



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

December 6, 2006

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97301-2551

Attention: Vikie Bailey-Goggins  
Administrator, Regulatory Operations

Re: Docket No. UI-\_\_\_\_  
In the Matter of the Application of PACIFICORP Requesting Approval of  
(1) Geothermal Steam Pre-purchase Agreement and (2) Steam Delivery  
Agreement between PacifiCorp and Intermountain Geothermal Company

PacifiCorp hereby submits for electronic filing an Application in the above referenced case. A signed original and five (5) copies will be provided via overnight delivery.

Pursuant to ORS 757.495 and OAR 860-027-0040, PacifiCorp requests approval from the Oregon Public Utility Commission of a Geothermal Steam Pre-purchase Agreement and a Steam Delivery Agreement between PacifiCorp and Intermountain Geothermal Company.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:


By E-Mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon, 97232

By fax: (503) 813-6060

Informal questions should be directed to Laura Beane at (503)-813-5542.

Sincerely,

  
Andrea L. Kelly  
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UI \_\_\_\_\_

In the Matter of the Application of	)	
PACIFICORP Requesting Approval of (1)	)	APPLICATION OF
Geothermal Steam Prepurchase Agreement	)	PACIFICORP
and (2) Steam Delivery Agreement	)	
between PacifiCorp and Intermountain	)	
Geothermal Company	)	

Pursuant to ORS 757.495 and OAR 860-027-0040, PacifiCorp requests approval from the Oregon Public Utility Commission (the “Commission”) of a Geothermal Steam Prepurchase Agreement and a Steam Delivery Agreement between PacifiCorp and Intermountain Geothermal Company (“IGC”). IGC is a wholly-owned subsidiary of PacifiCorp, and therefore PacifiCorp’s relationship with IGC would establish an “affiliated interest,” as defined in ORS 757.015(6). IGC and PacifiCorp also have two or more officers and directors in common; therefore, PacifiCorp’s relationship with IGC would also establish an “affiliated interest” pursuant to ORS 757.015(5).

**I. Background**

Following MidAmerican Energy Holdings Company’s (“MEHC”) acquisition of PacifiCorp, MEHC contributed to PacifiCorp, at no cost, all of MEHC’s stock ownership in IGC along with the associated steam rights. IGC, which was formerly a wholly-owned subsidiary of MEHC, provides approximately 70% of the steam supply to PacifiCorp’s Blundell geothermal electric generating unit located in Utah, which uses naturally created steam to generate electricity (“Electric Generating Unit”). PacifiCorp and IGC subsequently entered into the Geothermal Steam Prepurchase Agreement (“GSPA”) and a Steam Delivery Agreement (“SDA”). IGC, a Delaware corporation, is currently a wholly-owned subsidiary of PacifiCorp.

With this Application, PacifiCorp requests Commission authorization to engage in these transactions with IGC as described herein.

**II. Compliance with OAR 860-027-0040 Filing Requirements**

**A. Address**

The applicant's exact name and address are:

PacifiCorp  
825 NE Multnomah Street  
Portland, OR 97232

**B. Communications and Notices**

All notices and communications with respect to this Application should be addressed to:

Laura Beane  
Manager, Regulation  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Tel. (503) 813-5542  
Fax (503) 813-6060  
laura.beane@pacificorp.com

Natalie L. Hocken  
Assistant General Counsel  
PacifiCorp  
825 NE Multnomah Street, Suite 1800  
Portland, OR 97232  
Tel. (503) 813-7205  
Fax (503) 813-7252  
natalie.hocken@pacificorp.com

In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

By facsimile

(503) 813-6060

Informal inquires may also be directed to Laura Beane, Manager, Regulation at (503) 813-5542.

**C. Relationship Between PacifiCorp and Intermountain Geothermal Company**

IGC is a wholly-owned subsidiary of PacifiCorp and the companies have two or more officers and directors in common. Accordingly, IGC is an “affiliated interest” of PacifiCorp as defined in ORS 757.015(5) and (6).

**D. Voting Securities**

PacifiCorp owns 100% of the voting stock in IGC.

**E. Common Officers and Directors**

PacifiCorp and IGC share the following officers: William Fehrman (President of IGC and President of PacifiCorp Energy) and Bruce Williams (Treasurer of IGC and Vice President, Treasurer of PacifiCorp). PacifiCorp and IGC share the following directors: William Fehrman and Rob Lasich.

**F. Pecuniary Interest**

No officer or director of either IGC or PacifiCorp is a party to or has a pecuniary interest in the contemplated business transactions between IGC and PacifiCorp.

**G. Description of Goods and Services Provided**

The GSPA defines the applicable capitalized terms for use with the Agreements. *See* Section 2 of the GSPA.

Under the terms of the GSPA, PacifiCorp prepurchased from IGC and IGC agrees to deliver pursuant to the SDA, 69.34% of the Full Load Steam Requirements of the Electric Generating Unit<sup>1</sup> for the term of the GSPA. PacifiCorp also prepurchased from IGC and IGC agreed to deliver pursuant to the SDA, all Geothermal Separator Fluid<sup>2</sup> produced concurrently

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<sup>1</sup> The Full Steam Load Requirements of the Electric Generating Unit are 392,000 pounds of Steam per hour under rated turbine design conditions and at least 400,000 pounds of Steam per hour at five percent turbine overpressure, after making any adjustments for Steam pressure, Steam quality and noncondensable gas quantities as specified in the Steam Delivery Agreement. *See* Section 2.5 of the GSPA.

<sup>2</sup> Fluid delivered at the liquid outlet of the Separator. *See* Section 2.8 of the GSPA.

with the Preurchased Steam.<sup>3</sup> PacifiCorp paid to IGC, as the completed consideration for the Preurchased Steam and the prepurchase of Geothermal Separator Fluid, the sum of \$20,316,620. PacifiCorp may also request a prorated portion of Supplemental Steam<sup>4</sup> and associated Geothermal Separator Fluid at no additional compensation to IGC (except as provided for in the Steam Delivery Agreement for delivery). In addition, PacifiCorp has paid Bureau of Land Management (“BLM”) royalties with respect to the prepurchase amounts under this Agreement. *See* Section 5 of the GSPA.

Under the terms of the SDA, IGC will deliver all Preurchased Steam and Supplemental Steam, as well as all Geothermal Separator Fluids, to the Delivery Point<sup>5</sup> and will accept and reinject all Geothermal Injection Fluid related to such Preurchased Steam, Supplemental Steam and Geothermal Separator Fluid. IGC will develop and produce the Geothermal Fluids to be delivered to PacifiCorp from the lands and leasehold area in the Roosevelt Hot Springs Unit Area. IGC also agrees that PacifiCorp shall have the right to purchase from IGC any additional portions of land owned by IGC as are reasonably necessary for the further installation, construction, operation, maintenance or removal of the Electric Generating Unit upon terms, conditions and a price that is mutually satisfactory to both parties. IGC is obligated to drill, construct and purchase producing and injection wells and related equipment necessary to carry out its obligations under this SDA.

The Production Payment Deed was an existing agreement (dated January 22, 1991) between PacifiCorp and IGC which incorporated the earlier versions of the GSPA and SDA, and any extensions, amendments, modifications, substitutions or additions. Under the Production Payment Deed, IGC granted to PacifiCorp a first and prior right to receive the Geothermal

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<sup>3</sup> “That quantity of Steam to be used by the Electric Generating Unit which PacifiCorp has prepurchased, either pursuant to Section 3.1 of this Agreement . . .” *See* Section 2.14 of the GSPA.

<sup>4</sup> *See* Section 2.18 of the GSPA.

<sup>5</sup> *See* Section 2.2 of the GSPA.

Resources lying in, on or under the Participating Area, and the Appurtenant Rights. This document was recorded with the county recording office to secure the property rights being transferred pursuant to the Steam Delivery and Geothermal Steam Prepurchase Agreements in 1991.

A copy of the Geothermal Steam Prepurchase Agreement is attached to this Application as Exhibit A, a copy of the Steam Delivery Agreement is attached to this Application as Exhibit B, and a copy of the Production Payment Deed is attached to this Application as Exhibit C.

**H. Estimate of Amount PacifiCorp will Pay Annually for Services**

Under the GSPA, PacifiCorp paid to IGC, as the completed consideration for the Preurchased Steam and the prepurchase of Geothermal Separator Fluid, the sum of \$20,316,620. In addition, PacifiCorp has paid the Bureau of Land Management (“BLM”) royalties with respect to the prepurchase amounts under this Agreement.

PacifiCorp recorded the original purchase of the Steam and Geothermal Separator Fluid to Account 101, Electric Plant in Service. PacifiCorp estimates its annual amortization expense for the assets to be \$ 0.8 million which is recorded to FERC Account 503, Steam From Other Sources. This amortization expense is offset by an estimated \$0.6 million in Preurchased Steam Income recorded by IGC and included in FERC Account 503 in PacifiCorp’s results.

Under the terms of the SDA, PacifiCorp will pay IGC for all of the operating and maintenance expenses and for all applicable administrative and general expenses related to the delivery of Steam and Geothermal Separator Fluid, or reinjection of Geothermal Injection Fluid associated with the operation of the Electric Generation Unit (“O&M Fees”), including but not limited to all of the following costs paid by or incurred on behalf of IGC: depreciation and

amortization related to the Facilities<sup>6</sup> (including equipment and other tangible and intangible property); costs required to disassemble, inspect, clean, rebuild, repair and reassemble and test major items of equipment of the Facilities; and cost of electricity, insurance, incidental expenses related to the business of IGC, including property and other taxes and professional services (for accountants, attorneys and consulting engineers, as well as the allocable cost of any affiliated in-house administrative and legal services of an extraordinary nature). O&M Fees shall include, but not be limited to the following: actual cost to IGC of goods and materials used by IGC, the pro rata cost to IGC of personnel providing labor and services, the portion of the cost of invested capital and depreciation related to machinery and equipment used by IGC, the actual cost of subcontractors, and a pro rata portion of IGC's overhead, administrative and general costs relating to the delivery of Steam and Geothermal Separator Fluid or reinjection of Geothermal Injection Fluid associated with the operation of the Electric Generation Unit.

In addition, PacifiCorp will reimburse IGC for BLM royalties, if any, associated with the payment of O&M Fees for deliveries of Preurchased Steam and Supplemental Steam under this SDA, when such royalties are charged by BLM. IGC shall cooperate in assuring that such royalties do not exceed ten percent (10%) of the O&M Fees. The O&M Fees and the BLM royalty reimbursement constitute the total compensation payable to IGC for all services specified in this SDA. *See* Section 10 of the SDA.

PacifiCorp estimates its annual charges for routine services under the Steam Delivery Agreement will be \$ 2.5 million. PacifiCorp will record all charges related to this Agreement to FERC Account 503, Steam From Other Sources.

PacifiCorp will not incur any annual charges pursuant to the Production Payment Deed.

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<sup>6</sup> *See* Section 2.4 of the GSPA.

**I. Reasons Relied Upon for Procuring the Proposed Services, and Benefits to Public**

PacifiCorp had prior agreements (dated January 22, 1991) with IGC (when it was a wholly-owned subsidiary of MEHC) which provided for steam delivery and geothermal steam prepurchase. These prior agreements have been replaced with the two new agreements, the SDA and the GSPA (both dated March 21, 2006) resulting from implementation of MEHC Commitment 51 as discussed in more detail below. In support of the transaction commitment, PacifiCorp is continuing to procure the steam from IGC in order to supply steam to its Blundell geothermal plant. Moreover, MEHC has committed that PacifiCorp's customers will not be harmed from the contribution to PacifiCorp of the IGC steam resources and stock.

