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COMMENTS ON GEOTHERMAL RESERVOIR VERIFICATION

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Utilities are currently in a dilemma as to establishing a policy with developers which will both promote geothermal resource assessment and yet reduce, as much as possible, abundant financial commitment to an as yet unproven reservoir. Early communication between utility and developer, I believe, is necessary for long-range planning purposes for all parties concerned. Early utility planning will basically view an unproven reservoir as a potential supplement to planned baseload units, such as coal and nuclear.

It is well known that a developer with a yet unproven field does not have all the ideal information a utility would like to see, such as reservoir life, steam price, participated operational performance, price escalation, and so on. Yet the developer can provide the utility, in the early stages of field development, with his long-term plans, such information as the basic location of his efforts, and requests for information he would like to see from the utility, such as utility growth rate, existing and planned transmission routes, and so on. As field assessment is occurring and a better understanding of drilling costs, reservoir extension, and so forth is evolving, contractual terms and degree of utility involvement can better be quantified.

By law, a utility is required to (1) meet load requirements, and (2) do this as economically as possible. Therefore, reservoir assurance is viewed by the utility not only as an economic concern, but also and more importantly, as an availability concern.

It is anticipated that geothermal energy will serve initially as a potentially viable energy supplement and not a replacement. As geothermal growth proceeds and as various field developments occur, confidence will increase and consideration of geothermal energy as a significant portion of baseload supply may eventually take place.