

1 **TITLE _____**
 2 **Subtitle B—Geothermal Energy**

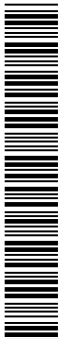
- Sec. 321 [H1802; SR]. Short title.
 Sec. 322 [H1802/S261; HR, w/amdt]. Competitive lease sale requirements.
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 Sec. 331 [H1814/S268; SR, w/amdt]. Lease duration and work commitment requirements.
 Sec. 332 [H1815/S270; HR]. Advanced royalties required for cessation of production.
 Sec. 333 [H1816/S269; HR]. Annual rental.
 Sec. 334 [H1817; SR w/amdt]. Deposit and use of geothermal lease revenues for 5 fiscal years.
 Sec. 335 [H1818; SR w/amdt]. Acreage limitations.
 Sec. 336 [H1819/S272; SR, w/amdt]. Technical amendments.
 Sec. 337 [H1820; SR]. Intermountain West Geothermal Consortium.

3 **SEC. 321 [H1802; SR]. SHORT TITLE.**

4 This subtitle may be cited as the “John Rishel Geo-
 5 thermal Steam Act Amendments of 2005”.

6 **SEC. 322 [H1802/S261; HR, w/amdt]. COMPETITIVE LEASE**
 7 **SALE REQUIREMENTS.**

8 Section 4 of the Geothermal Steam Act of 1970 (30
 9 U.S.C. 1003) is amended to read as follows:



1 **“SEC. 4. LEASING PROCEDURES.**

2 “(a) NOMINATIONS.—The Secretary shall accept
3 nominations of land to be leased at any time from quali-
4 fied companies and individuals under this Act.

5 “(b) COMPETITIVE LEASE SALE REQUIRED.—

6 “(1) IN GENERAL.—Except as otherwise specifi-
7 cally provided by this Act, all land to be leased that
8 is not subject to leasing under subsection (c) shall
9 be leased as provided in this subsection to the high-
10 est responsible qualified bidder, as determined by
11 the Secretary.

12 “(2) COMPETITIVE LEASE SALES.—The Sec-
13 retary shall hold a competitive lease sale at least
14 once every 2 years for land in a State that has nomi-
15 nations pending under subsection (a) if the land is
16 otherwise available for leasing.

17 “(3) LANDS SUBJECT TO MINING CLAIMS.—
18 Lands that are subject to a mining claim for which
19 a plan of operations has been approved by the rel-
20 evant Federal land management agency may be
21 available for noncompetitive leasing under this sec-
22 tion to the mining claim holder.

23 “(c) NONCOMPETITIVE LEASING.—The Secretary
24 shall make available for a period of 2 years for non-
25 competitive leasing any tract for which a competitive lease



1 sale is held, but for which the Secretary does not receive
2 any bids in a competitive lease sale.

3 “(d) PENDING LEASE APPLICATIONS.—

4 “(1) IN GENERAL.—It shall be a priority for
5 the Secretary, and for the Secretary of Agriculture
6 with respect to National Forest Systems land, to en-
7 sure timely completion of administrative actions, in-
8 cluding amendments to applicable forest plans and
9 resource management plans, necessary to process
10 applications for geothermal leasing pending on the
11 date of enactment of this subsection. All future for-
12 est plans and resource management plans for areas
13 with high geothermal resource potential shall con-
14 sider geothermal leasing and development.

15 “(2) ADMINISTRATION.—An application de-
16 scribed in paragraph (1) and any lease issued pursu-
17 ant to the application—

18 “(A) except as provided in subparagraph
19 (B), shall be subject to this section as in effect
20 on the day before the date of enactment of this
21 paragraph; or

22 “(B) at the election of the applicant, shall
23 be subject to this section as in effect on the ef-
24 fective date of this paragraph.



1 “(e) LEASES SOLD AS A BLOCK.—If information is
2 available to the Secretary indicating a geothermal resource
3 that could be produced as 1 unit can reasonably be ex-
4 pected to underlie more than 1 parcel to be offered in a
5 competitive lease sale, the parcels for such a resource may
6 be offered for bidding as a block in the competitive lease
7 sale.”.

8 **SEC. 323 [H1803/S262; HR, w/amdt]. DIRECT USE.**

9 (a) FEES FOR DIRECT USE.—Section 5 of the Geo-
10 thermal Steam Act of 1970 (30 U.S.C. 1004) is
11 amended—

12 (1) in subsection (c), by redesignating para-
13 graphs (1) and (2) as subparagraphs (A) and (B),
14 respectively;

15 (2) by redesignating subsections (a) through (d)
16 as paragraphs (1) through (4), respectively;

17 (3) by inserting “(a) IN GENERAL.—” after
18 “**SEC. 5.**”; and

19 (4) by adding at the end the following:

20 “(b) DIRECT USE.—

21 “(1) IN GENERAL.—Notwithstanding subsection
22 (a)(1), the Secretary shall establish a schedule of
23 fees, in lieu of royalties for geothermal resources,
24 that a lessee or its affiliate—



1 “(A) uses for a purpose other than the
2 commercial generation of electricity; and

3 “(B) does not sell.

4 “(2) SCHEDULE OF FEES.—The schedule of
5 fees—

6 “(A) may be based on the quantity or ther-
7 mal content, or both, of geothermal resources
8 used;

9 “(B) shall ensure a fair return to the
10 United States for use of the resource; and

11 “(C) shall encourage development of the
12 resource.

13 “(3) STATE, TRIBAL, OR LOCAL GOVERN-
14 MENTS.—If a State, tribal, or local government is
15 the lessee and uses geothermal resources without
16 sale and for public purposes other than commercial
17 generation of electricity, the Secretary shall charge
18 only a nominal fee for use of the resource.

