GOVERNING BOARD MEETING MINUTES
OREGON DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES

Monday, September 26, 2016
9:30 a.m.
Corvallis, Oregon

1) **Call to Order:** (Lisa Phipps, Board Chair)
   Chair Lisa Phipps called the meeting to order at 9:31 a.m.

2) **Introductions:** (Lisa Phipps, Board Chair and staff)
   Chair Phipps, Vice Chair Laura Maffei, and Board Members Dennis Luke and Scott Ashford and Katie Jeremiah were in attendance.

   Department of Geology and Mineral Industries (DOGAMI) Staff in attendance:
   Brad Avy, Director/State Geologist
   Lori Calarruda, Recording Secretary/Executive Assistant
   Holly Mercer, Assistant Director of Geological Survey and Services (GS&S)
   Kim Riddell, Chief Financial Officer (CFO)
   Ali Ryan Hansen, Communications Director
   Bob Houston, Metallic Ore Geologist / Rules Coordinator

   Others in attendance:
   Diane Lloyd, Department of Justice (DOJ)
   John Terpening, Legislative Fiscal Office (LFO)
   Tommy Brooks, Cable Huston
   Peggy Lynch, League of Women Voters of Oregon
   Claire Withycombe, East Oregonian/Pamplin Media Group
   John McKesson, Clatsop #1 Drainage Improvement Company
   Samuel Semerjian, MIST
   John Richard
   Stan Van de Wetering, CTS1
   Marie Wilson

   Chair Phipps thanked Scott Ashford and OSU for hosting the Board Meeting in Corvallis.

3) **Review Minutes of June 10, 2016 and August 1, 2016:**

   Phipps asked if there were any changes to the minutes as presented. No changes.

   Board Action: **Luke moved to approve the minutes of June 10, 2016 as submitted. Maffei seconded. Motion carried.**

   Board Action: **Maffei moved to approve the minutes August 1, 2016 as submitted. Ashford seconded. Motion carried.**
4) Proposed 2017 Board Meeting Dates:
Holly Mercer, Assistant Director presented the proposed 2017 Board meeting dates.
Board members Luke, Maffei and Ashford said they preferred Mondays. The following dates were
decided, with the understanding that they could change if necessary.
Monday March 13, 2017
Friday, June 23, 2017
Monday, September 18, 2017
Monday, December 11, 2017
Chair Phipps asked if the December 9th Board meeting could be moved due to a conflict. Board
agreed to December 5, 2016.
Luke commented that he would prefer the meetings go from 8:30am to 12pm.
Board Action: Maffei moved to accept proposed 2017 Board meeting dates as presented and
discussed. Ashford seconded. Motion carried.
5) Department of Justice (DOJ) Oil & Gas Briefing:
Diane Lloyd, Assistant Attorney General, provided the Board with a memorandum (attached)
explaining Compulsory Integration Orders under the Oil and Gas statutes and rules. She indicated
that her office is researching prior board minutes but has only been able to locate one order in the
1980s. Ashford asked if the 1980s ruling is still valid or does it need to be updated. She said it is for
the same gas field but not for the same spacing unit and it is still valid. Luke asked if there is timeline
for the process and Lloyd indicated that there is no timeline in the current rules.
Maffei declared a conflict of interest relating to an issue involving the Mist gas field. She indicated
that her law firm is representing one of the parties involved.
Briefing: No Board Action Required.
6) Public Comment:
Phipps asked for public comment.
Comment of John McKesson: McKesson said he is concerned about rural areas receiving sufficient
resilience resources. He asked the Board if they could add a self-reliance line to their
plan. McKesson asked Luke if he considered what a million refugees would mean to his community
in the case of a subduction zone earthquake and Luke replied the fairgrounds in Deschutes County
located in Redmond will be an evacuation site. The hospitals are gearing up for it and a location has
been identified for an Emergency Management command center. Ashford mentioned the State
Resilience Plan indicates people should plan on being on their own for two weeks instead of 3 days.
Comment of Samuel Semerjian: Semerjian commented that he is frustrated with DOGAMI and DEQ regarding the response time from both agencies concerning the dumping of pollutants going on near his property. He also stated he feels DOGAMI should represent him instead of needing to get a lawyer and that he is being asked to sign paperwork to have it swept under the floor. He mentioned the letter he sent to all the Board members regarding the situation and his concerns. Chair Phipps asked Lloyd if DOGAMI has a formal process to look into this matter and Lloyd told Phipps it is the compulsory integration order process. Phipps informed the Board that this is not an action item for the Board at this time.

