

IDAPA 20 – IDAHO DEPARTMENT OF LANDS

Real Estate Services Bureau

20.03.15 – Rules Governing Geothermal Leasing on Idaho State Lands

Who does this rule apply to?

- Applicants for geothermal leases on state-owned lands
- Lessees and operators of geothermal leases on state-owned lands

What is the purpose of this rule?

This rule sets procedures for leasing state-owned lands for exploration or extraction of geothermal resources.

What is the legal authority for the agency to promulgate this rule?

This rule implements the following statutes passed by the Idaho Legislature:

Public Lands -

Department of Lands:

- [Section 58-104\(1\)\(6\) and 58-104\(9\), Idaho Code](#) – State Land Board — Powers and Duties
- [Section 58-105, Idaho Code](#) – Director
- [Section 58-127, Idaho Code](#) – Fees

Appraisal, Lease, and Sale of Lands:

- [Section 58-307, Idaho Code](#) – Term of Lease – Application for Renewal – Allowance for Improvements

Mines and Mining -

Mineral Rights in State Lands:

- [Title 47, Chapter 7, et seq., Idaho Code](#) – Mineral Rights in State Lands
- [Title 47, Chapter 16, et seq., Idaho Code](#) – Geothermal Resources

Idaho Administrative Procedure Act:

- [Title 67, Chapter 52, et seq., Idaho Code](#) – Idaho Administrative Procedure Act

Who do I contact for more information on this rule?

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20.03.15 – RULES GOVERNING GEOTHERMAL LEASING ON IDAHO STATE LANDS

000. LEGAL AUTHORITY.

This Chapter is adopted under the legal authorities of Sections 58-104(1), 58-104(6), 58-104(9), 58-105, 58-127, Idaho Code; and Section 58-307, Idaho Code; Title 47, Chapter 7, Idaho Code; Title 47, Chapter 16, Idaho Code; and Title 67, Chapter 52, Idaho Code. (7-1-25)

001. SCOPE.

01. Scope. These rules apply to the exploration and extraction of any Geothermal Resource situated in state-owned Mineral Lands. (7-1-25)

02. Other Laws. In addition to these rules, the Lessee must comply with all applicable federal, state and local laws, rules and regulations. Violating any applicable law, rule, or regulation constitutes a breach of any Lease issued in accordance with these rules. (7-1-25)

002. ADMINISTRATIVE APPEALS.

Any Person aggrieved by any final agency action will be entitled to judicial review pursuant to Title 67, Chapter 52, Idaho Code; and Title 47, Chapter 16, Idaho Code. (7-1-25)

003. – 009. (RESERVED)

010. DEFINITIONS.

The terms Mineral Lands, Mineral Rights, and Mineral are defined in Section 47-701, Idaho Code. The term Casual Exploration and Motorized Exploration are defined in Section 47-703A, Idaho Code. The term Geothermal Resource is defined in Section 47-1602, Idaho Code. In addition to the identified definitions in Idaho Code, the following definitions apply to these rules: (7-1-25)

- 01. Associated By-Products or By-Product:** (3-18-22)
- a.** Any Mineral(s) (excluding oil, hydrocarbon gas, any other hydrocarbon compound, and helium) that are found in solution or developed in association with Geothermal Resources; or (7-1-25)
- b.** Demineralized or mineralized water found or developed in association with Geothermal Resources. (7-1-25)
- 02. Board.** The Idaho State Board of Land Commissioners or its designee. (3-18-22)
- 03. Completion.** A well is considered to be completed thirty (30) days after drilling operations have ceased and the drill rig is removed from the premises or thirty (30) days after the initial production or injection test has been completed, whichever occurs first. (7-1-25)
- 04. Department.** The Idaho Department of Lands. (7-1-25)
- 05. Director.** The Director of the Idaho Department of Lands or their designee. (7-1-25)
- 06. Electrical Power Generation.** The use of Geothermal Resources to either directly generate electricity or to heat a secondary fluid and use it to generate electricity. (7-1-25)
- 07. Field.** A geographic area overlying a geologic setting with Geothermal Resource(s) or pool(s), including any porous, permeable geologic layer, that may be formed along one (1) fault or fracture, or a series of connected faults or fractures. (7-1-25)
- 08. Lease.** A written agreement between the Department and a Person containing the terms and conditions upon which the Person will be authorized to use State Lands. (7-1-25)
- 09. Lessee.** The Person to whom a geothermal Lease has been issued and their successor in interest or assignee. It also means any agent of the Lessee or an Operator holding authority by or through the Lessee. (7-1-25)
- 10. Market Value.** The most probable price at a specified date, in cash, or on terms reasonably equivalent to cash, for which the property or commodity should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. (3-18-22)

11. Navigable Water Courses. The state-owned beds of active lakes, rivers, and streams, excluding formerly submerged public lands. (7-1-25)