19 “(4) FINAL REGULATION.—In issuing any final
20 regulation establishing a schedule of fees under this
21 subsection, the Secretary shall seek—

22 “(A) to provide lessees with a simplified
23 administrative system;

24 “(B) to facilitate development of direct use
25 of geothermal resources; and



1 “(C) to contribute to sustainable economic
2 development opportunities in the area.”.

3 (b) LEASING FOR DIRECT USE.—Section 4 of the
4 Geothermal Steam Act of 1970 (30 U.S.C. 1003) (as
5 amended by section 322) is further amended by adding
6 at the end the following:

7 “(f) LEASING FOR DIRECT USE OF GEOTHERMAL
8 RESOURCES.—Notwithstanding subsection (b), the Sec-
9 retary may identify areas in which the land to be leased
10 under this Act exclusively for direct use of geothermal re-
11 sources, without sale for purposes other than commercial
12 generation of electricity, may be leased to any qualified
13 applicant that first applies for such a lease under regula-
14 tions issued by the Secretary, if the Secretary—

15 “(1) publishes a notice of the land proposed for
16 leasing not later than 90 days before the date of the
17 issuance of the lease;

18 “(2) does not receive during the 90-day period
19 beginning on the date of the publication any nomi-
20 nation to include the land concerned in the next
21 competitive lease sale; and

22 “(3) determines there is no competitive interest
23 in the geothermal resources in the land to be leased.

24 “(d) AREA SUBJECT TO LEASE FOR DIRECT USE.—



1 “(1) IN GENERAL.—Subject to paragraph (2), a
2 geothermal lease for the direct use of geothermal re-
3 sources shall cover not more than the quantity of
4 acreage determined by the Secretary to be reason-
5 ably necessary for the proposed use.

6 “(2) LIMITATIONS.—The quantity of acreage
7 covered by the lease shall not exceed the limitations
8 established under section 7.”.

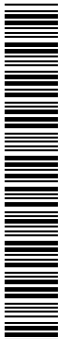
9 (c) APPLICATION OF NEW LEASE TERMS.—The
10 schedule of fees established under the amendment made
11 by subsection (a)(4) shall apply with respect to payments
12 under a lease converted under this subsection that are due
13 and owing, and have been paid, on or after July 16, 2003.
14 This subsection shall not require the refund of royalties
15 paid to a state under section 20 of the Geothermal Steam
16 Act of 1970 (30 U.S.C. 1019) prior to the date of enact-
17 ment of this Act.

18 **SEC. 324 [H1804/S263; SR, w/amdt]. ROYALTIES AND NEAR-**

19 **TERM PRODUCTION INCENTIVES.**

20 (a) ROYALTY.—Section 5 of the Geothermal Steam
21 Act of 1970 (30 U.S.C. 1004) is further amended—

22 (1) in subsection (a) by striking paragraph (1)
23 and inserting the following:



1 “(1) a royalty on electricity produced using geo-
2 thermal resources, other than direct use of geo-
3 thermal resources, that shall be—

4 “(A) not less than 1 percent and not more
5 than 2.5 percent of the gross proceeds from the
6 sale of electricity produced from such resources
7 during the first 10 years of production under
8 the lease; and

9 “(B) not less than 2 and not more than 5
10 percent of the gross proceeds from the sale of
11 electricity produced from such resources during
12 each year after such 10-year period;” and

13 (2) by adding at the end the following:

14 “(c) FINAL REGULATION ESTABLISHING ROYALTY
15 RATES.—In issuing any final regulation establishing roy-
16 alty rates under this section, the Secretary shall seek—

17 “(1) to provide lessees a simplified administra-
18 tive system;

19 “(2) to encourage new development; and

20 “(3) to achieve the same level of royalty reve-
21 nues over a 10-year period as the regulation in effect
22 on the date of enactment of this subsection.

23 “(d) CREDITS FOR IN-KIND PAYMENTS OF ELEC-
24 TRICITY.—The Secretary may provide to a lessee a credit
25 against royalties owed under this Act, in an amount equal



1 to the value of electricity provided under contract to a
2 State or county government that is entitled to a portion
3 of such royalties under section 20 of this Act, section 35
4 of the Mineral Leasing Act (30 U.S.C. 191), or section
5 6 of the Mineral Leasing Act for Acquired Lands (30
6 U.S.C. 355), if—

7 “(1) the Secretary has approved in advance the
8 contract between the lessee and the State or county
9 government for such in-kind payments;

10 “(2) the contract establishes a specific method-
11 ology to determine the value of such credits; and

12 “(3) the maximum credit will be equal to the
13 royalty value owed to the State or county that is a
14 party to the contract and the electricity received will
15 serve as the royalty payment from the Federal Gov-
16 ernment to that entity.”.

17 (b) DISPOSAL OF MONEYS FROM SALES, BONUSES,
18 ROYALTIES, AND RENTS.—Section 20 of the Geothermal
19 Steam Act of 1970 (30 U.S.C. 1019) is amended to read
20 as follows:

21 **“SEC. 20. DISPOSAL OF MONEYS FROM SALES, BONUSES,**
22 **RENTALS, AND ROYALTIES.**

23 “(a) IN GENERAL.—Except with respect to lands in
24 the State of Alaska, all monies received by the United
25 States from sales, bonuses, rentals, and royalties under



1 this Act shall be paid into the Treasury of the United
2 States. Of amounts deposited under this subsection, sub-
3 ject to the provisions of section 35 of the Mineral Leasing
4 Act (30 U.S.C. 191(b)) and section 5(a)(2) of this Act—

5 “(1) 50 percent shall be paid to the State with-
6 in the boundaries of which the leased lands or geo-
7 thermal resources are or were located; and

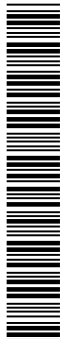
8 “(2) 25 percent shall be paid to the County
9 within the boundaries of which the leased lands or
10 geothermal resources are or were located.