Chair Phipps asked Bob Houston to discuss the process for the other issues Semerjian had concerns on. Houston stated DEQ was contacted about removing the solid waste and DOGAMI received documentation from DEQ that it had been cleaned up. Houston explained the process is that when someone submits a request to pump DOGAMI allows them to move forward while the agreements are being put in place. Currently the company is continuing to pump and paying out to all spacing units with lease agreements and they are holding back an amount for when the spacing unit agreement is reached with Semerjian dated back to when the wells started production. Ashford stated that he wanted to know what the proper process is going forward so it is clear what the next steps would be. Lloyd specified that either interested party can apply for the compulsory integration. Semerjian replied that that no gas was to be pumped out until all the agreements were in place and DEQ never visited the site due to understaffing at the agency. Chair Phipps requested DOGAMI staff follow up with DEQ on this issue.

Comment of John Richard: Richard stated that Sam Semerjian asked him to look into this matter. He believes the first issue is dumping on the well site before operations began. Richard declared this is a well site governed by DOGAMI law and rule and the Agency owed Semerjian a response back. The second issue is why this is occurring and challenged DOGAMI management to tell him how can Enerfin operate a well that they do not have ownership rights to when the law requires all leases be in place before drilling commences. Richard maintained that DOGAMI should be the enforcer of the rules and that gas well should never have pumped without Semerjian’s lease. Richard stated Houston told him it is common practice in other states and he disagreed. Richard recommended DOGAMI review their rules and look at internal processes.

Comment of Tommy Brooks, attorney for Enerfin: Brooks stated that he is confident that they can work through these issues with Mr. Semerjian. Brooks confirmed that Enerfin is holding the funds aside for Mr. Semerjian. Brooks wanted to clarify that the well is not on Mr. Semerjian’s property but on a neighboring property and Enerfin did have all the rights and the permits needed to drill. Luke asked about the Mist field and what is a spacing unit. Houston explained a spacing unit is to conserve the resource and not over or under mine it. The initial discovery would be brought to the Board to determine the spacing unit, which also depends on the depth of the well. The size of the spacing unit in the Mist gas field is 160 acres. Ashford requested clarification on the public comment about getting a permit before having the owners sign off on the lease agreement before pumping takes place. Houston said to issue the permit, the applicant needs to provide documentation that they have the mineral interest for the parcel in which the well is being drilled on. Chair Phipps reminded the Board that this not a hearing and not a decision making process. According to Lloyd, staff has followed the DOGAMI rules to date on this issue.
Comment of John McKesson: McKesson brought up the possible issue with water quality issues.
Chair Phipps agreed that is a valid concern and stated DOGAMI should following up with DEQ to make sure they have moved through their processes correctly.

7) **Existing Key Performance Measures (KPM) 2016 Data Report:**

Holly Mercer, Assistant Director presented the 2016 data report. Mercer explained that on KPM 6 it was discovered that it had been reported as kilometers in one report and square miles in another report so they had to true it up as square miles so there is a significant change to it.
Mercer indicated that the Customer Service and Governance KPMs are mandatory KPMs. She also indicated that the Board will need to complete a Director performance evaluation prior to the next report. Mercer specified the Customer Service information is provided by Ali Hansen and the management team will work to increase the numbers.
Chair Phipps explained the reason there was not an evaluation of the Director in 2015 is because DOGAMI had an Interim Director and with the new Director, the timing has not been in place to do an assessment.

Board Action: **Maffei moved to approve the revisions to the 2015-2016 Annual Progress Performance Report as presented/revised. Luke seconded. Motion carried.**

8) **Financial Report:**

Kim Riddell, Chief Financial Officer, presented the budget status report as of July 31, 2016. Riddell provided a larger handout of the report including a detailed statement of projects. Riddell stated indirects have been allocated through July. Currently the Agency is looking strong. DOGAMI went to legislature last week to get approval for two federal grants, FEMA CTP and StateMap Grants, and increase the amount of federal funding limitation by $1.4 million dollars.
Ashford asked if DOGAMI has looked at different scenarios for next biennium. Riddell responded that she is always running different scenarios based on grants the Agency receives. Maffei asked for clarification on the negative ending balance and Riddell replied they need to draw the funds. Chair Phipps asked if they plan on having any General Fund left and Riddell said no.
Riddell discussed the project list and indicated that she meets regularly with the project managers to review the project budgets. She further explained that if a project goes over budget, the general fund has to cover the costs. Riddell updated the Board on the status of the Secretary of State (SOS) and FEMA audits. Although neither audit report is complete, she has been in contact with the auditors and anticipates that the reports will be complete soon. Phipps asked Riddell if she had received any feedback to indicate any looming red flags. Riddell replied no.

