

MINUTE ITEM

1. Calendar Item No. 21
was approved as Minute Item
No. 21 by the State Lands
Commission by a vote of 2
0 at its 9-24-80
meeting.

MINUTE ITEM

9/24/80
W 9686
W 40013
W 40219
Martinez

21. DENIAL OF GEOTHERMAL PROSPECTING PERMIT APPLICATIONS
AND APPROVAL OF PROPOSED SELECTION OF LANDS FOR GEOTHERMAL
RESOURCES LEASE, MENDOCINO COUNTY

During consideration of Calendar Item 21 attached, Ms. Ruby Glebe, the surface owner, appeared. Ms. Glebe, wanted to make sure that she and her husband would be kept fully informed of the steps taken by the State Lands Commission in the selection process. She indicated they have had problems in the past with people poaching on their property.

Commission-Alternate David Ackerman questioned whether the property owners have any decision-making authority in this process. Mr. D. J. Everitts, Chief, Division of Energy and Mineral Resources, advised that the surface owner has the right to match the highest bid within 10 days. Ms. Glebe stated they had been asking that the timeframe be extended to 60 days. Chief Counsel Robert C. Hight pointed out the staff of the Commission is in the process of holding administrative hearings to change the statute to extend the time period.

Upon motion duly made and carried, the resolution as presented in Calendar Item 24 was approved by a vote of 2-0. (Mr. Ackerman was called out of the meeting during the vote on this calendar item.)

Attachement: Calendar Item 21

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CALENDAR ITEM

21.

9/80
W 9686
W 40013
W 40219
Martinez

**DENIAL OF GEOTHERMAL PROSPECTING PERMIT APPLICATIONS AND
APPROVAL OF PROPOSED SELECTION OF LANDS
FOR GEOTHERMAL RESOURCES LEASE, MENDOCINO COUNTY**

The Commission staff proposes that the Commission select, pursuant to P.R.C. Section 6911(a), three parcels of land located in Mendocino County in which the State has reserved mineral interests for geothermal resources lease by competitive bid.

Parcel 1 (W 40013 on Exhibit "A") contains 320 acres, Parcel 2 (W 9686 on Exhibit "A") contains 160 acres, and Parcel 3 (W 40219 on Exhibit "A") contains 440 acres. All three parcels are located in Mendocino County. Applications for prospecting permits have been filed on Parcels 1 and 2 by the respective surface owners:

Frank and Elvera Seghesio (W 40013)
1161 Mark West Springs Rd.
Santa Rosa, CA 95404

Edward V. Prati (W9686)
John T. Sisk
Peter H. Flood
Richard J. Wall (Trustee)
%O'Donnell, Waiss, Wall and Meschke
1 Embarcadero Center
San Francisco, CA 94111
Attn: Mr. Richard J. Wall

The surface of the Parcel 3 is owned by:

Herman and Ruby Glebe (W 40219)
2980 Bell Hill Rd.
Kelseyville, CA 95451

The staff feels that because of the geothermal potential of the three parcels which are all situated within the Geysers area that it would be in the best interest of the State to offer these parcels for geothermal resources lease by competitive bid, rather than to issue prospecting permits. Section 6910(a) of the P.R.C. provides, in part, that an application for a permit shall be denied if, prior to the

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S 2

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issuance of the permit, the lands are selected by the Commission for lease by competitive public bid.

- Section 6911(a) of the P.R.C. states that selected lands may be leased by competitive bid on the basis of the cash bonus, net profit, or other single biddable factor. In accordance with the Commission's view that the bidding procedure should be that which provides the greatest competition and assurance that the resources are developed in a timely and orderly manner, it is recommended that the biddable factor be a percentage of net profits. The net profit bidding procedure does not require large amounts of up-front capital in the form of cash bonuses and allows the small developer to enter the marketplace using its funds for field exploration and development.

Section 6912(b) 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 such surface landowner subject to applicable provisions of law. If the surface landowner does not file such a bid or is unable to comply with the applicable law, the Commission may proceed with the award of the bid.

The staff also proposes that the Commission authorize preparation of an EIR covering the three parcels pursuant to the provisions of the CEQA of 1970, as amended.