11 “(b) USE OF PAYMENTS.—Amounts paid to a State
12 or county under subsection (a) shall be used consistent
13 with the terms of section 35 of the Mineral Leasing Act
14 (30 U.S.C. 191).”.

15 (c) NEAR-TERM PRODUCTION INCENTIVE FOR EX-
16 ISTING LEASES.—

17 (1) IN GENERAL.—Notwithstanding section
18 5(a) of the Geothermal Steam Act of 1970, the roy-
19 alty required to be paid shall be 50 percent of the
20 amount of the royalty otherwise required, on any
21 lease issued before the date of enactment of this Act
22 that does not convert to new royalty terms under
23 subsection (e)—

24 (A) with respect to commercial production
25 of energy from a facility that begins such pro-



1 duction in the 6-year period beginning on the
2 date of enactment of this Act; or

3 (B) on qualified expansion geothermal en-
4 ergy.

5 (2) 4-YEAR APPLICATION.—Paragraph (1) ap-
6 plies only to new commercial production of energy
7 from a facility in the first 4 years of such produc-
8 tion.

9 (d) DEFINITION OF QUALIFIED EXPANSION GEO-
10 THERMAL ENERGY.—In this section, the term “qualified
11 expansion geothermal energy” means geothermal energy
12 produced from a generation facility for which—

13 (1) the production is increased by more than 10
14 percent as a result of expansion of the facility car-
15 ried out in the 6-year period beginning on the date
16 of enactment of this Act; and

17 (2) such production increase is greater than 10
18 percent of the average production by the facility dur-
19 ing the 5-year period preceding the expansion of the
20 facility (as such average is adjusted to reflect any
21 trend, in changes in production during that period).

22 (e) ROYALTY UNDER EXISTING LEASES.—

23 (1) IN GENERAL.—Any lessee under a lease
24 issued under the Geothermal Steam Act of 1970 (30
25 U.S.C. 1001 et seq.) before the date of enactment



1 of this Act may, within the time period specified in
2 paragraph (2), submit to the Secretary of the Inte-
3 rior a request to modify the terms of the lease relat-
4 ing to payment of royalties to comply with—

5 (A) in the case of a lease that meets the
6 requirements of subsection (b) of section 5 of
7 the Geothermal Steam Act of 1970 (30 U.S.C.
8 1004) (as amended by section 323), the sched-
9 ule of fees established under that section; and

10 (B) in the case of any other lease, the re-
11 quirement that royalties be computed on a per-
12 centage of the gross proceeds from the sale of
13 electricity, at a royalty rate that is expected to
14 yield total royalty payments equivalent to pay-
15 ments that would have been received for com-
16 parable production under the royalty rate in ef-
17 fect for the lease before the date of enactment
18 of this subsection.

19 (2) TIMING.—A request for a modification
20 under paragraph (1) shall be submitted to the Sec-
21 retary of the Interior by the date that is not later
22 than—

23 (A) in the case of a lease for direct use, 18
24 months after the effective date of the schedule
25 of fees established by the Secretary of the Inte-



1 prior under section 5 of the Geothermal Steam
2 Act of 1970 (30 U.S.C. 1004); or

3 (B) in the case of any other lease, 18
4 months after the effective date of the final reg-
5 ulation issued under subsection (a).

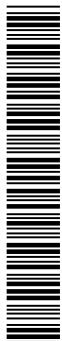
6 (3) APPLICATION OF MODIFICATION.—If the
7 lessee requests modification of a lease under para-
8 graph (1)—

9 (A) the Secretary of the Interior shall,
10 within 180 days after the receipt of the request
11 for modification, modify the lease to comply
12 with—

13 (i) in the case of a lease for direct
14 use, the schedule of fees established by the
15 Secretary under section 5 of the Geo-
16 thermal Steam Act of 1970 (30 U.S.C.
17 1004); or

18 (ii) in the case of any other lease, the
19 royalty for the lease established under
20 paragraph (1)(B); and

21 (B) the modification shall apply to any use
22 of geothermal resources to which subsection (a)
23 applies that occurs after the date of the modi-
24 fication.



1 (4) CONSULTATION.—The Secretary of the In-
2 terior shall consult with the State and local govern-
3 ments affected by any proposed changes in lease roy-
4 alty terms under this subsection.

5 **SEC. 325 [H1806; SR, w/amdt]. COORDINATION OF GEO-**
6 **THERMAL LEASING AND PERMITTING ON**
7 **FEDERAL LANDS.**

8 (a) IN GENERAL.—Not later than 180 days after the
9 date of enactment of this section, the Secretary of the In-
10 terior and the Secretary of Agriculture shall enter into and
11 submit to Congress a memorandum of understanding in
12 accordance with this section, the Geothermal Steam Act
13 of 1970 (as amended by this Act), and other applicable
14 laws, regarding coordination of leasing and permitting for
15 geothermal development of public lands and National For-
16 est System lands under their respective jurisdictions.

17 (b) LEASE AND PERMIT APPLICATIONS.—The memo-
18 randum of understanding shall—

19 (1) establish an administrative procedure for
20 processing geothermal lease applications, including
21 lines of authority, steps in application processing,
22 and time limits for application procession;

23 (2) establish a 5-year program for geothermal
24 leasing of lands in the National Forest System, and



1 a process for updating that program every 5 years;
2 and

3 (3) establish a program for reducing the back-
4 log of geothermal lease application pending on Janu-
5 ary 1, 2005, by 90 percent within the 5-year period
6 beginning on the date of enactment of this Act, in-
7 cluding, as necessary, by issuing leases, rejecting
8 lease applications for failure to comply with the pro-
9 visions of the regulations under which they were
10 filed, or determining that an original applicant (or
11 the applicant's assigns, heirs, or estate) is no longer
12 interested in pursuing the lease application.

