

MINUTE ITEM

This Calendar Item No. C68
was approved as Minute Item
No. 68 by the State Lands
Commission by a vote of 3
to 0 at its 3-8-94
meeting.

A 80

S 37

CALENDAR ITEM

C68

03/08/94
PRC 6378
PRC 6552
Kruger

**APPROVE AN ASSIGNMENT OF 100 PERCENT INTEREST
IN STATE GEOTHERMAL RESOURCES LEASES
PRC 6378 AND PRC 6552,
IMPERIAL COUNTY**

ASSIGNOR:

Freeport-McMoRan Resources Partners,
Limited Partnership
1615 Poydras Street
New Orleans, Louisiana 70112

ASSIGNEE:

Magma Power Company
4365 Executive Drive, Suite 900
San Diego, California 92121

AREA, TYPE LAND AND LOCATION:

PRC 6378 - Approximately 40 acres of State lands located in the SE 1/4 of the SE 1/4 of Section 14, T11S, R13E, SBM; and situated on the southeast shore of the Salton Sea, approximately five miles southwest of Niland, California.

PRC 6552 - Approximately 2,735 acres of State lands located in portions of Sections 23, 25, 26 and 36 in T10S, R13E, SBM and in portions of Sections 1 and 12 in T11S, R13E, SBM and in portions of Section 6, T11S, R14E, SBM; and situated along the southeast shore of the Salton Sea.

PREREQUISITES, CONDITIONS, FEES AND EXPENSES:

1. Assignment forms have been executed, in triplicate, by both the Assignor and Assignee.
2. Assignee is qualified to hold a State lease.
3. Statutory filing fees of \$1,650 have been submitted to the Commission.

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CALENDAR ITEM NO. C68 (CONT'D)

BACKGROUND:

PRC 6378 was initially issued by the Commission as a geothermal prospecting permit to Bear Creek Mining Company, a division of the Kennecott Corporation (Kennecott), in 1983. The Commission approved an extension of the permit for two years in 1985 that allowed for drilling a geothermal test well, State 2-14, which indicated the presence of commercial geothermal resources. Based on test results of this well, the Commission issued a geothermal resources lease to Kennecott in 1987.

PRC 6552 was initially issued by the Commission as a geothermal prospecting permit to Bear Creek Mining Company, a division of the Kennecott Corporation (Kennecott), in 1984. The Commission subsequently approved a two-year extension of the permit through 1988 that allowed for drilling a geothermal test well, Wilson State 6552-1, which indicated the presence of commercial geothermal resources. Based on test results of this well, the Commission issued a geothermal resources lease to Kennecott in early 1989.

In 1989, the Commission approved an assignment of 100 percent of the right, title, and interest under the leases from Kennecott to Freeport-McMoRan Resources Partners (Freeport). During November 1993, Magma Power Company (Magma) of San Diego, California, requested that the Commission approve the assignment of 100 percent of the right, title, and interest under the leases from Freeport to Magma. All other terms and conditions of the leases remain in full force and effect.

AB 884:
N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. 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.

CALENDAR ITEM NO. C68 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS 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 FREEPORT-MCMORAN'S INTEREST IN STATE GEOTHERMAL RESOURCES LEASES PRC 6378 AND PRC 6552, IN IMPERIAL COUNTY, TO MAGMA POWER COMPANY. THE ASSIGNEE WILL BE BOUND BY ALL TERMS AND CONDITIONS OF THE LEASES, ANY CONDITIONS IN THE ASSIGNMENT DOCUMENTS NOTWITHSTANDING.

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