12. Operator. The Person having control or management of operations on the leased lands or a portion thereof. The Operator may be the Lessee, designated operator, or agent of the Lessee, or holder of rights under an approved operating agreement. (7-1-25)

13. Overriding Royalty. An interest in the Geothermal Resource produced at the surface free of any cost of production. It is a royalty in addition to the royalty reserved to the State. (7-1-25)

14. Person. Any individual, corporation, partnership, limited liability company, association, trust, unincorporated organization or other legal entity qualified to do business in the state of Idaho, and any federal, state, county, or local unit of government. (7-1-25)

15. Record Title. The publicly recorded Lease that evidences the right that a Person has to the possession of the leased property. (7-1-25)

16. Reservoir or Pool. A porous, permeable geologic layer containing Geothermal Resources. (7-1-25)

17. Shut In. To close the valves at the wellhead so that the well stops flowing or producing. Also describes a well on which the valves have been closed. (3-18-22)

18. State Lands. Without limitation, lands in which the title to the Mineral Rights are owned by the state of Idaho and are under the jurisdiction and control of the Board or any other state body or agency, having been obtained from any source and by any means whatsoever, including the beds and banks of navigable waters of the state of Idaho. (7-1-25)

19. Waste. Any physical loss of Geothermal Resources including: (7-1-25)

a. Underground loss of Geothermal Resources resulting from inefficient, excessive, or improper use, or dissipation of geothermal energy, or of any Geothermal Resource Pool, Reservoir, or other source; (7-1-25)

b. Underground loss of Geothermal Resources resulting from the locating, spacing, constructing, equipping, operating, or producing of any well in a manner which results in inefficient, excessive or improper use or dissipation of the quantity of geothermal energy to be recovered; (7-1-25)

c. The inefficient above-ground transporting or storage of geothermal energy; (7-1-25)

d. The inefficient above-ground locating, spacing, equipping, operating, or producing of any well, including injection well, in a manner causing unnecessary or excessive surface loss or destruction of geothermal energy; or (7-1-25)

e. The escape into the open air from a well of steam or hot water in excess of what is reasonably necessary in the efficient development of or production from a well. (7-1-25)

011. ABBREVIATIONS.

01. IDWR. Idaho Department of Water Resources. (3-18-22)

012. – 019. (RESERVED)

020. QUALIFIED APPLICANTS AND LESSEES.

Any Person legally competent to contract may submit an application to lease State Land provided such Person does not have any contract in default with the state of Idaho or any department or agency thereof. (7-1-25)

021. LEASE AWARD THROUGH AUCTION.

If more than one (1) application is received for geothermal development on the same parcel of land, a lease auction will be held. (3-18-22)

022. – 029. (RESERVED)

030. LEASE PROVISIONS.

01. Diligence in Utilization. Lessee will use due diligence to market or utilize Geothermal Resources in paying quantities. If leased land is capable of producing Geothermal Resources in paying quantities, but production is shut-in, the Lease will continue in force upon payment of rentals for the duration of the Lease term or two (2) years after shut-in, whichever is shorter. If the Department determines that the Lessee is proceeding diligently to acquire a contract to sell or to utilize the production or is progressing with installations needed for production, the Lease may continue in force for one (1) additional year if rental payments are kept current. The Department will continue to review a shut-in Lease every year until production and payment of royalties takes place, or the Lease is terminated for Lessee's lack of due diligence or surrendered by the Lessee. (7-1-25)

02. Yearly Reporting. A report of all exploration, development, and production activities must be submitted to the Department at the close of each Lease year. (7-1-25)

031. – 034. (RESERVED)

035. RENTALS.

01. Advance Annual Rental. Lessee will pay the Department, in advance, a yearly annual rental. The annual rental for the first year of the Lease's term will be paid to the Department within thirty (30) days of the date of notice of Lease approval or award. Together with the payment, the Lessee must submit a lease agreement that it executed. Second year and subsequent rental payments must be received by the Department before the Lease's anniversary date. (7-1-25)

02. Amount. Annual rentals will be set by the Board through competitive bidding, negotiation, fixed amounts, formulas, or some other method of valuation that a prudent investor might reasonably apply to establish such rental amounts. (3-18-22)

036. ROYALTIES.

01. Royalty Payments. The Lessee will pay the Department royalties on the value of geothermal production from the leased lands. The royalty rate will be established per Section 47-1605(2), Idaho Code. Royalty rates may be adjusted throughout the Lease's term to keep pace with Market Values. When Leases are issued, the following guidelines will be used for royalty rates not subject to competitive bidding: (7-1-25)

a. A royalty of at least five percent (5%) of the amount or value of Geothermal Resources, or any other form of heat or energy excluding Electrical Power Generation, derived from production under the Lease and sold or utilized by the Lessee or reasonably susceptible to sale or utilization by the Lessee; (7-1-25)

b. A royalty of at least two percent (2%) of the amount or value of any Associated By-Product derived from production under the Lease and sold or utilized or reasonably susceptible of sale or utilization by the Lessee, including commercially demineralized water, and; (7-1-25)

c. A royalty of at least two percent (2%) of gross receipts for sale of electrical power. (7-1-25)