13 (c) DATA RETRIEVAL SYSTEM.—The memorandum
14 of understanding shall establish a joint data retrieval sys-
15 tem that is capable of tracking lease and permit applica-
16 tions and providing to the applicant information as to
17 their status within the Departments of the Interior and
18 Agriculture, including an estimate of the time required for
19 administrative action.

20 **SEC. 326 [H1809/S265; HR]. ASSESSMENT OF GEOTHERMAL**
21 **ENERGY POTENTIAL.**

22 Not later than 3 years after the date of enactment
23 of this Act and thereafter as the availability of data and
24 developments in technology warrants, the Secretary of the
25 Interior, acting through the Director of the United States



1 Geological Survey and in cooperation with the States,
2 shall—

3 (1) update the Assessment of Geothermal Re-
4 sources made during 1978; and

5 (2) submit to Congress the updated assessment.

6 **SEC. 327 [H1810/S266; HR, w/amdt]. COOPERATIVE OR UNIT**
7 **PLANS.**

8 Section 18 of the Geothermal Steam Act of 1970 (30
9 U.S.C. 1017) is amended to read as follows:

10 **“SEC. 18. UNIT AND COMMUNITIZATION AGREEMENTS.**

11 **“(a) ADOPTION OF UNITS BY LESSEES.—**

12 **“(1) IN GENERAL.—**For the purpose of more
13 properly conserving the natural resources of any
14 geothermal reservoir, field, or like area, or any part
15 thereof (whether or not any part of the geothermal
16 reservoir, field, or like area, is subject to any cooper-
17 ative plan of development or operation (referred to
18 in this section as a ‘unit agreement’)), lessees there-
19 of and their representatives may unite with each
20 other, or jointly or separately with others, in collec-
21 tively adopting and operating under a unit agree-
22 ment for the reservoir, field, or like area, or any
23 part thereof, including direct use resources, if deter-
24 mined and certified by the Secretary to be necessary
25 or advisable in the public interest.



1 “(2) MAJORITY INTEREST OF SINGLE
2 LEASES.—A majority interest of owners of any sin-
3 gle lease shall have the authority to commit the lease
4 to a unit agreement.

5 “(3) INITIATIVE OF SECRETARY.—The Sec-
6 retary may also initiate the formation of a unit
7 agreement, or require an existing Federal lease to
8 commit to a unit agreement, if in the public interest.

9 “(4) MODIFICATION OF LEASE REQUIREMENTS
10 BY SECRETARY.—

11 “(A) IN GENERAL.—The Secretary may, in
12 the discretion of the Secretary and with the
13 consent of the holders of leases involved, estab-
14 lish, alter, change, or revoke rates of operations
15 (including drilling, operations, production, and
16 other requirements) of the leases and make con-
17 ditions with respect to the leases, with the con-
18 sent of the lessees, in connection with the cre-
19 ation and operation of any such unit agreement
20 as the Secretary may consider necessary or ad-
21 visable to secure the protection of the public in-
22 terest.

23 “(B) UNLIKE TERMS OR RATES.—Leases
24 with unlike lease terms or royalty rates shall



1 not be required to be modified to be in the
2 same unit.

3 “(b) REQUIREMENT OF PLANS UNDER NEW
4 LEASES.—The Secretary may—

5 “(1) provide that geothermal leases issued
6 under this Act shall contain a provision requiring
7 the lessee to operate under a unit agreement; and

8 “(2) prescribe the unit agreement under which
9 the lessee shall operate, which shall adequately pro-
10 tect the rights of all parties in interest, including the
11 United States.

12 “(c) MODIFICATION OF RATE OF PROSPECTING, DE-
13 VELOPMENT, AND PRODUCTION.—The Secretary may re-
14 quire that any unit agreement authorized by this section
15 that applies to land owned by the United States contain
16 a provision under which authority is vested in the Sec-
17 retary, or any person, committee, or State or Federal offi-
18 cer or agency as may be designated in the unit agreement
19 to alter or modify, from time to time, the rate of
20 prospecting and development and the quantity and rate
21 of production under the unit agreement.

22 “(d) EXCLUSION FROM DETERMINATION OF HOLD-
23 ING OR CONTROL.—Any land that is subject to a unit
24 agreement approved or prescribed by the Secretary under



1 this section shall not be considered in determining hold-
2 ings or control under section 7.

3 “(e) POOLING OF CERTAIN LAND.—If separate
4 tracts of land cannot be independently developed and oper-
5 ated to use geothermal resources pursuant to any section
6 of this Act—

7 “(1) the land, or a portion of the land, may be
8 pooled with other land, whether or not owned by the
9 United States, for purposes of development and op-
10 eration under a communitization agreement pro-
11 viding for an apportionment of production or royal-
12 ties among the separate tracts of land comprising
13 the production unit, if the pooling is determined by
14 the Secretary to be in the public interest; and

15 “(2) operation or production pursuant to the
16 communitization agreement shall be treated as oper-
17 ation or production with respect to each tract of
18 land that is subject to the communitization agree-
19 ment.

