

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: April 30, 2009

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

REC'D - BLM - NSC

NOV 23 2007

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351 - 359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001 - 1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
NVN-075005

Lease Effective Date
(Anniversary Date)
09/01/2006

New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee: **VULCAN POWER COMPANY**
Street: **345 SW CYBER DR. #103**
City, State, Zip Code: **BEND, OR 97702**

1a. Assignor: **JAMES M. KINGZETT**

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on page 2 of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on page 2, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d		
a Township 20 North, Range 26 East, Mount Diablo Meridian Section 30; Lots 1(36.72), 2(36.52), 3(36.32), 4(36.12), E/2, E/2W2	100%	100%			

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective

DEC 01 2007

Assignment approved for land description indicated on reverse of this form

By



Bureau of Land Management (BLM)

Chief, Branch of Minerals Adjudication **NOV 27 2007**

(Title)

(Date)

(Continued on page 2)

Part A (Continued) ADDITIONAL SPACE for names and addresses of additional assignees in Item No. 1, if needed, or for Land Description in Item No. 2, if needed

REC'D - BLM - NSC

9:30 A.M. NOV 23 2007

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality, or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241)

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith

Executed this 16 day of November 20 07

Executed this 16 day of November 20 07

Name of Assignor as shown on current lease James M Kingzett

Assignor or Attorney-in-fact 
(Signature)

(Please type or print)

Assignee or Attorney-in-fact 
(Signature)

310 Foothill Rd.
(Assignor's Address)
Gardnerville NV 89460
(City) (State) (Zip Code)

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction

RECEIVED
Bur. of Land Management

7:30
A.M. AUG 03 2006

NEVADA STATE OFFICE
RENO, NEVADA

NVN-75005

Special Stipulations for All Leases in Carson City Field Office Management Area

The following mitigating measures are to be included as special stipulations on all geothermal leases issued in the Carson City Field Office Management area. The lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee and the Authorized Officer (AO):

No surface occupancy or disturbance will be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas, or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Other buffer zones and areas of restricted surface occupancy may be required to protect other resource values, including but not limited to, critical or rare or endangered species habitat.

Endangered Species Act Section 7 Consultation: The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

BLM IM 2005-003: This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

To secure specific compliance with the stipulations under Section 6, paragraph (2) of the geothermal resources lease form, the lessee shall, prior to operations, furnish to the AO a certified statement that either no archaeological values exist or that they may exist on the leased lands to be disturbed or occupied, to the best of the lessee's knowledge and belief, and that they might be impaired by geothermal resource operations. Such a certified statement must be completed in compliance with the BLM Nevada State Protocol by an archaeologist permitted by

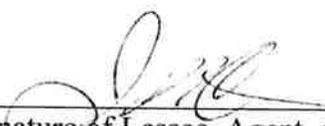
BLM for the Carson City Field Office. If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the AO, to survey and salvage, in compliance with the BLM Nevada State Protocol, in advance of any operations, such archaeological values on the lands involved. The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the Lessor or the surface owner.

Surface occupancy and use is subject to all valid existing surface rights.

The lands subject to this stipulation are described as all potential lease sections.

Special Stipulation for Water Resources: As exploration and development activities begin, the lessee will institute and pay for a hydrologic monitoring program, which will be site specific and its intensity will be commensurate with the level of exploration. For example, if the proponent were to conduct seismic studies, the monitoring would be limited to identifying water resources to be monitored as activities continue; if a drilling program were to be undertaken, the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected would be submitted to the BLM and would be used to support future NEPA documentation as development progresses. Adverse impacts on surface expressions of the geothermal reservoir (hot springs), and threatened and endangered species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area when conducting activities that could affect those resources. If adverse impacts do occur, the BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are lease stipulations, not operational, and the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Special Stipulation for Native American Consultation: All proposed exploration and development is subject to the requirement for Native American consultation before the BLM will authorize the activity. Depending on the nature of the proposed lease development and the resource of concern, the time to complete Native American consultation and to conduct any mitigation measures may extend the time for authorization. It may also change the ways in which developments are implemented. New lease applications would require Native American consultation.



Signature of Lessee, Agent, or Attorney in Fact

July 25 2006

Date

7:30
A.M. AUG 03 2006

NEVADA STATE OFFICE
RENO, NEVADA

NVN-75005

Bureau of Reclamation Stipulation

The Lessor reserves the ownership of brines and condensates and the right to receive or take possession of all or any part thereof following the extraction or utilization by Lessee of the heat energy and byproducts other than demineralized water associated therewith subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If the Lessor elects to take the brines and condensates, the Lessee shall deliver all or any portion thereof to the Lessor at any point in the Lessee's geothermal gathering system after separation of the steam and brine products or from the disposal system as specified by the Lessor for the extraction of said brines and condensates by such means as the Lessor may provide and without cost to the Lessee. There is not obligation on the part of the Lessor to exercise its reserved rights. The Lessor shall not be liable in any manner if those rights are not exercised, and, in that event, the Lessee shall dispose of the brines and condensates in accordance with applicable laws, rules and regulations.

The Lessor reserves the right to conduct on the leased lands, testing and evaluation of geothermal resources which the Lessor determines are required for its desalinization research programs for utilization of geothermal fluids. These programs may include shallow temperature gradient hole underground exploration, if they are conducted in a manner compatible with lease operations and the production by Lessee of geothermal steam and associated geothermal resources. Lessor reserves the right to erect, maintain, and operate any and all facilities, pipelines, transmission lines, access roads, and appurtenances necessary for desalinization on the leased premises. Any desalting plants, piping, wells, or other equipment installed by the Lessor on the leased premises shall remain the property of the Lessor; and the Lessee shall conduct his operations in a manner compatible with the operation and maintenance of any desalting plants, piping, wells, or other equipment installed by the Lessor. Any brines and condensates removed by the Lessor shall be replaced without cost to the Lessee with fluids as compatible with reservoir fluids as the brines or condensates that the Lessor removed and where the Lessor and Lessee determine that they are needed by the Lessee for his operation or for reinjection into the geothermal anomalies.

The Lessor and the Lessee, if authorized by law, may enter into cooperative agreements for joint development and production of geothermal resources from the leased premises consistent with applicable laws and regulations.

Any geophysical, geological, geochemical, and reservoir hydraulic data collected by either the Bureau of Reclamation or the Lessee will be made available upon request to the other party, and the data furnished to Reclamation by the Lessee shall be considered confidential so long as the following conditions prevail:

- a. Until the Lessee notifies Reclamation that there is no requirement to retain the submitted data in confidential status or until Lessee relinquishes all interest in the leased area from where the information was obtained.
- b. Reclamation shall not incorporate data received from the Lessee in its publications or reports during the period that confidential data are being retained without written authorization from the Lessee.
- c. Information obtained by Reclamation, and upon request submitted to the Lessee, shall not

be used in publications or reports issued by Lessee without written consent of Reclamation until the data have been published or otherwise given distribution by Reclamation.

The United States reserves the right to flood, seep and overflow the lands, permanently or intermittently, in connection with the operation or maintenance of the Newlands Project.

The Lessee will not interfere with the operation and maintenance of the Newlands Project. Prior to use of operation or maintenance roads within the Newlands Project, the Lessee will notify the AO in order to be appraised of areas that should be avoided to prevent interference with the operation and maintenance of the project. Reclamation will review all road or bridge crossing, piping or closure of any Newlands Project feature, and review NEPA and Cultural clearances on an individual basis.

