

MINUTE ITEM

This Calendar Item No. 38  
was approved as Minute Item  
No. 38 by the State Lands  
Commission by a vote of 2  
to 0 at its 2/25/82  
meeting.

MINUTE ITEM  
38

2/25/82  
W 40188  
Priddy

AWARD OF A GEOTHERMAL RESOURCES LEASE  
OF RESERVED MINERAL INTERESTS,  
SONOMA COUNTY

During consideration of Calendar Item 38, attached, Commission-Alternate Susanne Morgan expressed concern over the fact that only one bid had been received in connection with this proposed lease sale.

Claire Dedrick, Executive Officer, suggested staff could investigate this matter and report back to the Commission. The Commission concurred with Mrs. Dedrick's suggestion and staff will report on its findings at the April meeting.

There being no further discussion, the recommendations in Calendar Item 38 were approved as presented.

A 2

S 2

CALENDAR PAGE

MINUTE PAGE

556

CALENDAR ITEM

38

2/25/82  
W 40188  
Priddy  
PRC 6114

AWARD OF A GEOTHERMAL RESOURCES LEASE  
OF RESERVED MINERAL INTERESTS,  
SONOMA COUNTY

On October 30, 1981, the State Lands Commission authorized staff to offer 349 acres of State reserved mineral lands in Sonoma County for lease by competitive public bid for the extraction of geothermal resources. These lands were subsequently offered for lease on the basis of a net profits bid factor. In addition to the net profits payment the lease provided for the payment of a 12.5 percent royalty on gross revenue received for the sale of steam and an annual rental of \$1 per acre.

On January 8, 1982, one bid was received in response to a Notice of Intention published November 9 in the Santa Rosa Press Democrat. Aminoil was the sole bidder with a bid of 22.76 percent of the net profits. If the parcel proves productive it is estimated that the net-profits payment to the State will be in excess of \$53,000,000 over the 30 year life of the project. This would be equivalent to approximately \$5,000,000 present value, if discounted at 15 percent, or equivalent to \$16,500 per acre. Based on a review of technical data submitted with this bid, it is the staff's opinion Aminoil has the ability to explore and develop the subject parcel, and that this bid is acceptable.

Legal, technical and economic review of the bid has been made and it has been determined that:

1. the Commission has complied with the procedural requirements of the law; and
2. the bid submitted by Aminoil conforms with the bid requirements specified in the proposal, the applicable provisions of law, and the rules and regulations of the Commission.

Section 6912(b) of the P.R.C. provides that the surface landowner may, within ten days after notification by the Commission, submit a bid identical to the highest acceptable bid, in which case the Commission shall issue a lease to the surface landowner. If the surface landowner does not file such a bid, then the Commission may proceed with the award of the bid to other than such surface landowner.

A 2  
S 2

CALENDAR ITEM NO. 38 (CONTD)

AB 884:

