

## **PAGOSA AREA GEOTHERMAL WATER AND POWER AUTHORITY**

### **SPECIAL MEETING MINUTES**

**May 6, 2015 @ 5:30 p.m.**

**Town Hall, Pagosa Springs, CO**

**551 Hot Springs Blvd**

**Pagosa Springs, CO 81147**

- I. Call to Order – Board Chair Lucero, Board Member Volger, Board Member Whiting, Board Member Schanzenbaker, Board Member Wadley – Town Manager Schulte, County Administrator Henderson
  
- II. Report from Operator
  - Consideration of alternative well sites - Mr. Jerry Smith with Pagosa Verde said, information from the three wells that have been drilled have determined that the next area to drill is an area to the north and west of town up Put Hill. The sites will be submitted to DOE for approval after Fish and Wildlife review of 12 potential sites. All landowners of potential sites have given permission for drilling. Mr. Jerry Smith said that once the DOE funds are no longer available, Pagosa Verde can go straight to Fish and Wildlife Division for review of potential sites. The DoLA grant requires a 60% match, but with the loss of the DOE grant at the end of July Mr. Smith will be working on getting the DoLA required match decreased. The lease with Fairway Trust is \$5K per month. The TG1 well on the Fairway property is the hottest well, however it would take another \$200,000 to get marginal direct use from this well. The skyrocket has restricted the ability to complete flow tests. Mr. Levine has agreed to forgo the \$5,000 lease payment during the exploration phases. The TG1 well could produce heat, but drilling must be 6,000-7,000 feet deep. Drilling is over \$2 million to go down 6,000 feet. The data shows there is probably heat at the 6,500 depth, what the data doesn't show is if there is water (an aquifer) down at 6,500 feet. Mr. Smith said they have to get through the fractures, he is confident there is plenty of water in the area.
  - Status of grant funding - Ms. Kirsten Skeehan said phase 1 is complete, the geophysical testing and drilling of the TG wells is complete. The total spent to date is \$1,600,000. Town/County put in \$460,000, DoLA and Federal funds \$1.2 million, Pagosa Verde funds were \$14,000. She said 35% of the \$1.6 million has been spent locally. The DoLA Grant still has \$1.6 million remaining. Mr. Smith said there may be need to get investors in place. He does not believe PAGWPA

needs to invest more funds into the project. However, Pagosa Waters has only \$60,000 left in its accounts out of the \$520,000 put in originally by the Town and County. Pagosa Verde is doing the accounting, but legal expenses may be needed in the future and PAGWPA and Pagosa Verde may need to put more money in the account. The original \$520k given by the Town and County was matching funds and used to get started because DOE wasn't in place until July 2014. Mr. Smith said the bond program offered by the state for energy production could be a source of funding. These borrowed funds are guaranteed by the State of Colorado. The project funds must pass through a town or county with a term of 3 basis points over prime for 18 years. He said if the project goes under, the State is on the hook for the borrowed funds. Ms. Nerissa Whittington said ARRA funding is guaranteed with sales tax, but the type of bonding Mr. Smith is referring to is guaranteed by the project revenues. Mr. Smith said the payments can't be more than 75% of the revenue. He said drilling on the Levine property cannot happen until September. The drilling would take 30 days to drill 6,000 feet or so and another two weeks for a flow test. He is working with DoLA regarding the rest of the grant funds and is searching for people who may want to invest.

- III. Other Items of mutual interest - Board Member Whiting asked about the data that is gathered. Ms. Skeehan said the data is stored per DOE requirements, is open to the public and available to the board. The next meeting will be June 8<sup>th</sup> at 5:30pm. Board Member Whiting confirmed the gap funding of \$2 million to get to the drilling portion of the project would need to come from Pagosa Waters LLC.
- IV. Adjourn – Upon motion duly made the meeting adjourn at 6:55pm.