

**CALENDAR ITEM
C91**

A 56
S 40

02/20/15
PRC 9116.0
V. Perez

**CONSIDER ACCEPTANCE OF A PARTIAL QUITCLAIM DEED
OF A STATE GEOTHERMAL RESOURCES LEASE FOR
NON-SURFACE OCCUPANCY OF STATE PROPRIETARY LAND
WITHIN THE WISTER WATERFOWL MANAGEMENT AREA,
SALTON SEA GEOTHERMAL FIELD,
IMPERIAL COUNTY**

LESSEE:

Imperial Wells Power, LLC
Attn.: Mr. Vince Signorotti
12250 El Camino Real, Suite 280
San Diego, CA 92130

AREA, LAND TYPE, AND LOCATION:

State Geothermal Lease No. PRC 9116.0 contains approximately 1,571 acres of State proprietary lands within the Wister Waterfowl Management Area managed by the California Department of Fish and Wildlife, Imperial County, California (Exhibit A and Exhibit B, attached hereto).

BACKGROUND:

A non-surface occupancy State Geothermal Resources Lease No. PRC 9116.0 (Lease) was issued to Imperial Wells Power, LLC (Lessee) on March 1, 2014, and contains approximately 1,571 acres of State proprietary lands within the Wister Wildlife Management Area managed by the California Department of Fish and Wildlife in Imperial County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25 per acre (\$39,275 for 1,571 acres) and commence drilling operations on the leased lands within two years. At this time, no wells have been drilled into the leased lands.

Public Resources Code section 6804.1 and Lease Paragraph 37 permit the Lessee to make at any time a written quitclaim of all rights under the lease, or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof, in a compact form. The quitclaim will be effective when it is filed with the State subject to the continued obligation of the Lessee and its surety to pay all accrued rentals and royalties, and to abandon all wells drilled on the leased lands.

CALENDAR ITEM NO. **C91** (CONT'D)

Imperial Wells Power, LLC, filed a partial Quitclaim deed on January 15, 2015, dated January 9, 2015, for approximately 246 acres of the original 1,571 acres within the following two areas:

- The east half of the northeast quarter, section 1, Township 11 South, Range 13 East, SBM, Imperial County.
- The northwest quarter of section 6, Township 11 South, Range 14 East, SBM, Imperial County.

Lessee is quitclaiming a portion of the lease due to economic challenges and low energy prices. One of Lessee's power purchase agreements terminated and resulted in lenders discontinuing funding of their geothermal projects.

This document quitclaims all of the Lessee's right, title, and interest in the partial leased lands described in Exhibit A (attached hereto) of State Geothermal Resources Lease No. PRC 9116.0 dated March 1, 2014. Accordingly, following acceptance of the quitclaim, the Lease will contain approximately 1,325 acres.

A review of the Commission's files reveals that no default exists on the Lease, that the Lessee has complied with all applicable laws and Lease provisions and has paid all rentals that were due (no royalty is due as the leased lands were not developed).

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1
- B. PRC 9116.0, Lease Paragraph 37.

OTHER PERTINENT INFORMATION:

The staff recommends that the Commission find that the acceptance of a partial Quitclaim Deed does not have a potential for resulting in either a direct, or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBITS:

- A. Land Description
- B. Location Map

CALENDAR ITEM NO. **C91** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the acceptance of the partial Quitclaim Deed is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

1. Accept from Imperial Wells Power, LLC the partial Quitclaim Deed for Geothermal Lease dated January 9, 2015, effective January 15, 2015, the date of filing, wherein the lessee quitclaims back to the State all right, title, and interest in the partial leased lands described in Exhibit A, attached hereto, of State Geothermal Resources Lease No. PRC 9116.0 dated March 1, 2014.
2. Release Imperial Wells Power, LLC from all obligations under the quitclaimed portion of State Geothermal Lease No. PRC 9116.0 accruing after January 15, 2015, with exception to those continuing obligations, if any, identified in Paragraph 37 of the Lease.
3. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

EXHIBIT A

PRC 9116.0

LAND DESCRIPTION

A parcel of land situate in Township 11 South, Range 13 East, and Township 11 South, Range 14 East, SBM., County of Imperial, State of California, and more particularly described as follows:

Parcel 1 – Department of Fish and Wildlife, Portion of Section 1, T11S, R13E, SBM., and a portion of Section 6, T11S, R14E, SBM.

