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EXECUTIVE SUMMARY AND MONTHLY ACTIVITY REPORTS FEBRUARY, 2015

EXECUTIVE SUMMARY

- Industry and Public Relations – The 78th Session of the Nevada Legislature commenced on February 2, 2015. By mid-February, the Administrator and several Commissioners had met with all members of the Senate and Assembly Natural Resources Committees to discuss the Commission's proposed legislation, Senate Bill 44. The Senate Natural Resource Committee received an update on NDOM activities and Nevada mining, geothermal and oil production at their scheduled meeting on February 10th. On February 26th, the Senate Natural Resources Committee conducted a public hearing on Senate Bill 44. Both Industry and Conservation groups testified in favor of the bill. As a result of feedback on the bill, it was amended to include statutory caps for oil and gas drilling fees and sundries, but maintained all other components that the CMR had approved. The next step is for the Committee to conduct a workshop on the bill. The bill must be approved by the Committee by April 10th in order to proceed through the legislative process. The Administrator met with members of the Minerals Exploration Coalition and Nevada Mining Association, which had dedicated days at the legislature on February 12th and 26th, respectively.
- Minerals Education and Outreach – 15 educational presentations were given by staff which reached 685 citizens: 375 students in Nevada schools, 90 adults in civic or trade organizations, and 220 in public forums. Staff worked to prepare mineral kits and educational materials for the upcoming Southern Nevada Earth Science Workshop to be held March 28-29 in Las Vegas. Lucia Patterson has updated three education modules: "cupcake core drilling" for second graders, an interactive geologic time scale game for 4-7th grades and the rock cycle metamorphic learning module. Erik Langenfeld is working on an all-new classroom learning exercise for geothermal energy.
- Abandoned Mine Lands (AML) - For calendar 2015, 21 new sites were recorded and 77 were secured. The AML program reached a milestone of 15,000 securings since inception in 1987. An information session was held at UNR for students interested in summer intern positions.
- Reclamation Bond Pool - One new notice level bond was issued. There was one increase and one decrease in notice-level bonds. Total bonding stands at \$3.09 M. The pool has adequate reserves for small plan-level projects.
- Oil, Gas and Geothermal (OGG) Permitting and Inspections – One oil well permit was issued and no oil wells were drilled. Five oil sundries were processed and approved. No geothermal drilling permits were issued and one geothermal well was drilled, the Wild Rose 26A-6. 8 geothermal sundries were approved. All wells in the Salt Wells and Wild Rose geothermal fields were inspected. A violation and fine was imposed on MTS Energy, Inc., for not responding to the Division's repeated communications to plug and abandon an oil exploration well drilled in 2012.

Financial, Personnel and Projects:

- The Division is staffed with ten full-time and one part-time employee, and has one unclassified vacancy.
- The Division reserve balance stood at \$1,189,164 at the end of February. The MSM donation was paid.
- Work continued on the AML Database Upgrade Project with Terra Spectra Geomatics.
- Development of a new Access database for geothermal and oil wells which can be used in the field using a tablet PC began.

5. Sent a SOW for a LIDAR demonstration project to the US Army Corps of Engineers to enhance the AML inventory program.
6. Sent a draft SOW to the US Army Corps of Engineers for a 50/50 cost share agreement up to \$100,000 for inventorying and securing abandoned mines in Nevada.
7. The statewide AML Bat Gating RFP was release it to the public February 2nd 2015.
8. The NDOM AML RFP was released on February 27th.
9. Attended a meeting between the BLM and USGS to discuss AML throughout Nevada and the cooperative working scenarios.
10. Was a part of the BLM 2015 AML kickoff conference call.
11. Meet with Jeryl Gardner to discuss the future plan for NAMLET and where the NDEP and NDOM AML programs are heading.
12. Attended the Las Vegas Commission meeting and presented the AML program.
13. Meet with TerraSpectra Geomatics in Las Vegas to review the progress on the new AML database. Continued to work with Debbie to clean and modify the current AML database so there will be a clean transition.
14. Performed AML field work with Erik and logged and secured one hazard, revisited 16 hazards, and logged 98 non-hazards in the Desert Queen area.
15. Reviewed the 2015 AML intern application list and set up interviews at UNR for the first week of March.