02. Calculation of Value. The value of geothermal production from the leased lands for the purpose of computing royalties is based on a total of the following: (7-1-25)

a. The total consideration accruing to the Lessee from the sale of Geothermal Resources to another party in an arms-length transaction; and (7-1-25)

b. The value of the end product attributable to the Geothermal Resource produced from a particular

Lease where Geothermal Resources are not sold by the Lessee before being utilized, but are instead directly used in manufacturing power production, or other industrial activity; and (7-1-25)

c. The value of all renewable energy credits or similar incentives based on a proportionate share of the leased lands in the entire project area qualifying for the credits. (3-18-22)

03. Due Date. Royalties will be due and payable monthly to the Department on or before the last day of the calendar month following the month in which the Geothermal Resources and/or their Associated By-Products are produced and utilized or sold. (7-1-25)

04. Utilization of Geothermal Resources. The Lessee, within thirty (30) days of execution, must file with the Department a copy of any contract for the utilization of Geothermal Resources from the Lease. Unless otherwise authorized, in writing, by the Department, reports of sales or utilization by Lessee and royalty for each productive Lease must be filed monthly once production begins, even though production may be intermittent. The report must include total volumes of Geothermal Resources produced and utilized or sold, including Associated By-Product(s), the value of production, and the royalty due to the state of Idaho. The report is due on or before the last day of the month following the month in which production was obtained and sold or utilized, together with the royalties due to the state of Idaho. (7-1-25)

05. Measurement. The Lessee will measure all production in accordance with Department approved methods. The quantity and quality of all production will be determined in accordance with the standard practices, procedures, and specifications generally used in industry. All measuring equipment must be tested consistent with industry practice and, if found defective, the Department will determine the quantity and quality of production from the best evidence available. (7-1-25)

06. By-Product Testing. The Lessee must furnish the Department the results of periodic tests consistent with industry practice showing the content of By-Products in the produced Geothermal Resources. The Department may require additional tests be taken at Lessee's expense. Any additional tests which are not consistent with industry practices will be conducted at the expense of the Department. (7-1-25)

07. Pooling. The Department may authorize a Lessee to pool production from wells on their State Lease(s) with production from non-state lands. Department approval of pooling will not be unreasonably withheld, and will consider the following: (7-1-25)

a. The Operator's economic necessity of pooling; (7-1-25)

b. The type of geothermal use proposed for the pooled waters; and (7-1-25)

c. Sufficient measurement and accounting of all the pooled waters to ensure that the Department is appropriately compensated by royalties. (7-1-25)

037. – 039. (RESERVED)

040. SIZE OF A LEASABLE TRACT.

01. Surface Area. Geothermal Leases are not limited in surface area. The Board will determine the surface area of a Lease after consultation with other state agencies and prospective Lessees. The probable extent of a geothermal Reservoir, the surface area needed for a viable project, and other relevant factors will be used to help determine Lease surface area. (7-1-25)

02. Navigable Water Courses. Geothermal Resources Leases may be issued for State Lands underlying Navigable Water Courses. Such lands are considered State Lands and will be leased in accordance with these rules. Operations in the beds of Navigable Water Courses will not be authorized except in necessary circumstances and then only with the Board's express written approval and upon such conditions and security as the Department deems appropriate. (7-1-25)

041. – 049. (RESERVED)

050. LAND SURFACE USE RIGHTS AND OBLIGATIONS.

01. Use and Occupancy. (3-18-22)

a. Lessee will be entitled to use and occupy only so much of the surface of the leased lands as may be required for all purposes reasonably incident to exploration, drilling, producing, or marketing for Geothermal Resources and Associated By-Products produced from the leased lands, including the right to construct and maintain thereon all works, buildings, plants, waterway, roads, communication lines, pipelines, reservoirs, tanks, pumping stations or other structures necessary to the full enjoyment and development thereof, consistent with Department approved plan of operations and amendments, if amended. (7-1-25)

b. Uses occurring on the leased area related to exploration, development, production, or marketing of Geothermal Resources and Associated By-Products. (7-1-25)

02. Distance from Residence. No well may be drilled within two hundred (200) feet of any house or barn on the leased lands, without the written consent of the Department and its surface Lessees, grantees, or contract purchasers. (7-1-25)

