

GOVERNING BOARD SPECIAL MEETING
OREGON DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES

May 14, 2020
9:00 a.m.

Teleconference Public Meeting Agenda

To adhere to the state's social distancing requirements and to slow the spread of COVID-19, this public meeting will be conducted via teleconference. Written testimony can be submitted in advance, but no later than 11 a.m. on the meeting day to lori.calarruda@oregon.gov. Written comments received will be distributed to the Board. Oregon Department of Geology and Mineral Industries organized a toll free call-in option for public access.

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Governor Brown's [Executive Orders](#)

The Board makes every attempt to hold strictly to the sequence of the distributed agenda. Times and topics may change up to the last minute. This agenda is available on the DOGAMI website: www.oregongeology.org.

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|-------------------|----------------|---|
| 9:00 a.m. | Item 1: | Call to Order – Chair Laura Maffei |
| 9:05 a.m. | Item 2: | Introductions – Chair Laura Maffei and staff |
| 9:10 a.m. | Item 3: | Financial Update – Dania Ballard, Chief Financial Officer
Briefing: The Board will not be asked to take an action on this item |
| 9:40 a.m. | Item 4: | Review Agency's Legislative Concepts (LCs) – Bob Houston, Interim GS&S Program Manager and Legislative Coordinator and Sarah Lewis, MLRR Program Manager
Board Action: The Board will be asked to take an action on this item |
| 10:00 a.m. | Item 5: | Review Agency's Policy Option Packages (POPs) – Dania Ballard, Chief Financial Officer
Board Action: The Board will be asked to take an action on this item |
| 10:50 a.m. | Item 6 | Public Comment
Only <u>written comments</u> received prior to or by 11am on the day of the meeting will be accepted |
| 11:00 a.m. | Item 7: | Board Adjourn |

PLEASE NOTE

AGENDA

The Board meeting will begin at 9:00 a.m. and proceed chronologically through the agenda. Times listed on the agenda are approximate. At the discretion of the chair, the time and order of agenda items—including addition of intermittent breaks—may change to maintain meeting flow.

PUBLIC TESTIMONY

For this special meeting, only written comments will be accepted.

REASONABLE ACCOMMODATION OF DISABILITIES

Please contact us at least three business days prior to the meeting to let us know if you need reasonable accommodations. Contact the Director's Office at (971) 673-1555 to make your request.

Staff Report and Memorandum

To: Chair, Vice-Chair, and members of the DOGAMI Governing Board

From: Dania Ballard, Chief Financial Officer

Date: May 7, 2020

Regarding: Agenda Item 3 – Financial Update

Dania Ballard, Chief Financial Officer, will provide a Financial Update for DOGAMI.

Proposed Board Action: The Board will not be asked to take an action on this item.



TO: DOGAMI Governing Board
FROM: Dania Ballard, Chief Financial Officer
DATE: May 14, 2020
SUBJECT: FY21 Budget Update and 21-23 Biennium Budget Planning

FY21 Budget Update

Budget Reductions

Due to an expected state revenue decrease as a result of COVID-19, the agency has been tasked to prepare prioritized General Fund budget reduction scenarios. After the May 20, 2020 revenue forecast, the agency will likely be asked to implement some or all the proposed reductions.

FY21 (2nd Year) Requested Budget

In the 19-21 biennium, DOGAMI was provided a one-year budget. During the 2020 legislative session, DOGAMI requested a second-year budget. Due to the legislative slow down, the second-year budget was not approved before end of session. Part of the second-year budget included funding to address a known shortfall in the first-year's budget development.

The agency is coordinating with Department of Administrative services to temporarily cover any shortfall in anticipation of approval of the second-year budget at an upcoming Emergency Board or special legislative session following release of the May forecast.

Staff Report and Memorandum

To: Chair, Vice-Chair, and members of the DOGAMI Governing Board

From: Bob Houston, Interim GS&S Program Manager and Legislative Coordinator and Sarah Lewis, MLRR Program Manager

Date: May 7, 2020

Regarding: Agenda Item 4 – Review Agency’s Legislative Concepts (LCs)

Bob Houston, Interim GS&S Program Manager and Legislative Coordinator and Sarah Lewis, MLRR Program Manager, will review the Legislative Concepts for DOGAMI.

Proposed Board Action: The Board will be asked to take an action on this item.



2021-2023 Legislative Session

Legislative Concept: 63200-001 (DOGAMI-MLRR Fee Bill)

Problem

The Oregon Department of Geology and Mineral Industries (DOGAMI) - Mineral Land Regulation & Reclamation (MLRR) program, oversees the state's mineral production, and works to minimize impacts of natural resource extraction and to maximize the opportunities for disturbed land reclamation. The MLRR program is funded exclusively by permit fees (Other Funds). Revenue projections indicate that current fees will not support adequate program services through the current biennium, requiring reductions in both staffing and service levels.

