

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 11/05/08 06:53 AM

Page 1 of 1

01 08-08-2005;119STAT594; 42USC15801, ET SEQ.
Case Type 322200: GEO LEASE - COMPETITIVE
Commodity 770: GEOTHERMAL L
Case Disposition: AUTHORIZED

Total Acres
657.600

Serial Number
NVN--- - 083928

Serial Number: NVN--- - 083928

Name & Address

Name & Address	Int Rel	%Interest
MAGMA ENERGY (US) CORP 9704 S MCCARRAN BLVD STE 103 RENO NV 89523	LESSEE	100.00000000

Serial Number: NVN--- - 083928

Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency	
21	0220N	0280E	018	ALIQ	E2,E2W2;	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT
21	0220N	0280E	018	LOTS	1-4;	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT

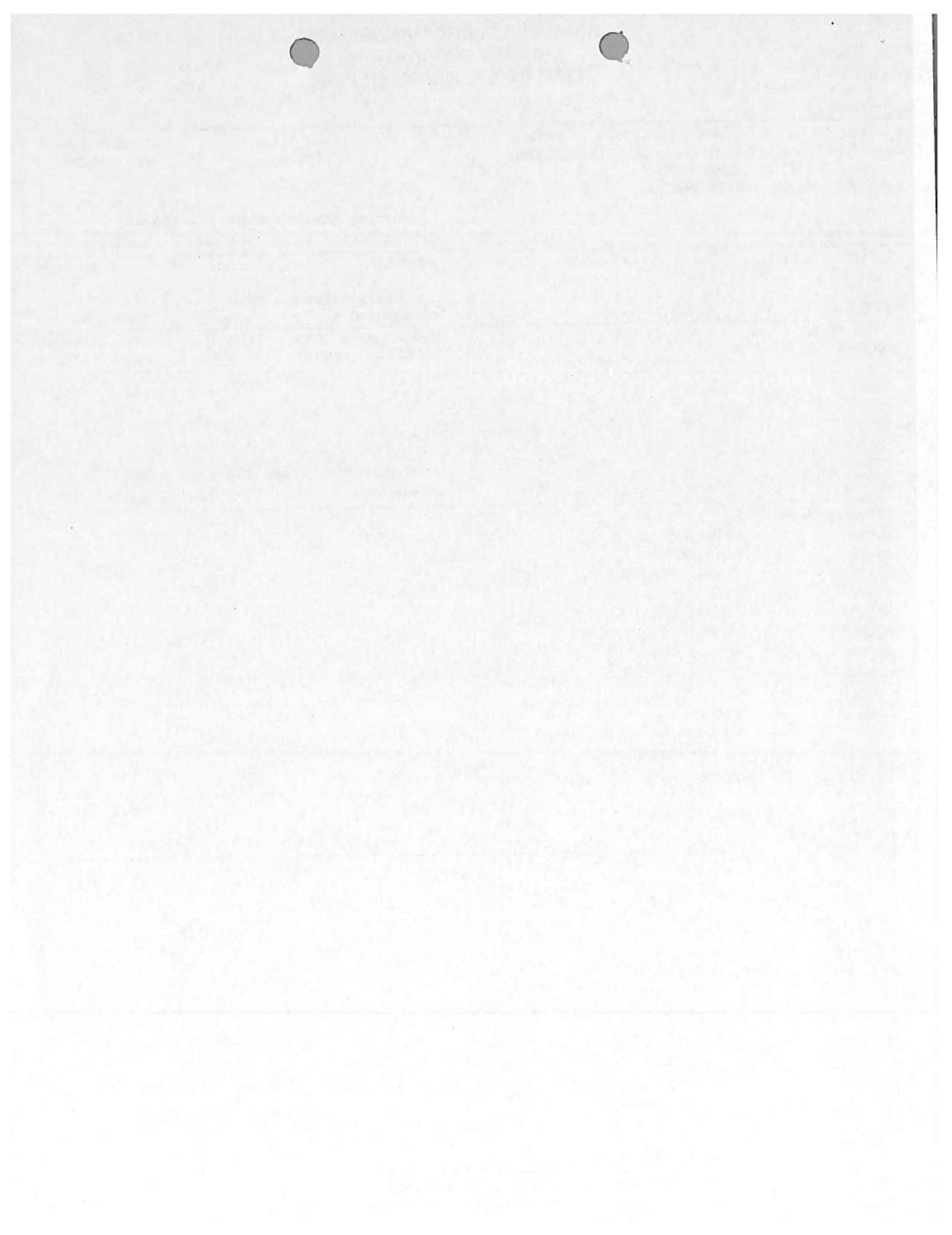
Serial Number: NVN--- - 083928

Act Date	Code	Action	Action Remarks	Pending Office
08/13/2007	387	CASE ESTABLISHED	NV-07-08-003;	
08/14/2007	191	SALE HELD	30;	
08/14/2007	267	BID RECEIVED	\$46060.00;	
08/28/2007	974	AUTOMATED RECORD VERIF	SK;	
08/29/2007	237	LEASE ISSUED		
09/01/2007	028	ROYALTY RATE - 1.75%-3.5%		
09/01/2007	868	EFFECTIVE DATE		
09/04/2007	600	RECORDS NOTED		
09/12/2007	428	NOTIFICATION GIVEN	THERM FEATURE POSTED;	
10/15/2007	428	NOTIFICATION GIVEN	THERM POST REMOVED;	
08/28/2008	140	ASGN FILED	/A/	
09/12/2008	139	ASGN APPROVED	/A/	
10/01/2008	898	ASGN EFFECTIVE	/A/	
08/31/2017	763	EXPIRES		

Line Nr Remarks

0001 /A/ SIERRA GEOTHERMAL POWER INC TO MAGMA ENERGY US

Serial Number: NVN--- - 083928



ORIGINAL

Form 3000-3
(May 2006)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351 - 359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001 - 1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

FORM APPROVED
OMB NO. 1004-0034
Expires: April 30, 2009

Lease Serial No.
NVN083928

Lease Effective Date
(Anniversary Date)
09/01/2007

New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

REC'D - BLM - NSO

9:00 A.M. AUG 28 2008

William
9/12/08

1. Assignee* **Magma Energy (U.S.) Corp**
Street **103 - 9740 S. McCarran Blvd.**
City, State, Zip Code **Reno, NV, 89523**

1a. Assignor **Sierra Geothermal Power Inc.**

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on page 2 of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description Additional space on page 2, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
a T.0220N, R.0280E, MDM, Churchill County, NV Sec. 018 Lots 1-4 Sec. 018 E2, E2W2	100	100	None	None	None

REC'D BLM
MINNEMUCOA NV
2008 OCT 24 PM 12:14

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

This assignment is approved solely for administrative purposes. A approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective **OCT 01 2008**

Assignment approved for land description indicated on reverse of this form

By [Signature]
Bureau of Land Management (BLM)

Chief, Branch of Minerals Adjudication **SEP 12 2008**
(Title) (Date)

(Continued on page 2)

REC'D - BLM - NSO

9:00 A.M. AUG 28 2008

PART B - CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner if an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

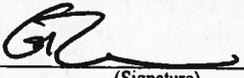
I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

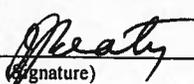
Executed this 26 day of August 20 08

Executed this 26 day of August 20 08

Name of Assignor as shown on current lease Sierra Geothermal Power Inc.

(Please type or print)

Assignor 
or
Attorney-in-fact _____
(Signature)

Assignee 
or
Attorney-in-fact _____
(Signature)

1068 Fir St SE
(Assignor's Address)

Olympia WA 96501
(City) (State) (Zip Code)

Title 18 U.S.C. Sec.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.

