

MINUTE ITEM

5/27/71
AHJ

10. APPLICATION FOR CONVERSION OF GEOTHERMAL PROSPECTING PERMITS PRC 4236.2 AND PRC 4340.2 INTO GEOTHERMAL RESOURCES LEASE, LAKE AND SONOMA COUNTIES - W 9412, PRC 4597.2.

After consideration of Calendar Item 11 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 THE CONSOLIDATION OF PROSPECTING PERMITS PRC 4340.2 AND PRC 4236.2, AND AUTHORIZES THE ISSUANCE OF A GEOTHERMAL RESOURCES LEASE TO UNION OIL COMPANY OF CALIFORNIA FOR THE AREA DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 1,444.87 ACRES MORE OR LESS, FOR A PRIMARY TERM OF 20 YEARS, UTILIZING THE FORM OF GEOTHERMAL RESOURCES LEASE APPROVED IN CALENDAR ITEM 10, EXHIBIT "C", OF THIS AGENDA.

Attachment:

Calendar Item 11 (3 pages)

CALENDAR ITEM

5/71
W 9412
AHJ

11.

APPLICATION FOR CONVERSION OF GEOTHERMAL PROSPECTING PERMITS PRC 4236.2 AND PRC 4340.2 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 4236.2 - 1,284.65 acres
PRC 4340.2 - 160.22 acres
Total 1,444.87 acres

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

CONSIDERATION: \$1,445.00 annual rental in addition to a minimum royalty of \$2,890.00 per year.

PERTINENT INFORMATION:

1. Geothermal Prospecting Permit PRC 4236.2 was issued to the surface owner on May 29, 1969, under Section 6922 of the Public Resources Code, for a primary term of three years, and on July 31, 1969, was assigned to the present permittee, Union Oil Company of California.

Geothermal Prospecting Permit PRC 4340.2 was issued to Eugene Sully Hancock, Jr., on October 2, 1969, under Section 6904 of the Public Resources Code, for a primary term of three years, and on January 29, 1970, was assigned to the present permittee, Union Oil Company of California.

2. Four steam wells have been drilled in the area under consideration (Exhibit "B"). 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 1973.
3. In accordance with Section 6912(b) of the Public Resources Code, the Commission shall classify as a known geothermal resources area lands which contain at least one well capable of producing geothermal resources in commercial quantities.
4. Permits or leases issued under the Geothermal Resources Act of 1967 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

CALENDAR ITEM 11. (CONTD.)

PRC 4340.2, containing 160.22 acres, be consolidated with the adjacent and contiguous permit PRC 4236.2, containing 1,284.65 acres, to form a compact lease area containing a total of 1,444.87 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 May 29, 1969, and October 2, 1969, before the effective date of the statute. The lease recommended herein is, therefore, a continuing implementation of a preexisting 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.

PREREQUISITE ITEMS:

- 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 THE CONSOLIDATION OF PROSPECTING PERMITS PRC 4340.2 AND PRC 4236.2, AND AUTHORIZE THE ISSUANCE OF A GEOTHERMAL RESOURCES LEASE TO UNION OIL COMPANY OF CALIFORNIA FOR THE AREA DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 1,444.87 ACRES MORE OR LESS, FOR A PRIMARY TERM OF 20 YEARS, UTILIZING THE FORM OF GEOTHERMAL RESOURCES LEASE APPROVED IN CALENDAR ITEM 10, EXHIBIT "C", OF THIS AGENDA.

Attachment: Exhibit "A"

EXHIBIT "A"

Lots 6 and 7 of Section 8; west half, west half of southeast quarter, southwest quarter of northeast quarter, and lots 2, 3 and 4 of Section 17; south half of northeast quarter, and east half of southeast quarter of Section 18; east half of northeast quarter of Section 19; and north half, southeast quarter, north half of southwest quarter and southeast quarter of southwest quarter of Section 20, in Township 11 North, Range 8 West, M.D.B. & M., Sonoma and Lake counties.

The above-described land contains 144¹/₂.87 acres more or less.