



September 8, 2014

Ivan Gall
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Application for a Permit to Use Ground Water
Surprise Valley Electrification Corp

Dear Ivan,

As discussed with the Department this spring, the attached application for a groundwater permit is a follow-up to the issuance of the Surprise Valley Electrification Corp's (SVEC) Limited License LL-1450 that allows use of water from well SVE-4 for plant operations. The enclosed application proposes to use water for general industrial uses, including cooling purposes, at SVEC's geothermal facility and is intended to replace the current Limited License LL-1450.

As you recall, based on the Department's review of SVEC's limited license application and subsequent directions in 2013, SVEC constructed and outfitted a new well (in a location and at a distance from surface water recommended by the Department) and modified their limited license application to use this new well (SVE-4) as the point of appropriation. This application is requesting to use the same point of appropriation and rate of use (228.5 gpm) as was approved in Limited License LL-1450.

GSI Water Solutions, Inc., is the authorized representative for the applicant regarding this transaction, and should be copied on all correspondence associated with this application. Please do not hesitate to call if you have any questions or need additional information.

Enclosed is a check for the application fee in the amount of \$1,900.00.

Sincerely,

A handwritten signature in black ink that reads "Bruce Brody-Heine". The signature is written in a cursive, flowing style.

Bruce Brody-Heine
GSI Water Solutions, Inc.

Enclosures

Cc: Lynn Culp, Surprise Valley Electrification Corporation

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OWRD



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Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

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OWRD

Application for a Permit to Use Ground Water



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

Water-Use Permit Application Processing

1. Completeness Determination

The Department evaluates whether the application and accompanying map contain all of the information required under OAR 690-310-0040 and OAR 690-310-0050 (www.oregon.gov/owrd/law). The Department also determines whether the proposed use is prohibited by statute. If the Department determines that the application is incomplete, all fees have not been paid, or the use is prohibited by statute, the application and all fees submitted are returned to the applicant.

2. Initial Review

The Department reviews the application to determine whether water is available during the period requested, whether the proposed use is restricted or limited by rule or statute, and whether other issues may preclude approval of or restrict the proposed use. An Initial Review (IR) containing preliminary determinations is mailed to the applicant. The applicant has 14 days from the mailing date to withdraw the application from further processing and receive a refund of all fees paid minus \$200. The applicant may put the application on hold for up to 180 days and may request additional time if necessary.

3. Public Notice

Within 7 days of the mailing of the initial review, the Department gives public notice of the application in the weekly notice published by the Department at www.oregon.gov/owrd. The public comment period is 30 days from publication in the weekly notice.

4. Proposed Final Order Issued

The Department reviews any comments received, including comments from other state agencies related to the protection of sensitive, threatened or endangered fish species. Within 60 days of completion of the IR, the Department issues a Proposed Final Order (PFO) explaining the proposed decision to deny or approve the application. A PFO proposing approval of an application will include a draft permit, and may request additional information or outstanding fees required prior to permit issuance.

5. Public Notice

Within 7 days of issuing the PFO, the Department gives public notice in the weekly notice. Notice includes information about the application and the PFO. Protest must be received by the Department within 45 days after publication of the PFO in the weekly notice. Anyone may file a protest. The protest filing fee is \$350.00 for the applicant and \$700.00 for non-applicants. Protests are filed on approximately 10% of Proposed Final Orders. If a protest is filed, the Department will attempt to settle the protest but will schedule a contested case hearing if necessary.

6. Final Order Issued

If no protests are filed, the Department issues a Final Order consistent with the PFO. If the application is approved, a permit is issued that specifies the details of the authorized use and any terms, limitations or conditions that the Department deems appropriate.

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Application for a Permit to Use Ground Water



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

SECTION 1: APPLICANT INFORMATION AND SIGNATURE

Applicant Information

NAME		PHONE (HM)	
PHONE (WK)	CELL		FAX
ADDRESS			
CITY	STATE	ZIP	E-MAIL*

Organization Information

NAME SURPRISE VALLEY ELECTRIFICATION CORP.; ATTN: LYNN CULP		PHONE 530-233-3511	FAX
ADDRESS 516 US HWY 395E			CELL
CITY ALTURAS	STATE CA	ZIP 96101	E-MAIL* lynnsvec@frontier.com

Agent Information – The agent is authorized to represent the applicant in all matters relating to this application.

AGENT / BUSINESS NAME GSI WATER SOLUTIONS; Attn: Bruce Brody-Heine		PHONE 541-390-0591	FAX
ADDRESS 147 SW SHEVLIN HIXON DRIVE, SUITE 201			CELL
CITY BEND	STATE OR	ZIP 97702	E-MAIL* BBHEINE@GSIWS.COM

Note: Attach multiple copies as needed

* By providing an e-mail address, consent is given to receive all correspondence from the department electronically. (paper copies of the final order documents will also be mailed.)

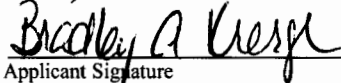
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By my signature below I confirm that I understand:

- I am asking to use water specifically as described in this application.
- Evaluation of this application will be based on information provided in the application.
- I cannot use water legally until the Water Resources Department issues a permit.
- Oregon law requires that a permit be issued before beginning construction of any proposed well, unless the use is exempt. Acceptance of this application does not guarantee a permit will be issued.
- If I get a permit, I must not waste water.
- If development of the water use is not according to the terms of the permit, the permit can be cancelled.
- The water use must be compatible with local comprehensive land-use plans.
- Even if the Department issues a permit, I may have to stop using water to allow senior water-right holders to get water to which they are entitled.

I (we) affirm that the information contained in this application is true and accurate.


Applicant Signature

Bradley A. Kresge/General Manager
Print Name and title if applicable

9/3/14
Date

Applicant Signature

Print Name and title if applicable

Date

For Department Use		
App. No. <u>G-17870</u>	Permit No. _____	Date _____

SECTION 3: WELL DEVELOPMENT, CONTINUED

Total maximum rate requested: 228.5 gpm (each well will be evaluated at the maximum rate unless you indicate well-specific rates and annual volumes in the table below).

The table below must be completed for each source to be evaluated or the application will be returned. If this is an existing well, the information may be found on the applicable well log. (If a well log is available, please submit it in addition to completing the table.) If this is a proposed well, or well-modification, consider consulting with a licensed well driller, geologist, or certified water right examiner to obtain the necessary information.

(See attached well log – Attachment E)

06871-5

OWNER'S WELL NAME OR NO.	PROPOSED	EXISTING	WELL ID (WELL TAG) NO.* OR WELL LOG ID**	FLOWING ARTESIAN	CASING DIAMETER	CASING INTERVALS (IN FEET)	PERFORATED OR SCREENED INTERVALS (IN FEET)	SEAL INTERVALS (IN FEET)	MOST RECENT STATIC WATER LEVEL & DATE (IN FEET)	PROPOSED USE			
										SOURCE AQUIFER***	TOTAL WELL DEPTH	WELL-SPECIFIC RATE (GPM)	ANNUAL VOLUME (ACRE FEET)
SVE-4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LAKE 52506	<input type="checkbox"/>	10 3/4"	2'- 315'	Perf. 40'-315' Scm. 315' -375'	0'- 20'		Basin fill sediment	378'		
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									

* Licensed drillers are required to attach a Department-supplied Well Tag, with a unique Well ID or Well Tag Number to all new or newly altered wells. Landowners can request a Well ID for existing wells that do not have one. The Well ID is intended to serve as a unique identification number for each well.

** A well log ID (e.g. MARI 1234) is assigned by the Department to each log in the agency's well log database. A separate well log is required for each subsequent alteration of the well.

*** Source aquifer examples: Troutdale Formation, gravel and sand, alluvium, basalt, bedrock, etc.

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SECTION 4: WATER USE

USE	PERIOD OF USE	ANNUAL VOLUME (ACRE-FEET)
General Industrial	Year-round	228.5 gpm 368.5 Acre-Ft/year

Exempt Uses: Please note that 15,000 gallons per day for single or group **domestic** purposes and 5,000 gallons per day for a single **industrial or commercial** purpose are exempt from permitting requirements.

For irrigation use only: - NA -

Please indicate the number of primary and supplemental acres to be irrigated (*must match map*).

Primary: _____ Acres Supplemental: _____ Acres

List the Permit or Certificate number of the underlying primary water right(s): _____

Indicate the maximum total number of acre-feet you expect to use in an irrigation season: _____

- If the use is **municipal or quasi-municipal**, attach **Form M - NA -**
 - If the use is **domestic**, indicate the number of households: **- NA -**
- If the use is **mining**, describe what is being mined and the method(s) of extraction: **- NA -**

SECTION 5: WATER MANAGEMENT

A. Diversion and Conveyance

What equipment will you use to pump water from your well(s)?

Pump (give horsepower and type): 15 HP submersible pump

Other means (describe): _____

Provide a description of the proposed means of diversion, construction, and operation of the diversion works and conveyance of water.

Water will be pumped and conveyed from the well(s) to the plant through a pipeline.

B. Application Method

What equipment and method of application will be used? (e.g., drip, wheel line, high-pressure sprinkler)

The plant will use the water for general industrial uses, including but not limited to make-up water for the geothermal energy extraction operations within the plant site.

C. Conservation

Please describe why the amount of water requested is needed and measures you propose to: prevent waste; measure the amount of water diverted; prevent damage to aquatic life and riparian habitat; prevent the discharge of contaminated water to a surface stream; prevent adverse impact to public uses of affected surface waters.

SVEC will constantly manage the use of the water from the well(s) in a manner to prevent waste, minimize leaks and discharges from the well and pipeline. Once the water reaches the plant, it will be used for general industrial uses, including but not limited to make-up water in the operating processes which will be monitored by the operators and carefully managed to minimize use.

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SALEM, OREGON

SECTION 6: STORAGE OF GROUND WATER IN A RESERVOIR - NA -

If you would like to store ground water in a reservoir, complete this section (if more than one reservoir, reproduce this section for each reservoir).

Reservoir name: _____ Acreage inundated by reservoir: _____

Use(s): _____

Volume of Reservoir (acre-feet): _____ Dam height (feet, if excavated, write "zero"):

Note: If the dam height is greater than or equal to 10.0' above land surface AND the reservoir will store 9.2 acre feet or more, engineered plans and specifications must be approved prior to storage of water.

SECTION 7: USE OF STORED GROUND WATER FROM THE RESERVOIR - NA -

If you would like to use stored ground water from the reservoir, complete this section (if more than one reservoir, reproduce this section for each reservoir).

Annual volume (acre-feet): _____

USE OF STORED GROUND WATER	PERIOD OF USE
- NA -	

SECTION 8: PROJECT SCHEDULE

Date construction will begin: immediately upon issuance of the permit

Date construction will be completed: immediately upon issuance of the permit

Date beneficial water use will begin: immediately upon issuance of the permit

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SALEM, OREGON

SECTION 9: WITHIN A DISTRICT

Check here if the point of diversion or place of use are located within or served by an irrigation or other water district.

Irrigation District Name - NA -	Address	
City	State	Zip

SECTION 10: REMARKS

N/A

Use this space to clarify any information you have provided in the application (attach additional sheets if necessary).

Attachment A

Groundwater Permit Map

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SALEM, OREGON

G-17080

Attachment B

Land Use Information Form

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WATER RESOURCES DEPT
SALEM, OREGON

Gr-17890

Land Use Information Form



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

Applicant: Surprise Valley Electrification Corp. Attn: Lynn Culp
First Last

Mailing Address: 516 US HWY 395E

Alturas
City

CA
State

96101 Daytime Phone: 530-233-3511
Zip

A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), and/or used or developed. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Township	Range	Section	¼ ¼	Tax Lot #	Plan Designation (e.g., Rural Residential/RR-5)	Water to be:			Proposed Land Use:
33S	18E	23	SW NE	1300		<input checked="" type="checkbox"/> Diverted	<input checked="" type="checkbox"/> Conveyed	<input type="checkbox"/> Used	Industrial
33S	18E	23	NE SE	1300		<input type="checkbox"/> Diverted	<input checked="" type="checkbox"/> Conveyed	<input checked="" type="checkbox"/> Used	Industrial
						<input type="checkbox"/> Diverted	<input type="checkbox"/> Conveyed	<input type="checkbox"/> Used	
						<input type="checkbox"/> Diverted	<input type="checkbox"/> Conveyed	<input type="checkbox"/> Used	

List all counties and cities where water is proposed to be diverted, conveyed, and/or used or developed:

Lake County

B. Description of Proposed Use

Type of application to be filed with the Water Resources Department:

- Permit to Use or Store Water
 Water Right Transfer
 Permit Amendment or Ground Water Registration Modification
 Limited Water Use License
 Allocation of Conserved Water
 Exchange of Water

Source of water:
 Reservoir/Pond
 Ground Water
 Surface Water (name) _____

Estimated quantity of water needed: 228.5
 cubic feet per second
 gallons per minute
 acre-feet

Intended use of water:
 Irrigation
 Commercial
 Industrial
 Domestic for _____ household(s)
 Municipal
 Quasi-Municipal
 Instream
 Other _____

Briefly describe:

The water will be used for general industrial water (such as make up cooling water) at the geothermal facility.

Note to applicant: If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt at the bottom of the next page and include it with the application filed with the Water Resources Department.

See bottom of Page 3. →

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For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form. This deals only with the local land-use plan. Do not include approval for activities such as building or grading permits.

Please check the appropriate box below and provide the requested information

- Land uses to be served by the proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): _____.
- Land uses to be served by the proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.) **If approvals have been obtained but all appeal periods have not ended, check "Being pursued."**

Type of Land-Use Approval Needed (e.g., plan amendments, rezones, conditional-use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Land-Use Approval:	
CONDITIONAL USE PERMIT	L.C.E.O. ARTICLE 24	<input checked="" type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued

Local governments are invited to express special land-use concerns or make recommendations to the Water Resources Department regarding this proposed use of water below, or on a separate sheet.

SEE FILE #1256-CUP, APPROVED FEB, 2011.

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SALEM, OREGON

Name: Darwin Swanson Jr. Title: PLANNING DIRECTOR
 Signature: [Signature] Phone: 541-947-6036 Date: 2 SEPT 2014
 Government Entity: Lake County Planning Dept.

Note to local government representative: Please complete this form or sign the receipt below and return it to the applicant. If you sign the receipt, you will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.

Receipt for Request for Land Use Information

Applicant name: _____
 City or County: _____ Staff contact: _____
 Signature: _____ Phone: _____ Date: _____

Attachment C

Legal Description (Deed)

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WATER RESOURCES DEPT
SALEM, OREGON

G-17890

56910

733

KNOW ALL MEN BY THESE PRESENTS, That ROSS H. COLAHAN and DORIS COLAHAN, husband and wife, hereinafter called the grantor, for the consideration hereinafter stated, to grantor paid by COLAHAN ENTERPRISES, INC. an Oregon corporation, hereinafter called the grantee, does hereby grant, bargain, sell and convey unto the said grantee and grantee's heirs, successors and assigns, that certain real property, with the tenements, hereditaments and appurtenances thereto belonging or appertaining, situated in the County of Lake and State of Oregon, described as follows, to-wit:

Township 33 South, Range 16 East of the Willamette Meridian
 Section 23: NW1/4, SE1/4NW1/4, SE1/4SW1/4, SW1/4SW1/4 excepting deed recorded in Book 53 at page 635 of Record of Deeds.

N1/2SW1/4
 That portion of N1/2SW1/4 of said Section 23 lying North of the Cheumnan River, excepting therefrom that portion of said N1/2SW1/4 contained in a deed from Northwest Townsite Company to Kittie Loveland recorded in Book 53 at page 593 of the Record of Deeds.

Section 24: N1/2SW1/4, SW1/4SW1/4, NW1/4, excepting a tract of land conveyed to State of Oregon in Book 79 at page 395 of Record of Deeds and highway right-of-way.

That portion of NW1/4SW1/4 of said Section 24 lying North of the extension of Mill Street in Paisley, Oregon, excepting therefrom those tracts of land heretofore conveyed by Northwest Townsite Company and its predecessors in interest recorded in Book 44 at Page 98, Book 51 at pages 10, 432 and 549; Book 52 at page 593; Book 53 at page 147; Book 56 at page 304; Book 52 at page 386 of the Record of Deeds.

Section 26: NW1/4SW1/4

SUBJECT TO all reservations, restrictions, easements and rights-of-way of record or apparent on the ground, including, but not limited to, reservation of one-half of all gas, coal, oil and other sub-surface minerals, together with right to take and remove.

To Have and to hold the same unto the said grantee and grantee's heirs, successors and assigns forever.

And said grantor hereby covenants to and with said grantee and grantee's heirs, successors and assigns, that grantor is lawfully seized in fee simple of the above granted premises, free from all encumbrances.

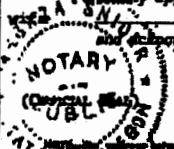
and that grantor will warrant and forever defend the above granted premises and every part and parcel thereof against the lawful claims and demands of all persons whatsoever, except those claiming under the above described encumbrances.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$ 1.00
 However, the actual consideration consists of or includes other property or value given or provided which is specified in the above consideration (indicate which).

In executing this deed and where the contract so requires, the singular includes the plural,
 WITNESS grantor's hand this 1st day of April, 1981

Ross H. Colahan
Doris Colahan

STATE OF OREGON, County of Lake) ss. April 1, 1981
 Personally appeared the above named Ross H. Colahan and Doris Colahan, husband and



and acknowledged the foregoing instrument to be voluntary act and deed.

Notary was: Barbara Souder
 Notary Public for Oregon
 My commission expires 9-10-82

Ross H. Colahan and Doris Colahan,
 husband and wife
 grantor's name and address
Colahan Enterprises, Inc. an Oregon
 corporation
 grantor's state and address
 after recording state of
Colahan Enterprises, Inc.
Wte 1 Box 380
Paisley, Oregon 97636
 grantor's state and address
 after recording state of
Colahan Enterprises, Inc.
Wte 1 Box 380
Paisley, Oregon 97636

STATE OF OREGON,
 County of Lake
 I certify that the within instru-
 ment was received for record on the
3 day of August, 1981,
 at 11:45 o'clock A.M., and recorded
 in book/real/volume No. 198 on
 page 776 or its document/fee/file/
 instrument/serial/roll No. _____
 Record of Deeds of said county.
 Witness my hand and seal of
 County attested.
Barbara Souder
 Notary Public
 By _____ Deputy

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 SALEM, OREGON

Attachment D

Lease Agreement

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WATER RESOURCES DEPT
SALEM, OREGON

G-17020

GEOTHERMAL LEASE AND AGREEMENT

THIS GEOTHERMAL LEASE AND AGREEMENT, (herein sometimes referred to as "Lease") made and entered as of the 24th day of September, 2010 by and between COLAHAN ENTERPRISES INC., hereinafter referred to as "Lessor", and SURPRISE VALLEY ELECTRIFICATION CORP., a Rural Electric Cooperative, Incorporated under IRS 501(c)(12) . Hereinafter referred to as "Lessee".

WITNESSETH:

1. Purpose. That Lessor, for and in consideration of Ten Dollars (\$10.00) in hand paid to Lessor by Lessee, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained, has granted, leased, let and demised and by these presents does grant, lease, let and demise exclusively to Lessee, its grantees, successors and assigns, upon and subject to the terms and conditions hereinafter set forth, these certain extractable mineral rights and certain geothermal rights for real property located in the County of Lake, State of OREGON, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "leased rights"), including all roads, streets, alleys, easements and rights of way owned or claimed by Lessor, on or within the lands above described. This Lease shall cover all the interest in the leased rights now owned or hereafter acquired by Lessor on the property described in Exhibit A".

By the use of such methods as Lessee may desire, Lessee, and its designated representatives, shall have the sole and exclusive right to utilize the leased rights, including but not limited to the right to explore for, drill for, test, develop, operate, produce, extract, take, remove or sell Hot Water, Steam and Thermal Energy and Extractable Minerals, and to store, utilize, process, convert and otherwise treat such Hot Water, Steam and Thermal Energy, and to extract any Extractable Minerals during the term hereof and to transport same, and to inject or re inject effluents into the well or any wells drilled pursuant to the leased rights; or inject water, gas or other fluid or substances by artificial means into formations containing Hot Water, Steam or Thermal Energy as agreed to in the body of this lease agreement. Further, Lessee, its designated representatives and anyone purchasing Leased Substances (as hereinafter defined) from Lessee are hereby granted the use of any easements owned by Lessor across said land, to the full extent of any such rights held by Lessor as set forth in the body of this lease agreement. The possession by Lessee of the leased rights shall be sole and exclusive for the purposes hereof and for purposes incident or related thereto.

Lessee agrees to conduct its activities in a safe, good and workmanlike manner and use reasonable care at all times in all of Lessee's operations on the premises, in accordance with generally accepted, good engineering practice; with due regard for the protection of life and property, preservation of the environment and conservation of natural resources, and minimal intrusion to agricultural operations of the Lessor to prevent injury or damage to cattle, livestock, buildings, fish, water rights, water diversion works, ditches, tanks and water wells or other property or operations of the Lessor located thereon; and Lessee agrees to repair, mitigate or pay the Lessor the fair market value (as agreed to by the parties, or if no agreement is reached, then after 7 days as determined by an independent third-party appraiser) for all damages to the cattle, crops, buildings, livestock, fish, fences, water rights, water diversions, ditches, tanks, water, water wells and other property of the Lessor situated on the surface of the premises resulting from Lessee's operations on the premises, and conduct its activities in a manner which will not unreasonably interfere with any rights reserved to Lessor. Lessee also agrees that all damages to pipe and equipment caused by cattle shall be the responsibility of Lessee. Lessee shall at all time allow Lessor access to well

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WATER RESOURCES DEPT
SALEM, OREGON

G-17070

and secondary uses as required by Lessor, and access to the online heat exchange upon construction.

2. Term. This Lease shall be for a term of five (5) years from and after the date hereof (hereinafter referred to as the "Primary Term") and so long thereafter as electricity is produced in commercial quantities from the well or through the leased rights, or lands, and for so long as Lessee is prevented from producing same, or the obligations of Lessee hereunder are suspended, for the causes hereinafter set forth, or this Lease is continued in force by reason of any other provision hereof.

3. Primary Term Consideration. It is understood and agreed that the initial consideration paid upon the execution hereof is Twenty- Five Thousand Dollars (\$25,000.00) for all the lease rights during the initial five (5) year lease term, excluding any royalties and rents that are otherwise payable during the term of this lease agreement.

4. Lessee shall conduct all work in compliance with the applicable laws and regulations of the state of Oregon and the United States of America. Lessee shall be fully responsible for compliance with all applicable Federal, state, and local statutes, regulations, and ordinances relating to such work, and for reclamation bonding and any bonding required for geothermal wells. Lessor agrees to cooperate with Lessee in Lessee's application for governmental licenses, permits, and approvals, all costs of which shall be borne by Lessee.

Both Lessee and Lessor are bound by applicable federal, state, and local statutes, regulations, and ordinances that may affect this project now or in the future.

Lessee shall fence all excavations (including sumps and settling ponds), and, upon the termination of the Lease, except any certain sump hole(s) and excavation(s) identified by the Lessor, Lessee shall level and fill all sump holes and excavations, shall remove all debris and shall leave the locations or premises used by Lessee in a clean and sanitary condition.

Lessee shall keep the premises utilized by Lessee clean and orderly throughout the term of occupancy.

Lessee shall replace all fences which the Lessee removed for its purposes and repair all fences which Lessee damaged, and if and when so required by the Lessor, will provide a proper livestock guard at any new point of entry upon lands used by Lessee and utilize best efforts to ensure Lessor's livestock are not allowed to escape as a result of Lessee's utilization of premises.

Lessee shall have reasonable access to and use of water from the leased land for Lessee's drilling, testing and exploration operations thereon, in the vicinity thereof, provided that such use shall not interfere with Lessor's own use for domestic, commercial, stock or agricultural purposes, nor interfere with any legal or contractual commitments of Lessor relating thereto and existing on the date hereof. Lessee shall be allowed to enter on to the Lands during the term of the lease for regular water monitoring activities of all wells or water sources. Lessee acknowledges that except for that certain real property specifically identified and agreed to be taken out of production and for which Lessee is paying rents, Lessor, and Lessor's principals, officers and shareholders, shall have full use and exploitation of the whole of the premises.

Lessee shall protect Lessor's interest in the leased rights against liens of every character arising from its operations thereon. Lessee, at its own expense, prior to commencing operations pursuant to the leased rights, shall obtain, and thereafter while this Lease is in effect shall maintain, adequate Workers Compensation Insurance. Lessee shall protect Lessor

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against damages of every kind and character arising out of the operations or working of Lessee or those under Lessee's control pursuant to the leased rights, but Lessee shall not be liable hereunder in the event of the negligence or willful misconduct of parties other than Lessee, unless retained or approved by the Lessee or Lessee's agents to be on the premises, or perform any service on the premises.

Lessee shall indemnify and defend Lessor from any claim, loss, or liability arising out of or related to any activity of Lessee on the premises utilized by Lessee or any condition of the premises in the possession or under the control of Lessee including any such claim, loss, or liability that may be caused or contributed to in whole or in part failure to effect any repair or maintenance required by this lease and damages to growing crops based upon the fair market value of such crops at the time of such damages. Lessor shall have no liability to Lessee for any injury, loss, or damage caused by third parties, or by any condition of the premises.

Lessee, before going into possession of the premises, shall procure and thereafter during the term of the lease shall continue to carry the following insurance at Lessee's cost: comprehensive general liability insurance in a responsible company with limits of not less than \$300,000 for injury to one person, \$1,000,000 for injury to two or more persons in one occurrence, and \$1,000,000 for damage to property, commercial general liability policy (occurrence version) in a responsible company with coverage for bodily injury and property damage liability, personal injury liability, and medical payment with a general aggregate limit of not less than \$1,000,000 and a per occurrence limit of not less than \$100,000.00. Such insurance shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the premises. Such insurance shall protect Lessee against the claims of Lessor on account of the obligations assumed by Lessee and shall name Lessor as an additional insured. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the premises.

Lessor shall have all rights to thermal heat from the electric generating facility after electricity production. In addition, Lessor has the right to the spent geothermal fluids after the generation of electricity to use for traditional agriculture use including, but not limited to irrigation, stock water, aquaculture and greenhouses. Lessee shall provide an online heat exchange to the Lessor adequate for the above purposes.

Lessee shall make available, after the commercial production of electricity and uses by the Lessor and to the extent that it is feasible, thermal energy to the City of Paisley, Oregon, and other non-federal public buildings within the City of Paisley, Oregon, for the purpose of space heating of public buildings.

Lessee shall re inject all geothermal fluids produced after they are used for the production of electricity and Lessor's uses.

5. Royalty. Royalties shall be payable as follows:

(a) With respect to Hot Water, Steam or Thermal Energy produced, saved and used for the generation of electric power which is then sold by Lessee, Lessee shall pay to Lessor as royalty Four Percent (4.0 %) of the Actual Revenue. At the time the Lessee decides to sell the electricity produced to the current and future Members of the Lessee, the royalty payment will then be converted to dollars per kwh in an amount that equals the then total dollar per kwh royalty paid to the Lessor. The dollars per kwh paid to the Lessor at the time the Lessee sells the electricity to the Members of Lessee, and shall increase by two percent (2%) per annum for the remaining life of the project.

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(b) With respect to Extractable Minerals, Lessee shall pay as royalty to Lessor Five Percent (5%) of the net proceeds received by Lessee from the sale of any gases (as herein defined) and from the sale of minerals and/or minerals in solution extracted from the effluents produced and sold from the well or in exercise of the leased rights, or, in the event Lessee extracts from the effluents minerals and/or minerals in solution, Five Percent (5%) of the proceeds received by Lessee from the sale of minerals and/or minerals in solution contained in and extracted from such effluents less costs of transportation and extraction.

Lessee shall pay to Lessor on or before the twenty-fifth day of each month the royalties accrued and payable for the preceding calendar month, or on or before the twenty-fifth day of the month next following that in which Lessee receives payment therefore from the purchaser thereof, whichever method may be chosen by Lessee from time to time, and in making such royalty payments Lessee shall deliver to Lessor statements setting forth the basis for computation and determination of such royalty.

Lessee shall not be required to account to Lessor for or to pay any royalty on Hot Water, Steam, Thermal Energy or Extractable Minerals produced by Lessee which is not utilized, saved and sold, or which is used by Lessee in its operations with respect to the well or the leased rights for or in connection with the developing, recovering, producing, extracting and/or processing of Hot Water, Steam, Thermal Energy and/or minerals in solution or in facilities for the generation of electric power, or which are unavoidably lost.

6. Use of Lease. Lessee shall have the right to drill such well or wells as Lessee may deem desirable for the exercise of the leased rights, including wells for injection or re injection purposes, and shall have the further right to dispose in any such wells waste brine, water and other substances, waste products from a well or wells, power plants or other facilities. Lessee shall further have the right for testing purposes, to freely transfer Leased Substances and Geothermal Resources and to inject such leased Substances and Geothermal Resources into well or into any wells developed pursuant to the leased rights.

7. Well Abandonment. In the event Lessor desires to abandon any well it has drilled on the premises, Lessee shall notify Lessor of the Lessee intention to do so, and if the Lessor within thirty(30) days after such notices elect to retain said well as water well or other purpose, and so notifies Lessee in writing of such intent, then Lessee shall not abandon such well and shall be freed of the obligations of abandoning same, and Lessor shall cause Lessee to be released from any abandonment bond posted by Lessee with respect to said well and Lessor shall concurrently post any new bond required for the same as required by any government agency.

8. Land Compensation. In return for actual surface use of leased land, if Producing Agricultural Lands are required by Lessee to be taken out of production, either temporarily or permanently for Lessee's operations, including but not limited to as a result of Lessee's use of water from the leased lands, Lessee shall compensate Lessor at the annual rate of Four Hundred Dollars (\$400.00) per acre for such lands so affected for the duration of their use. For greater clarity, if Lessee requires 2 acres of producing agricultural land, but its use impacts 10 acres, the rate would apply to the 10 acres. For these purposes any pipelines shall be deemed to require a 10 foot wide ground area. All pipelines shall be insulated as per typical project specifications and shall be colored according to industry norms or permit requirements as may be imposed. Lessee shall further be responsible for any costs associated with the redesign and/or relocation of structures or sprinkling equipment affected by Lessee's operations, which shall be redesigned and/or relocated according to current commercial agricultural standards, including burying feed lines to pivots at adequate depth to protect the same.

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10. Inspection by Lessor. Lessor, or its agents, at Lessor's sole cost and risk, may during normal hours of operation examine the working, installations, structures, or operations of Lessee constructed or undertaken pursuant to the leased rights, and may at reasonable times inspect the books and records of Lessee with respect to matters pertaining to the payment of royalties to Lessor.

11. Default Notice. Upon the violation of any of the terms and conditions of this Lease by Lessee (including but not limited to payment of rental, advance royalty and/or royalty) and the failure of Lessee, as to monetary matters, to make payment, and as to other violations, to begin in good faith to remedy the same, within sixty (60) days after written notice from Lessor so to do, specifying in said notice the nature of such default, then at the option of Lessor this Lease shall forthwith cease and terminate and all rights of Lessee in and to the well and the leased rights shall be at an end.

12. Termination. Notwithstanding any other provisions of this Lease, and in consideration of the payment made by the Lessee to the Lessor for the execution of this Lease, Lessee shall have the right at any time prior to or after default hereunder, to quitclaim and surrender to Lessor all right, title and interest of Lessee in and to the well and the leased rights, and thereupon all rights and obligations of the parties hereto one to the other shall cease and terminate, save and except as to any then accrued royalty or rent obligations of Lessee then payable, and except Lessee's obligations to restore the sump holes and excavations on the premises, as to which Lessee shall remain liable to Lessor.

13. Partial Ownership Interests. In the event Lessor at the time of making this Lease owns an interest in the leased land less than One Hundred Percent (100%) of the right, title and interest purportedly granted or leased hereby to Lessee, then any payments due Lessor hereunder shall be paid to Lessor only in the proportion which Lessor's Interest bears to a One Hundred Percent (100%) interest in the leased land. Notwithstanding the foregoing, should Lessor hereafter acquire any additional right, title or interest in or to the leased land, it shall be subject to the provisions hereof to the same extent as if owned by Lessor at the date hereof, and any increase in payments of money hereunder necessitated thereby shall commence with the payment next following receipt by Lessee of satisfactory evidence of Lessor's acquisition of such additional interest.

14. Title. Lessor hereby warrants and agrees to defend title to the leased rights and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, trust deeds or other liens or encumbrances existing, levied or assessed on or against the well or the leased rights, and in the event Lessee exercises such option, Lessee shall be subrogated to the rights of any holder thereof, and shall have, among other rights, the right of applying to the discharge of any such mortgage, tax or other lien or encumbrance any payments accruing to Lessor hereunder.

15. Tax Payments. Lessee shall pay all taxes levied on structures and improvements constructed by Lessee pursuant to this Lease. In the event any taxes are levied or assessed against the right to produce Leased Substances, or against any Leased Substances on or in the land associated with the well or the leased rights, or in the event any increase in the taxes levied or assessed against the well or the leased rights shall be based upon the production of Leased Substances from, or reserves of Leased Substances attributed to, the well or the lease rights, then in either such event Lessee shall pay One Hundred Percent (100%) of any such taxes or increase, as the case may be, and Lessor shall not be required to pay any part thereof.

16. Assignment. The rights of either party hereunder may be assigned in whole or in part, and the right and privilege to do so is hereby reserved by each party, and the provisions hereof shall extend to the heirs, personal representatives, successors and assigns of the parties hereto, but no change or division in ownership of the well, rights, rentals or royalties.

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SALEM, OREGON

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however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change in ownership shall be binding upon Lessee until the expiration of thirty (30) days after Lessee is furnished with written notice of such transfer or assignment, together with a certified copy of the instruments of transfer or assignment. Lessee's right of assignment expressly includes the right to sublease all or any portion of its rights and obligations hereunder. Lessee must notify the Lessor, in writing, within 30 days of any assignment, however, Lessee will guarantee the performance of any assignee, unless released in writing by Lessor.

17. Force Majeure. The obligation of the Lessee hereunder shall be suspended and the terms of this Lease shall be extended as the case may be, while Lessee is prevented from complying therewith, in whole or in part, by strikes, lockouts, riots, war or the results thereof, acts of God or the elements, fire, flood, accidents, delays in transportation, inability to secure labor or material in the open market, laws, orders, rules, or regulations of Federal, State, County, Municipal, or other governmental agencies, authority, or representative, or any other matter or condition beyond reasonable control of Lessee, whether or not similar to the conditions or matters herein specifically enumerated, or while litigation contesting Lessor's title to the well or the leased rights or the rights granted Lessee hereunder or litigation involving Lessee's operations hereunder shall be pending and undetermined or during any period when Lessee has no market for the products it is then capable of producing from the leased rights or the market price then available for such products will not produce an acceptable profit. For so long as any of the above circumstances continue to exist, Lessee, without impairment of its rights hereunder, shall be excused from performance of all obligations hereunder except payment of taxes, protection of the leased rights, keeping the premise clean and free from debris, and paying the sum of \$4.00 per acre per annum if conditions continue for a period of 6 months or more. It is expressly agreed that the prevention of settlement of any litigation or strike or labor disturbance shall not be considered a matter subject to Lessee's control within the meaning of this Paragraph.

If the permission or approval of any governmental agency is necessary before drilling or producing operations may be commenced pursuant to the leased rights, then if such permission or approval has been applied for at least thirty (30) days prior to the date upon which such operations must be commenced under the terms hereof, the obligation to commence such operations shall be suspended until ninety (90) days after the governmental permit is granted or approval given, or if such permit or approval is denied initially, then so long as Lessee in good faith appeals from such denial or conducts further proceedings in an attempt to secure such permit or approval and ninety (90) days thereafter. Lessor agrees to fully support and cooperate with Lessee in securing permits and authorizations to conduct geothermal operations on the leased rights, all costs of which shall be borne by Lessee.

18. All statements of production and royalty and all payments to be made by Lessee to Lessor hereunder shall be sent to the person hereinafter set forth, at the address indicated:

COLAHAN ENTERPRISE INC.
P.O. BOX 300
PAISLEY, OR 97636

Lessee shall, upon written notification of change of ownership in the well or leased rights or in the rentals or royalties hereunder, as provided in Paragraph ___ above hereof, divide and distribute the same to the new owners of such interest; provided,

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however, that if at any time there are three or more persons entitled to rentals or royalties hereunder, Lessee may, at its option, withhold payment of such rentals or royalties until a majority in interest of such persons designate in writing in a recordable instrument delivered to Lessee, a bank, trust company or corporation, as a common agent and depository, to receive all payments due hereunder to such persons. Such designation may be changed at any time in the same manner. Delivery of all statements and payments hereunder may be made by depositing same in the United States mail duly addressed to Lessor at the above address or addresses or to such agent and depository, which shall constitute full performance of Lessee's obligation to make such delivery.

19. Notice. Any notice herein required, or permitted to be given, or furnished by one party to the other shall be in writing. Delivery of such written notice to Lessor shall be made in person, by depositing the same in the United States mail duly certified or by express delivery and addressed to Lessor at P.O. BOX 300 PAISLEY, OR 97636 and delivery of such written notice to Lessee shall be made in person, by depositing the same in the United States mail duly certified or delivered by express delivery and addressed to Lessee at P.O. BOX 691 ALTURAS, CA 96101. Either party hereto may by written notice to the other party change its address to any other location.

20. Definitions. For the purposes of this Lease the following definitions shall apply:

(a) The terms "Hot Water", "Steam" and "Thermal Energy", collectively referred to as "Energy Produced", each shall mean natural geothermal water and/or steam, and shall also mean the natural heat of the earth and the energy present in, resulting from or created by, or which may be extracted from, the natural heat of the earth or the heat present below the surface of the earth, in whatever form such heat or energy naturally occurs;

(b) The term "Extractable Minerals" shall mean any minerals in solution in the well or effluents and all minerals and gases in solution or in the effluents produced from or by means of the well or any well or wells developed in exercise of the leased rights or by means of condensing steam or processing water produced from the effluents from any such well or wells. Said terms shall also include any water so produced or obtained from condensation or steam; provided, however, that the term "gases" shall not include hydrocarbon gases that can be produced separately from the well effluents;

(c) The term "Leased Substances" shall collectively mean the matter, substances and resources defined in subparagraphs 18(a) and 18(b) that are subject to this Lease;

(d) The term "Geothermal Resources" shall collectively mean the matter, substances and resources defined in subparagraph 18(a) and 18(b) that are not subject to this Lease but are located on adjacent land or lands in reasonable proximity thereto;

(e) The term "Actual Revenues" shall mean the sum of those gross sales derived from the sale of electricity generated from the premises, together with production incentives, carbon credits, green tags, and other quantifiable benefits, that now exist or may exist at some future time, that accrue from use of the geothermal resources or production of electricity from the leased premises, and less third party wheeling costs to disseminate the electricity generated from the premises.

(f) The term "Producing Agricultural Lands" shall mean all crop lands, irrigated lands, or grazing lands (which may or may not be irrigated), holding facilities, operational facilities.

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21. Severability. In the event any part or portion or provision of this instrument shall be found or declared to be null, void or unenforceable for any reason whatsoever by any Court of competent jurisdiction, then and in such event only such part, portion or provision shall be affected thereby, and such finding, ruling or decision shall not in any way affect the remainder of this instrument or any of the other terms or conditions hereof, which said remaining terms and conditions shall remain binding, valid and subsisting and in full force and effect between the parties hereto, it being specifically understood and agreed that the provisions hereof are severable for the purposes of the provisions of this clause. In this connection, this Lease shall not in any event extend beyond such term as may be legally permissible under present applicable laws, and should be any such applicable law limit the term hereof to less than that herein provided, then this Lease shall not be void but shall be deemed to be in existence for such term and no longer.

22. Exclusive Rights. Subject to the the Water Rights associated with the premises which are wholly and exclusively retained by the Lessor and the Lessee's obligations hereunder, including the obligation to re inject all geothermal fluids produced after they are used for the production of electricity and Lessor's uses, Lessee shall have the exclusive rights to all Leased Substances and to all power production from Leased Substances on and/or from leased land during the term hereof, subject only to payment of the rents and royalties to Lessor as set forth herein, and other rights and uses as set forth herein.

23. Counterparts. This Lease may be executed in any number of counterparts and all such counterparts shall be deemed to constitute a single lease and the execution of one counterpart by any party Lessor shall have the same force and effect as if such party had signed all the other counterparts.

24. Binding Effect. This Geothermal Lease and Agreement and all of the terms, covenants and conditions hereof shall extend to the benefit of and be binding upon the respective heirs, personal representatives, successors and assigns of the parties hereto.

25. Memorandum of Lease. This lease agreement shall not be recorded. Lessee and Lessor shall, concurrently with execution of this lease, execute and cause to be acknowledged a Memorandum of Geothermal Lease and Agreement approved by Lessee and Lessor, which Memorandum shall be recorded in the official records of the county in which the leased land is located.

26. This lease and agreement shall be interpreted, governed by and construed under the laws of the state of Oregon, without consideration of any conflicts of law between the location of the parties or states of domicile thereof.

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SALEM, OREGON

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed as of the date hereinabove first written.

On behalf of,
COLAHAN ENTERPRISES INC.

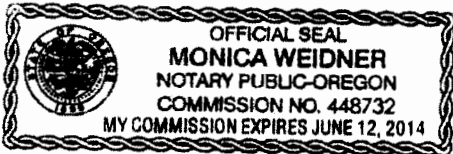
On behalf of,
SURPRISE VALLEY ELECTRIFICATION CORP.


Erin K. Douglas, Secretary
Lessor

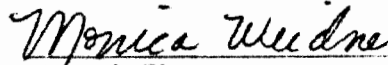

Daniel W. Silveria, General Manager
Lessee

Oregon
State of ~~California~~)
County of ~~Modoc~~ *Lake*)

On this 24th day of September, 2010 before me,



the undersigned Notary Public, personally appeared Daniel W. Silveria
() personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whole name(s) Daniel W. Silveria subscribed to the within instrument, and acknowledged that Daniel W. Silveria, executed it.
WITNESS my hand and official seal.

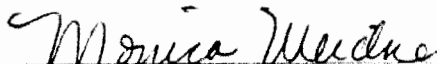

Notary's Signature
Commission Expires: *June 12, 2014*


State of Oregon)
County of Lake)

On this 24th day of September, 2010, before me,



the undersigned Notary Public, personally appeared
() personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whole name(s) Erin K. Douglas subscribed to the within instrument, and acknowledged that Erin K. Douglas executed it.
WITNESS my hand and official seal.


Notary's Signature



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Recording requested by
and when recorded mail to:

~~Re-Recorded to
Add Exhibit 'A'~~ ~~M07111422~~

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~~325~~
489

Surprise Valley Electrification Corp.
Attn: Daniel W. Silveria
P.O. Box 691
Alturas, CA 96101

~~M07111101~~
M07111742

~~Re-Recorded to
Correct Exhibit 'A'~~

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MEMORANDAM OF GEOTHERMAL LEASE AGREEMENT

THIS MEMORANDUM OF GEOTHERMAL LEASE AGREEMENT (this "Memorandum") is made and entered into as of Sept 24, 2010, 2010, by and between COLAHAN ENTERPRISES INC., P.O. Box 300 Paisley, OR 97636 "Landowner" and SURPRISE VALLEY ELECTRIFICATION CORP., a Rural Electric Cooperative, Incorporated under IRS 501(c)(12), P.O. Box 691, Alturas, CA 96101 ("Lessee"), with reference to that certain unrecorded Geothermal Lease Agreement for Colahan Enterprises Inc. dated Sept 24, 2010 Assessor's Parcel No.'s 33S18E-203, 33S18E-801, 33S18E-802, 33S18E-1200, 33S18E-1300 (sec 23), 33S18E-1303, 33S18E-1300 (sec 24), situated in Lake County, Oregon, more particularly described on Exhibit A.

Any capitalized terms used and not defined herein shall have the meaning given such terms in the Lease.

Notice is hereby given that, pursuant to the Lease, Landowner has leased the real property described in Exhibit "A" attached hereto and incorporated herein to Lessee for the sole and exclusive right to utilize the leased rights, including but not limited to the right to explore for, drill for, test, develop, operate produce, extract, take, remove, or sell Hot Water, Steam, and Thermal Energy, and Extractable Minerals, and to store, utilize, process, convert and otherwise treat such Hot Water, Steam and Thermal Energy, and to extract any Extractable Minerals during the term hereof and to transport same, and to inject or reinject effluents into the well or any wells drilled pursuant to the leased rights; or inject water, gas or other fluid or substances by artificial means into formations containing Hot Water, Steam, or Thermal Energy as agreed to in the body of the lease agreement.

The initial term of the Lease shall be for five (5) years from and after the date hereof, referred to as the "Primary Term", and so long thereafter as electricity is produced in commercial quantities from the well or through the leased rights, or lands, and for so long as Lessee is prevented from producing same, or the obligations of Lessee hereunder are suspended, for the causes hereinafter set forth, or this Lease is continued in force by reason of any other provision hereof.

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Landowner and Lessee hereby ratify and adopt the Lease, and agree to be bound by all of the terms and provisions thereof.

This Memorandum and the Lease, and all of the terms and provisions hereof and thereof shall run with the land and shall be binding upon and inure to the benefit of the Landowner and Lessee and their respective successors and assigns.

Reference is hereby made to executed copies of the Lease in the possession of the Landowner and Lessee, respectively, for all of the terms and provisions thereof, and such terms and provisions are incorporated herein and made a part hereof in all respects as though fully set forth herein. This Memorandum is prepared for the purpose of recordation only, and in no way modifies the terms or provisions of the Lease. If there is any inconsistency between this Memorandum and the terms and provisions of the Lease, the terms and provisions of the Lease shall control. This Memorandum may be executed in multiple counterparts, all of which shall constitute one and the same Memorandum.

(SIGNATURES ON NEXT PAGE)

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IN WITNESS WHEREOF, Landowner and Lessee have executed this Memorandum as of the date first set forth above.

On behalf of,
COLAHAN ENTERPRISES INC.

On behalf of,
**SURPRISE VALLEY
ELECTRIFICATION CORP.**

Eric K Douglas

Lessor

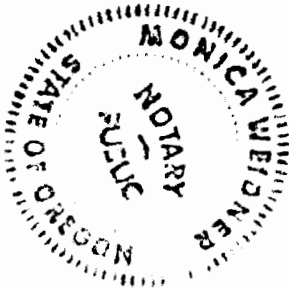
Daniel W. Silveria

Daniel W. Silveria, General Manager
Lessee

State of Oregon)
~~California~~)
County of Lake)

On this 24 day of Sept, 2010 before me,

the undersigned Notary Public, personally appeared Daniel W. Silveria
() personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whole name(s) Daniel W. Silveria subscribed to the within instrument, and acknowledged that Daniel W. Silveria, executed it.
WITNESS my hand and official seal.



Monica Weidner

Notary's Signature
Commission Expires: June 12, 2014

State of Oregon)
County of Lake)

on this 24 day of Sept, 2010, before me,

the undersigned Notary Public, personally appeared Eric K Douglas
() personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whole name(s) subscribed to the within instrument, and acknowledged that executed it.
WITNESS my hand and official seal.



Monica Weidner

Notary's Signature
Commission Expires: June 12, 2014

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SALEM, OREGON

STATE OF OREGON, COUNTY OF LAKE

Reel 71 File 1101

I hereby certify that the within document was received and filed for record this 24 day of

September 20 10
617000

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EXHIBIT A

Lands located in Lake County, Oregon

Tax Lot # 33S18E000130000 and 33S18E000130300

Township 33 South, Range 18 East of the Willamette Meridian

Section 23:

NE ¼, SE ¼ NW ¼, SE ¼ SW ¼, SW ¼ SE ¼ excepting deed recorded in Book 53 at page 635 of Record of Deeds

N ½ SW ¼

That portion of NE ¼ SE ¼ of said Section 23 lying North of the Chewaucan River, excepting therefrom that portion of said NE ¼ SE ¼ contained in a deed from Northwest Townsite Company to Kittie Loveland recorded in Book 52 at page 593 of the Record of Deeds.

Section 24:

N ½ NE ¼, SW ¼ NE ¼, NW ¼, excepting a tract of land conveyed to State of Oregon in Book 79 at page 395 of Record of Deeds and highway right-of-way.

That portion of NW ¼ SW ¼ of said Section 24 lying North of the extension of Mill Street in Paisley, Oregon, excepting therefrom those tracts of land heretofore conveyed by Northwest Townsite Company and its predecessors in interest recorded in Book 44 at Page 95, Book 51 at pages 10, 432 and 549; Book 52 at page 593; Book 53 at page 147; Book 56 at page 504; Book 62 at page 386 of the Record of Deeds

Section 26:

NW ¼ NW ¼

Tax Lot # 33S18E000120000

SW ¼ SW ¼ of Section 23, Township 33 South, Range 18 East, Willamette Meridian.

Tax Lot #33S18E24C0010000

All that tract or parcel of land in Sections 23 and 24, Township 33 South, Range 18 East of the Willamette Meridian, bounded band described as follows: Beginning at a point on the section line between said sections 23 and 24 South 0 degrees 14 minutes West, 550.84 feet from the quarter corner between said sections 23 and 24, and 15 feet from the mill race of the Chewaucan Mills, thence parallel and 15 feet from said Mill race, North 32 degrees 25 minutes East, 121.95 feet; thence North 40 degrees 45 minutes East, 67.20 feet; thence North 54 degrees 54 minutes East, 85 feet; thence North 74 degrees 16 minutes East, 62.90 feet to a flood channel of the Chewaucan River South 15 degrees 44 minutes East, 27.20 feet; thence southwesterly along the bank of said flood channel to said section line; thence along the north bank of the river westerly about 75 feet; thence North 51 degrees 39 minutes East 73 feet, more or less, to a point and place of beginning, containing one acre, more or less.

Tax Lot #33S18E000139900

A parcel of land lying in the S ½ of the NW ¼ of Section 24, Township 33 South, Range 18 East, Willamette Meridian, Lake County, Oregon, and being that property described in that deed to Ross A. Colahan, recorded in Book 205, Page 230 of Lake County Record of deeds. (Which deed references a prior deed, to the State of Oregon, recorded in Book 79, Page 395 of the Lake County Record of Deeds.)

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SALEM, OREGON

EXCEPTING and otherwise excluding, that certain real property described as Tax Lot #33S18E24C0070000 in the property tax records of Lake County, Oregon.

AND EXCEPTING those mineral rights accruing to the following real property parcels that are otherwise retained by the United States of America.

Tax Lot #33S18E000080100 and 33S18E000080200

Township 33 South, Range 18 East of the Willamette Meridian

Section 14: SE ¼ SE ¼ Section 23: NE ¼ NW ¼

Tax Lot #33S18E000020300

Township 33 South, Range 18 East of the Willamette Meridian

Section 13: W ¼ SW ¼ SW ¼ Section 13: SE ¼ SW ¼ SW ¼

State of Oregon } Reel 71
County of Lake } ss. File 1792

I hereby certify that the within instrument was received and filed for record on the

3 day of Nov 20 10
10:30 o'clock a M. and recorded

on page 489 in book 275 record of Deeds of said County

Steve Kwaney
County Clerk

By Monica Walker Deputy

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Attachment E

Well Logs

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G-17890

LAKE 52504

LAKE 52506

STATE OF OREGON
WATER SUPPLY WELL REPORT
(as required by ORS 537.765 & OAR 690-205-0210)

WELL LABEL # L 111501
START CARD # 209509

Instructions for completing this report are on the last page of this form.

(1) LAND OWNER Owner Well I.D.
First Name MARK Last Name DOUGLAS
Company Surprise Valley Electric
Address 516 Hiway 395E
City Alturas State ORCA Zip 96101

(2) TYPE OF WORK New Well Deepening Conversion
 Alteration (repair/recondition) Abandonment

(3) DRILL METHOD
 Rotary Air Rotary Mud Cable Auger Cable Mud
 Reverse Rotary Other _____

(4) PROPOSED USE Domestic Irrigation Community
 Industrial/Commercial Livestock Dewatering Injection
 Thermal Other cooling water

(5) BORE HOLE CONSTRUCTION Special Standard: Yes (attach copy)
Depth of Completed Well 378 ft.

BORE HOLE				SEAL			
Dia	From	To	Material	From	To	Amount	Scks/lbs
26	0	20	concrete	0	20		35
12 1/4	20	378					

How was seal placed: Method A B C D E
 Other _____
Backfill placed from _____ ft. to _____ ft. Material _____
Filter pack from ~~0~~ ft. to 378 ft. Material G.G. Size 3/8
Explosives used: Yes Type _____ Amount _____

(6) CASING/LINER

Csng	Lnr	Dia	From	To	Concrete	Steel	Plastic	Welded	Thrd
✓		10 3/4	2	315	250	✓		✓	

Shoe Inside Outside Other Location of shoe(s) _____
Temporary casing Yes Diameter _____ From _____ To _____

(7) PERFORATIONS/SCREENS
Perforations Method Lo-carbon steel / Holte Perf
Screens Type wire wound Material _____

Perf	Scrn	Csng	Lnr	Screen Dia	From	To	Screen/slot width	Slot length	# of slots	Tele/pipe size
✓				10 3/4	315	375	100		3	2200
					40	315				

(8) WELL TESTS: Minimum testing time is 1 hour
 Pump Bailer Air Flowing Artesian
Yield gal/min 100 Drawdown _____ Drill stem/Pump depth 335 Duration (hr) 14 hrs

Temperature 118 °F Lab analysis Yes By _____
Water quality concerns? Yes (describe below)
From _____ To _____ Description _____ Amount _____ Units _____

(9) LOCATION OF WELL (legal description)
County LAKE Twp 33 N or S 18 E or W W.M.
Sec 23 SW 1/4 of the NE 1/4 Tax Lot _____
Tax Map Number _____ Lot _____
Lat _____ or LOT 69988ms DMS or DD
Long _____ or 4230012m DMS or DD

Street Address of Well (or nearest address) 1/4 mile 140 of Daisley

(10) STATIC WATER LEVEL

Existing Well/Predeepening	Date	SWL (psi)	+	SWL (ft)
Completed Well	<u>2-8-14</u>	<u>83</u>		

Flowing Artesian? Yes Dry Hole? Yes

WATER BEARING ZONES Depth water was first found 83'

SWL Date	From	To	Flow	SWL (psi)	+	SWL (ft)
	Well was completed using					
	muddy					

(11) WELL LOG Ground Elevation 4476

Material	From	To
Soil w/ Bru clay	0	25
Pea Gravel	25	45
Gray sand-pebbles		
w/ clay	45	185
Grey sand	185	220
Bru/Gray pebbly clay		
clay	220	275
Bru pebbly clay	275	320
Bru pebbly clay		
w/ sand	320	360
Coarse sand	360	378

Date Started 1-18-14 Completed 2-8-14

(unbonded) Water Well Constructor Certification
I certify that the work I performed on the construction, deepening, alteration, or abandonment of this well is in compliance with Oregon water supply well construction standards. Materials used and information reported above are true to the best of my knowledge and belief.
RECEIVED BY OWNER FEB 23 2014
License Number _____ Date _____
Signed APR 04 2014 SALEM, OR

(bonded) Water Well Constructor Certification
I accept SALEM, OR for the construction, deepening, alteration, or abandonment work performed on this well during the construction dates reported above. All work performed during this time is in compliance with Oregon water supply well construction standards. This report is true to the best of my knowledge and belief.
License Number 1946 Date 2-14-14

Signed WOBaffle
Contact Info. (optional) 715-217-0620

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ORIGINAL - WATER RESOURCES DEPARTMENT ONE COPY FOR CONSTRUCTOR ONE COPY FOR CUSTOMER
THIS REPORT MUST BE SUBMITTED TO THE WATER RESOURCES DEPARTMENT WITHIN 30 DAYS OF COMPLETION OF WORK 10-16-2006

G-17890

WATER RESOURCES DEPT
SALEM, OREGON