20 “(f) UNIT AGREEMENT REVIEW.—

21 “(1) IN GENERAL.—Not later than 5 years
22 after the date of approval of any unit agreement and
23 at least every 5 years thereafter, the Secretary
24 shall—

25 “(A) review each unit agreement; and



1 “(B) after notice and opportunity for com-
2 ment, eliminate from inclusion in the unit
3 agreement any land that the Secretary deter-
4 mines is not reasonably necessary for unit oper-
5 ations under the unit agreement.

6 “(2) BASIS FOR ELIMINATION.—The elimi-
7 nation shall—

8 “(A) be based on scientific evidence; and

9 “(B) occur only if the elimination is deter-
10 mined by the Secretary to be for the purpose of
11 conserving and properly managing the geo-
12 thermal resource.

13 “(3) EXTENSION.—Any land eliminated under
14 this subsection shall be eligible for an extension
15 under section 6(g) if the land meets the require-
16 ments for the extension.

17 “(g) DRILLING OR DEVELOPMENT CONTRACTS.—

18 “(1) IN GENERAL.—The Secretary may, on
19 such conditions as the Secretary may prescribe, ap-
20 prove drilling or development contracts made by 1 or
21 more lessees of geothermal leases, with 1 or more
22 persons, associations, or corporations if, in the dis-
23 cretion of the Secretary, the conservation of natural
24 resources or the public convenience or necessity may



1 require or the interests of the United States may be
2 best served by the approval.

3 “(2) HOLDINGS OR CONTROL.—Each lease op-
4 erated under an approved drilling or development
5 contract, and interest under the contract, shall be
6 excepted in determining holdings or control under
7 section 7.

8 “(h) COORDINATION WITH STATE GOVERNMENTS.—
9 The Secretary shall coordinate unitization and pooling ac-
10 tivities with appropriate State agencies.”.

11 **SEC. 328 [H1811/S267; HR]. ROYALTY ON BYPRODUCTS.**

12 Section 5 of the Geothermal Steam Act of 1970 (30
13 U.S.C. 1004) (as amended by section 323(a)) is further
14 amended in subsection (a) by striking paragraph (2) and
15 inserting the following:

16 “(2) a royalty on any byproduct that is a min-
17 eral specified in the first section of the Mineral
18 Leasing Act (30 U.S.C. 181), and that is derived
19 from production under the lease, at the rate of the
20 royalty that applies under that Act to production of
21 the mineral under a lease under that Act;”.



1 **SEC. 329 [H1812; SR, w/amdt]. AUTHORITIES OF SECRETARY**
2 **TO READJUST TERMS, CONDITIONS, RENT-**
3 **ALS, AND ROYALTIES.**

4 Section 8(b) of the Geothermal Steam Act of 1970
5 (30 U.S.C. 1006) is amended in the second sentence by
6 striking “period, and in no event” and all that follows
7 through the end of the sentence and inserting “period”.

8 **SEC. 330 [1813; SR]. CREDITING OF RENTAL TOWARD ROY-**
9 **ALTY.**

10 Section 5 of the Geothermal Steam Act of 1970 (30
11 U.S.C. 1004) (as amended by sections 323 and 324) is
12 further amended—

13 (1) in subsection (a)(2) by inserting “and”
14 after the semicolon at the end;

15 (2) in subsection (a)(3) by striking “; and” and
16 inserting a period;

17 (3) by striking paragraph (4) of subsection (a);
18 and

19 (4) by adding at the end the following:

20 “(e) CREDITING OF RENTAL TOWARD ROYALTY.—

21 Any annual rental under this section that is paid with re-
22 spect to a lease before the first day of the year for which
23 the annual rental is owed shall be credited to the amount
24 of royalty that is required to be paid under the lease for
25 that year.”.



1 **SEC. 331 [H1814/S268; SR, w/amdt]. LEASE DURATION AND**
2 **WORK COMMITMENT REQUIREMENTS.**

3 Section 6 of the Geothermal Steam Act of 1970 (30
4 U.S.C. 1005) is amended—

5 (1) by striking so much as precedes subsection
6 (c), and striking subsections (e), (g), (h), (i), and
7 (j);

8 (2) by redesignating subsections (c), (d), and
9 (f) in order as subsections (g), (h), and (i); and

10 (3) by inserting before subsection (g), as so re-
11 designated, the following:

12 **“SEC. 6. LEASE TERM AND WORK COMMITMENT REQUIRE-**
13 **MENTS.**

14 **“(a) IN GENERAL.—**

15 **“(1) PRIMARY TERM.—**A geothermal lease shall
16 be for a primary term of 10 years.

17 **“(2) INITIAL EXTENSION.—**The Secretary shall
18 extend the primary term of a geothermal lease for
19 5 years if, for each year after the tenth year of the
20 lease—

21 **“(A)** the Secretary determined under sub-
22 section (b) that the lessee satisfied the work
23 commitment requirements that applied to the
24 lease for that year; or

25 **“(B)** the lessee paid in annual payments
26 accordance with subsection (c).



1 “(3) ADDITIONAL EXTENSION.—The Secretary
2 shall extend the primary term of a geothermal lease
3 (after an initial extension under paragraph (2)) for
4 an additional 5 years if, for each year of the initial
5 extension under paragraph (2), the Secretary deter-
6 mined under subsection (b) that the lessee satisfied
7 the minimum work requirements that applied to the
8 lease for that year.

9 “(b) REQUIREMENT TO SATISFY ANNUAL MINIMUM
10 WORK REQUIREMENT.—

11 “(1) IN GENERAL.—The lessee for a geothermal
12 lease shall, for each year after the tenth year of the
13 lease, satisfy minimum work requirements prescribed
14 by the Secretary that apply to the lease for that
15 year.

