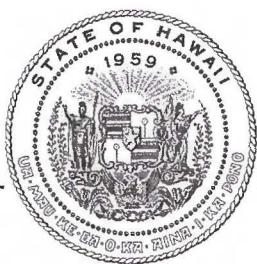


HB 1170, HD2

RE: RELATING TO
LAND RESOURCES

TESTIMONY



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEES ON TRANSPORTATION AND ENERGY
And
WATER, LAND, AND AGRICULTURE

Tuesday, March 22, 2016
2:50 p.m.
State Capitol, Conference Room 229

in consideration of
HB 1170, HD2
RELATING TO LAND RESOURCES.

Chairs Inouye and Gabbard, Vice Chairs Gabbard and Nishihara, and Members of the Committees.

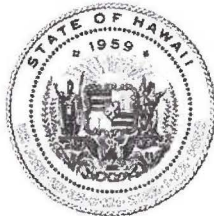
The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 1170, HD2, which revises statutory provisions relating to the regulation of mineral resources under H.R.S. §171 and §182 to provide clarity and consistency. HD2 amends the definition of "geothermal resources exploration" by retaining the semicolon at the end of paragraph (2) to clarify that the term includes conducting non-invasive geophysical operations and drilling exploration wells that are reasonably required for testing and analysis to provide ground truth or determine the economic viability of geothermal resources.

DBEDT supports the lease of public lands for geothermal use without public auction. This would provide geothermal developers the same opportunities already afforded to other renewable energy producers regarding leases on public lands. DBEDT takes no position on the changes to the definition of "geothermal resources exploration" made in HD2.

As this measure concerns the leasing of mineral resources and the use public lands, we defer to the Department of Land and Natural Resources on these matters.

Thank you for the opportunity to offer these comments on HB 1170, HD2.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
TRANSPORTATION AND ENERGY
and
WATER, LAND AND, AGRICULTURE**

**Tuesday, March 22, 2016
2:50 P.M.**

State Capitol, Conference Room 229

**In consideration of
HOUSE BILL 1170, HOUSE DRAFT 2
RELATING TO LAND RESOURCES**

House Bill 1170, House Draft 2 proposes to revise statutory provisions relating to the regulation of mineral resources under Chapters 171 and 182, Hawaii Revised Statutes, to provide clarity and consistency. **The Department of Land and Natural Resources (Department) supports this measure.**

The Department is responsible for the regulation of geothermal resources in the State. Through the issuance of geothermal resource mining leases and regulatory permits, the Department is tasked to manage the resource and its development to protect the health and safety of the public and to ensure the continued viability of this Public Trust Resource for future generations.

This bill reaffirms the State's reservation over geothermal resources on both state and reserved lands, as well as provide consistency for geothermal resources among other renewable energy sources such as wind, solar, hydropower and biomass. This bill also eliminates ambiguities in the statutory language and would provide the Department clarity to properly regulate and manage this resource.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFERY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016
Tuesday, March 22, 2016, 2:50 p.m.
Conference Room 229 State Capitol
415 South Beretania Street, Honolulu, Hawai'i 96813
Hearing on HB 1170 (HD2)

Senator Lorraine R. Inouye, Chair, Senator Mike Gabbard, Vice Chair, COMMITTEE ON
TRANSPORTATION AND ENERGY (TRE)

Senator Mike Gabbard, Chair, Senator Clarence K. Nishihara, Vice Chair, COMMITTEE ON
WATER, LAND, AND AGRICULTURE (WLA)

Aloha Chairs Inouye, Gabbard and respected committee members of TRE and the WLA Committees:

Thank you for the opportunity to provide testimony on HB 1170 (HD2). Ormat supports the intent of HB 1170 (HD2). The purpose of this measure is to allow for the lease of public lands for geothermal use without public auction and to provide clarity and consistency in the statutory provisions relating to the regulation of mineral resources under chapters 171 and 182, Hawaii Revised Statutes.

We appreciate the continued support from our State legislators and want to express our gratitude for the opportunity to provide the aforementioned testimony. Mahalo a nui loa.

Respectfully,

Michael L. Kaleikini
Senior Director for Hawai'i Affairs
Ormat

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SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine Inouye, Chair
Senator Mike Gabbard, Vice Chair

SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE

Senator Mike Gabbard, Chair
Senator Clarnece Nishihara, Vice Chair

Tuesday, March 22, 2016
Conference Room 229
2:50 PM

Testimony requesting amendment to HB 1170

Relating to Land Resources

Submitted by:
Donald Thomas

I am a member of the research faculty at the University of Hawaii and have conducted applied and basic research on Hawaii's geology, groundwater, and geothermal systems for more than 40 years. I present the following testimony requesting amendment to the language in HB1170.

I support what I understand to be the intent of this bill, to clarify the requirements for leasing of geothermal resources, I have concerns relating to remaining uncertainties within Chapter 182 regarding "exploration" and permit requirements for conducting geothermal and minerals resources exploration. In an earlier version of this bill, any geophysical, geochemical, or remote sensing study conducted in Hawaii was defined as geothermal resource exploration; in prior testimony before the House Judiciary Committee, I requested that the original intent of Chapter 182-1 be maintained because the new wording would have severely inhibited basic earth sciences research in Hawaii. I very much appreciate the willingness of the Judiciary Committee to make the requested change back to the original definition in the current draft of the HB1170.

However, I would like to also request further clarification of Section 6 which, in this Bill reads:

"**§182-6 Exploration.** Any person wishing to conduct exploration on state lands or reserved lands shall apply to the board [~~of land and natural resources who~~], which shall issue exploration permits upon terms and conditions as it shall by [~~regulation~~] rule prescribe. During and as a result of the exploration, no minerals of [~~such~~] types and

quantity beyond that reasonably required for testing and analysis shall be extracted and removed from ~~[such] the state lands[-] or reserved lands~~. Upon termination of the exploration permit, all exploration data, including but not limited to the drill logs and the results of the assays resulting from the exploration, shall be turned over to the board and kept confidential by the board. If the person shall not make application for a mining lease of the lands within a period of six months from the date the information is turned over to the board, the board in its discretion need not keep the information confidential.

I would request that this section be amended to read as follows:

"**§182-6 Exploration.** Any person wishing to conduct geothermal or minerals exploration on state lands or reserved lands shall apply to the board ~~[of land and natural resources who]~~, which shall issue exploration permits upon terms and conditions as it shall by ~~[regulation]~~ rule prescribe. During and as a result of the exploration, no minerals of ~~[such]~~ types and quantity beyond that reasonably required for testing and analysis shall be extracted and removed from ~~[such] the state lands[-] or reserved lands~~. Upon termination of the exploration permit, all exploration data, including but not limited to the drill logs and the results of the assays resulting from the exploration, shall be turned over to the board and kept confidential by the board. If the person shall not make application for a mining lease of the lands within a period of six months from the date the information is turned over to the board, the board in its discretion need not keep the information confidential.

In discussions with DLNR staff and with University of Hawaii attorneys, there have been suggestions that the current wording could be applied to any exploration activity – whether for water, or geological and geophysical exploration of subsurface conditions. The requested change (underlined, bolded) would clarify that this section applies to geothermal resources and minerals exploration, but would not be applicable to groundwater exploration or basic geophysical and geochemical research activities in Hawaii.

Thank you for this opportunity to offer testimony.

This testimony reflects my views alone and is not an official statement of the University of Hawaii.