03. Disposal of Leased Land. The Board reserves the right to sell or otherwise dispose of the Leased Land's surface to the extent that the surface is not necessary for Lessee's use in the exploration, development, and production of the Geothermal Resources and Associated By-Products. Any disposal of surface rights made subsequent to executing a Lease will be subject to of that Lease's the terms and provisions for the Lease's duration. (7-1-25)

04. Damage. Lessee must pay the Board, its surface lessees or grantees, or contract purchasers, for any damage done to the surface of said lands and improvements thereon, including without limitation growing crops, by reason of Lessee's operations. (7-1-25)

051. – 053. (RESERVED)

054. EXPLORATION UNDER THE LEASE.

01. Diligent Exploration. Lessees must perform diligent exploration and development activities in the first five (5) years of the initial Lease term or as otherwise extended by Lease provision. Diligent exploration includes seismic, gravity, and other geophysical surveys, geothermometry studies, drilling temperature gradient wells, or similar activities that seek to determine the presence or extent of Geothermal Resources. This exploration may occur off of leased lands if it is being done on the same geothermal Field. Failure to perform diligent exploration as described may result in Lease cancellation. (7-1-25)

02. Plan Required. Lessee must submit a Research and Analysis Plan to the Department before any Motorized Exploration on leased lands. The proposed activities may not start until the Department approves the plan and the applicable conditions in Sections 100 and 101 have been satisfied. The plan of operations may be amended as needed with Department approval. The plan includes all items that the Department deems necessary or useful in managing the Geothermal Resources including: (7-1-25)

a. A narrative statement describing all diligent exploration activities that Lessee will conducts, including the type; location; expected impact, disturbance, or damage to the land or existing natural resources; and schedule of all proposed or planned diligent exploration. (7-1-25)

b. A narrative statement describing the proposed measures to be taken for protection of the environment, including, but not limited to the prevention or control of: (3-18-22)

i. Fires; (3-18-22)

ii. Soil loss and erosion; (3-18-22)

- iii. Pollution of surface and ground waters; (3-18-22)
- iv. Damage to fish and wildlife or other natural resources; (3-18-22)
- v. Air and noise pollution; and (3-18-22)
- vi. Hazards to public health and safety during Lease activities. (7-1-25)
- c. All pertinent information or data that the Department may require to support the plan of operations for the utilization of Geothermal Resources and the protection of the environment; (7-1-25)
- d. A proposed schedule, which includes major milestones with sufficient detail to assess progress. (7-1-25)

055. DEVELOPMENT AND PRODUCTION UNDER THE LEASE.

01. Diligent Development of Lease and Production. Lessee must develop the Geothermal Resources on their leased lands for the Lease's duration and start production within the first ten (10) years of the initial Lease term or as otherwise extended by Lease provision. Development of the leased lands requires drilling wells and constructing other necessary infrastructure to enable production. Production on the leased lands means that Geothermal Resources are being used and royalties are being paid to the State. Failure to develop under the Lease and start production as described may result in Lease cancellation unless the Lessee applies to the Department, and the Department grants an extension. (7-1-25)

02. Best Practices. All operations will conform to the best practice and engineering principles in use in the industry. Operations must be conducted in such a manner as to: protect the natural resources on the leased lands, including without limitation Geothermal Resources; result in the maximum ultimate recovery of Geothermal Resources with minimal waste; and be consistent with the principles of the land's use for other purposes and of the protection of the environment. Lessee must promptly remove from the leased lands or store, in an orderly manner, all scraps or other materials not in use and not reasonably incident to the operation. (7-1-25)

03. Plans Required. Prior to development, Lessee must submit a development plan, operating plan, and decommissioning and reclamation plan for the leased lands. All plans must be approved by the Department, in writing, prior to Lessee beginning a phase of the Lease in which those plans are performed or as otherwise required by the Lease. Plans must include all items that the Department deems necessary or useful in managing the Geothermal Resources, including the items referred to in Sections 054.03.a. and 054.03.b. (7-1-25)

04. Waste and Damage. (3-18-22)

- a. Lessee must take all reasonable precautions to prevent the following: (3-18-22)
 - i. Waste; (3-18-22)
 - ii. Damage to other natural resources; (3-18-22)
 - iii. Injury or damage to Persons, real or personal property; and (7-1-25)
 - iv. Any environmental pollution or damages that may constitute a violation of state or federal laws. (3-18-22)

b. The Department may inspect Lessee's operations and issue any order necessary to accomplish the purposes in Subsection 055.04.a. Any significant effect on the environment created by the Lessee's operations or failure to comply with environmental standards must be reported to the Department by Lessee within twenty-four (24) hours and confirmed in writing within thirty (30) days. (7-1-25)

05. Notice of Production. Lessee must notify the Department within sixty (60) days before any Geothermal Resources are used or removed for commercial purposes. (7-1-25)

