

MINUTE ITEM

22. APPLICATION FOR EXTENSION OF PROSPECTING PERMITS P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, AND P.R.C. 2708.1, IMPERIAL COUNTY; R. W. CYPHER - W.O. 4744.

The Executive Officer reported a correction to the description in Calendar Item 29 attached.

Mr. R. G. Smith, President of the Natomas Company, requested that action on this application be deferred for at least ten days, as a subsidiary of his company, Western Geothermal Corporation, wanted time to complete exploration work within two miles of the particular area, after which it would want to submit an application for a permit.

Following an explanation by the Executive Officer of the rights of the present permittee, and upon motion duly made and unanimously carried,

A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMITS P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, AND P.R.C. 2708.1, THROUGH JUNE 8, 1964, SUBJECT TO THE MODIFICATION OF EXHIBIT "E" OF SAID PERMITS IN ACCORDANCE WITH EXHIBIT "B" ATTACHED AND HEREBY MADE A PART HEREOF. ALL OTHER TERMS AND CONDITIONS OF THE PERMIT ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Exhibits "A" and "B" (3 pages)

Calendar Item 29 (5 pages)

EXHIBIT "A"

(The Present Exhibit "E" of the Permits)

Operations under any permit issued covering subject land shall be conducted in accordance with the following conditions:

1. That the drilling operations be conducted outside the present duckpond area;
2. That present roadways be avoided;
3. That drilling be conducted under the supervision of the area manager and at times when duck hunting is not in season; and
4. That the testing be conducted through calorimeters or closed system; in any event, that testing not be conducted by blowing steam into the air.

EXHIBIT "R"

(The Modified Exhibit "E" of the Permits)

Operations under this permit or any lease issued covering subject land shall be conducted in accordance with the following conditions:

1. Lessee shall conduct all of its activities at all times and in such manner as will not, in the judgment and opinion of the Department of Fish and Game, interfere with the purpose, function, and use of the Hazard Unit of the Imperial Waterfowl Management Area by the Department of Fish and Game.

Prior to any operation, all proposed activities will be cleared with and approved by the local waterfowl area manager, and approved and confirmed in writing between the lessee and the Manager, Region 5, Department of Fish and Game, 217 West First Street, Los Angeles 12, California.

2. Lessee shall discharge no wastes considered by the Department of Fish and Game to be detrimental to fish, plant life, or bird life, where such waste may enter waters on the Imperial Waterfowl Management Area, the Salton Sea National Wildlife Refuge, or the Salton Sea.
3. Drill operations may not be conducted within 150 feet of ponded areas, or any area that the Department indicates it plans to pond in the foreseeable future.
4. Testing shall be conducted through calorimeters or closed system, and in any event, testing shall not be conducted by blowing steam in the air.
5. Any existing roads used by the lessee for operations under this lease shall be graveled, oiled, and kept in good state of repair at all times at the sole expense of said lessee.
6. The location of any roads to be constructed for access to well locations under this lease shall be approved in advance by the Department of Fish and Game. Such roads shall be constructed at the sole expense of the lessee of said lease.

EXHIBIT "B" (CONTD.)

(W.O. 4744)

7. Surface equipment for all wells drilled under this lease shall be located so as to be as inconspicuous as possible and with the approval of the Department of Fish and Game first had and obtained. All surface equipment necessary for well operation and handling of gas shall be painted in a manner to be approved by the Department of Fish and Game.
8. Any pipe lines laid on the above-described premises in connection with this lease shall be laid below plow depth and at least two feet below the bottom of any irrigation or drainage ditch or slough.

CALENDAR ITEM  
(Corrected)

29.

APPLICATION FOR EXTENSION OF PROSPECTING PERMITS P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, AND P.R.C. 2708.1, IMPERIAL COUNTY; R. W. CYPHER - W.O. 4744.

Prospecting permits P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, and P.R.C. 2708.1, covering approximately 535 acres of State land lying in the southeast quarter of Section 23, the southwest quarter of Section 23, the northwest quarter of Section 26, and a portion of the northeast quarter of Section 26, T. 11 S., R. 13 E., S.B.B. & M., Imperial County, were issued on June 9, 1961, to R. W. Cypher, authorizing prospecting for a two-year term for geothermal steam and all minerals other than oil and gas and water.

