

## **Geothermal Leasing Provisions of HR 6 (as enacted into law)**

### **Subtitle B--Geothermal Energy**

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#### **SEC. 221. SHORT TITLE.**

This subtitle may be cited as the 'John Rishel Geothermal Steam Act Amendments of 2005'.

#### **SEC. 222. COMPETITIVE LEASE SALE REQUIREMENTS.**

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

#### **`SEC. 4. LEASING PROCEDURES.**

- `(a) Nominations- The Secretary shall accept nominations of land to be leased at any time from qualified companies and individuals under this Act.
- `(b) Competitive Lease Sale Required-
  - `(1) IN GENERAL- Except as otherwise specifically provided by this Act, all land to be leased that is not subject to leasing under subsection (c) shall be leased as provided in this subsection to the highest responsible qualified bidder, as determined by the Secretary.

`(2) COMPETITIVE LEASE SALES- The Secretary shall hold a competitive lease sale at least once every 2 years for land in a State that has nominations pending under subsection (a) if the land is otherwise available for leasing.

`(3) LANDS SUBJECT TO MINING CLAIMS- Lands that are subject to a mining claim for which a plan of operations has been approved by the relevant Federal land management agency may be available for noncompetitive leasing under this section to the mining claim holder.

`(c) Noncompetitive Leasing- The Secretary shall make available for a period of 2 years for noncompetitive leasing any tract for which a competitive lease sale is held, but for which the Secretary does not receive any bids in a competitive lease sale.

`(d) Pending Lease Applications-

`(1) IN GENERAL- It shall be a priority for the Secretary, and for the Secretary of Agriculture with respect to National Forest Systems land, to ensure timely completion of administrative actions, including amendments to applicable forest plans and resource management plans, necessary to process applications for geothermal leasing pending on the date of enactment of this subsection. All future forest plans and resource management plans for areas with high geothermal resource potential shall consider geothermal leasing and development.

`(2) ADMINISTRATION- An application described in paragraph (1) and any lease issued pursuant to the application--

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

`(B) at the election of the applicant, shall be subject to this section as in effect on the effective date of this paragraph.

`(e) Leases Sold as a Block- If information is available to the Secretary indicating a geothermal resource that could be produced as 1 unit can reasonably be expected to underlie more than 1 parcel to be offered in a competitive lease sale, the parcels for such a resource may be offered for bidding as a block in the competitive lease sale.'

## **SEC. 223. DIRECT USE.**

(a) Fees for Direct Use- Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) is amended--

(1) in subsection (c), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

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

(3) by inserting `(a) In General- ' after `SEC. 5.'; and

(4) by adding at the end the following:

`(b) Direct Use-

`(1) IN GENERAL- Notwithstanding subsection (a)(1), the Secretary shall establish a schedule of fees, in lieu of royalties for geothermal resources, that a lessee or its affiliate--

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

`(B) does not sell.

`(2) SCHEDULE OF FEES- The schedule of fees--

`(A) may be based on the quantity or thermal content, or both, of geothermal resources used;

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

`(C) shall encourage development of the resource.

`(3) STATE, TRIBAL, OR LOCAL GOVERNMENTS- If a State, tribal, or local government is the lessee and uses geothermal resources without sale and for public purposes other than commercial generation of electricity, the Secretary shall charge only a nominal fee for use of the resource.

`(4) FINAL REGULATION- In issuing any final regulation establishing a schedule of fees under this subsection, the Secretary shall seek--

`(A) to provide lessees with a simplified administrative system;

`(B) to facilitate development of direct use of geothermal resources; and

`(C) to contribute to sustainable economic development opportunities in the area.'

(b) Leasing for Direct Use- Section 4 of the Geothermal Steam Act of 1970 (30 U.S.C. 1003) (as amended by section 222) is further amended by adding at the end the following:

`(f) Leasing for Direct Use of Geothermal Resources- Notwithstanding subsection (b), the Secretary may identify areas in which the land to be leased under this Act exclusively for direct use of geothermal resources, without sale for purposes other than commercial generation of electricity, may be leased to any qualified applicant that first applies for such a lease under regulations issued by the Secretary, if the Secretary--

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

`(2) does not receive during the 90-day period beginning on the date of the publication any nomination to include the land concerned in the next competitive lease sale; and

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

`(g) Area Subject to Lease for Direct Use-

`(1) IN GENERAL- Subject to paragraph (2), a geothermal lease for the direct use of geothermal resources shall cover not more than the quantity of acreage determined by the Secretary to be reasonably necessary for the proposed use.

