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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	27-001-90448
County	Churchill
Permit Number	1135
FOR DIVISION USE ONLY	

**GEOHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION**

The applicant

Gradient Resources Inc

Name (or Corporate/Business Name)

of

Street Address 9670 Gateway Drive (Suite 200)

City Reno State NV Zip Code 89521

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.)

State of Colorado, July 31, 1991

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: 44-36

Lease Name/No: Private

Location of Well:

Domestic: Street: NA  
City: NA County: NA

Commercial and Industrial: SE 1/4 of, NW 1/4 in Section 36,  
Township 18N, Range 29E,  
County Churchill

(If applicable, give street address below.)

Street: NA  
City: NA  
State: NA Zip: NA

**GEOTHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION**  
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Operator's Name: Fallon Geothermal, LLC  
Address: 270 S Maine (Suite 8)  
City, St Zip: Fallon, NV 89406

Drilling Contractor's Name: Rocket Drillco  
Address: 270 S Maine (Suite 7)  
City, St Zip: Fallon, NV 89406

Rotary Rig Description: Drillmaster

Hole Size: 12 1/4" Casing Size: 9 5/8" Weight/Gauge: 40#/ft

Estimated Well Head Temperature: 350 degrees F

Size of BOP:  2000 psi  3000 psi  5000 psi

Planned Use of Geothermal Resource:  
Development of geothermal power generation project for commercial sale of electricity

Planned Disposal of Spent Geothermal Fluid:  
Store on drill site and inject back in wells

Type and Amount of Bond: Cash deposit in the sum of \$50,000.00  
(Exempt for Domestic Class)

Bond Issued by: NDOM Serial No. 0655205153

The Source of the Proposed Geothermal Resource is:  
Fractured Granitic Formations

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

Total Depth to be Drilled: 10,000

Drilling will Commence On or Before: December 30, 2010

Signature of Applicant/Agent:   
Date: November 23, 2010

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 1139.
- C. \_\_\_\_\_

**PERMIT APPROVAL**

Approved 11/23/10 with the conditions noted above.  
Date

Permit Number 1185

Alan R. Lynn  
Administrator  
Division of Minerals