

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

Friday, September 13, 2011
Corvallis, 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 Steve Macnab and Board Members Douglas MacDougal and Charles Vars were present.

DOGAMI Staff in attendance:

Vicki McConnell, State Geologist
Gary Lynch, Assistant Director
Don Lewis, Assistant Director
Rachel Lyles, GIS Program Leader
Seay Johnson, Chief Fiscal Officer
Clark Niewendorp, Geologist
Ben Mundie, Reclamationist
Bob Brinkmann, Reclamationist
Vaughn Balzer, Reclamationist
Bob Houston, Oil & Gas, Geothermal
Isaac Sanders, Fish Biologist
Alyssa Boles, Office Manager
ReNeea Gordon, Permits Coordinator
Andre Sampier, Intern
Corey Carlson-Ham, Intern
Carol DuVernois, Executive Assistant

Others:

Larry Knudsen, AAG
Art Ayre, DAS BAM
John Terpening, LFO
Larry Tuttle, Center for Environmental Equity
Edward Wolfe, writer
Jay Raskin, Ecola Architects
Angie Dykema, Ormat
Randy Peterson, Ormat
Jerry Fish, Stoel-Rives
Lachlan Reynolds, Oregon Energy LLC
John Hasleby, Oregon Energy LLC

1 **3) Approval of Minutes of June 24, 2011 Portland Meeting: (Board) *Action***
2 *Item*

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

5
6 **4) Board Business:**

7 **a. Update on Director Performance Evaluation: *Update Item***

8 Chair Givens reported that he has received all evaluations from the Board
9 and staff. He is planning to conduct a couple of interviews and compile
10 results when those are complete.

11 **b. Review and approval of Key Performance Measure 11 –**
12 **Board Governance: *Action Item***

13 McConnell summarized the evaluations submitted by the Board and noted
14 that the results are ready to include in the Annual Key Performance Measure
15 report with Board approval.

16
17 **Motion: Vars moved and Macnab seconded that KPM 11 results be**
18 **included in the Annual Key Performance Measure agency report.**
19 **Motion carried.**

20
21 **c. Election of Board Chair and Vice-chair for 2 year period:**
22 ***Action Item***

23 **Motion: Vars moved and Macnab seconded that Larry Givens continue**
24 **to serve as Board Chairman for a second two-year term. Motion**
25 **carried.**

26
27 Macnab has one year left on the Board, so has withdrawn from the Vice-
28 Chair position. After discussion Douglas MacDougal agreed to serve.

29
30 **Motion: Vars moved and Macnab seconded that MacDougal serve as**
31 **Vice-Chair for a two-year term. Motion carried.**

32
33 **5) State of the Agency: (Vicki S. McConnell, State Geologist)**

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

35 McConnell briefed the Board on recent agency activity, including new projects
36 and proposals, project completions, lidar data collection update, meetings and
37 conferences, and staff changes.

38
39 **b. Financial Report for Agency activity through end of 2011**
40 **Biennium: *Information Item***

41 McConnell summarized each program's operating revenues, expenses and
42 ending balances. She noted the excellent work of Assistant Director Don
43 Lewis and Business Office staff Seay Johnson, Tove Larsen and Nina
44 Rathbone on completing the financial reporting on time.

45
46 **c. Request to approve draft rules for SB 122: *Action Item***

47 Draft rule language was completed by the Rule Writing Committee and the
48 Rules Advisory Committee met to discuss the draft rule and the Statement of
49 Need and Fiscal Impact. These were presented to the Board for their
50 approval along with the draft Notice of Proposed Rulemaking. These rules
51 will not be limited to Program 1, but will not in any way affect fees in Program
52 2. Program 2 could utilize these rules however, for example, with a
53 watershed restoration project, to enter an agreement to deliver services for
54 that project.

55

56 Knudsen said that this should be covered by the delegation log, but
57 McConnell will review the orders to make sure this is correct.

58

59 **Motion: Vars moved to approve the draft rule language and Statement of**
60 **Need and Fiscal Impact. Macnab seconded. Motion carried.**

61

62 **d. Briefing of Oregon 10 Year Strategic Plan: *Information Item***

63 McConnell gave background and summarized the feedback given to the
64 Governor's office by various working groups made up of agency directors.

