

108TH CONGRESS  
1ST SESSION

# H. R. 2772

To amend the Geothermal Steam Act of 1970 to promote the development and use of geothermal resources in the United States.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2003

Mr. GIBBONS introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To amend the Geothermal Steam Act of 1970 to promote the development and use of geothermal resources in the United States.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “John Rishel Geo-  
5 thermal Steam Act Amendments of 2003”.

6 **SEC. 2. COMPETITIVE LEASE SALE REQUIREMENTS.**

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

1 **“SEC. 4. LEASING PROCEDURES.**

2 “(a) IN GENERAL.—

3 “(1) NOMINATIONS.—The Secretary shall ac-  
4 cept nominations at any time from qualified compa-  
5 nies and individuals of areas to be leased under this  
6 Act.

7 “(2) COMPETITIVE LEASE SALE REQUIRED.—  
8 The Secretary shall hold a competitive lease sale at  
9 least once every 2 years for lands in a State that are  
10 located in areas with respect to which there are  
11 nominations pending under paragraph (1).

12 “(3) NONCOMPETITIVE LEASING.—The Sec-  
13 retary shall make available for a period of 2 years  
14 for noncompetitive leasing any lands for which a  
15 competitive lease sale is held, but for which the Sec-  
16 retary does not receive any bids in a competitive  
17 lease sale.

18 “(4) LEASES SOLD AS A BLOCK.—Notwith-  
19 standing the lease acreage limitation, if a geothermal  
20 resource that could be produced as one unit is rea-  
21 sonably expected to underline more than one lease,  
22 the leases for such resources shall be offered for bid-  
23 ding as a block in the competitive lease sale.”.

24 (b) PENDING LEASE APPLICATIONS.—The Secretary  
25 of the Interior—

1           (1) subject to paragraph (2), shall expeditiously  
2 process lease applications pending on the date of en-  
3 actment of this Act under the Geothermal Steam  
4 Act of 1970 (30 U.S.C. 1001 et seq.); and

5           (2) shall, by the end of the one-year period be-  
6 ginning on the date of the enactment of this Act,  
7 initiate competitive lease sales under such Act for  
8 areas with respect to which lease applications are  
9 pending and the lease applicant has not entered into  
10 an agreement with the Secretary to be reimbursed  
11 under the terms of the amendment made by section  
12 7(a) of this Act to fund any analyses, documents, or  
13 studies necessary to complete the processing of the  
14 lease application.

15 **SECTION 3. SPECIAL PROVISIONS REGARDING DIRECT USE**  
16 **OF GEOTHERMAL ENERGY RESOURCES.**

17           (a) LEASING PROCEDURE.—Section 4 of the Geo-  
18 thermal Steam Act of 1970 (30 U.S.C. 1003) is further  
19 amended by adding at the end the following:

20           “(b) LEASING FOR DIRECT USE OF GEOTHERMAL  
21 RESOURCES.—Lands leased under this Act exclusively for  
22 qualified development and direct utilization of geothermal  
23 resources shall be leased to any qualified applicant who  
24 first applies for such lease under regulations formulated  
25 by the Secretary, if—

1           “(1) the Secretary publishes a notice of the  
2           lands proposed for leasing at least 60 days before  
3           the date of the issuance of the lease; and

4           “(2) the Secretary does not receive in the 60-  
5           day period beginning on the date of such publication  
6           any nomination to include the lands concerned in the  
7           next competitive lease sale.”.

8           (b) LIMITATION ON LEASE AREA.—Section 7 of the  
9           Geothermal Steam Act of 1970 (30 U.S.C. 1006) is  
10          amended—

11           (1) in the first sentence by striking “A geo-  
12           thermal lease” and inserting “(a) IN GENERAL.—  
13           Except as provided in subsection (b), a geothermal  
14           lease”; and

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

16           “(b) LEASING FOR DIRECT USE OF GEOTHERMAL  
17           RESOURCES.—A geothermal lease for qualified develop-  
18           ment and direct utilization of geothermal resources shall  
19           embrace not more than the minimum amount of acreage  
20           determined by the Secretary to be reasonably necessary  
21           for such utilization.”.

22           (c) ANNUAL PAYMENT.—Section 5 of the Geothermal  
23           Steam Act of 1970 (30 U.S.C. 1004) is amended—

24           (1) in paragraph (c) by redesignating subpara-  
25           graphs (1) and (2) as subparagraphs (A) and (B);

1           (2) by redesignating paragraphs (a) through (d)  
2           in order as paragraphs (1) through (4);

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

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

6           “(b) EXEMPTION FOR DIRECT USE OF GEOTHERMAL  
7           RESOURCES.—

8           “(1) IN GENERAL.—In lieu of any royalty or  
9           rental under subsection (a), a lease for qualified de-  
10          velopment and direct utilization of geothermal re-  
11          sources shall provide for payment by the lessee of an  
12          annual fee per well of not less than \$100, and not  
13          more than \$1,000, in accordance with the schedule  
14          issued under paragraph (2).

