

9/25/67

33. PERMIT TO PROSPECT FOR GEOTHERMAL RESOURCES, GEYSERS STEAM FIELD, SONOMA COUNTY; R. G. FLOOD, J. T. SINK, E. V. PRATT, AND P. H. FLOOD - W.O. 5512, P.R.C. 3828.2.

After consideration of Calendar Item 40 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FINDS THAT THE LAND DESCRIBED IN EXHIBIT "B" ATTACHED AND BY REFERENCE MADE A PART HEREOF IS NOT KNOWN MINERAL LAND; AND AUTHORIZES THE ISSUANCE OF THE STANDARD FORM OF PERMIT TO R. G. FLOOD, J. T. SINK, E. V. PRATT, AND P. H. FLOOD TO PROSPECT FOR GEOTHERMAL ENERGY, MINERAL WATERS, NONHYDROCARBON GASES, AND ALL MINERALS OTHER THAN OIL AND GAS IN SAID LAND IN WHICH THE MINERALS ARE RESERVED TO THE STATE. THE PERMIT SHALL INCLUDE THE CONDITIONS CONTAINED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF. THE ROYALTY PAYABLE UNDER ANY LEASE SHALL BE AS SPECIFIED IN EXHIBIT "C" ATTACHED AND MADE A PART HEREOF.

Attachment

Calendar Item 40 (5 pages)

CALENDAR ITEM

9/67  
W.O. 5512

40.

APPLICATION FOR PERMIT TO PROSPECT FOR GEOTHERMAL RESOURCES

APPLICANT: R. G. Flood, J. T. Sink, E. V. Prati, and P. H. Flood

LOCATION: Two miles northwest of Geysers Steam Field, Sonoma County

TYPE OF LAND: Patented school land, reserved mineral interests

ACREAGE: 868.24

SURFACE OWNER: Applicant

METHOD OF EXPLORATION:  
Drilling

PREREQUISITE ITEMS:

- a. Application approved by Attorney General's Office
- b. Area not known to contain commercial valuable deposits of minerals
- c. Statutory filing fee (\$5) and permit fee (\$1 per acre, or \$868.24) have been deposited by applicant

CONDITIONS: Provisions requested by Department of Fish and Game and Water Pollution Control Board are contained in Exhibit "A".

STATUTORY AND OTHER REFERENCES:

- a. Public Resources Code: Div. 6, Pt. 2, Ch. 3, Art. 5, Secs. 6890-6900
- b. Administrative Code: Title 2, Div. 3, Secs. 2200-2205

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FIND THAT THE LAND DESCRIBED IN EXHIBIT "B" ATTACHED AND BY REFERENCE MADE A PART HEREOF IS NOT KNOWN MINERAL LAND; AND AUTHORIZE THE ISSUANCE OF THE STANDARD FORM OF PERMIT TO R. G. FLOOD, J. T. SINK, E. V. PRATI, AND P. H. FLOOD TO PROSPECT FOR GEOTHERMAL ENERGY, MINERAL WATERS, NONHYDRO-CARBON GASES, AND ALL MINERALS OTHER THAN OIL AND GAS IN SAID LAND IN WHICH THE MINERALS ARE RESERVED TO THE STATE. THE PERMIT SHALL INCLUDE THE CONDITIONS CONTAINED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF. THE ROYALTY PAYABLE UNDER ANY LEASE SHALL BE AS SPECIFIED IN EXHIBIT "C" ATTACHED AND MADE A PART HEREOF.

Attachments: Exhibits "A", "B", and "C"

EXHIBIT "A"

1. Permittee shall contact the Regional Water Pollution Control Board and submit a report on proposed waste discharge in accordance with Section 13054 of the California Water Code. Permittee shall comply with any waste discharge requirements established by the Regional Water Pollution Control Board.
2. All waste discharges resulting from geothermal operations shall be confined to land and not be permitted to enter State surface waters.
3. Any land disposal operation of said wastes must be conducted in a manner that will not adversely affect wildlife resources. The Permittee shall consult with the Department of Fish and Game prior to and during operations.

EXHIBIT "B"

Lots 4, 6 and 11 of Section 2; Lots 1 and 2, the east half of the southwest quarter ( $E\frac{1}{2} SW\frac{1}{4}$ ), the south half of the southeast quarter ( $S\frac{1}{2} SE\frac{1}{4}$ ) and the north half ( $N\frac{1}{2}$ ) of Section 3; Lots 6, 7, 8, and 9, the north half of the northeast quarter ( $N\frac{1}{2} NE\frac{1}{4}$ ) and the southeast quarter of the northeast quarter ( $SE\frac{1}{4} NE\frac{1}{4}$ ) of Section 4; Township 11 North, Range 9 West, M.D.B. & M., Sonoma County, State of California, containing 868.24 acres more or less.

EXHIBIT "C"

Under any preferential lease issued upon the discovery of geothermal energy, valuable deposits of minerals or mineral water, the lessee shall pay annually in advance a rental of \$1.00 per acre and a royalty to be determined as follows:

(a) Upon any and all minerals produced and extracted and sold from said premises:

(1) For gold, silver, other precious minerals and radioactive minerals

$$R = 3.00 + 0.01 (C - 20.00)^2$$

(2) For nonprecious metallic minerals

$$R = 3.00 + 0.37 (C - 60.00)$$

(3) For nonmetallic minerals

$$R = 0.40 + 0.05 (C - 8.00)$$

Where R = Royalty in dollars and cents per ton of mineral ore or mineral salts containing the aforesaid minerals

C = Weighted average of gross sales price of mineral sold determined on a quarterly basis during the first year in which sales occur. Thereafter, the weighted average determined by gross sales price of mineral sold during the previous year in which sales occur.

The minimum royalty under any lease issued pursuant to this permit shall be:

- (1) For mineral ore or mineral salts containing gold, silver, other precious minerals, and radioactive minerals: \$3.00 per ton.
- (2) For mineral ore or mineral salts containing nonprecious metallic minerals: \$3.00 per ton.
- (3) For mineral ore or mineral salts containing nonmetallic minerals: \$0.40 per ton.

The maximum royalty for gold, silver, other precious minerals, and radioactive minerals shall not exceed 50 percent of the average gross sales price of the mineral. The maximum royalty for all nonprecious metallic and nonmetallic minerals shall not exceed 25 percent of the average gross sales price of the mineral.

EXHIBIT "C" (CONTD.)

- (b) Upon all energy and salable water produced from mineral waters extracted from said lease premises:
  - (1) A fixed minimum payment of 12-1/2 percent of the gross sales value of all energy and water produced. "Gross sales value" shall be determined by multiplying the contract sales price of energy and water by the quantity produced.
  - (2) An additional sum of 33-1/3 percent of the net profit derived from all the operations on State lands less the minimum payment. "Development and operating costs" to be allowed in determining net profit for the purposes of this lease shall include only the ordinary and necessary expenses incurred by the lessee which are properly allocable in accordance with generally accepted accounting principles to the cost of production of energy, and water from the lease premises, including development costs of steam wells.
- (c) Upon all carbon dioxide and other nonhydrocarbon gases extracted and saved under this lease, a payment of 16-2/3% of the current market price at the well and of any premium or bonus paid on all nonhydrocarbon production produced or sold from the leased lands.