2013-2014 Interim Legislative Committee on Public Lands:

White Pine County Update August 1st, 2014



White Pine History:

As of the 2010 census, the population was 10,030. Its county seat is Ely. It is the home of Great Basin National Park. The name "White Pine" is an old name for the Limber Pine, a common tree in the county's mountains. White Pine County was established in 1869 from Lander County and named after the heavy growth of pine trees in the area which were thought to be white pine. Hamilton was the first county seat from 1869 to 1887 when it was replaced after a fire by Ely. According to the U.S. Census Bureau, the county has a total area of 8,897 square miles, of which 8,876 square miles is land and 21 square miles (0.23%) is water. Of that, 94% of the total acres are managed by federal agencies.

Several sections of the Humboldt-Toiyabe National Forest exist within the county, within the Snake Range, Egan Range, White Pine Range, Ruby Mountains, and Schell Creek Range. The county also contains Ward Charcoal Ovens State Historic Park, Great Basin National Park and Wheeler Peak, the tallest mountain wholly within Nevada.

White Pine County Conservation, Recreation, and Development Act of 2006:

On December 20, 2006, Public Law 109-432 created in Nevada, 12 new Wilderness Areas and expanded 2 existing Wilderness Areas. Eight of those areas are managed by the BLM Ely Field Office. The White Pine bill is modeled after the Southern Nevada Public Land Management Act (SNPLMA), the Clark County Lands bill and the Lincoln County Lands bill.

The bill sets up an account to dispose of up to 45,000 acres of public lands out of BLM management and into private ownership. However, no mechanism was put into place to help fund NEPA studies to initiate the land sells to the public.

The White Pine County Lands Bill distributes 5 percent of land sales proceeds to the state education fund; 10 percent to White Pine County law enforcement, fire protection, transportation and natural resource planning; and 85 percent to create a special account that will fund the protection of wilderness areas in White Pine County while supporting a three-year study for a potential extension of the Silver State OHV trail to promote resource protection.

Cooperating Agency on Federal Issues:

AB227 / Transfer of Public Lands to Nevada – This bill creates the Nevada Land Management Task Force, consisting of a representative from each county in this State appointed by the board of county commissioners, to conduct a study during the 2013-2014 legislative interim to address the transfer of public lands in Nevada from the Federal Government to the State of Nevada, in contemplation of Congress turning over the management and control of those public lands to the State of Nevada on or before June 30, 2015.

WPC Opinion – The White Pine Board of County Commissioners have completed its task to analysis resources and reference materials provided by third party research analyst and have concluded that the bill has valid measures to produce revenue for the State in balancing fiscal budgets. White Pine County holds it position to allow certain tracts of land to be considered for transfer that do not trespass on national forest and/or park lands, federal wilderness designated areas, federal issued right of ways, federal land leases for minerals, and/or are in conflict with the White Pine County Land Act.

However, recreational and tourism activities on federal lands provide over \$300,000.00 monthly in taxable sales in the community. The loss of primary hunting, fishing, and OHV use areas on federal lands will affect tax base revenues currently collected for the benefit of the state and county fiscal budgets. Any land tracts proposed for sale to the general public by the state must be approved by local county commissioners prior to posting of auction sales and a percentage of the sale proceeds must be distributed to the local county governments to offset impacts of revenue losses from recreational and tourism sales, payment in lieu of tax collected (PILTS), and additional burdens for emergency service coverage responsibilities.

U.S.D.A. Forest Service Proposed Directive on Groundwater Resource Management - The Forest Service proposes to amend its internal Agency directives for Watershed and Air Management to establish direction for management of groundwater resources on National Forest System (NFS) lands as an integral component of watershed management. Specifically, the proposed amendment would provide direction on the consideration of groundwater resources in agency activities, approvals, and authorizations; encourage source water protection and water conservation; establish procedures for reviewing new proposals for groundwater withdrawals on NFS lands; require the evaluation of potential impacts from groundwater withdrawals on NFS resources; and provide for measurement and reporting for some larger groundwater withdrawals.