15          “(2) SCHEDULE.—The Secretary shall issue a  
16          schedule of fees under this section under which a fee  
17          is based on the scale of development and utilization  
18          to which the fee applies.”.

19          (d) DEFINITIONS.—Section 2 of the Geothermal  
20          Steam Act of 1970 (30 U.S.C. 1001) is amended—

21                 (1) in paragraph (f) by redesignating subpara-  
22                 graphs (1) through (4) in order as subparagraphs  
23                 (A) through (D);

24                 (2) by redesignating paragraphs (a) through (f)  
25                 in order as paragraphs (1) through (6); and

1           (3) by adding at the end the following:

2           “(7) DIRECT USE OF GEOTHERMAL RE-  
3 SOURCES.—The term ‘direct use of geothermal re-  
4 sources’ means utilization of the heat from a geo-  
5 thermal resource for commercial, residential, agricul-  
6 tural, or other energy needs, other than the commer-  
7 cial production of electricity.

8           “(8) GEOTHERMAL RESOURCE.—The term ‘geo-  
9 thermal resource’ means a subsurface reservoir of  
10 hot water or steam.”.

11 (e) EXISTING LEASES.—

12           (1) APPLICATION TO CONVERT.—Any lessee  
13 under a lease under the Geothermal Steam Act of  
14 1970 that was issued before the date of the enact-  
15 ment of this Act may apply to the Secretary of the  
16 Interior, by not later than 18 months after the date  
17 of the enactment of this Act, to convert such lease  
18 to a lease for qualified development and direct utili-  
19 zation of geothermal resources in accordance with  
20 the amendments made by this section.

21           (2) CONVERSION.—The Secretary shall approve  
22 such an application and convert such a lease to a  
23 lease in accordance with the amendments by not  
24 later than 180 days after receipt of such application,

1 unless the Secretary determines that the applicant is  
2 not a qualified applicant with respect to the lease.

3 (3) APPLICATION OF NEW LEASE TERMS.—The  
4 amendments made by subsection (c) shall apply with  
5 respect to payments under a lease converted under  
6 this subsection that are due and owing to the  
7 United States on or after July 16, 2003.

8 **SEC. 4. ROYALTIES AND NEAR-TERM PRODUCTION INCEN-**  
9 **TIVES.**

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

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

14 “(1) a royalty on electricity produced using geo-  
15 thermal steam and associated geothermal resources,  
16 other than direct use of geothermal resources, that  
17 shall be—

18 “(A) 1.75 percent of the gross proceeds  
19 from the sale of electricity produced from such  
20 resources during the first 10 years of produc-  
21 tion under the lease; and

22 “(B) 3.5 percent of the gross proceeds  
23 from the sale of electricity produced from such  
24 resources during each year after such 10-year  
25 period.”; and

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

2 “(c) TREATMENT OF STATE AND COUNTY SHARES  
3 OF ROYALTIES.—

4 “(1) STATE SHARE.—Notwithstanding section  
5 20 of this Act, section 35 of the Mineral Leasing  
6 Act (30 U.S.C. 191), or section 6 of the Mineral  
7 Leasing Act for Acquired Lands (30 U.S.C. 355), in  
8 the case of monies received by the United States as  
9 royalty under subsection (a)(1)(A) with respect to a  
10 electricity produced in a County in a State under a  
11 geothermal lease—

12 “(A) the percentage required to be paid by  
13 the Secretary of the Treasury to the State shall  
14 be 75 percent; and

15 “(B) the percentage required to be paid by  
16 the Secretary of the Treasury to the County  
17 shall be 25 percent.

18 “(2) CREDITS FOR IN-KIND PAYMENTS OF  
19 ELECTRICITY.—The Secretary may provide to a les-  
20 see a credit against royalties owed under this Act,  
21 in an amount equal to the value of electricity pro-  
22 vided under contract to a State or county govern-  
23 ment that is entitled under the provisions of other  
24 laws referred to in paragraph (1) to a portion of  
25 such royalties, if—

1           “(A) the Secretary has approved an agree-  
2           ment between the lessee and the State or coun-  
3           ty government for such in-kind payments; and

4           “(B) the agreement establishes a specific  
5           methodology to determine the value of such  
6           credits.”.

7           (b) DISPOSAL OF MONEYS FROM SALES, BONUSES,  
8 ROYALTIES AND RENTALS.—Section 20 of the Geo-  
9 thermal Steam Act of 1970 (30 U.S.C. 1019) is amended  
10 to read as follows:

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

13           “(a) RENTALS.—All moneys received by the United  
14 States from rentals under this Act shall be disposed of  
15 in the same manner as such moneys received pursuant to  
16 section 35 of the Mineral Leasing Act (30 U.S.C. 191)  
17 or section 6 of the Mineral Leasing Act for Acquired  
18 Lands (30 U.S.C. 355), as the case may be.

