

N-13204X

N-11733 et al
3220
(NV-943.2)

Certified Mail
Return Receipt Requested

February 15, 1996

DECISION

Soda Lake Resources Partnership :
4000 Kruse Way #255 : Geothermal
Lake Oswego, OR 97035 : Resources

Unit Agreement Contracted
Leases Segregated

"When only part of the land subject to a lease included in a cooperative plan, a communitization agreement, a drilling agreement, or a unit plan is excluded from that plan or agreement because of the contraction of the area subject to that plan or agreement, the part of the lease which is excluded and the part which remains subject to the plan or agreement shall be segregated into separate leases." (Reference 43 CFR 3203.1-5(b).) The Soda Lake Unit Agreement is hereby contracted to the boundaries of the Soda Lake Participating Area effective January 1, 1996. The descriptions of the original leases and the segregated leases are as follows:

N-11737 (unitized lands)

N-60643 (nonunitized lands)

T. 19 N., R. 28 E., MDM, Nevada
sec. 04, lots 1,2, S½NE¼.

T. 19 N., R. 28 E., MDM, Nevada
sec. 04, lots 3,4, SE¼SW¼, SE¼.

T. 20 N., R. 28 E., MDM, Nevada
sec. 28, N½;
sec. 34, all.

Original Parcel	Acres	By

Containing: 1118.88 acres

Containing: 279.04 acres

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N-48022 (unitized lands)

T. 19 N., R. 28 E., MDM, Nevada
sec. 03, lots 1,2, S $\frac{1}{2}$ NE $\frac{1}{4}$.

T. 20 N., R. 28 E., MDM, Nevada
sec. 22, all.

Containing: 798.94 acres

N-60644 (nonunitized lands)

T. 20 N., R. 28 E., MDM, Nevada
sec. 14, SW $\frac{1}{4}$;
sec. 18, SE $\frac{1}{4}$;
sec. 35, SW $\frac{1}{4}$.

Containing: 480.00 acres

After segregation, leases N-11737 and N-48022 are totally within the Soda Lake Unit Agreement/Participating Area. N-11737 is held by actual production, N-48022 is held by allocated production. Segregated leases N-60643 and N-60644 are now outside the Participating Area and are no longer held by location in a producing unit. These leases were in their extended term, did not qualify for Steam Act extensions, and as stated, are no longer held by location in a producing unit. Therefore, N-60643 and N-60644 have expired effective January 1, 1996, the date the unit contracted. In addition, leases N-11733, N-11734, and 11735 have expired, effective the date the unit contracted. These three leases are now located entirely outside the contracted unit area. These leases were also in their extended term, did not qualify for Steam Act extensions, and are no longer held by location in a producing unit.

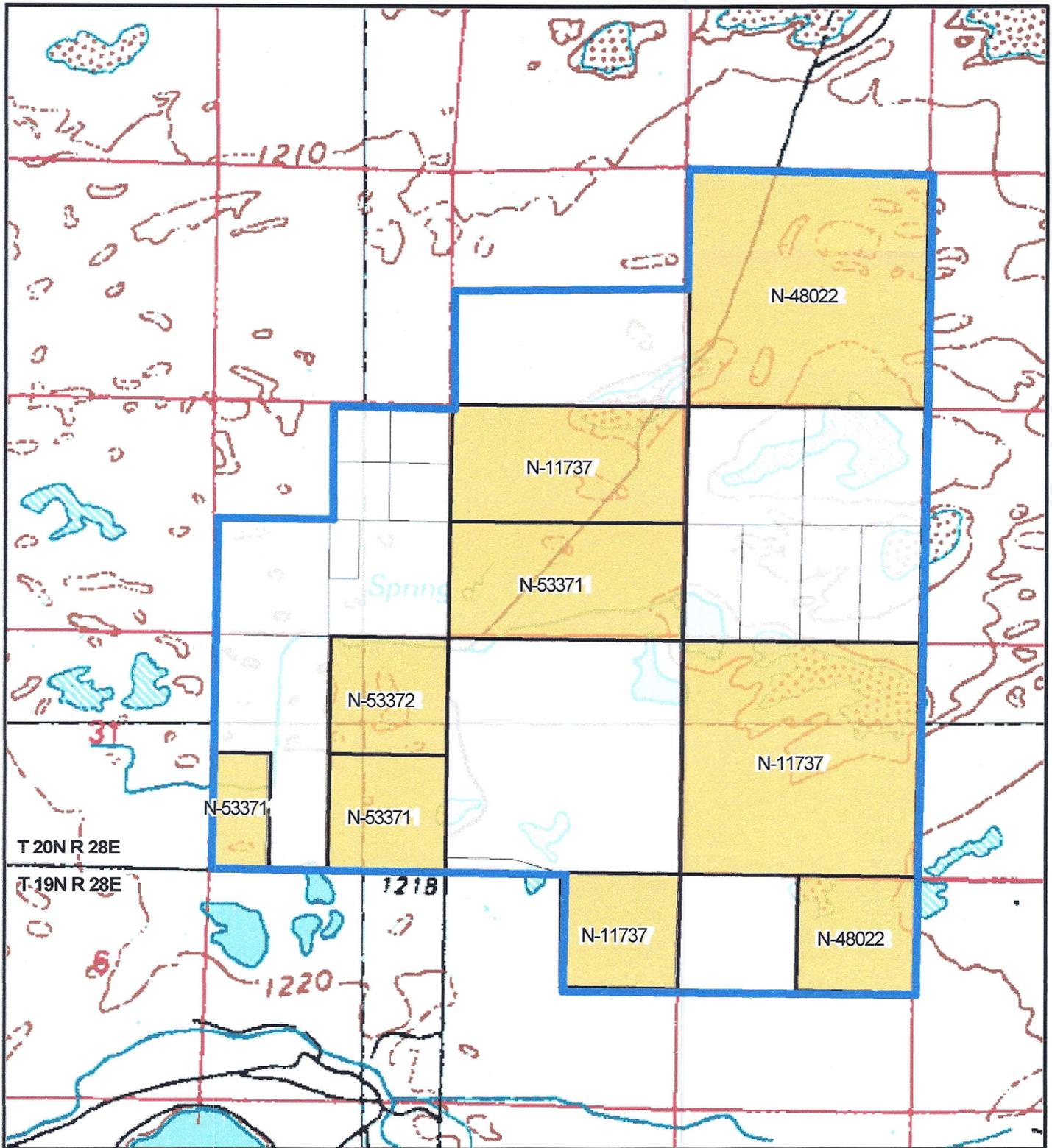
All lands included in leases N-53371 and N-53372 continue to be totally within the boundaries of the contracted Soda Lake Unit Agreement/ Participating Area. Lease N-53371 is held by actual production, while N-53372 is held by allocated production by its inclusion in the Soda Lake Unit Agreement/Participating Area.

