

CITY COUNCIL REPORT  
PUBLIC

DATE: January 14, 2019

TO: Mayor and City Council Members

FROM: Barbara Goodrich, City Manager

CC: Sterling Solomon, City Attorney; Shane Dille, Deputy City Manager;  
Kevin Treadway, Interim Deputy City Manager; Leadership Team

SUBJECT: Seismic testing for helium exploration at Red Gap Ranch

**Introduction:**

City staff received a request from Desert Mountain Energy Corp. (“DMEC”) to allow access across and seismic testing on Red Gap Ranch. DMEC has requested and received leases from the State Land Department that allow seismic testing, helium exploration, and mining on lands adjacent to Red Gap Ranch.

The City plans to grant DMEC a temporary license for access and seismic testing on Red Gap Ranch, and enter into a memorandum of understanding (“MOU”) as detailed below.

**License and MOU**

The License Agreement:

- Allows DMEC access across Red Gap Ranch for seismic testing *only*, using existing roads and other routes, for up to one year.
  - DMEC needs access in order to reach State Lands.
  - It is not anticipated that seismic testing will harm the environment. The routes will not cross archaeologically significant areas.
  
- Requires DMEC to give the City copies of its seismic data results for City lands.
  - Seismic data may be useful for evaluating water resources.
  - Seismic testing is expensive.
  - The City already has conducted some seismic testing in this area.

The Memorandum of Understanding:

- Expresses the parties' desire to explore possibilities for helium exploration and mining if mutually beneficial, and to cooperatively work together.
- May be canceled by either party on 10 days' notice.
- The MOU will enable DMEC to share more information with the City related to economic development opportunities that may be associated with helium exploration.

DMEC's request has been reviewed by the Water Services Division, Real Estate Manager, City Attorney's Office, the Property & Development Team (including staff from several divisions), and Economic Development staff. The staff consensus is that it is worthwhile to allow seismic testing to occur, and that the City can evaluate any information received as a result. It is possible DMEC will only conduct seismic testing on State Lands.

Helium is a rare and valuable gas, and used in several medical and NASA technologies. Helium mining would not require fracking.

The City Manager has authority to enter into the License Agreement and MOU without Council approval. The documents do not commit the City to take any long term action.

### **Conclusion**

The City will move forward to allow access across Red Gap Ranch for seismic testing and will share all future information received with City Council.

**This report is provided as information only.**