PART C - GENERAL INSTRUCTIONS

1. Assignor/Assignee must complete Parts A1 and A2 and Part B. All parties to assignment must sign as follows: The assignor(s) must manually sign 3 original copies and the assignee(s) must manually sign at least 1 of the 3 original copies. File three (3) completed copies of this form in the proper BLM office for each assignment of record title. For a transfer of overriding royalty interest, payment out of production or other similar interest or payment, file one (1) manually signed copy of this form. The required filing fee (nonrefundable) must accompany the assignment. File assignment within ninety (90) days after date of execution of assignor.
2. Separate form must be used for each lease being affected by this assignment and for each type of interest conveyed.
3. In Item No. 2 of Part A, describe lands affected (See 43 CFR 3106, 3135 or 3241). For column b, c, d, and e, enter the interest expressed as a percentage of total interest in the lease; e.g., if assignor assigns one quarter of a 20% interest, enter 20% in column b, 5% in column c, and 15% in column d.
4. If assignment is to more than one assignee, enter each assignee's name across columns d, e, and f next to the respective interest being conveyed. Also, list names and addresses of any additional assignee(s) on reverse of this form or on a separate attached sheet of paper.
5. If any payment out of production or similar interests, arrangements or payments have previously been created out of the interest being assigned, or if any such payments or interests are reserved under this assignment, include a statement giving full details as to amount, method of payment, and other pertinent terms as provided under 43 CFR 3106, 3135, or 3241.
6. The lease account must be in good standing before this assignment can be approved as provided under 43 CFR 3106 and 3241.
7. Assignment, if approved, takes effect on the first day of the month following the date of filing in the proper BLM office. If a bond is necessary, it must be furnished prior to approval of the assignment.
8. Approval of assignment of record title to 100% of a portion of the leased lands creates separate leases of the retained and the assigned portions, but does not change the terms and conditions of the lease anniversary date for purposes of payment of annual rental.
9. Overriding royalty, payment out of production or other similar types of transfers must be filed with BLM, but will be accepted for record purposes only. No official approval will be given.

REC'D - BLM - NSC

NOTICES

9:00
A.M. AUG 28 2008

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by oil and gas/geothermal lease record title assignment application.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

PRINCIPAL PURPOSE: The information is to be used to process record title assignments for oil and gas/geothermal resources leases.

ROUTINE USES: (1) The adjudication of the assignee's rights to the land or resources. (2) Documentation for public information in support of notations made on land status, records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: If all requested information is not provided, the assignment may not be approved. See regulations at 43 CFR Groups 3100 and 3200.

The Paperwork Reduction Act of 1995 requires us to inform you that:

BLM collects this information to create and maintain a record of oil and gas/geothermal lease activity.

This information will be used to create and maintain a record of oil and gas/geothermal lease activity.

Response to this request is required to obtain benefit.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 30 minutes per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0034), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

**DETERMINATION OF POTENTIAL EFFECT ON SIGNIFICANT THERMAL FEATURES
SEC. 115 1987 APPROPRIATIONS ACT**

Lease Application No. N-83928

Legal Description: T.0220N, R.0280E, 21 MDM, NV
Sec. 018 LOTS 1-4, E2,E2W2.

Distance to nearest Sec.115 listed significant thermal feature	<u>175 mi</u>		
Feature name		<u>Lassen NP</u>	
NPS Unit			
Type feature			
<u>Geologic Factors Reviewed</u>		<u>hot spring</u>	
-Extent of volcanic/magmatic system	<u>YES</u>	<u>N/A</u>	
-Structural continuity	<u>X</u>		
-Lithologic continuity	<u>X</u>		
<u>Hydrologic Factors Reviewed</u>	<u>X</u>		
-Extent of hydrologic system - surface			
- subsurface	<u>X</u>		
-geochemical similarity	<u>X</u>		
<u>Other Factors Reviewed</u>	<u>X</u>		
-continuity of geophysical anomalies			
<u>Summary Analysis</u>	<u>X</u>		

Lassen N.P. is located in the Cascade Sierra Nevada Physiographic Province while the lease application area is in the Basin and Range Province. The geologic differences in provinces as well as the large distance separating both Lassen N.P. and Lake Mead N.R.A. from the lease application area provides evidence that no geologic or hydrologic connection exists between the thermal fault areas and the lease areas.

Conclusion: (Check one)

- X Exploration, development, or utilization of the lands in the subject lease will not affect the listed significant thermal feature.
- _____ Additional analysis is needed to determine the affect that the lease will have on the listed significant thermal feature.

Rich Hoops
Rich Hoops, Geothermal Program Leader

2.11.07
Date

Gary L. Johnson
Gary L. Johnson, Deputy State Director,
Minerals Management

8/11/07
Date

Date	By	Posted to Bulletin Board	<u>CRB</u>	<u>9/12/07</u>
Date	By	Removed from Bulletin Board	<u>CRB</u>	<u>10/15/07</u>

Form 3200-24a
May 2007

United States
Department of the Interior
Bureau of Land Management

OFFER TO LEASE AND LEASE FOR GEOTHERMAL RESOURCES

Serial No. NVN083928

The undersigned (see page 2) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001-1025).

Read Instructions Before Completing

1. Name SIERRA GEOTHERMAL POWER INC
Street 1068 FIR ST SE
City, State, Zip Code OLYMPIA, WA 96501

2. Surface managing agency if other than BLM: _____ Unit/Project: _____

Legal description of land requested (segregate by public domain and acquired lands):

T. R. Meridian State County

Total Acres Applied for _____

Percent U.S. interest _____

Amount remitted: Processing Fee \$ _____ Rental Fee \$ _____ Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 0220N R. 0280E Meridian MDM State NV County Churchill
Sec. 018 LOTS 1-4;
018 E2,E2W2;

Total acres in lease 657.600

Rental Retained \$ 1316.00

In accordance with the above offer, or the previously submitted competitive bid, this lease is issued granting the exclusive right to drill for, extract, produce, remove, utilize, sell, and dispose of all the geothermal resources in the lands described in item 3 together with the right to build and maintain necessary improvements thereupon, for a primary term of 10 years and subsequent extensions thereof in accordance with 43 CFR subpart 3207. Rights granted are subject to applicable laws; the terms, conditions, and attached stipulations of this lease; the Secretary of the Interior's regulations and formal orders in effect as of lease issuance; and when not inconsistent with the provisions of this lease, regulations and formal orders hereafter promulgated.

Type of Lease:

Competitive Noncompetitive

Noncompetitive direct use (43 CFR subpart 3205)

Comments

THE UNITED STATES OF AMERICA

BY [Signature]
(Signing Official)

CHIEF, BRANCH OF MINERALS ADJUDICATION AUG 29 2007
(Title) (Date)

EFFECTIVE DATE OF LEASE SEP 01 2007

Check if this is a converted lease

EFFECTIVE DATE OF LEASE CONVERSION

(Continued on page 2)

Record Posted Date By
MT Plat _____
CG Plat 9/4/07 MS
USE Plat _____
HI Plat _____
CDI Filing _____

Instructions

A. General

1. Items 1 and 2 need to be completed only by parties filing for a noncompetitive lease. The BLM will complete the front of the form for other types of leases. The BLM may use the "Comments" space under Item 3 to identify when: the lessee has elected to make all lease terms subject to the Energy Policy Act of 2005 under 43 CFR 3200.7(a)(2) or 43 CFR 3200.8(b) (box labeled "converted lease" must also be checked); the lease is being issued noncompetitively to a party who holds a mining claim on the same lands as is covered by the lease under 43 CFR 3204.12; the lease is a direct use lease issued to a State, local, or tribal government (box at section 2(d) under Lease Terms must also be checked); the lease is a competitive lease with direct-use-only stipulations attached; or other circumstances exist. A lessee who seeks to convert only the royalty rate of a lease under 43 CFR 3212.25 or who qualifies for a case-by-case royalty rate determination under 43 CFR 3211.17(b)(1)(i) should not use this form, but should instead use an addendum to the existing lease.
2. Entries must be typed or printed plainly in ink. The offeror must sign the form (item 4) in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.10 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Specific

Item 1—Enter the offeror's name and billing address.