**J. Description of the Procurement Process and Why No Competitive Bid Was Utilized**

As one part of MEHC's acquisition of PacifiCorp, the companies agreed to Commitment 51 which provides:

Subject to, and in consideration for, dismissal of all existing proceedings and no commencement of any future state regulatory proceeding against PacifiCorp involving or arising from the SEC PUHCA Audit Report of Scottish Power dated May 11, 2004, MEHC will contribute to PacifiCorp, at no cost to PacifiCorp, MEHC's stock ownership in the Intermountain Geothermal Company and the associated steam rights (approximately 70% of the total rights) to the steam resources serving PacifiCorp's Blundell geothermal plant and terminate MEHC's and Intermountain Geothermal Company's rights and obligations under the contracts. MEHC will assist PacifiCorp in determining the cost-effectiveness of acquiring the remaining 30% of the rights. No more than six months after the close of the transaction, MEHC will provide parties a clear and complete disclosure statement that details any potential liabilities and risks, identified by or for MEHC, associated with the ownership rights of MEHC in Intermountain Geothermal. MEHC also commits that PacifiCorp customers will not be harmed from the contribution to PacifiCorp of the Intermountain Geothermal steam resources and stock.



Therefore, PacifiCorp did not engage in a competitive procurement process for these Agreements. As described above, these new agreements are replacements to existing agreements between PacifiCorp and IGC.

**K. Relationship of Cost of Provision of Services and Market Value**

As described above, MEHC contributed, at no cost to PacifiCorp, MEHC's stock ownership in IGC and the associated steam rights to the steam resources serving PacifiCorp's Blundell geothermal plant.

Under the 1991 Geothermal Steam Prepurchase Agreement (as replaced by the 2006 GSPA), PacifiCorp had already paid as the completed consideration the sum of \$20,316,620.

The monthly O&M Fees under the SDA are intended to recover IGC's actual costs for operating and maintenance expenses as set forth in more detail in Section 10 of the SDA.

BLM royalties, if any, associated with the payment of O&M Fees and any prepayment amounts under the GSPA for deliveries of Preurchased Steam and Supplemental Steam, are determined and assessed by the BLM. IGC has an obligation to cooperate in assuring that any such royalties do not exceed 10% of the O&M and 10% of the prepayment amounts. Under the terms of the SDA, IGC has an obligation to appeal any BLM royalty determination that exceeds 10% of the O&M Fees, at PacifiCorp's request.

**L. Agreements Between IGC and PacifiCorp**

The Geothermal Steam Prepurchase Agreement and the Steam Delivery Agreement are attached as Exhibits A and B to this Application. The Production Payment Deed (dated January 22, 1999) is attached as Exhibit C to this Application.

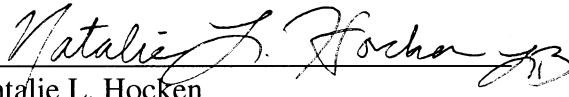
**M. Copy of Board Resolutions**

Authorization to do business with IGC does not require approval of PacifiCorp's Board of Directors.

WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests that the Commission issue an order authorizing PacifiCorp to do business with Intermountain Geothermal Company pursuant to the provisions of ORS 757.495 and OAR 860-027-0040.

DATED: December 6, 2006

Respectfully submitted,

/s/ 

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## **Exhibit A**

### **Geothermal Steam Pre-Purchase Agreement**

**GEOHERMAL STEAM PREPURCHASE AGREEMENT**

**Among**

**INTERMOUNTAIN GEOTHERMAL COMPANY**

**and**

**PACIFICORP**

## GEOTHERMAL STEAM PREPURCHASE AGREEMENT

### 1. PARTIES

This Geothermal Steam Prepurchase Agreement, dated March 21<sup>st</sup>, 2006 (Agreement) is by and between Intermountain Geothermal Company, a Delaware corporation, (Intermountain) and PacifiCorp, an Oregon corporation, formerly known as Utah Power & Light Company, (PacifiCorp).

### RECITALS

- A. PacifiCorp owns and operates the Electric Generating Unit.
- B. Intermountain owns certain rights to explore for, develop, produce, utilize and sell Geothermal Steam and Geothermal Separator Fluids located in, on or under the Participating Area, pursuant to the Leases and the Unit Agreement, as amended, which applies to the Roosevelt Hot Springs Unit Area. Intermountain also is Unit Operator under a Unit Operating Agreement, as amended, which applies to the Roosevelt Hot Springs Unit Area.
- C. Intermountain also holds access rights, surface rights, use rights, water rights, the right to reinject Geothermal Injection Fluid and other appurtenant rights associated with the exploration for and the development, production, utilization, and sale of the Geothermal Steam and Geothermal Separator Fluids (collectively, the Appurtenant Rights).
- D. With the intent of assuring the supply of Geothermal Steam and Geothermal Separator Fluids to the Electric Generating Unit, the parties have entered into this Agreement and the Related Agreements, pursuant to which PacifiCorp has prepurchased and Intermountain will deliver to PacifiCorp specified quantities of such Geothermal Steam and Geothermal Separator Fluid.
- E. The parties intend that, by virtue of this Agreement and the Related Agreements, PacifiCorp will be irrevocably and unconditionally vested with title to and ownership of the quantity of Geothermal Steam and Geothermal Separator Fluid specified in this Agreement. The parties further intend that the rights of PacifiCorp to develop, produce, utilize and reinject the Geothermal Steam and Geothermal Separator Fluid shall have priority over any other use of Geothermal Steam and Geothermal Separator Fluid developed and produced from the Participating Area.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree and covenant, as follows:

### 2. DEFINITIONS

2.1 Compensating Steam – Steam deliverable to PacifiCorp pursuant to section 17 of the Steam Delivery Agreement as a result of nonpayment of steam shortfall compensation, or

otherwise in lieu of damages for breach or nonperformance of obligations due to PacifiCorp under the Steam Delivery Agreement.

2.2 Delivery Points – Those points immediately downstream of the exits of the Separators where Geothermal Steam and Geothermal Separator Fluids are delivered to PacifiCorp and those points immediately upstream of the injection wells where Geothermal Injection Fluids will be delivered to Intermountain.

2.3 Electric Generating Unit – The Blundell geothermal electric generating unit, which has been constructed and placed into operation by PacifiCorp in the Roosevelt Hot Springs Unit Area and which is powered by Geothermal Steam or Geothermal Fluids from the Roosevelt Hot Springs Unit Area. The Electric Generating Unit shall consist of, but not be limited to, the turbine-generator, condenser, pumps, motors, electrical switchgear, cooling water system, and control systems. The Electric Generating Unit also shall include any heat recovery turbine generating units, and all components thereof, which use the heat from brine deliveries which PacifiCorp is entitled to receive under the Steam Delivery Agreement, as well as any modifications or replacements to the Electric Generating Unit.

2.4 Facilities – All production wells, injection wells, separators, piping systems and other physical assets, along with all necessary related Leases and fee properties, easements and other rights needed to enter upon and use lands and water in the Roosevelt Hot Springs Unit Area, in order to gather and deliver Steam and Geothermal Separator Fluids to the Delivery Points and to reinject all such Steam and Geothermal Separator Fluids.

2.5 Full Load Steam Requirements – The Full Load Steam Requirements of the Electric Generating Unit, which are 392,000 pounds of Steam per hour under rated turbine design conditions and at least 400,000 pounds of Steam per hour at five percent (5%) turbine overpressure, after making any adjustments for Steam pressure, Steam quality and noncondensable gas quantities as specified in the Steam Delivery Agreement.

2.6 Gathering System – The piping system and associated equipment to transfer Geothermal Steam and/or Geothermal Fluids from the Separators and/or wells to the Electric Generating Unit.

2.7 Geothermal Fluids – The entire geothermal fluid content, liquid and gaseous, that is delivered to the Separators or to the Electric Generating Unit.

2.8 Geothermal Injection Fluid – Fluid delivered at the inlet of the injection wells for injection into the ground consisting of, but not limited to, the Geothermal Separator Fluid and the Unit Cooling Tower Blowdown Fluid.

2.9 Geothermal Separator Fluid – Fluid delivered at the liquid outlet of the Separator.

2.10 Geothermal Steam – Flashed steam delivered at the steam outlet of the Separator, hereinafter referred to as Geothermal Steam or Steam.

2.11 Injection System – The piping, pumps and associated equipment, except injection wells, required to transfer Geothermal Injection Fluids from the Separator and Electric Generating Unit to the injection wells.

2.12 Leases – All leases needed and granted to extract, to sell or use, and to reinject Steam from the Roosevelt Hot Springs Unit Area, or granting rights to enter or use real property appurtenant to the extraction, sale or use, and reinjection of such Steam.

2.13 Participating Area – That part of the Roosevelt Hot Springs Unit Area which is deemed to be productive from a horizon or deposit and to which production would be allocated in the manner described in the Unit Agreement, as amended from time to time.

2.14 Prepurchased Steam – That quantity of Steam to be used by the Electric Generating Unit which PacifiCorp has prepurchased, either pursuant to subsection 3.1 of this Agreement, or pursuant to comparable provisions of other Geothermal Steam Prepurchase Agreements with owners of Working Interests in the Roosevelt Hot Springs Unit Area, and including any Compensating Steam.

2.15 Related Agreements – shall mean the following additional agreements, all dated as of the date hereof, and as modified from time to time:

- a. The Steam Delivery Agreement between PacifiCorp and Intermountain (Steam Delivery Agreement);
- b. The Production Payment Deed between Intermountain and PacifiCorp (Production Payment Deed);
- c. The Trust Deed between Intermountain as grantor and PacifiCorp as Beneficiary (Trust Deed);

2.16 Roosevelt Hot Springs Unit Area – The area specified on the map attached to the Unit Agreement.

2.17 Separator – That device which accepts Geothermal Fluids and/or Geothermal Separator Fluids and separates said Fluids into Geothermal Steam and Geothermal Separator Fluids.

2.18 Supplemental Steam – PacifiCorp previously has purchased a portion of its Full Load Steam Requirements from certain working interest owners who are not parties to any agreement with PacifiCorp providing for the prepurchase by or sale to PacifiCorp of Steam. Supplemental Steam shall be that quantity of steam hereafter requested by PacifiCorp to satisfy that portion of the Full Load Steam Requirements which PacifiCorp declines to purchase from such Working Interest owners.

2.19 Unit Cooling Tower Blowdown Fluid – Fluid from an Electric Generating Unit resulting from the condensing of Steam in excess of that required for use in the cooling tower which is delivered to Intermountain for injection or other uses.

2.20 Unit Agreement – The document title “Unit Agreement,” and the amendments thereto to the date of this Agreement, applicable to the Roosevelt Hot Springs Unit Area.

2.21 Unit Operating Agreement – The document titled “Unit Operating Agreement” and amendments thereto to the date of this Agreement, applicable to the Roosevelt Hot Springs Unit Area.

2.22 Unit Operator – The person, association, partnership, corporation, or other business entity, designated under the Unit Agreement and the Unit Operating Agreement to conduct operations on the Roosevelt Hot Springs Unit Area as specified therein.

2.23 Weighted Field Injection Pressure – The sum of the products of individual injection well head pressures in pounds per square inch absolute and individual injection well flow rates divided by the sum of the individual injection well flow rates in pounds per hour for the Electric Generating Unit.

2.24 Working Interest – The interest held in geothermal resources or in lands containing the same by virtue of a lease, operating agreement, fee title, or otherwise, under which, except as otherwise provided in this Agreement or the Related Agreements, the owner of such interest is vested with the right to explore for, develop, produce, utilize and sell geothermal resources.

