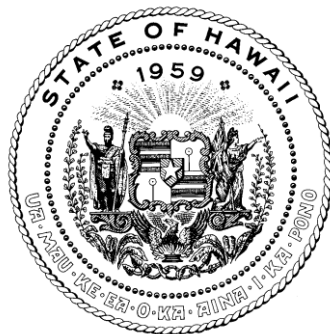


Report to the Twenty-Sixth Legislature
Regular Session of 2011

**GEOHERMAL ROYALTIES DISPOSITIONS
AND
STATUS OF GEOHERMAL AND CABLE SYSTEM DEVELOPMENT
FISCAL YEAR 2009-2010**



Prepared by the

Department of Land and Natural Resources
State of Hawaii

In response to
Sections 182-18 and 196D-11, Hawaii Revised Statutes

December 2010

**GEOHERMAL ROYALTY DISPOSITIONS
AND
STATUS OF GEOHERMAL AND CABLE SYSTEM DEVELOPMENT
FISCAL YEAR 2009-2010**

This report is prepared pursuant to Sections 182-18 and 196D-11, Hawaii Revised Statutes (HRS), and covers the period July 1, 2009 through June 30, 2010.

Section 182-18, HRS - Geothermal Royalties

During Fiscal Year (FY) 2009-2010, a total of \$642,599 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with statutory provisions, \$192,779.70 (30%) was distributed to the County of Hawaii. Additionally, \$128,519.80 (20%) was distributed to the Office of Hawaiian Affairs. Geothermal royalties for FY 2009-2010 were based on power production and sale of 150,865.9 megawatts to Hawaii Electric Light Company (HELCO) at an annual hourly average production of 17.5 megawatts.

During the fiscal year, PGV performed well modification workovers on wells KS-4, KS-5, KS-6 and KS-11. As the workover of well KS-4 proved unsuccessful, PGV then completed its plugging and abandonment. A drilling campaign was also started and completed for new well, KS-14. Regular routine maintenance work was also performed on the existing power plant during the fiscal year.

Section 196D-11, HRS - Geothermal and Cable System Development

The Department of Land and Natural Resources (DLNR) is responsible for the effective management of geothermal resources and its development, to protect the health and safety of the public and to ensure the continued viability of the resource for the future. The Department of Business, Economic Development and Tourism (DBEDT) has no specific regulatory authority, however, through its planning and coordination of energy programs in the State, facilitates the commercial development of geothermal resources.

Currently, the Island of Hawaii is the only island benefiting from geothermal development. Power generation from geothermal energy began in May 1993 and, on average, annually provides more than 20% of the Island's power demands.

The Mineral Resources Program within DLNR was abolished in 1995 in response to budget reductions. Statutory and other related responsibilities were performed on an "ad hoc" basis under other Departmental programs within the Engineering Division of DLNR. Positions and funding to perform statutory, regulatory, and resource management duties were approved by the 2007 Legislature, however, funding for the positions was abolished before they could be established and filled.

No program work was performed during the past fiscal year to effectuate the intent of this statute due to other priorities undertaken by the Engineering Division.