

STATE OF CALIFORNIA

Minutes of the meeting of the
State Lands Commission
Sacramento, California

APPEARANCES

Commissioners Present:

Kenneth Cory, State Controller, Chairman
David Ackerman, Commission-Alternate for Mike
Curb, Lieutenant Governor
Roy Bell, Commission-Alternate for Mary Ann
Graves, Director of Finance

Staff Members in Attendance

William F. Northrop, Executive Officer
James F. Trout, Assistant Executive Officer
R. C. Hight, Chief Counsel
D. J. Everitts, Chief, Division of Energy and
Mineral Resources Development
W. M. Thompson, Chief, Division of Long Beach
Operations
D. E. Sanders, Chief, Planning and Environmental
Coordination Unit
Jack Rump, Staff Counsel
L. H. Grimes, Deputy Chief, Division of Land Management
and Conservation

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General
Jan Stevens, Assistant Attorney General
Richard Yang, Deputy Attorney General
Bruce Flushman, Deputy Attorney General
Richard Frank, Deputy Attorney General

Re Minute Item 8:

Eugene Flynn, Applicant

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF

March 19, 1980

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory at 2:05 p.m. in Room 127, Food & Agriculture Bldg. 1220 N Street, Sacramento, California.

Also present were Commission-Alternates Roy M. Bell, representing Commissioner Mary Ann Graves, Director of Finance; and David Ackerman, representing Commissioner Mike Curb, Lieutenant Governor.

The minutes of the meeting of February 28, 1980 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

Mr. William F. Northrop's report is attached as Exhibit "A".

Attachment: Exhibit "A"

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EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT

By

WILLIAM F. NORTHROP

LETTER PERMIT/UNIVERSAL STUDIOS

PRC 5804.1

ON MARCH 3, 1980, STAFF RECEIVED A TELEPHONE REQUEST FROM UNIVERSAL CITY STUDIOS TO USE A 2.78 ACRE PARCEL OF STATE LAND IN THE CITY OF SEAL BEACH AT THE INTERSECTION OF FIRST STREET AND PACIFIC COAST HIGHWAY. UNIVERSAL STUDIOS REQUESTED PERMISSION TO USE THE STATE PARCEL FOR A PERIOD OF TWO DAYS IN MARCH FOR VEHICLE STORAGE AND A FILM STAGING AREA. BECAUSE OF THE SHORT PERIOD OF USE, AND TO ACCOMMODATE UNIVERSAL'S NEED FOR IMMEDIATE POSSESSION, A LETTER AUTHORIZING USE OF THE STATE'S PARCEL WAS SENT TO UNIVERSAL ON MARCH 4, 1980, BY THE ASSISTANT EXECUTIVE OFFICER.

THE LETTER REQUIRED UNIVERSAL TO LEAVE THE PROPERTY IN A CONDITION EQUAL TO OR BETTER THAN WHEN OCCUPIED, AND TO INDEMNIFY THE STATE AGAINST ANY AND ALL LIABILITIES ARISING FROM UNIVERSAL'S USE; UNIVERSAL HAS ALSO AGREED TO A RENTAL OF \$200 FOR THE USE OF THE STATE'S PARCEL.

STAFF COORDINATED THIS ACTION WITH THE MOTION PICTURE DEVELOPMENT COUNCIL, AND THEY CONCURRED THAT THE ACTIVITY WAS NOT SUBJECT TO THEIR PERMIT PROCESS.

GEOHERMAL RESOURCES

W 9897
W 9681
W 9682

ON MARCH 14, 1980, STAFF OPENED BIDS FOR THE LEASE OF GEOHERMAL RESOURCES FROM THREE PARCELS OF RESERVED MINERAL

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LANDS IN THE NORTHWEST PORTION OF THE GEYSERS GEOTHERMAL FIELD IN SONOMA COUNTY. THIS WAS THE FIRST COMPETITIVE LEASE SALE CONDUCTED UNDER PROVISIONS OF THE NEW GEOTHERMAL LAW, SB 1027, WHICH ALLOWS THE COMMISSION TO NOMINATE LANDS FOR COMPETITIVE BIDDING.

