1) **Call to Order:**
Chair Larry Givens called the meeting to order at 8:35 am.

2) **Introductions:**
Board Chair Larry Givens, Vice Chair Steve Macnab and Board Members Doug MacDougal, Lisa Phipps, and Charles Vars were present.

DOGAMI Staff in attendance:
State Geologist Vicki McConnell
Assistant Director Gary Lynch
Assistant Director Don Lewis
Chief Scientist Ian Madin joined after the break
Cartographer Rachel Lyles
Earth Science Information Officer James Roddey
Administrative Assistant Carol DuVernois
Natural Resource Specialist Bob Houston (teleconference for item 7)

In the audience:
Larry Tuttle, Director, Center for Environmental Equity
Rich Angstrom, President, Oregon Concrete & Aggregate Producers Association

3) **Approval of Minutes of November 9, 2010 Salem Meeting:** (Board) Action Item
   Motion: Macnab moved and Vars seconded motion to approve minutes as written. Motion carried.

4) **Board Business:**
   a. **Thank you from former Governor Kulongoski:** Information Item
      McConnell briefed the Board on the letter from the outgoing Governor.
      Board members would like to send a thank you letter to Kulongoski from the agency and Board.

5) **Executive Office and Legislative Assembly Update:** (Vicki S. McConnell, State Geologist)
   a. **Governor Kitzhaber’s and 76th Legislative Assembly’s Policy Directions for Natural Resources:** Information Item
      McConnell outlined the budget process so far for all the natural resource agencies. There has not yet been a Natural Resource Policy Advisor named, so the Directors are still meeting as a Cabinet, without a member of the Governor’s office attending. Governor Kitzhaber asked for a high level
draft budget to be submitted by the natural resource group, which was
accomplished in a very positive manner. She noted that all fourteen of the
natural resource agencies collectively have less than 1% of the General
Fund budget and for each dollar put into natural resources you are getting
about thirty-seven dollars back. Natural resource Directors have been
meeting with stakeholders from industry, private forests, water resources and
environmental groups, to discuss natural resource budgets and the
stakeholders submitted a letter to the legislature expressing concern
regarding the funding of natural resource agencies and the diversion of funds
from fees accounts into the General Fund.

b. Overview of Governor Kitzhaber’s Governor’s Balanced
Budget (GBB) and DOGAMI-specific budget: Update Item
Don Lewis gave the Board a detailed presentation of the DOGAMI specific
budget for 2011-13 and where it is in the legislative process.

c. Update on SB 122 – relating to DOGAMI funding authority:
Update Item
SB 122 was one of the first bills to be heard in committee, as it is considered
relevant, non-controversial and has no fiscal impact. The bill passed through
the first chamber unanimously. There was a concern from one legislator that
any money received by DOGAMI from a non-profit would have strings
attached.

d. Overview of other legislation that relates to DOGAMI
activity and mission: Information Item
McConnell reviewed recent legislative activity that could have a possible
effect on the agency.

6) Break
7) Regulatory Issues: (Gary Lynch, Mineral Lands Regulation and
Reclamation Program)
a. Status of rulemaking for oil and gas and geothermal laws:
Update Item
Lynch wanted to recognize Bob Houston and Vaughn Balzer for the hard
work they’ve done on the Oil & Gas and Stormwater issues. He also
mentioned that with Houston’s hard work we have gone from zero to forty
geothermal permits in the last two years.

Houston has completed his technical revisions to the Oregon Administrative
Rules 632 Division 10-Oil & Gas rules; Division 15-Information & Seismic
Test Holes for Oil & Gas; and Division 20-Geothermal rules.

Division 10 rules have been reviewed by Agency Assistant Attorney General
Knudsen (AAG). The next step is for the Division 10 rules to proceed to a
Rules Advisory Committee. DOGAMI has identified several individuals to
participate on the committee.

