



LANDS AND MINERALS

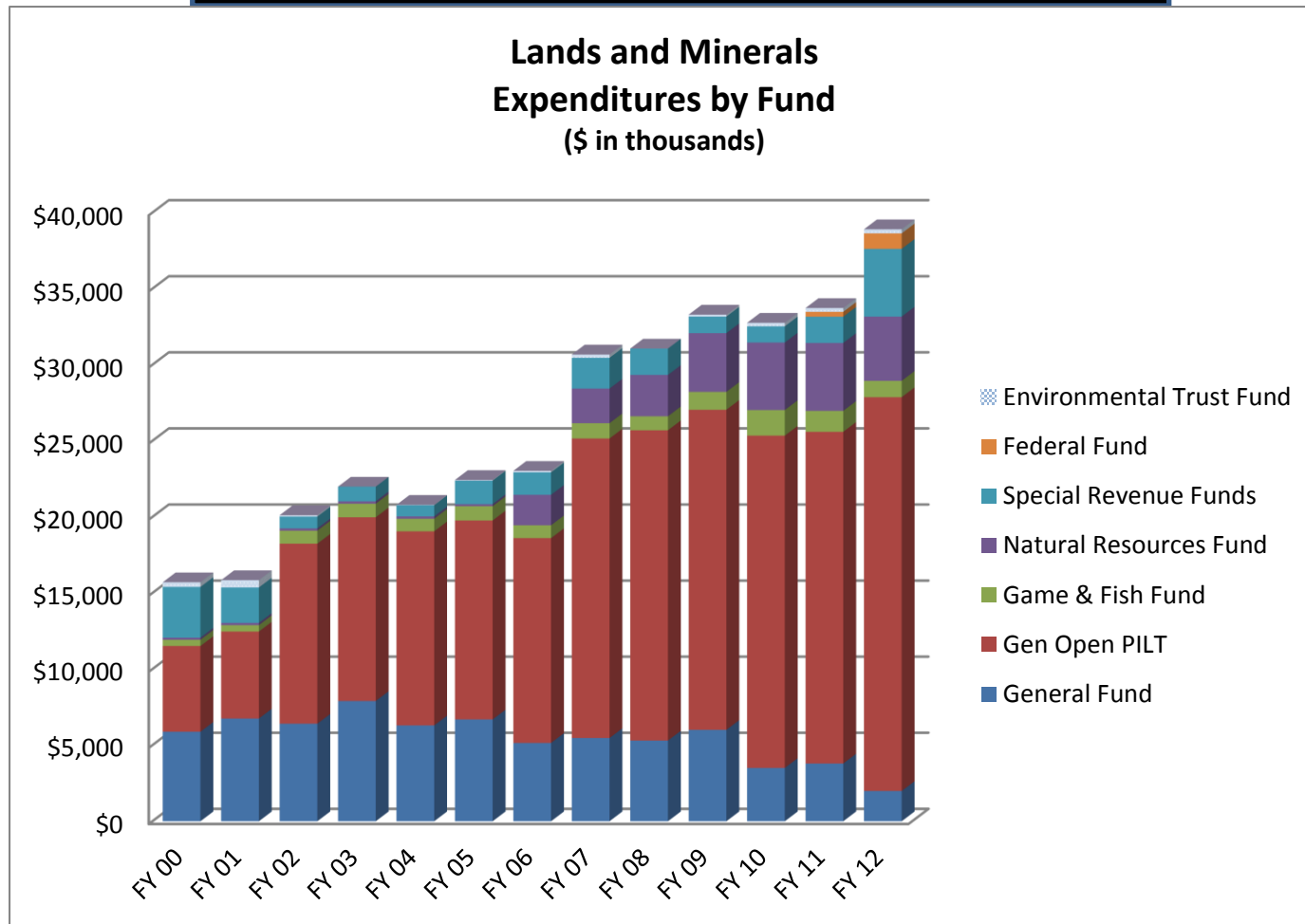
Director Jess Richards



Division of Lands and Minerals

- Management of Minnesota's natural resources will contribute to strong and sustainable communities, economies, and job markets.
- Management of DNR and trust land real estate transactions and mineral leasing, exploration mining, and mine land reclamation to ensure a clean, healthy environment with sustainable uses of natural resources.