WPC Opinion — White Pine County supports the questions asked by the Western Governors Association as quoted in stating, "Given the legislative and legal context, what is the legal basis for the U.S. Department of Agriculture (USDA) and USFS assertion of federal authority in the context of the Proposed Directive?" and "How will USFS ensure that the Proposed Directive will not infringe upon, abrogate, or in any way interfere with states' exclusive authority to allocate and administer rights to the use of groundwater? White Pine County also supports Nevada's 2nd Congressional District Rep. Mark Amodei in attempting to insert language in a 2015 appropriations bill that would protect privately held water rights from federal takings. Above and below ground water belongs to the people of the State, and the Nevada Division of Water Resources has been commissioned to solely regulate those rights on behalf of Nevadan's.

Great Basin Region – National Greater Sage-Grouse Planning Strategy - In March 2010, the United States Fish and Wildlife Service (USFWS) published its listing decision for the greater sage-grouse as "Warranted but Precluded." Inadequacy of regulatory mechanisms was identified as a major threat to the species in the USFWS finding on the petition to list the greater sage-grouse. The USFWS has identified the principal regulatory mechanism for the BLM as conservation measures in Resource Management Plans (RMPs).

Based on the identified threats to the greater sage-grouse and the USFWS timeline for making a listing decision on this species, the BLM needs to incorporate explicit objectives and adequate conservation measures into RMPs by the end of 2014 in order to conserve greater sage-grouse and avoid a potential listing under the Endangered Species Act. The planning strategy will evaluate the adequacy of BLM RMPs and address revisions and amendments as needed.

WPC Opinion – Sage Grouse habitats are threatened by many factors; wild fires, predator domination, and juniper infestation within sage brush / grouse habitat. The BLM primary focus to restore and sustain habitat lek areas are motivated by opportunities to create development mitigation fees. All collected fees should be solely calculated on the obligation exclusively to juniper thinning, wildlife management control, and sage brush restoration in the designated areas of question and should not be excessive to have a negative impact on future development opportunities to increase tax base revenues for County financial support.

Southern Nevada Public Land Management Act (SNPLMA) - became law in October 1998. It allows the Bureau of Land Management to sell public land within a specific boundary around Las Vegas, Nevada. The revenue derived from land sales has benefited White Pine County with over \$4.8M in proceeds to fund (14) county and city park renovation projects.

WPC Opinion – Quality of life for White Pine communities have been improved by dollars spend to upgrade parks, conduct fuels reduction and water conservation initiatives in our region. We support the continuation of the Act and its mission to provide dollars for urban and rural capital improvement projects and natural resource conservation.

Ely District Public Safety and Nuisance Gather Preliminary Environmental Assessment - The EA analyzes the district's need to address potential environmental consequences associated with wild horse management in order to reduce and mitigate public safety concerns along major roadways in and outside HMA/HA boundaries, decrease nuisance animal complaints on private lands, and address management issues of wild horses that reside outside HMA/HA boundaries, in accordance with the Wild Free-Roaming Horses and Burros Act of 1971.

WPC Opinion — Wild horse populations have been increasing, not just in areas known for past wild horse management, but they are migrating closer to populated areas and into grazing permit allotments normally not accustom to wild horse presence. Drought conditions have limited growth of natural vegetation and grazing permit allotments are having reductions and/or removal of cattle within their allotment, reducing economic conditions for our ranchers. Wild horse habitat management needs to be aggressively implemented to reduce populations in targeted areas.

Bald Mountain Mine North and South Operations Area Projects - The Bureau of Land Management (BLM) Ely Field office is finalizing alternatives in the Draft Environmental Impact Statement (DEIS) for a Barrick Gold US, Inc., proposal to expand the Bald Mountain Mine located in White Pine County, about 70 miles northwest of Ely and 30 miles northeast of Eureka, Nev.

Expanding the North Operations Area Project and incorporating the Casino/Winrock Plan of Operations into the North Operations Area Project would increase the total surface disturbance from 9,124 acres to 13,704 acres and add four new heap leach pads. Establishing the South Operations Area Project would increase the total surface disturbance from 960 acres to 3,643 acres. The South Operation Area Project Plan of Operations would include an electrical transmission line and an access road between the North and South operations areas

WPC Opinion – Mining tax base revenues are a major factor in the counties fiscal budget to maintain health, safety, and quality of life measures, and are significant to capital improvement projects. Barrick Gold Corporation has been a good neighbor to White Pine County and we support all growth plans for the Bald Mountain Project.

