MINUTE ITEM

This Calendar Item No. 28 was approved as Minute Item No. 28 by the State Lands Commission by a vote of 3 to 0 at its 10/30/81 meeting.

CALENDAR ITEM

28

10/30/81
W 40286
Martinez
PRC 6080

AWARD OF A GEOTHERMAL RESOURCES LEASE
OF RESERVED MINERAL INTERESTS,
LAKE AND MENDOCINO COUNTIES

On June 24, 1981 the State Lands Commission authorized staff to offer 40 acres of State reserve mineral lands in Lake and Mendocino Counties for lease by competitive public bid for the extraction of geothermal resources. These lands were subsequently offered for lease on the basis of a net profits bid factor. In addition to the net profits payment the lease provides for the payment of a 12.5 percent royalty on gross revenue received for the sale of steam and an annual rental of $1 per acre.

On October 1, 1981 three bids were received in response to a Notice of Intention published August 3 in the Santa Rosa Press Democrat. Central California Power Agency was the high bidder with a bid of 80.1 percent of the net profits. Based on a review of technical data submitted with this bid, it is the staff's opinion Central California Power Agency has the ability to explore and develop the subject parcel, and that this bid is acceptable.

Legal, technical and economic review of the bids have been made and it has been determined that:

1. the Commission has complied with the procedural requirements of the law; and

2. the bid submitted by Central California Power Agency conforms with the bid requirements specified in the proposal, the applicable provisions of law, and the rules and regulations of the Commission.

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 award of the bid to other than such surface landowner.

AB 884: N/A.

A 2

S 2

EXHIBITS:
A. Location Map.
B. Land Description.
C. List of Bidders.

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 CENTRAL CALIFORNIA POWER AGENCY AT 80.1 PERCENT OF NET PROFITS.

2. REJECT ALL OTHER BIDS.

3. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE SURFACE LANDOWNER OF SUCH BID IN ACCORDANCE WITH SECTION 6912 OF THE P.R.C.

4. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE A LEASE WITH THE SURFACE LANDOWNER IN THE EVENT THE SURFACE LANDOWNER MATCHES THE HIGHEST ACCEPTABLE BID WITHIN THE TIME PRESCRIBED BY P.R.C. SECTION 6912; OR, IN THE ALTERNATIVE, IF THE SURFACE LANDOWNER FAILS TO FILE THE BID WITHIN THE TIME PRESCRIBED BY P.R.C. 6912, AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE LEASE WITH THE CENTRAL CALIFORNIA POWER AGENCY.

