

MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 2
to 0 at its 4/28/83
meeting.

CALENDAR ITEM

29

4/28/83
PRC 5217
Hoagland

ASSIGNMENT OF GEOTHERMAL LEASE

ASSIGNOR: Aminoil USA, Inc.
P. O. Box 11279
Santa Rosa, California 95404

ASSIGNEE: GRI Exploration Corporation and
GRI Development Corporation
545 Middlefield Road, Suite 200
Menlo Park, California 94025

AREA, TYPE LAND AND LOCATION:
Approximately 434 acres of reserved mineral
land in the northwestern portion of The
Geysers Geothermal steamfield, Sonoma County.

- PREREQUISITES:
1. Assignment forms have been executed.
 2. Assignees are qualified to hold a State lease.
 3. The statutory filing fees have been submitted.

OTHER PERTINENT INFORMATION:
PRC 5217 was leased by competitive bidding
in 1976. George P. Post of Malibu was the
high bidder with a bid of 47.77 percent
of net profits in addition to a royalty
of ten percent of gross revenue from the
sale of steam and annual rent of \$1 per
acre. Pursuant to provisions of P.R.C.
Section 6912(b) the surface owner matched
the high bid, was awarded the lease, and
then assigned the lease to Aminoil USA,
Inc.

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Aminoil, in addition to this parcel, holds eight other State leases in the area and has sold its interest in these and other private leaseholds, comprising a total of approximately 59,600 acres, to one or more subsidiaries of Geothermal Resources International, Inc. (GRI, Inc.). These subsidiaries, GRI Exploration Corporation and GRI Development Corporation, will hold title and perform exploration and development activities on PRC 5217 and a portion of one other private lease. GRI Exploration Corporation will hold the title to the remaining leases acquired from Aminoil, including the eight remaining State leases. (The subsidiaries are hereafter collectively referred to as GRI). GRI has received funding for the Aminoil lease buyout from the Central California Power Agency (CCPA), a joint powers agency composed of the Modesto Irrigation District, the City of Santa Clara and the Sacramento Municipal Utility District. Pursuant to a related transaction, GRI separately granted to CCPA the exclusive right to elect to purchase steam and any other geothermal energy from plant areas designated within the acreage acquired by GRI. If CCPA exercises the right to purchase such steam or other energy, it will build and operate the respective power plant utilizing such steam or energy supplied by GRI.

The assignment of PRC 5217 from Aminoil to GRI is the first proposed development of the lands to be acquired. Section 36 of the lease provides that the lessee may assign all or part of the lease subject to the prior written consent of the Commission.

GRI proposes to develop a steamfield to supply a 55 MW power plant. The plant. CCPA plans to start work on the siting application for the power plant by May 1, 1983.

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An EIR covering the area was certified by the State Lands Commission prior to issuing the lease. The proposed Commission action is a non-project under CEQA (P.R.C. Section 21065, Title 14, Cal. Adm. Code, Sections 15037 and 15060).

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR OR OTHER ENVIRONMENTAL REVIEW HAS NOT BEEN PREPARED FOR THIS ACTIVITY BECAUSE THE COMMISSION'S ACTION IS NOT A PROJECT UNDER P.R.C. 21065; AND THE PROVISIONS OF TITLE 14, CAL. ADM. CODE SECTIONS 15037 AND 15060.
2. APPROVE THE ASSIGNMENT OF AN UNDIVIDED 50 PERCENT INTEREST IN GEOTHERMAL LEASE PRC 5217 TO GRI EXPLORATION CORPORATION AND AN UNDIVIDED 50 PERCENT INTEREST IN GEOTHERMAL LEASE PRC 5217 TO GRI DEVELOPMENT CORPORATION BY THE LESSEE, AMINOIL USA, INC. ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT. A COPY OF THE EXECUTED FORM OF ASSIGNMENT IS ON FILE IN THE OFFICE OF THE COMMISSION.
3. THIS APPROVAL IS NOT INTENDED TO PASS UPON THE QUESTION OF WHETHER OR NOT THE SALES OF GEOTHERMAL LEASEHOLD INTERESTS ARE IN COMPLIANCE WITH STATE OR FEDERAL ANTI-TRUST LAWS, NOR TO CREATE ANY IMMUNITY FROM THOSE LAWS.
4. THIS APPROVAL SHALL NOT BE CONSTRUED SO AS TO VEST IN THE APPLICANTS NOR IN ANY OTHER PARTY ANY RIGHT, TITLE, OR INTEREST IN THE SUBJECT LANDS IN ADDITION TO THOSE CONVEYED BY LEASE PRC 5217 ISSUED BY THE STATE LANDS COMMISSION.
5. THIS APPROVAL SHALL NOT BE CONSTRUED AS A PRIOR APPROVAL BY THE COMMISSION OF ANY ASSIGNMENT OF ANY LEASE, OR OF ANY RIGHT, TITLE, OR INTEREST IN THE LANDS COVERED BY LEASE PRC 5217.
6. THIS APPROVAL SHALL NOT BE CONSTRUED AS AN APPROVAL OR RATIFICATION OF ANY STEAM SALES AGREEMENTS.
7. THIS APPROVAL SHALL NOT BE CONSTRUED AS A LIMITATION UPON THE COMMISSION'S AUTHORITY TO IMPOSE CONDITIONS OR RESTRICTIONS IN ANY APPROVAL OR RATIFICATION OF STEAM SALES AGREEMENTS, APPROVAL OF NET PROFIT ACCOUNTING SCHEDULES AND CHANGES, OR PLANS OF DEVELOPMENT.

