

MINUTE ITEM
This Calendar Item No. 38
was approved as Minute Item
No. 38 by the State Lands
Commission by a vote of 2
to 0 at its 9.26.79
meeting.

MINUTE ITEM

9/26/79
Willard

38. GEOTHERMAL DRILLING, BOGGS MOUNTAIN STATE FOREST; GEOTHERMAL
KINETICS, INC. - PRC 5412.

During consideration of Calendar Item 38 attached, Mr. John
Bannister, Vice President of Geothermal Kinetics, Inc.,
was present to answer any questions raised by the Commission.

Upon motion duly made and carried, the resolution as presented
in Calendar Item 38 was adopted by a vote of 2-0.

Attachment:
Calendar Item 38

2
2

CALENDAR ITEM

38.

9/79
 PRC 5412
 Willard

GEOHERMAL DRILLING BOGGS MOUNTAIN STATE FOREST

PERMIT: PRC 5412
 PERMITTEE: Geothermal Kinetics, Inc.
 2300 Country Center Drive
 Suite 211, Bldg. A
 Santa Rosa, California 95401
 COUNTY: Lake
 AREA: Geysers Geothermal Area

PERTINENT INFORMATION:

On January 26, 1968, the State Lands Commission received applications from Geothermal Electric Corporation for permits to prospect for geothermal resources on Boggs Mountain State Forest in Lake County. The Division of Forestry was notified of the applications. Forestry was uncertain of the Commission's jurisdiction, this question was resolved and both Forestry and Commission staff began preparation of regulations for geothermal exploration on State-owned lands administered by the State Lands Commission as well as on lands owned by other state agencies. It was not until November of 1970 that these regulations became effective.

In July of 1971 the applicant was notified that an EIR would be required and preliminary acquisition of environmental data commenced. Discussions were held with the Department of Forestry to develop specific permit terms as well as receiving comments from concerned citizens on the proposed exploratory project.

During this period, Geothermal Kinetics, Inc., expressed interest in obtaining the permits applied for by Geothermal Electric and on August 18, 1975 the Commission approved assignment of the permit applications from Geothermal Electric to Geothermal Kinetics.

A 2
 S 2

CALENDAR ITEM NO. 38 (CONTD)

From the outset it appeared to staff that this project provided a unique opportunity to see if geothermal development could be compatible with other uses such as forest management and recreation and at the same time to work in cooperation with the County to create an environmental document which could be used by both agencies in their decision making process thus shortening the procedure without sacrificing environmental concern.

As the project proceeded, staff was in constant contact during preparation of the Draft EIR with the Lake County Planning Director, Environmental Control Officer and Air Pollution Control Officer to solicit their views and needs. Additionally, staff worked with Forestry staff to ensure that the project would not interfere with their primary mission of managing an experimental forest.

On September 9, 1975, the application requirements were completed by Geothermal Kinetics, and work on the Draft EIR was completed in November 1976 and submitted to the State Clearinghouse which certified the completed circulation in February 1977. During circulation of the draft, staff of the Commission conducted a field trip for members of the Lake County Planning Commission to all of the proposed drill sites. On January 13, 1977, the Executive Officer of the State Lands Commission conducted a joint hearing with the Lake County Planning Commission.

During that hearing the County Counsel raised the question of what legal authority the County had over the project since the State was the lead agency. Staff noted all Commission permits contain the requirement that the Permittee comply with the rules and regulations of all other state, federal

CALENDAR ITEM NO. 38. (CONTD)

and local agencies. In this case, that meant obtaining a Use Permit from the Lake County Planning Commission and an Authority to Construct from the Lake County Air Pollution Control District.

Staff continued consultation with County and Forestry Officials during preparation of the Final EIR which was completed in August 1977 and circulated on August 26, 1977.

The Commission was scheduled to certify the 1977, EIR and consider the permit applications in September, but delayed action when questions were raised about the possibility of damage to Native American ceremonial sites. Further consultation was held by staff with the applicant as well as with staff of the Native American Heritage Commission. Mitigation measures were included to protect possible Native American sites from damage. Additionally, at the insistence of the Commission, the applicant agreed to reduce the permit area by approximately one half.

On November 30, 1977, the Commission certified the EIR and approved issuance of the permit to Geothermal Kinetics, Inc., for an area approximately 1785 acres.