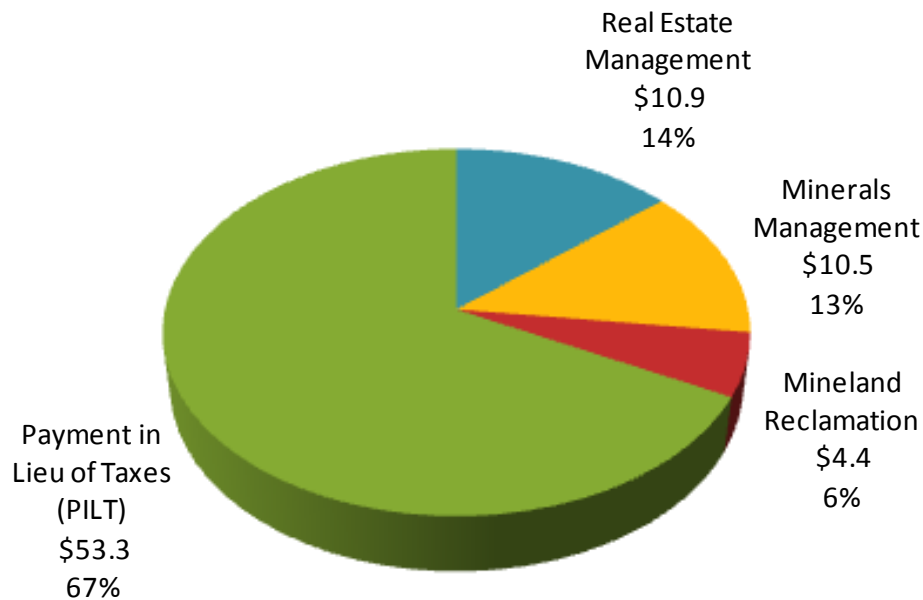
Division of Lands and Minerals: History of Expenditures



- General Fund (direct) decreases over time
- Minerals Management Account created in Natural Resources Fund (FY 06) accounts for increase in Natural Resources Fund and decrease in General Fund direct

Division of Lands and Minerals: Strategic Objectives and Performance Measures

FY2012-13 Lands and Minerals Program Breakdown by Activity \$79.1 Million



Strategic Objective 1:
Real Estate and Land Asset
Management

Strategic Objective 2:
Minerals Management

Strategic Objective 3:
Mineland Reclamation

Note: Approximately \$2.8 million of the \$10.5 million for Minerals Management is appropriated for the Division of Lands and Minerals. The remaining is transferred out for schools, university, and tax-forfeit.

Division of Lands and Minerals:

Strategic Objective 1. Real Estate & Land Asset Management

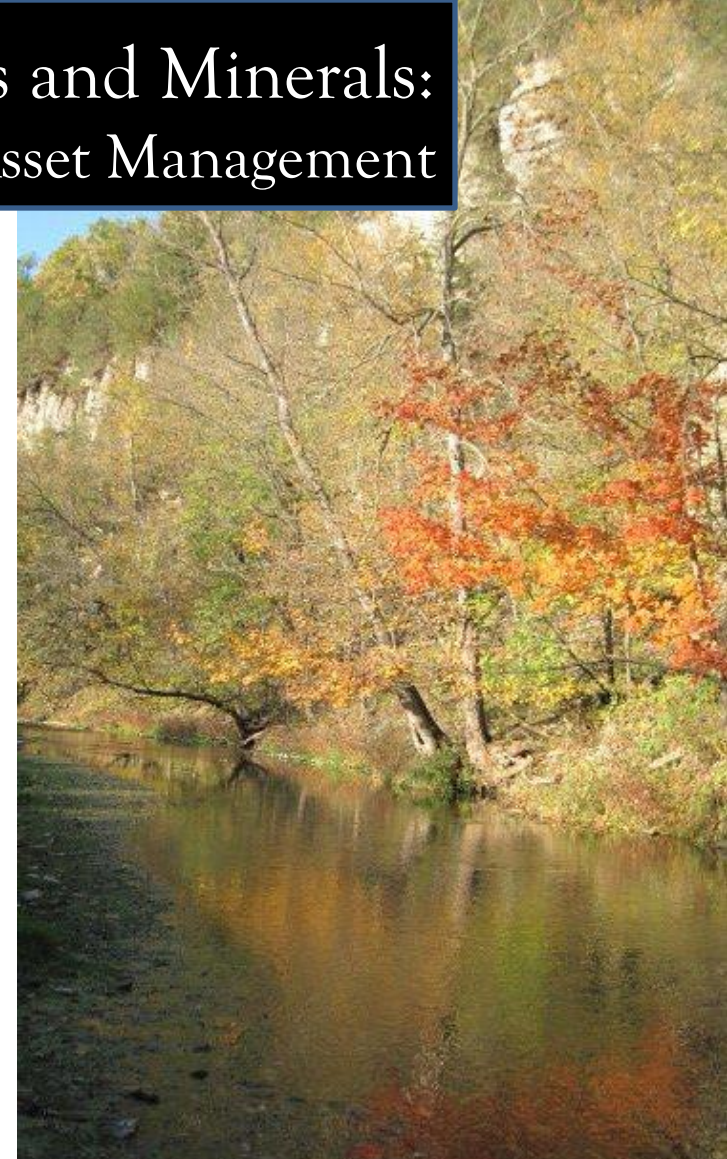
Public Result: A clean, healthy environment with sustainable uses of natural resources.

