

MINUTE ITEM
30

6/23/83
W 40200
W 40201
W 40202
Hoagland

GEOHERMAL PROSPECTING PERMIT

Calendar Item 30, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 30.

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CALENDAR ITEM

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6/23/83
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Hoagland

GEOHERMAL PROSPECTING PERMIT

APPLICANT: Bear Creek Mining Company
2520 North Huachuca Drive
Tucson, Arizona 85745
Attr: Larry L. Grogan, Division Landman

AREA, TYPE LAND AND LOCATION:
Approximately 2,735 acres of proprietary
land owned by the Department of Fish and
Game within the Wister Unit, Imperial Wildlife
Area along the southeast shore of Salton
Sea, Imperial County.

LAND USE: Geophysical, geological and geochemical
exploration and the initial drilling of
up to six deep exploratory wells to assess
the geothermal potential of the area.

TERMS OF THE PROPOSED PERMIT:
Initial period: Two years.
Renewal options: One period not exceeding
two years.
Surety bond: \$50,000.
Special: Upon discovery of geothermal
resources in commercial
quantities within the
permit area, permittee
will be entitled to a

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preferential lease upon notice of intention to exercise this right; subject, however, to the discretion of the Commission and review of environmental documentation pertaining to full field development of the resources.

CONSIDERATION: Rental of \$1 per acre during the first year; \$5 per acre during the second year; and \$25 per annum during any period of extension, unless a well has been drilled. If a preferential lease is executed, it will provide for a rental of \$1 per acre per annum, and a royalty of ten percent of gross revenues received from the sale of steam and five percent from the sale of mineral products or chemical compounds, with a minimum royalty of \$2 per acre per annum.

PREREQUISITE TERMS, FEES AND EXPENSES:

Filing fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13; and Div. 20.
- B. Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884: 7/11/83.

OTHER PERTINENT INFORMATION:

1. Bear Creek Mining Company applied, in December 1981, for a Geothermal Prospecting Permit to explore for geothermal resources beneath the entire Wister Unit of the Imperial Wildlife Unit; an area of approximately 4,943 acres.
2. P.R.C. Section 6924 provides that when the surface of State-owned lands sought

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for development of geothermal resources is owned by an agency other than the Commission, the Commission may issue permits or leases only with the consent of the proprietary agency subject to such reasonable terms and conditions as may be prescribed by the agency.

3. Initially, because of concerns about possible adverse effects geothermal resource development might have on their primary function of wildlife management, the Department of Fish and Game refused to grant consent for use of the surface and Bear Creek was directed to obtain the private leaseholds which would allow it to drill into State lands from outside the unit.
4. During negotiations over royalty rates and the permit area configuration, staff recommended that one permit for the entire Wister Unit was too large and Bear Creek agreed to a permit covering approximately the southern half rather than the entire unit.
5. Bear Creek then reopened negotiations with the Department of Fish and Game to obtain consent for use of the surface of the Wister Unit and after more than a year of negotiations, the Department and the applicant have come to an agreement on a series of terms, conditions and mitigation measures. The Department of Fish and Game has now consented to the issuance of a prospecting permit, subject to reasonable terms and conditions which have been made a part of the permit. One of the principal conditions is that the permit area of approximately 2,735 acres has been divided into two parcels of 1,295 and 1,440 acres and Fish and Game will allow initial surface use of only 1,295 acres in the southern half of the permit area for exploration and development, until it can determine that the activity does not have adverse

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effects on its wildlife management mission. If that determination is made, it may then grant permission for surface occupancy for the northern half of the permit area.

6. Additionally, under the terms and conditions for geothermal exploration required by the Department of Fish and Game, Bear Creek agrees to expend up to \$100,000 for the construction of up to 500 acres of new wildlife ponds and annually purchase up to 1,200-acre feet of water for management of wildlife habitat at the new ponds. Bear Creek will also purchase 3.71-acre feet of water for wildlife habitat management for each of the 1,295 acres of land for which it has the right of surface entry. Bear Creek also agrees to allow Fish and Game to maintain existing ponds presently constructed in lands leased by Bear Creek for geothermal exploration or give the department sufficient notice if the land is needed.
7. All exploration and drilling activities will be restricted to existing roads or rights-of-way in the Wister Unit and drilling activities may only be carried out from March 1 to August 31.
8. Bear Creek has agreed that any transmission lines which may cross the Wister Unit and a specified area directly outside the unit will be put underground and construction of powerplants may not be closer than 1,000 feet of the boundary of the Wister Unit.
9. Bear Creek also agrees to fund and conduct biological studies which may be necessary to assess and or monitor the impact of geothermal development on wildlife resources in and immediately adjacent to the Wister Area.

