

## **Summary: Geothermal Energy Producer Failed to Obtain BLM Authorization and Pay Royalties**

**Report Date: April 6, 2026**

**Report Number: 24-0025**

The OIG investigated allegations received from the Bureau of Land Management (BLM) that Ormat Technologies, LLC (Ormat) diverted geothermal resources from a Federal lease in Nevada without BLM authorization, utilized these resources to generate power, and failed to pay royalties as required by the terms of its lease and Federal laws and regulations. We substantiated the allegations.

We found that on or about October 15, 2015, Ormat connected a pipeline from a geothermal well that was located on the Federal lease to an Ormat-owned power plant that was located off the Federal lease. The BLM had not received a request from Ormat regarding connection of the pipeline, nor had it approved Ormat's diversion of geothermal resources from the well to the power plant. In consultation with the BLM, we estimated the total power generated by Ormat from October 2015 through December 2018 was 66,977.3 megawatt-hours, which was valued at \$7.4 million. Ormat admitted it diverted geothermal resources from the well to the power plant during this time and that it did not include the production from the well in its royalty calculations, and thus, did not pay royalties on this production.

We presented our findings to the U.S. Attorney's Office for the District of Nevada, which declined to prosecute the matter.

In February 2021, Ormat entered into an agreement with the BLM, which required Ormat to make royalty payments to the U.S. Government for power generated at this facility going forward.<sup>1</sup>

This is a summary of a report we provided to the Acting Director of BLM and the Acting Director of the Office of Natural Resources Revenue for any action deemed appropriate.

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<sup>1</sup> We note that, in November 2021, Ormat made two royalty payments to the Office of Natural Resources Revenue totaling \$81,938. In a presentation to the OIG, Ormat told us that these payments were made to satisfy its royalty obligations in light of the diversion of geothermal resources discussed in our report. We did not attempt to determine whether these payments fully met Ormat's royalty obligations under its lease and governing law.