

**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.

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

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

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

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7 Board Action: **Maffei moved to approve the minutes August 1, 2016 as submitted. Ashford**
8 **seconded. Motion carried.**

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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.

55 Comment of Samuel Semerjian: Semerjian commented that he is frustrated with DOGAMI and DEQ
56 regarding the response time from both agencies concerning the dumping of pollutants going on near
57 his property. He also stated he feels DOGAMI should represent him instead of needing to get a
58 lawyer and that he is being asked to sign paperwork to have it swept under the floor. He mentioned
59 the letter he sent to all the Board members regarding the situation and his concerns. Chair Phipps
60 asked Lloyd if DOGAMI has a formal process to look into this matter and Lloyd told Phipps it is the
61 compulsory integration order process. Phipps informed the Board that this is not an action item for
62 the Board at this time.

63
64 Chair Phipps asked Bob Houston to discuss the process for the other issues Semerjian had concerns
65 on. Houston stated DEQ was contacted about removing the solid waste and DOGAMI received
66 documentation from DEQ that it had been cleaned up. Houston explained the process is that when
67 someone submits a request to pump DOGAMI allows them to move forward while the agreements
68 are being put in place. Currently the company is continuing to pump and paying out to all spacing
69 units with lease agreements and they are holding back an amount for when the spacing unit
70 agreement is reached with Semerjian dated back to when the wells started production. Ashford
71 stated that he wanted to know what the proper process is going forward so it is clear what the next
72 steps would be. Lloyd specified that either interested party can apply for the compulsory integration.
73 Semerjian replied that that no gas was to be pumped out until all the agreements were in place and
74 DEQ never visited the site due to understaffing at the agency. Chair Phipps requested DOGAMI staff
75 follow up with DEQ on this issue.

76
77 Comment of John Richard: Richard stated that Sam Semerjian asked him to look into this matter. He
78 believes the first issue is dumping on the well site before operations began. Richard declared this is a
79 well site governed by DOGAMI law and rule and the Agency owed Semerjian a response back. The
80 second issue is why this is occurring and challenged DOGAMI management to tell him how can
81 Enerfin operate a well that they do not have ownership rights to when the law requires all leases be
82 in place before drilling commences. Richard maintained that DOGAMI should be the enforcer of the
83 rules and that gas well should never have pumped without Semerjian's lease. Richard stated
84 Houston told him it is common practice in other states and he disagreed. Richard recommended
85 DOGAMI review their rules and look at internal processes.

86
87 Comment of Tommy Brooks, attorney for Enerfin: Brooks stated that he is confident that they can
88 work through these issues with Mr. Semerjian. Brooks confirmed that Enerfin is holding the funds
89 aside for Mr. Semerjian. Brooks wanted to clarify that the well is not on Mr. Semerjian's property but
90 on a neighboring property and Enerfin did have all the rights and the permits needed to drill. Luke
91 asked about the Mist field and what is a spacing unit. Houston explained a spacing unit is to conserve
92 the resource and not over or under mine it. The initial discovery would be brought to the Board to
93 determine the spacing unit, which also depends on the depth of the well. The size of the spacing unit
94 in the Mist gas field is 160 acres. Ashford requested clarification on the public comment about
95 getting a permit before having the owners sign off on the lease agreement before pumping takes
96 place. Houston said to issue the permit, the applicant needs to provide documentation that they
97 have the mineral interest for the parcel in which the well is being drilled on. Chair Phipps reminded
98 the Board that this not a hearing and not a decision making process. According to Lloyd, staff has
99 followed the DOGAMI rules to date on this issue.

101 Comment of John McKesson: McKesson brought up the possible issue with water quality issues.
102 Chair Phipps agreed that is a valid concern and stated DOGAMI should following up with DEQ to
103 make sure they have moved through their processes correctly.
104

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

106 Holly Mercer, Assistant Director presented the 2016 data report. Mercer explained that on KPM 6 it
107 was discovered that it had been reported as kilometers in one report and square miles in another
108 report so they had to true it up as square miles so there is a significant change to it.
109

110 Mercer indicated that the Customer Service and Governance KPMs are mandatory KPMs. She also
111 indicated that the Board will need to complete a Director performance evaluation prior to the next
112 report. Mercer specified the Customer Service information is provided by Ali Hansen and the
113 management team will work to increase the numbers.
114

115 Chair Phipps explained the reason there was not an evaluation of the Director in 2015 is because
116 DOGAMI had an Interim Director and with the new Director, the timing has not been in place to do
117 an assessment.
118