`(2) LIMITATIONS- The quantity of acreage covered by the lease shall not exceed the limitations established under section 7.'

(c) Application of New Lease Terms- The schedule of fees established under the amendment made by subsection (a)(4) shall apply with respect to payments under a lease converted under this subsection that are due and owing, and have been paid, on or after July 16, 2003. This subsection shall not require the refund of royalties paid to a State under section 20 of the Geothermal Steam Act of 1970 (30 U.S.C. 1019) prior to the date of enactment of this Act.

## **SEC. 224. ROYALTIES AND NEAR-TERM PRODUCTION INCENTIVES.**

(a) Royalty- Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) is further amended--

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

`(1) a royalty on electricity produced using geothermal resources, other than direct use of geothermal resources, that shall be--

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

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

(2) by adding at the end the following:

`(c) Final Regulation Establishing Royalty Rates- In issuing any final regulation establishing royalty rates under this section, the Secretary shall seek--

`(1) to provide lessees a simplified administrative system;

`(2) to encourage new development; and

`(3) to achieve the same level of royalty revenues over a 10-year period as the regulation in effect on the date of enactment of this subsection.

`(d) Credits for In-Kind Payments of Electricity- The Secretary may provide to a lessee a credit against royalties owed under this Act, in an amount equal to the value of electricity provided under contract to a State or county government that is entitled to a portion of such royalties under section 20 of this Act, section 35 of the Mineral Leasing Act (30 U.S.C. 191), except as otherwise provided by this section, or section 6 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 355), if--

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

`(2) the contract establishes a specific methodology to determine the value of such credits; and

`(3) the maximum credit will be equal to the royalty value owed to the State or county that is a party to the contract and the electricity received will serve as the royalty payment from the Federal Government to that entity.'

(b) Disposal of Moneys From Sales, Bonuses, Royalties, and Rents- Section 20 of the Geothermal Steam Act of 1970 (30 U.S.C. 1019) is amended to read as follows:

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

(a) In General- Except with respect to lands in the State of Alaska, all monies received by the United States from sales, bonuses, rentals, and royalties under this Act shall be paid into the Treasury of the United States. Of amounts deposited under this subsection, subject to the provisions of subsection (b) of section 35 of the Mineral Leasing Act (30 U.S.C. 191(b)) and section 5(a)(2) of this Act--

(1) 50 percent shall be paid to the State within the boundaries of which the leased lands or geothermal resources are or were located; and

(2) 25 percent shall be paid to the county within the boundaries of which the leased lands or geothermal resources are or were located.

(b) Use of Payments- Amounts paid to a State or county under subsection (a) shall be used consistent with the terms of section 35 of the Mineral Leasing Act (30 U.S.C. 191).'

(c) Near-Term Production Incentive for Existing Leases-

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

(A) with respect to commercial production of energy from a facility that begins such production in the 6-year period beginning on the date of enactment of this Act; or

(B) on qualified expansion geothermal energy.

(2) 4-YEAR APPLICATION- Paragraph (1) applies only to new commercial production of energy from a facility in the first 4 years of such production.

(d) Definition of Qualified Expansion Geothermal Energy- In this section, the term 'qualified expansion geothermal energy' means geothermal energy produced from a generation facility for which--

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

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

(e) Royalty Under Existing Leases-

(1) IN GENERAL- Any lessee under a lease issued under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) before the date of enactment of this Act may, within the time period specified in paragraph (2), submit

to the Secretary of the Interior a request to modify the terms of the lease relating to payment of royalties to provide--

(A) in the case of a lease that meets the requirements of subsection (b) of section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by section 223), that royalties be based on the schedule of fees established under that section; and

(B) in the case of any other lease, that royalties be computed on a percentage of the gross proceeds from the sale of electricity, at a royalty rate that is expected to yield total royalty payments equivalent to payments that would have been received for comparable production under the royalty rate in effect for the lease before the date of enactment of this subsection.

(2) TIMING- A request for a modification under paragraph (1) shall be submitted to the Secretary of the Interior by the date that is not later than--

(A) in the case of a lease for direct use, 18 months after the effective date of the schedule of fees established by the Secretary of the Interior under section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004); or

(B) in the case of any other lease, 18 months after the effective date of the final regulation issued under subsection (a).

