

MINUTE ITEM

7. APPLICATION FOR EXTENSION OF PROSPECTING PERMITS P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, AND P.R.C. 2867.1, IMPERIAL COUNTY; R. W. CYPHER - W.O. 5128.

After consideration of Calendar Item 33 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMITS P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, AND P.R.C. 2867.1, THROUGH JUNE 3, 1965, SUBJECT TO THE CONDITIONS INCLUDED IN REVISED EXHIBIT "D" OF THE PERMIT ATTACHED AND HEREBY MADE A PART HEREOF. ALL OTHER TERMS AND CONDITIONS OF THE PERMITS ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachments

Exhibits "A" and "B" (2 pages)
Calendar Item 33 (4 pages)

EXHIBIT "A"

W.O. 5128

(Original Exhibit "D" of Permit)

Operations under this permit or any lease issued covering subject land shall be conducted in accordance with the following conditions:

1. Drilling operations shall be conducted outside the present duck-pond area.
2. The present roadways shall be avoided.
3. Drilling shall be conducted under the supervision of the area manager and at times when duck hunting is not in season.
4. Testing shall be conducted through calorimeters or closed system, and in any event, testing shall not be conducted by blowing steam into the air.
5. Any existing levee roads used by the lessee for operations under this lease shall be graveled, oiled, and kept in good state of repair at all times at the sole expense of said lessee.
6. The location of any roads to be constructed for access to well locations under this lease shall be approved in advance by the Department of Fish and Game. Such roads shall be constructed at the sole expense of the lessee of said lease.
7. Surface equipment for all wells drilled under this lease shall be located so as to be as inconspicuous as possible and with the approval of the Department of Fish and Game first had and obtained. All surface equipment necessary for well operation and handling of gas shall be painted in a manner to be approved by the Department of Fish and Game.
8. No drilling or construction activities shall be conducted on the above-described premises during the open migratory waterfowl seasons and all other activities of the lessee shall be kept to a minimum during the said seasons. Said lessee shall conduct all of its activities at all times and in such manner as will not in the judgment and opinion of the Department of Fish and Game interfere with the purpose, function and use of the Wister Waterfowl Management Area by the Department of Fish and Game.
9. Any pipe lines laid on the above-described premises in connection with this lease shall be laid below plow depth and at least 2 feet below the bottom of any irrigation or drainage ditch or slough.

EXHIBIT "B"

W.O. 5128

(Revised Exhibit "D" of Permit)

1. Lessee shall conduct all of its activities at all times and in such manner as will not, in the judgment and opinion of the Department of Fish and Game, interfere with the purpose, function, and use of the Wister Unit of the Imperial Waterfowl Management Area by the Department of Fish and Game.

Prior to any operation, all proposed activities will be cleared with and approved by the local waterfowl area manager, and approved and confirmed in writing between the lessee and the Manager, Region 5, Department of Fish and Game, 217 West First Street, Los Angeles 12, California.

2. Lessee shall discharge no wastes considered by the Department of Fish and Game to be detrimental to fish, plant life, or bird life, where such waste may enter waters on the Imperial Waterfowl Management Area, the Salton Sea National Wildlife Refuge, or the Salton Sea.
3. Drill operations may not be conducted within 150 feet of ponded areas, or any area that the Department indicates it plans to pond in the foreseeable future.
4. Testing shall be conducted through calorimeters or closed system, and in any event, testing shall not be conducted by blowing steam in the air.
5. Any existing roads used by the lessee for operations under this lease shall be kept in good state of repair at all times at the sole expense of said lessee.
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8. Pipe lines that will be in position for 90 days or less may be laid above ground only if the Department of Fish and Game agrees that they will not interfere with the Department's activities on the area.

Pipe lines that will be in position longer than 90 days shall be laid below plow depth and at least two feet below the bottom of any irrigation or drainage ditch or slough. Appropriate markers shall be provided for all underground pipelines to identify their locations.

CALENDAR ITEM

33.

APPLICATION FOR EXTENSION OF PROSPECTING PERMITS P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, and P.R.C. 2867.1, IMPERIAL COUNTY; R. W. CYPHER - W.O. 5128.

Prospecting Permits P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, AND P.R.C. 2867.1, covering approximately 960 acres of State land lying in the northwest quarter of Section 12, the northeast quarter of Section 12, the southwest quarter of Section 1, the southeast quarter of Section 1, the northeast quarter of Section 1, and the northwest quarter of Section 1, T. 11 S., R. 13 E., S.B.B.& M., Imperial County, were issued on June 4, 1962, to R. W. Cypher, authorizing prospecting for a two-year term for geothermal steam and for all minerals other than oil and gas and water.

The prospecting permits provide, in part, in conformance with Division 6 of the Public Resources Code, that "in no event shall the term of this permit exceed two years from the date hereof except as the Commission may, in its discretion, extend the term of this permit for an additional period of one year."

