



PAGOSA AREA GEOTHERMAL AND WATER POWER AUTHORITY

REGULAR MONTHLY MEETING MINUTES

April 13, 2015 @ 5:00 p.m.

Town Hall, Pagosa Springs, CO

551 Hot Springs Blvd

Pagosa Springs, CO 81147

- I. Call to Order – Board Chair Lucero, Board Members Steve Wadley, Don Volger, John Egan, David Schanzenbaker, Mike Alley
 - Todd Starr, Greg Schulte, Bentley Henderson

- II. Approval of Minutes – Mike Alley moved to approve the minutes, Don Volger seconded, unanimously approved.
 - March 9, 2015

- III. Review and approval of invoices for payment – The invoice committee met twice and approved paying five invoices to Pagosa Waters. Invoices approved by the committee 010715 \$33,279.68, 2015-0131A Revised \$55,512.67, 2015-0131B \$126,946.06, 2015-0131C \$143,761.17, 2015-0222 \$84,079.30, and 2015-0321 \$359,855.52. John Egan moved to ratify the approval of the invoices made by the invoice subcommittee at the March 12th and April 3rd meetings, Board Member Schanzenbaker seconded, unanimously approved.

- IV. Report from Operator
 - **Final results of slim hole wells** – Pagosa Verde has been working with the Geological Survey, School of Mines and DOE to run the numbers on the wells that were drilled. She said the DOE has moved the deadline from August to the

end of June. They have not found as much heat as they were hoping for so DOE allowed them to look North and West in the county to look for other sites.

- **Consideration of alternative well sites** - Some optional areas to consider are near the Pro-Line on Great West Ave, Town property in Harman Park area, and County property in the Cloman Park area. The areas they would like to drill are along faults they have found. The Pagosa Skyrocket flower is a deterrent to areas to drill because of their protected status. They are trying to find suitable sites so DOE doesn't walk away with the money. She said they have found really hot water in TG1A area which is the first hole they drilled. It is sufficient for direct use, deeper it could be sufficient for electricity. Due to the shortening of the two months by DOE and because of the Skyrocket and tight area for drilling the Fish and Wildlife would not allow bringing in a bigger drill to drill deeper at the TG1A site. Mr. Jerry Smith said with the gradient in that area the drilling would need to be 6,000 – 7,000 feet deep and that is not economically feasible for a 4-watt plant. He said the DOE didn't want to risk it. Ms. Skeehan said they reviewed the gradients from Galloway's six wells and think they found where the heat is coming from. She said right downtown the water is very hot but the wells affect each other, as you move away the temperature drops. She said that the Eight Mile Mesa fault is where they think the hot water is at and there are limited Skyrocket. They are trying to find property they can drill on before the June 30th deadline. Jerry Smith said they thought the school property had hot water but the DOE wouldn't let them drill and said they had enough information. DOE's geologists thought the hot water was elsewhere. Discussion as to drilling on the transfer station property might be an option but there are other entities who will be involved in making the decision as to where to drill and where they think the hot water is located. Attorney Todd Starr said once you allow drilling on government property the Division of Fish and Wildlife would have a say on the long term use of the property. Administrator Greg Schulte believes there are deed restrictions on some of the Town properties.
- **Status of grant funding** – Ms. Kirsten Skeehan said that since DoLA has been onboard they have gone through \$500,000 of DOE funds, .7% of Pagosa Waters share \$5,761, and DoLA share \$298,000. The remaining funds are in DOE \$2.8 million, Pagosa Waters has \$32,500, and DoLA has \$1.7 million. She said Pagosa Waters currently has \$90,000 in their account so they should end up with \$60,000 outside the project to be used for budget items not within the project. The Town and the County have each contributed \$250,000 into the PAGWPA account to assist with payments while waiting for DoLA reimbursements. Ms. Skeehan said the exploration drilling is about over, so the grant funds from DoLA might not be used up, and an alteration to the agreement with DoLA might need to be made in order to keep spending the DoLA funds. Jerry Smith said he has

met with the heads in Washington DC who have administrative challenges and have moved up the deadline to the end of June 2015. Steve Wadley says there are good relationships with the State Senators and perhaps with the Town and County's support they can extend the deadline. Jerry Smith said it may cause bad feelings if we ask a Senator to support the extension of the funds. The original funding given to Pagosa Verde was taken from someone else and no one is sure more money will be available next year to continue this exploration. Attorney Starr suggests mentioning to Tipton and Bennett that the Town/County be first on the list for next year's funding requests because of the money being pulled early this year. Jerry Smith said Pagosa Verde has known since day one that they might not find water for heat, but will for direct use. He said they have spent time doing a feasibility study for direct uses of the water. He said they have not found power for heat, but they have found direct use water on the Levine property. He will be bringing a cost analysis back to the board at the next meeting to look at the costs for a couple acres greenhouse or heating of 100 homes for a year. A small well would need to be drilled to access the 96 degree water at the bottom of the well. The lease with the Levine's will not be paid for by DOE after this month, so issues need to be reviewed and decisions made soon. A \$300,000 investment to get water to the surface for direct use status would need to be made by someone. He said it is going to take six to nine months to get the pieces back together because they are still going to need a couple million dollars to match the DoLA money to finish the exploration. The Levine's have access to all the drilling results, negotiations regarding the lease will be put on the next Authority meeting with possible executive session.

V. Items of mutual interest - none

VI. Adjourn – Upon motion duly made, the meeting adjourned at 5:47pm.