

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	5 - 0 - 0
Yeas:	Atkinson, Boquist, Hass, Prozanski, Dingfelder
Nays:	0
Exc.:	0
Prepared By:	Beth Herzog, Administrator
Meeting Dates:	2/17, 4/21

WHAT THE MEASURE DOES: Requires that in addition to a geothermal well permit an operator must obtain a water quality permit from the Department of Environmental Quality before injecting any fluid except well drilling fluids. Requires that upon the completion of an application for a prospect or geothermal well that the Department of Geology and Mineral Industries (DOGAMI) circulate the application to other agencies. Requires that agencies submit any suggested conditions to DOGAMI within 45 days of receiving an application, and that DOGAMI issue or deny the permit within 60 days of receiving the completed application. Clarifies that any geothermal or prospect well that the operator has no intention of deriving useable geothermal resources or useful information in the development of geothermal resources must be plugged and decommissioned.

Requires that a permit application to drill a prospect well include a plugging and decommissioning plan as well as a nonrefundable fee in an amount not to exceed \$1,000 per five prospect wells. Requires that permittee provide an annual nonrefundable fee of \$500 for each active permit and \$500 to transfer a permit. Clarifies that DOGAMI may not issue a permit for a prospect well until applicant has provided a bond or alternative form of financial security in an amount that may not be less than \$10,000 for each well or not less than \$50,000 for all wells to be drilled.

Requires that an application to drill geothermal wells include a reclamation plan as well as a nonrefundable fee of \$2,000. Requires that the permittee pay a \$1,500 fee to renew a permit for the first renewal year and \$500 for each subsequent renewal year. Establishes \$1,500 fee to modify a permit, \$500 to extend the drilling period, \$500 to transfer a permit, and \$1,000 to plug and decommission a geothermal well. Clarifies that DOGAMI may not issue a permit for a prospect well until the applicant has provided a bond or alternative form of financial security in an amount that may not be less than \$25,000 for each well or not less than \$150,000 for all wells to be drilled.

Authorizes DOGAMI to adopt rules necessary to implement the Act. Act becomes operative on July 1, 2009, authorizes DOGAMI to adopt rules prior to the Act becoming operative. Contains an emergency clause, effective on passage.

ISSUES DISCUSSED:

- Cost of installing wells
- Application process
- Coordination of agencies involved in the process

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: Oregon has a high potential for geothermal energy development. Recently, DOGAMI has seen an increase in applications for geothermal drilling permits. Since 1971 DOGAMI has issued approximately 197 geothermal drilling permits and 111 geothermal prospect permits. Prior to 2008, the last geothermal permit was issued in 1995; in 2008 DOGAMI received 15 applications. Presently, there are three major areas of geothermal development located in

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This summary has not been adopted or officially endorsed by action of the committee.

Oregon: Vale, the flanks of Newberry Volcano, and the Klamath Basin. If the potential is realized at these three sites DOGAMI estimates that it could provide 94 to 154 megawatts of power annually, or the equivalent average base load for 62,381 to 98,041 residential customers.