

**GOVERNING BOARD MEETING MINUTES
OREGON DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES**

Monday, September 18, 2017

12:00 p.m. (noon)

Springfield, Oregon

1) Call to Order: (Lisa Phipps, Board Chair)

Chair Lisa Phipps called the meeting to order at 12:07 p.m. She thanked Board member Katie Jeremiah for hosting the meeting and site visit.

2) Introductions: (Lisa Phipps, Board Chair and staff)

Chair Phipps, Vice Chair Laura Maffei, and Board Members 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

Ian Madin, Deputy Director/Chief Scientist

Alyssa Pratt, Fiscal Analyst

Ali Ryan Hansen, Communications Director

Bill Burns, Natural Hazards Section Supervisor

Nancy Calhoun, Geohazards Analyst

Bob Houston, Hydrocarbon & Metallic Ore Geologist

Bob Brinkmann, Hydrogeologist; Hydrocarbon/Geothermal Resources Geologist

Others in attendance:

Sherry Carter, DAS Human Resources (HR)

Diane Lloyd, Department of Justice (DOJ)

Bill Clingman, Lane Council of Governments

3) Review Minutes of June 26, 2017:

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

Board Action: **Ashford moved to approve the minutes of June 26, 2017 as submitted. Jeremiah seconded. Motion carried.**

4) MLRR Update:

Ian Madin, Chief Scientist and Deputy Director presented his report on MLRR:

Madin stated there is a need for an emergency rule for oil and gas well plugging and abandoning procedures, which requires a vote. Laura Maffei recused herself from this emergency rule.

13 Madin stated the current rule requires a one hundred (100) foot cement plug at the bottom of the
14 well that extends fifty (50) feet below the steel casing that lines the hole. The typical well
15 construction today has the bottom of the casing already plugged with fifty to eighty (50-80) feet of
16 cement. The new rule is to match what the sites currently do today, otherwise to comply with the
17 current rule it would require them to drill everything out and try to replug the hole. Had the well
18 been done with an open casing then the old rule would apply.

19
20 Chair Phipps asked why DOGAMI can do an emergency ruling. Diane Lloyd said the administrative
21 procedures allows temporary rulemaking to address situations where if there is sufficient
22 justification, it can happen without a rulemaking public notice. The Agency files this justification for
23 up to 180 days while they will work on a new permanent rule.

24
25 Chair Phipps asked for clarification about the upper and lower piece that are part of the current rules.
26 Madin explained if the lower piece is in place then they only need to do the upper piece. Madin said
27 the urgency for this request is the drill rig is on site for another two weeks and it would cost them
28 mobilization expenses to bring it back. The change only applies to what happens at open holes at
29 the bottom of sealed casings, the other provisions of the rule remain in effect. Lloyd explained the
30 Department has to approve their plan but the rules are restrictive and is unable to as written.
31 Ashford asked how long the timing would be for the new rule. Madin said they have to start some
32 rule writing in the next month or two and this would be added to it. Lloyd said there may be more
33 rules that need to be updated.

34
35 Board Action: **Jeremiah moved to adopt the proposed temporary rule language as stated. Ashford**
36 **second. Motion carried.**

37
38 Permitting Status:

39 Madin went through the permitting application status. The staff have made it through most of the
40 backlog but the complicated sites will probably still be on the list. They are not doing field
41 inspections to allow them to focus on the permitting. Currently the active permits are recent ones
42 and the staff is making good progress on them. The staff will be tracking how long it takes to permit,
43 how long they stay in the system and what the delays are to get a better idea where they are stuck in
44 the process.

45
46 Ashford said it would be helpful to find out where the permits take the longest. Madin said part of
47 the backlog was started in 2012 by requiring a comprehensive review of each file before inspections
48 were done. He said in almost every case there was something that had to be amended, which
49 created that workload. Ashford asked what they do when they find the issues. Madin said they put
50 them in a pile and are waiting for staff time to be able to do site visits on them. Ashford asked if the
51 applicants are being delayed in getting the information needed back to staff. Madin said no, this is
52 for existing permits only and staff are telling them what they need to do in the future on them.

53
54 Maffei asked what the demarcation of the backlogs is and Madin said June of 2016. Jeremiah said
55 she wants them to be cautious about the timeline for new applicants which could cost them money.
56 Madin said they want to collect the information but without causing a delay. They want to make sure
57 new applicants know what they need up front by doing a pre-application meeting.

