

MINUTE ITEM

This Calendar Item No. 006  
was approved as Minute Item  
No. 6 by the State Lands  
Commission by a vote of 3  
0 at its 215192  
meeting.

CALENDAR ITEM

006

A 80

S 37

02/05/92  
PRC 6837  
Kruger

APPROVE AN ASSIGNMENT OF INTERESTS IN STATE  
GEOTHERMAL RESOURCES LEASE PRC 6837,  
IMPERIAL COUNTY

ASSIGNOR:

Freeport-McMoran Resource Partners,  
Limited Partnership  
Attn: Kevin Rupp, Land Manager  
P. O. Box 11279  
Santa Rosa, California 95406-1279

ASSIGNEE:

Magma Power Company  
Attn: Lou Rambeau Hammond,  
Senior Landman  
11770 Bernardo Plaza Court, Suite 366  
San Diego, California 92128

AREA, TYPE LAND, AND LOCATION:

State geothermal resources lease PRC 6837 consists of  
approximately 3,082 acres of school land on the west side of  
Salton Sea, in an area about five miles south of Salton  
City, California, in northwest Imperial County.

PREREQUISITES:

1. Assignment forms in triplicate have been executed by both the Assignor and the Assignee.
2. Assignee is qualified to hold a State lease.
3. Statutory filing fee of \$325 has been submitted to the Commission.

BACKGROUND:

State geothermal resources lease PRC 6837 was issued to Union Oil Company of California (Unocal) in June 1985 for a five-year term. The original lease consisted of approximately 3,682 acres of school land. In June 1986, Unocal quitclaimed 600 acres, leaving 3,082 acres under lease.

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In March 1989, the Commission approved assignment of an undivided 50 percent interest in the lease from Unocal to Freeport-McMoran Resources Partners, L.P. of Santa Rosa, California, and another undivided 25 percent interest in the lease to Santa Fe Pacific Realty Corporation of San Francisco, California. At that time, Freeport-McMoran became the lease operator.

In May 1990, Freeport-McMoran requested a five-year lease extension. The Commission approved this request in August 1990. The new expiration date of the lease is June 1, 1995. In consideration of the lease extension, Freeport-McMoran agreed that, if a well is not drilled on or offsetting (within 1,000 feet) the leased land by June 1, 1992, the lease will terminate automatically without further notification from the State. All other terms and conditions of the lease remained in full force and effect.

In December 1991, Magma Power Company of San Diego, California, requested that the Commission approve assignment of 100 percent of right, title, and interest under this lease from Freeport-McMoran to Magma Power. If the assignment is approved, the ownership of this lease as shown in records of the State Lands Commission, shall be: Unocal, 25 percent; Santa Fe Pacific, 25 percent; and Magma Power, 50 percent. Magma will become the lease operator.

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 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. Code Regs. 15378.

**EXHIBIT:**

- A. Location Map.