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8. THE APPROVAL OF THE SALES CONTRACT AND THE ASSIGNMENT IS NOT AN APPROVAL OF ANY POOLING OR UNITIZATION OF LEASE PRC 5217. ANY POOLING OR UNITIZATION OF THE LEASE WILL REQUIRE WRITTEN APPROVAL OF THE COMMISSION.
9. THIS APPROVAL IS CONDITIONED UPON GRI INC.'S GUARANTEEING THE PERFORMANCE OF THE TERMS AND CONDITIONS OF THE LEASE BY ITS SUBSIDIARIES, GRI DEVELOPMENT CORPORATION AND GRI EXPLORATION CORPORATION.
10. THIS APPROVAL IS CONDITIONED UPON THE ASSIGNEE'S PROVIDING A MINIMUM OF \$500,000 PER INCIDENT PERSONAL LIABILITY AND PROPERTY DAMAGES INSURANCE POLICY WHICH NAMES THE STATE OF CALIFORNIA, AS AN INSURED PARTY.

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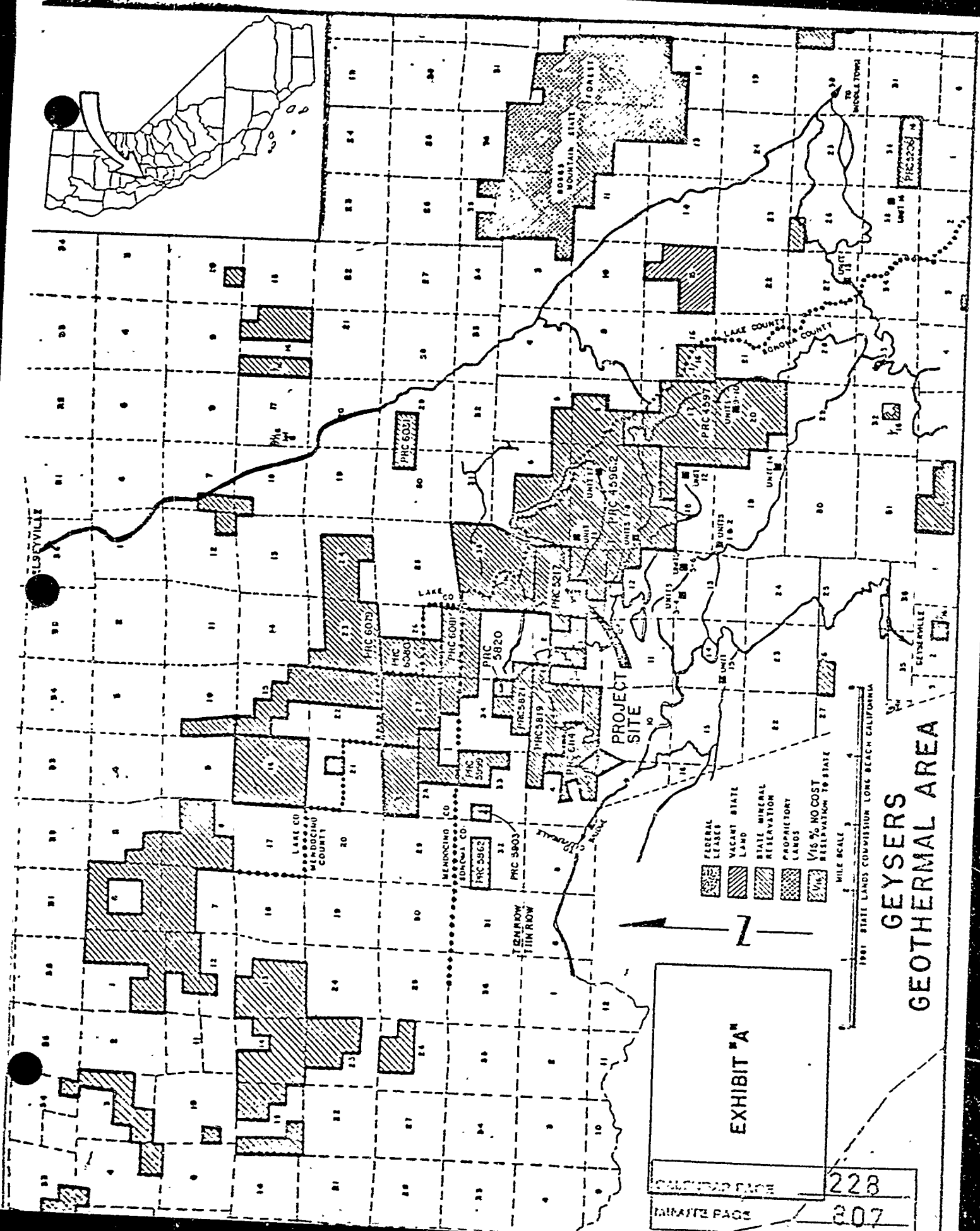


EXHIBIT "A"

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GEYSERS GEOTHERMAL AREA

- FEDERAL LEASED LAND
- VACANT STATE LAND
- STATE MINERAL RESERVATION
- PROPRIETARY LANDS
- 1/16% NO COST RESERVATION TO STATE

1 MILE SCALE
 1981 STATE LANDS COMMISSION LONG BEACH CALIFORNIA