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Division of Minerals

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
400 W. King Street, Suite 106
Carson City, Nevada 89703
(775) 684-7040 ! Fax (775) 684-7052

Date Received
API Number 27-031-90270
County Washoe
Permit Number 1246
FOR DIVISION USE ONLY

GEOHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION

The applicant
USG Nevada LLC

Name (or Corporate/Business Name)

of

Street Address P.O. Box 135

City Gerlach State NV Zip Code 89412

hereby makes application for a geothermal development permit, State of Nevada, Division of Minerals.

(If applicant is a corporation, show state and date of incorporation; if a partnership, list names of partners.)

Limited Liability Corporation in the State of Delaware, March 5, 2008.

This application is for a
[] Domestic well [] Commercial well [] Industrial well
Other, specify: [x] Observation well [] Thermal Gradient well [] Re-entry

Note: Re-entry includes workover, deepening, or plugging back operations.

Applicant is: [] Land Owner [x] Lease Holder
Well Name: OB-9
Lease Name/No: Kosmos Lease
Land Type: [] Federal (BLM, USFS, etc.) [x] Private [] State

Location of Well:

Domestic: Street:
City: County:

Commercial and Industrial: NE 1/4 of, NW 1/4 in Section 22,
Township 29N, Range 23E
UTM Northing 4471727 N; UTM Easting 295944 E (Using NAD27 Datum)
County Washoe

(If applicable, give street address below.)

Street:
City:
State: Zip:

GEOHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION
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Operator's Name: USG Nevada LLC
Address: P.O. Box 135
City, St Zip: Gerlach, NV 89412

Drilling Contractor's Name: Alternative Drilling LLC
Address: P.O. Box 281166
City, St Zip: Lamoille, NV 89828

Rotary Rig Description: See Attached

Hole Size: 7-5/8" Casing Size: 8" Weight/Gauge: Schd. 40

Estimated Well Head Temperature: Maximum return Temp. 180°F

Size of BOP: 2000 psi 3000 psi 5000 psi

Planned Use of Geothermal Resource:

Temperature Observation

Planned Disposal of Spent Geothermal Fluid:

N/A

Type and Amount of Bond: \$50,000
(Exempt for Domestic Class)

Bond Issued by: Travelers Serial No. 105029232

The Source of the Proposed Geothermal Resource is:

San Emidio Desert

(List name of hot spring, geologic formation(s) or other source.)

Total Depth to be Drilled: not to exceed 3000'

Drilling will Commence On or Before: July 15, 2011

Signature of Applicant/Agent: 

Date: June 29, 2011

CONDITIONS OF PERMIT

1. All permittees must comply with appropriate sections of the Geothermal Rules and Regulations of the Division of Minerals and with applicable rules and regulations of other local, state, and federal agencies.
2. During the drilling of domestic geothermal wells, all water strata above the geothermal horizon being used must be sealed or separated in order to prevent their contents from passing into other strata.
3. All fresh water and water of value or possible value for other beneficial uses must be confined to their respective strata and be adequately protected by methods approved by the Division. Precautions must be taken in drilling and abandoning wells to guard against any loss of fresh water from the strata in which it occurs, and the contamination of any fresh water by objectionable water.
4. The operator of any well must shut off and exclude all water from any geothermal resource-bearing stratum to the satisfaction of the Division.
5. Additional Conditions

A. See attached CEA.

B. Under Project Area Permit 814.

C. _____

PERMIT APPROVAL

Approved 7/5/11 with the conditions noted above.
Date

Permit Number 1246

Alan R. Lyman
Administrator
Division of Minerals