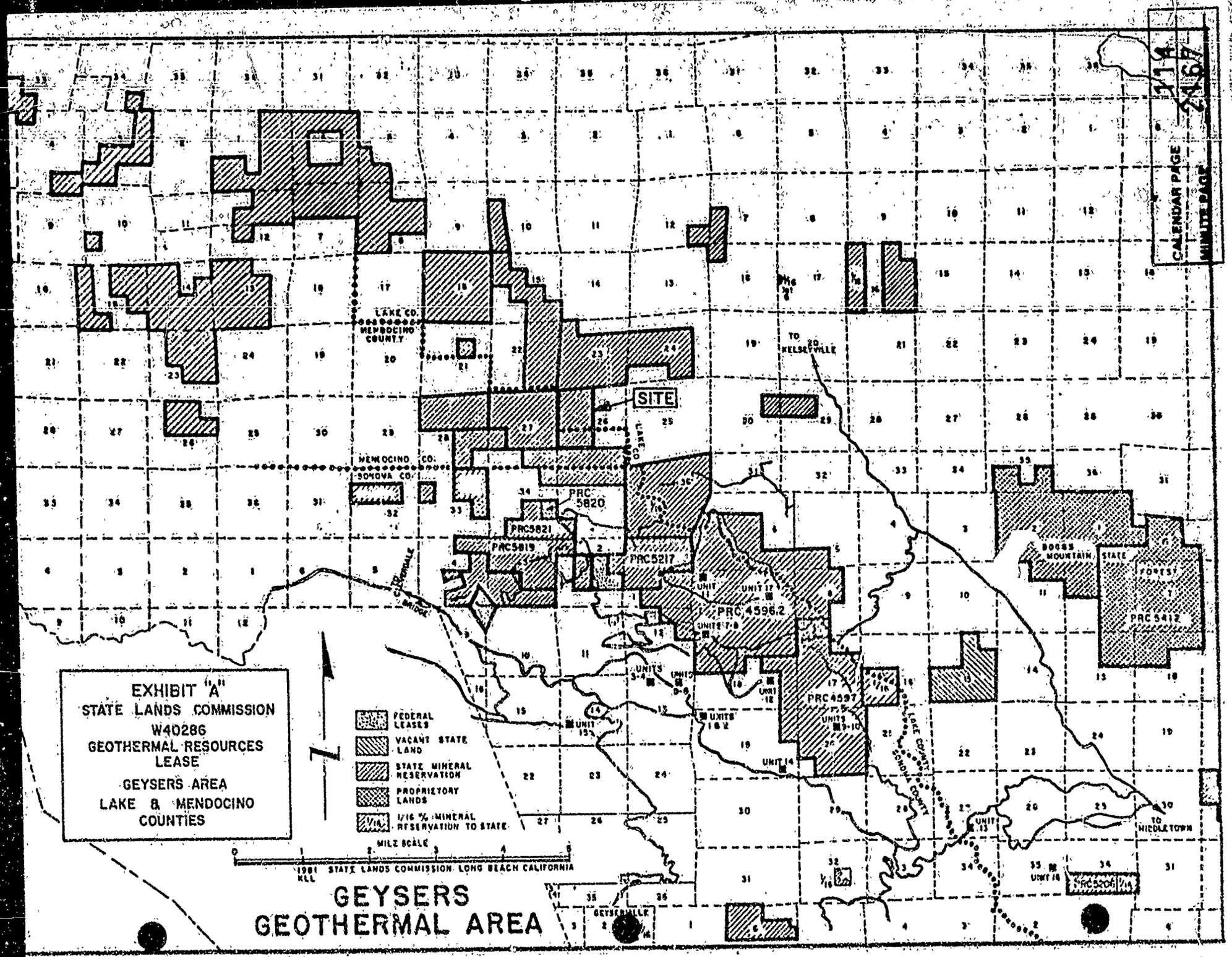
EXHIBIT "A"
STATE LANDS COMMISSION
W40286
GEOTHERMAL RESOURCES
LEASE
GEYSERS AREA
LAKE & MENDOCINO
COUNTIES
FEDERAL LEASES
VACANT STATE LAND
STATE MINERAL RESERVATION
PROPRIETORY LANDS
1/16 % MINERAL RESERVATION TO STATE
MILE SCALE
1981 STATE LANDS COMMISSION LONG BEACH CALIFORNIA
KLL
GEYSERS
GEOTHERMAL AREA
SITE
LAKE CO.
MENDOCINO COUNTY
MENDOCINO CO.
SONOMA CO.
TO KELSEYVILLE
TO CLOVERDALE
TO MIDDLETOWN
GEYSERVILLE
PRC 5820
PRC5821
PRC5819
PRC5217
PRC 4596.2
PRC 4597
PRC 5417
BOGGS MOUNTAIN STATE FOREST
UNIT 11
UNIT 12
UNIT 13
UNIT 14
UNIT 15
UNIT 16
UNIT 17
UNITS 1-2
UNITS 3-4
UNITS 7-8
UNITS 9-10
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EXHIBIT "B"

LAND DESCRIPTION W 40286

All those State-owned mineral interests lying within a parcel of land in Lake and Mendocino Counties described as follows:

N-1/2 of SW-1/4 and NW-1/4 of Section 26, T12N, R9W, MDM.

END OF DESCRIPTION

PREPARED OCTOBER 8, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

W 40286

EXHIBIT "C"

List of Bidders

Bidder	Net Profits Bid
1. Central California Power Agency	80.1%
2. Geothermal Resources International	36.7%
3. Aminoil U.S.A., Inc.	18.67%

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