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

123 Kim Riddell, Chief Financial Officer, presented the budget status report as of July 31, 2016. Riddell
124 provided a larger handout of the report including a detailed statement of projects. Riddell stated
125 indirects have been allocated through July. Currently the Agency is looking strong. DOGAMI went to
126 legislature last week to get approval for two federal grants, FEMA CTP and StateMap Grants, and
127 increase the amount of federal funding limitation by \$1.4 million dollars.
128

129 Ashford asked if DOGAMI has looked at different scenarios for next biennium. Riddell responded
130 that she is always running different scenarios based on grants the Agency receives. Maffei asked for
131 clarification on the negative ending balance and Riddell replied they need to draw the funds. Chair
132 Phipps asked if they plan on having any General Fund left and Riddell said no.
133

134 Riddell discussed the project list and indicated that she meets regularly with the project managers to
135 review the project budgets. She further explained that if a project goes over budget, the general
136 fund has to cover the costs. Riddell updated the Board on the status of the Secretary of State (SOS)
137 and FEMA audits. Although neither audit report is complete, she has been in contact with the
138 auditors and anticipates that the reports will be complete soon. Phipps asked Riddell if she had
139 received any feedback to indicate any looming red flags. Riddell replied no.
140

141 Board Action: **Ashford moved to accept the Budget Status Report as presented. Maffei seconded.**
142 **Motion carried.**
143

144 **Break**
145

146 **9) Director's Report:**

147 Director Avy presented his Director's Report on the following:

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

157
158 Phipps inquired why there is not a similar opportunity for MLRR. Avy stated there are two leads at
159 MLRR which are new and a manager could be added at a later date. Ashford asked if the MLRR leads
160 will have the same training and Avy replied yes. Maffei asked how the staff has responded so far.
161 Avy said they had six staff members apply for the supervisory positions and four for the manager
162 position. Phipps mentioned that in the past staff has not had the opportunity to advance themselves
163 and stay within the Agency and she is excited to see the opportunities. Phipps said one concern is
164 the MLRR program being forgotten. Avy stated Madin will be working directly with MLLR staff to
165 ensure involvement.

166
167 Briefing on Hearings and Reports presented during Legislative Days in September 2016: Ian Madin
168 presented the HB 3089 report for the study on Mineral Resource Potential for Eastern and Southern
169 Oregon to the legislature. It was well received and included future options. Avy indicated that Kim
170 Riddell presented the financial information to the legislative committee. He was pleased with how
171 well it went and thanked Riddell for her efforts.

172
173 Status of Information Technology Initiatives: The Agency has been working to get the foundation
174 piece in place and for the first time the Agency is on the same system. The IT Project is on schedule,
175 but may have some overlap into the next fiscal year. Avy stated that the end result is a modern
176 financially efficient and streamlined IT operation that is fully compliant with the State of Oregon
177 Enterprise IT standards, where the IT staff are primarily tasked with enabling the Agency to continue
178 to deliver its mission and to improve the services that it provides to the public and the State. Phipps
179 asked if they will use focus or user groups to ask for input on fixing the website. Avy stated Ali
180 Hansen had discussed that with Connor Anderson and Avy anticipates DOGAMI will need to do that.

181
182 Calico Background Update: Director Avy asked Bob Houston to present on this topic. Houston
183 provided detailed background on Calico and the Grassy Mountain Project, which is a gold mine
184 located 25 miles south of Vale in Malheur County and is the largest of twelve (12) recognized
185 precious metal deposits within the Lake Owyhee volcanic field. Calico Resources USA Corporation
186 acquired the property in 2012 and is planning to use a chemical process to obtain the ore, which
187 requires a special permit. Calico is planning on submitting a letter of intent to mining. Oregon uses a
188 consolidating application process for administering the State's Division 37 regulatory requirements.

189
190 Chair Phipps asked if Calico is paid up. Avy replied it is and Calico was acquired by Paramount in July
191 and that DOGAMI will work to have the billing current to keep the payments current. DOGAMI will
192 also have the assistance of a facilitator/coordinator as part of the process. Luke asked how many
193 underground mines Oregon has that DOGAMI supervises and Houston said zero that are permitted.

194 Ashford queried where does oversight for safety go for underground mines. Houston replied Mine
195 Health Safety Administration (MHSA) is responsible for safety aspects at all operating mines in
196 Oregon including gravel pits. Phipps inquired how the public gets involved in the process and how
197 they are made aware of the public meetings and comments. Houston stated the technical meetings
198 are public and they can provide comments during these meetings and Ali Hansen said she works with
199 a consultant to publish the information and put notices out. Luke stated that Calico needs to get the
200 minutes when they are talked about at the meetings. Director Avy said they will be coordinated
201 through Bob Houston.