Item 2—Indicate the agency managing the surface use of the land and the name of the unit or project of which the land is a part. The offeror may also provide other information that will assist in establishing status of the lands. The description of land must conform to 43 CFR 3203.10. Total acres applied for must not exceed that allowed by regulations (43 CFR 3203.10; 43 CFR 3206.12).

Payments: For noncompetitive leases, the amount remitted must include the processing fee for noncompetitive lease applications (43 CFR 3204.10; 43 CFR 3000.12) and the first year's rental at the rate of \$1 per acre or fraction thereof. If the United States owns only a fractional interest in the geothermal resources, you must pay a prorated rental under 43 CFR 3211.11(d). The BLM will retain the processing fee even if the offer is completely rejected or withdrawn. To maintain the offeror's priority, the offeror must submit rental sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-quarter sections, the exact acreage of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 40 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the BLM will return the rental remitted for the parts withdrawn or rejected.

The BLM will fill in the processing fee for competitive lease applications (43 CFR 3203.17; 43 CFR 3000.12) and the first year's rental at the rate of \$2 per acre or fraction thereof.

Item 3—The BLM will complete this space.

PAPERWORK REDUCTION ACT STATEMENT

1. This information is being collected pursuant to law and regulations (30 U.S.C. 1000 et seq.; 43 CFR Part 3200).
2. This information will be used to create and maintain a record of geothermal lease activity.
3. Response to this request is required to obtain a benefit.

NOTICE

The Privacy Act of 1974 and the regulation at 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this geothermal lease application.

AUTHORITY: 30 U.S.C. 1000 et seq.

PRINCIPAL PURPOSE—The information is to be used to process geothermal lease applications.

ROUTINE USES:

- (1) The adjudication of the lessee's rights to the land or resources.
- (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources.
- (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting uses or rights in public lands or resources.
- (4) Transfer to the appropriate Federal, State, local, or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION—If all the information is not provided, the offer may be rejected. See regulations at 43 CFR Part 3200.

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

CULTURAL RESOURCE PROTECTION
LEASE STIPULATION

This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

GENERAL GEOTHERMAL LEASE STIPULATIONS
FOR BLM WINNEMUCCA FIELD OFFICE

Sage grouse: The following stipulations apply to protect sage grouse and their habitat. Known habitat is defined as those areas where sage grouse have been observed. Potential habitat is an areas where sage grouse may occur. **Known Breeding habitat and Leks:** February through June, but may vary on site specific basis. Avoid all activity within 3.3 km. (2 miles) of known leks during the mating season - March through May, or as determined by Field Office and Wildlife Personnel. No surface occupancy within 3.3 km (2 miles) of known leks at all times. **Nesting Habitat and Brood-rearing habitats:** (April through August per Interim NV Guidelines) and Winter Habitats: (October through March). **Known Habitat:** Avoid all development or exploration activities within 3.3 km (2 miles) or other appropriate distance based on site-specific conditions, of leks, or within 1 km. (0.6 mi.) of known nesting, brood-rearing and winter habitat. **Potential Habitat:** Avoid permanent occupancy of potential habitat.

General Sage Grouse Stipulations: Prior to entry on any lease areas which include known or potential habitat, the lessee (operator) shall contact the appropriate BLM Field Office to discuss any proposed activities.

Controlled Or Limited Surface Use: (avoidance and/or required mitigation measures to be developed) – Are applicable for all leases proposed in areas of crucial deer, antelope, and big horn sheep habitat during migration and critical fawning and kidding areas.

Other Biota: Prior to site development, a survey for invertebrates will be conducted on areas where geothermal surface expressions occur.

Threatened, Endangered or Sensitive Species:

No surface occupancy: No surface occupancy within 1 mile of occupied or identified potential Lahontan Cutthroat Trout (LCT) habitat.

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed) The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 U.S.C. 1531, as amended, including completion of any required procedure for conference or consultation.

Native American

No surface occupancy: No surface occupancy within the setting of National Register eligible Traditional Cultural Properties (TCPs) where integrity of the setting is critical to their eligibility. For development and production phases, surface occupancy may be limited to a specific distance or precluded at hot springs, pending conclusion of the Native American consultation process. All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially effected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented.

Paleontological Resources

Where significant paleontological resources are identified, mitigating measures such as data recovery, restrictions on development, and deletion of some areas from development may be required on a case by case basis.

Water Resources

As exploration and development activities commence, the operator shall institute a hydrologic monitoring program. The details of the monitoring programs will be site specific and the intensity shall be commensurate with the level of exploration. For example, if the proponent will be conducting seismic studies the monitoring would be limited to the identification of water resources to be monitored as activities continue; if a drilling program were to be undertaken the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected will be submitted to the Bureau of Land Management and will be used to support future NEPA documentation as development progresses. Adverse impacts to surface expressions of the geothermal reservoir (hot springs), and Threatened and Endangered Species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area whenever they are conducting activities which have the potential to impact those resources. If adverse impacts do occur, BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are in addition to the other stipulations. These are LEASE stipulations, not operational, the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Lands & Realty

No siting of drilling, including exploration or development activities within linear Rights-of-Way

Hazardous Materials

Prior to exploration and development, an emergency response plan will be developed to include contingencies for hazardous material spills and disposal.

SPECIAL STATUS SPECIES STIPULATION

The Nevada Dune Beardtongue (*Penstemon arenarius*), Sand Cholla (*Opuntia pulchella*), and Oryctes (*Oryctes nevadensis*) which are dune or deep-sand special status plant species (T&E/Sensitive), have been identified in or near the following listed lands. Prior to approval of any ground disturbing activities BLM will require a field inventory to determine the presence of these species. If the species are present in the inventory area, BLM will require avoidance and/or mitigation measures.

Description of Lands

PARCEL NV-07-08-003

All Lands.

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 11/05/08 06:55 AM

Page 1 of 2

01 08-08-2005;119STAT594; 42USC15801, ET SEQ.
Case Type 322200: GEO LEASE - COMPETITIVE
Commodity 770: GEOTHERMAL L
Case Disposition: AUTHORIZED

Total Acres
1,916.360

Serial Number
NVN--- - 085708

Serial Number: NVN--- - 085708

Name & Address			Int Rel	%Interest
MAGMA ENERGY (US) CORP	9704 S MCCARRAN BLVD STE 103	RENO NV 89523	LESSEE	100.000000000

Serial Number: NVN--- - 085708

Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
21 0220N 0280E 004		ALIQ		S2N2,S2;	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT
21 0220N 0280E 004		LOTS		1-4;	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT
21 0220N 0280E 008		ALL		Entire Section	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT
21 0220N 0280E 016		ALL		Entire Section	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT

Serial Number: NVN--- - 085708

Act Date	Code	Action	Action Remarks	Pending Office
06/23/2008	607	PUBLIC NOTICE POSTED	THERMAL FEATURES;	
08/04/2008	387	CASE ESTABLISHED	NV-08-08-004;	
08/05/2008	267	BID RECEIVED	\$1150200.00;	
08/26/2008	237	LEASE ISSUED		
08/26/2008	974	AUTOMATED RECORD VERIF		
08/28/2008	600	RECORDS NOTED		
09/01/2008	028	ROYALTY RATE - 1.75%-3.5%		
09/01/2008	868	EFFECTIVE DATE		
08/31/2018	763	EXPIRES		

Line Nr **Remarks**

Serial Number: NVN--- - 085708



ORIGINAL

Form 3200-24a
(July 2007)

RECEIVED BLM
WINNEMUCOA NV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

NVN-85708

OFFER TO LEASE AND LEASE FOR GEOTHERMAL RESOURCES
(For New Leases Issued Under the Energy Policy Act of 2005 [August 5, 2005])

The undersigned (see page 2) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001-1025).