The technical changes to Division 15 rules are currently under administrative
review. After the administrative review process, the draft rules will be
reviewed by AAG. Because both Division 10 and 15 rules relate to the Oil and Gas program, DOGAMI will hold a Rules Advisory committee hearing consecutively for both divisions.

Division 20 (second half) of the Geothermal rule drafting process is on the same track as the Oil and Gas Division 10 and 15. The technical changes to Division 20 rules are currently under administrative review. After the administrative review process, the draft rules will be reviewed by the AAG. DOGAMI is currently soliciting participants to take part in the Division 20 Rules Advisory Committee. Once a balanced committee has been obtained DOGAMI will proceed with the rules advisory committee.

The Board would like to see the Draft Rules after the administrative review and the AAG review, but before they are turned over to the Rules Advisory Committee.

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

Lynch discussed operational and enforcement issues, including enforcement updates on Tidewater Sand and Gravel, Coburg Road Quarry, Oregon Resource Corporation (ORC) and Harney Rock.

**Harney Rock** requested a contested case hearing to dispute the calculated reclamation security bond amount compiled by DOGAMI. DOGAMI staff participated in a teleconference with ODOJ Administrative Law Judge and Harney Rock to discuss the ground rules and set a date for the contested case hearing, which will be March 29, 2011.

**Tidewater Sand and Gravel:** Tidewater was operating without a 1200A DEQ stormwater permit and drew a complaint. MLRR issued a suspension order. Tidewater backfilled and brought the site back to compliance. Tidewater is reviewing the Stipulated Order about the permit violation. However, the county has denied any further mining on the site.

**Coburg Road Quarry** (CRQ): The department issued a Notice of Violation (NOV) to the permittee (CRQ) based on the stamped Certified Engineering Geologist slope stability study that concluded that blasting caused impacts to the adjacent property and structures. CRQ requested an informal review by the State Geologist of the particulars of the Notice of Violation. The State Geologist found no issue with the NOV, however she instructed MLRR staff and AAG Kundsen to work with the permittee through the initial stages of the contested case hearing process. CRQ has requested approval to conduct and monitor several test blasts at the quarry in an effort to determine the validity of the slope-stability study submitted on behalf of the adjacent landowner. DOGAMI will contract for the technical expertise to review and approve this Test Blasting Evaluation Plan. The results of the test blasts and
accompanying report will be submitted to the department for review and approval. Information in this report will be used to determine if blasting impacted the adjacent property. If it is confirmed that blasting at CRQ caused or threatens to cause impacts to the adjacent property, CRQ would then be required to develop a slope-stability mitigation plan and a structural mitigation plan to stabilize the property and any impacted structures. If it is documented that blasting at CRQ did not cause or does not threaten to cause impacts to the adjacent property, CRQ would be required to submit a phased Operational Blasting Plan to DOGAMI for review and approval prior to commencing blasting operations.

Oregon Resources Corporation (ORC): DOGAMI issued a permit to ORC in late December 2009; other agency permits followed. ORC continues work on construction of their processing plant which is anticipated to be ready for full scale processing operations by June of 2011 at which time mining operations are planned to commence at the South Seven Devils site. The opposition to ORC remains very vocal and active with inquiries to state and federal agencies and has filed suit under the Clean Water Act in federal court against the ACOE and NMFS for issuing the federal approvals for the mining operation.

c. Enerfin Resources Northwest request for spacing unit exception at Mist Gas Field: Information Item

Enerfin Resources applied to drill a second gas production well (Well B) within a spacing unit that was already occupied by an active production well (Well A). Enerfin stated that production from Well A has significantly decreased volumetrically since initially coming online and would be converting Well A to a reservoir monitoring well shortly. Enerfin Resources submitted a letter requesting to change the status of Well A to a monitoring well. The existing Well A will now monitor the gas reservoir pressure and gas-water contact elevation. DOGAMI has conditioned this new monitoring well (Well A) to not allow any gas to be produced until an exception to the spacing unit has been first obtained. After applying this condition to the new monitoring Well A, DOGAMI was able to proceed through our normal permitting process on the new production well (Well B).