There is also reserved to the United States, the right of its officers, agents, employees, licensees and permittees, at all proper times and places freely to have ingress to, passage over, and egress from all of said lands for the purpose of exercising, and protecting the rights reserved herein.

The Lessee further agrees that the United States, its officers, agents and employees and its successors and assigns shall not be held liable for any damage to the Lessee's improvements or works by reason of the exercise of the rights here reserved; nor shall anything contained in this paragraph be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

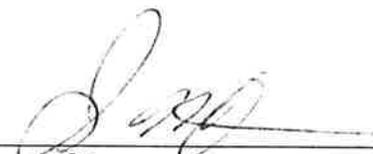
The lands subject to this stipulation include all or part of the following lease sections:

Salt Wells Lease Area

- T. 17 N., R. 30 E., sections 05, 06, 07 and 08;
- T. 17 N., R. 29 E., sections 01 and 02;
- T. 18 N., R. 29 E. section 35;
- T. 18 N., R. 30 E., sections 05 and 06;
- T. 19 N., R. 30 E., sections 29, 31, 32, and 33.

Hazen Lease Area

- T. 19 N., R. 26 E., section 04;
- T. 20 N., R. 25 E., section 22;
- T. 20 N., R. 26 E., sections 30 and 32.



Signature of Lessee, Agent, or Attorney in Fact

July 25 2006
Date

NVN-75005

Material Site Stipulation

The Lessee accepts this lease subject to the right of the State of Nevada to remove material from the land embraced in Material Sites and agrees that operations performed by the lessee will not interfere with operations of the State of Nevada, Department of Transportation.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact

July 25 2006

Date

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Bur. of Land Management

7:30
A.M. AUG 03 2006

NEVADA STATE OFFICE
RENO, NEVADA

Contingency Rights Stipulation

BLM has reviewed existing information and planning resources documents and, except as noted in other attached stipulations, knows of no reason why normal development, subject to the controls of applicable laws and regulations and the lease terms and conditions, can not proceed on the leased lands. However, specific development activities could not be identified prior to lease issuance since the nature and extent of geothermal resources were not known and specific operations have not been proposed. The lessee is hereby made aware that consistent with 43 CFR 3200.4, all post lease operations will be subject to appropriate environmental review and may be limited or denied only if unmitigable and significant impacts on other land uses or resources would result.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact

July 25, 2006

Date

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7:30
A.M. **AUG 03 2006**

NEVADA STATE OFFICE
RENO, NEVADA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.
N-85705

**OFFER TO LEASE AND LEASE FOR GEOTHERMAL RESOURCES
(For New Leases Issued Under the Energy Policy Act of 2005 [August 5, 2005])**

The undersigned (see page 2) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001-1025).

READ INSTRUCTIONS BEFORE COMPLETING

1. Name Vulcan Power Company		1a. Street 345 SW Cyber Drive, Suite 103	
1b. City Bend	1c. State OR	1d. Zip Code 97702	

2. Surface managing agency if other than BLM: _____ Unit/Project: _____

Legal description of land requested (segregate by public domain and acquired lands): Enter T., R., Meridian, State and County

Total Acres Applied for _____

Percent U.S. interest _____

Amount remitted: Processing Fee \$ _____ Rental Fee \$ _____ Total \$ _____

DO NOT WRITE BELOW THIS LINE

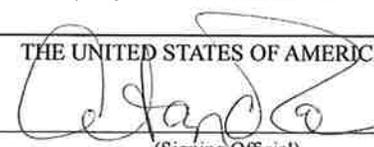
3. Land included in lease: Enter T., R., Meridian, State and County

T. 20 N., R. 26 E., MDM, Nevada
 sec. 04, lots 5-12; sec. 20, N2;
 sec. 04, S2; sec. 22, all;
 sec. 08, all; sec. 28, all.
 sec. 10, all;
 sec. 16, all;
 sec. 20, lots 1-8;

Total Acres in Lease 4535.51

Rental Retained \$ 9072.00

In accordance with the above offer, or the previously submitted competitive bid, this lease is issued granting the exclusive right to drill for, extract, produce, remove, utilize, sell, and dispose of all the geothermal resources in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon, for a primary term of 10 years and subsequent extensions thereof in accordance with 43 CFR subpart 3207. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and, when not inconsistent with the provisions of this lease, regulations and formal orders hereafter promulgated.

Type of Lease: <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive <input type="checkbox"/> Noncompetitive direct use (43 CFR subpart 3205)	THE UNITED STATES OF AMERICA	
	BY  ATANDA CLARK (Signing Official)	
Comments:	(Printed Name)	
	Chief, Branch of Minerals Adjudication	OCT 27 2008
	(Title)	(Date)
	EFFECTIVE DATE OF LEASE <u>NOV 01 2008</u>	
	Check if this is a converted lease <input type="checkbox"/>	
	EFFECTIVE DATE OF LEASE CONVERSION _____	

4. (a) The undersigned certifies that:
(1) The offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States, any State or the District of Columbia; (2) All parties holding an interest in the offer are in compliance with 43 CFR part 3200 and the authorizing Act; (3) The offeror's chargeable interests, direct and indirect, do not exceed those allowed under the Act; and (4) The offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.
- (b) The undersigned agrees that signing this offer constitutes acceptance of this lease, including all terms, conditions and stipulations of which the offeror has been given notice, and any amendment or separate lease that may cover any land described in this offer open to lease application at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford the offeror no priority if it is not properly completed and executed in accordance with the regulations or if it is not accompanied by the required payments. Title 18 U.S.C. § 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this _____ day of _____, 20____.

(Printed Name of Lessee or Attorney-in-fact)

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals must be paid to the proper office of the lessor in advance of each lease year. Annual rental rates per acre or fraction thereof, as applicable, are:

- (a) Noncompetitive lease (includes post-sale parcels not receiving bids, a direct use lease or a lease issued to a mining claimant): \$1.00 for the first 10 years; thereafter \$5.00; or
(b) Competitive lease: \$2.00 for the first year; \$3.00 for the second through tenth year; thereafter \$5.00.
Annual rental is always due by the anniversary date of this lease (43 CFR 3211.13), regardless of whether the lease is in a unit or outside of a unit, the lease is in production or not, or royalties or direct use fees apply to the production.
Rental may only be credited toward royalty under 43 CFR 3211.15 and 30 CFR 218.303. Rental may not be credited against direct use fees. Failure to pay annual rental timely will result in late fees and will make the lease subject to termination in accordance with 43 CFR 3213.14.

Sec. 2. (a) Royalties—Royalties must be paid to the proper office of the lessor. Royalties are due on the last day of the month following the month of production. Royalties will be computed in accordance with applicable regulations and orders. Royalty rates for geothermal resources produced for the commercial generation of electricity but not sold in an arm's length transaction are: 1.75 percent for the first 10 years of production and 3.5 percent after the first 10 years. The royalty rate is to be applied to the gross proceeds derived from the sale of electricity in accordance with 30 CFR part 206 subpart H.

