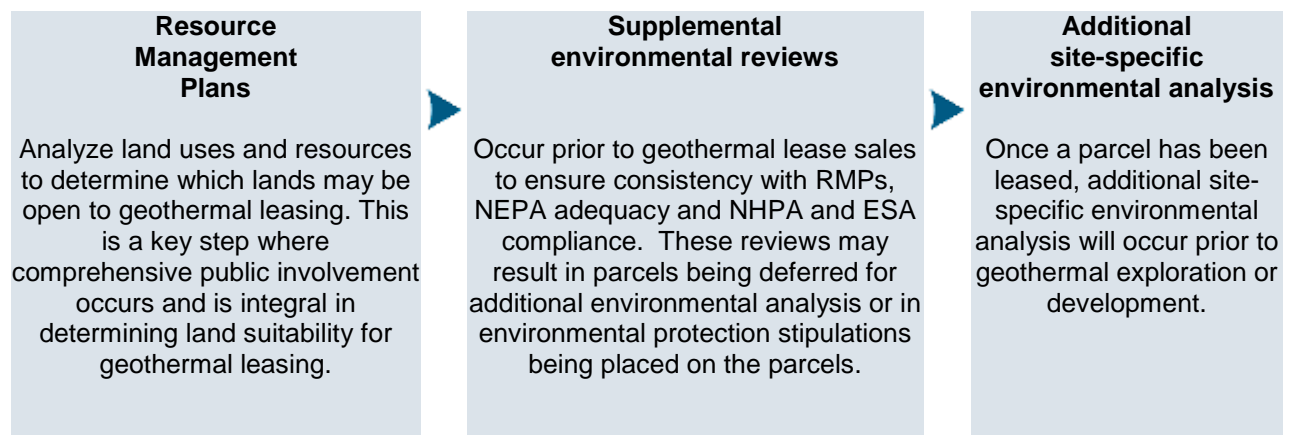


WHAT DETERMINES WHICH LANDS ARE MADE AVAILABLE FOR GEOTHERMAL LEASING?

- **What process and environmental review precedes geothermal leasing and development?**

Through an in-depth evaluation process associated with resource management planning under FLPMA, the BLM determines what lands may be made available for geothermal leasing. Many older land use plans were silent on geothermal leasing, leaving it unclear whether lands in those resource areas could be leased. The Programmatic EIS for geothermal energy development formally amended land use plans in 11 western states and Alaska to clearly identify lands as either open or closed to geothermal leasing. The PEIS also states that lands considered open may have minor or major constraints placed upon them according to the parent land use plans in place.



- **The BLM conducts geothermal lease sales based on demand and on nominations received from industry. The process typically proceeds as follows:**

1. Lands are nominated according to industry interest. Each nomination must be a minimum of 640 acres and may not exceed 5,120 acres—unless an area includes irregular subdivisions. A nominator may request that lands be offered as a block, or the BLM may offer geothermal leases as a block under its own initiative. Prior to the BLM's approval of a block, the nominator must provide geological information to support the request. Acreage in an approved block typically ranges from 20,000 to 25,000 acres.

– Each nomination requires a non-refundable \$105.00 filing fee, in addition to a non-refundable fee of \$0.10 per nominated acre rounded up to the nearest acre.

2. The BLM State Office reviews industry nominations lands to determine if the lands they encompass are **eligible** and **available** for geothermal leasing (e.g. not closed to leasing by law, withdrawn, currently leased, private lands, etc.), in conformance with the existing resource management plan. The requirement that lands be “available” means both that lands are open to geothermal leasing consistent with the terms of applicable land use plan, and also that adequate pre-leasing National Environmental Policy Act (NEPA) compliance has been established. Nominated lands cannot be included in a geothermal lease sale until the BLM confirms that leasing conforms to the land use plan and all NEPA requirements have been met.

3. BLM Field Offices then review the parcels to assure that the lands offered are in conformance with the RMP and in compliance with the National Environmental Policy Act (NEPA) and other resource protection acts such as NHPA and ESA.

4. Field Offices make recommendations to the State office on which parcels to offer for lease. They may also recommend withdrawing all or part of a parcel or recommend additional stipulations on a lease to protect certain resources.

5. Parcels are also reviewed to determine if “geothermal operations, including exploration, development or utilization of lands, are reasonably likely to result in a significant adverse effect on a significant thermal feature within a unit of the National Park System.” This review is posted for 30 days [43 CFR 3206.11 (b)].

6. Based on field office recommendations, the State Office prepares a final list of lands available and posts a notice 45 days prior to lease sale in each BLM or Forest Service office where the lands are located. The notice of lease sale is also made available on the BLM State Office website.

7. Prior to the sale, a preliminary review of any comments received determines which parcels will be offered for sale.

8. The competitive lease sale is held.

- The Energy Policy Act of 2005 requires the BLM to hold a competitive lease sale at least once every two years for lands available for leasing in a State that has nominations pending.
- A sale may include lands in more than one State.
- Sales may be held in conjunction with the quarterly oil and gas lease sales when parcels are available.

9. Following appropriate and timely payment, leases are issued to the successful bidder for an initial term of 10 years.

- **Under what authority does the BLM offer lands for geothermal leasing?**

The BLM offers lands for geothermal leasing under the final rulemaking for 43 CFR Parts 3000, 3200, and 3280, effective June 1, 2007, and published in the *Federal Register* on May 2, 2007.

- **How often are geothermal lease sales conducted?**

The Energy Policy Act of 2005 requires the BLM to hold a competitive geothermal lease sale at least once every two years for lands available for leasing in a state that has nominations pending. A sale may include lands in more than one state. Sales may be held in conjunction with the quarterly oil and gas lease sales when parcels are available.

- **What are the fees if a bidder is successful during the geothermal lease auction?**

On the day of the sale, the successful bidder must submit a properly completed and signed competitive bid form (Form 3000-2, ver. January 2007) with payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, it cannot be changed. A bid form that has information crossed out or is otherwise altered will not be accepted. A successful bidder may not withdraw a bid, since the signed bid is a legally binding commitment to accept the lease and pay the money due on the day of the sale.

Payment due after the sale includes the following:

- (1) 20% of the successful bid
- (2) The total amount of the first year's rental which is assessed at \$2 per acre
- (3) \$145 for the competitive geothermal lease processing fee (*Federal Register*/Vol. 74, No. 186/Sept. 28, 2009/p.49330)

- **What happens to parcels that do not receive bids?**

On the first business day following the sale, parcels that did not receive bids during the sale become available for non-competitive leasing for a two-year period.

- **What are the annual geothermal lease rental rates?**

If the lease is obtained through a competitive geothermal lease sale, the annual rental is \$2 per acre for the first year and \$3 per acre for the second through tenth years. If the lease is obtained non-competitively, the annual rental is \$1 per acre for the first 10 years and the initial lease processing fee is \$375 (*Federal Register*/Vol. 74, No. 186/Sept. 28, 2009/p.49330). After ten years, the annual rental increases to \$5 per acre—regardless of whether leases were obtained competitively or non-competitively.

- **How are geothermal royalties assessed?**

In 2005, the Energy Policy Act mandated simplification of how federal royalties on geothermal resources are calculated. The 2005 law sets geothermal royalties as a percentage of gross proceeds derived from the sale of electricity: between 1% and 2.5% for the first 10 years of production and between 2% and 5% every year thereafter. The Department of the Interior chose figures of between 1.75% and 3.5% in order to approximate the equivalent value of royalties under the prior system. Geothermal royalties are collected on an annual basis.