MINUTE ITEM

This Calendar Item No. 22 was approved as Minute Item No. 22 by the State Lands Commission by a vote of 3 to 0 at its 4/25/85 meeting.

CALENDAR ITEM

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22

04/25/85
PRC 5206
Hoagland

ASSIGNMENT OF A GEOTHERMAL LEASE

ASSIGNOR: Natomas Energy Company
Attn: Janet Wood
Lease Administrator
601 California Street
San Francisco, California 94108

ASSIGNEE: Phillips Petroleum Company
Minerals Group
Attn: R. L. Wright
Land Manager
655 East 4500 South
Salt Lake City, Utah 84107

AREA, TYPE LAND AND LOCATION:
Approximately 120 acres of reserved mineral land in the eastern portion of The Geysers Geothermal Steamfield, Lake County.

PREREQUISITES:

1. Assignment forms have been executed.

2. Assignee is qualified to hold a State lease.

3. The statutory filing fees have been submitted.

OTHER PERTINENT INFORMATION:
State Geothermal Lease PRC 5206 was issued by competitive bidding in 1976. The City of Santa Clara was the highest qualified bidder with a bid of 28 percent of net profits. Pursuant to PRC Section 6912(b) the owner of the surface matched the high bid, was awarded the lease and subsequently assigned the lease to Natomas Energy Company with which it had a surface lease.

Natomas drilled a geothermal well on the state lease in 1979 which was marginally commercial. A second well drilled from the same pad north into private lands yielded disappointing results. Since then Natomas has been seeking a market and at one time proposed to drill some more wells and construct and operate a small powerplant on the state lease.

In 1984 Phillips Petroleum Company purchased Aminoil USA, Inc and through that acquisition obtained Aminoil's leases to the northwest of the state parcel which supplies steam to Pacific Gas and Electric Company's Powerplant 16. Because of Phillips' land position, Natomas feels Phillips would be the logical firm to develop the resource from the state lease and has therefore requested that PRC 5206 be assigned to Phillips.

In a plan of development submitted by Phillips in conjunction with the request for assignment three possible plans for development of the state lease are proposed: (1) drill more wells on the state lease, build a pipeline and deliver the steam to Powerplant 16. While this is the most attractive plan from the state's standpoint because it would result in royalty revenue to the state in a very short time, because a steep terrain, constructing such a pipeline may not be feasible from an engineering standpoint; (2) construction and operating a PURPA powerplant on the pad used to drill Davies State Well No. 1 and slant drill additional wells from the pad; and (3) develop the lease and send the steam to powerplants operated by the Northern California Power Agency to the south of the state parcel.

Section 36 of the lease and P.R.C. Section 6925 provide that the lessee may assign all or part of the lease subject to the prior written consent of the Commission.

An EIR covering the area was certified by the State Lands Commission prior to issuing the lease.