Gold Rock Project - The BLM has published in the Federal Register a second Notice of Intent to prepare an Environmental Impact Statement for the proposed Gold Rock Mine Project, an openpit gold mine to be located about 50 miles west of Ely, in White Pine County, Nevada. Midway Gold U.S., Inc. is proposing to construct and operate the Gold Rock Mine Project, which would be located on BLM-administered lands and consist of an open pit; a heap leach pad and associated ponds, process facility, and refinery; a mill; a carbon-in-leach (CIL) plant; waste rock dumps; a tailings storage facility; and ancillary facilities.

Electrical power would be obtained from Mt. Wheeler Power. For the Gold Rock Project, a 69-kV transmission line would be extended from the Pan Mine approximately 6 miles across the valley to tie into the west side of the Gold Rock Project electric system. A county road that currently passes through the project area would be relocated onto existing county and BLM roads. The proposed project's total surface disturbance would be approximately 3,749 acres. The BLM has identified the following preliminary issues: loss of habitat for wild horses and wildlife, including greater sage-grouse and mule deer; socioeconomics; air quality; cultural resources; impact on viewshed; and loss of access to hunting.

WPC Opinion – Midway Gold is a new major employer into our market and with two projects under development, tax base revenues from these projects will help boost economic conditions within our county lines. Mitigating impacts to help support employee welfare are our highest priorities in regards to housing, healthcare, and educational needs of its employees. We support both Midway Gold projects and welcome its employees into our communities.

Army Corps of Engineers / EPA – Clean Water Act Proposed Rule. On 21 April 2014, the USEPA and the Corps of Engineers (Corps) published for public comment a proposed rule defining the scope of waters protected under the Clean Water Act (CWA), in light of the U.S. Supreme Court cases in U.S. v. Riverside Bayview, Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers (SWANCC), and Rapanos v. United States (Rapanos).

The proposed rule was developed to enhance protection for the nation's public health and aquatic resources, and increase CWA program predictability and consistency by increasing clarity as to the scope of "waters of the United States" protected under the Act. Developing a final rule to provide the intended level of certainty and predictability, and minimizing the number of case-specific determinations, will require significant public involvement and engagement. Such involvement and engagement will allow the agencies to make categorical determinations of jurisdiction, in a manner that is consistent with the scientific body of information before the agencies – particularly on the category of waters known as "other waters."

WPC Opinion – There is a need to insure U.S. water ways provide safe drinking water for communities with risks from possible upstream contamination. However, there is a fine line between the reality of the potential for a ditch to flow contaminant's into "waters of the U.S." Therefore, all definitions of verbiage that will pose new restrictions on public and private lands must be extremely clear and existing agricultural (farm and ranch) uses of public and private lands must not be burdened with regulation and permitting processes that limit the use of the lands and pose additional fees or delays in the use of those lands.

Renewable Energy Assets:

Pattern Energy / Spring Valley Wind Project – this project is a 152 MW project located in White Pine County, Nevada. The project consists of (66) 2.3 MW Siemens turbines that commenced commercial operation in August 2012. 100% of the project's output, including electricity generation and environmental attributes, is sold to NV Energy, under a long-term power purchase agreement. Spring Valley connects to the NV Energy transmission system and was Nevada's first commercial wind power project.

Spring Valley is situated on approximately 7,680 acres in White Pine County, Nevada on federal land administered by the Bureau of Land Management. The project was granted a right-of-way by the Bureau of Land Management.

Biomass Feedstock Potential - Based on existing satellite vegetation mapping, approximately 1,421,000 acres of Pinyon-Juniper (PJ) have infested acreage within a 50-mile radius of Ely. Further analysis concluded that there are approximately 750,000 acres of PJ within 50 miles of Ely that fall in areas that would allow mechanical harvest methods. Based on a conservative yield rate of five bone dry tons of biomass per acre of PJ treated, it was determined that this identified area could support a sustainable harvest of 13,400 acres per year, or the amount of biomass that would be required to supply a 10 megawatt biomass energy generation plant.

