

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Engineering Division
Honolulu, Hawaii 96813

April 8, 2016

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

**Declare Project Exempt From Requirements of Chapter 343, HRS, and Title 11,
Chapter 200, Hawaii Administrative Rules;**

**Waiver of Geothermal Well Modification Permit Bond Requirement and Issuance of
Well Modification Permits to Engineering Division for Scientific Observation Holes (SOH)
SOH-1 and SOH-2, Puna, Hawaii; and**

**Authorization and Execution of Letter of Agreement Between the Board of Land and Natural
Resources and Kapoho Land Development Company**

for
**DLNR JOB NO. J38CH20B
GEOTHERMAL WELL PLUGGING AND ABANDONMENT, SOH-1 AND SOH-2,
PUNA, HAWAII**

The Engineering Division proposes to plug and abandon (P & A) geothermal scientific wells SOH-1 and SOH-2 and requests the Board of Land and Natural Resources (Board) to (1) declare the project exempt from requirements of Hawaii Revised Statutes (HRS) Chapter 343; (2) waive the bond requirement for and issue the well modification permits; and (3) authorize and execute a letter of agreement (LOA) between the Board and landowner Kapoho Land Development Company (KLDC).

The project consists of the P & A of two wells designated as scientific observation holes (SOH) in Puna, Hawaii, on TMKs (3) 1-4-001:002 and (3) 1-4-002:032, which are under the jurisdiction of the Engineering Division. These wells are no longer being used and will be P & A to reduce the State's liability.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Board approved the award of the construction contract for the subject project on July 25, 2014. Pursuant to HRS Chapter 343, and Chapter 11-200, Hawaii Administrative Rules (HAR), the attached Exemption Notification labeled Exhibit A, was prepared.

The wells will be plugged with bentonite mud and cement. Concrete pads at the wellheads will be demolished and removed. The well sites will be restored to pre-development conditions, as much as possible.

In accordance with HAR Section 11-200-8(a) and the exemption list for the Department of Land and Natural Resources (DLNR), as reviewed and concurred upon by the Environmental Council on June 5, 2015, the subject project is exempt from the preparation of an environmental assessment pursuant to Exemption Class 8, Item 3 that states "Demolition and removal of experimental devices or other equipment, when such devices or equipment are no longer used or needed."

WAIVER OF GEOTHERMAL WELL MODIFICATION PERMIT BOND REQUIREMENT AND ISSUANCE OF WELL MODIFICATION PERMITS

The Engineering Division requests a waiver of the bond requirements as specified in Chapter 183, HRS, and Chapter 183-8 (6) HAR for the P & A of geothermal monitoring wells SOH-1 and SOH-2 located in Puna, Hawaii, and the issuance of a well modification permits to perform this work.

The P&A work will be conducted in accordance with HAR rules, Title 13, Chapter 183, Rules on Leasing and Drilling of Geothermal Resources, and Circular C-126, Hawaii Geothermal Drilling Guide (December 2014).

The request for waiver of the bond requirement is based upon the following considerations:

- DLNR is the owner/operator of the SOH wells and will also be the applicant/permittee of record.
- DLNR, as a department of the State of Hawaii, is self-insured and should be exempted from the requirement for bonding “to protect the interests of the State” (ref. Section 13-183-68, HAR).
- The P&A work will be undertaken and monitored by Engineering Division staff to ensure compliance with all applicable permitting requirements.

LETTER OF AGREEMENT BETWEEN THE BOARD OF LAND AND NATURAL RESOURCES AND KAPOHO LAND DEVELOPMENT COMPANY

Engineering Division requests to enter a LOA with the KLDC. The LOA states that the contractor shall secure the right of access from KLDC to perform the construction. The LOA describes the respective responsibilities between DLNR and KLDC on the proposed project, and includes provisions acknowledging KLDC’s agreement to cooperate with the construction contractor selected by DLNR to undertake the P & A well work. The draft LOA is attached as Exhibit B.

RECOMMENDATION:

1. Declare that, after considering the potential effects of the proposed project, as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Approve waiver of geothermal well modification permit bond requirement on plugging and abandonment of geothermal monitoring wells SOH-1 and SOH-2, and issue the well modification permits to perform this work.
3. Authorize the Chairperson to sign the Letter of Agreement in Exhibit B on behalf of the Department and Board of Land and Natural Resources to Kapoho Land Development Company, under the terms and conditions cited in the LOA, and any other documents necessary to implement the project.

