

CALENDAR ITEM

C50

MINUTE ITEM
This Calendar Item No. C50
was approved as Minute Item
No. 50 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/92
meeting.

A 2, 8

S 2, 4

12/17/92
W 40571
Willard

APPROVE PROPOSED LEASING FOR GEOTHERMAL RESOURCES DEVELOPMENT
OF CERTAIN STATE LANDS WITHIN THE GEYSERS AREA IN
LAKE, MENDOCINO AND SONOMA COUNTIES

AREA, TYPE OF LAND, AND LOCATION:

Approximately 6,230 acres of reserved mineral interests and fee land primarily in the northwestern portion of The Geysers Geothermal Steam Field in Lake, Mendocino and Sonoma Counties (Exhibit "A").

LAND USE:

The State has reserved mineral rights in excess of 15,000 acres at The Geysers, with 5,970 acres currently under geothermal lease. The reserved mineral interest lands (and in certain cases fee parcels) are a portion of the "school lands" which the State received as a grant from the Federal Government in 1853 to support public schools. Revenue received from the use of school lands is for the benefit of the State Teachers Retirement System (STRS). Further leasing must occur if idle parcels are to be brought into production.

ENVIRONMENTAL REVIEW:

The Commission, as Lead Agency, certified a final EIR (SCH. No. 90030208) for the leasing of these lands on June 30, 1992. The EIR was prepared using the tiering concept of a Master EIR, with post-leasing activities to be subject to supplemental environmental studies as required by CEQA.

The leasing action in and of itself will not result in any direct impact on the environment. Subsequent geothermal development will have impact on the environment and the EIR

was an analysis of the potential impacts. Because no specific development has been proposed the impact analysis represents reasonable worst-case estimates of probable effects without being specific to a project site. Future site specific projects will be subject to subsequent environmental impact analyses and reports. The Commission may not be the Lead Agency for the subsequent exploration and development projects.

A Mitigation Monitoring Plan has been prepared for the mitigation of impacts likely to occur subsequent to leasing. The plan has been subdivided into five phases: Phase 1 - Non-Drilling Exploration; Phase 2 - Exploratory Drilling; Phase 3 - Full Field Development; Phase 4 - Operation and Maintenance; and Phase 5 - Abandonment. Although phases 2 through 5 will likely have modifications to the mitigation measures and required monitoring as a result of future site-specific environmental studies, the plan does provide an overview of the anticipated measures which will be implemented. Because future activities may be permitted by other state and local agencies, certain monitoring requirements may be delegated to these agencies. However, the SLC will be responsible for assuring full compliance with all phases of the plan.

To avoid potential adverse impacts, it is proposed to offer the State-owned lands in the Cobb Mountain area as a subsurface lease (no surface use permitted to a depth of 500 feet). Thus drilling and development activities would be restricted to adjacent privately-owned lands on which development is currently taking place.

PROPOSED LEASING METHODS AND LEASE TERMS:

1. Leases will be offered by competitive bid with the lease award to be made to the highest responsible qualified bidder offering the highest cash-bonus payment or if the conditions of Section 6919 of the PRC are satisfied, the terms and conditions of the lease will be negotiated with an interested party consistent with applicable law.

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2. Section 6912, of the P.R.C., provides that the surface landowner may, within 10 days after notification by the Commission, submit a bid identical to the highest acceptable competitive bid, in which case the Commission shall issue a lease to such surface landowner. If the surface landowner does not file such a bid, then the Commission may proceed with the award of the bid.
3. Royalty of 12½ percent on geothermal resources and five percent on mineral products extracted from geothermal fluids.
4. Primary term of 10 years.
5. Five-year plan of development, updated annually.
6. An environmental impact Mitigation Monitoring Plan.
7. The form of lease, notice of intention and proposal are on file in the office of the Commission.

