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

3) **Approval of Minutes of December 9, 2011 Portland Meeting:** (Board) Action Item
   Motion: Macnab moved and Phipps seconded motion to approve minutes as written. Motion carried.

4) **2012 Legislative Assembly Update:** (Vicki S. McConnell, State Geologist)
   a. **Report back to Governing Board on Agency’s Ways and Means request and the affect of the 2011-2013 Budget reconciliation:** Information Item
   McConnell briefed the Board on the February Legislative session, including our request to Ways and Means to increase our Other Fund and Federal Fund expenditure limitation and authority to hire additional Limited Duration staff, which were approved.
   b. **2012 legislation that will affect the Agency:** Information Item
   Senate Bill 1566 relates to seismic information about schools and the maintenance of our webpage on the subject. The webpage identifies the seismic risk categories for public schools. The bill requires school districts to notify the agency when there is a new school built or an existing building is modified in such a manner that it may affect the seismic risk category of that school. It also requires the Department of Education to list the DOGAMI web address on annual school reports to parents. We will begin tracking the hits on that webpage now to see if there is a difference in number of hits compared to after the law goes into effect. McConnell will contact the Department of Education to discuss a Memorandum of Understanding.
5) **State of the Agency:** (Vicki S. McConnell, State Geologist)
   a. **Update of Agency activity by State Geologist:** *Update Item*
      McConnell briefed the Board on the Association of American State Geologists Spring Liaison meeting in Washington DC, as well as recent project and grants and staffing changes.
   b. **Agency seeks approval on Policy Option Package concepts for development of the 2013-2015 Biennial Budget. Briefing on new budget process:** *Information and Action Items*
      The budget process will be different under Governor Kitzhaber than it has been in the past, but until we know what the changes are we are proceeding with asking for approval for our Policy Option Package concepts.
      **Motion:** Phipps moved that the Board approve the agency Director and Staff to move forward to include Policy Option Package concepts 101, 102, and 103 in the new budget. MacDougal seconded the motion. Motion carried.

7) **Oregon Integrated Water Resources Strategy:** (John Jackson, Chair, Water Resources Commission & Brenda Bateman, Senior Policy Coordinator, Oregon Water Resources Dept.)
   a. Chair Jackson and Dr. Bateman briefed the Board on the draft Oregon Integrated Water Resource Strategy and invited discussion and advice. The Board was invited to consider submitting a letter of endorsement of the plan: *Information and Action Item*
      **Motion:** Phipps moved to allow agency Director to draft a letter to Water Resources of high-level endorsement for support of the Oregon Integrated Water Resource Strategy draft and to include why it makes sense and to reaffirm DOGAMI’s ability to provide data to Water Resources. Macnab seconded. Motion carried.

8) **Regulatory Issues:** (Gary Lynch, Mineral Lands Regulation and Reclamation Program)
   a. **Status of rulemaking for aggregate, oil and gas, geothermal laws.**
      The agency and AAG will update Board on geothermal and oil and gas programs rules status: *Update Item*
      **Division 10 - Oil & Gas rules, Division 15 - Information & Seismic Test Holes for Oil & Gas rule:**
      The department has held two Rules Advisory Committee meetings to discuss the proposed draft language to Division 10 and 15 rules. The committee has completed an initial review of the Division 15 proposed rule language and has reviewed approximately three quarters of Division 10. To this point, both divisions are proceeding smoothly through the review process. One additional meeting is required to complete the initial review of the remaining sections in Division 10. Additionally, at this meeting the Committee will draft a Fiscal Impact Statement and a Statement of Need prior to proceeding to the public comment phase of the rulemaking process.
      **Division 20 - Geothermal rules:**
The department has held two Rules Advisory Committee meetings to discuss the proposed draft language to Division 20 rules. The committee has completed an initial review of the proposed language and has compiled a list of questions needing legal clarification from DOGAMI’s AAG. The areas of concern center on whether or not parts of the existing and proposed language are supported by existing statutory or rule authority. These questions were forward to DOGAMI’s AAG, Larry Knudsen, for clarification. The department is presently working with Mr. Knudsen on reviewing the questions and drafting a response to the committee.

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

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

Item

Mining Enforcement:

Coburg Road Quarry: On December 8, 2010, DOGAMI issued a Notice of Violation to the permittee (Coburg Road Quarry) based on the stamped Certified Engineering Geologist (CEG) slope stability study that concluded blasting caused an existing landslide to move which impacted the adjacent property and structures. Under approval of the department, Coburg Road Quarry has conducted and monitored four test blasts to evaluate if blasting caused structural damage to an adjacent residence. DOGAMI and our technical consultant (Landslide Technology) have completed a review of this test blast monitoring data. Landslide Technology provided DOGAMI a summary of assessment to the causation of residential distress. DOGAMI notified the permittee that they had satisfied and fulfilled the terms and conditions of the March 15, 2011 Notice and Order. DOGAMI provided technical recommendations for the resumption of blasting operations at the quarry.

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

Oil & Gas Program Update:

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

Geothermal Update:

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

Currently in Oregon, there is one drill rig actively drilling for geothermal resources in Vale (US Geothermal). US Geothermal continues to explore for injection volume. The remaining companies that drilled wells in 2011 are currently evaluating the well data to continue resource development in the following year. They include: Adel – Lake County (Crump Geothermal), Paisley – Lake County
(Surprise Valley Electric), Olene Gap - Klamath County (Kodali), and Newberry Volcano – Deschutes County (Davenport and Davenport-Alta Rock).

Mining: As of February 2012, we have 886 permitted sites and 208 TE’s. For 2011, DOGAMI conducted 739 site inspections and 197 aerial photo inspections.

c. Status of Division 37 Chemical Process Mining permit activity:

Update Item

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

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

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

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

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

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

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

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

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

11) Board Business:

The Board discussed the timing of public comment, including the possibility of moving the public comment period to the beginning of the meeting, or if there is an action item, to allow public comment before the Board considers a motion. It was noted that in the past, whenever there was an item of that nature, the Board always allowed comment before taking action. It was noted that the Board will continue to be flexible with public comment periods.
Steve Macnab’s second term ends in September and the Board must now consider finding a replacement. McConnell will ask Governor Kitzhaber’s Natural Resources Policy Director Richard Whitman for guidance.

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

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

APPROVED:
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Larry Givens, Chair               Douglas MacDougal, Vice Chair

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Charles Vars                      Lisa Phipps

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Steve Macnab