65

66 Board members submitted comments on the Governor's 10 Year Strategic
67 Plan to Director McConnell. McConnell distilled the Board's comments into a
68 memo that she submitted to the DAS Strategic Initiatives Manager.

69

70 Next steps will be vetting the strategies with stakeholders and determining
71 how priorities can be incorporated into the 2013-15 budget process.

72 McConnell urged the Board to consider participation on the vetting panel.

73

74 **6) Mineral Land Regulation & Reclamation Program: (Gary Lynch, Assist.**
75 **Director & Bob Houston, MLRR staff)**

76 **a. History of mining, oil & gas, and geothermal regulation in**
77 **Oregon and the development of the MLRR program:**
78 ***Information/Training Item***

79 Lynch briefed the Board on the history of mined land reclamation and how
80 Program 2 accomplishes its mission. He noted specific accomplishments of
81 Ben Mundie, Vaughn Balzer, and the new interns Andre Sampier and Corey
82 Carlson-Ham, and noted that he is proud of the entire MLRR staff.

83

84 **b. Agency staff will brief the Board on OAR 632 Division 37**
85 **Rules for Chemical Process Mining: *Information/Training***
86 ***Item***

87 This item will be discussed at the next Board meeting.

88 **c. Summary of operational and enforcement activities for**
89 **surface mining, oil and gas, and geothermal regulatory**
90 **programs and update on MLRR rule making: *Update Item***

91 Operational and enforcement activities were outlined in a memo to the Board.
92 Bob Houston gave a presentation on hydraulic fracturing and the regulatory
93 oversight in Oregon.
94

95 **8) Aurora Uranium Deposit Exploration & Development:**
96 **(Lachlan Reynolds & John Hasleby, Oregon Energy LLC)**

97 **a. Oregon Energy LLC President and Vice President**
98 **presented their work to date on exploration for uranium at**
99 **the Aurora site in Malheur County and described their**
100 **business plans for further development at the site: *Update***
101 ***Item***

102 Reynolds and Hasleby gave a PowerPoint presentation outlining the scope of
103 their plans for a uranium mine in Eastern Oregon.

104 **b. Questions and Comments from Board**

105 Chair Givens first acknowledged receiving a letter from Laurence Tuttle,
106 Director of the Center for Environmental Equity, protesting the inclusion of
107 Oregon Energy LLC on the agenda.
108

109 A complete copy of Mr. Tuttle's letter was submitted for the record.
110

111 Chair Givens noted for the record that this is not a contested hearing of any
112 type, it is simply an informational presentation and the Board is not making
113 any decisions on permits. Furthermore, this is a public meeting so anyone
114 could attend and Oregon Energy LLC will be putting the presentation on their
115 website as well.
116

117 MacDougal asked what chemicals are used in uranium mining. Reynolds
118 said it is a conventional open pit mine with a thin layer of rocks that cover the
119 mineralized zones which will be removed and stockpiled. The ore is soft and
120 easy to dig, so will not require a lot of blasting to remove. Ore will be
121 collected and trucked to the processing plant. The plant specifications have
122 not yet been worked out. There are a number of potential scenarios that will
123 most likely involve a leaching process, which is a contained process. All the
124 ore will be contained in a series of engineered tanks and subjected to some
125 form of acid to leach the uranium products and will then be precipitated to
126 form a product for customers. That product will be loaded into drums, secured
127 into containers and delivered by road to an existing conversion system here in
128 the US. Most uranium is produced outside of the US. There are 104 nuclear
129 power stations in the US, so they would be delivering product to an
130 established market that may indeed diminish, but they are not depending
131 upon an increased market. Nevertheless there is a forecast of increasing
132 nuclear power generation worldwide particularly in emerging countries like
133 China, India and Russia which should put pressure on the uranium supply
134 with a consequent increase in the cost of the commodity.
135

136 Givens noticed the impact on the Fort McDermitt Indian Reservation.
137 Haselby said they have been working closely with the community as they are
138 forming their plans to ensure community support.

