

Dear Jon

I am alarmed by the news that funding cuts may significantly reduce the operations and effectiveness of the Nevada Bureau of Mines and Geology. The NBMG and the Utah Geological Survey have collaborated on many projects in recent years, so it is hard to believe that this partnership could be compromised by the impending decisions. It seems to me these decision-makers must be unaware of the value that Geological Surveys bring to their respective states. I suspect these are many similarities between the benefits that the UGS bring to Utah and those that the NBMG bring to Nevada. In particular is the role we play in reducing resource exploration risk (by providing data, information and advice), encouraging development of those resources, with the outcome being more jobs and economic growth.

At the moment we are fielding many inquiries from exploration companies and consultants interested in the potential rare-earth-minerals in Utah. They come to us because we are the only entity in the state that has all the relevant geologic information and expertise, and we have a reputation for objectivity. The U.S. Geological Survey has a minimal presence in Utah (mainly water scientists), and their agency knowledge of our geological resource potential is limited compared to what we have compiled over the decades. I am sure it must be similar in Nevada, that over the last few years the requests for information on strategic mineral (and energy) potential has varied from uranium, potash, sulfur, phosphate, copper and molybdenum, and of course taking another look at shale formations for their oil and gas potential. There will inevitably be future requests for new commodities, so our agencies play a crucial role in answering the queries and stimulating investment in geological resources. It seems so short-sighted to me to be cutting back on the very agency that underpins growth in the all-important mineral exploration sector of Nevada's economy.

We depend on the NBMG to provide back-up support in the event of destructive earthquake on the Wasatch Front. You recall how the UGS was first on the scene after the Wells earthquake a few years back when we began looking for fault damage in the region within 12 hours. It was a good example of the MOU we had previously established to help our neighboring states if needed in a seismic hazard emergency. We would hope that the NBMG could similarly help us out when our own capabilities are severely hampered by damage in our urban areas. I suspect the NBMG capacity to help us will be compromised if the scale of the cuts being considered is confirmed.

This same issue applies to geothermal energy assessment, which as we both know has great potential in both Nevada and Utah to contribute base-load electricity growth in the multi-state Western Transmission system. Our partnerships seeking external funding sources to prove-up this resource in the Basin and Range depend on the NBMG having the in-house expertise to materially contribute to the projects, and also for the NBMR to bring its own 20% state cost-share to the table. I am concerned on both counts that the NBMG will not be able to be a viable partner in these projects. We are expecting to hear in early April whether our "Deep Sedimentary Geothermal Resources of the Basin and Range" proposal to the DOE is successful. We are excited about this proposal because phase 1 will be close to \$1 million and phase 2 in the subsequent two years will be close to \$4 million. I believe the project will demonstrate to the exploration industry that basin-centered reservoirs exist in the high-heat-flow Basin and Range

Province, and this research will stimulate exploration for a new type of geothermal power resource.

Please let me know if there is any supporting information (or examples) that we can provide to demonstrate the valuable role the NBMG plays in Nevada. As I said above, this funding cutback decision seems so short-sighted.

Best wishes

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Utah State Geologist and Director of the Utah Geological Survey

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