

MINUTE ITEM

This Calendar Item No. 33  
was approved as Minute Item  
No. 31 by the State Lands  
Commission by a vote of 3  
to 0 at its 9/25/84  
meeting.

CALENDAR ITEM

A 2  
S 4

33

09/25/84  
PRC 5819  
PRC 5862  
PRC 5903  
PRC 5999  
PRC 6114  
Small

DEFERMENT OF DRILLING OBLIGATIONS, GEOTHERMAL LEASES

APPLICANT: GRI Exploration, Inc.  
545 Middlefield Road, Suite 200  
Menlo Park, California 94025

BACKGROUND: Pursuant to Commission action in October 1983,  
the drilling obligation on geothermal lease  
PRC 5819 was extended from October 31, 1983, to  
July 15, 1984. On July 12, 1984, the drilling  
obligation on PRC 5819 was extended to October  
15, 1984. Also, pursuant to Commission action  
in November 1983, three State leases, PRC's  
5862, 5903, and 5999 were pooled and the  
drilling obligation extended to October 15,  
1984. The drilling obligation on PRC 6114 is  
also scheduled for April 20, 1985.

Construction activities are generally  
prohibited in the Geysers (by the counties),  
from November 1, through April 30, because of  
problems caused by rainfall.

The Lessee and Commission staff are continuing  
to evaluate the lease terms for all geothermal  
leases held by GRI Exploration and GRI  
Development. The goal of this evaluation is to  
determine what changes, if any, that may have  
to be made in lease obligations to obtain the  
timely development of these leases. Some  
tentative proposals include the pooling of  
State leases to eliminate artificial lease  
boundaries. The staff is also evaluating the  
economics of exploration and development in the  
Geysers to determine the viability of  
development under current lease terms by the  
current lessees.

GRI and Commission staff hope to have proposals for lease amendments on the Commission's December agenda. Pending these proposals GRI Exploration Inc., and GRI Development Corporation, request an extension of the drilling obligations on PRC 5819 and 6114 to June 30, 1985, and to June 30, 1985 for the pooled area composed of PRC's 5862, 5903, and 5999.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: PRC 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY PRC 21065 AND 14 CAL. ADM. CODE 15378.
2. EXTEND THE INITIAL DRILLING OBLIGATION ON PRC'S 5819 AND 6114 TO JUNE 30, 1985, AND EXTEND THE INITIAL DRILLING OBLIGATION ON THE POOLED AREA COMPOSED OF PRC'S 5862, 5903, AND 5999 TO JUNE 30, 1985.

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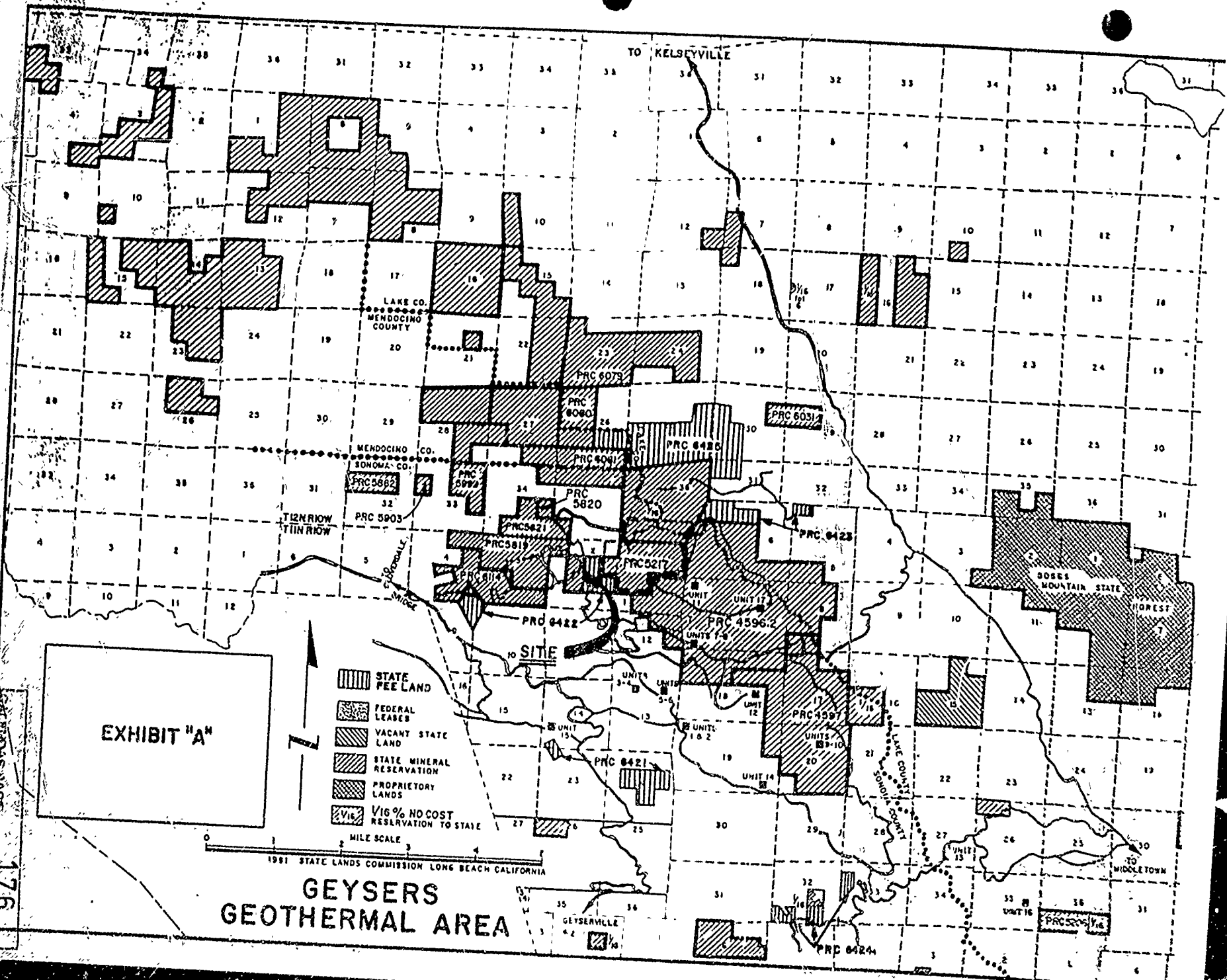


EXHIBIT "A"

1981 STATE LANDS COMMISSION LONG BEACH CALIFORNIA

MILE SCALE

- STATE FEE LAND
- FEDERAL LEASES
- VACANT STATE LAND
- STATE MINERAL RESERVATION
- PROPRIETARY LANDS
- 1/6% NO COST RESERVATION TO STATE

# GEYSERS GEOTHERMAL AREA