

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

Monday, March 10, 2014  
Portland, Oregon

**1) Call to Order:** (Larry Givens, Board Chair)

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

**2) Introductions:** (Larry Givens, Board Chair and staff)

Board Chair Larry Givens, Vice Chair Douglas MacDougal and Board Members Lisa Phipps, and Dennis Luke were present. Charles Vars is no longer attending meetings, though he has not yet been replaced by the Governor's Office.

DOGAMI Staff in attendance:

Vicki McConnell, State Geologist

Gary Lynch, Assistant Director, MLRR

Andree Pollock, Assistant Director, GS&S

Rachel Smith, Project Operations Manager

Larry Knudsen, Assistant Attorney General, DOJ

Carol DuVernois, Executive Assistant

Others:

Larry Tuttle, Center for Environmental Equity

Randy Jones, Dept of Environmental Quality

1 Prior to agenda item 3, there was a motion to amend the agenda to add Agenda Item  
2 5e: Summary of Legislation, and to add a Public Comment item prior to Agenda Item  
3 7a, which is an action item.

4

5 **Motion: Luke moved to approve the agenda as amended. MacDougal seconded the**  
6 **motion. Motion carried.**

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8 **3) Approval of Minutes of November 25, 2013 Portland Meeting:** (Board) *Action Item*

9 **Motion: Luke moved to approve minutes as distributed. Phipps seconded. Motion**  
10 **carried.**

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12 McConnell reviewed the action items from the minutes. HB2202 draft rules are not  
13 yet ready for distribution. DEQ Director Pedersen will be invited to meet with the  
14 Board at the next meeting.

15

16 **4) Board Business:**

17 **a. Update on Board nominations: *Information Item***

Chair Givens noted for the record that the Director's Evaluation has been completed and sent to DAS.

The agency has sent recommendations to the Governor's Office for Vars' seat on the Board. The Governor's Office has not yet made a recommendation to the Senate.

MacDougal's seat on the Board has expired and he will not serve a second term, but will stay for one or two more meetings while we look for a replacement.

**b. Discussion of letter from Center for Environmental Equity:  
*Information Item***

Chair Givens asked Larry Tuttle, the Director for the Center of Environmental Equity for comments, which he submitted in written form and are part of the public record. Tuttle disagrees with the Board's decision that Mr. Jones stays on the Technical Review Team, but accepts the decision. He believes there is a dangerous precedent being set that will blur the political offices of the state with the permitting process. He believes that the roles of independent agencies will erode and the Governor's Office policy of inserting themselves into the decision making processes of agencies is a dangerous precedent. The dual role of Mr. Jones is part of that dangerous precedent, and he doesn't believe the state should be making these types of decisions based on the personalities that happen to be involved at the particular time. If Mr. Jones continues on in the Grassy Mountain application process, Tuttle will continue to point out where he believes there are conflicts. He believes there are a lot of conflicts, and if the staff and Board decide differently he will accept that. He believes Mr. Jones' presentation to the legislature was clearly as an advocate for the project rather than an advocate for the process.

Luke noted that many people who are involved in both sides of the decisions have a better perspective. He understands Mr. Tuttle's point, but doesn't see it as a conflict. Chair Givens noted that as a current County Commissioner, he is often in a dual role of regulation and advocacy.

Tuttle responded that the difference here is that a technical evaluation should be free of political influence and development interest.

Chair Givens then asked Randy Jones, from the Oregon Department of Environmental Quality, and acting as the department's liaison for the Northeast and Greater Eastern Regional Solutions Center in La Grande, for comment. He believes that Mr. Tuttle's raising of this issue is timely and an important consideration for all the members of the TRT and the Project Coordinating Committee in the context of chemical mining rules in Oregon. It is always a consideration as an agency person in a permitting role to ensure that there is clear objectivity within committees. In regard to DEQ's role he needs to make absolutely sure that the respective rules for chemical mining under DOGAMI or DEQ are enforced.

62 Phipps noted that it is not uncommon to have people sitting on advisory committees  
63 that wear multiple hats, and clarified with Jones that his role as co-chair is primarily  
64 as a facilitator and his vote holds no more weight than any others. Jones also stated  
65 that he has no pecuniary interest in the company. Chair Givens said that the notion  
66 of the Oregon Solutions Teams is to solve regional problems, no matter what they  
67 are, not just for economic development.

68  
69 MacDougal wanted to know why Tuttle believes Jones has a conflict of interest  
70 merely by virtue of his position in DEQ, without any economic or financial  
71 involvement.

72  
73 Tuttle responded that there are no public members on the TRT. He sees the  
74 Regional Solutions Centers staff as extensions of the Governor's office, and that is  
75 where he sees the conflict.