The royalty rate for byproducts derived from geothermal resource production that are minerals specified in section 1 of the Mineral Leasing Act (MLA), as amended (30 U.S.C. 181), is 5 percent, except for sodium compounds, for which the royalty rate is 2 percent for sodium produced between September 29, 2006 and September 29, 2011 (Pub. L. No. 109-338, § 102; note to 30 U.S.C. 262). No royalty is due on byproducts that are not specified in 30 U.S.C. § 181. (43 CFR 3211.19.)

If this lease or a portion thereof is committed to an approved communitization or unit agreement and the agreement contains a provision for allocation of production, royalties must be paid on the production allocated to this lease.

- (b) Arm's length transactions—The royalty rate for geothermal resources sold by you or your affiliate at arm's length to a purchaser is 10 percent of the gross proceeds derived from the arm's-length sale (43 CFR 3211.17, 3211.18).
(c) Advanced royalties—In the absence of a suspension, if you cease production for more than one calendar month on a lease that is subject to royalties and that has achieved commercial production, your lease will remain in effect only if you make advanced royalty payments in accordance with 43 CFR 3212.15(a) and 30 CFR 218.305.
(d) Direct use fees—Direct use fees must be paid in lieu of royalties for geothermal resources that are utilized for commercial, residential, agricultural, or other energy needs other than the commercial production or generation of electricity, but not sold in an arm's length transaction (43 CFR 3211.18; 30 CFR 206.356). This requirement applies to any direct use of federal geothermal resources (unless the resource is exempted as described in 30 CFR 202.351(b) or the lessee is covered by paragraph (e), below) and is not limited to direct use leases. Direct use fees are due on the last day of the month following the month of production.
(e) If the lessee is a State, tribal, or local government covered by 43 CFR 3211.18(a)(3) and 30 CFR 206.366, check here: . A lessee under this paragraph is not subject to paragraph (d), above. In lieu of royalties, the lessee under this paragraph must pay a nominal fee of \$ _____.

Sec. 3. Bonds—A bond must be filed and maintained for lease operations as required by applicable regulations.

Sec. 4. Work requirements, rate of development, unitization, and drainage—Lessee must perform work requirements in accordance with applicable regulations (43 CFR 3207.11, 3207.12), and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves the right to specify rates of development and production and to require lessee to commit to a communitization or unit agreement, within 30 days of notice, if in the public interest. Lessee must drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in the amount determined by lessor. Lessor will exempt lessee from work requirements only where the lease overlies a mining claim that has an approved plan of operations and where BLM determines that the development of the geothermal resource on the lease would interfere with the mining operation (43 CFR 3207.13).

Sec. 5. Documents, evidence, and inspection—Lessee must file with the proper office of the lessor, not later than (30) days after the effective date thereof, any contract or evidence of other arrangement for the sale, use, or disposal of geothermal resources, byproducts produced, or for the sale of electricity generated using geothermal resources produced from the lease. At such times and in such form as lessor may prescribe, lessee must furnish detailed statements and all documents showing (a) amounts and quality of all geothermal resources produced and used (either for commercial production or generation of electricity, or in a direct use operation) or sold; (b) proceeds derived therefrom or from the sale of electricity generated using such resources; (c) amounts that are unavoidably lost or rejected before use, used to generate plant parasitic electricity (as defined in 30 CFR 206.351) or electricity for lease operations, or otherwise used for lease operations related to the commercial production or generation of electricity; and (d) amounts and quality of all byproducts produced and proceeds derived from the sale or disposition thereof. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest.

In a format and manner approved by lessor, lessee must keep a daily drilling record, a log, and complete information on well surveys and tests; keep a record of subsurface investigations; and furnish copies to lessor when required.

Lessee must keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee must maintain copies of all contracts, sales agreements, accounting records, billing records, invoices, gross proceeds and payment data regarding the sale, disposition, or use of geothermal resources, byproducts produced, and the sale of electricity generated using resources produced from the lease, and all other information relevant to determining royalties or direct use fees. All such records must be maintained in lessee's accounting offices for future audit by lessor and produced upon request by lessor or lessor's authorized representative or agent. Lessee must maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

Sec. 6. Conduct of operations—Lessee must conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee must take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with leased rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses will be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee. Prior to disturbing the surface of the leased lands, lessee must contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessor may require lessee to complete minor inventories or short term special studies under guidelines provided by lessor. If, in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessee must cease any operations that are likely to affect or take such species, or result in the modification, damage or destruction of such habitats or objects.

Sec. 7. Production of byproducts—If the production, use, or conversion of geothermal resources from these leased lands is susceptible of producing a valuable byproduct or byproducts, including commercially demineralized water for beneficial uses in accordance with applicable State water laws, lessor may require substantial beneficial production or use thereof by lessee.

Sec. 8. Damages to property—Lessee must pay lessor for damage to lessor's improvements, and must save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 9. Protection of diverse interests and equal opportunity—Lessee must maintain a safe working environment in accordance with applicable regulations and standard industry practices, and take measures necessary to protect public health and safety. Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. Lessee must comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractor may maintain segregated facilities.

Sec. 10. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee must file with lessor any assignment or other transfer of an interest in this lease. Subject to the requirements of 43 CFR subpart 3213, lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which will be effective as of the date BLM receives it, subject to the continued obligation of the lessee and surety to be responsible for: paying all accrued rentals and royalties; plugging and abandoning all wells on the relinquished land, restoring and reclaiming the surface and other resources; and complying with 43 CFR 3200.4.

Sec. 11. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee must place all wells in condition for suspension or abandonment, reclaim the land as specified by lessor, and within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells or continued protection of the environment.

Sec. 12. Proceedings in case of default—If lessee fails to comply with any provisions of this lease or other applicable requirements under 43 CFR 3200.4, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to termination in accordance with the Act and 43 CFR 3213. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy or action, including waiver of the default. Any such remedy, waiver, or action will not prevent later termination for the same default occurring at any other time. Whenever the lessee fails to comply in a timely manner with any of the provisions of the Act, this lease, the regulations, or other applicable requirements under 43 CFR 3200.4, and immediate action is required, the lessor may enter on the leased lands and take measures deemed necessary to correct the failure at the lessee's expense.

Sec. 13. Heirs and successors-in-interest—Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

INSTRUCTIONS

A. General

1. Items 1 and 2 need to be completed only by parties filing for a noncompetitive lease. The BLM will complete the front of the form for other types of leases. The BLM may use the "Comments" space under Item 3 to identify when: the lessee has elected to make all lease terms subject to the Energy Policy Act of 2005 under 43 CFR 3200.7(a)(2) or 43 CFR 3200.8(b) (box labeled "converted lease" must also be checked); the lease is being issued noncompetitively to a party who holds a mining claim on the same lands as is covered by the lease under 43 CFR 3204.12; the lease is a direct use lease issued to a State, local, or tribal government (box at section 2(E) under Lease Terms must also be checked); the lease is a competitive lease with direct-use-only stipulations attached; or other circumstances exist. A lessee who seeks to convert only the royalty rate of a lease under 43 CFR 3212.25 or who qualifies for a case-by-case royalty rate determination under 43 CFR 3211.17(b)(1)(i) should not use this form, but should instead use an addendum to the existing lease.
2. Entries must be typed or printed plainly in ink. The offeror must sign the form (Item 4) in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.10 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Specific

Item 1—Enter the offeror's name and billing address.