202
203 MLRR Initiatives and Staffing Update: Holly Mercer has been working with the staff in Albany and
204 feels a great deal of progress has been made. Kelly Wood is in a lead role for operating permit
205 applications and has a new hire named Claire Getz, who is a recent geology graduate, starting
206 October 1 to help her with a comprehensive review of the history and permit file. Bob Houston is
207 transitioning to StateMap and Calico, and Bob Brinkmann is taking over the gas and oil responsibility.
208 Tom Wiley retired last week after 27 years with the Department.

209
210 Briefing: **No Board Action Required.**

211

212 **10) Public Comment:**

213 Phipps asked for public comment.

214

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

218

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

229

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

234

235 **Break**

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

238 Ali Ryan Hansen, Communications Director provided an update on the Agency's plan to collect input
239 from coastal communities on a potential change to the regulatory tsunami inundation zone. Oregon
240 law limits construction of certain building types in the regulatory tsunami inundation zone.

241
242 The DOGAMI Governing Board sets the regulatory inundation zone based on best available science to
243 prevent loss of life. It is local government and other agencies that determine what can be built in
244 those areas and what rules apply to them.

245
246 Hansen reviewed the engagement approach, which begins with collecting feedback from state and
247 local stakeholders, then expands to local groups and organizations, and then to broad community
248 outreach as needed.

249
250 Several changes to the plan have been made since the Board was last updated. The feedback
251 DOGAMI heard from the Board as well as other stakeholders was to approach other state agencies
252 and organizations for help with engaging communities. This plan is more collaborative, and Hansen
253 has been reaching out potential collaborators. The timeline has also changed, and now begins in
254 October and ends in February.

255
256 Phipps stated that collaboration is the better route to go. She asked for clarification on whether
257 DOGAMI would still have the lead role. Director Avy said yes, but additional collaboration with will
258 help DOGAMI gather the desired input. Phipps stated her concern is having others speak on
259 DOGAMI's behalf, and that others may not be able to answer questions as DOGAMI staff could.
260 Hansen said steps will be taken to ensure that does not happen.

261
262 Maffei asked for clarification regarding what the board was voting on. Hansen said the engagement
263 plan has changed, so the vote is confirming that staff should move forward with the plan as
264 presented. Luke asked when the Board might be asked to vote on a change to the line. The earliest
265 is likely to be the June 2017 meeting. Ashford stated that he was interested in seeing the
266 communication materials that will be provided to stakeholders and the public. Hansen will circulate
267 the materials.

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269 Board Action: **Maffei moved to approve staff moving forward. Ashford seconded. Motion carried.**

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

273
274 **Break**

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276 **12) Cascadia Lifelines Program (CLiP) Introductions, Overview and Cascadia Subduction Zone**

277 **Presentations:**

278
279 Oregon State University's Cascadia Lifelines Program staff provided presentations on the program's
280 research on Cascadia Subduction Zone earthquake and tsunami hazards, impacts, and resilience.
281 Presentations included:

282
283 **"Cascadia Lifelines Program (CLiP) and Related CSZ Resilience Research at Oregon State University"**

284 Dan Cox, Director, Cascadia Lifelines Program and Professor of Civil and Construction Engineering

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286 **"Meeting the Geotechnical Hazards of the CSZ"**

287 Armin Stuedlein, Associate Professor, Civil and Construction Engineering

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289 **“Evaluating Landslide Hazards Impacts on Infrastructure using Lidar”**
290 Ben Leshchinsky, Assistant Professor, College of Forestry

291
292 **“Seismic Performance of Aging Prestressed Transmission Poles with Simulated Soil Foundation”**
293 Burkan Isgor, Professor, Civil and Construction Engineering

294
295 **The Oregon Hazard Explorer for Lifelines Program (O-Help) Web GIS**
296 Dan Gillins, Assistant Professor, Civil and Construction Engineering

297
298 **“Cost-effective Retrofitting of Unreinforced Masonry Walls”**
299 Andre Barbosa, Assistant Professor, Civil and Construction Engineering

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

303
304 **“CSZ Earthquake and Tsunami Inundation ad the Built Environment: Estimating Building Damage at**
305 **Community Scale”**
306 Dan Cox, Director, Cascadia Lifelines Program and Professor of Civil and Construction Engineering

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308 Briefing: **No Board Action Required.**

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

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312 **14) Tour of HWRL:**

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

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317 **15) Board Adjourn:**

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

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321 APPROVED

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325 Lisa Phipps, Chair

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