16 “(2) PRESCRIPTION OF MINIMUM WORK RE-
17 QUIREMENTS.—The Secretary shall issue regulations
18 prescribing minimum work requirements for geo-
19 thermal leases, that—

20 “(A) establish a geothermal potential; and

21 “(B) if a geothermal potential has been es-
22 tablished, confirm the existence of producible
23 geothermal resources.

24 “(c) PAYMENTS OF LIEU OF MINIMUM WORK RE-
25 QUIREMENTS.—In lieu of the minimum work requirements



1 set forth in subsection (b)(2), the Secretary shall by regu-
2 lation establish minimum annual payments which may be
3 made by the lessee for a limited number of years that the
4 Secretary determines will not impair achieving diligent de-
5 velopment of the geothermal resource, but in no event
6 shall the number of years exceed the duration of the exten-
7 sion period provided in subsection (a).

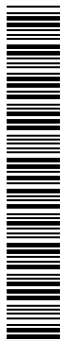
8 “(d) TRANSITION RULES FOR LEASES ISSUED PRIOR
9 TO ENACTMENT OF ENERGY POLICY ACT OF 2005.—The
10 Secretary shall by regulation establish transition rules for
11 leases issued before the date of the enactment of this sub-
12 section, including terms under which a lease that is near
13 the end of its term on the date of enactment of this sub-
14 section may be extended for up to 2 years—

15 “(1) to allow achievement of production under
16 the lease; or

17 “(2) to allow the lease to be included in a pro-
18 ducing unit.

19 “(e) GEOTHERMAL LEASE OVERLYING MINING
20 CLAIM.—

21 “(1) EXEMPTION.—The lessee for a geothermal
22 lease of an area overlying an area subject to a min-
23 ing claim for which a plan of operations has been
24 approved by the relevant Federal land management
25 agency is exempt from annual work requirements es-



1 tablished under this Act, if development of the geo-
2 thermal resource subject to the lease would interfere
3 with the mining operations under such claim.

4 “(2) TERMINATION OF EXEMPTION.—An ex-
5 emption under this paragraph expires upon the ter-
6 mination of the mining operations.

7 “(f) TERMINATION OF APPLICATION OF REQUIRE-
8 MENTS.—Minimum work requirements prescribed under
9 this section shall not apply to a geothermal lease after the
10 date on which the geothermal resource is utilized under
11 the lease in commercial quantities.”.

12 **SEC. 332 [H1815/S270; HR]. ADVANCED ROYALTIES RE-**
13 **QUIRED FOR CESSATION OF PRODUCTION.**

14 Section 5 of the Geothermal Steam Act of 1970 (30
15 U.S.C. 1004) (as amended by sections 323, 324, and 330)
16 is further amended by adding at the end the following:

17 “(f) ADVANCED ROYALTIES REQUIRED FOR CES-
18 SATION OF PRODUCTION.—

19 “(1) IN GENERAL.—Subject to paragraphs (2)
20 and (3), if, at any time after commercial production
21 under a lease is achieved, production ceases for any
22 reason, the lease shall remain in full force and effect
23 for a period of not more than an aggregate number
24 of 10 years beginning on the date production ceases,
25 if, during the period in which production is ceased,



1 the lessee pays royalties in advance at the monthly
2 average rate at which the royalty was paid during
3 the period of production.

4 “(2) REDUCTION.—The amount of any produc-
5 tion royalty paid for any year shall be reduced (but
6 not below 0) by the amount of any advanced royal-
7 ties paid under the lease to the extent that the ad-
8 vance royalties have not been used to reduce produc-
9 tion royalties for a prior year.

10 “(3) EXCEPTIONS.—Paragraph (1) shall not
11 apply if the cessation in production is required or
12 otherwise caused by—

13 “(A) the Secretary;

14 “(B) the Secretary of the Air Force;

15 “(C) the Secretary of the Army;

16 “(D) the Secretary of the Navy;

17 “(E) a State or a political subdivision of a
18 State; or

19 “(F) a force majeure.”.

20 **SEC. 333 [H1816/S269; HR]. ANNUAL RENTAL.**

21 (a) ANNUAL RENTAL RATE.—Section 5 of the Geo-
22 thermal Steam Act of 1970 (30 U.S.C. 1004) (as amended
23 by section 323(a)) is further amended in subsection (a)
24 by striking paragraph (3) and inserting the following:



1 “(3) payment in advance of an annual rental of
2 not less than—

3 “(A) for each of the first through tenth
4 years of the lease—

5 “(i) in the case of a lease awarded in
6 a noncompetitive lease sale, \$1 per acre or
7 fraction thereof; or

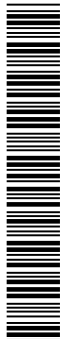
8 “(ii) in the case of a lease awarded in
9 a competitive lease sale, \$2 per acre or
10 fraction thereof for the first year and \$3
11 per acre or fraction thereof for each of the
12 second through 10th years; and

13 “(B) for each year after the 10th year of
14 the lease, \$5 per acre or fraction thereof;”.

15 (b) TERMINATION OF LEASE FOR FAILURE TO PAY
16 RENTAL.—Section 5 of the Geothermal Steam Act of
17 1970 (30 U.S.C. 1004) (as amended by sections 323, 324,
18 330, and 332) is further amended by adding at the end
19 the following:

20 “(g) TERMINATION OF LEASE FOR FAILURE TO PAY
21 RENTAL.—

22 “(1) IN GENERAL.—The Secretary shall termi-
23 nate any lease with respect to which rental is not
24 paid in accordance with this Act and the terms of
25 the lease under which the rental is required, on the



1 expiration of the 45-day period beginning on the
2 date of the failure to pay the rental.

3 “(2) NOTIFICATION.—The Secretary shall
4 promptly notify a lessee that has not paid rental re-
5 quired under the lease that the lease will be termi-
6 nated at the end of the period referred to in para-
7 graph (1).

