MINUTE ITEM
This Calendar Item No. 25
was approved as Minute Item
No. 21 by the State Lands
Commission by a vote of 3
to 0 at its 4-24-80
meeting.

CALENDAR ITEM
25.

4/80
W 9897
Burnett
PRC 5821

AWARD OF A GEOTHERMAL RESOURCES LEASE OF
RESERVED MINERAL INTERESTS, SONOMA COUNTY

The Commission, at its meeting on November 27, 1978, authorized the staff to offer for lease by competitive public bid for the extraction of geothermal resources, a parcel of land in which the State has a reserved mineral interest. The parcel, identified as Parcel W 9897, located in Sonoma County near The Geysers Steam Field and containing 200 acres, was subsequently offered for lease on th basis of a net profits bid factor. In addition to the net profits payment, the lease provided for the payment of a 12.5% royalty on gross revenue received from the sale of steam and an annual rental of $1. per acre.

On March 14, 1980, five (5) bids were received in response to a Notice of Intention published February 11 and 18, 1980 in the Sonoma County Herald-Recorder.

Geothermal Power Corporation was the high bidder on parcel W 9897 with a bid of 76.1% of net profits. After a review of the financial data submitted with their bid, it is the staff's opinion that this company has the ability to explore and develop this parcel in full compliance with the terms and conditions of the lease.

Legal, technical and economic reviews of the bids were made by the staff. It was determined that:

A. The commission has complied with the procedural requirements of the law.

B. The bids submitted conform with:

1. The bid requirements specified in the proposals of the Commission;

2. The applicable provisions of law; and

3. The rules and regulations of the Commission.

Section 6912(b) of the Public Resources Code provides that the surface landowner may, within 10 days after notification by the Commission, submit a bid identical to the highest acceptable bid, in which case the Commission shall

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(Rev. 4/17/80)

issue a lease to the surface landowner. If the surface landowner does not file such a bid, then the Commission may proceed with the award of the bid to other than such surface landowner.

EXHIBIT: A. Location Map.

B. List of Bidders for Parcel W 9897.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE HIGHEST ACCEPTABLE BID FOR THE LEASE OF THE STATE'S GEOTHERMAL RESOURCES UNDERLYING THE SUBJECT PARCEL OF LAND WAS MADE BY GEOTHERMAL POWER CORPORATION AT 76.1% OF NET PROFITS.

2. REJECT ALL OTHER BIDS.

3. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE SURFACE LANDOWNER(S) OF SUCH BID IN ACCORDANCE WITH SECTION 6912 OF THE PUBLIC RESOURCES CODE.

4. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE A LEASE WITH THE SURFACE LANDOWNER(S) IN THE EVENT THE SURFACE LANDOWNER(S) MATCHES THE HIGHEST ACCEPTABLE BID WITHIN THE TIME PRESCRIBED BY PUBLIC RESOURCES CODE SECTION 6912; OR, IN THE ALTERNATIVE, IF THE SURFACE LANDOWNER(S) FAILS TO FILE THE BID WITHIN THE TIME PRESCRIBED BY PUBLIC RESOURCES CODE SECTION 6912, AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE LEASE WITH THE DESIGNATED HIGH BIDDER ABOVE.

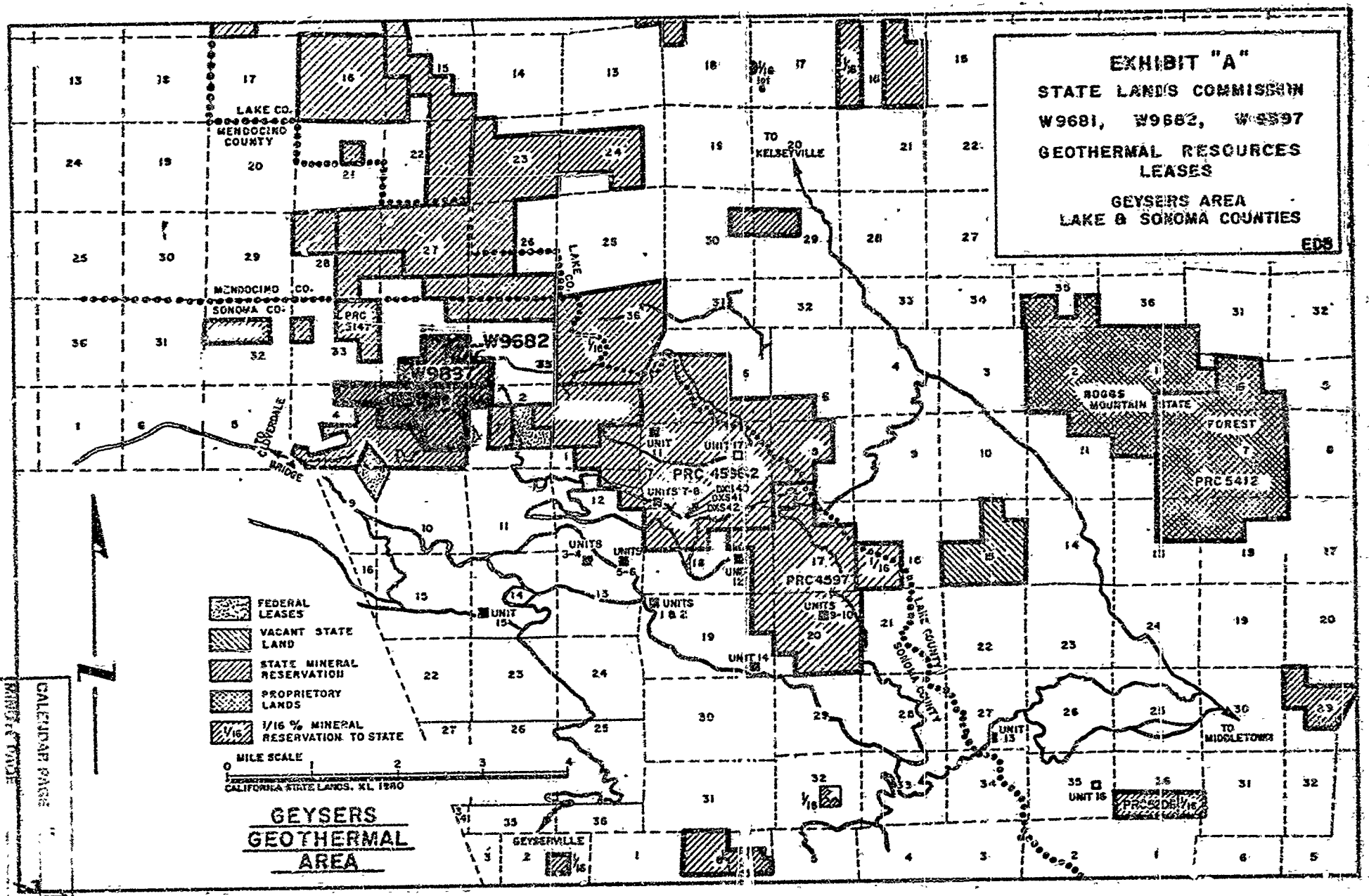

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EXHIBIT "B"

LIST OF BIDDERS FOR PARCEL W 9897

Bidder	Net Profits Bid
1. Geothermal Power Corporation	76.1%
2. Cities of Redding, Santa Clara, and Modesto Irrigation District	74.43%
3. Sacramento Municipal Utility District	71.1%
4. Getty Oil Company	45%
5. Aminoil U.S.A., Inc.	25.99%