

MINUTES
JOINT MEETING

**HOUSE RESOURCES & CONSERVATION COMMITTEE
SENATE RESOURCES & ENVIRONMENT COMMITTEE**

DATE: Wednesday, February 21, 2018

TIME: 1:30 P.M.

PLACE: LINCOLN AUDITORIUM

MEMBERS: Chairman Gibbs, Vice Chairman Gestrin, Representative(s) Moyle, Raybould, Shepherd, Wood, Boyle, Vander Woude, Miller, Burtenshaw, Mendive, Youngblood, Kauffman, Giddings, Blanksma, Erpelding, Rubel

Chairman Bair, Vice Chairman Siddoway, Senators Brackett, Heider, Vick, Bayer, Johnson, Stennett, Jordan

**ABSENT/
EXCUSED:** Representative(s) Moyle, Vander Woude, Youngblood, Blanksma

GUESTS: Rialin Flores, Conservation League of Idaho; Lisa Anderson, Idaho CuMo Mining Corporation; Jennifer Becar, Forest Service; Wyatt Prescott, Idaho Cattle Association

Chairman Bair called the meeting to order at 1:31pm.

David Groeschl, Acting Director, Idaho Department of Lands, provided an overview of the Department. He stated the Department manages approximately 2.4 million acres of endowment lands, which includes timber and range lands, and 3.3 million acres of endowment mineral estate. Idaho's public school system is the primary beneficiary of state endowment trust lands. Timberland, farmland, rangeland, oil and gas, minerals, and real estate are the management activities that generate revenue annually. Additionally, the Department protects 6.3 million acres within their fire management program.

Next, **David Groeschl** gave a presentation on the Good Neighbor Authority, or GNA. He noted the program was founded with the passage of the 2014 Farm Bill and authorizes states to enter into cooperative agreements with federal agencies to complete work across ownership boundaries. Mr. Groeschl stated in Idaho, they focus primarily on working with the Forest Service to mitigate the growth/harvest/mortality rates that are occurring. Of the 20 million acres of federal forest lands in Idaho, 12 million acres are under active management, with the remaining 8 million acres in wilderness or roadless areas. Mr. Groeschl stated 8.8 million acres within the 12 million active management acres are at high risk, so those are the acres targeted for treatment. Through a collaborative process the Forest Service and partners identified 50 projects totaling 1.8 million acres of proposed treatment areas. Following that, the National Forests in Idaho have identified an additional 4.5 million acres of insect infested areas, with the tools under the Farm Bill available to address those high risk areas where they can focus on the GNA. In summary, the GNA builds a self-sustaining program, creates healthier forests, provides habitat enhancements, road maintenance, and benefits local economies.

In response to a question regarding payments to the counties, **Mr. Groeschl** stated every sale is appraised to determine the minimum fair stumpage value. Once the timber is harvested, receipts are generated and payments are made to the Department from the purchaser. The Department then pays the Forest Service for the minimum fair stumpage value. That money to the Forest Service is then subject to 25% receipt payment to the county. The GNA payment method is different than PILT (payment in lieu of taxes) and other payment methods to counties.

Cheryl Probert, Forest Supervisor, Nez Perce-Clearwater National Forest, stated the Nez Perce-Clearwater was the first National Forest in Idaho to sign a supplemental contract agreement with the Department under the GNA. Each National Forest signs their own agreement allowing them to tailor the work to individual forest needs. Under the GNA, the Nez Perce-Clearwater has been able to triple the timber sale volume to better meet agency goals by being able to work across administrative boundaries and capitalize on both agency's skill sets and funding sources. Ms. Probert defines this success in two ways; getting work on the ground quickly and putting money into the pot.

Mick Thomas, Administrator, Oil and Gas Division, Idaho Department of Lands, provided an update on the status of the Oil and Gas Division as a result of passage of **H 301** last year. One of the changes was the restructuring of the make-up of the Oil and Gas Commission. Members now include the Director of the Department, three Governor-appointed technical experts, and one county commissioner from an oil producing county.

Mr. Thomas stated another area of change is with the Class II injection well program. He explained Idaho is the only oil and gas producing state that doesn't have this program, which is important to be able to dispose of excess water that comes out of the wells by injecting it back into the ground. In Idaho, the water that comes out of wells is formation water, so injecting it back into the ground is an easy process, if permitted. Without this program, Idaho is at a big disadvantage because currently all formation water has to be trucked off-site for proper disposal, which is very expensive, curtailing opportunities to increase profits within the oil and gas program. In 2017, Idaho asked the EPA to assume primacy of the state's Class II injection well program. EPA accepted public comment regarding the transfer of primacy and is now reviewing comments. Depending on the outcome of the review, transition of primacy could be finalized by the fall of 2018. Operational costs would be reduced with the Class II injection program with the potential to bring additional wells online, increasing production in the state.

Lisa Anderson, Vice President-Government Relations, Idaho CuMo Mining Corporation, gave a presentation on the Corporation. CuMo Mining incorporated in Idaho five years ago, is a wholly owned subsidiary of Canadian-based American CuMo Mining Corporation, and is a natural resource exploration and development junior mining company. She stated mining companies are defined by the way in which they derive their revenues. A senior producer or operator generates its revenues from the production and sale of the commodity its mining, while a junior company has no mining operations and is essentially a venture capital company, relying entirely on the capital markets to finance its exploration activities.

CuMo Mining Company is currently advancing two Idaho projects; the CuMo Project and the newly-acquired Calida Gold Project. **Ms. Anderson** stated the CuMo Project is one of the largest un-mined deposits of molybdenum (moly), copper, and silver, and was discovered 35 miles from Boise, north of Idaho City. The company is advancing this project towards feasibility with the goal to establish itself as one of the world's largest and lowest cost primary producers of moly. Moly is a strategic mineral that significantly increases strength, heat resistance, and durability of stainless steel products. The Calida Gold Project is located approximately 25 miles south of Salmon and has been extensively explored for the past 30 years. A total of 10 mineralized veins have been identified on the property to date. In 2017, 24 holes were drilled and cores sent to assay. There are four high grade veins that are targets on the property, located where historic drilling has taken place. Due to the thickness and distribution in this area, all major development activities would be located underground, including tailings and processing facilities, should exploration result in a decision to proceed with the mine.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:03pm.

Representative Gibbs
Chair

Tracey McDonnell
Secretary