8 “(3) REINSTATEMENT.—A lease that would
9 otherwise terminate under paragraph (1) shall not
10 terminate under that paragraph if the lessee pays to
11 the Secretary, before the end of the period referred
12 to in paragraph (1), the amount of rental due plus
13 a late fee equal to 10 percent of the amount.”.

14 **SEC. 334 [H1817; SR w/amdt]. DEPOSIT AND USE OF GEO-**
15 **THERMAL LEASE REVENUES FOR 5 FISCAL**
16 **YEARS.**

17 (a) DEPOSIT OF GEOTHERMAL RESOURCES
18 LEASES.—Notwithstanding any other provision of law,
19 amounts received by the United States in the first 5 fiscal
20 years beginning after the date of enactment of this Act
21 as rentals, royalties, and other payments required under
22 leases under the Geothermal Steam Act of 1970, excluding
23 funds required to be paid to State and county govern-
24 ments, shall be deposited into a separate account in the
25 Treasury.



1 (b) USE OF DEPOSITS.—Amounts deposited under
2 subsection (a) shall be available to the Secretary of the
3 Interior for expenditure, without further appropriation
4 and without fiscal year limitation, to implement the Geo-
5 thermal Steam Act of 1970 and this Act.

6 (c) TRANSFER OF FUNDS.—For the purposes of co-
7 ordination and processing of geothermal leases and geo-
8 thermal use authorizations on Federal land the Secretary
9 of the Interior may authorize the expenditure or transfer
10 of such funds as are necessary to the Forest Service.

11 **SEC. 335 [H1818; SR w/amdt]. ACREAGE LIMITATIONS.**

12 Section 7 of the Geothermal Steam Act of 1970 (30
13 U.S.C. 1006) is amended—

14 (1) by striking “**SEC. 7.**”, and by inserting im-
15 mediately before and above the first paragraph the
16 following:

17 “**SEC. 7. ACREAGE LIMITATIONS.**”;

18 (2) in the first paragraph—

19 (A) by striking “two thousand five hun-
20 dred and sixty acres” and inserting “5,120
21 acres”; and

22 (B) by striking “twenty thousand four
23 hundred and eighty acres” and inserting
24 “51,200 acres”; and

25 (3) by striking the second paragraph.



1 **SEC. 336 [H1819/S272; SR, w/amdt]. TECHNICAL AMEND-**
2 **MENTS.**

3 The Geothermal Steam Act of 1970 (30 U.S.C. 1001
4 et seq.) is further amended as follows:

5 (1) By striking “geothermal steam and associ-
6 ated geothermal resources” each place it appears
7 and inserting “geothermal resources”.

8 (2) Section 2 (30 U.S.C. 1001) is amended by
9 adding at the end the following:

10 “(g) ‘direct use’ means utilization of geothermal
11 resources for commercial, residential, agricultural,
12 public facilities, or other energy needs other than the
13 commercial production of electricity; and”.

14 (3) Section 21 (30 U.S.C. 1020) is amended by
15 striking “(a) Within one hundred” and all that fol-
16 lows through “(b) Geothermal” and inserting “Geo-
17 thermal”.

18 (4) The first section (30 U.S.C. 1001 note) is
19 amended by striking “That this” and inserting the
20 following:

21 **“SEC. 1. SHORT TITLE.**

22 “This”.

23 (5) Section 2 (30 U.S.C. 1001) is amended by
24 striking “**SEC. 2. As**” and inserting the following:

25 **“SEC. 2. DEFINITIONS.**

26 “As”.



1 (6) Section 3 (30 U.S.C. 1002) is amended by
2 striking “**SEC. 3. Subject**” and inserting the fol-
3 lowing:

4 **“SEC. 3. LANDS SUBJECT TO GEOTHERMAL LEASING.**

5 “Subject”.

6 (7) Section 5 (30 U.S.C. 1004) is further
7 amended by striking “**SEC. 5.**”, and by inserting im-
8 mediately before and above subsection (a) the fol-
9 lowing:

10 **“SEC. 5. RENTS AND ROYALTIES.”**

11 (8) Section 8 (30 U.S.C. 1007) is amended by
12 striking “**SEC. 8. (a) The**” and inserting the fol-
13 lowing:

14 **“SEC. 8. READJUSTMENT OF LEASE TERMS AND CONDI-
15 TIONS.**

16 “(a) The”.

17 (9) Section 9 (30 U.S.C. 1008) is amended by
18 striking “**SEC. 9. If**” and inserting the following:

19 **“SEC. 9. BYPRODUCTS.**

20 “If”.

21 (10) Section 10 (30 U.S.C. 1009) is amended
22 by striking “**SEC. 10. The**” and inserting the fol-
23 lowing:

24 **“SEC. 10. RELINQUISHMENT OF GEOTHERMAL RIGHTS.**

25 “The”.



1 (11) Section 11 (30 U.S.C. 1010) is amended
2 by striking “**SEC. 11. The**” and inserting the fol-
3 lowing:

4 **“SEC. 11. SUSPENSION OF OPERATIONS AND PRODUCTION.**
5 **“The”.**

6 (12) Section 12 (30 U.S.C. 1011) is amended
7 by striking “**SEC. 12. Leases**” and inserting the fol-
8 lowing:

9 **“SEC. 12. TERMINATION OF LEASES.**
10 **“Leases”.**

11 (13) Section 13 (30 U.S.C. 1012) is amended
12 by striking “**SEC. 13. The**” and inserting the fol-
13 lowing:

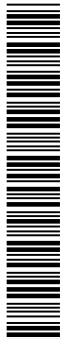
14 **“SEC. 13. WAIVER, SUSPENSION, OR REDUCTION OF RENT-**
15 **AL OR ROYALTY.**

16 **“The”.**

17 (14) Section 14 (30 U.S.C. 1013) is amended
18 by striking “**SEC. 14. Subject**” and inserting the fol-
19 lowing:

20 **“SEC. 14. SURFACE LAND USE.**
21 **“Subject”.**

22 (15) Section 15 (30 U.S.C. 1014) is amended
23 by striking “**SEC. 15. (a) Geothermal**” and inserting
24 the following:



1 **“SEC. 15. LANDS SUBJECT TO GEOTHERMAL LEASING.**

2 “(a) Geothermal”.

