

MINUTE ITEM  
This Calendar Item No. C47  
was approved as Minute Item  
No. 47 by the State Lands  
Commission by a vote of 3  
to 0 at its 8-3-94  
meeting.

CALENDAR ITEM

C47

A 80

S 37

08/03/94  
PRC 6837  
Kruger

**ACCEPT THE QUITCLAIM DEED  
FOR STATE GEOTHERMAL RESOURCES LEASE PRC 6837,  
IMPERIAL COUNTY**

**APPLICANT:**

Magma Power Company  
Mr. Vincent Signorotti, Manager of Lands  
551 West Main Street, Suite 1  
Brawley, CA 92227

**AREA, TYPE LAND AND LOCATION:**

The leased land currently includes approximately 3,082 acres of State land situated about five miles south of Salton City, California, in western Imperial County.

**BACKGROUND:**

PRC 6837 was first issued to Union Oil Company of California (Unocal) in 1985 for a five year term. The leased land consisted of approximately 3,682 acres. In 1982, Unocal and Phillips Petroleum Company drilled a potentially commercial geothermal test well in Section 7, T11S, R10E, SBM, offsetting the leased land of PRC 6837 by about a mile. On the basis of well data, it appeared that geothermal resources extended beneath portions of the State lease. This well has since been abandoned. No wells were drilled on the leased lands.

In 1986, Unocal quitclaimed 600 acres of the leased land, leaving 3,082 acres under lease. In 1989, the Commission approved a partial assignment to Freeport McMoran Resource Partners (Freeport) of 50 percent and to Santa Fe Pacific Realty Corporation (Santa Fe) of 25 percent. In 1990, the Commission approved a five year extension of the lease on condition that a well be drilled on or within 1,000 feet of the lease land by June 1992. In 1991, the Commission approved assignment of Freeport's 50 percent interest to Magma Power Company (Magma). Magma became lease operator. In March 1992, the Commission approved an extension of the drilling obligation to June 1993. In May 1992, the Commission approved assignment of Santa Fe's 25 percent interest to Magma, leaving Magma with 75 percent and Unocal with 25 percent in the lease.

CALENDAR ITEM NO. C47 (CONT'D)

In December 1992, the Commission consented to unitize the leased land of PRC 6837 into a Truckhaven Geothermal Unit containing 32,117 acres of federal, state and private interests. In 1993, the Commission approved the assignment of Unocal's 25 percent interest to Magma. Magma then owned 100 percent of the lease. At that same time, the Commission also approved a deferment of the drilling obligation until June 1, 1994.

On June 13, 1994, Magma filed a quitclaim deed with the Commission, wherein it quitclaims to the State, Lessee's right, title and interest in the leased land. Pursuant to Paragraph 36 of the lease, Lessee may file with the State, at any time, a written quitclaim of all its rights under the lease, or of any portion of the leased land as provided in P.R.C. Section 6804.1. The quitclaim is effective when filed with the State subject to terms and conditions of the lease.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

None required.

**STATUTORY AND OTHER REFERENCES:**

A. P.R.C.: Div. 6, Part 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.

CALENDAR ITEM NO. C47 (CONT'D)

2. ACCEPT FROM MAGMA POWER COMPANY THE QUITCLAIM DEED FOR STATE GEOTHERMAL RESOURCES LEASE PRC 6837 DATED MAY 31, 1994, WHEREIN MAGMA POWER COMPANY QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LAND.
3. RELEASE MAGMA POWER COMPANY FROM ALL OBLIGATIONS UNDER STATE GEOTHERMAL RESOURCES LEASE PRC 6837 EFFECTIVE JUNE 13, 1994, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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