Item 2—Indicate the agency managing the surface use of the land and the name of the unit or project of which the land is a part. The offeror may also provide other information that will assist in establishing status of the lands. The description of land must conform to 43 CFR 3203.10. Total acres applied for must not exceed that allowed by regulations (43 CFR 3203.10; 43 CFR 3206.12).

Payments: For noncompetitive leases, the amount remitted must include the processing fee for noncompetitive lease applications (43 CFR 3204.10; 43 CFR 3000.12) and the first year's rental at the rate of \$1 per acre or fraction thereof. If the United States owns only a fractional interest in the geothermal resources, you must pay a prorated rental under 43 CFR 3211.11(d). The BLM will retain the processing fee even if the offer is completely rejected or withdrawn. To maintain the offeror's priority, the offeror must submit rental sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-quarter sections, the exact acreage of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 40 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the BLM will return the rental remitted for the parts withdrawn or rejected.

The BLM will fill in the processing fee for competitive lease applications (43 CFR 3203.17; 43 CFR 3000.12) and the first year's rental at the rate of \$2 per acre or fraction thereof.

Item 3—The BLM will complete this space.

NOTICES

The Privacy Act of 1974 and the regulation at 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this geothermal lease application.

AUTHORITY: 30 U.S.C. 1000 et seq.

PRINCIPAL PURPOSE—The information is to be used to process geothermal lease applications.

ROUTINE USES: (1) The adjudication of the lessee's rights to the land or resources. (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting uses or rights in public lands or resources. (4) Transfer to the appropriate Federal, State, local, or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions.

THREATENED, ENDANGERED OR SENSITIVE SPECIES

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed)

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 U.S.C. 1531, as amended, including completion of any required procedure for conference or consultation.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

MIGRATORY BIRDS

Surface disturbing activities during the migratory bird nesting season (March to July) may be restricted in order to avoid potential violation of the Migratory Bird Act. Appropriate inventories of migratory birds shall be conducted during analysis of actual site development. If active nests are located, the proponent shall coordinate with BLM to establish appropriate protection measures for the nesting sites which may include avoidance or restricting or excluding development during certain areas to times when nests and nesting birds will not be disturbed. During development and production phases, if artificial ponds potentially detrimental to migratory birds are created, these shall be fitted with exclusion devices such as netting or floating balls.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

VEGETATION

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed).

All areas of exploration and or development disturbance will be reclaimed including re-contouring disturbed areas to blend with the surrounding topography and using appropriate methods to seed with a diverse perennial seed mix.

The seed mix used to reclaim disturbed areas would be "certified" weed free.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

NOXIOUS WEEDS

During all phases of exploration and development, the lessee shall maintain a noxious weed control program consisting of monitoring and eradication for species listed on the Nevada Designated Noxious Weed List (NRS 555.010).

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CULTURAL RESOURCES

No surface occupancy: No surface occupancy within the setting of National Register eligible sites where integrity of setting is critical to their eligibility.

	<u>Description of Lands</u>
PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	T. 23 N., R. 28 E., MDM, Nevada sec. 32, N2NWNE.
PARCEL NV-08-08-012	T. 25 N., R. 38 E., MDM, Nevada sec. 28, NWSW.
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	T. 31 N., R. 39 E., MDM, Nevada sec. 33, E2SW.
PARCEL NV-08-08-020	ALL LANDS

NATIVE AMERICAN

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed). All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially affected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented. For development and production phases, surface occupancy may be limited to a specific distance or precluded at hot springs, pending conclusion of the Native American consultation process.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CULTURAL RESOURCES AND NATIVE AMERICAN CONSULTATION

No Surface Occupancy: No surface occupancy within the setting of National Register eligible sites where integrity of setting is critical to their eligibility. No surface occupancy within the setting of National Register eligible Traditional Cultural Properties (TCPs) where integrity of the setting is critical to their eligibility.

Native American Consultation and investigation of ethnographic records determined that certain lands within the parcel contain a Native American Sacred Site and Traditional Cultural Property (TCP).

Description of Lands

Parcel NV-08-08-001

T. 20 N., R 26 E., MDM, Nevada
sec. 22, all.

WATER RESOURCES

As exploration and development activities commence, the operator shall institute a hydrologic monitoring program. The details of the monitoring programs will be site specific and the intensity shall be commensurate with the level of exploration. For example, if the proponent will be conducting seismic studies the monitoring would be limited to the identification of water resources to be monitored as activities continue; if a drilling program were to be undertaken the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected will be submitted to the Bureau of Land Management and will be used to support future NEPA documentation as development progresses. Adverse impacts to surface expressions of the geothermal reservoir (hot springs), and Threatened and Endangered Species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area whenever they are conducting activities which have the potential to impact those resources. If adverse impacts do occur, BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are in addition to the other stipulations. These are LEASE stipulations, not operational, the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

HAZARDOUS MATERIALS

Prior to exploration and development, an emergency response plan will be developed to include contingencies for hazardous material spills and disposal.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CONTROLLED OR LIMITED SURFACE USE

(avoidance and/or mitigation measures to be developed). All surface disturbing activities proposed after issuance of the lease are subject to compliance with Section 106 of the National Historic Preservation Act (NHPA) and its implementation through the protocol between the BLM Nevada State Director and the Nevada State Historic Preservation Officer.

	<u>Description of Lands</u>
PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-018	T. 31 N., R. 39 E., MDM, Nevada sec. 16, SW; sec. 16, PROT N2, SE; sec. 17, all; sec. 21, NE, E2NW, SWNW, S2; sec. 22, NE, E2NW, SWNW, S2; sec. 22, PROT N2, W2SW, SESW, SE; sec. 27, N2, W2SW, SESW, SE.
PARCEL NV-08-08-019	T. 31 N., R. 39 E., MDM, Nevada sec. 30, lots 1-4, E2, E2W2; sec. 31, lots 1-4, E2, E2W2; sec. 33, N2, E2SW, SE; sec. 34, N2N2, SENE, S2NW, S2; sec. 35, N2, N2S2, SWSW; sec. 36, N2, N2SW, NWSE, SESE.
PARCEL NV-08-08-020	ALL LANDS

WILD HORSE AND BURROS

Controlled or Limited Surface Use: (avoidance and/or mitigation measures to be developed.) If wild horse or burro populations are located on sites proposed for development, it may be necessary to avoid or develop mitigation measures to reduce adverse impacts to horses. These measures may include providing alternative water sources for horses of equal quality and quantity.