### 3. PREPURCHASED STEAM

3.1 PacifiCorp prepurchased from Intermountain, and Intermountain sold and agrees to deliver as Prepurchased Steam pursuant to the Steam Delivery Agreement, sixty nine and 34/100 percent (69.34%) of the Full load Steam Requirements of the Electric Generating Unit, for the term of this Agreement.

3.2 PacifiCorp also prepurchased from Intermountain, and Intermountain sold and agrees to deliver pursuant to the Steam Delivery Agreement, all Geothermal Separator Fluid produced concurrently with the Prepurchased Steam.

3.3 PacifiCorp paid to Intermountain, as the completed consideration for the Prepurchased Steam and for the prepurchase of Geothermal Separator Fluid associated therewith, the sum of twenty million, three hundred sixteen thousand, six hundred twenty dollars (\$20,316,620.00), and Intermountain acknowledges receipt of such payment.

### 4. SUPPLEMENTAL STEAM

4.1 In addition to the Prepurchased Steam and associated Geothermal Separator Fluid, Intermountain will deliver at the request of PacifiCorp and pursuant to the Steam Delivery Agreement a prorate portion of Supplemental Steam and associated Geothermal Separator Fluid. The percentage of Supplemental Steam and associated Geothermal Separator Fluid which



Intermountain will be obligated to delivery hereunder will be equal to the percentage of all Prepurchased Steam which Intermountain has sold to PacifiCorp.

4.2 Intermountain will be entitled to no additional compensation for the delivery of such Supplemental Steam and associated Geothermal Separator Fluid, except as provided in the Steam Delivery Agreement.

## 5. ROYALTIES

PacifiCorp will reimburse Intermountain for, or will directly pay, in its discretion, Bureau of Land Management (BLM) royalties, if any (an only such royalties as are charged by BLM), charged with respect to the prepurchase amounts specified in this Agreement. Any such reimbursement will be due and owing to Intermountain as of the date the royalty payments must be paid to BLM. Intermountain shall co-operate in assuring that such royalties do not exceed ten percent (10%) of the prepayment amounts.

## 6. TERM AND PRIORITY OF PREPURCHASED STEAM ENTITLEMNT

6.1 PacifiCorp shall be entitled to extract and have delivered all Prepurchased Steam prior to the extraction and delivery of any other steam from the Participating Area.

6.2 The rights of PacifiCorp with respect to the Prepurchased Steam and for Delivery of Supplemental Steam shall commence as of the date of this Agreement and shall continue for a "primary term" until January 22, 2021. Such rights thereafter shall continue beyond the primary term for any period of time needed for PacifiCorp to receive any Compensating Steam to which PacifiCorp becomes entitled under the Steam Delivery Agreement.

## 7. RIGHTS OF PACIFICORP TO TAKE OVER AND OPERATE FACILITIES

7.1 PacifiCorp shall have the right to take over and operate and use the Facilities ("Facilities" for purpose of this section 7 to include the Leases on a non-exclusive basis, as well as future additions to or replacements to the Facilities, including, but not limited to future production and injection wells used to provide Steam to the Electric Generating Unit and to inject Geothermal Injection Fluid), needed to assure the continued supply of the Full Load Steam Requirements of the Electric Generating Unit, as well as the Geothermal Separator Fluid if (1) Intermountain does not make steam shortfall compensation payments when due under the Steam Delivery Agreement, (2) Intermountain is unable to give adequate assurance that it will be able to pay any amount of steam shortfall compensation which PacifiCorp reasonably believes will be incurred pursuant to the Steam Delivery Agreement during a contract year, based on performance during such contract year to date, or (3) for reasons other than Force Majeure, (a) the availability of Steam to the Electric Generating Unit during any two consecutive calendar quarters is less than fifty percent (50%) of the availability level that would be required on a annual basis for Intermountain to avoid liability to PacifiCorp for Steam shortfall compensation, pursuant to section 16 of the Steam Delivery Agreement, or (b) the availability of Steam to the Electric Generating Unit during any calendar year is less than seventy-five percent (75%) of the availability level that would be required for Intermountain to avoid liability to PacifiCorp for

Steam shortfall compensation pursuant to section 16 of the Steam Delivery Agreement, or (c) the average annual availability of Steam to the Electric Generating Unit during any two consecutive calendar years is less than eighty-five percent (85%) of the annual availability level that would be required for Intermountain to avoid liability to PacifiCorp for Steam shortfall compensation, pursuant to section 16 of the Steam Delivery Agreement.

7.2 The rights for PacifiCorp to step in and operate the Facilities shall include all rights granted to the operator under the Unit Operating Agreement. If PacifiCorp is unable to receive any approvals needed to act as operator of the Facilities under the Unit Operating Agreement, and until such approvals have been granted, PacifiCorp may at its option step in and operate the Facilities as a subcontractor of Intermountain.

7.3 If PacifiCorp steps in and operates the Facilities, it shall for the period it so operates not be obligated to pay the O&M Fees owed to Intermountain, and may in addition charge to Intermountain a percentage of any costs reasonably incurred by PacifiCorp for necessary additional wells or other capital additions needed to maintain the supply of Steam to the Electric Generating Unit. The percentage of such costs to be paid by Intermountain shall be equal to the percentage of the Full Load Steam Requirements of the Electric Generating Unit that Intermountain is obligated to deliver as Preurchased Steam acquired from Intermountain (which percentage is sixty-nine and 34/100 percent (69.34%) as of the date of this Agreement, and may hereinafter be increased by future sales of Preurchased Steam).

## 8. COVENANTS OF CECI AND INTERMOUNTAIN

### 8.1 Intermountain covenants to PacifiCorp.

a. Compliance with Laws. All operations conducted on the Roosevelt Hot Springs Unit Area shall comply with the Unit Agreement, the Unit Operating Agreement, the Leases and all applicable federal, state and local statutes, regulations, ordinances, rules, decrees, awards, franchises, licenses, permits or orders.

b. Condition of Facilities. Intermountain will maintain the Facilities, as well as future additions to or replacements to the Facilities (including but not limited to future production and injection wells used to provide Steam to the Electric Generating Unit) in good operating condition and repair according to industry standards, reasonable wear and tear excepted. Intermountain will not permit the conveyance of, or the attachment of liens and other encumbrances to the Facilities, except as incurred in the ordinary course of business.

c. Intermountain Shall Remain Unit Operator. With respect to the Facilities, as well as future additions to or replacements of the Facilities (including but not limited to future production and injection wells used to provide Steam to the Electric Generating Unit), Intermountain will not relinquish, assign or subcontract its duties as Unit Operator, except with the written consent of PacifiCorp.

d. Amendments to Unit Agreement or Unit Operating Agreement.

Intermountain will not permit amendments to the Unit Agreement or Unit Operating Agreement, except upon written consent of PacifiCorp and all such amendments made without PacifiCorp's written consent shall be void. PacifiCorp shall be obligated to grant promptly any requested consent, unless the proposed change would impair PacifiCorp's rights under this Agreement or the Related Agreements.

e. No Dilution of Preurchased Steam Rights. Intermountain will assure that the rights of PacifiCorp under the Production Payment Deed are not diluted as a result of any future reduction of Intermountain's percentage entitlement to Steam produced from the Roosevelt Hot Springs Unit Area below the percentage of the Full load Steam Requirements of the Electric Generating Unit Provided by Preurchased Steam acquired by PacifiCorp from Intermountain.

f. Maintenance of Permits and Approvals. Intermountain will retain and acquire all such leases, permits, approvals and other rights and authority as are needed to assure PacifiCorp's continuing right to delivery of the Preurchased Steam for the term of this Agreement and PacifiCorp's right to take over and operate the Facilities, including the Leases on a nonexclusive basis, as well as future additions or replacements to the Facilities including, but not limited to future production and injection wells used to provide Steam to the Electric Generating Unit and to reinject Geothermal Injection Fluid, as provided in section 7 of this Agreement.

g. Payment of Taxes, Royalties and Other Costs. Intermountain shall pay when due all taxes, fees, rentals and other costs arising from or related to its operations under this Agreement and the Related Agreements and shall keep all assets owned or used by it in the performance of this Agreement or the Related Agreements free from liens (except the lien of taxes not yet due and payable). Intermountain shall make all royalties and other payments with respect to the Leases no later than due, but at least ten (10) days prior to the date on which a failure to make such payments would result in a default under or a right by the lessor to terminate or rescind such Lease. Intermountain shall maintain and shall provide PacifiCorp with a current list of such Lease payment due dates and shall provide to PacifiCorp notice of payment concurrently with each such payment. Intermountain shall also take all steps required to cure in a timely manner any default under any leases or other instruments under which Intermountain owns or uses assets in the performance of this Agreement or the Related Agreements. If Intermountain fails to make any such payment or to cure any such default in a timely manner, PacifiCorp shall have the right, but not the duty, to make such payments or to cure such default on behalf of Intermountain. If PacifiCorp does so, PacifiCorp may, in its discretion, do either one or both of the following: (i) offset against the O&M Fees otherwise due to Intermountain under the Steam Delivery Agreement the payment made or sum expended to cure the default, or (ii) require Intermountain to reimburse PacifiCorp for the payment made or the sum so expended (to the extent not previously offset against O&M Fees) within ten (10) days of notice from PacifiCorp demanding such reimbursement. The payments made or sums so expended will be deemed to include interest on such amounts, accrued from the date made or expended by PacifiCorp until the date offset or reimbursed as provided hereunder, with such interest

calculated in the manner specified in section 19 of the Steam Delivery Agreement for interest on late payments.

**9. TITLE INSURANCE**

9.1 PacifiCorp shall be an insured lender in the amount of twenty million, three hundred sixteen thousand, six hundred twenty dollars (\$20,316,620.00) on the lender's CLTA policy of title insurance issued by First American Title Insurance Company of Nevada with respect to the Leases and the fee property including the Facilities. In the event Intermountain and/or PacifiCorp make claims under such policy of title insurance, the claims of PacifiCorp shall be primary and shall be paid prior to payments to Intermountain.

**10. NOTICES**

10.1 Unless otherwise permitted under this Agreement or the Related Agreements, all notices, requests, demands, consents or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed properly given when delivered in person to the party to be notified, or when mailed by registered or certified United States mail, return receipt requested and addressed to the party to be notified, at its address set forth below, or such other address within the continental United States of America as the party to be notified may have designated prior thereto by written notice to the other:

If to Intermountain            Intermountain Geothermal Company  
   1407 W. North Temple  
   Salt Lake City, UT 84116-3171  
   Attn: President

If to PacifiCorp:                PacifiCorp  
   1407 W. North Temple  
   Salt Lake City, UT 84116-3171  
   Attn: General Counsel

A copy of all notices  
To PacifiCorp shall also  
Be addressed to:                Plant Manager  
   Blundell Geothermal Plant  
   Milford, Utah 84751

**11. ASSIGNMENT**

11.1 This Agreement may not be assigned by either party without the written consent of the other, except that either party may, without such consent, assign this Agreement to a successor to all or substantially all of its property and assets concerned with the subject matter hereof or where such assignment occurs as a result of a statutory merger, consolidation or reorganization, or is required by law or court order. PacifiCorp also may assign this Agreement

to any company in any chain of one hundred percent (100%) common ownership, as a parent, subsidiary or otherwise commonly owned company with PacifiCorp.