19           “(b) SALES, BONUSES, AND ROYALTIES.—

20           “(1) IN GENERAL.—All monies received by the  
21 United States from sales, bonuses, and royalties  
22 under this Act shall be paid into the Treasury of the  
23 United States. Of amounts deposited under this sub-  
24 section, subject to the provisions of section 35 of the

1 Mineral Leasing Act (30 U.S.C. 191(b)) and section  
2 5(a)(2) of this Act—

3 “(A) 50 percent shall be paid to the State  
4 within the boundaries of which the leased lands  
5 or geothermal resources are or were located;  
6 and

7 “(B) 25 percent shall be paid to the Coun-  
8 ty within the boundaries of which the leased  
9 lands or geothermal resources are or were lo-  
10 cated;

11 except that this sentence shall not apply with respect  
12 to lands in Alaska.

13 “(2) USE OF PAYMENTS.—Amounts paid to a  
14 State or county under paragraph (1) shall be used  
15 consistent with the terms of section 35 of the Min-  
16 eral Leasing Act (30 U.S.C. 191).”.

17 (c) NEAR-TERM PRODUCTION INCENTIVE.—

18 (1) IN GENERAL.—Notwithstanding section  
19 5(a) of the Geothermal Steam Act of 1970 the roy-  
20 alty required to be paid on any lease issued under  
21 such Act before the date of enactment of this Act—

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

1 (B) on qualified expansion geothermal en-  
2 ergy;  
3 shall be 50 percent of the amount of royalty other-  
4 wise required to be paid under that section.

5 (2) STATE SHARE.—Notwithstanding section 20  
6 of the Geothermal Steam Act of 1970 (30 U.S.C.  
7 1019), section 35 of the Mineral Leasing Act (30  
8 U.S.C. 191), or section 6 of the Mineral Leasing Act  
9 for Acquired Lands (30 U.S.C. 355), in the case of  
10 monies received by the United States from royalty  
11 described in subparagraph (A) or (B) of paragraph  
12 (1), the percentage required to be paid by the Sec-  
13 retary of the Treasury to a State under those sec-  
14 tions shall be 100 percent.

15 (3) 4-YEAR APPLICATION.—Paragraphs (1) and  
16 (2) apply only to commercial production of heat or  
17 energy from a facility in the first 4 years of such  
18 production.

19 (4) NO EFFECT ON STATE PORTION.—This sub-  
20 section shall not be construed to reduce the amount  
21 of royalty required to be paid to a State.

22 (d) DEFINITIONS.—In this section:

23 (1) QUALIFIED EXPANSION GEOTHERMAL EN-  
24 ERGY.—The term “qualified expansion geothermal

1 energy” means geothermal energy produced from a  
2 generation facility for which—

3 (A) the production is increased by more  
4 than 10 percent as a result of expansion of the  
5 facility carried out in the 6-year period begin-  
6 ning on the date of the enactment of this Act;  
7 and

8 (B) such production increase is greater  
9 than 10 percent of the average production by  
10 the facility during the 5-year period preceding  
11 the expansion of the facility.

12 (2) QUALIFIED GEOTHERMAL ENERGY  
13 LEASE.—The term “qualified geothermal energy  
14 lease” means a lease under the Geothermal Steam  
15 Act of 1970 (30 U.S.C. 1001 et seq.)—

16 (A) that was executed before the end of  
17 the 6-year period beginning on the date of the  
18 enactment of this Act; and

19 (B) under which no commercial production  
20 of any form of heat or energy occurred before  
21 the date of the enactment of this Act.

22 (e) ROYALTY UNDER EXISTING LEASES.—

23 (1) IN GENERAL.—Any lessee under a lease  
24 issued under the Geothermal Steam Act of 1970 be-  
25 fore the date of the enactment of this Act may mod-

1       ify the terms of the lease relating to payment of roy-  
2       alties to comply with the amendment made by sub-  
3       section (a), by applying to the Secretary of the Inte-  
4       rior by not later than 18 months after the date of  
5       the enactment of this Act.

6           (2) APPLICATION OF MODIFICATION.—Such  
7       modification shall apply to any use of geothermal  
8       steam and associated geothermal resources to which  
9       the amendment applies that occurs after the date of  
10      that application.

