

**GOVERNING BOARD MEETING
OREGON DEPARTMENT OF GEOLOGY & MINERAL INDUSTRIES**

Tuesday, March 20, 2012
Portland, Oregon

1) Call to Order:

Chair Larry Givens called the meeting to order at 8:30 am

2) Introductions:

Board Chair Larry Givens, Vice Chair Douglas MacDougal and Board Members Steve Macnab and Lisa Phipps were present.

DOGAMI Staff in attendance:

Vicki McConnell, State Geologist

Gary Lynch, Assistant Director

Don Lewis, Assistant Director

Carol DuVernois, Executive Assistant

Bill Burns, Engineering Geologist

Others:

Larry Knudsen, AAG

Larry Tuttle, Center for Environmental Equity

Brenda Bateman, Oregon Water Resources Department

John Jackson, Chair Oregon Water Resources Commission

1 **3) Approval of Minutes of December 9, 2011 Portland Meeting:** (Board) *Action Item*

2 **Motion:** Macnab moved and Phipps seconded motion to approve minutes as
3 **written. Motion carried.**

4 **4) 2012 Legislative Assembly Update:** (Vicki S. McConnell, State Geologist)

5 **a. Report back to Governing Board on Agency's Ways and Means**
6 **request and the affect of the 2011-2013 Budget reconciliation:**
7 ***Information Item***

8 McConnell briefed the Board on the February Legislative session, including our
9 request to Ways and Means to increase our Other Fund and Federal Fund
10 expenditure limitation and authority to hire additional Limited Duration staff, which
11 were approved.

12 **b. 2012 legislation that will affect the Agency: *Information Item***

13 Senate Bill 1566 relates to seismic information about schools and the
14 maintenance of our webpage on the subject. The webpage identifies the seismic risk
15 categories for public schools. The bill requires school districts to notify the agency
16 when there is a new school built or an existing building is modified in such a manner
17 that it may affect the seismic risk category of that school. It also requires the
18 Department of Education to list the DOGAMI web address on annual school reports
19 to parents. We will begin tracking the hits on that webpage now to see if there is a
20 difference in number of hits compared to after the law goes into effect. McConnell
21 will contact the Department of Education to discuss a Memorandum of
22 Understanding.

- 23 **5) State of the Agency:** (Vicki S. McConnell, State Geologist)
- 24 **a. Update of Agency activity by State Geologist: *Update Item***
- 25 McConnell briefed the Board on the Association of American State Geologists
- 26 Spring Liaison meeting in Washington DC, as well as recent project and grants and
- 27 staffing changes.
- 28 **b. Agency seeks approval on Policy Option Package concepts for**
- 29 **development of the 2013-2015 Biennial Budget. Briefing on new**
- 30 **budget process: *Information and Action Items***
- 31 The budget process will be different under Governor Kitzhaber than it has been
- 32 in the past, but until we know what the changes are we are proceeding with asking
- 33 for approval for our Policy Option Package concepts.
- 34 **Motion: Phipps moved that the Board approve the agency Director and Staff to**
- 35 **move forward to include Policy Option Package concepts 101, 102, and 103 in the**
- 36 **new budget. MacDougal seconded the motion. Motion carried.**
- 37
- 38 **7) Oregon Integrated Water Resources Strategy:** (John Jackson, Chair, Water
- 39 Resources Commission & Brenda Bateman, Senior Policy Coordinator,
- 40 Oregon Water Resources Dept.)
- 41 a. Chair Jackson and Dr. Bateman briefed the Board on the draft Oregon
- 42 Integrated Water Resource Strategy and invited discussion and
- 43 advice. The Board was invited to consider submitting a letter of
- 44 endorsement of the plan: *Information and Action Item*
- 45 **Motion: Phipps moved to allow agency Director to draft a letter to Water**
- 46 **Resources of high-level endorsement for support of the Oregon Integrated Water**
- 47 **Resource Strategy draft and to include why it makes sense and to reaffirm**
- 48 **DOGAMI's ability to provide data to Water Resources. Macnab seconded. Motion**
- 49 **carried.**
- 50
- 51 **8) Regulatory Issues:** (Gary Lynch, Mineral Lands Regulation and Reclamation Program)
- 52 **a. Status of rulemaking for aggregate, oil and gas, geothermal laws.**
- 53 **The agency and AAG will update Board on geothermal and oil and**
- 54 **gas programs rules status: *Update Item***
- 55 Division 10 - Oil & Gas rules, Division 15 - Information & Seismic Test Holes for Oil &
- 56 Gas rule:
- 57 The department has held two Rules Advisory Committee meetings to discuss the
- 58 proposed draft language to Division 10 and 15 rules. The committee has completed
- 59 an initial review of the Division 15 proposed rule language and has reviewed
- 60 approximately three quarters of Division 10. To this point, both divisions are
- 61 proceeding smoothly through the review process. One additional meeting is
- 62 required to complete the initial review of the remaining sections in Division 10.
- 63 Additionally, at this meeting the Committee will draft a Fiscal Impact Statement and
- 64 a Statement of Need prior to proceeding to the public comment phase of the
- 65 rulemaking process.
- 66 Division 20 - Geothermal rules:

