MINUTE ITEM

This Calendar Item No. 20.
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 3
to 0 at its 6.22.79
meeting.

PRC 5688

CALENDAR ITEM

20.

6/79
W 9592
Hoagland

RECISION 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 of 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

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.

On June 5, 1979, Mr. George Rodda, Jr., representing Management Engineering, appeared before the Commission. In response to questions from the Commission, he indicated he had not returned the executed permit because his firm had been working with Getty Oil Company to develop both properties, there had been a change in personnel at Getty and he had not been able to complete the transaction. He further indicated that he had been unable to secure the required bond between the time he was notified of the proposed Commission action and the meeting.

Commissioner Bell stated that as long as the process had proceeded this far, some way should be found to allow Management Engineering to secure the prospecting permit. Chairman Cory directed Mr. Rodda to sign the permit that day and to have the required evidence of bond to the Commission staff in 15 days from that meeting.

No copy of the permit was available at the Sacramento office and Mr. Rodda was requested by staff to execute his copies of the permit and to deliver them to the Commission's Long Beach office on June 6, 1979.

On June 7, 1979, an executed copy of the signature page of the permit arrived at the Long Beach office. No evidence that Mr. Rodda has secured the required bond has yet been received. Because Mr. Rodda has failed to comply with the terms of the understanding reached at the June 5 Commission meeting, staff recommends the Commission proceed with the original recommendation to rescind the permit to Management Engineering and issue the permit to Getty Oil Company.

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.

W 9592

EXHIBIT "A"

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.

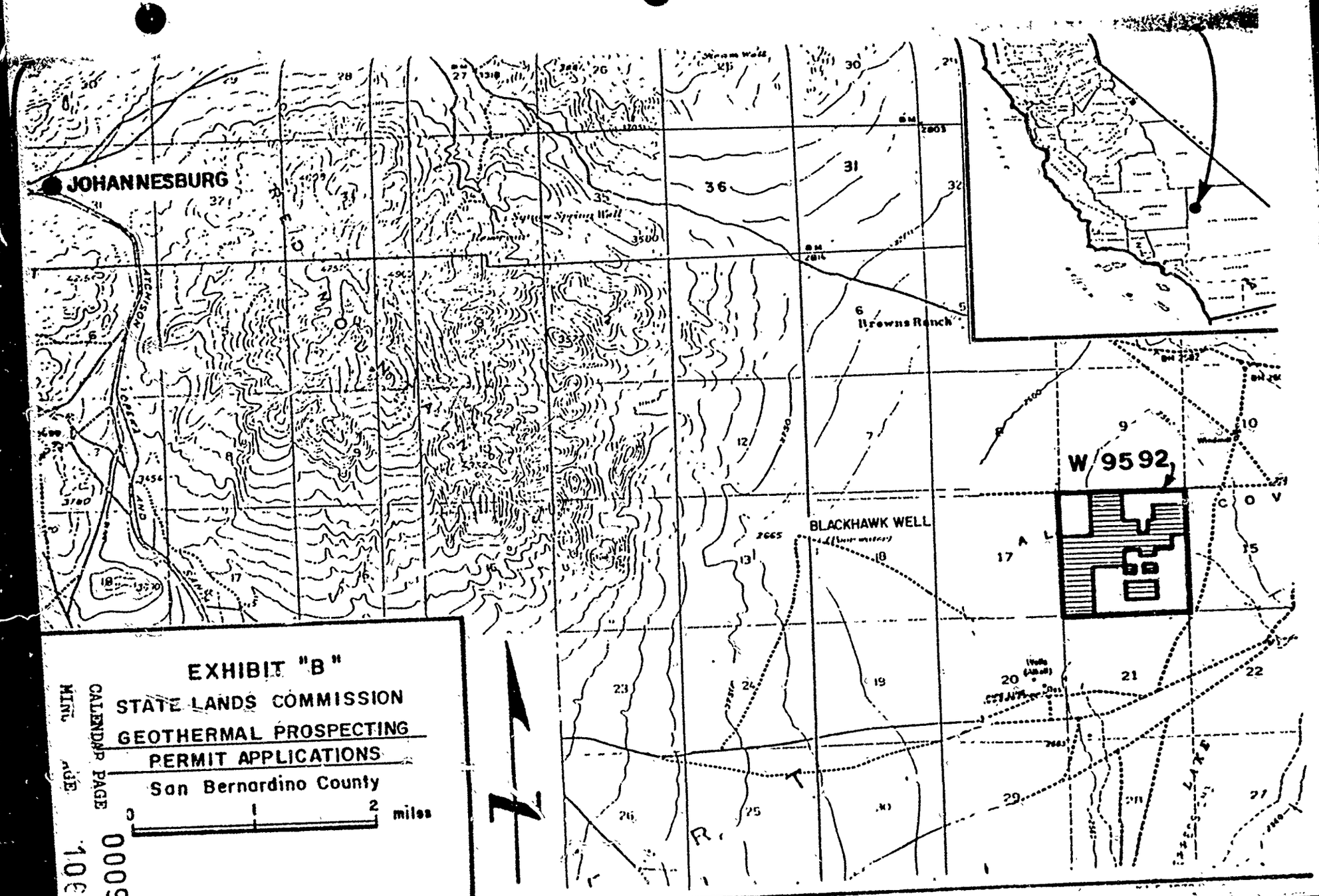

EXHIBIT "B"
STATE LANDS COMMISSION
GEOTHERMAL PROSPECTING
PERMIT APPLICATIONS
San Bernardino County

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