Both the BLM Ely District and the Forest Service Ely Ranger District have implemented priority programs to plan and develop watershed management or project plans. Products from this agency planning involve the development of project restoration plans and National Environmental Policy Act (NEPA) compliance documents. Currently completed restoration plans in the planning area have identified over 100,000 acres in eastern Nevada with the potential for PJ harvest.

Gridflex / Water Pump Storage Facility - White Pine County will be a home for a new water pumping underground turbine, according to a report by Gridflex Energy. The project will begin doing early engineering, geotechnical, environmental and market studies in 2014, with construction planned for 2017.

The turbine would be located just outside of Ely by Gonder substation and operate entirely on Bureau of Land Management land. Water from an upper basin would be pumped down to a new artificial basin below passing through the turbine to generate energy. The water could be pumped back and forth, at "peak" hours, generating over 750 MW of power.

Solar Power Generation / Yelland Airfield - The Airport Master Plan was commissioned in June 2005 to assess the existing and future role of the Ely-White Pine County Airport in providing direction and guidance regarding short and long term airport development. Our vision is to utilize 1,000 acres north of County Road 212 of the 1,800 acre property to diversify our economy with a solar photovoltaic development, producing up to 120 MW of renewable energy.

<u>Infrastructure Assets:</u>

Emergency Operations Center - A 17,000 square-foot facility, constructed in 2011, hosting county fire, airport rescue and ambulance services, along with classrooms for training and emergency response team facilitation. In the case of a natural disaster in the region, the facility will be utilized for emergency response command control operations while garaging multiple fire trucks, 2- Type 1/Ford F 350/4x4 Ambulances and I-Type 3/Ford E350 Ambulance.

White Pine County Industrial Park - The Industrial Parks Phase I (160) acre parcel was patented to White Pine County by the BLM Ely Field Office per the White Pine Land Act. Since then, infrastructure was completed in the park and all parcels were sold to the general public for possible development. Phase II has (200) acres that will allow expansion eastward from Phase I. Phase III is under study as an expansion of an additional (500+) acres.

Yelland Field / Ely Airport - Ely Airport is operated by White Pine County to support commerce, health, safety, and recreation interests of the community. As a 1,800 acre Master Plan Public Facility, the airport has no commercial air service at this time. Ely Jet Center provides fuel, service, and rental cars to visitors. White Pine is known for its world class glider activities throughout the month of July.

White Pine County Fairgrounds – Ag District 13 manages the County asset along with a Fairgrounds Management Board to insure the facility is utilized for the enjoyment of its community residents. Annual events are scheduled throughout the year, providing opportunities for the region to enjoy its use. The White Pine County Fair, bull rider competitions, 4-H and FFA organization activities, traveling circus, community BBQ's and many more special events are held at the fairgrounds annually. SNPLMA Round 14 provided an additional \$488,000.00 to improve infrastructure on a 3+ acre parcel to improve park amenities for daily use.

Mining Industry Assets:

KGHM / Robinson Mine - The Robinson Mine is a wholly owned operation located approximately 13 kilometers west of Ely, in the semi-arid climate of White Pine Country, Nevada. The site can be accessed via a public paved road that connects to US Highway 50, west of Ely, Nevada. Coppergold concentrates produced at Robinson are transported by truck from the mine site to East Wendover, Utah, where rail trans-loading is undertaken.

The concentrate is then railed to port facilities for sea transport. The mine employs almost 600 people. With a history of more than 100 years of production, this mine produced 95 million pounds of copper and 30,000 ounces of gold in 2011.

Barrick Gold Corporation / Bald Mountain Mine - The Bald Mountain mine lies within the Southern Ruby Mountains of northeastern Nevada, approximately 110 kilometers northwest of Ely, Nevada and 110 kilometers southeast of Elko, Nevada. Bald Mountain is an open-pit, run-of-mine, heap leach gold mine with conventional heap leaching technology and carbon absorption for ore treatment.

Bald Mountain produced 94,000 ounces of gold in 2013. Proven and probable mineral reserves as at December 31, 2013, were 2.5 million ounces of gold.

Midway Gold / Pan & Gold Rock - The Pan property is located at the northern end of the Pancake mountain range in western White Pine County, Nevada, approximately (22) miles southeast of Eureka, Nevada, and (50) miles west of Ely, Nevada.