06. Amendments. Lessee may amend the plan of operations and submit it to the Department for written approval to reflect changes in operations on the leased lands, including the installation of works, buildings, plants, or structures for the production, marketing, or utilization of Geothermal Resources. (7-1-25)

056. WASTE PREVENTION, DRILLING AND PRODUCTION OBLIGATIONS.

01. Waste. All Leases are subject to the condition that the Lessee will, in conducting exploration, development, and production operations, use all reasonable precautions to prevent Waste of Geothermal Resources and other natural resources found or developed in the leased lands. (7-1-25)

02. Diligence. The Lessee must, subject to the right to surrender the Lease, diligently drill and produce, or unitize such wells as are necessary to protect the Board from loss by reason of production on other properties. (7-1-25)

03. Prevention of Waste Through Reinjection. Lessees must return geothermal waters to the geothermal aquifer in a manner that supports geothermal development. (7-1-25)

04. Additional Requirements. The selection of the types and weights of drilling fluids and provisions for controlling fluid temperatures, blowout preventers, and other surface control equipment and materials, casing and cementing programs, etc., to be used must be based on sound engineering principles and must take into account apparent geothermal gradients, depths and pressures of the various formations to be penetrated, and other pertinent geologic and engineering data and information about the area. In addition, the Lessee must: (7-1-25)

- a. Take all necessary precautions to keep all wells under control at all times; (3-18-22)
- b. Utilize trained and competent personnel; (3-18-22)
- c. Utilize properly maintained equipment and materials; and (3-18-22)
- d. Use operating practices that ensure the safety of life and property. (3-18-22)

05. Unused Wells. Except as provided in Subsection 070.02, the Lessee must promptly plug and abandon any unused or non-useful well on the leased land in conformity with IDWR's regulations or its successor agency. A production well may not be abandoned until its lack of capacity for further profitable production of Geothermal Resources has been demonstrated to the Department's satisfaction and the Department has been given an opportunity to either acquire the well permit or assign it to another party. A producible well may be abandoned only after Department's written approval. Equipment will be removed and premises at the well site will be restored as near as reasonably possible to its original condition immediately after plugging operations are completed on any well, except as otherwise authorized by the Department in writing. Drilling equipment must not be removed from any suspended drilling well without taking adequate measures to close the well and protect subsurface resources. Lessee's failure to comply with any requirements under this rule, may result in the Department causing the work to be performed at the expense of the Lessee and the surety. (7-1-25)

057. – 059. (RESERVED)

060. EXPLORATION AND OPERATION RECORDS, CONFIDENTIALITY.

01. Drilling Records. Lessee must keep or cause to be kept and filed, with the IDWR such careful and accurate well drilling records as are required by IDWR. As an express condition of the Lease, the Department may, at any time, inspect and copy well drilling records filed with IDWR. Lessee must file with the Department such production records and exploration evidence as required by Sections 030, 036, and 055 of these rules. The production records are subject to public inspection at the Department's offices, during regular business hours and under such conditions as the Department deems appropriate, subject, except for disclosure exemptions set forth in Section 74-107, Idaho Code. (7-1-25)

02. Continuing Obligations. Lessee's obligations under this rule will continue beyond assignment,

surrender, termination, or expiration of the Lease, unless the Department releases the Lessee, in writing, of all or any portion of its obligations under the lease upon the assignment, surrender, termination or expiration of the Lease. Lessee must file all outstanding data and records required by law with the Department, within thirty (30) days after assignment, surrender, termination or expiration, or such additional time as the Department may grant. (7-1-25)

03. Well Logs. The confidentiality of well logs is limited to one (1) year from well Completion as stated in Section 42-4010(b), Idaho Code. (7-1-25)

061. – 064. (RESERVED)

065. LESSEE'S RECORDS, RIGHT OF INSPECTION BY DEPARTMENT.

The Department may examine, during business hours, all books, records, and other documents and matters pertaining to operations under a Lease, which are in Lessee's custody or control, and may make copies of and extracts therefrom. (7-1-25)

066. – 069. (RESERVED)

070. WATER RIGHTS.

01. Water Rights. Lessee must comply with all applicable federal and state laws, rules and regulations regarding the appropriation of public waters of Idaho to beneficial uses. The establishment of any new water rights on State Lands must be by and for the Lessor and no claim thereto may be made by the Lessee. Such water rights will attach to and become appurtenant to the State Lands, and the Lessor will be the owner thereof. (7-1-25)

02. Potable Water Discovery. Leases are subject to the condition that, if the Lessee finds only potable water, which has no commercial value as a Geothermal Resource, in any well drilled for exploration or production of Geothermal Resources, and the water is of such quality and quantity so as to be valuable and usable for agricultural, domestic, or other purpose, the Board, or where appropriate, the surface Lessee, grantee or contract purchaser, will have the right to acquire the well with whatever casing is installed at the casing's fair Market Value upon assuming of all future liabilities and responsibilities for the well, and with the approval of IDWR's director. (7-1-25)