58
59 Business Model Review:

The staff have been working on a work flow process for a new application for an aggregate permit. It defines the procedure and helps them determine staffing needs and management needs. They want to do this for six to eight (6-8) of their other processes. Ashford asked if someone from outside the staff will be asked for input on the process. Madin said OWEB and Sherry Carter have offered to help go through it. They will send it out to a large group of stakeholders. The staff will be attending a mining meeting in Nevada. Jeremiah said this clarity will help new applicants.

Oil and Gas – Tahe Well and Abandonment:

Madin said the Tahe well issue is part of the Enerfin site. The spacing rule states they are not supposed to drill two wells within 500 feet of each other and they are drilling within 350 feet. The Agency is working on scheduling a staff hearing at the beginning of November. This also shows that the rules need to be changed, updated. Larry Knudsen has done a comprehensive review of existing rules and recommended changes. Chair Phipps asked what the recourse is if the affected party disagrees, and Lloyd said an appeal would go to circuit court. Phipps asked for an update on the outcome at the next meeting. Maffei asked if DOGAMI staff have done this before and who sits in on the hearing. Madin stated no this is the first time and it would be himself or Director Avy as the hearing officer.

Permit Revocation:

The Agency is in the process of revoking an aggregate permit for failure to comply with several notices of violation. The complication is the permittee is no longer able to access the site due to a dispute with the landowner, so DOGAMI has to revoke it. It was referred to the Office of Administrative Hearings. There is a pre-hearing this week on it and this one would have the potential of coming back to the Board if appealed.

Database Replacement Scoping:

Due to an inadequate database, the staff have been working with the CIO and ETS to get potential vendors to come in and talk with them to determine what their needs are. Madin said it might make more sense to do it internally and incrementally rather than buying a new system. He would like to avoid having to go to the legislature for money. There are other state agencies in the same boat so they might piggyback with them.

Calico-Grassy Mountain:

Calico finished their exploratory drilling program DOGAMI approved and they seem to have found what they believe to be a significant amount of mineral.

BLM Plan Submitted:

Calico submitted their plan of operations to the BLM. DOGAMI has an MOU with BLM on coordination of permitting.

Preliminary Feasibility Study Underway:

Calico is undertaking the preliminary feasibility study, which is done first before the feasibility study. More analysis is being done to better understand the rock they are going to be mining.

Application Anticipated Q1 2018:

Calico is still saying they are submitting an application in the first quarter of 2018. The Agency is operating under the assumption that is going to happen. The rule says they have one year to complete the application. Madin said it is more like fifteen (15) months so they need to start working on it now and it will require a lot of staff time.

Permit Czar Recruitment:

The Agency wants to bring in a full time person to handle this alone and are also looking at a part-time administrative staff. Calico is paying for all of it. The big question is what happens after the permit is issued. The Agency needs to have a detailed monitoring and compliance plan that is part of the permit document to ensure Calico adheres to the permit conditions. Madin is going to see if the Agency can write it into the environmental assessment. The cost recovery agreement ends the day they issue the permit and then no money until the renewal fee a year later. Calico does not think DOGAMI needs to be involved in the oversight of the mine.

Application Process Workshop:

DOGAMI wants to make sure the other agencies know what is expected on this application since it has never been done before. The staff is organizing a one-day workshop to review and determine what needs to happen, then follow up with a shorter meeting with the directors of the agencies to ensure they are all on the same page. Madin said there is a possibility all this work will be done and Calico will not come in with an application, but the agencies still need to be prepared.

SB 644, HB 2202, and Rulemaking:

Madin believes SB 644 will require a fair amount of rulemaking to implement. There are major changes to how they permit aggregate sites and he thinks there will be a lot of people coming in on January 2, 2018 to take advantage of the new rules.

Madin stated HB 2202 is from 2013. This new rule says that on Class 1 or 2 soils in the Willamette Valley that have enough gravel to make it a significant mineral resource they will need to mine all the material on their site safely.

Jordan Cove:

This terminal is the last one standing of several that have been proposed. DOGAMI has been working on this for at least ten (10) years. Construction sites need to get a permit from DOGAMI which means Jordan Cove will need one but it will probably be the easiest one they have to get. He also said the Agency may need to permit the pipeline but they are waiting to hear from DOJ for an answer on this. Chair Phipps asked what makes DOGAMI think they will. Madin said he and Lloyd originally thought it would be exempt as a utility project but it may not be able to be considered that way because the plant is an industrial facility not supplying local communities with a service. Lloyd said utility is not defined. The Department of Energy has told DOGAMI that it is one project.

