The pen will be beta tested by Brian so that we can see how well the new forms work in the field.
14. Filed updated hazard ID sheets from the Clark County Revisit program in order to update our records in the Carson City office.
15. Began downloading the new NAIP imagery for Nevada from the Keck website.
16. Acquired the database of geothermal wells in Nevada that is kept and updated by Linda Wells. This will be used to determine areas that need to be investigated due to the presence of a geothermal well and potential for added visitation. These areas of interest will be added to the list of areas that the Interns will visit this summer.

17. Constructed maps for the BLM showing the general location of the Murphy Mine site and associated Geothermal Complex as well as a more detailed map showing locations and hazard ID numbers.
18. Attended and competed in the 33rd International Mining Competition hosted by the Mackay School of Mines at UNR. During the two days of the competition, AML stickers, magnets and tattoos were passed out to several spectators and numerous different teams competing in the games. I spoke with several individuals about the importance of staying out of abandoned mines and what to do if they come across one. Over 300 people were present during the competition including judges, team members, spectators and several media representatives.
19. Spoke with Brian Breiter of EPS regarding work being completed in Esmeralda County. His crew completed 21 securings on high hazards in the area and 5 revisits during the week. They will be returning to the area in the following weeks to continue securing and logging work.
20. Responded to e-mails from Jason Williams with NDOW regarding hazards in the Osceola area of White Pine County. Some of these features had been logged by NDOM while others had not. Assigned new WID numbers to hazards in the area and research land status of the new sites. Updated our hazard ID sheets and added new ones to reflect these changes.
21. Received a phone call from Brian Ellis regarding hazardous features on claims he recently staked. The claims are in an area that has not been investigated by NDOM. Mr. Ellis has secured these features and requested additional information on closure requirements and hazard inventory. He will be providing us with additional location information and photos in the near future.
22. Worked with Debora Selig and Linda Wells to send out notification letters to claimants who have unsecured hazards on their land. There are roughly 2800 individual hazards belonging to approximately 500 owners that are currently recorded as being “not secure” in our database. While this was a tremendous undertaking that would have been very difficult to accomplish without help from Linda and Debbie, it will bring us up to date in the notification letter process and help to resolve some issues with ownership information recorded in our database. In turn, this will provide more work in researching the ownership of hazards when the notification letters are returned to us, updating the database, etc.

AML / PUBLIC AWARENESS - SOUTH (BILL)

1. Completed Dustin Marshall’s Eagle project reconnaissance trip to Christmas Tree Pass in southern Clark County. Two additional hazards were added to his project which was originally to re-secure two vandalized hazard fences.
2. Investigated and ranked 2 AML hazards in Clark County.
3. Work continues on compilation and data entry of Pete Herrera’s Clark County AML revisit work completed in January, 2011.
4. Assisted in prepping McCaw School of Mines Foundation Gala/Golf Tournament invitations.
5. Prepped handout materials for a Girl Scout tour of McCaw School of Mines (Saturday, March 5) and classroom presentations at Sandy Miller Elementary School (Monday, March 7).
6. Work underway on compilation and data entry of Pete Herrera’s Clark County AML revisit work completed in January and February, 2011.

7. Rachel Wearne was in the Las Vegas office this week and she and Debbie Selig worked on the Capture-X pen system, modifications to the AML database and data entry for the Clark County site re-visit contract.
8. Assembled materials for Brendan Villhardt's Eagle Scout project scheduled for Saturday, March 12.
9. Assisted with a tour of McCaw School of Mines for 13 girls and 12 adults from Troop 243 including AML information (1 presentation – 15 people).
10. Presented minerals and commodities, "Birdseed Mining" and AML for 4 classes of 4th graders at Sandy Miller elementary School – Las Vegas (2 presentations – 120 students).
11. Set up the Division-donated computer at the McCaw School of Mines.
12. Work continuing on compilation and data entry of Pete Herrera's Clark County AML re-visit work completed in January and February, 2011.
13. The Las Vegas office has hired Geotemps contractor Kyle Cahill to provide evaluation and data and photo database entry support for the Clark County AML site re-visit project. Kyle was hired effective Wednesday, March 16.
14. Completed Brendan Villhardt's Eagle Scout service project. 8 previously secured hazards were re-secured 7 miles west of Jean, Clark County. This is the 118th completed Scout project.
15. Presented sessions of minerals and commodities and mineral physical property testing (including specific gravity) at Southeast Career Technical Academy – Las Vegas. Total of 35 9th grade students (2 presentations – 35 students).
16. Completed maps and road logs for the local area tours for the 2011 Las Vegas teacher workshop – sent to Joseph Riney at NvMA for inclusion in the flash drives for teachers.
17. Work in progress on post-workshop tour road log to Mercator Mineral Park Mine, Golden Valley, Arizona.
18. Work nearly completed on compilation and data entry of Pete Herrera's Clark County AML re-visit work completed in January and February, 2011. Geotemps contractor Kyle Cahill is doing data entry.
19. Conducted AML claim research at Clark County Surveyor's office.
20. Prepped mineral and rock samples for 14 of the 24 types for the 2011 Las Vegas teacher workshop. Bagged and tagged gold and silver ore samples for teacher "goodie bags".
21. Attended NvMA Education Committee meeting in Reno. Final plans for the Las Vegas teacher workshop were made and planning continued for the Reno workshop.
22. Presented 6 sessions of "What a Geologist Does", minerals and commodities and AML at the 10th annual Pat Diskin Elementary School Career Conference – Las Vegas (6 presentations – 150 students).
23. Debbie worked in the Carson City office all week on fixed asset inventory, finalization of AML notification letter format and AML/GIS database enhancement.