The anniversary date for all leases remains unchanged.

If you have any questions, please call Jack Lewis at (702) 785-6538.

/s/
Judith A. Moffitt, Chief
Mining Law Operations Section

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BASE IMAGE: USGS 100,000, NAIP 2006

- PROJECT BOUNDARY
- BLM Leases
- Private Leases



**SODA LAKE GEOTHERMAL
EXPLORATION PROJECT**

**FIGURE 2
PROJECT AREA LEASES**

DATE DRAWN
11/02/2009

DATE REVISED
07/13/2010

DESIGN
BY

DRAWN
BY

JCV

SCALE

As Shown

0 650 1,300 2,600 3,900 5,200 Feet



UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

RECEIVED Serial Number N-11737

Office of Land Management - KGRA Determination

GEOHERMAL RESOURCES LEASE

AUG 26 1975

March 25, 1971

Competitive Noncompetitive

NEVADA STATE OFFICE RENO, NEVADA

In consideration of the terms and conditions contained herein, and the grant made hereby, this lease is entered into by the UNITED STATES OF AMERICA (hereinafter called the "Lessor"), acting through the Bureau of Land Management (hereinafter called the "Bureau") of the Department of the Interior (hereinafter called the "Department"), and

Chevron Oil Company and Phillips Petroleum Company, 225 Bush Street, San Francisco, CA 94104

(hereinafter called the "Lessee").

This lease is made pursuant to the Geothermal Steam Act of 1970 (84 Stat. 1566; 30 U.S.C. 1001-1025) (hereinafter called "the Act") to be effective on October 1, 1975 (hereinafter called the "effective date"). It is subject to all the provisions of the Act and to all the terms, conditions, and requirements of (a) all regulations promulgated by the Secretary of the Interior (hereinafter called "the Secretary") in existence upon the effective date, specifically including, but not limited to, 43 CFR Parts 3000 and 3200 and 30 CFR Parts 270 and 271, (b) all geothermal resources operational orders (hereinafter called "GRO orders") issued pursuant thereto, all of which are incorporated herein and by reference made a part hereof, and (c) any regulations hereafter issued by the Secretary (except those inconsistent with any specific provisions of this lease other than regulations incorporated herein by reference) all of which shall be, upon their effective date, incorporated herein and, by reference, made a part hereof.

Sec. 1. GRANT - The Lessor hereby grants and leases to the Lessee the exclusive right and privilege to drill for, extract, produce, remove, utilize, sell, and dispose of geothermal steam and associated geothermal resources, (hereinafter called "geothermal resources"), in or under the following described lands situated within the County of Churchill State of Nevada

Table with 2 main columns: National Resource Lands and Acquired Lands. Each column has sub-columns for Township (T.), Range (R.), Meridian, and Section details. Total Area is 2472.00.

Containing 2472.00 acres (hereinafter called the "leased area" or "leased lands"), together with

- (a) The nonexclusive right to conduct within the leased area geological and geophysical exploration in accordance with applicable regulations; and
(b) The right to construct or erect and to use, operate, and maintain within the leased area, together with ingress and egress thereupon all wells, pumps, pipes, pipelines, buildings, plants, ramps, brine pits, reservoirs, tanks, waterworks, pumping stations, roads, electric power generating plants, transmission lines, industrial facilities, electric, telegraph or telephone lines, and such other works and structures and to use so much of the surface of the land as may be necessary or reasonably convenient for the production, utilization, and processing of geothermal resources or to the full enjoyment of the rights granted by this lease, subject to compliance with applicable laws and regulations;
(c) The nonexclusive right to drill potable water wells in accordance with state water laws within the leased area and to use the water produced therefrom for operations on the leased lands free of cost, provided that such drilling and development are conducted in accordance with procedures approved by the Supervisor of the Geological Survey (hereinafter called "Supervisor"); and
(d) The right to convert this lease to a mineral lease under the Mineral Leasing Act of February 25, 1930, as amended, and supplemented (30 U.S.C. 181-287) or under the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), whichever is appropriate, if the leasehold is primarily valuable for the production or utilization of geothermal steam (hereinafter called "geothermal steam") and the lease is incapable of commercial production or utilization of geothermal steam as hereinafter provided, except that, if commercial production or utilization of geothermal steam is made therefor prior to the expiration of the lease extension by reason of by-product production as hereinafter provided, and subject to all the terms and conditions of said appropriate Act. The Lessee is also granted the right to locate mineral deposits under the mining laws (30 U.S.C. 21-54), which would constitute by-products if commercial production or utilization of geothermal steam continued, but such a location to be valid must be completed within ninety (90) days after the termination of this lease. Any conversion of this lease to a mineral lease or a mining claim is contingent on the availability of such lands for this purpose at the time of the conversion. If the lands are withdrawn or acquired in aid of a function of any Federal Department or agency, the mineral lease or mining claim shall be subject to such additional terms and conditions as may be prescribed by such Department or agency for the purpose of making operations thereon consistent with the purposes for which these lands are administered; and
(e) The right, without the payment of royalties hereunder, to reinject into the leased lands geothermal resources and condensates to the extent that such resources and condensates are not utilized, but their reinjection is necessary for operations under this lease in the recovering or processing of geothermal resources. If the Lessee, pursuant to any approved plan, disposes of the unusable brine and produced waste products into underlying formations, he may do so without the payment of royalties.