11.2 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

11.3 In the event of an assignment hereof by either party, such assignment shall be made specifically subject to all the terms and conditions hereof, and the assignee shall assume all of the obligations hereunder of the assigning party; however, the assigning party shall not thereby (nor by the consent to such assignment) be relieved of any of its obligations hereunder, it being understood that each party hereto shall in all respects remain fully obligated and responsible for the performance of its obligations under this Agreement unless and until expressly released therefrom in writing by the other party, except that in the case where the assigning party is required by law or court order to assign, such assigning party shall be relieved of all obligations thereafter accruing hereunder if such release from liability is required by said law or court.

## 12. GENERAL PROVISIONS

12.1 The interpretation and performance of this Agreement will be governed by the laws of the state of Utah.

12.2 The remedies granted to the parties by this Agreement and by the Related Agreements are cumulative. The exercise of any remedy provided shall not constitute a waiver of the right of the exercising party to exercise any other remedy provided by this Agreement or the Related Agreements or otherwise provided by applicable law or at equity.


12.3 This Agreement and the Related Agreements set forth the entire agreement of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, whether oral or written, with respect to the subject matter hereof and thereof. No such document shall be supplemented amended or modified or any provision thereof waived without the written consent of the party against which such supplementation, amendment or modification is to be enforced. A waiver of any provision of this Agreement or of the Related Agreements shall not constitute a waiver of any other provision of such agreements or a waiver of such provision in any instance except the instance for which such waiver was explicitly granted.

12.4 In the event of a dispute under this Agreement or the Related Agreements, the prevailing party will be entitled to recover its reasonable attorneys' fees in any arbitration proceeding or at trial, on appeal or any petition for review or in any bankruptcy proceeding, including but not limited to all fees or expenses permitted or defined by statutory law.

12.5 Each party will cooperate with the others to effect the overall transaction described in this Agreement and the Related Agreements. Such cooperation will include, but not necessarily be limited to, execution, acknowledgement and delivery of all conveyances, documents and assurances as any party may reasonable request in order to carry out the intent and purposes of this Agreement and the Related Agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in their respective corporate names as of the date set forth in the introduction to this Agreement.

INTERMOUNTAIN GEOTHERMAL COMPANY

By 

Its PRESIDENT

PACIFICORP

By 

Its Vice President

**Exhibit B**

**Steam Delivery Agreement**

## STEAM DELIVERY AGREEMENT

### 1. PARTIES

This Steam Delivery Agreement (Agreement), dated March 21<sup>st</sup> 2006, is between Intermountain Geothermal Company, a Delaware corporation, (Intermountain) and PacifiCorp, an Oregon corporation, formerly known as Utah Power & Light Company, (PacifiCorp).

### 2. DEFINITIONS

Whenever used herein, either in the singular or plural, the capitalized terms used herein shall have the same meanings as defined in the recitals to or in section 2 of the Geothermal Steam Prepurchase Agreement of even date herewith by and between PacifiCorp and Intermountain, (Steam Prepurchase Agreement).

### 3. DELIVERY AND REINJECTION OF GEOTHERMAL FLUIDS

3.1 Subject to the provisions herein, Intermountain will deliver all Preurchased Steam and Supplemental Steam, as well as all Geothermal Separator Fluid associated therewith, to the Delivery Point and will accept and reinject all Geothermal Injection Fluid related to such Preurchased Steam, Supplemental Steam and Geothermal Separator Fluid.

3.2 The utilization of Geothermal Separator Fluids shall be governed by the following:

3.2.1 PacifiCorp shall have and does hereby reserve, without additional payments by PacifiCorp to Intermountain, the first right to utilize all or part of the heat in the Geothermal Separator Fluids for additional electric generation at the Electric Generating Unit. PacifiCorp will, however, provide Intermountain with at least 180 days notice prior to the commencement of construction of any such heat recovery turbine and will meet with



Intermountain and review any concerns that Intermountain may have as to the potential of such heat recovery turbine to adversely affect the steam reservoir.

3.2.2 If PacifiCorp utilizes the heat in the Geothermal Separator Fluids for additional separations for steam for generation of electric energy, binary generation of electric energy, or for other methods of generation of electric energy, PacifiCorp shall purchase, install, operate and maintain the second Separator and appurtenant equipment and shall pay any additional costs incurred in connection therewith.

#### 4. TERM

4.1 The "primary term" of this Agreement commences on the date specified in section 1 of this Agreement and shall continue until January 22, 2021. This Agreement shall thereafter continue beyond the primary term for any period of time needed for PacifiCorp to receive any Compensating Steam to which PacifiCorp becomes entitled hereunder.

#### 5. LOCATION OF LANDS AND TITLE TO GEOTHERMAL FLUIDS

5.1 The Geothermal Fluids to be delivered to PacifiCorp shall be developed and produced by Intermountain, as Unit Operator, from the lands and leasehold area in the Roosevelt Hot Springs Unit Area embraced within the Participating Area determined in accordance with the Unit Agreement, as amended, and Unit Operating Agreement, as amended, to the extent that Intermountain has existing, or hereafter secures, rights for the development and utilization of such Geothermal Fluids.

5.2 Title to Injection Fluids delivered to Intermountain by PacifiCorp shall pass to Intermountain at the Injection Fluid delivery point and risk shall follow title.

6. LANDS FOR ELECTRICAL GENERATING UNITS, GATHERING SYSTEMS AND INJECTION SYSTEMS

6.1 Intermountain owns in fee, or has transferred to PacifiCorp, surface rights on lands situated within the Roosevelt Hot Springs Unit Area, which are now used or in the future may be used for the installation, construction, operation, maintenance and removal of the Electric Generating Unit.

6.2 Intermountain agrees that PacifiCorp shall have the right to purchase from Intermountain, without warranty of title, such additional portions of said lands as are reasonably necessary for the further installation, construction, operation, maintenance or removal of the Electric Generating Unit upon terms, conditions, and at a price that is mutually satisfactory to both parties. PacifiCorp shall not be precluded by the language hereof from exercising any right of eminent domain it may have under law.

6.3 Intermountain, to the extent that it has the right to do so and subject to PacifiCorp obtaining necessary permits and approvals, hereby grants to PacifiCorp, without cost to PacifiCorp, any rights (to the extent not previously granted to PacifiCorp, or to the extent such grant does not survive the termination of the Phillips Agreement) on the lands within the Roosevelt Hot Springs Unit Area as to which Intermountain has Leases, satisfactory in extent and form to PacifiCorp, for the installation, construction, operation, maintenance and removal of Electric Generating Unit and facilities associated with or appurtenant to the Electric Generating Unit, including but not limited to auxiliary buildings, pipe lines and related appurtenances, electric transmission lines, distribution lines, cooling towers, communication lines and facilities, roads, bridges, housing (to be located in mutually acceptable areas) and other facilities, and space for establishment, maintenance and use of a temporary construction camp, as well as any other facilities as are reasonably necessary for PacifiCorp to carry out the terms of this Agreement. Intermountain shall assign and transfer to PacifiCorp, for the term of the Agreement, without cost to PacifiCorp, to the extent that Intermountain has the legal right to do so, and without warranty of title, such rights (to the extent not previously granted to PacifiCorp, or to the extent such grant does not survive termination of the Phillips Agreement) as

Intermountain has or may have to the use of water for purposes of operation of the Electric Generating Unit and fire fighting capabilities in connection with PacifiCorp's operation of the Electric Generating Unit and appurtenant or associated facilities within the Roosevelt Hot Springs Unit Area. The rights so granted by Intermountain shall be used solely in connection with the utilization of the Geothermal Fluids and the installation, construction, operation, maintenance and removal of the Electric Generating Unit and appurtenant facilities. In the event Intermountain does not have or is unable to secure for PacifiCorp such land and access rights and water rights, PacifiCorp may secure them by condemnation proceedings or by such other means as are available to PacifiCorp, all at the sole expense of PacifiCorp.

6.4 Intermountain shall pay all taxes lawfully levied on such lands, access rights and water rights (to the extent not granted to PacifiCorp, or to the extent such grant does not survive termination of the Phillips Agreement) until such time as the same, or portions hereof, are transferred to PacifiCorp, after which time taxes levied thereon shall be paid by the party to whom such lands, access rights or water were transferred. PacifiCorp shall have title to all facilities installed or constructed by or for PacifiCorp and shall pay whatever ad valorem property taxes may be lawfully levied on said facilities.

## 7. WELL OPERATIONS

7.1 Intermountain shall drill, construct and purchase producing and injection wells, wellhead equipment, first flash Separators, mufflers and wellhead ponds, and other equipment as needed to carry out its obligations under this Agreement. Intermountain shall operate and maintain the same in good working order.

7.2 The parties hereto agree that all Separators which accept Geothermal Fluids for the first flashing process shall be located at points on the Gathering System mutually acceptable to the parties. If the Separators are not located at the individual well sites, then the parties hereto agree that the Delivery Points and Gathering System shall be redefined and those portions of the Agreement which relate to points of transfer, title to fluids, measurement and other related items shall be redefined in a mutually agreeable manner.

7.3 Any additional wells needed to make the Steam deliveries required hereunder shall be drilled at Intermountain's cost and made available to PacifiCorp at a location as close as possible to the existing Gathering System.

7.4 Intermountain agrees that the Geothermal Fluids may be used as a water source for process, cooling and other in-plant purposes. Such Geothermal Fluids may, in the sole discretion of PacifiCorp, be consumptively used and not returned for injection.

7.5 PacifiCorp, in its sole discretion, shall select whether the Geothermal Injection Fluid pump shall be operated with electric motor, steam turbine drives, or a combination of both. If electric motor drives are selected, PacifiCorp shall provide electric facilities and electrical energy to drive said motors. If steam turbine pump drives are selected, steam may be withdrawn from the geothermal steam outlet of the first flash separators downstream of Intermountain's delivered steam measuring station.

8. CONSTRUCTION AND OPERATION OF THE ELECTRIC GENERATING UNIT, GATHERING SYSTEM AND INJECTION SYSTEM

8.1 PacifiCorp, its agents or assigns, shall has constructed and shall operate the Electric Generating Unit, related Gathering System and Injection System utilizing Geothermal Fluids delivered to PacifiCorp by Intermountain and subsequently delivered to Intermountain for injection pursuant to this Agreement.

9. FLUID SPECIFICATIONS AND OPERATIONS

9.1 Delivery of Fluids.

9.1.1 Intermountain shall deliver the Geothermal Steam and Geothermal Separator Fluid to a point immediately downstream of the well site separator of each producing well or to a point mutually acceptable to both parties.

9.1.2 PacifiCorp shall deliver Geothermal Injection Fluid for injection upstream of the injection flow meter near the injection wellhead for each injection well.

## 9.2 Steam Specifications

9.2.1 The Geothermal Steam delivered to PacifiCorp at the Steam outlet of each first flash Separator shall have a pressure equal to or greater than 108.3 pounds per square inch gauge (psig), measured at the turbine inlet of the Electric Generating Unit and shall contain no more than one-half percent (0.5%) water in liquid form during steady state conditions and no more than one and one-half percent (1.5%) water in liquid form during nonsteady state conditions of duration no longer than one (1) hour.

9.2.2 If the Geothermal Steam delivered by Intermountain has a pressure of less than one hundred (100) psig, PacifiCorp has the right to suspend turbine operation until the above specified steam delivery pressure is restored by Intermountain. Such suspension of turbine operations will be disregarded in calculating the availability of the Electric Generating Unit for purposes of calculating any applicable steam shortfall compensation pursuant to section 16 of this Agreement.