Respectfully submitted,


CARTY S. CHANG
Chief Engineer

Approved For Submittal:

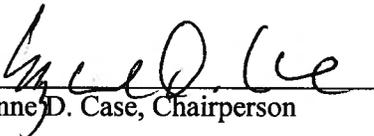

SUZANNE D. CASE, Chairperson

April 8, 2016

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title:	Geothermal Well Plugging and Abandonment, SOH-1 and SOH-2
Job Number:	J38CH20B
Project Location:	Island of Hawaii, Hawaii
Project Description:	Scope of work consists of plugging and abandonment two wells designated as scientific observation holes in Puna, Hawaii, on TMKs (3) 1-4-001:002 and (3) 1-4-002:032. Wells will be plugged with bentonite mud and cement in accordance with HAR Title 13, Chapter 183, and the Hawaii Geothermal Drilling Guide. Concrete pads at wellheads will be demolished and removed.
Chapter 343 Trigger(s)	Use of State Funds
Consulted Parties:	County of Hawaii Planning Department; County of Hawaii Department of Public Works; State of Hawaii Department of Health, Clean Air Branch; State of Hawaii Department of Land and Natural Resources, Division of Forestry, Commission on Water Resource Management, Office of Conservation and Coastal Lands, Land Division, Historic Preservation.
Exemption Class & Description:	Exemption Class 8, Item 1 of the Department of Land and Natural Resources, as reviewed and concurred upon by the Environmental Council on June 5, 2015, that states Item 3 that "Demolition and removal of experimental devices or other equipment, when such devices or equipment are no longer used or needed." Agencies and Parties are consulted.
Recommendation	It is anticipated this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.


Suzanne D. Case, Chairperson

3/23/16
Date

EXHIBIT A

(DLNR Letter Head)

Mr. Albert Lono Lyman
Kapoho Land Development Company
P.O. Box 3896
Honolulu, Hawaii 96812-3896

Dear Mr. Lyman:

The Engineering Division of the Department of Land and Natural Resources (DLNR) is currently planning the plugging and abandonment of Scientific Observation Holes (SOH), SOH-1 and SOH-2 located on Tax Map Key (TMK) parcels (3) 1-4-001:002 and (3) 1-4-002:032, respectively.

The proposed plugging and abandonment (P&A) activities will include, site visits and inspection, site preparation, equipment mobilization and demobilization, removal of all well head appurtenances, cementing of the well, and general site restoration. All work shall be performed in accordance with applicable permits and DLNR's administrative rules, Chapter 13-183, Hawaii Administrative Rules.

Access to the two sites shall be limited to the hours between 6:00 am and 6:00 pm, and physical activities associated with the P&A work shall be scheduled between 7:00 am and 7:00 pm each day. Work that may temporarily disturb surrounding residents and land owners shall be limited to the specified work hours. Exceptions, however, may be made for emergency work to prevent or correct site conditions impacting safety or environmental protection.

Only authorized employees, consultants, and contractors necessary for the project shall be allowed to enter the subject properties. An approved list of names and a project work schedule shall be provided to Kapoho Land Development Company (KLDC) prior to commencement of the project. The selected contractor shall be responsible for obtaining a right-of-entry from the property owner (KLDC) and shall add KLDC onto its liability insurance as an additional insured. The contractor shall also coordinate its schedule and activities with KLDC on a regular and recurring basis; and the project will employ all appropriate measures as identified in the project plans and specifications, including suitable construction warning signs and barricades in the project area.

DLNR shall be responsible for informing the public of the project and for satisfactorily addressing any concerns regarding its construction plans, project timeline, and traffic impacts to the general public and the landowners and residents of the area.

The selected Contractor shall be responsible for the removal of all tools, equipment, materials, waste, rubbish, and debris brought onto or created on the properties, and shall reasonably restore the properties to the condition it was in prior to commencing of the project, leaving the properties in as clean and natural condition as possible.

The Contractor shall not commence any work until it obtains, at its own expense, all required insurance. Such insurance must have the approval of DLNR as to limit, form and amount and must be maintained

with a company authorized by law to issue such insurance in the State of Hawaii. The insurance policies shall name KLDC as an additional insured and such coverage shall be noted on the Certificate of Insurance. All insurance described herein will be maintained by the Contractor for the full period of the contract and in no event will be terminated or otherwise allowed to lapse prior to written certification of final acceptance of the work by DLNR.

DLNR shall require the Contractor to employ all reasonable measures necessary to prevent or, if necessary, minimize and mitigate adverse impacts from activities undertaken on the properties pursuant to this project and comply with all federal, state and local laws, regulations, rules, and guidelines.

We would appreciate your signature and acknowledgement of this Letter of Agreement (LOA) approving the limited use of the subject properties for the sole purpose of the plugging and abandonment of the SOH wells. This LOA shall be limited to the duration of the proposed plugging and abandonment of SOH-1 and SOH-2 and shall terminate upon the completion of the Project.

We thank you for your continued cooperation and assistance and we look forward to your favorable consideration of our request. Should you have any questions, please contact Mr. Brian Chang at 808-587-0250 or via email at Brian.K.Chang@hawaii.gov.

Sincerely,

Suzanne D. Case, Chairperson

Date

APPROVED/DISAPPROVED

Kapoho Land & Development Company

By _____

Printed Name _____

Title _____

Date _____