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PRC 6837
Hoagland

ACCEPTANCE OF A QUITCLAIM DEED
FOR A PORTION OF A GEOTHERMAL LEASE
ON STATE SCHOOL LANDS IN IMPERIAL COUNTY

APPLICANT: Unocal Geothermal Division
Unocal Corporation
Attn: Ann Lannin
P. O. Box 7600
Los Angeles, California 90051

AREA, TYPE, LAND AND LOCATION:
A parcel of school land, located in the Truckhaven area on the west side of Salton Sea in Imperial County containing approximately 600 acres.

LAND USE: Geophysical, geological and geochemical exploration to target drillsites and exploration drilling to assess the geothermal potential of the area.

TERMS OF THE LEASE:
Five year drilling term and five year primary term and for so long thereafter as geothermal resources are being produced or capable of being produced in commercial quantities. A royalty of twelve and a half percent of gross revenue from the sale of steam, ten per cent from the sale of chemicals or minerals, annual rent of $25 per acre and a minimum royalty of $2 per acre.

PERTINENT INFORMATION:
A negotiated geothermal lease was issued to Unocal in May 1985. The lease was composed of six parcels for a total of approximately 3,681.26 acres. A well was drilled in 1982 by

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Phillips Petroleum Company Unocal's partner on land west of the northern portion of the State lease and on the basis of this and other geological and geophysical work performed in the area it appears that there is a geothermal anomaly beneath the northern portion of the State leasehold. The same work disclosed that this anomaly does not appear to extend beneath the southern most parcel of the State lease, therefore Unocal has submitted a quitclaim for the most southerly portion of PRC 6837 (Section 36, T11S R9E, SBM containing 600 acres more or less). Unocal intends to develop the remaining lands in the lease within the primary term. Because Unocal has indicated it does not intend to explore this southern section staff recommends acceptance of the quitclaim as provided for in Section 36 of the lease.

OTHER PERTINENT INFORMATION:

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

   Authority: P.R.C. 6804.1, P.R.C. 21065 and 14 Cal. Adm. Code 15378.

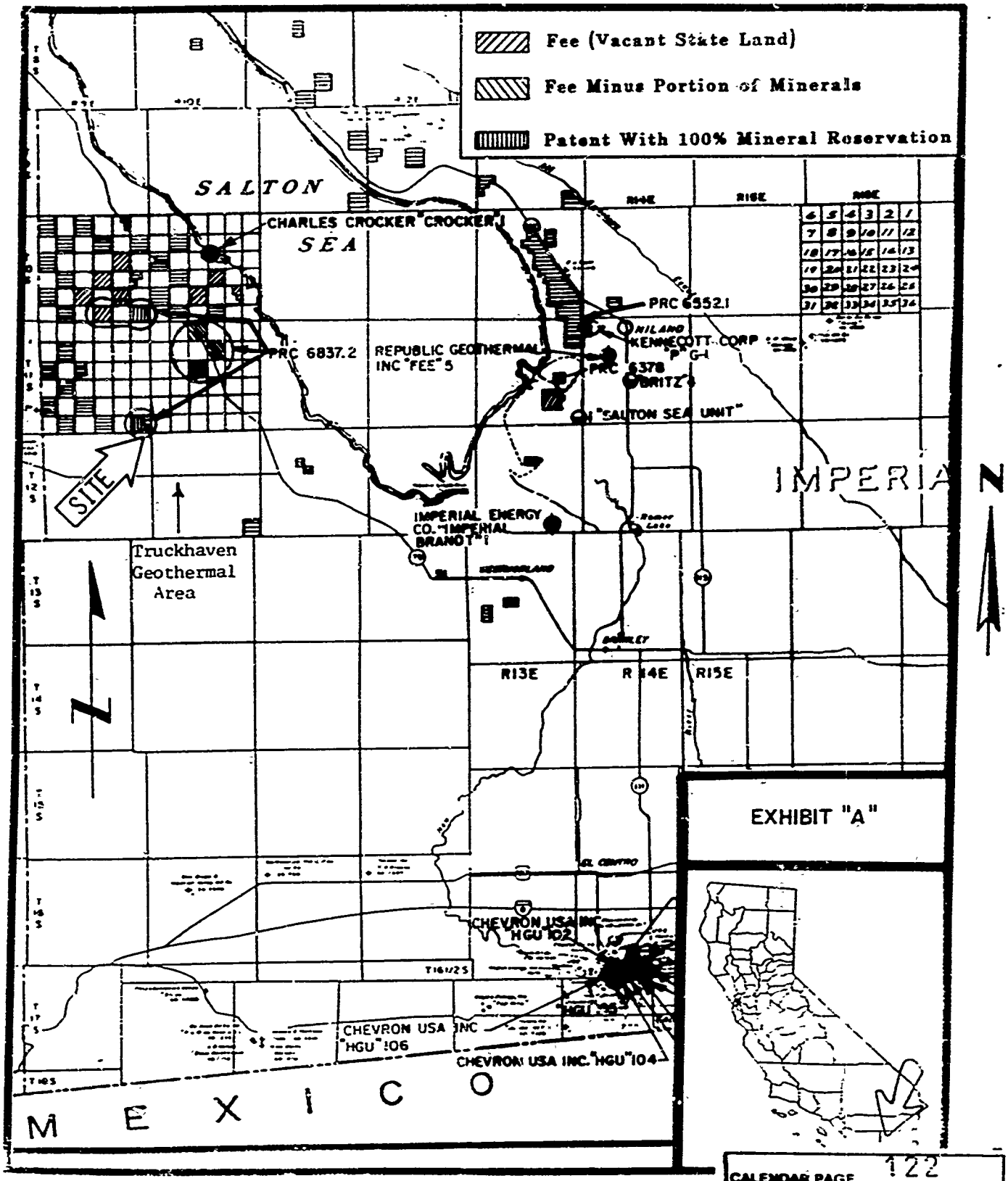
AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE 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. ACCEPT THE QUITCLAIM DEED FOR PARTIAL SURRENDER OF APPROXIMATELY 600 ACRES LOCATED IN THE MOST SOUTHERLY PORTION OF STATE GEOTHERMAL LEASE PRC 6837 EFFECTIVE JUNE 4, 1986, AND AUTHORIZE EXECUTION OF NECESSARY FORMS TO REFLECT THIS ACCEPTANCE AND AUTHORIZE STAFF TO RECORD THESE DOCUMENTS, IF NECESSARY.



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