

was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 5
to 4 at its 6/30/87
meeting.

CALENDAR ITEM

H 80

31

06/30/87
PRC 6378
Hoagland
Graber

S 37

ISSUANCE OF A PREFERRED
GEOHERMAL LEASE

APPLICANT:

Kennecott Corporation
Attn.: Mr. Larry L. Grogan
Geothermal Project Supervisor
P. O. Box 278
Imperial, California 92251

AREA, TYPE LAND, AND LOCATION:

Approximately 40 acres of sovereign land
located about four miles west of the community
of Niland on the southeastern shore of the
Salton Sea, Imperial County.

LAND USE:

Production of geothermal resources for
generation of electricity

TERMS OF THE PROPOSED LEASE:

Rental of \$1 per acre, per annum, a royalty of
ten percent of gross revenues received from the
sale of geothermal steam or heat and five
percent of gross revenues received from the
sale of mineral products or chemical compounds,
with a minimum royalty of \$2 per acre, per
annum.

SURETY BOND:

\$25,000.

SPECIAL:

Commission staff has been informed that, before
commencing full field development and
operations, the County of Imperial shall
require an additional assessment of the
environmental impacts of full field development.

CALENDAR ITEM NO. 31 (CONT'D)

PREREQUISITE TERMS FEES AND EXPENSES:

Filing Fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code, Div. 6, Parts 1 and 2; Div. B., Div. 20
- B. Cal Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884: N/A.

PERTINENT INFORMATION:

State Geothermal Prospecting Permit PRC 6378 was issued to Bear Creek Mining Company, a Division of Kennecott Corporation, on March 1, 1983 for a period of two years with the possibility of an additional two-year extension, and carried with it a preferential right to a lease upon the discovery of geothermal resources in commercial quantities.

On January 31, 1985, Bear Creek Mining Company was given a two-year extension to its original prospecting permit as provided by law, which would allow for drilling of a deep experimental test well; "State 2-14". Flow tests conducted December 28, 29, and 30, 1985 indicated the discovery of geothermal resources in commercial quantities.

Stemming from the results of these tests, the State Lands Commission received a letter from Kennecott, dated March 24, 1986, exercising its Preferential Rights to a Lease.

CALENDAR ITEM NO. 31 (CONT'D)

ENVIRONMENTAL INFORMATION:

Prior to issuance of Geothermal Prospecting Permit PRC 6378 for which this preferential lease is now being proposed, a Negative Declaration (SCH# 83010250) was prepared and circulated by the County of Imperial and such document was reviewed, considered, and adopted by the State Lands Commission at its meeting of February 28, 1983, at which time it was determined that the project, as mitigated, would not have a significant effect on the environment.

After reviewing Bear Creek's proposal to drill a deep test well on State land, the County made a finding that the well will not have any significant impacts on the environment, that the previously prepared Negative Declaration, supported by monthly updated site-specific wildlife surveys continuing to the satisfaction of the Department of Fish and Game, and the Salton Sea Master EIR, adequately describes the project and that no additional environmental documentation is required.

Staff of the State Lands Commission believes that since adoption of the Negative Declaration, there have been no significant changes in the project or the environment to indicate that the project will have a significant effect on the environment.

APPROVALS REQUIRED:

Division of Oil and Gas; Regional Water Quality Control Board and the County of Imperial Planning Department.

EXHIBITS:

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

CALENDAR ITEM NO. 31 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. CONCUR WITH THE DETERMINATION OF THE COUNTY OF IMPERIAL AS CEQA LEAD AGENCY THAT THE PREVIOUSLY ADOPTED NEGATIVE DECLARATION (SCH# 83010250) ADEQUATELY DISCUSSES THE PROPOSED PROJECT IN A MANNER WHICH IS IN COMPLIANCE WITH THE REQUIREMENTS OF THE CEQA.
2. DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. AUTHORIZE THE ISSUANCE OF PREFERENTIAL GEOTHERMAL LEASE PRC 6378 AS PROVIDED BY LAW WITH A RENTAL OF \$1 PER ACRE PER ANNUM, A ROYALTY OF 10 PERCENT OF THE GROSS REVENUES RECEIVED FROM THE SALE OF GEOTHERMAL STEAM OR HEAT, AND A ROYALTY OF FIVE PERCENT OF GROSS REVENUES RECEIVED FROM THE SALE OF MINERAL PRODUCTS OR CHEMICAL COMPOUNDS, WITH A MINIMUM ROYALTY OF \$2 PER ACRE PER ANNUM.

