

MINUTE ITEM

This Calendar Item No. 34  
is approved as Minute Item  
No. 34 by the State Lands  
Commission by a vote of 3  
to 0 at its 6/21  
meeting.

CALENDAR ITEM

34

6/81  
W 9973  
Burnett  
PRC 6031

APPROVAL OF AWARD OF A  
GEOTHERMAL RESOURCES LEASE  
OF RESERVED MINERAL INTERESTS  
LAKE COUNTY

The Commission, at its meeting on November 20, 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 W 9973, located in Lake 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.

At the November 20, 1979 meeting the Commission also certified the EIR prepared for the proposed transaction by the Lake County Planning Commission pursuant to CEQA and implementing regulations.

On July 18, 1980, the staff received two bids in response to a Notice of Intention published May 19 and 27, 1980 in the Sonoma County Herald-Recorder.

Geothermal Power Corporation	30.6%
Northern Calif. Municipal Power Corp. #1	19.8%

After review of data submitted by the high bidder, Geothermal Power Corporation., it is the staff's opinion that the bidder has met the qualifications of the Commission's lease proposal.

Section 6912(b) of the P.R.C. provides that the surface landowner may, within ten 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 execution of a lease with the highest qualified bidder.

AB 884 DEADLINE:  
N/A.

A 2  
S 2

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CALENDAR ITEM NO. 34 (CONTD)

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

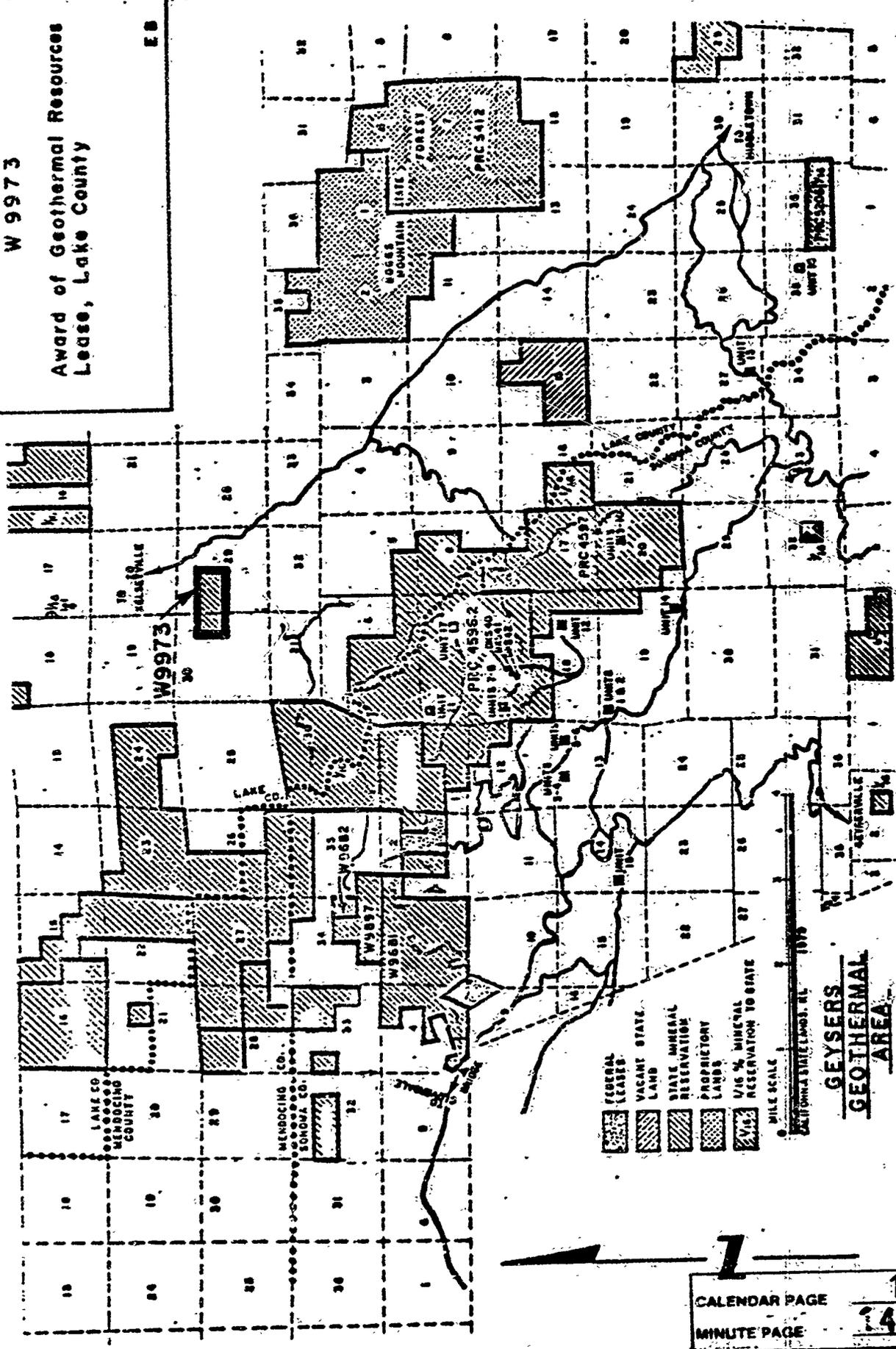
1. DETERMINE THAT AN EIR FOR THIS TRANSACTION WAS CERTIFIED BY THE STATE LANDS COMMISSION ON NOVEMBER 20, 1979 AND A FINDING WAS MADE THAT THE PROPOSED TRANSACTION WOULD NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
2. DETERMINE THAT THE HIGHEST ACCEPTABLE BID FOR THE LEASE OF THE STATE'S GEOTHERMAL RESOURCES UNDERLYING PARCEL W 9973 WAS MADE BY GEOTHERMAL POWER CORPORATION AT 30.6% OF NET PROFITS IN ADDITION TO 12.5% ROYALTY ON GROSS REVENUE.
3. REJECT THE OTHER BID.
4. AUTHORIZE NOTIFICATION OF THE SURFACE LANDOWNERS OF SUCH BID IN ACCORDANCE WITH SECTION 6912 OF THE P.R.C.
5. AUTHORIZE EXECUTION OF A LEASE WITH THE SURFACE LANDOWNERS IN THE EVENT THE SURFACE LANDOWNERS MATCH THE HIGHEST QUALIFIED BID WITHIN THE TIME PRESCRIBED BY P.R.C. SECTION 6912; OR, IN THE ALTERNATIVE, IF THE SURFACE LANDOWNERS FAIL TO FILE A MATCHING BID WITHIN THE TIME PRESCRIBED BY P.R.C. SECTION 6912, AUTHORIZE EXECUTION OF THE SUBJECT LEASE WITH GEOTHERMAL POWER CORPORATION.

**EXHIBIT "A"**  
**STATE LANDS COMMISSION**

**W 9973**

**Award of Geothermal Resources  
Lease, Lake County**

**EB**



ALL 1001