67 The department has held two Rules Advisory Committee meetings to discuss the
68 proposed draft language to Division 20 rules. The committee has completed an
69 initial review of the proposed language and has compiled a list of questions needing
70 legal clarification from DOGAMI's AAG. The areas of concern center on whether or
71 not parts of the existing and proposed language are supported by existing statutory
72 or rule authority. These questions were forward to DOGAMI's AAG, Larry Knudsen,
73 for clarification. The department is presently working with Mr. Knudsen on
74 reviewing the questions and drafting a response to the committee.

75 One additional meeting is required to discuss the AAG's response and draft a
76 Fiscal Impact Statement and a Statement of Need prior to proceeding to the public
77 comment phase of the rulemaking process.

78 **b. Summary of operational and enforcement activities for surface**
79 **mining and oil and gas and geothermal regulatory programs: *Update***
80 ***Item***

81 Mining Enforcement:

82 **Coburg Road Quarry:** On December 8, 2010, DOGAMI issued a Notice of
83 Violation to the permittee (Coburg Road Quarry) based on the stamped Certified
84 Engineering Geologist (CEG) slope stability study that concluded blasting caused an
85 existing landslide to move which impacted the adjacent property and structures.
86 Under approval of the department, Coburg Road Quarry has conducted and
87 monitored four test blasts to evaluate if blasting caused structural damage to an
88 adjacent residence. DOGAMI and our technical consultant (Landslide Technology)
89 have completed a review of this test blast monitoring data. Landslide Technology
90 provided DOGAMI a summary of assessment to the causation of residential distress.

91 DOGAMI notified the permittee that they had satisfied and fulfilled the terms
92 and conditions of the March 15, 2011 Notice and Order. DOGAMI provided
93 technical recommendations for the resumption of blasting operations at the quarry.

94 Oil & Gas or Geothermal Enforcement: There are no Oil & Gas or Geothermal
95 enforcement actions at this time.

96 Oil & Gas Program Update:

97 DOGAMI has not issued any new or closed any oil and gas well permits since the
98 last update to the Board. As of March 2, 2012, the total number of active permits is:
99 104 Oil & Gas Well permits and 1 Oil & Gas Seismic permit. Currently in Oregon
100 there is no drilling activity for Oil or Gas Resources.

101 Geothermal Update:

102 DOGAMI has issued two new Geothermal well permits and closed one
103 Geothermal Prospect well permit since the last update to the Board. As of March 2,
104 2012, the total number of active permits is: 24 Geothermal Well permits and 10
105 Geothermal Prospect Well permits.

106 Currently in Oregon, there is one drill rig actively drilling for geothermal
107 resources in Vale (US Geothermal). US Geothermal continues to explore for
108 injection volume. The remaining companies that drilled wells in 2011 are currently
109 evaluating the well data to continue resource development in the following year.