GEOHERMAL (LOWELL)

1. Reviewed sundry notice from Ormat Nevada for Dead Horse. Alan approved.
2. Reviewed Ormat Nevada's permit application and drilling program for the Dead Horse 26-6 production well. Proposed total depth is 3,500 feet. Alan approved.
3. Reviewed sundry notice from Ormat Nevada for Desert Peak. Discussed procedure with Russ Land, UIC. Alan approved.
4. Reviewed sundry notice from Magma Energy for Soda Lake. Alan approved.
5. Reviewed sundry notice from Gradient Resources for Patua operations. Alan approved.

6. Wells drilling: Gradient Resources Patua 44-19; Ormat Nevada Jersey Valley 86(87)-28 production well (rigging down); Ormat Nevada Dead Horse 85-11 production well (rigging down).
7. Reviewed Brady Hot Springs Geothermal Associates request to release the \$50,000 surety bond they hold for Brady Hot Springs. This surety bond should have been terminated quite some time ago when Brady Power Partners (Ormat Nevada) took over this operation. Made sure all existing wells at the Brady operation are currently under the Brady Power Partners bond by verifying well listing with Ormat Nevada. Alan approved the release of the surety bond.
8. Reviewed sundry from Magma Energy for Soda Lake. Discussed operational procedures with Russ Land at UIC. Alan approved.
9. Reviewed Gradient Resources permit application and drilling program for the Patua 28-20 production well, located on a BLM lease. Proposed total depth is 11,000 feet. Received notification of approval from Carson BLM District Office. Alan approved.
10. Reviewed Nevada Geothermal Power's permit applications and drilling program for Blue Mountain TG holes TG-20, TG-23, TG-24, TG-25, TG-26, and TG-27. Proposed total depth for all TG holes is 1,000 feet. Alan approved.
11. Wells drilling: Gradient Resources Patua 44-19 production well; Ormat Nevada Dead Horse 12-12 observation well.
12. Reviewed Ormat Nevada's permit application and drilling program for the Tuscarora 87A-5 production well. Proposed total depth of the well is 3020 feet. Alan approved.
13. Reviewed Ormat Nevada's permit applications and drilling program for three TG holes at Tungsten Mountain and three TG holes at Edwards Creek. Proposed total depth for all of the TG holes is 1,000 feet. Doug approved.
14. Reviewed sundry notice from Magma Energy for Soda Lake. Alan approved.
15. Reviewed sundry notice from Gradient Resources for Patua. Doug approved.
16. Wells drilling: Gradient Resources Patua 44-19 production well; Ormat Nevada Dead Horse 12-12 observation well.
17. Reviewed sundry notice from Brady Power Partners (Ormat Nevada) for Brady
18. Wells drilling: Gradient Resources Patua 44-19; Gradient Resources Patua 16-29; Ormat Nevada Dead Horse 12-12 observation well.

OIL AND GAS (LOWELL)

1. Attended BLM Oil and Gas Lease Sale in the Reno BLM State Office. One parcel consisting of 2,391 acres was offered. The parcel sold for \$40/acre to Underground Energy of Arroyo Grande, California.
2. Review two sundry notices from Grant Canyon for the Grant Canyon field. Alan approved.
3. Drilling: Emergent Value FLT 1 (2,199', directionally drilling).

OTHER (LOWELL)

1. Attended the Nevada Petroleum Society meeting and dinner on Thursday, March 3rd. Speaker was Dr. Corne Kremer, Research Assistant Professor, NBMG, University of Nevada – Reno. Topic: Applications of geodetic studies to Nevada.
2. Participated in the 'Task Force' meeting related to BLM leasing reforms (IM 2010-117) for oil and gas at the BLM State Office in Reno on Friday, March 4th.
3. Met with Ken Bonin, Gradient Resources, and John Menghini/Darrell Carter, BLM, at Gradient Resources' office in Reno. Discussed BLM BOPE testing procedures.

4. Participated in the ‘Task Force’ meeting related to BLM leasing reforms (IM 2010-117) for oil and gas at the BLM State Office in Reno on Tuesday, March 8th.
5. Attended Nevada Geothermal Council meeting on Thursday, March 17th.
6. Attended BLM Geothermal Lease Sale on Tuesday, March 22nd. News release from the BLM concerning the sale:

Final Results for 2011 Geothermal Sale

Reno, Nev. — Geothermal leases not sold at the March 22 competitive geothermal lease sale were available the following day for non-competitive offers. The Bureau of Land Management (BLM) offered 34 parcels non-competitively and received offers for 12 parcels. The non-competitive rental fees of \$44,843, in addition to the competitive lease receipts of \$456,353, resulted in \$506,446 in total revenue from this year’s geothermal lease sale.

Of the 51 parcels offered this year, 17 parcels sold competitively. Two parcels in Churchill County received the highest bid per acre prices: bonus bid of \$253,580 at \$60 per acre for a 4,227-acre parcel by Ormat Nevada Inc., of Reno, and bonus bid of \$8,320 at \$13 per acre for a 640-acre parcel by TGP Development Company LLC of San Diego, Calif. The second highest bonus bid of \$29,370 was paid by Geothermal Technical Partners of Sparks, NV for a 4,894-acre parcel in Mineral County. Thirteen parcels received bonus bids of \$2 per acre.

The sale offered 51 parcels in Nevada totaling 151,119 acres; 42,627.47 acres sold competitively and 44,842 acres received non-competitive offers on March 23. The remaining 63,648 acres will remain available for non-competitive lease offers for two years.

Geothermal leases are for a 10-year period. Annual rental for a competitive lease is \$2 per acre for the first year, and \$3 per acre for lease years 2-10. Annual rental for a noncompetitive lease is \$1 per acre for lease years 1-10. Additional environmental analysis would need to be conducted to receive permits to drill or build a facility to develop the energy from the geothermal source.