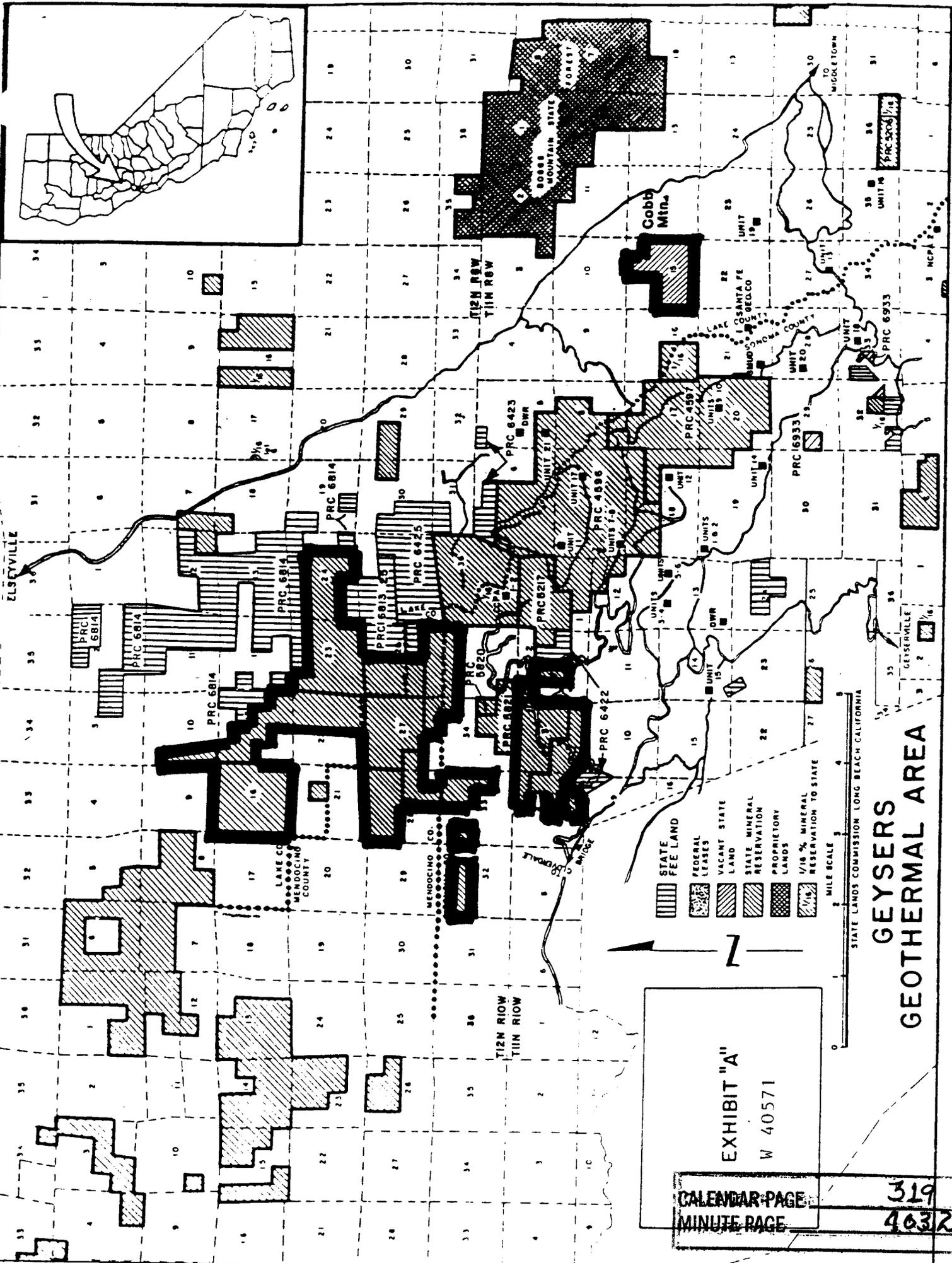
AB 884:
N/A.

EXHIBIT:
A. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT A FINAL EIR SCH NO. 90030208, FOR PROPOSED GEOTHERMAL RESOURCES DEVELOPMENT FOR CERTAIN STATE LANDS WITHIN THE GEYSERS AREA IN LAKE, MENDOCINO AND SONOMA COUNTIES WAS PREPARED AND CERTIFIED BY THE COMMISSION ON JUNE 30, 1992.
2. DETERMINE THAT THE PROJECT, AS MITIGATED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. ADOPT THE MITIGATION MONITORING PLAN INCLUDED AS EXHIBIT "C" OF THE GEOTHERMAL LEASE FORM.

4. AUTHORIZE STAFF TO OFFER FOR COMPETITIVE BID THOSE LANDS IDENTIFIED ON EXHIBIT "A", FOR THE EXTRACTION OF GEOTHERMAL RESOURCES, IN ACCORDANCE WITH THE BID-LEASE FORM ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF OR IF THE CONDITIONS OF SECTION 6919 OF THE P.R.C. ARE SATISFIED WITH RESPECT TO SOME PORTION OF THE LANDS IDENTIFIED ON EXHIBIT "A", AUTHORIZE STAFF TO NEGOTIATE THE TERMS AND CONDITIONS OF THE LEASE WITH AN INTERESTED PARTY FOR THOSE LANDS CONSISTENT WITH APPLICABLE LAW.



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EXHIBIT "A"
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