

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Engineering Division
Honolulu, Hawaii 96813

January 8, 2021

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

**REQUEST AUTHORIZATION FOR THE CHAIRPERSON TO ENTER INTO A
LETTER OF INTENT TO DRILL AN EXPLORATORY WELL, ACQUISITION
OF LAND, AND FUTURE WELL DEVELOPMENT AND NEGOTIATE AND
EXECUTE A RIGHT OF ENTRY FOR JOB NO. J10CM11A, UPCOUNTRY
MAUI EXPLORATORY WELL, (TMK (2) 2-3-007:037), MAKAWAO, MAUI,
HAWAII**

BACKGROUND:

The Department of Land and Natural Resources (DLNR) received funds from the Legislature to drill an exploratory potable water well in the Makawao Aquifer on Maui. The well is intended to determine potential groundwater resources of the subject area and their potential to provide potable water source credits for future State of Hawaii projects. If a water source of adequate quality and quantity is determined to be present, the well could be converted to a production well at the appropriate time in the future. DLNR would likely enter into an agreement with Maui Department of Water Supply (MDWS) to integrate this new source into the existing MDWS water system and transfer ownership of the well and/or well site to the County of Maui. This arrangement would also provide some water for other uses that are needed in the MDWS Upcountry water systems, such as to supplement the water system during drought conditions.

On June 28, 2019, the Board delegated authority to the Chairperson to approve, procure, award and enter into a contract for this CIP project. Through an Invitation for Bids, a Contractor was awarded the exploratory well project in February 2020. The project generally consists of clearing and grading the project site and a 400 linear foot access road, and drilling, casing, and testing a new exploratory well, approximately 2,100 linear feet in depth. See Exhibit A for the project location.

ITEM L-1

January 8, 2021

A draft letter of intent (LOI) is being prepared to allow DLNR to drill an exploratory well and describe any future development, including acquisition of the well site. Under the LOI, Haleakala Ranch Company (HRC) would also grant DLNR a right of entry (ROE) to enter the property for the purposes stated in the LOI. The draft LOI was reviewed by the Department of the Attorney General. Upon completion, the final LOI will be submitted to DLNR for the Chairperson to enter and agree to the conditions.

If the exploratory well meets specifications of a production well, future actions by DLNR, as contemplated by the LOI, are as follows:

1. Obtain funding from the Legislature for land acquisition and production well development
2. Subdivide and acquire well site
3. Convert exploratory well to production well
4. Turn over well site and improvements to the County of Maui DWS
5. Seek water credits from DWS to meet water demands for State Projects

The LOI will only be between DLNR and HRC. If, in the future, Maui DWS is able to take over the project prior to development of the well into a production well, the LOI may be assigned to Maui DWS for them to take over from DLNR.

RECOMMENDATION:

That the Board of Land and Natural Resources authorize the Chairperson to:

1. Enter into the LOI with HRC for the purpose of drilling an exploratory well, acquisition of land and future well development subject to the following:
 - a. The terms and conditions of the attached LOI, as may be amended;
 - b. Review and approval by the Department of the Attorney General;
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
2. Negotiate and execute the ROE and any extensions or other amendments to the ROE.

Respectfully Submitted,

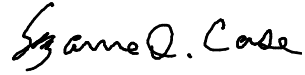


CARTY S. CHANG
Chief Engineer

Request Authorization to
Enter into Letter of Intent
Maui, Hawaii

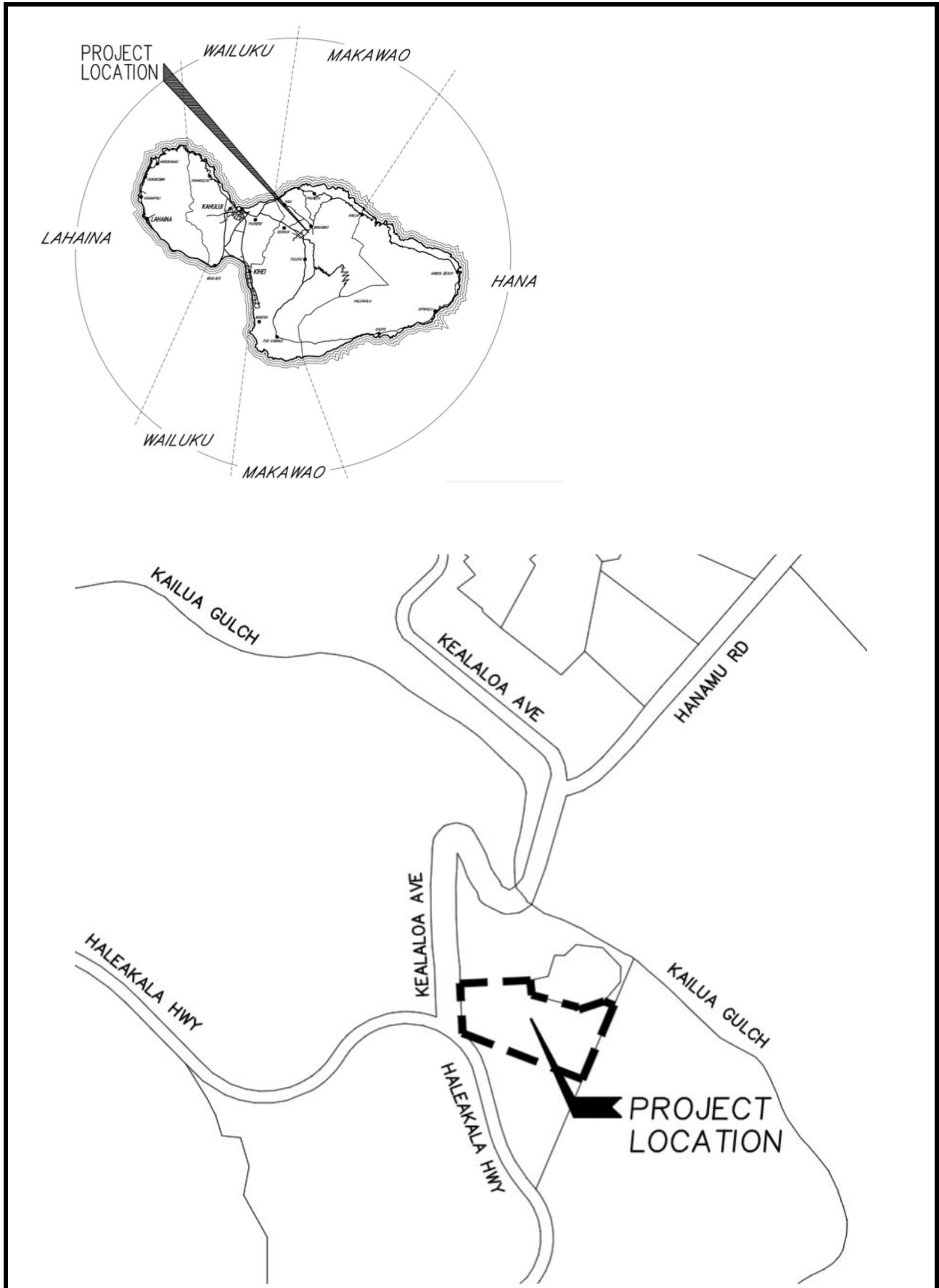
January 8, 2021

Approved for Submittal:

A handwritten signature in black ink that reads "Suzanne D. Case". The signature is written in a cursive style with a large initial 'S'.

SUZANNE D. CASE
Chairperson

Exhibit A – Location Map



LOCATION MAP: Upcountry Maui Exploratory Well