Historically, the Department has not proposed regular fee adjustments to account for increased program costs. In several cases, fees have not been adjusted for decades, particularly for the mineral exploration, oil & gas, and geothermal programs. The last MLRR Program fee increase was in 2015 to raise aggregate mining fees which has not kept pace with agency indirect or operational costs.

During the 2020 short session, SB 1579 (DOGAMI-MLRR Fee Increase) was the vehicle for this concept.

- This proposed LC is the third attempt and is similar to SB 45 (2019 session) and the same as SB 1579-01 (2020 short session) as amended.
- SB 1579 received a "Do pass with amendments" recommendation from the Joint Committee on Ways and Means, but did not have the opportunity for a floor vote prior to the end of the 2020 short session.

Solution

The proposed fee increases for the mineral exploration, mining, and oil, gas, and geothermal programs are intended to:

- Fund the current MLRR program service level (11 FTE) and avoids service disruption and layoffs
- Capture indirect costs in the amount of 15.51%, which pays for a portion of agency-level administration and operation costs;
- Provide a tiered annual renewal fee based on whether or not the permit holder extracts minerals in the previous year (No production: \$1,200; Produced minerals: \$1,460 and \$0.0125 per tons). *Note: This tonnage fee is capped at \$0.015 per ton. DOGAMI Governing Board has the flexibility to adjust tonnage fees up or down if necessary, which would require ratification by the legislature.*
- Simplify the fee schedule and helps ensure that costs are fully covered by each individual program area, without subsidizing between industries;
- Build parity in the application permit fee charged to industry across program areas for similar levels of work to process an application;

- Build to a 6-month beginning balance in the MLRR program by the start of the 2025-27 biennium

Proposed Change to Statute

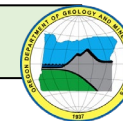
The proposed legislative concept is attached: LC 63200-001 (DOGAMI-MLRR fee increase).

Known Support or Opposition

The agency has engaged eighteen separate groups representing permittees, industry, and environmental stakeholder and representatives from state and federal agencies, including local governments to discuss and address any concerns raised. The draft proposed fee increase LC language represents a collaborative agreement with the aggregate, geothermal and oil and gas industries.

Due to the immediate funding needs, an emergency clause that makes implementation of the bill effective upon Governor's signature is proposed.

Proposed Legislative Concept: 63200-001 (DOGAMI-MLRR Fee Increase)



MLRR Fee Schedule	Mining: Aggregate, Coal, Placer, Metal Mine Operating Permit 900 active permits		Exploration Permit 15 active permits		Oil & Gas – 100 active permits Geothermal – 30 active permits	
	Current Fees Last Updated 2015	Proposed LC: 63200-001	Current Fees Last Updated 1991	Proposed LC: 63200-001	Current Fees Last Updated 1991 & 2007	Proposed LC: 63200-001
Application Fee	\$1,750	\$2,000	\$400	\$2,000	\$2,000	\$2,000
Permit Annual Renewal Fee	Base Fee: \$850	\$1,200 (No Mineral Extraction) \$1,460 (Mineral Extraction)	\$300	\$1,460	\$1,500 (1 st year)	Oil & Gas: \$1,160 Geothermal: \$2,725
	Tonnage Fee: \$0.0095 (\$/ton)	\$0.0125 (\$/ton)			\$500 (2 nd yr. to closure)	

Mining permit renewal fee schedule comparisons (Note: average annual tonnage 95,000 tons):

- **Current** renewal fee schedule: [base fee (\$850) + production fee (\$0.0095 x 95,000 tons of rock = \$902.50)] = **\$1,752.50**
- **Proposed LC 63200-001 (DOGAMI-MLRR Fee Increase):**
 - **No extraction of minerals** in previous 12 months: [base fee (\$1,200) = \$1,200] = **\$1,200**
 - **Extraction of minerals** in previous 12 months: [base fee (\$1,460) + production fee (\$0.0125 x 95,000 tons of rock = \$1,187.50)] = **\$2,647.50**

Current Fee Challenges:

- Current fee **revenue/staffing does not** fully support delivery of **program services** including:
 - Timely correction of **compliance issues**
 - Site inspections that proactively address **on-site problems**
- By **Spring 2021**, fee revenue **will not** support current service levels, **requiring staff reductions**

LC 63200-001 DOGAMI-MLRR Fee Increase Goals:

- Fulfill **regulatory responsibilities**
- Meet stakeholder **service delivery expectations**
- Prevent **permit-related delays**
- Achieve **Application Fee parity** across Mining, Oil & Gas, and Geothermal Programs
- Provide a **tiered annual renewal fee based** on whether or not the permit holder extracts minerals in the previous year
- Build a six-month **program reserve by the 2025-27 beginning balance**; full share of agency indirect costs

DRAFT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes and modifies fees and requirements relating to permits for mineral exploration, mining operations, exclusion certificates, gas and oil drilling exploration, and geothermal well drilling operations. Limits number and distribution of onshore exploration sites and oil, gas and geothermal wells.