11          (3) CONSULTATION.—The Secretary—

12           (A) shall consult with the State and local  
13       governments affected by any proposed changes  
14       in lease royalty terms under this subsection;

15           (B) may agree to a gross proceeds percent-  
16       age other than the amount specified in the  
17       amendment made by subsection (a) only with  
18       the concurrence of the lessee and the State,

19 **SEC. 5. CONSULTATION REGARDING GEOTHERMAL LEAS-**  
20 **ING AND PERMITTING ON PUBLIC LANDS.**

21          (a) IN GENERAL.—Not later than 6 months after the  
22       date of the enactment of this Act, the Secretary of the  
23       Interior and the Secretary of Agriculture shall enter into  
24       and submit to the Congress a memorandum of under-  
25       standing in accordance with this section regarding leasing

1 and permitting, for geothermal development, of public  
2 lands under their respective administrative jurisdictions.

3 (b) LEASE AND PERMIT APPLICATIONS.—The memo-  
4 randum of understanding shall include provisions that—

5 (1) identify known geothermal areas on public  
6 lands within the National Forest System and when  
7 necessary review management plans to consider leas-  
8 ing under the Geothermal Steam Act of 1970 (30  
9 U.S.C. 1001 et seq.) as a land use;

10 (2) establish an administrative procedure for  
11 processing geothermal lease applications, including  
12 lines of authority, steps in application processing,  
13 and timeframes for application processing;

14 (3) provide that the Secretary concerned  
15 shall—

16 (A) within 14 days after receiving an ap-  
17 plication for a lease, determine whether the ap-  
18 plication contains sufficient information to  
19 allow processing of the application; and

20 (B) if the application is found not to con-  
21 tain sufficient information to allow processing  
22 the application the Secretary shall, before the  
23 end of such 14-day period, provide written noti-  
24 fication to the lease applicant that the applica-  
25 tion is being returned to the applicant without

1 processing and itemizing the deficiencies in the  
2 application that prevent processing;

3 (4) provide that the Secretary concerned shall  
4 within 30 days after receiving a lease application,  
5 provide written notice to the lease applicant regard-  
6 ing the status of the application, including an esti-  
7 mation of the time that will be required to complete  
8 action on the application; and

9 (5) establish an administrative procedure for  
10 processing geothermal development permits, includ-  
11 ing lines of authority, steps in permit processing,  
12 and timeframes for permit processing.

13 (c) FIVE-YEAR LEASING PLAN.—The memorandum  
14 of understanding shall develop a 5-year plan for leasing  
15 under the Geothermal Steam Act of 1970 (30 U.S.C. 1001  
16 et seq.) of public land in the National Forest System. The  
17 plan for geothermal leasing shall be updated every 5 years.

18 (d) DATA RETRIEVAL SYSTEM.—The memorandum  
19 of understanding shall establish a joint data retrieval sys-  
20 tem that is capable of tracking lease and permit applica-  
21 tions and requests and providing to the applicant or re-  
22 quester information as to their status within the Depart-  
23 ments of the Interior and Agriculture, including an esti-  
24 mate of the time required for administrative action.

1 **SEC. 6. REVIEW AND REPORT TO CONGRESS.**

2       The Secretary of the Interior shall promptly review  
3 and report to the Congress within 3 years after the date  
4 of the enactment of this Act regarding the status of all  
5 moratoria on and withdrawals from leasing under the Geo-  
6 thermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of  
7 known geothermal resources areas (as that term is defined  
8 in section 2 of that Act (30 U.S.C. 1001), specifying for  
9 each such area whether the basis for such moratoria or  
10 withdrawal still applies.

11 **SEC. 7. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES,**  
12 **DOCUMENTATION, AND STUDIES.**

13       (a) IN GENERAL.—The Geothermal Steam Act of  
14 1970 (30 U.S.C. 1001 et seq.) is amended by adding at  
15 the end the following:

16 **“SEC. 30. REIMBURSEMENT FOR COSTS OF CERTAIN ANAL-**  
17 **YSES, DOCUMENTATION, AND STUDIES.**

18       “(a) IN GENERAL.—The Secretary of the Interior  
19 may, through royalty credits, reimburse a person who is  
20 a lessee, operator, operating rights owner, or applicant for  
21 a lease under this Act for reasonable amounts paid by the  
22 person for preparation by the Secretary (or a contractor  
23 or other person selected by the Secretary) of any project-  
24 level analysis, documentation, or related study required  
25 under the National Environmental Policy Act of 1969 (42  
26 U.S.C. 4321 et seq.) with respect to the lease.



1 representatives and the Committee on Energy and Natural  
2 Resources of the Senate—

3           (1) within 3 years after the date of enactment  
4           of this Act; and

5           (2) thereafter as the availability of data and de-  
6           velopments in technology warrant.