	<u>Description of Lands</u>
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

RIPARIAN AREAS STIPULATION

The lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee and the Authorized Officer (AO):

No surface occupancy or disturbance will be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas, or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Exceptions to this restriction may be considered on a case-by-case basis if the BLM determines at least one of the following conditions apply: 1) additional development is proposed in an area where current development has shown no adverse impacts, 2) suitable off-site mitigation will be provided if habitat loss is expected, or 3) BLM determines development proposed under any plan of operations ensures adequate protection of the resources.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 04, lots 5-12, S2; sec. 08, all; sec. 16, all; sec. 20, lots 1-8, N2; sec. 28, all.
PARCEL NV-08-08-006	ALL LANDS
PARCEL NV-08-08-007	ALL LANDS.
PARCEL NV-08-08-008	ALL LANDS
PARCEL NV-08-08-010	ALL LANDS
PARCEL NV-08-08-011	ALL LANDS
PARCEL NV-08-08-016	ALL LANDS
PARCEL NV-08-08-021	T. 22 N., R. 40 E., MDM, Nevada sec. 04, portion within Carson City; sec. 05, lots 1-4, S2N2, S2; T. 23 N., R. 40 E., MDM, Nevada sec. 28, portion within Carson City; sec. 29, all; sec. 31, lots 1-4, E2, E2W2; sec. 32, all.
PARCEL NV-08-08-022	ALL LANDS
PARCEL NV-08-08-023	ALL LANDS

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

CULTURAL RESOURCE PROTECTION
LEASE STIPULATION

This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

NATIVE AMERICAN CONSULTATION STIPULATION

The lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee and the Authorized Officer (AO):

All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially effected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 04, lots 5-12, S2; sec. 08, all; sec. 16, all; sec. 20, lots 1-8, N2; sec. 28, all.
PARCEL NV-08-08-006	ALL LANDS
PARCEL NV-08-08-007	ALL LANDS.
PARCEL NV-08-08-008	ALL LANDS
PARCEL NV-08-08-010	ALL LANDS
PARCEL NV-08-08-011	ALL LANDS
PARCEL NV-08-08-016	ALL LANDS
PARCEL NV-08-08-021	T. 22 N., R. 40 E., MDM, Nevada sec. 04, portion within Carson City; sec. 05, lots 1-4, S2N2, S2; T. 23 N., R. 40 E., MDM, Nevada sec. 28, portion within Carson City; sec. 29, all; sec. 31, lots 1-4, E2, E2W2; sec. 32, all.
PARCEL NV-08-08-022	ALL LANDS
PARCEL NV-08-08-023	ALL LANDS

UNIT JOINDER REQUIREMENT

The successful applicant for the lands listed below shall file with this office, proof of having joined in the Patua Unit Agreement, or submit satisfactory reasons for not participating in this unit.

Description of Lands

T. 20 N., R. 26 E., MDM, Nevada
sec. 04, lots 5-12, S2;
sec. 08, all;
sec. 10, all;
sec. 16, all;
sec. 20, lots 1-8, N2;
sec. 22, all;
sec. 28, all.

LEASE STIPULATIONS
BUREAU OF RECLAMATION

The Lessee agrees to maintain, if required by the lessor during the period of this lease, including any extension thereof, an additional bond with qualified sureties in such sum as the lessor, if it considers that the bond required under Section 2(a) is insufficient, may at any time require:

(a) to pay for damages sustained by any reclamation homestead entryman to his crops or improvements caused by drilling or other operations of the lessee, such damages to include the reimbursement of the entryman by the lessee, when he uses or occupies the land of any homestead entryman, for all construction and operation and maintenance charges becoming due during such use or occupation upon any portion of the land so used and occupied;

(b) to pay any damage caused to any reclamation project or water supply thereof by the lessee's failure to comply fully with the requirements of this lease; and

(c) to recompense any non-mineral applicant, entryman purchaser under the Act of May 16, 1930 (46 Stat. 367), or patentee for all damages to crops or to tangible improvements caused by drilling or other prospecting operations, where any of the lands covered by this lease are embraced in any nonmineral application, entry, or patent under rights initiated prior to the date of this lease, with a reservation of the oil deposits, to the United States pursuant to the Act of July 17, 1914 (38 Stat. 509).

As to any lands covered by this lease within the area of any Government reclamation project, or in proximity thereto, the lessee shall take such precautions as required by the Secretary to prevent any injury to the lands susceptible to irrigation under such project or to the water supply thereof; *provided* that drilling is prohibited on any constructed works or right-of-way of the Bureau of Reclamation, and *provided, further*, that there is reserved to the lessor, its successors and assigns, the superior and prior right at all times to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, and reclamation works, in which construction, operation, and maintenance, the lessor, its successors and assigns, shall have the right to use any or all of the lands herein described without making compensation therefore, and shall not be responsible for any damage from the presence of water thereon or on account of ordinary, extraordinary, unexpected, or unprecedented floods. That nothing shall be done under this lease to increase the cost of, or interfere in any manner with, the construction, operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines electric transmission lines, roadways, appurtenant irrigation structures or reclamation works across, over, or upon said lands should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, or reclamation works, across, over, or upon said lands; *provided, however*, that subject to advance written approval by the United States the location and course of any improvements or works and appurtenances may be changed by the lessee; *provided further*, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any change in the location or course of said improvements or works of lessee. The lessee further agrees, that the United States, its officers, agents, and employees, and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing in this paragraph shall be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

THE LESSEE FURTHER AGREES That there is reserved to the lessor, its successors and assigns, the prior right to use any of the lands herein leased, to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures, and also the right to remove construction materials therefrom, without any payment made by the lessor or its successors for such right, with the agreement on the part of the lessee that if the construction of any or all of such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or the removal of construction materials therefrom, should be made more expensive by reason of the existence of improvements or workings of the

lessee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States or its successors constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or removing construction materials therefrom. The lessee further agrees that the lessor, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.

SPECIAL STIPULATION - BUREAU OF RECLAMATION

To assist in preventing damage to any Bureau of Reclamation dams, reservoirs, canals, ditches, laterals, tunnels, and related facilities, and contamination of the water supply therein, and to avoid interference with recreation development and/or impacts to fish and wildlife habitat, the lessee agrees that the following conditions shall apply to all exploration and developmental activities and other operation of the works thereafter on lands covered by this lease:

1. Prior to commencement of any surface-disturbing work including drilling, access road work, and well location construction, a surface use and operations plan will be filed with the appropriate officials. A copy of this plan will be furnished to the Resource Division Manager, Lahontan Basin Area Office, Bureau of Reclamation, 705 North Plaza Street, Room 320, Carson City, Nevada 89701, for review and consent prior to approval of the plan. Such approval will be conditioned on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damages to the surface vegetation and other resources, including cultural resources, of the United States, its lessees, permittees, or licensees, and to provide for the restoration of the land surface and vegetation. The plan shall contain provisions as the Bureau of Reclamation may deem necessary to maintain proper management of the water, recreation, lands, structures, and resources, including cultural resources, within the prospecting drilling, or construction area.

Drilling sites for all wells and associated investigations such as seismograph work shall be included in the above-mentioned surface use and operation plan.

If later explorations require departure from or additions to the approved plan, these revisions or amendments, together with a justification statement for proposed revisions, will be submitted for approval to the Resource Division Manager, Lahontan Basin Area Office, Bureau of Reclamation, or their authorized representative.

Any operations conducted in advance of approval of an original, revised, or amended prospecting plan, or which are not in accordance with an approved plan constitute a violation of the terms of this lease. The Bureau of Reclamation reserves the right to close down operations until such corrective action, as is deemed necessary, is taken by the lessee.

2. No occupancy of the surface of the following areas is authorized by this lease. It is understood and agreed that the use of these areas for Bureau of Reclamation purposes is superior to any other use. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100 percent of the fee mineral interest.

- a. Within 500 feet on either side of the centerline of any and all roads or highways within the leased area.
- b. Within 200 feet on either side of the centerline of any and all trails within the leased area.
- c. Within 500 feet of the normal high-water line of any and all live streams in the leased area.
- d. Within 400 feet of any and all recreation developments within the leased area.

