

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3709

To amend the Geothermal Steam Act of 1970 to authorize noncompetitive leasing of certain areas adjoining other lands for which a qualified company or individual holds a pre-existing legal right to develop geothermal resources, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 2009

Mr. INSLEE (for himself, Mr. SIMPSON, Mr. MINNICK, and Mr. BLUMENAUER) introduced the following bill; which was referred to the Committee on Natural Resources

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## A BILL

To amend the Geothermal Steam Act of 1970 to authorize noncompetitive leasing of certain areas adjoining other lands for which a qualified company or individual holds a pre-existing legal right to develop geothermal resources, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Geothermal Production  
5 Expansion Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1           (1) It is in the best interest of the United  
2 States to develop clean renewable geothermal energy.

3           (2) Development of such energy should be pro-  
4 moted on appropriate Federal lands.

5           (3) Under the Energy Policy Act of 2005, the  
6 Bureau of Land Management is authorized to issue  
7 three different types of non-competitive leases for  
8 production of geothermal energy on Federal lands,  
9 including non-competitive geothermal leases to min-  
10 ing claim holders that have a valid operating plan,  
11 direct use leases, and leases on parcels that do not  
12 sell at a competitive auction.

13           (4) Federal geothermal energy leasing activity  
14 should be directed towards those seeking to develop  
15 the land as opposed to those seeking to speculate on  
16 geothermal resources and thereby artificially raising  
17 the cost of legitimate geothermal energy develop-  
18 ment.

19           (5) Developers of geothermal energy on Federal  
20 lands that have invested substantial capital and  
21 made high risk investments should be allowed to se-  
22 cure a discovery of geothermal energy resources.

23           (6) Successful geothermal development on Fed-  
24 eral lands will provide increased revenue to the Fed-

1 eral Government, with the payment of production  
2 royalties over decades.

3 **SEC. 3. NONCOMPETITIVE LEASING OF ADJOINING AREAS**  
4 **FOR DEVELOPMENT OF GEOTHERMAL RE-**  
5 **SOURCES.**

6 The Geothermal Steam Act of 1970 is amended—

7 (1) in section 2 (30 U.S.C. 1001)—

8 (A) by striking the period at the end of  
9 each of paragraphs (e) and (f) and inserting a  
10 semicolon;

11 (B) by striking “, and” at the end of para-  
12 graph (g) and inserting a semicolon; and

13 (C) by adding at the end the following new  
14 paragraphs:

15 “(h) ‘industry standards’ means the standards  
16 by which a qualified geothermal professional assesses  
17 whether downhole or flowing temperature measure-  
18 ments with indications of permeability are sufficient  
19 to produce geothermal steam or geothermal re-  
20 sources as determined through flow or injection test-  
21 ing or measurement of lost circulation while drilling;

22 “(i) ‘qualified geothermal professional’ means  
23 an individual who is an engineer or geoscientist in  
24 good professional standing with at least five years of  
25 experience in geothermal exploration, development,

1 project assessment, or any combination of the for-  
2 going;

3 “(j) the term ‘qualified lessee’ means a person  
4 that may hold a geothermal lease under part  
5 3202.10 of title 43, Code of Federal Regulations, as  
6 in effect on the date of enactment of the Geothermal  
7 Production Expansion Act; and

8 “(k) ‘valid discovery’ means a discovery of a  
9 geothermal resource by a new or existing slim hole  
10 or production well, that exhibits downhole or flowing  
11 temperature measurements with indications of per-  
12 meability sufficient to meet industry standards.”;  
13 and

14 (2) in section 4(b) (30 U.S.C. 1003(b)), by add-  
15 ing at the end the following:

16 “(4) ADJOINING LANDS.—

17 “(A) IN GENERAL.—Areas that adjoin  
18 Federal lands for which a qualified lessee holds  
19 a legal right to develop geothermal resources  
20 may be available for noncompetitive lease under  
21 this section to the qualified lessee at the fair  
22 market value per acre, if—

23 “(i) the adjoining areas—

24 “(I) consist of an area of not  
25 more than a total of 640 acres;

1                   “(II) each consist of not less  
2                   than one acre;

3                   “(III) are not already leased  
4                   under this Act or nominated to be  
5                   leased under subsection (a);

6                   “(ii) the qualified lessee has not pre-  
7                   viously received a noncompetitive lease  
8                   under this paragraph in connection with  
9                   the valid discovery for which data has been  
10                  submitted under subclause (I) of clause  
11                  (iii); and

12                  “(iii) sufficient geological and other  
13                  technical data prepared by a qualified geo-  
14                  thermal professional has been submitted by  
15                  the qualified lessee to the relevant Federal  
16                  land management agency that would en-  
17                  gender a belief in individuals who are expe-  
18                  rienced in the subject matter that—

19                         “(I) there is a valid discovery of  
20                         geothermal steam or geothermal re-  
21                         sources on the lands for which the  
22                         qualified lessee holds the legal right to  
23                         develop geothermal resources; and

24                         “(II) such thermal feature ex-  
25                         tends into the adjoining areas.

1           “(B) FAIR MARKET VALUE PER ACRE DE-  
2           FINED.—As used in this paragraph, the term  
3           ‘fair market value per acre’ means a dollar  
4           amount per acre that—

5                   “(i) except as provided in this sub-  
6                   paragraph, shall be equal to the market  
7                   value per acre, as determined by the Sec-  
8                   retary;

9                   “(ii) shall be determined by the Sec-  
10                  retary with respect to a lease under this  
11                  paragraph, by not later than the end of the  
12                  90-day period beginning on the date the  
13                  Secretary receives an application for the  
14                  lease;

15                  “(iii) if the Secretary does not deter-  
16                  mine the fair market value per acre for a  
17                  lease before the end of the period referred  
18                  to in clause (ii), shall be \$100 per acre  
19                  (adjusted by the Secretary for inflation an-  
20                  nually beginning with fiscal year 2011)  
21                  until the Secretary establishes such fair  
22                  market value; and

23                  “(iv) for any lease for which an appli-  
24                  cation is received before the end of the 15-  
25                  year period beginning on the date of the

1 enactment of this clause, shall not exceed  
2 \$200 per acre (adjusted by the Secretary  
3 for inflation annually beginning with fiscal  
4 year 2011).”.

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