
**Technology, Energy &
Communications Committee**

HB 2129

Brief Description: Regarding geothermal core holes.

Sponsors: Representatives VanDeWege, Hudgins, Morris, Eddy, Crouse, Hankins, McCoy, Takko, Hurst, McCune and Chase.

Brief Summary of Bill

- Adds core holes to the scope of the Geothermal Resources Act.
- Authorizes the Department of Natural Resources (DNR) to charge a \$100 permit fee for exploration of geothermal core holes.
- Raises the permit fee charged by the DNR for the drilling of a geothermal well from \$200 to \$1,000.

Hearing Date: 2/20/07

Staff: Kara Durbin (786-7133).

Background:

The Department of Natural Resources (DNR) manages more than 5 million acres of land for the state, including forest, range, commercial, agricultural, and aquatic lands. The DNR also monitors oil, gas, and geothermal exploration in the state.

Drilling a Geothermal Well

Under the Geothermal Resources Act (Act), the DNR has the authority to regulate the drilling and operation of wells for geothermal resources. Any person proposing to drill a well or re-drill an abandoned well for geothermal resources must: (1) file a written application with the DNR for a permit; (2) pay a \$200 permit fee; (3) provide public notice; and (4) participate in a public hearing.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Drilling Core Holes

Any person proposing to drill a core hole for the purpose of gathering geothermal data must obtain a permit for each geothermal area. There is no charge for the permit. If the core hole is drilled more than 750 feet into the bedrock, the core hole is deemed a geothermal test well and is subject to a permit fee. If geothermal energy is discovered in a core hole, the core hole is deemed a geothermal well, and the applicant must then pay a \$200 permit fee; provide public notice, and participate in a public hearing.

Plugging and Abandoning a Geothermal Well

A geothermal well must be plugged and abandoned if:

- (1) it is not technologically practical to derive energy from the geothermal well to produce electricity, or the owner or operator has no intention of deriving energy to produce electricity; and
- (2) usable minerals cannot be derived, or the owner or operator has no intention of deriving usable materials from the geothermal well.

Bonding Requirement

An operator who engages in the drilling, re-drilling, or deepening of any geothermal well must file with the DNR a reasonable bond or bonds with good and sufficient surety, or an equivalent that is satisfactory to the DNR, which is conditioned on compliance with the provisions of the Act and all rules and permit conditions adopted under the Act.

Logging of Geothermal Wells

An owner or operator of a geothermal well must keep careful and accurate logs of the drilling, re-drilling or deepening of the well. All logs are subject to inspection by the DNR. Upon request by the DNR, each owner or operator must file a copy of the logs pertaining to the geothermal drilling or operation.

If a geothermal well is plugged and abandoned, all logs and surveys pertaining to the well must be filed with the DNR within 30 days of the plugging and abandonment. If a geothermal well is suspended for more than six months, or the geothermal drilling project is complete, the operator must file all logs and surveys pertaining to the well within 30 days of suspension or completion.

Logs as Filed with the DNR

Any records filed with the DNR are confidential for a 24-month period. During the 24-month period, which runs from the date of commencement of production or of abandonment of the well, such records are open to inspection only to personnel of the DNR for the purpose of carrying out the Act and persons authorized in writing by the owner or operator.

Summary of Bill:

The Geothermal Resources Act (Act) is amended to include core holes.

Permit Fees

The permit fee to be paid by an applicant proposing to drill a well or re-drill an abandoned well for geothermal resources is raised from \$200 to \$1,000.

A \$100 permit fee for drilling a core hole is added.

Plugging and Abandoning a Core Hole

A core hole must be plugged and abandoned if:

- (1) it is not technologically practical to derive energy from the core hole to produce electricity, or the owner or operator has no intention of deriving energy to produce electricity; and
- (2) usable minerals cannot be derived from the core hole, or the owner or operator has no intention of deriving usable materials from the core hole.

Bonding Requirement

An operator who drills, re-drills, or deepens a core hole must file a reasonable bond or bonds with the DNR.

Logging of Geothermal Core Holes

An owner or operator of a core hole or a geothermal well must keep a careful and accurate log, which must record heat flow, temperature gradients, and rock conductivity. Upon request by the DNR, each owner or operator must file a copy such logs with the DNR.

If a geothermal core hole is plugged and abandoned, all logs and surveys pertaining to the core hole must be filed with the DNR within 30 days of the plugging and abandonment. If operations conducted with respect to a core hole are suspended for more than six months, or the geothermal drilling of the core hole is complete, the operator must file all logs and surveys pertaining to the core hole within 30 days of suspension or completion.

Logs as filed with the DNR

After the 24-month confidential period has elapsed, the DNR shall ensure that all logs and surveys that may have been run on a well or core hole are preserved in an electronic data system and made available to the public.

Appropriation: None.

Fiscal Note: Requested on February 19, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.