

MINUTE ITEM

This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 2
to 0 at its 5-28-81
meeting.

CALENDAR ITEM

33

5/81
W 40230
W 40231
Martinez

APPROVAL OF PROPOSED SELECTION OF LANDS
FOR GEOTHERMAL RESOURCES LEASE
LAKE COUNTY

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

Parcel 1 (W 40230 on Exhibit "A") contains 600 acres and Parcel 2 (W 40231 on Exhibit "A") contains 800 acres. Both parcels are located in Lake County.

The surface of Parcel 1 is owned by:

Herman and Ruby Glebe
1479 Leslie Lane
Kelseyville, California 95451

The surface of Parcel 2 is owned by:

Donald J. Carder
2830 Cabrillo Highway, North
Half Moon Bay, California 94019

Floyd E. Saderlund
5455 Renfro Drive
Kelseyville, California 95451

Oroville Forbes
P. O. Box 252
Lakeport, California 95453

Lone Tree Gun Club and Company
c/o Steve Olmsted
P. O. Box 1057
Petaluma, California 94932

The staff feels that because of the geothermal potential of the two 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.

A 2

S 2

CALENDAR ITEM NO. 33 (CONTD)

Section 6910(a) of the P.R.C. provides, in part, that an application for a permit shall be denied if, prior to the 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.

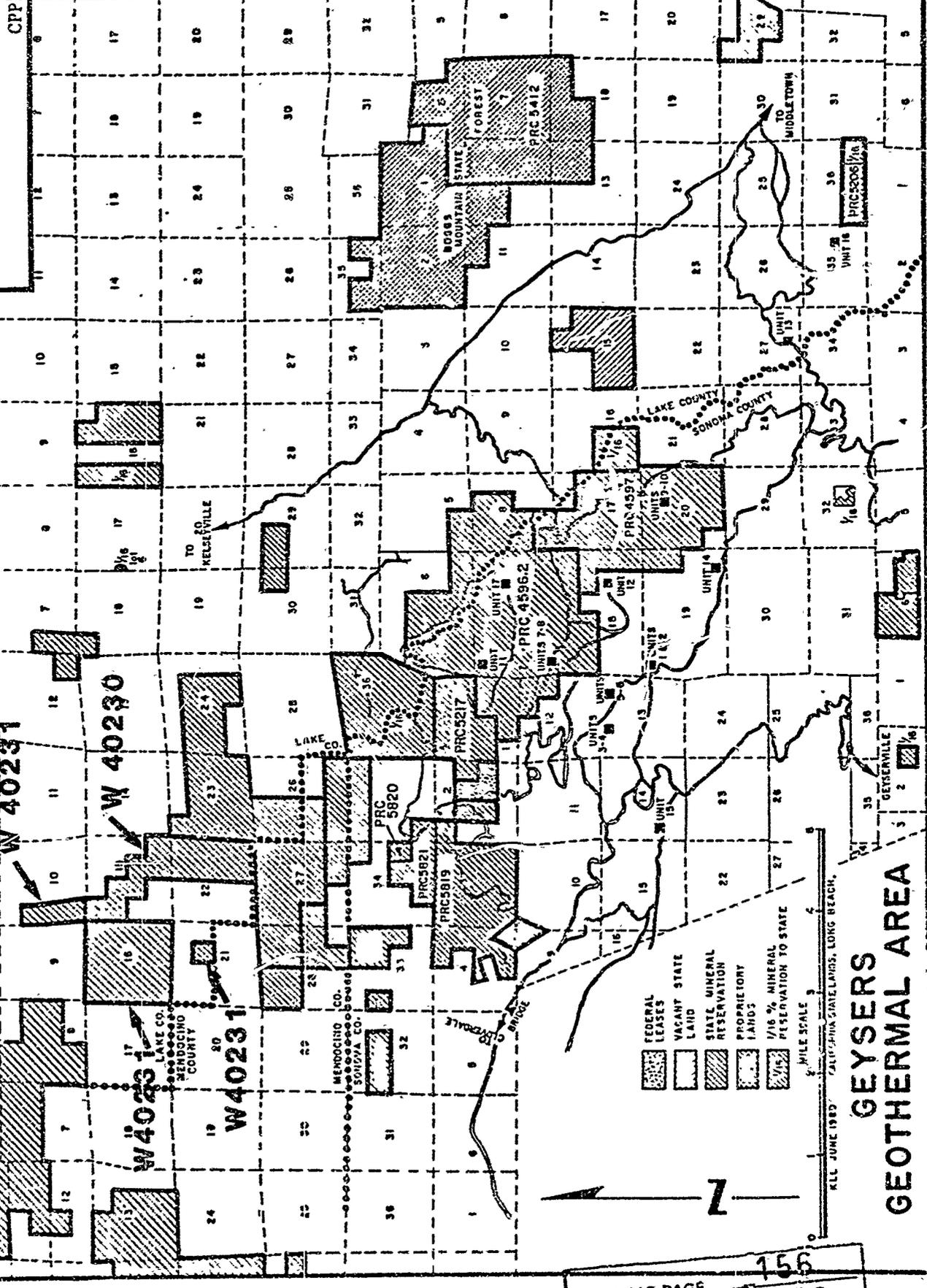
The staff also proposes that the Commission authorize preparation of an EIR covering the two parcels pursuant to the provisions of the CEQA of 1970, as amended.

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.
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 MOST QUALIFIED BIDDER.

EXHIBIT "A"
STATE LANDS COMMISSION
 Approval of Proposed
 Selection of Lands for
 Geothermal Resources
 Lease, Lake County



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

1/8 MILE SCALE
 ALL JUNE 1980
 CALIFORNIA STATE LANDS, LONG BEACH.

**GEYSERS
 GEOTHERMAL AREA**

CALENDAR PAGE 156
 MINUTE PAGE 1186

EXHIBIT "B"

PARCEL 1 (W 40230)

E 1/2 of Section 22 and NW 1/4 of NW 1/4,
S 1/2 of NW 1/4, NE 1/4 of SW 1/4, NW 1/4 of
SE 1/4, and S 1/2 of SE 1/4 of Section 15 all
in T.12N., R.9W., M.D.M., Lake County, containing
600 acres more or less.

PARCEL 2 (W 40231)

SW 1/4 of NW 1/4 and W 1/2 of SW 1/4 of Section 10,
all of Section 16, and SW 1/4 of NE 1/4 of Section
21, all in T.12W., R.9W., M.D.M., Lake County,
containing 800 acres more or less.

CALENDAR PAGE	157
MINUTE PAGE	1187