

Drilling Incentive Grant Program

Applications open starting August 1, 2025, for Fiscal Year 2026.

Grant Program Overview

Drilling Incentive Grants (DIG) are designed to stimulate exploration for new minerals, gas resources, and/or new deposits of these resources. The data and information acquired during the drilling and analysis phases will eventually be housed at the state's Drill Core Library for future analysis.

Contact Information

Jason Janisch, Jason.Janisch@state.mn.us or 218-735-3057.

Funding Availability

- Funded at \$100,000 for Fiscal Year 2026 from the Taconite Environmental Protection Fund.
- The agency will match up to 40% of direct drilling costs not to exceed \$20,000 per drill hole.
- Funding can only be used for exploratory drilling.
- Project must begin within 12 months of a grant award.

Collaboration

Multi-organization collaboration is welcomed.

Eligibility

Eligible Applicants

Must meet Minnesota requirements for exploratory boring procedures, per Minnesota Statutes Section 103I.601. Applicants must also be authorized to do business in Minnesota and hold a Minnesota exploration lease.

Competitive Priorities

- Site selection and potential development.
- Economic impact.

Evaluation Criteria and Weight

The review committee will review each application using a 100-point scale.

All evaluation criteria must be addressed in the project narrative. The scoring factors and weight on which applications will be evaluated are based on the following five criteria:

1. Logic behind the selection of site and potential development. (30 points)
2. Job impact. (20 points)
 - Jobs created and retained.
 - One point per projected job created and/or retained as a result of the designation of funding.
 - Construction jobs.
 - Project supports construction related jobs.
 - Workforce impacts.
 - Project supports local businesses and/or suppliers.
 - Project supports local job creation or retention through industry creation, expansion or diversification.
3. Applicant's qualifications and experience. (20 points)
4. Project planning and timeline. (20 points)
5. Diversity, equity, inclusion and accessibility. (10 points)
 - Project serves a diverse population.
 - Examples include, but are not limited to, racial and ethnic communities, LGBTQIA+ communities, Tribal Nations, people with disabilities, veterans and aging populations.
 - Project accessibility.
 - Project scope reduces barriers by increasing accessibility, equity, usability and independence.
 - Project serves an economically distressed community.
 - Factors can include, but are not limited to, poverty rate, unemployment rate, income levels and population.
 - Project incorporates targeted businesses or vendors.
 - Project administration, execution, purchasing, contracting, or consulting services that involves majority women-owned, veteran-owned, racial minority-owned, Tribal-owned, or disability-owned businesses or vendors.
 - To find demographic information for registered businesses, you can use the Minnesota Office of the Secretary of State's Business Entity by Community and Industry tool. Visit <https://www.sos.mn.gov/>, select *Minnesota Business Snapshot* then choose *Business Entities by Community and Industry*.
 - Another resource is the State's certified Targeted Group, Economically Disadvantaged and Veteran-Owned vendor database, available on the Minnesota Department of Administration Procurement Website. Visit <https://mn.gov/admin/osp/search/vmpvendors.jsp> and select *Approved TG/ED/VO Vendor List*.
 - Project funding.

- Applicant has not received funding from this grant program in the past two fiscal years.

Application Submission

Application Process

- Applications must be submitted through the FLUXX grants portal.
- A short pre-application is required to determine the eligibility of the project.
- A full application will be available in FLUXX once eligibility is determined.

Application Deadline

- Applications are accepted from August 1, 2025 through May 29, 2026 or until program funds are substantially committed for the fiscal year, whichever occurs sooner.
- Notify the grant program administrator of any changes to the application after the final submission.

Review Process and Timeline

Application Review

- Initial review is completed by the grant program administrator for eligibility and application requirements.
- Eligible and complete applications received by the deadline are subject to a competitive review process.
- Applications are evaluated and scored based on the evaluation criteria by a minimum of three reviewers.
- Grant program administrators do not score applications for their respective programs.
- Applications must meet the minimum required score in order to be recommended for funding.
- Grant program administrator finalizes recommendations based on the completed evaluations, past performance of the grantee and availability of program funds.

