

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Notice Number

CR-250-7-1

NOTICE OF INTENT TO CONDUCT GEOTHERMAL RESOURCE
EXPLORATION OPERATIONS

Applicant(s) Francana Resources Inc.	Address (include zip code) 600 Capitol Life Center Denver, Colorado 80203
Operator Francana Resources Inc.	Address (include zip code) 600 Capitol Life Center Denver, Colorado 80203
Contractor(s) GeoThermal Services Inc.	Address (include zip code) 10072 Willow Creek Road San Diego, Calif. 92131

hereby apply for authorization to conduct exploration operations pursuant to the provisions of 43 CFR 3209 now or hereafter in force across and upon the following-described lands (give description of lands by township, attach map or maps showing lands to be entered or affected)

T. 23,24 S. R. 22,23 E. (See attached map)

Type of operations to be conducted (give brief description)

Drilling of intermediate depth heat flow holes

Exploration operations will be conducted during the period (date) from April 1979 to April 1980

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

Upon completion of exploration operations the undersigned agrees to notify the Authorized Officer that authorized exploration operations have been completed in conformance with the general and special terms and stipulations of the notice.

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

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

The undersigned agrees that the filing of this Notice under the regulations (43 CFR Subpart 3209) does not vest or confer any preference right to a geothermal resources lease.

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

1. Exploration operations shall be conducted in compliance with all Federal, State, and local laws, ordinances, or regulations which are applicable to the area of operations including, but not limited to, those pertaining to fire, sanitation, conservation, water pollution, fish, and game. All operations hereunder shall be conducted in a prudent manner.
2. Due care shall be exercised in protecting the described lands from damage. All necessary precautions shall be taken to avoid any damage other than normal wear and tear to improvements on the land including, but not limited to, gates, bridges, roads, culverts, cattle guards, fences, dams, dikes, vegetative cover, improvements, stock watering, and other facilities.
3. All drill holes shall be capped when not in use and appropriate procedures shall be taken to protect against

hazards in order to protect the lives, safety, or property of other persons or of wildlife and livestock.

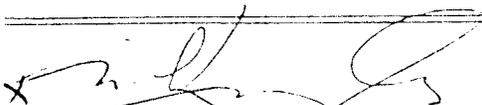
4. All vehicles shall be operated at a reasonable rate of speed and, in the operation of vehicles, due care shall be taken to safeguard livestock and wildlife in the vicinity of operations. Existing roads and trails shall be used wherever possible. If new roads and trails are to be constructed, the Authorized Officer must be consulted prior to construction as to location and specifications. Reclamation and/or reseeding of new roads and trails shall be made as requested by the Authorized Officer.
5. Upon expiration, conclusion, or abandonment of operations conducted pursuant to this Notice, all equipment shall be removed from the land, and the land shall be restored as nearly as practicable to its original condition by such measures as the Authorized Officer may specify. All geophysical holes shall be safely plugged. The Authorized Officer shall be furnished a Notice of Completion of Geothermal Resource Exploration Operations (Form 3200-3) immediately upon cessation of all such operations and shall be further informed of the completion of reclamation work as soon as possible.
6. Location and depth of water sands encountered shall be disclosed to the Authorized Officer.

7. Operator shall contact the Authorized Officer, prior to actual entry upon the land in order to be appraised of practices which shall be followed or avoided in the conduct of exploration operations pursuant to the terms of this Notice and applicable regulations. Operator will conduct no operations on the land unless the attached bond is in good standing.
8. Due care shall be exercised to avoid scarring or removal of ground vegetative cover.
9. All operations shall be conducted in such a manner to avoid (a) blockage of any drainage systems; (b) changing the character, or causing the pollution or siltation of rivers, streams, lakes, ponds, waterholes, seeps, and marshes; and (c) damaging fish and wildlife resources or habitat. Cuts or fills causing any of the above-mentioned problems will be repaired immediately in accordance with specifications of the Authorized Officer.
10. Vegetation shall not be disturbed within 300 feet of waters designated by the Authorized Officer, except at approved stream crossings.
11. Surface damage which induces soil movement and/or water pollution shall be subject to corrective action as required by the Authorized Officer.
12. Trails and campsites shall be kept clean. All garbage and foreign debris shall be eliminated as required by the Authorized Officer.
13. Operator shall protect all survey monuments, witness corners, reference monuments, and bearing trees against destruction, obliteration, or damage. He shall, at his expense reestablish damaged, destroyed, or obliterated monuments and corners, using a licensed surveyor, in accordance with Federal survey procedures. A record of the reestablishment shall be submitted to the Authorized Officer.
14. Operator shall make every reasonable effort to prevent, control, or suppress any fires started by the operator, and

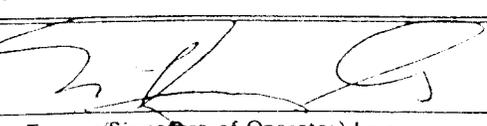
to report, as soon as possible, to the Authorized Officer location and size of fires, and assistance needed to suppress such fires. Operator shall inform the Authorized Officer as soon as possible of all fires, regardless of location, noted, or suppressed by independent action.

15. No work shall be done within one-half mile of a developed recreation site without specific written authority from the Authorized Officer. Any travel within one-half mile of a recreation site shall be over existing roads or trails.
16. Use of explosives within one-half mile of designated waters is prohibited unless approved, in writing, by the Authorized Officer.
17. If operations conducted under the provisions of this Notice causes any damage to the surface of the national resource lands, such as, but not limited to, soil erosion, pollution of water, injury or destruction of live-stock or wildlife, or littering, operator shall, within 48 hours, file with the Authorized Officer a map showing exact location of such damage and a written report containing operator's plans for correcting or minimizing damage, if possible.
18. Violation of, or failure to comply with any of these terms and conditions shall result in immediate shutdown of field operations until deficiency is corrected. Failure to correct deficiency within the time period allowed by the Authorized Officer shall result in forfeiture of bond.
19. The Bureau of Land Management reserves the right to close any area to operators in periods of fire danger or when irreparable damage to natural resources is imminent.
20. Contractor shall be liable for assuring compliance with all terms and conditions of this Notice and all actions of his designated operator, agents, and employees.
21. Where continuation of the operation will result in irreparable damage to the land and other natural resources this Notice will be immediately cancelled by the Authorized Officer.

22. Special Stipulations:

	4/18/79	X		4/18/79
Francis Resources, Inc.	(Date)		Francis Resources, Inc.	(Date)

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

	4/18/79	X		4/18/79
Francis Resources, Inc.	(Date)		Francis Resources, Inc.	(Date)

I hereby approve this Notice to conduct exploration operations.

	District Manager	5/17/79
(Signature of Authorized Officer)	(Title)	(Date)