Board Action: **Ashford moved to accept the Budget Status Report as presented. Maffei seconded. Motion carried.**

Break

9) **Director’s Report:**
Director Avy presented his Director's Report on the following:

**Status of Leadership Development Initiative:** Director Avy handed out an organization chart projected for January 2017 which is different than what had been planned due to Holly Mercer's retirement announcement. This allows the Agency to focus on developing leaders and capacity for the Agency over the next several years by opening up an additional opportunity for a Natural Resource Manager position in a two-year rotational role. Ian Madin will move into the Deputy role. Ashford asked if the rotational supervisory positions will supervise their colleagues and then rotate out and be supervised by their colleagues and Avy answered yes. Avy said his experience has been positive with this structure. Ashford queried if there would be training for them and Avy responded yes. He explained the manager position is two years because it is more challenging.

Phipps inquired why there is not a similar opportunity for MLRR. Avy stated there are two leads at MLRR which are new and a manager could be added at a later date. Ashford asked if the MLRR leads will have the same training and Avy replied yes. Maffei asked how the staff has responded so far. Avy said they had six staff members apply for the supervisory positions and four for the manager position. Phipps mentioned that in the past staff has not had the opportunity to advance themselves and stay within the Agency and she is excited to see the opportunities. Phipps said one concern is the MLRR program being forgotten. Avy stated Madin will be working directly with MLLR staff to ensure involvement.

**Briefing on Hearings and Reports presented during Legislative Days in September 2016:** Ian Madin presented the HB 3089 report for the study on Mineral Resource Potential for Eastern and Southern Oregon to the legislature. It was well received and included future options. Avy indicated that Kim Riddell presented the financial information to the legislative committee. He was pleased with how well it went and thanked Riddell for her efforts.

**Status of Information Technology Initiatives:** The Agency has been working to get the foundation in place and for the first time the Agency is on the same system. The IT Project is on schedule, but may have some overlap into the next fiscal year. Avy stated that the end result is a modern financially efficient and streamlined IT operation that is fully compliant with the State of Oregon Enterprise IT standards, where the IT staff are primarily tasked with enabling the Agency to continue to deliver its mission and to improve the services that it provides to the public and the State. Phipps asked if they will use focus or user groups to ask for input on fixing the website. Avy stated Ali Hansen had discussed that with Connor Anderson and Avy anticipates DOGAMI will need to do that.

**Calico Background Update:** Director Avy asked Bob Houston to present on this topic. Houston provided detailed background on Calico and the Grassy Mountain Project, which is a gold mine located 25 miles south of Vale in Malheur County and is the largest of twelve (12) recognized precious metal deposits within the Lake Owyhee volcanic field. Calico Resources USA Corporation acquired the property in 2012 and is planning to use a chemical process to obtain the ore, which requires a special permit. Calico is planning on submitting a letter of intent to mining. Oregon uses a consolidating application process for administering the State's Division 37 regulatory requirements.

Chair Phipps asked if Calico is paid up. Avy replied it is and Calico was acquired by Paramount in July and that DOGAMI will work to have the billing current to keep the payments current. DOGAMI will also have the assistance of a facilitator/coordinator as part of the process. Luke asked how many underground mines Oregon has that DOGAMI supervises and Houston said zero that are permitted.
Ashford queried where does oversight for safety go for underground mines. Houston replied Mine Health Safety Administration (MHSA) is responsible for safety aspects at all operating mines in Oregon including gravel pits. Phipps inquired how the public gets involved in the process and how they are made aware of the public meetings and comments. Houston stated the technical meetings are public and they can provide comments during these meetings and Ali Hansen said she works with a consultant to publish the information and put notices out. Luke stated that Calico needs to get the minutes when they are talked about at the meetings. Director Avy said they will be coordinated through Bob Houston.

MLRR Initiatives and Staffing Update: Holly Mercer has been working with the staff in Albany and feels a great deal of progress has been made. Kelly Wood is in a lead role for operating permit applications and has a new hire named Claire Getz, who is a recent geology graduate, starting October 1 to help her with a comprehensive review of the history and permit file. Bob Houston is transitioning to StateMap and Calico, and Bob Brinkmann is taking over the gas and oil responsibility. Tom Wiley retired last week after 27 years with the Department.

**Briefing:** No Board Action Required.

10) **Public Comment:**

Phipps asked for public comment.

Comment of Marie Wilson: Wilson said that she had a question about whether there is information available about changes in building codes for seismic activities or new mapping for hazards for faults or seismic activity. Chair Phipps replied that staff would help direct her to that information.