76  
77 Phipps asked if Jones was advocating for the project when he testified in front of the  
78 House Interim Committee on Agriculture and Natural Resources, on September 25,  
79 2013. Jones said that his testimony was on behalf of the TRT and explained the  
80 process, the status of the project, and its next steps. He noted that he is excited  
81 about his role for DEQ and in the context of regional solutions, and for the state of  
82 Oregon. However there are rules that guide the process and approvals that might be  
83 issued.

84  
85 McConnell asked AAG Knudsen to clarify what staff's and agencies' responsibilities  
86 are when it comes to conflict of interest. Knudsen said that Oregon does have a very  
87 strong conflict of interest law that is financially based, that if a person or a person's  
88 family member has a financial interest in something then that can preclude making  
89 governmental decisions. That is not what we have at issue here; these are policy  
90 issues, not legal issues.

91  
92 Luke noted that people in local government run into this all the time, and must be  
93 able to work within the framework of the rules.

94  
95 **5) State of the Agency:** (State Geologist & Agency Staff)

96 **a. Update of Agency activity by State Geologist: *Update Item***

97 McConnell briefed the Board on the agency's recent activities including new and  
98 completed projects, staffing changes, meetings and conferences attended by staff  
99 and the recent staff engagement survey. The results of the engagement survey are  
100 being digested by management at this time and the results will be brought to the  
101 Board in the future.

102  
103 **b. Financial Report for Agency activity through January 2014:**  
104 ***Information Item***

105 Pollock reported on the financial status of the agency for the last quarter.

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107 **c. Review of ongoing projects: *Update Item***

108 McConnell introduced the list of projects and corresponding maps. Pollock pointed out  
109 the lack of projects in eastern Oregon because we are not getting the investment from  
110 the federal government or others. However, we continue to pursue lidar in order to get  
111 data, so the eastern side of the state will have the same tools as the west side.

112  
113 **d. Agency Strategic Plan Workgroup: *Update Item***

114 The workgroup met for a full day meeting to work out the draft language of the new  
115 Strategic Plan. There are several subcommittees that have been assigned to work  
116 on the Vision, Goals and Objectives. The workgroup will get together in mid-April  
117 and bring a draft to the Board at the next meeting. We will then send it out to staff  
118 and stakeholders for feedback.

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120 **e. Summary of Legislation: *Update Item***

121 The legislative session ended on time. There were not many bills that had a direct  
122 effect on the agency, other than statewide policy bills, and HB4015B that codifies  
123 Regional Solutions into a program.

124 **6) Break**

125 **7) Regulatory Issues:** (Gary Lynch, Mineral Land Regulation and Reclamation  
126 Program)

127 **a. Agency is requesting the Board adopt draft administrative rules for**  
128 **implementation of HB 2248; relating to chemical process mining**  
129 **regulation: *Action Item***

130 Prior to discussion, the Board allowed for Public Comment. There was no Public  
131 Comment.

132  
133 Lynch briefed the Board on rulemaking process and the comments received during  
134 the public comment period held after the public hearing on December 5, 2013. The  
135 Board was given a list of comments submitted and the agency's response to each  
136 comment. AAG Knudsen noted that the draft rules had not changed appreciably  
137 since the Board last saw them in September. There was only one minor change due  
138 to public comment. McConnell reminded the Board that these rules do not affect  
139 any mining done below the high water line on any waterway in the state; those are  
140 regulated by the Department of State Lands. After brief discussion the Board moved  
141 to adopt the rules.

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143 **Motion: Luke moved to adopt amendments to Division 35 and Division 37 as sent**  
144 **out in attachment (a) to the staff report. MacDougal seconded. Motion carried.**

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146 McConnell briefly outlined the status of draft rules for HB 2202, which involved  
147 aggregate mining on high value farm land, making sure they mine deeply enough to  
148 mine the area out, rather than take only the easily removed aggregate and move on  
149 to disturb more surface area.

**Motion:** Phipps moved to have staff move forward with preparing draft rules to implement HB 2202 (2013). Luke seconded the motion. Motion carried.

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

**Mining Enforcement:**

MLRR issued a Notice of Violation (NOV) to the operator of the Harrington Quarry near Sodaville (DOGAMI permit ID 22-0100). The operator has been cooperative, and concerned citizens are working with the agency. The permit violation deals with possible off-site impacts as a result of blasting. MacDougal asked if we should regulate blasting somehow. Knudsen explained that our mission is based on the concept of reclamation rather than environmental well-being. However, reclamation is defined broadly to include offsite impacts, so if rocks are falling outside the permit boundary, that is an offsite impact. The tool for reclamation is bonding, but is not a very good regulatory tool for preventing damage from blasting.