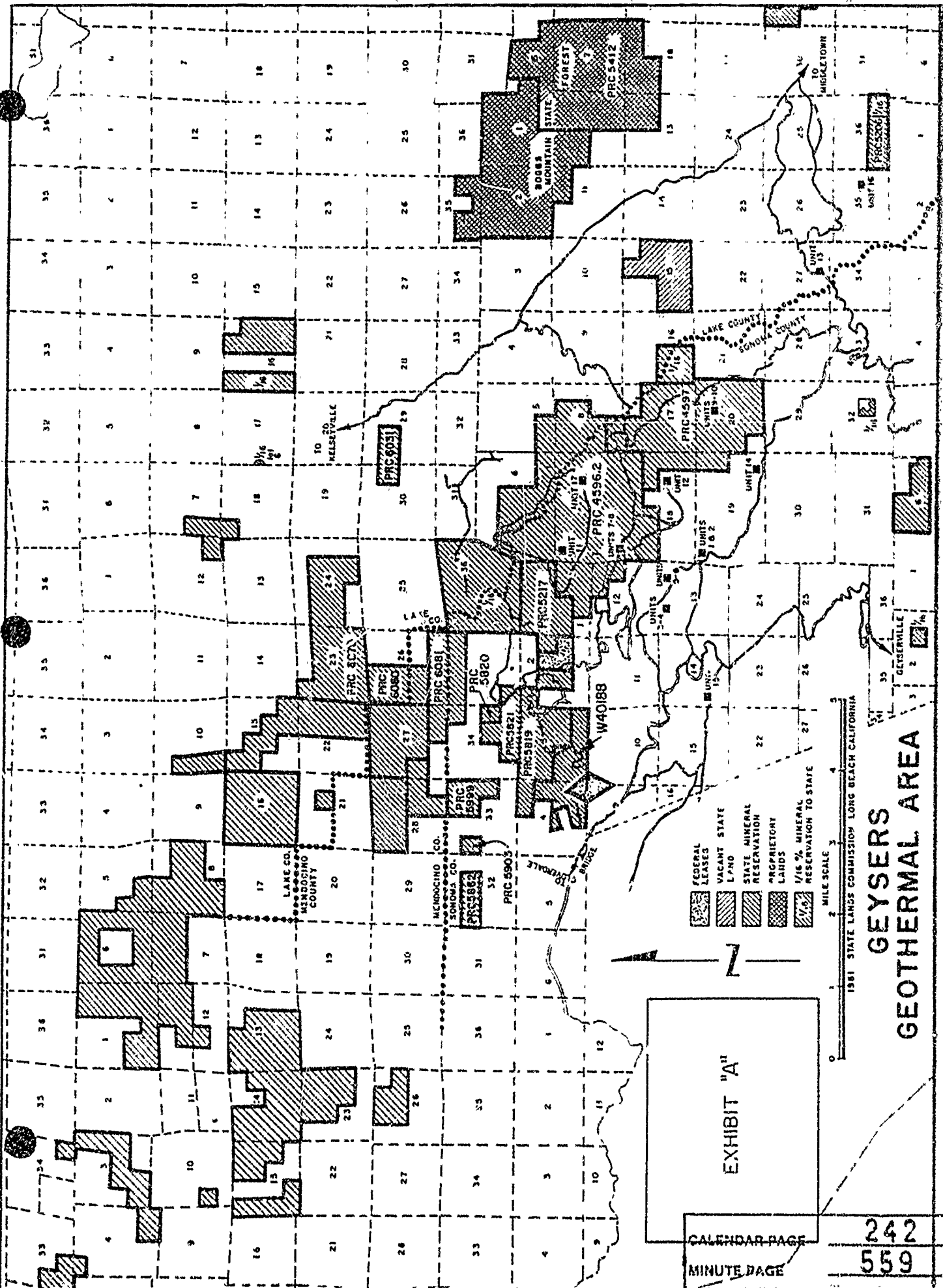
N/A.

EXHIBITS:

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE HIGHEST ACCEPTABLE BID FOR THE LEASE OF THE STATE'S GEOTHERMAL RESOURCES UNDERLYING THE SUBJECT PARCEL OF LAND WAS MADE BY AMINOIL AT 22.76 PERCENT OF NET PROFITS.
2. AUTHORIZE THE NOTIFICATION OF THE SURFACE LANDOWNER OF SUCH BID IN ACCORDANCE WITH SECTION 6912 OF THE P.R.C.
3. AUTHORIZE THE EXECUTION OF A LEASE WITH THE SURFACE LANDOWNER IN THE EVENT THE SURFACE LANDOWNER MATCHES THE HIGHEST ACCEPTABLE BID WITHIN THE TIME PRESCRIBED BY P.R.C. SECTION 6912; OR, IN THE ALTERNATIVE, IF THE SURFACE LANDOWNER FAILS TO FILE THE BID WITHIN THE TIME PRESCRIBED BY P.R.C. 6912, AUTHORIZE THE EXECUTION OF THE LEASE WITH AMINOIL.



RU 2/68

CALENDAR PAGE	242
MINUTE PAGE	559

EXHIBIT "B"

LAND DESCRIPTION

W 40188

All the State-owned mineral interests lying within a parcel of land in Sonoma County, California, described as follows:

Lots 1 and 2, E-1/2 of SW-1/4, and S-1/2 of SE-1/4 of Section 3; Lots 6,7,8,9 and SE-1/4 of NE-1/4 of Section 4, all in T11N, R9W, MDM.

END OF DESCRIPTION

PREPARED AUGUST 21, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

CALENDAR PAGE	<u>243</u>
MINUTE PAGE	<u>560</u>