

31  
C.31  
5/5/92

CALENDAR ITEM

A 80  
S 37

C 3 1

05/05/92  
PRC 6837  
Kruger

APPROVE AN ASSIGNMENT OF INTERESTS IN  
STATE GEOTHERMAL LEASE PRC 6837,  
IMPERIAL COUNTY

**ASSIGNOR:**

Catellus Development Corporation  
Attn: Mr. Vernon Schwartz, President  
1065 N. Pacific Center Drive, Suite 200  
Anaheim, California 92806

**ASSIGNEE:**

Magma Power Company  
Attn.: Lou Rambeau Hammond,  
Senior Landman  
11770 Bernardo Plaza Court, Suite 366  
San Diego, California 92128

**AREA, TYPE LAND AND LOCATION:**

State geothermal resources lease PRC 6837 consists of approximately 3,082 acres of vacant and patented school lands west of the Salton Sea, in an area about five miles south of Salton City, California, in northwest Imperial County.

**PREREQUISITES:**

1. Assignment forms in triplicate have been executed by both the Assignor and the Assignee.
2. Assignee is qualified to hold a State lease.
3. Processing and filing fees of \$825 have been submitted.

**BACKGROUND:**

State geothermal resources lease PRC 6837 was issued to Union Oil Company of California (Unocal) in June 1985 for a five-year term. The original lease consisted of approximately 3,682 acres of school lands. In June 1986, Unocal quitclaimed 600 acres, leaving 3,082 acres under lease.

212  
1992

CALENDAR ITEM NO. C 3 1 (CONT'D)

In March 1989, the Commission approved assignment of an undivided 50 percent interest in the lease from Unocal to Freeport-McMoran Resources Partners, L.P. of Santa Rosa, California and another undivided 25 percent interest in the lease to Santa Fe Pacific Realty Corporation of San Francisco, California (land and mineral holding company for the Santa Fe Railroad). At that time, Freeport-McMoran became the lease operator.

In May 1990, Freeport-McMoran requested a five-year lease extension. The Commission approved this request in August 1990. The new expiration date of the lease is June 1995. In consideration of the lease extension, Freeport-McMoran agreed that if a well is not drilled on or offsetting (within 1,000 feet) the leased land by June 1, 1992, the lease will terminate automatically without further notification from the State. All other terms and conditions of the lease remained unchanged and in full force and effect.

In May 1990, the Santa Fe Pacific Realty Corporation changed its name to Catellus Development Corporation.

In December 1991, Magma Power Company of San Diego, California, (Magma Power), requested the Commission approve assignment of 100 percent of right, title, and interest under this lease from Freeport-McMoran to Magma Power. The assignment was approved in February 1992. Ownership of this lease as shown in records of State Lands Commission is currently: Unocal 25 percent, Catellus 25 percent, and Magma Power 50 percent. Magma Power is the lease operator.

In February 1992, Magma Power requested an amendment of the lease to extend the date of the drilling obligation. The Commission approved a deferment of drilling obligation at its meeting on March 2, 1992. The drilling obligation is now deferred until June 1, 1993.

On March 9, 1992, Magma Power requested that the Commission approve assignment of 100 percent of right, title, and interest under this lease from Catellus Development Corporation to Magma Power. If this assignment is approved, ownership of this lease as shown in records of the Commission will be: Unocal 25 percent and Magma Power 75 percent.

AB 884:  
N/A.

CALENDAR ITEM NO. C 3 1 (CONT'D)