**Mining Update:**

Permit numbers are holding around the 900 mark, and we are making solid progress on reaching our key performance measure.

The low water year has produced minimal stormwater issues.

The DOGAMI MLRR awards for 2013 are moving along with the Award Selection meeting toward the end of May.

We continue to participate on the State Sage Grouse Conservation plan; a draft version is expected around June. Currently the BLM is developing their Resource Management Plan. Ultimately, and hopefully, the two policy plans will be melded into a well-coordinated Sage Grouse Policy for the State.

**Geothermal or Oil & Gas Enforcement:**

There are no enforcement actions related to the Oil and Gas or Geothermal Programs at this time.

**Geothermal Update:**

Since the last update to the Board, the department has received one Geothermal Well application (Olene Gap, Klamath County) and one Geothermal Well Modification application (Paisley), and has issued one Geothermal Well application (Olene Gap, Klamath County). Olene Gap is moving forward with a 10 megawatt plant, so there may be a unitization request in the near future. The current number of geothermal permits is 29; there are 6 Geothermal Prospect permits. To date, 25 Geothermal Well applications and 3 Geothermal Prospect Well applications remain under review.

Over the previous three years, Surprise Valley Electric (SVE) has drilled three production wells near the town of Paisley in central Oregon. SVE has submitted a modification application to convert one of their production wells to allow for the reinjection of geothermal resource back to the production zone. If approved, this permitting action would allow produced geothermal waters to be circulated back to the production zone, replenishing the source to balance the geothermal hydrologic system.

Oil & Gas Program Update:

Since the last update to the Board, the department has received one Oil and Gas Seismic Program permit application (Mist Gas Field), and closed one gas well after it was properly decommissioned. The total number of active Oil and Gas permits remains 105, with one Oil and Gas Seismic program permit. Currently, 4 Oil and Gas well applications, and one Seismic Program application remain under review.

**c. Calico/Grassy Mountain Gold prospect permitting activity: *Update Item***

There is not much happening with Grassy Mountain. There was one subcommittee meeting of the Technical Review Team. There was an attempt by Rock Star mining to buy Calico and it does not seem to have gone through, however we do not track those issues.

**8) Review of Policy Option Package concepts for 2015-17 budget** (Vicki McConnell, State Geologist)

**a. Overview of policy initiative concepts the agency have developed in preparation for drafting the 2015-17 Agency Request Budget: *Action Item***

We will be developing an Agency Request Budget through a process similar to this biennium with the same budget outcomes as defined by the Governor's 10 Year Plan. We know there have been some revisions to the process to streamline and better align with the existing state budget system.

In preparation for development of the DOGAMI Agency Request Budget, McConnell briefed the Board on five Policy Option Package concepts. These concepts are to continue ongoing programs such as the Lidar Data Acquisition Program and to ask for investment by the state into our geologic hazards programs: flood, landslide, and earthquake seismic hazards. McConnell also brought forth the possibility about asking for a POP for mineral resource and geothermal assessments. We have shown over the last decade that our cooperative project business plan is workable but with no direct investment by the state we are unable to focus on state priorities or fully leverage federal and other funds.

**Motion:** Phipps moved to authorize staff to move forward with Policy Option Packages outlined and to develop the additional POP for mineral resources and geothermal assessments. MacDougal seconded. Motion carried.

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

The next meeting will be held Monday, June 16, 2014 in Portland.

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

Larry Tuttle discussed Calico Resources. The pending sale fell through because the buyer did not come up with the second down payment, but they are actively looking for another buyer. The pace of whatever they are doing will slow down considerably and he would be surprised if they invest very much in data collection and he doubts that Calico will spend much if they are marketing the asset.

Quartz Mountain, in southern Oregon, has had a lot of interest over the years, but does not give up its gold very easily. It is in a mercury overlay zone, so there are some issues there. Last year, a group called Orsa Ventures started a process of exploration permit with the Forest Service. Since then it has been sold to Alamos Gold, which has indicated an interest in proceeding. It appears that the forest end of the exploration permit has been approved, which means that the state permit can be processed. So it may be that the file a Notice of Intent in 2015.

**11) Adjourn**

The meeting was adjourned at 11:57 am.

**Action Items:**

1. Invite Dick Pedersen to present at the next meeting.
2. Figure out a good place to have the fall meeting (Hood River, Baker City, ?)

APPROVED:

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Larry Givens, Chair

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Douglas MacDougal, Vice Chair

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Lisa Phipps

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Dennis Luke