Sec. 2. TERM

- (a) This lease shall be for a primary term of ten (10) years from the effective date and so long thereafter as geothermal steam is produced or utilized in commercial quantities but shall in no event continue for more than forty (40) years after the end of the primary term. However, if at the end of that forty-year period geothermal steam is being produced or utilized in commercial quantities, and the leased lands are not needed for other purposes, the Lessee shall have a preferential right to a renewal of this lease for a second forty-year term in accordance with such terms and conditions as the Lessor deems appropriate.
(b) If actual drilling operations are commenced on the leased lands or under an approved plan or agreement on behalf of the leased lands prior to the end of the primary term, and are being diligently prosecuted at the end of the primary term, this lease shall be extended for five (5) years and so long thereafter, but not more than thirty-five (35) years, as long thereafter as geothermal steam is produced or utilized in commercial quantities. If at the end of such extended term geothermal steam is being produced or utilized in commercial quantities, the Lessee shall have a preferential right to a renewal for a second term as in (a) above.
(c) If the Lessee determines at any time after the primary term that this lease is incapable of commercial production and utilization of geothermal steam, but one or more valuable by-products are or can be produced in commercial quantities, this lease shall be extended for as long as such by-products are produced or can be produced in commercial quantities, but not more than thirty (30) years after the termination of the primary term.

DATE: 4-26-1970 [Signature]

The minimum expenditures required to qualify the operations on the leased lands as diligent exploration under the regulations.

Sec. 14. PROTECTION OF THE ENVIRONMENT (LAND, AIR AND WATER) AND IMPROVEMENTS - The Lessee shall take all mitigating actions required by the Lessor to prevent (a) soil erosion or damage to crops or other vegetative cover on Federal or non-Federal lands in the vicinity; (b) the pollution of land, air, or water; (c) damage to aesthetic and recreational values; (d) damage to fish or wildlife or their habitats; (e) damage to or removal of improvements owned by the United States or other parties; or (f) damage to or destruction of fossils, historic or prehistoric ruins, or artifacts. Prior to the termination of bond liability or at any other time when required and to the extent deemed necessary by the Lessor, the Lessee shall reclaim all surface disturbances caused by its activity or activities incidental thereto, and so far as possible, repair the surface and restore the leased lands and improve thereon, whether or not the restoration access roads or trails and the leased lands to an acceptable condition, including the removal of structures, if required. The Supervisor or the Authorized Officer shall prescribe the steps to be taken by Lessee to protect the surface and the environment and for the restoration of the leased lands and improve thereon, whether or not the improvements are owned by the United States. Timber or mineral materials may be obtained only on terms and conditions imposed by the Authorized Officer.

Sec. 15. WASTE - The Lessee shall use all reasonable precautions to prevent waste of natural resources and energy, including geothermal resources, or of any minerals, and to prevent the contamination of water or brine sources with any oil, gas, fresh water, or other substances or damage to such oil, gas, fresh water, or other sources which would threaten noise, air, and water deposits. The Lessee shall monitor noise, air, and water quality conditions in accordance with any orders of the Supervisor.

Sec. 16. MEASUREMENTS - The Lessee shall gauge or otherwise measure all production, sales, or utilization of geothermal resources and shall record the same accurately in records as required by the Supervisor. Reports on production, sales, or utilization of geothermal resources shall be submitted in accordance with the terms of this lease and the regulations.

Sec. 17. RESERVATION TO LESSOR - All rights in the leased area not granted to the Lessee by this lease are hereby reserved to the Lessor. Without limiting the generality of the foregoing such reserved rights include:

- (a) Disposal - The right to well or otherwise dispose of the surface of the leased lands or any resource in the leased lands under existing laws, or laws hereafter enacted, subject to the rights of the Lessee under this lease;
- (b) Rights-of-way - The right to authorize geological and geophysical explorations on the leased lands which do not interfere with or endanger actual operations under this lease, and the right to grant such easements or rights-of-way for joint or several use upon, through or in the leased area for steam lines and other public or private purposes which do not interfere with or endanger actual operations or facilities constructed under this lease;
- (c) Mineral Rights - The ownership of and the right to extract oil, hydrocarbon gas, and helium from all geothermal steam and associated geothermal resources produced from the leased lands;
- (d) Casing - The right to acquire the well and casing at the fair market value of the casing where the Lessee finds only potable water, and such water is not required in lease operations; and
- (e) Measurements - The right to measure geothermal resources and to sample any production thereof.

Sec. 18. ANTIQUITIES AND OBJECTS OF HISTORIC VALUE - The Lessee shall immediately bring to the attention of the Authorized Officer any antiquities or other objects of historic or scientific interest, including but not limited to historic or prehistoric ruins, fossils, or artifacts discovered as a result of operations under this lease, and shall leave such objects intact. Failure to comply with any of the terms and conditions imposed by the Authorized Officer with regard to the preservation of antiquities may constitute a violation of the Antiquities Act (16 U.S.C. 431-433). Prior to operations, the Lessee shall furnish to the Authorized Officer a certified statement that either no archaeological values exist on the leased lands or that they may exist on the leased lands and that they might be of the Lessee's knowledge and belief and that they might be impaired by geothermal operations. 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 Authorized Officer, to survey and salvage, in advance of any operations, such archaeological values on the lands involved. The cost of survey and salvage will be borne by the Lessee, and such salvaged property shall remain the property of the Lessor or the surface owner.