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10. Bear Creek has approximately 16,000 acres of private land and land owned by the Imperial Irrigation District near or adjacent to the Wister Unit which it plans to develop in conjunction with the State land. Bear Creek plans a phased development of the private and State lands.

ENVIRONMENTAL INFORMATION:

This project is in the study area for the Salton Sea Master Environmental Impact Report (MEIR - 30102409) and of the type of projects anticipated by and discussed in that document. This is the second such project for Bear Creek in the area covered by this document. The first project was a Geothermal Prospecting Permit covering a 40-acre parcel of sovereign land south of the Wister Unit which was approved by the Commission February 28, 1983 (Minute Item 25).

Pursuant to preparation of an Initial Study dated April 22, 1983 which was the subject of public notice and public hearing in Imperial County at which no significant adverse comments were received, the Environmental Evaluation Committee recommended that no further environmental documentation be required pursuant to Section 15069.8 (c)(5) of CEQA and that the project be approved based on: (1) the project is within the scope of the program outlined in the Salton Sea MEIR; and (2) potential impacts and mitigation measures are discussed in that document and will be applied to this project as set forth in the County Geothermal Exploration Permit (Exhibit "C"). On May 25, 1983 the Imperial County Planning Commission, after considering all available information, made a finding that conditions imposed on the project adequately mitigate environmental impacts and approved the Geothermal Exploration Permit subject to the conditions and findings made apart thereof (Exhibit "C"). A Notice of Determination has been filed.

(Revised 6/22/83)

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The applicant shall abide by the regulations, restrictions, mitigation requirements, and all other measures designed to minimize the environmental impact of its operations under the proposed permit as set forth or discussed in the environmental document prepared by the County. The applicant shall comply with all modifications of equipment and plans deemed necessary by the State to achieve the objectives set forth in the environmental document and the Geothermal Exploration Permit.

APPROVALS REQUIRED:

Division of Oil and Gas, Regional Water Quality Control Board, and County of Imperial Planning Department.

EXHIBITS:

- A. Land Description.
- B. Location Map.
- C. Imperial County Geothermal Exploration Permit.

IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT THE SALTON SEA MASTER ENVIRONMENTAL IMPACT REPORT (MEIR - 80102409) HAS BEEN PREPARED BY IMPERIAL COUNTY IN COMPLIANCE WITH THE REQUIREMENTS OF CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN PRIOR TO APPROVAL OF THE PROJECT.
2. DETERMINE THAT THE PROJECT WILL HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT BUT THAT CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN OR INCORPORATED INTO THE PROPOSED PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE CERTIFIED MEIR.
3. AUTHORIZE THE ISSUANCE TO BEAR CREEK MINING COMPANY OF A TWO-YEAR GEOTHERMAL PROSPECTING PERMIT WITH THE RIGHT TO REQUEST A PREFERENTIAL LEASE IN THE EVENT GEOTHERMAL RESOURCES ARE DISCOVERED IN COMMERCIAL QUANTITIES ON THE PERMIT; THE COMMISSION MAY EXTEND THE PERMIT TERM FOR A PERIOD NOT TO EXCEED TWO YEARS; IN CONSIDERATION OF ANNUAL RENTS IN THE AMOUNT OF \$1 PER ACRE FOR THE FIRST YEAR, ESCALATING TO \$5 PER ACRE FOR THE SECOND YEAR, AND \$25 PER ACRE DURING ANY EXTENSION UNLESS

