Notice of Intent to Conduct Geothermal Resource Exploration Operations

Applicant(s):
US Geothermal Inc.

Address (include zip code)
1505 Tyrell Ln.
Boise, ID 83706

Operator (name and telephone number) include area code:
U.S. Geothermal Inc.

Address (include zip code)
1505 Tyrell Ln.
Boise, ID 83706

Contractor(s):
Optim Data Solutions Inc.

Address (include zip code)
208 S. Virginia ST. STE 506
Reno, NV 89501-2419

Hereby apply for authorization to conduct exploration operations pursuant to the provisions of 43 CFR 3250 now or hereafter in force across and upon the following-described lands (give description of lands by township, range, section, quarter section, or government): Sections 15, 16, 17, 21 in TWP. 29 north, Range 33 east, Washoe County
See Attached Maps.

Type of operations to be conducted (give brief description):
See Attached project Description

Exploration operations will be conducted during the period (date) from 03/30/2011 to 07/30/2011

Attached ☐ $ Surety bond ☐ Rider to Nationwide bond ☐ Rider to Statewide bond ☐ Bond to be furnished

Upon completion of exploration operations, the undersigned agrees to notify the Bureau of Land Management (BLM) that authorized exploration operations have been completed in conformance with the general and special terms and stipulations of the Notice.

The undersigned hereby agrees (1) that he will not enter upon the described land until he has been informed in writing whether there are special stipulations applicable to his Notice of Intent, as to either time or method of operation or otherwise, and if there are such stipulations, what those stipulations are, (2) that he will comply with those special stipulations, if any, and (3) that he will not enter upon the described lands until his entry has been approved by the BLM.

The undersigned agrees to be bound by the terms and conditions of this notice to conduct exploration operations when approved by the BLM.

The undersigned agrees that the filing of this Notice under the regulations (43 CFR Subpart 3250) does not vest or confer any preference right to a geothermal resources lease.

The undersigned agrees further that all exploration operations must be conducted pursuant to the following terms and conditions:

1. Exploration operations must be conducted in compliance with all Federal, State, and local laws, ordinances, or regulations which are applicable to the area of operations including, but not limited to, those pertaining to fire, sanitation, conservation, water pollution, fish, and game. All operations hereunder must be conducted in a prudent manner.

2. Due care must be exercised in protecting the described lands from damage. All necessary precautions must be taken to avoid any damage other than normal wear and tear to improvements on the land including, but not limited to, gates, bridges, roads, culverts, cattle guards, fences, dams, dikes, vegetative cover, improvements, stock watering, and other facilities.

3. All drill holes must be capped when not in use and appropriate procedures must be taken to protect against hazards in order to protect the wildlife, safety, or property of other persons or of wildlife and livestock.

4. All vehicles must be operated at a reasonable rate of speed and, in the operation of vehicles, due care must be taken to safeguard livestock and wildlife in the vicinity of operations. Existing roads and trails must be used wherever possible. If new roads and trails are to be constructed, the BLM must be consulted prior to construction as to location and specifications. Reclamation and/or seeding of new roads and trails must be made as requested by the BLM.

5. Upon expiration, conclusion, or abandonment of operations conducted pursuant to this Notice, all equipment must be removed from the land, and the land must be restored as nearly as practicable to its original condition by such measures as the BLM may specify. All geophysical holes shall be safely plugged. The BLM must be furnished a Notice of Completion of Geothermal Resource Exploration Operations (Form 3260-10) immediately upon cessation of all such operations and must be further informed of the completion of reclamation work as soon as possible.

6. Location and depth of water sands encountered must be disclosed to the BLM.

(Continued on page 2)
7. Operator must contact the BLM prior to actual entry upon the land in order to be apprised of practices which must be followed or avoided in the conduct of exploration operations pursuant to the terms of this Notice and applicable regulations. Operator will conduct no operations on the land unless the attached bond is in good standing.

8. Due care must be exercised to avoid scarring or removal of ground vegetative cover.

9. All operations must be conducted in such a manner to avoid (a) blockage of any drainage systems; (b) changing the character, or causing the pollution or siltation of rivers, streams, lakes, ponds, waterholes, seeps and marshes; and (c) damaging fish and wildlife resources or habitat. Cuts or fills causing any of the above-mentioned problems will be repaired immediately in accordance with specification of the BLM.

10. Vegetation must not be disturbed within 300 feet of waters designated by the BLM, except at approved stream crossings.

11. Surface damage which induces soil movement and/or water pollution must be subject to corrective action as required by the BLM.

12. Trails and campsites must be kept clean. All garbage and foreign debris must be eliminated as required by the BLM.

13. Operator must protect all survey monuments, witness corners, reference monuments, and bearing trees against destruction, obliteration, or damage. He must, at his expense, reestablish damaged, destroyed, or obliterated monuments and corners, using a licensed surveyor, in accordance with Federal survey procedures. A record of the reestablishment must be submitted to the BLM.

22. Special Stipulations:

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<tr>
<th>CONDITIONS OF APPROVAL ATTACHED</th>
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(Signature of Applicant)  
2/15/11  
(Signature of Operator)  
(Date)  
(Date)

We hereby agree to the special stipulations added and made a part of this Notice to conduct exploration operations.

(Signature of Holder of Notice)  
(Date)  
(Signature of Operator)  
(Date)

I hereby approve this Notice to conduct exploration operations.

ROLANDO R. MENDEZ  
FM  
3/20/2011  
(Signature of BLM)  
(Title)

Title 18 U.S.C. Section 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.

(Continued on page 3)