A BILL FOR AN ACT

Relating to mining and drilling permit fees; amending ORS 517.705, 517.710, 517.715, 517.730, 517.753, 517.800, 517.973, 520.017, 520.025, 522.055, 522.115 and 522.135.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 517.705 is amended to read:

517.705. (1) *[Any person engaging]* **A person may not engage** in onshore exploration that disturbs more than one surface acre or involves drilling to greater than 50 feet *[shall obtain an exploration permit. Prior to receiving an exploration permit, an applicant shall submit a permit application on a form provided by the State Department of Geology and Mineral Industries. Information required shall include the information necessary to assess impacts of the proposed exploration, including but not limited to:]* **except in compliance with a permit issued by the State Department of Geology and Mineral Industries under this section.**

(2) An application for an onshore exploration permit must include:

(a) The name and address of the surface owner and mineral owner.

(b) The names and addresses of the persons conducting the exploration.

(c) The name and address of any designated agent.

(d) A brief description of the exploration activities, including *[but not limited to]:*

(A) The amount of road to be constructed;

(B) The number, depth and location of proposed drill holes;

(C) The number, depth and location of proposed monitoring wells; and

(D) The number, length, width and depth of exploration trenches.

(e) Provisions for the reclamation of surface disturbance caused by exploration activities.

(f) Exploration drill hole or monitoring well abandonment procedures, including *[but not limited to]:*

(A) The capping of all holes;

(B) The plugging of any hole producing surface flow; and

(C) Appropriate sealing for any holes which have encountered aquifers.

(g) *[A]* **An exploration boundary** map with the location of the proposed exploration and delineation of exploration boundaries.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.

1 **(h) Such other information as the department by rule may require to assess the impacts of the**
2 **proposed exploration.**

3 **(i) A nonrefundable fee of \$2,000 per application.**

4 **(3) Each permit application may include a single contiguous exploration boundary that is no more than**
5 **640 acres.**

6 [(2)] **(4) Any production records, mineral assessments or trade secrets submitted as part of the**
7 **application under subsection [(1)] (2) of this section [shall be] are confidential.**

8
9 **SECTION 2.** ORS 517.710 is amended to read: 517.710. (1) *[A fee, not to exceed \$400 shall accompany*
10 *the application described in ORS 517.705. The State Department of Geology and Mineral Industries may]*
11 **If the person conducting exploration under a permit issued under ORS 517.705 is not in violation of**
12 **ORS 517.702 to 517.740 or 517.810 or any terms of the permit and has paid an annual renewal fee not**
13 **to exceed \$1,460 prior to the anniversary date of the permit as established by the State Department**
14 **of Geology and Mineral Industries, the department shall renew the permit [annually on the anniversary**
15 **date of the issuance of the permit, provided the person conducting the exploration is not in violation of**
16 **any provision of ORS 517.702 to 517.755, 517.790, 517.810, 517.910 and 517.920 and pays a renewal**
17 **fee not to exceed \$300]. [(2) A permit shall be subject to suspension and revocation as provided by ORS**
18 **517.702 to 517.755, 517.790, 517.810, 517.910 and 517.920.]**

19 **(2) Nothing in this section prevents the department from suspending or revoking a permit for**
20 **violations of ORS 517.702 to 517.740 or 517.810 or taking any other action authorized under ORS**
21 **chapter 517.**

22 **SECTION 3.** ORS 517.753 is amended to read:

23 517.753. (1) Notwithstanding the yard and acre limitations of ORS 517.750 (16), a person *[must]* **shall**
24 obtain an exclusion certificate from the State Department of Geology and Mineral Industries to engage
25 in surface mining that results in the extraction of 5,000 cubic yards or less of minerals *[or affects less*
26 *than one acre of land]* within a period of 12 consecutive calendar months.