071. – 074. (RESERVED)

075. ASSIGNMENTS.

01. Prior Written Approval. A Lessee must obtain the Department's written approval for an assignment to be effective. Before consummating a sale, transfer, or assignment of the Lease, Lessee must provide the Department with certain information about the proposed assignment. Such information includes identifying the proposed assignee and the general terms of the proposed assignment on Department assignment application forms. Following the Department's written preapproval of the proposed assignee and general terms of the proposed assignment, Lessee and assignee may consummate any such sale, transfer, or assignment of Lessee's leasehold interest in the Lease. The consummation of any assignment agreement by the Lessee without the Department's written preapproval constitutes a default of the Lease, and such sale, transfer, or assignment may be rejected in the Department's sole discretion; and such assignment will only be effective if the default is expressly waived in writing by the Department. For an assignment of Lessee's interest in the Lease to be acceptable for Department approval, the consummated sale, transfer or assignment must include provisions wherein Lessee has sold, transferred, or assigned to the assignee any and all interest that Lessee has in the Lease together with any interest Lessee has in any improvements located upon the leased lands, and assignee must assume all liabilities of Lessee under the Lease together with ownership of all improvements owned by Lessee. An assignment between Lessee and its assignee will only take effect following the Department's final written approval of the assignment following receipt of copies of the final, consummated sale, transfer or assignment agreement between Lessee and assignee. (7-1-25)

02. Full or Partial. A Lease may be assigned as to all or part of the acreage included therein to any qualified Person, provided that neither the assigned nor the retained part created by the assignment contains less than forty (40) acres. An assignment cannot create an undivided interest in a Lease of less than ten percent (10%). (7-1-25)

03. Overriding Royalty Disclosure. Overriding royalty interests created by an assignment are subject to the requirements in Section 080. (7-1-25)

04. Responsibility. In assigning a partial or complete interest in leased the lands, the Lessee and its surety continue to be responsible for performing all obligations under the Lease until the Department, in writing, releases Lessee and its surety from obligations arising under the Lease after the Department accepts any such assignment. After an assignment's effective date, the assignee and its surety will be bound by the terms of the lease to the same extent as if the assignee were the original Lessee, any conditions in the assignment to the contrary notwithstanding. (7-1-25)

05. Segregation of Assignment. An assignment of all or any portion of Lessee's Record Title of the complete interest in a portion of the leased lands must clearly identify and segregate the assigned and retained portions. After the effective date, the assignor will be released and discharged from any obligations thereafter accruing with respect to the assigned portion of the leased lands. Such segregated Leases continue in full force and effect for the primary term of the original Lease or as further extended pursuant to the terms of these rules. (7-1-25)

06. Joint Principal. Where an assignment does not segregate the Record Title to the Lease, the assignee may become a joint principal on the bond with the assignor, if the assignment so provides. The application must be accompanied by the assignor's surety's written consent to remain bound under the bond of record, if the bond's terms do not contain such consent. If a party to the assignment has previously furnished a statewide bond, no additional showing by such party is necessary as to the bond requirement. (7-1-25)

07. Application. The application for approval of an assignment must be on Department approved forms. (7-1-25)

08. Denial. If the Lessee is in default of the Lease at the time of a request for assignment approval, the Department may, in its sole discretion, reject any proposed assignment until the Lease is brought into full compliance. The approval of an assignment of a Lease in good standing will not be unreasonably withheld, provided such consent of the Department is requested and obtained prior to any assignment. (7-1-25)

076. – 079. (RESERVED)

080. OVERRIDING ROYALTY INTERESTS.

01. Statements. An overriding royalty interest, or any similar interest whereby an agreement is made to pay a percentage based on production, must be disclosed at the time of assignment or transfer by filing a statement of such interest with the Department. Assignees must meet the requirements of Section 020. All assignments of overriding royalty interests without a working interest and otherwise not contemplated by Section 075, must be filed with the Department within ninety (90) days from the date of execution. (7-1-25)

02. Maximum Amount. No Overriding Royalty on the production of Geothermal Resources created by an assignment under Section 075, or otherwise, will exceed five percent (5%) nor will an Overriding Royalty, when added to Overriding Royalties previously created, exceed five percent (5%). (7-1-25)

03. Conformance with Rules. The creation of an Overriding Royalty interest that does not conform to the requirements of this rule is deemed a violation of the Lease terms, unless the agreement creating Overriding Royalties provides for a prorated reduction of all Overriding Royalties so that the aggregate rate of Overriding Royalties does not exceed five percent (5%). (7-1-25)

04. Director's Authority. In addition to the foregoing limitations, any agreement to create, or any assignment creating, royalties or payments out of production from the leased lands is subject to the authority of the Director, after notice and hearing, to require the proper parties thereto to suspend or modify such royalties or payments out of production in such manner as may be reasonable when and during such periods of time as they may constitute an undue economic burden upon the reasonable operations of such Lease. (7-1-25)