Pan is a Carlin-style, epithermal, disseminated, sediment-hosted gold system. The gold mineralization occurs in elongate breccias along the Pan fault, and along sedimentary bedding near unit contacts. Pan will be mined from two separate open pits, North and South, for a total mine life of nine years. Ore from both pits will be processed on a central leach pad.

Gold Rock is the sister project to Pan at approximately 10.5 km to the southeast. Many have asked why develop Gold Rock now before Pan is in production. Gold Rock is in the eastern Pancake Range in western White Pine County, Nevada. The property is 8 km southeast of the Pan Project and approximately 104 km from Ely, Nevada. Historic production came from the Easy Junior open pit gold mine in the 1980s and 90s.

Solitario Exploration & Royalty Corp - The Mt. Hamilton gold project is located in White Pine County, Nevada, U.S.A. and is held by Mt. Hamilton LLC ("MH-LLC") which is 80% owned by Solitario Exploration & Royalty Corp. (NYSE MKT:XPL; TSX:SLR) and 20% owned by Ely Gold & Minerals Inc. (TSX-V:ELY). Solitario released a feasibility study in February 2012 showing favorable economics for an open pit operation with heap leach extraction. Once in operation, the mine is expected to produce 48,000 ounces of gold and 330,000 ounces of silver per year over an 8 year period, with excellent potential to add additional resources and extend the mine life

Tourism and Recreational Assets:

Nevada Northern Railway Museum - Track for the Nevada Northern Railway was laid over a century ago, connecting one of the largest copper mines in North America to the Transcontinental routes to the North. Today, several of the original steam locomotives that were ordered and delivered new to the railroad over a century ago are still in operation. The Nevada Northern Railway is the best-preserved example of a standard-gauge short-line left in North America.

White Pine County Museum - The White Pine Public Museum was opened on August 1, 1959 with the help and donations of many citizens in White Pine County. Exhibits include: a jail cell from the old Ely City Jail, the bones of two giant short-faced bears (Arctodus simus), a historic bell from Hamiliton, Nevada (now a ghost town), early record books of White Pine County and businesses, and much more!

Renaissance Village - The Ely Renaissance Society was founded in 1999 by a group of individuals with the vision of an attractive downtown area which would be representative of the art and culture belonging to the diverse group of people who had built and strengthened the small community through the years. Volunteers to the Ely Renaissance Society purchased a piece of property made up of 12 shotgun houses and a barn. These small houses have been made into unique museums depicting the turn of the century population of Ely.

Camp Success - If you want the ultimate camping experience, Camp Success is the perfect area. The camp is in a very remote location, approximately 10 miles from Cave Lake. The camp has trees, tents, showers, restrooms, a lodge equipped with a propane refrigerator and grill, RV parking, and fire pits. The camp is open June through mid-September (weather permitting).

Courthouse Park / Duck Pond - Located in the heart of downtown Ely, this park provides shade trees, picnic tables, a duck pond, park benches, a war memorial, and electrical outlets are available when renting.

McGill Pool Park - This park provides summertime fun. The park has a barbeque, picnic tables, shade trees, and restrooms. The park is located next to the McGill Pool. The McGill Pool is open from Memorial Day weekend through Labor Day weekend (weather permitting). The pool has a volleyball area, concession stand, slide, and a diving board, allowing you to swim with guppies.

White Pine Golf Course - The White Pine County Golf Course is located just north of beautiful Ely, Nevada just off Highway 93 across from the Fairgrounds. With spectacular views of the Schell Creek Mountain Range on the east and the Egan Mountain Range to the southwest, you'll find a wonderful place to slow down, relax and play a few rounds. This is a regulation 18-hole, par 72, 6,843 yard golf course. The course staffs PGA golf professional, Randy Long with 16 years of experience.

Cave Lake State Park - is a year-round park that offers outstanding recreational opportunities. It features a 32-acre reservoir and provides excellent trout fishing, boating, swimming, hiking, camping and picnicking. The 4,500-acre park is located within the Schell Creek Range.

Silver State Classic Challenge - The State of Nevada closes down 90 miles of Route 318 and more than 200 drivers from around the world converge in Ely, Nevada. They experience first-hand the adrenaline rush of driving flat-out on a public highway. Not just professional racers, but men and women from all walks of life, pursuing the dream of speed, horsepower, and high performance. State Highway 318 has been dedicated as the Silver State Classic Challenge Highway.

