

MINUTE ITEM
This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 3
to 0 at its 5/23/87
meeting.

CALENDAR ITEM

A 8

33

05/23/87
W 503.1157
Small
SF 15496A

S 4

CONSENT TO POOLING OF 1/16th INTEREST
IN A GEOTHERMAL POOLING UNIT, THE GEYSERS,
LAKE COUNTY, CALIFORNIA

In August, 1943, pursuant to the provisions of Chapter 303, Statutes of 1921, the Commission sold the northeast quarter and the north half of the southeast quarter of section thirty-six (36), Township twelve (12) north, Range nine (9) west, Mount Diablo Meridian, which was estimated to contain 240 acres. Pursuant to that chapter the state reserved the mineral rights and appointed the surface owner as its agent for the purpose of leasing the lands for mineral development. As consideration for acting as the state's agent for leasing, the State also granted to the surface owner a 15/16ths interest in the mineral estate on the condition that the land owner, when acting as the State's agent, ensured that the State received 1/16th of the value of the minerals at the mine or well head without charge for any costs.

Pursuant to Public Resources Code section 6215, the Commission's consent is required before any of its rights and interests in lands sold pursuant Chapter 303, Statutes of 1921, can be pooled or unitized.

On July 18, 1974 the surface owners executed a geothermal lease to Union Oil Company of California which included the lands covered by the 1943 school lands sale. Under the terms of this lease the surface owners granted the right to pool or unitize the leased lands with other lands without prior consent. In 1975, the lessee drilled a commercial geothermal well on the lands covered by the original school land sale. And, on May 15, 1974 the Lessee formed a geothermal pooling unit (the "Binkley Ranch Unit") and pooled the lands covered by the school land sale, which had the commercial geothermal well, with other lands leased by the lessee.

(ADDED 05/21/87)

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CALENDAR ITEM NO. 33 (CONT'D)

A dispute between the Lessee, the surface owners, and the Commission arose and litigation was commenced in Lake County Superior Court. A settlement agreement has been proposed and is the subject of a separate Commission action contained in Calendar Item 32, for the May 28, 1987 Commission meeting.

Ad 884: N/A

EXHIBITS: A. Site Map.
B. Exhibit of Pooled Acreage.

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. CONSENT TO THE POOLING OF THE STATE'S INTEREST IN THE NE1/4 AND N1/2 OF THE SE1/4, OF SECTION 36, T12N R9W, MDBM IN THE GEOTHERMAL POOLING UNIT FORMED BY THE DECLARATION OF POOLING DATED MAY 15, 1974, THE "BINKLEY RANCH UNIT"; PROVIDED HOWEVER, THAT THIS CONSENT TO POOLING IS NOT INTENDED NOR SHALL IT BE CONSTRUED TO BE A CONSENT TO ANY MODIFICATION TO THE POOLING UNIT OR A RELEASE OF ANY CLAIM AGAINST LESSEE FOR FAILURE TO DEVELOP AND EXPLORE THE LANDS WITHIN THE POOLING UNIT.

(ADDED 05/21/87)