27 **(2) Mining conducted under a valid exclusion certificate may expand the affected area by not more**
28 **than one acre of land within any 12-month period, not to exceed 5 acres of total surface disturbance**
29 **pursuant to ORS 517.755.**

30 **(3) [Except as provided in ORS 517.755, a mining operation subject to] Surface mining conducted under**
31 **a valid exclusion certificate is [not subject to] exempt from the operating permit [or] and reclamation**
32 **requirements set forth in ORS 517.702 to 517.989.**

33 [(2)] **(4) A person shall submit an exclusion certificate application on a form provided by the department,**
34 **accompanied by a fee not to exceed \$400. [If] Unless the department [does not approve or disapprove]**
35 **denies the application within 90 days after [the date the application is filed with the department,] filing,**
36 **the application [shall be] is deemed approved.**

37 [(3)] **(5) Each holder of an exclusion certificate shall annually pay to the department a renewal fee**
38 **[of \$150] not to exceed \$165, accompanied by a description of:**

39 (a) The amount of minerals extracted pursuant to the certificate during the previous 12 months;

40 (b) The total acreage of surface disturbance by the mining operation as of the date that the renewal is
41 submitted; and

42 (c) Any additional information required by the department to determine *[that]* **whether** the mining
43 operation continues to qualify for an exclusion certificate.

44
45 **SECTION 4.** ORS 517.800 is amended to read:

46 517.800. (1)(a) Except for an application for a mining operation submitted under ORS 517.910 to
47 517.989, each applicant for an operating permit under ORS 517.702 to 517.989 shall pay to the State

- 1 Department of Geology and Mineral Industries a fee established by the State Geologist in an amount not
2 to exceed ~~[\$1,750]~~ **\$2,000**.
- 3 (b) If an application for a new permit or an amendment to an existing permit requires extraordinary
4 department resources because of concerns about slope stability or proximity to waters of the state or
5 other environmentally sensitive areas, the applicant shall pay to the department an additional fee in an
6 amount *[determined by]* the State Geologist *[to be]* **deems** adequate to cover the additional costs for
7 staff and other related expenses. The State Geologist shall consult with the applicant when determining
8 the amount of the fee.
- 9 *[(2) Annually, each holder of an operating permit shall pay to the department a base fee of \$850, plus*
10 *\$0.0095 per ton of aggregate or mineral ore extracted during the previous 12-month period.]*
- 11 **(2) A holder of an operating permit that did not extract minerals during the preceding 12-month**
12 **period shall pay to the department an annual renewal fee of \$1,200. A holder of an operating permit**
13 **that extracted minerals during the preceding 12-month period shall pay to the department an annual**
14 **renewal fee of \$1,460 and \$0.0125 per ton of minerals extracted during the preceding 12-month**
15 **period.**
- 16 (3) If a reclamation plan is *[changed]***amended**, the operator may be assessed for staff time and other
17 *[related]* costs **related to that permit amendment in** an amount not to exceed ~~[\$1,750]~~ **\$2,000** in
18 addition to the annual renewal fee. This subsection does not apply to a mining operation that is subject
19 to the fee established by ORS 517.973 (2)(a).
- 20 (4) If *[, at]* an operator *[request,]* **requests that** the department *[responds]* **respond** to requests for
21 information required by a local government in making a land use planning decision *[on behalf of the*
22 *operator for a specific site]*, the State Geologist may require the operator to pay the department a fee
23 for staff time and related costs. The department shall notify the operator in advance of the estimated
24 costs of providing the information, and the *[actual amount assessed shall]* **assessment may** not exceed
25 the estimate *[provided by the department]*.
- 26 (5) The State Geologist may require the operator of a site to pay to the department a special inspection
27 fee in an amount not to exceed ~~[\$500]~~ **\$2,000** for an inspection conducted under the following
28 circumstances:
- 29 (a) Investigation of surface mining operations conducted without the operating permit required under
30 ORS 517.790; or
- 31 (b) Investigation of surface mining operations conducted outside the area authorized in an operating
32 permit.
- 33 (6) Upon request of an applicant or operator, the department shall provide an itemized list and
34 documentation of expenses used to determine a fee under subsection (1)(b), (3) or (4) of this section.
- 35 (7) Notwithstanding the per ton fee established in subsection (2) of this section, the governing board of
36 the department may lower to zero or raise the per ton fee up to *[\$0.0095 if necessary to provide*
37 *financial certainty to the department or]* **\$0.015** to reflect actual expenses of the department in
38 administering ORS 517.702 to 517.951.
- 39 (8) All fees collected by the department under this section shall be deposited in the **Mineral** *[Mined*
40 *]Land Regulation and Reclamation Program Subaccount* within the Geology and Mineral Industries
41 Account. The department shall prepare and submit to the governing board of the *[State Department of*
42 *Geology and Mineral Industries]* **department** an annual report on the financial status of the **Mineral**
43 *[Mined]Land Regulation and Reclamation Program Subaccount*.
- 44 (9) The governing board of the department **shall adopt rules establishing:**
- 45 (a) *[Shall adopt by rule a procedure]* **Procedures** for the administrative review of the determinations of
46 fees under this section.
- 47 (b) *[Shall adopt rules establishing]* The payment date for *[annual]* fees required under this section.

