PMC-EF2a

(2.06.02)

U.S. DEPARTMENT OF ENERGY
EERE PROJECT MANAGEMENT CENTER
NEPA DETERMINATION

RECIPIENT: Surprise Valley Electric Corporation **STATE:** OR

PROJECT TITLE : Rural Cooperative Geothermal Development Electric & Agriculture

Funding Opportunity Announcement Number	Procurement Instrument Number	NEPA Control Number	CID Number
DE-FOA-0000109	DE-EE0003006	GFO-10-344	GO3006

Based on my review of the information concerning the proposed action, as NEPA Compliance Officer (authorized under DOE Order 451.1A), I have made the following determination:

CX, EA, EIS APPENDIX AND NUMBER:

Description:

C12 Siting, construction, and operation of energy system prototypes including, but not limited to, wind resource, hydropower, geothermal, fossil fuel, biomass, and solar energy pilot projects.

B3.1 Onsite and offsite site characterization and environmental monitoring, including siting, construction (or modification), operation, and dismantlement or closing (abandonment) of characterization and monitoring devices and siting, construction, and associated operation of a small-scale laboratory building or renovation of a room in an existing building for sample analysis. Activities covered include, but are not limited to, site characterization and environmental monitoring under CERCLA and RCRA. Specific activities include, but are not limited to:

Rational for determination:

Surprise Valley Electrification Corporation (Surprise) would demonstrate the potential geothermal resource near Paisley, Oregon. In Phase I (exploration), Surprise would create a numerical model of the geothermal reservoir. Once the modeling is complete, the data would be used to locate drilling, flow testing, power plant site selection, power plant installation, transmission upgrades, connecting to the grid. A land use and development agreement was reached between the surface owner (owning the water/mineral/geothermal rights) and Surprise on June 24, 2009. The project would be divided into three phases with multiple tasks.

The following tasks are Categorical Excludable since the tasks include obtaining permits, and research for the geothermal resource authorized by DOE funds (Recovery Act: Electric Cooperative Geothermal Development) in the amount of $96,000 for expenditure by Surprise Valley Electrification Corporation under the blanket CX A9 and A11

Task 1.1 Permitting

Task 1.2 Build Reservoir Model

PHASE 1 (Planning, Geology, Engineering,)

Subtask 1.1) Permitting for the following permits/rights: Drilling Permit and bond, water injection permit and converting the water right from temporary use to continuous consumptive use (power production). Oregon State controls the water rights for types and timing of use.

Subtask 1.2) Produce a Reservoir Model: Create a numerical model of the geothermal reservoir to determine the location and depth of the injection well and the sustainable flow the system can produce.

The following tasks are not Categorical Excludable but requires an EA (C12) since the geothermal injection well location has not been identified, the geothermal resource has not been proven for a power plant, road and transmission line paths and impacts to neighboring ground water have not been identified therefore these tasks cannot be analyzed at this time:

Subtask 1.3) Re-work Existing Well: The existing well is an irrigation well near Paisley, Oregon (T.33S., R.18E., Sect. 23, SW) with perforations in both the cold and hot producing regions of the bore. Surprise would rework this well by removing the existing casing and liners, sealing off the cold water regions of the well, and refinishing the well to geothermal production well standards.

Subtask 1.4) Re-work or Drill Injection Well: Based on the Reservoir Model and data gathered from reworking the existing well, the injection well location would be identified.

Subtask 1.5) Flow Testing: Conduct a flow test of the production well and the injection well.

Subtask 1.6) Plant Sizing, Layout, Collection System and Integration: The power plant sizing, its location, and the general layout of the system would occur. Since this is an operating ranch, the layout would accommodate the existing ranching operation.

Subtask 1.7) Transmission Design: Conduct a feasibility analysis to determine what upgrades would be necessary for up to 10 MWs of power out of this area, and the remaining portions of the system designed.