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A WELL HAS BEEN DRILLED, IN THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED HERETO. THE PERMIT AUTHORIZES GEOTHERMAL EXPLORATION INCLUDING THE DRILLING OF GEOTHERMAL WELLS. THE PERMIT FURTHER PROVIDES THAT ANY PREFERENTIAL LEASE WILL HAVE A RENTAL OF \$1 PER ACRE PER ANNUM, A ROYALTY OF TEN PERCENT OF GROSS REVENUES FROM THE SALE OF STEAM, FIVE PERCENT FROM THE SALE OF MINERAL PRODUCTS OR CHEMICAL COMPOUNDS, WITH A MINIMUM ANNUAL ROYALTY OF \$2 PER ACRE PER ANNUM. THE PERMIT FURTHER PROVIDES THAT BEFORE ISSUANCE OF ANY PREFERENTIAL LEASE A STUDY OF THE ENVIRONMENTAL IMPACTS OF DEVELOPMENT OF THE PERMITTED AREA MUST BE PREPARED AND CERTIFIED. THE PERMIT SHALL NOT AFFECT THE DISCRETION OF THE COMMISSION TO APPROVE OR DENY THE ISSUANCE OF SUCH A LEASE BASED UPON ITS REVIEW OF THIS ENVIRONMENTAL STUDY. THE PERMIT TO BE USED IS THE FORM ON FILE IN THE OFFICE OF THE COMMISSION, AND INCLUDE THE REASONABLE TERMS AND CONDITIONS REQUESTED BY THE DEPARTMENT OF FISH AND GAME AS A CONDITION TO ITS CONSENT.

EXHIBIT "A"
LAND DESCRIPTION

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A parcel of California State proprietary lands in Imperial County, California, described as follows:

SW $\frac{1}{4}$ of Section 23, T10S, R13E, SBM.

SW $\frac{1}{4}$ of Section 25, T10S, R13E, SBM.

NW $\frac{1}{4}$ and the S $\frac{1}{2}$ of Section 26, T10S, R13E, SBM.

Section 36, T10S, R13E, SBM.

Section 1, T11S, R13E, SBM.

N $\frac{1}{2}$ of Section 12, T11S, R13E, SBM.

W $\frac{1}{2}$ of Section 6, T11S, R14E, SBM.

END OF DESCRIPTION

PREPARED MAY 10, 1983 BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

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EXHIBIT C

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PROPOSED GEOTHERMAL EXPLORATION PERMIT

An application dated April 14, 1983 for a CONDITIONAL USE PERMIT to drill and test up to six geothermal exploratory wells from among seven sites in the Niland area, briefly described as 1982 Assessor Parcel Numbers:

030-220-11 & 13; 030-230-27 & 29; 020-010-12, 41 & 42; 020-020-6, 7, 8, 51, 52, & 53; 020-050-12, 13, 14 & 78; 021-200-10 & 11; and 021-010-1, 3, 7, & 8; and more fully identified in the legal description and maps attached;

has been submitted by Bear Creek Mining Company.

The Imperial County Planning Commission, having considered the information contained in the application for the project described herein, the Environmental Documentation and other relevant evidence, both verbal and written, hereby GRANTS AUTHORITY FOR THE drilling and testing of six geothermal exploratory wells with all necessary appurtenances, in compliance with the application and SUBJECT TO THE FOLLOWING CONDITIONS AND EXCEPTIONS:

1. Conformity - The project shall be designed, constructed, and operated in substantial conformance with the application, and the project description portion thereof.
2. Compliance With Laws and Permits - The project's development and operations shall comply with all applicable laws and regulations, and all necessary permits, including, but not limited to those required by the Regional Water Quality Control Board, Division of Oil and Gas, Air Pollution Control District, Imperial Irrigation District, Health Department, and the County Building Inspection Division shall be secured, as necessary.
3. Precedence of Requirements - Where inconsistencies might appear, the following order shall apply in determining which requirements are controlling: law, these conditions, adopted county policies and plans, the application.
4. Standards - The "Class I" Standards set forth in the County's "Terms, Conditions, and Standards for Initial Geothermal Development" shall be complied with except as may be modified by more specific or restrictive conditions of this permit.
5. General Welfare - All well drilling, testing and operations shall be conducted so as to be in harmony with the area and not conflict with the public health, safety, comfort, convenience, and general welfare.
6. Minimum Land Use - The site development plan and land use shall provide for minimum surface land usage including preservation of productive farm land and shall be in accordance with the Standards.

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7. Drainage and Erosion - The entire site shall be designed and constructed to prevent spills from endangering adjacent properties and waterways, and to prevent run-off from any source being channeled or directed in unnatural ways so as to cause erosion, siltation, or other detriments.
8. Spills - Drill sites shall be graded such that spills will be contained or directed into the site. An emergency plan in the event of a large spill (greater than the storage tank's capacity) shall be prepared for each well site so that such a spill shall not contaminate surface or groundwaters or constitute a hazard to people or property. The plan shall be prepared in consultation with California Department of Fish and Game (CDF&G), and the Imperial Irrigation District (IID) and with the concurrence of IID may include use of sections of drainage ditches for spill containment. The plan shall be in compliance with the requirements of the California Regional Water Quality Control Board; and the operator shall demonstrate to the Planning Director the ability to implement the plan.

