

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY LEASE/GRANT
SERIAL NUMBER CACA-048811

1. As approved by the Record of Decision for the Blythe Solar Power Project (BSPP) dated October 22, 2010 a right-of-way lease/grant is hereby issued pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (43 U.S.C. 1761 et seq.) and the Bureau of Land Management right-of-way regulations (43 CFR Part 2800) and amendments thereto.

2. Nature of Interest:

a. By this instrument, the holder:

Palo Verde Solar I, LLC
1111 Broadway, 5th Floor
Oakland, CA 94607

receives a right to use and occupy the following described public lands to construct, operate, maintain, and decommission a 1,000 MW nominal solar thermal power project and its ancillary facilities as described in the approved Plan of Development (POD), incorporated herein:

See attached legal description and map (Exhibit A).

b. The instrument issued herein consists of four adjacent, and independent power block units of 250 MW nominal capacity each, with onsite facilities including an administration building, parking area, maintenance building, switchyard, bioremediation areas, wastewater treatment facilities, access and maintenance roads (either dirt, gravel or paved), perimeter fencing, central gas pipeline, a distribution line, above and below-ground fiber optic lines, and water wells; offsite facilities including access to the site, a distribution line, gas pipeline, above and below-ground fiber optic lines, and a new double-circuit 230 kV generation-tie line, all of which aggregating approximately 7,025 acres, more or less.

c. This instrument shall expire on December 31, 2039 unless, prior thereto, it is relinquished, abandoned, or terminated pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.

- d. This instrument may be renewed by the Authorized Officer. The holder is required to submit an application for renewal at least 120 calendar days prior to the expiration date of this instrument. The Authorized Officer will review the application for renewal to ensure the holder is complying with the terms, conditions, and stipulations of this instrument and applicable laws and regulations. If renewed, the right-of-way shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the Authorized Officer deems necessary to protect the public interest.
- e. Notwithstanding the renewal, expiration, relinquishment, abandonment, or termination of this instrument, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the renewal, expiration, relinquishment, abandonment, or termination of this authorization.
- f. The Authorized Officer retains the right of access to the lands included within the right-of-way at any time and may enter any facility on the right-of-way in accordance with 43 CFR 2805.15(a). The holder shall pay monitoring fees in accordance with 43 CFR 2805.16 for the reasonable costs incurred in the inspection and monitoring of construction, operation, maintenance, and decommissioning of the right-of-way.
- g. This instrument is issued subject to valid existing rights in accordance with 43 CFR 2805.14.

3. Rental:

- a. For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management the fair market value of the right-of-way, which includes both base rent and a megawatt capacity fee, as determined by the Authorized Officer unless specifically exempted from such payment by law or regulation. Provided, however, that the rental may be adjusted by the Authorized Officer, whenever necessary, to reflect changes in fair market value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices. The rental provisions of this authorization may also be modified consistent with the provisions of any regulatory changes or pursuant to the provisions of any new or revised statutory authorities.
- b. The rental includes an annual base rent for the acreage of the public land included in the authorization and a megawatt capacity fee based on the authorized megawatt capacity of the approved solar energy facilities. The base rent is due and payable upon the date of issuance of this instrument and will be paid on an annual basis consistent with the regulations. The base rent will be adjusted each year based on the Implicit Price Deflator-Gross Domestic Product (IPD-GDP) index. The megawatt capacity fee is based on the authorized megawatt capacity approved by the Authorized Officer, or an approved phase of development, and will be paid on an annual basis upon the start of electric generation from the solar energy facilities. The megawatt capacity fee will be phased-in over a 5-year period after the start of electric generation (at the rate of 20 percent the first year, 40 percent the second year, 60

percent the third year, 80 percent the fourth year, and 100 percent the fifth and subsequent years of operations). The 5-year phase-in period will apply separately to each phase of development as approved by the Authorized Officer.

