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MAY 01 2014

Division of Minerals

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
DIVISION OF MINERALS  
400 W. King Street, Suite 106  
Carson City, Nevada 89703  
(775) 684-7040 ! Fax (775) 684-7052

Date Received	_____
API Number	27-031-90286
County	Washoe
Permit Number	1366
FOR DIVISION USE ONLY	

**GEOHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION**

Name or Corporate/Business Name

USG Nevada LLC

Street Address P.O. Box 135

City Gerlach State NV Zip Code 89412

hereby makes application for a geothermal development permit, State of Nevada, Division of Minerals.

(If applicant is a corporation, show state and date of incorporation; if a partnership, list names of partners.)

Limited Liability Corporation in the State of Delaware, March 5, 2008

This application is for a  Domestic well  Commercial well  Industrial well

Other, specify:  Observation well  Thermal Gradient well  Re-entry

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

Applicant is:  Land Owner  Lease Holder

Well Name: <sup>LDP</sup> OW14 (63-21)

Lease Name/No: N-42707 Split Estate?  Yes  No

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

Location of Well:

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

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

Commercial and Industrial:

SW \_\_\_\_\_ ¼ of, NE \_\_\_\_\_ ¼ in Section 21

Township 29N \_\_\_\_\_, Range 23E \_\_\_\_\_

UTM Northing 4471342 N; UTM Easting 296311 E (Using NAD27 Datum)

\*\*Note: Please convert UTM's from NAD83 to NAD27\*\*

County Washoe

(If applicable, give street address below.)

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

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

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

Operator's Name: USG Nevada LLC  
Address: P. O. Box 135  
City, St Zip: Gerlach, NV 89412

Drilling Contractor's Name: Welsco Corporation  
Address: P.O. Box 888  
City, St Zip: Fallon, NV 89406

Rotary Rig Description: TXD Schramm 130 Rotary

Hole Size: 8-1/2" Casing Size: 7" Weight/Gauge: J-55

Estimated Well Head Temperature: Maximum Return Temperature of 180°F

Size of BOP:  2000 psi  3000 psi  5000 psi

Planned Use of Geothermal Resource:

Power Generation

Planned Disposal of Spent Geothermal Fluid:

N/A

Type and Amount of Bond: \$50,000  
(Exempt for Domestic Class)

Bond Issued by: Travelers Serial No. 105029232

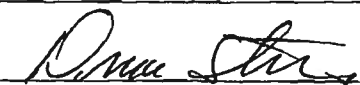
The Source of the Proposed Geothermal Resource is:

San Emidio Desert

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

Total Depth to be Drilled: Not to exceed 3500'

Drilling will Commence On or Before: June 1, 2014

Signature of Applicant/Agent:   
Date: 4/30/2014

Please attach a detailed drilling program including the following information:

1. Well design schematic; casing and mud programs; potential water supply; drilling rig to be used and pad layout; blow out prevention equipment diagram and testing program; directional drilling information if applicable; map of location and access roads. Additional information may be required upon review.
2. The required fee per NAC 534A 210 or 534A.212.

CONDITIONS OF PERMIT

1. All permittees must comply with appropriate sections of the Geothermal Rules and Regulations of the Division of Minerals and with applicable rules and regulations of other local, state, and federal agencies.
2. During the drilling of domestic geothermal wells, all water strata above the geothermal horizon being used must be sealed or separated in order to prevent their contents from passing into other strata.
3. All fresh water and water of value or possible value for other beneficial uses must be confined to their respective strata and be adequately protected by methods approved by the Division. Precautions must be taken in drilling and abandoning wells to guard against any loss of fresh water from the strata in which it occurs, and the contamination of any fresh water by objectionable water.
4. The operator of any well must shut off and exclude all water from any geothermal resource-bearing stratum to the satisfaction of the Division.
5. See attached Conditions of Approval.
6. Please send daily drilling reports to : Lowell Price.....lprice@govmail.state.nv.us  
and  
Linda .....lwells@govmail.state.nv.us
7. Additional Conditions/Comments

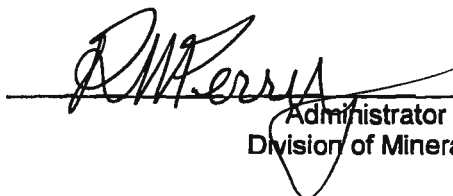
A.	
B.	
C.	

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**PERMIT APPROVAL**

Approved 5-19-14 with the conditions noted above.  
Date

Permit Number 1366

  
\_\_\_\_\_  
Administrator  
Division of Minerals