DNR Performance Measure: Annual number of real estate transactions.

Why is this important? Effective real estate and land asset management ensure DNR optimizes natural resource results.

How are we doing? DNR is making progress on land asset management through land sales and exchanges and acquisition of high-priority parcels. A recent successful public land sale conducted jointly with Roseau Co., resulting in the sale of 80% of parcels offered.

What is needed to make progress? DNR continuing to improve land asset management through process improvements and development of a comprehensive approach to land asset management.



Forestville Mystery Cave State Park addition of 460 acres protects high quality natural resources, including 1.5 river miles

Division of Lands and Minerals:

Strategic Objective 2. Mineral Management

Public Result: A thriving economy that encourages business growth and employment opportunities.

DNR Performance Measure: Income from state mineral leases.

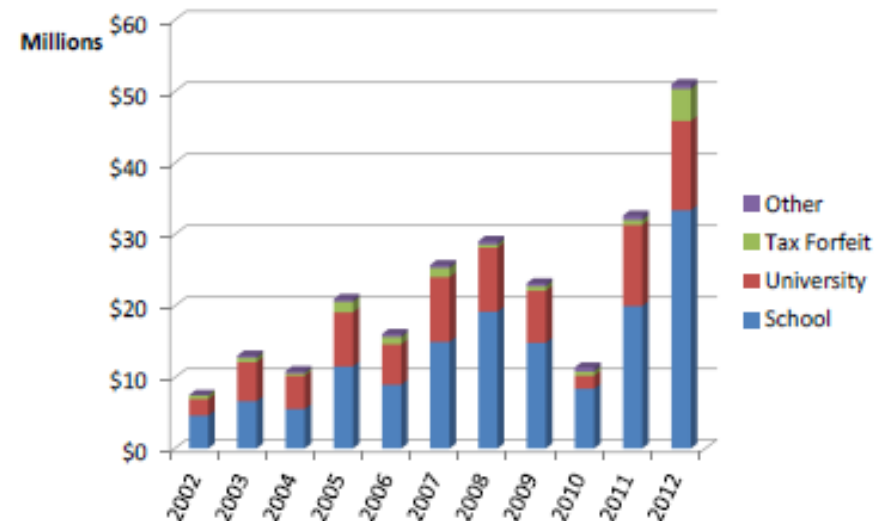
Why is this important? Mineral revenues provide a long-term income source. DNR works to ensure competitive royalty rates and environmentally sound mining practices.

How are we doing? DNR encourages exploration and mining of state-owned minerals, sets market-based royalty rates, and ensures mining practices protect the environment.

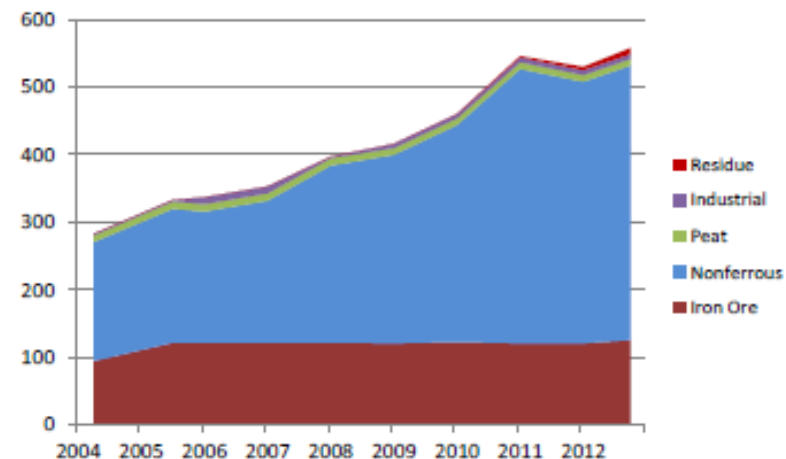
What is needed to make progress? DNR will continue to seek public input on mining within Minnesota and meet our fiduciary responsibilities to the Permanent School Fund, Permanent University Fund, and local units of government.

State Mineral Revenue

Excluding Mineral Management



Number of State Mineral Leases



Division of Lands and Minerals:

Strategic Objective 3. Mineland Reclamation

Public Result: A clean, healthy environment with sustainable uses of natural resources.

DNR Performance Measure: Number of mine pit lakes and associated watersheds restored.

Why is this important? Mining can result in major watershed alterations, such as the formation of new mine pit lakes.

How are we doing? Modeling of mine pits determines potential hydrologic impacts and provides information needed for restoration. DNR is also working with partners on watershed restoration planning.