(3) APPLICATION OF MODIFICATION- If the lessee requests modification of a lease under paragraph (1)--

(A) the Secretary of the Interior shall, within 180 days after the receipt of the request for modification, modify the lease to comply with--

(i) in the case of a lease for direct use, the schedule of fees established by the Secretary under section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004); or

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

(B) the modification shall apply to any use of geothermal resources to which subsection (a) applies that occurs after the date of the modification.

(4) CONSULTATION- The Secretary of the Interior shall consult with the State and local governments affected by any proposed changes in lease royalty terms under this subsection.

## **SEC. 225. COORDINATION OF GEOTHERMAL LEASING AND PERMITTING ON FEDERAL LANDS.**

(a) In General- Not later than 180 days after the date of enactment of this section, the Secretary of the Interior and the Secretary of Agriculture shall enter into and submit to Congress a memorandum of understanding in accordance with this section, the Geothermal Steam Act of 1970 (as amended by this Act), and other applicable laws, regarding coordination of leasing and permitting for geothermal

development of public lands and National Forest System lands under their respective jurisdictions.

- (b) Lease and Permit Applications- The memorandum of understanding shall--
- (1) establish an administrative procedure for processing geothermal lease applications, including lines of authority, steps in application processing, and time limits for application processing;
  - (2) establish a 5-year program for geothermal leasing of lands in the National Forest System, and a process for updating that program every 5 years; and
  - (3) establish a program for reducing the backlog of geothermal lease application pending on January 1, 2005, by 90 percent within the 5-year period beginning on the date of enactment of this Act, including, as necessary, by issuing leases, rejecting lease applications for failure to comply with the provisions of the regulations under which they were filed, or determining that an original applicant (or the applicant's assigns, heirs, or estate) is no longer interested in pursuing the lease application.
- (c) Data Retrieval System- The memorandum of understanding shall establish a joint data retrieval system that is capable of tracking lease and permit applications and providing to the applicant information as to their status within the Departments of the Interior and Agriculture, including an estimate of the time required for administrative action.

## **SEC. 226. ASSESSMENT OF GEOTHERMAL ENERGY POTENTIAL.**

Not later than 3 years after the date of enactment of this Act and thereafter as the availability of data and developments in technology warrants, the Secretary of the Interior, acting through the Director of the United States Geological Survey and in cooperation with the States, shall--

- (1) update the Assessment of Geothermal Resources made during 1978; and
- (2) submit to Congress the updated assessment.

## **SEC. 227. COOPERATIVE OR UNIT PLANS.**

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

### **SEC. 18. UNIT AND COMMUNITIZATION AGREEMENTS.**

- (a) Adoption of Units by Lessees-
- (1) IN GENERAL- For the purpose of more properly conserving the natural resources of any geothermal reservoir, field, or like area, or any part thereof (whether or not any part of the geothermal reservoir, field, or like area, is subject to any cooperative plan of development or operation (referred to in this section as a 'unit agreement')), lessees thereof and their representatives may unite with each other, or jointly or separately with

others, in collectively adopting and operating under a unit agreement for the reservoir, field, or like area, or any part thereof, including direct use resources, if determined and certified by the Secretary to be necessary or advisable in the public interest.

`(2) MAJORITY INTEREST OF SINGLE LEASES- A majority interest of owners of any single lease shall have the authority to commit the lease to a unit agreement.

`(3) INITIATIVE OF SECRETARY- The Secretary may also initiate the formation of a unit agreement, or require an existing Federal lease to commit to a unit agreement, if in the public interest.

`(4) MODIFICATION OF LEASE REQUIREMENTS BY SECRETARY-

`(A) IN GENERAL- The Secretary may, in the discretion of the Secretary and with the consent of the holders of leases involved, establish, alter, change, or revoke rates of operations (including drilling, operations, production, and other requirements) of the leases and make conditions with respect to the leases, with the consent of the lessees, in connection with the creation and operation of any such unit agreement as the Secretary may consider necessary or advisable to secure the protection of the public interest.

`(B) UNLIKE TERMS OR RATES- Leases with unlike lease terms or royalty rates shall not be required to be modified to be in the same unit.

`(b) Requirement of Plans Under New Leases- The Secretary may--

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

`(2) prescribe the unit agreement under which the lessee shall operate, which shall adequately protect the rights of all parties in interest, including the United States.