Application Award

- Grants are awarded to the most competitive applications.
- The agency reserves the right to award all or partial funding per application.
- Applicants will be notified by email within 60 days following application review.
- Grant award is subject to the commissioner's final approval and must meet objectives, priorities and policies established by the commissioner.
- If awarded, eligible expenditures may only be incurred when the grant contract agreement is fully executed and the grant has reached its effective date.
- The award decisions are final and not subject to appeal.

Application Content

Drilling Incentive Grant Applicant Checklist

Applicants must submit the following in order for the application to be considered complete.

Project Narrative

The project narrative must address the evaluation criteria listed above.

Description of Business and Legal Structure

- Business information.
- Legal name of business on file with the state of incorporation.
- Business address, phone, fax and email address.
- Business contact person's name, address and other contact information.
- Name of principal(s) or officers.
- Type of business (sole proprietorship, partnership – limited or general, corporation including nation/province/ state of incorporation, other form of organization).
- Date established.
- Tax information.
- Federal Employer Identification Number; and, if applicable, State Tax Identification Number.

Financial Statements

- Current annual balance sheet, income statement in standard accounting format and statement of cash flows.
- Federal and state tax returns (most recent 2 years).
- Certification that the business is not under bankruptcy proceedings.
- Disclosure of any liens on its assets.

Affiliates

List and describe any affiliates or subsidiaries.

Applicant's Interest in Minnesota

Explain the company's operations and experience in Minnesota, the type of minerals in which it is interested, and the location and legal description of land that the applicant is interested in leasing.

Applicant Qualifications

- Proof of completing provisions of the Minnesota Exploratory Boring Law which will enable the applicant to obtain an exploratory boring registration from the Department of Natural Resources and complying with all local and state regulations.
- Results of analyses used to select a hole site such as exploratory geophysics, geologic mapping or exploratory geochemistry.

Project Budget

Present the proposed budget and clearly identify drilling expenses for each hole and the applicable project expenses for each hole.

Fields to be Completed within the FLUXX System

All Applicants

- Project budget detail, to include match and other project funds.
- Project timeline/milestones.
- Estimated number of jobs that will be created or retained along with any other workforce impacts, if applicable.
- Select environmental impacts, if applicable.
- Select diversity, equity and inclusion impacts, if applicable.
- Conflict of interest disclosure.

Applicants Requesting \$50,000 or more, Excluding Tribal Governments

Certification requirement that no current principals have been convicted of a felony financial crime in the last ten years.

New Applicants Requesting \$50,000 or more, Excluding Tribal Governments

Describe the organizational capability and capacity to perform the duties similar to those required by the grant.

Job Creation and Retention Requirements

The agency is required to follow Minnesota State Statute 298.22 which notes for any grants awarded, the commissioner must evaluate applications based on criteria including, but not limited to job creation or retention goals for the project, including but not limited to wages and benefits, and whether the jobs created are full time, part time, temporary, or permanent. Job goals are measured using methods established by the commissioner. Job goals must be verified for achievement. The agency reserves the right to request supporting documentation of job goals.

Diversity, Equity & Inclusion

Iron Range Resources & Rehabilitation works to improve economic opportunities in support of diversity, equity and inclusion in its service area.

- Diverse populations served by this program include economically distressed communities, Tribal Nations, racial and ethnic communities, veterans, low to moderate-income neighborhoods and people with disabilities.
- Additional points are awarded to projects that serve a diverse population as listed above or for projects that reduce barriers by increasing accessibility, equity, usability and independence or projects that incorporate a targeted business or vendor.

Grant Outcomes

- The program outcomes will result in the exploration of new minerals and/or new deposits of minerals.
- The agency will evaluate the program's performance in serving diverse populations annually.

