

MINUTE ITEM

This Calendar Item No. 27  
was approved as Minute Item  
No. 27 by the State Lands  
Commission by a vote of 2  
to 1 at its 5/23/85  
meeting.

CALENDAR ITEM

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27

05/23/85  
PRC 6079  
Hoagland

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ACCEPTANCE OF A QUITCLAIM DEED  
FOR A GEOTHERMAL LEASE

APPLICANT: Union Oil Company of California  
Union Oil Center, Box 7600  
Los Angeles, California 90051

AREA, TYPE LAND, LOCATION:  
Approximately 800 acres of reserved mineral  
land in The Geysers Geothermal Steamfield, Lake  
County.

AD 884: N/A.

PERTINENT INFORMATION:

State Geothermal Resources Lease PRC 6079 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  
lease 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  
PRC 6079 expired November 1984.

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

CALENDAR ITEM NO. 27 (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 also drilled well Kelsey Creek Federal 82-15 on land acquired this year 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 delayed the overall drilling schedule. Also, Union wanted to run tests on the two wells to 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 82-15, Union requested a six-month extension of the drilling term, but the Commission granted an extension of 30 days from the completion of testing of Federal Well 82-15 but not to exceed 90 days from November 29, 1984.

The term of the extension has run out and because of the disappointing results from the two wells drilled near the state land, Union has serious reservations about the existence of commercial geothermal resources beneath the state lease and on March 28, 1985, filed a quitclaim of PRC 6079.

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

Authority: P.R.C. 21065 and 24 Cal. Adm. Code 15379.

CALENDAR ITEM NO. 27 (CONT'D)

AB 884:

N/A.

EXHIBITS:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS 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 P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE ACCEPTANCE OF THE QUITCLAIM DEED FILED ON MARCH 28, 1985 FOR STATE GEOTHERMAL LEASE PRC 6079.

RECEIVED  
JAN 10 1986  
STATE OF CALIFORNIA  
DEPARTMENT OF WATER

CHARGE	108
MINUTE	1644

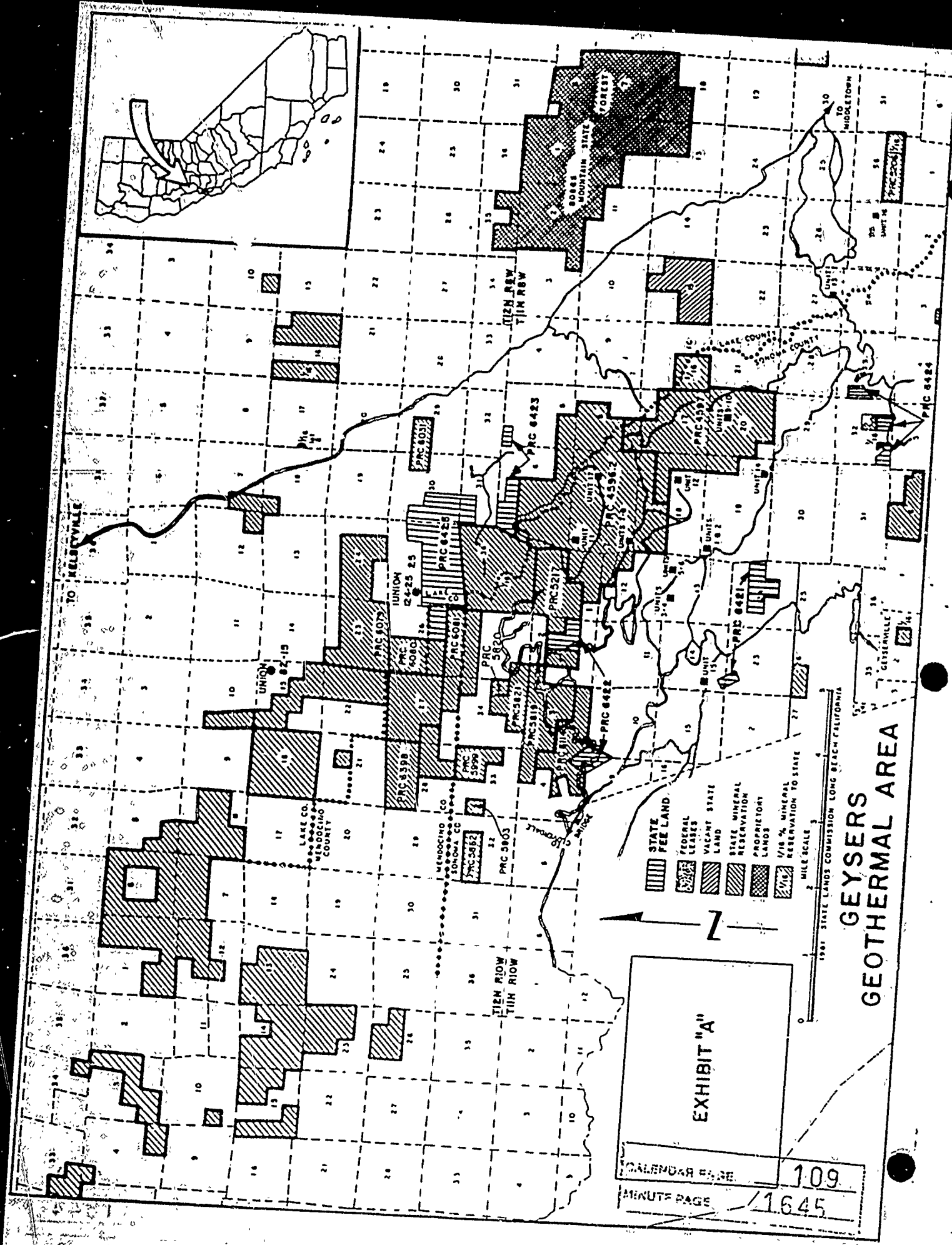


EXHIBIT "A"

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# GEYSERS GEOTHERMAL AREA