Sec. 19. DIRECTIONAL DRILLING - A directional well drilled under the leased area from a surface location on nearby land not covered by the lease shall be deemed to have the same effect for all purposes of this lease as a well drilled from a surface location on the leased area. In such circumstances, drilling shall be considered to have been commenced on the nearby land for the purposes of this lease, and production of geothermal resources from the leased area through any directional well located on nearby land, or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations (as the case may be) on the leased area for all purposes of this lease. Nothing contained in this section shall be construed to

granting to the Lessee any right in any land outside the leased area.

Sec. 20. OVERRIDING ROYALTIES - The Lessee shall not create overriding royalties of less than one-quarter (1/4) of one percent of the value of output nor in excess of 50 percent of the rate of royalty due to the Lessor specified in Sec. 3 of this lease except as otherwise authorized by the regulations. The Lessee expressly agrees that the creation of any overriding royalty which does not provide for a prorated reduction of all overriding royalties so that the aggregate rate of overriding royalty does not exceed the maximum rate permissible under this section, or the failure to suspend an overriding royalty during any period when the royalties due to the Lessor have been suspended pursuant to the terms of this lease, shall constitute a violation of the lease terms.

Sec. 21. READJUSTMENT OF TERMS AND CONDITIONS - The terms and conditions of this lease other than those related to rentals and royalties may be readjusted in accordance with the Act at not less than ten-year intervals beginning ten (10) years after the date the term of the lease is produced from the leased premises as determined by the Supervisor.

Sec. 22. COOPERATIVE OR UNIT PLAN - The Lessee agrees that it will on its own, or at the request of the Lessor, where it is determined to be necessary for the conservation of the resource or to prevent the waste of the resource, or to cooperate and operate under any reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof embracing the lands subject to this lease as the Secretary may determine to be practicable and in the interest of conservation, necessary or advisable. In the event the leased lands are included within a unit, in the terms of this lease shall be deemed to be modified to conform to such unit agreement. Where any provision of a cooperative or unit plan of development which has been approved by the Secretary, and which by its terms affects the leased area or any part thereof, is inconsistent with a provision of this lease, the provisions of such cooperative or unit plan shall govern.

Sec. 23. RELINQUISHMENT OF LEASE - The Lessee may relinquish this entire lease or any officially designated subdivision of the leased area in accordance with the regulations by filing in the proper BLM office a written relinquishment, in triplicate, which shall be effective as of the date of filing. No relinquishment of this lease or its portion or any liability shall release the Lessee or its surety from any obligation for breach of any obligation of this lease, including the obligation to make payment of all accrued rentals and royalties and to place all wells in the leased lands to be relinquished in condition for suspension or abandonment, and to protect or restore substantially the surface and subsurface resources in a manner satisfactory to the Lessor.

Sec. 24. REMOVAL OF PROPERTY ON TERMINATION OR EXPIRATION OF LEASE

- (a) Upon the termination or expiration of this lease in whole or in part, or the relinquishment of the lease in whole or in part, as herein provided, the Lessee shall within a period of ninety (90) days for each longer period as the Supervisor may authorize because of adverse climatic conditions thereafter remove from the leased lands, no longer subject to the lease all structures, machinery, equipment, tools, and materials in accordance with applicable regulations and orders of the Supervisor. However, the Lessee shall, for a period of not more than six (6) months, continue to maintain or produce geothermal resources on other leases.
- (b) Any structures, machinery, equipment, tools, and materials, subject to removal by the Lessee as provided above, which are allowed to remain on the leased lands shall become the property of the Lessor on expiration of the 90-day period or any extension of that period which may be granted by the Supervisor. If the Supervisor directs the Lessee to remove such property, the Lessee shall do so at its own expense, or if it fails to do so within a reasonable period, the Lessor may do so at the Lessor's expense.

Sec. 25. REMEDIES IN CASE OF DEFAULT

- (a) Whenever the Lessee fails to comply with any of the provisions of the Act, or of the terms and stipulations of the lease, or of the regulations issued under the Act, or of any order issued pursuant to those regulations, and that default shall continue for a period of thirty (30) days after service notice by the Lessor, the Lessor may (1) suspend operations until the requested action is taken to correct the non-compliance, or (2) cancel the lease in accordance with Sec. 12 of the Act (30 U.S.C. 1011). However, the 30-day notice provision of the Act shall not apply to the institution of any civil action applicable to this lease under Sec. 12 of the Act, or also apply as a prerequisite to the institution of any proceedings by the Lessor to cancel this lease while it is producing steam. Nothing in this section shall be construed to apply to, or require any notice with respect to, any legal action instituted by the Lessor other than an action to cancel the lease pursuant to Sec. 12 of the Act.
- (b) Whenever the Lessee fails to comply with any of the provisions of the Act, or of this lease, or of the regulations or of any "ORD" Orders, or other orders, and immediate action is required, the Lessor without waiting for action by the Lessee may enter on the leased lands and take such measures as it may deem necessary to correct the failure, including a suspension of operations or production, all at the expense of the Lessee.
- (c) A waiver of any particular violation of the provisions of the Act, or of this lease, or of any regulations promulgated by the Secretary under the Act, shall not prevent the institution of this lease or the exercise of any other remedial action under paragraphs (a) and (b) of this section or of any other such violation, or for the same or any other such violation, or for the same or any other such violation, or for the same or any other such violation, or for the same or any other such violation.

