

**CALENDAR ITEM
C54**

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06/28/10
WP 6793.2
J. Porter

GENERAL LEASE - RIGHT OF WAY USE

APPLICANT:

Geysers Power Company, LLC
10350 Socrates Mine Road
Middletown, CA 95461

AREA, LAND TYPE, AND LOCATION:

0.89 acres, more or less, of State Indemnity School Lands in Section 6,
Township 11 North, Range 8 West, MDM, east of Cloverdale, Lake County.

AUTHORIZED USE:

Continued use and maintenance of one existing above-ground 12-inch diameter
steam pipeline together with necessary fixtures and appurtenances, and an
existing unimproved access road.

LEASE TERM:

25 years, beginning March 20, 2010.

CONSIDERATION:

\$159 per year, with the State reserving the right to fix a different rent periodically
during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Liability insurance with coverage of no less than \$1,000,000.

BACKGROUND:

School Lands were granted to the State of California by the federal government
under the Act of March 3, 1853 (10 Stat. 244), and consisted of the 16th and 36th
sections of land in each township (with the exceptions of lands reserved for
public use, lands taken by private land claims, and lands known to be mineral in
character). In cases of preemption due to the exceptions described above, the
State was given the opportunity to select replacement lands from the United
States in lieu of a Section 16 or a Section 36. These replacement lands are now
known as Indemnity School Lands or Lieu Lands.

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OTHER PERTINENT INFORMATION:

1. The subject lands were acquired from the federal government under Indemnity Clear List No. 353, dated March 14, 1983. At the time of acquisition, the lands were encumbered by Permit No. CA-6042 (Permit), under the Act of 10/21/1976 (90 Stat. 2743), granted by the federal government to Union Oil Company, for an access road and geothermal steam pipeline. The federal permit was for a term of 30 years and expired on March 19, 2010.
2. The Permit was assigned from Union Oil Company to Thermal Power Co. on March 19, 1999, and further assigned to Geysers Power Company, LLC on April 13, 1999. Geysers Power, LLC is now applying for a new General Lease – Right of Way Use.
3. The lease premises consist of an approximately 25-foot wide unimproved access road and an approximately 25-foot wide right of way for an above-ground, 12-inch diameter steel pipeline that is used to conduct steam as part of the Geysers power plant.
4. Pursuant to the Commission's delegation of authority and State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370, et seq. Based upon the staff's consultation with the person's nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Location and Site Map
- B. Land Description

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PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370, et seq.

AUTHORIZATION:

Authorize Issuance of a General Lease – Right of Way Use to Geysers Power Company, LLC, beginning March 20, 2010, for a term of 25 years, for the use and maintenance of one existing above-ground, 12-inch diameter steel pipeline together with necessary fixtures and appurtenances and for the use and maintenance of an existing unimproved access road, as shown on Exhibit A (for reference purposes only) and as described on Exhibit B, both Exhibits attached and by this reference made a part hereof; annual rent in the amount of \$159 with the State reserving the right to fix a different rent periodically during the lease term as provided in the lease; and liability insurance with coverage of no less than \$1,000,000.