A set of plans showing structures, materials, pressure and drain lines, valves, and other information useful in combating a blowout or other accident, shall be available on site, and shall be provided to the Imperial County Fire Department, if requested.
9. Noise - The operation of temporary or permanent equipment and all other operations performed on the premises shall be done in a manner to suppress all noise and vibration to an acceptable level. Project activities shall conform with Class II open space noise standards or a measured maximum of 50 dbA, with noise levels being measured at the nearest occupied residence.
10. Electronic Interference - No operator shall operate electrical equipment or transmission facilities that will have a detrimental effect on the transmission of radio or television signals.
11. Air Pollution - All operations shall be conducted in compliance with the requirements of the Imperial County Air Pollution Control Officer.
12. Dust - Fugitive dust emissions shall be controlled by applying dust control measures (such as watering, clean gravel, soil stabilizers, or oil) to access roads and well pads, enforcing reduced speed travel on unpaved roadways, and limiting public access to well sites.
13. Noxious Odors - All operators shall take steps to insure that no harmful or obnoxious gases be released as a result of their operations.

14. Brine Tests - The project sponsor shall conduct brine chemistry tests which shall include but not be limited to analyses for hydrogen sulfide, mercury, arsenic, boron, ammonia, strontium, iron, zinc, barium, lithium, lead, copper, chromium, and radon-222. Results of such tests shall be held proprietary.
15. Waste Disposal - All waste, whether liquid or solid, shall be disposed of in compliance with existing County, State, and Federal rules and regulations.
16. First Aid - A member of each working crew shall be trained in basic first aid and supplied with necessary medical equipment to respond to emergencies.
17. Aircraft Clearance - Marking and lighting of drill rigs shall be maintained in a manner satisfactory to the Federal Aviation Administration.
18. Glare - All lights shall be directed or shielded so as to confine direct rays to the site and shall be muted to the maximum extent consistent with safety and operational necessity.
19. Traffic Safety - When the drill rig and other heavy equipment are being brought to and taken from the site, temporary signs warning motorists, and flagmen, as necessary, shall be used.
20. Seismic Zone - No structures for human habitation shall be built, maintained, or occupied within any special Seismic Study Zone unless a geologic report satisfactory to the State Geologist is prepared.
21. Archaeology - An archaeological survey of each site shall be conducted prior to any activities under this permit. If any unusual specimens of bone, stone or ceramic are discovered during construction, work shall cease and a qualified archaeologist shall be contacted for consultation.
22. Pipelines and Corridors - All pipelines leading to and from wells shall follow corridors agreed to by CDF&G. All such pipelines shall be clearly marked so that their location is visible at all points along their route. Such workings shall be provided in a manner not to interfere with surface uses of land by CDF&G and/or the public. All pipes will be covered with material which will prevent damage or rupture resulting from the discharge of any legal firearm permitted on the site. All pipelines will have marked equipment crossings at designated locations as may be required by CDF&G. All pipeline corridors will be planted and maintained into wildlife habitat as may be required by CDF&G. All well sites and pipeline corridors will be incorporated with, or installed adjacent to, existing drains, levees or roadways as agreed to by CDF&G.
23. Bird Season - Drilling or well development will be permitted only between March 1 and August 31 of any year.