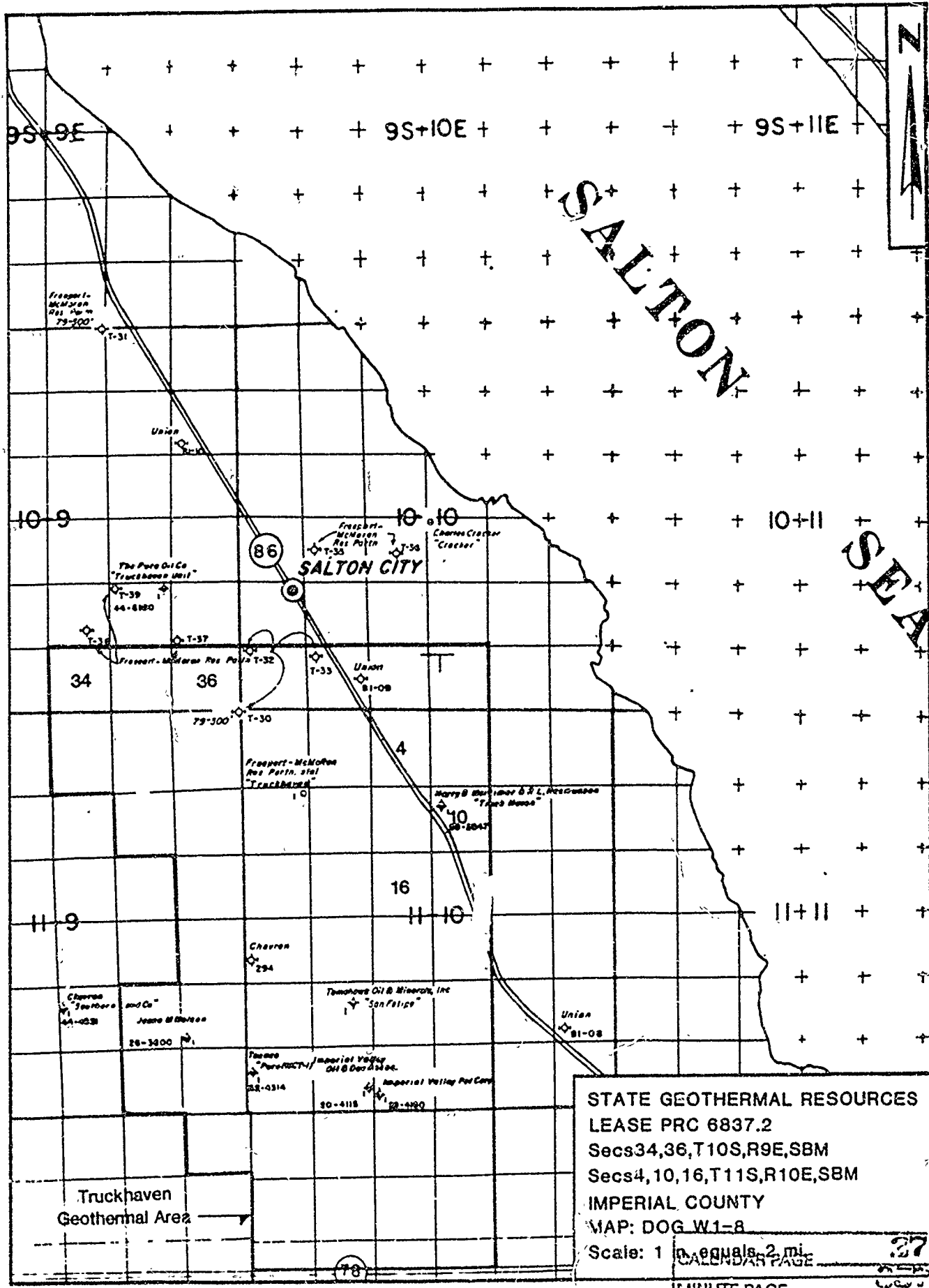
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CALENDAR ITEM NO. C 0 6 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE ASSIGNMENT OF 100 PERCENT OF FREEPORT-MCMORAN'S INTEREST (50 PERCENT) IN STATE GEOTHERMAL RESOURCES LEASE PRC 6837, IN IMPERIAL COUNTY, TO MAGMA POWER COMPANY. THE ASSIGNEE WILL BE BOUND BY ALL TERMS AND CONDITIONS OF THE LEASE, ANY CONDITIONS IN THE ASSIGNMENT DOCUMENTS NOTWITHSTANDING.

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SALTON

SEA

Truckhaven Geothermal Area

STATE GEOTHERMAL RESOURCES  
 LEASE PRC 6837.2  
 Secs 34, 36, T10S, R9E, SBM  
 Secs 4, 10, 16, T11S, R10E, SBM  
 IMPERIAL COUNTY  
 MAP: DOG W1-8  
 Scale: 1 in. equals 2 mi.  
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