Future Perspective in Economics:

Oil and Gas Exploration – White Pine County currently holds over 1.3 million acres of public lands under oil and gas exploration leased from the BLM Ely Field Office. Our county sits atop of the center of the Chainman Shale, holding the #1 oil producing well in North America, located in Railroad Valley, (45) minutes from downtown Ely. As the State Division of Minerals addresses NAC 522 regulations regarding fracking and oil exploration, White Pine County has submitted its comments requiring applicants to provide written proof from local jurisdictions that they have been engaged in open public discussions regarding the application being submitted.

Biomass Utilization – With the new development to convert biomass wood feedstock into diesel fuel additives to comply with EPA fuel regulations implementing renewable resources, White Pine holds millions of acres of potential harvesting that could create hundreds of new jobs within the manufacturing sector. Companies are discussing their interests in bringing in economic viable projects into the region. BLM Stewardship Contracts will be required to facilitate early discussions with these companies to insure availability of feedstock on a long-term basis to secure financing.

Mining Industry Tier 1 and Tier 2 Support – Support companies that provide products and services for mining operators will start to locate satellite offices and storage yards into our region as new projects are opened within the county lines. The Industrial Park can accommodate growth in this field with commercial flex space and yard storage of heavy equipment and materials.

SJR15 and AB400 Legislative Bills – If SJR15 is passed by the voters in November in favor to remove the 5% Special Tax from the Nevada Constitution, White Pine County is aware of the implementation of AB400 and its current verbiage to maintain the current 5% tax collection and distribution formula's as an Excise Tax. However, that verbiage could be changed at future legislative sessions that could have severe impacts to future county fiscal year budgets. Written assurances need to added into the Bill to keep future legislation from changing the distribution of the collected Excise Tax to local governments for the use to offset impacts created by the project.

Nevada 2% Margin Tax — If this ballet card item passed in November, all major employers with gross revenues of \$1 million or more will be taxed an additional \$20,000.00 per million annually for every \$1M in gross revenue earned, prorated. That could cost one full-time employee their job to balance already tight operating budgets with minimal net income margins. In White Pine County, that could cost our Mining Industry an additional \$19,000,000.00 in taxes. Job cuts will be inevitable.

Community Development and Quality of Life Initiatives:

White Pine County breaks down community responsibilities and benefits into three areas:

Economic Development: New job growth, along with business retention, are at the forefront of our vision to continue to improve community opportunities. State and local incentives are leveraged to entice new and existing business growth. County owned properties are reviewed for potential development and end users are sought after to promote their use. Alliances with state Regional Development Authorities help promote GOED initiatives to promote new job growth.

Community Development: County facilities age in time, requiring a constant flow of capital improvement funds to renovate or replace facilities. Federal grant funding is an alternative White Pine County has been successful in gaining access to funding to make improvements. If a community does not grow, it can't sustain a healthy community.

Capacity Development: Leadership and educating those interested in becoming our future leaders are a hurdle most communities have encountered. Investing in our future leaders is very important! Training tomorrow's leaders is a task the UNCE Cooperative Extension has teamed up with the Community and Economic Development Office to initiative training programs to support leadership development. Comprehensive Economic Development Strategy planning sessions are held annually to continue to update our approach to improving the community.

Conclusion:

White Pine County is a busy place, known as "...in the middle of everywhere!" As for our county seat, the City of Ely is known as the "Gateway to the Great Basin National Park" and "the most remote rural community in America." While mining and government employers lead our labor force, focus does not stop at those two industries. With over twenty community committee's and advisory boards, the county seems to be headed forward with attention to detail on federal, state, and local issues that make a difference to continue our quality of life measures.

Our future is dependent upon our ability to manage our resources and invest in what will make a difference tomorrow. Infrastructure, healthcare, emergency services, business services, and community services are responsibilities White Pine County must maintain and improve.

Proper leadership will make a difference in sustaining our community health and welfare. A strong tax base will financially support initiatives leadership will continue to implement. And a trained labor force will help sustain our tax base.

All in all, White Pine County has a lot to look forward to and with hard work, we will continue to make our community a role model for Rural America.