

SUBCHAPTER II—STUDY, ESTABLISHMENT,  
AND IMPLEMENTATION OF INSURANCE  
PROGRAM

**§ 1521. Reservoir insurance program study**

The Secretary shall conduct a detailed study of the need for and feasibility of establishing a reservoir insurance and reinsurance program incorporating the terms, conditions, and provisions set forth in section 1522 of this title, and shall submit to the Congress within one year after June 30, 1980, a report on the results of such study including his findings and recommendations with respect thereto.

(Pub. L. 96-294, title VI, §621, June 30, 1980, 94 Stat. 765.)

**§ 1522. Establishment of program**

**(a) Authorization; requirements; scope**

If the report of the Secretary submitted pursuant to section 1521 of this title affirmatively recommends the establishment of the program and the Congress by law (after review of such recommendation) specifically authorizes the establishment of the program, the Secretary shall establish and implement within six months after the date of the enactment of such authorization a program, in cooperation with the insurance and reinsurance industry, to provide reservoir insurance to qualified eligible applicants in accordance with this section.

**(b) Definitions**

For the purpose of this section—

(1) the term “investment” means the expenditure of, and any irrevocable legal obligation to expend, funds (together with the reasonable interest costs thereof) for the purchase or construction of machinery, equipment, and facilities manufactured, or for services contracted to be furnished, for the development and utilization of a geothermal resource in the United States to provide energy in the form of heat for direct use or for generation of electricity;

(2) the term “geothermal resource” means a resource in the United States including (A) all products of geothermal processes embracing indigenous steam, hot water, and hot brines; (B) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; (C) heat or other associated energy found in geothermal formations; and (D) any byproducts derived from them, where “by-product” means any mineral or minerals (exclusive of oil, hydrocarbon gas, and helium) which are found in solution or in association with other geothermal resources and which have a value of less than 75 per centum of the value of the geothermal steam or are not, because of quantity, quality, or technical difficulties in extraction and production, of sufficient value to warrant extraction and production by themselves;

(3) the term “risk” means the hazard that a reservoir of geothermal resources will cease to provide sufficient quantities of geothermal resources at minimum conditions required to maintain an economically or technically via-

ble operation for utilization of the geothermal resource;

(4) the term “reasonable premiums” means premium amounts determined by the Secretary to be reasonable in light of the amount of investment subject to the risk and premiums charged in similar or analogous situations by private insurers where private insurance is concerned and by insurers or guarantors, both public and private, where public insurance is concerned;

(5) the term “other insurance” means any combination of private or public insurance other than investment insurance provided by the Secretary under this section;

(6) the term “reservoir” means the physical subsurface geologic structure which forms the natural repository for the undisturbed geothermal resource; and

(7) the term “person” means any public or private agency, institution, association, partnership, corporation, political subdivision, or other legal entity which is a United States citizen as determined by application of the test for United States citizenship contained in section 50501 of title 46, or in the first sentence of section 27A of the Merchant Marine Act, 1920 (46 U.S.C. 883-1(a)-(e)).<sup>1</sup>

**(c) Eligibility for investment insurance**

Any person with a total direct investment of not less than \$1,000,000 in the development and use, not including exploration and testing, of a geothermal resource associated with a reservoir, and unable to obtain other insurance at reasonable premiums for the amount of the investment subject to risk, as determined by the Secretary under this section, shall be eligible for investment insurance.

**(d) Application for investment insurance; contents, etc.**

Any eligible person seeking investment insurance under this section shall file an application with the Secretary setting forth (1) the total amount of the contemplated investment in a geothermal resource and associated reservoir; (2) the views of the applicant concerning the nature and extent of the risk, including a geologic, engineering, and financial assessment based on site specific results of exploration and testing of the geothermal resource and the reservoir, stated with as much specificity as is possible; (3) the status of all required Federal, State, and local approvals, permits, and leases for the proposed development and utilization operations at the site; (4) the extent to which the applicant has been able to obtain other insurance against the risk; and (5) such other information as the Secretary may require.

**(e) Determinations respecting application for insurance**

Unless the Secretary determines the risk proposed by the applicant is unreasonable, the Secretary, within ninety days after receipt of a satisfactory application, shall determine in writing and submit to the applicant (1) the risk which may cause loss of investment for the applicant; (2) the total investment subject to the risk; (3)

<sup>1</sup> See References in Text note below.