

Geothermal State Leasing

(Taken from www.geothermal.org)

Alaska

Legislative Reference: Alaska Administrative Code 41.06.40 – 41.06.60; Alaska Statutes - Alaska Public Lands Act, Section 38.910, Section 38.05.181 – 38.05.182

Agency Responsible for Leasing: Department of Natural Resources Division of Lands

Leasing: Leasing is by competitive bid in areas designated by the Commissioner of the Department of Natural Resources. On state land that has not been declared a competitive geothermal area or withdrawn from geothermal prospecting, the commissioner may issue a prospecting permit to the first qualified bidder. Upon discovery of geothermal resources in commercial quantities the permit maybe converted to a noncompetitive lease.

Lease Terms:

Primary: 10 years

Renewal: 5 years if engaged in drilling and thereafter for duration of commercial production

Rentals: \$3.00 per acre per year

Royalties: 10 – 15 % of gross revenue derived for products, sale, or use of geothermal resources under the lease. Royalties may be taken in kind if in the best interest of the state.

Arizona

Legislative Reference: Legislative Reference Title 12 Natural Resources Article 22 Geothermal Resource R12-5-2201 to R12-5-2217

Agency Responsible for Leasing: State Land Department

Leasing: Leasing is by competitive bid

Lease Terms:

Primary: 10 years

Renewal: As long as production is maintained

Rentals: \$1.00 per acre per year

Royalties: Not less than 12.5 % of the market value

California

Legislative Reference: California Public Resource Code 6901-6925.2

Agency Responsible for Leasing: State Lands Commission

Leasing: Leasing is by competitive bid in areas selected for lease by the commission. Prospecting permits are available and may be convertible to a lease upon discovery with such terms as specified in 6913.

Lease Terms:

Primary: 10 years

Renewal: Yes, for so long as geothermal resources are being or capable of being produced or utilized in commercial quantities

Rentals: \$1.00 per acre per year escalating, or prospecting permit

Royalties: Not less than 10 % of gross revenue

Not less than 20 % of gross revenue of mineral products

The Commissioner may provide for a royalty of less than 10 % for direct heat applications.

Colorado

Legislative Reference: Colorado Statutes Title 36 Natural Resources 36-1-115

Development of oil, gas, or geothermal resources areas.

36-1-147 Geothermal Leases.

Agency Responsible for Leasing: State Board of Land Commissioners

Leasing: Leases issued by the State Board of Land Commissioners may be awarded as the result of negotiation or competitive bidding. 36-1-113 (2)

Lease Terms:

Primary: Set in lease

Renewal: For as long as production continues

Rentals: Set in lease

Royalties: Set in lease

Hawaii

Legislative Reference: Hawaii Administrative Rules Title 13 Department of Land and Natural Resources Subtitle 7 Water and Land Development Chapter 183 Rules on Leasing and Drilling Geothermal Resources

Agency Responsible for Leasing: Department of Land and Natural Resources

Leasing: Leases on state land shall be granted only on a competitive bid basis. Leasing on reserved land may be granted on a competitive bid basis by public auction or without auction to the occupier or to his assignee upon a vote of two-thirds of the Board members. Exploration permits are also available on any state or reserved land.

Lease Terms:

Primary: 10 years

Renewal: For up to a maximum of 65 years

Rentals: Set by Board

Royalties: Determined by the Board

Royalties on by-products not less than 5 %

Idaho

Legislative Reference: Idaho Statutes Title 47 Mines and Mining Chapter 16 Geothermal Resources 47-1601 to 47-1611 Administrative Code 20.03.15 to 20.03.120

Agency Responsible for Leasing: State Board of Land Commissioners

Leasing: Leasing is by competitive bid in areas designated by the Director of the Department of Lands as being in a Known Geothermal Resource Area (KGRA) or where there is competitive interest, i.e. two or more applications are received on the same day for the same site. Other areas are available on a noncompetitive basis.