Accountability and Reporting

- The project CANNOT begin prior to execution of a grant contract.
- The agency reserves the right to require signage/logo acknowledging financial assistance from Iron Range Resources & Rehabilitation.
- Spending for project expenses within the agency's service area is encouraged.
- A progress report is required prior to a grant reaching 12 months and annually thereafter.
- A final progress report is required before final payment. The applicant will also include a report containing the detailed analyses of drilling.
- All grant payment requests will require substantiation of eligible expenditures before payment.
- Minnesota Statutes Section 16B.97 and Policy 08-10 Grant Monitoring (https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf) require the following:
 - One monitoring visit/report during the grant period on all grants of \$50,000 and higher.
 - Annual monitoring visits/reports during the grant period on all grants of \$250,000 and higher.
 - Conducting a financial reconciliation of the grantee's expenditures at least once during the grant period on grants of \$50,000 and higher.
- A close-out acknowledgment form may be required if there is a grant balance remaining.

Exploration Drilling Requirements

There is a Minnesota license requirement for the drilling company and a qualification requirement for any geologist supervising exploration drilling.

- Contact the Minnesota Department of Health - Kara Dennis, Well Management Unit – Environmental Health Division at Kara.Dennis@state.mn.us or 651-201-4589.
- Contact the Minnesota Department of Natural Resources for complete information regarding the rules for exploration - Glenn Melchert - Exploration Compliance Administrator at Glenn.melchert@state.mn.us or 218-231-8464.

Accessibility Inquiries or Accommodation Requests

Contact: Jordan Metsa, Jordan.Metsa@state.mn.us or 218-735-3061.

State of Minnesota Grantee Requirements

Supplemental Policy Information

Bidding Requirements

Nongovernmental and For-Profit Businesses

The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:

- State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List found at this website: <https://mn.gov/admin/osp/government/procuregoodsandgeneralservices/tgedvo-directory/>.
- Metropolitan Council's Targeted Vendor List - Minnesota Unified Certification Program found at this website: <https://mnucp.metc.state.mn.us/>.
- Small Business Certification Program through Hennepin County, Ramsey County and the City of St. Paul found at this website: <https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/procurement/cert-program>.

The grantee must maintain:

- Written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- Support documentation of the purchasing and/or bidding process utilized to contract services in their financial records, including support documentation of verbal quotes or bids and justifying a single/sole source bid, if applicable.

The grantee must not contract with vendors who are suspended or debarred in Minnesota found at this website: <https://mn.gov/admin/osp/government/suspended-debarred/>.

Municipalities

Grantees that are municipalities must follow:

- The contracting and bidding requirements in the Uniform Municipal Contracting Law as defined in Minnesota Statutes Section 471.345.
- The requirements of prevailing wage for grant-funded projects that include construction work of \$25,000 or more, per Minnesota Statutes Section 177.41 through 177.44. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole.

The grantee must not contract with vendors who are suspended or debarred in Minnesota found on this website: <https://mn.gov/admin/osp/government/suspended-debarred/>.

Required Financial and Grantee Capacity Review

Minnesota Statutes Section 16B.981 requires that a pre-award risk assessment is conducted for grant awards of \$50,000 or more.

All grantees as defined in Minnesota Statutes Section 16B.981, subdivision 1(c) applying for grants in the state of Minnesota must undergo a financial and capacity review prior to a grant award of \$50,000 and higher:

In order to comply with this requirement, the following information and documents will need to be submitted before the grant contract agreement is fully executed:

- Capacity Responses: History of performing the work that will be funded by the grant, to include the organization's current staffing, current budget, etc.
- Certification: No current principals have been convicted of a felony financial crime in the last ten years.
- Evidence of good standing: For-profit and nonprofit grantees: Filed and up-to-date with the Secretary of State.
- Nonprofit grantees as applicable: Most recent Form 990 or Form 990-EZ.
- Most recent audited financial statement of a charitable organization which has received total revenue in excess of \$750,000 for the 12 months of operations covered by the statement per Minnesota Statutes Section 309.53.
- Most recent board-reviewed (or managing group if applicable) financial statements, description of internal controls over business expenditures and outcomes of grant funds, if awarded, and evidence of exemption.

The submission of inaccurate or misleading information may be grounds for disqualification from the grant contract agreement award and may subject an organization to suspension or debarment proceedings, as well as other remedies available to the state, by law.

