

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 3
0 at its 10-21-80
meeting.

CALENDAR ITEM

31.

6/80
W 9996
Burnett
PRC 5862

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

The Commission, at its meeting on February 22, 1979, 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 the reserved mineral interest. The parcel, identified as Parcel W 9996, located in Sonoma County near The Geysers Steam Field and containing 120 acres, was subsequently offered for lease on the 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 May 16, 1980, four (4) bids were received in response to a Notice of Intention published March 17 and 24, 1980 in the Sonoma County Herald-Recorder.

The Sacramento Municipal Utility District was the high bidder on Parcel W 9996 with a bid of 55% of the net profits. After a review of the financial data submitted with its bid, it is the staff's opinion that the bidder has the ability to explore and develop this parcel in full compliance with terms and conditions of the lease.

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

A 2
S 2

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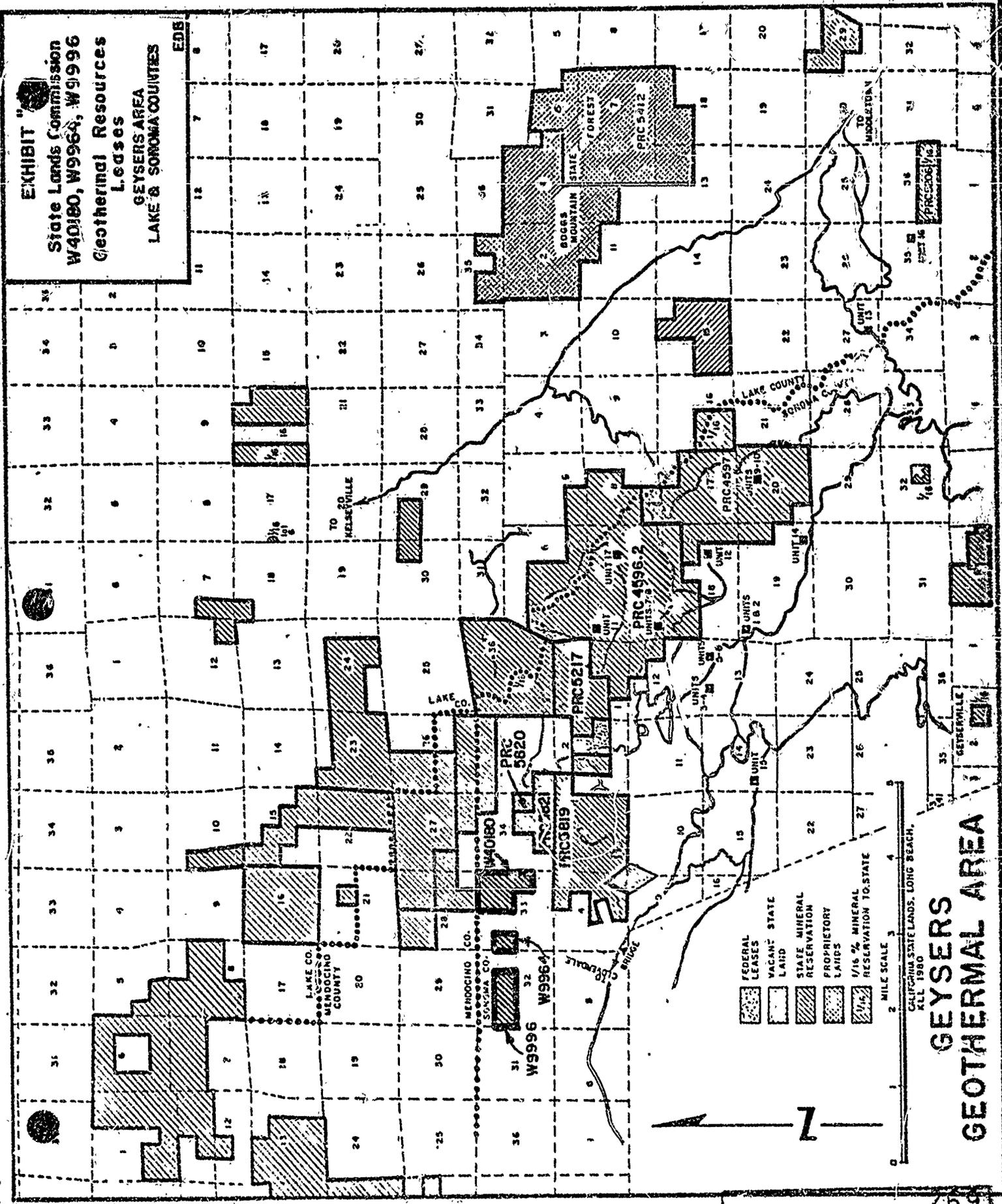
issue a lease to the surface landowner. If the surface landowner does not file such a bid, then the Commission may proceed with the award of the bid to other than such surface landowner.

EXHIBIT: A. Location Map.
 B. List of Bidders for Parcel W 9996.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE HIGHEST ACCEPTABLE BID FOR THE LEASE OF THE STATE'S GEOTHERMAL RESOURCES IN PARCEL W 9996 WAS MADE BY SACRAMENTO MUNICIPAL UTILITY DISTRICT AT 55% OF NET PROFITS.
2. REJECT ALL OTHER BIDS FOR PARCEL W 9996.
3. AUTHORIZE NOTIFICATION OF THE SURFACE LANDOWNER OF SUCH BID IN ACCORDANCE WITH SECTION 6912 OF THE PUBLIC RESOURCES CODE.
4. AUTHORIZE EXECUTION OF A LEASE WITH THE SURFACE LANDOWNER IN THE EVENT THE SURFACE LANDOWNER MATCHES THE HIGHEST ACCEPTABLE BID WITHIN THE TIME PRESCRIBED BY PUBLIC RESOURCES CODE, SECTION 6912; OR, IN THE ALTERNATIVE, IF THE SURFACE LANDOWNER FAILS TO FILE THE BID WITHIN THE TIME PRESCRIBED BY PUBLIC RESOURCES CODE, SECTION 6912, AUTHORIZE EXECUTION OF THE LEASE WITH SACRAMENTO MUNICIPAL UTILITY DISTRICT.

EXHIBIT "A"
State Lands Commission
W40180, W9964, W9996
Geothermal Resources
Leases
GEYSERS AREA
LAKE & SONOMA COUNTIES



- FEDERAL LEASES
- VACANT STATE LAND
- STATE MINERAL RESERVATION
- PROPRIETARY LANDS
- 1/16 % MINERAL RESERVATION TO STATE

2 MILE SCALE
 CALIFORNIA STATE LANDS, LONG BEACH, CALIF. 1980

GEYSERS
GEOTHERMAL AREA

EXHIBIT "B"

LIST OF BIDDERS FOR PARCEL W 9996

<u>BIDDERS</u>	<u>NET PROFITS BID</u>
1. S.M.U.D.	55%
2. Geothermal Power Corp.	52.6
3. M-S-R Public Power Agency	26.1
4. Aminoil, USA, Inc.	5.78