081. – 084. (RESERVED)

085. UNIT OR COOPERATIVE PLANS OF DEVELOPMENT OR OPERATION.

01. IDWR Approval. Nothing in this rule excuses the parties to a unit agreement from procuring IDWR's approval, if required, pursuant to Section 42-4013, Idaho Code. (7-1-25)

02. Unit Plan. For the purpose of conserving the natural resources of any geothermal Pool, Field, or like area, Lessees may, with the Department's written consent commit the State Lands to unit, cooperative, or other plans of development or operation with other State Lands, federal lands, privately-owned lands, or Indian lands. The Department's consent will not be unreasonably withheld. Applications to unitize, or a copy of the application filed with IDWR, must be filed with the Department who will certify whether the plan is necessary or advisable in the public interest. The Department may require whatever documents or data deemed necessary in the Department's discretion. To implement such unitization, the Board may, with the consent of its Lessees, modify and change any terms of leases that are committed to such unit, cooperative, or other plans of development or operations. (7-1-25)

03. Contents. The agreement must: describe the separate tracts comprising the unit; disclose the apportionment of the production of royalties and costs to the several parties; disclose the name of the Operator; and contain adequate provisions for the protection of the interests of all parties, including the state of Idaho; be signed by, or on behalf of all interested necessary parties, and be submitted to the Department. The agreement must be signed by or on behalf of all interested necessary parties before being submitted to the Department. It will be effective only after written approval by the Department. The unit operator must be a Person, as defined by these rules and approved by the Department. (7-1-25)

04. Lease Modification. Any modification of an approved agreement will require the Department's written approval under procedures similar to those in Subsection 085.02. (7-1-25)

05. Term. At the sole discretion of the Department, the term of any lease included in any cooperative or unit plan of development or operation may be extended for the term of such unit or cooperative agreement, but in no event beyond the time provided in Subsection 030.01. Rentals or royalties on leases so extended may be reassessed for such extended term of the lease. (7-1-25)

06. Continuation of Lease. Any lease that will be eliminated from any such cooperative or unit plan of development or operation, or any lease that will be in effect at the termination of any such cooperative or unit plan of development or operation, unless relinquished, will continue in effect for the term of the lease. (3-18-22)

07. Evidence of Agreement. Before issuing a lease for lands within an approved unit agreement, the lease applicant or successful bidder must file evidence that they have entered into an agreement with the unit operator for the development and operation of the lands in a lease if the lease is issued to them under and pursuant to the terms and provisions of the approved unit agreement, or a statement giving satisfactory reasons for the failure to enter into such agreement. If such statement is acceptable, the lease applicant or successful bidder may operate independently, but must perform their operations in a manner that the Department deems to be consistent with the unit operations. (7-1-25)

086. – 094. (RESERVED)

095. SURRENDER, TERMINATION, EXPIRATION OF LEASE.

01. Procedure. A Lease, or any surveyed subdivision of the leased lands, may be surrendered by the Record Title holder by filing with the Department a written relinquishment on a Department form. A partial relinquishment cannot reduce the remaining acreage in the Lease to less than forty (40) acres. The minimum acreage provision of this section may be waived by the Department if the Department finds such exception is justified based on exploratory and development data derived from activity on the leasehold. The relinquishment must: (7-1-25)

a. Describe the lands to be relinquished; (3-18-22)

b. Include a statement as to whether the relinquished lands have been disturbed and, if so, whether they were restored as prescribed by the Lease's terms; and (7-1-25)

c. State whether wells have been drilled on the lands and, if so, whether they have been plugged and abandoned pursuant to IDWR's rules. (7-1-25)

02. Continuing Obligations. A relinquishment takes effect on the date it is filed, subject to the continued obligation of the Lessee and their surety to: (7-1-25)

a. Make payments of all accrued rentals and royalties; (7-1-25)

b. Place all wells on the relinquished land in condition for suspension of operations or abandonment; (7-1-25)

c. Restore the surface resources in accordance with these rules and the terms of the Lease; and (7-1-25)

d. Comply with all other environmental stipulations provided for by the Lease and applicable law. (7-1-25)

03. Failure to Pay Rental or Royalty. The Director may terminate a Lease for failure to pay rentals or royalties thirty (30) days after mailing a notice of delinquent payment. If the time for payment falls upon any day in which the Department is not open, payment received on the next official working day will be deemed to be timely. The termination of the Lease for failure to pay the rental will be noted on the Department's official records. Upon termination the lands included in such lease may become subject to leasing as provided by these rules. (7-1-25)

