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January 20, 2015

Carty Chang, P.E., Acting Chairperson  
Board of Land and Natural Resources  
Kalanimoku Building  
1151 Punchbowl St.  
Honolulu, HI 96813

Re: Puna Geothermal Venture

Aloha Mr Chang:

This letter asks you to require that Puna Geothermal Venture (PGV) show cause why its December 16, 2104, permit to drill well KS-16 should not be revoked.

A prior DLNR permit authorized PGV to drill well KS-15 in 2012. That drilling work caused continual disturbances of nearby residents and complaints about noise, light, dust, fear of toxic exposure, etc. As a result, the Hawai`i County Council passed, and the mayor signed, the ordinance that resulted in Hawai`i County Code § 14-114 that provides: “Geothermal resources exploration drilling and geothermal production drilling operations being conducted one mile or less from a residence, shall be restricted to the operating hours of 7:00 a.m. – 7:00 p.m.”

PGV has announced plans to start drilling well KS-16 and also stated its opinion that the night drilling ban of Code § 14-114 does not apply to PGV. Nothing in the law supports such an opinion, as Code § 14-114 is a simple and unambiguous prohibition with no exceptions.

Hawai`i Administrative Rules (HAR) Chapter 13-183, entitled *Rules on Leasing and Drilling of Geothermal Resources*, regulates geothermal activity in Hawai`i, such as well drilling, for purposes that include “[m]inimizing or preventing degradation of the environment” and “[p]reventing injury to life and property.” HAR § 13-183-1(c)(3) and (4).

PGV operates its facility in Pohoiki pursuant to Geothermal Resources Mining Lease No. R-2 dated February 20, 1981. Paragraph 11 of the Lease requires that PGV obey local “laws and regulations pertaining to the leased lands and Lessee’s operations hereunder, *now in force or which may hereafter be in force ...*” (Emphasis supplied.) HAR § 13-183-26 provides that a mining lease may be revoked if a lessee fails to comply with any terms of the lease, law, or rules.

HAR §13-183-65 requires PGV to obtain a DLNR permit prior to drilling any well. PGV obtained a DLNR drilling permit, issued on December 16, 2014, for well KS-16 that includes, in paragraph 3, a requirement that PGV must comply with County law.

HAR § 13-183-65(d) provides that after notifying PGV to appear to show cause why the permit should not be suspended or revoked, you may order revocation or suspension of the KS-16 drilling permit if drilling “is not being done in accordance with conditions of the permit or these rules...” PGV’s drilling at night in violation of Code § 14-114 would accord with neither the permit requirement that PGV must comply with County law nor the HAR § 13-183-54(b) requirement that PGV must comply with all county “requirements, laws, rules and regulations ... pertaining to the use of the premises or the conduct of the operation.”

Because PGV has announced its intent to violate the drilling permit and applicable rules, we ask that you please proceed pursuant to § 13-183-65(d) by ordering PGV to show cause why the permit should not be revoked for that reason. Because our membership includes community residents that would be affected by PGV’s violation of the law, we also request notice of your order and the opportunity to appear in any related proceeding.

We will be happy to provide any further information you may wish in this matter.

Sincerely

A handwritten signature in black ink, appearing to read "Robert Petricci", written in a cursive style.

Robert Petricci  
President

Copy: Gov. David Y. Ige