`(c) Modification of Rate of Prospecting, Development, and Production- The Secretary may require that any unit agreement authorized by this section that applies to land owned by the United States contain a provision under which authority is vested in the Secretary, or any person, committee, or State or Federal officer or agency as may be designated in the unit agreement to alter or modify, from time to time, the rate of prospecting and development and the quantity and rate of production under the unit agreement.

`(d) Exclusion From Determination of Holding or Control- Any land that is subject to a unit agreement approved or prescribed by the Secretary under this section shall not be considered in determining holdings or control under section 7.

`(e) Pooling of Certain Land- If separate tracts of land cannot be independently developed and operated to use geothermal resources pursuant to any section of this Act--

`(1) the land, or a portion of the land, may be pooled with other land, whether or not owned by the United States, for purposes of development and operation under a communitization agreement providing for an apportionment of production or royalties among the separate tracts of land

comprising the production unit, if the pooling is determined by the Secretary to be in the public interest; and

`(2) operation or production pursuant to the communitization agreement shall be treated as operation or production with respect to each tract of land that is subject to the communitization agreement.

`(f) Unit Agreement Review-

`(1) IN GENERAL- Not later than 5 years after the date of approval of any unit agreement and at least every 5 years thereafter, the Secretary shall--

`(A) review each unit agreement; and

`(B) after notice and opportunity for comment, eliminate from inclusion in the unit agreement any land that the Secretary determines is not reasonably necessary for unit operations under the unit agreement.

`(2) BASIS FOR ELIMINATION- The elimination shall--

`(A) be based on scientific evidence; and

`(B) occur only if the elimination is determined by the Secretary to be for the purpose of conserving and properly managing the geothermal resource.

`(3) EXTENSION- Any land eliminated under this subsection shall be eligible for an extension under section 6(g) if the land meets the requirements for the extension.

`(g) Drilling or Development Contracts-

`(1) IN GENERAL- The Secretary may, on such conditions as the Secretary may prescribe, approve drilling or development contracts made by one or more lessees of geothermal leases, with one or more persons, associations, or corporations if, in the discretion of the Secretary, the conservation of natural resources or the public convenience or necessity may require or the interests of the United States may be best served by the approval.

`(2) HOLDINGS OR CONTROL- Each lease operated under an approved drilling or development contract, and interest under the contract, shall be excepted in determining holdings or control under section 7.

`(h) Coordination With State Governments- The Secretary shall coordinate unitization and pooling activities with appropriate State agencies.'

## **SEC. 228. ROYALTY ON BYPRODUCTS.**

Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by section 223(a)) is further amended in subsection (a) by striking paragraph (2) and inserting the following:

`(2) a royalty on any byproduct that is a mineral specified in the first section of the Mineral Leasing Act (30 U.S.C. 181), and that is derived from production under the lease, at the rate of the royalty that applies under that Act to production of the mineral under a lease under that Act;'

## **SEC. 229. AUTHORITIES OF SECRETARY TO READJUST TERMS, CONDITIONS, RENTALS, AND ROYALTIES.**

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

## **SEC. 230. CREDITING OF RENTAL TOWARD ROYALTY.**

Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by sections 223 and 224) is further amended--

- (1) in subsection (a)(2) by inserting `and' after the semicolon at the end;
- (2) in subsection (a)(3) by striking `; and' and inserting a period;
- (3) by striking paragraph (4) of subsection (a); and
- (4) by adding at the end the following:

`(e) Crediting of Rental Toward Royalty- Any annual rental under this section that is paid with respect to a lease before the first day of the year for which the annual rental is owed shall be credited to the amount of royalty that is required to be paid under the lease for that year.'.

## **SEC. 231. LEASE DURATION AND WORK COMMITMENT REQUIREMENTS.**

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

- (1) by striking so much as precedes subsection (c), and striking subsections (e), (g), (h), (i), and (j);
- (2) by redesignating subsections (c), (d), and (f) in order as subsections (g), (h), and (i); and
- (3) by inserting before subsection (g), as so redesignated, the following:

## **`SEC. 6. LEASE TERM AND WORK COMMITMENT REQUIREMENTS.**

`(a) In General-

`(1) PRIMARY TERM- A geothermal lease shall be for a primary term of 10 years.

`(2) INITIAL EXTENSION- The Secretary shall extend the primary term of a geothermal lease for 5 years if, for each year after the 10th year of the lease--

`(A) the Secretary determined under subsection (b) that the lessee satisfied the work commitment requirements that applied to the lease for that year; or

`(B) the lessee paid in annual payments accordance with subsection (c).