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GEYSERS GEOHERMAL AREA

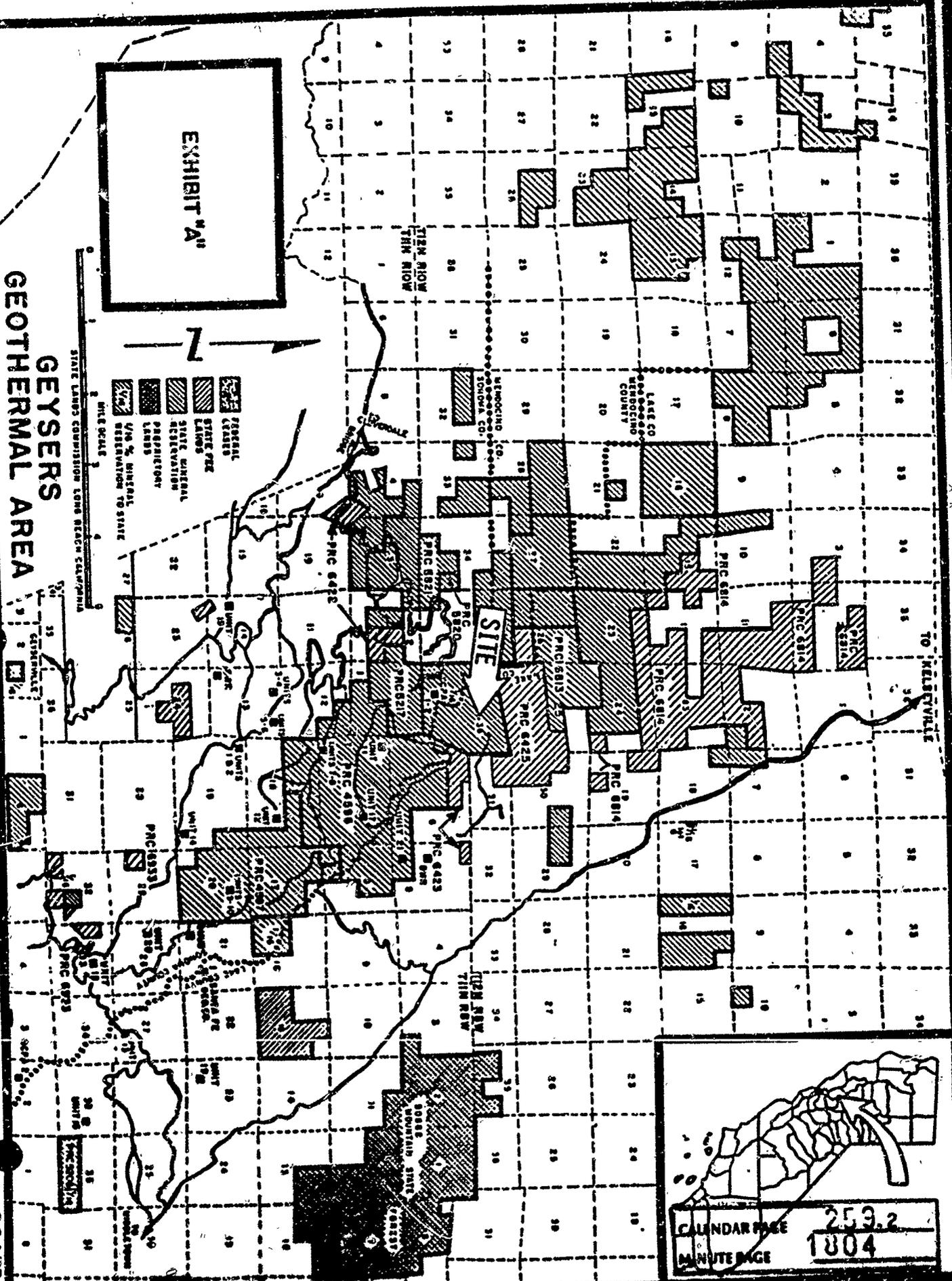
STATE LANDS COMMISSION LONG BEACH CALIFORNIA

EXHIBIT "A"

- FEDERAL RESERVE
- STATE FIRE LAKES
- STATE MINERAL APPROPRIATION
- 1/80 % MINERAL RESERVATION TO STATE

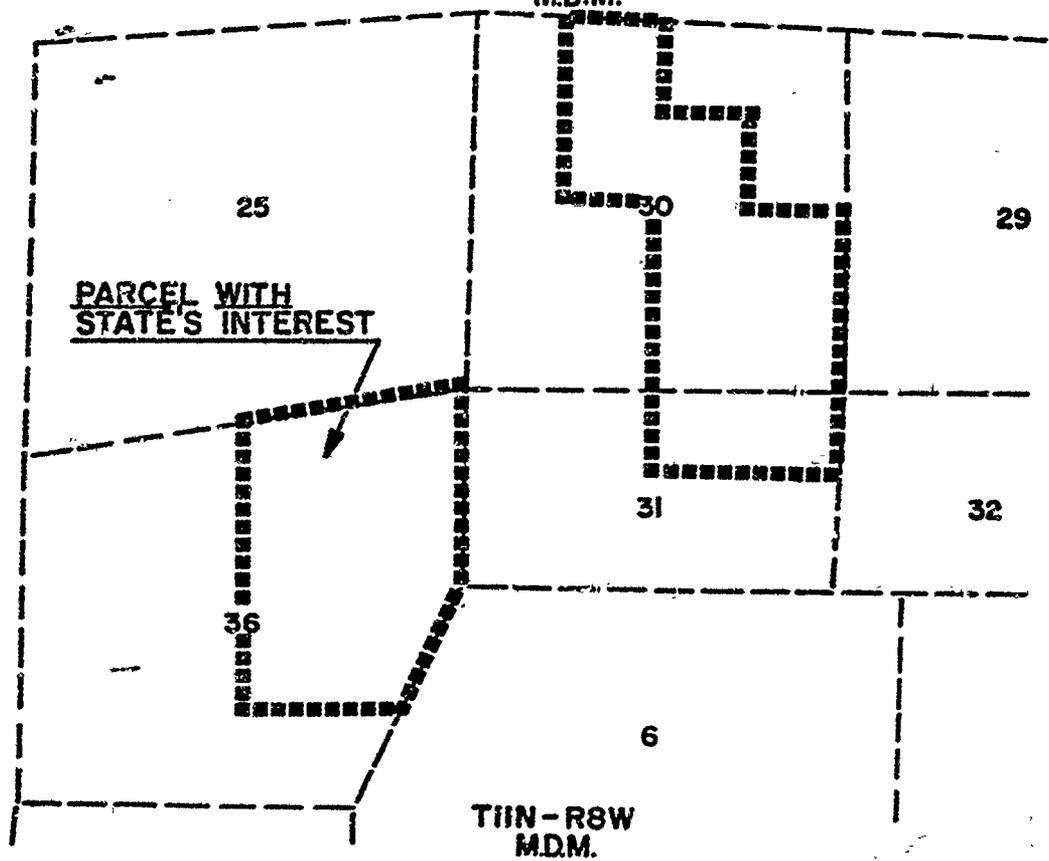
MILE SCALE

R-04/87



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T12N-R8W
M.D.M.



**PARCEL WITH
STATE'S INTEREST**

Legend

----- OUTLINE OF THE BINKLEY RANCH UNIT



EXHIBIT "B"
CONSENT TO POOLING
OF STATE'S INTEREST
LAKE COUNTY



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R.O. 4/87