Comment of Peggy Lynch with the League of Women Voters of Oregon: Lynch stated that she would like the Board to know that her organization feels the KPMs are very important. The League has been a strong supporter of DOGAMI to get more General Fund to help with the mission of the Agency. Lynch believes that keeping staff is important. On the IT portion the League wants the connection of databases between organizations and the website to look like the rest of the Oregon.Gov sites. Lynch also mentioned a multiple page letter from Senator Brian Boquist on the 14 day responsibilities for individual citizens. Lynch talked about Calico and how the League is interested in the water quality and she mentioned there is a list serve that information can be accessed. The League is very interested in how the consolidated permit process works because it is a permit process amongst agencies and is supposed to be part of the regulatory streamlining.

Comment of John McKesson: McKesson spoke about innovation and comments he heard from Dr. Ashford at a speech he gave and how concerned he was over his staff. He would like the voter file merged with the hazard plan and have the Board mix the platforms and have them hand out the profiles to individuals.

**Break**

11) **Working Lunch - SB 379 Public Engagement Plan:**

Ali Ryan Hansen, Communications Director provided an update on the Agency’s plan to collect input from coastal communities on a potential change to the regulatory tsunami inundation zone. Oregon law limits construction of certain building types in the regulatory tsunami inundation zone.
The DOGAMI Governing Board sets the regulatory inundation zone based on best available science to prevent loss of life. It is local government and other agencies that determine what can be built in those areas and what rules apply to them.

Hansen reviewed the engagement approach, which begins with collecting feedback from state and local stakeholders, then expands to local groups and organizations, and then to broad community outreach as needed.

Several changes to the plan have been made since the Board was last updated. The feedback DOGAMI heard from the Board as well as other stakeholders was to approach other state agencies and organizations for help with engaging communities. This plan is more collaborative, and Hansen has been reaching out potential collaborators. The timeline has also changed, and now begins in October and ends in February.

Phipps stated that collaboration is the better route to go. She asked for clarification on whether DOGAMI would still have the lead role. Director Avy said yes, but additional collaboration with will help DOGAMI gather the desired input. Phipps stated her concern is having others speak on DOGAMI’s behalf, and that others may not be able to answer questions as DOGAMI staff could. Hansen said steps will be taken to ensure that does not happen.

Maffeis asked for clarification regarding what the board was voting on. Hansen said the engagement plan has changed, so the vote is confirming that staff should move forward with the plan as presented. Luke asked when the Board might be asked to vote on a change to the line. The earliest is likely to be the June 2017 meeting. Ashford stated that he was interested in seeing the communication materials that will be provided to stakeholders and the public. Hansen will circulate the materials.

Board Action: Maffeis moved to approve staff moving forward. Ashford seconded. Motion carried.

Stan Van de Wetering came forward and said he strongly encouraged reaching out to the coastal tribes and have them be part of the discussions.

Break

12) Cascadia Lifelines Program (CLIP) Introductions, Overview and Cascadia Subduction Zone

Presentations:

Oregon State University’s Cascadia Lifelines Program staff provided presentations on the program’s research on Cascadia Subduction Zone earthquake and tsunami hazards, impacts, and resilience. Presentations included:

“Cascadia Lifelines Program (CLIP) and Related CSZ Resilience Research at Oregon State University”
Dan Cox, Director, Cascadia Lifelines Program and Professor of Civil and Construction Engineering

“Meeting the Geotechnical Hazards of the CSZ”
Armin Stuedlein, Associate Professor, Civil and Construction Engineering
“Evaluating Landslide Hazards Impacts on Infrastructure using Lidar”
Ben Leshchinsky, Assistant Professor, College of Forestry

“Seismic Performance of Aging Prestressed Transmission Poles with Simulated Soil Foundation”
Burkan Isgor, Professor, Civil and Construction Engineering

The Oregon Hazard Explorer for Lifelines Program (O-Help) Web GIS
Dan Gillins, Assistant Professor, Civil and Construction Engineering

“Cost-effective Retrofitting of Unreinforced Masonry Walls”
Andre Barbosa, Assistant Professor, Civil and Construction Engineering

“Planning critical infrastructure response in earthquake disasters: An integrated resource location and transportation network design problem”
Salvador Hernandez, Assistant Professor, Civil and Construction Engineering

“CSZ Earthquake and Tsunami Inundation of the Built Environment: Estimating Building Damage at Community Scale”
Dan Cox, Director, Cascadia Lifelines Program and Professor of Civil and Construction Engineering

Briefing: No Board Action Required.

13) Break and Travel to O.H. Hinsdale Wave Research Laboratory (HWRL):

14) Tour of HWRL:

The DOGAMI Governing Board members, DOGAMI staff and members of the public took a tour of the O.H. Hinsdale Wave Research Laboratory (HWRL).

15) Board Adjourn:

At the conclusion of the tour, Chair Phipps adjourned the meeting at 3:40 p.m.

APPROVED

Lisa Phipps, Chair