



DEPARTMENT OF CONSERVATION

Managing California's Working Lands

Division of Oil, Gas, & Geothermal Resources

801 K STREET • MS 20-20 • SACRAMENTO, CALIFORNIA 95814

PHONE 916 / 445-9686 • FAX 916 / 323-0424 • TDD 916 / 324-2555 • WEB SITE conservation.ca.gov

November 27, 2012

California Energy Commission
Dockets Unit, MS-4
Docket No. 12-CAI-04
1516 Ninth Street
Sacramento, CA 95814-5512

California Energy Commission

DOCKETED
12-CAI-04

TN # 68666

NOV 27 2012

Dear Sir/Madame:

The Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Division) regulates the drilling, operation, and plugging and abandonment of geothermal wells in California. The Division currently regulates the twenty-one geothermal wells operated by Bottle Rock Power LLC in The Geysers Geothermal field.

The Division currently holds a \$100,000 blanket bond to indemnify the state in the case that Bottle Rock Power LLC could not properly plug and abandon their wells at such time that this action became necessary or when the power plant ceased operations. Although this is a security for the state, this amount is not adequate to plug and abandon the twenty-one wells and accompanying pipelines. We estimate that this work may cost over \$2,000,000.

When the Commission is evaluating the deletion of sections 2.4 and 2.5 from the existing purchase agreement for the transfer of ownership of the Bottle Rock geothermal plant and wells from Department of Water Resources to Bottle Rock Power LLC this fact should be noted and taken into consideration.

If you have any questions, please contact Elizabeth Johnson, Geothermal Officer, at 916-323-1786.

Sincerely,

A handwritten signature in blue ink that reads "Robert S. Habel".

Robert S. Habel
Chief Deputy