1 (c) *[May adopt rules establishing a]* Late *[fee]* **fees** of up to five percent of the unpaid amount of *[an*
2 *annual]* a fee owed under this section if the *[annual]* fee is more than 60 days past due.

3
4 **SECTION 5.** ORS 517.973 is amended to read:

5 517.973. (1) In addition to any permit fee required by any other permitting agency, each notice of intent
6 to submit a consolidated application under ORS 517.961 *[shall]* **must** be accompanied by an initial fee
7 established by the State Geologist in an amount not to exceed *[\$1,260]* **\$2,000**.

8 (2)(a) Annually on **or before** the anniversary date *[of the issuance]* of *[each such]* **an** operating permit,
9 each holder of an operating permit shall pay to the State Department of Geology and Mineral Industries
10 a renewal fee established by the State Geologist in an amount not less than \$2,500.

11 (b) In addition to the fee prescribed in paragraph (a) of this subsection, the department may charge an
12 *[additional]* amount not to exceed \$1,200 for inspections made at sites **if the surface mining is:**

13 (A) *[Where surface mining was]* Conducted without the permit required by ORS 517.790;

14 (B) *[Where surface mining has been]* Abandoned; or

15 (C) *[Where surface mining was]* Conducted in an area not described in the surface mining permit.

16 (3) Subject to the provisions of subsection (5) of this section, the prospective applicant or applicant shall
17 pay all expenses incurred by the department and the permitting and cooperating agencies related to the
18 consolidated application process under ORS 517.952 to 517.989. These expenses may include legal
19 expenses, expenses incurred in processing and evaluating the consolidated application, issuing a permit
20 or final order and expenses of hiring a third party contractor under ORS 517.979 and 517.980.

21 (4) If the costs exceed the fee, the prospective applicant or applicant shall pay any excess costs shown in
22 an itemized statement prepared by the department. *[In no event shall the]* **The** department and
23 permitting and cooperating agencies **may not** incur evaluation expenses in excess of 110 percent of the
24 fee initially paid unless the department provides prior notification to the prospective applicant or
25 applicant and a detailed projected budget the department believes necessary to complete the process
26 or a portion of the process under ORS 517.952 to 517.989. If the **actual** costs are less than the fee paid,
27 the **department shall refund the** excess *[shall be refunded]* to the prospective applicant or applicant.

28 (5) All expenses incurred by the department and the permitting and cooperating agencies under ORS
29 517.952 to 517.989 that are charged to or allocated to the fee paid by a prospective applicant or an
30 applicant shall be necessary, just and reasonable. Upon request, the department shall provide a detailed
31 justification for all charges to the prospective applicant or applicant.

32
33 **SECTION 6.** ORS 520.017 is amended to read: 520.017. (1) The following fees are established under this
34 chapter:

35 (a) The application fee for a permit to drill a well[,] **is \$2,000.**

36 *[(b) The fee for a request to extend the period for completion of drilling, \$500.]*

37 *[(c)]* **(b)** The fee to modify *[operations at a well, \$1,500]* **a well permit, information hole permit or**
38 **seismic program permit is \$2,000.**

39 *[(d) The fee to sidetrack a well, \$500.]*

40 *[(e) The fee to plug and abandon a well, \$1,000.]*

41 *[(f)]* **(c)** The annual renewal fee for *[operation and maintenance of a well, \$1,500 the first renewal year*
42 *and \$500 for each subsequent year]* **a well permit, information hole permit or seismic program permit**
43 **is \$1,160.**

44 *[(g)]* **(d)** The application fee for a permit to drill an information hole *[is to be determined by the State*
45 *Department of Geology and Mineral Industries based]* **may not exceed \$2,000 per five information**
46 **holes drilled in a contiguous 640-acre area. The State Department of Geology and Mineral Industries**
47 **shall base the fee** on the estimated cost of review and approval[,] and the number and location of
48 **information** holes to be drilled. *[The fee may not exceed \$1,000 per information hole.]*

1 [(h)] (e) The fee for approval of a seismic program [shall be determined by the department based on]
2 **may not exceed \$2,000. The department shall base the fee on** the estimated cost of review and
3 approval[, but may not exceed \$1,000].