AML Hazard Statistics
Data as of 3/6/2015

| COUNTY | SITES DISCOVERED | SITES SECURED | % SECURED | TOTAL UNSECURED | % UNSECURED STATEWIDE |
|---------------------------|------------------|---------------|-------------|-----------------|-----------------------|
| Carson | 76 | 76 | 100% | 0 | 0.00% |
| Churchill | 708 | 571 | 81% | 137 | 3.76% |
| Clark | 2,151 | 1,688 | 78% | 463 | 12.70% |
| Douglas | 204 | 201 | 99% | 3 | 0.08% |
| Elko | 783 | 579 | 74% | 204 | 5.60% |
| Esmeralda | 2,793 | 2,376 | 85% | 417 | 11.44% |
| Eureka | 774 | 709 | 92% | 65 | 1.78% |
| Humboldt | 797 | 700 | 88% | 97 | 2.66% |
| Lander | 591 | 508 | 86% | 83 | 2.28% |
| Lincoln | 722 | 576 | 80% | 146 | 4.00% |
| Lyon | 1,035 | 966 | 93% | 69 | 1.89% |
| Mineral | 1,640 | 1,379 | 84% | 261 | 7.16% |
| Nye | 2,614 | 1,958 | 75% | 656 | 17.99% |
| Pershing | 1,593 | 1,150 | 72% | 443 | 12.15% |
| Storey | 197 | 186 | 94% | 11 | 0.30% |
| Washoe | 445 | 402 | 90% | 43 | 1.18% |
| White Pine | 1,554 | 1006 | 65% | 548 | 15.03% |
| TOTAL (Since 1987) | 18,677 | 15,031 | 80% | 3646 | 100.00% |
| 2015 Year to Date | 21 | 77 | 367% | | |

AML / GIS

Lucia Patterson

1. Backed up M drive (Every day that I was in the Office)
2. Archived AML Photos
3. Updated Hazard Rank Monthly
4. Compiled Cupcake core drilling activity (~ 1 day)
5. Land Research (~4 days)
6. Made posters for table display (~1 day)
7. Modified mining district files (~1 day)
8. Updated L-6 Publication (~1 day)
9. Compiled Report for Telecome-EBI Consulting (~½ day)
10. Put together geologic time scale class room activity (~3 days)
11. Put together rock cycle-metamorphic squishie class room activity (2 days)
12. M drive clean-up day(~1 day)

February Meetings Attended:

1. 02/03/2015 Staff Meeting (1/3 day)
2. 02/09/2015 Education Committee Meeting (1/3 day)
3. 02/13/2015 Cupcake Core Drilling Presentation at Pinion Elementary (1 day)
4. 01/28/2015 Geographic Information Systems Meeting at USGS (1/3 day)

February Public Outreach-Education:

1. 8/4/2014 UNR Career Day (1 day)

February Classes Attended:

1. None for February

AML/Oil/Gas/Geothermal/GIS

Erik Langenfield

1. Rawhide Mining LLC contacted and informed me of their plans to secure 21 hazards that they were notified of from the previous mail out. They also looked over their property/ claims and notified me of 20 additional hazards that NDOM did not have logged in the database. Rawhide sent in a CD with pictures and locations of the 41 hazards they secured and I updated the 21 hazards we notified them of in the database as secured and input the 20 they had logged and marked them as secured.
2. I finished making the Geothermal Field Inspection Table and Form in the database. If NDOM has a tablet or computer to bring Access into the field, the inspection data can be easily entered and a report for the operator of the inspection with all of the issues that need to be addressed and be generated. The creation of the table and form also helps to input previous inspection data that is only in paper form. The form has Mike's ranking system in it so we can determine problem fields and operators.
3. I attended the teachers' workshop meeting. With Lucia, we introduced new learning material that Rob had bought and took a vote to include the material in the next workshop. It was decided that the new material could be used as additional prizes for the teachers. We also discussed schedules and logistics of the next workshop in Vegas.
4. I went in the field with Rob to the Desert Queen mine area where we logged and secured one hazard, revisited 16 hazards and updated their UTMs, and logged 98 non hazards.
5. I created a map of the Enel Salt Wells Geothermal Field with accurate UTMs for Mike and Lowell. The map includes all production, injection, observation and TG wells.
6. I investigated the NGP claim that they plugged and abandoned 8 wells in Pumpernickel Valley. I put the pictures from the P&A inspections in the M:\OGG--\Geothermal--\NGP\PU_NGP_P&A. All the sites except for 46-6 were completely reclaimed with dirt work and no evidence of casing or pipe sticking out of the ground. The pad for 46-6 was in-tacked with an 80' X 20' pit that

contained water and had an active run off flowing into it. I talked to the property owner and they reluctantly agreed to let the pad and pit stay. The property owner also stated that NGP had not fully paid the contractor for the dirt work associated with the reclamation and they had not signed off on the work completed yet. After talking with Mike, I notified the property owner that we would not give back NGP's bond until all well sites were reclaimed. We are waiting on the property owner to send in a completion of work agreement before we give NGP their band back.