Civil Penalties:

In February, SB 3 required them to have operating permits from every small time gold miner in Oregon, the question came up from legislators about compliance. Madin said the Agency received a memo from DOJ on how to invoke civil penalties and it is fairly easy. The Board can impose civil penalties or delegate it to the State Geologist. Madin said that for example, for operators who were

chronically late in paying renewal fees, civil penalties would DOGAMI to get the renewal fee and fine money to recover staff time required to get them to pay. Jeremiah said she wants to caution on the cost to manage contests and civil penalties for a revenue. Madin said they would be very cautious but they are limited on tools to get them in compliance. The Agency has several that are hard for staff to get compliant. Lloyd said DOGAMI cannot have a toothless process that will not allow the Agency to get the miners compliant.

Briefing: **No Board Action Required.**

5) Financial Report:

Alyssa Pratt, Fiscal Analyst, presented the budget status report as of September 8, 2017.

The Board packet contains the 15-17 Budget Report as of September 8th in the previous and current proposed format versions. The handouts included 17-19 budget report as September 8th in the proposed format version, the projects list and the FAQ.

Pratt said the 15-17 biennium does not completely close until December so there are two biennia currently running. She explained the difference between the two format versions and will take the Board's feedback back to Kim Riddell. Pratt explained one difference on the format is the indirects has been broken out. Jeremiah asked for clarification of the negative indirects line under General Fund and Pratt explained they are expenditures redistributed to federal and other funds. Director Avy suggested they get both formats for a few meetings to adjust to the new one.

Pratt explained DOGAMI did not overspend or overdraw any federal monies, all expenditures they drew down. The Agency did not balance the previous biennias and so it was carrying forward a negative in federal funds. Starting in 19-21 the agency will finally be balanced on federal funds. Ashford asked if GS&S and MLRR are running on separate funds and Pratt said yes. Ashford asked for clarification on Attorney General's office/DOJ expenses and if the costs would be captured going forward. Pratt said the 17-19 estimated charges are educated guesses based on the last biennium. Jeremiah asked if in the Board packet could include an expanded definition of what each category would include. Pratt said she thought it was broken out by objects and not necessarily broken down by each specific type.

Ashford had concerns about MLRR being broken out but wrapped into the overall agency budget. Madin stated in the 17-19 budget there is a complete financial firewall in place separating out the two parts of the agency and they cannot be mixed. Ashford and Jeremiah suggested that MLRR should be broken out and have a report by itself. Ashford asked if the agency uses this report to look at and manage the monthly expenses. Avy responded yes. Ashford had specific questions regarding MLRR expenses and Pratt explained she processes expenditures separately for GS&S and MLRR and works closely with DAS.

The 17-19 budget report through August was discussed, focusing mainly on the General Fund and projections. Questions were asked on actuals and projections and why they do not match up. A question was asked on the formula R+OT-E. Pratt said "OT" stands for "other transfers", which she believes only happens at MLRR. Pratt will take questions back to Riddell and have her provide more explanation of the report at the next board meeting.

Board Action: Maffei moved to accept the Budget Status Report as presented along with suggestions to the format. Jeremiah seconded. Motion carried.

6) Key Performance Measures (KPM) 2017 Data Report:

Madin said this is the first update report of the year and the Agency is not reporting on the new KPMs since they only have a few months of data. Madin stated customer service is down from 2016 due to changes in how the data were collected. The Agency had twice as many responses this year but in the past it was only based on input received during a couple of meetings. This change included broadening our stakeholders and getting input from others.

Madin stated the Governance portion is the Board's homework assignment. Phipps asked if the new KPMs and not having data available on them would cause concerns at higher levels. Madin said he had no concerns since LFO and the budget committee approved them and the Governor signed the budget. Chair Phipps said in the past they answered these particular questions individually and then collectively. The Board went through and responded to the list of fifteen (15) questions collectively; the answers will be submitted through the required process.

Board Action: Maffei moved to accept the revisions to the 2017 Annual Progress Performance Report as presented/revised. Ashford seconded. Motion carried.

7) Public Comment:

Chair Phipps asked for public comment. No public comment.

Break

8) GS&S Update:

Bill Burns, Natural Hazards Section Supervisor presented the GS&S Update on behalf of Jed Roberts.

Burns provided an update on staff input regarding General Fund priorities.

All the field staff have been enrolled in wilderness first aid training and should be certified by the end of October.