24. Non-Interference - Operator shall conduct all of its activities at all times in such a manner as to minimize interference with the purpose, function, and use of the Wister or the Imperial Waterfowl Management Area by the CDF&G. Operator shall discharge no wastes detrimental to fish, plant life, or bird life where such waste may enter water on the Imperial Waterfowl Management Area or the Salton Sea. Unless specifically permitted by the CDF&G, drilling operations may not be conducted that will encroach on areas ponded by the CDF&G.
25. Biological Studies - Operator shall conduct biological studies in consultation with and as may be required by CDF&G.
26. Responsible Agent - All development operations shall be conducted under the direction of a responsible engineer or agent whose name shall be provided to the Planning and Public Works Department. The operator shall insure that a maintenance crew is immediately available to insure compliance with the conditions and standards required. Further, the operator shall notify the CDF&G Regional Manager prior to any operations under this permit.
27. Right of Entry - The County reserves the right to enter the premises under the control of the operator to make appropriate inspections to determine if the conditions of this permit are being fulfilled.
28. Fees - The County may establish reasonable fees in accordance with law designed to reimburse County for actual costs in inspecting, supervising and monitoring project operations.
29. Clean Up and Restoration - Within one year after construction or operational activity at the project site ceases or upon completion of distinct phases, each well site shall be returned as closely as possible to its natural condition. Wells shall be capped or abandoned in accordance with regulations of the State Division of Oil and Gas. All waste and equipment shall be removed and properly disposed of and the land returned to its natural condition. The cleanup procedure shall be in compliance with the requirements of the Regional Water Quality Control Board. Well cellars shall be fenced to prevent unauthorized entry and wildlife entrapment and in no event shall residual well sites exceed one acre without approval of CDF&G. Clean up and restoration shall be conducted in consultation with CDF&G and shall be performed to their satisfaction.
30. Bonds - Each operator under this permit shall file and furnish with County an indemnity bond in the sum of \$50,000 for each well drilled or abandoned well reentered or a blanket bond in the sum of \$150,000 for any number (up to six) of wells drilled or reentered. The bond will indemnify the County for any costs incurred by the County in repairing any drill or test site, to as near as possible to its original state and in abating any public nuisance caused by the principal's exploratory or testing operations.

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31. Insurance - Before commencing or continuing any Geothermal operations, the owner or operator shall show continuing evidence of insurance from the activities or operations incidental hereto conducted or carried on under, or by virtue of any law or ordinance. Such insurance shall be kept in full force and effect during the period of such operations.
32. Subsidence Monitoring Permittee shall participate in the County's subsidence detection program and, in connection therewith, submit a plan for Public Works Department approval, showing proposed locations of benchmark monuments. Monuments shall connect with the County's geothermal subsidence detection network. Benchmarks installed shall conform to County standards. Surveying shall be performed to National Geodetic Survey standards and all field surveying procedures shall conform with such standards. Permittee shall consult with CDF&G prior to any field work or installation. All field surveying data (such as forms and instrument checks), along with an adjustment of said data and analysis, all in conformity with the National Geodetic Survey standards, shall be submitted for review and approval to the Department of Public Works within two months completion of field work. During any calendar year that a well is flowed, this survey shall be repeated.
33. Future Permits Not Inferred - The granting of this permit to drill exploratory geothermal wells shall not be construed to commit the Planning Commission or the Board of Supervisors to approve any future geothermal production project.
34. Conditions Run with Land - The terms and conditions of this permit shall "run with the land" and bind any successor or assignee of this permit.
35. Non-Compliance - Should permittee violate any condition herein, County shall give notice of the violation. If permittee does not provide a plan to cure the violation, given reasonable notice and opportunity, the County may commence proceedings to revoke the permit.
36. Expiration - This permit shall expire and become null and void if substantial activity in pursuit of the purpose of this permit has not commenced within 18 months after being granted or if not pursued diligently thereafter. Subsequent lack of activity at any well site for a 12 month period shall be deemed failure to diligently pursue.
37. Severability - Should any condition of this permit be determined by a Court, or other agency with proper jurisdiction, to be invalid for any reason, such determination shall not invalidate remaining provisions of the permit.

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38. Acceptance - Acceptance of this permit shall be deemed to constitute agreement by permittee with terms and conditions contained herein.

39. This permit shall not become effective until the prospecting permit and/or lease between the State Lands Commission and the applicant has been granted.

IN SUPPORT THEREOF, based upon the contents of the application, environmental documentation and oral and written testimony presented during the public hearing the Planning Commission finds:

1. The project is desirable for the public welfare in that it may result in a determination of whether the development of geothermal resources at this location is feasible.
2. The project lies within an area determined to be suitable for geothermal development and which is so designated in the General Plan. Further, the project is consistent with the policy contained in the Geothermal, Open Space, Conservation and Ultimate Land Use Elements of the General Plan to encourage exploration and development projects.
3. The project is temporary in nature, with drilling operations expected to last no more than six weeks per well. Upon completion of the project, the developer is being required to return the project site as closely as possible to its natural condition; therefore, no adverse environmental impacts are anticipated from the project.

APPROVED BY THE
IMPERIAL COUNTY PLANNING COMMISSION
MAY 25, 1983

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