

MINUTE ITEM

Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 3
to 0 at its 12/22/83
meeting.

CALENDAR ITEM

28 4

12/22/83
PRC 4596
PRC 4597
PRC 6079
PRC 6422
PRC 6423
PRC 6425
Hoagland

APPROVE THE USE OF BLANKET BONDS
FOR CERTAIN STATE GEOTHERMAL LEASES
IN THE GEYSERS STEAMFIELD

The Commission has issued 16 State Geothermal Leases within The Geysers-Calistoga Known Geothermal Resources Area (KGRA) in Lake, Sonoma and Mendocino Counties. Of that total three leases are held by Union Oil Company of California.

In March of this year the Commission, through the indemnity selection process, also obtained title to approximately 1,500 acres of federal land within The Geysers KGRA containing five leases. Of this total, three leases are held by Union bringing Union's State Geothermal lease total to six.

Under terms of the three State Geothermal Leases (PRC 4596, 4597 and 6079) compliance bonds are required in the amount of \$50,000. The three former federal leases required in March 1983 (PRC 6423, 6424 and 6425) require bonds in the amount of \$10,000 each.

Staff has studied the option of adopting a master bond procedure and has concluded that the state would receive better protection with a blanket bond. If, for example, each of the six leases carried a \$50,000 bond, the amount available for a single occurrence on a lease would be \$50,000, but under a \$300,000 blanket bond, the state could call on the entire amount for a single occurrence. The possibility of a breach occurring simultaneously on all six leases is minimal, so a larger single bond would provide greater protection for any single occurrence.

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The proposed Commission action is a non-project under CEQA (P.R.C. Section 21065, Title 14, Cal. Adm. Code, Section 15378 and 15061 (b)(1)).

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY 21065 P.R.C. AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE ACCEPTANCE OF A BLANKET BOND IN THE AMOUNT OF \$300,000 COVERING GEOTHERMAL LEASES PRC 4596, PRC 4597, PRC 6079, PRC 6422, PRC 6423 AND PRC 6425 HELD BY UNION OIL COMPANY IN THE GEYSERS UCRA, AND TO MAKE THE NEW BOND APPLICABLE FOR FUTURE LEASES AND INDEMNITY SELECTIONS.

CALENDAR ITEM NO.	148
DATE	2866