139
140 The next milestone for the company is to submit a Notice of Intent of this
141 becoming a project, which will initiate the formation of the oversight
142 committee led by DOGAMI. They have collected enough information that
143 they feel it's time to move to the next step, initiating the permitting process.
144 They anticipate submitting the documentation in the next couple of months.

145
146 The counties have been kept aware of their presence and plans. BLM is the
147 landowner, so they are closely involved with applications for drilling access.
148 They are also reaching out to other agencies so they are aware of the project.
149 Givens suggested reaching out to the Association of Oregon Counties as
150 well.

151
152 Ultimately, the price of uranium and the cost of development will dictate
153 whether this project is economically feasible.

154
155 Givens asked if there is a contingency plan for what will happen economically
156 to the region after the 10 to 12 years of mining, when the mine is no longer
157 viable. Reynolds noted that this is a problem that is not isolated to this
158 particular project. It is early to speculate, but the process will take into
159 account economic impacts from the mine, which are well understood from
160 many past examples. They do not have any concrete plans, but the local
161 community will likely get a lot of training and skills, and that area is central to
162 a lot of mining activity. If nothing else, they will be able to provide skilled
163 training that the local people will then be able to take to other employment
164 relatively nearby. The company is getting the sense that the local community
165 would like it if they were in production today, and they remember when the
166 mercury mine was active and would like to see the development and
167 opportunities that would come back to the community that a mine would bring.

168
169 The proposed pit will go through a gully that is not an active stream and the
170 mining impacts will be relatively small. The permitting process will clarify the
171 reclamation requirements.

172
173 There is an historic mercury mine on the site and the company that had the
174 mine is still in existence and they are responsible for the cleanup.

175
176 MLRR is developing a Request for Proposal that will bring a coordinator on
177 board that is familiar with Division 37 Rules for Chemical Process Mining who
178 would be the lead coordinator for the permitting for this site. We do not have
179 the staff that could dedicate the time for this project.

180

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

183
184 Edward Wolf, a science and environmental writer, read a letter he submitted
185 to the Board. His two main points were:

- 186 1. DOGAMI bears a special responsibility with respect to the rapidly
187 advancing scientific understanding of our state's greatest geologic
188 hazard, the Cascadia Subduction Zone; and
- 189 2. Stewardship of past achievements is a continuing agency responsibility
190 that should be monitored and reported to the Governing Board.

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192 A complete copy of Mr. Wolf's public comment was submitted for the record.

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194 Chair Givens noted for the record that they will take his comments under
195 advisement and he asked Director McConnell to research this further and
196 respond to Mr. Wolf.

197
198 Jay Raskin, of Ecola Architects also submitted a letter to the Board, which he
199 summarized. He believes DOGAMI's role in risk reduction for a potential
200 Cascadia earthquake and tsunami event should be strengthened. He would
201 like to see a Key Performance Measure and budget goals based on this role.

202
203 A complete copy of Mr. Raskin's public comment was submitted for the
204 record.

205
206 Chair Givens noted for the record that they will take his comments under
207 advisement and he asked Director McConnell to research this further and
208 respond to Mr. Raskin.

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

211
212 The next meeting will be held on Friday December 9th in Portland.

213 **11) Lunch**

- 214 a. **Bag lunch was served for Board, staff, and invited**
215 **participants**
- 216 b. **MLRR staff provided overview of afternoon field visit**

217
218 **12) Adjourn Meeting and Begin Field Trip**

219
220 **Action Items:**

- 221
222 1. A copy of Bob Houston's presentation will be sent to the Board. Done
 - 223
224 2. McConnell will respond to public comment by Edward Wolf, Jay
225 Raskin, and Larry Tuttle, and report back to Board.
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- 3. Copies of LAB to Board
- 4. McConnell will review delegation log to ensure the draft rules for SB 122 will be covered by the log.

APPROVED:

Larry Givens, Chair

Steve Macnab, Vice Chair

Charles Vars

Lisa Phipps

Douglas MacDougal