

5/27/65

19. APPLICATION FOR PROSPECTING PERMIT FOR GEOTHERMAL ENERGY, LAKE COUNTY;
S. I. CORPORATION - W.O. 5337, P.R.C. 3307.1.

In reviewing Calendar Item 29 attached, it was noted for the record that the same remarks apply as for Minute Item 17, page 11, 254.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

FURSU... TO... OF THE PUBLIC RESOURCES... THE EXECUTIVE OFFICER
IS AUTH... TO S. I. CORPORATION A...-LEAS PROSPECTING PERMIT
AUTH... FOR GEOTHERMAL ENERGY, MINERAL WATERS, AND FOR ALL
MINER... AND GAS, IN 600 ACRES OF SUBMERGED LAND UNDERLYING
CLEAR... AS DESCRIBED IN EXHIBIT "B" ATTACHED. THE FORM OF
PERMIT... THE ROYALTY SCHEDULE, TO BE... IN THE FORM APPROVED BY THE
STATE LANDS COMMISSION ON APRIL 29, 1965, AND SHALL INCLUDE THE CONDITIONS
CONTAINED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF. THE ROYALTY
SCHEDULE SHALL ALSO PROVIDE, UPON ALL CARBON DIOXIDE AND OTHER NONHYDROCARBON
GASES EXTRACTED AND SAVED UNDER THIS LEASE, A PAYMENT OF 16-2/3% OF THE CURRENT
MARKET PRICE AT THE WELL AND OF ANY PREMIUM OR BONUS PAID ON ALL NONHYDROCARBON
PRODUCTION PRODUCED OR SOLD FROM THE LEASED LANDS.

Attachment

Calendar Item 29 (4 pages)

*This action rescinded per
Item 17, pg. 12, 019, Minutes
of 12/16/65.*

CALENDAR ITEM

29.

APPLICATION FOR PROSPECTING PERMIT FOR GEOTHERMAL ENERGY, LAKE COUNTY; S. I. CORPORATION - W.O. 5337.

An application has been received from the S. I. Corporation, a California corporation, for a permit to prospect for geothermal steam, for all minerals other than oil and gas, and for mineral waters on 600 acres more or less of submerged lands underlying Clear Lake in portions of projected Section 36, T. 14 N., R. 8 W.; projected Sections 31 and 32, T. 14 N., R. 7 W.; projected Section 1, T. 13 N., R. 8 W.; and projected Section 5, T. 13 N., R. 7 W., M.D.B. & M., Lake County.

The Department of Fish and Game and the Water Pollution Control Board each have requested that certain provisions be included in the prospecting permit form. The substantive content of these requests has been met. The Division of Beaches and Parks was contacted in connection with the application, and has submitted a letter of nonobjection.

Section 65-1 of the Public Resources Code provides for the issuance to a qualified applicant of a prospecting permit for lands which are not known mineral lands.

Two exploratory wells for geothermal steam have been drilled in Section 5, T. 13 N., R. 7 W., M.D.B. & M.; one was abandoned and the other suspended pending further testing. An active campaign to lease steam rights has been under way in this area.

The Geysers steam field, the Sulphur Bank steam field, and the Little Geysers steam field have been discovered in the past few years in the area approximately 16 miles southwesterly of this proposed permit area. Pacific Gas and Electric Company has recently expanded its steam plant at The Geysers. It has been reported that the capacity of the expanded plant is 27,500 KW, and that Pacific Gas and Electric Company plans to construct a 12,500 KW plant in the vicinity of the Sulphur Bank field.

The applicant proposes to prospect for geothermal steam, to be used to produce electric energy; as a by-product of this operation some minerals and fresh water may be produced.

The subject parcel lies in the bed of Clear Lake and a portion is adjacent to the lake's southern shore. The applicant possesses upland drillsites and proposes to drill an exploratory well by slant drilling from this drillsite.

A field reconnaissance of the area has established that the land sought is not known to contain commercially valuable deposits of mineral. The statutory filing fee of \$5 has been paid, and the permit fee of \$100 has been deposited by the applicant.

The office of the Attorney General has advised that the permit complies with the applicable provisions of law and the rules and regulations of the Commission.

CALENDAR ITEM 29. (CONTD.)

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO S. I. CORPORATION A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR GEOTHERMAL ENERGY, FOR MINERAL WATERS, AND FOR ALL MINERALS OTHER THAN OIL AND GAS, IN 600 ACRES OF SUBMERGED LAND UNDERLYING CLEAR LAKE, LAKE COUNTY, AS DESCRIBED IN EXHIBIT "B" ATTACHED. THE FORM OF PERMIT, INCLUDING THE ROYALTY SCHEDULE, TO BE USED IS THE FORM APPROVED BY THE STATE LANDS COMMISSION ON APRIL 29, 1965, AND SHALL INCLUDE THE CONDITIONS CONTAINED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF. THE ROYALTY SCHEDULE SHALL ALSO PROVIDE, UPON ALL CARBON DIOXIDE AND OTHER NONHYDROCARBON GASES EXTRACTED AND SAVED UNDER THIS LEASE, A PAYMENT OF 16-2/3% OF THE CURRENT MARKET PRICE AT THE WELL AND OF ANY PREMIUM OR BONUS PAID ON ALL NONHYDROCARBON PRODUCTION PRODUCED OR SOLD FROM THE LEASED LANDS.

Attachment
Exhibits "A" and "B"

EXHIBIT "A"

1. Permittee shall contact the Regional Water Pollution Control Board and submit a report on proposed waste discharge in accordance with Section 13054 of the California Water Code. Permittee shall comply with any waste discharge requirements established by the Regional Water Pollution Control Board.
2. All waste discharges resulting from geothermal operations shall be confined to land and not be permitted to enter State surface waters.
3. Any land disposal operation of said wastes must be conducted in a manner that will not adversely affect wildlife resources. The Permittee shall consult with the Department of Fish and Game prior to and during operations.
4. Drillsites are prohibited on Clear Lake. Any wells drilled into the submerged lands of Clear Lake shall be directionally drilled from approved upland drillsites. Permittee shall consult with the Department of Fish and Game prior to and during operations.

EXHIBIT "B"

That portion of the bed of Clear Lake, Lake County, California, below the Low Water Mark within the following sections:

- S $\frac{1}{2}$ Section 31, T. 14 N., R. 7 W., M.D.B. & M.
- SW $\frac{1}{4}$ Section 32, T. 14 N., R. 7 W., M.D.B. & M.
- E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 1, T. 13 N., R. 8 W., M.D.B. & M.
- E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 36, T. 14 N., R. 8 W., M.D.B. & M.
- N $\frac{1}{2}$ NW $\frac{1}{4}$ Section 5, T. 13 N., R. 7 W., M.D.B. & M.

Said submerged lands containing 600 acres more or less.