04. Termination for Cause. A Lease may be terminated by the Department for any violation of the Lease's terms or of applicable laws sixty (60) days after notice of the violation has been given to Lessee by personal service or certified mail, return receipt requested, to the address of record last appearing in the Department's files, unless: (7-1-25)

a. The violation has been corrected; or (3-18-22)

b. The violation is one that cannot be corrected within the notice period and the Lessee has in good faith commenced, within the notice period, correcting the violation and has diligently proceeded to complete the correction. (7-1-25)

05. Equipment Removal. Prior to the Lease's expiration, termination, or surrender, and provided the Lessee is not in default, the Lessee may remove from the leased lands any materials, tools, appliances, machinery, structures, and equipment, other than improvements needed for producing wells. Anything subject to removal, but not removed may become property of the state of Idaho, at the option of the Department; be removed by the Department, at the Lessee's expense; or be removed by the Lessee, at the Department's request. (7-1-25)

06. Surrender After Termination. Upon the expiration or termination of a Lease, the Lessee will quietly and peaceably surrender possession of the premises to the state, and if the Lessee is surrendering the leased premises or any portion thereof, the Lessee must deliver to the state a good and sufficient release on a form furnished by the Department. (7-1-25)

096. – 099. (RESERVED)

100. BOND REQUIREMENTS.

01. Minimum Bond. Before using Motorized Exploration Lessee must furnish a bond. This bond will be in favor of the state of Idaho, conditioned on the payment of all damages to the land surface and all improvements thereon, including without limitation crops on the lands, whether or not the leased lands have been sold or leased by the Board for any other purpose; conditioned also upon Lessee complying with their obligations under their Lease. The Department may require a new bond in a greater amount at any time after operations have begun, upon a finding that such bond is reasonably necessary to protect State resources. (7-1-25)

02. Statewide Bond. In lieu of the aforementioned bonds, Lessee may furnish a good and sufficient

“statewide” bond conditions in Subsection 100.01. This bond will cover all Lessee’s Leases and operations carried on under all Geothermal Resource Leases issued and outstanding to Lessee by the Board at any given time during the period when the “statewide” bond is in effect. The amount of such bond will be equal to the total of the requirements of the separate bonds being combined into a single bond. (7-1-25)

03. Period of Liability. The period of liability for a bond will not be terminated until all Lease terms and conditions have been fulfilled and the bond is released in writing by the Department. (7-1-25)

04. Operator Bond. If suit is filed to enforce the terms of a bond furnished by an Operator in which the Lessee (if a different Person) is not a named party, the Department may, in its sole discretion, join the Lessee as a party to such suit. (7-1-25)

101. LIABILITY INSURANCE.

01. Liability Insurance Required. Lessee is required to purchase and maintain suitable insurance for the duration of the Lease. The insurance must be obtained prior to entry upon the leased lands for purposes other than Casual Exploration or inspection. (7-1-25)

02. Insurance Certificate Required. No work under a Lease will commence prior to the Department’s receipt of a certificate, signed by a licensed insurance agent, evidencing existence of insurance as required above. The certificate must reflect that no change or cancellation in such coverage will become effective until after the Department receives written notice of such change or cancellation. (7-1-25)

102. – 104. (RESERVED)

105. TITLE.

The state of Idaho does not warrant title to the leased lands, the Geothermal Resources, nor Associated By-Products that may be discovered thereon. The Lease is issued only under such title as the state of Idaho may have as of the Lease’s effective date or has thereafter acquired. If the interest owned by the state in the leased lands includes less than the entire interest in the Geothermal Resources and Associated By-Products for which royalty is payable, then the royalties provided for in the Lease will be paid to the state only in the proportion that its interest bears to said whole and undivided interest in said Geothermal Resources and Associated By-Products for which royalty is payable. The state is not liable for any damages sustained by the Lessee nor is the Lessee entitled to, nor may claim any refund of rentals or royalties paid to the state in the event that the state does not own title to said Geothermal Resources and Associated By-Products, or if its title thereto is less than whole and entire. (7-1-25)

106. – 111. (RESERVED)

112. RENTAL NOTICES.

Failure to receive an advance notice of rental due does not relieve the Lessee from paying the rental. The Lease will be in default if such payment is not made. (7-1-25)

113. OUTSTANDING LEASES.

No right to seek, obtain, or use Geothermal Resources has passed, or will pass, with any existing or future license, permit, or lease of State Lands, including without limitation, mineral leases and oil and gas development leases, except upon a Geothermal Resources Lease being issued. (7-1-25)

114. – 119. (RESERVED)

120. FEES.

The following fees apply: (3-18-22)

01. Non-Refundable Application Fee for Lease. Two hundred fifty dollars (\$250) per application. (3-18-22)

02. Application Fee for Approval of Assignment. One hundred fifty dollars (\$150) per lease involved in the assignment. (3-18-22)

121. – 999. (RESERVED)