The prospecting permits provide in part, in conformance with Division 6 of the Public Resources Code, that "in no event shall the term of this permit exceed two years from the date hereof except as the Commission may, in its discretion, extend the term of this permit for an additional period of one year".

Exploration operations have been conducted by the permittee and his associates on a potentially productive area including, in addition to 28,000 acres of land leased from the Imperial Irrigation District and other parties, approximately 40 acres of State sovereign land, and approximately 1,495 acres of land under the jurisdiction of the Department of Fish and Game. Extensions are being requested hereby for permits which cover 535 acres of Fish and Game lands. All of the above Fish and Game land is subject to prospecting permits authorized by the State Lands Commission.

The State's permittee, R. W. Cypher, is an associate of O'Neill Geothermal, Inc., and will, pursuant to existing agreement, assign to that corporation his interest in the permit areas. Under the terms of the leases held by O'Neill covering Imperial Irrigation District lands, the District has the first right of refusal of all electric power developed from leases in Imperial County held by O'Neill Geothermal, Inc. The District power requirements are estimated to be approximately 100,000 kilowatts of electric power.

The permittee states that exploration and seismic work, including the drilling, testing, and completion of two wells by the permittee and his associates, adjacent to the State property, has cost approximately \$900,000. This large expenditure by O'Neill Geothermal, Inc., has helped evaluate the State property. It is suggested that this work be considered as compliance with the work requirements under the four prospecting permits, as no other feasible development work could have been performed on State lands until the actual commencement of costly drilling operations. The permittee has complied with all other terms and conditions of the permits.

CALENDAR ITEM 29. (CONTD.)

The two steam wells which have been completed are approximately 1000 feet and 1200 feet, respectively, north of the permit area. On test, the total production of steam and water from the two wells was approximately 900,000 pounds per hour, and it is estimated that the energy produced would generate approximately 17,500 kilowatts of power. The mineral waters associated with the production of steam have been analyzed, and, according to engineering reports of the permittee, the prime constituent of commercial value is potash; however, other minerals of commercial value will also be produced. The necessary design and engineering work to accomplish mineral separation and generation of power is nearing completion. This has been a long and costly engineering study which has been in progress since September 1962. The recovery of potash will require a chemical plant, including storage and stockpiling facilities, costing millions of dollars. Furthermore, a large expenditure will be required for turbines and a plant for the generation of electric power.

The permittee states that during the next 12 months additional wells will be drilled, including at least one well on State lands. The quality and quantity of the mineral components of the mineral waters and the potential for generating electrical energy of new wells will be tested, and, if they prove relatively constant in productivity, it is planned to start immediately the construction of a chemical plant to recover minerals, and to build the electrical generating plant.

Exhibit "E" of each permit contains the provisions shown on Exhibit "A" attached, requested by the Department of Fish and Game at the time the permits were issued in order to protect the wildlife resources of the State. The Department of Fish and Game has requested that Exhibit "E" of said permits be modified to read as shown in Exhibit "B" attached. These modified provisions are acceptable to the permittees.

Therefore, pursuant to an application from R. W. Cypher requesting the extension of the terms of prospecting permits P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, and P.R.C. 2708.1 through June 8, 1964, in order to further evaluate the area potential and to complete the requisite engineering and design studies,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMITS P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, AND P.R.C. 2708.1, THROUGH JUNE 8, 1964, SUBJECT TO THE MODIFICATION OF EXHIBIT "E" OF SAID PERMITS IN ACCORDANCE WITH EXHIBIT "B" ATTACHED AND HEREBY MADE A PART HEREOF. ALL OTHER TERMS AND CONDITIONS OF THE PERMIT ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment  
Exhibits "A" and "B"

EXHIBIT "A"

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EXHIBIT "B"

(The Modified Exhibit "E" of the Permits)

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EXHIBIT "B" (CONTD.)

(W.O. 4744)

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