9.2.3 If the total solids concentration in the Steam at the turbine inlet exceeds 5 ppm by weight during steady state conditions or exceeds 20 ppm by weight during nonsteady state conditions of duration no longer than one (1) hour, PacifiCorp has the right to suspend turbine operation until the problem causing the excessive total solids concentration is corrected. Such suspension of turbine operations will be disregarded in calculating the availability of the Electric Generating Unit for purposes of calculating any applicable steam shortfall compensation pursuant to section 16 of this Agreement. For purposes of the application of this Agreement, the parties agree that volatiles contained in the noncondensable gas will not be considered in calculating total solids.

### 9.3 Injection Fluid Specification

9.3.1 The Geothermal Injection Fluids delivered to Intermountain for injection at the injection well shall not be of a significantly lesser quality with respect to scaling, solids, corrosive and/or erosive characteristics than the geothermal separator fluids delivered at the first stage separator exists. No substance or agent shall be introduced into the Geothermal Injection Fluids which will be detrimental to the operation of injection well(s) and/or reservoir(s).

### 9.4 Operating Practices

9.4.1 PacifiCorp and Intermountain shall keep each other notified in writing of the name of a designated representative located on site or on-call, who shall be informed in person or by telephone of any abnormal operation relating to delivery of Geothermal Fluids or handling of Geothermal Injection Fluids.

### 9.5 Annual Planned Maintenance Outage

9.5.1 PacifiCorp will schedule its annual planned maintenance outage and notify Intermountain thereof in writing thirty (30) days in advance.

9.5.2 The annual maintenance outage previously scheduled in writing by PacifiCorp can be revised to a different period if written notice is given ten (10) days prior to the scheduled outage.

9.5.3 During the annual planned maintenance outage for the Electric Generating Unit, PacifiCorp shall use its best efforts to keep Intermountain's designated representative informed in person or by telephone of when the Electric Generating Unit will resume operation.

## 9.6 Equipment Failure Outages

9.6.1 An equipment failure outage is defined as the failure of a piece of equipment which causes the Electric Generating Unit to be taken out of operation for a period exceeding 48 hours.

9.6.2 If the equipment failure occurs on equipment owned by PacifiCorp, the PacifiCorp designated representative shall inform Intermountain's designated representative in person or by telephone of the outage and shall state his best estimate of the duration of the outage.

9.6.3 If the failure occurs on equipment owned by Intermountain, Intermountain's designated representative shall inform the PacifiCorp designated representative in person or by telephone of his best estimate of the duration of the outage.

9.6.4 If the equipment failure outage extends more than five (5) days, then the party owning the failed equipment shall provide written notice stating the expected duration of the outage.

9.6.5 Intermountain shall repair the failed equipment with all diligence, in order to reduce the outage duration to the extent possible.

## 9.7 Intermittent Unit Trip

9.7.1 An Intermittent Unit trip is defined as a short unit outage not exceeding 48 hours.

9.7.2 The equipment causing the failure to produce or receive steam or deliver or inject Geothermal Injection Fluid shall be repaired with due diligence to limit possible outage time by the party owning the equipment.

10. PAYMENT FOR DELIVERY OF GEOTHERMAL FLUIDS

10.1 PacifiCorp shall reimburse Intermountain for all of the operating and maintenance expenses and for all applicable administrative and general expenses related to the delivery of Steam and Geothermal Separator Fluid, or reinjection of Geothermal Injection Fluid associated with the operation of the Electric Generation Unit (collectively, "O&M Fees"), including but not limited to all of the following costs paid by or incurred on behalf of Intermountain:

- a. the depreciation and amortization related to the Facilities calculated in accordance with generally accepted accounting principles in the United States, including but not limited to depreciation and amortization on replacements of equipment and other tangible and intangible property (including computer software and systems);
- b. the costs incurred to disassemble, inspect, clean, rebuild, repair, reassemble and test major items of equipment of the Facilities; and
- c. the cost of electricity, insurance, incidental expenses related to the business of Intermountain, including but not limited to property and other taxes (including penalties and interest) payable by or on behalf of Intermountain for professional services, such as fees and expenses of attorneys, independent accountants and consulting engineers and the allocable cost of any affiliated in-house administrative and legal services of an extraordinary nature.

O&M Fees shall include, but shall not be limited to the following: actual cost to Intermountain of goods and materials used by Intermountain relating thereto; the pro rata cost to Intermountain of personnel providing labor or services related thereto; the portion of the cost of invested capital and depreciation related to machinery and equipment used by Intermountain in connection therewith; the actual cost of subcontractors, whether an affiliate of Intermountain or otherwise; and a pro rata portion of Intermountain's overhead, administrative and general costs.

Intermountain shall invoice PacifiCorp on or prior to the fifteenth (15<sup>th</sup>) day of each calendar month for the O&M Fees related to the immediately preceding calendar month. PacifiCorp shall



pay Intermountain for such O&M Fees within thirty (20) days of the date of the invoice related thereto.

10.2 PacifiCorp will reimburse Intermountain within thirty (20) days of Intermountain's invoice to PacifiCorp for Bureau of Land Management (BLM) royalties (and only for such royalties as are charged by BLM), if any, associated with payment of O&M Fees for deliveries of Preurchased Steam and Supplemental Steam under this Agreement, when such royalties are charged by BLM. Intermountain shall cooperate in assuring that such royalties do not exceed ten percent (10%) of the O&M Fees. Intermountain shall appeal at PacifiCorp's request any BLM royalty determination that exceeds ten percent (10%) of such O&M Fees.

10.3 Payment by PacifiCorp to Intermountain hereunder otherwise shall be made in the manner specified by Intermountain from time to time.

10.4 The O&M Fees and BLM royalty reimbursement provided in this section 10 constitute the total compensation payable to Intermountain for all services specified in this Agreement, including but not limited to all compensation for any sales, use, income, property or other taxes, or royalties, imposed on the services rendered hereunder, on the real or personal property used to provide such services or on the revenues derived from such services.

## 11. RECORDS AND AUDITS

11.1 Intermountain shall keep records and books of account in accordance with normal accounting practices fully documenting all O&M Fees and royalty reimbursement charges hereunder. Upon thirty (30) days notice, Intermountain will make such records and books of account available for inspection and audit by PacifiCorp or its designated agents during Intermountain's regular business hours and at the office where such records and books of account are kept.

11.2 If any such audit discloses that any error has occurred and that, as a result thereof, an overpayment or any underpayment has been made, the amount thereof shall promptly be paid

to the party to whom it is owed by the other party. All expenses of any such audit shall be paid by PacifiCorp.

12. EXCHANGE OF INFORMATION AND CONFIDENTIALITY OF DATA

12.1 Each party shall exchange and provide to the other party to this Agreement information requested with respect to matters pertaining to operations under this Agreement.

12.2 Each of the parties hereto agree that it will not release operating information provided by the other party and identified in writing as confidential, to any other person or entity, other than as required by law, or other than to consultants of such party, without the prior written consent of the party who supplies such confidential information, and will require the same of any consultant and will request the same of any government body receiving such confidential information. Consent shall not be unreasonably withheld.

12.3 Neither party shall be required to share proprietary methods, systems or data incidental to the collection and/or analysis of data exchanged pursuant to this Agreement.

13. RELATIONSHIP OF PARTIES

13.1 This Agreement provides for the delivery by Intermountain to PacifiCorp of Geothermal Fluids, and disposal of Geothermal Injection Fluids after they have been utilized in the Electric Generating Unit. This Agreement is not intended to create and shall not create a partnership, joint venture or agency. Neither party may obligate the other and each shall hold the other harmless from any cost, expense or liability incurred on account of each party's action taken pursuant to this Agreement (unless such indemnity would be inconsistent with any obligation or agreement created in this Agreement).

14. INDEMNIFICATION

14.1 Each party hereto shall be responsible for the consequences of its own action and shall indemnify and hold harmless the other party from the consequences thereof.

Nothing contained herein does or is intended to relieve either party from the consequences of their own negligent acts, or those of its agents or assigns.

14.2 In accordance with Section 14.1 above, Intermountain, and PacifiCorp, respectively, as indemnitor, shall and do hereby indemnify each other, as indemnitee, and shall save the other party hereto harmless from any and all loss, damage, expense and liability resulting from injuries to or death of persons, including but not limited to employees of any party hereto, and damage to or destruction of property, including but not limited to the property of any party hereto, arising out of or in any way connected with the performance of this Agreement or any operations hereunder by the respective indemnitor, its agents or employees, excepting only such injury, death, damage or destruction as may be caused by the negligence or willful misconduct of the indemnitee, its agents or employees.

14.3 Each indemnitor shall, upon the request of the indemnitee, defend any suit asserting a claim covered by this Article 14.

14.4 Intermountain shall have no liability for general or special damages due to losses which arise or occur by reason of PacifiCorp's construction and operation of the Electrical Generating Unit and related facilities, transmission lines, gathering system and the other facilities for which PacifiCorp is responsible under this Agreement.

14.5 PacifiCorp shall have no liability for general or special damages due to losses which arise or occur by reason of Intermountain's construction and operation of the geothermal wells and injection wells for which Intermountain is responsible under this Agreement.

14.6 Intermountain shall and does hereby indemnify PacifiCorp from and against any claims that may be asserted by any party claiming they are entitled to Geothermal Fluids or (except as to the BLM) that they are entitled to receive royalties on Geothermal Fluids produced and delivered to PacifiCorp pursuant to this Agreement.

15. FORCE MAJEURE

15.1 If either party to this Agreement shall fail to perform any obligation (except pecuniary obligations) hereby imposed upon it and such failure shall be caused, or materially contributed to, by act of God, a public enemy, sabotage, strike, lockouts, industrial disturbance or differences with workmen, riots, rebellions, washouts, earthquakes, storms, freezing of lines, fire, explosion, the availability of equipment, material or labor on the open market, injunctions, or interference through legal proceedings, municipal, State or Federal laws or regulations, inability, delay or failure of either party to commence or conduct its operations hereunder due to any law, rule, regulation, order, restriction, prohibition or other action of (or failure to act by) any agency or branch of government, whether federal, state or local, including the inability, delay or failure to obtain such licenses, permits or other authorizations (or the revocation of any such licenses, permits or other authorizations) as are required by the party to conduct such operations, accident, breakdown or damage to the Electric Generating Unit and related equipment, or to wells or related facilities or machinery, equipment or lines of pipe, or any cause or causes of whatsoever nature (whether like or unlike those herein enumerated) beyond such party's reasonable control, or shall be occasioned by the necessity for making reasonable repairs to or reconditioning the Electric Generating Unit and related equipment, wells, machinery equipment or lines of pipe, such failure shall not be deemed to be a violation of the obligations of such party hereunder. Such party shall, however, use reasonable diligence to put itself again in a position to carry out its obligations hereunder.

15.2 If either party hereto is unable to carry out any of its obligations under this Agreement because of an event of force majeure specified in Section 15.1, and if such party shall promptly give to the other party written notice of such event of force majeure, then all obligations, except for the payment of money, by the party giving such notice shall be suspended

to the extent made necessary by such event of force majeure and during its continuance; provided, however, that the party giving such notice shall use all reasonable diligence to remedy or otherwise eliminate such force majeure insofar as possible. Nothing herein contained shall cause the party affected by force majeure to submit to unreasonable conditions or restrictions imposed by any governmental authority nor shall it require the parties to submit to an unfavorable labor agreement. It is agreed that the handling of any legal proceeding or settlement of labor disputes shall be entirely within the sole and absolute discretion of the party affected thereby. Except as otherwise provided in this Agreement the period of any delay occasioned by force majeure shall be disregarded in computing timely performance.