4. Bond:

- a. A Performance and Reclamation bond, in an amount determined by the Authorized Officer, shall be obtained by the holder to ensure compliance with the terms and conditions of this instrument. The Authorized Officer will require that the holder submit a Reclamation Cost Estimate for review and to assist the Authorized Officer in determining the bond amount. The holder shall provide the Authorized Officer proof that a bond in the required amount has been obtained by such date as specified by the Authorized Officer. The amount of the bond will be limited to the anticipated liabilities associated with the activities approved by the Notice to Proceed. If the Notice to Proceed is limited to only an initial phase of development or activity, the bond amount will be limited to that phase or activity. The bond amount would increase with the issuance of a Notice to Proceed for future phases of development or additional activities. The bond must be maintained in effect until removal of improvements and restoration of the right-of-way has been accepted by the Authorized Officer. Acceptable bond instruments include cash, cashier's or certified check, certificate or book entry deposits, negotiable U.S. Treasury securities (notes, bills, or bonds) equal in value to the bond amount, surety bonds from the approved list of sureties (U.S. Treasury Circular 570) payable to the Bureau of Land Management (BLM), irrevocable letters of credit payable to the BLM issued by financial institutions that have the authority to issue letters of credit and whose operations are regulated and examined by a federal agency, or a policy of insurance that provides BLM with acceptable rights as a beneficiary and is issued by an insurance carrier that has the authority to issue insurance policies in the applicable jurisdiction and whose insurance operations are regulated and examined by a federal or state agency. The Authorized Officer will not accept a corporate guarantee as an acceptable form of bond. The Authorized Officer will review the bond on an annual basis to ensure adequacy of the bond amount. The bond will also be reviewed at the time of any assignment, modification, or renewal of this instrument. The Authorized Officer may increase or decrease the bond amount at any time during the term of the right-of-way authorization, consistent with the regulations.
- b. The holder agrees that any bond held as security for holder's performance of the terms and conditions of this instrument may, upon failure on the holder's part to fulfill any of the requirements herein set forth or made a part hereof, be retained by the United States to be applied as far as may be needed to the satisfaction of the holder's obligations assumed hereunder, without prejudice whatever to any other rights and remedies of the United States.
- c. Should the bond delivered under this instrument become unsatisfactory to the Authorized Officer, the holder shall, within 30 calendar days of demand, furnish a new bond. In the event of noncompliance with the terms and conditions of this instrument, the BLM will notify the holder that the surety or other bond instrument is subject to forfeiture and will allow the holder 15 calendar days to respond before action is taken to forfeit the bond and suspend or terminate the authorization.

5. Terms and Conditions:

- a. This instrument is issued subject to the holder's compliance with all applicable laws and regulations and, in particular, with the regulations contained in Title 43 Code of Federal Regulations Part 2800, including the terms and conditions required by 43 CFR 2805.12. Failure of the holder to comply with applicable law or regulations or any terms, conditions, or stipulations of this instrument shall constitute grounds for suspension or termination thereof of this instrument in accordance with 43 CFR 2807.17 – 2807.19. The Authorized Officer may change the terms and conditions of this instrument as a result of changes in legislation, regulations, or as otherwise necessary to protect public health or safety or the environment in accordance with 43 CFR 2805.15(e).
- b. The right-of-way Stipulations (Exhibit B), attached hereto, and the approved Final Plan of Development, dated, are incorporated into and made a part of this instrument as fully and effectively as if they were set forth herein in their entirety.
- c. The holder shall perform all operations in a good and workmanlike manner, consistent with the approved Plan of Development, so as to ensure protection of the environment and the health and safety of the public. The Authorized Officer may order an immediate temporary suspension of operations, orally or in writing, in accordance with 43 CFR 2807.16 to protect public health or safety or the environment if the Authorized Officer determines that the holder has violated one or more of the terms, conditions, or stipulations of this instrument. An immediate temporary suspension order is effective until the holder receives a written Notice to Proceed from the Authorized Officer.
- d. The holder will not initiate any construction or other surface disturbing activities on the right-of-way without prior written authorization of the Authorized Officer. Such authorization will be a written Notice to Proceed (Form 2800-15) issued by the Authorized Officer or his/her delegated representative. Each Notice to Proceed will authorize construction or use and occupancy only as therein expressly stated and only for the particular location or use and occupancy therein described, i.e., a construction phase or site location. The Authorized Officer will issue a Notice to Proceed subject to such terms and conditions as deemed necessary when the design, construction, use, occupancy, and operation proposals are in conformity with the terms and conditions of this instrument.
- e. The holder shall start construction of the initial phase of development within 12 months after issuance of a Notice to Proceed but no later than 24 months after the effective date of the issuance of this right-of-way lease/grant. The holder shall complete construction within the timeframes approved in the Plan of Development, but no later than 24 months after start of construction, unless the project has been approved for phased development as provided for in paragraph (5)(f).
- f. If this right-of-way lease/grant and approved Plan of Development provides for a phased development, construction of each subsequent phase must begin within 3 years of the start of construction of the previous phase. A Notice to Proceed will be required to be issued by the Authorized Officer for each phase of development. The Notice to Proceed for a particular phase of