- e. Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the Bureau of Reclamation within the leased area.
- f. Within 200 feet of established crop fields, food plots, and tree/shrub plantings within the leased area.
- g. Within 200 feet of slopes steeper than a 2:1 gradient within the leased area.
- h. Within established rights-of-way of canals, laterals, and drainage ditches within the leased area.
- i. Within a minimum of 500 feet horizontal from the centerline of the facility or 50 feet from the outside toe of the canal, lateral, or drain embankment, whichever distance is greater, for irrigation facilities without clearly marked rights-of-way within the leased area.
- j. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected, Reclamation may consider, on a case-by-case basis, waiving the requirement specified in Section 2 hereof. **HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.**

3. No occupancy of the surface or surface drilling will be allowed in the following areas. In addition to, no directional drilling will be allowed that would intersect the subsurface zones delineated by a vertical plane in these areas. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100 percent of the fee mineral interest.

- a. Within 1,000 feet of the maximum water surface, as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area.
- b. Within 2,000 feet of dam embankments and appurtenance structures such as spillway structures, outlet works, etc.
- c. Within one-half (1/2) mile horizontal from the centerline of any tunnel within the leased area.
- d. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected. Reclamation may consider, on a case-by-case basis, waiving the requirements specified in Section 3 hereof. **HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.**

4. The distances stated in items 2 and 3 above are intended to be general indicators only. The Bureau of Reclamation reserves the right to revise these distances as needed to protect Bureau of Reclamation facilities.

5. There will be no discharges into any Bureau of Reclamation water delivery or drainage facilities.

6. Lessee shall not use Bureau of Reclamation operation and maintenance roads for lease related access without prior written approval of the Bureau of Reclamation.

7. The use of explosives in any manner shall be so controlled that the works and facilities of the United States, its successors and assigns, will in no way be endangered or damaged. In this connection, an explosives use plan shall be submitted to and approved by the Resource Division Manager, Lahontan Basin Area Office, Bureau of Reclamation, or their authorized representative.

8. There is also reserved to the United States, the right of its officers, agents, employees, licensees and permittees, at all proper times and places freely to have ingress to, passage over, and egress from all of said lands for the purpose of exercising, and protecting the rights reserved herein.

9. The Lessor reserves the ownership of brines and condensates and the right to receive or take possession of all or any part thereof following the extraction or utilization by Lessee of the heat energy and byproducts other than demineralized water associated therewith subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If the Lessor elects to take the brines and condensates, the Lessee shall deliver all or any portion thereof to the Lessor at any point in the Lessee's geothermal gathering system after separation of the steam and brine products or from the disposal system as specified by the Lessor for the extraction of said brines and condensates by such means as the Lessor may provide and without cost to the Lessee.

There is no obligation on the part of the Lessor to exercise its reserved rights. The Lessor shall not be liable in any manner if those rights are not exercised, and, in that event, the Lessee shall dispose of the brines and condensates in accordance with applicable laws, rules and regulations. The Lessor reserves the right to conduct on the leased lands, testing and evaluation of geothermal resources which the Lessor determines are required for its desalinization research programs for utilization of geothermal fluids. These programs may include shallow temperature gradient hole underground exploration, if they are conducted in a manner compatible with lease operations and the production by Lessee of geothermal steam and associated geothermal resources.

Lessor reserves the right to erect, maintain, and operate any and all facilities, pipelines, transmission lines, access roads, and appurtenances necessary for desalinization on the leased premises. Any desalting plants, piping, wells, or other equipment installed by the Lessor on the leased premises shall remain the property of the Lessor; and the Lessee shall conduct his operations in a manner compatible with the operation and maintenance of any desalting plants, piping, wells, or other equipment installed by the Lessor. Any brines and condensates removed by the Lessor shall be replaced without cost to the Lessee with fluids as compatible with reservoir fluids as the brines or condensates that the Lessor removed and where the Lessor and Lessee determine that they are needed by the Lessee for his operation or for reinjection into the geothermal anomalies.

The Lessor and the Lessee, if authorized by law, may enter into cooperative agreements for joint development and production of geothermal resources from the leased premises consistent with applicable laws and regulations. Any geophysical, geological, geochemical, and reservoir hydraulic data collected by either the Bureau of Reclamation or the Lessee will be made available upon request to the other party, and the data furnished to Reclamation by the Lessee shall be considered confidential so long as the following conditions prevail:

a. Until the Lessee notifies Reclamation that there is no requirement to retain the submitted data in confidential status or until Lessee relinquishes all interest in the leased area from where the information was obtained.

b. Reclamation shall not incorporate data received from the Lessee in its publications or reports during the period that confidential data are being retained without written authorization from the Lessee.

c. Information obtained by Reclamation, and upon request submitted to the Lessee, shall not be used in publications or reports issued by Lessee without written consent of Reclamation until the data have been published or otherwise given distribution by Reclamation.

10. Bureau of Reclamation will review all road or bridge crossings, piping or closure of any reclamation project feature, and review NEPA and Cultural clearances on an individual basis.

11. The lessee shall be liable for all damage to the property of the United States, its successors and assigns, resulting from the exploration, development, or operation of the works contemplated by this lease, and shall further hold the United States, its successors and assigns, and its officers, agents, and employees, harmless from all claims of third parties for injury or damage sustained or in any way resulting from the exercise of the rights and privileges conferred by this lease.

12. The lessee shall be liable for all damage to crops or improvements of any entryman, nonmineral applicant, or patentee, their successors and assigns, caused by or resulting from the drilling or other operations of the lessee, including reimbursement of any entryman or patentee, their successors and assigns, for all construction, operation,

and maintenance charges becoming due on any portion of their said lands damaged as a result of the drilling or other operations of the lessee.

13. In addition to any other bond required under the provisions of this lease, the lessee shall provide such bond as the United States may at any time require for damages which may arise under the liability provisions of sections eleven (11) and twelve (12) above.

Description of Lands

PARCEL NV-08-08-002

ALL LANDS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMH NO. 1004-0034
Expires: April 30, 2009

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

REC'D - BLM - NSD

NOV 23 2007

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351 - 359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001 - 1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
SVN-076139

Lease Effective Date
(Anniversary Date)
09/01/2006

New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee: **VULCAN POWER COMPANY**
Street **345 SW CYBER DR. #103**
City, State, Zip Code **BEND, OR 97702**

1a. Assignor **JAMES M. KINGZETT**

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on page 2 of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on page 2, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
Township 20 North, Range 26 East, Mount Diablo Meridian Section 32: NWNE, S2NE, NW, SW, SE, W/2E/2NENE, W/2NENE	100%	100%			

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective

DEC 01 2007

Assignment approved for land description indicated on reverse of this form

By


Bureau of Land Management (BLM)

Chief, Branch of Minerals Adjudication
(Title)

NOV 27 2007
(Date)

REC'D - BLM - NSC

NOV 23 2007

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

- 1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
- 2. Assignee certifies as follows: (a) Assignee is a citizen of the United States, an association of such citizens, a municipality, or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease, (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
- 3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241)

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 16 day of November 20 07 Executed this 16 day of November 20 07

Name of Assignor as shown on current lease James M Kingzett

Assignor or Attorney-in-fact 
(Signature)

(Please type or print) 
Assignee or Attorney-in-fact (Signature)

310 Foothill Rd.
(Assignor's Address)
Gardnerville NV 89460
(City) (State) (Zip Code)

Title 18 U.S.C. Sec 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED
Bur. of Land Management

7:30
A.M. AUG 03 2006

NVN-76139

NEVADA STATE OFFICE
RENO, NEVADA

Special Stipulations for All Leases in Carson City Field Office Management Area

The following mitigating measures are to be included as special stipulations on all geothermal leases issued in the Carson City Field Office Management area. The lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee and the Authorized Officer (AO):

No surface occupancy or disturbance will be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas, or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Other buffer zones and areas of restricted surface occupancy may be required to protect other resource values, including but not limited to, critical or rare or endangered species habitat.