`(3) ADDITIONAL EXTENSION- The Secretary shall extend the primary term of a geothermal lease (after an initial extension under paragraph (2)) for an additional 5 years if, for each year of the initial extension under paragraph (2), the Secretary determined under subsection (b) that the lessee satisfied the minimum work requirements that applied to the lease for that year.

`(b) Requirement to Satisfy Annual Minimum Work Requirement-

`(1) IN GENERAL- The lessee for a geothermal lease shall, for each year after the 10th year of the lease, satisfy minimum work requirements prescribed by the Secretary that apply to the lease for that year.

`(2) PRESCRIPTION OF MINIMUM WORK REQUIREMENTS- The Secretary shall issue regulations prescribing minimum work requirements for geothermal leases, that--

`(A) establish a geothermal potential; and

`(B) if a geothermal potential has been established, confirm the existence of producible geothermal resources.

`(c) Payments in Lieu of Minimum Work Requirements- In lieu of the minimum work requirements set forth in subsection (b)(2), the Secretary shall by regulation establish minimum annual payments which may be made by the lessee for a limited number of years that the Secretary determines will not impair achieving diligent development of the geothermal resource, but in no event shall the number of years exceed the duration of the extension period provided in subsection (a).

`(d) Transition Rules for Leases Issued Prior to Enactment of Energy Policy Act of 2005- The Secretary shall by regulation establish transition rules for leases issued before the date of the enactment of this subsection, including terms under which a lease that is near the end of its term on the date of enactment of this subsection may be extended for up to 2 years--

`(1) to allow achievement of production under the lease; or

`(2) to allow the lease to be included in a producing unit.

`(e) Geothermal Lease Overlying Mining Claim-

`(1) EXEMPTION- The lessee for a geothermal lease of an area overlying an area subject to a mining claim for which a plan of operations has been approved by the relevant Federal land management agency is exempt from annual work requirements established under this Act, if development of the geothermal resource subject to the lease would interfere with the mining operations under such claim.

`(2) TERMINATION OF EXEMPTION- An exemption under this paragraph expires upon the termination of the mining operations.

`(f) Termination of Application of Requirements- Minimum work requirements prescribed under this section shall not apply to a geothermal lease after the date on which the geothermal resource is utilized under the lease in commercial quantities.'

## **SEC. 232. ADVANCED ROYALTIES REQUIRED FOR CESSATION OF PRODUCTION.**

Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by sections 223, 224, and 230) is further amended by adding at the end the following:

`(f) Advanced Royalties Required for Cessation of Production-

`(1) IN GENERAL- Subject to paragraphs (2) and (3), if, at any time after commercial production under a lease is achieved, production ceases for any reason, the lease shall remain in full force and effect for a period of not more than an aggregate number of 10 years beginning on the date production ceases, if, during the period in which production is ceased, the lessee pays royalties in advance at the monthly average rate at which the royalty was paid during the period of production.

`(2) REDUCTION- The amount of any production royalty paid for any year shall be reduced (but not below 0) by the amount of any advanced royalties paid under the lease to the extent that the advance royalties have not been used to reduce production royalties for a prior year.

`(3) EXCEPTIONS- Paragraph (1) shall not apply if the cessation in production is required or otherwise caused by--

`(A) the Secretary;

`(B) the Secretary of the Air Force;

`(C) the Secretary of the Army;

`(D) the Secretary of the Navy;

`(E) a State or a political subdivision of a State; or

`(F) a force majeure.'

## **SEC. 233. ANNUAL RENTAL.**

(a) Annual Rental Rate- Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by section 223(a)) is further amended in subsection (a) by striking paragraph (3) and inserting the following:

`(3) payment in advance of an annual rental of not less than--

`(A) for each of the 1st through 10th years of the lease--

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

`(ii) in the case of a lease awarded in a competitive lease sale, \$2 per acre or fraction thereof for the 1st year and \$3 per acre or fraction thereof for each of the 2nd through 10th years; and

`(B) for each year after the 10th year of the lease, \$5 per acre or fraction thereof;'

(b) Termination of Lease for Failure to Pay Rental- Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) (as amended by sections 223, 224, 230, and 232) is further amended by adding at the end the following:

`(g) Termination of Lease for Failure to Pay Rental-

`(1) IN GENERAL- The Secretary shall terminate any lease with respect to which rental is not paid in accordance with this Act and the terms of the lease under which the rental is required, on the expiration of the 45-day period beginning on the date of the failure to pay the rental.

