

**Meeting Minutes of the Funding Levels and Potential Funding Sources  
Study Group of the  
North Carolina Mining and Energy Commission  
April 1, 2013**

The North Carolina Mining and Energy Commission – Funding Levels and Potential Funding Sources Study Group - met in regular session on Monday, April 1, 2013 in the Conference Room (504Q) of the Archdale Building on the fifth floor. Study Group Chair Jane Lewis-Raymond called the meeting to order at 3:05 p.m. via teleconference. She welcomed all study group members and others attending. Further, she read the ethics statement and asked Study Group Members whether or not they had conflicts of interest with respect to any action items on the agenda. No conflicts were noted.

Study Group Members Present

Jane Lewis-Raymond, Chair, via teleconference  
Dr. Vikram Rao  
Jim Womack, via teleconference  
Johanna Reese  
Judith B Corley-Lay

DENR Staff Members Present

Mell Nevils, Section Chief, Land Quality  
Katherine Marciniak, Sr. Environmental Specialist  
Debra Godwin, Administrative Assistant  
Walt Haven, Energy Program Supervisor  
Ryan Channell, Hydro Geologist

Other In Attendance

See attached Sign-in Sheet

Introductions

Those in attendance introduced themselves to the group.

**Items of Business**

1. Approval of Minutes of February 20, 2013

Dr. Rao made a motion, seconded by Mr. Womack, to approve the minutes as presented. The vote was unanimous.

2. Review of Proposed Draft Outline for Study Report

Study Group Chair Lewis-Raymond presented to the group the outline for the draft report. The outline shows two broad categories: Cost and Revenue. She asked for comments regarding any amendments or corrections.

Ms. Reese stated that a section entitled "Administrative Costs" should be added to include unknown potential costs such as Register of Deeds fees, etc.

Mr. Womack stated that SB 820 provides authority to assess civil penalties for damage recovery. Mr. Nevils stated that, per State Constitution, all civil penalties collected go to the school systems.

Ms. Martha Giralami, Chatham County citizen, questioned how hospitals would recoup any costs associated with patients that have no health insurance coverage who are exposed to contaminated water. Mr. Nevils stated that this topic would be under the social services section of the outline.

### 3. Bonding Costs: Site Reclamation and Well Abandonment Projections

Mr. Walt Haven provided a presentation to the group on estimated costs for site reclamation and well abandonment. A copy of the presentation is attached to these minutes

The Study Group discussed:

- A potential blanket bond should the operator abscond from reclamation of the site;
- Bonding options with regards to letters of credit, bonding through a certified bonding company, as well as alternative mechanisms for bonding in case the company goes out of business. Staff was directed to research bonding mechanisms; and
- The use of civil penalties to recoup costs for abandonment by the operator.

Mr. Haven recommended the following:

- A bond of \$27.00 per vertical foot for well abandonment; and
- Use of the Mining Program's procedure with a base amount of \$2,500.00 per acre for site reclamation.
  - Specific land use amounts will be factored into a spreadsheet/table

Martha Giralami, Chatham County Citizen, questioned if an operators business history would be reviewed prior to commencement of activities. Mr. Nevils stated that, normally in North Carolina, the environmental performance of an operator in this state only would be reviewed. If the operator has a history as a "bad actor", they would not be eligible to utilize a blanket bond.

### 4. Severed Estate Deeds Procedure

Mr. Haven discussed how North Carolina manages mineral rights and surface owner rights as follows:

- Three types of owners
- The Machinery Act of North Carolina
- Typical Register of Deeds County Records
- Triassic Basin County Records

A copy of the presentation is attached to these minutes.

5. Impact Fee Structure

This item was moved to the upcoming meeting on April 22<sup>nd</sup>. The Study Group Chair asked staff to look into areas where costs can be assigned and for staff to sketch an outline for the associated impact fees.

6. Review of Proposed Draft Outline for Study Report

Study Group Chair Lewis-Raymond revisited the Study Report outline to determine if there were any items to be added in light of the presentations. Ms. Reese recommended that under the local government costs section an item for the training of tax assessors and registrars of deeds be added.

There being no further business, the meeting was adjourned at 4:50 pm.

Respectfully submitted,

Mell Nevils, Section Chief  
DEMLR Staff