

MINUTE ITEM

7/20/65

11. APPLICATION FOR PROSPECTING PERMIT FOR GEOTHERMAL ENERGY, LAKE COUNTY; EUGENE SULLY HANCOCK, JR. - W.O. 5166, P.R.C. 3338.1.

After consideration of Calendar Item 1 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE TO EUGENE SULLY HANCOCK, JR. A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR GEOTHERMAL ENERGY, FOR MINERAL WATERS, FOR NONHYDROCARBON GASES, AND FOR ALL MINERALS OTHER THAN OIL AND GAS, IN 285 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  
Calendar Item 1 (4 pages)

*This action rescinded per Item 16,  
pg. 12,016, Minutes of 12/16/65.*

## 1.

APPLICATION FOR PROSPECTING PERMIT FOR GEOTHERMAL ENERGY, LAKE COUNTY;  
EUGENE SULLY HANCOCK, JR. - W.O. 5166.

An application has been received from Eugene Sully Hancock, Jr., for a permit to prospect for geothermal steam on 285 acres of submerged lands underlying Clear Lake in portions of Section 6, T. 13 N., R. 7 W., and Sections 1 and 2, T. 13 N., R. 8 W., M.D.B. & M., Lake County.

The Department of Fish and Game and the Water Pollution Control Board have each 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 6801 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 within the SW $\frac{1}{4}$  of 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 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 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 and possibly for the dehydration of vegetables. As a by-product of this operation, some minerals and fresh water may be produced. The applicant anticipates that the fresh water produced will be of a quality suitable for irrigation and domestic use.

The subject parcel lies in the bed of Clear Lake adjacent to the shore line. The applicant proposes to drill an exploratory well by slant drilling from a drillsite located on adjacent upland which is available to him.

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 \$285 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 1. (CONTD.)

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO EUGENE SULLY HANCOCK, JR. A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR GEOTHERMAL ENERGY, FOR MINERAL WATERS, FOR NONHYDROCARBON GASES, AND FOR ALL MINERALS OTHER THAN OIL AND GAS, IN 285 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 NON-HYDROCARBON 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:

Section 6, T. 13 N. R. 7 W., M.D.B. & M. - excepting therefrom the southerly 2,460 feet thereof;

$S\frac{1}{2}$  of Section 1, T. 13 N. R. 8 W. M.D.B. & M. - Excepting therefrom the southerly 2,460 feet thereof;

$S\frac{1}{2}$  of Section 2, T. 13 N. R. 8 W. M.D.B. & M. - lying northerly of the abovementioned Low Water Mark of Clear Lake.

Said submerged lands containing 285 acres more or less.