`(2) NOTIFICATION- The Secretary shall promptly notify a lessee that has not paid rental required under the lease that the lease will be terminated at the end of the period referred to in paragraph (1).

`(3) REINSTATEMENT- A lease that would otherwise terminate under paragraph (1) shall not terminate under that paragraph if the lessee pays to the Secretary, before the end of the period referred to in paragraph (1), the amount of rental due plus a late fee equal to 10 percent of the amount.'

## **SEC. 234. DEPOSIT AND USE OF GEOTHERMAL LEASE REVENUES FOR 5 FISCAL YEARS.**

(a) Deposit of Geothermal Resources Leases- Notwithstanding any other provision of law, amounts received by the United States in the first 5 fiscal years beginning after the date of enactment of this Act as rentals, royalties, and other payments required under leases under the Geothermal Steam Act of 1970, excluding funds required to be paid to State and county governments, shall be deposited into a separate account in the Treasury.

(b) Use of Deposits- Amounts deposited under subsection (a) shall be available to the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, to implement the Geothermal Steam Act of 1970 and this Act.

(c) Transfer of Funds- For the purposes of coordination and processing of geothermal leases and geothermal use authorizations on Federal land the Secretary of the Interior may authorize the expenditure or transfer of such funds as are necessary to the Forest Service.

## **SEC. 235. ACREAGE LIMITATIONS.**

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

(1) by striking `sec. 7.', and by inserting immediately before and above the first paragraph the following:

### **`SEC. 7. ACREAGE LIMITATIONS.';**

(2) in the first paragraph--

(A) by striking `two thousand five hundred and sixty acres' and inserting `5,120 acres'; and

(B) by striking `twenty thousand four hundred and eighty acres' and inserting `51,200 acres'; and

(3) by striking the second paragraph.

## **SEC. 236. TECHNICAL AMENDMENTS.**

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

(1) By striking 'geothermal steam and associated geothermal resources' each place it appears and inserting 'geothermal resources'.

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

(g) 'direct use' means utilization of geothermal resources for commercial, residential, agricultural, public facilities, or other energy needs other than the commercial production of electricity; and'

(3) Section 21 (30 U.S.C. 1020) is amended by striking '(a) Within one hundred' and all that follows through '(b) Geothermal' and inserting 'Geothermal'.

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

## **SEC. 1. SHORT TITLE.**

'This'.

(5) Section 2 (30 U.S.C. 1001) is amended by striking 'sec. 2. As' and inserting the following:

## **SEC. 2. DEFINITIONS.**

'As'.

(6) Section 3 (30 U.S.C. 1002) is amended by striking 'sec. 3. Subject' and inserting the following:

## **SEC. 3. LANDS SUBJECT TO GEOTHERMAL LEASING.**

'Subject'.

(7) Section 5 (30 U.S.C. 1004) is further amended by striking 'sec. 5.', and by inserting immediately before and above subsection (a) the following:

## **SEC. 5. RENTS AND ROYALTIES.'**

(8) Section 8 (30 U.S.C. 1007) is amended by striking 'sec. 8. (a) The' and inserting the following:

## **SEC. 8. READJUSTMENT OF LEASE TERMS AND CONDITIONS.**

'(a) The'.

(9) Section 9 (30 U.S.C. 1008) is amended by striking 'sec. 9. If' and inserting the following:

## **SEC. 9. BYPRODUCTS.**

'If'.

(10) Section 10 (30 U.S.C. 1009) is amended by striking `sec. 10. The' and inserting the following:

**`SEC. 10. RELINQUISHMENT OF GEOTHERMAL RIGHTS.**

`The'.

(11) Section 11 (30 U.S.C. 1010) is amended by striking `sec. 11. The' and inserting the following:

**`SEC. 11. SUSPENSION OF OPERATIONS AND PRODUCTION.**

`The'.

(12) Section 12 (30 U.S.C. 1011) is amended by striking `sec. 12. Leases' and inserting the following:

**`SEC. 12. TERMINATION OF LEASES.**

`Leases'.

(13) Section 13 (30 U.S.C. 1012) is amended by striking `sec. 13. The' and inserting the following:

**`SEC. 13. WAIVER, SUSPENSION, OR REDUCTION OF RENTAL OR ROYALTY.**

`The'.

