



United States Department of the Interior
BUREAU OF LAND MANAGEMENT



Frequently Asked
Geothermal Leasing Questions

Under what authority does BLM offer geothermal leasing?

The Final rulemaking for 43 CFR Parts 3000, 3200, and 3280, effective June 1, 2007, was published in the Federal Register on May 2, 2007.

How often will BLM hold a competitive lease sale? (43 CFR 3203.13)

The Energy Policy Act of 2005 (EPA) requires 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.

How do I file a nomination for geothermal leasing? (43 CFR 3203.10 (a))

BLM will accept nominations for geothermal leasing at the proper BLM State Office. The nomination must be submitted in writing on Form 3203.1 Nomination of Lands for Competitive Geothermal Leasing. Lands surveyed under the public land survey system are to be described to the nearest aliquot part.

What fees must I pay to nominate lands? (43 CFR 3203.12)

Each nomination requires a nonrefundable filing fee of \$105.00 per nomination plus \$0.10 per acre, rounded up to the nearest acre.

How many acres can be in a geothermal nomination? (43 CFR 3203.10 (b))

Each nomination may not exceed 5,120 acres, unless the area includes irregular subdivisions.

How do I file a nomination to be offered as a block? (43 CFR 3203.11)

A nominator may request that lands be offered as a block or BLM may offer leases as a block on its own initiative for competitive sale. The request must specify that the lands will be associated with a project or unit. Prior to BLM approving a block, a meeting will be requested with the company nominating the block to provide geological information to support the request. BLM may reconfigure lands to be included for the competitive lease sale. The BLM policy is that the acreage within a block shall be approximately 20,000 to 25,000 acres.

What is the environmental review process for geothermal development?

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 completed. Nominated lands cannot be included in a lease sale until the BLM confirms that leasing conforms to the land use plan and all NEPA requirements have been met.

How will BLM provide notice of a competitive lease sale? (43 CFR 3203.14)

BLM will post the notice at least 45 calendar days before conducting a competitive lease sale in the office having jurisdiction over the lands to be offered. The notice will include the lease sale format and procedure, parcels to be included in the sale, with appropriate stipulations or restrictions on use, along with the time, date, and location, of the lease sale.

What is the primary term of a geothermal lease? (43 CFR 3207)

Leases have a primary term of 10 years.

How do I obtain a competitive lease? (43 CFR 3203.5 and 3203.15)

Lease sale auctions are conducted with oral bidding. Bidders must attend the auction to obtain a competitive lease or provide someone to represent them. No sealed or mailed bids are accepted. BLM will issue leases to the highest winning qualified bidder.

What happens if I am the successful bidder? (43 CFR 3203.17)

On the day of the sale, the successful bidder must submit a properly completed and signed competitive bid form (Form 3000-2, dated 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 bid is a legal binding commitment to sign the bid form, accept the lease, and pay the money due on the day of the sale. Payment due after the sale shall include the following (1) Twenty percent of the bid; (2) the total amount of the first year's rental (\$2 per acre); and (3) \$145 for the competitive lease processing fee. All payments must be paid by 4:30 on the day of the sale. Within 15 calendar days after the last day of the sale, the balance of the bid shall be submitted to the proper BLM office.

Payment must be made by personal check, certified check, money order, credit card (Discover, Visa, American Express or MasterCard only). Make checks payable to: Department of the Interior-BLM. Cash will not be accepted. A certified check may be required if a check received in the past has been returned for insufficient funds. If a credit card transaction is refused, BLM will attempt to notify bidder as soon as possible so that other payment arrangement can be made. However, an extension of time to pay the money will not be granted and is due the day of the sale.

What are the limitations on a credit card and debit card for payments?

Per IM No. BC-2005-008, Change 1, dated December 13, 2004, credit or debit cards cannot be used for any amount in excess of \$99,999.99 for any purpose.

When will BLM issue my lease? (43 CFR 3206.18)

Once the bid form is completed and all the money due has been paid, the lease (Form 3200-24a) will be issued. The lease is effective the first day of the month following the month in which it is signed.