4 **(f) A permittee who requests to transfer a well permit, information hole permit or seismic program**
5 **permit issued under this section shall pay a nonrefundable fee of \$2,000 at the time of the request.**

6 (2) The governing board of the [State Department of Geology and Mineral Industries] department by
7 rule may specify a schedule of fees for costs incurred by the department for activities related to field
8 designation for purposes of this section.

9 (3) All [moneys received by the State Department of Geology and Mineral Industries under this section
10 shall be paid into the State Treasury and deposited in the General Fund to the credit of the Geology and
11 Mineral Industries Account established in ORS 516.070] **fees collected by the department under this**
12 **section shall be deposited in the Mineral Land Regulation and Reclamation Program Subaccount**
13 **within the Geology and Mineral Industries Account. The department shall prepare and submit to the**
14 **governing board of the department an annual report on the financial status of the Mineral Land**
15 **Regulation and Reclamation Program Subaccount.**

16
17 **SECTION 7.** ORS 520.025 is amended to read:

18 520.025. (1) A person may not drill or use a well without first obtaining a permit from the State
19 Department of Geology and Mineral Industries and posting any bond that may be required pursuant to
20 ORS 520.095 (1). [Drilling must be completed within one year from the date the permit is issued unless an
21 extension is granted under subsection (2) of this section]. When drilling has been completed, the well
22 must be maintained under a permit until it is properly plugged and the site is reclaimed.

23 [(2) An unused permit may be extended by the department for a reasonable period upon receipt of a
24 written request from the permittee before the expiration date of the permit. The request shall be
25 accompanied by a nonrefundable fee established under ORS 520.017.]

26 [(3)] **(2)** A permittee maintaining or operating a well shall provide the department with an annual report
27 on a form provided by the department. Subject to the determinations in subsection [(4)]**(3)** of this
28 section, a permittee shall renew the permit for a well by paying the fee established under ORS 520.017.

29 [(4)(a)] **(3)(a)** If upon receipt of the application the department determines that the method and
30 equipment to be used by the applicant in drilling or operating the well comply with applicable laws and
31 rules, the department shall issue the permit.

32 (b) The department may refuse to issue, refuse to renew or revoke a permit issued pursuant to this
33 section if the department determines that methods or equipment to be used or being used in drilling or
34 operating the well do not comply with applicable laws or rules, or that the well will not be operated and
35 maintained or is not being operated or maintained in compliance with the permit and applicable laws or
36 rules.

37
38 **SECTION 8.** ORS 522.055 is amended to read:

39 522.055. (1) [No person shall] **A person may not** engage in drilling a prospect well **except in compliance**
40 **with a permit issued by the State Department of Geology and Mineral Industries under this section**
41 [without first obtaining a permit issued under the authority of the State Department of Geology and
42 Mineral Industries and without complying with the conditions of such permit].

43 (2) An application **for a permit** to drill prospect wells [shall] **must include** [contain such information as
44 the department may require, including but not limited to]:

45 **(a)** A plugging and decommissioning plan[, and shall be accompanied by];

46 **(b) Such other information as the department by rule may require to assess the impacts of the**
47 **proposed well; and**

1 (c) A nonrefundable fee *[in the amount]* as determined by the department based on *[to be]* the
2 estimated cost of review of the proposed prospect wells, **not to exceed \$2,000 per application or**
3 **permit modification.**

4 (3) Each application may include up to five prospect wells *[in a given]* per project area. *[The amount of*
5 *the fee may not exceed \$1,000 per five prospect wells.]* **The project area must be contiguous and**
6 **include no more than 640 acres.**

7 (4) A permit to drill remains valid until it is revoked or modified by the department based on new
8 information or changed conditions.

9 [(3)] (5) The permittee shall *[provide]* **pay the department** an annual nonrefundable **renewal** fee of
10 *[\$500]* **\$2,725** on or before the anniversary of *[the issuance date of]* each active permit.