DATE: 7/26/1990 [Signature] CERTIFYING OFFICER

3. RENTALS AND ROYALTIES

(a) Annual Rental - For each lease year prior to the commencement of production of geothermal resources in commercial quantities on the leased lands, the Lessee shall pay the Lessor on or before the anniversary date of the lease a rental of \$ 2.00 per acre or fraction thereof.

(b) Escalating Rental - Beginning with the sixth lease year and for each year thereafter until the lease year beginning on or after the commencement of production of geothermal resources in commercial quantities, the Lessee shall pay on or before the anniversary date of the lease an escalated rental in an amount per acre or fraction thereof equal to the rental per acre for the preceding year and an additional sum of one (1) dollar per acre or fraction thereof. If the lease is extended beyond ten (10) years for reasons other than the commencement of production of geothermal resources in commercial quantities, the rental for the eleventh year and for each lease year thereafter until the lease year beginning on or after the commencement of such production will be the amount of rental for the tenth lease year. If any expenditures are made in any lease year for diligent exploration on the leased lands in excess of the minimum required expenditures for that year, the excess may be credited against any rentals in excess of \$ 2.00 per acre or fraction thereof due by the Lessor for that or any future year.

(c) Royalty - On or before the last day of the calendar month after the month of commencement of production in commercial quantities of geothermal resources and thereafter on a monthly basis, the Lessee shall pay to the Lessor:

(1) A royalty of 10 percent on the amount or value of steam, or any other form of heat or other associated energy produced, processed, removed, sold, or utilized from this lease or reasonably susceptible to sale or utilization by the Lessee.

(2) A royalty of 5 percent of the value of any by-product derived from production under this lease, produced, processed, removed, sold, or utilized from this lease or reasonably susceptible of sale or utilization by the Lessee, except that as to any by-product which is a mineral named in Sec. 1 of the Mineral Leasing Act of February 25, 1920, as amended, (30 U.S.C. 181), the rate of royalty for such mineral shall be the same as that provided in that statute and the maximum rate of royalty for such mineral shall not exceed the maximum royalty applicable under that statute.

(3) A royalty of 5 percent of the value of commercially demineralized water which has been produced from the leased lands, and has been sold or utilized by the Lessee or is reasonably susceptible of sale or utilization by the Lessee. In no event shall the Lessee pay to the Lessor, for the lease year beginning on or after the commencement of production in commercial quantities on the leased lands or any subsequent lease year, a royalty of less than two (2) dollars per acre or fraction thereof. If royalty paid on production during the lease year has not satisfied this requirement, the Lessee shall pay the difference on or before the expiration date of the lease year for which it is paid.

(d) Waiver and Suspension of Rental and Royalties - Rentals or royalties may be waived, suspended, or reduced pursuant to the applicable regulations on the entire leasehold or any portion thereof in the interest of conservation or for the purpose of encouraging the greatest ultimate recovery of geothermal resources if the Lessor determines that it is necessary to do so to promote such development, or because the lease cannot be successfully operated under the terms fixed herein.

(e) Undivided Fractional Interests - Where the interest of the Lessor in the geothermal resources underlying any tract or fraction described in Sec. 1 is an undivided fractional interest, the rentals and royalties payable on account of each such tract shall be in the same proportion to the rentals and royalties provided in this lease as the individual fractional interest of the Lessor in the geothermal resources underlying such tract is to the full fee interest.

(f) Readjustments - Rentals and royalties hereunder may be readjusted in accordance with the Act and regulations to rates not in excess of the rates provided therein, and at not less than twenty (20) year intervals beginning thirty-five (35) years after the date geothermal steam is produced from the lease as determined by the Supervisor.

Sec. 4. PAYMENTS - It is expressly understood that the Secretary may establish the values and minimum values of geothermal resources to compute royalties in accordance with the applicable regulations. Unless otherwise directed by the Secretary, all payments to the Lessor will be made as required by the regulations. If there is no well on the leased lands capable of producing geothermal resources in commercial quantities, the failure to pay rental on or before the anniversary date shall cause the lease to terminate by operation of law except as provided by Sec. 3244.2 of the regulations. If the time for payment falls on a day on which the proper office to receive payment is closed, payment shall be deemed to be made on time if made on the next official working day.

Sec. 5. BONDS - The Lessee shall file with the Authorized Officer of the Bureau (hereinafter called the "Authorized Officer") shall maintain at all times the bonds required under the regulations to be furnished as a condition to the issuance of this lease or prior to entry on the leased lands in the amounts established by the Lessor and to furnish such additional bonds or security as may be required by the Lessor upon entry on the lands or after operations or production have begun.

Sec. 6. WELLS

(a) The Lessee shall drill and produce all wells necessary to protect the leased land from drainage by operations on lands not the property of the Lessor, or other lands of the Lessor leased at a lower royalty rate, or on lands as to which royalties and rentals are paid into different funds from those

into which royalties under this lease are paid. However, in lieu of any part of such drilling and production, with the consent of the Supervisor, the Lessee may compensate the Lessor in full each month for the estimated loss of royalty through drainage in the amount determined by said Supervisor.

(b) At the Lessee's election, and with the approval of the Supervisor, the Lessee shall drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized by applicable law.

