MINUTE ITEM

6/26/80
Burnett

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

Calendar Item 32 attached was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 32

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S 2

CALENDAR PAGE

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CALENDAR ITEM

32.

6/80
W 40180
Burnett

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

The Commission, at its meeting on September 26, 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 a reserved mineral interest. The parcel, identified as Parcel W 40180, located in Sonoma County near The Geysers Steam Field and containing 200 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, the staff received four (4) bids in response to a Notice of Intention published March 17 and 24, 1980, in the Sonoma County Herald-Recorder.

Geothermal Power Corporation was the high bidder on Parcel W 40180 with a bid of 70.6% of the net profits. After a review of the financial data submitted with its bid, it is the staff's opinion that they have 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. The staff has 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.

A 2

S 2

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 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 40180.

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 70.6% OF NET PROFITS.

2. REJECT ALL OTHER BIDS.

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 SUBJECT LEASE WITH GEOTHERMAL POWER CORPORATION.

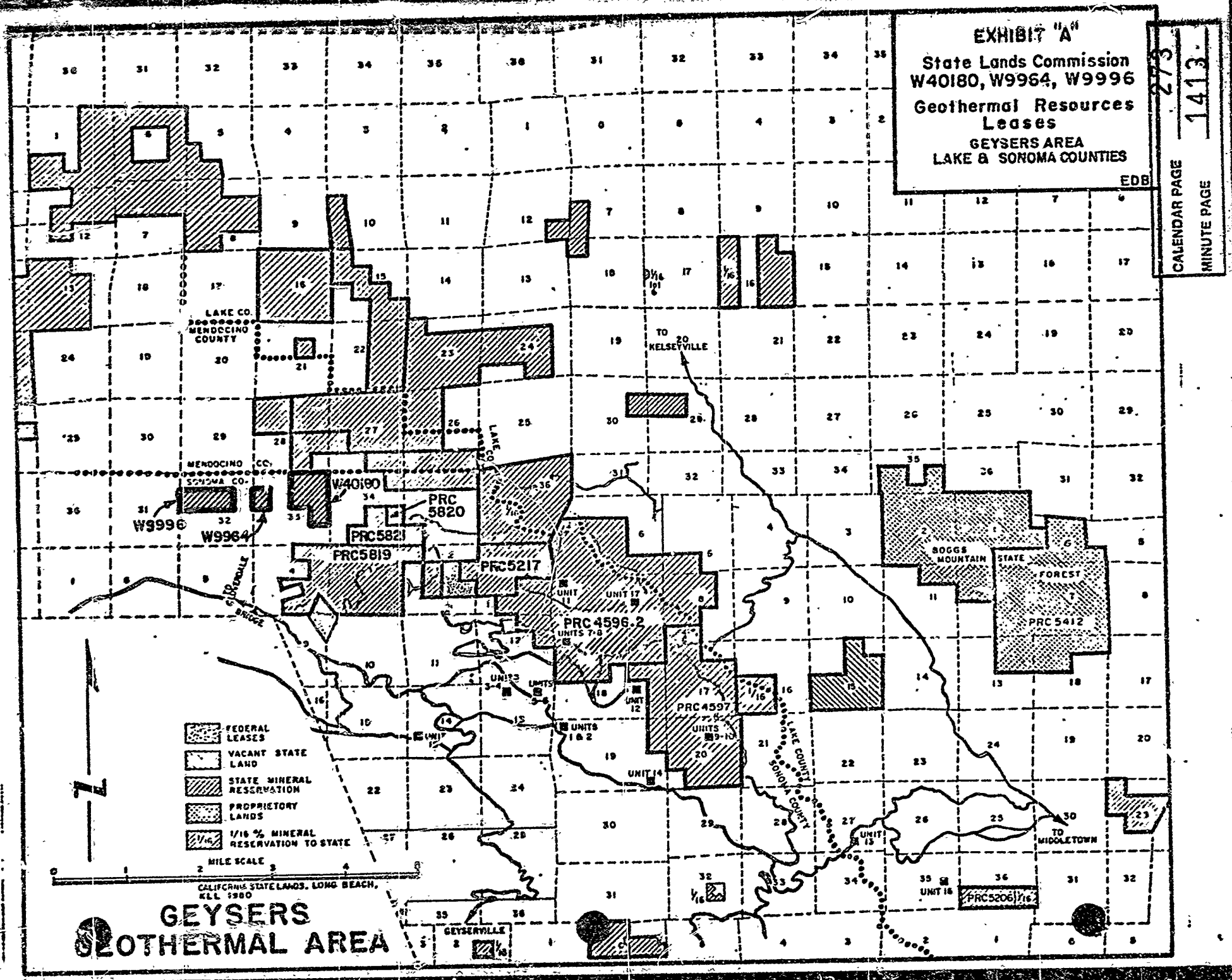
EXHIBIT "A"
State Lands Commission
W40180, W9964, W9996
Geothermal Resources Leases
GEYSERS AREA
LAKE & SONOMA COUNTIES
EDB
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LAKE CO.
MENDOCINO COUNTY
MENDOCINO CO.
SONOMA CO.
W9996
W9964
W40180
PRC 5820
PRC5821
PRC5819
PRC5217
PRC 4596.2
PRC 4597
PRC 5412
PRC5206
TO KELSEYVILLE
TO MIDDLETOWN
TO GLOVERDALE
BRIDGE
BOGGS MOUNTAIN STATE FOREST
LAKE COUNTY
SONOMA COUNTY
GEYSERVILLE
FEDERAL LEASES
VACANT STATE LAND
STATE MINERAL RESERVATION
PROPRIETORY LANDS
1/16 % MINERAL RESERVATION TO STATE
MILE SCALE
CALIFORNIA STATE LANDS, LONG BEACH, KLL 1980
GEYSERS GEOTHERMAL AREA

EXHIBIT "B"

LIST OF BIDDERS FOR PARCEL W 40180

BIDDER	NET PROFITS BID
1. Geothermal Power Corp.	70.6%
2. S.M.U.D.	65
3. M-S-R Public Power Agency	59.1
4. Aminoil USA, Inc.	12.57

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