110 They include: Adel – Lake County (Crump Geothermal), Paisley – Lake County

111 (Surprise Valley Electric), Olene Gap - Klamath County (Kodali), and Newberry
112 Volcano – Deschutes County (Davenport and Davenport-Alta Rock).
113 Mining: As of February 2012, we have 886 permitted sites and 208 TE’s. For 2011,
114 DOGAMI conducted 739 site inspections and 197 aerial photo inspections.

115
116 **c. Status of Division 37 Chemical Process Mining permit activity:**
117 ***Update Item***

118 Calico Resources USA Corp. filed a Notice of Intent for Pre-Application Phase of a
119 Proposed Mining Operation on February 8, 2012. DOGAMI and Calico Resources
120 have entered into a Memorandum of Agreement to reimburse DOGAMI for all costs
121 associated with the Division 37 pre- and permitting processes on February 8, 2012.
122 DOGAMI has contracted with Ms. Janet Gillaspie of Environmental Strategies to be
123 the consolidated permit coordinator.

124 DOGAMI management and staff and DOJ will be meeting weekly with Ms.
125 Gillaspie as we work through the permitting process. On March 22, 2012, affected
126 state natural resource agencies will meet for a full Division 37 briefing and to
127 determine if they have a role in this detailed permitting exercise. All agencies that do
128 have a permitting or advisory role will have to enter into their own MOA with Calico
129 Resources or with DOGAMI to recoup their expenses. DOGAMI is responsible for
130 tracking and reporting on expenses.

131 Note we have added Chemical Process Mining to our website:
132 <http://www.oregongeology.org/mlrr/chemicalprocessmining.htm>

133 Oregon Energy, LLC remains interested in permitting the uranium deposit south
134 of McDermott. Based on recent communication with Oregon Energy principals,
135 DOGAMI does not expect to see that proposal until mid-summer at the earliest.

136 **9) Set Time and Date for next meeting: (Board)**

137 The next meeting will be in Portland on Friday June 29, 2012.

138 **10) Additional Public Comment:** (three minutes limit per person unless otherwise
139 specified at the meeting by the Chair)

140 Larry Tuttle, Center for Environmental Equity, told the Board that he believes the
141 Division 37 process is going quite well. He wanted to ensure that the contractor,
142 Environmental Strategies would make all communications that are on behalf of or to
143 DOGAMI are available to the public. He wants to make sure the public is provided
144 maximum public access to the process.

145 He also wanted to note that the timing of public comment on agenda items
146 would work best if the Board is flexible.

147 **11) Board Business:**

148 The Board discussed the timing of public comment, including the possibility of
149 moving the public comment period to the beginning of the meeting, or if there is an
150 action item, to allow public comment before the Board considers a motion. It was
151 noted that in the past, whenever there was an item of that nature, the Board always
152 allowed comment before taking action. It was noted that the Board will continue to be
153 flexible with public comment periods.

154 Steve Macnab's second term ends in September and the Board must now
155 consider finding a replacement. McConnell will ask Governor Kitzhaber's Natural
156 Resources Policy Director Richard Whitman for guidance.

157 **12) Adjourn** – Meeting was adjourned at 12:30pm

158

159 **Action Items:**

- 160 1. Include an agenda item on hydraulic fracturing at a future meeting.
161
162 2. Start tracking hits on webpage Statewide Seismic Needs Assessment Using
163 Rapid Visual Screening (RVS) [Senate Bill 2 (2005)].
164
165 3. Send Board a copy of Larry Knudsen's response to Senator Dingfelder's
166 question about possible impacts of Idaho's hydraulic fracturing on Oregon's
167 water.
168
169 4. Ask Clark Niewendorp to give a presentation on Geothermal at a future
170 meeting.
171
172 5. Send letter of high-level endorsement to OWRD for their Draft Integrated
173 Water Resources Strategy. - Done
174
175 6. McConnell will speak with Governor Kitzhaber's Natural Resources Policy
176 Director Richard Whitman regarding the need to replace Steve Macnab on
177 the Board.

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180 APPROVED:

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184 Larry Givens, Chair

Douglas MacDougal, Vice Chair

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188 Charles Vars

Lisa Phipps

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191

192 Steve Macnab