When is my annual rental due? (43 CFR 3211.13)

Your rent is always due in advance. Minerals Management Service (MMS) must receive your annual rental payment by the anniversary date of the lease each year.

What are the annual lease rental rates? (43 CFR 3211)

If you obtain your lease through a *competitive lease* sale, then your annual rental is \$2.00 per acre for the first year, and \$3.00 per acre for the second through tenth year. If you obtain your lease *noncompetitively*, your annual rental of \$1.00 per acre will be for the first 10 years. After the 10th year your annual rental will be \$5.00 per acre whether you obtained your leases competitively or noncompetitively.

Two Year Window Noncompetitive Leasing (43 CFR 3204.5, .10, and .11)

Lands that do not receive a bid at a competitive lease sale are available for a two-year period, beginning the first business day after the sale.

An Offer to Lease (Form 3200-24a) must be properly completed and signed. (Note: The lease form may be copied. However the document's first two pages are required to be on one sheet, double sided. If the form's first two pages are not on a double sided single sheet or an obsolete lease form is used, the offer will be rejected).

A payment consisting of the \$375.00 and the advanced first year's rental of \$1.00 per acre (If a parcel consists of fractional acreage, please round the acres up to the nearest whole acre) are to be submitted with the Offer to Lease.

Multiple applications filed on the same parcel the day after the sale shall be considered simultaneously filed and the winner picked at random at the close of business that day.

For 30 days after the lease sale, noncompetitive applications will be accepted only for parcels as configured in the lease sale Notice (parcel integrity). After the 30-day period, you may file a noncompetitive application for any available lands covered by the lease sale.

Noncompetitive Leasing for Lands Subject to a Mining Claim (43 CFR 3204.12)

If you hold a mining claim for which you have a current approved plan of operations, you may file a noncompetitive lease application for lands within the mining claim. The applicant must submit two executed copies of the Offer to Lease form 3200-24a, filing fee, first years advanced rental, documentation of mining claim ownership, and the current approved plan of operations for the mine. There are no restrictions on utilization of the resource, which may be used directly, sold to a purchaser, or for the commercial generation of electricity.

Direct Use Leasing (43 CFR 3205)

A direct use lease is a lease that is issued noncompetitively in an area that BLM designates as available exclusively for direct use of the geothermal resources. The lease is for direct use of the resources, without sale, for purposes other than generation of electricity.

BLM may receive a noncompetitive direct use lease application for areas that have been designated for only direct use of geothermal resources or applications outside a direct use leasing area. Applications outside the direct use leasing area would require that BLM designate the area prior to issuing a direct use lease.

BLM may issue a direct use lease if the following conditions are met;

- The lands applied for are open for geothermal leasing;
- BLM determines (after receiving consent if other surface management agencies are involved) that the lands are appropriate for exclusive direct use operations, without sale, for purposes other than commercial generation of electricity;
- The acreage does not exceed the quantity of acreage necessary for the proposed use;
- BLM has published a notice of proposed lands for 90 days before issuing the lease;
- During the 90 day posting period there is no competitive interest expressed or BLM does not receive a nomination to include the land in a future competitive lease sale with stipulations limiting operations to exclusive direct use.

Noncompetitive Lease Applications Pending on August 8, 2005 (43 CFR 3204.13)

Noncompetitive lease applications pending on August 8, 2005 (grandfathered) will be processed under policies and procedures existing on that date unless the applicant notifies BLM in writing that they elect to convert the application to the leasing process specified in the 2007 regulations. This type of application will be considered a nomination for future competitive lease offerings.

Per 43 CFR 3200-8 grandfathered lease applications that are issued may use the lease Form 3200-024 (2001) and be subject to the regulations in effect on August 8, 2005. A lessee whose lease was issued on or after August 8, 2005, but before June 1, 2007, may elect to convert the lease or royalty rate by December 1, 2008. The election to convert for leases issued on or after June 1, 2007 must be made prior to lease issuance.