7 **SEC. 9. COOPERATIVE OR UNIT PLANS.**

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

11 **“SEC. 18. COOPERATIVE OR UNIT PLANS.**

12           “(a) ADOPTION OF PLAN BY LESSEES.—

13                   “(1) IN GENERAL.—For the purpose of more  
14 properly conserving the natural resources of any  
15 geothermal field, or like area, or any part thereof  
16 (whether or not any part of the geothermal field, or  
17 like area, is then subject to any cooperative or unit  
18 plan of development or operation), lessees thereof  
19 and their representatives may unite with each other,  
20 or jointly or separately with others, in collectively  
21 adopting and operating under a cooperative or unit  
22 plan of development or operation of such field, or  
23 like area, or any part thereof, if determined and cer-  
24 tified by the Secretary to be necessary or advisable  
25 in the public interest.

1           “(2) MODIFICATION OF LEASE REQUIREMENTS  
2 BY SECRETARY.—The Secretary may, in the discre-  
3 tion of the Secretary, and with the consent of the  
4 holders of leases involved, establish, alter, change, or  
5 revoke drilling, producing, rental, minimum royalty,  
6 and royalty requirements of such leases and to make  
7 such regulations with reference to such leases, with  
8 the consent of the lessees, in connection with the in-  
9 stitution and operation of any such cooperative or  
10 unit plan as the Secretary may deem necessary or  
11 proper to secure the proper protection of the public  
12 interest.

13           “(b) REQUIREMENT OF PLANS UNDER NEW  
14 LEASES.—The Secretary—

15           “(1) may provide that geothermal leases issued  
16 under this Act after the date of the enactment of  
17 this section shall contain a provision requiring the  
18 lessee to operate under such a reasonable coopera-  
19 tive or unit plan; and

20           “(2) may prescribe such a plan under which  
21 such lessee shall operate, which shall adequately pro-  
22 tect the rights of all parties in interest, including the  
23 United States.

24           “(c) MODIFICATION OF RATE OF PROSPECTING, DE-  
25 VELOPMENT, AND PRODUCTION.—The Secretary may re-

1 require that any plan authorized by the this section that  
2 applies to lands owned by the United States contain a pro-  
3 vision under which authority is vested in the Secretary,  
4 or any person, committee, or State or Federal officer or  
5 agency as may be designated in the plan, to alter or mod-  
6 ify from time to time the rate of prospecting and develop-  
7 ment and the quantity and rate of production under such  
8 plan.

9       “(d) EXCLUSION FROM DETERMINATION OF HOLD-  
10 ING OR CONTROL.—Any lands that are subject to any plan  
11 approved or prescribed by the Secretary under this section  
12 shall not be considered in determining holdings or control  
13 under any provision of this Act.

14       “(e) POOLING OF CERTAIN LANDS.—If separate  
15 tracts of lands cannot be independently developed and op-  
16 erated to use geothermal steam and associated geothermal  
17 resources pursuant to this Act in conformity with an es-  
18 tablished development program—

19               “(1) any such lands, or a portion thereof, may  
20 be pooled with other lands, whether or not owned by  
21 the United States, for purposes of such development  
22 and operation under a communitization agreement  
23 providing for an apportionment of production or roy-  
24 alties among the separate tracts of land comprising

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

3 “(2) operation or production pursuant to such  
4 an agreement shall be treated as operation or pro-  
5 duction with respect to each tract of land that is  
6 subject to the agreement.

7 “(f) PLAN REVIEW.—No more than 5 years after ap-  
8 proval of any cooperative or unit plan of development or  
9 operation, and at least every 5 years thereafter, the Sec-  
10 retary shall review each such plan and, after notice and  
11 opportunity for comment, eliminate from inclusion in such  
12 plan any lands that the Secretary determines are not rea-  
13 sonably necessary for cooperative or unit operations under  
14 the plan. Such elimination shall be based on scientific evi-  
15 dence, and shall occur only if it is determined by the Sec-  
16 retary to be for the purpose of conserving and properly  
17 managing the geothermal resource. Any land so eliminated  
18 shall be eligible for an extension under subsection (c) or  
19 (g) of section 6 if it meets the requirements for such an  
20 extension.

21 “(g) APPROVAL BY SECRETARY.—The Secretary  
22 may, on such conditions as the Secretary may prescribe,  
23 approve operating, drilling, or development contracts made  
24 by one or more lessees of geothermal leases, with one or  
25 more persons, associations, or corporations if, in the dis-

1 cretion of the Secretary, the conservation of natural re-  
2 sources or the public convenience or necessity may require  
3 or the interests of the United States may be best served  
4 thereby. All leases operated under such approved oper-  
5 ating, drilling, or development contracts, and interests  
6 thereunder, shall be excepted in determining holdings or  
7 control under section 7 of this Act.

8 “(h) COORDINATION WITH STATE GOVERNMENTS.—  
9 The Secretary—

10 “(1) shall coordinate unitization and pooling ac-  
11 tivities with the appropriate State agencies; and

12 “(2) shall ensure that State leases included in  
13 any unitization or pooling arrangement are treated  
14 equally with Federal leases.”.