Since that time the Permittee has been arranging exploration funding and doing the initial geophysical surveys necessary to target sites to drill 2 exploratory wells. Earlier this year the Permittee informed staff that 2 sites in the Southern portion of the permit area had been selected and the Permittee was advised to immediately begin processing applications with the Division of Oil and Gas for approval of exploratory well drilling for CEQA purposes, with the County Planning Commission for a Use Permit and for an authority to construct

CALENDAR ITEM NO. 38. (CONTD)

from the APCD. Site inspections were performed by State Lands Commission staff and final site design was commenced by the Permittee in close cooperation with staff of the Department of Forestry. DCG approval was based on the Commission's EIR for the project.

From the outset, this project had been considered and treated as a cooperative effort between the State Lands Commission, the Department of Forestry and the County of Lake. The Department of Forestry had approved of the project and took the position that this presented an opportunity to demonstrate that such a development could be compatible with good forest management. County staff participated in the entire environmental review process and were prepared to use the Commission's EIR for its Use Permit considerations.

On September 12, 1979, the Lake County Planning Commission held a hearing on Geothermal Kinetics applications for Use Permits to drill 2 exploratory wells. Rather than considering the applications for Use Permits, the Commission chose rather to discuss the adequacy of the EIR and gave indications that it was their view that new circumstances had arisen and new information was available that was not available at the time the document was written. Testimony and informal comments by Commissioners after the meeting indicated the Commission was going to request additional data or possibly an entirely new EIR. The hearing was continued until October 11, 1979.

The State's Permittee, with the approval of the Department of Forestry, is prepared to commence excavation for preparation of the 2 drill sites. County regulations prohibit excavation after October 31, so the present delay and the uncertainties of the County's position probably precludes

CALENDAR ITEM NO. 38. (CONTD)

site preparation this year and could possibly preclude drilling of the first well as required by the permit before expiration of the State prospecting permit on November 29, 1980. The Permittee would then have to request the State Lands Commission for an extension of the prospecting permit term.

This is an exploratory project with a preferential right to a lease on discovery, but only after an EIR considering all impacts of full field development had been prepared, circulated and certified by the Commission. Since this is an exploration project beyond the limits of the present Geysers Field, there is a real possibility that no discovery will be made, or if one is made, it could be hot water rather than dry steam. If no discovery is made, further exploration will probably be precluded. If hot water is discovered, the Permittee is confronted with a different technology and it is uncertain, at this point, with the present state-of-the-art, whether this type of resource could be commercially developed.

On September 14, 1979, staff was notified by the Permittee that the Chairman of the Lake County Planning Commission had expressed concern over the fact that when the State acquired Boggs Mountain State Forest, the management objectives was for experimental forestation and recreation. He said the County was uneasy about the fact that now another use was proposed, geothermal exploration, and suggested that a meeting of the State Lands legal staff and the County Counsel's Office could be useful in resolving problems between the County and the State. Additionally, staff of the Governor's Office of Planning and Research, has indicated a willingness to attempt to resolve questions of the adequacy of the EIR and other questions relating to compliance with the provisions of the CEQA in regard to this project.

CALENDAR ITEM NO. 38. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. RESPECTFULLY REQUEST THE LAKE COUNTY PLANNING COMMISSION TO CAREFULLY CONSIDER THE STATE/COUNTY COOPERATIVE AND JOINT ENVIRONMENTAL REVIEW PROCESS FOR GEOTHERMAL EXPLORATION OF A PORTION OF BOGGS MOUNTAIN STATE FOREST WITH THE UNDERSTANDING THAT SHOULD GEOTHERMAL RESOURCES BE DISCOVERED IN COMMERCIAL QUANTITIES AN ADDITIONAL ENVIRONMENT DOCUMENT WOULD BE PREPARED CONCERNING THE COMMERCIAL DEVELOPMENT.
2. DIRECT THE STAFF TO MEET WITH OFFICIALS OF LAKE COUNTY TO DISCUSS THE PROCEDURES FOLLOWED UNDER CEQA FOR THIS PROJECT, CLARIFY THE COUNTY POSITION AND ATTEMPT TO RESOLVE ANY DIFFERENCES.