(c) After due notice in writing, the Lessee shall diligently drill and produce such wells as the Supervisor shall require so that the leased lands may be properly and timely developed and for the production of geothermal steam and its by-products, including commercially demineralized water for beneficial uses in accordance with applicable state laws. However, the Supervisor may waive or modify the requirements of this subparagraph (c) in the interest of conservation of natural resources or for economic feasibility or other reasons satisfactory to him. If the products of any production of geothermal resources from wells drilled on the leased lands are susceptible of producing commercially demineralized water for beneficial uses, and a program therefor is not initiated with due diligence, the Lessor may at its option elect to take such products or by-products and the Lessee shall deliver all or any portion thereof to the Lessor at any point in the Lessee's geothermal gathering or disposal system without cost to the Lessee, if the Lessee's activities, under the lease, would not be impeded and such delivery would otherwise be consistent with field and operational requirements. The retention of this option by the Lessor shall in no way relieve the Lessee from the duty of producing commercially demineralized water where required to do so by the Lessor, except when the option is being exercised and then only with respect to wells where it is being exercised, or limit the Lessor's right to take any action under Sec. 23 to enforce that requirement.

Sec. 7. INSPECTION - The Lessee shall keep open at all reasonable times for the inspection of any duly authorized representative of the Lessor the leased lands and all wells, improvements, machinery, and fixtures thereon and all production reports, maps, records, books, and accounts relative to operations under the lease, and well logs, surveys, or investigations of the leased lands.

Sec. 8. CONDUCT OF OPERATIONS - The Lessee shall conduct all operations under this lease in a workmanlike manner and in accordance with all applicable statutes, regulations, and GEO orders, and all other appropriate directives of the Lessor to prevent bodily injury, danger to life or health, or property damage, and to avoid the waste of resources, and shall comply with all requirements which are set forth in 43 CFR Group 3200, including, but not limited to, Subpart 3204, or which may be prescribed by the Lessor pursuant to the regulations, and with the special stipulations which are attached to the lease, all of which are specifically incorporated into this lease. A breach of any term of this lease, including the stipulations attached hereto, will be subject to all the provisions of this lease with respect to remedies in case of default. Where any stipulation is inconsistent with a regular provision of this lease, the stipulation shall govern.

Sec. 9. INDEMNIFICATION

(a) The Lessee shall be liable to the Lessor for any damage suffered by the Lessor in any way arising from or connected with the Lessee's activities and operations conducted pursuant to this lease, except where damage is caused by employees of the Lessor acting within the scope of their authority.

(b) The Lessee shall indemnify and hold harmless the Lessor from all claims arising from or connected with the Lessee's activities and operations under this lease.

(c) In any case where liability without fault is imposed on the Lessee pursuant to this section, and the damage involved were caused by the action of a third party, the rules of subrogation shall apply in accordance with the law of the jurisdiction where the damage occurred.

Sec. 10. CONTRACTS FOR SALE OR DISPOSAL OF PRODUCTS - The Lessee shall file with the Supervisor not later than thirty (30) days after the effective date thereof any contract, or evidence of other arrangement for the sale or disposal of geothermal resources.

Sec. 11. ASSIGNMENT OF LEASE OR INTEREST THEREIN - Within ninety (90) days from the date of execution thereof, the Lessee shall file for approval by the Authorized Officer any instruments of transfer made of this lease or of any interest therein, including assignments of record title and working or other interests.

Sec. 12. REPORTS AND OTHER INFORMATION - At such times and in such form as the Lessor may prescribe, the Lessee shall comply with all reporting requirements of the geothermal resources leasing, operating, and unit regulations and shall submit quarterly reports containing the data which it has collected through the monitoring of air, land, and water quality and all other data pertaining to the effect on the environment by operations under the lease. The Lessee shall also comply with such other reporting requirements as may be imposed by the Authorized Officer or the Supervisor. The Lessor may release to the general public any reports, maps, or other information submitted by the Lessee except geologic and geophysical interpretations, maps, or data subject to 30 CFR 270.75 or unless the Lessee shall designate that information as proprietary and the Supervisor or the Authorized Officer shall approve that designation.

Sec. 13. DILIGENT EXPLORATION - In the manner required by the regulations, the Lessee shall diligently explore the leased lands for geothermal resources until there is production in commercial quantities applicable to this lease. After the

I CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE ORIGINAL AS FILED IN THE STATE OFFICE, RENO, NEVADA. DATE: 4-26-1990 [Signature] CERTIFYING OFFICER

the regulations promulgated there... Upon cancellation, the Lessee shall remove all... in accordance with Sec. 24 hereof, and shall re... the leased lands in a manner acceptable to the Lessee... may be otherwise required by the Lessee.

Sec. 26. HEIRS AND SUCCESSORS IN INTEREST - Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns, of the respective parties hereto.

Sec. 27. UNLAWFUL INTEREST - No Member of, or Delegate to Congress, or Resident Commissioner, after his election or appointment, either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Sec. 3741 of the Revised Statutes (41 U.S.C. Sec. 22), as amended, and Sections 431, 432, and 433 of Title 18 of the United States Code, relating to contracts made or entered into, or accepted by or on behalf of the United States, form a part of this lease so far as the same may be applicable.

Sec. 28. MONOPOLY AND FAIR PRICES - The Lessor reserves full power and authority to protect the public interest by promulgating and enforcing all orders necessary to insure the sale of the production from the leased lands at reasonable prices, to prevent monopoly, and to safeguard the public interest.

Sec. 29. EQUAL OPPORTUNITY CLAUSE - The Lessee agrees that, during the performance of this contract:

(1) The Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Lessor setting forth the provisions of this Equal Opportunity clause.

(2) The Lessee will, in all solicitations or advertisements for employees placed by or on behalf of the Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Lessee will send to each labor union or representative of workers with which Lessee has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Lessor, advising the labor union or workers' representative of the Lessee's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Secretary

of the Interior and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Lessee's noncompliance with the Equal Opportunity clause of this lease or with any of said rules, regulations, or orders, this lease may be canceled, terminated or suspended in whole or in part and the Lessee may be declared ineligible for further Federal Government contracts or leases in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Lessee will include the provisions of Paragraphs (1) through (7) of this Section (29) in every contract, subcontract, or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor, or subcontract, or purchase order as the Secretary may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Lessee becomes involved in, or is threatened with, litigation with a contractor, subcontractor, or vendor as a result of such direction by the Secretary, the Lessee may request the Lessor to enter into such litigation to protect the interests of the Lessor.

Sec. 30. CERTIFICATION OF NONSEGREGATED FACILITIES - By entering into this lease, the Lessee certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Lessee agrees that a breach of this certification is a violation of the Equal Opportunity clause of this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, or restaurants or other eating areas, time clocks, or locker rooms, and other storage or dressing rooms, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive, or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise. Lessee further agrees that (except where it has obtained identical certifications from proposed contractors and subcontractors for specific time periods) it will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files; and that it will forward the following certification to such proposed contractors and subcontractors (except where the proposed contractor or subcontractor has submitted identical certifications for specific time periods): it will notify prospective contractors and subcontractors of requirements for certification of nonsegregated facilities. A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (42 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Sec. 31. SPECIAL STIPULATIONS - (stipulations, if any, are attached hereto and made a part hereof)

The attached Fort Churchill-Clan Alpine Special Stipulations and the attached Bureau of Reclamation Special Stipulations apply to all lands within this lease.

In witness whereof the parties have executed this lease.

Lessee: CHEVRON OIL COMPANY

By: [Signature] (Signature of Lessee) Assistant Secretary

By: [Signature] (Signature of Lessee) C. W. Berge, Attorney-in-Fact

August 19, 1975 (Date)

THE UNITED STATES OF AMERICA, Lessor

By: [Signature] (Authorized Officer)

A. John Hillsamer, Chief Lands & Minerals Operations (Title)

September 4, 1975 (Date)

[SEAL]

PROPERTY THE BUREAU OF LAND MANAGEMENT BEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE RENO, NEVADA DATE: 4-26-1990 Natalie S. Skemmer CERTIFYING OFFICER

FORT CHURCHILL-GLAN ALPINE
SPECIAL STIPULATIONS

The Lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the Lessee, the Supervisor and the Authorized Officer:

1. Surface occupancy within 500 feet (horizontal measurement) of any canal, ditch, slough, pond, lake, spring, or open body of water may be restricted or denied where deemed necessary by the appropriate surface management agency to protect wildlife and other resources. 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.
2. The certified statement required by Section 18 of the lease form must be completed by a qualified archaeologist, acceptable to the Authorized Officer.
3. The use of wide or balloon-tired vehicles and/or helicopters may be required for any activities in off-road areas where deemed necessary to protect the soil and other resources.
4. Springs and water developments on Federal lands may be used only with the prior written approval of the Authorized Officer.

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT
SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE,
RENO, NEVADA
DATE 4-26-1990 [Signature]
CERTIFYING OFFICER

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 these 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.

2. 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 desalination research programs for utilization of geothermal fluids. These programs may include shallow temperature gradient hole underground explorations, 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 desalination 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 operations or for reinjection into the geothermal anomalies.
3. 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.

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE, RENO, NEVADA.

DATE 4-26-1990 Judith N. Skene
CERTIFYING OFFICER

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Ormat Energy Systems, Inc.
610 East Glendale Avenue
Sparks, Nevada 89431
Attn: Barbara L. Bressler

5-1-88

Federal Geothermal Resources Lease No. N-48022

251636
OFFICIAL RECORDS
CHURCHILL COUNTY, NEVADA
RECORDED BY
Ormat Energy Systems, Inc.
90 APR 27 AM 11:03

TREKA MORETTO
COUNTY RECORDER
FEE 10.00 DEP. *[Signature]*

Form 3200-24
July 1984
Standard 3200-8 to 3200-21)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OSM NO. 1004-0038
Expires January 31, 1986

N-4802

OFFER TO LEASE AND LEASE FOR GEOTHERMAL RESOURCES

Serial No.

The undersigned (see reverse) 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 (30 U.S.C. 1001-1015).

Read Instructions Before Completing

RECEIVED
Bur. of Land Management
NEVADA LAND OFFICE

3-14-86
M

1. Name
Yankee Power, Inc.
Street
400 South Boston
City, State, Zip Code
Tulsa, OK 74103

8:00
A.M. MAR 15 1988

NEVADA STATE OFFICE
RENO, NEVADA

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

Legal description of land requested (segregate by public domain and acquired lands)

T. _____ R. _____ Meridian _____ State _____ County _____

Total acres applied for _____

Percent U.S. Interest _____

Total \$ _____

Amount received: Piling fee \$ _____ Rental fee \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:
T. 19 N. R. 28 E. Meridian Mount Diablo State Nevada County Churchill

sec. 3, lots 1, 2, S½NE¼;
T. 20 N., R. 28 E.
sec. 14, SW¼;
sec. 18, SE¼;
sec. 22, all;
sec. 35, SW¼.

Record Posted	Date	By
MT Plat		
OG Plat		
USE Plat	2-20-88	DA [Signature]
HI Plat		
CDI Filing		

(Leasing Unit No. 9 - Stillwater Soda Lake KGRA)

Total acres in lease 1278.

Rental retained \$ 2558.

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 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. Rights granted subject to applicable laws, the terms, conditions, and standard stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance and, where inconsistent with lease rights granted or specific provisions of this lease, regulations and formal orders hereafter promulgated.

THE UNITED STATES OF AMERICA

by Marlene A. [Signature] Signing Officer
Chief, Branch of Lands and Minerals Operations APR 21 1988

- Type of lease:
- Noncompetitive
- Competitive
- Other _____

EFFECTIVE DATE OF LEASE MAY 01 1988

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE, RENO, NEVADA.