READ INSTRUCTIONS BEFORE COMPLETING

1. Name Magma Energy (U.S.) Corp		1a. Street 9704 S. McCarran Blvd. Ste. 103	
1b. City Reno		1c. State NV	1d. Zip Code 89523

2. Surface managing agency if other than BLM: _____ Unit/Project: _____
Legal description of land requested (segregate by public domain and acquired lands): Enter T., R., Meridian, State and County

RECEIVED BLM
WINNEMUCOA NV
2008 DEC 22 PM 12:56

*William
Stadler*

Total Acres Applied for _____

Percent U.S. interest _____

Amount remitted: Processing Fee \$ _____ Rental Fee \$ _____ Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease: Enter T., R., Meridian, State and County

T.0220N, R.0280E, 21 MDM, NV
Sec. 004 LOTS 1-4;
004 S2N2, S2;
008 ALL;
016 ALL;
Churchill County

Record Posted	Date	By
MT Plat		
OG Plat		
USE Plat	8/28/08	MS
HI Plat		
CDI Filing		

Total Acres in Lease 1916.36

Rental Retained \$ 3834.00

In accordance with the above offer, or the previously submitted competitive bid, this lease is issued granting the exclusive right to drill for, extract, produce, remove, utilize, sell, and dispose of all the geothermal resources in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon, for a primary term of 10 years and subsequent extensions thereof in accordance with 43 CFR subpart 3207. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and, when not inconsistent with the provisions of this lease, regulations and formal orders hereafter promulgated.

Type of Lease:

- Competitive
- Noncompetitive
- Noncompetitive direct use (43 CFR subpart 3205)

Comments:

THE UNITED STATES OF AMERICA

BY

Atanda Clark
ATANDA CLARK (Signing Official)

(Printed Name)

Chief, Branch of Minerals Adjudication

AUG 26 2008

(Title)

(Date)

EFFECTIVE DATE OF LEASE

SEP 01 2008

Check if this is a converted lease

EFFECTIVE DATE OF LEASE CONVERSION _____

(Continued on page 2)

4. (a) The undersigned certifies that:

- (1) The offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States, any State or the District of Columbia; (2) All parties holding an interest in the offer are in compliance with 43 CFR part 3200 and the authorizing Act; (3) The offeror's chargeable interests, direct and indirect, do not exceed those allowed under the Act; and (4) The offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.
- (b) The undersigned agrees that signing this offer constitutes acceptance of this lease, including all terms, conditions and stipulations of which the offeror has been given notice, and any amendment or separate lease that may cover any land described in this offer open to lease application at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford the offeror no priority if it is not properly completed and executed in accordance with the regulations or if it is not accompanied by the required payments. Title 18 U.S.C. § 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.

Duly executed this _____ day of _____, 20____

(Printed Name of Lessee or Attorney-in-fact)

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals must be paid to the proper office of the lessor in advance of each lease year. Annual rental rates per acre or fraction thereof, as applicable, are:

- (a) Noncompetitive lease (includes post-sale parcels not receiving bids, a direct use lease or a lease issued to a mining claimant): \$1.00 for the first 10 years; thereafter \$5.00; or
- (b) Competitive lease: \$2.00 for the first year; \$3.00 for the second through tenth year; thereafter \$5.00. Annual rental is always due by the anniversary date of this lease (43 CFR 3211.13), regardless of whether the lease is in a unit or outside of a unit, the lease is in production or not, or royalties or direct use fees apply to the production.

Rental may only be credited toward royalty under 43 CFR 3211.15 and 30 CFR 218.303. Rental may not be credited against direct use fees. Failure to pay annual rental timely will result in late fees and will make the lease subject to termination in accordance with 43 CFR 3213.14.

Sec. 2. (a) Royalties—Royalties must be paid to the proper office of the lessor. Royalties are due on the last day of the month following the month of production. Royalties will be computed in accordance with applicable regulations and orders. Royalty rates for geothermal resources produced for the commercial generation of electricity but not sold in an arm's length transaction are: 1.75 percent for the first 10 years of production and 3.5 percent after the first 10 years. The royalty rate is to be applied to the gross proceeds derived from the sale of electricity in accordance with 30 CFR part 206 subpart H.

The royalty rate for byproducts derived from geothermal resource production that are minerals specified in section 1 of the Mineral Leasing Act (MLA), as amended (30 U.S.C. 181), is 5 percent, except for sodium compounds, for which the royalty rate is 2 percent for sodium produced between September 29, 2006 and September 29, 2011 (Pub. L. No. 109-338, § 102; note to 30 U.S.C. 262). No royalty is due on byproducts that are not specified in 30 U.S.C. § 181. (43 CFR 3211.19)

If this lease or a portion thereof is committed to an approved communitization or unit agreement and the agreement contains a provision for allocation of production, royalties must be paid on the production allocated to this lease.

(b) Arm's length transactions—The royalty rate for geothermal resources sold by you or your affiliate at arm's length to a purchaser is 10 percent of the gross proceeds derived from the arm's-length sale (43 CFR 3211.17, 3211.18).

(c) Advanced royalties—In the absence of a suspension, if you cease production for more than one calendar month on a lease that is subject to royalties and that has achieved commercial production, your lease will remain in effect only if you make advanced royalty payments in accordance with 43 CFR 3212.15(a) and 30 CFR 218.305.

(d) Direct use fees—Direct use fees must be paid in lieu of royalties for geothermal resources that are utilized for commercial, residential, agricultural, or other energy needs other than the commercial production or generation of electricity, but not sold in an arm's length transaction (43 CFR 3211.18; 30 CFR 206.356). This requirement applies to any direct use of federal geothermal resources (unless the resource is exempted as described in 30 CFR 202.351(b) or the lessee is covered by paragraph (e), below) and is not limited to direct use leases. Direct use fees are due on the last day of the month following the month of production.

(e) If the lessee is a State, tribal, or local government covered by 43 CFR 3211.18(a)(3) and 30 CFR 206.366, check here: A lessee under this paragraph is not subject to paragraph (d), above. In lieu of royalties, the lessee under this paragraph must pay a nominal fee of \$_____.

Sec. 3. Bonds—A bond must be filed and maintained for lease operations as required by applicable regulations.

Sec. 4. Work requirements, rate of development, unitization, and drainage—Lessee must perform work requirements in accordance with applicable regulations (43 CFR 3207.11, 3207.12), and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves the right to specify rates of development and production and to require lessee to commit to a communitization or unit agreement, within 30 days of notice, if in the public interest. Lessee must drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in the amount determined by lessor. Lessor will exempt lessee from work requirements only where the lease overlies a mining claim that has an approved plan of operations and where BLM determines that the development of the geothermal resource on the lease would interfere with the mining operation (43 CFR 3207.13).

Sec. 5. Documents, evidence, and inspection—Lessee must file with the proper office of the lessor, not later than (30) days after the effective date thereof, any contract or evidence of other arrangement for the sale, use, or disposal of geothermal resources, byproducts produced, or for the sale of electricity generated using geothermal resources produced from the lease. At such times and in such form as lessor may prescribe, lessee must furnish detailed statements and all documents showing (a) amounts and quality of all geothermal resources produced and used (either for commercial production or generation of electricity, or in a direct use operation) or sold; (b) proceeds derived therefrom or from the sale of electricity generated using such resources; (c) amounts that are unavoidably lost or rejected before use, used to generate plant parasitic electricity (as defined in 30 CFR 206.351) or electricity for lease operations, or otherwise used for lease operations related to the commercial production or generation of electricity; and (d) amounts and quality of all byproducts produced and proceeds derived from the sale or disposition thereof. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest.

In a format and manner approved by lessor, lessee must keep a daily drilling record, a log, and complete information on well surveys and tests; keep a record of subsurface investigations; and furnish copies to lessor when required.

Lessee must keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee must maintain copies of all contracts, sales agreements, accounting records, billing records, invoices, gross proceeds and payment data regarding the sale, disposition, or use of geothermal resources, byproducts produced, and the sale of electricity generated using resources produced from the lease, and all other information relevant to determining royalties or direct use fees. All such records must be maintained in lessee's accounting offices for future audit by lessor and produced upon request by lessor or lessor's authorized representative or agent. Lessee must maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

Sec. 6. Conduct of operations—Lessee must conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee must take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with leased rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses will be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee. Prior to disturbing the surface of the leased lands, lessee must contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessor may require lessee to complete minor inventories or short term special studies under guidelines provided by lessor. If, in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessee must cease any operations that are likely to affect or take such species, or result in the modification, damage or destruction of such habitats or objects.