15 **SEC. 10. ROYALTY ON BYPRODUCTS.**

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

19 “(2) a royalty on any byproduct that is a min-  
20 eral named in the first section of the Mineral Leas-  
21 ing Act (30 U.S.C. 181), and that is derived from  
22 production under the lease, at the rate of the royalty  
23 that applies under that Act to production of such  
24 mineral under a lease under that Act;”.

1 **SEC. 11. REPEAL OF AUTHORITIES OF SECRETARY TO RE-**  
2 **ADJUST TERMS, CONDITIONS, RENTALS, AND**  
3 **ROYALTIES.**

4 Section 8 of the Geothermal Steam Act of 1970 (30  
5 U.S.C. 1007) is amended by repealing subsections (a) and  
6 (b), and by striking “(c)”.

7 **SEC. 12. CREDITING OF RENTAL TOWARD ROYALTY.**

8 Section 5 of the Geothermal Steam Act of 1970 (30  
9 U.S.C. 1004) is further amended—

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

12 (2) in subsection (a)(3) by striking “; and” and  
13 inserting a period;

14 (3) by striking paragraph (4) of subsection (a);  
15 and

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

17 “(d) CREDITING OF RENTAL TOWARD ROYALTY.—

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

23 **SEC. 13. LEASE DURATION AND WORK COMMITMENT RE-**  
24 **QUIREMENTS.**

25 (a) IN GENERAL.—Section 6 of the Geothermal  
26 Steam Act of 1970 (30 U.S.C. 1005) is amended—

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

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

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

8   **“SEC. 6. LEASE TERM AND WORK COMMITMENT REQUIRE-**  
9           **MENTS.**

10          “(a) PRIMARY TERM.—

11               “(1) IN GENERAL.—A geothermal lease shall be  
12               for a primary term of ten years.

13               “(2) INITIAL EXTENSION.—The Secretary shall  
14               extend the primary term of a geothermal lease for  
15               5 years if, for each year after the fifth year of the  
16               lease—

17                       “(A) the Secretary determined under sub-  
18                       section (c) that the lessee satisfied the work  
19                       commitment requirements that applied to the  
20                       lease for that year; or

21                       “(B) the lessee paid in accordance with  
22                       subsection (d) the value of any work that was  
23                       not completed in accordance with those require-  
24                       ments.

1           “(3) ADDITIONAL EXTENSION.—The Secretary  
2 shall extend the primary term of a geothermal lease  
3 (after an extension under paragraph (2)) for an ad-  
4 ditional 5 years if, for each year after the fifteenth  
5 year of the lease, the Secretary determined under  
6 subsection (c) that the lessee satisfied the work com-  
7 mitment requirements that applied to the lease for  
8 that year.

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

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

16           “(2) PRESCRIPTION OF WORK COMMITMENT RE-  
17 QUIREMENTS.—The Secretary shall issue regulations  
18 prescribing minimum equivalent dollar value work  
19 commitment requirements for geothermal leases,  
20 that—

21           “(A) require that a lessee, in each year  
22 after the fifth year of the primary term of a  
23 geothermal lease, diligently work to achieve  
24 commercial production or utilization of steam  
25 under the lease;

1           “(B) require that in each year to which  
2 work commitment requirements under the regu-  
3 lations apply, the lessee shall significantly re-  
4 duce the amount of work that remains to be  
5 done to achieve such production or utilization;

6           “(C) describe specific work that must be  
7 completed by a lessee by the end of each year  
8 to which the work commitment requirements  
9 apply;

10           “(D) carry forward and apply to work  
11 commitment requirements for a year, work  
12 completed in any year in the preceding 3-year  
13 period that was in excess of the work required  
14 to be performed in that preceding year; and

15           “(E) establish transition rules for leases  
16 issued before the date of the enactment of this  
17 subsection, including terms under which a lease  
18 that is near the end of its term on the date of  
19 enactment of this Act may be extended for up  
20 to two years—

21                   “(i) to allow achievement of produc-  
22 tion under the lease;

23                   “(ii) to allow the lease to be included  
24 in a producing unit; and

1           “(F) establish an annual payment that, at  
2           the option of the lessee, may be exercised in lieu  
3           of meeting any work requirement for a limited  
4           number of years that the Secretary determines  
5           will not impair achieving diligent development  
6           of the geothermal resource.

7           “(3) TERMINATION OF APPLICATION OF RE-  
8           QUIREMENTS.—Work commitment requirements pre-  
9           scribed under this subsection shall not apply to a  
10          geothermal lease after the date on which geothermal  
11          steam is produced or utilized under the lease in com-  
12          mercial quantities.