AML/Public Awareness – Southern Nevada

Bill Durbin

1. Participated in monthly staff meeting via Skype.
2. Attended meeting with NDEP staff and Greystone office building management to discuss security and air conditioning issues.
3. Conducted AML land status research at Clark County Surveyor's Office with Lorri Dee Dukes of BLM SNDO. Checking claimant status for AML sites proposed for permanent closure.
4. Attended Southern Nevada GSN meeting. Made a presentation on the 2015 AML summer intern program on February 5, 2015. Program flyers were made available. The GSN Executive Board and local members totaled 50 attendees.
5. Work in-progress on a Power Point presentation for the Pahrump Valley Museum and Historical Society on the history, geology, production and the AML logging and securing project at the Johnnie Mine conducted October 19 and 20, 2014. The presentation is scheduled for February 14, 2015. Participated in Nevada Mining Association Education Committee meeting via phone.
6. Prepared an AML securing project package for Eagle Scout candidate Jared Brady (#192).
7. Completed edits and corrections on the rock and mineral kit keys for the 2015 Las Vegas teacher workshop. The keys have been copied and are ready for the workshop (120 of each).
8. Conducted AML claim research for two sites in Clark County where vandalism of bat gates was reported. Information was provided to BLM. Requested that the two vandalized gates be added to the Clark County BOR closure list for repairs or re-build.
9. Updated two "Mineral" session activities for the Las Vegas teacher workshop.
10. Presentation made at the monthly meeting of the Pahrump Valley Museum and Historical Society. PowerPoint presentation on the history, production, geology of the Johnnie Mine, Nye County and an overview of the AML inventory and securing project (September 19-20, 2014) at the Johnnie Mine. A total of 155 persons attended.
11. Secured AML hazard CL-1335 near Goodsprings, Clark County. The shaft was backfilled in March, 2013. The backfill material settled, creating an opening 2 feet long by 1-foot wide with an estimated depth of 30 feet. The backfill material around the opening is fractured, indicating the opening may enlarge further. A T-post and barbed wire fence posted with a warning sign was constructed around the collapsed area.
12. Participated in the monthly BLM/BOR AML closure conference call. Discussed various project proposals, funding and progress on cultural and biological surveys.
13. Attended McCaw Foundation Board meeting. Discussions and planning for the upcoming April 18, 2015 fundraiser Gala.
14. Completed Jared Brady's Eagle Scout project reconnaissance trip (Scout #192). Five mines will be secured on Bonanza hill near Sandy Valley, Clark County, Nevada. The project is scheduled for April 11.
15. Attended the Commission on Mineral Resources meeting in Las Vegas. Presented a report on Southern Nevada Education and Public Outreach and AML activities.
16. Presented "Minerals and Commodities", "Extraction of a Metal from Ore" and AML for two classes of 10th graders at Advanced Technologies Academy High School – Las Vegas on February 25, 2015 for a total of 54 students.

17. Presented “Minerals and Commodities”, “Extraction of a Metal from Ore” and AML for three classes of 9th graders at Advanced Technologies Academy High School – Las Vegas on February 26, 2015 for a total of 81 students.

Geothermal, Oil and Gas Other

Lowell Price

One oil drilling permit and no geothermal drilling permits were issued during the month. The oil permit was issued to Tetuan Resources for the proposed Mariagnes 12-29 conventional well in White Pine County (T15N R57E SWSW S 29). Five oil sundries and eight geothermal sundries were approved during the month. I witnessed the surface BOPE tests on location at the Wild Rose 26A-6 injection well. All BOPE tests were good. On February 2nd, I witnessed first formation integrity test (FIT) for the surface casing over a live feed on the internet for this well. This FIT test failed, which resulted in a cement squeeze job being necessary at the shoe. Erik witnesses the intermediate BOPE test for this well.