Geothermal Program on Federal Lands in New Mexico
BLM New Mexico

• Program is centralized in the Las Cruces District Office (LCDO)
  – All work, including lease adjudication, is performed in the LCDO
  – Budget of ~$50,000/year right now
  – If leasing activity arises in other parts of the state, we may consider centralizing the adjudication functions in the State Office (Santa Fe), with operations work continuing in the LCDO
Lease Status

• Four ‘active’ leases
  – Two held by Cyrq, Hidalgo County
    • Converting direct use to power generation
  – Sunflower Family, Dona Ana County
    • Direct use, greenhouses
  – Binns/Muncrief, Dona Ana County
    • Direct use, aquaculture
Lease Applications

• 12 Applications Pending
  – 3 lease applications received in 2010
    • 2 Located in Rincon area north of Las Cruces, ~10,000 acres; BLM LCDO plans to hold competitive lease sale
    • 1 in Radium Springs area, north of Las Cruces
  – 9 lease applications received in 2011
    • Located west and northwest of the Valles Caldera National Preserve, ~36,000 acres total
    • Most of the land is within the Santa Fe NF
Regulation ‘Update’

• Regulations were re-written in 2005
  – No more KGRAs (old regulations)
    • land within KGRA must be leased competitively
    • Land outside of KGRA may be leased non-competitively
  – Parcels for power generation are nominated for leasing
  – All parcels must be first offered competitively
    • Oral auction, generally follows O&G process
  – If no bids received, are available ‘over-the-counter’ (non-competitively) for 2 years
  – Requires diligent exploration
  – Distinction between leases for direct use and power generation
Power Generation Leases

• Lease size 640-5,120 acres, and no more than 51,200 acres may be held by a single entity at any time
• Primary term of 10 years, with 5 year extensions possible, depending upon exploration and drilling activity by lessee
• Maximum of 55 years, with preferential right to another 55 years
• Royalty paid on gross proceeds from electricity, and varies
  – First 10 years of production: 1.75%
  – After that, 3%
  – But, may be 10% of the value of the geothermal resources sold to a purchaser who will generate electricity
Direct Use

• Available by application
• Area limited to land ‘reasonably necessary for the proposed use’; maximum of 5,120 acres
• No royalty, but ‘direct use’ fees established by the ONRR- Office of Natural Resources Revenue (formerly, MMS)
  – Too hard to describe!
  – But, may be 10% of the value of the geothermal resources if sold to a purchaser who will generate electricity