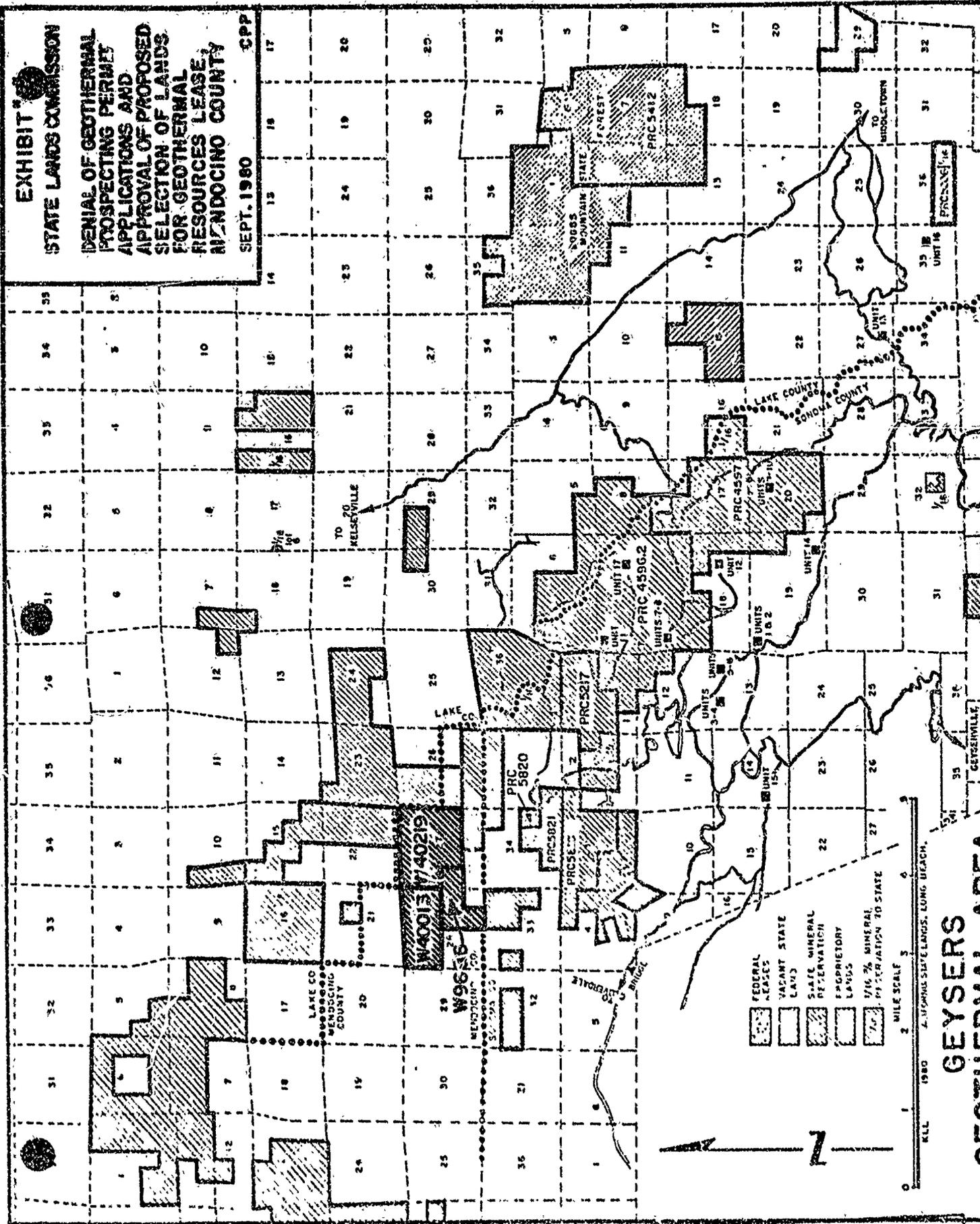
EXHIBITS: A. Location Map. B. Property Description.

IT IS RECOMMENDED THAT THE COMMISSION:

1. SELECT THE PARCELS DESCRIBED IN EXHIBIT "B" WHICH IS BY THIS REFERENCE EXPRESSLY MADE A PART HEREOF, FOR GEOTHERMAL RESOURCES LEASE PURSUANT TO COMPETITIVE PUBLIC BID AND DENY THE APPLICATIONS OF EDWARD V. PRATI, JOHN T. SINK, PETER H. FLOOD AND RICHARD J. WALL (TRUSTEE) AND FRANK AND ELVERA SEGHEISIO FOR PROSPECTING PERMITS ON THE PARCELS DESIGNATED AS W 9786 AND W 40013.
2. AUTHORIZE ISSUANCE OF A REQUEST FOR PROPOSALS COVERING PREPARATION OF AN EIR FOR LEASING THE DESCRIBED PARCELS FOR DEVELOPMENT OF GEOTHERMAL RESOURCES.
3. AUTHORIZE THE EXECUTIVE OFFICER TO AWARD A CONTRACT FOR PREPARATION OF THE EIR TO THE LOWEST QUALIFIED BIDDER.

EXHIBIT
STATE LANDS COMMISSION
DENIAL OF GEOTHERMAL
PROSPECTING PERMITS
APPLICATIONS AND
APPROVAL OF PROPOSED
SECTION OF LANDS
FOR GEOTHERMAL
RESOURCES LEASE,
MENDOCINO COUNTY

SEPT. 1980 CPP



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GEYSERS
GEOTHERMAL AREA

K.L.L. 1980 2. 1/16 MIN. RES. TO STATE
 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

EXHIBIT "B"

PARCEL 1 (W 40013)

N 1/2 of Section 28, T12N, R9W, MDB&M.
Containing 320 acres more or less,
Mendocino County.

PARCEL 2 (W 9686)

NW 1/4 of SW 1/4, Section 27, and N 1/2
of SE 1/4 and SW 1/4 of SE 1/4 Section 28,
T12N, R9W, MDB&M. Containing 160 acres
more or less, Mendocino County.

PARCEL 3 (W 40219)

N 1/2, N 1/2 of SE 1/4 and NE 1/4 of
SW 1/4, Section 27, T12N, R9W, MDB&M.
Containing 440 acres more or less,
Mendocino County.