**OTHER PERTINENT INFORMATION:**

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

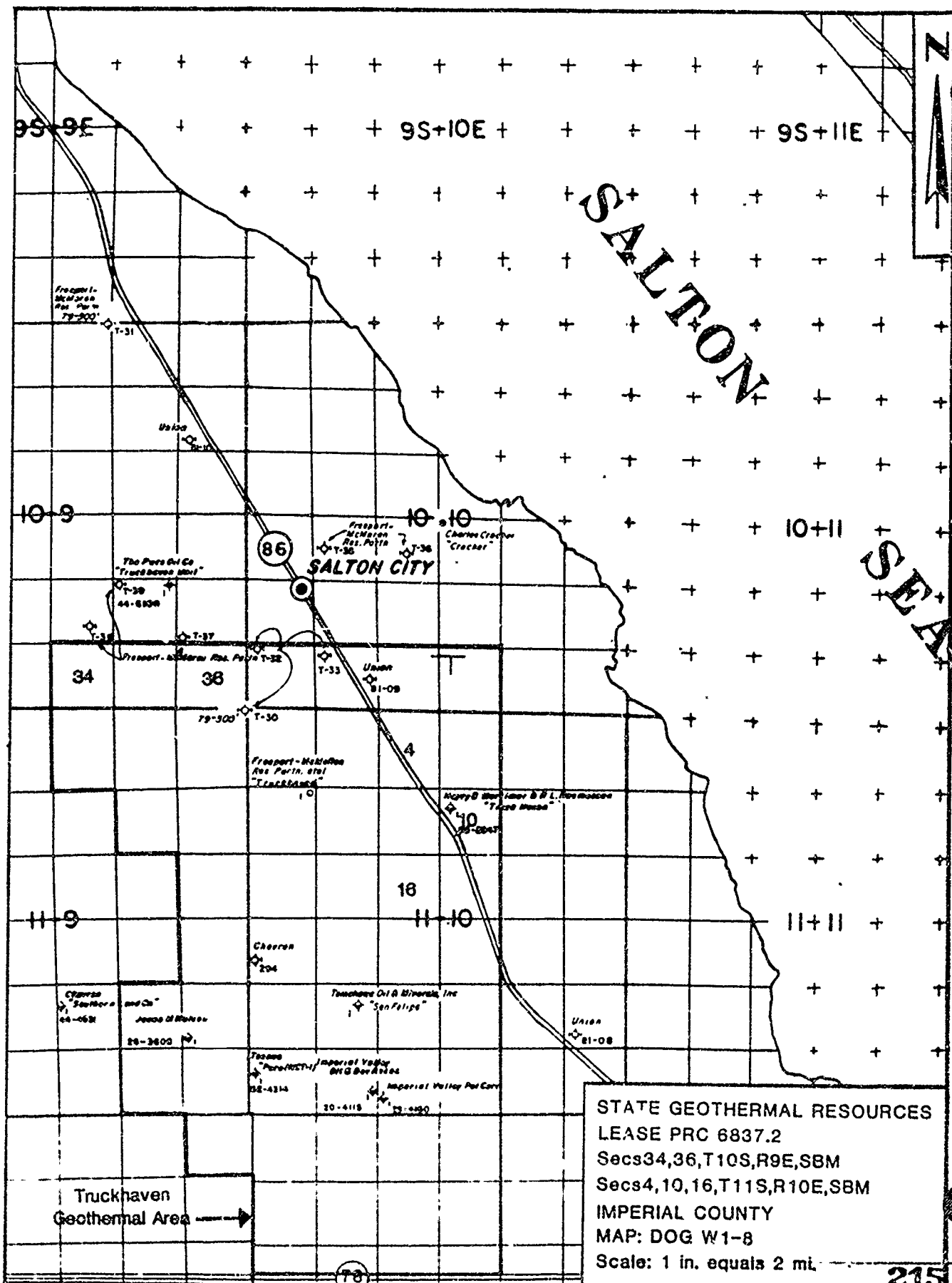
Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

**EXHIBIT:**

- A. Location Map

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE ASSIGNMENT OF 100 PERCENT OF CATELLUS DEVELOPMENT CORPORATION'S INTEREST IN STATE GEOTHERMAL RESOURCES LEASE PRC 6837.2 IN IMPERIAL COUNTY TO MAGMA POWER COMPANY. ASSIGNEE WILL BE BOUND BY ALL TERMS AND CONDITIONS OF THE LEASE, ANY CONDITIONS IN THE ASSIGNMENT DOCUMENTS NOTWITHSTANDING.



STATE GEOTHERMAL RESOURCES  
 LEASE PRC 6837.2  
 Secs 34, 36, T10S, R9E, SBM  
 Secs 4, 10, 16, T11S, R10E, SBM  
 IMPERIAL COUNTY  
 MAP: DOG W1-8  
 Scale: 1 in. equals 2 mi.

Truckhaven  
 Geothermal Area →