



ULCAN POWER COMPANY

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CARSON LAKE BASIN GEOTHERMAL PROJECT

CHURCHILL COUNTY, NEVADA

DRILLING PROGRAM

TEMPERATURE GRADIENT HOLE (TGH)

TGH 1-11

Total Depth 1,000'

Prepared by

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- 1.0 General Well Information and Project Overview**
- 1.1 Well Number: TGH 1-11
- 1.2 Site: Carson Lake Basin Geothermal Prospect, Churchill County, NV Project leasehold consists of 15,463 acres of issued federal leases.
- 1.3 Wellhead Location: Section 11, T17N, R30E. *— Changed to 16*
- 1.4 Target Well Depth: 1,000 ft (KB)
- 1.5 Circulation Media: Mud
- 1.6 Objective: Drill a Temperature Gradient Hole for temperature identification and analysis.
- 1.7 Overview: TGH 1-11 is planned as a temperature gradient hole for the purpose of identifying and analyzing subsurface temperature. The TGH 1-11 site is approximately 15 miles southeast of Fallon, NV.

Salt Wells is the site of extensive resource development programs over the past 20 years. It would cost an estimated \$7.5 million to duplicate the Phillips, Unocal, Anadarko data acquisition programs over a decade ago. Programs we are aware of include three shallow observation wells 2-3 miles to the southeast of our current well focus area and an estimated 9,000 ft exploration well drilled on the Naval Air Station approximately 5 miles to the northwest.

The Western Governors Association 2005 geothermal expert panel consensus estimate was that the Fallon-Salt Wells basin resource areas will develop 100 MW over the next 10 years and 200 MW total.

The available geological, geochemical and geophysical data in the vicinity of the site indicate well-defined anomalies that appear to occur near interpreted structures from the reflection seismic data and structural intersections and may indicate up-flow zones of geothermal fluids to the near surface. Most of the geophysical anomalies and fault zones trend either in a northeast-southwest, or a northwest-southeast, direction. The site for TGH 1-11 is located within the anomalous area, adjacent to the north end of the Bunejug Mountains.

The area is a sediment filled half-graben with a range bounding fault on its eastern margin. The bulk of the sediments are lacustrine and eolian deposits associated with Plio-Pleistocene lakes, which filled the valley in the past. The sediments range from a few hundred feet thick on the southern margin to more than 10,000 feet in the northern part. Lithologic units encountered in the test well include lacustrine and fluvial clays, sands, and silts, eolian sands, volcanic flows, tuffs, and epiclastic deposits.