

MINUTE ITEM

This Calendar Item No. 37
was adopted at its Meeting - Item
No. 37 at its 6-5-79
Commission Meeting at its 6-5-79
meeting.

MINUTE ITEM

5/79
Priddy

P5688

37. RESCISION OF GEOTHERMAL PROSPECTING PERMIT PROPOSAL
TO MANAGEMENT ENGINEERING, INC., AND ISSUANCE OF
GEOTHERMAL PROSPECTING PERMIT TO GETTY OIL COMPANY

During consideration of Calendar Item 37 attached, Mr. George Rodda, representing Management Engineering, Inc., appeared in opposition to the staff's recommendation. He stated that the permit should be awarded to them since they had originally filed for the permit and obtained the required Environmental Impact Report. However, since they had not had time to secure the required surety bond, he requested that the Commission give them sufficient time to do so.

Mr. Robert C. Hight, Chief Counsel, explained the staff had mailed Management Engineering the permit forms to be executed 1-1/2 years ago after the Commission had approved the permit. However, the executed forms were never returned. Since the law states the Commission can terminate the lease within 30 days after failure of return of an executed lease, the staff is recommending the lease be terminated. Mr. Rodda contended they had attempted to make a deal with Getty Oil whereby Management Engineering would be responsible for meeting the permit requirements and Getty would be responsible for carrying out its execution; however, the personnel he dealt with at Getty had changed and he had been unable to complete the deal.

Chairman Kenneth Cory asked if Mr. Rodda was authorized to sign the permit at this time. Mr. Rodda said he was. Mr. Cory then stated that if Mr. Rodda signed the permit immediately following the meeting and submits the required bond to the Commission within 21 days from this date, he would authorize the issuance of the permit to them.

Upon motion duly made and carried, the following resolution was adopted by a vote of 2-0:

THE COMMISSION AUTHORIZED THE CONTINUED ISSUANCE OF PROSPECTING PERMIT PRC 5460 TO MANAGEMENT ENGINEERING, INC. PROVIDED THAT THE FOLLOWING TWO CONDITIONS ARE MET:

1. THE PERMIT WOULD BE FULLY EXECUTED BY MANAGEMENT ENGINEERING ON JUNE 5, 1979.
2. MANAGEMENT ENGINEERING WOULD SUBMIT THE REQUIRED SURETY BOND IN THE AMOUNT OF \$50,000 WITHIN 21 DAYS AFTER JUNE 5, 1979.

UPON ITS FAILURE TO COMPLY WITH THESE TERMS, THE LEASE WILL BE RESCINDED BY THE COMMISSION AT ITS JUNE 27, 1979 MEETING.

Attachment: Calendar Item 37.

A 34

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CALENDAR ITEM

37.

5/79
W 9592
Priddy

REVISION OF GEOTHERMAL PROSPECTING PERMIT PROPOSAL
TO MANAGEMENT ENGINEERING, INC., AND ISSUANCE OF
GEOTHERMAL PROSPECTING PERMIT TO GETTY OIL COMPANY

On July 10, 1972, the Commission received an application from Getty Oil Company for a permit to prospect for geothermal resources, in Section 16, Township 30 South, Range 42 East, MDB&M, San Bernardino County, containing 640 acres more or less (Exhibit "A").

Pursuant to Section 6912 of the P.R.C. which provides that when there is an application for a permit for lands to which the State has sold the surface, but retained the minerals, the surface owner shall be notified and given an opportunity to exercise its preferential right to a prospecting permit. The surface owners were notified by the applicant, Getty Oil Company, of Getty's application for a prospecting permit on the above described lands. On January 5, 1973, Management Engineering, Inc., acting on behalf of the surface owners within Section 16, notified the Commission of its intention to exercise its preferential right to a permit for portions of that section totaling approximately 320 acres.

On December 2, 1976, the Commission's staff forwarded a sample permit form to Management Engineering and solicited applicant's comments thereon. Our files indicate no comments were received. On March 30, 1978, the Commission by Minute Item No. 22 authorized the issuance of a geothermal prospecting permit to Management Engineering utilizing the permit form on file in the Office of the Commission.

On April 18, 1978 pursuant to the Commission's March 30, 1978 authorization, staff sent 2 copies of the permit to Management Engineering requesting acceptance of the permit by signature and return of both permit forms for execution on behalf of the Commission. On September 5, 1978, staff again wrote to Management Engineering indicating the Commission was ready to issue the permit if the applicant would return the signed original and a copy of the permit along with a surety bond. Staff further requested an indication as to the intent of the applicant regarding the subject permit. No response has been received to either of these requests.

A 34

S 16

CALENDAR ITEM NO. 37. (CONTD)

Staff counsel has advised that pursuant to P.R.C., Section 6504 which provides for execution and return of a lease or permit within 30 days, and/or Civil Code Section 1587 which provides for acceptance of an offer within a reasonable time, applicant Management Engineering's preferential right to a prospecting permit has automatically terminated.

P.R.C., Section 6912, provides that if the surface owner fails to exercise his preferential right to a permit, the Commission may proceed to issue said permit to the original applicant.

OTHER PERTINENT INFORMATION:

1. An EIR (SCH 75011499) was prepared for both the Getty application and Management Engineering application, circulated and certified by the Commission pursuant to CEQA of 1970, as amended (Minute Item 22, March 30, 1978).
2. Getty Oil Company has executed and returned its permit.

EXHIBITS: A. Land Description. B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. RESCIND MINUTE ITEM 22 TAKEN AT THE STATE LANDS COMMISSION MEETING OF MARCH 30, 1978.
2. AUTHORIZE STAFF TO NOTIFY APPLICANT, MANAGEMENT ENGINEERING, INC., THAT ITS PREFERENTIAL RIGHT TO A GEOTHERMAL PROSPECTING PERMIT HAS TERMINATED.
3. AUTHORIZE THE ISSUANCE OF A PROSPECTING PERMIT TO THE ORIGINAL APPLICANT, GETTY OIL COMPANY.
4. FIND THAT AN EIR (SCH 75011499) WAS PREPARED FOR BOTH THE GETTY APPLICATION AND MANAGEMENT ENGINEERING APPLICATION, CIRCULATED AND CERTIFIED BY THE COMMISSION PURSUANT TO CEQA OF 1970, AS AMENDED (MINUTE ITEM 22, MARCH 30, 1978).

EXHIBIT "A"

W 9592

DESCRIPTION

SW/4 of SW/4, SE/4 of NW/4, S/2 of SW/4 of NE/4
S/2 of NE/4 of SW/4 of NE/4, NE/4 of NE/4 of SW/4
of NE/4, NE/4 of NW/4, NW/4 of SW/4, N/2 of SE/4
of NE/4, SW/4 of SE/4 of NE/4, N/2 of NE/4 of
NW/4 of SE/4, N/2 of SE/4 of NW/4 of SE/4, NW/4
of SW/4 of NW/4 of SE/4, NW/4 of SW/4 of NE/4,
S/2 of SW/4 of NW/4, N/2 of NE/4 of SW/4, N/2 of
SW/4 of SE/4, and S/2 of NE/4 of NE/4 all in
Section 16, Township 30 South, Range 42 East,
M.D.M., San Bernardino County, containing 320 acres,
more or less.

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