Sec. 7. Production of byproducts—If the production, use, or conversion of geothermal resources from these leased lands is susceptible of producing a valuable byproduct or byproducts, including commercially demineralized water for beneficial uses in accordance with applicable State water laws, lessor may require substantial beneficial production or use thereof by lessee.

Sec. 8. Damages to property—Lessee must pay lessor for damage to lessor's improvements, and must save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 9. Protection of diverse interests and equal opportunity—Lessee must maintain a safe working environment in accordance with applicable regulations and standard industry practices, and take measures necessary to protect public health and safety. Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. Lessee must comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractor may maintain segregated facilities.

Sec. 10. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee must file with lessor any assignment or other transfer of an interest in this lease. Subject to the requirements of 43 CFR subpart 3213, lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which will be effective as of the date BLM receives it, subject to the continued obligation of the lessee and surety to be responsible for: paying all accrued rentals and royalties; plugging and abandoning all wells on the relinquished land; restoring and reclaiming the surface and other resources; and complying with 43 CFR 3200.4.

Sec. 11. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee must place all wells in condition for suspension or abandonment, reclaim the land as specified by lessor, and within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells or continued protection of the environment.

Sec. 12. Proceedings in case of default—If lessee fails to comply with any provisions of this lease or other applicable requirements under 43 CFR 3200.4, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to termination in accordance with the Act and 43 CFR 3213. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy or action, including waiver of the default. Any such remedy, waiver, or action will not prevent later termination for the same default occurring at any other time. Whenever the lessee fails to comply in a timely manner with any of the provisions of the Act, this lease, the regulations, or other applicable requirements under 43 CFR 3200.4, and immediate action is required, the lessor may enter on the leased lands and take measures deemed necessary to correct the failure at the lessee's expense.

Sec. 13. Heirs and successors-in-interest—Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

INSTRUCTIONS

A. General

1. Items 1 and 2 need to be completed only by parties filing for a noncompetitive lease. The BLM will complete the front of the form for other types of leases. The BLM may use the "Comments" space under Item 3 to identify when: the lessee has elected to make all lease terms subject to the Energy Policy Act of 2005 under 43 CFR 3200.7(a)(2) or 43 CFR 3200.8(b) (box labeled "converted lease" must also be checked); the lease is being issued noncompetitively to a party who holds a mining claim on the same lands as is covered by the lease under 43 CFR 3204.12; the lease is a direct use lease issued to a State, local, or tribal government (box at section 2(E) under Lease Terms must also be checked); the lease is a competitive lease with direct-use-only stipulations attached; or other circumstances exist. A lessee who seeks to convert only the royalty rate of a lease under 43 CFR 3212.25 or who qualifies for a case-by-case royalty rate determination under 43 CFR 3211.17(b)(1)(i) should not use this form, but should instead use an addendum to the existing lease.
2. Entries must be typed or printed plainly in ink. The offeror must sign the form (Item 4) in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.10 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Specific

Item 1—Enter the offeror's name and billing address.

Item 2—Indicate the agency managing the surface use of the land and the name of the unit or project of which the land is a part. The offeror may also provide other information that will assist in establishing status of the lands. The description of land must conform to 43 CFR 3203.10. Total acres applied for must not exceed that allowed by regulations (43 CFR 3203.10; 43 CFR 3206.12).

Payments: For noncompetitive leases, the amount remitted must include the processing fee for noncompetitive lease applications (43 CFR 3204.10; 43 CFR 3000.12) and the first year's rental at the rate of \$1 per acre or fraction thereof. If the United States owns only a fractional interest in the geothermal resources, you must pay a prorated rental under 43 CFR 3211.11(d). The BLM will retain the processing fee even if the offer is completely rejected or withdrawn. To maintain the offeror's priority, the offeror must submit rental sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-quarter sections, the exact acreage of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 40 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the BLM will return the rental remitted for the parts withdrawn or rejected.

The BLM will fill in the processing fee for competitive lease applications (43 CFR 3203.17; 43 CFR 3000.12) and the first year's rental at the rate of \$2 per acre or fraction thereof.

Item 3—The BLM will complete this space.

NOTICES

The Privacy Act of 1974 and the regulation at 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this geothermal lease application.

AUTHORITY: 30 U.S.C. 1000 et seq.

PRINCIPAL PURPOSE—The information is to be used to process geothermal lease applications.

ROUTINE USES: (1) The adjudication of the lessee's rights to the land or resources. (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting uses or rights in public lands or resources. (4) Transfer to the appropriate Federal, State, local, or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions.

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

CULTURAL RESOURCE PROTECTION
LEASE STIPULATION

This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

THREATENED, ENDANGERED OR SENSITIVE SPECIES

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed)

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 U.S.C. 1531, as amended, including completion of any required procedure for conference or consultation.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

MIGRATORY BIRDS

Surface disturbing activities during the migratory bird nesting season (March to July) may be restricted in order to avoid potential violation of the Migratory Bird Act. Appropriate inventories of migratory birds shall be conducted during analysis of actual site development. If active nests are located, the proponent shall coordinate with BLM to establish appropriate protection measures for the nesting sites which may include avoidance or restricting or excluding development during certain areas to times when nests and nesting birds will not be disturbed. During development and production phases, if artificial ponds potentially detrimental to migratory birds are created, these shall be fitted with exclusion devices such as netting or floating balls.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

VEGETATION

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed).

All areas of exploration and or development disturbance will be reclaimed including re-contouring disturbed areas to blend with the surrounding topography and using appropriate methods to seed with a diverse perennial seed mix.

The seed mix used to reclaim disturbed areas would be "certified" weed free.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

NOXIOUS WEEDS

During all phases of exploration and development, the lessee shall maintain a noxious weed control program consisting of monitoring and eradication for species listed on the Nevada Designated Noxious Weed List (NRS 555.010).

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

NATIVE AMERICAN

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed). All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially affected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented. For development and production phases, surface occupancy may be limited to a specific distance or precluded at hot springs, pending conclusion of the Native American consultation process.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

WATER RESOURCES

As exploration and development activities commence, the operator shall institute a hydrologic monitoring program. The details of the monitoring programs will be site specific and the intensity shall be commensurate with the level of exploration. For example, if the proponent will be conducting seismic studies the monitoring would be limited to the identification of water resources to be monitored as activities continue; if a drilling program were to be undertaken the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected will be submitted to the Bureau of Land Management and will be used to support future NEPA documentation as development progresses. Adverse impacts to surface expressions of the geothermal reservoir (hot springs), and Threatened and Endangered Species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area whenever they are conducting activities which have the potential to impact those resources. If adverse impacts do occur, BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are in addition to the other stipulations. These are LEASE stipulations, not operational, the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

HAZARDOUS MATERIALS

Prior to exploration and development, an emergency response plan will be developed to include contingencies for hazardous material spills and disposal.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CONTROLLED OR LIMITED SURFACE USE

(avoidance and/or mitigation measures to be developed). All surface disturbing activities proposed after issuance of the lease are subject to compliance with Section 106 of the National Historic Preservation Act (NHPA) and its implementation through the protocol between the BLM Nevada State Director and the Nevada State Historic Preservation Officer.