The drones have been purchased and two employees have taken the 3-day training at OSU. A few administrative things still need to be done before the Agency can fly their first mission.

The Agency has been very involved in the recent wildfires but typically have not been in the past. The city of Brookings asked for information on buildings and Jed Roberts received an email with a positive response on the information – "This layer is saving lives tonight." The Agency is trying to get its information into the right hands so other entities can use it.

Briefing: **No Board Action Required.**

9) Director's Report:

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

244 Agency Strategic Planning:

245 The Agency is responding to a request from DAS for a full agency strategic plan. The framework has
246 already been done. There is an internal team of Agency staff engaged on it with Sherry Carter and
247 they are working to distinguish how to develop the framework into plans. The plan is due at the first
248 of year.

249
250 Board Member Vacancies:

251 The Eastern OR position has been open since last spring and the coastal one is becoming vacant in
252 November. Interviews are currently being done with candidates and there is potential for one or
253 more being confirmed.

254
255 Registered Geologist Stamping/Signing Update:

256 The Geologist Licensing Board is working toward consistency between agencies and private industry.
257 Avy handed out a copy of the letter from the licensing board.

258
259 Ashford asked if someone can be called a geologist without being registered. Avy stated if someone
260 worked for a university in research or the federal government they could but if they were advertising
261 themselves as a geologist for hire they are expected to be registered.

262
263 Briefing: **No Board Action Required.**
264

265 **10) Eugene Landslides Presentation:**

266 Bill Burns, Natural Hazards Section Supervisor gave the Eugene Landslides Presentation: Landslides
267 are bad... But, we can reduce risk with science

268 In the last two years there have been one hundred twenty-five (125) landslides recorded with two (2)
269 fatalities and ten (10) houses destroyed. The wildfires are setting Oregon up for more potential
270 landslides.

271 Burns reviewed the different types of landslide. Aerial photography and lidar is used to identify
272 landslides and then the staff go out in the field to verify. He said what has happened in the past
273 helps to determine the future and the key is the process is done in collaboration with the community.

274 Burns talked about the Eugene Project Area, how it came to be and the City's willingness to use the
275 data for planning. There are six hundred thirty-three (633) landslides in the area including recent and
276 past ones.

277 Burns discussed how they are detailing the information in the hazards documentation, which includes
278 awareness, education and planning.

279 Burns showed information on the specific landslide the group would be taking a tour of.

280 Ashford asked if they ground truth the landslides. Burns stated they go out collect more data to
281 verify them and do confidences on them and rank them, which is all done by hand. Ashford asked if
282 they have a bias to call it a landslide and confirm later. Burns said not if they think it is a low
283 confidence of a landslide.

284
285 Briefing: **No Board Action Required.**
286

287 **11) Public Comment:**

288 Chair Phipps asked for public comment. No public comment.

289

290 **12) Confirm Time and Date for next Meeting:**

291 The next meeting will be held on Monday, December 11, 2017 from 8:30am-1pm in the Portland
292 Office.

293

294 **13) Safety Briefing on Site Specific Hazards Awareness:**

295 Katie Jeremiah provided a safety briefing on the site specific hazards awareness of the mine site
296 being toured today. She discussed the site's background and provided information on the
297 relationship with the community.

298

299 **14) Break and Assemble at Transportation:**

300 The group took a break and assembled for tour transportation.

301

302 **15) Travel to Landslide Site:**

303 The Board members and DOGAMI staff traveled to the 67th Street landslide site.

304

305 **16) Tour of Landslide Site and Travel to Mine Site(s):**

306 The Board members and DOGAMI staff toured the 67th Street landslide site, while Nancy Calhoun
307 pointed out aspects from the Eugene Landslide Presentation given earlier in the afternoon. The
308 group then traveled to the mine site for a tour.

309

310 **17) Tour of Mine Site(s):**

311 The Board members and DOGAMI staff toured the mine site located in Dexter, guided by
312 Katie Jeremiah, co-owner of Aggregate Resource Industries, Inc.

313

314 **18) Board Adjourns at the End of the Tour:**

315 At the conclusion of the mine site tour, Chair Phipps adjourned the meeting at 4:30 p.m.

316

317 APPROVED

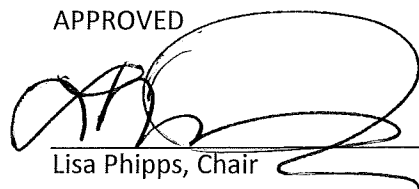
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Lisa Phipps, Chair