

MINUTE ITEM
This Calendar Item No. C48
was approved as Minute Item
No. C48 by the State Lands
Commission by a vote of 3
to 0 at its 9-22-90
meeting.

CALENDAR ITEM

A 80

S 37

C 4 8

08/22/90
PRC 6837.2
Tanner

EXTENSION OF STATE GEOTHERMAL RESOURCES
LEASE PRC 6837.2
TRUCKHAVEN AREA, IMPERIAL COUNTY

APPLICANT: Freeport-McMoran Resources Partners, L.P.
Attention: G. A. Vaughn,
Land Manager
P.O. Box 11279
Santa Rosa, California 95406-1279

AREA, TYPE OF LAND AND LOCATION:
State Geothermal Resources Lease PRC 6837.2
consists of approximately 3,082.00 acres of
school land on the west side of the Salton Sea
in Imperial County.

BACKGROUND:

Geothermal Resources Lease PRC 6837.2 was issued to Union Oil Company on June 1, 1985. This lease was issued as a negotiated Geothermal Resources Lease and was not competitively bid. A potentially commercial well was drilled in 1982, by Phillips Petroleum Company, Unocal's partner, on land west of the State lease. On the basis of the well data and other geological and geophysical information from the area, it appears that the high temperature anomaly extends beneath the northern portion of the State lease. The same geological interpretation disclosed that this anomaly does not appear to extend beneath the southern most portion of the State lease. Therefore, on July 24, 1986, Union quitclaimed back to the State approximately 600 acres of the original 3,681.26 acres in this lease.

On March 23, 1989, Unocal assigned an undivided 50 percent interest in this lease to Freeport-McMoran Resource Partners, L.P. and another undivided 25 percent interest in this lease to Santa Fe Pacific Realty Corporation.

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Freeport-McMoran as operator of the lease is requesting a five-year extension of the lease. The reason for the extension request is that Freeport McMoran is actively pursuing drilling permits and preparing an EIR/EIS for proposed wells on its federal geothermal lease which offsets State acreage. In consideration for the granting by the State of a five-year lease extension, Freeport will drill, prior to June 1, 1992, a well on or offsetting the State parcel. If the well is not drilled, then the lease will expire on June 1, 1992, the expiration of the proposed lease-extension drilling term.

STAFF RECOMMENDATIONS:

By granting Freeport-McMoran a five-year lease extension, the State would be encouraging Freeport to drill an exploratory well on or adjacent to the State's lease. As a result, this could lead to development of the Geothermal Resource Lease. It is therefore recommended that the Commission grant Freeport's request for a five-year lease extension.

STATUTORY REFERENCES:

1. Cal. Code Regs.: Section 2201.
2. P.R.C. 6918.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. On May 23, 1985, the Commission, pursuant to the provisions of the CEQA, considered and adopted a proposed Negative Declaration (ND 377, State Clearinghouse #84102402), for the issuance of this lease. The Commission found that based on the Initial Study, the proposed Negative Declaration, the comments received and the proposed mitigation measures (see Exhibit "B"), the project would avoid potentially significant effect.
2. The project, as amended, for which the lease was initially based, has not significantly changed and there is no new evidence of potential environmental effects for extension of the lease. The County of Imperial concurs in this finding.

(Authority: P.R.C. 21080(c) and 14 Cal. Code Regs. 15070).

