

MINUTE ITEM
This Calendar Item No. 38
was approved as Minute Item
No. 38 by the State Lands
Commission by a vote of 2
to 0 at its 4/23/87
meeting.

CALENDAR ITEM

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04/23/87
PRC 6096
Hoagland

AUTHORIZATION TO RELEASE
A GEOTHERMAL BOND AND PAYMENT OF \$300
TO SONOMA STATE HOSPITAL FOR THE RESTORATION OF THE ROAD
TO THE FORMER DRILLSITE

APPLICANT: Indemnity Company of California
Attn: Mr. Lawrence G. Kepiro
333 Wilshire
Anaheim, California 92801

AREA, TYPE OF LAND AND LOCATION:
Approximately 1,670 acres of proprietary land
at Sonoma State Hospital, Eldridge,
Sonoma County.

DISCUSSION: On December 17, 1981 the Commission authorized
issuance of a geothermal prospecting permit to
Explorator. Engineering. In 1982 a well (SS-3)
was drilled to a depth of approximately
1,500 feet and suspended. In January 1984 the
applicant indicated he intended to exercise his
preferential right to a lease based on the
drilling of the well and discovery of
geothermal resources in commercial quantities.
From the material submitted by the applicant
staff could find no evidence that a commercial
discovery had been made and on September 25,
1985 the Commission denied the request for a
preferential lease. Terms of the permit
provided for restoration of the drillsite once
work was completed. The site was restored
except for the placement of rock on one of the
roads leading to the drillsite as requested by
the hospital staff. After several unsuccessful
attempts to have the former permittee perform
the work, staff informed the bonding company of

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its intention to make a call on the bond in the amount of \$600. The applicant and the bonding company continued to contend they were not required to put rock on the road and in order to avoid costly litigation staff of the hospital and the Commission agreed to accept \$300.

That has now been paid to the state by Indemnity Company of California and the firm has requested that the bond be released. Since the funds are now available to complete the restoration work, staff recommends that the bond be released and the funds paid hospital

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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. Adm. Code 15378.

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE THE RELEASE OF BOND NUMBER 64299P FOR EXPLORATION ENGINEERING FINDING THAT NO FURTHER LIABILITY WILL ACCRUE TO THIS BOND AFTER PAYMENT OF \$300 TO SONOMA STATE HOSPITAL (DEPARTMENT OF HEALTH SERVICES).

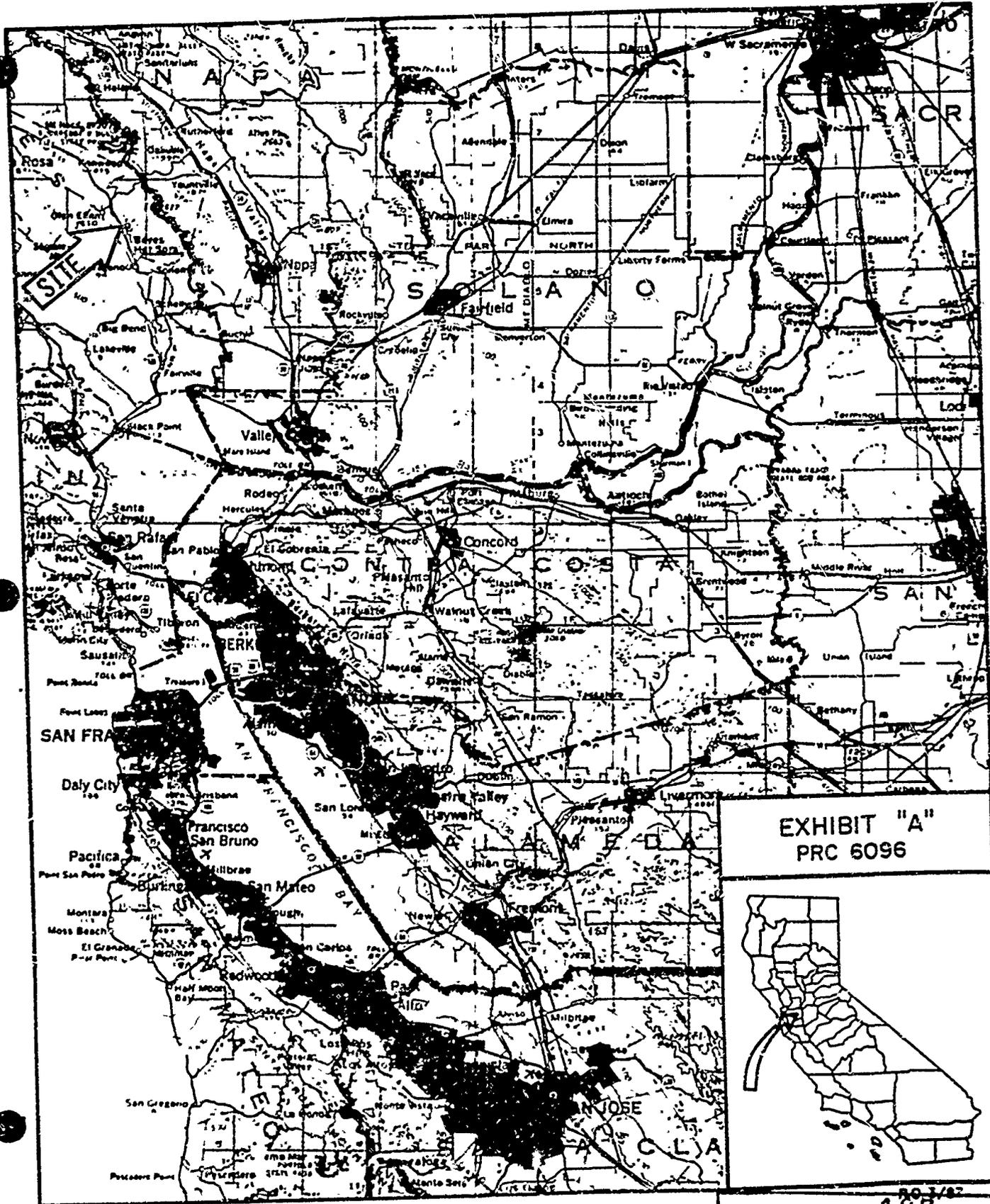


EXHIBIT "A"
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