	<u>Description of Lands</u>
PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-018	T. 31 N., R. 39 E., MDM, Nevada sec. 16, SW; sec. 16, PROT N2, SE; sec. 17, all; sec. 21, NE, E2NW, SWNW, S2; sec. 22, NE, E2NW, SWNW, S2; sec. 22, PROT N2, W2SW, SESW, SE; sec. 27, N2, W2SW, SESW, SE.
PARCEL NV-08-08-019	T. 31 N., R. 39 E., MDM, Nevada sec. 30, lots 1-4, E2, E2W2; sec. 31, lots 1-4, E2, E2W2; sec. 33, N2, E2SW, SE; sec. 34, N2N2, SENE, S2NW, S2; sec. 35, N2, N2S2, SWSW; sec. 36, N2, N2SW, NWSE, SESE.
PARCEL NV-08-08-020	ALL LANDS



**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 11/05/08 06:55 AM

Page 2 of 2

01 08-08-2005;119STAT594; 42USC15801, ET SEQ.
Case Type 322200: GEO LEASE - COMPETITIVE
Commodity 770: GEOTHERMAL L
Case Disposition: AUTHORIZED

Total Acres
1,280.000

Serial Number
NVN--- - 085709

Serial Number: NVN--- - 085709

Name & Address			Int Rel	%Interest
MAGMA ENERGY (US) CORP	9704 S MCCARRAN BLVD STE 103	RENO NV 89523	LESSEE	100.00000000

Serial Number: NVN--- - 085709

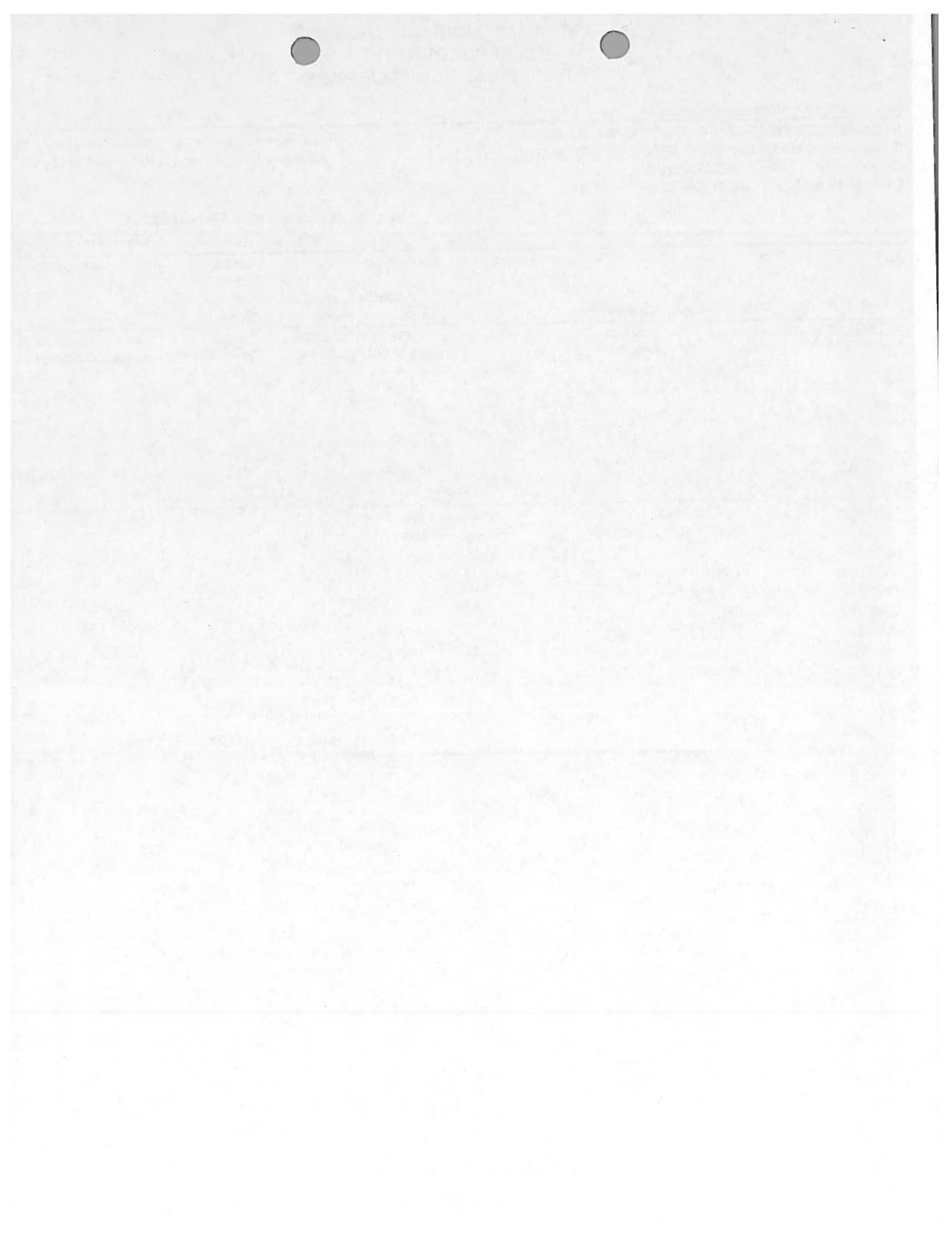
Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
21	0230N 0280E 032	ALL		Entire Section	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT
21	0230N 0280E 034	ALL		Entire Section	WINNEMUCCA FIELD OFFICE	CHURCHILL	BUREAU OF LAND MGMT

Serial Number: NVN--- - 085709

Act Date	Code	Action	Action Remarks	Pending Office
06/23/2008	607	PUBLIC NOTICE POSTED	THERMAL FEATURES;	
08/04/2008	387	CASE ESTABLISHED	NV-08-08-005;	
08/05/2008	267	BID RECEIVED	\$256000.00;	
08/26/2008	237	LEASE ISSUED		
08/26/2008	974	AUTOMATED RECORD VERIF		
08/28/2008	600	RECORDS NOTED		
09/01/2008	028	ROYALTY RATE - 1.75%-3.5%		
09/01/2008	868	EFFECTIVE DATE		
08/31/2018	763	EXPIRES		

Line Nr **Remarks**

Serial Number: NVN--- - 085709



ORIGINAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

OFFER TO LEASE AND LEASE FOR GEOTHERMAL RESOURCES
(For New Leases Issued Under the Energy Policy Act of 2005 [August 5, 2005])

NVN-85709

The undersigned (see page 2) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001-1025).

READ INSTRUCTIONS BEFORE COMPLETING

1. Name Magma Energy (U.S.) Corp		1a. Street 9704 S. McCarran Blvd. Ste. 103	
1b. City Reno		1c. State NV	1d. Zip Code 89523

2. Surface managing agency if other than BLM: _____ Unit/Project: _____

Legal description of land requested (segregate by public domain and acquired lands): Enter T., R., Meridian, State and County

RECEIVED BLM
WINNEMUCCA NV

2008 DEC 22 PM 12: 57

William Stacker

Total Acres Applied for _____

Percent U.S. interest _____

Amount remitted: Processing Fee \$ _____ Rental Fee \$ _____ Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease: Enter T., R., Meridian, State and County

T.0230N, R.0280E, 21 MDM, NV
Sec. 032 ALL;
034 ALL;
Churchill County

Record Posted	Date	By
MT Plat		
OG Plat		
USE Plat	<i>8/28/08</i>	<i>ms</i>
HI Plat		
CDI Filing		

Total Acres in Lease 1280.00

Rental Retained \$ 2560.00

In accordance with the above offer, or the previously submitted competitive bid, this lease is issued granting the exclusive right to drill for, extract, produce, remove, utilize, sell, and dispose of all the geothermal resources in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon, for a primary term of 10 years and subsequent extensions thereof in accordance with 43 CFR subpart 3207. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and, when not inconsistent with the provisions of this lease, regulations and formal orders hereafter promulgated.