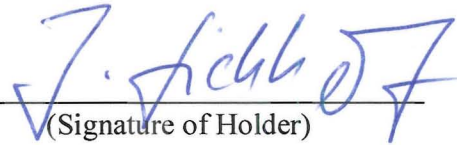
development may be subject to the issuance of additional Notices to Proceed for specific activities within the particular development phase.

- g. During operations, the holder shall maintain all onsite electrical generation equipment and facilities in accordance with the design standards in the approved Plan of Development. Any idle, improperly functioning, or abandoned equipment or facilities that have been inoperative for any continuous period of 3 months or more must be repaired, placed into service, and/or removed from the site within 30 calendar days from receipt of a written Notice of Failure to Ensure Diligent Development from the Authorized Officer, unless the holder is provided an extension of time by the Authorized Officer. To obtain an extension of the 30-day deadline, the holder must submit a written request to the Authorized Officer and show therein good cause for any delays in repairs, use, or removal; an estimate when corrective action will be completed; and evidence of diligent operation of the equipment and/or facilities.
- h. Failure of the holder to comply with any diligent development provision of this instrument may cause the Authorized Officer to suspend or terminate the authorization in accordance with 43 CFR 2807.17 - 2807.19, and use the posted Performance and Reclamation bond to cover the costs for removal of any equipment and/or facilities. The Authorized Officer will provide the holder a written Notice of Failure to Ensure Diligent Development prior to the suspension or termination of the authorization. The holder will be provided an opportunity to correct any noncompliance in accordance with 43 CFR 2807.18 or submit a written request to the Authorized Officer for an extension of the timelines in the approved Plan of Development.
- i. Upon termination by the Authorized Officer or expiration of this instrument, all improvements shall be removed from the public lands within 180 calendar days or otherwise disposed of as provided for in the approved Plan of Development, or as directed by the Authorized Officer.
- j. This instrument shall, at a minimum, be reviewed by the Authorized Officer at the end of the 10th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that this instrument may be reviewed at any time deemed necessary by the Authorized Officer in accordance with the regulations.
- k. This instrument may be assigned consistent with the regulations, but all assignments are subject to approval by the Authorized Officer. In addition, the qualifications of all assignees must comply with the requirements of the regulations. A partial assignment of this instrument shall not be approved if such action would hinder the Authorized Officer's management of the authorization or the associated public lands.
- l. Upon the request of the Authorized Officer, the holder shall provide access to environmental, technical, and financial records, reports, and other information related to construction, operation, maintenance, and decommissioning of the right-of-way. Any information marked confidential or proprietary will be kept confidential to the extent allowed by law. Failure of the holder to cooperate with such request, provide data, or grant access to such records, reports, and information may, at the discretion of the Authorized Officer, result in suspension or termination of the right-of-way lease/grant in accordance with the regulations.

- m. The holder shall provide a survey and separate legal description for each Phase of the project area, as identified in the Preferred Alternative in the FEIS. The BLM shall have 45 days to review, verify and approve the survey and legal descriptions.
- n. The following describes the procedures to be used for addressing minor modifications to facility alignment and location. This procedure will be identified as a term and condition of the right-of-way grant.