Endangered Species Act Section 7 Consultation: The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

BLM IM 2005-003: This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

To secure specific compliance with the stipulations under Section 6, paragraph (2) of the geothermal resources lease form, the lessee shall, prior to operations, furnish to the AO a certified statement that either no archaeological values exist or that they may exist on the leased lands to be disturbed or occupied, to the best of the lessee's knowledge and belief, and that they might be impaired by geothermal resource operations. Such a certified statement must be completed in compliance with the BLM Nevada State Protocol by an archaeologist permitted by

BLM for the Carson City Field Office. If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the AO, to survey and salvage, in compliance with the BLM Nevada State Protocol, in advance of any operations, such archaeological values on the lands involved. The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the Lessor or the surface owner.

Surface occupancy and use is subject to all valid existing surface rights.

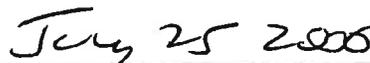
The lands subject to this stipulation are described as all potential lease sections.

Special Stipulation for Water Resources: As exploration and development activities begin, the lessee will institute and pay for a hydrologic monitoring program, which will be site specific and its intensity will be commensurate with the level of exploration. For example, if the proponent were to conduct seismic studies, the monitoring would be limited to identifying water resources to be monitored as activities continue; if a drilling program were to be undertaken, the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected would be submitted to the BLM and would be used to support future NEPA documentation as development progresses. Adverse impacts on surface expressions of the geothermal reservoir (hot springs), and threatened and endangered species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area when conducting activities that could affect those resources. If adverse impacts do occur, the BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are lease stipulations, not operational, and the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Special Stipulation for Native American Consultation: All proposed exploration and development is subject to the requirement for Native American consultation before the BLM will authorize the activity. Depending on the nature of the proposed lease development and the resource of concern, the time to complete Native American consultation and to conduct any mitigation measures may extend the time for authorization. It may also change the ways in which developments are implemented. New lease applications would require Native American consultation.



Signature of Lessee, Agent, or Attorney in Fact



Date

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7:30
A.M. AUG 03 2006

NEVADA STATE OFFICE
RENO, NEVADA

NVN-76139

Bureau of Reclamation Stipulation

The Lessor reserves the ownership of brines and condensates and the right to receive or take possession of all or any part thereof following the extraction or utilization by Lessee of the heat energy and byproducts other than demineralized water associated therewith subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If the Lessor elects to take the brines and condensates, the Lessee shall deliver all or any portion thereof to the Lessor at any point in the Lessee's geothermal gathering system after separation of the steam and brine products or from the disposal system as specified by the Lessor for the extraction of said brines and condensates by such means as the Lessor may provide and without cost to the Lessee. There is not obligation on the part of the Lessor to exercise its reserved rights. The Lessor shall not be liable in any manner if those rights are not exercised, and, in that event, the Lessee shall dispose of the brines and condensates in accordance with applicable laws, rules and regulations.

The Lessor reserves the right to conduct on the leased lands, testing and evaluation of geothermal resources which the Lessor determines are required for its desalinization research programs for utilization of geothermal fluids. These programs may include shallow temperature gradient hole underground exploration, if they are conducted in a manner compatible with lease operations and the production by Lessee of geothermal steam and associated geothermal resources. Lessor reserves the right to erect, maintain, and operate any and all facilities, pipelines, transmission lines, access roads, and appurtenances necessary for desalinization on the leased premises. Any desalting plants, piping, wells, or other equipment installed by the Lessor on the leased premises shall remain the property of the Lessor; and the Lessee shall conduct his operations in a manner compatible with the operation and maintenance of any desalting plants, piping, wells, or other equipment installed by the Lessor. Any brines and condensates removed by the Lessor shall be replaced without cost to the Lessee with fluids as compatible with reservoir fluids as the brines or condensates that the Lessor removed and where the Lessor and Lessee determine that they are needed by the Lessee for his operation or for reinjection into the geothermal anomalies.

The Lessor and the Lessee, if authorized by law, may enter into cooperative agreements for joint development and production of geothermal resources from the leased premises consistent with applicable laws and regulations.

Any geophysical, geological, geochemical, and reservoir hydraulic data collected by either the Bureau of Reclamation or the Lessee will be made available upon request to the other party, and the data furnished to Reclamation by the Lessee shall be considered confidential so long as the following conditions prevail:

- a. Until the Lessee notifies Reclamation that there is no requirement to retain the submitted data in confidential status or until Lessee relinquishes all interest in the leased area from where the information was obtained.
- b. Reclamation shall not incorporate data received from the Lessee in its publications or reports during the period that confidential data are being retained without written authorization from the Lessee.
- c. Information obtained by Reclamation, and upon request submitted to the Lessee, shall not

be used in publications or reports issued by Lessee without written consent of Reclamation until the data have been published or otherwise given distribution by Reclamation.

The United States reserves the right to flood, seep and overflow the lands, permanently or intermittently, in connection with the operation or maintenance of the Newlands Project.

The Lessee will not interfere with the operation and maintenance of the Newlands Project. Prior to use of operation or maintenance roads within the Newlands Project, the Lessee will notify the AO in order to be appraised of areas that should be avoided to prevent interference with the operation and maintenance of the project. Reclamation will review all road or bridge crossing, piping or closure of any Newlands Project feature, and review NEPA and Cultural clearances on an individual basis.

There is also reserved to the United States, the right of its officers, agents, employees, licensees and permittees, at all proper times and places freely to have ingress to, passage over, and egress from all of said lands for the purpose of exercising, and protecting the rights reserved herein.

