

MINUTE ITEM

This Calendar Item No. 16.
was approved as minute item
No. 16. by the State Lands
Commission by a vote of 3
to 0 at its 11-20-79
meeting.

CALENDAR ITEM
16.

11/79
PRC 5217.2
Priddy

DEFERMENT OF DRILLING REQUIREMENTS
GEOTHERMAL RESOURCES LEASE

LESSEE: Aminoil U.S.A., Inc.
(Formerly Bumah Oil and Gas Company)
P. O. Box 11279
Santa Rosa, California 95406

AREA, TYPE LAND AND LOCATION:
434.16 acres of land in the Geysers area,
Sonoma County (reserved mineral interests).

PERTINENT INFORMATION:

State Geothermal Resources Lease PRC 5217.2
was issued to the surface owners Edward V.
Prati, John T. Sink, Peter H. Flood and
Richard J. Wall, as trustee, on February 25,
1977.

The parcel was offered for lease by competitive
bid with net profits as the bid factor.
The high bid of 47.77% was submitted by
George P. Post. The bid was matched by
the surface owners. Assignment of the lease
to Aminoil was approved by the Commission
at its October 1977 meeting.

George P. Post sought to declare former
Section 6922 of the P.R.C. Unconstitutional
because the right of first refusal granted
therein violated the California Constitution.
The Los Angeles County Superior Court deter-
mined that Section 6922 did not violate
the Constitution and the Appellate Court
upheld the decision. The Supreme Court
denied the petition for hearing, and the
decision became final on May 17, 1979.

In accordance with Section 8(a) of the
lease, the lessee is obligated to drill
a well within 3 years of the lease date.
However, the lessee was prevented from
drilling from February of 1977 to May of
1979 while the ownership of the lease was

A 2
S 2

CALENDAR PAGE	087
MINUTE PAGE	2285

CALENDAR ITEM NO. 16 (CONTD)

subject to the litigation. The lessee has requested pursuant to Section 8(b) of the lease a 2-year extension of the drilling term which is approximately equivalent to the time that the lessee was prevented from drilling by the litigation. This extension will be needed by the lessee in order to obtain permits and to construct roads and drillpads. The lessee will not be able to start construction until the rainy season ends, probably in May of 1980.

The proposed deferment of drilling requirements will not have an environmental impact and is considered to be a ministerial project under the Guidelines for Implementation of CEQA of (Title 14, Cal. Adm. Code).

An EIR was prepared by the Sonoma County Board of Zoning Adjustments covering geothermal development in the area and was considered by the Commission prior to issuing the lease.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF TITLE 14, CAL. ADM. CODE 15073.
2. GRANT TO AMINOIL U.S.A., INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER STATE GEOTHERMAL RESOURCES LEASE P.R.C. 5217.2 FROM FEBRUARY 25, 1980 THROUGH FEBRUARY 25, 1982. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

CALENDAR PAGE	088
MINUTE PAGE	2286

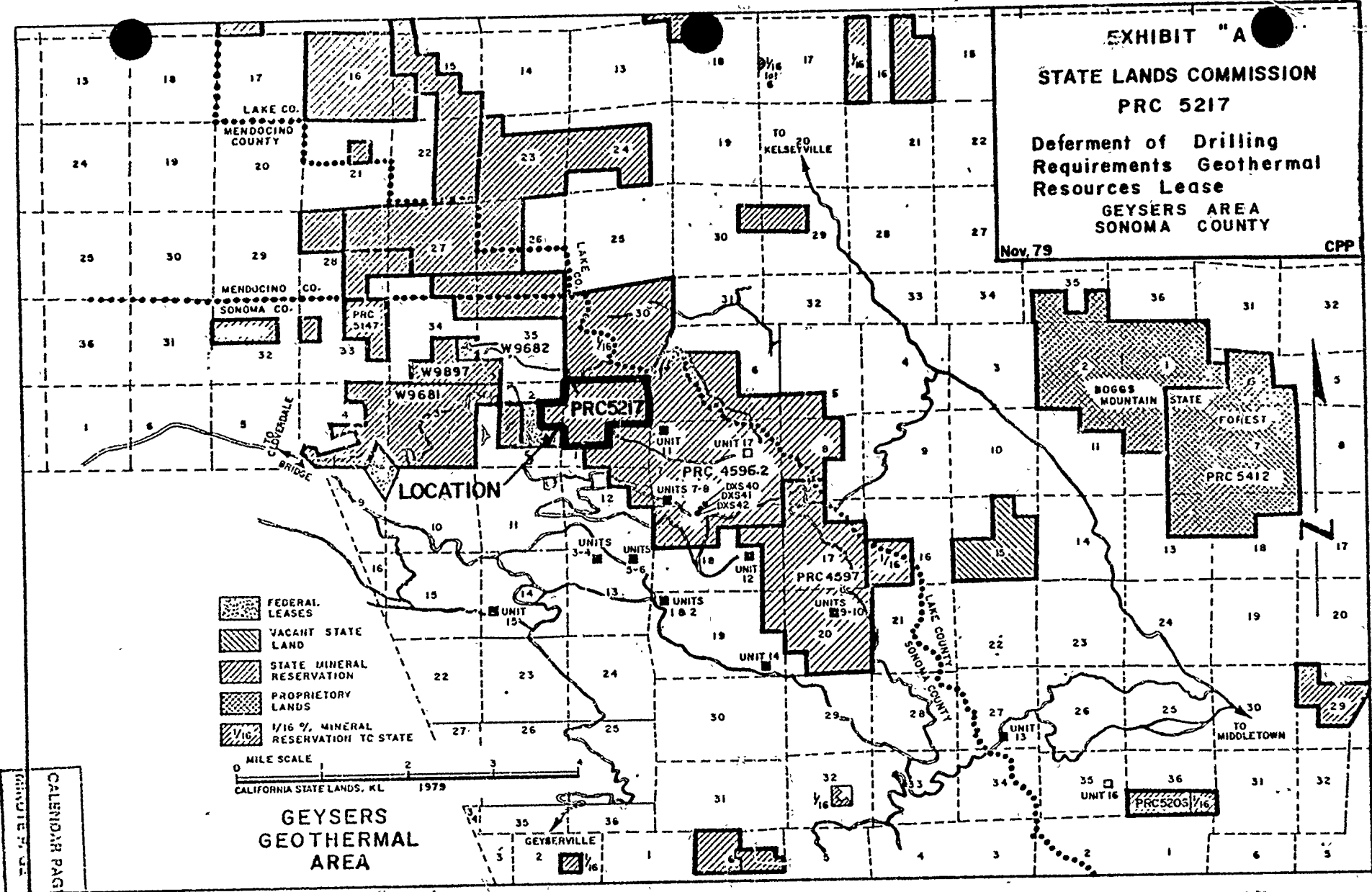
EXHIBIT "A"

STATE LANDS COMMISSION
PRC 5217

Deferment of Drilling
Requirements Geothermal
Resources Lease
GEYSERS AREA
SONOMA COUNTY

Nov. 79

CPP



GEYSERS
GEOTHERMAL
AREA

CALENDAR PAGE
2287
089