Subsequent to issuance of this grant, when work areas outside those identified in the ROW are found to be needed (whether on federal or non-federal lands), additional inventory and evaluation will be performed if necessary to ensure the impact on biological, cultural, and other resources are avoided or minimized to the maximum extent practicable. Revised facility locations and survey results would be documented and forwarded to the BLM in the form of a Conformance Request. BLM consultations will be required as necessary prior to approval of the Conformance Request. At the conclusion of project construction or as project phases are completed, as-built drawings must be provided to the BLM for the purpose of conforming the ROW to the as-built locations. All Conformance Requests will be documented and tracked to ensure the acreages of disturbance affected by post-authorization conformance changes remain within the limits of impacts analyzed in the EIS and approved in the ROD and ROW.

IN WITNESS WHEREOF, The undersigned agree to the terms, conditions, and stipulations of this right-of-way lease/grant.



(Signature of Holder)

CEO

(Title)

11/4/2010

(Date)



(Signature of Authorized Officer)

John R. Kalish, Field Manager

(Title)

11/4/2010

(Effective Date of Lease/Grant)

Attachments

Exhibit A: Legal Description and Map

EXHIBIT A

LEGAL DESCRIPTION AND MAP

Below is the legal description for the lands affected by the right-of-way grant/lease.

Blythe CACA 48811

Project Site Location:

San Bernardino Meridian,

Township 6 South, Range 21 East,

section 4, lots 3 to 9, inclusive, SW1/4NE1/4, S1/2NW1/4, SW1/4 and W1/2SE1/4;

section 5, lots 1 and 2, inclusive, S1/2NE1/4 and SE1/4;

section 8, N1/2NE1/4;

section 9, lots 1 to 4, inclusive, W1/2NE1/4, N1/2NW1/4, SE1/4NW1/4 and W1/2SE1/4;

section 15, lots 1 and 2, inclusive, SW1/4 and W1/2SE1/4;

tracts 37 to 47, inclusive, 49 to 56, inclusive and 58.

Township 6 South, Range 22 East,

section 6, lots 2 to lot 7, inclusive, SE1/4NW1/4, SW1/4NE1/4, W1/2SE1/4, E1/2SW1/4;

section 7, lots 1 to 4, inclusive, E1/2NW1/4, E1/2SW1/4, W1/2NE1/4, W1/2SE1/4;

section 18, lots 1 to 5, inclusive.

Total Solar Project Site Acreage: 6,840(+/-)

(Located within description above)

Linear Facility:

Gen-Tie and Overhead FiberOptic Line

San Bernardino Meridian

Township 6 South, Range 21 East,

section 23, lots 5, 6, SW1/4SW1/4;

tracts 59, 71, 78A, 78B, 79, 80.

Township 7 South, Range 21 East,

section 2, lots 4 and 5, SW1/4NE1/4, SE1/4NW1/4, E1/2SW1/4, NW1/4SE1/4;

section 3, S1/2S1/2;

section 4, S1/2S1/2;

section 5, S1/2S1/2;

section 6, E1/2SE1/4;

section 10, NE1/4NE1/4;

section 11, N1/2NW1/4.

Natural Gas Line

San Bernardino Meridian

Township 6 South, Range 21 East,
section 26, lot 1;
tracts 59, 69, 78 B, 80.

Redundant Fiber Optic Line

San Bernardino Meridian

Township 6 South, Range 21 East,
section 26, lot 1;
tracts 59, 69, 78B, 80.

Township 7 South, Range 21 East,
section 2, lots 4 and 5, SW1/4NE1/4, SE1/4NW1/4,
E1/2SW1/4, NW1/4SE1/4;
section 3, S1/2S1/2;
section 4, S1/2S1/2;
section 5, S1/2S1/2;
section 6, E1/2SE1/4;
section 10, NE1/4NE1/4;
section 11, N1/2NW1/4.

Access Road

San Bernardino Meridian

Township 6 South, Range 21 East,
section 26, lot 1;
tracts 59, 69, 78 B, 80.