13          “(c) DETERMINATION OF WHETHER REQUIREMENTS  
14          SATISFIED.—The Secretary shall, by not later than 21  
15          days after the end of each year for which work commit-  
16          ment requirements under subsection (b) apply to a geo-  
17          thermal lease—

18                 “(1) determine whether the lessee has satisfied  
19                 the requirements that apply for that year;

20                 “(2) notify the lessee of that determination; and

21                 “(3) in the case of a notification that the lessee  
22                 did not satisfy work commitment requirements for  
23                 the year, include in the notification—

1           “(A) a description of the specific work that  
2           was not completed by the lessee in accordance  
3           with the requirements; and

4           “(B) the amount of the dollar value of  
5           such work that was not completed, reduced by  
6           the amount of expenditures made for work com-  
7           pleted in a prior year that is carried forward  
8           pursuant to subsection (b)(2)(D).

9           “(d) PAYMENT OF VALUE OF UNCOMPLETED  
10          WORK.—

11           “(1) IN GENERAL.—If the Secretary notifies a  
12           lessee that the lessee failed to satisfy work commit-  
13           ment requirements under subsection (b), the lessee  
14           shall pay to the Secretary, by not later than the end  
15           of the 60-day period beginning on the date of the  
16           notification, the dollar value of work that was not  
17           completed by the lessee, in the amount stated in the  
18           notification (as reduced under subsection (c)(3)(B)).

19           “(2) FAILURE TO PAY VALUE OF  
20           UNCOMPLETED WORK.—If a lessee fails to pay such  
21           amount to the Secretary before the end of that pe-  
22           riod, the lease shall terminate upon the expiration of  
23           the period.

24           “(e) CONTINUATION AFTER COMMERCIAL PRODUC-  
25           TION OR UTILIZATION.—If geothermal steam is produced

1 or utilized in commercial quantities within the primary  
2 term of the lease under subsection (a) (including any ex-  
3 tension of the lease under subsection (a)), such lease shall  
4 continue until the date on which geothermal steam is no  
5 longer produced or utilized in commercial quantities.

6 “(f) CONVERSION OF GEOTHERMAL LEASE TO MIN-  
7 ERAL LEASE.—The lessee under a lease that has produced  
8 geothermal steam for electrical generation, has been deter-  
9 mined by the Secretary to be incapable of any further com-  
10 mercial production or utilization of geothermal steam, and  
11 that is producing any valuable byproduct in payable quan-  
12 tities may, within 6 months after such determination—

13 “(1) convert the lease to a mineral lease under  
14 the Mineral Leasing Act (30 U.S.C. 181 et seq.) or  
15 under the Mineral Leasing Act for Acquired Lands  
16 (30 U.S.C. 351 et seq.), if the lands that are subject  
17 to the lease can be leased under that Act for the  
18 production of such byproduct; or

19 “(2) convert the lease to a mining claim under  
20 the general mining laws, if the byproduct is a  
21 locatable mineral.”.

22 (b) CONFORMING AMENDMENT.—

23 (1) Section 18 of the Geothermal Steam Act of  
24 1970 (30 U.S.C. 1017) is amended by striking “sub-  
25 section (c) or (g)” and inserting “subsection (g)”.

1           (2) Section 20 of the Geothermal Steam Act of  
2           1970 (30 U.S.C. 1019) is amended by striking “, in-  
3           cluding the payments referred to in section 6(i),”.

4 **SEC. 14. ADVANCED ROYALTIES REQUIRED FOR SUSPEN-**  
5 **SION OF PRODUCTION.**

6           Section 5 of the Geothermal Steam Act of 1970 (30  
7 U.S.C. 1004) is further amended by adding at the end  
8 the following:

9           “(e) **ADVANCED ROYALTIES REQUIRED FOR SUSPEN-**  
10 **SION OF PRODUCTION.—**

11           “(1) **CONTINUATION OF LEASE FOLLOWING**  
12 **CESSATION OF PRODUCTION.—**If, at any time after  
13 commercial production under a lease is achieved,  
14 production ceases for any cause the lease shall re-  
15 main in full force and effect—

16           “(A) during the one-year period beginning  
17 on the date production ceases; and

18           “(B) after such period if, and so long as,  
19 the lessee commences and continues diligently  
20 and in good faith until such production is re-  
21 sumed the steps, operations, or procedures nec-  
22 essary to cause a resumption of such produc-  
23 tion.

24           “(2) If production of heat or energy under a geo-  
25 thermal lease is suspended after the date of any such pro-

1 duction for which royalty is required under subsection (a)  
2 and the terms of paragraph (1) are not met, the Secretary  
3 shall require the lessee, until the end of such suspension,  
4 to pay royalty in advance at the monthly pro-rata rate of  
5 the average annual rate at which such royalty was paid  
6 each year in the 5-year-period preceding the date of sus-  
7 pension.