Lease Terms:

Primary: 10 years

Renewal: The primary term can be extended if lessee is actively engaged in drilling once geothermal resources are proved or utilized in paying quantities. The lease shall be extended but in no event for more than 40 years. After the end of the primary term, the lessee has preferential right to renewal for a second 40 years.

Rentals: \$1.00 per acre per year – first five years

\$2.00 per acre per year – second five years

\$3.00 per acre per year – thereafter

Royalties: 10 % of the amount of value of geothermal resource, 5 % of the associated byproducts.

Kansas

No leasing regulations for geothermal.

Montana

Legislative Reference: Montana Code Annotated 2001 **77-4-101** to **77-4-109**, **77-4-121** to **77-4-129**; Administrative Rule of Montana 36.25.103 and 104; Subchapter 4 Geothermal Rules and Regulations 36.25.401 to 36.25.413

Agency Responsible for Leasing: Board of Land Commissioners

Leasing: All leasing is by competitive bid. If at the lease sale, no bid is made on the tract for which an application was made, the applicant may negotiate with the Board.

Lease Terms:

Primary: 10 years

Renewal: The lease will continue in effect beyond the primary ten years if the lessee is engaged in drilling for geothermal resources. The lease shall continue in force so long as geothermal resources in paying quantities are produced.

Rentals: \$1.00 per acre per year

Royalty: 10 % of the gross revenue; minimum \$2.00 per acre per year

Nebraska

Legislative Reference: Nebraska State Statutes Section 66-1101 to 66-1106

Nebraska has not developed any provisions for leasing of state lands for geothermal exploration and development. However, for minerals as well and oil and gas, leasing competition is by competitive auction.

Nevada

Legislative Reference: Nevada Revised Statutes 534A.010; 534A.050

No leasing regulations for geothermal development.
For leasing, see Lands, Contract Department.

New Mexico

Legislative Reference: New Mexico Annotated Code Title 19 Chapter 14-1; Title 19 Chapter 2-7; Title 19 Chapter 13-7 to 13-12

Agency Responsible for Leasing: New Mexico State Lands Office

Leasing: Leases are available on a non-competitive basis. However, the Commissioner of Public Lands may at his discretion reject any application and offer the tract or tracts at public auction. Lands classified as “known geothermal fields” are leased through public auction through either sealed or oral bidding procedure.

Lease Terms:

Primary: 5 years

Renewal: Primary term can be renewed for additional 5 years and thereafter so long as geothermal resources are being produced or utilized or are capable of being produced or utilized in commercial quantities.

Rentals: \$1.00 per acre or fraction thereof per year. Escalates to \$5.00 per acre per year after primary lease term.

Royalties: 10 % of the gross revenue from the sale or use of steam, brines or hot water, associated gases or other forms of heat or energy derived from production with a minimum of \$2.00 per acre or fraction thereof per year. A royalty of not less than 2 % nor more than 5 % of the gross revenue received for the sale of mineral products or chemical compounds recovered from geothermal fluids.

A royalty of 8 % of the net revenue for the operation of an energy producing plant on the leased land.

A royalty of not less than 2 % nor more than 10 % of the gross revenue received from the operation of the geothermal resource for recreational, space heating, or health purposes.

North Dakota

Legislative Reference: North Dakota Century Code Chapter 38-19

Agency Responsible for Leasing: The State Industrial Commissioner – Office of the State Geologist

Leasing: Leases are negotiated.

Oklahoma

Legislative Reference: Oklahoma Statutes Title 64 Public Lands

Agency Responsible for Leasing: The Land Office

Leasing: The Commissioners of the Land Office have not adopted specific rules and regulations relating to the leasing of school or other public lands for the purpose of geothermal exploration and development.

Oregon

Legislative Reference: Oregon Revised Statutes (ORS) Chapters 522 and 273, Oregon Administrative Rules 141-075

Agency Responsible for Leasing: The Division of State Lands

Leasing: Leases are available on both competitive and non-competitive bases. Geothermal exploration permits are also available, but allow only for nonexclusive access to land for geothermal exploration.