Type of Lease:

- Competitive
- Noncompetitive
- Noncompetitive direct use (43 CFR subpart 3205)

Comments:

THE UNITED STATES OF AMERICA

BY *Atanda Clark*
(Signing Official)

ATANDA CLARK

(Printed Name)

Chief, Branch of Minerals Adjudication AUG 26 2008
(Title) (Date)

EFFECTIVE DATE OF LEASE SEP 01 2008

Check if this is a converted lease

EFFECTIVE DATE OF LEASE CONVERSION _____

4. (a) The undersigned certifies that:
 (1) The offeror is a citizen of the United States, an association of such citizens; a municipality; or a corporation organized under the laws of the United States, any State or the District of Columbia; (2) All parties holding an interest in the offer are in compliance with 43 CFR part 3200 and the authorizing Act; (3) The offeror's chargeable interests, direct and indirect, do not exceed those allowed under the Act; and (4) The offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.
- (b) The undersigned agrees that signing this offer constitutes acceptance of this lease, including all terms, conditions and stipulations of which the offeror has been given notice, and any amendment or separate lease that may cover any land described in this offer open to lease application at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford the offeror no priority if it is not properly completed and executed in accordance with the regulations or if it is not accompanied by the required payments. Title 18 U.S.C. § 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.

Duly executed this _____ day of _____, 20____.

(Printed Name of Lessee or Attorney-in-fact) (Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals must be paid to the proper office of the lessor in advance of each lease year. Annual rental rates per acre or fraction thereof, as applicable, are:
 (a) Noncompetitive lease (includes post-sale parcels not receiving bids, a direct use lease or a lease issued to a mining claimant): \$1.00 for the first 10 years; thereafter \$5.00; or
 (b) Competitive lease: \$2.00 for the first year; \$3.00 for the second through tenth year; thereafter \$5.00.
 Annual rental is always due by the anniversary date of this lease (43 CFR 3211.13), regardless of whether the lease is in a unit or outside of a unit, the lease is in production or not, or royalties or direct use fees apply to the production.
 Rental may only be credited toward royalty under 43 CFR 3211.15 and 30 CFR 218.303. Rental may not be credited against direct use fees. Failure to pay annual rental timely will result in late fees and will make the lease subject to termination in accordance with 43 CFR 3213.14.

Sec. 2. (a) Royalties—Royalties must be paid to the proper office of the lessor. Royalties are due on the last day of the month following the month of production. Royalties will be computed in accordance with applicable regulations and orders. Royalty rates for geothermal resources produced for the commercial generation of electricity but not sold in an arm's length transaction are: 1.75 percent for the first 10 years of production and 3.5 percent after the first 10 years. The royalty rate is to be applied to the gross proceeds derived from the sale of electricity in accordance with 30 CFR part 206 subpart H. The royalty rate for byproducts derived from geothermal resource production that are minerals specified in section 1 of the Mineral Leasing Act (MLA), as amended (30 U.S.C. 181), is 5 percent, except for sodium compounds, for which the royalty rate is 2 percent for sodium produced between September 29, 2006 and September 29, 2011 (Pub. L. No. 109-338, § 102; note to 30 U.S.C. 262). No royalty is due on byproducts that are not specified in 30 U.S.C. § 181. (43 CFR 3211.19.)
 If this lease or a portion thereof is committed to an approved communization or unit agreement and the agreement contains a provision for allocation of production, royalties must be paid on the production allocated to this lease.

(b) Arm's length transactions—The royalty rate for geothermal resources sold by you or your affiliate at arm's length to a purchaser is 10 percent of the gross proceeds derived from the arm's-length sale (43 CFR 3211.17, 3211.18).

(c) Advanced royalties—In the absence of a suspension, if you cease production for more than one calendar month on a lease that is subject to royalties and that has achieved commercial production, your lease will remain in effect only if you make advanced royalty payments in accordance with 43 CFR 3212.15(a) and 30 CFR 218.305.

(d) Direct use fees—Direct use fees must be paid in lieu of royalties for geothermal resources that are utilized for commercial, residential, agricultural, or other energy needs other than the commercial production or generation of electricity, but not sold in an arm's length transaction (43 CFR 3211.18; 30 CFR 206.356). This requirement applies to any direct use of federal geothermal resources (unless the resource is exempted as described in 30 CFR 202.351(b) or the lessee is covered by paragraph (e), below) and is not limited to direct use leases. Direct use fees are due on the last day of the month following the month of production.

(e) If the lessee is a State, tribal, or local government covered by 43 CFR 3211.18(a)(3) and 30 CFR 206.366, check here: . A lessee under this paragraph is not subject to paragraph (d), above. In lieu of royalties, the lessee under this paragraph must pay a nominal fee of \$_____.

Sec. 3. Bonds—A bond must be filed and maintained for lease operations as required by applicable regulations.

Sec. 4. Work requirements, rate of development, unitization, and drainage—Lessee must perform work requirements in accordance with applicable regulations (43 CFR 3207.11, 3207.12), and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves the right to specify rates of development and production and to require lessee to commit to a communization or unit agreement, within 30 days of notice, if in the public interest. Lessee must drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in the amount determined by lessor. Lessor will exempt lessee from work requirements only where the lease overlies a mining claim that has an approved plan of operations and where BLM determines that the development of the geothermal resource on the lease would interfere with the mining operation (43 CFR 3207.13).

Sec. 5. Documents, evidence, and inspection—Lessee must file with the proper office of the lessor, not later than (30) days after the effective date thereof, any contract or evidence of other arrangement for the sale, use, or disposal of geothermal resources, byproducts produced, or for the sale of electricity generated using geothermal resources produced from the lease. At such times and in such form as lessor may prescribe, lessee must furnish detailed statements and all documents showing (a) amounts and quality of all geothermal resources produced and used (either for commercial production or generation of electricity, or in a direct use operation) or sold; (b) proceeds derived therefrom or from the sale of electricity generated using such resources; (c) amounts that are unavoidably lost or reinjected before use, used to generate plant parasitic electricity (as defined in 30 CFR 206.351) or electricity for lease operations, or otherwise used for lease operations related to the commercial production or generation of electricity; and (d) amounts and quality of all byproducts produced and proceeds derived from the sale or disposition thereof. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest.

In a format and manner approved by lessor, lessee must keep a daily drilling record, a log, and complete information on well surveys and tests; keep a record of subsurface investigations; and furnish copies to lessor when required.

Lessee must keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee must maintain copies of all contracts, sales agreements, accounting records, billing records, invoices, gross proceeds and payment data regarding the sale, disposition, or use of geothermal resources, byproducts produced, and the sale of electricity generated using resources produced from the lease, and all other information relevant to determining royalties or direct use fees. All such records must be maintained in lessee's accounting offices for future audit by lessor and produced upon request by lessor or lessor's authorized representative or agent. Lessee must maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

Sec. 6. Conduct of operations—Lessee must conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee must take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with leased rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses will be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee. Prior to disturbing the surface of the leased lands, lessee must contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessor may require lessee to complete minor inventories or short term special studies under guidelines provided by lessor. If, in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessee must cease any operations that are likely to affect or take such species, or result in the modification, damage or destruction of such habitats or objects.

Sec. 7. Production of byproducts—If the production, use, or conversion of geothermal resources from these leased lands is susceptible of producing a valuable byproduct or byproducts, including commercially demineralized water for beneficial uses in accordance with applicable State water laws, lessor may require substantial beneficial production or use thereof by lessee.

Sec. 8. Damages to property—Lessee must pay lessor for damage to lessor's improvements, and must save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 9. Protection of diverse interests and equal opportunity—Lessee must maintain a safe working environment in accordance with applicable regulations and standard industry practices, and take measures necessary to protect public health and safety. Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. Lessee must comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractor may maintain segregated facilities.

Sec. 10. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee must file with lessor any assignment or other transfer of an interest in this lease. Subject to the requirements of 43 CFR subpart 3213, lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which will be effective as of the date BLM receives it, subject to the continued obligation of the lessee and surety to be responsible for: paying all accrued rentals and royalties; plugging and abandoning all wells on the relinquished land; restoring and reclaiming the surface and other resources; and complying with 43 CFR 3200.4.

Sec. 11. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee must place all wells in condition for suspension or abandonment, reclaim the land as specified by lessor, and within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells or continued protection of the environment.