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EXHIBIT "A"

LAND DESCRIPTION

W 6378

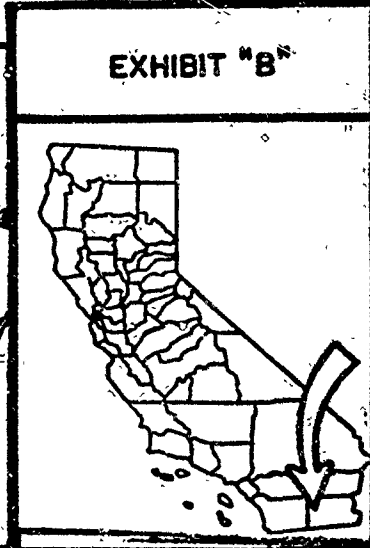
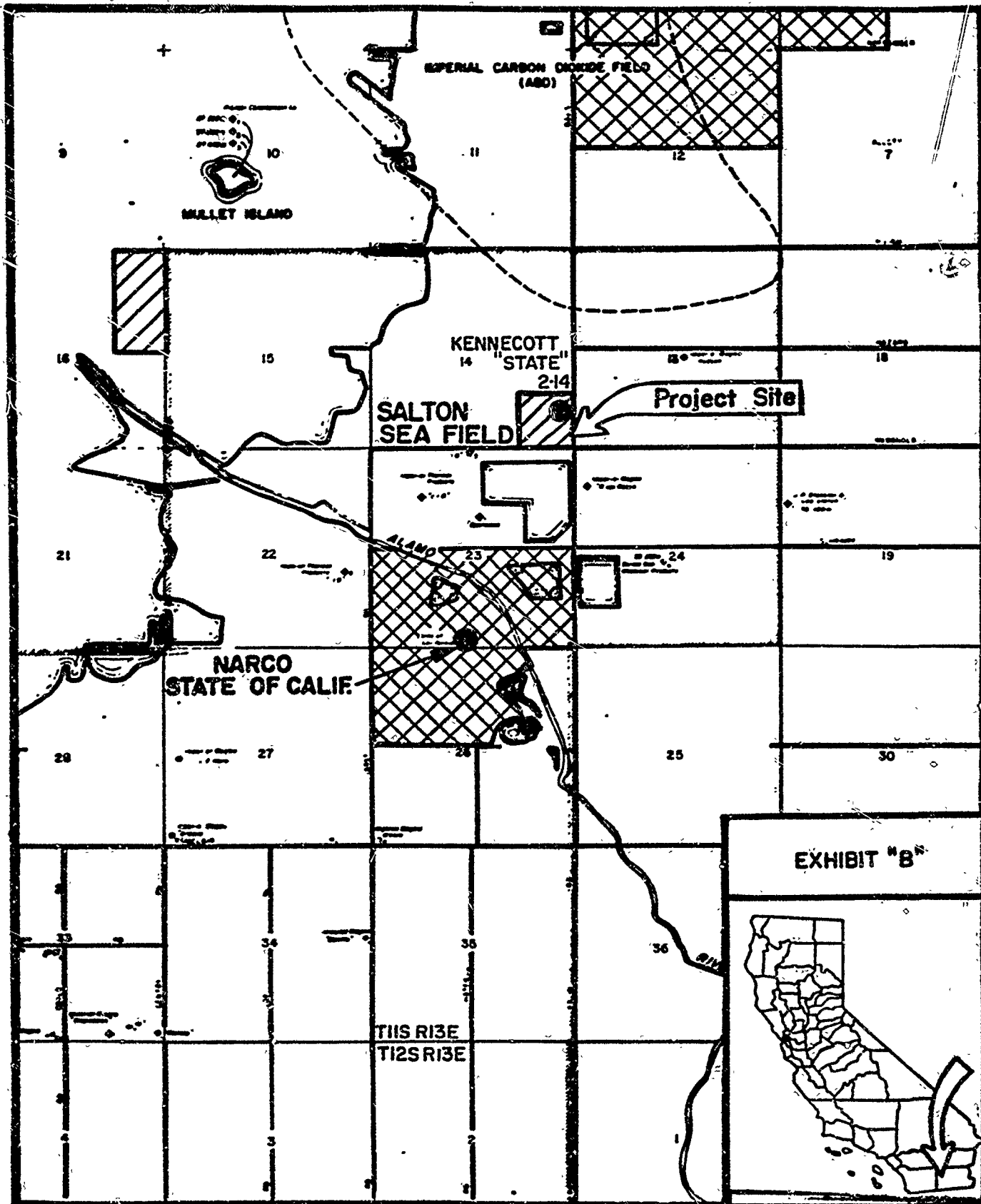
A parcel of California State sovereign lands in Imperial County, California, described as follows:

SE 1/4 of SE 1/4 of Section 14, T11S, R13E, SBM.

END OF DESCRIPTION

PREPARED NOVEMBER 30, 1982, BY BOUNDARY AND TITLE UNIT,
LEROY WEED, SUPERVISOR

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