Go/no-go Decision Point: The successful completion of phase one would produce data from which the plant size, its operating characteristics and the economic merits of this power plant can be projected with a high degree of certainty. The development team would prepare a decision brief for DOE and Surprise. The decision brief would detail the flow test results, project power output, installation costs, and the average cost of power over the next 30 years. A decision to proceed would be made based upon the data and results from Phase 1 suggesting that the power plant can be installed and operated successfully, as proposed.
PHASE 2 (Installation of Power Plant Equipment)
Subtask 2.1) Select/Order Turbine Generators
Subtask 2.2) Select/Order Pipe for Gathering System
Subtask 2.3) Well Pump Servicing/work
Subtask 2.4) Select/Order Electrical Upgrade Equipment
Subtask 2.5) Installation Permit: A Lake County, Oregon permit would be needed.
Subtask 2.6) Plant Assembly, Installation, and Electrical Upgrade for Well Rework/Drilling, Power Houses, Pipes connecting the Production and Injection well to the Turbine Heat Exchanger, Electrical Upgrade and connection to the power plant, Cooling System, Turbine Installation, Monitoring & Control System

PHASE 3 (Commissioning, Operation, Maintenance, & Monitoring)
Subtask 3.1) Commissioning: Commissioning includes a demonstration of all emergency and normal conditions, validation that remote monitoring is functioning and a written set of emergency procedures and general maintenance.
Subtask 3.2) Operate and Maintenance: Monitoring cooling water, lubrication, well pump, and other operating characteristics of the plant.
Subtask 3.3) Monitor & Report: Surprise would report data to DOE as required.
Subtask 4.0) Project Management and Reporting: Reports and other deliverables would be provided in accordance with the Federal Assistance Reporting Checklists.

According to Surprise, safety protocols are in place for the proposed work by a Health and Safety officer that meet or exceed state and federal requirements.

At this time, the location of drilling the geothermal injection well has not been identified nor has the geothermal resource been proven for a power plant, impacts to neighboring ground water, and therefore cannot be analyzed. Therefore, Phase II and III (except Subtask 3.3 and 4.0) are not authorized. Phase II and III would be analyzed once the location of the geothermal injection well is identified and the geothermal resource was proven for a power plant. Condition of Approval: Allowable: Subtask 3.3 and 4.0; Prohibited: Phase I Subtasks 1.3 through 1.7, Phase II and III (except Subtasks 3.3 and 4.0). Phase III Subtask 3.3 and 4.0 comprises monitoring, and reporting to promote the research and development of geothermal resources; therefore this project is categorized as CX B3.1.
This proposed project has the potential to impact surface and subsurface resources and therefore an Environmental Assessment is required (C12) beyond subtask 1.2. DOE must analyze the construction and installation of up to two geothermal wells and power plant with associated transmission lines and roads in funding the drilling for the Rural Cooperative Geothermal Development Electric and Agriculture for Surprise Valley Electric Corporation according to the National Environmental Policy Act (NEPA). Existing and potential impacts are unknown at this time. Per the DOE NEPA implementing regulations (Appendix C to Subpart D to 10 CFR Part 1021 - C12, as noted above), preparation of an Environmental Assessment is required prior to allowing federal funds for this proposed project.

NEPA PROVISION

DOE has made a conditional NEPA determination for this award, and funding for certain tasks under this award is contingent upon the final NEPA determination.

Insert the following language in the award:

You are restricted from taking any action using federal funds, which would have an adverse affect on the environment or limit the choice of reasonable alternatives prior to DOE/NNSA providing either a NEPA clearance or a final NEPA decision regarding the project.

Prohibited actions include:
Phase I Subtasks 1.3 through 1.7, Phase II and III (except Subtasks 3.3 and 4.0)
This restriction does not preclude you from:
Phase III Subtask 3.3 and 4.0
If you move forward with activities that are not authorized for federal funding by the DOE Contracting Officer in advance of the final NEPA decision, you are doing so at risk of not receiving federal funding and such costs may not be recognized as allowable cost share.

Note to Specialist :

None Given.

SIGNATURE OF THIS MEMORANDUM CONSTITUTES A RECORD OF THIS DECISION.

NEPA Compliance Officer Signature: _____ Date: 4/27/10
NEPA Compliance Officer

FIELD OFFICE MANAGER DETERMINATION

☑ Field Office Manager review required

NCO REQUESTS THE FIELD OFFICE MANAGER REVIEW FOR THE FOLLOWING REASON:

☐ Proposed action fits within a categorical exclusion but involves a high profile or controversial issue that warrants Field Office Manager's attention.
☑ Proposed action falls within an EA or EIS category and therefore requires Field Office Manager's review and determination.

BASED ON MY REVIEW I CONCUR WITH THE DETERMINATION OF THE NCO:

Field Office Manager's Signature: _____ Date: 4-28-10
Field Office Manager