

MINUTE ITEM

This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 2
to 0 at its 11/29/84
meeting.

CALENDAR ITEM

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11/29/84
PRC 6079.2
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STATE GEOTHERMAL RESOURCES LEASE PRC 6079.2

APPLICANT: Union Oil Company of California
P.O. Box 6854
Santa Rosa, California 95406

AREA, TYPE LAND, LOCATION:
800 acres of reserved mineral lands in The
Geysers, Lake County, California.

AB 884: N/A.

PERTINENT INFORMATION:

State Geothermal Resources Lease PRC 6079.2 was issued to the surface owners, Herman, Ruby and Richard Glebe, on November 25, 1981, subsequent to the surface owners' exercise of their right to match the highest qualified bidder on the parcel at 70 percent of net profits. The surface owners requested assignment of a one-half interest each to Union Oil Company and Thermal Power Company. Union and Thermal entered into an agreement for operation of the field by Union.

The terms of the lease provide that the lessee must drill a geothermal well within three years of the effective date of the lease or the lease may be cancelled. The three year term of the Union Lease, PRC 6079 expires this month.

Union Oil Company of California had indicated its intention to drill well Glebe 1 to meet the drilling requirement for this lease and has built a pad from which to drill the Glebe 1 well.

CALENDAR ITEM NO. 33 (CONT'D)

Union recently completed drilling operations on Binkley Federal 24-25 (on land recently acquired by the State), approximately 3/4 mile south of the proposed Glebe 1 site and is currently drilling well Kelsey Creek Federal 82-15 on land to be acquired by the State approximately 1 1/2 miles north of the Glebe No. 1 site. The results of the Binkley Federal 24-25 well gave indications the resource may be deep and marginally productive.

The Glebe well was to be drilled after completion of the Federal 24-25 and 82-15 drilling; however, the very slow progress of the Federal 82-15 has delayed the overall drilling schedule. Also, Union wants to run tests on the two wells which will help their decision in drilling the Glebe well.

Because of the unexpected delays in the drilling of the Kelsey Creek 82-15 well and the dependence upon the data gathered from wells 24-25 and F2-15, Union is requesting a six-month extension of the drilling term.

A site-specific EIR (SCH 83112911) was prepared by the California Division of Oil and Gas covering geothermal development of the Glebe 1 well.

Since the access road and drill pad for the "Glebe" 1 well have been constructed and Union has indicated its intention to drill the well upon the completion of the Binkley 82-15 well which is causing delays, staff recommends the extension of the drilling term be for 30 days following completion of drilling and testing operations at the Federal Well 82-15 but not to exceed 90 days from November 29, 1984.

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.

CALENDAR ITEM NO. 77 (CONT'D)

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

EXHIBIT: A. Location 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. GRANT TO UNION OIL COMPANY OF CALIFORNIA AN EXTENSION OF THE THREE YEAR DRILLING REQUIREMENT UNDER STATE GEOTHERMAL LEASE PRC 6079.2 FOR A PERIOD OF 30 DAYS FROM COMPLETION OF DRILLING AND TESTING OPERATIONS AT THE FEDERAL 82-15 WELL, BUT NOT TO EXCEED 90 DAYS FROM NOVEMBER 29, 1984. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