The Lessee further agrees that the United States, its officers, agents and employees and its successors and assigns shall not be held liable for any damage to the Lessee's improvements or works by reason of the exercise of the rights here reserved; nor shall anything contained in this paragraph be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

The lands subject to this stipulation include all or part of the following lease sections:

Salt Wells Lease Area

T. 17 N., R. 30 E., sections 05, 06, 07 and 08;

T. 17 N., R. 29 E., sections 01 and 02;

T. 18 N., R. 29 E. section 35;

T. 18 N., R. 30 E., sections 05 and 06;

T. 19 N., R. 30 E., sections 29, 31, 32, and 33.

Hazen Lease Area

T. 19 N., R. 26 E., section 04;

T. 20 N., R. 25 E., section 22;

T. 20 N., R. 26 E., sections 30 and 32.



Signature of Lessee, Agent, or Attorney in Fact

July 25, 2006

Date

NVN-76139

Material Site Stipulation

The Lessee accepts this lease subject to the right of the State of Nevada to remove material from the land embraced in Material Sites and agrees that operations performed by the lessee will not interfere with operations of the State of Nevada, Department of Transportation.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact

July 25, 2006

Date

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Bur. of Land Management

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A.M. AUG 03 2006

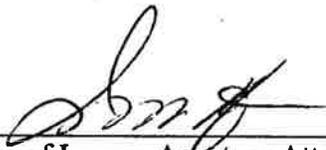
NEVADA STATE OFFICE
RENO, NEVADA

NVN-76139

Contingency Rights Stipulation

BLM has reviewed existing information and planning resources documents and, except as noted in other attached stipulations, knows of no reason why normal development, subject to the controls of applicable laws and regulations and the lease terms and conditions, can not proceed on the leased lands. However, specific development activities could not be identified prior to lease issuance since the nature and extent of geothermal resources were not known and specific operations have not been proposed. The lessee is hereby made aware that consistent with 43 CFR 3200.4, all post lease operations will be subject to appropriate environmental review and may be limited or denied only if unmitigable and significant impacts on other land uses or resources would result.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact

July 25, 2006

Date

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A.M. AUG 03 2006

NEVADA STATE OFFICE
RENO, NEVADA

Form 3000-3
(January 2010)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351 - 359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001 - 1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

FORM APPROVED OMB NO. 1004-0034 Expires: July 31, 2012
Lease Serial No. NVN-77739
Lease Effective Date (Anniversary Date) 09/01/2006
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* **Patua Project, LLC**
Street **9670 Gateway Drive, Suite 200**
City, State, Zip Code **Reno, NV 89521**

1a. Assignor **James M. Kingzett**

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on page 2 of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on page 2, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d		
<p style="text-align: center;">a</p> <p>Township 20 North, Range 25 East, MDM, Nevada Section 34: All</p> <p>Township 19 North, Range 26 East, MDM, Nevada Section 6: Lots 1-7, S/2NE, SENW, E/2SW, SE</p> <p>containing 1,271.82 acres, more or less</p>	100%	100%	0%		

RECEIVED
MAY 31 2011
BLM NVSO IAC

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective

AUG 01 2011

Assignment approved for land description indicated on reverse of this form

By

[Signature]

Bureau of Land Management (BLM)

Chief, Branch of Minerals Adjudication

(Title)

JUL 22 2011

(Date)

(Continued on page 2)

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

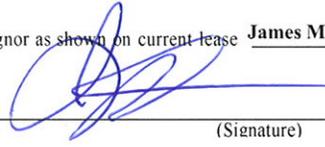
1. The Assignor certifies as owner if an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 12th day of May 20 11 Executed this 26 day of May 20 11

Name of Assignor as shown on current lease James M. Kingzett

Assignor  (Signature)
 or
 Attorney-in-fact _____ (Signature)

(Please type or print)

Assignee  (Signature)
 or
 Attorney-in-fact _____ (Signature)

310 Foothills
 _____ (Assignor's Address)
Gardnerville NV 89460
 _____ (City) (State) (Zip Code)

RECEIVED
MAY 31 2011

Title 18 U.S.C. Sec.1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

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7:30
A.M. AUG 03 2006

NVN-77739

NEVADA STATE OFFICE
RENO, NEVADA

Special Stipulations for All Leases in Carson City Field Office Management Area

The following mitigating measures are to be included as special stipulations on all geothermal leases issued in the Carson City Field Office Management area. The lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee and the Authorized Officer (AO):

No surface occupancy or disturbance will be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas, or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Other buffer zones and areas of restricted surface occupancy may be required to protect other resource values, including but not limited to, critical or rare or endangered species habitat.

Endangered Species Act Section 7 Consultation: The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

BLM IM 2005-003: This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

To secure specific compliance with the stipulations under Section 6, paragraph (2) of the geothermal resources lease form, the lessee shall, prior to operations, furnish to the AO a certified statement that either no archaeological values exist or that they may exist on the leased lands to be disturbed or occupied, to the best of the lessee's knowledge and belief, and that they might be impaired by geothermal resource operations. Such a certified statement must be completed in compliance with the BLM Nevada State Protocol by an archaeologist permitted by

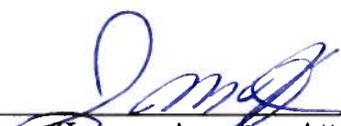
BLM for the Carson City Field Office. If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the AO, to survey and salvage, in compliance with the BLM Nevada State Protocol, in advance of any operations, such archaeological values on the lands involved. The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the Lessor or the surface owner.

Surface occupancy and use is subject to all valid existing surface rights.

The lands subject to this stipulation are described as all potential lease sections.

Special Stipulation for Water Resources: As exploration and development activities begin, the lessee will institute and pay for a hydrologic monitoring program, which will be site specific and its intensity will be commensurate with the level of exploration. For example, if the proponent were to conduct seismic studies, the monitoring would be limited to identifying water resources to be monitored as activities continue; if a drilling program were to be undertaken, the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected would be submitted to the BLM and would be used to support future NEPA documentation as development progresses. Adverse impacts on surface expressions of the geothermal reservoir (hot springs), and threatened and endangered species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area when conducting activities that could affect those resources. If adverse impacts do occur, the BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are lease stipulations, not operational, and the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Special Stipulation for Native American Consultation: All proposed exploration and development is subject to the requirement for Native American consultation before the BLM will authorize the activity. Depending on the nature of the proposed lease development and the resource of concern, the time to complete Native American consultation and to conduct any mitigation measures may extend the time for authorization. It may also change the ways in which developments are implemented. New lease applications would require Native American consultation.



Signature of Lessee, Agent, or Attorney in Fact

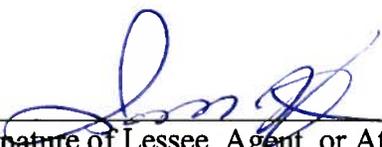


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Contingency Rights Stipulation

BLM has reviewed existing information and planning resources documents and, except as noted in other attached stipulations, knows of no reason why normal development, subject to the controls of applicable laws and regulations and the lease terms and conditions, can not proceed on the leased lands. However, specific development activities could not be identified prior to lease issuance since the nature and extent of geothermal resources were not known and specific operations have not been proposed. The lessee is hereby made aware that consistent with 43 CFR 3200.4, all post lease operations will be subject to appropriate environmental review and may be limited or denied only if unmitigable and significant impacts on other land uses or resources would result.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact

July 25 2006

Date

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Bur. of Land Management

7:30
A.M. AUG 03 2006

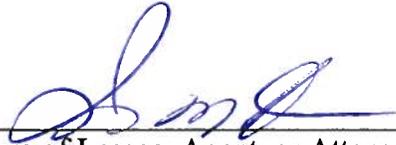
NEVADA STATE OFFICE
RENO, NEVADA

NVN-77739

Material Site Stipulation

The Lessee accepts this lease subject to the right of the State of Nevada to remove material from the land embraced in Material Sites and agrees that operations performed by the lessee will not interfere with operations of the State of Nevada, Department of Transportation.

The lands subject to this stipulation are described as all potential lease sections.



Signature of Lessee, Agent, or Attorney in Fact



Date

RECEIVED
Bur. of Land Management

7:30
A.M. **AUG 03 2006**

NEVADA STATE OFFICE
RENO, NEVADA