

DRAFT
Minutes will be approved
at next meeting.

UGS BOARD MEETING
Department of Natural Resources
Utah Geological Survey
1594 West North Temple, Suite 3110, Salt Lake City
Tuesday, January 9th, 2018

The meeting of the UGS Board was called to order at 8:31 a.m.

ATTENDANCE

Board members: Marc Eckels – Chair, Dave Garbrecht, Rick Chesnut, Ken Fleck, Elissa Richards, Sam Quigley, Tom Faddies.

UGS Staff: Rick Allis, Jodi Patterson, Mike Hylland, Hugh Hurlow, Grant Willis, Bob Biek, Kent Brown, Steve Bowman

Apologies: Pete Kilbourne

APPROVAL OF MINUTES

Elissa Richards motioned to approve the minutes as written. Dave Garbrecht seconded the motion. The Board voted and the motion carried.

Director's Report

Open and Public Meetings Act

DNR realized a few months ago that DNR Boards were not following parts of the Open and Public Meetings Act. The principal requirements are that audio recordings of the meeting must be uploaded to the Utah Public Notice Website within three days; unapproved minutes must be similarly uploaded within 30 days; and approved minutes within 3 days. There are strict requirements that must be met for closed sessions during meetings, and these sessions also must be recorded. UGS has updated the website with all the minutes for the past three years.

All DNR Divisions are to be trained on the requirements of the Act later this month to ensure adherence to state law.

Approval of Requests for Authorizations to Propose

Approval of Requests previously approved via email:

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- 1) Paleontological Excavation of Doelling's Bowl Bonebed in the Early Cretaceous Cedar Mountain Formation of Eastern Utah ,
- 2) Castle Valley Water Monitoring,
- 3) Emigration Canyon Septic Discharge Study,
- 4) Hydrologic and Vegetative Effects of Pinyon-Juniper Treatments on Springs-Grouse Creek Mountains, Box Elder County, Utah
- 5) Juab Valley Water Budget, and,
- 6) Aquifer Storage and Recovery Feasibility for Richmond City, Utah

Sam Quigley motioned to approve the proposals as written. Dave Garbrecht seconded the motion. The Board voted and the motion carried.

Financial Update

The Board materials included budget projections for the remainder of FY18 (including Mineral Lease payments), progress in invoicing for external revenue, and monitoring of proposals for external funding. The budget projections are based on data through November 2017. Also included in the email package are copies of the FY17 Mineral Lease report, and our annual tracking of Performance Measures. These can be discussed at the meeting, if required.

The UGS started the fiscal year with \$456k as non-lapsing carry-forward from FY17. Present indications suggest we will have around \$500k at the end of the year. This assumes budgeted revenue from external funding is completed and invoiced, and Mineral Lease (ML) revenue comes in at \$1.6 million (we originally estimated \$1.7 million at the August 2017 Board meeting). The August ML payment was much smaller than expected, and the shortfall make-up revenue expected in September or October did not occur. At the moment, oil prices are at a 3-year high (\$60/bbl due mainly to Middle East uncertainties) and the natural gas prices have climbed above \$3/mcf after warm Fall weather and lower prices, followed now by the extreme cold. ML indicators are therefore positive, although we are only half way through the FY and future price swings are inevitable.

A second major change from the preliminary budget figures presented last August is the external revenue has increased by \$200k to \$2.0 million. This is mostly due to the FORGE project bringing in an additional \$175k in revenue.

The budget projection doesn't include any factor for incomplete invoicing of externally funded work. We traditionally assume a shortfall of \$100k. There is an impending retirement and a recent retirement (discussed below) that will result in modest savings, but the intention is to fill the vacancies.

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The bottom line is we expect to end the FY with a similar carry-forward to last FY.

External revenue this year remains similar to past years, but a major long-term uncertainty remains with federal contracts. Oil and gas research and resource assessment opportunities have diminished over the last decade as new technologies have provided industry access to expanded or new plays. For the UGS, externally funded groundwater work has steadily increased, and the federally funded FORGE project has covered the loss in federal funds for oil and gas research. Uncertainties in federal budget priorities translate to local budget uncertainties. The FORGE project and the CarbonSafe projects are important streams of federal revenue funding over the next few years. Both also have competitive uncertainties.

Personnel Update

Gregg Beukelman retired after 7 years with the UGS as a hazards/landslides specialist. The plan is for Rich Giraud and Greg McDonald to assume Gregg's landslide responsibilities. Emily Kleber will move into paleoseismicity and form a team with Adam Hiscock and Greg McDonald, where we have had a gap since Chris DuRoss left for the USGS several years ago. The UGS will advertise for a part-time Geotech intern to assist with various hazards projects. Craig Morgan will retire in mid-March after 28 years with the UGS, and being our Uinta Basin expert. We are still discussing the options for filling the vacancy, but it is clear the UGS needs an experienced specialist in oil and gas resource assessment as a replacement. Although federal funding for oil and gas research has almost dried up, the UGS must be able to assess and answer queries about resource potential, and monitor exploration industry trends and their possible impacts in Utah. Some of the additional, ongoing General Funds awarded to the UGS two years ago to stabilize staffing now supports this expertise.

John Good won this year's UGS Employee of the Year. It was presented at the UGS Christmas luncheon meeting in December. And we are proud that Tom Chidsey received this year's Public Service Award from the AAPG (in addition to the Lehi Hintze Award for 2017).

Legislative Update

At this stage no bills or issues that could impact the UGS have been identified. The primary issue the UGS has been raising over the last six months is to have approved intent language that allows us to save Mineral Lease revenue in above-average years to cover revenue shortfalls in below-average years. The goal is to build a Mineral Lease carry-forward of about \$1 million. Senator Bramble has a bill to make the State Dinosaur the Utahraptor. State Paleontologist, Jim Kirkland, supports the initiative.

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Action Items

Board approved additional meeting dates for 2018 and January 2019. They will be May 10, 2018, August 15, 2018, September 14-16 Field Trip and meeting, and January 15, 2019.

Possibilities for the Fall UGS Board Trip were discussed. They may include stops to investigate evidence for the Markagunt Megaslide (including the pseudotachylite stop), geologic hazards and geologic issues around Cedar City/Iron County include a visit to the new DNR building in Cedar City, and the FORGE geothermal site.

After a brief discussion, Marc Eckels and Pete Kilbourne were selected to maintain their duties as Chairman and Vice Chairman. Sam Quigley made the motion and Dave Garbrecht seconded the motion. The Board voted and the motion carries.

Presentations

Hugh Hurlow, Program Manager for the Groundwater Program, discussed the Juniper treatment study assessing changes of water levels. This is a multi- year project which the UGS is working under the funding of the Watershed Restoration Initiative.

Grant Willis gave an overview of the UGS Geologic Mapping Program. Marc Eckels commented on the quality of the maps and the information available to the public and geologists.

Rick Allis discussed the FORGE geothermal project and the competition between Utah and Nevada for the site.

Marc Eckels adjourned the meeting at 11:38 a.m.