

MINUTE ITEM

12/16/65

8. APPLICATION FOR EXTENSION OF PROSPECTING PERMIT P.R.C. 3036.1, IMPERIAL COUNTY; JOSEPH I. O'NEILL, JOHN B. ASHMUN AND H. T. HILLIARD, A PARTNERSHIP - W.O. 5928.

After consideration of Calendar Item 35 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMIT P.R.C. 3036.1, IMPERIAL COUNTY, THROUGH JANUARY 1, 1967.

Attachment

Calendar Item 35 (2 pages)

35.

APPLICATION FOR EXTENSION OF PROSPECTING PERMIT P.R.C. 3036.1, IMPERIAL COUNTY; JOSEPH I. O'NEILL, JOHN B. ASHMUN AND H. T. HILLIARD, A PARTNERSHIP - W.O. 5928.

Prospecting Permit P.R.C. 3036.1, covering 40 acres of sovereign land in the SE $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 14, T. 11 S., R. 13 E., S.B.B. & M., Imperial County, was issued on January 2, 1964, to American Metal Climax, Inc., authorizing prospecting for a two-year term for geothermal steam and energy, minerals in solution, carbon dioxide, and residual water.

On November 13, 1964, the State Lands Commission authorized the Executive Officer to approve the assignment of Prospecting Permit P.R.C. 3036.1 from American Metal Climax, Inc., to Joseph I. O'Neill, Jr., John B. Ashmun and H. T. Hilliard, a partnership.

The prospecting permit provides 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."

The State's permittees have submitted the following information:

1. They are currently lessees and permittees with respect to a substantial acreage in Imperial County, California, all of which leases and permits grant to them the right to prospect for, exploit, and develop geothermal steam and energy, minerals in solution, carbon dioxide, and residual water.
2. With respect to all of said acreage, the permittees have licensed Imperial Thermal Products, Inc., a Delaware corporation, qualified to do business in the State of California, to conduct geological studies and surveys, to conduct pilot plant operations, and to determine the feasibility of commercial production of the products specified in paragraph 1 above. Imperial Thermal Products, Inc., is a wholly owned subsidiary of Morton International, Inc. (formerly Morton Salt Company).
3. The above-described pilot-plant project has been in operation on a field-research-and-development basis since August, 1965; geological studies were started some months ago and are still being made. The permittees have been advised by Imperial Thermal Products, Inc., that the results of the pilot-plant project and the geological surveys will not be known for approximately another ten or twelve months from the date of this application, and until those results are known, Imperial Thermal Products, Inc., will not be in a position to know where additional geothermal wells can be located most effectively.

CALENDAR ITEM 35. (CONTD)

4. However, the permittees have been informed by Imperial Thermal Products, Inc., that, based on field research, development, and surveys to date, it is believed that the acreage covered by Prospecting Permit P.R.C. 3036.1 has extremely favorable geothermal potentials.

O'Neill Geothermal, Inc. (Joseph I. O'Neill, John B. Ashmun and H. T. Hilliard), and associate, R. W. Cypher, have drilled and completed two steam wells at a cost of approximately \$900,000, which are approximately 2000 feet and 2500 feet southwest of the permit area. On test, the total production of steam and water from the two wells was approximately 900,000 pounds per hour, and it is estimated that the energy produced would generate approximately 17,500 kilowatts of power per hour. The mineral waters associated with the production of steam have been analyzed and, according to engineering reports of the permittee, the prime constituent of commercial value is potash; however, other minerals of commercial value also will be produced.

It is suggested that this work be considered as compliance with the work requirements under the prospecting permit, as no other feasible development work could have been performed on State lands until the actual commencement of costly drilling operations.

Therefore, pursuant to an application from Joseph I. O'Neill, Jr., John B. Ashmun, and H. T. Hilliard, requesting the extension of the terms of Prospecting Permit P.R.C. 3036.1 through January 1, 1967, in order to further evaluate the area potential and to complete pilot-plant operations to determine the feasibility of commercial production of geothermal energy and other products specified in the permit,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT A ONE-YEAR EXTENSION OF PROSPECTING PERMIT P.R.C. 3036.1, IMPERIAL COUNTY, THROUGH JANUARY 1, 1967.