15.3 The parties acknowledge that PacifiCorp's prepayment for Steam delivered hereunder is in lieu of revenues that PacifiCorp would not otherwise have paid during a force majeure period. Thus, notwithstanding any other provisions of this section 15, no force majeure condition shall excuse the payment of the Steam shortfall compensation specified in section 16 of this Agreement.

## 16. STEAM SHORTFALL COMPENSATION

16.1 Intermountain will assure an availability of Steam delivered under this Agreement sufficient to allow PacifiCorp to obtain its Full Load Steam Requirements upon demand.

16.2 If such availability is not achieved, Intermountain shall pay compensation to PacifiCorp for the portion of the annual Steam shortfall comprised of Preurchased Steam acquired by PacifiCorp from Intermountain, in the compensation amounts shown for the applicable year in Exhibit A, which exhibit is attached to and made part of this Agreement. The parties agree that the Steam shortfall compensation specified in this section 16 and in Exhibit A is based for each year on the assumed Steam deliveries and prices used to compute the price paid by PacifiCorp for the Preurchased Steam being delivered hereunder; therefore, the specified compensation is needed to reimburse PacifiCorp for its payments to Intermountain with respect to Preurchased Steam which subsequently is not delivered.

16.3 The amounts of Steam availability shortfall and associated compensation, if any, will be computed each 12-month period, beginning with the date of the original prepayment to Intermountain, as follows: (1) Actual deliveries will be adjusted for pressure lower than one hundred eight and three tenths (108.3) psig, measured at the turbine inlet of the Electric Generating Unit, by the applicable adjustment factor specified in Exhibit B to this Agreement. The annual amount delivered also will be adjusted if the noncondensable gas content of the steam exceeds three percent (3.0%) by weight, by reducing the steam quantity deemed delivered by the quantity in pounds per hour of noncondensable gas quantities in excess of three percent (3.0) by weight for each hour that the steam contains excess noncondensable gas; (2) such adjusted amounts of actual deliveries will be compared with steam deliveries of three billion, twenty million, ten thousand, seven hundred two (3,020,010,702), multiplied by the ratio of the availability of the Electric Generating Unit, exclusive of any limitations resulting from an inadequate steam supply (which Electric Generating Plan availability may be greater or less than eighty-seven and seven tenth percent (87.7%)), during such 12-month period, divided by eighty-seven and seven-tenths percent (87.7%); (3) if the adjusted steam deliveries pursuant to (1) above during such 12-month period are less than the annual steam requirements computed pursuant to (2) above, Intermountain will pay compensation for such shortfall at the annual rates per thousand pounds of shortfall as specified in Exhibit A to this Agreement, multiplied by the percentage of Full Load Steam Requirements for which PacifiCorp has prepaid.

16.4 The availability of the Electric Generating Unit, exclusive of any limitations resulting from an inadequate steam supply, shall be computed as follows:

The sum of each hourly determination of the percent of full load capability of the Electric Generating Unit during such twelve (12) month period as recorded each hour on PacifiCorp's hourly station log, will be divided by the number of hours in such twelve (12) month period. Such hourly determination of Electric Generating Unit availability shall be made by PacifiCorp's station operator each hour based on the operational status of all equipment needed to achieve full load capability and shall be made in the same manner as used to calculate the availability of the Electric Generating Unit in 1988 and 1989. Notwithstanding the above, such determination of availability shall not include

any reductions as a result of any deficiency in Steam deliveries to PacifiCorp or any suspension of turbine operations pursuant to 9.2.2 or 9.2.3 of this Agreement.

16.5 If PacifiCorp subsequently constructs a heat recovery turbine to use the heat from Geothermal Separator Fluid which PacifiCorp is entitled to receive under section 3 of this Agreement, the availability of such heat recovery turbine shall not be considered in computing the availability of the Electric Generating Unit.

17. COMPENSATING STEAM

17.1 If any amounts due to PacifiCorp by Intermountain, as a result of nonpayment of Steam shortfall compensation, or otherwise as damages for breach or nonperformance of the Steam Prepurchase Agreement of the Related Agreements are not paid, PacifiCorp will have the right to receive and to reinject Compensating Steam. Such Compensating Steam shall be made available by extending the term of the steam deliveries and reinjection rights specified herein for such additional time as is required for the deliver and reinjection of an amount of Compensating Steam equal in value to the unpaid compensation and damages due PacifiCorp, with the amount of such unpaid compensation and damages escalated at eleven and one-half percent (11.5%) per annum from the date incurred until the date the applicable Compensating Steam is delivered. The value assigned to the Compensating Steam shall be calculated as of the date such Compensating Steam is delivered to PacifiCorp, in the same manner as the Steam shortfall compensation set out in Exhibit A to this Agreement.

18. TERMINATION

18.1 If for any reason (including force majeure) the delivery of steam as provided hereunder is terminated prior to the end of the term of this Agreement, Intermountain will pay PacifiCorp a termination charge equal to the present value (at a discount rate of eleven and one-half percent (11.5%)) of all future steam shortfall payments for the steam that will not be delivered as a result of such termination. Such charge for each year, commencing on the same date as of this Agreement, shall be in the amount specified for such year of termination in

Exhibit A to this Agreement. The parties agree that the termination Charges specified for each year in Exhibit A are based on the assumed steam deliveries and prices used to compute PacifiCorp's prepayment for the Steam being delivered hereunder; therefore, the specified compensation is needed to reimburse PacifiCorp for its prepayment to Intermountain with respect to any Steam prepurchased but not subsequently delivered as a result of such termination.

18.2 The termination charges in Exhibit A assume that Intermountain delivers to PacifiCorp Prepurchased Steam equal to one-hundred percent (100%) of the Electric Generating Unit's Full Load Steam Requirements. Such termination charges will be adjusted by multiplying such termination charges by the percentage of the Full Load Steam Requirements of the Electric Generating Unit which Intermountain is obligated to deliver as Prepurchased Steam under this Agreement.

18.3 The payment of such termination charge shall not limit the right of PacifiCorp to collect its damages, if any, in excess of the termination charges, or to exercise any other remedies available to it as a result of the breach of this Agreement or of any other agreement with Intermountain or any other party.

## 19 INTEREST ON LATE PAYMENTS

19.1 In the event either party fails to pay any sum of money when due hereunder within sixty (60) days of receipt of notice of such delinquency, interest thereafter shall be added to such sum at a rate per annum one percent (1%) higher than the prime rate of interest charged by Citibank N.A., New York, New York, for loans to its most credit-worthy corporate customers, which rate is in effect pursuant to the most recent charge therein quoted by said Citibank N.A. prior to the first bank working day of each calendar quarter. If Citibank N.A. ceases to provide prime interest rate quotes, the quoting bank may be changed by mutual written agreement by both parties. The interest rate charged hereunder shall not exceed the maximum lawful rate that can be charged under the laws of the State of Utah.



20. MEASUREMENT AND TESTING

20.1 Intermountain shall, at its expense, install, operate and maintain in accurate working order measuring stations, properly equipped with recording and integrating features acceptable to PacifiCorp for the measurement of Intermountain's Steam delivered hereunder. Records of Steam pressure, temperature, and flow shall be provided to PacifiCorp. The flow recorded shall have an integrator totalizer which shall be read at each time that the chart is changed and shall be marked onto the flow record chart. A system to record injection pressure fluid temperature and flow shall be provided with features to integrate and totalize the flow as described above. PacifiCorp shall have access to such measuring equipment at all reasonable times, but readings, calibrations and adjustments thereof and changing of charts shall be done by the employees or agents of Intermountain. Intermountain shall keep said measuring equipment in repair, making such periodic tests as PacifiCorp may request but not more than once each three (3) months nor less often than once each six (6) months unless the equipment appears to be damaged, malfunctioning or otherwise in disrepair. Intermountain shall give to PacifiCorp reasonable notice of such test of Intermountain's measuring equipment in order that, if PacifiCorp desires, PacifiCorp may have its representative present. PacifiCorp may challenge the accuracy of said equipment, and when challenged, the equipment shall be tested and repaired if necessary by Intermountain. If equipment challenged is found to be accurate and no repairs are needed, the test shall be paid for by PacifiCorp. If upon any test any measuring equipment is found to be inaccurate, to the extent it affects the measurement accuracy by an amount exceeding one percent (1%), registrations thereof shall be corrected for a period extending back to the time such inaccuracy occurred if such time is ascertainable, and if not ascertainable then back one half of the time elapsed since the last calibration, but with such adjustment not to extend back more than ninety (90) days.

20.2 If for any reason any portion of said measuring equipment is out of service or out of repair so that the quantity and/or temperature of Intermountain's Steam delivered and/or Geothermal Injection Fluids cannot be ascertained or computed from the readings thereof or corrected under the foregoing paragraph of this Article, Intermountain's Steam delivered and/or water injected and/or temperature thereof during the period such measuring equipment was out

of service or out of repair shall be estimated and agreed upon by the parties hereto, using the first of the following methods which is feasible:

a. By using the registration of any check measuring equipment if installed and accurately registering;

b. By estimating the quantity of delivery and/or temperature thereof by averaging deliveries during the preceding periods under similar conditions, considering the power output of the Electric Generating Unit, when the measuring equipment was registering accurately.

20.3 PacifiCorp may, at its option and expense, install and operate measuring equipment to check Intermountain's measuring equipment, but measurement of Intermountain's Steam and water for the purpose of this contract shall be by Intermountain's measuring equipment only, except in cases herein above specifically provided to the contrary. Any check measuring equipment installed shall be of a standard type and shall be subject at all reasonable times to inspection or examination by Intermountain, but the reading, calibration, and adjustment thereof and changing of charts shall be done only by the employees or agents of PacifiCorp.

20.4 The charts and records from Intermountain's measuring equipment shall remain the property of Intermountain and shall be kept by Intermountain on file for a period of not less than four years. At any time within such period Intermountain shall, upon request of PacifiCorp, submit to PacifiCorp records and charts from its measuring equipment together with calculations therefrom, for PacifiCorp's inspection, verification, and copying subject to return by PacifiCorp to Intermountain within thirty days from receipt thereof.

## 21. ASSIGNMENT

21.1 This Agreement may not be assigned by either party without the written consent of the other, except that either party may, without such consent, assign this Agreement to a successor to all or substantially all of its property and assets concerned with the subject matter hereof or where such assignment occurs as a result of a statutory merger, consolidation or

reorganization, or is required by law or court order. PacifiCorp also may assign this Agreement to any company in any chain of one hundred percent (100%) common ownership, as a parent, subsidiary or otherwise commonly owned company with PacifiCorp.

21.2 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

21.3 In the event of an assignment hereof by either party, such assignment shall be made specifically subject to all terms and conditions hereof, and the assignee shall assume all of the obligations hereunder of the assigning party; however, the assigning party shall not thereby (nor by the consent to such assignment) be relieved of any of its obligations hereunder, it being understood that each party hereto shall in all respects remain fully obligated and responsible for the performance of its obligations under this Agreement unless and until expressly released therefrom in writing by the other party, except that in the case where the assigning party is required by law or court order to assign, such assigning party shall be relieved of all obligations thereafter accruing hereunder if such release from liability is required by said law or court.

## 22. COMPLIANCE WITH LAWS

22.1 Each party hereto shall be responsible for compliance with all federal, state, and local laws, rules and regulations applicable to the separate facilities and operations of each as contemplated hereby, provided that this provision shall not be construed to alter any provision hereof permitting a party to claim the imposition of any such provision as an event of force majeure if such provisions are otherwise applicable, or the challenging of the validity or application of any such provision in good faith.

