

9. APPLICATION FOR CONVERSION OF GEOTHERMAL PROSPECTING PERMITS PRC 3395.2, PRC 3396.2 AND PRC 4339.2 INTO GEOTHERMAL RESOURCES LEASE, LAKE AND SONOMA COUNTIES - W 9140, PRC 4596.2.

After consideration of Calendar Item 10 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. PURSUANT TO SECTION 6912(b) OF THE PUBLIC RESOURCES CODE, CLASSIFIES THE LANDS DESCRIBED IN EXHIBIT "A" ATTACHED AS A KNOWN GEOTHERMAL RESOURCES AREA;
2. APPROVES AND ADOPTS THE FORM OF GEOTHERMAL RESOURCES LEASE, IDENTIFIED AS EXHIBIT "C", ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, AS THE FORM OF LEASE TO BE USED FOR GEOTHERMAL RESOURCES;
3. APPROVES THE CONSOLIDATION OF PROSPECTING PERMITS PRC 3395.2, PRC 3396.2 AND PRC 4339.2 AND AUTHORIZES THE ISSUANCE OF A GEOTHERMAL RESOURCES LEASE TO UNION OIL COMPANY OF CALIFORNIA, FOR THE AREA DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 2,543.43 ACRES MORE OR LESS, FOR A PRIMARY TERM OF 30 YEARS, UTILIZING THE FORM OF GEOTHERMAL RESOURCES LEASE APPROVED HEREIN.

Attachment:

Calendar Item 10 (3 pages)

CALENDAR ITEM

5/71  
W 9140  
AHJ

10.

APPLICATION FOR CONVERSION OF GEOTHERMAL PROSPECTING PERMITS PRC 3395.2, PRC 3396.2 AND PRC 4339.2 INTO GEOTHERMAL RESOURCES LEASE, LAKE AND SONOMA COUNTIES.

APPLICANT: Union Oil Company of California.

LOCATION: The Geysers area, Sonoma and Lake counties (see Exhibit "B").

ACREAGE: PRC 3395.2 - 1,623.00 acres  
PRC 3396.2 - 600.43 acres  
PRC 4339.2 - 320.00 acres

Total 2,543.43 acres

TYPE OF LAND: Patented school land, reserved mineral interest, presently under Union's geothermal prospecting permits.

CONSIDERATION: \$2,544.00 annual rental in addition to a minimum royalty of \$5,088.00 per year.

PERTINENT INFORMATION:

1. On June 13, 1966, Permits to Prospect for Geothermal Resources PRC 3395.2 and PRC 3396.2 were issued under Section 6891 of the Public Resources Code to the surface owners for a primary term of two years. On July 12, 1966, the permits were assigned to Earth Energy, Inc., and, on October 26, 1967, were assigned to the present permittee, Union Oil Company of California. As provided by the Geothermal Resources Act of 1967, the primary terms of the permits were revised to three years, and subsequently were extended for an additional two years, expiring on June 13, 1971. Permit to Prospect for Geothermal Resources PRC 4339.2 was issued to Eugene Sully Hancock, Jr., on October 2, 1969, under Section 6904 of the Public Resources Code, for the primary term of three years. On January 29, 1970, said permit was assigned to the present permittee, Union Oil Company of California.
2. Twelve productive steam wells have been drilled and completed in a portion of the area under consideration (Exhibit "B"). Surface geological studies, coupled with data from these wells, indicate the probability of a general productivity trend that would include the balance of the area. Geothermal steam sales contracts have been negotiated between Union Oil Company and Pacific Gas and Electric Company, and two electrical generating units, rated at a total of 110,000 Kw, are under construction and will be completed in 1972.
3. In accordance with Section 6912(b) of the Public Resources Code, the Commission shall classify as a known geothermal resources area lands that contain at least one well capable of producing geothermal resources in commercial quantities.

CALENDAR ITEM 10 (CONTD.)

PERTINENT INFORMATION - (CONTD.)

4. Permits or leases issued under the 1967 Act shall not be for less than 640 acres nor more than 2,560 acres, and shall embrace a reasonably compact area; provided, however, that permits or leases may be issued for parcels of less than 640 acres if such parcels are isolated from other lands available for permit or lease. The permittee has requested and the Division recommends that PRC 3396.2, containing 600.43 acres, and PRC 4339.2, containing 320 acres, be consolidated with the adjacent and contiguous permit PRC 3395.2, containing 1,623 acres, to form a compact lease area containing a total of 2,543.43 acres (see Exhibit "B").
5. The Attorney General has advised that the environmental impact report provided for in Statutes of 1970, Chapter 1555, is not applicable to the lease herein because the permittee had vested right to a preferential lease arising out of its prospecting permits issued June 13, 1966, and October 2, 1969, before the effective date of the statute. The lease recommended herein is, therefore, a continuing implementation of a pre-existing interest. However, the Attorney General has further advised that Chapter 1555, as well as other statutes, establishes a State policy of environmental protection which should be implemented to the extent of the State's legal power in connection with the issuance of the lease. Consequently, to carry out the State policy, the staff has recommended the insertion in Section 18 of the lease provisions which require close supervision and evaluation of the environmental factors in conformity with the general criteria set out by Public Resources Code Section 6371.

PREREQUISITES:

- a. Filing fee has been submitted by the applicant.
- b. Performance bond of \$50,000 is to be filed upon issuance of lease.
- c. The form of geothermal resources lease has been approved by the Office of the Attorney General (Exhibit "C").

IT IS RECOMMENDED THAT THE COMMISSION:

1. PURSUANT TO SECTION 6912(b) OF THE PUBLIC RESOURCES CODE, CLASSIFY THE LANDS DESCRIBED IN EXHIBIT "A" ATTACHED AS A KNOWN GEOTHERMAL RESOURCES AREA;
2. APPROVE AND ADOPT THE FORM OF GEOTHERMAL RESOURCES LEASE, IDENTIFIED AS EXHIBIT "C", ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, AS THE FORM OF LEASE TO BE USED FOR GEOTHERMAL RESOURCES;
3. APPROVE THE CONSOLIDATION OF PROSPECTING PERMITS PRC 3395.2, PRC 3396.2 AND PRC 4339.2 AND AUTHORIZE THE ISSUANCE OF A GEOTHERMAL RESOURCES LEASE TO UNION OIL COMPANY OF CALIFORNIA, FOR THE AREA DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 2,543.43 ACRES MORE OR LESS, FOR A PRIMARY TERM OF 20 YEARS, UTILIZING THE FORM OF GEOTHERMAL RESOURCES LEASE APPROVED HEREIN.

Attachment: Exhibit "A"



EXHIBIT "A"

South half of southwest quarter of Section 5; lots 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24, and south half of southeast quarter of Section 6; Section 7 (all); northwest quarter, north half of southwest quarter and west half of northeast quarter of Section 8; north half of northeast quarter, and lots 1, 2, 3, 4, 5, 6 and 7 of Section 18, in Township 11 North, Range 8 West, M.D.B. & M., Sonoma and Lake counties.

Lots 9, 10, 14, 15 and 16 of Section 1; lots 1, 2 and 8 of Section 12, in Township 11 North, Range 9 West, M.D.B. & M., Sonoma County.

The above-described land contains 2,543.43 acres more or less.