11 [(4)] (6) *[A request by]* A permittee **who requests** to transfer a permit issued under this section shall *[be*
12 *accompanied by]* **pay** a nonrefundable fee of *[\$500]* **\$2,000 at the time of the request.**

13 [(5)] (7) All *[moneys received by the department under this section shall be paid into the State*
14 *Treasury and deposited in the General Fund to the credit of the Geology and Mineral Industries*
15 *Account established by ORS 516.070]* **fees collected by the department under this section shall be**
16 **deposited in the Mineral Land Regulation and Reclamation Program Subaccount within the Geology**
17 **and Mineral Industries Account. The department shall prepare and submit to the governing board of**
18 **the department an annual report on the financial status of the Mineral Land Regulation and**
19 **Reclamation Program Subaccount.**

20
21 **SECTION 9.** ORS 522.115 is amended to read:]

22 522.115. (1) *[No person shall]* **A person may not** engage in the drilling or operating of any geothermal
23 well **except in compliance with a permit issued by the State Department of Geology and Mineral**
24 **Industries under this section** *[without first obtaining a permit issued under the authority of the State*
25 *Department of Geology and Mineral Industries, and without complying with the conditions of such*
26 *permit].*

27 (2) An application for a permit *[shall]* **to drill or operate a geothermal well must** *[contain]* **include:**

28 (a) The location and elevation of the floor of the proposed derrick.

29 (b) The number or other designation approved by the department by which the well shall be known.

30 (c) The applicant's estimate of the depths to be drilled.

31 (d) The nature and character of the geothermal resource sought.

32 (e) A reclamation plan for the well pad.

33 (f) Such other information as the *[governing board of the State Department of Geology and Mineral*
34 *Industries]* **department** by rule may require **to assess the impact of the proposed geothermal well.**

35 [(3)] (g) *[An application for a permit shall be accompanied by]* A nonrefundable fee of \$2,000.

36 [(4)] (3) The permittee shall *[provide]* **pay** an annual nonrefundable renewal fee of **\$2,725** on or before
37 the anniversary of *[the issuance date of]* each active permit. *[as follows:]*

38 *[(a)] \$1,500 for the first renewal year.]*

39 *[(b)] \$500 for each subsequent renewal year.]*

40 [(5)] (4) A request by a permittee to modify a permit shall be accompanied by a nonrefundable fee not
41 to exceed *[\$1,500]* **\$2,000.**

42 [(6)] (5) A request by a permittee to transfer a permit issued under this section shall be accompanied by
43 a nonrefundable fee of *[\$500]* **\$2,000.**

44 [(7) A request by a permittee to plug and decommission a geothermal well shall be accompanied by a
45 nonrefundable fee of \$1,000.]

46 [(8)] (6) All *[moneys received by the department under this section shall be paid into the State*
47 *Treasury and deposited in the General Fund to the credit of the Geology and Mineral Industries*

1 *Account established by ORS 516.070] fees collected by the department under this section shall be*
2 **deposited in the Mineral Land Regulation and Reclamation Program Subaccount within the Geology**
3 **and Mineral Industries Account. The department shall prepare and submit to the governing board of**
4 **the department an annual report on the financial status of the Mineral Land Regulation and**
5 **Reclamation Program Subaccount.**

6
7 **SECTION 10.** ORS 522.135 is amended to read:

8 522.135. (1) Within 60 days after receipt of a complete application for a permit to drill or operate a
9 geothermal well, the State Department of Geology and Mineral Industries shall by order issue or deny
10 the permit unless the department determines that a longer period is necessary to respond to comments
11 or new information or for other good cause.

12 (2) Except as provided in ORS 522.145, the department shall issue the permit if, after receipt of
13 comments from the agencies referred to in ORS 522.125, the department determines that issuance of
14 the permit would be consistent with the provisions of this chapter and ORS chapters 468A, 468B and
15 537, any rule adopted under this chapter by the governing board of the State Department of Geology
16 and Mineral Industries, any rule adopted by the Water Resources Commission under ORS chapter 537
17 and any rule adopted under ORS chapter 468 or 468B by the Environmental Quality Commission.

18 (3) If the department issues a permit pursuant to this section, the department shall impose such
19 conditions as the department considers necessary to carry out the provisions of this chapter and ORS
20 chapters 468A, 468B and 537, any rule adopted under this chapter by the governing board of the
21 department, any rule adopted by the Water Resources Commission under ORS chapter 537 and any rule
22 adopted under ORS chapter 468 or 468B by the Environmental Quality Commission. The department
23 shall include in the permit a statement that issuance of the permit does not relieve any person from any
24 obligation to comply with ORS 468B.035, 468B.050, 468B.195, 537.090 or 537.535 or any other
25 applicable state or federal environmental laws.

26 (4) The State Geologist shall incorporate into the permit requirements:

27 (a) Any conditions made by the Water Resources Director necessary to comply with the purposes set
28 forth in ORS 537.525; and

29 (b) Any conditions made by the Department of Environmental Quality necessary to comply with the
30 purposes set forth in ORS 468A.010 and 468B.015.