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

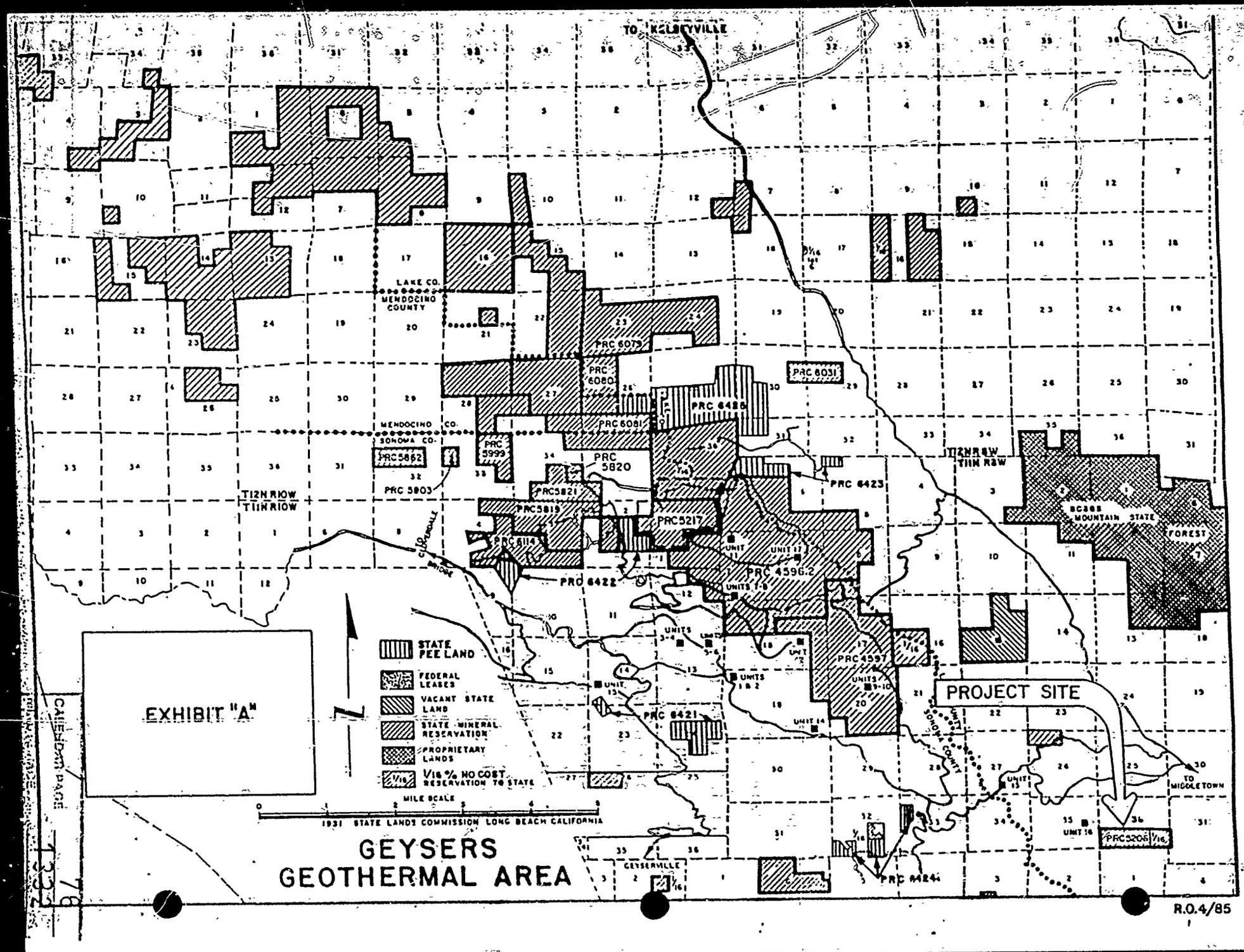
AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. APPROVE THE ASSIGNMENT OF A 100 PERCENT INTEREST IN GEOTHERMAL LEASE PRC 5206 TO PHILLIPS PETROLEUM COMPANY BY THE LESSEE, NATOMAS ENERGY COMPANY, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT. A COPY OF THE EXECUTED FORMS OF ASSIGNMENT IS ON FILE IN THE OFFICE OF THE COMMISSION.


TO KELSEYVILLE
LAKE CO.
MENDOCINO COUNTY
MENDOCINO CO.
SONOMA CO.
PRC 5862
PRC 5903
PRC 5999
PRC 6079
PRC 6080
PRC 6081
PRC 6031
PRC 6426
PRC 5820
PRC 6423
PRC 5821
PRC 5819
PRC 5217
PRC 6114
PRC 6422
PRC 4596.2
PRC 4597
PRC 6421
PRC 6424
PRC 5206
T12N R10W
T11N R10W
T12N R8W
T11N R8W
SOBOS MOUNTAIN STATE FOREST
PROJECT SITE
TO MIDDLETOWN
GEYSERVILLE
SONOMA COUNTY
EXHIBIT "A"
STATE FEE LAND
FEDERAL LEASES
VACANT STATE LAND
STATE MINERAL RESERVATION
PROPRIETARY LANDS
1/16 % NO COST RESERVATION TO STATE
MILE SCALE
1931 STATE LANDS COMMISSION LONG BEACH CALIFORNIA
GEYSERS GEOTHERMAL AREA
CALENDAR PAGE
R.0.4/85