THREE TRACTS TOTALLING APPROXIMATELY 839 ACRES WERE PUT UP FOR BID. ALTHOUGH THE PARCELS ARE CONTIGUOUS, THE SURFACE OWNERSHIP PATTERN REQUIRED THAT THREE SEPARATE SALES BE HELD. TERMS OF THE SALE WERE A ROYALTY OF 12.5% OF GROSS REVENUE, ANNUAL RENTAL OF \$1 WITH THE PERCENTAGE OF NET PROFITS BEING THE BIDDABLE FACTOR.

A TOTAL OF 18 BIDS WERE SUBMITTED FOR THE THREE PARCELS. TECHNOLOGY INTERNATIONAL, INC. OF ENGLEWOOD, COLORADO, WAS THE APPARENT HIGH BIDDER FOR LEASE SALE 1 OF 599 ACRES WITH A BID OF 76 PERCENT OF NET PROFITS; COMPARED TO THE FEDERAL BIDDING SYSTEM WHICH USES CASH BONUS AS THE BIDDABLE FACTOR, THAT IS APPROXIMATELY \$25,000 PER ACRE OR \$15,000,000. HIGHEST FEDERAL BID IN THE AREA WAS \$4,032 PER ACRE.

GEOTHERMAL POWER CORPORATION OF NOVATO WAS THE APPARENT HIGH BIDDER FOR LEASE SALE 2 OF APPROXIMATELY 40 ACRES WITH A BID OF 72.5% OF NET PROFITS. COMPARED TO A CASH BONUS TYPE BID, THAT WOULD BE APPROXIMATELY \$24,000 PER ACRE OF \$1 MILLION.

GEOTHERMAL POWER CORPORATION WAS ALSO THE APPARENT HIGH BIDDER ON LEASE 3 OF APPROXIMATELY 200 ACRES WITH A BID OF 76.1% OF NET PROFITS. THIS WOULD BE EQUAL TO A CASH

BONUS BID OF APPROXIMATELY \$25,000 PER ACRE OR \$5 MILLION.

IT IS SIGNIFICANT THAT IN THIS LEASE SALE, AS IN THE FIRST TWO SALES HELD IN 1976 UNDER THE COMMISSION'S NET PROFITS BIDDING SYSTEM FOR GEOTHERMAL RESOURCES, THE SALE DREW SEVERAL BIDDERS NOT USUALLY SEEN AT CASH BONUS TYPE LEASE SALES, SUCH AS THOSE CONDUCTED BY THE BLM. WE THINK THIS IS AN INDICATION THAT THE COMMISSION, THROUGH ITS NET PROFITS BID SYSTEM, HAS BEEN SUCCESSFUL IN ITS ATTEMPT TO OPEN UP THE MARKETPLACE FOR GEOTHERMAL RESOURCES TO THOSE OTHER THAN THE MAJOR INTEGRATED OIL COMPANIES. OTHERS SUBMITTING BIDS IN THIS LATEST SALE WERE THE SACRAMENTO MUNICIPAL UTILITY DISTRICT, THE CITIES OF REDDING, SANTA CLARA AND THE MODESTO IRRIGATION DISTRICT, THERMAL POWER COMPANY, GETTY OIL AND AMINOIL U.S.A., INC.

STAFF IS NOW ANALYZING THE BIDS, AND WE WILL BRING BACK A RECOMMENDATION AS TO THE HIGHEST QUALIFIED BIDDERS AT YOUR APRIL MEETING.

I MIGHT ADD HERE THAT ANOTHER LEASE SALE FOR 260 ACRES HAS BEEN SCHEDULED FOR BID OPENING MAY 16 AND A THIRD SALE FOR 120 ACRES IS SCHEDULED FOR MID-JULY.

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF March 19, 1980

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C9, C10, C11, C12, C13, C14, C15, C16, C17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 32, 34, and 35 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 8, 25, 31, and 33 are set forth on pages 477, 600, 621, and 627.

Calendar Item 24 was withdrawn from the agenda prior to the meeting.

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