Construction Power Line

San Bernardino Meridian

Township 6 South, Range 22 East,
section 7, S1/2SE1/4;
section 8, lot 8;
section 18, lots 1 and 2, inclusive.

Total Linear Facility Acres: 185(+/-)

The exact project footprint (7025 acres) falls within this legal description and is subject to a metes and bounds survey, provided by the applicant. See attached map for detail



LEGEND

- Project Boundary (7,381 acres)
- Interstate
- Railroad Track

Aerial View
Palo Verde Solar I, LLC - Blythe Project
CACA 048811

Naip 2005 Imagery

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT
California State Office
Sacramento, California
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Date Prepared: 9/27/10

SCALE: 1" = 1 Mile (1:63,360)
SCALE CORRECT WHEN PRINTED AT 11X17

EXHIBIT B

STIPULATIONS

1. The holder shall construct, operate, and maintain the facilities, improvements, and structures within this right-of-way in strict conformity with the approved Plan of Development, as amended or supplemented by approval of the Authorized Officer. Any surface disturbing activity, additional construction, or use that is not in accord with the approved Plan of Development shall not be initiated without the prior written approval of the Authorized Officer. A copy of the complete right-of-way lease/grant, including all stipulations and approved Plan of Development, shall be made available on the right-of-way area during construction, operation, and decommissioning. Noncompliance with the above will be grounds for immediate temporary suspension of activities if it constitutes a threat to public health or safety or the environment.
2. The holder shall comply with the CEC License and Conditions of Certification, issued by the California Energy Commission on September 16, 2010. Noncompliance with the requirements of the License and Conditions of Certification will be grounds for immediate temporary suspension of activities and operations within the right-of-way by the Authorized Officer to protect public health or safety or the environment.
3. The holder shall comply with the Biological Opinion for listed and proposed species associated with this project signed by the US Fish and Wildlife Service on October 8, 2010. Failure to comply with the requirements of the Biological Opinion shall be cause for suspension or termination of the right-of-way lease/grant.
4. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on its behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.
5. Unless otherwise agreed to in writing by the Authorized Officer, powerlines shall be constructed in accordance with standards outlined in "Suggested Practices for Raptor Protection on Powerlines", Raptor Research Foundation, Inc., 1996. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "eagle safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modifications or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

6. The holder will arrange and attend preconstruction conference(s) prior to the holder's commencing construction and/or surface disturbing activities on the right-of-way or specific construction phase of the right-of-way as specified by the Authorized Officer. The holder and/or his representatives will attend this conference. The holder's contractor, or agents involved with construction and/or any surface disturbing activities associated with the right-of-way, will also attend this conference to review the stipulations of the authorization, including the Plan of Development, as applicable. The holder shall notify the Authorized Officer of the schedule for any preconstruction conference at least 10 calendar days in advance of the preconstruction conference or such timeframe as may be required by the Notice to Proceed.
7. The holder shall designate a representative who shall have the authority to act upon and to implement instructions from the Authorized Officer. The holder's representative shall be available for communication with the Authorized Officer within a reasonable time when construction or other surface disturbing activities are underway.
8. The holder shall protect all survey markers found within the right-of-way. Survey markers include, but are not limited to, Public Land Survey System line and corner markers, other property boundary line and corner markers, and horizontal and vertical geodetic monuments. In the event of obliteration or disturbance of any of the above, the holder shall immediately report the incident, in writing, to the Authorized Officer and the respective installing authority if known. Where any of the above survey markers are obliterated or disturbed during operations, the Authorized Officer will determine how the marker is to be restored. The holder will be instructed to secure the services of a registered land surveyor or informed that an official survey will be executed by the Bureau of Land Management (BLM). All surveying activities will be in conformance with the Manual of Surveying Instructions and appropriate State laws and regulations. Surveys by registered land surveyors will be examined by the Authorized Officer and the BLM State Office Chief Cadastral Surveyor for conformance with the Manual of Surveying Instructions and State laws and regulations before being filed in the appropriate State or county offices of record. The holder shall be responsible for all administrative and survey costs.
9. Use of pesticides and herbicides shall comply with all applicable Federal and State laws. Pesticides and herbicides shall be used only in accordance with their registered uses within limitations imposed by the Secretary of the Interior. Prior to the use of the pesticides, the holder shall obtain from the Authorized Officer, written approval of a Pesticide Use Proposal Plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, locations of storage and disposal of containers, and any other information deemed necessary by the Authorized Officer.
10. Only those chemicals (pesticides and herbicides) listed on the BLM approved label list are authorized for use on public lands. A Pesticide Use Proposal must be submitted for each chemical used, and it cannot be used until approval has been obtained in writing from the Authorized Officer. The proposal needs to identify any surfactants or dyes used in the spraying operation. Applicator(s) of chemicals used must have completed pesticide certification training and have a current up to date Certified Pesticide Applicator's License. Pesticide and herbicide application records for the areas and acres treated must be submitted to the Authorized Officer each year. This includes the following:

Brand or Product name
EPA registration number
Total amount applied (use rate #A.I./acre)
Date of application
Location of application
Size of area treated
Method of treatment (air/ground)
Name of applicator
Certification number and dates
Costs to treatment
Amount of surfactants or dyes used in spraying operation

The record information must be recorded no later than 14 calendar days following the pesticide or herbicide application and must be maintained for ten years.

11. Construction sites shall be maintained in a sanitary condition at all times; waste materials at those sites shall be disposed of promptly at an appropriate waste disposal site. 'Waste' means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment. A litter policing program shall be implemented by the holder which covers all roads and sites associated with the right-of-way.
12. The holder shall comply with all applicable Federal, State, and local laws and regulations, existing or hereafter enacted or promulgated, with regard to any hazardous material, as defined by 43 CFR 2801.5 that will be used, produced, or transported on or within the right-of-way, or used in the construction, operation, maintenance, or decommissioning of the project or any of its facilities. "The holder agrees in accordance with 43 CFR 2807.12(e) to fully indemnify the United States against any liability arising from the release of any hazardous material on *or near* the right-of-way ***in connection with the holder's use and occupancy of the right-of-way, whether or not the release is authorized under the grant.*** This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
13. Within 120 calendar days of completion of construction, the holder will submit to the Authorized Officer as-built drawings and a **certification** of construction verifying that the facility has been constructed in accordance with the design, plans, specifications, and applicable laws and regulations.
14. The holder will be liable for all fire suppression costs resulting from fires caused during construction, operations, or decommissioning. The holder shall comply with all guidelines and restrictions imposed by agency fire control officials.
15. The holder shall fund in accordance with 43 CFR 2805.16 a third party Compliance and Inspection Program as deemed necessary by the Authorized Officer to ensure compliance with the terms, conditions, and stipulations of this right-of-way lease/grant and applicable laws and regulations.

16. Bald and/or golden eagles may now or hereafter be found to utilize the project area. The BLM will not issue a notice to proceed for any project that is likely to result in take of bald and/or golden eagles until the applicant completes its obligation under applicable requirements of the Bald and Golden Eagle Protection Act (Eagle Act), including completion of any required procedure for coordination with the FWS or any required permit. The BLM hereby notifies the applicant that compliance with the Eagle Act is a dynamic and adaptable process which may require the applicant to conduct further analysis and mitigation following assessment of operational impacts. Any additional analysis or mitigation required to comply with the Eagle Act will be developed with the FWS and coordinated with the BLM.
17. The holder shall comply with the Environmental and Construction Compliance Monitoring Program.
18. The holder shall comply with the Executed Programmatic Agreement, signed and dated on October 7, 2010. Noncompliance with the requirements of the will be grounds for immediate temporary suspension of activities and operations within the right-of-way by the Authorized Officer.
19. The project owner shall implement the Decommissioning Plan dated October 4, 2010 which should contain the following modifications:

Per BLM policy, all healthy cactus on-site must be salvaged. Species to be salvaged include cottontop cactus, California barrel cactus, common fishhook cactus beavertail cactus, silver cholla, and pencil cholla. The applicant will work with BLM to develop a salvage strategy for the Project.
20. The holder shall comply with the terms and conditions in the Agreement to resolve protest claims by and between the holder and the Natural Resources Defense Council, The Wilderness Society, and Defenders of Wildlife. The agreed upon terms are not subject to amendment without the agreement of the Applicant and the organizations and only if approved by the BLM in accordance with 43 CFR 2807.20.
21. For groundwater to be used for the sitting, construction, operation, maintenance, or remediation of the project, the holder shall comply with all CEC Conditions of Certification related to groundwater pumping and/or use, and any rule that may be finalized regarding the allocation requirements for impacts to Colorado River Water.
22. Upon discovery of human remains in California, all work in the area must cease immediately. Nothing is to be disturbed and the area is to be secured. The County Coroner's Office of the county where the suspected remains were located must be called. The appropriate land manager/owner or the site shall also be called and informed of the discovery.

If the remains are located on federal lands, federal land managers/federal law enforcement/federal archaeologist are to be informed as well because of complementary jurisdiction issues. It is very important that the suspected remains and the area around them remain undisturbed and the proper authorities called to the scene as soon as possible as it could be a crime scene.

The Coroner will determine if the bones are historic/archaeological or modern.

Modern Remains

If the Coroner's Office determines the remains are of modern origin, the appropriate law enforcement officials will be called by the Coroner and conduct the required procedures. Work will not resume until law enforcement has released the area.

Archaeological Remains

If the remains are determined to be archaeological in origin and there is no legal question, the protocol changes depending on whether the discovery site is located on federally or non-federally owned/managed lands.

After the Coroner has determined the remains are archaeological or historic and there is no legal question, the appropriate Field Office Archaeologist must be called. The archaeologist will initiate the proper procedures under ARPA and/or American Graves Protection and Repatriation Act of 1990 (NAGPRA). If the remains can be determined to be Native American, the steps as outlined in NAGPRA, 43 CFR 10.6 Inadvertent discoveries, must be followed.

23. To mitigate for habitat loss and potential take of desert tortoise, the holder shall provide compensatory mitigation at a 1:1 ratio for impacts to 6,958 acres to be implemented in phases (as specified in BIO-28) as described in the final Plan of Development. The BLM 1:1 ratio is developed in accordance with BLM's desert tortoise mitigation requirements as described in the Northern and Eastern Mojave Desert Management Plan (BLM 2002). The BLM mitigation requirement will be satisfied through completing habitat enhancement projects on suitable lands located within the Northern and Eastern Mojave Recovery Unit.

The Holder may elect to satisfy the requirements of this mitigation measure by depositing funds into the Renewable Energy Action Team (REAT) Account established with the National Fish and Wildlife Foundation (NFWF) in accordance with the following table.

If the Holder elects not to utilize the REAT NFWF Account, they must assume the full financial responsibility for completing the required compensatory mitigations within 2-years of the issuance of the NTPs (as initiated by Palo Verde Solar I) for each phase. The holder is also responsible for the long term maintenance and upkeep of installed projects and is required to obtain an appropriate authorization from the BLM, such as a right-of-way grant, prior to the installation and maintenance of installed projects. The maintenance shall occur for the duration of project impacts. The holder will be responsible for all costs associated with processing right-of-way applications for the enhancement projects. Failure of the holder to complete enhancement actions under this mitigation measure within the 2-year time frame of each phase will be grounds for suspension of the right-of-way.

If the REAT NFWF Account is used for the compensatory mitigation, the holder shall ensure funds are transferred into the account in accordance with the prescribed REAT NFWF table to ensure compensatory mitigation can be implemented within the 2-year deadline for each phase.

Desert Renewable Energy
 REAT1 Biological Resource Compensation/Mitigation Cost Estimate² Breakdown
 September 14, 2010

The purpose of this table is to describe estimated costs that may be associated with implementing off-site biological mitigation/compensation required by one or more of the REAT agencies.

