

**Statement of
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**House Committee Natural Resources
Subcommittee on Energy & Mineral Resources**

**H.R. 6482, Enhancing Geothermal Production on Federal Lands Act
H.R. 7370, Geothermal Energy Opportunity (GEO) Act
H.R. 7409, Harnessing Energy At Thermal Sources (HEATS) Act
H.R. 7422, Geothermal Cost-Recovery-Authority Act**

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Introduction

Thank you for the opportunity to provide testimony on H.R. 6482, the Enhancing Geothermal Production on Federal Lands; H.R. 7370, the Geothermal Energy Opportunity (GEO) Act; H.R. 7409, Harnessing Energy At Thermal Sources (HEATS) Act; and H.R. 7422, the Geothermal Cost-Recovery-Authority Act.

Background

The Bureau of Land Management (BLM) manages approximately 245 million surface acres, located primarily in 12 western states, and approximately 700 million acres of subsurface mineral estate. The Federal Land Policy and Management Act (FLPMA) sets forth the BLM's multiple-use mission, directing public lands be managed for a variety of uses, such as renewable and conventional energy development; livestock grazing; conservation; mining; watershed protection; hunting, fishing, and other forms of recreation. FLPMA also requires the BLM to manage public land resources on a sustained-yield basis for the benefit of current and future generations. This multiple-use, sustained yield mission enables the BLM to contribute tremendously to economic growth, job creation, and domestic energy production, while generating revenues for Federal and State treasuries and local economies and allowing for a thoughtful, science-based approach to management of our public lands and waters.

Replenished by heat sources deep within the Earth, geothermal energy is an important energy resource that generates baseload electricity with minimal carbon emissions. In addition, geothermal energy is used to heat buildings, operate greenhouses, and support aquaculture operations. It is an abundant resource, especially in the western United States. Under the Geothermal Steam Act of 1970 (30 U.S.C. 1001), the BLM issues leases for the development and utilization of geothermal resources on lands managed by the Department of the Interior (Department) and the U.S. Forest Service. Geothermal energy projects are authorized as leases rather than rights-of-way; as such, they differ from most solar and wind renewable energy projects on public lands.

Efficient deployment of renewable energy on our nation's public lands is crucial in achieving the Biden-Harris Administration's goal of a carbon pollution-free power sector by 2035, as well as

Congress' direction in the Energy Act of 2020 to permit 25 gigawatts of solar, wind, and geothermal energy on public lands by 2025. To meet these important objectives, the BLM is engaging with Tribal partners, industry, stakeholders, and the states to increase opportunities for renewable energy development on public lands.

Nationwide, the BLM manages 539 geothermal leases encompassing approximately 1,121,000 acres. Currently, there are 51 geothermal electrical generation facilities (e.g., power plants) operating on 84 leases in Nevada, California, Utah, and New Mexico. Together these power plants have a gross installed capacity of approximately 2,600 MW. In the past three years, the BLM has held a total of six competitive geothermal lease sales. These sales were held in Nevada, New Mexico, Utah, and Oregon. Additionally, we are planning a sale in Nevada later this year and working on subsequent sales in New Mexico, Utah, and California. In FY 2023, the BLM's geothermal program generated \$25.3 million dollars in revenue from rents, bonus bids, and royalties. In FY 2022, the Department estimates that this program contributed 13,000 jobs and \$4.6 billion in total economic contributions to the U.S. economy.

H.R. 6482, Enhancing Geothermal Production on Federal Lands Act

H.R. 6482 would amend the Geothermal Steam Act by creating a new category for "geothermal exploration projects" on existing Federal geothermal leases. These projects are defined in the bill as the drilling of wells with a diameter of less than 13 inches that would have less than 5 acres of surface disturbance, be completed in less than 120 days, and be restored within 3 years to approximately the condition that existed at the time the project began. Under the bill, lessees would be required to provide notice to the Secretary of the Interior (Secretary) at least 30 days before the start of drilling exploration projects.

H.R. 6482 also includes language stating that these geothermal exploration projects – as well as certain other activities related to the exploration, development, or production (including direct use) of geothermal resources – shall not be considered major Federal actions under the National Environmental Policy Act (NEPA). This language would exempt these projects and activities from the environmental analysis and public review requirements of NEPA.

The bill would also require the Secretary to designate new geothermal leasing priority areas on public lands. Within five years of the bill's enactment, the Secretary would be required to designate these areas on public lands that are determined to be economically viable for geothermal production and have access to energy transmission infrastructure. The Secretary would then be required to complete a programmatic environmental impact statement to cover all leasing activity within these priority areas within a year after they are designated.

Analysis

The BLM supports the goals of H.R. 6482 to enhance and expedite permitting for geothermal energy exploration. While the BLM is working to develop categorical exclusions to streamline the review of some geothermal exploration projects, we are concerned that the bill's exemption of certain projects and activities, including geothermal energy development and production, from NEPA is overly broad and would reduce input from communities, Tribes, and members of the public. Such involvement is critically important to project success.

Further, the BLM appreciates the Sponsor's efforts aimed at expediting geothermal leasing by creating "geothermal leasing priority areas" as outlined in section 3 of the bill. For geothermal

leasing, challenges exist in determining what areas to prioritize, and, therefore, designating priority areas may not result in the intended goal of expediting geothermal development on public lands. The BLM notes that, as required by the Energy Policy Act of 2005, and in accordance with the 2008 Programmatic Environmental Impact Statement for geothermal leasing, the BLM and U.S. Forest Service are continuing to analyze geothermal resources as land use plans are amended by the agencies. The BLM recognizes that as technology advances within the geothermal industry, new opportunities to identify focused development areas may occur in the future, and we look forward to working with the Sponsors and the Subcommittee on opportunities to maximize agency resources to provide efficiencies in geothermal development.