8) State of the Agency: (Vicki S. McConnell, State Geologist)

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

McConnell briefed the Board on recent activity in the agency, including project grant proposals and approvals, completed or near complete projects, recent meetings, conferences, staffing changes and released publications.


Lewis reported on the financial state of the agency. The end of the calendar year 2010 puts us 75% though the 2009-2011 biennium. We have conducted a financial review of our ongoing revenue and expenses for both programs. The agency is on track to finish the biennium with sufficient ending balances
and continuing projects into the next biennium and within the revised
Legislatively Approved Budget (revisions reflect both cuts to General Funds
and increase in Other Fund and Federal Fund spending limitations).

Board member Doug MacDougal introduced the idea of partnering DOGAMI
with OMSI to have OMSI display information about lidar and its derivatives in
the museum. He volunteered to liaise with OMSI to increase our outreach
efforts. Vice-Chair Macnab suggested including the High Desert Museum
and the Aquarium in Newport. McConnell suggested including the Tillamook
State Forest Center as well. MacDougal will follow through with his contact
at OSMI to confirm interest.

9) **Set Time and Date for next meeting:** (Board)
The next meeting will be on Friday June 24, 2011 in Portland.

10) **Additional Public Comment:** *(three minutes limit per person unless
otherwise specified at the meeting by the Chair)*
Rich Angstrom, President of Oregon Concrete & Aggregate Producers
Association, briefed the Board on the Association’s perspective on the
Natural Resource agency consolidation discussion going on in Salem.
OCAPA is not in support of the idea, and would like for there to be continued
consolidation of responsibility, and there needs to be regulatory streamlining.
He will be talking to the legislature about permitting overlaps. Permitting is
very technical and rigorous, but does not need to have multiple agencies
looking at the same issue. Everybody wins if we have the right experts who
can render the opinions.

Angstrom also informed the Board that they have signed the letter to the
Governor and the Co-Chairs of the Ways & Means Committee asking them
to not sweep funds from fees for the budget. The Association feels that if
you are going to ask an interest group to fully fund a program, the fees
should stay with the program.

Angstrom also asked for details of the fund shift for MLRR administration,
and for information on succession planning for when senior administrative
employees retire.

Larry Tuttle, the Director of the Center for Environmental Equity, which
monitors mineral applications on public lands, and finding responsible parties
to clean up residues left behind from abandoned mines. Tuttle urged the
agency to not get involved in suction dredge mining. He believes the permits
do little to protect streams and waterways, and that the permittees, who must
keep records or logs, are not required to submit them to anyone for review.
He also believes that there is a disconnect between the permitting agency,
DEQ, and the enforcement agency, the State Police. CEE will challenge that
aspect of the permit with the EPA.
Tuttle wanted to mention the Formosa Silver Butte Mine. The mine is a superfund site, there is an impasse between the BLM and the EPA and there are no funds for clean up.

Tuttle also warned the agency to be aware of any strings attached to grants they may receive.

11) Adjourn

Action Items:

1. Board will write a letter of thanks to former Governor Kulongoski.
   Done.

2. Staff will contact Senior Policy Coordinator Brenda Bateman from Water Resources to see if she will talk to the Board about the Oregon Water Supply and Conservation Initiative.

3. MLRR will share draft rules with Board before they go to the Rules Advisory Committee.

4. Decide when next Governing Board KPM & Director’s Evaluation should be.

5. Set up landslide inventory maps and the political implications of those maps as a future meeting topic.

6. Send Angstrom details of the fund shift for MLRR administration, and for information on succession planning for when senior administrative employees retire.

7. MacDougal will follow through with his contact at OSMI to confirm interest in displaying information about Lidar and its derivatives.

APPROVED:

______________________________ ________________________________
Larry Givens, Chair   Steve Macnab, Vice Chair

______________________________ ________________________________
Charles Vars    Lisa Phipps

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Douglas MacDougal