31 *[(5) Drilling, redrilling or deepening must begin within one year after the date of permit issuance or the*
32 *permit shall expire. However, the State Department of Geology and Mineral Industries may extend the*
33 *unused permit for a reasonable period not to exceed one year beyond the initial one-year period upon*
34 *receipt of a written request from the permittee before the expiration date of the permit. The request*
35 *shall be accompanied by the nonrefundable fee specified in ORS 522.115.]*

36
37 **SECTION 11.** ORS 517.715 is amended to read:

38 517.715. (1) When exploration will result in less than one acre of surface disturbance or drilling to 50
39 feet or less, any person conducting exploration is exempted from the requirements of the permit
40 procedure described in ORS 517.702 to 517.740. However, nothing in this section exempts a person
41 from the requirements of ORS chapter 273 or the requirements of other departments.

42 (2) All mineral exploration drill holes shall comply with the abandonment procedures specified in ORS
43 517.705 [(1)(f)] **(2)(f)**.

44
45 **SECTION 12.** ORS 517.730 is amended to read:

46 517.730. (1) The State Department of Geology and Mineral Industries shall consult with the Water
47 Resources Department on the development of rules covering drill hole or monitoring well abandonment

1 procedures, including procedures for the abandonment of holes and wells for which no exploration
2 permit is required in ORS 517.705.
3 (2) Nothing in ORS 517.702 to [517.755, 517.790, 517.810, 517.910 and 517.920] **517.989** prohibits the
4 conversion of exploration drill holes or monitoring wells to water wells, provided that the conversion
5 conforms to the standards and rules of the Water Resources Department.
6



2021-2023 Legislative Concept: DOGAMI-MLRR ePermitting

Problem

DOGAMI's Mineral Land Regulation & Reclamation (MLRR) Program consists of 11 staff relying on a paper-based permitting system to regulate a 3.5 million dollar-a-year modern industry. The vast majority of MLRR's permit, inspection, customer and other business records as well as the processes to handle them, remain in paper form. As a result, core business tasks which should be routine, such as the processing of new permit applications, inspection records, records requests, permit renewals, and payments take much longer than they need to and are burdensome to the program staff, customers, and the public. Recent efforts have standardized the Program's business processes and made improvements to the existing 1990's-era database, but the agency finds itself in a situation where its ability to efficiently perform its statutory duties is diminishing.

Solution

Implementation of a modern, paperless permitting system and online customer interface (ePermitting) will improve Mineral Land Regulation & Reclamation Program service delivery. ePermitting would result in significant performance improvements: more efficient operations, more effective delivery of service, and higher customer satisfaction. Options for development and implementation of such a system, including staffing and funding needs, were developed into a business case in 2018. DOGAMI has engaged Enterprise Information Systems (EIS) as our coordination and oversight partner.

Proposed Change to Statute

DOGAMI-MLRR is proposing a change to ORS 516 to assess technology fee on all permit types within chapters 517 (aggregate, non-aggregate, chemical process), 520 (oil & gas) and 522 (geothermal), as a percentage of fees assessed to fund development, implementation and support an ePermitting system. This fee would sunset after implementation of ePermitting is successfully completed (minimum 5 years).

Known Support or Opposition

DOGAMI's IT Remediation Plan, approved by the Legislature in June 2016, included a directive to the agency to position itself for the procurement of a customer relationship management (CRM) and electronic permit (hereinafter collectively referred to as, "ePermit") system for the 2019-21 biennium. Adoption of ePermitting is supported by industry stakeholders.

Staff Report and Memorandum

To: Chair, Vice-Chair, and members of the DOGAMI Governing Board

From: Dania Ballard, Chief Financial Officer

Date: May 7, 2020

Regarding: Agenda Item 5 – Review Agency’s Policy Option Packages (POPs)

Dania Ballard, Chief Financial Officer, will review the Policy Option Packages for DOGAMI.

Proposed Board Action: The Board will be asked to take an action on this item.



21-23 Biennium Budget Planning

The agency is beginning budget preparation for AY23 (21-23 Biennium). At this time, we are considering Legislative Concepts (MLRR fee increase and ePermitting) and Policy Option Packages (POPs) to facilitate agency objectives. While we have been instructed to submit proposed POPs as usual, it is with the understanding that COVID-19 impacts on state revenue may limit the likelihood of moving them forward. In order of priority, DOGAMI is considering the following POPs:

- IT computer and server replacement;
- General Fund match for grants and grant development;
- Increased funding to support 'normal' levels of travel, agency representation, and technical proficiency;
- Two GSS program supervisors (assuming the second-year budget continues to include a GS&S Program Manager);
- Position clean up (matching position classification to actual duties), and;
- General Fund to develop a probabilistic tsunami model.