

MINUTE ITEM

This Calendar Item No. C58 was approved as Minute Item No. 58 by the California State Lands Commission by a vote of 3 to 0 at its 11/07/97 meeting.

CALENDAR ITEM

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PRC 7810

J. Adams

**CONSIDER APPROVAL OF A DEFERMENT OF DRILLING OBLIGATION,
GEOTHERMAL RESOURCES LEASE NO. PRC 7810,
THE GEYSERS STEAMFIELD,
SONOMA COUNTY**

LESSEE:

Calpine Corporation
Attn: Ms. Jacalyn N. Thomas
50 West San Fernando Street, Fifth Floor
San Jose, California 95113

AREA, LAND TYPE, AND LOCATION:

Approximately 224 acres of State reserved mineral interest land in the northwest portion of The Geysers Geothermal Steamfield, Sonoma County (see Exhibit A).

BACKGROUND:

Geothermal Resources Lease No. PRC 7810 was issued to Calpine Corporation in December 1994 as a negotiated, subsurface (no surface use) lease. Lease terms require the Lessee to commence drilling a well before December 1, 1997, and to continue drilling until a commercial well is completed. Lessee has requested a two-year deferment of this obligation. The lease is situated between existing geothermal powerplant developments to the east and west. Lessee obtained the lease with the intention of developing its steam resources for sale to one of these adjacent powerplants. At present, these plants do not need, or are not in a position to utilize, the additional steam that might be available from the lease. In the absence of a market for the steam, Lessee cannot justify the economics of drilling a well. However, the upcoming deregulation of California's electrical industry may present new opportunities for electricity generated from renewable resources like geothermal. A two-year drilling deferment will give our Lessee time to evaluate the market for additional steam resources from the lease.

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STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Division 6, Parts 1 and 2; Division 13.
- B. California Code of Regulations: Title 3, Division 3; Title 14, Division 6.

OTHER PERTINENT INFORMATION

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

- A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

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

AUTHORIZATION:

APPROVE A DEFERMENT OF THE DRILLING OBLIGATION TO DECEMBER 1, 1999, UNDER GEOTHERMAL RESOURCES LEASE NO. PRC 7810. ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

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