22.2 In addition to the indemnification provisions in Article 14 hereof, each party hereto shall indemnify the other party against, and hold it harmless from, all loss, costs, and liability of every character arising from or growing out of imposition on such other party of any liability based upon the failure of the party to comply with Federal, State or local laws, rules or regulations applicable to the party's separate facilities or operations hereunder.

22.3 Both parties shall comply with equal employment opportunity laws and regulations that are applicable to them under Law.

22.4 The interpretation and performance of this Agreement shall be governed by the laws of the State of Utah.

## 23. ARBITRATION

23.1 All disputes, except as otherwise specified, arising in connection with this Agreement which cannot be resolved amicably by the parties through good faith negotiations shall be finally settled in accordance with the provision of this Agreement and in the absence of applicable provisions, under the Rules of Arbitration of the American Arbitration Association. The place of arbitration shall be Salt Lake City, Utah.

23.2 Judgment upon the arbitration award rendered may be entered in any Court having jurisdiction or application may be made to such Court for a judicial acceptance of the award and an order of enforcement, as the case may be.

23.3 This arbitration provision is intended to apply only to disputes arising under this Agreement, and not to disputes which might arise under other agreements between the parties.

## 24. NOTICES

24.1 All amendments or alterations of any kind to any of the documents referred to herein, notices, requests, demands, consents or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed properly given when delivered in person to the party to be notified, or when mailed by registered or certified United States mail, return receipt requested, or by telegraph, postage or charges prepaid, and addressed to the party to be notified, at its address set forth below, or such other address within the

continental United States of America as the party to be notified may have designated prior thereto by written notice to the other:

If to Intermountain:

Intermountain Geothermal Company  
1407 W. North Temple  
Salt Lake City, UT 84116-3171  
Attn: President

If to PacifiCorp:

PacifiCorp  
1407 W. North Temple  
Salt Lake City, UT 84116-3171  
Attn: General Counsel

A copy of all notices to

PacifiCorp also shall be addressed:

Plant Manager  
Blundell Geothermal Plant  
Milford, Utah 84751

25. EFFECTIVE DATE AND SIGNATURES

25.1 This Agreement, and the Related Agreements executed the same date herewith, supersede and replace all prior agreements and understandings of the parties hereto with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in their respective corporate names as of the date set forth in Article 1 hereof.

PACIFICORP

INTERMOUNTAIN GEOTHERMAL COMPANY

By: *Edward E. Larson*  
Its: Vice President

By: *[Signature]*  
Its: PRESIDENT

Steam Delivery Agreement

Exhibit A

Short-Fall Payments and Termination Charges

<u>Year</u>	<u>Short-Fall Payment (\$/1000 lb.)</u>	<u>Termination Charge (millions \$)</u>
1991	0.730	29.30
1992	0.827	30.47
1993	0.848	31.48
1994	0.869	32.54
1995	0.978	33.65
1996	1.002	34.57
1997	1.027	35.51
1998	1.052	36.49
1999	1.177	37.51
2000	1.206	38.26
2001	1.235	39.01
2002	1.265	39.76
2003	1.410	40.51
2004	1.443	40.90
2005	1.478	41.24
2006	1.513	41.52
2007	1.680	41.72
2008	1.720	41.43
2009	1.760	41.00
2010	1.801	40.40
2011	1.994	39.61
2012	2.041	38.14
2013	2.088	36.37
2014	2.137	34.26
2015	2.360	31.76
2016	2.414	28.31
2017	2.470	24.30
2018	2.527	19.67
2019	2.784	14.35
2020	2.848	7.65
2021	and later escalate by 4.8% annually	

Steam Quality Correction Factor

<u>Steam Pressure (psig)</u>		<u>Adjustment</u>
<u>from</u>	<u>to</u>	<u>Factor</u>
109.2	108.3	1.00
108.2	107.3	0.99
107.2	105.3	0.98
105.2	104.3	0.97
104.2	103.3	0.96
103.2	101.3	0.95
101.2	100.3	0.94
100.2	100.0	0.93

## **Exhibit C**

### **Production Payment Deed**



174197

Recording Requested By  
and when Recorded Mail to:

Marcus Wood  
Stoel Rives Boley Jones & Grey  
Suite 2300  
900 SW Fifth Avenue  
Portland, OR 97204

FILED FOR RECORD  
11:15 o'clock Am

JAN 22 1991  
*[Signature]*  
Deaver County Recorder  
S 22

PRODUCTION PAYMENT DEED

THIS PRODUCTION PAYMENT DEED (the "Deed"), is made this 3rd day of January, 1991 (the "Effective Date"), by and between INTERMOUNTAIN GEOTHERMAL COMPANY, a Delaware corporation ("Intermountain"), whose address is 601 California Street, San Francisco, California, 94108, as grantor, and PACIFICORP, an Oregon corporation, dba Utah Power & Light Company ("UP&L"), whose address is 700 NE Multnomah, Portland, Oregon, 97232-4116, as grantee.

RECITALS

A. Intermountain and UP&L have this date entered into a Geothermal Steam Prepurchase Agreement (the "Prepurchase Agreement") and a Steam Delivery Agreement (the "Steam Delivery Agreement"). The Prepurchase Agreement and the Steam Delivery Agreement, together with any extensions, amendments, modifications, substitutions or additions to either thereof as originally executed, are collectively referred to herein as the "Agreements." All the terms and conditions of the Agreements are incorporated herein by this reference. Words used herein as defined terms (as indicated by the capitalizing of the initial letter) shall have the meanings given to such words in the Agreements, unless otherwise defined herein.

B. Under the Agreements, UP&L has prepurchased for the sum of Twenty Million Three Hundred Sixteen Thousand Six Hundred Twenty Dollars (\$20,316,620) and Intermountain has agreed to deliver during the term of the Steam Delivery Agreement certain geothermal resources meeting the quantity, delivery and other specifications contained in the Prepurchase Agreement (the "Geothermal Resources") lying in, on or under the land included in the participating area described in part 1 of attached Exhibit A, which is incorporated by this reference,

4668  
SECURITY TITLE COMPANY

as such participating area may be modified from time to time (the "Participating Area"). The Participating Area is part of a unit area commonly known as the "Roosevelt Hot Springs Unit Area," which is subject to the Unit Agreement dated as of August 6, 1975 and recorded in the Official Records of Beaver County at Book 252, Pages 694 through 708. Intermountain owns one parcel of fee property and the lessee's interest in certain leases included in the Roosevelt Hot Springs Unit Area, which fee property (the "Fee") and leases (the "Leases") are more fully described in Part 2 of attached Exhibit A.

C. Under the Agreements, Intermountain has also agreed to grant and convey to UP&L all easements, access rights, surface rights, use rights, water rights, the right to reinject Geothermal Injection Fluid and other appurtenant rights necessary and sufficient to the exploration for and the development, production, utilization and sale of the Geothermal Resources (collectively, the "Appurtenant Rights"). The term "Appurtenant Rights" does not include the "Operating Rights" defined below. The Appurtenant Rights are more fully described in part 3 of attached Exhibit A.

D. Intermountain owns and operates all field facilities necessary to produce and deliver the Geothermal Resources in, under or from the Participating Area, including without limitation all production wells, injection wells, separators, piping systems and other physical assets, necessary and sufficient to such production and delivery (the "Field Facilities").

NOW, THEREFORE, the parties agree as follows:

1. Grant. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Intermountain presently, absolutely and irrevocably grants, transfers, assigns and conveys to UP&L, its successors and assigns for the Term (as defined below) (a) the Geothermal Resources lying in, on or under the Participating Area, and (b) the Appurtenant Rights. Intermountain warrants that both (a) and (b) and the Operating Rights described more fully below are free and clear of any liens, encumbrances or claims, except the lien of the Trust Deed described in Section 6. Intermountain shall have the benefit and use of the Appurtenant Rights until such time as UP&L exercises its right to step in and operate the Field Facilities pursuant to the Purchase Agreement. If and when UP&L exercises its right to step in and operate the Field Facilities pursuant to the Prepurchase Agreement, the following rights shall automatically transfer and be assigned and conveyed to UP&L for the Term by Intermountain without any additional consideration or documentation or any further act of Intermountain being required, free and clear of liens, encumbrances and claims (except the lien of the Trust Deed described in Section 6): the operating rights under the Fee and the Leases and otherwise to reach, extract, produce, store,

utilize, process, dispose and deliver the Geothermal Resources (the "Operating Rights"), including but not limited to the following rights: (i) to construct, reconstruct, operate and maintain the Field Facilities, (ii) to drill, test and complete additional steam production wells, (iii) to connect any such well to the Field Facilities and to maintain and operate such well and such connection, (iv) to reach, extract, produce, store, utilize, process, and deliver Geothermal Resources, (v) to obtain licenses, permits or other governmental authorizations for such actions, (vi) to operate and maintain the Field Facilities in a manner consistent with sound geothermal field engineering practices, (vii) to inject Geothermal Fluids into the geothermal reservoir, and (viii) to drill, test, complete, operate and maintain any new injection wells that UP&L determines, in its reasonable judgment, are necessary. The Operating Rights shall be absolutely, presently and irrevocably conveyed by and subject to the provisions of this Deed when UP&L exercises its right to step in and take over under the Prepurchase Agreement and this instrument is not intended to and shall not be deemed to create a mere sublease with respect to such rights. The intent of the parties is to grant UP&L an indefeasible right in and to the Operating Rights without imposing upon UP&L the present duty to discharge the obligations or liabilities associated with those rights (including but not limited to obligations and liabilities arising under federal, state and local environmental laws and regulations), which duty is to be borne by Intermountain in the manner and to the extent described in the Prepurchase Agreement and the Steam Delivery Agreement. Intermountain shall cooperate with UP&L and enter into such consents, authorizations and other agreements and instruments as may be required to enable UP&L and Intermountain to give full effect to this Deed. In addition, Intermountain hereby irrevocably appoints UP&L as Intermountain's attorney-in-fact for purposes of executing and filing in Intermountain's name and on its behalf any such consents, authorizations, and other agreements and instruments. To the extent necessary to effect the transfer of any interests described in this Deed, UP&L takes such interests subject to the Unit Agreement and associated Unit Operating Agreement and shall assume and perform Intermountain's obligations under the Unit Agreement and the Unit Operating Agreement insofar as relates to the interest assigned.

2. Priority. This Deed grants to UP&L a first and prior right to receive the Geothermal Resources from the Participating Area. UP&L shall be entitled to have such Geothermal Resources extracted and delivered to it before the extraction and delivery of any other geothermal steam, brine or resources from the Participating Area. To reflect of record any changes in the Participating Area, the parties shall execute and record such instruments as may be required to revise the description of the Participating Area attached as

Part 1 of Exhibit A of this Deed and as Part 1 of Exhibit A of the Trust Deed described in Section 6.

3. Term. The term of this Deed (the "Term") shall commence on the Effective Date and shall continue for a "primary term" of thirty (30) years from the Effective Date and for such time beyond the "primary term" as may be needed for UP&L to receive any Compensating Steam to which UP&L becomes entitled under the Steam Delivery Agreement. Provided, however, that if the rule against perpetuities is deemed to apply to this conveyance, then the term of this Deed shall end in any event whenever 21 years less one day shall have elapsed after the death of the survivor of all of the descendants of Joseph P. Kennedy, father of John F. Kennedy, the late President of the United States of America, who are living at the date of execution of this Deed. UP&L shall give Intermountain prompt written notice of the cancellation or termination of the Steam Delivery Agreement and shall, at Intermountain's request, promptly execute and record such instruments as may reasonably be required to evidence cancellation, termination or expiration of the Steam Delivery Agreement.

4. Covenants to Run With the Land. The Agreements touch, concern and affect the Participating Area. The covenants set forth in those Agreements and this Deed are intended to run with the Fee, the Leases and the Participating Area.

5. Successors and Assigns. This Deed shall bind and inure to the benefit of the parties and their heirs, successors and assigns.

6. Nonmerger. Concurrently with the execution and delivery of this Deed, Intermountain has executed and delivered to UP&L the Agreements and a Trust Deed, Security Assignment and Security Agreement (the "Trust Deed"). The lien and security interest created by the Agreements and the Trust Deed shall not merge with the rights, title, estates and interests conveyed to UP&L by this Deed, and this Deed shall not detract in any way from the enforceability of the lien and security interest created by the Agreements and the Trust Deed. Conversely, neither the Agreements nor the Trust Deed shall detract from the absolute conveyance of this Deed. The parties intend that, to the extent necessary, the lien and security interest created by the Agreements and the Trust Deed shall, as one of its functions (without limiting such lien and security interest), constitute and serve as additional protection and a vehicle for additional remedies for UP&L's benefit in the event of any recasting or recharacterization, for any reason or purpose, of the intended absolute conveyance of this Deed or the ineffectiveness or unenforceability of any of the covenants or agreements contained in this Deed or in the Agreements.

7. Captions. The captions or headings at the beginning of each section of this Deed are for the convenience of the parties and are not a part of this Deed.

IN WITNESS WHEREOF, the parties have caused this Deed to be executed as of the Effective Date.

INTERMOUNTAIN GEOTHERMAL COMPANY

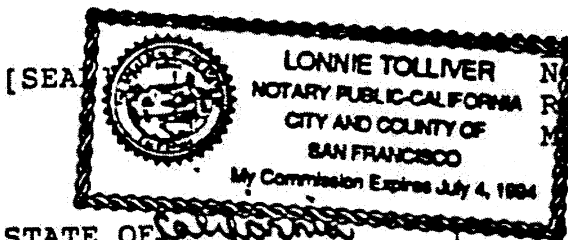
By: David L. Ludvigson  
Printed Name: DAVID L. LUDVIGSON  
Title: Vice President

PACIFICORP d/b/a Utah Power & Light Company

By: Harry A. Haycock  
Printed Name: HARRY A. HAYCOCK  
Title: EXECUTIVE VICE PRESIDENT

STATE OF California )  
County of San Francisco ) ss.

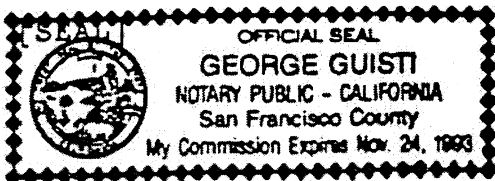
The foregoing instrument was acknowledged before me this 19 day of January, 1991, by David L. Ludvigson as Vice President of INTERMOUNTAIN GEOTHERMAL COMPANY, a Delaware corporation, on behalf of the corporation.



Lonnie Tolliver  
Notary Public for San Francisco, S.F. County  
Residing at: San Francisco  
My commission expires: 7/4/94

STATE OF California )  
County of San Francisco ) ss.

The foregoing instrument was acknowledged before me this 3rd day of January, 1991, by Harry A. Haycock as Executive Vice President of PACIFICORP, an Oregon corporation, dba Utah Power & Light Company, on behalf of the corporation.



George Guisti  
Notary Public for California  
Residing at: San Francisco  
My commission expires: 11-24-93

Exhibit A of Production  
Payment Deed and Trust Deed

Part 1

Participating Area Effective April 1, 1985  
Roosevelt Hot Spring Unit Agreement  
Beaver County, Utah

<u>Tract No.</u>	<u>Lease No. or Type of Land</u>	<u>Description</u>
	<u>Federal Lands</u>	<u>Committed Lands</u>
1	U-14990	<u>T27S-R9W, S.L.M.</u> Section 9: SW/4 SE/4
2	U-27386	<u>T26S-R9W, S.L.M.</u> Section 34: Lots 1, 4, 5, 6, 7 SE/4 NE/4, NW/4 NE/4, NE/4 NW/4, Mineral Survey 4976 B Section 35: W/2 SW/4, SE/4 SW/4 <u>T27S-R9W, S.L.M.</u> Section 3: Lots 1, 2, 3, 4, S/2, S/2N/2, Mineral Survey 4976 B (All)
3	U-27388	<u>T27S-R9W, S.L.M.</u> Section 4: SE/4 SE/4 Section 9: E/2 E/2
4	U-27389	<u>T27S-R9W, S.L.M.</u> Section 10: All Section 11: NW/4 NW/4
5	U-27392	<u>T27S-R9W, S.L.M.</u> Section 15: W/2, W/2 NE/4, NW/4 SE/4

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BOOK 254 PAGE 569

Tract  
No.

Lease No. or  
Type of Land

Description

State Lands

6	ML-25128	<u>T27S-R9W, S.L.M.</u> Section 16: E/2, E/2 W/2
7	ML-27536	<u>T27S-R9W, S.L.M.</u> Section 2: Lots 3, 4, S/2 NW/4, SW/4
8	Patented Lands	<u>T26S-R9W, S.L.M.</u> Section 34: Lots 2, 3, 8, 9 Patented mining claims, Paradox and Paradox No. 1

10572600

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Exhibit A of Production Payment Deed

Part 2

Fee Property and Leases

The Roosevelt Geothermal Project situate in the County of Beaver, State of Utah, more particularly described as follows:

ROOSEVELT - PARCEL 1

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 4: Lots 2, 3 and 4  
South Half (S 1/2) of the North Half (N 1/2)

EXCEPTING THEREFROM 50% of all oil, gas and/or other minerals in, on or under said land, together with the right of ingress and egress for the purpose of exploring and/or removing the same.

ROOSEVELT - PARCEL 2

A Leasehold estate in that certain parcel of land as evidenced by the STATE OF UTAH Geothermal Resource Lease dated November 7, 1983, recorded May 3, 1990 in Book 250, pages 652-663 of Official Records, as Document No. 172036, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 32: South Half (S 1/2)  
Southwest Quarter (SW 1/4) of the Northwest  
Quarter (NW 1/4)  
- Northeast Quarter (NE 1/4)

UTAH STATE LEASE NUMBER: ML-40988

ROOSEVELT - PARCEL 3

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974 recorded August 18, 1975 in Book 130, pages 369-374 of Official Records, as Document No. 124696,

10572592

WHE10126

BOOK 254 PAGE 571



Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 26: All  
Section 27: All

B.L.M. SERIAL NUMBER: U-27393

ROOSEVELT - PARCEL 4

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 363-368 of Official Records, as Document No. 124695, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 14: All  
Section 15: All  
Section 22: All  
Section 23: All

B.L.M. SERIAL NUMBER: U-27392

ROOSEVELT - PARCEL 5

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated November 1, 1974, recorded May 3, 1990 in Book 250, pages 667-671 of Official Records, as Document No. 172038, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 21: All  
Section 28: All  
Section 29: All

B.L.M. SERIAL NUMBER: U-27391

ROOSEVELT - PARCEL 6

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 381-386 of Official Records, as Document No. 124698, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 17: All  
Section 18: Lots 1 and 2  
          Northeast Quarter (NE 1/4)  
          East Half (E 1/2) of the Northwest Quarter  
          (NW 1/4)  
Section 19: All  
Section 20: All

B.L.M. SERIAL NUMBER: U-27390

ROOSEVELT - PARCEL 7

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 339-344 of Official Records, as Document No. 124691, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 1: All  
Section 10: All  
Section 11: All

B.L.M. SERIAL NUMBER: U-27389

ROOSEVELT - PARCEL 8

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 357-362 of Official Records, as Document No. 124694, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 4: South Half (S 1/2)  
Section 5: Lots 1 and 2  
          South Half (S 1/2) of the Northeast Quarter  
          (NE 1/4)  
          Southwest Quarter (SW 1/4) of the Southwest  
          Quarter (SW 1/4)  
          Southeast Quarter (SE 1/4)  
Section 8: All  
Section 9: North Half (N 1/2)  
          Southwest Quarter (SW 1/4)  
          East Half (E 1/2) of the Southeast Quarter  
          (SE 1/4)  
          Northwest Quarter (NW 1/4) of the Southeast  
          Quarter (SE 1/4)

B.L.M. SERIAL NUMBER: U-27388

ROOSEVELT - PARCEL 9

A Leasehold estate in that certain parcel of land as evidenced by the UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 351-356 of Official Records, as Document No. 124693, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 30: Lots 1, 2, 3 and 4  
          East Half (E 1/2) of the Northwest Quarter  
          (NW 1/4)  
          Northeast Quarter (NE 1/4) of the Southwest  
          Quarter (SW 1/4)  
Section 31: Lots 3 and 4  
          East Half (E 1/2) of the Southwest Quarter  
          (SW 1/4)  
          Southeast Quarter (SE 1/4)

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 6: All  
Section 7: Lots 1 and 2  
Northeast Quarter (NE 1/4)  
East Half (E 1/2) of the Northwest Quarter  
(NW 1/4)

B.L.M. SERIAL NUMBER: U-27387

ROOSEVELT - PARCEL 10

A Leasehold estate in that certain parcel of land as evidenced by the UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 375-380 of Official Records, as Document No. 124697, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 33: All  
Section 35: All  
Section 34: Lots 1, 4, 5, 6 and 7  
East Half (E 1/2) of the Northeast Quarter  
(NE 1/4)  
Northwest Quarter (NW 1/4) of the Northeast  
Quarter (NE 1/4)  
North Half (N 1/2) of the Northwest Quarter  
(NW 1/4)  
Southwest Quarter (SW 1/4) of the Northwest  
Quarter (NW 1/4)  
West Half (W 1/2) of the Southwest Quarter  
(SW 1/4)  
The lands in Mineral Survey 4976B within the  
boundaries of Section 34

TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 3: All, including the lands in Mineral Survey 4976B  
within the boundaries of Section 3  
Section 4: Lot 1

B.L.M. SERIAL NUMBER: U-27386

ROOSEVELT - PARCEL 11

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease

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dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 345-350 of Official Records, as Document No. 124692, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 23: All  
Section 24: All ✓  
Section 26: All

B.L.M. SERIAL NUMBER: U-27385

ROOSEVELT - PARCEL 12

A Leasehold estate in that certain parcel of land as evidenced by UNITED STATES OF AMERICA Geothermal Resource Lease dated October 1, 1974, recorded August 18, 1975 in Book 130, pages 333-334 of Official Records, as Document No. 124690, Beaver County, Utah records, wherein the following property was described:

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 27: All  
Section 28: All  
Section 29: East Half (E 1/2)  
Southeast Quarter (SE 1/4) of the Southwest  
Quarter (SW 1/4)

B.L.M. SERIAL NUMBER: U-27384

ROOSEVELT - PARCEL 13

TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE  
BASE AND MERIDIAN

Section 34: Lots 2, 3, 8, 9  
Patented Mining claims, Paradox and Paradox No. 1  
(as to an undivided 10.2234% interest only)

Exhibit A of Production Payment Deed

Part 3

Appurtenant Rights

All easements, access rights, surface rights, use rights, water rights, the right to reinject Geothermal Injection Fluid and other appurtenant rights necessary and sufficient to the exploration for and the development, production, utilization and sale of the Geothermal Resources, including but not limited to the following:

1. Water rights represented by Application Nos. 44509-a (71-3375) and 45409-a (71-3376) obtained by Phillips Petroleum Company and now held by Intermountain.