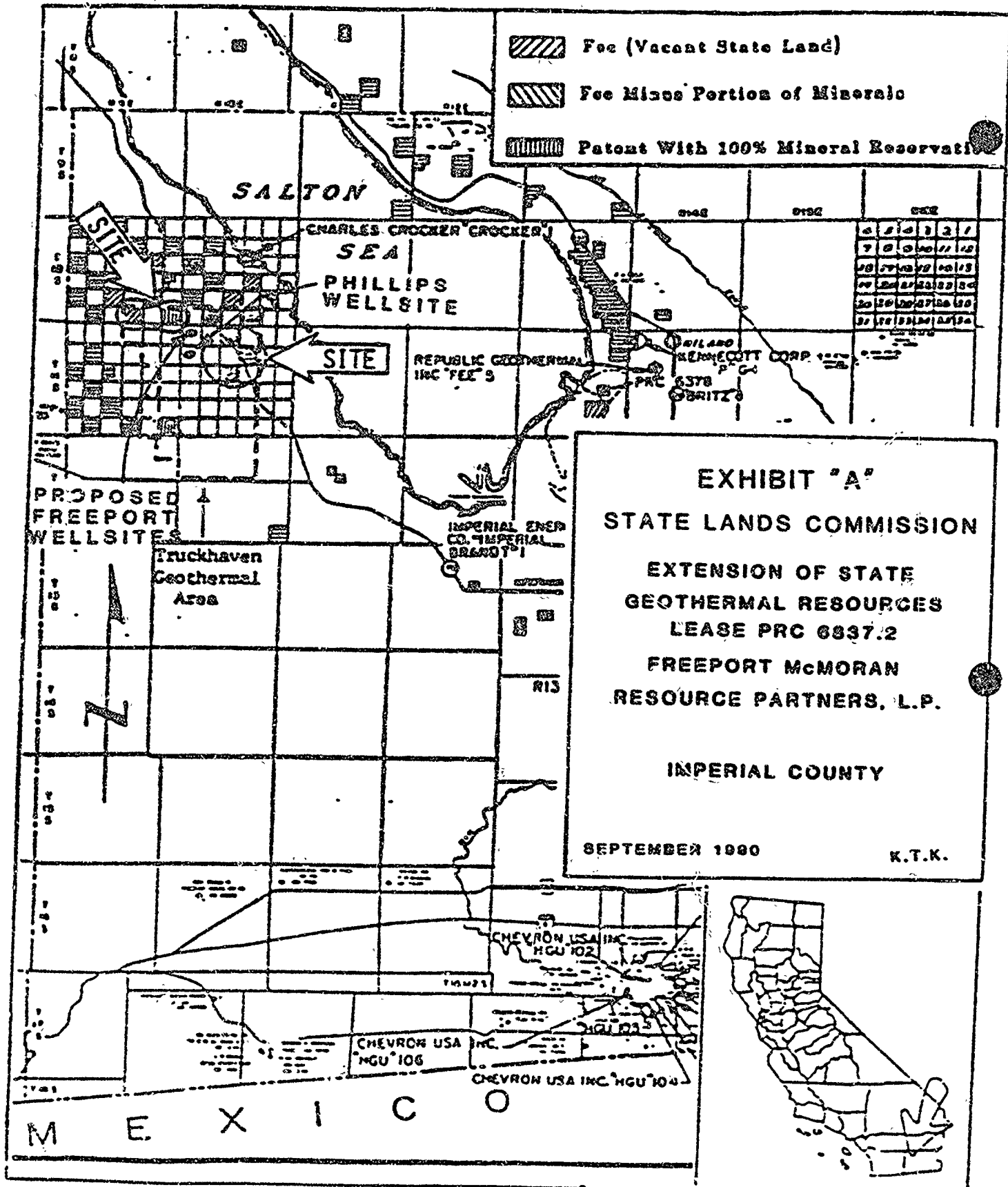
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EXHIBITS:

- A. Location Map.
- B. Mitigation Measures.

IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT A NEGATIVE DECLARATION, EIR NO 377, STATE CLEARINGHOUSE NO. 84102402, WAS PREPARED FOR THIS PROJECT, AS AMENDED, PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. DETERMINE THAT THERE IS NO SUBSTANTIAL EVIDENCE THAT THE PROJECT, AS AMENDED, AND APPROVED, WILL HAVE SIGNIFIGANT EFFECT ON THE ENVIRONMENT.
3. APPROVE A FIVE-YEAR EXTENSION OF THE TERM OF STATE GEOTHERMAL RESOURCES LEASE PRC 6837.2 TO FREEPORT-MCMORAN RESOURCE PARTNERS, LIMITED PARTNERSHIP TO JUNE 1, 1995.



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EXHIBIT "B"

PRC 6837.2

MITIGATION MEASURES

1. Prior to any exploratory work, Lessee must supply to the State Lands Commission a site-specific plan designating the proposed drillsites and access roads.
2. A site-specific biological survey must be conducted by Commission staff in consultation with staff of the Department of Fish and Game to determine if any wildlife habitat or any unique, rare or endangered species of animals or plants exist at or in the near vicinity of the proposed drillsite and access routes. Lessee shall assist in site-specific surveys by staking out the proposed drillsites and access routes and by providing a responsible representative to walk over the specific plan area with State staff members.

If any unique, rare or endangered species of animals or plants are determined to exist at or in the immediate vicinity of any proposed drillsite or access routes shall be deleted from the specific plan and no activities will be conducted in identified areas.

3. All drilling waste will be removed and trucked to an approved disposal site. No material will be dried on site. Wastes will be stored in places designated able to withstand earthquakes, flood or other natural disasters. Storage facilities should be of impervious materials and their construction should be under the supervision of a registered civil engineer.
4. All water sources and drainage washes shall be avoided. Sides of washes shall be left intact and no vegetation removed. If any washes are inadvertently disturbed, corrective action approved by Commission staff shall be promptly undertaken.
5. Lessee shall conduct a site-specific survey at proposed drillsites and access routes prior to any disturbance of the soil by construction or drilling to determine if any archaeological or paleontological resources exist. Lessee shall contact the staff of the State Lands Commission and a representative of the Native American Heritage Commission if any Native American remains or artifacts, or objects of paleontological significance are uncovered during the project.

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