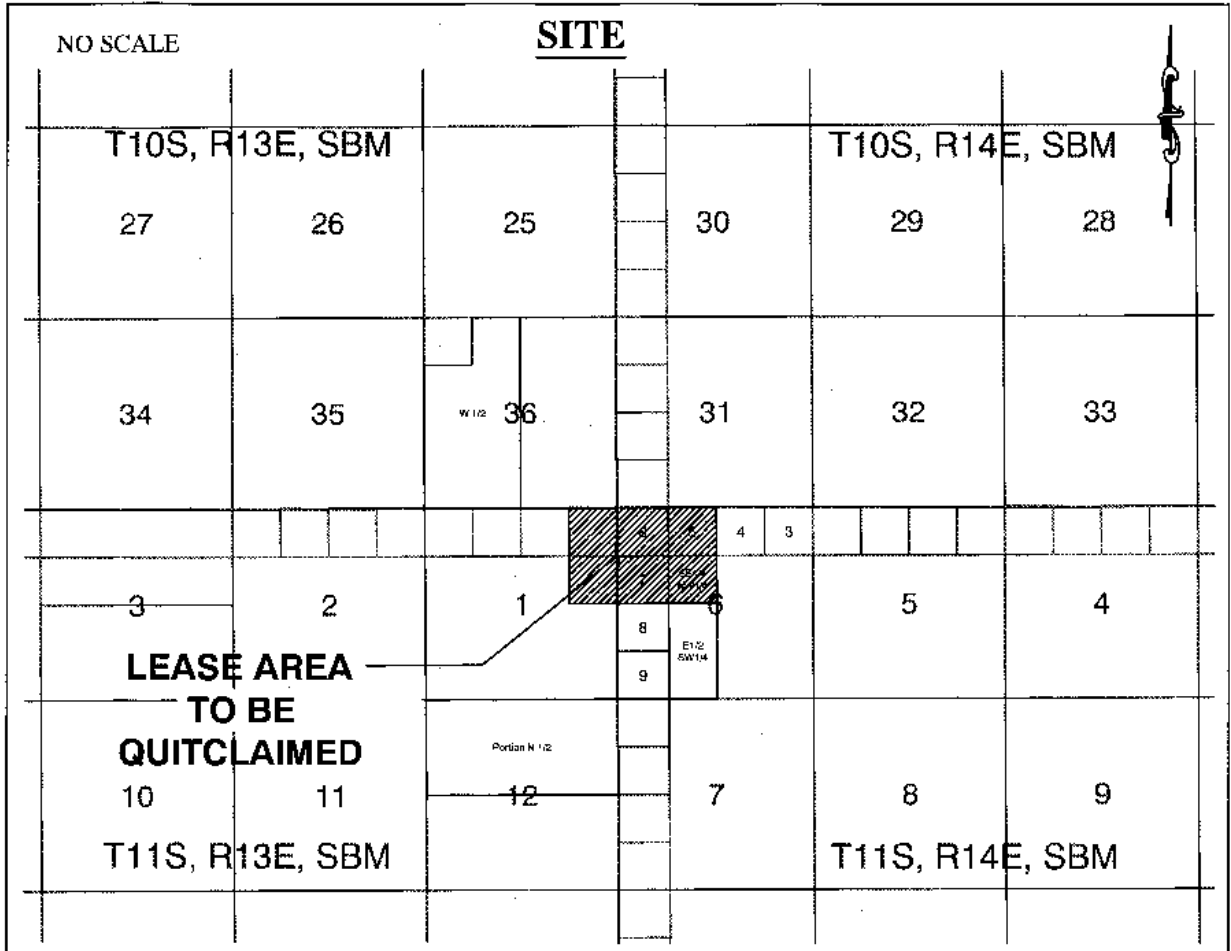
All of Parcels 25 and 26 as described in SCC No. 28118, Final Order and Decree of Condemnation as to Parcels Nos. 1, 25, 26, 27, and 28, filed July 19, 1955 in Book 915 at Page 107 Official Records of said County.

EXCEPTING THEREFROM the W ½ of the NE ¼ of Section 1 and the SE ¼ of Section 1, T11S, R13E, SBM in addition to Lots 8 and 9 of Section 6 and the E ½ of the SW ¼ of Section 6, T 11S, R13E, SBM.

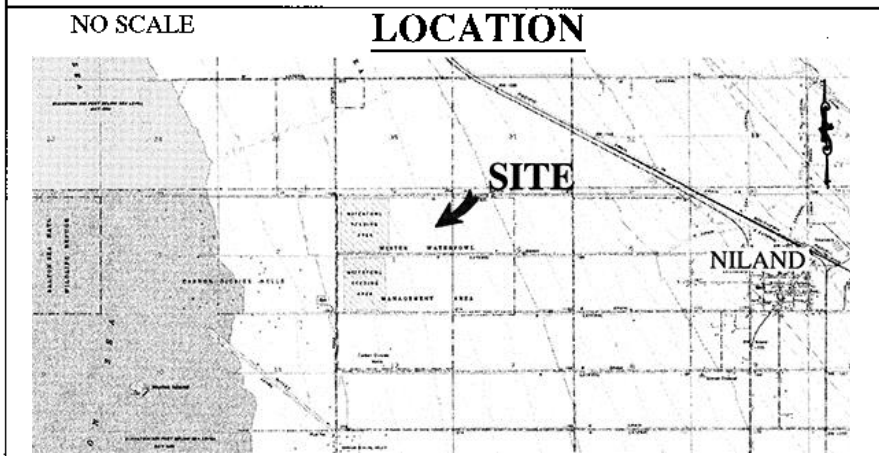
END OF DESCRIPTION

Prepared January 28, 2015 by the California State Lands Commission Boundary Unit.





WISTER WATERFOWL AREA



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit B
 PRC 9116.0
 IMPERIAL WELLS
 POWER LLC
 QUITCLAIM
 IMPERIAL COUNTY



MJF 1/29/15