

**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 08/30/89  
meeting.

CALENDAR ITEM

A 2, 8  
S 5, 4

28

08/30/89  
PRC 5217  
Willard

AMENDMENT OF STATE GEOTHERMAL RESOURCES LEASE  
PRC 5217, SONOMA COUNTY

LESSEE: GRI Exploration Corporation  
and GRI Development Corporation  
1825 South Grant Street, Suite 900  
San Mateo, CA 94402

AREA, TYPE OF LAND AND LOCATION:  
Approximately 434 acres of reserved mineral  
interest land in the Northwestern portion of  
The Geysers Geothermal Steam Field, Sonoma  
County.

BACKGROUND:

PRC 5217 was leased by competitive bidding in 1976. George P. Post, an individual, was the high bidder with a bid of 47.77 percent of net profits in addition to a royalty of ten percent of gross revenue from the sale of steam and an annual rent of \$1.00 per acre. Pursuant to the provisions of P.R.C. Section 6912(b), the surface owner matched the high bid, was awarded the lease, and then assigned the lease to Aminoil USA, Inc. Aminoil subsequently assigned the lease to GRI Exploration Corporation (GRIE) and GRI Development Corporation (GRID), subsidiaries of Geothermal Resources International, Inc. which has provided guarantees that it would be fully responsible for its subsidiaries.

Currently, geothermal resources are being produced under Lease PRC 5217 into Coldwater Creek Power Plant owned and operated by the Central California Power Agency (CCPA). CCPA is a joint powers agency composed of the Sacramento Municipal Utility District, Modesto Irrigation District and the City of Santa Clara.

-1-

(ADDED pgs. 307-307.2)

CALENDAR PAGE	307
MINUTE PAGE	2939



CALENDAR ITEM NO. 28 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. AUTHORIZE THE AMENDMENT OF GEOTHERMAL RESOURCES LEASE PRC 5217 TO PROVIDE THAT ROYALTY AND NET PROFITS PAYMENTS DUE UNDER THE LEASE SHALL BE DUE AND PAYABLE NOT LATER THAN THE FIRST DAY OF THE SECOND CALENDAR MONTH FOLLOWING THE CALENDAR MONTH OF PRODUCTION SUBJECT TO THE FOLLOWING EXPRESS CONDITIONS:
  - a) THAT THE CHANGE IN PAYMENT DATES BE EFFECTIVE ONLY SO LONG AS THE DEPOSITARY AGREEMENT BETWEEN MORGAN BANK, GRIE, GRID AND CCPA IS IN EFFECT.
  - b) THAT THE AMENDMENT IS WITHOUT PREJUDICE TO THE COMMISSION'S RIGHTS TO COLLECT PENALTY AND INTEREST CHANGES ON ROYALTY PAYMENTS ALREADY DUE, WHETHER PRE OR POST PETITION FILING IN BANKRUPTCY, AND
  - c) THAT THIS AMENDMENT IS NOT A CURE OF PAST DEFAULTS UNDER 11 USC 365.