Sec. 12. Proceedings in case of default—If lessee fails to comply with any provisions of this lease or other applicable requirements under 43 CFR 3200.4, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to termination in accordance with the Act and 43 CFR 3213. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy or action, including waiver of the default. Any such remedy, waiver, or action will not prevent later termination for the same default occurring at any other time. Whenever the lessee fails to comply in a timely manner with any of the provisions of the Act, this lease, the regulations, or other applicable requirements under 43 CFR 3200.4, and immediate action is required, the lessor may enter on the leased lands and take measures deemed necessary to correct the failure at the lessee's expense.

Sec. 13. Heirs and successors-in-interest—Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

INSTRUCTIONS

A. General

1. Items 1 and 2 need to be completed only by parties filing for a noncompetitive lease. The BLM will complete the front of the form for other types of leases. The BLM may use the "Comments" space under Item 3 to identify when: the lessee has elected to make all lease terms subject to the Energy Policy Act of 2005 under 43 CFR 3200.7(a)(2) or 43 CFR 3200.8(b) (box labeled "converted lease" must also be checked); the lease is being issued noncompetitively to a party who holds a mining claim on the same lands as is covered by the lease under 43 CFR 3204.12; the lease is a direct use lease issued to a State, local, or tribal government (box at section 2(E) under Lease Terms must also be checked); the lease is a competitive lease with direct-use-only stipulations attached; or other circumstances exist. A lessee who seeks to convert only the royalty rate of a lease under 43 CFR 3212.25 or who qualifies for a case-by-case royalty rate determination under 43 CFR 3211.17(b)(1)(i) should not use this form, but should instead use an addendum to the existing lease.
2. Entries must be typed or printed plainly in ink. The offeror must sign the form (Item 4) in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.10 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Specific

Item 1—Enter the offeror's name and billing address.

Item 2—Indicate the agency managing the surface use of the land and the name of the unit or project of which the land is a part. The offeror may also provide other information that will assist in establishing status of the lands. The description of land must conform to 43 CFR 3203.10. Total acres applied for must not exceed that allowed by regulations (43 CFR 3203.10; 43 CFR 3206.12).

Payments: For noncompetitive leases, the amount remitted must include the processing fee for noncompetitive lease applications (43 CFR 3204.10; 43 CFR 3000.12) and the first year's rental at the rate of \$1 per acre or fraction thereof. If the United States owns only a fractional interest in the geothermal resources, you must pay a prorated rental under 43 CFR 3211.11(d). The BLM will retain the processing fee even if the offer is completely rejected or withdrawn. To maintain the offeror's priority, the offeror must submit rental sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-section sections, the exact acreage of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 40 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the BLM will return the rental remitted for the parts withdrawn or rejected.

The BLM will fill in the processing fee for competitive lease applications (43 CFR 3203.17; 43 CFR 3000.12) and the first year's rental at the rate of \$2 per acre or fraction thereof.

Item 3—The BLM will complete this space.

NOTICES

The Privacy Act of 1974 and the regulation at 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this geothermal lease application.

AUTHORITY: 30 U.S.C. 1000 et seq.

PRINCIPAL PURPOSE—The information is to be used to process geothermal lease applications.

ROUTINE USES: (1) The adjudication of the lessee's rights to the land or resources. (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting uses or rights in public lands or resources. (4) Transfer to the appropriate Federal, State, local, or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions.

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 *et seq.*, as amended, including completion of any required procedure for conference or consultation.

CULTURAL RESOURCE PROTECTION
LEASE STIPULATION

This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

THREATENED, ENDANGERED OR SENSITIVE SPECIES

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed)

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 U.S.C. 1531, as amended, including completion of any required procedure for conference or consultation.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

MIGRATORY BIRDS

Surface disturbing activities during the migratory bird nesting season (March to July) may be restricted in order to avoid potential violation of the Migratory Bird Act. Appropriate inventories of migratory birds shall be conducted during analysis of actual site development. If active nests are located, the proponent shall coordinate with BLM to establish appropriate protection measures for the nesting sites which may include avoidance or restricting or excluding development during certain areas to times when nests and nesting birds will not be disturbed. During development and production phases, if artificial ponds potentially detrimental to migratory birds are created, these shall be fitted with exclusion devices such as netting or floating balls.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

VEGETATION

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed).

All areas of exploration and or development disturbance will be reclaimed including re-contouring disturbed areas to blend with the surrounding topography and using appropriate methods to seed with a diverse perennial seed mix.

The seed mix used to reclaim disturbed areas would be "certified" weed free.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

NOXIOUS WEEDS

During all phases of exploration and development, the lessee shall maintain a noxious weed control program consisting of monitoring and eradication for species listed on the Nevada Designated Noxious Weed List (NRS 555.010).

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CULTURAL RESOURCES

No surface occupancy: No surface occupancy within the setting of National Register eligible sites where integrity of setting is critical to their eligibility.

	<u>Description of Lands</u>
PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	T. 23 N., R. 28 E., MDM, Nevada sec. 32, N2NWNE.
PARCEL NV-08-08-012	T. 25 N., R. 38 E., MDM, Nevada sec. 28, NWSW.
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	T. 31 N., R. 39 E., MDM, Nevada sec. 33, E2SW.
PARCEL NV-08-08-020	ALL LANDS

NATIVE AMERICAN

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed). All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially affected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented. For development and production phases, surface occupancy may be limited to a specific distance or precluded at hot springs, pending conclusion of the Native American consultation process.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

WATER RESOURCES

As exploration and development activities commence, the operator shall institute a hydrologic monitoring program. The details of the monitoring programs will be site specific and the intensity shall be commensurate with the level of exploration. For example, if the proponent will be conducting seismic studies the monitoring would be limited to the identification of water resources to be monitored as activities continue; if a drilling program were to be undertaken the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected will be submitted to the Bureau of Land Management and will be used to support future NEPA documentation as development progresses. Adverse impacts to surface expressions of the geothermal reservoir (hot springs), and Threatened and Endangered Species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area whenever they are conducting activities which have the potential to impact those resources. If adverse impacts do occur, BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are in addition to the other stipulations. These are LEASE stipulations, not operational, the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

HAZARDOUS MATERIALS

Prior to exploration and development, an emergency response plan will be developed to include contingencies for hazardous material spills and disposal.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-002	ALL LANDS
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-004	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-013	ALL LANDS
PARCEL NV-08-08-017	ALL LANDS
PARCEL NV-08-08-018	ALL LANDS
PARCEL NV-08-08-019	ALL LANDS
PARCEL NV-08-08-020	ALL LANDS

CONTROLLED OR LIMITED SURFACE USE

(avoidance and/or mitigation measures to be developed). All surface disturbing activities proposed after issuance of the lease are subject to compliance with Section 106 of the National Historic Preservation Act (NHPA) and its implementation through the protocol between the BLM Nevada State Director and the Nevada State Historic Preservation Officer.

Description of Lands

PARCEL NV-08-08-001	T. 20 N., R. 26 E., MDM, Nevada sec. 10, all.
PARCEL NV-08-08-003	ALL LANDS
PARCEL NV-08-08-005	ALL LANDS
PARCEL NV-08-08-012	ALL LANDS
PARCEL NV-08-08-018	T. 31 N., R. 39 E., MDM, Nevada sec. 16, SW; sec. 16, PROT N2, SE; sec. 17, all; sec. 21, NE, E2NW, SWNW, S2; sec. 22, NE, E2NW, SWNW, S2; sec. 22, PROT N2, W2SW, SESW, SE; sec. 27, N2, W2SW, SESW, SE.
PARCEL NV-08-08-019	T. 31 N., R. 39 E., MDM, Nevada sec. 30, lots 1-4, E2, E2W2; sec. 31, lots 1-4, E2, E2W2; sec. 33, N2, E2SW, SE; sec. 34, N2N2, SENE, S2NW, S2; sec. 35, N2, N2S2, SWSW; sec. 36, N2, N2SW, NWSE, SESE.
PARCEL NV-08-08-020	ALL LANDS