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INTERLOCAL CONTRACT COOPERATIVE AGREEMENT BETWEEN PUBLIC AGENCIES

BETWEEN THE COMMISSION ON MINERAL RESOURCES, DIVISION OF MINERALS

(400 West King Street, Suite 106, Carson City, Nevada 89703)

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Division of Minerals

AND

THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION

(901 South Stewart Street, Suite 4001, Carson City, Nevada 89701)

WHEREAS, NRS 277.180 authorizes any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform,

WHEREAS, this document serves to revise the June 23, 1997 Memorandum of Understanding (MOU) between the State of Nevada, Commission on Mineral Resources, Division of Minerals (NDOM) and the State of Nevada, Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP),

WHEREAS U.S. Environmental Protection Agency has delegated primary enforcement authority of the Underground Injection Control (UIC) and Clean Water Act Programs to NDEP,

WHEREAS, NDOM and NDEP each have specific statutory and regulatory responsibilities concerning the injection of spent geothermal fluids after they are used for a variety of activities, including power generation, aquaculture, food processing and space heating; and concerning the protection of the quality of water of the state,

WHEREAS, NDOM currently regulates certain aspects of Class II and certain Class V injection wells and NDEP regulates all classes of injection wells,

WHEREAS, NDEP has the responsibility of ensuring all Class II disposal, enhanced recovery and storage wells, and geothermal injection wells are properly constructed to ensure integrity and maintain integrity during its life to prevent ground water degradation,

WHEREAS, The purpose of this agreement is to establish procedures that 1) reduce duplication of effort, 2) ensure efficient regulatory oversight, 3) ensure a flow of communication and promote interagency cooperation, and 4) allow both agencies to fulfill their legal responsibilities,

WHEREAS, It is not uncommon in the oil and geothermal industry for a well, permitted by NDOM, drilled for production to be converted to an injection well, and thereby trigger NDEP's UIC permit requirements,

NOW, THEREFORE, to consolidate and simplify the permitting process the

j. NDOM shall refer to NDEP all permit applicants that propose to or have potential to discharge to surface waters. This shall be required for all discharges outside of a drilling sump or tanks.

2. The NDOM and NDEP will inform permit applicants of the requirement to obtain a permit from the other agency in applicable cases. Each agency will inform the other of any Class II, III, or geothermal permit applications received for injection wells.

3. The NDEP will issue permits for Class III injection wells used in solution mining.

4. The NDOM will assist NDEP in the technical review of all Class II, Class III, and geothermal injection well permit applications, including renewals.

5. The NDOM and NDEP will exchange copies of inspection reports completed for injection wells operating under each agency's jurisdiction.

6. The NDOM and NDEP will, to the extent practicable, coordinate field inspections of facilities holding permits from both agencies to minimize duplication.

7. The NDOM and NDEP will cooperate on the reporting of all spills at oilfield and geothermal facilities, following a guidance document adopted by both agencies and the Bureau of Land Management.

8. Each agency is responsible for the enforcement of its own regulations, permits, and permit conditions.

9. The NDOM and NDEP will provide each other with all written authorizations pertaining to Class II, Class III and geothermal injection wells.

10. The NDOM and NDEP will provide each other with reasonable access to files and other information necessary for program administration.

11. The NDOM and NDEP will establish electronic data sharing protocol to exchange data pertaining to Class II, Class III and geothermal wells.

12. The NDOM and NDEP will exchange information on idle/abandoned wells as it is received. NDEP will assist with the technical review of idle/abandoned wells, if requested.

13. If the responsible party does not plug and abandon an injection well as per NDOM and/or NDEP regulations within ninety (90) days of notification from NDEP or NDOM, NDOM agrees to seek enforcement using the performance bond, executed for that purpose, in favor of the State of Nevada. Such enforcement will assure proper plugging of an injection well in accordance with all relevant regulations and the UIC Program-approved plugging and abandonment plan submitted by the responsible party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

Alan R. Coyner, Administrator
Nevada Division of Minerals

Date 3/19/08

Leo Drozdoff, P.E., Administrator
Nevada Division of Environmental Protection

Date 3/25/08

Approved as to form by:

Janet Hess, Deputy Attorney General
Division of Minerals

On March 17, 2008

Approved as to form by:

Bill Frey, Senior Deputy Attorney General
Nevada Division of Environmental Protection

On 3-20-08

ver. 2/06/2008