Exploration operations have been conducted by the permittee and his associates on a potentially productive area including, in addition to 28,000 acres of land leased from the Imperial Irrigation District and other parties, approximately 40 acres of State sovereign land and approximately 1,495 acres of land under the jurisdiction of the Department of Fish and Game. Extensions are being requested for permits which cover 960 acres of Fish and Game lands.

In the event the operations prove successful, the Board of Directors of the Imperial Irrigation District has agreed to purchase, on any lease held by the applicant in this vicinity, electric energy, delivered at a proposed generating plant.

Since the drilling and completion of two wells, Sportsman No. 1 and I.I.D. No. 1, which were drilled in the northeast and northwest quarters of Section 23, T. 11 S., R. 13 E., S.B.B.& M., by O'Neill Geothermal, Inc., an associate of the permittee, Shell Oil Company has completed and tested I.I.D. No. 2 in the southeast quarter of Section 22, T. 11 S., R. 13 E., S.B.B.& M. All three of the above wells are rated as commercial with respect to steam production. Earth Energy, Inc., has drilled "River Ranches" No. 1, a commercial steam well in the northwest quarter of Section 24, T. 11 S., R. 13 E., S.B.B.& M., and is presently drilling Elmore No. 1 in the southwest quarter of Section 27, T. 11 S., R. 13 E., S.B.B.& M. Shell Oil Company has completed State No. 1, in the southwest quarter of Section 23, T. 11 S., R. 13 E., S.B.B.& M.

CALENDAR ITEM 33. (CONTD.)

The permittee states that exploration and geophysical work, including the drilling, testing, and completion of the first two of the aforementioned wells by the permittee and his associates adjacent to the State property, has cost approximately \$900,000. This large expenditure by O'Neill Geothermal, Inc., has helped to evaluate the State property. In addition, subsequent to the drilling of the above wells, under an agreement entered into with the permittee, Shell Oil Company spent approximately \$1,000,000 in drilling and testing Well I.I.D. No. 2, and in drilling Well State 1. A considerable amount of money has been spent by other companies in the drilling and completion of nearby wells in an effort to further evaluate the mineral potential of the area. It is estimated that, in order to make the project commercial, an additional \$1,000,000 will be spent during 1964 for drilling and testing wells.

The bulk of recent engineering costs has been devoted to devising a method of economically separating the mineral components of the brine. A 60-acre pond has been constructed on the Imperial Irrigation District land, to store the brine produced during the testing of the wells. At this stage it is still generally agreed that the most readily salable chemical in the brine is the potash, although other minerals will no doubt be processed.

The permittee states that the quality and quantity of the mineral components of the mineral waters, and the potential for generating electrical energy of new wells, are being tested; and, if the wells prove relatively constant in productivity, it is planned to start the construction of a pilot chemical plant to recover minerals and to build an electrical generating plant.

Exhibit "D" of each permit presently contains the provisions shown on Exhibit "A" attached, initially requested by the Department of Fish and Game at the time the permits were issued in order to protect the wild-life resources of the State. The Department of Fish and Game has recently requested that Exhibit "D" of said permits be modified to read as shown in Exhibit "B" attached. These modified provisions are acceptable to the permittee.

Therefore, pursuant to an application from R. W. Cyper requesting the extension of the terms of Prospecting Permits P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, and P.R.C. 2867.1, in order to develop the potentially profitable enterprise,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMITS P.R.C. 2862.1, P.R.C. 2863.1, P.R.C. 2864.1, P.R.C. 2865.1, P.R.C. 2866.1, AND P.R.C. 2867.1, THROUGH JUNE 3, 1965, SUBJECT TO THE CONDITIONS INCLUDED IN REVISED EXHIBIT "D" OF THE PERMIT ATTACHED AND HEREBY MADE A PART HEREOF. ALL OTHER TERMS AND CONDITIONS OF THE PERMITS ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachments
Exhibits "A" and "B"

EXHIBIT "A"

W O. 5128

(Original Exhibit "D" of Permit)

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9. Any pipe lines laid on the above-described premises in connection with this lease shall be laid below plow depth and at least 2 feet below the bottom of any irrigation or drainage ditch or slough.

EXHIBIT "B"

W.O. 5128

(Revised Exhibit "D" of Permit)

1. Lessee shall conduct all of its activities at all times and in such manner as will not, in the judgment and opinion of the Department of Fish and Game, interfere with the purpose, function, and use of the Wister Unit of the Imperial Waterfowl Management Area by the Department of Fish and Game.

Prior to any operation, all proposed activities will be cleared with and approved by the local waterfowl area manager, and approved and confirmed in writing between the Lessee and the Manager, Region 5, Department of Fish and Game, 217 West First Street, Los Angeles 12, California.

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LEGEND

EXHIBIT "C"
W.O. 5128

STATE LANDS COMMISSION

Application for Extension of Prospecting Permits

P.R.C. 2862, P.R.C. 2863, P.R.C. 2864,
P.R.C. 2865, P.R.C. 2866, P.R.C. 2867

R. W. Cypher
Imperial County

May 1964

J.W.Y.

