

15. APPLICATION FOR LEASES FOR GEOTHERMAL RESOURCES, IMPERIAL COUNTY;
R. W. CYPHER - W.O. 5131, P.R.C. 3143.0, P.R.C. 3144.0, P.R.C. 3145.0 AND
P.R.C. 3146.0.

After consideration of Calendar Item 24 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. APPROVES AND ADOPTS, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE, THE FORM OF LEASE IDENTIFIED AS EXHIBIT "1", ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, AS THE FORM OF LEASE TO BE USED FOR GEOTHERMAL RESOURCES.
2. AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE TO R. W. CYPHER FOUR PREFERENTIAL MINERAL EXTRACTION LEASES, IN ACCORDANCE WITH DIVISION 6 OF THE PUBLIC RESOURCES CODE, COVERING: P.R.C. 2705.1, 55 ACRES MORE OR LESS IN THE NE $\frac{1}{4}$ OF SECTION 26; P.R.C. 2707.1, 160 ACRES MORE OR LESS IN THE NW $\frac{1}{4}$ OF SECTION 26; P.R.C. 2706.1, 160 ACRES MORE OR LESS IN THE SE $\frac{1}{4}$ OF SECTION 23; AND P.R.C. 2708.1, 160 ACRES MORE OR LESS IN THE SW $\frac{1}{4}$ OF SECTION 23; IN T. 11 S., R. 13 E., S.B.B. & M., IMPERIAL COUNTY; AND AUTHORIZES THE USE OF THE LEASE FORM AS APPROVED BY THE COMMISSION IN THIS CALENDAR ITEM, THE LEASE FORM TO INCLUDE THE CONDITIONS CONTAINED IN SCHEDULE "B" AND THE ROYALTY FORMULA IN SCHEDULE "A", WHICH EXHIBITS ARE ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF.

Attachment

Calendar Item 24 (1 page)

24.

APPLICATION FOR LEASES FOR GEOTHERMAL RESOURCES, IMPERIAL COUNTY; R. W. CYPHER - W.O. 5131.

On May 28, 1964, the Commission determined that valuable deposits of geothermal steam and mineral waters had been developed within the limits of Prospecting Permits P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1 and P.R.C. 2708.1, and, pursuant to Section 6895 of the Public Resources Code, authorized the Executive Officer to prepare and issue four preferential mineral extraction leases for geothermal steam and for all minerals other than oil and gas and water, covering approximately 535 acres of land under the jurisdiction of the Department of Fish and Game in Sections 23 and 26, T. 11 S., R. 13 E., S.B.B.& M., Imperial County. All minerals in subject land are reserved to the State except an undivided one-half interest in the northwest quarter of Section 26 and deposits of carbon dioxide in the south half of Section 23.

The issuance of leases was held in abeyance during the 1966 legislative session, pending preparation of a lease form that would be consistent with proposed legislation. The staff has prepared a lease form that is applicable to the production of geothermal resources and provides for modification if required by future legislation. Since development of geothermal resources is largely experimental, it is anticipated that the royalty formula may require modification as the leases are developed and more operating data becomes available. Section 6210.7 of the Public Resources Code provides for modification of the lease terms by mutual consent.

The Office of the Attorney General has reviewed the lease form and has advised that the form complies with applicable provisions of law and the Rules and Regulations of the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE AND ADOPT, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE, THE FORM OF LEASE IDENTIFIED AS EXHIBIT "1", ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF, AS THE FORM OF LEASE TO BE USED FOR GEOTHERMAL RESOURCES.
2. AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO R. W. CYPHER FOUR PREFERENTIAL MINERAL EXTRACTION LEASES, IN ACCORDANCE WITH DIVISION 6 OF THE PUBLIC RESOURCES CODE, COVERING: P.R.C. 2705.1, 55 ACRES MORE OR LESS IN THE NE $\frac{1}{4}$ OF SECTION 26; P.R.C. 2707.1, 160 ACRES MORE OR LESS IN THE NW $\frac{1}{4}$ OF SECTION 26; P.R.C. 2706.1, 160 ACRES MORE OR LESS IN THE SE $\frac{1}{4}$ OF SECTION 23; AND P.R.C. 2708.1, 160 ACRES MORE OR LESS IN THE SW $\frac{1}{4}$ OF SECTION 23; IN T. 11 S., R. 13 E., S.B.B.& M., IMPERIAL COUNTY; AND AUTHORIZE THE USE OF THE LEASE FORM AS APPROVED BY THE COMMISSION IN THIS CALENDAR ITEM, THE LEASE FORM TO INCLUDE THE CONDITIONS CONTAINED IN SCHEDULE "B" AND THE ROYALTY FORMULA IN SCHEDULE "A", WHICH EXHIBITS ARE ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF.