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AUG 17 2011

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	27-031-90271
County	Washoe
Permit Number	1255
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:  Observation well  Thermal Gradient well  Re-entry

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

Applicant is:  Land Owner  Lease Holder

Well Name: OB-8

Lease Name/No: Kosmos Lease

Land Type:  Federal (BLM, USFS, etc.)  Private  State

Location of Well:

Domestic: Street: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_

Commercial and Industrial: NE  $\frac{1}{4}$  of, SW  $\frac{1}{4}$  in Section 16, Township 29N, Range 23E, UTM Northing 4472113 N; UTM Easting 296020 E (Using NAD27 Datum), County Washoe

(If applicable, give street address below.)

Street: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

**GEOTHERMAL 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: Strata Drilling

Address: 309 Park Avenue

City, St Zip: Nyssa, OR 97913

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: August 17, 2011

Signature of Applicant/Agent: 

Date: August 10, 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 COA.

B. Under Project Area Permit 914.

C. Replaces permit 1245, Obs 3 - which has been withdrawn.

**PERMIT APPROVAL**

Approved 8/18/11 with the conditions noted above.  
Date

Permit Number 1355

Alan R. Lynn  
Administrator  
Division of Minerals