H.R. 7370, Geothermal Energy Opportunity (GEO) Act

H.R. 7370 would require the BLM to complete the processing of a geothermal drilling permit, sundry notice, notice to proceed, right-of-way, or other authorization or approval within 30 days after finalizing all associated NEPA reviews unless a Federal court vacates the underlying lease as part of litigation.

Analysis

While the BLM supports the Sponsor's goal of ensuring efficient and timely processing of authorizations associated with geothermal leasing, we cannot support H.R. 7370. In addition to meeting its obligations under NEPA when authorizing such activities, the BLM is required to comply with other important Federal laws, including the Endangered Species Act (ESA) and National Historic Preservation Act (NHPA). While the BLM generally conducts ESA and NHPA consultation at the same time as it is analyzing potential environmental impacts pursuant to NEPA, it may not be possible to complete these distinct processes – which are required by law – during the timeframe provided by the bill.

H.R. 7409, Harnessing Energy At Thermal Sources (HEATS) Act

H.R. 7409 eliminates the requirement that a geothermal operator submit to the BLM a Federal Geothermal Drilling Permit (GDP) in instances where there is non-Federal surface estate and where the subsurface geothermal estate is less than 50 percent Federal. Under the bill, an operator would be required to provide the Secretary a copy of a state-approved drilling permit and may commence activities 30 days after submission. Without a Federal permit, the NEPA, NHPA, and ESA requirements for the exploration, development, or production of geothermal resources would no longer apply. H.R. 7409 also states that nothing in the bill alters the amount of royalties due to the United States from production of Federal geothermal resources and allows the Secretary to conduct onsite reviews and inspections to ensure payment of royalties. The bill would not apply to lands held in Trust by the United States for the benefit of various Tribes.

Analysis

The BLM opposes the modifications to the geothermal permitting process outlined in H.R. 7409 because they would remove the Secretary's ability to ensure that geothermal operations are conducted safely, are following all applicable environmental laws, and are consistent with the BLM's multiple use and sustained yield mandate under FLPMA. Essentially, the bill would transfer Federal decision-making authority to the States. By requiring the operator to merely notify the Secretary of the state's approval of a GDP, H.R. 7409 would eliminate the Secretary's existing discretion with respect to these approvals, which would undermine the BLM's core responsibility to ensure that permitted and regulated activities occurring on Federal lands are in compliance with Federal requirements designed specifically to protect the environment, nearby

communities, other landowner interests, and taxpayers. This provision would not allow the Secretary to withhold approval, where appropriate, nor does it contain any requirement for the proponent's request to be fully complete prior to submission.

H.R. 7409 fails to address several key oversight roles that the BLM plays in ensuring that Federal geothermal resources – and that lands that are used to access them – are protected as those resources are developed. Any shortcomings resulting from a state's permitting process would inappropriately leave Federal taxpayers responsible for obligations created by the state. During the review of the GDP and its associated operations plan, for example, the BLM is required to complete a site-specific environmental analysis of the permitting action, which does not occur in the BLM's land use planning process or in the leasing analysis. As part of this review, the public has their final opportunity to engage in the decision-making process, which helps the BLM identify public health and safety concerns and other potential resource conflicts related to a proposed drilling action on resources owned by all Americans. H.R. 7409 would take away important opportunity for public involvement, where Federal, state, Tribal, and local entities participate in the environmental review process.

Finally, the BLM notes that there are units where individual wells could be more than 50 percent Federal interest within a unit, and these wells would also not require a Federal GDP. As a result, the bill could potentially apply to significantly more GDPs than the Sponsor intends.

H.R. 7422, Geothermal Cost-Recovery-Authority Act

H.R. 7422 would authorize the Secretary to require an applicant for, or holder of, a geothermal lease to reimburse the United States for certain administrative costs. These costs may be associated with the BLM's processing of the lease application; processing other applications associated with a geothermal lease; inspections and monitoring for geophysical exploration activities; the drilling, plugging, and abandonment of geothermal wells; and the construction, operation, termination, and reclamation of any well site or facility for the use of geothermal resources. The bill further states that the Secretary must consider whether there is a cooperative cost share agreement between the United States and the geothermal lessee when determining whether to require reimbursement of these costs.

Analysis

The BLM supports the goals of the bill, which would help ensure a fair return to taxpayers by having industry pay for the services that the agency offers in facilitating geothermal energy development. FLPMA, under Sec. 304(b), provides the BLM with the authority to establish fees with respect to transactions involving public lands to recover the reasonable processing cost of services that provide a special benefit not shared by the general public to an identifiable recipient. The BLM has used this authority to establish fees for certain activities associated with geothermal leasing, including site licenses. However, the BLM does not currently have a Geothermal Drilling Permit fee, nor a mechanism to charge a fee for inspections. The BLM appreciates the Sponsor's work on this issue, and we would welcome the opportunity to work with the Sponsor and the Subcommittee on this issue.

Conclusion

The BLM is committed to managing the geothermal program in a manner that promotes the highest industry, environmental, and public engagement standards, including those related to environmental justice and Tribal engagement, while securing a fair return for the American

taxpayer. Thank you for the opportunity to provide testimony on these bills, and I look forward to your questions.