8 “(3) Paragraph (2) shall not apply if the suspension  
9 is required or otherwise caused by the Secretary, the Sec-  
10 retary of a military department, a State or local govern-  
11 ment, or a force majeure.”.

12 **SEC. 15. ANNUAL RENTAL.**

13 (a) ANNUAL RENTAL RATE.—Section 5 of the Geo-  
14 thermal Steam Act of 1970 (30 U.S.C. 1004) is further  
15 amended in subsection (a) in paragraph (3) by striking  
16 “\$1 per acre or fraction thereof for each year of the lease”  
17 and all that follows through the end of the paragraph and  
18 inserting “\$1 per acre or fraction thereof for each year  
19 of the lease in the case of a lease awarded in a noncompeti-  
20 tive lease sale; or \$2 per acre or fraction thereof for the  
21 first year, \$3 per acre or fraction thereof for each of the  
22 second through tenth years, and \$5 per acre or fraction  
23 thereof for each year after the 10th year thereof, in the  
24 case of a lease awarded in a competitive lease sale; and”.

1           (b) TERMINATION OF LEASE FOR FAILURE TO PAY  
2 RENTAL.—Section 5 of the Geothermal Steam Act of  
3 1970 (30 U.S.C. 1004) is further amended by adding at  
4 the end the following:

5           “(f) TERMINATION OF LEASE FOR FAILURE TO PAY  
6 RENTAL.—

7           “(1) IN GENERAL.—The Secretary shall termi-  
8 nate any lease with respect to which rental is not  
9 paid in accordance with this Act and the terms of  
10 the lease under which the rental is required, upon  
11 the expiration of the 45-day period beginning on the  
12 date of the failure to pay such rental.

13           “(2) NOTIFICATION.—The Secretary shall  
14 promptly notify a lessee that has not paid rental re-  
15 quired under the lease that the lease will be termi-  
16 nated at the end of the period referred to in para-  
17 graph (1).

18           “(3) REINSTATEMENT.—A lease that would  
19 otherwise terminate under paragraph (1) shall not  
20 terminate under that paragraph if the lessee pays to  
21 the Secretary, before the end of the period referred  
22 to in paragraph (1), the amount of rental due plus  
23 a late fee equal to 10 percent of such amount.”.

1 **SEC. 16. PUBLIC LANDS UNDER MILITARY JURISDICTION.**

2 (a) IN GENERAL.—Except as otherwise provided in  
3 the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et  
4 seq.) and other provisions of Federal law applicable to de-  
5 velopment of geothermal resources within public lands, all  
6 public lands under the jurisdiction of a Secretary of a mili-  
7 tary department shall be open to the operation of such  
8 laws and development and utilization of geothermal re-  
9 sources without the necessity for further action by the Sec-  
10 retary or the Congress.

11 (b) CONFORMING AMENDMENT.—Section 2689 of  
12 title 10, United States Code, is amended by striking “in-  
13 cluding public lands,” and inserting “other than public  
14 lands,”.

15 (c) TREATMENT OF EXISTING LEASES AND CON-  
16 TRACTS.—Upon the expiration of any lease or contract or  
17 term thereof in effect on the date of the enactment of this  
18 Act of public lands under the jurisdiction of a military  
19 department for the development of any geothermal re-  
20 source, such lease or contract may, at the option of the  
21 lessee or contractor—

22 (1) be treated as a lease under the Geothermal  
23 Steam Act of 1970 (30 U.S.C. 1001 et seq.), and be  
24 renewed in accordance with such Act; or

1           (2) be renewed in accordance with the terms of  
2           the lease or contract, if such renewal is authorized  
3           by such terms.

4           (d) REGULATIONS.—The Secretary of the Interior,  
5           with the advice and concurrence of the Secretary of the  
6           military department concerned, shall prescribe such regu-  
7           lations to carry out this section as may be necessary. Such  
8           regulations shall contain guidelines to assist in deter-  
9           mining how much, if any, of the surface of any lands  
10          opened pursuant to this section may be used for purposes  
11          incident to geothermal resources development and utiliza-  
12          tion.

13          (e) CLOSURE FOR PURPOSES OF NATIONAL DE-  
14          FENSE OR SECURITY.—In the event of a national emer-  
15          gency or for purposes of national defense or security, the  
16          Secretary of the Interior, at the request of the Secretary  
17          of the military department concerned, shall close any lands  
18          that have been opened to geothermal resources leasing  
19          pursuant to this section.

20          (f) LEASE MANAGEMENT AND OPERATIONS.—The  
21          Secretary of the military department concerned may im-  
22          pose such terms and conditions on the operations of any  
23          lessee under this section as necessary to maintain military  
24          missions.

1           (g) GEOTHERMAL RESOURCE DEFINED.—In this sec-  
2 tion, the term “geothermal resource” means a subsurface  
3 reservoir of hot water or steam.

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