3 (16) Section 16 (30 U.S.C. 1015) is amended
4 by striking “**SEC. 16. Leases**” and inserting the fol-
5 lowing:

6 **“SEC. 16. REQUIREMENT FOR LESSEES.**

7 “Leases”.

8 (17) Section 17 (30 U.S.C. 1016) is amended
9 by striking “**SEC. 17. Administration**” and inserting
10 the following:

11 **“SEC. 17. ADMINISTRATION.**

12 “Administration”.

13 (18) Section 19 (30 U.S.C. 1018) is amended
14 by striking “**SEC. 19. Upon**” and inserting the fol-
15 lowing:

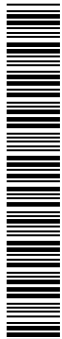
16 **“SEC. 19. DATA FROM FEDERAL AGENCIES.**

17 “Upon”.

18 (19) Section 21 (30 U.S.C. 1020) is further
19 amended by striking “**SEC. 21.**”, and by inserting
20 immediately before and above the remainder of that
21 section the following:

22 **“SEC. 21. PUBLICATION IN FEDERAL REGISTER; RESERVA-**
23 **TION OF MINERAL RIGHTS.”.**

24 (20) Section 22 (30 U.S.C. 1021) is amended
25 by striking “**SEC. 22. Nothing**” and inserting the
26 following:



1 **“SEC. 22. FEDERAL EXEMPTION FROM STATE WATER LAWS.**

2 “Nothing”.

3 (21) Section 23 (30 U.S.C. 1022) is amended
4 by striking “**SEC. 23. (a) All**” and inserting the fol-
5 lowing:

6 **“SEC. 23. PREVENTION OF WASTE; EXCLUSIVITY.**

7 “(a) All”.

8 (22) Section 24 (30 U.S.C. 1023) is amended
9 by striking “**SEC. 24. The**” and inserting the fol-
10 lowing:

11 **“SEC. 24. RULES AND REGULATIONS.**

12 “The”.

13 (23) Section 25 (30 U.S.C. 1024) is amended
14 by striking “**SEC. 25. As**” and inserting the fol-
15 lowing:

16 **“SEC. 25. INCLUSION OF GEOTHERMAL LEASING UNDER
17 CERTAIN OTHER LAWS.**

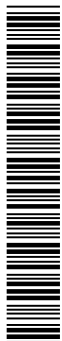
18 “As”.

19 (24) Section 26 is amended by striking “**SEC.
20 26. The**” and inserting the following:

21 **“SEC. 26. AMENDMENT.**

22 “The”.

23 (25) Section 27 (30 U.S.C. 1025) is amended
24 by striking “**SEC. 27. The**” and inserting the fol-
25 lowing:



1 **“SEC. 27. FEDERAL RESERVATION OF CERTAIN MINERAL**
2 **RIGHTS.**

3 “The”.

4 (26) Section 28 (30 U.S.C. 1026) is amended
5 by striking “**SEC. 28. (a)(1) The**” and inserting the
6 following:

7 **“SEC. 28. SIGNIFICANT THERMAL FEATURES.**

8 “(a)(1) The”.

9 (27) Section 29 (30 U.S.C. 1027) is amended
10 by striking “**SEC. 29. The**” and inserting the fol-
11 lowing:

12 **“SEC. 29. LAND SUBJECT TO PROHIBITION ON LEASING.**

13 “The”.

14 **SEC. 337 [H1820; SR]. INTERMOUNTAIN WEST GEOTHERMAL**
15 **CONSORTIUM.**

16 (a) PARTICIPATION AUTHORIZED.—The Secretary,
17 acting through the Idaho National Laboratory, may par-
18 ticipate in a consortium described in subsection (b) to ad-
19 dress science and science policy issues surrounding the ex-
20 panded discovery and use of geothermal energy, including
21 from geothermal resources on public lands.

22 (b) MEMBERS.—The consortium referred to in sub-
23 section (a) shall—

24 (1) be known as the “Intermountain West Geo-
25 thermal Consortium”;



1 (2) be a regional consortium of institutions and
2 government agencies that focuses on building col-
3 laborative efforts among the universities in the State
4 of Idaho, other regional universities, State agencies,
5 and the Idaho National Laboratory;

6 (3) include Boise State University, the Univer-
7 sity of Idaho (including the Idaho Water Resources
8 Research Institute), the Oregon Institute of Tech-
9 nology, the Desert Research Institute with the Uni-
10 versity and Community College System of Nevada,
11 and the Energy and Geoscience Institute at the Uni-
12 versity of Utah;

13 (4) be hosted and managed by Boise State Uni-
14 versity; and

15 (5) have a director appointed by Boise State
16 University, and associate directors appointed by each
17 participating institution.

18 (c) FINANCIAL ASSISTANCE.—The Secretary, acting
19 through the Idaho National Laboratory and subject to the
20 availability of appropriations, will provide financial assist-
21 ance to Boise State University for expenditure under con-
22 tracts with members of the consortium to carry out the
23 activities of the consortium.