DATE 4-26-1990 [Signature] CERTIFYING OFFICER

4. (4) Undersigned certifies that:

(1) 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 3200 and the authorizing Act; (3) Offeror's chargeable interests, direct and indirect, do not exceed that allowed under the Act; and (4) Offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions and stipulations of which 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 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. 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.

Duly executed this 14th day of March, 19 88.

[Signature]
(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year until there is production in commercial quantities from the leased lands. Annual rental rates per acre or fraction thereof are: \$1 for noncompetitive leases and \$2 for competitive leases.

If this lease or a portion thereof is contemplated to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations and orders. Royalty rates on production are: 10 percent for steam, heat, or energy; 5 percent for byproducts; and 5 percent for demineralized water.

Lessor reserves the right to establish reasonable minimum values on production after giving lessee notice and an opportunity to be heard. Royalties shall be due and payable on the last day of the month following the month in which production occurred.

A minimum royalty shall be due for any lease year beginning on or after the commencement of production in commercial quantities in which royalty payments aggregate less than \$2 per acre. Lessee shall pay such difference at the end of lease year. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

Sec. 3. Bonds—Lessee shall file and maintain any bond required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall perform diligent exploration as required by regulations and shall prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of the area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than (30) days, after effective date thereof, any contract or evidence of other arrangement for the sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee shall be required to provide plans and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs.

In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, and complete information on well surveys and tests and keep a record of subsurface investigations and furnish copies to lessor when required. Lessee shall 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 shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that support costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall 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.

During existence of this lease, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations—Lessee shall 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 shall 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-ways. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessees.

Prior to disturbing the surface of the leased lands, lessee shall 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. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatens or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species 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 shall pay lessor for damage to lessor's improvements and shall 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 shall maintain a safe working environment in accordance with standard industry practices and take measures necessary to protect the health and safety of the public. Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly.

Lessee shall 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 shall maintain segregated facilities.

Sec. 10. Transfer of lease interests and relinquishment of lease—As required by regulations lessee shall file with lessor, any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 11. Delivery of premises—At such time as all or portions of this lease are returned to lessor lessee shall 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 improvement 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, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation in accordance with the Act. However, if this lease includes land known to contain a well capable of production in commercial quantities, it may be cancelled only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation 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 formal orders, and immediate action is required, the Lessor may enter on the leased lands and take measures deemed necessary to correct the failure at the expense of the Lessee.

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

BUREAU OF LAND MANAGEMENT

NOTICE TO LESSEE

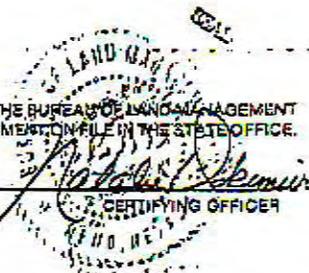
Please be advised that geothermal activities on the lands listed in this lease may interfere with military operations of the Naval Air Station, Fallon. In accordance with Federal regulations (43 CFR 320.1-2(b)) the lessee must perform lease operations and take measures, as prescribed by the Secretary of the Interior, to protect the Federal interest on neighboring reserved lands. These measures may include height limitation of structures, both temporary and permanent, prevention of visual degradation, and limitation on electronic emissions. The restrictions will be applied at the time an operating plan is filed.

RECEIVED
Bureau of Land Management
NEVADA LAND OFFICE
9:00 A.M. MAR 16 1998
NEVADA STATE OFFICE
RENO, NEVADA

Applies to Leasing Unit Nos. 1 (in part), 2, 3 (in part), 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18 (in part), 19.

UT-3

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE, RENO, NEVADA.
DATE: 4-26-1990
[Signature]
CERTIFYING OFFICER



FORT. CHURCHILL/CLAW ALPINE
EAR

The following mitigating measures are to be included as special stipulations on all geothermal leases issued in the Fort Churchill-Claw Alpine 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:

1. Surface occupancy within 500 feet (horizontal measurement) of any canal, ditch, slough, pond, lake, spring, or open body of water may be restricted or denied where deemed necessary by the appropriate surface management agency to protect wildlife and other resources. 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.
2. The use of wide or balloon-tired vehicles and/or helicopters may be required for any activities in off-road areas where deemed necessary to protect the soil and other resources.
3. Springs and water developments on Federal lands may be used only with the prior written approval of the authorized officer.

RECEIVED
Bur. of Land Management
NEVADA LAND OFFICE

9:00
A.M. MAR 15 1988

NEVADA STATE OFFICE
RENO, NEVADA

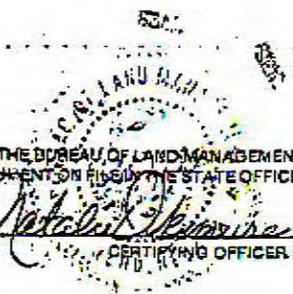
Applies to Leasing Unit Nos. 1-19.

GT-6

S

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE RENO, NEVADA.

DATE: 4-26-1990 *Natalie K. Skinner*
CERTIFYING OFFICER



9:00
A.M. MAR 15 1988BUREAU OF RECLAMATION SPECIAL STIPULATIONS
NEVADA STATE OFFICE
RENO, NEVADA

1. 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.
2. 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 explorations, 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.
3. 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.

Applies to Leasing Unit Nos. 1-19.

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE RENO, NEVADA.

DATE 4-26-1990 [Signature]
 [Signature]
 CERTIFYING OFFICER

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:

RECEIVED
BUREAU OF LAND MANAGEMENT
NEWLANDS PROJECT OFFICE
MARCH 15 10 00
RENO, NEVADA

- 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.
- 5. 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.
 - 6. 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 Project Manager in order to be appraised of areas that should be avoided to prevent interference with the operation and maintenance of the Project.
 - 7. 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.
 - 8. 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.

Conrad P. Bauer
Signature

3/14/88
Date

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE, RENO, NEVADA.