Minnesota Statutes Section 16B.981 establishes the authority for a granting agency to:

- Provide or require enhanced grant oversight.
- Request additional information from a potential grantee to determine whether there is a substantial risk that the potential grantee cannot or would not perform the required duties of the grant agreement. The potential grantee has 30 business days to respond.
- Develop a plan to address the risk or concerns identified.
- Not award the grant. The granting agency must provide notice of this determination to not award the grant to the grantee and the commissioner of the Department of Administration. The notice must include the following:
 - The reason for postponing/not awarding the grant.
 - The timeline for the process for contesting the agency's decision.

Priorities

It is the policy of the state of Minnesota to ensure fairness, precision, equity and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant-making. Policy 08-02 (https://mn.gov/admin/assets/08-02%20Grants%20Policy%20Revision%20September%202017%20final_tcm36-312046.pdf) establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities.

Conflicts of Interest

State grant policy requires that steps and procedures are in place to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per Minnesota Statutes Section 16B.98 Subdivision 2-3 and downloadable copy of 08-01 Conflict of Interest in State Grant-Making Policy at [\(https://mn.gov/admin/government/grants/policies-statutes-forms/\)](https://mn.gov/admin/government/grants/policies-statutes-forms/).

Organizational conflicts of interest occur when:

- A grantee or applicant is unable or potentially unable to render impartial assistance or advice to the Department due to competing duties or loyalties.
- A grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.

In cases where a conflict of interest is in question or disclosed, the applicants or grantees will be notified and actions may be pursued, including but not limited to, revising the grant work plan or grantee duties to mitigate the risk, requesting the grant applicant to submit an organizational conflict of interest mitigation plan, disqualification from eligibility for the grant award, amending the grant or termination of the grant contract agreement.

Public Data

Per Minnesota Statutes Section 13.599:

- Names and addresses of grant applicants and the amount requested will be public data once proposal responses are opened.
- All remaining data in proposal responses (except trade secret data as defined and classified in Minnesota Statutes Section 13.37 will be public data after the evaluation process is completed. For the purposes of this grant, data will be considered public when all the grant contract agreements have been fully executed.
- All data created or maintained by IRRR as part of the evaluation process (except trade secret data as defined and classified in Minnesota Statutes Section 13.37) will be public data after the evaluation process is completed. For the purposes of this grant, data will be considered public when all the grant contract agreements have been fully executed.

Grant Provisions

Grant program appropriation, statute citation, grant regulations and requirements, grant purpose and outcomes, terms and conditions of the funding as well as allowable expenditures are provided within the application and grant contact agreement.

Grant contract agreement templates are available for review at the [Office of Grants Management Policies, Statutes, and Forms/Forms and FAQs tab \(https://mn.gov/admin/government/grants/policies-statutes-forms/\)](https://mn.gov/admin/government/grants/policies-statutes-forms/).

Ineligible expenses include but are not limited to:

- Fundraising.
- Taxes, except sales tax on goods and services and payroll taxes.
- Lobbyists, political contributions.

- Bad debts, late payment fees, finance charges, or contingency funds.
- Parking violations and traffic violations.
- Out-of-state transportation and travel expenses.
- Minnesota will be considered the home state for determining whether travel is out of state.

Grant Payments

Per Policy 08-08 (https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf), reimbursement is the preferred method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. The state shall review each request for reimbursement against the approved grant budget, grant expenditures to date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past-due progress reports unless Iron Range Resources & Rehabilitation has given the grantee a written extension.

Audits

Per Minnesota Statutes Section 16B.98, subdivision 8, the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the commissioner of the Department of Administration, the state granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant contract agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Affirmative Action and Non-Discrimination

Requirements for all Grantees

The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. Minnesota Statutes Section 363A.02. The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women and persons with disabilities.

The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Minnesota Rules, part 5000.3500 <https://www.revisor.mn.gov/rules/5000.3500/>.

The grantee agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

Voter Registration Requirement

The grantee will comply with Minnesota Statutes Section 201.162, by providing voter registration services for its employees and for the public served by the grantee.