

CALENDAR ITEM

C49

A 80

S 37

MINUTE ITEM

This Calendar Item No. C49
was approved as Minute Item
No. 49 by the State Lands
Commission by a vote of 3
to 0 at its 5/26/94
meeting 5/26/94
PRC 6552
Kruger

ACCEPT THE PARTIAL QUITCLAIM DEED FOR
STATE GEOTHERMAL RESOURCES LEASE PRC 6552,
IMPERIAL COUNTY

APPLICANT:

Magma Operating Company
Attn: Vincent Signorotti, Manager of Lands
551 West Main, Suite 1
Brawley, CA 92227

AREA, TYPE LAND AND LOCATION:

The lease currently includes approximately 2,731 acres of
State lands located along the eastern shore of the Salton
Sea, Imperial County.

BACKGROUND:

PRC 6552 was first issued by the Commission as a geothermal
prospecting permit in 1983 to Kennecott Corporation
(Kennecott). The Commission subsequently approved a two
year extension of the permit through 1988 that allowed for
drilling a geothermal test well which indicated the presence
of commercial geothermal resources. Based on test results
of this well, the Commission issued a geothermal resources
lease to Kennecott. The well was directionally drilled from
adjacent private lands into the subsurface of the leased
lands which will be retained by Magma under the partial
quitclaim. No other exploration or development work had
been conducted on the leased lands.

In 1989, the Commission approved an assignment of 100
percent of the right, title and interest under the lease
from Kennecott to Freeport-McMoRan Resources Partners
(Freeport). In March 1994, the Commission approved an
assignment of 100 percent of the right, title and interest
under the lease from Freeport to Magma Power Company
(Magma). All other terms and conditions of the lease remain
in full force and effect.

Pursuant to Paragraph 37 of the lease, the Lessee may file
with the State, at any time, a written quitclaim of all its
rights under this lease or of any portion of the leased land

CALENDAR PAGE	220
MINUTE PAGE	2217

CALENDAR ITEM NO. C49 (CONT'D)

as provided in Section 6804.1 of the Public Resources Code. Magma filed a partial quitclaim deed with the Commission on April 28, 1994, wherein it quitclaims to the State, Lessee's right, title and interest on approximately 2,411 acres of the leased land. The acreage remaining under lease is approximately 320 acres located in the N1/2 of Section 12, T11S, R13E, SBM. The quitclaim is effective when filed with the State subject to the terms and conditions of the lease.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

None required.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 2; Section 6914.

B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

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

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

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT FROM MAGMA OPERATING COMPANY (LESSEE) THE PARTIAL QUITCLAIM DEED DATED APRIL 25, 1994, FOR STATE GEOTHERMAL RESOURCES LEASE PRC 6552, IMPERIAL COUNTY, WHEREIN LESSEE QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LAND EXCEPT FOR APPROXIMATELY 320 ACRES LOCATED IN THE N1/2 OF SECTION 12, T11S, R13E, SBM. ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN IN FULL FORCE AND EFFECT.