	Task	Cost
1.	Land Acquisition	\$1000 per acre ³
2.	Level 1 Environmental Site Assessment	\$3000 per parcel ⁴
3.	Appraisal	\$5000 per parcel ⁴
4.	Initial site work - clean-up, enhancement, restoration	\$250 per acre
5.	Closing and Escrow Costs - 2 transactions at \$2500 each; landowner to 3 rd party and 3 rd party to agency ⁵	\$5000 for 2 transactions
6.	Agency costs to review and determine accepting land donation - includes 2 physical inspections; review and approval of the Level 1 ESA assessment; review of all title documents; drafting deed and deed restrictions; issue escrow instructions; mapping the parcels....	15% of land acquisition costs (#1) × 1.17 (17% of the 15% for overhead) ⁶
	<i>SUBTOTAL for Acquisition & Initial Site Work for Permittee-Directed and REAT NFWF MOA Options</i>	\$
7.	Long-term Management and Maintenance (LTMM) - includes land management; enforcement and defense of easement or title [short and long term]; region-wide raven management; monitoring....	\$1450 per acre ⁷
	REAT-NFWF MOA Mitigation Account Additions [only applicable if the REAT Mitigation Account is used for all or a portion of the mitigation]	
6.	Biological survey for determining mitigation value of land (habitat based with species specific augmentation)	\$5000 per parcel ⁴
8.		
7.	3 rd party administrative costs - includes staff time to work with agencies and landowners; develop management plan; oversee land transaction; organizational reporting and due diligence; review of acquisition documents; assembling acres to acquire....	10% of land acquisition cost (#1)
9.		
10.	Establish the project specific sub-account ⁸	\$12,000
11.	Pre-proposal Modified RFP or RFP processing ⁹	\$30,000
12.	NFWF management fee for acquisition & initial site work	3% of SUBTOTAL, & Tasks #8, #9
13.	NFWF management fee for LTMM	1% of LTMM
	<i>TOTAL for deposit into the REAT NFWF MOA Project Specific Mitigation Sub Account</i>	\$

1 Not all costs will apply to all REAT agency requirements. For example, some of the elements in this table are not intended to be used as a basis for prescribing security to meet obligations under the California Endangered Species Act.

2 All costs are best estimates as of summer 2010. This cost estimate table will be updated once per quarter, at a minimum. Actual costs will be determined at the time of the transactions and may change the funding needed to implement the required mitigation obligation. Note: regardless of the estimates, the developer is responsible for providing adequate funding to implement the required mitigation (MOA V.I.).

3 Generalized estimate taking into consideration a likely jump in land costs due to demand, and an 18-24 month window to acquire the land after agency decisions are made. If the agencies, developer, or 3rd party has better, credible information on land costs in the specific area where project specific mitigation lands are likely to be purchased, that data overrides this general estimate. Note: regardless of the estimates, the developer is responsible for providing adequate funding to implement the required mitigation.

4 Parcel sizes may range from 1 acre to over 640 acres, plus. The 40 acre estimate is used for illustration purposes only. The general location of the land acquisition(s) will determine the generalized parcel size for determining project specific estimates.

5 Two transactions at \$2500 each: landowner to 3rd party; 3rd party to agency. The transactions will likely be separated in time. State agencies may or may not require this funding.

6 Always required for Federal agency donations. State agencies may or may not require cost to accept donations. SB 34 projects do not have to pay this fee.

7 Estimate for purposes of calculating general costs. The general location and parcel size(s) of the land acquisition may also factor into the estimate. The actual long term management and maintenance costs will be determined using a Property Analysis Report (PAR) or a PAR like assessment tailored to the specific acquisition.

8 Each renewable energy project will be a separate sub account within the REAT NFWF account, regardless of the number of required mitigation actions per project. If a project and its mitigation are phased, this fee is only applied when the project specific account is established and not charged again when additional funds are deposited with subsequent phases.

9 If determined necessary by the REAT agencies if multiple 3rd parties have expressed interest; for transparency and objective selection of 3rd party to carryout acquisition.