What is needed to make progress?

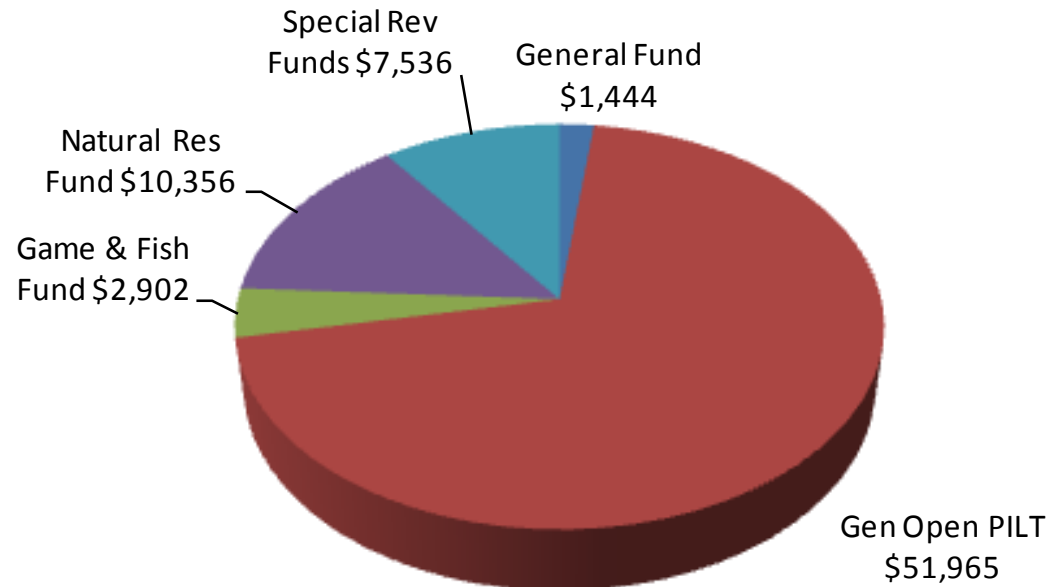
- Maintain technical expertise to ensure compliance with reclamation requirements.
- Ongoing support for monitoring compliance with reclamation plans and restoring and reclaiming old mining pits.



Division of Lands and Minerals: FY14-15 Budget Overview by Fund

- FY 14-15 proposed General Fund reduction: \$4 million
- Budget also includes increases due to changes in fees and revenue forecasts
- PILT: represents 70% of division's \$74.2 million budget

FY2014-15 Governor's Recommendation Lands and Minerals \$74.2 Million



Change Item: Real Estate, Mining, & Mineral Activities Fee Increase

Revenues: \$432,000 FY14/\$478,000 FY15

Expenditures: \$414,000 FY14/\$460,000 FY15

(Special Revenue Fund)

Description: Minnesota's current fees for real estate, mining, and mineral related activities do not cover full cost of providing permitting, leasing, research, and reclamation services. This request:

- Increases permit to mine fees
- Increases application fee for mineral leases
- Establishes application fee for real estate leases
- Establishes aggregate reclamation fee

Outcomes:

- Maintain current level of effort and resources for permits to mine
- Issue mineral and real estate leases in timely manner to generate revenue for schools, university, and local taxing districts.
- Reclaim state-owned gravel pits.





Change Item: Drill Hole Inspections & Drill Core Library Fee

Revenues: \$209,000 FY14/\$209,000 FY15

Expenditures: \$209,000 FY14/\$209,000 FY15
(Special Revenue Fund)

Description:

- Establish a fee to recover costs of conducting drill hole inspections.
- Establish a fee to access exploration data in state's drill core library, combined with a restructuring of operations, to more fully capture library operation costs.

Outcomes:

- Continue inspections of exploration drill holes to ensure protection of groundwater and lands.
- Continue to provide access to mineral exploration data that can lead to new leasing and mining in state.



Division of Lands and Minerals

Performance Measure	Target	Outcome
Completion of an updated Land Records System	June 2013	
Income from state mineral leases	Obtain market-based mineral lease revenue for the Permanent School Fund, the Permanent University Trust Fund, and local units of government.	
Number of drill core inspections and drill core library	Maintain services to support mineral explorations	
Map counties mineral potential (aggregate mapping)	Map for Aitkin Co. by end FY13, close to completing 25% of counties outside metro area	
Number of mine pit lakes and associated watersheds restored	All new permits incorporate watershed planning	
Number of permitting to mine actions (provide environmental technical assistance for existing, new and preplanning for mines)	Continue to deliver services at current rates (FY12 ~11; FY12 ~11)	
Environmental research projects to minimize mining impact	Continue research work; 8 ongoing research projects	