(14) Section 14 (30 U.S.C. 1013) is amended by striking `sec. 14. Subject' and inserting the following:

**`SEC. 14. SURFACE LAND USE.**

`Subject'.

(15) Section 15 (30 U.S.C. 1014) is amended by striking `sec. 15. (a) Geothermal' and inserting the following:

**`SEC. 15. LANDS SUBJECT TO GEOTHERMAL LEASING.**

`(a) Geothermal'.

(16) Section 16 (30 U.S.C. 1015) is amended by striking `sec. 16. Leases' and inserting the following:

**`SEC. 16. REQUIREMENT FOR LESSEES.**

`Leases'.

(17) Section 17 (30 U.S.C. 1016) is amended by striking `sec. 17. Administration' and inserting the following:

## **`SEC. 17. ADMINISTRATION.**

`Administration'.

(18) Section 19 (30 U.S.C. 1018) is amended by striking `sec. 19. Upon' and inserting the following:

## **`SEC. 19. DATA FROM FEDERAL AGENCIES.**

`Upon'.

(19) Section 21 (30 U.S.C. 1020) is further amended by striking `sec. 21.', and by inserting immediately before and above the remainder of that section the following:

## **`SEC. 21. PUBLICATION IN FEDERAL REGISTER; RESERVATION OF MINERAL RIGHTS.'.**

(20) Section 22 (30 U.S.C. 1021) is amended by striking `sec. 22. Nothing' and inserting the following:

## **`SEC. 22. FEDERAL EXEMPTION FROM STATE WATER LAWS.**

`Nothing'.

(21) Section 23 (30 U.S.C. 1022) is amended by striking `sec. 23. (a) All' and inserting the following:

## **`SEC. 23. PREVENTION OF WASTE; EXCLUSIVITY.**

`(a) All'.

(22) Section 24 (30 U.S.C. 1023) is amended by striking `sec. 24. The' and inserting the following:

## **`SEC. 24. RULES AND REGULATIONS.**

`The'.

(23) Section 25 (30 U.S.C. 1024) is amended by striking `sec. 25. As' and inserting the following:

## **`SEC. 25. INCLUSION OF GEOTHERMAL LEASING UNDER CERTAIN OTHER LAWS.**

`As'.

(24) Section 26 is amended by striking `sec. 26. The' and inserting the following:

## **`SEC. 26. AMENDMENT.**

`The'.

(25) Section 27 (30 U.S.C. 1025) is amended by striking `sec. 27. The' and inserting the following:

**`SEC. 27. FEDERAL RESERVATION OF CERTAIN MINERAL RIGHTS.**

`The'.

(26) Section 28 (30 U.S.C. 1026) is amended by striking `sec. 28. (a)(1) The' and inserting the following:

**`SEC. 28. SIGNIFICANT THERMAL FEATURES.**

`(a)(1) The'.

(27) Section 29 (30 U.S.C. 1027) is amended by striking `sec. 29. The' and inserting the following:

**`SEC. 29. LAND SUBJECT TO PROHIBITION ON LEASING.**

`The'.

**SEC. 237. INTERMOUNTAIN WEST GEOTHERMAL CONSORTIUM.**

(a) Participation Authorized- The Secretary, acting through the Idaho National Laboratory, may participate in a consortium described in subsection (b) to address science and science policy issues surrounding the expanded discovery and use of geothermal energy, including from geothermal resources on public lands.

(b) Members- The consortium referred to in subsection (a) shall--

- (1) be known as the `Intermountain West Geothermal Consortium';
- (2) be a regional consortium of institutions and government agencies that focuses on building collaborative efforts among the universities in the State of Idaho, other regional universities, State agencies, and the Idaho National Laboratory;
- (3) include Boise State University, the University of Idaho (including the Idaho Water Resources Research Institute), the Oregon Institute of Technology, the Desert Research Institute with the University and Community College System of Nevada, and the Energy and Geoscience Institute at the University of Utah;
- (4) be hosted and managed by Boise State University; and
- (5) have a director appointed by Boise State University, and associate directors appointed by each participating institution.

(c) Financial Assistance- The Secretary, acting through the Idaho National Laboratory and subject to the availability of appropriations, will provide financial assistance to Boise State University for expenditure under contracts with members of the consortium to carry out the activities of the consortium.