

The New York Times

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

PRINTER-FRIENDLY FORMAT
SPONSORED BY**September 3, 2009**

Energy Company Calls Halt to Drilling Project

By [JAMES GLANZ](#)

A \$17 million energy project in California that was supposed to demonstrate the feasibility of extracting vast amounts of heat from the earth's bedrock has been suspended indefinitely after the drilling essentially snagged on surface rock formations.

[The project](#), run by AltaRock Energy, represents the Obama administration's first major test of [geothermal](#) energy as a significant alternative to fossil fuels. But since drilling began in June, the project has encountered earthquake fears and scheduling delays.

Last month, federal scientists said that the company had fallen far behind schedule because a huge rig hired to drill down about 12,000 feet, or more than two miles, on federal land had not been able to pierce surface formations called caprock. On Wednesday, the [Bureau of Land Management](#) approved a request by AltaRock to halt the drilling operation temporarily, said a bureau spokeswoman, Jan Bedrosian.

"They need to come back to us with their future plans, and they have not done that," Ms. Bedrosian said.

In a statement, the company confirmed the suspension but gave few additional details. Several industry officials said it was virtually certain that AltaRock would dismantle and remove the enormously expensive rig from the site, which is known as the Geysers.

The federal scientists had said that after nearly two months of drilling, the project had reached depths of less than 4,000 feet. Technical problems are not uncommon in drilling operations, but some scientists said they were surprised at the severity of AltaRock's difficulties given that the drilling essentially started at 3,200 feet, at the bottom of an older well, called E-7.

AltaRock was awarded \$6.25 million in financing by the Energy Department late last year to be on the vanguard of an effort to produce renewable energy by fracturing rock at the bottom of a deep hole and then circulating water through the cracks to generate steam — a technique called an engineered or enhanced geothermal system. The company has also raised some \$30 million in [venture capital](#) from firms including [Google](#) and Kleiner Perkins Caufield & Byers.

But after an article in The New York Times raised questions about whether AltaRock had been forthcoming about a similar project in Switzerland that produced earthquakes, the Energy Department and the land bureau said the company would not be allowed to fracture rock until a new review determined whether the project is safe. That review is still pending.

If the review allowed it to proceed, AltaRock had planned to drill a second well after the first was completed.

Now it is unknown whether the company will try to restart drilling at the first well, move on to the second one or drop the project entirely.

In its statement on Wednesday, AltaRock said that the company “had encountered a number of physical difficulties in the drilling of well E-7,” adding that the difficulties resulted from “geologic anomalies particular to the formation underlying this well location.”

“As a result, we have suspended the drilling of this well as part of the Geysers demonstration project,” the statement said.

The company said it was exploring alternate well locations at the Geysers and elsewhere.

During a visit to the site in May, James T. Turner, the company’s senior vice president for operations, said that the project would cost \$17 million to \$18 million and that “the vast majority of that is on the two wells.”

A spokeswoman for the Energy Department, Stephanie Mueller, said the department and the land bureau were working “to look into the problems that AltaRock has experienced to determine whether and how they can be remedied.”

Ms. Mueller added that “the department is taking these issues seriously as we weigh a final decision on the AltaRock project.”

[Copyright 2009 The New York Times Company](#)

[Privacy Policy](#) | [Terms of Service](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)