MINUTE ITEM
This Calendar Item No. C63
was approved as Minute Item
No. 63 by the State Lands
Commission by a vote of 3
to Ø at its 10/28/96
meeting.

CALENDAR ITEM
C63

A 80

S 37

10/28/96
PRC 6378
E. Kruger

ACCEPT THE FULL QUITCLAIM FOR GEOTHERMAL LEASE NO. PRC 6378, IMPERIAL COUNTY

APPLICANT:

Vincent Signorotti, Manager of Lands
Magma Power Company
551 W. Main Street, Suite 1
Brawley, California 92227

AREA, TYPE LAND AND LOCATION:

The leased land includes approximately 40 acres of fee-owned State land located in the SE ¼ of the SE ¼ of Section 14, T11S, R13E, SBM and situated adjacent to the Salton Sea in northwest Imperial County.

BACKGROUND:

Lease No. PRC 6378 was initially issued by the Commission in 1983 as A Geothermal Prospecting Permit to Bear Creek Mining Company, a division of the Kennecott Corporation (Kennecott). The Commission approved an extension of the permit for two years in 1985 that allowed for drilling a geothermal test well (State 2-14) that indicated the presence of commercial geothermal resources. Based on test results from this well, the Commission issued a Geothermal Resources Lease to Kennecott in 1987. No other exploration or development has been conducted on the leased land.

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).

Pursuant to Paragraph 36 of the lease, Lessee may file with the State, at any time, a written quitclaim of all rights under this lease or of any portion of the leased land as provided in Section 6804.1 of the Public Resources Code. On September 18, 1996,

Magma filed a quitclaim deed with the Commission, wherein it quitclaims to the State, its right, title and interest in the leased land. The quitclaim is effective when filed with the State subject to terms and conditions of the lease. The Commission approved Magma's Notice of Intention to abandon geothermal well State 2-14, and on August 15, 1996, Magma advised the State that abandonment of State 2-14 was completed on July 19, 1996, and enclosed the final Report of Operations and well history for this well.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code: 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 CEQA because the activity is not a "project" as defined by the CEQA Statutes and Guidelines.

   Authority: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

2. A review of the Commission's file revealed that no default exists on the lease, that Lessee has complied with all applicable laws and lease provisions and has paid all rentals due. No royalty is due as the leased land was not developed.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

2. ACCEPT FROM MAGMA POWER COMPANY (LESSEE) THE (FULL) QUITCLAIM DEED FOR GEOTHERMAL LEASE DATED SEPTEMBER 3, 1996, WHEREIN THE LESSEE QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LAND.

3. RELEASE MAGMA POWER COMPANY FROM ALL OBLIGATIONS UNDER GEOTHERMAL LEASE PRC NO. 6378 PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6804.1 AND 6914.

4. AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.