Lease Terms:

Primary: 10 years

Renewal: 5 years extension if resource discovery has been made or is imminent.

No lease shall exceed 50 years; lessee has right of first refusal in the event the Division decides to continue leasing.

Rentals: Years 1 – 3: \$1.00 per acre

Year 4: \$3.00 per acre

Years 5 – 10: \$5.00 per acre

Renewal geothermal lease: \$5.00 per acre

Royalties: A royalty of at least 10 % upon the production value of the geothermal resources produced under the lease and sold or utilized by the lessee. The production value shall be determined by the gross sale price paid by the plant or other purchaser for value.

Royalties on By-Products: 1 % of the gross sale price of de-mineralized water sold, exchanged or otherwise disposed of.

South Dakota

Legislative Reference: South Dakota Codified Laws Chapter 5-1-2, 5-1-7, 5-7-19 to 25

Agency Responsible for Leasing: Department of Schools and Public Lands

Leasing: Leasing is on a competitive basis by public auction; the commissioner retains the right to reject any or all bids.

Lease Terms:

Primary: 10 years

Renewal: So long as resources are produced from the leased lands

Rental: Not less than \$1.00 per acre per year.

Royalty: Not less than 10 % of the gross value received from the sale of steam brines at the point of delivery to the purchaser.

A 5 % royalty of the gross revenue from sale of mineral products or chemical compounds recovered from geothermal fluid or chemical compounds.

Texas

Legislative Reference: Texas Natural Resources Code (TNRC) – Title 5 Chapter 141 and Chapter 51.192

Agency Responsible for Leasing: Railroad Commission, Commissioner of the General Land Office

Leasing: All leasing is by competitive bid.

Lease Terms:

Primary: Generally 3-5 years

Renewable: As long as actively pursuing development. Thereafter so long as productive.

Rentals: Established at the time of bid or negotiated thereafter.

Royalties: Established at the time of bid or negotiated thereafter.

Utah

Legislative Reference: Utah Code Section 73-22-1 to 73-22-9, and 59-12-02

Agency Responsible for Leasing: Utah School and Institutional Trust Lands Administration

Leasing: In known geothermal areas lands have been withdrawn and are available for sealed bid competitive leasing upon nomination by a potential lessee. Non-withdrawn lands are available from over-the-counter leasing.

Lease Terms:

Primary: 10 years

Renewable: Primary term extendable if spudding or drilling wells. The lease is extendable indefinitely so long as in production.

Rentals: \$1.00 per acre per year escalates to \$4.00 per acre per year after expiration of primary lease term.

Royalties: 10% on production or minimum of \$4.00 per acre per year.

Washington

Legislative Reference: Revised Code of Washington Chapter 79.76, 79.12, 79.13, 79.01, 79.02, Washington Annotated Code 332-22

Agency Responsible for Leasing: Department of Natural Resources, Division of Lands

Leasing: Leasing may be by competitive bid or negotiation.

Lease Terms:

Primary: 10 years

Renewal: Up to 55 years subject to approval every 5 years upon approval of plan of Development.

Rentals: Years 1 to 5, not less than \$1.25 per acre per year or \$250, whichever is greater; years 6 to 10, not less than \$2.00 per acre per year or \$500, whichever is greater.

Royalties: 10 % of the gross proceeds received from the sale of such geothermal resources which are derived, generated or manufactured from the premises sufficient for commercial sales, and 10 % of the fair market value thereof of products utilized but not sold, and 10 % of the gross proceeds for all byproducts derived from the leasehold estate.

Wyoming

Wyoming has never adopted rules and regulations for geothermal leasing. General leasing provisions are found in Wyoming Statutes Title 36 Chapter 5 (36-5-101) Qualification of lessees; lease terms; rental.