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Governor Michael J. Dunleavy
STATE OF ALASKA

January 21, 2020

The Honorable Cathy Giessel
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Giessel:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill revising statutes related to the State's geothermal resources.

This bill removes obstacles for exploration and development of Alaska's geothermal resources. Current law provides companies only two to three years to prove a commercial discovery, which then allows the company to apply for a more long-term lease. The bill increases the time available for exploration to five years to better account for the time needed to complete an exploration program. The bill more clearly defines what constitutes geothermal resources available for lease. It reclassifies the current permit system as a license system similar to that for oil and gas exploration. The bill's proposed five-year exploration license term in the bill allows explorers more time to conduct background research, acquire surface use permits, and perform the field work necessary to locate a resource and produce the data necessary to convert a license to a lease.

This bill also nearly doubles the maximum acreage a person may have under lease for geothermal projects from 51,200 acres to 100,000 acres, to account for the tendency of geothermal resources to be dispersed over large areas. The proposed acreage increase in the bill will attract greater interest in geothermal resources because developers will have a greater opportunity to explore the appropriate area to delineate geothermal systems. With enactment of this measure, our state will continue to responsibly manage our natural resources in a manner to provide maximum benefits to our citizens through development of needed energy sources.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure